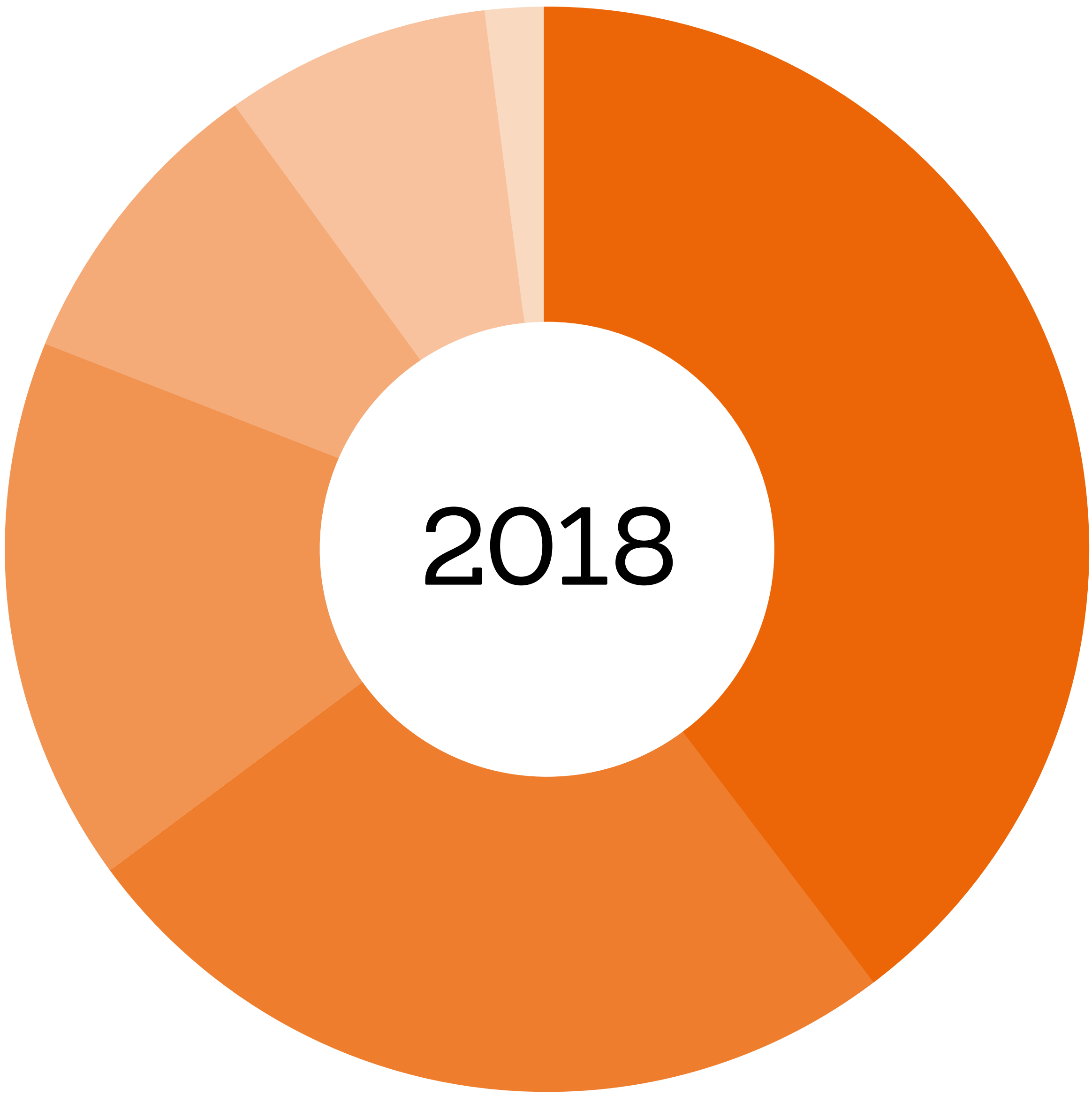
Annual report



- Contributed to several green journeys
- Digitalised Norway's wartime history
- Ensured more efficient security checks
- Saved lives on Norwegian roads
- Improved the air travel experience
- Highlighted the sustainability of aquaculture
- Simplified working life for technicians in the field
- Guided clients through a digitalisation journey
- Made teaching in Norwegian schools more efficient
- Made industry's business process more efficient
- And much, much more

bouvet

We change, renew and improve

Bouvet in brief

We are a Scandinavian consultancy in the field of IT and digital communication. We support both private- and public-sector players to digitalise their operations, and help them to meet the challenges and exploit the opportunities presented by digital technology.

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. Clients value our good understanding of their activities, and the fact that our broad range of services means we can be a turnkey supplier.

Our solid client base includes a number of important social players, and we contribute through our work for them to the necessary development of society. That is in line with our vision.

We are able to maintain close relationships with clients because our business and our employees pursue our assignments with a high level of integrity. In addition to our standards for delivering good solutions, we set strict requirements for ethics, avoiding conflicts of interest, openness and trustworthiness.

At the same time, digital reality is always changing. To be able to handle this and to seize the opportunities which arise, we devote particular attention to the enduring job satisfaction and expertise of our employees, their continuous service progress and their credibility as long-term partners.

With a regional model where each office and organisational unit has considerable freedom, we have reduced bureaucracy and shortened decision paths. That gives us an adaptability which is essential for the ability to create good, flexible and durable solutions.

At 31 December 2018, we had 1 369 employees at 10 offices in Norway and three in Sweden.

Our key figures

NOK MILLION	2018	2017	2016	2015	2014
Operating revenue	**1 847**	1 607	1 331	1 232	1 133
Operating profit (EBIT)	**192**	144	106	99	79
Profit for the year	**150**	112	80	75	57
EBIT-margin	**10.4 %**	9.0 %	8.0 %	8.1 %	7.0 %
Equity ratio	**36.6 %**	34.2 %	32.9 %	35.9 %	34.3 %
Number of employees (year end)	**1 369**	1 215	1 090	1 036	1 008

Turnover public/private

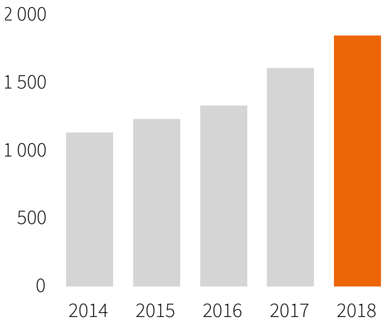
- Turnover from customer 100 % public owned: 50.9 %
- Turnover from customer wholly or partially private owned: 49.1 %

Turnover per business

Public admin	27.2 %
Oil & gas	24.7 %
Power supply	9.7 %
Transportation	8.6 %
Retail	5.9 %
Service industry	5.3 %
Info and communication	5.3 %
Bank & finance	4.3 %
Industry	4.1 %
Health	2.4 %
Other	2.4 %

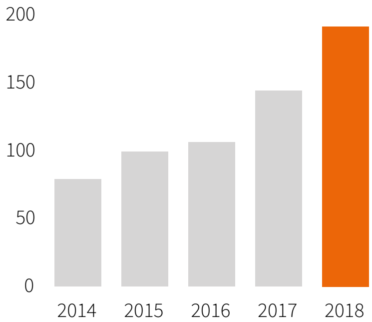
Operating revenue

NOK MILLION

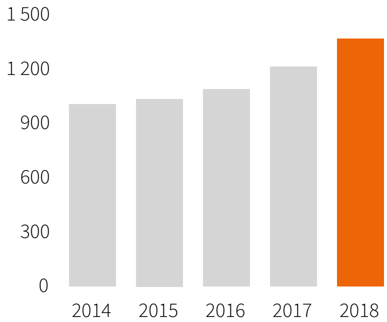


Operating profit (EBIT)

NOK MILLION



Number of employees (Year End)



LETTER FROM THE CEO

Expertise, cooperation and progress for society

We had another prosperous year in 2018. Many new colleagues were acquired, we continued to develop our culture, we developed and built new expertise and new service areas, and we won several awards. Existing clients invested even more in our services, and new clients chose us as their partner. We were given the opportunity to help develop a number of solutions of critical importance for society, and we were able to participate in revealing the benefits of adopting new technology. In profit terms, too, 2018 proved our best year ever.

This was a year when most enterprises worked actively to develop and implement their digital strategy. At Bouvet, we call this the "digitalisation journey" and, together with our clients, work to understand the challenges and opportunities created by digital technology. Our clients are at different stages of this voyage. We have helped some to adapt their business model to the new era, while in other cases we apply technology, mindsets or approaches to improving daily operations and everyday life for employees. We have also helped to create new products and services as well as improving customer experiences. With some clients, we delivered across this whole spectrum. Our commitment to artificial intelligence and machine learning is appreciated, and has led to many interesting and exciting assignments.

By providing advice and courses, we have also helped to build up expertise in digital leadership at a number of our clients.

Even more enterprises selected us as their digitalisation partner in 2018.

We regard digitalisation as important for society, and as something which is significant for people. Many of our clients are important social players in both private and public sectors, with the need and desire to improve people's everyday lives. Through our cooperation with these enterprises, we contributed to benefiting society in 2018.

Our annual client survey showed that we again had clients in 2018 who were pleased with our cooperation and with our consultants. We appreciate that. Such surveys also give us feedback and good advice on further development of our expertise and approaches to collaboration. That helps to make us better.

Getting even better is important for everyone who works in our group. Developments are happening fast, with society and enterprises in constant change. To handle this and to seize the opportunities which arise, we continued to focus on the job satisfaction and expertise of our employees and extended our efforts to develop new service areas. We did this to strengthen our credibility and attractiveness as a long-term place to work and as a partner. We are concerned to develop each other and our clients, so expertise-sharing is something we work with every day.

Our corporate culture is strong. That can be seen in the organisation and is confirmed by our annual employee survey. We defend and continue developing this culture to ensure that

“We regard digitalisation as important for society, and as something which is significant for people.”

we can all go on working in a company where we thrive and develop. One of our important cultural activities is our annual “independence celebration”, on the day Bouvet was founded. In 2018, we all took part in BouvetPlay as an unforgettable festival of music, activities and interesting talks by internal and external speakers.

We continue to derive good results from our regional model. This provides great freedom for the individual office and organisational unit, reduces bureaucracy and shortens decision pathways. That yields an adaptability in relation to employees and customers which is essential for creating good, flexible and lasting solutions. The model is also a success factor which will ensure our continued development.

All of us in Bouvet are very pleased with developments in 2018, and are looking forward to getting even better in every area in 2019.

Sverre Hurum
CEO

54°25'S 3°21'E

BOUVET ASA

Directors' report

Highlights

Bouvet had a very good year in 2018. The group delivered growth in its workforce, turnover and profit. Demand from existing clients increased steadily over the year, while a number of large new clients were also secured. The breadth of Bouvet's services has been increasingly required. At the same time, the group experienced a change in delivery type from projects to continuous development during the year. Bouvet has been a development partner, and delivers cross-disciplinary teams with expertise in advice, design and technology. The group has also shared knowledge as a contribution to enhancing technology expertise in operations at its clients.

Bouvet contributed to the digitalisation of core activities at its clients. Continuous development of the group's services was pursued in close collaboration with clients, and is based on market changes and technology trends as well as the changed behaviour of users. This led in 2018 to new services which helped enable clients to enhance their efficiency, change business models and offer new services. New technology has resulted in innovative solutions and increased value creation for clients. Bouvet became Microsoft's first Norwegian mixed reality partner in 2018.

A number of the group's clients are moving towards becoming more data-driven enterprises. Sesam, Bouvet's integration platform, delivers a solution which increases the accessibility of data and was mentioned during the year in Gartner's reports. Sesam launched a platform which automates consumer rights pursuant to the EU's new general data protection regulation (GDPR). This was acclaimed by the Norwegian Data Protection Authority as one of the three best solutions in its competition on built-in data protection in practice.

Olavstoppen AS, which was previously part-owned, became a wholly owned group subsidiary on 5 January 2018 after Bouvet ASA acquired the remaining 40 per cent of the shares. This company has leading-edge expertise in developing digital services, and has won a number of national and international assignments.

Bouvet devoted attention during 2018 to recruiting new employees, and the group's workforce increased by 154 people.

Operations

Digital change, innovation and enhanced efficiency are central to Bouvet's work. The group is an important partner for many enterprises, and helps support companies with digital renewal, developing services which provide good customer experiences, and adopting technology in order to secure benefits. By concentrating attention on wellbeing, motivation and long-term learning and development – and on a community orientation and sharing culture – Bouvet has developed a unique ability to collaborate which is much in demand. Clients appreciate Bouvet's ability to grasp and collaboratively overcome their challenges with cross-disciplinary teams, leading-edge expertise and delivery models tailored to their individual requirements.

The group thereby reinforced its position during 2018 as a leading turnkey supplier with services in the fields of information technology, digital communication and enterprise management.

High level of expertise

Bouvet is sought-after for its technical and social expertise, business comprehension, proposals for solutions and ability to deliver. Clients moreover set great store by the group's willingness to share its knowledge and to apply its expertise to developing appropriate and creative solutions. This creates close relationships with each client and makes it possible to implement assignments with a high degree of integrity. The group is conscious of this and therefore concentrates attention on continuous expertise enhancement in addition to being present in many arenas for expertise development and knowledge-sharing. This equips Bouvet to meet tomorrow's challenges.

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 group participated during 2018 in a number of important strategic projects and developed services in such areas as data science, artificial intelligence and machine learning, the internet of things, mixed reality, Industry 4.0, data platforms and innovation.

Balanced client portfolio

A long-term and stable client base means that the group is less vulnerable to cyclical fluctuations and reduces sales costs. Bouvet therefore works systematically and strategically to secure long-term client relationships. The result has been that ever more clients return and want expanded support from the group. A client satisfaction survey conducted in the autumn of 2018 showed that Bouvet has a high client satisfaction rating. No less than 94 per cent of its turnover in 2018 came from clients who were also using the group the year before.

In addition, Bouvet continued to win new assignments during 2018. Turnover rose substantially in most sectors.

The group's 20 largest clients accounted for 49 per cent of its overall revenues in 2018. 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 group 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 group.

Key features of the market

The market in Bouvet's service areas is good in both Norway and Sweden. Its biggest business areas are the public sector, oil and gas, energy and transportation. In addition, demand increased in the construction and educational sectors during 2018. The rapid pace of digitalisation on the way towards a more data-driven society creates a high level of demand for all Bouvet's services. During 2018, the group was closely integrated in digitalisation work at its clients and contributed expertise on digitalisation and technology.

Changed business models and industry chains

Companies are digitalising their production of goods and services to enhance efficiency and optimise processes and maintenance. At the same time, technology developments and a changing cost picture affect business models and existing industry chains.

These changes not only create increased demand for services in digital business development, artificial intelligence and machine learning, design, consultancy and system development, but also demand knowledge of and experience in sectors, technology trends, user behaviour and organisational trends. This means that Bouvet, with its cross-disciplinary expertise, broad range of services – and its wide-ranging sectoral knowledge – is very well positioned.

Large and established players in the various markets are responding to these changes with digital renewal, and Bouvet participates in strategic and operative processes aimed at developing forward-looking solutions.

Trends in the Age of the Customer

Enterprises need more than ever to deliver good integrated user experiences – across channels and in line with customers' user behaviour and expectations. This is known as the Age of the Customer. The customer becomes the agenda-setter, and knowledge about people's patterns of behaviour and emotional reactions becomes a success criterion. That applies as much to internal as to external system solutions 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.

Bouvet moreover continuously pursues innovation and service development in order to be able at all times to support clients with development and technology choices when they are uncertain of the direction to take in markets experiencing rapid and unpredictable changes. The combination of such technologies as artificial intelligence and machine learning, cloud technology, virtual and augmented reality, sensors and robots offer enterprises undreamed-of opportunities. The group's ambitions and values provide the freedom of action to share experience and knowledge of new trends.

Accounts and financial position

Operating revenues

Bouvet had operating revenues of NOK 1 846.7 million in 2018, up by 14.9 per cent from the year before. An 11.4 per cent increase in the average number of employees compared with 2017 contributed to the growth in operating revenues. These earnings were also affected by a 3.4 per cent rise in prices for the group's hourly based services from the year before. The billing ratio for the group's consultants increased by 1.4 per centage points from 2017 and also contributed to the growth in operating revenues.

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 group's own priority areas. The sub-consultant share of total revenues was 13 per cent, down from 14.1 per cent in 2017.

Operating expenses

Overall expenses in Bouvet grew by 13.1 per cent in 2018 to reach NOK 1 655.1 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 143.9 million or 13.9 per cent from 2017 to reach NOK 1 179 million. The cost of sales rose by NOK 11.2 million or 4.5 per cent to NOK 258.5 million. This increase primarily reflected increased use of sub-consultants. Other operating costs rose by 20.8 per cent from 2017 to NOK 192.9 million.

Bouvet experienced a general rise of 1.2 per cent in average pay per employee during 2018, compared with 1.1 per cent the year before.

Profit

Bouvet achieved an operating profit (EBIT) of NOK 191.6 million in 2018, compared with NOK 144.1 million the year before. That represents an increase of 32.9 per cent from 2017. The EBIT margin was 10.4 per cent, compared with nine per cent in 2017. Bouvet's long-term goal is an EBIT margin of 10 per cent.

Net profit was NOK 150.5 million, up from NOK 112 million in 2017. Earnings per issued share came to NOK 14.80, compared with NOK 10.92 in 2017.

Balance sheet and financial aspects

Bouvet had a total balance sheet of NOK 756.6 million at 31 December 2018, compared with NOK 644.1 million a year earlier. Higher turnover led to an increase in accounts receivable in 2018. The group has good control with and overview of its receivables, and regards them as sound.

Consolidated equity at 31 December came to NOK 277 million, compared with NOK 220.4 million in 2017. Bouvet paid a total of NOK 87.1 million in dividend to shareholders during the year.

The group's capital adequacy measured by the carried equity ratio was 36.7 per cent at 31 December 2018, compared with 34.2 per cent a year earlier.

Consolidated cash flow from operations was NOK 219 million, compared with NOK 149 million in 2017. Liquid assets of NOK 278.4 million take the form of bank deposits.

Consolidated investment totalled NOK 57.7 million in 2018. Purchases of new operating equipment accounted for NOK 30.6 million of this total, investment in intangible assets for NOK 13.7 million, and investment in the Olavstoppen AS subsidiary in connection with buying out minority shareholders for NOK 13.4 million. The group disposed of business assets totalling NOK 0.6 million during the year, so that net investment for 2018 came to NOK 57.1 million compared with NOK 29.9 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 134.5 million, compared with NOK 110 million in 2017. 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 2.6 million, compared with a negative NOK 2.8 million in 2017.

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 2018 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 group's strategic and financial goals.

The board of Bouvet ensures that the group'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 will 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 Bouvet 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 counterparties to a credit assessment before possible significant credit is approved.

Liquidity risk
Liquidity risk is the risk that Bouvet 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 the possibilities where early redemption might be required. At 31 December, the group had no interest-bearing debt and bank deposits of NOK 278.4 million. It also possessed undrawn credit facilities totalling NOK 101.4 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 2018. The group'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 group 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.

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 group accordingly seeks to cover this type of risk as far as possible through the purchase of insurance policies.

Share and shareholders

Shareholder structure
Bouvet had 2 035 shareholders at 31 December. Its 20 largest shareholders owned 6 733 447 shares, which corresponded to 65.69 per cent of total issued shares.

Share price and turnover
The Bouvet share was priced at NOK 196.00 at 31 December, compared with NOK 204.00 a year earlier. This price varied over the year between a low of NOK 192.00 at 20 December and a peak of NOK 256.00 at 27 August. The share price fell by 3.9 per cent over the year. Including a dividend of NOK 8.50 per share paid for fiscal 2017, the return in 2018 was 0.3 per cent. A total of 1.19 million Bouvet shares were traded in 4 113 transactions during the year, compared with 0.87 million in 2 170 transactions for 2017.

Capital changes
Bouvet's share capital 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 group held 1 264 of its own shares at 31 December, compared with 47 053 a year earlier.

The board was mandated by the AGM on 24 May 2018 to increase the share capital of Bouvet ASA 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 group employees. The board was also mandated to acquire Bouvet'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 group employees. These mandates run until 30 June 2019.

Dividend
Bouvet 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 8.50 per share proposed by the board was approved by the AGM on 24 May 2018, and the share was traded ex-dividend from 25 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 create positive spin-offs in society. It does this through the group's value creation, by contributing to development and efficiency improvements at its clients, and by being a good employer.

Put briefly, digitalisation is regard in Bouvet as a social responsibility. This gives meaning to everyday life and creates a priceless internal pride which in turn equips the employees, and the group as a whole, to contribute to society's progress.

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 2018 by Great Place to Work. One of its findings was that 94 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 three best companies in its class in Great Place to Work's rankings.

Total sickness absence for 2018 was 100 814 hours or 4.1 per cent, down from 4.5 per cent the year before. No serious working accidents occurred during 2018. 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 Norge is working long-term to increase the per centage of women among its employees. The female proportion is 27.7 per cent, up from 27 per cent in 2017. The proportion in management is 27 per cent, up from 24 per cent the year before. 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 on the group's website. Bouvet continued the process of certifying the whole group as an Eco-Lighthouse.

Corruption
Bouvet regards all forms of corruption as unacceptable.

Ethics
Bouvet Norge appreciates the importance of having clear ethical guidelines for its employees. As a consultancy, compliance with these is particularly important. The 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 10 offices in Norway and three in Sweden, located in Arendal, Bergen, Borlänge, Haugesund, Kristiansand, Örebro, Oslo, Sandefjord, Sandvika, Skien, Stavanger, Stockholm and Trondheim. Employees increased to 1 369 during the year, up by 154 from 2017.

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 2018 was NOK 134.5 million, compared with NOK 110 million the year before. Parent company equity before provision for dividend at 31 December 2018 amounted to NOK 193.5 million.

The board proposes that a dividend of NOK 133.3 million be paid, corresponding to NOK 13.00 per share. It is proposed to transfer the net profit remaining after the payment of dividend to other equity.

Prospects

Digitalisation is necessary to be able to achieve increased progress with prosperity and a sustainable competitiveness in the encounter with demographic changes, globalisation and climate challenges. Put briefly, technology enables restructuring in enterprises and in working life and, even though many enterprises encounter stronger competition from global players, a lot of them also experience enhanced productivity and an increased opportunity space for service development.

Different sectors are in different phases of the digital transformation, but all are restructuring and their common denominator is therefore the need for technological expertise to meet market changes.

The development of digital client journeys and the transition to more data-driven operations call for major technology investments and closer collaboration with digitalisation partners. A high pace of digitalisation and change creates the need for cross-disciplinary teams with fast delivery and genuine commercial value. This leads to altered procurement behaviour and causes market slippage in the consultancy sector – which suits Bouvet with its expertise and breadth of services, structure for assembling cross-disciplinary teams, and regional and adaptable model.

Demand for Bouvet's services is therefore expected to be high in both public and private sectors, and everything is in place for the group to continue developing an organisation which is already expert and motivated in order to secure satisfied clients, a high rate of repeat orders and continued progress for the group.

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, 2 April 2019
The board of directors of Bouvet ASA

Pål Egil Rønn Chair of the board	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 2018.

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 2018,
- 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, 2 April 2018
The board of directors of Bouvet ASA

Pål Egil Rønn
Chair of the board

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	2018	2017
Revenue	4	1 846 711	1 607 353
Operating expenses			
Cost of sales	5	258 514	247 346
Personnel expenses	6	1 178 968	1 035 043
Depreciation fixed assets	10	17 388	12 994
Amortisation intangible assets	12	7 414	8 149
Other operating expenses	7, 20	192 865	159 684
Total operating expenses		1 655 149	1 463 216
Operating profit		191 562	144 137
Financial items			
Other interest income		1 815	1 291
Other financial income		929	1 497
Other interest expense		-104	-137
Other finance expense		-2 627	-852
Net financial items		13	1 799
Ordinary profit before tax		191 575	145 936
Income tax expense			
Tax expense on ordinary profit	8	41 078	33 914
Total tax expense		41 078	33 914
Profit for the year		150 497	112 022
Assigned to:			
Shareholders in parent company		150 497	110 632
Non-controlling interests		0	1 390
Diluted earnings per share	9	14.66	10.79
Earnings per share	9	14.80	10.92

BOUVET – GROUP

Consolidated statement of other income and costs

1 January - 31 December

NOK 1 000	NOTE	2018	2017
Profit for the year		150 497	112 022
Items that may be reclassified through profit or loss in subsequent periods			
Currency translation differences		-28	171
Sum other income and costs		-28	171
Total comprehensive income		150 469	112 193
Assigned to:			
Shareholders in parent company		150 469	110 803
Non-controlling interests		0	1 390

BOUVET – GROUP

Consolidated balance sheet

At 31 December

NOK 1 000	NOTE	2018	2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	3, 12, 13	32 944	33 460
Other intangible assets	3, 12	34 070	27 764
Total intangible assets		67 014	61 224
Fixed assets			
Office equipment	10	25 187	16 973
Office machines and vehicles	10	5 907	3 425
IT equipment	10	20 112	17 755
Total fixed assets		51 206	38 153
Financial non-current assets			
Other financial assets		11	116
Other long-term receivables		1 935	2 009
Total financial non-current assets		1 946	2 125
Total non-current assets		120 166	101 502
CURRENT ASSETS			
Work in progress	3, 11	55 520	84 787
Trade accounts receivable	14	269 718	224 645
Other short-term receivables	15	32 765	27 783
Cash and cash equivalents	16	278 388	205 371
Total current assets		636 391	542 586
TOTAL ASSETS		756 557	644 088

BOUVET – GROUP

Consolidated balance sheet

At 31 December

NOK 1 000	NOTE	2018	2017
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital			
Share capital	17	10 250	10 250
Own shares - nominal value		-1	-47
Share premium		10 000	10 000
Total paid-in capital		20 249	20 203
Earned equity			
Other equity		256 744	197 186
Total earned equity		256 744	197 186
Non-controlling interests		0	3 019
Total equity		276 993	220 408
DEBT			
Long-term debt			
Deferred tax	3, 8	574	218
Total long-term debt		574	218
Short-term debt			
Trade accounts payable		58 012	56 865
Income tax payable	8	41 279	31 593
Public duties payable		169 088	158 026
Deferred revenue	3, 11	16 678	17 275
Other short-term debt	21	193 933	159 703
Total short-term debt		478 990	423 462
Total liabilities		479 564	423 680
TOTAL EQUITY AND LIABILITIES		756 557	644 088

BOUVET – GROUP

Consolidated statement of cash flows

1 January - 31 December

NOK 1 000	NOTE	2018	2017
Cash flow from operating activities			
Ordinary profit before tax		191 575	145 936
Taxes paid	8	-30 807	-25 582
(Gain)/loss on sale of fixed assets		-406	-98
Ordinary depreciation	10	17 388	12 994
Amortisation intangible assets	12	7 414	8 149
Share based payments		7 272	6 449
Changes in work in progress, accounts receivable and accounts payable		-14 658	-56 834
Changes in other accruals		41 193	58 020
Net cash flow from operating activities		218 971	149 035
Cash flows from investing activities			
Sale of fixed assets		574	971
Purchase of fixed assets	10	-30 609	-20 358
Purchase of intangible assets	12	-13 718	-10 540
Purchase of business		-13 390	0
Net cash flow from investing activities		-57 143	-29 927
Cash flows from financing activities			
Purchase of own shares		-19 544	-11 190
Sales of own shares		17 858	9 484
Dividend payments		-87 125	-73 750
Net cash flow from financing activities		-88 811	-75 456
Net changes in cash and cash equivalents		73 017	43 652
Cash and cash equivalents at the beginning of the period		205 371	161 719
Cash and cash equivalents at the end of the period		278 388	205 371
Unused credit facilities		101 358	51 399

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 01.01.2017	10 250	-99	10 000	20 151	153 021	-643	152 378	3 629	176 158
	Profit for the year					110 632		110 632	1 390	112 022
	Other income and costs						171	171		171
17	Purchase/sale of own shares (net)		52		52	-1 758		-1 758		-1 706
	Employee share scheme					7 514		7 514		7 514
17	Dividend					-71 750		-71 750	-2 000	-73 750
	Equity at 31.12.2017	10 250	-47	10 000	20 203	197 659	-472	197 186	3 019	220 408
	Equity at 01.01.2018	10 250	-47	10 000	20 203	197 659	-472	197 186	3 019	220 408
	Profit for the year					150 497		150 497		150 497
	Other income and costs						-28	-28		-28
17	Purchase/sale of own shares (net)		46		46	-1 680		-1 680		-1 634
	Employee share scheme					8 264		8 264		8 264
2	Change non-controlling interests					-10 371		-10 371	-3 019	-13 390
17	Dividend					-87 125		-87 125		-87 125
	Equity at 31.12.2018	10 250	-1	10 000	20 249	257 244	-500	256 744	0	276 993

Notes

Note 1: Accounting principles

The Group financial statements of Bouvet ASA for the period ending on 31 December 2018 were approved in a board meeting on 2 April 2019.

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 2018 have been prepared in accordance with international accounting standards and interpretations accepted by the EU, mandatory for the accounting year 2018.

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.

Changes in accounting principles and disclosures

The following new and changed standards and interpretations have been adopted for the first time in 2018:

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective from 1 January 2018. IFRS 9 includes recognition, classification and measurement, impairment, and hedge accounting.

Adoption of IFRS 9 has not had significant impact on the Group's classification and measurement of financial assets, liabilities and equity instruments.

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on the Group's business model for managing the assets, and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The Group has financial instruments in form of financial assets and financial liabilities recognised at amortised costs.

Financial assets measured at amortised cost

The Group measures financial assets as amortised cost if following conditions are met:

- The financial asset is held in a business model where purpose is to collect contractual cash flows and
- the financial assets contractual conditions give rise to cash flows representing solely payments of principal and interest at given dates.

Consecutive measurement of financial assets measured at amortised cost is calculated with an effective interest rate method and is subject to loss provision. Profit and loss is recognised in income statement when the asset is deducted, modified or written down.

Financial liabilities measured at amortised cost

The Group measures financial liabilities as amortised cost if following conditions are met:

- The financial liability is not held for sale
- The Group has not made use of the right to recognise the financial liability at fair value through profit or loss.

The Group's financial liabilities are recognised at amortised cost with exception of financial derivatives which are recognised at fair value through profit and loss.

Impairment losses and allowances
The adoption of IFRS 9 has not had significant impact on the Group's recognition of impairment losses and allowances related to financial assets, as the Group seldom experience credit loss on trade account receivable and contract assets. The Group has applied the modified method for calculating the expected credit loss on trade account receivable and contract assets, The Group measures the allowance for loss based on expected credit loss for each reporting period. Any loss is recognised through other income and costs.

IFRS 15 Revenue from contracts with customers
IFRS 15 Revenue from contracts with customers replaces all existing standards and interpretations relating to revenue recognition. The core principle of IFRS 15 is for companies to recognise 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. The standard applies, with limited exceptions, to all revenue arising from contracts with customers and establishes a five-step model to account for revenue arising from contracts with customers and revenue from some non-financial assets (e.g. revenue related to property, plant and equipment).

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 applying the modified retrospective method, where no comparative information is required, however there is a requirement to give information on how revenue recognition would have been in the adoption year if the standard had been applied. The adoption of IFRS 15 has not changed the principles for revenue recognition in previous periods, and IFRS 15 has therefore not had impact on the accounts 1 January 2018. See note 11 for further specification.

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% 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 3.

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 recognised 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 from contracts with customers
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Bouvet mainly sells services. The Group recognise revenue upon delivery of service, simultaneously as the customer receive and consume advantages from the services delivered. Revenue from the sale of services is recognised in line with the project's degree of completion. 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.

Revenue from the sale of products is recognised when the significant risks and rewards of ownership of the products have passed to the buyer. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset.

The Group also produces and delivers customised products to customers where the promised goods and services are sold together. Some of these contracts for bundled goods and services comprise one performance obligation when the promise to deliver goods and services are not separately identifiable.

Revenue from the sale of goods and services that constitute one performance obligation is recognised over time when either:

- The Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Contract balances

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group fulfils the performance obligation(s) under the contract.

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 4.

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.

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 tied-up for more than three months is not included in cash and cash equivalents.

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.

Translation differences

Translation differences arise in connection with exchange-rate differences of consolidated foreign entities.

Exchange-rate differences in monetary amounts (liabilities or receivables) which are in reality a part of a company's net investment in a foreign entity are also included as translation differences.

If a foreign entity is sold, the accumulated translation difference linked to the entity is reversed and recognised in the statement of comprehensive income in the same period as the gain or loss on the sale is recognised.

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 16 Leases.

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'). IFRS 16 is effective for financial year beginning 1 January 2019. The implication of the new standard is that the Group will have to recognise assets and liabilities in the balance sheet for several leases. The new leases standard requires lessees to recognise assets and liabilities for most leases, which is a significant change from current requirements.

In accordance with the new regulations leases recognised in the balance sheet will be depreciated over the lease period and recognised together with the Group's remaining depreciations. Interest effect from the discount calculation will be recognised as financial items. Due to the new regulations the Group's EBIT will slightly increase, provided the same type and number of lease objects. See note 20 for information on the group`s lease commitments.

The Group has mainly leases related to lease of office premises and lease of office equipment which will be affected of IFRS 16. The Group has chosen to adopt IFRS 16 using the modified retrospective approach, with its exemptions, where lease contracts for which the lease terms ends within 12 months as of date of initial application, and lease contracts for which the underlying asset is of low value is not included.

In 2018 the Group has had a detailed review of all its lease contracts and analysed the affect of adoption of IFRS 16. IFRS 16 is expected to have the following influence on the financial statements 1 January 2019:

NOK 1 000	01.01.2019
ASSETS	
Right-to-use-assets	262 802
DEBT	
Lease liabilities	262 802

Adoption of IFRS 16 will not affect equity 1 January 2019. For the full year 2019, the following impacts are estimated (subject to change with new lease contracts and amendments of current lease contracts):

NOK 1 000	01.01.2019
Other operating expenses	38 033
EBITDA	38 033
Depriciation right-to-use-assets	-34 889
EBIT	3 144
Interest expense	-746
Ordinary profit before tax	2 398

Note 2: Overview of subsidiaries

The following subsidiaries are included in the consolidated accounts:

COMPANY	COUNTRY	MAIN BUSINESS LINE	RESULTS 2018	EQUITY 31.12.2018	RESULTS 2017	EQUITY 31.12.2017	OWNER-SHIP	VOTING SHARE
Ontopia AS [1)]	Norway	IT consultancy company	26	3 602	31	3 576	100 %	100 %
Nordic Integrator Management AS [2)]	Norway	IT consultancy company	-2	1 138	-3	1 140	100 %	100 %
Olavstoppen AS [3)]	Norway	IT consultancy company	5 440	8 487	3 475	7 547	100 %	100 %
Bouvet AB [4)]	Sweden	IT consultancy company	5 290	9 532	-3 325	4 174	100 %	100 %
Bouvet Norge AS	Norway	IT consultancy company	142 795	201 081	115 674	190 905	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 AB has two subsidiaries; Bouvet Sverige AB and Bouvet Public Skills AB.

Bouvet ASA has acquired the remaining 40 per cent of the shares in the subsidiary Olavstoppen AS from IT Forces AS. The shares were transfered 5 January 2018. This gives Bouvet ASA the full ownership of Olavstoppen AS. The takeover was financed by NOK 13.4 million in cash. Changes in ownership interests in subsidiary has been recorded as an equity transaction. The differance between the changes in minority interests (NOK 3.0 million) and the purchase price (NOK 13.4 million) has been recorded directly to equity (NOK 10.4 million).

Note 3: 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
- 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 and has in most cases legal rights for payment for services delivered at date. 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 these projects the customer controles the asset being made or improved.
The Group is therefore very little affected by the changes caused from adoption of IFRS 15. For the accounting year 2018, NOK 25.51 million or 1.4 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 11). For the accounting year 2017 corresponding figures was NOK 42.97 million or 2.7 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 13). 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 ASA 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 4: Income

a) Information about geographical allocation of revenue

Revenue from external customers attributable to:

NOK 1 000	2018	2017
Norway	1 695 602	1 438 517
Sweden	144 771	160 034
Other countries	6 338	8 802
Total income	1 846 711	1 607 353

See note 10 for geographical allocation of fixed assets.

b) Information about major customers

Included in revenue in 2018 is NOK 290.6 million (2017: NOK 212.2 million) from the groups largest customer.

Note 5: Cost of sales

NOK 1 000	2018	2017
Hired consultants	217 564	206 247
Hired training instructors	9 581	8 027
Purchase of training documentation	1 086	1 369
Purchase of software and hardware for resale	30 283	31 703
Total cost of sales	258 514	247 346

Note 6: Salary costs and remunerations

NOK 1 000	2018	2017
Salary	923 048	818 585
Bonus/profit sharing	58 813	43 213
Social security tax	150 701	135 058
Pension costs (see note 19)	42 154	38 834
Personnel insurance	5 162	4 594
Other expenses	11 877	9 180
Government grant related to R&D	0	-1 844
Capitalised development expenses	-12 787	-12 577
Total salary expenses	1 178 968	1 035 043
Average number of man-labour years		
Administration, sales and management	150	140
Other employees	1 137	1 014
Total	1 287	1 153
Average number of employees		
Administration, sales and management	152	146
Other employees	1 153	1 025
Total	1 305	1 171

See note 22 for transactions with related parties.

Note 7: Other operating expenses

NOK 1 000	2018	2017
Office premises	47 456	40 186
Travel and transport	10 906	9 527
Social costs and welfare initiatives	24 219	29 453
Office supplies, EDP etc.	37 272	29 219
Competence development	10 992	9 698
Recruitment costs	12 896	9 421
Marketing expenditure	7 029	5 667
External services	16 829	12 570
Other expenses	25 266	13 943
Total other operating expenses	192 865	159 684

Auditor fees

TYPE	2018	2017
Ordinary audit [1)]	815	795
Tax advice	91	109
Other services	175	86
Total	1 081	989

1) In addition there are fees to auditors, other than the group auditor, that amounts to NOK 51 thousand in 2018 and NOK 44 thousand in 2017.

Note 8: Income taxes

Income tax expense

NOK 1 000	2018	2017
Tax payable	40 465	35 230
Adjustment of previous years current income tax	29	0
Changes in deferred tax	584	-1 316
Tax expense	41 078	33 914

Tax payable in balance sheet

NOK 1 000	2018	2017
Calculated tax payable	40 465	35 230
Government grant related to R&D	0	-3 881
Payable tax (receivable) subsidiary in Sweden	814	244
Total income tax payable	41 279	31 593

Reconciliation of effective tax rate

NOK 1 000	2018	2017
Ordinary profit before tax	191 575	145 936
Calculated tax 23%	44 062	35 025
Adjustment current income tax of previous years	29	0
Not tax deductible costs	315	478
Non taxable income	0	-3
Tax losses carry forward not recognised	-2 405	488
Other permanent differences	-832	-2 064
Effect change in tax rate	-91	-9
Tax expense	41 078	33 914
Effective tax rate	21 %	23 %

Specification of basis for deferred tax

NOK 1 000	2018	2017
Basis for deferred tax asset		
Other differences	-5 332	-4 735
Tax losses carry forward	-32 519	-28 571
Of this tax losses carry forward Sweden, not recorded in the balance sheet	24 767	28 392
Basis deferred tax asset - gross	-13 084	-4 913
Basis deferred tax liability		
Intangible assets	1 625	1 860
Fixed assets	5 078	2 845
Other differences	8 693	1 158
Basis deferred tax liability - gross	15 396	5 863
Basis deferred tax - net	2 312	949
Net recognised deferred tax/ deferred tax asset (-)	574	218

Note 9: 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 150.5 million (NOK 110.6 million in 2017) divided by the weighted average number of ordinary shares throughout the year of 10.17 millions (10.13 millions in 2017). EBIT per share is calculated as the ratio between this year's operating profit attributable to the shareholders in the parent company NOK 191.6 million (NOK 142.3 million in 2017) 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 18).

	2018	2017
EBIT (NOK 1 000)	191 562	142 312
Profit for the year (NOK 1 000)	150 497	110 632
Weighted average shares issued	10 250 000	10 250 000
Weighted average basic shares outstanding	10 169 093	10 133 943
Weighted average diluted shares outstanding	10 268 110	10 248 708
EBIT per share (NOK)	18.84	14.04
Diluted EBIT per share (NOK)	18.66	13.89
Earnings per share (NOK)	14.80	10.92
Diluted earnings per share (NOK)	14.66	10.79
Weighted average shares		
Weighted average shares issued	10 250 000	10 250 000
Weighted average own-shares	-80 907	-116 057
Weighted average basic shares outstanding	10 169 093	10 133 943
Dilutive effects from employee share scheme	99 017	114 765
Weighted average diluted shares outstanding	10 268 110	10 248 708

Note 10: Property, plant and equipment

NOK 1 000	EDP EQUIPMENT	OFFICE MACHINES AND VEHICLES	FIXTURES AND FITTINGS	TOTAL 2018	EDP EQUIPMENT	OFFICE MACHINES AND VEHICLES	FIXTURES AND FITTINGS	TOTAL 2017
Acquisition cost								
Accumulated 1 January	38 173	7 086	26 212	71 472	32 224	6 403	20 048	58 675
Additions of the year	13 491	3 916	13 202	30 609	12 175	1 807	6 352	20 335
Disposals of the year	-3 972	-329	-5 694	-9 995	-6 340	-1 124	-219	-7 683
Exchange rate variances	-61	0	-18	-79	114	0	31	145
Accumulated 31 December	47 631	10 674	33 703	92 008	38 173	7 086	26 212	71 472
Depreciation								
Accumulated 1 January	20 419	3 661	9 239	33 319	17 275	3 119	6 619	27 013
Disposals of ordinary depreciation	-3 929	-258	-5 693	-9 880	-6 009	-602	-198	-6 809
This year's ordinary depreciation	11 047	1 364	4 977	17 388	9 058	1 143	2 793	12 994
Exchange rate variances	-18	0	-7	-25	95	0	25	120
Accumulated 31 December	27 519	4 766	8 516	40 801	20 419	3 661	9 239	33 319
Book value								
Book value at 1 January	17 755	3 425	16 973	38 153	14 949	3 283	13 429	31 662
Book value at 31 December	20 112	5 907	25 187	51 206	17 755	3 425	16 973	38 153
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 107 million (2017: NOK 90 million), and the remaining fixed assets are located in Sweden NOK 11 million (2017: NOK 12 million).

Note 11: Work in progress

The Group is primarily delivering its services based on time and material used and has in most cases legal rights for payment for services delivered at date. In cases where the Group has income from projects with predefined results at a fixed price or which has elements causing the income per hour to be unknown before completion of the project, the income is recorded in correlation with the degree of completion. Progress is measured as incurred hours in relation to totally estimated hours. For these projects the customer controles the asset being made or improved. The Group is therefore very little affected by the changes caused from adoption of IFRS 15.

When project outcome 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 0.12 million (2017: NOK 2.02 million). The provision for loss covers remaining work on the contracts.

Specification revenue

NOK 1 000	JAN-DEC 2018	JAN-DEC 2017
Contract category		
Fixed- and target price	39 011	45 243
Variable contracts	1 807 700	1 562 110
Total revenue	1 846 711	1 607 353
Business sector		
Bank & finance	79 041	65 179
Power supply	179 018	145 030
Health	45 087	44 525
Industry	75 959	73 276
Info and communication	97 997	98 772
Public admin	503 137	447 651
Oil & gas	455 669	342 366
Service industry	98 349	102 244
Transportation	159 046	149 247
Retail	109 469	103 867
Other	43 940	35 195
Total revenue	1 846 711	1 607 353
Public/privat sector		
Public sector (100% owned)	939 417	826 661
Privat sector	907 294	780 692
Total revenue	1 846 711	1 607 353
Work in progress	55 520	84 787
Deferred revenue	16 678	17 275

At the balance sheet date, processed but not billed services amounted to NOK 55.52 million (2017: NOK 84.79 million). NOK 52.62 million (2017: NOK 80.95 million) of these was services delivered on running account, and NOK 2.90 million (2017: NOK 3.84 million) was related to customer projects. Services delivered on running accounts at the end of accounting year 2018 was invoiced to customers at the beginning of January 2019. Net received prepayments from customer projects amounted to NOK 0.31 million (2017: NOK 4.13 million) at balance sheet date. At the balance sheet date in total NOK 31.30 million (2017: NOK 36.41 million) was recognised as income and NOK 22.47 million (2017: NOK 33.56 million) was recognised as costs on still running customer projects. At the balance sheet date a total of 4 097 hours (2017: 22 042 hours) is estimated as remaining work for these projects. Accrued income related to customer projects is settled based on degrees of completion as described above and in notes 1 and 3.

Note 12: Intangible assets

Intangible assets and goodwill are related to added value from the acquisitions of subsidiaries, businesses, and costs related to development of software and internally developed internet homepage.

NOK 1 000	CUS-TOMER RELA-TIONS	SOFT-WARE	INTER-NET	GOODWILL	TOTAL 2018	CUS-TOMER RELA-TIONS	SOFT-WARE	INTER-NET	GOODWILL	TOTAL 2017
Acquisition cost										
Accumulated 1 January	15 964	29 311	6 241	33 460	84 975	15 747	19 875	5 137	32 782	73 541
Addition purchase of subsidiary	931	0	0	0	931	0	0	0	263	263
Self-developed intangible assets	0	12 787	0	0	12 787	0	9 436	1 104	0	10 540
Disposals of the year	0	0	0	-263	-263	0	0	0	0	0
Exchange rate variances	-131	0	0	-253	-384	217	0	0	414	631
Accumulated 31 December	16 764	42 098	6 241	32 944	98 046	15 964	29 311	6 241	33 460	84 975
Amortisation										
Accumulated 1 January	10 161	9 310	4 282	0	23 752	8 213	4 157	3 357	0	15 728
Disposals of ordinary amortisation	0	0	0	0	0	0	0	0	0	0
This year's ordinary amortisation	1 901	4 883	629	0	7 414	2 073	5 153	924	0	8 149
Exchange rate variances	-134	0	0	0	-134	-125	0	0	0	-125
Accumulated 31 December	11 929	14 193	4 911	0	31 032	10 161	9 310	4 282	0	23 752
Book value										
Book value 1 January	5 803	20 001	1 959	33 460	61 224	7 534	15 718	1 780	32 782	57 814
Book value 31 December	4 835	27 905	1 330	32 944	67 014	5 803	20 001	1 959	33 460	61 224
Amortisation rate	10 %	20 %	20 %	IA		10 %	20 %	20 %	IA	
Economic life	10 years	5 years	5 years	not decided		10 years	5 years	5 years	not decided	
Amortisation method	linear	linear	linear	N/A		linear	linear	linear	N/A	

Amortisations relates to amortisation of 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 amortised based on estimated useful life.

The group is developing a software for sale, Sesam, that works as a search engine for enterprise data. Sesam can collect all type of information, tie it together and make use of the compound information in a range of valuable services. Version 3 of Sesam was completed September 2016 with investment costs of NOK 10 783 thousand. Version 4 of Sesam was completed December 2017 with investment costs of NOK 12 250 thousand. Version 5 is under development and one part was completed in June and taken use of in July. The rest has an expected completion during first half year of 2019. So far the investment costs is NOK 12 787 thousand. All versions has an economic life of 5 years.

In 2018 research costs of NOK 8 928 thousand has been charged as an expense (2017: NOK 10 059 thousand).

Goodwill is not amortised, but an impairment test is carried out at least once a year. Impairment testing of goodwill is discussed in note 13.

Note 13: Impairment test of goodwill

Recognised goodwill in the Group at 31.12.2018 constitutes NOK 32.9 million. This is mainly related to the acquisitions of Nordic Integrator Management AS (NOK 15.3 million) that took place in 2007 and Bouvet 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 5.3 million). Capgemini's business in Trondheim has been integrated with Bouvet's business in Trondheim and Ciber's business has been integrated with Bouvet Sverige AB's business.

After the acquisition of Nordic Integrator Management AS, Capgemini Trondheim and Ciber in Stockholm the businesses has been integrated into Bouvet's business respectively in Bergen, Trondheim and Stockholm, 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, Trondheim and Stockholm. Bouvet AB 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% nominal growth in net cash flows is included.

Sensitivity analysis of key assumptions

Ciber Stockholm / part of the business in Bouvet Sverige AB

Ciber's business in Stockholm was acquired in 2016. In the management's view, this purchase has added value to the Group. 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 5.3 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 purchase has added value to the Group. 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 AB

Bouvet AB was acquired in 2008. In the management's view, this purchase has added value to the Group. 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 purchase has added value to the Group, and that 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 14: Trade accounts receivable

NOK 1 000	2018	2017
Gross trade accounts receivable	269 846	224 725
Expected credit losses	-128	-80
Trade accounts receivable	269 718	224 645

Accounts receivables are non-interest bearing. See note 23 for an analyse of accounts receivables, description of allowance for expected credit losses and description of the Group's credit risk management. Expected credit losses are classified as other operating expenses in the income statement.

Movements in the expected credit losses are as follows:

NOK 1 000	2018	2017
Opening balance	80	42
Expected credit losses of the year	48	38
Closing balance	128	80

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
2018	269 718	172 152	86 425	8 536	819	1 786
2017	224 645	130 108	92 449	1 371	166	551

Contract assets for the Group are related to customer projects with elements of fixed price and recognised inn balance sheet under work in progress. These projects constitute a small part of the Group's business. See note 11 for further description. A credit loss is not expected on these projects.

Note 15: Other short-term receivables

NOK 1 000	2018	2017
Advances to employees	16 256	9 983
Prepaid rent	2 431	1 277
Prepaid software	7 981	6 396
Prepaid other expenses	5 284	5 722
Deposit account - guarantee rent obligations	0	3 308
Other receivables	813	1 097
Total other short-term receivables	32 765	27 783

Note 16: Cash and cash equivalents

NOK 1 000	2018	2017
Cash in hand and at bank - unrestricted funds	234 207	166 145
Employee withheld taxes - restricted funds	44 181	39 226
Cash and cash equivalents in the balance sheet	278 388	205 371

The group has unused credit facilities of NOK 101 358 thousand per 31.12.2018 (NOK 51 399 thousand in 2017). There are no restrictions on the use of these funds.

Note 17: Share capital, shareholder information and dividend

SHARES IN THOUSANDS	2018	2017
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	2018	2017	2018	2017
Ordinary shares issued and fully paid at 31.12.	10 250	10 250	10 250	10 250
Own shares at nominal value	-1	-47	-1	-47

Throughout the year, Bouvet ASA has sold 135 789 own shares to employees within the group at a total amount of NOK 24 551 thousand, giving an average sales price of NOK 180.80 per share (which includes the element of remuneration). The cash consideration for these shares was NOK 14 905 thousand. The Company owns 1 264 own shares per 31 December 2018.

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 9.

The 20 main shareholders at 31.12.2018 are:

SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP INTEREST
VARNER KAPITAL AS	1 070 000	10.44 %
VPF NORDEA AVKASTNING	972 331	9.49 %
STENSHAGEN INVEST AS	736 699	7.19 %
VIRTUS KAR INTERNATIONAL SMALL-CAP	527 340	5.14 %
SVERRE HURUM	508 779	4.96 %
MP PENSJON PK	504 004	4.92 %
VEVLEN GÅRD AS	453 502	4.42 %
PROTECTOR FORSIKRING ASA	265 400	2.59 %
ERIK STUBØ	238 279	2.32 %
UBS SWITZERLAND AG	203 900	1.99 %
SIX SIS AG	202 674	1.98 %
VPF NORDEA KAPITAL	169 284	1.65 %
STOREBRAND NORGE I VERDIPAPIRFOND	162 929	1.59 %
TELENOR PENSJONSKASSE	154 141	1.50 %
STATE STREET BANK AND TRUST COMP	116 810	1.14 %
ANDERS VOLLE	116 151	1.13 %
DYVI INVEST AS	100 000	0.98 %
VERDIPAPIRFONDET NORDEA NORGE PLUS	82 389	0.80 %
NILS-HÅKAN RADIG	75 172	0.73 %
STOREBRAND VEKST VERDIPAPIRFOND	73 663	0.72 %
Remaining shareholders	3 516 553	34.31 %
Total	10 250 000	100.00 %

Dividend

The company has paid the following dividends:

NOK 1 000	2018	2017
Ordinary dividend for 2017: NOK 8.50 per share	87 125	
Ordinary dividend for 2016: NOK 7.00 per share		71 750
Total	87 125	71 750

Proposed dividend to be approved at the annual general meeting amounts to NOK 13.00 per share.

Note 18: 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.

In 2018 the share scheme was extended and now gives the employee the opportunity to subscribe for shares at a value from NOK 7 500 to NOK 15 000 per year against a deduction in salary of 80 per cent of subscription amount. Bouvet will give a corresponding number of shares free of charge if the employee keeps the shares for three years and is still employed.

In 2018 a total of 72 866 shares were sold at a rate of NOK 212.00 minus a 20 per cent discount. 1 097 employees have joined the scheme. The previous year 42 636 shares were sold at a rate of NOK 168.50 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 three years and is still employed.

In 2018 a total of 11 372 shares were sold at a rate of NOK 212.00. A total of 110 employees have joined the scheme. The previous year 13 254 shares were sold at a rate of NOK 168.50.

In 2018 a total of 51 551 shares were provided free of charge in relation to the 2016 share scheme. (In 2017: 65 739 shares related to the 2015 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 2-3 years. The calculated fair value is recognised as an expense with an corresponding amount booked directly in equity over the vesting period. NOK 7 287 thousand in compensation costs have been charged in 2018 (in 2017 NOK 6 515 thousand). Remaining estimated compensation costs at 31 December 2018 for the years 2019 to 2021 are NOK 14 647 thousand.

Note 19: 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 1 369 participants in this defined contribution plan.

Defined contribution plan

The Group has a defined contribution plan for all employees. The Group’s obligation in Norway is 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 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, 1 369 employees were part of this scheme. The expensed contribution in Norway amounted to NOK 37 255 thousand and NOK 32 838 thousand in 2018 and 2017 respectively. In Sweden the expensed contribution amounted to NOK 4 899 thousand in 2018 and NOK 5 996 thousand in 2017, thus for the group the total expensed contribution amounted to NOK 42 154 thousand for 2018 and NOK 38 834 thousand for 2017.

Reconciliation of this year’s total pension expense

NOK 1 000	2018	2017
Contribution plan - paid contribution for the year	42 154	38 834
This year's recognised pension costs (note 6)	42 154	38 834

Note 20: 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	2018	2017
Ordinary lease payments	1 061	921

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

NOK 1 000	2018	2017
Within 1 year	685	641
1 to 5 years	253	924
Future lease commitment	938	1 565

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	198
Bergen	2024	2 909
Borlänge	2019	67
Haugesund	2021	1 025
Kristiansand	2019	417
Oslo	2026	17 449
Sandefjord	2024	355
Sandvika	2019	526
Skien	2020	345
Stavanger - Jåttåvågen	2028	12 049
Stockholm - Östermalmsgatan	2020	1 840
Trondheim - Kjøpmannsgt	2024	1 429
Örebro	2021	369
Total		38 978

Bouvet ASA has furnished guarantee in connection with tenancy agreements in Bouvet Norge AS:

CITY	LEASE TERM	AMOUNT OF GUARANTEE
Oslo	17.12.2016-16.12.2026	For all contractual obligations
Stavanger	07.05.2018-06.05.2028	13 049

Note 21: Other short-term debt

NOK 1 000	2018	2017
Accrued salary, holiday pay and bonus	173 601	140 734
Employees' holiday and time-off balance	7 065	6 096
Other short-term debt	13 267	12 873
Total	193 933	159 703

Note 22: Transactions with related parties

NOK 1 000

Compensation to the board

NAME	ROLE	FEES PAID IN 2018	FEES PAID IN 2017
Pål Egil Rønn	Chairman of the Board	300	300
Åge Danielsen	Former Chairman of the Board	0	150
Tove Raanes	Vice-chairman of the Board	175	175
Grethe Høiland	Board member	150	150
Ingebrigt Steen Jensen	Board member	150	150
Egil Christen Dahl	Board member	150	150
Total		925	1 075

Compensation to key management 2018

NAME	SALARY	BONUS	PENSION CONTRIBUTION	OTHER REMUNERATION	TOTAL 2018
Sverre F. Hurum , CEO	3 132	789	64	67	4 052
Erik Stubø, CFO	2 504	789	66	68	3 427
Total	5 636	1 578	130	135	7 479

See note 18 for information about the share scheme.

Compensation to key management 2017

NAME	SALARY	BONUS	PENSION CONTRIBUTION	OTHER REMUNERATION	TOTAL 2017
Sverre F. Hurum , CEO	2 940	554	64	69	3 627
Erik Stubø, CFO	2 421	554	65	71	3 111
Total	5 361	1 108	129	140	6 738

See note 18 for information about the share scheme.

Shares in the company directly or indirectly owned by the board at 31.12.2018

NAME	ROLE	NO. OF SHARES
Pål Egil Rønn	Chairman of the Board	0
Tove Raanes	Vice-chairman of the Board	895
Grethe Høiland	Board member	0
Ingebrigt Steen Jensen	Board member	0
Egil Christen Dahl	Board member	453 502
Total		454 397

Shares in the company directly or indirectly owned by management at 31.12.2018

NAME	ROLE	NO. OF SHARES
Sverre F. Hurum	CEO	508 779
Erik Stubø	CFO	238 279
Total		747 058

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 23: 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) 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 16.

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
31.12.2018						
Trade accounts payable	47 786	10 226	0	0	0	**58 012**
Other financial commitments [1]	9 756	126	29 646	140 114	109 568	**289 210**

	REMAINING PERIOD					
NOK 1 000	LESS THAN 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	MORE THAN 5 YEARS	TOTAL
31.12.2017						
Trade accounts payable	46 913	9 952	0	0	0	**56 865**
Other financial commitments [1]	8 428	113	25 795	114 309	118 395	**267 040**

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

(ii) Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. 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 14), deposits with banks (note 16) and other short-term receivables (note 15).

Financial assets and financial liabilities

Classification of financial instruments:

NOK 1 000	AMORTISED COSTS	TOTAL 31.12.2018	FAIR VALUE 31.12.2018	AMORTISED COSTS	TOTAL 31.12.2017	FAIR VALUE 31.12.2017
Loans and receivable						
Work in progress [1)]	55 520	55 520	55 520	84 787	84 787	84 787
Trade accounts receivable	269 718	269 718	269 718	224 645	224 645	224 645
Cash and cash equivalents	278 388	278 388	278 388	205 371	205 371	205 371
Liabilities						
Trade accounts payable	58 012	58 012	58 012	56 865	56 865	56 865

1) Primarily services based on time and material used, which is invoiced in the beginning of January the following year.

Trade accounts receivable

At 31 December 2018, the Group had 9 customers (2017: 7) that owed it more than TNOK 5 000 each and accounted for approximately 44% (2017: 32%) of all the receivables and contract assets outstanding.

The Group seldom experience credit loss on trade receivables, but an analysis is performed at each reporting date to measure expected credit losses. The provision rates are based loss patterns and on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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 2017 or 2018.

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 a solid equity. The equity share was 37 per cent per 31.12.2018.

NOK 1 000	2018	2017
Equity	276 993	220 408
Total capital	756 557	644 088
Equity share	37 %	34 %

Note 24: 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	2018	2017
Revenue		0	0
Operating costs			
Salary costs	2, 12	1 090	1 272
Depreciation fixed assets	6	13	13
Other operating costs	3	1 770	1 774
Total operating costs		2 873	3 059
Operating profit		-2 873	-3 059
Financial items			
Other interest income		3	17
Received dividend and group contribution		138 196	113 839
Other interest expense		-800	-773
Other finance expense		-34	7
Net financial items		137 365	113 090
Ordinary profit before tax		134 492	110 031
Income tax expense			
Tax expense on ordinary profit	4	-2	-1
Total tax expense		-2	-1
Profit for the year		134 494	110 032
Attributable to:			
Other equity		134 494	110 032

BOUVET ASA – PARENT COMPANY

Balance sheet

At 31 December

NOK 1 000	NOTE	2018	2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax assets	4	2	1
Total intangible assets		2	1
Fixed assets			
IT equipment	6	3	16
Total fixed assets		3	16
Financial non-current assets			
Shares in subsidiaries	7	158 167	144 777
Total financial non-current assets		158 167	144 777
Total non-current assets		158 172	144 794
CURRENT ASSETS			
Trade accounts receivable group company	7	134 200	110 839
Cash and cash equivalents	8	679	896
Total current assets		134 879	111 735
TOTAL ASSETS		293 051	256 529

BOUVET ASA – PARENT COMPANY

Balance sheet

At 31 December

NOK 1 000	NOTE	2018	2017
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital			
Share capital	9	10 250	10 250
Own shares - nominal value	9	-1	-47
Share premium	9	10 000	10 000
Total paid-in capital		20 249	20 203
Earned equity			
Other equity		40 033	32 408
Total earned equity		40 033	32 408
Total equity		60 282	52 611
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	58 728	76 249
Public duties payable		547	544
Other short-term debt	9, 11	133 494	87 125
Total short-term debt		192 769	163 918
Total liabilities		232 769	203 918
TOTAL EQUITY AND LIABILITIES		293 051	256 529

BOUVET ASA – PARENT COMPANY

Statement of cash flows

1 January - 31 December

NOK 1 000	NOTE	2018	2017
Cash flows from operating activities			
Ordinary profit before tax		134 492	110 031
Group contribution and dividend		-138 196	-113 839
Ordinary depreciation		13	13
Changes in other accruals		1 074	991
Net cash flows from operating activities		-2 617	-2 805
Cash flows from investing activities			
Purchase and investment in subsidiary	7	-13 390	0
Net from financing to group companies	7	-29 095	-8 744
Net cash flows from investing activities		-42 485	-8 744
Cash flows from financing activities			
Purchase of own shares	9	-19 544	-11 190
Sale of own shares	9	17 858	9 417
Group contribution payments		133 696	83 357
Dividend payments	9	-87 125	-71 750
Net cash flows from financing activities		44 885	9 835
Net changes in cash and cash equivalents		-217	-1 714
Cash and cash equivalents at the beginning of the year		896	2 609
Cash and cash equivalents at the end of the year		679	896

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 01.01.2017	10 250	-99	10 000	20 151	3 841	23 992
	Income for the year					110 032	110 032
9	Purchase/sale of own shares (net)		52		52	-1 759	-1 707
	Employee share scheme					7 419	7 419
9	Proposed dividend					-87 125	-87 125
	Equity at 31.12.2017	10 250	-47	10 000	20 203	32 408	52 611
	Equity at 01.01.2018	10 250	-47	10 000	20 203	32 408	52 611
	Income for the year					134 494	134 494
9	Purchase/sale of own shares (net)		46		46	-1 680	-1 634
	Employee share scheme					8 061	8 061
9	Proposed dividend					-133 250	-133 250
	Equity at 31.12.2018	10 250	-1	10 000	20 249	40 033	60 282

BOUVET ASA – PARENT COMPANY

Notes

Note 1: Accounting principles

The financial statements of Bouvet ASA for the period ending on 31 December 2018 were approved in a board meeting 2 April 2019.

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 2018 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 in the Group 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. From 2018 the vesting period is changed to 3 years. The scheme is entirely charged to the subsidiaries and is an arrangement with settlement in shares with cost recognised as payroll expense with liability against parent company. The contra entry in parent company is equity. Employer's National Insurance contribution on the allocation 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	2018	2017
Board remuneration	955	1 115
Social security tax	135	157
Total salary expenses	1 090	1 272

Note 3: Other operating expenses

NOK 1 000	2018	2017
Travel and transport	45	25
Marketing expenditure	5	2
External services	996	973
Stock exchange expenses	722	774
Other expenses	2	0
Total other operating expenses	1 770	1 774

Auditor fees

TYPE	2018	2017
Ordinary audit	205	200
Tax advice	23	25
Other services	15	30
Total	243	255

Note 4: Income taxes

Income tax expense

NOK 1 000	2018	2017
Tax payable	0	0
Changes in deferred taxes	-2	-1
Tax expense	-2	-1

Income tax payable

NOK 1 000	2018	2017
Ordinary profit before tax	134 492	110 031
Permanent differences	-4 500	-2 910
Changes in basis for deferred tax	8	4
Group contribution	-130 000	-107 125
Basis for tax payable	0	0
Tax 23% being tax payable on this year's profit	0	0

Tax payable in balance sheet

NOK 1 000	2018	2017
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	2018	2017
Profit before tax	134 492	110 031
Tax calculated based on 23%	30 933	26 407
Non taxable income	-30 935	-26 408
Tax expense	-2	-1
Effective tax rate	0 %	0 %

Specification of basis for deferred tax

NOK 1 000	2018	2017
Basis for deferred tax asset		
Other differences	-10	-3
Basis deferred tax asset - gross	-10	-3
Basis deferred tax - net	-10	-3
Net recognised deferred tax/ deferred tax asset (-)	-2	-1

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 134.49 million (NOK 110.03 million in 2017) divided by the weighted average number of ordinary shares throughout the year of 10.17 millions (10.13 millions in 2017). EBIT per share is calculated as the ratio between this year's operating profit of NOK -2.87 million (NOK -3.06 million in 2017) 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 10).

	2018	2017
EBIT (NOK 1 000)	-2 873	-3 059
Profit for the year (NOK 1 000)	134 494	110 032
Weighted average shares issued	10 250 000	10 250 000
Weighted average basic shares outstanding	10 169 093	10 133 943
Weighted average diluted shares outstanding	10 268 110	10 248 708
EBIT per share (NOK)	-0.28	-0.30
Diluted EBIT per share (NOK) 1)	-0.28	-0.30
Earnings per share (NOK)	13.23	10.86
Diluted earnings per share (NOK) 1)	13.10	10.74
Weighted average shares		
Weighted average shares issued	10 250 000	10 250 000
Weighted average own-shares	-80 907	-116 057
Weighted average basic shares outstanding	10 169 093	10 133 943
Dilutive effects from employee share scheme	99 017	114 765
Weighted average diluted shares outstanding	10 268 110	10 248 708

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 2018	EDP EQUIPMENT	TOTAL 2017
Acquisition cost				
Accumulated 1 January	39	**39**	39	**39**
Additions of the year	0	**0**	0	**0**
Disposals of the year	0	**0**	0	**0**
Accumulated 31 December	39	**39**	39	**39**
Depreciation				
Accumulated 1 January	23	**23**	10	**10**
Disposals of ordinary depreciation	0	**0**	0	**0**
This year's ordinary depreciation	13	**13**	13	**13**
Accumulated 31 December	36	**36**	23	**23**
Book value				
Book value at 1 January	16	**16**	29	**29**
Book value at 31 December	3	**3**	16	**16**
Depreciation rate	20-33 %		20-33 %	
Economic life	3-5 years		3-5 years	
Depreciation method	linear		linear	

Note 7: Overview of subsidiaries

The following subsidiaries are included in the consolidated accounts:

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	14 590	100 %	100 %
Bouvet AB 4)	Sweden	IT consultancy company	29 067	100 %	100 %
Bouvet Norge AS	Norway	IT consultancy company	106 606	100 %	100 %
Total subsidiaries			158 167		

1) Consolidated from 1 April 2007.
2) Consolidated from 1 July 2007.
3) Established in March 2010. Remaining 40 per cent of the shares transfered 5 January 2018.
4) Consolidated from 1 October 2008. Bouvet AB has to subsidiaries; Bouvet Sverige AB and Bouvet Public Skills AB.

Loans, receivables and liabilities between Bouvet ASA and its subsidiaries

COMPANY	LOANS TO SUBSIDIARIES	CURRENT RECEIVABLES DUE FROM SUBSIDIARIES	LOANS FROM SUBSIDIARIES	CURRENT LIABILITIES TO SUBSIDIARIES
Bouvet Norge AS	0	133 696	40 000	58 728
Olavstoppen AS	0	504	0	0
Bouvet AB including subsidiaries	0	0	0	0
Total	0	134 200	40 000	58 728

See note 2 in Group accounts for specification of results and equity in subsidiaries, and information about non-controlling interests.

Bouvet ASA has furnished guarantee in connection with tenancy agreements in Bouvet Norge AS:

CITY	LEASE TERM	AMOUNT OF GUARANTEE
Oslo	17.12.2016-16.12.2026	For all contractual obligations
Stavanger	07.05.2018-06.05.2028	13 049

Note 8: Cash and cash equivalents

NOK 1 000	2018	2017
Cash in hand and at bank - unrestricted funds	231	454
Employee withheld taxes - restricted funds	448	442
Cash and cash equivalents in the balance sheet	679	896

Note 9: Share capital, shareholder information and dividend

SHARES IN THOUSANDS	2018	2017
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	2018	2017	2018	2017
Ordinary shares issued and fully paid at 31.12.	10 250	10 250	10 250	10 250
Own shares at nominal value	-1	-47	-1	-47

Throughout the year, Bouvet ASA has sold 135 789 own shares to employees within the group at a total amount of NOK 24 551 thousand, giving an average sales price of NOK 180.80 per share (which includes the element of remuneration). The cash consideration for these shares was NOK 14 905 thousand. The Company owns 1 264 own shares per 31 December 2018.

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 31.12.2018 are:

SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP INTEREST
VARNER KAPITAL AS	1 070 000	10.44 %
VPF NORDEA AVKASTNING	972 331	9.49 %
STENSHAGEN INVEST AS	736 699	7.19 %
VIRTUS KAR INTERNATIONAL SMALL-CAP	527 340	5.14 %
SVERRE HURUM	508 779	4.96 %
MP PENSJON PK	504 004	4.92 %
VEVLEN GÅRD AS	453 502	4.42 %
PROTECTOR FORSIKRING ASA	265 400	2.59 %
ERIK STUBØ	238 279	2.32 %
UBS SWITZERLAND AG	203 900	1.99 %
SIX SIS AG	202 674	1.98 %
VPF NORDEA KAPITAL	169 284	1.65 %
STOREBRAND NORGE I VERDIPAPIRFOND	162 929	1.59 %
TELENOR PENSJONSKASSE	154 141	1.50 %
STATE STREET BANK AND TRUST COMP	116 810	1.14 %
ANDERS VOLLE	116 151	1.13 %
DYVI INVEST AS	100 000	0.98 %
VERDIPAPIRFONDET NORDEA NORGE PLUS	82 389	0.80 %
NILS-HÅKAN RADIG	75 172	0.73 %
STOREBRAND VEKST VERDIPAPIRFOND	73 663	0.72 %
Remaining shareholders	3 516 553	34.31 %
Total	10 250 000	100.00 %

Dividend

The company has paid the following dividends:

NOK 1 000	2018	2017
Ordinary dividend for 2017: NOK 8.50 per share	87 125	
Ordinary dividend for 2016: NOK 7.00 per share		71 750
Total	87 125	71 750

Proposed dividend to be approved at the annual general meeting amounts to NOK 13.00 per share.

Note 10: Share scheme for employees

The Company did not have any employees in 2018 or 2017. 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.

In 2018 the share scheme was extended and now gives the employee the opportunity to subscribe for shares at a value from NOK 7 500 to NOK 15 000 per year against a deduction in salary of 80 per cent of subscription amount. Bouvet will give a corresponding number of shares free of charge if the employee keeps the shares for three years and is still employed.

In 2018 a total of 72 866 shares were sold at a rate of NOK 212.00 minus a 20 per cent discount. 1097 employees have participated in the scheme. In 2017 42 636 shares were sold at a rate of NOK 168.50 minus a 20 per cent discount.

The Group also has 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 three years and is still employed.

In 2018 a total of 11 372 shares were sold at a rate of NOK 212.00. A total of 110 employees have participated in the scheme. The previous year 13 254 shares were sold at a rate of NOK 168.50.

In 2018 a total of 51 551 shares were provided free of charge in relation to the 2016 share issue program. (In 2017: 65 739 shares related to the 2015 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 2-3 years. NOK 7 287 thousand in share based payment costs have been charged the subsidiaries in 2018 in addition to the bonus shares described above. In 2017 NOK 6 515 thousand was charged. Remaining estimated compensation costs at 31 December 2018 for the years 2019 to 2021 are NOK 14 647 thousand.

Note 11: Other short-term debt

NOK 1 000	2018	2017
Other short-term debt	244	0
Accrued dividend payment	133 250	87 125
Total	133 494	87 125

Note 12: Transactions with related parties

NOK 1 000

Compensation to the board

NAME	ROLE	FEES PAID IN 2018	FEES PAID IN 2017
Pål Egil Rønn	Chairman of the Board	300	300
Åge Danielsen	Former Chairman of the Board	0	150
Tove Raanes	Vice-chairman of the Board	175	175
Grethe Høiland	Board member	150	150
Ingebrigt Steen Jensen	Board member	150	150
Egil Christen Dahl	Board member	150	150
Total		925	1 075

Compensation to key management

Key management has received its remuneration from Bouvet Norge AS. For information about the remuneration to the management see note 22 to the consolidated financial statements.

Shares in the company directly or indirectly owned by the board at 31.12.2018

NAME	ROLE	NO. OF SHARES
Pål Egil Rønn	Chairman of the Board	0
Tove Raanes	Vice-chairman of the Board	895
Grethe Høiland	Board member	0
Ingebrigt Steen Jensen	Board member	0
Egil Christen Dahl	Board member	453 502
Total		454 397

Shares in the company directly or indirectly owned by management at 31.12.2018

NAME	ROLE	NO. OF SHARES
Sverre F. Hurum	CEO	508 779
Erik Stubø	CFO	238 279
Total		747 058

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 13: Financial instruments

The Company is a holding company, and has limited financial instruments except for its investment in subsidiaries and group receivables and group payables. For information about the Company's handling of financial risks such as liquidity risk and capital management, see note 23 to the consolidated financial statements.

Note 14: 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	2018	2017	2016	2015
Market value at 31 Dec	2 009.0 mill.	2 091.0 mill.	1 414.5 mill.	1 004.5 mill.
Share price at 31 Dec	196.00	204.00	138.00	98.00
Share price/ total equity per share	7.25	9.49	8.03	5.75
Dividend paid	8.50	7.00	6.50	5.00

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

Its price decreased by 3.92 per cent during 2018. The company's market value was NOK 2 091.0 million at 1 January 2018 and had decreased to NOK 2 009.0 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 2018 resolved to pay a dividend of NOK 8.50 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 2018.

Analyst coverage

Two Norwegian stockbrokers provide analysis of the company:

- ABG Sundal Collier
- SpareBank 1 Markets

Share data

The Bouvet share traded between NOK 192.00 per share and NOK 256.00 per share in 2018. A total of 1 191 000 shares were traded on the Oslo Stock Exchange through 4 113 transactions. The company's share price at 31 December 2018 was NOK 196.00 per share.

Issued shares at 31 December 2018 totaled 10 250 000, with a nominal price of NOK 1.00 per share.

Shareholders

The company had 2 035 shareholders at 31 December, including 1 887 Norwegian and 148 foreign.

The 20 largest shareholders owned 65.69 per cent of the shares. Bouvet owned 1 264 of its own shares at 31 December 2018, compared with 47 053 the year before.

Financial Calendar 2019

EVENT	DATE
Annual General Meeting	22 May 2019
First quarter 2019	15 May 2019
Second quarter 2019	22 August 2019
Third quarter 2019	7 November 2019
Fourth quarter 2019	25 February 2020

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

	2018	2017	2016	2015
Highest share price (NOK)	256.00	210.00	138.50	100.00
Lowest share price (NOK)	192.00	131.00	94.50	73.75
Number of trades	4 113	2 170	1 434	797
Number of shares traded	1 191 000	868 000	1 734 000	2 515 000
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	PER CENTAGE
1 - 100	565	31 153	0.30 %
101 - 1 000	985	397 950	3.88 %
1 001 - 10 000	403	1 110 935	10.84 %
10 001 - 100 000	66	2 307 739	22.52 %
100 001 - 1 000 000	15	5 332 223	52.02 %
1 000 001 -	1	1 070 000	10.44 %
Total	2 035	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 2018 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 17 October 2018. 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 2018 was adopted on 2 April 2019.

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 2018 was NOK 277.0 million, corresponding to an equity ratio of 36.7 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. 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 should have adequate reserve liquidity in the form of bank deposits or credit facilities.
- Bouvet shall be a solid company with a balanced financing.

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.

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 24 May 2018. 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 2019.

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 2018 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 other 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 2019.

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 other 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 2018 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 construction of 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 22 to the annual financial statements for 2018.

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 11 board meetings were held in 2018.

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 two members, 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 22 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. Guidelines are presented to the general meeting.

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.

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.

Information on all benefits paid to the executive management is provided in note 22 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 7 to the annual financial statements.

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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 2018, the income statement, statements of cash flows and changes in equity 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 2018, the income statement, the statements of other income and costs, 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 2018, and of its financial performance and its cash flows for the year then 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 2018 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 and the Group 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 for 2018. 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.

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Recognition of revenue from customer contracts over time

The Group's revenues from customer projects where the revenue is based on fixed price or where the hourly rate varies with the time incurred on the project, amounted to NOK 39 million in 2018. The estimation of earned revenue and profit is affected by the estimated time to complete each project. The recognition of revenue from customer projects over time is a key audit matter due to the significant degree of judgment involved in estimating the progress on the projects.

We considered the Group's accounting principles related to recognition of revenue from customer contracts over time, including effects of implementation of IFRS 15, 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 estimated progress on the projects.

We refer to note 3 regarding estimation uncertainty and note 11 regarding work in progress.

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

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- 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 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 on 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.

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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, 3 April 2019
ERNST & YOUNG AS

Leiv Aschehoug
State Authorised Public Accountant (Norway)

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

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Alternative performance measures

The European Securities an Markets Authority ("ESMA") issued guidelines on Alternative Performance Measures ("APMs") that came into force on July 3, 2016. Bouvet discloses APMs that are frequently used by investors, analysts, and other interested parties.
The management believes that the disclosed APMs provide improved insight into the operations, financing, and prospects of Bouvet. Bouvet has defined the following APMs:

EBITDA is short for earnings before interest, taxes, depreciation, and amortization. EBITDA is calculated as profit for the period before tax expense, financial items, depreciation, and amortization.

EBIT is short for earnings before interest and taxes. EBIT corresponds to operating profit in the consolidated income statement.

Net free cash flow is calculated as net cash flow from operations plus net cash flow from investing activities.

EBITDA-margin is calculated as EBITDA divided by revenue.

EBIT-margin is calculated as EBIT divided by revenue.

Cash flow margin is calculated as Net cash flow from operations divided by revenue.

Equity ratio is calculated as total equity divided by total assets.

Liquidity ratio is calculated as current assets divided by short-term debt.

Key figures Group

NOK 1 000	2018	2017	2016	2015	2014
INCOME STATEMENT					
Operating revenue	**1 846 711**	1 607 353	1 330 811	1 232 486	1 132 598
EBITDA	**216 364**	165 280	120 887	112 891	92 501
Operating profit (EBIT)	**191 562**	144 137	106 298	99 354	79 162
Ordinary profit before tax	**191 575**	145 936	106 049	101 770	81 577
Profit for the year	**150 497**	112 022	79 885	74 738	56 981
EBITDA margin	**11.7 %**	10.3 %	9.1 %	9.2 %	8.2 %
EBIT margin	**10.4 %**	9.0 %	8.0 %	8.1 %	7.0 %
BALANCE SHEET					
Non-current assets	**120 166**	101 502	90 346	71 492	70 712
Current assets	**636 391**	542 586	445 570	414 722	376 349
Total assets	**756 557**	644 088	535 916	486 214	447 061
Equity	**276 993**	220 408	176 158	174 618	153 532
Long-term debt	**574**	218	1 578	285	669
Short-term debt	**478 990**	423 462	358 180	311 311	292 860
Equity ratio	**36.6 %**	34.2 %	32.9 %	35.9 %	34.3 %
Liquidity ratio	**1.33**	1.28	1.24	1.33	1.29
CASH FLOW					
Net cash flow operations	**218 971**	149 035	113 462	127 874	48 762
Net free cash flow	**161 828**	119 108	75 635	115 032	18 921
Net cash flow	**73 017**	43 652	-8 419	55 732	-49 111
Cash flow margin	**11.9 %**	9.3 %	8.5 %	10.4 %	4.3 %
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	**10 169 093**	10 133 943	10 171 365	10 208 354	10 220 261
Weighted average diluted shares outstanding	**10 268 110**	10 248 708	10 304 044	10 340 661	10 346 049
EBIT per share	**18.84**	14.04	10.32	9.59	7.59
Diluted EBIT per share	**18.66**	13.89	10.19	9.47	7.49
Earnings per share	**14.80**	10.92	7.76	7.21	5.45
Diluted earnings per share	**14.66**	10.79	7.66	7.12	5.39
Equity per share	**27.02**	21.50	17.19	17.04	14.98
Dividend per share	**8.50**	7.00	6.50	5.00	6.00
EMPLOYEES					
Number of employees (year end)	**1 369**	1 215	1 090	1 036	1 008
Average number of employees	**1 305**	1 171	1 050	1 016	958
Operating revenue per employee	**1 415**	1 373	1 267	1 213	1 182
Operating cost per employee	**1 268**	1 250	1 166	1 115	1 100
EBIT per employee	**147**	123	101	98	83

Definitions

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

Our regions and offices

The Group has 13 offices in Norway and Sweden. Our philosophy is that competence should be utilized across the company, while projects are attached locally.

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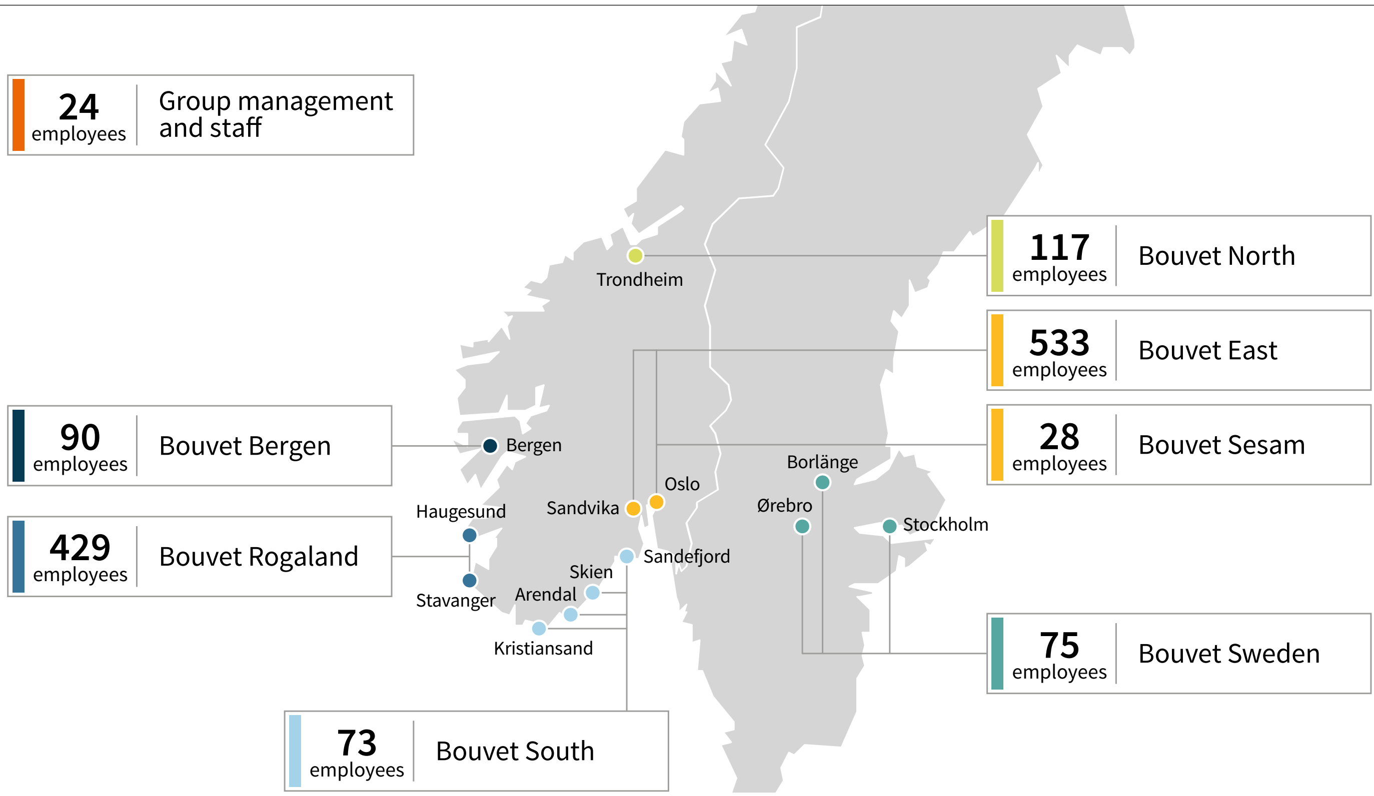

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