ANNUAL REPORT
2016

Multiconsult

Interactive PDF
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2016 HIGHLIGHTS AND KEY FIGURES

- **The Multiconsult group recorded strong revenue growth and solid earnings in 2016**, driven by acquisitions, organic growth and solid operational performance.
- **Successful first ever capital markets day:** Multiconsult completed a successful capital markets day in October 2016 presenting an updated strategy with ambitions towards 2020.
- **Acquisition of aarhus arkitekterne A/S:** Multiconsult acquired 100 per cent of the shares in the Danish architect company aarhus arkitekterne A/S in December 2016, in line with its strategic initiatives. The total purchase price was DKK 49.2 million, settled in cash.
- **Significant large contracts won in 2016:** New Tønsberg Hospital (Vestfold Hospital Trust), Bus transit lane in Stavanger (Norwegian Public Roads Administration Region West), Zanzibar Energy Sector Support Project (Revolutionary Government of Zanzibar), new hospital campus in Helsingborg (Regionservice), Åsane high school in Bergen (Hordaland Fylkeskommune), frame agreements from Fosen Vind DA and Statnett. In addition, substantial add-on granted for Karmøy pilot plant (Hydro).
- **Attractive employer:** Multiconsult ranks as an attractive employer in the annual survey conducted by Universum among engineering students and seasoned professionals.

CONSOLIDATED KEY FIGURES

Amounts in MNOK (except EPS, shares and percentage)	FY 2016	FY 2015	FY 2014
FINANCIAL			
Net operating revenues	2 604.6	2 247.7	1 986.5
Growth (%)	15.9%	13.1%	10.2%
Reported EBITDA	332.8	212.7	246.5
EBITDA, underlying	225.5	263.4	246.5
EBITDA margin (%), underlying	8.7%	11.7%	12.4%
EBIT, underlying	182.3	225.8	211.8
EBIT margin (%), underlying	7.0%	10.0%	10.7%
Basic earnings per share (NOK)	8.15	5.73	6.35
Average number of shares	26 243 164	26 186 588	26 245 781
Net interest bearing debt (negative is asset)	(116.5)	(223.2)	(438.2)
Cash and cash equivalents	176.0	233.0	448.6
OPERATIONAL			
Order intake	3 084.7	2 808.0	2 598.0
Order backlog	1 793.1	1 727.5	1 506.9
Billing ratio (%)	69.2%	68.2%	67.1%
Employees	2 344	2 147	1 724

WE ARE STRONG AND PREPARED

GO (Growth and Opportunities) is at the heart of our revised strategy for the coming years. Our aim for Multiconsult is to become a Scandinavian heavyweight with an annual turnover of NOK 6 billion by 2020. That goal is ambitious, but realistic. The foundations for continuing on our ambitious growth path have been laid by the great achievements made during our previous strategy period.

When Multiconsult launched its 3-2-1 strategy in 2013, the aim was to triple profitability, double turnover and become the industry's leading brand by the end of 2017. Having largely achieved those goals, and with our new ownership structure offering new opportunities, in autumn 2016 we decided the time was right to launch a revised group strategy for the period leading up to 2020.

Rather than changing course, we aim to push on with renewed vigour. That is why we have included the phrase 3-2-1 in our revised strategy, which we have called 3-2-1 GO. The first part of the name refers to the foundations we laid in the previous strategy period, which have put us in a position to continue on our ambitious growth path and to exploit new opportunities. We believe that our strength lies in our organisation's culture of empowerment. Our willingness to search out and seize new opportunities will be the key to our success.

A GROWING PRESENCE ACROSS SCANDINAVIA

The Multiconsult group keeps on growing, both in Norway and internationally. With the acquisition of Akvator AS on Stord, in 2016 we became the biggest firm of consulting engineers in Western Norway. However, our largest acquisition in 2016 was the highly respected Danish architectural firm aarhus arkitekterne A/S. With LINK arkitektur's 100 employees in Denmark and 150 in Sweden, and our stated aim of offering multidisciplinary engineering services in Sweden, Multiconsult is becoming a Scandinavian heavyweight, and not just a Norwegian one.

GLOBAL OPERATIONS

Although Multiconsult has no desire to become a global company, our operations are definitely global. Over the past year we have worked on projects from the South Pole in the south to Svalbard in the north, from Chile in the west to Singapore in the east. In 2016 our international subsidiaries in Poland, England and Singapore all grew their turnover, improved their profitability and helped to make the Multiconsult group more competitive.

Most of our international business outside Scandinavia is in the business areas Oil & Gas and Renewable Energy. With oil prices remaining relatively low, we mainly see growth opportunities in renewable energy, where there is significant potential. We are preparing for this growth, by targeting the hydropower market in East Africa and South-East Asia. Turnover from wind power is growing, and international demand for our solar power experts is greater than ever before.

Anne Harris
CFO

Christian Nørgaard Madsen
Chief Executive Officer

SIGNS OF IMPROVEMENT

2016 was a year of fierce competition and significant pressure on prices. When that is combined with wage growth, profitability suffers. We are continuously working to make our operations more streamlined and efficient, and we reinforced those efforts over the past year.

Looking at 2017, it is tempting to cite the Governor of the Norwegian central bank's prediction for 2016: «Winter is coming». In the end, things did not go quite that badly – partly because we threw plenty of wood on the fire, as the Governor said in his most recent speech. As a result, our Norwegian house is now quite warm and pleasant, and spring is on its way. This is confirmed by various economic indicators, employment figures and, last but not least, the oil price, which is psychologically important to Norway. Highly relevant surveys by architectural firms and the Association of Consulting Engineers (RIF) show strong order backlogs and confidence in the future. Those are promising signs for the market. Moreover, politicians are showing a willingness to invest in infrastructure and maintenance, which should not be affected by the outcome of this autumn's election.

Faced with a somewhat more challenging environment in 2016, we and the rest of the industry have increased our efficiency and streamlined our work processes. That should put us in a good position when the market prices hopefully improve.

THREE KEY DRIVERS

There are more of us, we live closer together – and we travel more. Technology is making it easier for people to interact across national borders. At the same time, rising greenhouse gas emissions due to growing wealth are causing serious environmental impacts. Globalisation, urbanisation and digitalisation are three concepts that receive a lot of attention – and they are also key drivers for our industry. For us they mean change – and opportunities. The Multiconsult group wants to make the most of these opportunities.

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URBAN DEVELOPMENT

The growth of cities and urbanisation are helping to drive change all over the world. Most of the world's population now lives in urban areas. How we implement urbanisation will play a key role in mitigating climate change and achieving our goals for sustainable development. Population growth, new technology and the need for climate mitigation are creating completely new challenges for future urban development. Multiconsult wants to play a key role in solving them.

The group's strength lies in its three-pronged approach: LINK arkitektur, Analyse & Strategi and Multiconsult ASA. Led by LINK arkitektur, over the past year we have won a number of urban development projects in Norway and Sweden, in spite of tough international competition. This shows that we have the most important building blocks in place. Nevertheless, we see a huge opportunity to become a far more important player in this market if we exploit our combined expertise in analysis, architecture and consulting engineering. Our goal is to become the first big Scandinavian company capable of providing the interdisciplinary expertise needed to facilitate successful urban development, right from the vision through to technical execution.

DIGITALISATION IS CHANGING THE INDUSTRY

Technology and our use of it is driving globalisation. We can communicate faster, more easily and across greater distances. The importance of distances and national borders is diminishing. Technology has made the world "smaller". However, the impact of digitalisation on design and construction has not been as great as in other comparable fields. That is beginning to change.

Digital tools have been widely used by the industry for many years. The challenge is that the focus has been on tools rather than the idea that processes, tools and people should work together seamlessly. We have taken this on board, for example in our planning and design of the Tønsberg project for the Vestfold Hospital Trust. Excellent coordination was a particular priority for the client in this case. The result was the first project in Norway to use Integrated Project Delivery principles, which would have been impossible without systematic use of digitalisation.

Another example of how digitalisation is changing how we work and collaborate in the industry is the Smisto hydropower project in Norway, our first project based on completely drawingless design. This project has given us vast amounts of useful experience that we will try to incorporate into our work processes and execution model. The project has also received a great deal of attention from other countries, which shows that the Norwegian construction industry is beginning to set international standards.

Customers will increasingly value consultants who can help them to achieve the digital leap more efficiently – at the same time as identifying more innovative, better solutions. By 2020, we want to be market leaders in the areas that we are calling the "digital architect" and the "digital engineer". This means not just developing digital tools, but also digital skills and expertise that add value for both our customers and us.

GREEN INNOVATION

Keeping up with the times and the ability to come up with new, sustainable designs and products are becoming increasingly important competitive factors. Over the past year, we have been working systematically with innovation. We are in the process of building a culture of innovation by providing systematic training on how to foster and manage innovation through our competence networks, in parallel with holding internal innovation competitions.

The results have been immediate. We just finished a competition focusing on green innovation and digitalisation. In total there were 23 entries, several of which have the potential to give us a competitive edge in our existing operations, and some of which could open up new markets to us. This shows that not only are our employees and teams highly skilled, they also care about the world they live in and want to help build a healthier society.

HEALTH FACILITIES

Our population is growing and life expectancy is rising. This is creating challenges for the health service. Throughout Scandinavia, large investments are being made in health care facilities. There is growing demand from both the private and public sectors for integrated engineering and architectural services, covering architecture, landscape architecture and various engineering disciplines. When Multiconsult acquired LINK arkitektur in 2015, this was precisely one of the areas where we saw an opportunity to grow our presence by improving collaboration between architects and engineers. We have managed to do that, both in Norway and Sweden. In Norway, we have worked together on Vestre Viken Hospital and the Tønsberg project. Our joint projects in Sweden include the new hospital in Helsingborg and Stockholm South General Hospital. The acquisition of aarhus arkitekterne will further reinforce our position in this market throughout Scandinavia.

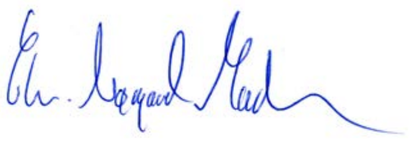
ONE MULTICONSULT

Our strategy for the period leading up to 2020 is ambitious, but so it should be. Over our previous strategy period, we built a fantastic platform for taking the Multiconsult group up to the next level. According to Universum's survey of the most attractive employers, Multiconsult is number one in the industry. We employ many of the leading experts in the industry, as well as many of the most talented young engineers. We want that to remain the case for many years to come. Nevertheless, success does not just depend on the contributions of individuals, it also requires everyone to pull in the same direction, whatever department or country they are in. That is what we call One Multiconsult.

Working as a team towards a joint goal will enable both our generation and future ones to achieve what we are really good at: making the impossible possible.

I believe that we have made great strides in the right direction.

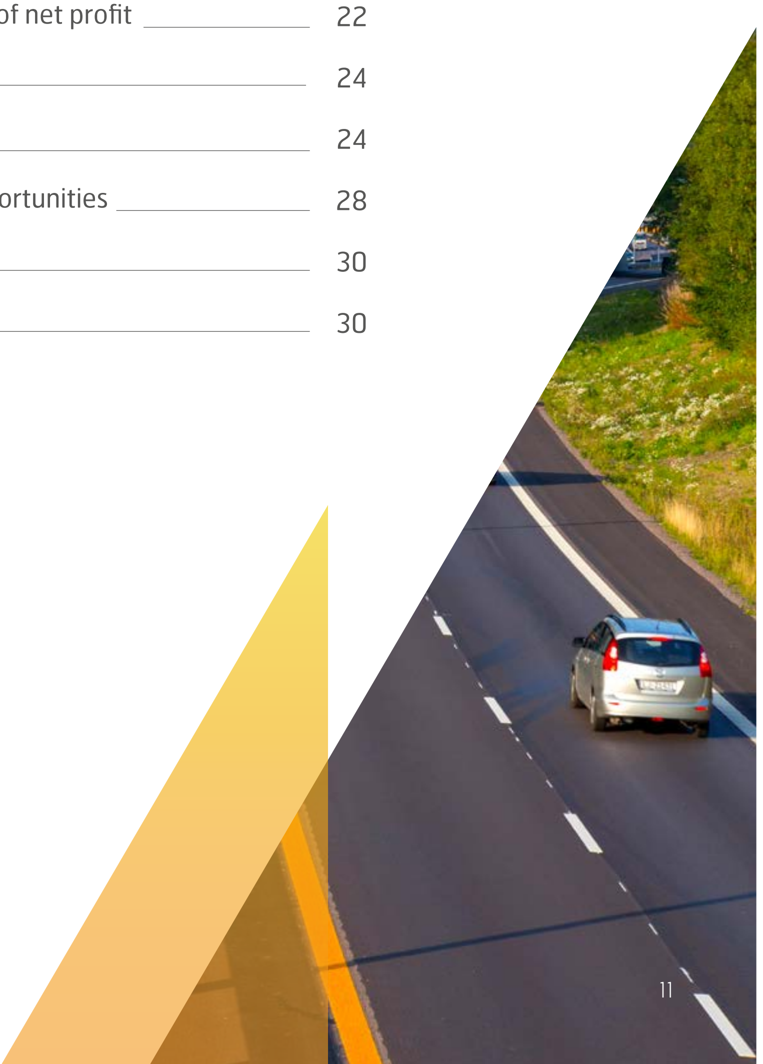
We are strong, and we are ready to take the next step forwards.



Christian Nørgaard Madsen
Chief Executive Officer

PHOTO: VIDAR MOLØKKEN / MULTILUX ASN

DIRECTORS' REPORT 2016



SOLID PERFORMANCE, READY TO EMBARK ON NEW GROWTH OPPORTUNITIES

The Multiconsult group recorded strong revenue growth and solid earnings in 2016, driven by acquisitions, organic growth and solid operational performance. Significant shareholder value was created in 2016 and the board will propose a dividend of NOK 3.00 per share, in line with the established dividend policy. The group has initiated work to achieve its new strategic objectives for 2020, and will maintain a strong focus on improving sales, operations and profitable growth going forward.

All amounts in brackets are comparative figures for 2015 unless otherwise specifically stated.

Consolidated net operating revenues amounted to NOK 2 604.6 million (NOK 2 247.7 million), up 15.9 per cent from 2015. The increase was primarily driven by acquisitions and organic workforce growth in Norway. The billing ratio was improved to 69.2 per cent (68.2 per cent) and contributed positively to net operating revenues. LINK arkitektur was consolidated from 1 September 2015 and contributed with NOK 228.6 million of the increase in net operating revenues year on year. All business areas were characterised by higher project activity, except Oil & Gas and Environment & Natural resources.

Multiconsult continued to win important contracts and frame agreements during the year, confirming the group's strong market position and acknowledged expertise. Although there were variations among the different geographical and business areas during 2016, overall market activity and demand for engineering consultancy services were high. Demand for Multiconsult's services in the building and property market in 2016 remained strong, but with some regional variations. The Norwegian markets for transportation and infrastructure were strong, but new organisational structure in some public sector clients caused delays in launch of new projects. The energy sector remained strong in 2016, both in Norway and internationally. Within the industry sector, 2016 was characterised by significant variations in demand. Within the oil and gas sector, demand declined throughout the year, following further reduction in investment and activity on the Norwegian Continental Shelf.

The group's continued focus on improving the billing ratio combined with increased capacity and high project activity, resulted in solid earnings for the year. Higher operating expenses, mainly due to increased headcount, office rent, IT and other administrative expenses, more than offset the increase in revenues and resulted in a 14.4 per cent decrease in underlying EBITDA to NOK 225.5 million (NOK 263.4 million), adjusted for a positive, non-recurring effect of NOK 107.3 million due to the termination of the defined benefit pension plan. Results from associated companies were NOK 4.1 million (NOK 20.9 million).

Multiconsult acquired 100 per cent of the shares in aarhus arkitekterne A/S in December 2016 in line with its strategic initiatives. The acquisition offers potential for significant value creation through increased capabilities within healthcare facilities and urbanism in a Scandinavian perspective.

Solid operations and cash flow combined with a robust financial position forms the basis for the board of directors' dividend proposal of NOK 3.00 per share for 2016, in line with established dividend policy.

Cash flows in 2016 reflect solid operational performance, financing of ordinary dividend payment and acquisitions of aarhus arkitekterne A/S and Akvator AS. The level of interest-bearing debt is modest at NOK 59.5 million at year-end (NOK 9.8 million). Consolidated net interest-bearing debt amounted to an asset of NOK 116.5 million (asset of NOK 223.2 million at year-end 2015).

The overall market outlook for 2017 is fairly positive. Multiconsult's strong market position, flexible business model and broad service offering provides a healthy base for further growth, both domestic and international. The strong order backlog, generated from a robust and diversified customer base, provides a strong foundation for continued growth. The order backlog at year-end 2016 was NOK 1 793.1 million (NOK 1 727.5 million), an increase of 3.8 per cent year on year. Aarhus arkitekterne A/S was included in the group order backlog as of 31 December 2016 and contributes positively to the increase.

2016 HIGHLIGHTS

- **Multiconsult launched the new 3-2-1 GO strategy, renewing its strategic objectives and initiatives towards 2020.** The step-up in the group's growth strategy towards 2020 was announced at the company's first ever Capital markets day on 12 October 2016. The group's updated ambitions for 2020 represent a revenue growth to NOK 6 billion, maintaining a 10 per cent EBIT margin over the cycle, growing internationally and developing a distinct and enabling culture.
- **Significant contract awards**
  - **Multiconsult won an important frame agreement with Fosen Vind DA for Europe's largest wind portfolio** for development of windfarms with a total capacity of 1 000 MW in Norway. The frame agreement includes services within civil-, construction-, electro-, and mechanical engineering as well as control of design and supervision on construction site.
  - **Existing contract with Hydro** was extended for additional engineering work related to building the full-scale technology pilot at Karmøy. Following Hydro's formal decision to build the planned technology pilot, the project plan has been revised and the scope of work for Multiconsult ASA has been extended.
  - **Multiconsult was selected as project implementation consultant for the Revolutionary Government of Zanzibar** for the Zanzibar Energy Sector Support Project. The three-year project supports institutional strengthening of the Department of Energy and Minerals and the Zanzibar Electricity Corporation, in addition to the purchase of energy meters and fault detection equipment.
  - **Vestfold Hospital Trust awarded a significant contract** for planning and design of the new Tønsberg hospital in Vestfold, Norway. The contract was awarded to Multiconsult ASA and LINK arkitektur AS as partners in CURA group consisting of Multiconsult ASA, Hjellnes Consult AS, Erichsen & Horgen, LINK Arkitektur AS, Henning Larsen Architects, and Bølgeblikk Architects.
  - **The Norwegian Public Roads Administration Region West** awarded a contract to Multiconsult for detailed planning, design and impact assessment for construction of a high quality transit lane that will secure prioritised accessibility for bus traffic between Hillevåg, Stavanger center and Sundekrossen.
  - **Frame agreement with Statnett** was signed for engineering services related to upgrading of existing substations as well as upgrading of voltage levels and new substations in Norway.
  - **LINK arkitektur won a contract with Regionservice** for architectural services for the construction of the new hospital campus in Helsingborg, Sweden. The architectural services include all phases of the project including design, production and follow-up. The project is part of a large investment initiative in Helsingborg for providing functional and future-adapted premises for the public. The new hospital campus in Helsingborg is approximately 36 000 m2 and will be designed with high environmental ambitions.
  - **Hordaland Fylkeskommune selected** Multiconsult as part of the Constructa Entreprenør AS, with HLM arkitekter, B+B arkitekter and Smedsvig landskapsarkitekter, to provide detailed planning and design for Åsane high school in Bergen, Norway. Hordaland Fylkeskommune will build the new Åsane high school, including vocational and cultural centers as well as public libraries for the Åsane community.
- **Employee share purchase programme 2016 successfully completed 30 November 2016.**
  - **Attractive recruitment position confirmed** by the annual Universum survey among engineering students and professionals in Norway. In the survey

for engineering students, Multiconsult reconfirmed its top spot among consultants and number four among all companies in Norway, four years in a row. In the survey for seasoned engineering professionals, Multiconsult was ranked number four among all companies in Norway.

OVERVIEW OF THE BUSINESS

The board of directors' report for the Multiconsult group ("Multiconsult" or "the group") comprises Multiconsult ASA ("the parent company") and all subsidiaries and associated companies.

BUSINESS AND LOCATION

The parent company, Multiconsult ASA, is a Norwegian public limited liability company with its head office in Oslo, Norway. International activities are pursued through foreign subsidiaries, project offices managed from Oslo and foreign partners. The group has 59 offices in Norway and abroad and had 2 344 employees as of 31 December 2016, including about 550 employed in wholly owned subsidiaries outside Norway.

Multiconsult is one of Norway's leading specialists in engineering design, consultancy and architecture services. Its business concept is to deliver multidisciplinary consultancy, creating value for customers, shareholders, employees and the group. The group's principal activities involve multidisciplinary consultancy, design, planning, project supervision, project management, geotechnical site surveys, verification and controls in addition to architecture services in Norway and internationally.

The group's business is organised by three geographical dimensions in addition to LINK arkitektur, and comprises the following reporting segments:

- Greater Oslo Area
- Regions Norway
- International
- LINK arkitektur

A detailed description of each segment is presented under segment information.

In 2016 Multiconsult comprised of seven business areas, which correspond to the group's key market segments and which operate across geographical reporting segments:

- Buildings & Properties
- Industry
- Oil & Gas
- Renewable Energy
- Transportation & Infrastructure
- Environment & Natural resources
- LINK arkitektur

REVENUE MODEL

The group's business model is mainly based on consultancy fee revenues generated from own employees. In certain projects, services are also provided by external consultants ("sub-consultants"). In some projects, several partners have entered into cooperation agreements to bid collectively, where partners recognise their share of revenues. There is a clear definition of responsibility between Multiconsult and the partners or sub consultants. Projects can vary in duration, and long-term projects may extend over a number of years. The scope and duration of the projects are often extended through supplementary orders.

STRATEGIC PLATFORM

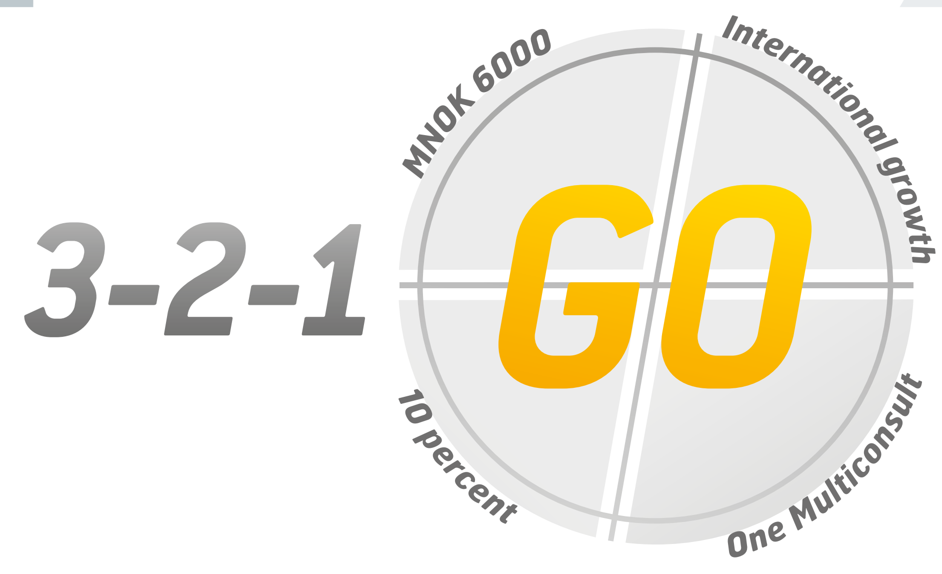
The strategic platform from 2013 concentrated on achieving three principal goals by 2017 expressed as the "3-2-1 strategy", with an ambition of tripling profits, doubling revenues and taking the number one brand position in the Norwegian market. The IPO in 2015 and the progress achieved to date provided the opportunity to renew the group's strategic objectives and initiatives under the title "3-2-1 GO", where GO stands for Growth Opportunities.

The group's ambitions towards 2020 are to maintain profitability with 10 per cent margin over the cycle, double revenues to NOK 6 billion, grow internationally and develop a distinct and enabling culture.

3-2-1 GO consists of six strategic objectives:

1. Develop multidisciplinary business in Sweden
2. Stepwise international build-up in renewable energy
3. Establish a leading position with health buildings in Scandinavia
4. Capture a leading position within urbanism in Scandinavia
5. Scandinavian market leader within digitalisation
6. One Multiconsult – Strong organisation built on a shared group culture

An expansion of the multidisciplinary business in Sweden will primarily be realised by acquisitions. Multiconsult will leverage on the similarity in engineering standards and customer demand between Norway, which is the home market, and Sweden. LINK arkitektur's strong presence in Sweden will be an advantage and solidify the expansion further.



The company will take advantage of the growing market and significant investments within health buildings in Scandinavia and combine architectural and engineering efforts to succeed in capturing a leading position.

Multiconsult is already in the urbanism market with LINK arkitektur's initiative, Urban LINK, and will utilise the combined efforts of architects, engineers and analysis to succeed in capturing a leading position in Urbanism in Scandinavia.

A stepwise build-up of renewable energy will mostly be realised through acquisitions with focus in South-East Asia and East Africa. Multiconsult will leverage on its long history and hydropower expertise dating back to 1908.

Multiconsult will focus on the growing customer demand for process efficiency through innovative digital solutions.

The organic growth, estimated to be at least 50% of the growth, will come from continued strengthening of expertise in the multidisciplinary business in Norway, especially within Buildings & Properties and Transportation & Infrastructure.

The ability to realise growth and profitability ambitions rests on the operational excellence in our sales processes, project execution and client relations. "One Multiconsult" is an internal, strategic focal point aiming at strengthening the organisation and a shared, distinct and enabling corporate culture.

Multiconsult has had a strong financial performance for many years. In order to secure a sufficient financial capacity to realise growth ambitions, Multiconsult has adjusted the financial policy, which now allows the group to increase net interest bearing debt (NIBD) to 1.5 times the EBITDA (Earnings before interest, tax, depreciation and amortisation).

The accelerated growth strategy supports the current dividend policy, which implies a dividend ambition of more than 50 per cent of net profit.

MARKET AND CUSTOMERS

Market conditions were generally good in 2016, both in Norway and in Multiconsult's international markets. The negative development in the oil sector has continued, and there have been significant variations between the different market segments and geographical regions where Multiconsult operates.

The overall competitive landscape has migrated towards more Engineering, Procurement and Construction (EPC) contracts. Continued strong competition has maintained price pressure on large projects in Norway. Current market rates have stabilised, however continued increase in salaries for the Norwegian workforce has created challenges to profitability for the industry in general.

The buildings and properties market includes among others commercial buildings (offices, retail, hotels and resorts, industry), welfare infrastructure (health, education, culture, sports and leisure) and residential buildings. One of the main drivers in this market is population growth, especially in large urban areas such as Norway's capital, Oslo. Public sector economic activity tends to be used as a political tool in order to stimulate investments. Large maintenance and development needs have been identified in the Norwegian public sector for hospitals, educational buildings and other community buildings, creating an interesting market potential for Multiconsult. Demand for Multiconsult's services in the building and property market sectors in 2016 has been good and stable, but with some regional variations due to changes in Norwegian economy.

The Norwegian markets for transportation and infrastructure are recognised as growth markets. The growth is mainly based upon large projects that open for strong international competition and an increase in EPC-Contracts. The National Road Developer Company, Nye Veier, is now up and running and several new large road design-build contracts will be assigned in the coming year. In the railway market, the first InterCity projects will be advertised as EPC Contracts in the coming year.

The small and medium sized design projects organised by the National Road Authority (NRA) and BaneNOR are expected mainly to be call-offs on framework agreements. Multiconsult has just been awarded three regional framework agreements in addition to several existing agreements for both NRA and BaneNOR that are expected to generate significant revenues.

Industries where Norway currently has a competitive advantage are fish farming, mining and metals, pharmaceuticals and food, oil and gas, and shipbuilding. These are also the industries in which Norwegian consulting engineering companies are world leading and highly recognised. The decreased activity within oil and gas hit the supplier industry hard in 2016. Other industries showed an increased investment level, particularly within metals, chemicals and food. To a large degree, this increase resulted in large investment projects. The NOK 3.9 billion investment made by Hydro at their Karmøy aluminum production plant is a good example. Investments in the aquaculture sector were strong in 2016 and are expected to continue to grow.

The engineering consultancy market in the energy sector remained strong in 2016, both in Norway and internationally. The Norwegian energy market is characterised by large investment requirements in the transmission and grid sector. A major need for grid investments by Statnett and regional utility companies are key drivers for the power market in Norway. Statnett alone is expected to invest NOK 5-7 billion each year for the next ten years. Power production in Norway is mainly related to hydropower, with new capacity in the form of small greenfield hydropower plants. In addition, new large wind power plants entered into the pipeline in 2016, e.g. Fosen Wind where Multiconsult has been contracted as Statkraft's consultant. Norwegian consulting engineers are in the forefront within renewable energy and are engaged in relation to engineering, construction, maintenance and upgrades of hydropower plants worldwide. Internationally, renewable energy markets continue to grow, providing new business opportunities for Multiconsult within hydropower, transmission and distribution, wind power and solar power.

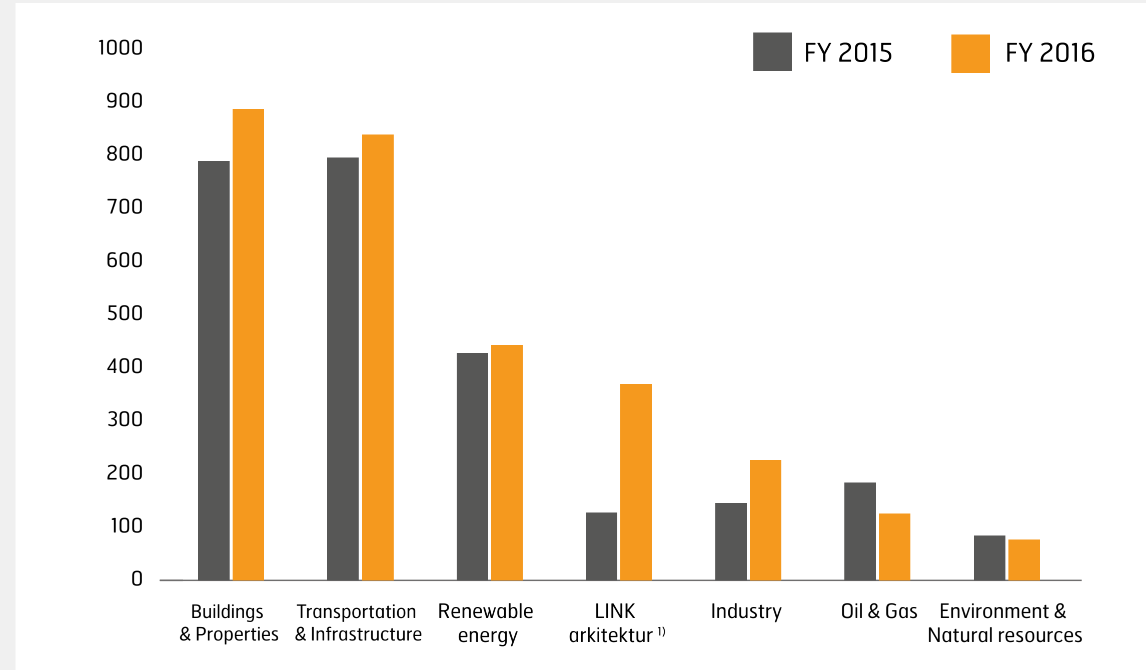
The oil and gas industry encompasses both land based and offshore activities. Engineering services are integral within the planning and development of land based structures and facilities such as terminals, landfalls and pipelines, docks and harbours, storage facilities, process plants, supply bases and electrification. However, engineering services are equally important with regards to offshore activity, focusing on subsea structures and foundations, offshore and arctic concrete structures, marine steel structures for fixed and floating units and topsides including living quarters and different kinds of modules (process, utility, drilling). During the last years' reduction in oil price, several field development projects were postponed. Hence, the market for engineering services has declined and Multiconsult experiences increased competitive pressures. However, several field development projects are in progress in the Barents Sea and these will create opportunities for Multiconsult in the coming years, where our expertise, capacity and local experience will add value for our clients.

LONG-TERM, LOYAL CUSTOMER BASE

Multiconsult strives to maintain good, long-term customer relations. Our customer portfolio comprises about 4 000 customers. The 15 largest of these account for about half of the group's annual operating revenues, and represent large, reputable companies and public entities. A majority of the biggest customers are loyal, long-term customers, who have been placing orders with Multiconsult for many years. The group's ten largest customers are dominated by solid, public enterprises with predictable investment plans and limited credit risk.

OPERATING REVENUES BY BUSINESS AREA

Amounts in MNOK



1) Multiconsult ASA acquired LINK arkitektur AS on 15 September 2015 and consolidated as of 1 September 2015.

The group's robust and diversified customer base forms the basis for the solid order backlog and provides a strong foundation for continued growth.

FINANCIAL REVIEW

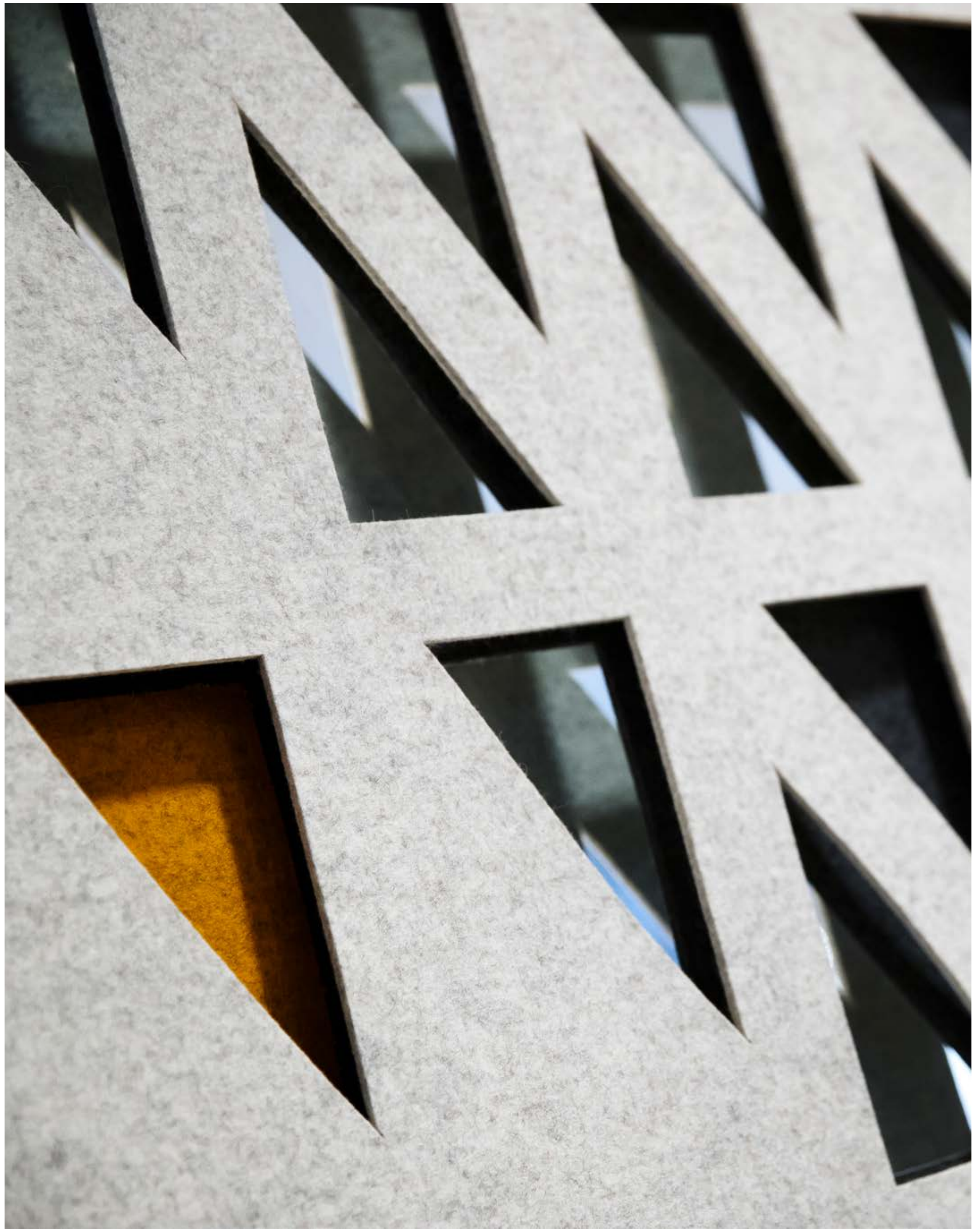
The following financial review is based on the consolidated financial statements of Multiconsult ASA and its subsidiaries. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as the Norwegian accounting legislation.

In the view of the board, the income statement, the statements of comprehensive income, changes in equity and cash flow, the balance sheet and the accompanying notes provide satisfactory information about the operations, financial results and position of the group and the parent company at 31 December.

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

Consolidated operating revenues in 2016 amounted to NOK 2 968.0 million (NOK 2 554.7 million). Net operating revenues, consisting of operating revenues less sub consultants and charges, came to NOK 2 604.6 million (NOK 2 247.7 million). The 15.9 per cent increase primarily reflects the capacity expansion through acquisitions and organic growth of workforce in Norway as well as the increased billing ratio to 69.2 per cent (68.2 per cent). LINK arkitektur, consolidated from 1 September 2015, contributed with 9.8 percentage points of the growth in net operating revenues year-on-year. All business areas, with the exception of Oil & Gas and Environment & Natural resources experienced revenue growth in 2016. Project write-downs partly offset the increase in revenues.

Operating expenses before depreciation, amortisation and impairment charges came to NOK 2 271.8 million (NOK 2 035.0 million). The increase was mainly related to higher employee benefit expenses, recorded at NOK 1 841.6 million (NOK 1 649.2 million), driven by a rise in headcount and general salary increase. The increase was reduced by the NOK 107.3 million gain on settlement of the defined benefit pension. Operating expenses for LINK arkitektur are included for the full year 2016 compared to four months in 2015. Other operating expenses amounted to NOK 428.0.2 million (NOK 388.5 million), primarily impacted by higher office rent



expenses due to the growing organisation, higher IT and other administrative expenses.

Operating profit before depreciation and amortisation (EBITDA) amounted to NOK 332.8 million (NOK 212.7 million).

With effect from 1 January 2017, the parent company has terminated its defined benefit pension plan for the remaining 280 participants. Termination included future salary compensation. The new defined contribution plan now includes all employees. The new plan includes increased contributions in line with current industry practice. The change has resulted in a non-recurring positive effect calculated, in line with IFRS, to NOK 107.3 million lower employee benefit expense excluded from the underlying results in 2016. The change does not have any short-term cash effect and is treated as a non-recurring item. The NOK 107.3 million positive effect is excluded from underlying EBITDA.

Underlying EBITDA, adjusted for the positive, non-recurring effect of NOK 107.3 million due to the change to contribution pension plan, was NOK 225.5 million (NOK 263.4 million), a decrease of 14.4 per cent.

Operating profit (EBIT) for the year was NOK 289.6 million (NOK 175.1 million). Underlying EBIT, adjusted for the positive, non-recurring effect of NOK 107.3 million due to the change to contribution pension plan, was NOK 182.3 million (NOK 225.8 million), representing an underlying EBIT margin of 7.0 per cent (10.0 per cent). The EBIT margin was negatively impacted by a continued increase in employee cost, which is not reflected in the stable billing rates.

Results from associated companies and joint ventures contributed NOK 4.1 million in 2016 (NOK 20.9 million). 2015 figures included a gain on the increase in the ownership interest in LINK arkitektur AS, explaining the decrease in 2016.

Net financial items amounted to an asset of NOK 5.9 million (NOK 1.8 million), impacted by a lower cash reserve following the dividend payments of NOK 76.1 million in May and acquisitions of Akvator AS and aarhus arkitekterne A/S.

Profit before income taxes came to NOK 287.7 million (NOK 197.9 million). Profit for the period was NOK 213.8 million (NOK 150.1 million).

Other comprehensive income recognised against equity was NOK 24.3 million (NOK 59.3 million), mainly related to remeasurement of defined benefit pension obligations after tax.

FINANCIAL POSITION, FINANCING AND LIQUIDITY

Total non-current assets amounted to NOK 397.2 million (NOK 368.9 million) at 31 December, the increase was driven mainly by higher goodwill at NOK 235.7 million (NOK 173.0 million) following the acquisition of Akvator AS and aarhus arkitekterne AS.

Total current assets came to NOK 984.4 million (NOK 910.3 million), the increase being attributed to higher work in progress at NOK 270.3 (NOK 192.8 million), following the growth in operating revenues. Working capital, consisting of receivables less current non-interest-bearing debt, amounting to negative NOK 75.8 million (negative NOK 39.2 million).

Total shareholders' equity was NOK 507.5 million (NOK 350.2 million) at 31 December, corresponding to an equity ratio of 36.7 per cent (27.4 per cent), mainly affected by dividend payments, profit for the year and the impact of other comprehensive income.

Total liabilities were NOK 874.1 million (NOK 929.0 million). Total interest-bearing debt amounted to NOK 59.5 million (NOK 9.8 million). Net interest bearing debt amounted to an asset of NOK 116.5 million (asset of NOK 223.2 million at year-end 2015). The parent company has an overdraft facility of NOK 220.0 million with Nordea Bank and an additional three-year revolving credit facility of NOK 80 million. The revolving credit facility at 31 December 2016 was drawn with NOK 50.0 million, related to the acquisition of aarhus arkitekterne A/S.

CASH FLOW

Net Cash flow from operating activities was NOK 90.2 million (NOK 206.2 million), the decrease is mainly due to lower operating profit adjusted for the positive non-recurring effect of the change in pension plan as well as a higher level of working capital resulting from growth in revenues.

Net cash flow used in investing activities was NOK 101.3 million (NOK 132.7 million), mainly related to the acquisitions of Akvator AS and aarhus arkitekterne A/S, as well as ordinary asset replacement.

Net cash flow used in financing activities was NOK 37.3 million (NOK 293.4 million), mainly related to dividend payments in May and higher interest bearing debt at the end of the period. In 2015, the company paid ordinary and extraordinary dividends of NOK 275.6 million.

ORDER INTAKE AND ORDER BACKLOG

Order intake in 2016 amounted to NOK 3 084.7 million (NOK 2 808.0 million). The group recorded a strong order backlog at year-end of NOK 1 793.1 million (NOK 1 727.5 million), an increase of 3.8 per cent year on year. LINK arkitektur had a strong contribution year on year including aarhuus arkitekterne A/S. Multiconsult won contracts within all business areas during the year, confirming the group's strong competitive position. New contracts awarded in Norway in 2016 include the new Tønsberg hospital, new transit lane between Hillevåg, Stavanger center and Sundekrossen, Åsane high school, and Hotell Norway. Among new contracts awarded internationally was the Zanzibar Energy Sector Support Project in Zanzibar. The majority of the order intake came from add-ons to existing contracts such as Campus Ås, Hydro Karmøy, New Airbase Ørland and the Follo line project in Norway, as well as Neelum Jhelum in Pakistan and Mt. Coffee in Liberia.

SEGMENT INFORMATION

The group's activities are organised in three geographical segments, Greater Oslo Area, Regions Norway, International, and a segment for LINK arkitektur. Segment revenues and expenses reflect the geographical base of employees, which does not necessarily coincide with the location where the projects have been executed. Overhead expenses such as administrative services, office rent and depreciation are allocated to individual segments.

GREATER OSLO AREA

The segment offers services in six business areas and comprises the central area of eastern Norway, with regional offices in Oslo, Fredrikstad and Drammen. Greater Oslo is the largest segment, accounting for 46.0 per cent of group net operating revenues in 2016.

Net operating revenues amounted to NOK 1 197.3 million (NOK 1 132.7 million). The increase of 5.7 per cent was mainly related to higher activity due to increased workforce. Project write-downs partly offset the increase in revenues. Lower billing rates also reduced the growth in net operating revenues year on year.

EBITDA was NOK 139.8 million (NOK 188.8 million), a decrease of 25.9 per cent. The increase in revenues was more than offset by higher employee benefit expenses as a result of net recruitment and salary adjustment, as well as increased administrative expenses and office rent.

Order intake for the segment in 2016 was NOK 1 336.1 million (NOK 1 524.8 million). Order backlog for the segment at year-end 2016 fell to NOK 777.0 million (NOK 944.5 million). There was a decline in the order backlog within all business areas except Environment & Natural resources.

REGIONS NORWAY

The segment offers services in six business areas and comprises regional offices in Kristiansand, Stavanger, Bergen, Trondheim and Tromsø. Regions Norway accounted for 36.9 per cent of group net operating revenues in 2016.

Net operating revenues amounted to NOK 960.6 million (NOK 909.5 million). The increase of 5.6 per cent was mainly related to the significant lift in the billing ratio to 68.4 per cent (66.4 per cent) and increased workforce due to the acquisition of Akvator AS. The increase in revenues was partly offset by project write-downs. Lower billing rates also reduced the growth in net operating revenues year on year.

EBITDA was NOK 60.0 million (NOK 77.7 million), a decrease of 22.8 per cent. The increase in revenues was more than offset by higher employee benefit expenses as a result of acquisitions, salary adjustment, as well as increased administrative expenses and office rent.

Order intake for the segment in 2016 was NOK 1 063.8 million (NOK 963.9 million). Order backlog for the segment at year-end 2016 was 505.9 million (NOK 471.5 million). Buildings & Properties and Industry recorded an increase in order intake compared with 2015, with important contracts and frame agreements confirming the company's strong position in the region. Order intake within Renewable Energy and Transportation & Infrastructure decreased year-on-year. Transportation & Infrastructure experienced a decrease due to an absence of major contract awards and limited tender flow.

INTERNATIONAL

The international segment comprises the subsidiaries Multiconsult UK, Multiconsult Asia and Multiconsult Polska. Multiconsult UK primarily offers services in the energy sector, while Multiconsult Asia in Singapore concentrates mainly on the oil and gas sector. Multiconsult Polska offers services in the transportation and infrastructure, environment and natural resources, and oil and gas sectors. The international segment accounts for 3.7 per cent of the group's net operating revenues.

Net operating revenues amounted to NOK 97.0 million (NOK 67.0 million). The increase of 44.8 per cent is primarily driven by improved project activity.

EBITDA was NOK 12.8 million (loss of NOK 3.3 million). The increase is driven by higher activity from all three subsidiaries, particularly from Multiconsult UK. The increase in revenues was partly offset by higher employee benefit expenses.

Order intake for the segment in 2016 was NOK 102.4 million (NOK 70.8 million). Order backlog for the segment at year-end 2016 was NOK 150.2 million (NOK 161.5 million).

LINK ARKITEKTUR

This segment comprises LINK arkitektur, included as a wholly-owned subsidiary in Muliticonsult's consolidated accounts from 1 September 2015. LINK arkitektur is one of the leading architect firms in Scandinavia, with presence in major cities and regions in Norway, Sweden and Denmark. The company has a strong track record, driven by steady growth based on a solid financial position. LINK arkitektur represents an excellent strategic fit for Multiconsult, offering the potential for significant value creation through operational synergies as well as a further strengthened value proposition to customers.

On 12 December 2016, LINK arkitektur acquired the Danish architect company aarhus arkitekterne A/S and thereby further strengthens its position in the Scandinavian market for hospitals. Originating back in 1909, aarhus arkitekterne A/S is a well-managed Danish architect company with 78 employees working from offices in Aarhus and Copenhagen. Aarhus arkitekterne A/S changed the name to LINK arkitektur in January 2017.

Net operating revenues amounted to NOK 346.1 million (NOK 117.5 million). LINK arkitektur contributed to the full year 2016 compared to four months in 2015 and explains the growth in net operating revenues of 194.6 per cent in the segment.

EBITDA amounted to NOK 14.1 million (NOK 2.5 million). Significantly increased sales efforts that impacted earnings negatively in the beginning of the year resulted in strong order intake and order backlog at the end of 2016.

Order intake for the segment in 2016 was NOK 582.3 million (NOK 248.5 million), including aarhus arkitekterne A/S with NOK 49.0 million. Order backlog for the segment at year-end 2016 was NOK 360.0 million (NOK 150.0 million).

The market for architectural services in the Nordic countries is changing rapidly with growing demand for quality, competence and capacity. Several companies in this industry have established a Scandinavian presence, considering the whole region as their home market.

RESEARCH AND DEVELOPMENT

Multiconsult pursues both internal and external R&D projects. Internal activities are conducted by the company's expertise networks or as separate projects. External R&D activities are pursued and financed primarily in collaboration with Norwegian and international research institutions, strategic partners and customers. Multiconsult conducted 20 R&D projects during the year, with the support of external funding.

Spending on the company's R&D projects totalled NOK 17.6 million (NOK 16.9 million). NOK 0.8 million (NOK 1.2 million) has been invoiced to customers. Support to development activities related to PhD programmes amounted to NOK 1.9 million in 2016 (NOK 1.9 million).

The company also pursues and measures a number of other development activities, which are general in nature for the whole group. These involve typical support processes, which are not considered to meet the accounting definition of research and development, but are important for the company's development. Spending on these activities totalled NOK 9.2 million in 2016 (NOK 12.4 million).

FINANCIAL RISK AND RISK MANAGEMENT

Through its business activities, Multiconsult manages a considerable contract portfolio of engineering, architectural and advisory services that are exposed to a wide variety of risk factors. The group has established a systematic approach to risk management, in particular project risks. The other operational risks are related to HSE and are mitigated by contingency plans, continuous training and management focus in the organisation.

LEGAL LIABILITY

The risk of disagreements and legal disputes related to the possible cost of delays and project errors is always present in the consultancy business. Multiconsult has good insurance policies and routines for following up such cases. The company's insurance cover for project liability is mainly based on collective policies for engineering consultancies. This insurance takes the form of standard policies for engineering projects, with an excess of NOK 300 000 per claim and normally with a maximum cover of up to 150 times the Norwegian national insurance base rate (G) – about NOK 13.9

million. Further details are provided in note 19 to the consolidated financial statements.

CREDIT RISK

Credit risk arises primarily from transactions with customers and from bank deposits. The group's losses on accounts receivable because customers are unable to meet their obligations have been modest for a number of years.

New customers are subject to credit assessment and approval before credit is granted. Responsibility for credit management in the parent company is centralised, and routines are incorporated in the group's quality assurance system.

Accounts receivables represent about 32.9 per cent (33.4 per cent) of the group's total assets. The group has routines for assessing the creditworthiness of the customer, and the possible need for bank guarantees or other risk-reducing measures. As approximately 45 per cent of the revenues in 2016 come from customers in the public sector, credit risk is considered to be limited.

CURRENCY RISK

The group is exposed to currency risk through ongoing projects abroad with fees agreed in foreign currencies. Hedging contracts have been entered into for certain projects to reduce this risk. Currency risk is regarded as modest.

INTEREST-RATE RISK

The parent company uses its credit facility periodically, and as a result, its interest-bearing debt is limited, and it accordingly has a low interest-rate risk related to debt. Financial non-current assets relate nearly entirely to investment in associated companies and joint ventures, while current assets consist almost entirely of bank deposits and current receivables. Non-current liabilities consist primarily of non-current interest bearing liabilities and provisions for project responsibilities.

LIQUIDITY RISK

The group's liquidity risk exposure is limited. Liquidity management is followed up actively through budgets and regular forecasting. To ensure sufficient freedom of action in terms of liquidity, and thereby to moderate liquidity risk, an overdraft facility of NOK 220 million and an additional revolving credit facility of NOK 80 million for three years has been established with the parent company's bank. The revolving credit facility at 31 December 2016 was drawn with NOK 50.0 million, related to the acquisition of aarhus arkitekterne A/S. Liquidity risk for the group is considered moderate.

ACCOUNTING ESTIMATES RISK

Estimates are made in connection with revenues, hours and costs in projects and in the measurement of project progress. The main uncertainty relating to the assessment of contract revenue is associated with the recoverable amount related to overruns, change orders, claims and incentives. Although the group has considerable experience in project management and measurement, there is an inherent risk associated with such estimates.

See note 2a for further information on risks related to accounting estimates and policies.

GOING CONCERN

The annual accounts have been prepared on a going concern assumption. The board has confirmed that this assumption can be made on the basis of the group's budgets and long-term forecasts.

PARENT COMPANY RESULTS AND ALLOCATION OF NET PROFIT

The annual financial statements for the parent company are prepared in accordance with the Norwegian Accounting Act and the regulations on simplified application of international accounting standards (IFRS), as amended in November 2014.

Since the parent company accounts for 82 per cent (91 per cent in 2015) of total revenues and 83 per cent (85 per cent in 2015) of total assets in the group, the board of directors perceives the comments on the group's financial statements to be applicable also to the financial statements for the parent company.

The parent company's profit before income taxes came to NOK 270.0 million (NOK 184.6 million), while net profit was NOK 201.5 million (NOK 138.5 million).

The board proposes the following allocation of the net profit of NOK 201.5 million for the parent company:

Transferred to other equity	NOK 122.8 million
Dividend	NOK 78.7 million

Following an evaluation, the board has concluded that the group will have an equity and liquidity after paying the proposed dividend, which is acceptable in relation to the risks and scope of its activities.

CORPORATE GOVERNANCE

Good corporate governance provides the foundation for long-term value creation, to the benefit of shareholders, employees and other stakeholders. The board of directors of Multiconsult has established a set of governance principles in order to ensure a clear division of roles between the board of directors, the executive management and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

Multiconsult is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 on the continuing obligations of stock exchange listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 30 October 2014, may be found at www.nues.no.

The annual statement on corporate governance for 2016 has been approved by the board and can be found on page 34 in this annual report.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) is about running the business in a responsible and sustainable manner over time, and in a way that contributes to a positive, trust-based relationship between Multiconsult and the group's stakeholders. Multiconsult has identified business ethics, anti-corruption and health, safety and environment (HSE) as of particular relevance to the group's CSR responsibilites, and makes structured efforts to ensure that these areas are strengthened, and are engrained in core operations throughout the group.

In 2016 Multiconsult ASA became a signatory and active member of the UN Global Compact Nordic Network. Multiconsult supports and promotes the ten principles of the UN Global Compact on human rights, labour, environment and anti-corruption. The group has a dedicated function for CSR and Business Ethics. Goals, strategies and action plans are established for each year, and the company works continuously to ensure that it meets its targets and promotes continuous improvement on all sustainability matters.

Sustainable development forms one of the key elements in the group's strategy under the slogan «green in all we do», and we are committed to deliver sustainable solutions to the community we serve. Aiming to promote the group's effort towards securing a green and sustainable future, a training programme promoting 'green in all we do' was developed. The programme seeks to ensure that all employees have the knowledge to create sustainable solutions. HSE takes precedence over financial considerations.

A dedicated corporate CSR policy, with associated business partner and supplier- and personal declarations, are implemented in all parts of the group. In an effort to promote transparency, and as an extension of the materiality analysis and stakeholder assessment carried out in 2015, Multiconsult has set out to adopt the framework of the Global Reporting Initiative (GRI). Data pertaining to sustainability matters for 2016 will be published in accordance with GRI Core for the parent company. As a part of the wider company efforts, Multiconsult aims to report in accordance with GRI Core at a group level for 2017.

Considerations relating to the work environment, sick leave and occupational injuries are included in the section on «employees and the organisation».

INTEGRITY AND BUSINESS ETHICS

A strong focus on business ethics and integrity is a prerequisite for Multiconsult's role and reputation as an independent and trusted advisor.

The risk picture is constantly changing within the project portfolio as the group frequently meets with clients, vendors and business partners. The group has therefore established a business ethics programme, which seeks to ensure awareness and competence in handling of integrity risks across the entire organization, with special emphasis placed on anti-corruption.

The group's compliance function is responsible for overseeing the group's code of conduct, anti-corruption programme and whistleblowing portal, and for providing guidance and integrity due diligence-services to the organisation. All employees have to sign Multiconsult's ethical code of conduct. Adherence to the code is followed up by the compliance function, supported by local compliance resources and a dedicated ethics committee.

Training programmes for employees at all levels have been implemented since 2012. To ensure increased awareness of business ethics matters, the compliance function has developed 'The Value Game' consisting of different dilemmas that employees may face in their everyday work.

Business ethics is also a key topic in the group's programme for new employees. A designated e-learning programme with special emphasis on anti-corruption dilemmas is part of the mandatory training for all employees. The programme is also implemented in new subsidiaries to include all employees across the group.

All projects are screened for relevant business ethical risks, and integrity due diligence is performed on new and unknown business partners before entering into any commercial agreements. All partners and subcontractors have to sign a declaration of ethical business conduct as part of their contract with Multiconsult. Key people or partners are also requested to sign the group's code of conduct and complete Multiconsult's anti-corruption e-learning programme. Compliance with these procedures are subject to audits on a regular basis. Two audits were performed in 2016, confirming positive progress compared to previous years, but with further room for improvements being identified.

To promote transparency, and as part of the compliance programme, Multiconsult has established a whistleblowing portal. The portal is available via www.multiconsult.no and ensures that both internal and external sources can report possible misconduct to the group's compliance function. The portal stores and handles information in accordance with the requirements set forth in the license from the Norwegian Data Protection Authority, also giving sources the option to report anonymously.

The business ethics programme has led to increased awareness and expertise in risk identification, pro-active risk management and improved control of risks associated with business partners as well as a climate for discussing and seeking advice with regard to difficult situations and ethical dilemmas.

SOCIAL RESPONSIBILITY PARTNERSHIPS

For the last four years, Multiconsult has supported the work of Zero Emission Resource Organisation (ZERO) and the Norwegian part of Engineers without Boarders (IUG).

Zero Emission Resource Organisation

The organisation is organised as a foundation, and focuses on the opportunity to systematically replace polluting technology with zero emission technology. Multiconsult is one of several companies that supports the organisation in daily operations and supports their annual conference. In 2016, Multiconsult worked together with the organisation on a couple of projects associated with solar power.

Engineers without Boarders (IUG)

IUG is using engineering as the catalyst for the change, through addressing global challenges and enabling sustainable human development. In 2016, Multiconsult supported IUG in daily operations, as well as collaborated in four projects, sending Multiconsult engineers to different areas in Africa for a duration of two weeks. Multiconsult also supported the "Missing Maps-project" by hosting workshops in which engineers worked on providing maps of previously unmapped places in the developing world. The maps and data provided are used by international and local NGOs and by individuals to better respond to crises affecting the areas. In 2016 Multiconsult introduced a programme in which Multiconsult donates NOK 1 000 to IUG on behalf of invited guest speakers at Multiconsult's events. For Christmas 2016, the employees in Multiconsult decided that the foundation "Giving Hope to a child" and the project of Vartekeh Childrens School in Liberia should receive the annual Christmas gift of NOK 250 000.

THE ENVIRONMENT

Multiconsult participates in the Eco-Lighthouse scheme, which is Norway's most widely used certification scheme for enterprises seeking to document their environmental efforts and demonstrate social responsibility. Multiconsult has participated since 2013. The next audit is due in 2017.

Multiconsult's goal is to enhance environmental awareness among all its employees, both in day-to-day operations and in project execution. This work has mainly focused on the parent company, which accounts for 82 per cent of consolidated revenues and 76 per cent of employees. The strategies, goals and measures described below therefore apply only to the parent company. In 2017, emphasis will be given to develop environmental strategies and measures for the other parts of the group.

Multiconsult participates actively in the development of Building Research Establishment Environmental Assessment Methodology (BREEAM), and has developed significant expertise in this system for certifying the sustainability of buildings and being Accredited Professionals. The head office in Oslo is the first commercial building in Norway classified in accordance with all three parts of "BREEAM in use".

ENVIRONMENTAL REPORTING 2016

According to Multiconsult's strategy, sustainable development is one of the conditions the company intends to be recognised by. Our employees and their actions shall be characterised by sustainable solutions and strong focus on HSE, preceding economic considerations.

Multiconsult has specific targets for the period 2013 - 2017 where 2011 is the reference year, which includes single measures relating to procurement, travel habits, energy consumption and waste management.

Multiconsult aims to develop a culture of environment awareness among all employees through training, professional development, operations and project management.

Environmental reporting for the parent company is based on the following factors:

Energy: energy use in buildings based on consumption of electricity and district heating in the group's office premises.

Transport and machinery: driving related to work includes the use of private cars for business purposes, company vehicles and rental cars. Air travel includes the number of one-way/return flights reported by the travel agency, and based on an average travel time in Norway, short international (European) journeys and long international flights. Fuel consumption for machinery includes drilling rigs, lorries and ships.

Procurement and material consumption: paper consumption includes the use of A3 and A4 sheets and plotter paper.

Waste: waste from office activities includes sorted waste for recycling as well as residual, hazardous and electronic waste.

Emissions to the air: carbon emissions are the estimated carbon dioxide equivalent emitted from energy consumption in buildings (electricity and district heating) and operations-related transport such as driving, air travel and use of machinery and equipment in connection with rig operation.

EXPLANATION OF THE BASE DATA

Parameters such as transport and procurement include all Multiconsult's operations in Norway. Operating parameters related to office premises, waste and energy consumption include only offices with more than five employees.

Energy: Energy consumption in buildings is based on the consumption of electricity and district heating in the company's offices.

Transport and machinery: Work-driving includes use of company cars and private cars in service. Work-driving using electric vehicles have previously been excluded from the reporting, but will now appear in the form of number of kilometers driven per employee.

Flights include number of roundtrip journeys reported from the travel agency HRG and is based on an average length of flights in Norway, short international flights within Europe and long international flights. Multiconsult mainly books flights through HRG.

Fuel from geology activities include fuel from drilling rigs, construction equipment and related transportation.

Procurement and material consumption: Includes procurement of products and services for operations.

Waste: Includes waste from office and laboratory activity and is sorted for recycling, residual waste, hazardous waste and electronic waste.

Emissions to the air: Carbon emissions are calculated carbon equivalents from energy use in buildings (electricity and district heating) and operational related fuel consumption of service driving, flights and geology activities.

Performance measurement

Increasing number of environmentally certified suppliers and eco-labeled products and services by 30 per cent
The mapping of environmentally certified products and suppliers began in connection with the Eco-Lighthouse certification in 2013. The number of environmentally certified products increased by 21 per cent from 2013. The number of environmentally certified suppliers increased by 33 per cent from 2013. Many of Multiconsult's agreements run for a period of three years. It is therefore a delay in getting environmental requirements. The goal is reached for environmentally certified suppliers.

Waste sorting of minimum 75 per cent of all waste
Waste disposed is at the same level as in previous years. Waste sorting has increased by 9 per cent in the period from 2011. Several of the offices achieve waste sorting well over 75 per cent. Business units with laboratory and rigs / boats

Environmental report 2016

ENVIRONMENTAL INDICATOR	Unit[1]	2011[2]	2014	2015	2016
ENERGY					
Area efficiency[1]	m^2/work-year	36	30	34	**34**
Energy consumption in buildings[1]	kWh/work-year	4 890	5 031	5 066	**5 529**
Energy consumption in buildings	kWh/m^2	136	165	151	**164**
TRANSPORT AND MACHINERY					
Work driving by car	km/work-year	2 685	1 679	1 794	**2 056**
Work driving by el-cars	Km/work-year	-	-	33	**42**
Flights, domestic	number/work-year	3.0	4.3	2.9	**3.0**
Flights, foreign	number/work-year	0.5	0.6	0.4	**0.4**
Fuel consumption, machinery	litres/work-year	77	45	43	**46**
Video Conferences	Number	-	5 192	2 450	**1 870**
Skype-meetings/calls	Number	-	-	-	**197 000**
PROCUREMEBT AND MATERIAL CONSUMPTION					
Total paper consumption[1]	kg/work-year	31.0	23.5	20.7	**21.3**
Eco-labeled products	Number	-	121	135	**139**
Environmentally certified suppliers	Number	-	218	228	**270**
WASTE					
Total waste[1]	kg/work-year	114	113	108	**115**
Residual waste	%	52 %	50 %	46 %	**43 %**
Waste for recycling	%	48 %	50 %	54 %	**57 %**
EMISSIONS TO THE AIR					
Carbon emissions	tonnes/work-year	1.7	1.7	1.5	**1.6**
Carbon emissions (eks el-energy buildings)	tonnes/work-year	-	-	-	**1.3**

[1] All work-years performed for Multiconsult ASA are included in the accounts. Consumption figures for offices with fewer than five employees are excluded from the accounts.

[2] 2011 is the reference year for environmental targets.

do not sort waste from these operations. The waste is sorted at the point of reception, which affects the overall recycling rate as this is largely soil and sand.

Reduce air emissions by influencing employee travel to and from work
The environmental accounts have no indicators that measure employee travel to and from work.

When it comes to operations-related travel activities, it is too early to point to a trend. Travel activity has increased from last year, mainly due to higher activity, and especially in the northern part of Norway where there are long distances and limited opportunities for public transit. Registered flights are on the same level as in 2011.

Increase the use of video conferencing and Lync meetings with 50 per cent
In 2013, most offices set up video conference equipment in an effort to reduce travel. The use of Skype in 2016 has increased significantly - from almost zero in 2011. The use of LifeSize has decreased considerably. Skype's availability and ease of use makes it a very good and functional way to collaborate. Employees are choosing this collaboration and meeting form rather than LifeSize.

Online meetings save employees and the environment for many trips. Calculations on how large the savings are have not been conducted.

Reduce energy consumption in our buildings by 15 per cent
The total energy consumption in our buildings shows an increase from 2015, but is at the same level as in 2013. There are no clear explanations for this except that minor variations can be explained due to variation in outside temperature. In 2016, Multiconsult bought energy with guarantees of origin for the purpose of supporting the development of renewable energy. If one chooses to report electricity consumption as CO2 neutral energy, the total CO2 impact of the company reduced by about 300 kg per employee.

Bergen and Trondheim have recently moved into new energy efficient offices and the Tromsø office is about to move into a new office space soon. It is expected that this will improve the energy figures for the coming year. Adaptation of office space per employee (space efficiency) will also provide an improvement. The 2011 figure is characterised by considerable underreporting, so improvement from 2011 as the reference can hardly be reached by 2017. In 2016 systematic efforts to optimize space efficiency and technical operation of the offices was initiated through a coordinated Facility management program.

EMPLOYEES, ORGANISATION AND EQUAL OPPORTUNITIES

Highly educated employees is the main asset for the Multiconsult group as a knowledge based business. Employee statistics per 31 December 2016 shows that 2 per cent hold a PhD degree, 61 per cent a Master's degree and 26 per cent a Bachelor's degree, while 12 per cent have other educational backgrounds.

The Multiconsult group had a total work force of 2 344 (2 159) employees per 31 December 2016. Following the acquisition of aarhus arkitekterne A/S, with 78 employees, and net recruitment, the number of employees has increased by 185 during the year. 76 per cent of all employees are employed by the parent company and the data and information reported for the parent company therefore apply to the vast majority of the group's activities.

At year-end the parent company Multiconsult ASA had a work force of 1 784 (1 683) employees. As a consequence of acquisitions and increased activity during the year, the work force has had a net increase of 101 employees. Staff turnover was 7.2 (7.87) per cent, in line with the target range of five to ten per cent.

RECRUITMENT POSITON

The group is well positioned to recruit employees with the required educational backgrounds, both in terms of new graduates as well as more experienced candidates.

Within the business, Multiconsult ranks as the most attractive employer among students in the annual surveys conducted among students by Universum. In the same survey, the company was ranked as number two within the business among seasoned engineering professionals in Norway.

Close collaboration with selected universities and colleges continued in 2016, with a substantial presence at both career fairs and company presentations. The commitment to provide attractive summer programmes/jobs was maintained, and feedback from students shows that Multiconsult offers highly attractive summer positions.

Of the 101 new employees in the parent company, 2 per cent have a PhD, 60 per cent a MSc, 26 per cent have a BSc, and 12 per cent have other educational backgrounds. 23 per cent of the new recruits during 2016 graduated in 2015 or 2016.

EMPLOYEES AND EXPERTISE

Recruitment capability, employee satisfaction and expertise development are important factors for Multiconsult's success.

Multiconsult has a constant need to strengthen its expertise and capacity, both in line management and in project management. Great emphasis is placed on the development of managers, and substantial resources are devoted to this work. During 2016, a large number of people completed various internal courses and programmes for project managers. In the same period, the group put significant effort into revising the existing programmes. In 2017, the group will continue to develop these programmes and offer training to existing and potential line and project managers in order to build both capacity and excellence in the group's management pool.

EMPLOYEE SHARE PURCHASE PROGRAMME

Multiconsult believes that employee ownership promotes long-term commitment and loyalty to the business and that these factors influence the group's performance over time. This year the employees where offered to buy additional shares in the Multiconsult share purchase programme established in 2015. The 2016 programme was successfully completed in the fourth quarter. Approximately 34 per cent of employees across the Multiconsult group subscribed for shares.

WORKING ENVIRONMENT

Multiconsult strives to ensure a healthy and productive Multiconsult strives to ensure a healthy and productive work environment for its employees. To make sure that the group efforts address the employees' needs, Multiconsult aims to ensure a high level of employee participation at all levels of the group. A permanent collaboration committee, comprising of employees` elected representatives and representatives of the corporate management, is in place at group level. The committee holds regular meetings, in which management informs of planned actions affecting the working environment and invites the committee members to present their views and engage in discussions. In instances where the planned actions have local impact, or otherwise a narrower scope, the group holds meetings at the relevant unit/level.

The board considers the working environment and collaborative relationship with union officials in the group to be positive and constructive.

SICKNESS ABSENCE, INCIDENTS AND INJURIES

Multiconsult works systematically with HSE management and makes concerted efforts to mitigate health risks and prevent injuries. Dedicated action plans have been established, and followed up closely by both central and regional offices. Multiconsult's working environment committee (AMU Norway) receives periodic reports on the activities and progress of HSE action plans.

Multiconsult arranged its third HSE-week in October 2016. During the week, several seminars and workshops were available to both employees and external stakeholders. The participants were presented with a range of relevant topics, including "How to cope with work related stress", "Medical advice for travelling and working abroad" and "Advanced First Aid for employees working on site".

Sick leave in the parent company was 4.2 per cent (3.9 per cent), which is slightly higher than the 3.3 per cent goal for 2016. All sick leave is monitored and reported. Multiconsult continues to work towards a goal of 3.3 per cent sick leave. Six injuries from work-related accidents were reported in 2016 against seven in 2015. The company monitors absence due to injuries caused by work-related accidents or incidents. The key performance indicator, which expresses days of absence in relation to the total number of hours worked, was 0.3 in 2016 down from 1.1 in 2015.

EQUAL OPPORTUNITIES

The purpose of Norway's Anti-Discrimination Act is to promote equal opportunities and rights, and to prohibit discrimination on the grounds of gender, ethnicity, skin colour, language, religion and beliefs. Multiconsult works actively to promote the objectives of the Act in the group.

The board and the executive management are conscious of anti-discrimination in recruitment, appointment, pay and customization of working conditions, and in work on developing attitudes.

37 per cent of the group's 2 344 employees at 31 December 2016 were female and 63 per cent were male which means no change from 2015. The group is working actively to increase the proportion of female employees.

33 per cent of the parent company's 1 784 employees at 31 December 2016 were female and 67 per cent were male. The technical departments had 32 per cent female staff and 68 per cent male staff. The corresponding proportions for the administrative departments were 66 and 34 per cent. Women accounted for 30 per cent of middle managers. For new recruits in 2016 the distribution was respectively 29 per cent female and 71 per cent male.

Multiconsult aims to be a workplace with no discrimination on the grounds of disability. Active efforts are made to design and customize physical working conditions so that all of the group's facilities may be accessed by all employees. The workplace and jobs are customised on an individual basis for employees or job applicants with disabilities.

9.0 per cent of employees in Multiconsult ASA had a native language other than Norwegian as of 31. December 2016, with a total of 32 different languages being represented.

CHANGES TO THE EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

The General Manager of LINK arkitektur Mr. Leif Øie was appointed to the group management team on 1. September 2016. Executive Vice President International Mr Torbjørn Blom-Hagen, left the company at year-end. Mr. Christopher Løken was appointed Vice President International and reports to CFO Ms. Anne Harris. Mr. Løken is not part of the executive management team.

The annual general meeting on 26 April re-elected the following board of directors: Mr Steinar Mejlænder-Larsen (chairman, 1 year), Mr Arne Fosen (director, 1 year), Ms Vibeke Strømme (director, 1 year). The annual general meeting re-elected Ivar Eng and Tove Helene Malvik as deputy members of the board of directors for a period of one year.

SHARE AND SHAREHOLDER MATTERS

Multiconsult is listed on Oslo Børs, where it trades under the ticker symbol MULTI.

Multiconsult has only one share class, and all shares have equal rights in the company. No share issues were made by Multiconsult in 2016.

The share had a closing price on 30 December (last trading day of 2016) of NOK 104.50.

The turnover of shares is a measure of traded volumes. On average, 18 790 Multiconsult shares were traded on Oslo Børs every day in 2016.

As of 31 December 2016, Multiconsult had 1 985 shareholders registered in the Norwegian Central Securities Depository (VPS), up from 1 861 shareholders as of 31 December 2015.

The shares are registered in the VPS. The company's registrar is DNB Markets. The shares carry the securities number ISIN NO 001 0734338.

DIVIDENDS

Multiconsult has an ambition to distribute annual dividends of at least 50 per cent of its net profit. When deciding the annual dividend level the board of directors will take into consideration expected future cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility. For 2016, the board will propose a dividend of NOK 3.00 per share for approval to the Annual General Meeting on 11 May 2017. This is in line with the dividend policy.

The Annual General Meeting on 26 April 2016 resolved payment of ordinary dividends related to the 2015 financial year of NOK 76.1 million to be paid to shareholders registered at this date. This equals NOK 2.90 per share. The dividends were paid on 6 May 2016.

SHARE REPURCHASE PROGRAMME

The Annual General Meeting held on 26 April 2016 resolved to authorise the board of directors to acquire own shares with a maximum aggregate nominal value of NOK 1 312 460, equal to 2 624 920 shares. The maximum and the minimum amounts, which may be paid per share, are NOK 250 and NOK 5, respectively. The authorisation is valid until the Annual General Meeting in 2017, however, no longer than to 30 June 2017.

As described in section 4 in the corporate governance statement, on 30 November 2016, Multiconsult ASA purchased 480 330 shares from its largest shareholder Stiftelsen Multiconsult. The purchase price was NOK 104.80 per share, in accordance with the conditional share sale agreement between the two parties announced on 22 June 2016.

OUTLOOK

These forward looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances in the future.

The overall market outlook for 2017 is fairly positive.

Buildings & Properties is expected to have a modest, but stable growth. In Norway, investments in the Industry segment are expected to drop slightly due to finalisation of several major projects, while investments in aquaculture remain high. The outlook for the architecture market shows signs of positive development, but continues to be impacted by regional variations. Going forward, demand for our services in the Oil & Gas industry is expected to slowly improve. Public sector investment is driving a strong outlook for Transportation & Infrastructure within road and rail, and several large projects are expected to be assigned in the coming year. The Renewable Energy market in Norway is expected to be stable, with continued growth within transmission. International Renewable Energy market continues to grow, providing new business opportunities for Multiconsult. The overall competitive landscape is migrating towards more Engineering, Procurement and Construction (EPC) contracts and Public-Private Partnerships (PPPs). A continued strong competition has led to price pressure on large projects in Norway. Current market rates have stabilised, however the continued increase in salaries for the Norwegian workforce has lead to challenging profitability for the industry in general.

Multiconsult's strong market position, flexible business model and wide service offering provides a sound base for further growth, both domestic and international. Resources from Multiconsult Polska are gradually being phased into ongoing projects to strengthen competitiveness. The acquisition of top line synergies between Multiconsult and LINK arkitektur AS is expected to continue to generate top line synergies by and further strengthening the group's value proposition to customers.

The order backlog remains strong and provides a strong foundation for continued growth, supported by valuable frame agreements generated from a broad and robust customer base.

Multiconsult will continue to focus on further improvement of the billing ratio in addition to strong project execution and cost efficiency throughout the organisation to secure strong profitability. The group is well positioned and committed to achieve its 3-2-1 GO strategic objectives for 2020.

The board of directors and CEO
Multiconsult ASA
Oslo, 19 April 2017

Steinar Mejlænder–Larsen
Chair of the board

Nigel K Wilson
Deputy chair

Line Haugen
Director

Göran Carlson
Director

Arne Fosen
Director

Vibeke Strømme
Director

Kari Medby Loland
Director

Elisabeth W Lokshall
Director

Christian Nørgaard Madsen
Chief Executive Officer

ANNUAL STATEMENT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Good corporate governance provides the basis for long-term value creation, to the benefit of shareholders, employees and other stakeholders. The board of directors of Multiconsult has established a set of govern-ance principles in order to ensure a clear division of roles between the board of directors, the executive management and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

Multiconsult is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 on the continuing obligations of stock exchange listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 30 October 2014, may be found at www.nues.no.

The annual statement on corporate governance for 2016 follows below. The statement has been approved by the board of directors on 19 April 2017.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The board of directors is committed to building a sound and trust-based relationship between Multiconsult ASA and the company's shareholders, the capital market participants, and other stakeholders.

The group's overall principles for corporate governance have been approved by the board of directors and can be found at www.multiconsult-ir.com/corporate-governance.

The group complies with the Norwegian Code of Practice for Corporate Governance (the code) issued by the Norwegian Corporate Governance Board, latest edition of 30 October 2014.

The board of directors' annual statement on how Multiconsult has implemented the code is set out below. The presentation covers each section of the code, and deviations from the code, if any, are specified under the relevant section.

CORPORATE VALUES

Multiconsult's organisational values form the basis for important principles for corporate governance.

Over the past year, Multiconsult has revised the company's values. Based on the organization's needs and market demands, our values are updated with behavioural ambitions that will further clarify and reinforce the Culture of Empowerment.

Our corporate values are now expressed as MOVE:

M stands for **motivating**,
O stands for **organised** and **trustworthy**,
V stands for **value creating**, and
E stands for **engaged**.

The Culture of Empowerment is based on having broad experience, the necessary expertise and the right balance of skills. It is about seeing opportunities where others see obstacles. It is about breaking through barriers where others may be tempted to give up. Through MOVE, Multiconsult will be one unified team moving towards common goals.

MOVE

At Multiconsult, we set clear goals and expectations. We give responsibility, freedom and support throughout. Along the way, we share the knowledge we acquire, and the joy of succeeding. We are **motivating.**

We deliver everything on time and with the quality agreed upon. We are **organised and trustworthy.**

We are constantly looking for sustainable opportunities. We think holistic and are team players. We are **value creating.**

We are curious, full of initiative and seek opportunities. By developing and challenging others and ourselves, we break through boundaries. We are **engaged.**

BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY

The board has established guidelines for business ethics and corporate social responsibility (CSR) in accordance with the group's corporate values.

Multiconsult's work with business ethics and integrity is based on the principles of the UN Global Compact, ISO 26000 and guidelines from Transparency International. All Multiconsult employees receive regular training on business ethics and CSR matters and are required to adhere to the Multiconsult Code of Conduct, which describes the expected business conduct amongst our employees and other Multiconsult representatives.

Multiconsult's corporate social responsibility policy is based on two pillars:

- commitment to responsible business practices
- enabling sustainable value creation and development for our customers, by maintaining a persistent focus on environmental, social and economic factors

More information about our values, ethical guidelines and CSR matters may be found in the annual CSR report, which is an integral part of the board of directors' report.

2. BUSINESS

Multiconsult's articles of association are available on the group's website.

Article 3 of these articles, the group's business purpose states:

«The business activities of the group are to engage in consulting engineering business, property management and other business activities in connection therewith, including ownership in other companies».

Within the framework of its articles of association, Multiconsult has established goals and strategies for its business. Multiconsult's objectives and strategies are presented in the board of directors' report in the section «Overview of the business».

3. EQUITY AND DIVIDENDS

EQUITY

As of 31 December 2016, the group had a consolidated equity of NOK 508 million, corresponding to an equity ratio of 37 per cent.

The board of directors considers that the group has an equity capital that is appropriate to its objectives, strategy and risk profile.

DIVIDENDS

The dividend policy is based on an ambition to distribute at least 50 per cent of the group's net profit annually. When deciding the annual dividend level the board of directors will take into consideration expected cash flows, capital expenditure plans, financing requirements and appropriate financial flexibility.

BOARD MANDATES TO INCREASE THE SHARE CAPITAL

At the ordinary general meeting of the company on 26 April 2016 the board of directors was authorised to increase the share capital of the group by up to NOK 1 312 460. The mandate is restricted to issue shares as consideration in connection with a) acquisitions, b) raise new equity to finance such acquisitions, c) in connection with incentive schemes for the employees in the group or d) in take-over situations. The authorisation is valid until the next ordinary general meeting in 2017, but in no event later than 30 June 2017.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

Multiconsult has only one share class, and all shares have equal rights in the company.

No share issues were made by Multiconsult in 2016.

Pursuant to the code, the reasons for waiving the pre-emptive right in connection with a share capital increase must be published in a stock exchange announcement. The board will endeavor to comply with this recommendation if such circumstances should arise.

On 30 November 2016, Multiconsult ASA purchased 480 330 shares from its largest shareholder Stiftelsen Multiconsult at a price of NOK 104.80 per share, in accordance with the conditional share sale agreement between the two parties announced on 22 June 2016. The price, according to the agreement, was determined based on the volume weighted average trading price of the Company's shares on Oslo Børs in the one-week period immediately preceding the launch of the application period under the employee share purchase programme. In a subsequent transaction, Multiconsult ASA sold 480 330 shares to its employees, in connection with the implementation of the 2016 employee share purchase programme.

The board and the executive management are concerned to ensure equal treatment of all the company's shareholders and that transactions with related parties take place on an arm's length basis. Note 22 to the consolidated financial statements provides details about transactions with related parties. Financial relationships related to the directors and executive personnel are described in note 8.

Guidelines in respect of conflicts of interest are included in the instructions to the company's board of directors, and require that directors inform the board if they have a significant direct or indirect interest in an agreement being entered into by the group.

To avoid unintentional conflicts of interest, the group has drawn up an overview, which identifies the various roles of its directors, the offices they hold and so forth. This overview is updated as and when required and in the event of changes in the board's composition.

5. FREELY NEGOTIABLE SHARES

The company's shares are freely negotiable. The articles of association do not impose any restriction on the negotiability of the shares. There are no restrictions on the purchase or sale of shares by members of the company's management as long as they comply with the rules on insider trading.

6. GENERAL MEETINGS

NOTICE, REGISTRATION AND PARTICIPATION

The board makes provision for as many as possible of its shareholders to exercise their rights by attending the general meeting. The annual general meeting will take place on 11 May 2017. The group's financial calendar is published via Oslo Børs and in the investor relations section of the group's website.

Notice of the general meeting, with comprehensive documentation including the recommendations of the nomination committee, is made available to shareholders on the group's website no later than 21 days before the meeting takes place. Shareholders who wish that the attachments are sent by mail can apply to the company for this to be done. The documentation must contain all the information required for the shareholders to form a view on every item to be considered. Shareholders must register intention to attend by the specified deadline. The deadline for registering attendance is set as close to the meeting as possible, and, pursuant to the articles of association; no sooner than five days in advance.

PROXY FORM, ADVANCE VOTING AND VOTING RESTRICTIONS

Notices with documentation are made available on the group's website immediately after the documentation has been issued as a stock exchange announcement.

General-meeting notices provide information on the procedures to be observed for attendance and voting, including the use of proxies. Shareholders who cannot attend in person are encouraged to appoint a proxy.

A proxy form, where a proxy has been named, is framed in such a way that the shareholder can specify how the proxy should vote on each issue to be considered. The notices have included information on the right to raise issues for consideration at the general meeting, including the relevant deadlines.

Shareholders may cast a written vote in advance in matters to be discussed at the general meetings of the company. Such votes may also be cast through electronic communication.

The access to cast votes in advance is subject to the presence of a safe method of authenticating the sender. The board of directors decides whether such a method exists before each individual general meeting.

The notice of the general meeting must state whether votes in advance are permitted and which guidelines, if any, that have been issued for such voting.

The company's articles of association sets forth that no shareholder, including such shareholder's close associates, may vote for more than 25 per cent of the shares at the general meeting. This restriction can be removed by the general meeting at any time by a 2/3 majority.

CHAIRING MEETINGS, ELECTIONS, ETC.

General meetings will normally be chaired by the chair person of the board. The board will however evaluate in respect of each general meeting whether it is appropriate to engage an external chair person to chair the meeting.

The group's chair person of the board and chief executive are required to attend, and the complete board of directors is encouraged to attend the general meetings, following the instructions for the board.

The nomination committee is encouraged to attend those meetings where the election and remuneration of directors and members of the nomination committee are to be considered. The group's auditor is present at the annual general meeting.

The general meeting elects the members of the nomination committee as well as the shareholder-elected directors on the board. In its work, the nomination committee gives emphasis to ensuring that the board functions optimally as a collective body, those legal requirements for gender representation can be met, and that the directors complement each other in terms of their background and expertise. The general meeting is normally invited to vote for a complete shareholder-elected board. As a result, no opportunity has been provided to vote in advance for individual candidates.

Minutes from general meetings are published as soon as practicable via the stock exchange's reporting system (www.newsweb.no, ticker code: MULTI) and in the investor relations section of the group's website.

7. NOMINATION COMMITTEE

The group shall, according to its articles of association, article 6, have a nomination committee consisting of three members. The nomination committee is elected by the general meeting and the members have a period of service for two years unless the general meeting determines otherwise.

The nomination committee's tasks are set out in the articles of association and include to; nominate new board members to the general meeting, propose remuneration to the board members at the general meeting, propose remuneration to the members of the nomination committee, and to nominate new members of the nomination committee to the general meeting.

The remuneration of the committee is determined by the general meeting. The general meeting may issue further guidelines for the nomination committee's work.

Pursuant to the code, the composition of the nomination committee must take account of the interests of shareholders in general.

The present nomination committee was elected before the public listing of the company, at the annual general meeting of 16 April 2015. It comprises Nils Erik Forsén, Eli Grøttheim (chair person) and Martin Mæland. Martin Mæland was elected as a member of the nomination committee at the annual general meeting in 26 April 2016. No directors or members of executive management are represented on the nomination committee.

Procedures for shareholders to submit nominations to the nomination committee will be implemented in advance of the annual general meeting in 2017. Further details and deadlines for submission will be published on the company's website.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE

In 2015, Multiconsult entered into an agreement with its employees that the company would not have a corporate assembly. There are three employee representatives in the board of directors.

Pursuant to the articles of association, the board of directors may comprise seven to nine members. The board currently has five shareholder-elected directors and three employee-elected directors.

Two alternate directors have also been elected.

Directors and the chair person of the board are currently elected by the general meeting for either one or two-year terms.

The composition of the board is intended to secure the interests of the shareholders in general, while the directors also collectively possess a broad business and management background as well as in-depth sector understanding and expertise in investment, financing and capital markets. Weight is also given to the board's ability to make independent judgements of the business in general and of the individual matters presented by the executive management. Consideration has also been given to gender representation and independence of directors from the company and its management.

The general meeting on 16 April 2015 set the term of office for each of the current members of the board of directors at either one or two years. It is the group's intention that terms of office of board members will not exceed two years.

The board of directors does not include executive personnel. All shareholder elected directors are independent of the group's executive management and commercial partners. Four out of five shareholder elected directors are independent of the largest shareholders. Mr Nigel Wilson has a commercial consultancy assignment for Stiftelsen Multiconsult, the largest shareholder at 31 December 2016.

Details on background, experience and independence of directors are presented on the group's website.

8 board meetings were held in 2016. Each board member's attendance at board meetings is recorded by the company.

Members of the board are encouraged to own shares. The shareholding of each board member can be found in note 8 to the consolidated financial statements and in the biography of each board member on www.multiconsult-ir.com/corporate-governance/board-of-directors.

9. THE WORK OF THE BOARD OF DIRECTORS

The board of directors has overall responsibility for managing the group and for supervising the chief executive and the group's activities.

The board of directors establishes annual plans for its work, with particular emphasis on business objectives, strategy and implementation. The board of directors has established instructions for its own work as well as for the executive management with particular emphasis on clear allocation of responsibilities and duties.

The principal tasks of the board include determining the group's strategy and monitoring how it is implemented. The work of the board also includes monitoring control functions necessary to ensure acceptable management of the group's assets.

The board appoints the group's chief executive officer. Instructions which describe the rules of procedure for the board's work and its consideration of matters have been adopted by the board. The division of responsibilities between the board and the chief executive is specified in greater detail in the instructions. The chief executive is responsible for the group's executive management. Responsibility for ensuring that the board conducts its work in an efficient and correct manner rests with the chair person of the board.

The board establishes an annual plan for its meetings, and evaluates its work and expertise once a year. The annual plan specifies topics for board meetings, including reviewing and following up the group's goals and strategy, budgets, reporting of financial information, the notice for the general meeting with associated documentation, and the board's meeting with the auditor.

The board of directors has elected an audit committee amongst the members of the board of directors.

The committee currently comprises of Nigel Wilson as the chair person and Line Haugen as member. All members of the audit committee are independent of the group.

Pursuant to section 6-43 of the Norwegian Public Limited Liability Companies Act, the audit committee shall:

- prepare the board of directors' supervision of the group's financial reporting process;
- monitor the systems for internal control and risk management;
- have continuous contact with the group's auditor regarding the audit of the annual accounts; and
- review and monitor the independence of the group's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

The group has established a remuneration committee that consists of two members of the board. The members of the remuneration committee are and shall be independent of the group's executive management. The committee currently consists of Steinar Mejlænder-Larsen as the leader and Vibeke Strømme as member.

The remuneration committee is an advisory committee for the board that shall prepare matters for the board's consideration and decisions regarding the remuneration of, and other matters pertaining to the group's management. The recommendations of the remuneration committee shall cover all aspects of remuneration to the management, including but not limited to salaries, allowances, bonuses, long term equity incentive plans and benefits-in-kind.

The board has adopted separate instructions for the remuneration committee setting out further details on the duties, composition and procedures of the committee.

The board evaluates its own work and that of the chief executive and reports its evaluations to the nomination committee.

In the event that the chair person of the board is, or has been, personally involved in matters of material character, the board's consideration of such matters will be chaired by another member of the board.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The group has in place processes and routines for internal control over risk management and financial reporting. During 2016, these processes have been updated to fully comply with the code.

Through its business activities, Multiconsult manages an extensive project contract portfolio of engineering, architectural and advisory services that are exposed to substantial risk factors, such as risk of disagreements or legal disputes with its customers related to possible cost of delays or project errors that are always present in our business.

The organisation comprises a relatively large number of employees. The group's management model is based on an appropriate delegation of authority, clearly defined market and operating parameters, in addition to effective internal control.

Overall goals and strategies are periodically reviewed and updated. Based on the current strategy, the corporate values and ethical guidelines have been updated, instructions have been established by the board that specify delegation of authority to defined roles in the organisation. Risk management processes are established to identify, evaluate and report risk in a systematic manner for the group's activities with particular focus on project and other operational risks.

Financial risk is managed in accordance with the group's financial strategy, which is described under the section "Financial risk and risk management" in the board of directors' report.

The board is responsible for ensuring to that the enterprise, financial reporting and asset management are subject to satisfactory controls. Overall policies, governing processes and routines have been established for day-to-day management. The board periodically reviews the company's risk management documentation and the most important risk areas and the internal controls established to mitigate these risks.

FINANCIAL REPORTING

The group has in place processes and routines for internal control over financial reporting. The main principles are transparency, segregation of duties, analytical controls and systematic and thorough management reviews. The periodic review meetings between senior financial and operational management focus on revenue recognition, possible liability costs as well as performance reviews of both financial and operational targets.

Management prepares periodic reports on business and operational developments to the board, which are discussed at board meetings. These reports are based on the results of the review process and include status of key performance indicators, update of market developments, operational issues, financial results and highlights of organisational issues.

Financial position and results are followed up in monthly accounting reports, compared to prior year, budgets and forecasts. Reporting also includes non-financial key performance indicators related to each business area. In addition, management prepares a long term forecast of financial trends, showing profits and cash flow development.

The interim reports and annual financial statements are reviewed by the audit committee in advance of consideration and discussion in the board. Financial risk management and internal control are also addressed by the board's audit committee. The latter reviews the external auditor's findings and assessments after the interim and annual financial audits. Significant issues in the auditor's report, if any, are also reviewed by the board.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration to the board of directors is described in note 8 to the financial statements.

Directors' fees are determined by the general meeting on the basis of recommendations from the nomination committee. These recommendations have been based on the board's responsibility, expertise and the complexity of the business. The directors have not been awarded share options or any other form of remuneration for the fiscal year 2016.

None of the directors have undertaken any special assignments for the group other than their work on the board. Directors are unable to accept such assignments without approval from the board in each case.

An overview of shares owned by the directors and their close associates is included in note 8 to the consolidated financial statements.

12. REMUNERATION OF EXECUTIVE PERSONNEL

In 2015 the board established a remuneration committee.

The main responsibilities are evaluations and advice to the board of directors relating to remuneration strategy, main principles and systems for the total remuneration (including bonus) to the CEO and other members of the group management. The chief executive (CEO) normally participates in the meetings, unless the committee discusses issues relating to the CEO.

The group's guidelines for the remuneration of senior executives are described in note 8 to the consolidated financial statements. This note also provides further details about remuneration in 2016 for certain senior executives. The guidelines are presented annually to the general meeting in connection with the presentation of the annual report.

The guidelines specify the main principles for the group's executive pay policy, and have been prepared with the aim of ensuring that the interests of shareholders and senior executives are aligned as far as possible. No options have been issued to employees or elected officers of the group.

Total remuneration to the executive management team consists of a fixed element and a variable performance based bonus, a share purchase programme for all employees, plus pension and insurance arrangements.

Fixed remuneration to members of the executive management team consists of base salary (main element) and fringe benefits.

A bonus programme has been established, with maximum payout for the CEO equal to four months' salary and maximum two month salary for other members of the executive management team. The bonus criteria are linked to financial targets, agreed action plans and relevant key performance indicators. The bonus obtained is paid partly in cash and partly in shares at a 30 per cent discount. More details are described in note 8.

Members of the executive management team can also participate in the group's general share purchase programme for all employees, in which they were offered to purchase up to 1 104 shares at a discount of 20 per cent.

CHANGES TO THE EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

The General Manager of LINK arkitektur Mr. Leif Øie was appointed to the group management team 1 September 2016. Executive Vice President International Mr Torbjørn Blom-Hagen left the company at year-end. Mr. Christopher Løken was appointed Vice President International and reports to CFO Ms. Anne Harris. Mr. Løken is not part of the executive management team.

The annual general meeting on 26 April 2016 re-elected the following board of directors: Mr Steinar Mejlænder-Larsen (chair person, 1 year), Mr Arne Fosen (director, 1 year), Ms Vibeke Strømme (director, 1 year). The annual general meeting re-elected Ivar Eng and Tove Helene Malvik as deputy members of the board of directors for a period of one year.

13. INFORMATION AND COMMUNICATION

The board has established guidelines for investor communication. Multiconsult's communication with the capital markets is based on the principles of transparency, full disclosure and equality.

CEO, CFO and IRO are responsible for the main dialogue with the investor community, hereunder the company's shareholders.

Information to the stock market is published in the form of annual and interim reports, press releases, stock exchange announcements and investor presentations. All information considered relevant and significant for valuing the company's shares will be distributed and published in English via Oslo Børs disclosure system, www.newsweb.no, and via the group's website www.multiconsult.no simultaneously.

Multiconsult holds public presentations in connection with the announcement of quarterly and annual financial results as well as strategic updates. The presentations are also available as live presentations via the internet. Presentation material is made available via Oslo Børs' news site www.newsweb.no and www.multiconsult.no.

Multiconsult gives weight to maintaining an open and ongoing dialogue with the investor community, hereunder frequent meetings with investors, fund managers, analysts and journalists. The company is also present at relevant investor conferences and seminars. All public presentations held at such events are made public via www.multiconsult.no.

The guidelines for investor communication states that the company should have limited contact with the investor community and the business press during the last three weeks ahead of its quarterly reporting.

Reporting of financial and other information shall be timely and accurate. The main purpose of this information present a complete picture of the group's financial results and position as well as articulating the group's long-term goals and potential, including its strategy, value drivers and important risk factors. Multiconsult held a capital markets day on 12 October, where the company presented its updated 3-2-1 GO strategy.

The group publishes a financial calendar every year with an overview of the dates of important events, including the general meeting, publication of interim reports and open presentations. This calendar is made available as a stock exchange announcement and on the group's website as soon as it has been approved by the board.

14. TAKEOVERS

The board has established guiding principles for responding to possible takeover bids.

In the event of a take-over bid being made for the company, the board will follow the overriding principle of equality of treatment for all shareholders, and will seek to ensure that the group's business activities are not disrupted unnecessarily. The board will strive to ensure that shareholders are given sufficient information and time to form a view of the offer.

The board will not seek to prevent any take-over bid unless it believes that the interests of the group and the shareholders justify such actions. The board will not exercise mandates or pass any resolutions with the intention of obstructing any take-over bid unless this is approved by the general meeting following the announcement of the bid.

If a take-over bid is made, the board will issue a statement in accordance with statutory requirements and the recommendations in the code.

In the event of a take-over bid, the board will obtain a valuation from an independent expert.

Any transaction that is in effect a significant disposal of the group's activities will be submitted to the general meeting for its approval.

15. AUDITOR

The external auditor, Deloitte, annually presents its overall plan for the audit of the group for the audit committee's consideration.

The external auditor's involvement with the board of directors during 2016 related to the following:

- Presented the main features of the audit work.
- Attended board meetings approving the financial statements, reviewing possible significant changes in accounting principles, assessing significant accounting estimates, and considering all possible disagreements between the external auditor and executive management.
- Conducted a review together with the board of the group's internal control procedures and systems, including the identification of weaknesses and proposals for improvements.
- Held a meeting with the board without the presence of the executive management.
- Confirmed its independence, and provided an overview of non-audit services provided to the group.

During 2016, the external auditor attended six meetings with the audit committee.

Pursuant to the code, the board has established guidelines for the group's management use of the external auditor for non-audit services.

The board reports annually to the annual general meeting on the external auditor's total fees, split between audit and non-audit services. The annual general meeting approves the auditor's fees for the parent company.

The board of directors and CEO
Multiconsult AS
Oslo, 19 April 2017

Steinar Mejlænder–Larsen Chair of the board	Nigel K Wilson Deputy chair	Line Haugen Director	Göran Carlson Director
Arne Fosen Director	Vibeke Strømme Director	Kari Medby Loland Director	Elisabeth W Lokshall Director

Christian Nørgaard Madsen
Chief Executive Officer

PHOTO: VIDAR MOLØKKEN / MULTILUX ASN

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED STATEMENT OF INCOME

Amounts in NOK thousand, except earnings per share	Note	2016	2015
OPERATING REVENUES AND EXPENSES			
Operating revenues	5	2 968 069	2 554 701
Expenses for sub contractors and disbursements		363 448	307 033
Net operating revenues		**2 604 621**	**2 247 668**
Employee benefits expenses	*8, 11*	1 841 605	1 649 240
Other operating expenses	*7*	430 227	385 726
Operating expenses excluding depreciation, amortisation and impairment		**2 271 832**	**2 034 966**
Operating profit before depreciation, amortisation and impairment (EBITDA)		**332 788**	**212 702**
Depreciation, amortisation and impairment	*13, 14*	43 205	37 616
Operating profit (EBIT)		**289 584**	**175 086**
Share of profit from associated companies and joint ventures	*16*	4 053	20 945
FINANCIAL INCOME AND EXPENSES			
Financial income	*9*	4 082	8 882
Financial expenses	*9*	9 986	7 049
Net financial items		**(5 904)**	**1 832**
Profit before income taxes		**287 732**	**197 863**
Income tax expenses	*10*	73 964	47 754
Profit for the period		**213 768**	**150 109**
Attributable to:			
Owners of Multiconsult ASA		213 768	150 109
Earnings per share:			
Basic	*23*	8.15	5.73
Diluted	*23*	8.15	5.73

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousand	Note	2016	2015
Profit for the period		213 768	150 109
Other comprehensive income			
Remeasurement of defined benefit obligations	*11*	37 923	87 298
Income taxes	*10*	(9 471)	(29 695)
Total items that will not be reclassified subsequently to profit or loss		**28 452**	**57 603**
Currency translation differences		(4 187)	1 722
Total items that may be reclassified subsequently to profit or loss		**(4 187)**	**1 722**
Total other comprehensive income for the period		**24 265**	**59 325**
Total comprehensive income for the period		**238 033**	**209 433**
Attributable to:			
Owners of Multiconsult ASA		238 033	209 433

CONSOLIDATED BALANCE SHEET

Amounts in NOK thousand	Note	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Deferred tax assets	*10*	25 104	66 722
Intangible assets	*13*	9 348	9 304
Goodwill	*13*	235 727	173 023
Property, plant and equipment	*14*	85 984	84 783
Total non-current non-financial assets		**356 163**	**333 832**
Investments in associated companies and joint ventures	*16*	10 464	7 258
Assets for reimbursement provisions	*19*	22 610	21 600
Other non-current financial assets		7 941	6 221
Total non-current assets		**397 178**	**368 911**
Current assets			
Accounts receivables	*12*	455 058	427 448
Work in progress	*12*	270 346	192 781
Other current receivables and prepaid expenses	*12*	83 007	57 135
Total receivables		**808 410**	**677 364**
Cash and cash equivalents	*15*	175 990	232 954
Total current assets		**984 401**	**910 318**
TOTAL ASSETS		**1 381 579**	**1 279 229**

Amounts in NOK thousand	Note	31.12.2016	31.12.2015
EQUITY AND LIABILITIES			
Equity			
Share capital	21	13 125	13 125
Treasury shares		(1)	(9)
Share premium		13 320	13 320
Total paid-in equity		26 443	26 436
Other equity		481 077	323 745
Total shareholders' equity		**507 520**	**350 181**
Non-current liabilities			
Pension obligations	*11*	5 859	161 344
Deferred tax	*10*	11 075	0
Provisions	*19*	33 527	41 297
Non-current interest-bearing liabilities	*3*	55 994	7 190
Total non-current liabilities		**106 454**	**209 831**
Current liabilities			
Accounts payable		151 903	139 894
Current tax liabilities	*10*	29 454	54 676
Public duties payable		248 124	225 973
Current interest-bearing liabilities	*3*	3 477	2 614
Other current liabilities	*18*	334 648	296 060
Total current liabilities		**767 605**	**719 217**
Total liabilities		**874 059**	**929 048**
TOTAL EQUITY AND LIABILITIES		**1 381 579**	**1 279 229**

The Board and CEO of Multiconsult ASA
Oslo, 19 April 2017

Steinar Mejlænder-Larsen
Chair of the board

Nigel Wilson
Deputy chair

Göran Carlson
Director

Line Karin Haugen
Director

Arne Fosen
Director

Vibeke Strømme
Director

Kari Medby Loland
Director

Elisabeth Lokshall
Director

Christian Nørgaard Madsen
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of Multiconsult ASA							
Amounts in NOK thousand	Share capital	Treasury shares	Share premium	**Total paid-in capital**	Retained earnings	Remea-surement pensions	Currency translation differences	**Total equity**
31 December 2014	13 125	0	13 320	**26 445**	679 290	(287 278)	1 457	**419 914**
Dividend	0	0	0	**0**	(275 617)	0	0	**(275 617)**
Treasury shares	0	(9)	0	**(9)**	(1 750)	0	0	**(1 759)**
Employee share purchase programme	0	0	0	**0**	(1 791)	0	0	**(1 791)**
Comprehensive income	0	0	0	**0**	150 109	57 603	1 722	**209 434**
31 December 2015	13 125	(9)	13 320	**26 436**	550 241	(229 675)	3 179	**350 181**
Dividend	0	0	0	**0**	(76 123)	0	0	**(76 123)**
Treasury shares	0	8	0	**8**	1 542	0	0	**1 550**
Employee share purchase programme	0	0	0	**0**	(6 119)	0	0	**(6 119)**
Comprehensive income	0	0	0	**0**	213 768	28 452	(4 187)	**238 033**
31 December 2016	13 125	(1)	13 320	**26 443**	683 309	(201 224)	(1 008)	**507 520**

See note 8 for information about treasury shares and employee share purchase programme.

CONSOLIDATED STATEMENT OF CASH FLOWS

+ are cash increasing and - are cash reducing effects *Amounts in NOK thousand*	**Note**	**2016**	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income taxes		287 732	197 863
Income taxes paid		(60 412)	(55 601)
Depreciation, amortisation and impairment	13,14	43 205	37 616
Results from associated companies and joint ventures		(4 053)	(20 945)
Non cash pension cost	16	(110 238)	33 984
Sub total operating activities		**156 233**	**192 918**
Changes in working capital		(66 066)	13 251
Net cash flows from operating activities		**90 167**	**206 169**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of property, plant and equipment and shares		441	99
Payments on acquisition of property, plant and equipment and intangible assets		(38 313)	(42 052)
Proceeds/payments related to equity accounted investments	16	847	4 690
Net cash effect of business combinations	4	(64 260)	(95 485)
Net cash flows from investing activities		**(101 285)**	**(132 748)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Change interest bearing liabilities		46 525	(610)
Dividends paid	23	(76 123)	(275 617)
Purchase treasury shares	8	(50 339)	(25 797)
Sale treasury shares	8	42 607	8 608
Net cash flows from financing activities		**(37 329)**	**(293 416)**
Foreign currency effects on cash and cash equivalents		**(8 516)**	**4 337**
Net change in cash and cash equivalents		(56 964)	(215 657)
Cash and cash equivalents at the beginning of the period	15	232 954	448 611
Cash and cash equivalents at the end of the period	**15**	**175 990**	**232 954**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION AND BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Multiconsult ASA (the company) is a Norwegian Public limited liability company. The shares of the company were listed on Oslo Stock Exchange on 22 May 2015. The company's head office is located in Nedre Skøyen vei 2, 0276 Oslo.

The company and its subsidiaries (together the Multiconsult group/ the group) are among the leading suppliers of consultancy and design services in Norway and the Nordic region. The group has some activity and subsidiaries outside the Nordic region, including subsidiaries Multiconsult Polska, Multiconsult UK and Multiconsult Asia. The principal activities of the group are described in note 5 Segments. These consolidated financial statements were approved by the Board of Directors on 19 April 2017 for adoption by the Annual General Meeting on 11 May 2017.

The group prepares the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) and the Norwegian Accounting Act. References to "IFRS" in these financial statements mean IFRS as adopted by the EU.

Restatements
The group has recognised provisions for project responsibilities, refer to note 19. The group has at 31 December 2016 presented the expected reimbursement from the insurance company related to recognised provisions as a separate asset, instead of reducing the provisions as previously presented. This has affected the balance sheet by increasing the provisions (liabilities) and assets, but the net amount is unchanged. Comparable balance sheet figures have been restated. The change had no effect on the statement of income.

Some other restatements have also been made, as explained in relevant notes.

NOTE 2 A SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements have been prepared based on the historical cost basis, except for derivatives and pension assets that are measured at fair value, and pension liabilities that are measured at present value. The consolidated financial statements are presented in Norwegian kroner (NOK). Amounts are rounded to the closest thousand, unless stated otherwise. As a result of such rounding differences, amounts and percentages may not add up to the total.

Consolidation principles, investments accounted for in accordance with the equity method and working partnerships
The consolidated financial statements incorporate Multiconsult ASA and companies that Multiconsult ASA (directly or indirectly) control (the group). Control is achieved when the group is exposed or has rights to variable returns from its involvement with a company in which it has invested, and has the ability to use its power to affect its returns from this company. All subsidiaries are 100% owned and there are no non-controlling interests.

The consolidated financial statements have been prepared using uniform accounting policies. All material transactions and balances between group entities have been eliminated.

Shares in subsidiaries are eliminated in the consolidated financial statements in accordance with the acquisition method. This entails that the consideration, as well as the acquired entity's assets and liabilities (with some exceptions as determined by IFRS 3 Business Combinations), are measured at fair value on the date of acquisition, and any excess consideration is classified as goodwill. Historically, it has been considered that most of the consideration in excess of carrying amount on net assets relates to employees, and the excess is therefore recognised as goodwill. Acquisition-related costs are recognised in profit or loss as incurred. Refer to note 4 for more information relating to business combinations in 2016 and 2015.

Investments in associated companies and joint ventures over which the group exercises significant influence or joint control, are accounted for using the equity method. The difference between cost price of the shares and the group's share of equity is allocated to the company's net assets, and any excess as goodwill. In accordance with the equity method, investments are initially recognised in the statement of financial position at cost and adjusted thereafter for changes in the group's share of net assets (i.e. total comprehensive income and equity adjustments (including dividends)) less any impairment charges on investments. Corrections are made when it is necessary to adjust the accounting policies to match group accounting policies. Any goodwill included in the investment amount is not amortised, but is reviewed for impairment as part of the investment. At the end of the reporting period, the group assesses whether there are any indications that the investment may be impaired. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss, if any. Transactions between a group company and an associated company or a joint venture are eliminated or deferred in proportion to the group's ownership. The group's share of profit or loss after tax, including amortisation, impairment loss and reversal of impairment loss on the investment is presented as a single line item in the statement of income, classified between operating profit and financial items. Refer to note 16 for more information.

The group enters into working partnerships in certain projects where parties collaborate to offer a joint deliverable. Each participant is responsible for, and has rights to the fee from its part of the deliverables (agreements related to project collaboration). The individual parties utilise their resources through the use of employees and subcontractors. Some of these arrangements are considered to be joint operations within the scope of IFRS 11, and for which the group recognises its share of income and expenses, and its own assets and liabilities. Certain arrangements are not jointly controlled. Such activities are recognised on a line-by-line basis in accordance with the group's share, similar to joint operations. There are no significant differences in the group's accounting for activities in arrangements without limited liability, whether within the scope of IFRS 11 or not.

Foreign currencies
The financial statements of the individual companies in the group are measured in the currency which is predominantly used in the economic environment in which the company operates (functional currency). The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency and the presentation currency of the parent company.

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Currency gains and losses arising on the payment of such transactions and on translation of monetary items in foreign currencies at the exchange rates prevailing at the end of the reporting period, are recognised in profit or loss as financial items.

For companies with a functional currency other than Norwegian kroner, income and expense items are translated based on the average exchange rates, and assets and liabilities are translated using the exchange rates prevailing on the end of the reporting period. Exchange differences are recognised in other comprehensive income.

Revenue
The majority of the group's revenue is generated from rendering of services. When the outcome can be estimated reliably, and it is probable that the economic benefits associated with the transaction will flow to the entity, revenue is recognised in accordance with the stage of completion of the transaction, as at the end of the reporting period.

The company's rendering of services consists of agreements that are either time-based, time-based with a cap, or fixed price. The company has no construction contracts. Revenue recognition occurs when the service is rendered, in line with the work being performed. Revenue is recognised at the estimated value of the consideration at the time of the transaction, exclusive of value added tax, rebates, discounts and fees that are not expected to be realised. Contracts that are remunerated based on hours incurred are recognised during the period in which the work is performed. Fixed price contracts and time-based contracts with a cap are recognised with reference to the stage of completion. The stage of completion is normally estimated as hours incurred as a percentage of expected total hours and milestones in the project. The total scope is evaluated on an on-going basis. When it is probable that a project will incur a loss (total direct costs exceed total revenue), the estimated loss is recognised immediately. Direct costs include predominantly costs for own personnel and sub contractors.

In working partnerships not organised as separate legal entities, and where the group is the project manager with no overall responsibility for the engagement, the group invoices the client and subsequently pays the fee to the other parties for the work performed by them. The group only recognises its own share of revenue and expenses in such arrangements (refer also to the description above).

Rental income which relates to sublease of office space is recognised on a straight-line basis in profit or loss over the relevant duration of the rental agreement. Other operating income comprises payment for various services and expenditure incurred, and is recognised when the services are rendered or the expenses incurred.

Interest income that reflects the effective return on an asset is recognised as income over the period earned and classified as financial income in the statement of income. Dividends received on investments are recognised as income when the group's right to receive payment has been established. Dividends from investments that are recognised using the equity method are recognised as a reduction of the investment.

Classification of current and non-current items
An asset is classified as current when it is expected to be realised or sold, or to be used in the group's normal operating cycle, or falls due or is expected to be realised within 12 months after the end of the reporting period. Other assets are classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the group, are held for trading, are expected to be settled within 12 months of the end of the reporting period, or if the group does not have an unconditional right to postpone settlement for at least 12 months after the reporting date. Provisions for obligations and other liabilities are classified as non-current. Derivatives are classified as current items.

Property, plant and equipment
Property, plant and equipment are recognised at cost less accumulated depreciation. Cost of acquisition includes costs directly attributable to the acquisition of the fixed asset. Subsequent expenditure is added to the carrying value of the asset or is recognised separately when it is probable that future economic benefits related to the expenditure will flow to the group, and the cost can be measured reliably. The carrying amount related to replaced parts is expensed. Other repair and maintenance costs are recognised in profit or loss in the period during which the cost is incurred. Property, plant and equipment are depreciated on a straight-line basis. The cost of acquisition of property, plant and equipment is depreciated to their expected residual value, which in general is estimated to be nil. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and changed if necessary. When the carrying amount of an item of property, plant and equipment is higher than its estimated recoverable amount (the higher of fair value less costs to sell and value in use), the carrying amount is reduced to the recoverable amount and recognised as impairment in the statement of income. Gains and losses on disposal of

property, plant and equipment are recognised in the income statement as the difference between the sales price and the carrying amount. These amounts are insignificant in the periods presented.

Intangible assets
Intangible assets consist mainly of standard software and licenses used by the company. The company has no internally generated intangible assets with a remaining carrying value at the end of the reporting period. Intangible assets are recognised at cost of acquisition less amortisation. Intangible assets are amortised on a straight-line basis to an estimated residual value of nil. When the carrying amount of an intangible asset is higher than its estimated recoverable amount, the carrying amount is reduced to the recoverable amount and recognised as impairment in the statement of income.

Goodwill
Goodwill arising upon a business combination is not amortised. Goodwill does not generate cash flows that are independent of other assets or groups of assets, and is allocated to the cash-generating units that are expected to benefit from the synergies of the combination that gave rise to goodwill. Cash-generating units to which goodwill has been allocated are reviewed for impairment on an annual basis, or more frequently if there are indications of impairment. If the recoverable amount of the cash-generating unit is less than its carrying value, the impairment loss is allocated first to reduce the carrying value of goodwill and then to the other assets in the cash-generating unit pro rata based on the carrying amount of each asset in the unit. The carrying value of individual assets is not reduced below nil. An impairment loss recognised for goodwill is not reversed in subsequent periods if the recoverable amount of the cash-generating unit increases. Any impairment is recognised as part of impairment in the statement of income.

Cash-generating units (CGU)
A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. In order to identify whether cash inflows from an asset (or a group of assets) are independent of cash inflows from other assets (or groups of assets), management assesses various factors, including how operations are monitored, e.g. based on service- or product areas, businesses or geographical areas. Each CGU or group of CGUs to which goodwill has been allocated represent the lowest level in the entity where goodwill is monitored for internal management purposes. The group of CGUs are in all instances no larger than an operating segment as defined in IFRS 8 Operating Segments.

Financial assets and liabilities
The group has financial assets in the category loans and receivables, primarily accounts receivables and other receivables. Loans and receivables are non-derivative financial assets with fixed payments that are not quoted in an active market. Such financial assets are initially recognised at fair value with the addition of transaction costs, and subsequently measured at amortised cost applying the effective interest rate method adjusted for impairment. Impairment is recognised when there are objective indicators that the group will not receive payment in accordance with the original terms. Specific receivables are impaired when management considers that they cannot be collected, fully or partially. The company has some minor investments in shares available for sale.

The group has financial liabilities measured at amortised cost and fair value through profit or loss. Financial liabilities at amortised cost comprise largely accounts payable, other current liabilities and interest-bearing liabilities. These obligations are initially recognised at fair value less transaction costs, and subsequently measured at amortised cost through using the effective interest method.

Financial liabilities at fair value through profit or loss consist of derivatives. The company uses, to a certain extent, foreign currency forward contracts in order to hedge future cash flows in foreign currencies. The company does not use hedge accounting. Derivatives are measured at fair value. Gains and losses arising as a result of changes in fair value are recognised in the statement of income as financial income and financial expenses. Derivatives are recognised on a gross basis as assets when the fair value is positive and as liabilities when the fair value is negative, as long as the group does not have a legal right to and intention of settling the contracts on a net basis.

An embedded derivative shall not be separated from the host contract and recognised as a derivative if the economic characteristics and the economic risks of the embedded derivative are closely related to the economic characteristics and the economic risk of the host contract. The company has certain cross border sales contracts in a currency that is not the functional currency of either of the parties to the contract. The company has determined that the currency used in the relevant contracts is a currency frequently used in contracts related to acquisition or disposal of non-financial assets in the economic environment in which the transaction takes place, and has therefore not separated a currency derivative. The company is further of the opinion that this would only have been relevant for contracts with minimum obligations. If a separate currency derivative had been recognised, this could affect the timing of recognition in profit or loss, as a derivative instrument would have been recognised at fair value through profit or loss. This would not affect cash flows or the final result of the sales contract over the contract period.

Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits, money market funds and other cash equivalents with a maturity of less than three months at the date of acquisition. Bank deposits include restricted funds if these can be released within three months.

Provision for obligations
Provisions for obligations such as restructuring, onerous contracts, project liabilities and legal claims are recognised when the group, as a result of a past event, has an existing legal or constructive obligation, it is probable that the group will be required to settle the obligation, and the amount can be measured reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. The estimate is made based on the actual circumstances related to each individual item.

Provision for project liabilities are measured at the expected cost to settle the obligation, or a net cost if the company is covered for losses incurred through an insurance company and it is virtually certain that the company will receive compensation.

Pensions
The group has various pension plans, including both defined benefit pension plans and defined contribution pension plans. Pension costs and pension obligations for defined benefit plans are estimated on an annual basis by independent actuaries using a straight-line earnings profile and the expected salary at retirement date as the basis for calculation, based on assumptions of discount rates, future salary adjustments, state pensions and other social security payments, as well as actuarial assumptions related to mortality, disability and voluntary retirement. The discount rate is determined based on the interest rate of high quality corporate bonds adjusted to consider the average remaining payment period.

The effect of changes in measurement of defined benefit obligations (losses and gains due to changes in actuarial and financial assumptions or underlying data) is recognised in other comprehensive income, net of deferred tax. Changes in defined benefit obligations resulting from past service costs (plan amendments), curtailments and settlements, are recognised immediately in profit or loss. Social security tax is included as part of the defined benefit obligation and the pension cost in the statement of comprehensive income. Plan assets are measured at fair value as at the end of the reporting period.

Net pension assets in plans with surplus assets are classified as non-current assets. Net pension obligations in plans with a deficit and in unfunded plans are classified as non-current liabilities. The net pension cost for the period is split between employee benefit expense and net interest expense where the service cost for the period is classified as an employee benefit expense and the net interest expense of the estimated obligation is classified as part of net financial items.

For defined contributions plans, the group pays contributions to private, administered insurance plans for pensions on a statutory, contractual or voluntary basis. The group has no additional obligations after the contributions have been paid. Contributions to defined contribution plans are expensed as incurred. LINK arkitektur AB participate in a defined benefit multi-employer plan that is accounted for as a defined contribution plan. The company has no early retirement plans.

Income tax
Assets and liabilities related to current tax payable are measured at the amount expected to be received from or paid to the taxation authorities. Deferred tax assets and liabilities are calculated based on the liability method, including all temporary differences between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements, including losses carried forward. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. For investments in subsidiaries, associated companies or joint ventures, deferred tax liabilities are not recognised for taxable temporary differences when the group is able to control the timing of reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Similarly, deferred tax assets are only recognised for such investments if it is probable that the temporary difference will reverse in the foreseeable future and that sufficient taxable income will be available to allow the asset to be recovered.

Deferred tax assets are recognised to the extent that it is probable that the tax assets will be utilised. Tax rates that are enacted or substantially enacted at the end of the reporting period and undiscounted amounts are used. Deferred tax assets and liabilities are recognised net when there is a legal right to offset payable tax assets and liabilities, and the group is able to and intends to settle payable income tax net.

The group considers expenses as tax deductible and income as not taxable based on interpretation of applicable legislation and regulations and when it is considered probable that the treatment will be accepted by the taxation authorities. The group provides for uncertain and contested tax positions based on the expected payment.

The income tax expense for a period consists of income tax payable and deferred tax. Income tax is recognised in profit or loss, except for when it relates to items that are recognised in equity, either directly or through other comprehensive income.

Statement of cash flows
The statement of cash flows has been prepared in accordance with the indirect method. Cash and cash equivalents consist of cash, bank deposits and money market funds. Receipts and payments are presented separately for investing and financing activities, whilst operating activities include both cash and non-cash line items. Interest received and paid, and dividends received are reported as part of operating activities. Dividends paid are presented as part of financing activities.

Lease agreements
Lease agreements are classified as finance leases when the terms of the lease transfers substantially all risks and rewards of ownership to the lessee. Other lease arrangements are classified as operating leases. The Group has identified only insignificant amounts of finance leases. Lease payments under operating leases are recognised on a straight-line basis in profit or loss over the relevant lease term.

Dividends
Dividends to the company's shareholders are classified as a liability when the dividends proposed have been approved by the Annual General Meeting.

Employee share purchase Programme
In 2015, Multiconsult ASA introduced a share purchase programme for employees of the group. Through the share purchase programme the company offers employees shares in Multiconsult ASA with a discount of 20%. Shares purchased through the programme are subject to a two year lock-in period. Based on independent party calculations according to an option-pricing model ("Black Scholes"), a part of the discount is recognised as employee benefit expense in the statement of income and a part directly to equity. The main part of the discount can be related to reduction in value due to the lock-in period and a loss on an equity transaction. See more details in note 8.

Standards and interpretation not yet effective
At the time of the issue of these financial statements, the following standards and interpretations, which may be relevant for the group, had been issued, but were not yet effective:

- IFRS 9 Financial Instruments (effective for accounting periods commencing on or after 1 January 2018). The group does not expect any significant impact of this standard.

- IFRS 15 Revenue from Contracts with Customers (effective for accounting period commencing on or after 1 January 2018, but the amendments have not yet been approved by the EU). This standard establishes revenue recognition guidance in one standard. The standard introduces a five-step approach for analysis of transactions with customers, focusing on transfer of control. There are two methods for recognising income; at a point in time or over time. Adoption of the standard may require significant assessments and notes disclosures. The group delivers customised services and solutions to the customers. A large majority of the contracts are paid by the customers on ongoing time and materials and the large contracts have successive deliveries. The group's assessment is that the introduction of IFRS 15 from 1 January 2018 will not result in significant change in the group's revenue recognition.

- IFRS 16 Leases will replace the present IAS 17 and IFRIC 4. The new standard requires lessees to recognise right-of-use assets and liabilities for all leases, with the exception of some leases with lease periods of less than one year or where the underlying assets are of low value. Depreciation, amortisation and impairment losses as well as interest expenses must be recognised in the statement of income. The standard also somewhat changes the definition of when an agreement is or contains a lease. The accounting requirements for lessors are largely unchanged, however a sublease shall be classified as financing or operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. IFRS 16 will apply from 1 January 2019, but early adoption is permitted if IFRS 15 is adopted on or before the same date. The standard has not yet been approved by the EU. The company rents office premises, and it can be expected that assets and liabilities will be recognised in this connection and that another profile for recognition and classification in the income statement will be used. If the company has subleases at the time of implementation, the classification of such subleases may change. Multiconsult is assessing the effects of IFRS 16 and cannot provide an estimate of the effects of the new lease standard until the group has performed a detailed review. See note 17.

- A number of limited scope amendments and interpretations have been issued. These amendments and interpretations have been assessed to have no material impact on the group.

Management expects to implement these standards, amendments and interpretations on the aforementioned effective dates, assuming that the standards and interpretations have then been adopted by the EU.

NOTE 3 FINANCIAL RISK MANAGEMENT

The group's exposure to financial risk is primarily related to credit risk, liquidity risk, currency risk and interest risk. The group's pension assets are also exposed to market risk and the present value of gross pension liabilities is affected by the discount rate. Refer to note 11 for further information.

Risk management in the group aims to support value creation in the group and to secure a continuing solid financial platform through visibility and strategic management of both financial and operational risk factors. Operational risk relates mainly to larger projects, which are continuously reviewed by the group management.

a) Credit risk
Credit risk is the risk that customers are not able to settle their payment obligations. Credit risk is considered to be a part of business risk and is reviewed as part of ongoing operations. A large part of the group's activities as of 31 December 2016 are within the parent company, with the sub-group LINK arkitektur as the second largest. The company and LINK arkitektur have established procedures for credit assessment of customers as well as suppliers. The risk that customers do not have the financial ability to settle their obligations is considered to be low. Historically, only minor losses on receivables have been realised due to customers experiencing financial difficulties. The group's clients are to a large extent public sector or well-established companies. The company has a central credit policy and, for example, external credit information is obtained for customers of a significant size applying for credit with the company.

The company has a few large contracts that, to a certain extent, leads to a concentration of risk within a small number large customers. The largest proportion of the group's customers are Norwegian, thus creating a geographical concentration of risk. The company has a large number of customers, however relatively few large customers. Out of the parent company's individual customers, the five largest individual customers comprised approximately one third of the parent company's operating revenues in 2016 and 2015, and 15 % of accounts receivables as of 31 December 2016 (one third in 2015). The fifteen largest customers comprised about half of operating revenues and 30 % of accounts receivables. About half of the parent company's operating revenues and accounts receivables arose from public sector customers and public sector entities in Norway and abroad for both years. The parent company's customers, in addition to the public sector, are mainly industrial companies (and other consulting engineers).

The group's maximum credit exposure comprises the carrying amount of receivables and cash and cash equivalents. All current receivables mature within one year. Normal payment terms are 30 days after invoicing. Non-current receivables comprise limited amounts and have no fixed maturity date. The company assesses that the risk for recognised accounts receivable and accrued revenues not being realised relates mainly to disputes regarding consideration and changes in estimates related to progress in projects. The company has made estimates regarding these issues, but the nature of estimates means that changes can occur in either a positive or a negative direction. The company performs individual assessments of accounts receivable over a certain size, with a particular focus on those which are more than 90 days overdue. Generally, the company invoices customers continuously for hours worked on the assignments. The assessment of whether revenue has been earned is, in some cases, also performed after the hours have been invoiced, with a reduction of revenues and accounts receivable. In some cases, the assessment has been that the invoiced revenue amounts have been earned, but where a dispute arises over consideration at a later point in time. The most significant portion of allowances for losses on receivables relates to these instances. To the degree that these losses have been realised in the form of a credit note, revenues have been reduced, instead of recognising the adjustment as a realised loss. Realised losses in the table below are therefore related to bankruptcies etc. at customers.

MATURITIES OF ACCOUNTS RECEIVABLE, ACCRUED REVENUES AND OTHER RECEIVABLES AS OF 31 DECEMBER 2016

		Maturities of receivables that have not been impaired					Impaired
Amounts in NOK thousand	Carrying amount	Not due	0-30 days	30-60 days	60-90 days	>90 days	
Accounts receivables	467 450	334 873	60 783	18 014	4 621	14 574	34 584
Work in progress	270 346	270 346	0	0	0	0	0
Other current receivables [1]	51 428	51 141	0	0	0	287	0
Other non-current receivables [2]	5 194	5 194	0	0	0	0	0
Allowance for losses on receivables	(12 392)	0	0	0	0	0	(12 392)
Total accounts and other receivables	**782 025**	**661 553**	**60 783**	**18 014**	**4 621**	**14 861**	**22 192**

[1] Other current receivables do not include prepayments, which are not considered financial assets.
[2] Other non-current receivables do not include net pension assets and reimbursement assets.

MATURITIES OF ACCOUNTS RECEIVABLE, ACCRUED REVENUES AND OTHER RECEIVABLES AS OF 31 DECEMBER 2015

		Maturities of receivables that have not been impaired					Impaired
Amounts in NOK thousand	Carrying amount	Not due	0-30 days	30-60 days	60-90 days	>90 days	
Accounts receivables	441 563	357 786	35 355	8 935	6 167	16 056	17 264
Work in progress	192 781	192 781	0	0	0	0	0
Other current receivables [1]	34 756	34 756	0	0	0	0	0
Other non-current receivables [2]	5 683	5 683	0	0	0	0	0
Allowance for losses on receivables	(14 115)	0	0	0	0	0	(14 115)
Total accounts and other receivables	**660 669**	**591 005**	**35 355**	**8 935**	**6 167**	**16 056**	**3 148**

[1] Other current receivables do not include prepayments, which are not considered financial assets.
[2] Other non-current receivables do not include net pension assets and reimbursement assets.

CHANGES IN ALLOWANCES FOR LOSSES ON RECEIVABLES DURING THE YEAR ETC

Amounts in NOK thousand	**2016**	**2015**
Opening balance allowance for losses on receivables	14 115	9 754
Increase due to businesss combinations	1 550	4 798
Change in allowances for losses on accounts receivable during the year	(3 273)	(437)
Closing balance allowance for losses on receivables	**12 392**	**14 115**
Realised losses in the event of bankruptcy etc.	999	712
Loss on receivables in the statement of income	(2 274)	275

b) Liquidity risk

Liquidity risk is the risk of being unable to settle financial obligations at maturity. Liquidity risk arises if there is no correspondence between the cash flows from the business and the financial obligations. Managing liquidity risk is performed through development of liquidity management strategies, which are operationalised through liquidity budgets and are continuously reviewed. Historically, the group has had a surplus liquidity and has continuously paid dividends to the owners. The group's cash flows from operating activities in 2016 and 2015 were positive. The operations in Multiconsult are exposed to normal fluctuations that affect the cash flows during the year. The majority of payments relate to employees and sub contractors.

As of 31 December 2016, the group had interest bearing cash and cash equivalents less interest bearing debt of NOK 117 million (2015: NOK 223 million).

INTEREST BEARING LIABILITIES 31 DECEMBER

	2016		**2015**		
Amounts in thousand	**NOK**	**Currency**	**NOK**	**Currency**	**Currency**
Multiconsult ASA	50 000	50 000	0	0	NOK
Multiconsult UK	5 837	550	9 804	750	GBP
Multiconsult Asia	897	150	0	0	SGD
Multiconsult Polska	457	222	0	0	PLN
Aarhus arkitekterne A/S	2 279	1 865	N/A	N/A	DKK
Total interest bearing liabilities	**59 470**	**N/A**	**9 804**	**N/A**	**N/A**
Cash and cash equivalents	175 990		232 954		
Net interest-bearing cash	**116 520**		**223 150**		

In addition, as of 31 December 2016, the company had an undrawn bank overdraft facility of NOK 220 million (2015: NOK 120 million). The bank overdraft facility is renewed annually. The company had a NOK 80 million three year revolving credit facility, of which NOK 50 million was drawn at 31 December 2016 (none at 31 December 2015). In March 2017, the revolving credit facility was increased to NOK 95 million. The revolving credit facility was established in July 2015.

As of 31 December 2016, the company had a guarantee facility of NOK 120 million, of which NOK 81.2 million was drawn (2015: NOK 60 million). The guarantee facility is renewed annually. Separate guarantees included in the limit may have a term of up to five years. In total, this secures the group adequate access to liquidity.

The facilities contain negative pledge and cross default clauses, and limitations in entering into new loan agreements without the consent of Nordea Bank Norge ASA. It includes a covenant requirement that net interest bearing liabilities (excluding restricted cash) of the group shall not exceed 1.5 times last twelve months EBITDA for the group.

The company's subsidiary in the United Kingdom (Multiconsult UK Ltd) has a loan from Nordea UK with a remaining amount of GBP 550 thousand (2015: GBP 750 thousand), with a term until May 2017 and with a guarantee from the company. Multiconsult UK also has an uncommitted bank overdraft of GBP 200 thousand and an uncommitted guarantee limit of GBP 1 million, with a guarantee from the company.

Aarhus arkitekterne A/S was acquired in December 2016. Its interest bearing liabilities are finance leases. It also had DKK 10 million undrawn bank overdraft facilities at 31 December 2016, with annual renewals and a right for the banks to cancel with short notice. It had purchased bank guarantees for the benefit of customers of NOK 4 million as of 31 December 2016.

LINK arkitektur AS and LINK arkitektur AB has a multi-currency cash pooling system for coordinating the LINK group's liquidity. Under agreement LINK arkitektur AS is the group account holder and has deposits or withdrawals from the external bank, while LINK arkitektur AB is a participant and has receivables and payables against LINK arkitektur AS. The cash pooling system includes a credit facility of NOK 17.5 million as of 31 December 2016, of which no amounts were drawn. The companies had purchased bank guarantees for of NOK 0.6 million at 31 December 2016.

Multiconsult Polska has some minor finance lease liabilities, and had purchased bank guarantees of NOK 17.3 million as of 31 December 2016.

Multiconsult Asia had a short-term negative balance on its bank accounts.

The maturities of non-current and current liabilities are disclosed below.

MATURITY INTEREST-BEARING LIABILITIES 31 DECEMBER 2016

		Maturity			
Amounts in NOK thousand	**Carrying amount**	1 year	2 years	> 2 years	Total payments
Interest bearing liabilities	59 470	3 476	54 366	1 628	59 470
Interest [1]	0	1 882	1 020	21	2 923
Total interest-bearing liabilities incl. Interest	**59 470**	**5 358**	**55 387**	**1 650**	**62 393**

[1] Calculated using the interest rate as of 31 December 2016

The group has forward currency contracts with negative fair value of NOK 286 thousand at 31 December 2016 (2015: negative NOK 646 thousand) with terms to 2019. All other current financial obligations have a maturity within one year.

There are no significant restrictions on the company's ability to access or use the group's assets or to settle the group's liabilities.

c) Currency risk

The company is, to a certain extent, influenced operationally by currency fluctuations, mainly relating to revenues from assignments abroad. The risk relates to the delivery of engineering services from Norway to other countries. Several ongoing foreign assignments have agreed rates in currencies other than NOK, mainly EUR and USD. When a significant currency risk arises, the risk is assessed separately, but so far the risks have only been mitigated to a certain degree through the use of forward contracts. The group had limited amounts of forward currency contracts as of 31 December 2016 and 2015. The Company has, to a limited degree, bank accounts, accounts receivable and accounts payable in foreign currency. The subsidiaries holds monetary items primarily in their functional currency. Changes in currency rates between NOK and foreign currencies may influence the company's statement of income and equity.

The group's operations are primarily run in and from Norway. For accounting purposes, the group is exposed to currency translation risk related to foreign subsidiaries and associated companies, primarily PLN, DKK, SEK and GBP. Equity in foreign entities are not currency hedged, and currency changes affect the group's equity through other comprehensive income. The different group companies also conduct services abroad, which give rise to currency risk in the separate engagements.

The effect on monetary items from a reasonably possible change in currency rates compared to the separate group entities' functional currency would be insignificant as of 31 December 2016 and 2015.

d) Interest rate risk

The group's operating revenues and cash flows from operating activities are to a limited degree directly affected by interest rate changes. The group's interest risk is related to variable interest on bank accounts and deposits in addition to variable interest on liabilities. The group holds no fixed interest deposits or liabilities, and is therefore not exposed to fair value interest risk. As of 31 December 2016 (2015), an increase/decrease in interest rates of one percentage point would result in an annual net interest income/expense of approximately NOK 1 million (NOK 2 million), calculated on the amount of net interest-bearing cash. As the group has not held any net interest-bearing liabilities, no policy for managing interest rate risk has yet been developed.

e) Categories of financial instruments

The group has the following categories of financial instruments:

AS OF 31 DECEMBER 2016

Amounts in NOK thousand	Available for sale	Loans and receivables	Total	Estimated fair value	Level in the fair value hierarchy
ASSETS					
Shares and equity interests	2 747	0	2 747	2 747	3
Other non-current receivables	0	5 194	5 194	5 194	N/A
Accounts receivables and other current receivables [1]	0	776 831	776 831	776 831	N/A
Cash and cash equivalents	0	175 990	175 990	175 990	N/A
Total assets	**2 747**	**958 015**	**960 762**	**960 762**	
Estimated fair value	**2 747**	**958 015**	**960 762**	**960 762**	

Amounts in NOK thousand	Fair value through profit or loss	Other financial liabilities at amortised cost	Total	Estimated fair value	Level in the fair value hierarchy
LIABILITIES					
Derivatives	286	0	286	286	2
Interest-bearing liabilities	0	59 471	59 471	59 471	2
Accounts payable and other current liabilities [2]	0	637 698	637 698	637 698	N/A
Total liabilities	**286**	**697 169**	**697 455**	**697 455**	
Estimated fair value	**286**	**697 169**	**697 455**	**697 455**	

[1] Prepayments are excluded since this analysis is only required for financial instruments. It also excludes net pension assets and reimbursement assets.
[2] Prepaid revenues and income taxes payable are excluded from accounts payable and other liabilities, since this analysis is only required for financial instruments. It also excludes provisions and net pension liabilities.

AS OF 31 DECEMBER 2015

Amounts in NOK thousand	Available for sale	Loans and receivables	Total	Estimated fair value	Level in the fair value hierarchy
ASSETS					
Shares and equity interests	538	0	538	538	3
Other non-current receivables	0	5 683	5 683	5 683	N/A
Accounts receivables and other current receivables [1])	0	654 986	654 986	654 986	N/A
Cash and cash equivalents	0	232 954	232 954	232 954	N/A
Total assets	**538**	**893 623**	**894 161**	**894 161**	
Estimated fair value	**538**	**893 623**	**894 161**	**894 161**	

Amounts in NOK thousand	Fair value through profit or loss	Other financial liabilities at amortised cost	Total	Estimated fair value	Level in the fair value hierarchy
LIABILITIES					
Derivatives	646	0	646	646	2
Interest-bearing liabilities	0	9 804	9 804	9 804	2
Accounts payable and other current liabilities [2]		562 547	562 547	562 547	N/A
Total liabilities	**646**	**572 351**	**572 997**	**572 997**	
Estimated fair value	**646**	**572 351**	**572 997**	**572 997**	

[1] Prepayments are excluded since this analysis is only required for financial instruments
[2] Prepaid revenues and income taxes payable are excluded from accounts payable and other liabilities, since this analysis is only required for financial instruments

Fair value estimates and the fair value hierarchy
The group measures fair value based on the following hierarchy that reflects the input used in measuring fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable marked data (unobservable inputs).
The net carrying amounts of accounts receivables, other receivables, cash and cash equivalents, interest-bearing liabilities and accounts payable are deemed to approximate fair value. Shares and equity interests that are not listed, have a low value and it is assumed that the carrying amounts approximate fair value. Fair value of derivatives (forward contracts) are calculated based on the present value of future cash flows, calculated using interest rate curves, currency exchange rates and currency spreads as of the reporting date.

f) Capital management
The group has until now followed up its capital structure by securing adequate free liquidity in the form of cash, bank placements and bank overdraft, to be able to continuously service its obligations without significant loan financing, have adequate equity and to have available liquidity to be able to, amongst others, make strategic acquisitions.

Prior to the listing at the Oslo Børs in May 2015, the company paid extraordinary dividends to reduce its excess cash. The company has a dividend policy of paying at least 50% of the group's profit after tax as annual dividends.

NET INTEREST-BEARING CASH AND EQUITY AS OF 31 DECEMBER

Amounts in NOK thousand except percentages	2016	2015
Cash and cash equivalents	175 990	232 954
Less interest-bearing liabilities	(59 470)	(9 804)
Net interest-bearing cash	**116 520**	**223 150**
Equity	**507 520**	**350 181**
Equity ratio group	**37 %**	**27 %**
Equity ratio parent company	**35 %**	**24 %**

NOTE 4 BUSINESS COMBINATIONS

Business combination in 2016

Values at the acquisition date in NOK thousand [1]	Akvator AS	aarhus arkitekterne A/S
Current receivables and accrued revenues	8 013	48 799
Deferred tax assets	858	0
Equity investments	0	2 176
Property, plant and equipment	1 848	5 330
Other assets	8	3 856
Cash and cash equivalents	4 120	15 585
Total identifiable assets	**14 847**	**75 746**
Deferred tax	0	11 032
Non-current interest bearing liabilities	2 550	2 279
Other current liabilities	9 030	44 511
Total identifiable liabilities	**11 580**	**57 822**
Net identifiable assets	3 267	17 923
Goodwill	21 108	41 667
Total consideration for the shares, paid in cash	**24 375**	**59 590**
Net cash paid	**20 255**	**44 005**

[1] Pending final information, the purchase price allocations are preliminary.

On 1 June 2016 Multiconsult ASA acquired 100% of the shares in Akvator AS. The shares were acquired for NOK 24.4 million. Incremental external transaction related costs estimated to NOK 1 million have been expensed as part of other operating expenses. Akvator AS is included in the segment Regions Norway.

Akvator AS is a multidisciplinary consulting engineering company with a strong presence in Sunnhordaland. The company has a very strong position on aquaculture in Norway. The acquisition strengthens Multiconsult's position in the region. With over 50 employees at Stord and 400 employees in total in western Norway, Multiconsult becomes the largest consulting environment between Bergen and Stavanger.

Akvator AS had net operating revenues of NOK 34 million in 2015 with a profit after tax of NOK 1 million. Akvator AS has been consolidated from 1 June 2016. The employees of Akvator AS has generated net operating revenues of NOK 19.7 million since the acquisition. Because of the merger of Akvator AS with the parent company as of 1 October 2016, the company has not data for profit or loss of Akvator AS since the acquisition in 2016. If the company had been owned 100% from 1 January 2016 it would have had an additional positive impact on net operating revenue of NOK 15.6 million and EBIT of negative NOK 1.4 million for the Multiconsult group.

Recognised goodwill of NOK 21.1 million is related to the competence of the staff. Goodwill is not tax deductible. The purchase price allocation related to the transaction is preliminary.

On 12 December 2016, Multiconsult's subsidiary LINK arkitektur AS acquired 100% of the shares in aarhus arkitekterne A/S. The total purchase price is NOK 59.6 million (DKK 49.2 million). The acquisition was settled in cash and financed through Multiconsult's existing credit facilities. Incremental external transaction related costs estimated to NOK 1.8 million have been expensed as part of other operating expenses. Aarhus arkitekterne A/S is included in the LINK segment.

Originating back in 1909, aarhus arkitekterne is a well-managed Danish architect company with approximately 90 employees working from offices in Aarhus and Copenhagen. Aarhus arkitekterne is a market leader within health buildings in Denmark and has a strong track-record within large-scale projects. Aarhus arkitekterne is currently engaged in architecture, design, planning and consulting in all stages, from concept development to construction management and technical oversight.

The background for the acquisition is to further strengthen LINK arkitektur's architectural competence as well as empower the Multiconsult group with expertise within health buildings, urban design and execution of large and complex projects.

Aarhus arkitekterne has been consolidated from 31 December 2016. If the company had been owned 100% from 1 January 2016 it would have had an additional positive impact on net operating revenue of NOK 82.3 million (DKK 66 million) and EBIT of NOK 6.5 million (DKK 5.2 million) for the Multiconsult group.

Recognised goodwill of NOK 41.7 million is related to the competence of the staff. Goodwill is not tax deductible. The purchase price allocation related to the transaction is preliminary.

On 15 September 2015 Multiconsult ASA acquired the remaining 68% of the shares in LINK arkitektur AS with subsidiaries (LINK). The shares were acquired for NOK 108.8 million, paid in cash, which corresponds to a value of NOK 160 million for 100% of the shares. LINK is one of the leading architect offices in Scandinavia, with a pan-Nordic presence in major cities and regions in Norway, Sweden and Denmark. The company has a strong track record on returns, driven by steady growth on the basis of a solid financial position. LINK represents an excellent strategic fit for Multiconsult, offering the potential for significant value creation through operational synergies as well as further strengthened value proposition to customers. Stronger ties and enhanced cooperation will enable Multiconsult and LINK to jointly meet the growing demand from both the public and private sector for integrated engineering and architect consultancy services. At the end of 2015, LINK had 332 employees. For practical purposes, LINK is consolidated from 1 September 2015.

Recognised goodwill relates to the competence of the employees, expected synergies and future profits. Goodwill is not deductible for income tax purposes. Transaction costs related to the acquisition of NOK 628 thousand have been expensed as part of other operating expenses.

BUSINESS COMBINATIONS IN 2015

Values at the acquisition date in NOK thousand	**LINK Arkitektur group**
Current receivables and accrued revenues	106 834
Deferred tax assets	3 462
Property, plant and equipment	6 303
Other assets	1 181
Cash and cash equivalents	13 315
Total identifiable assets	**131 094**
Non-current liabilities	219
Current liabilities	74 606
Total identifiable liabilities	**74 825**
Net identifiable assets	56 269
Goodwill	103 731
Total consideration for 100% of the shares	**160 000**
Fair value of the previously held 32% ownership interest [1]	51 200
Consideration paid in cash	**108 800**
Net cash paid	**95 485**

[1] The previously held 32% ownership interest has been valued at fair value. The increase in value of the previously held interest was recognised as a gain in the consolidated statement of income in the line item "Share of profit from associated companies and joint ventures" with NOK 15.7 million in 2015.

LINK reported consolidated operating revenues of NOK 367.7 million for the full year 2015 (2014: NOK 361.2 million) with a profit after tax of NOK 9.0 million (NOK 14.7 million). In 2015, LINK contributed from the acquisition date NOK 127,165 thousand to the Group's operating revenues and NOK 2,366 thousand to profit before income taxes. Had LINK been consolidated from 1 January 2015, the Group's operating revenues would have been approximately NOK 2.778.532 thousand and profit before income taxes would have been approximately NOK 208,191 thousand, excluding any effects from financing of the cash payment.

Business combination in 2017

On 7 March 2017, Multiconsult ASA acquired all the shares of Iterio AB for NOK 47 million (SEK 50 million). The acquisition was settled in cash and financed through Multiconsult's existing credit facilities. Incremental external transaction related costs are estimated to NOK 0.5 million, and will be expensed as part of other operating expenses in 2017.

The acquisition is a first step towards Multiconsult's strategic objective of developing a multidisciplinary business in Sweden.

Iterio AB are engineering consultants with focus on planning and construction. They are mainly involved with project and design management as well as data coordination. Their core expertise is within geotechnics, environment and traffic and they have a solid customer base. The company was established in 2011 and employs more than 70 engineers across offices in Stockholm, Gothenburg and Malmø. Iterio AB is a valuable addition and will be a good fit with LINK arkitektur's and Multiconsult group's existing presence and commitment in Sweden and Scandinavia.

Due to time constraints, no purchase price allocation has been performed to date.

NOTE 5 SEGMENTS

The group's business is divided into four segments:

1. Greater Oslo Area represented by the office in Oslo, the regions Østfold (Fredrikstad og Moss) and Buskerud/Vestfold/Telemark (Drammen, Skien og Tønsberg),

2. Regions Norway comprising the regions South (Kristiansand and Grimstad), South West (Stavanger and Egersund), West (Bergen), Middle (Trondheim and Steinkjer) and North (Tromsø, Finnmark and Svalbard).

3. International comprising the companies Multiconsult Polska (Poland), Multiconsult UK (England), Multiconsult Asia (Singapore) and Multiconsult Russia.

4. LINK arkitektur comprising the companies LINK arkitektur AS, LINK arkitektur AB, LINK arkitektur aps and aarhus arkitekterne A/S. Aarhus arkitekterne A/S has been consolidated from 31 December 2016 and not included in the income statement in 2016.

Segment Greater Oslo Area, Regions Norway and International are organised into geographical divisions and correspond with the internal reporting to the group's chief operating decision maker, the CEO. Assignments are staffed across segments. Revenues and expenses are reported in a segment based on where the employee is based.

The group also reports revenues divided by market areas:

1. Buildings & Properties
2. Renewable energy
3. Industry
4. Environment & Natural resources
5. Oil & Gas
6. Transportation & Infrastructure
7. LINK arkitektur (architecture).

Greater Oslo Area and Regions Norway offer services within the whole service spectrum without architecture.

International: Multiconsult UK primarily offer services within Energy, whilst the company in Poland primarily offers services within the market areas Transportation, Oil & Gas and Environment & Natural resources. Multiconsult Asia and Multiconsult Russia primarily offers services within Oil & Gas.

Unallocated consists mainly of some unallocated group expenses and the subsidiary Analyse & Strategi AS, in addition to NOK 107,317 thousand gain on settlement of defined pension plan in 2016 and IPO expenses of NOK 50,662 thousand in 2015.

Expenses for administrative services, rent, depreciation etc. are allocated to the segments. The allocation of expenses is not reported as intercompany revenue and expenses. Assets are not reported internally divided by segments. The information is the same as group management uses to allocate resources and evaluate performance. The accounting policies for the segments are the same as the policies for the group.

Amount in NOK thousand

Special items	2016	2015	Segment
Curtailment defined benefit pension plan	(107 317)		Unallocated
IPO expenses		50 662	Unallocated
Total special items	**(107 317)**	**50 662**	

Amounts in NOK thousand

YEAR 2016	Greater Oslo Area	Regions Norway	International	LINK arkitektur	Not allocated [1]	Eliminations	Total
External revenues	1 466 774	1 026 004	104 642	369 580	1 070		2 968 069
Internal revenues	12 598		35 112	17 409	5 500	(70 619)	
Total operating revenues	1 479 372	1 026 004	139 754	386 989	6 570	(70 619)	2 968 069
Net operating revenues	1 197 326	960 560	97 036	346 126	3 573		2 604 621
Operating expenses	1 057 524	900 600	84 208	332 015	(102 516)		2 271 832
EBITDA	139 801	59 960	12 828	14 111	106 089		332 788
Depreciation, amortisation, impairment	14 675	22 668	1 696	4 166			43 205
EBIT	125 125	37 292	11 132	9 945	106 089		289 584
Associates and joint ventures	513		3 539				4 053
Receivables [2]	324 411	221 657	53 014	152 188	3 312	(18 241)	736 341
# employees	879	793	130	420	122		2 344

[1] Gain on curtailment of defined benefit pension plan of NOK 107.3 million is included as reduction to operating expenses, not allocated.
[2] Receivables includes accounts receivables (before provision for loss) and accrued revenues.

YEAR 2015	Greater Oslo Area	Regions Norway	International	LINK arkitektur [3]	Not allocated [1]	Eliminations	Total
External revenues	1 366 755	973 803	68 632	127 165	18 345		2 554 701
Internal revenues	7 192	84	24 191	6 759	5 396	(43 622)	0
Total operating revenues	1 373 947	973 887	92 823	133 924	23 741	(43 622)	2 554 701
Net operating revenues	1 132 735	909 456	66 994	117 490	20 993		2 247 668
Operating expenses	943 985	831 710	70 291	114 975	74 005		2 034 966
EBITDA	188 751	77 746	(3 297)	2 515	(53 012)		212 702
Depreciation, amortisation, impairment	12 789	22 319	1 677	830	0		37 616
EBIT	175 962	55 427	(4 975)	1 685	(53 012)		175 086
Associates and joint ventures	(63)		2 764	2 561	15 683		20 945
Receivables [2]	294 568	207 572	36 976	99 990	3 428	(8 190)	634 344
# employees	833	756	108	330	120		2 147

[1] IPO expenses of NOK 50.7 million recorded as not allocated operating expenses.
[2] Receivables includes accounts receivables (before provision for loss) and accrued revenues.
[3] Multiconsult ASA acquired LINK arkitektur AS on15 September 2015 and consolidated from 1 September 2015.

Amounts in NOK thousand	**2016**	**2015**
REVENUES PER MARKET AREA		
Buildings & Properties	887 121	789 564
Renewable energy	443 329	427 938
Industry	226 388	145 660
Environment & Natural resources	76 504	84 117
Oil & Gas	126 073	184 279
Transportation & Infrastructure	839 072	795 978
LINK arkitektur [1]	369 580	127 165
Total	**2 968 069**	2 554 701

[1] Multiconsult ASA acquired LINK arkitektur AS on15 September 2015 and consolidated from 1 September 2015.

Amounts in NOK thousand	**2016**	**2015**
REVENUES PER GEOGRAPHY The table below shows revenues distributed by geography, based on the customer's location:		
Norway	2 489 482	2 228 280
Abroad	478 588	326 421
Total	**2 968 069**	2 554 701

Customer location is based on the invoice address.
Non-current assets (excluding goodwill) are mainly located in Norway.

Percentage	**2016**	**2015**
CUSTOMERS CONTRIBUTING MORE THAN 10 PERCENT OF GROSS REVENUES		
Public sector customer 1	10.7 %	13.1 %
Public sector customer 2	10.0 %	8.3 %

These revenues are distributed between the segments Greater Oslo Area, Region Norway and LINK arkitektur.

NOTE 6 RESEARCH AND DEVELOPMENT

The company performs a number of research and development activities. Based on the definition in IFRS, the company has divided the activities into the following categories:

1. Projects with external funding
2. Projects with collaborating partners (i.e. SINTEF), Skattefunn, PhD arrangements
3. Activities related to methodology development, process etc. that the company uses to deliver to customers (product and process development), including these activities in group networks

Total expenditures for these activities were NOK 17.6 million in 2016 (NOK 16.9 million in 2015), of which NOK 0.8 million was invoiced to customers in 2016 (NOK 1.2 million in 2015). In the income statement, these expenditures have been reduced by government grants (Skattefunn) of NOK 1.7 million 2016 and NOK 1.3 million in 2015. No development expenditures have been capitalised.

NOTE 7 OTHER OPERATING EXPENSES

Amounts in NOK thousand	**2016**	**2015**
Rental expenses (operating lease)	139 005	115 078
Other real estate expenses	27 078	20 107
Consultants	45 778	32 423
IPO expenses related to listing on Oslo Stock Exchange	0	50 662
Technical equipment	48 249	37 751
Office expenses, IT	66 797	42 760
Telecommunications services	19 122	16 222
Travel and per diem allowance	31 636	25 644
Marketing	17 071	12 186
Losses on receivables	(2 274)	275
Other	36 764	32 619
Total other operating expenses	**430 227**	**385 726**

AUDITOR
Fees paid to Deloitte AS and affiliated companies

	2016		**2015**	
Amounts in NOK thousand	**Deloitte**	**Other**	**Deloitte**	**Other**
Statutory audit services	2 342	498	2 717	192
Tax advisory services	407	0	696	0
Other assurance services	83	0	219	0
Other non-audit services	359	58	312	494

The amounts above are excluding VAT. Other non-audit services includes assistance related to financial due diligence and tax advisory services includes advice related to employees located abroad.

NOTE 8 EMPLOYEE BENEFIT EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES ETC.

Amounts in NOK thousand	2016	2015
EMPLOYEE BENEFIT EXPENSES		
Salaries	1 511 490	1 274 523
Social security tax	221 554	187 726
Pension expenses (see note 11)	4 733	100 307
Other employee benefit expenses	103 830	86 683
Total employee benefit expenses	**1 841 605**	**1 649 240**
Number of full time employees during the year [1]	2 144	1 814
Number of employees as of 31 December [2]	2 344	2 147

[1] Number of full time employees is calculated as the total number of working hours (including overtime and paid sick leave) divided on normal working hours per full time employee for the period.
[2] The number of employees as of 31 December 2015 has been increased by 37 compared to reported in the annual financial statements for 2015 as a consequence of change in definition.

Number of full time employees during the year includes employees of Akvator from 1 June 2016 and LINK arkitektur from 1 September 2015. Aarhus arkitekterne A/S was acquired in December 2016, and its employees are included only in the number of employees as of 31 December 2016.

SHARE PURCHASE PROGRAMME AND LOANS TO EMPLOYEES

In 2015 Multiconsult ASA introduced an employee share purchase programme (SPP) for employees of the group. Through the SPP the employees are offered to buy shares in Multiconsult ASA at a discount of 20%. Shares purchased through the programme will be subject to a two year lock-in period. In 2016, the programme took place from mid to end November. 34% (40% for the parent company) of the employees who passed the criteria to participate in the programme, subscribed for shares. In total the employees bought 481,090 shares (458,200 shares for the parent company). The total sales price was NOK 40,330 thousand (NOK 38,411 thousand for the parent company). NOK 19,211 thousand was paid in cash and the remaining NOK 21,119 thousand as loans granted to the employees, maximum 3/5 G, NOK 55,545 per employee. The outstanding balance of loans per 31 December 2016 was NOK 19,359 thousand (NOK 18,371 thousand for the parent company). The loans are interest free and will be repaid over 12 months as deduction in salary.

The discount is partially recognised as an expense for the group, and partially recognised to equity, see accounting policies for further description:

Amounts in NOK thousand	2016	2015
Employee benefit expenses	2 012	1 296
Recognised directly to equity (before tax) [1]	8 072	4 054
Total discount	**10 084**	**5 350**

[1] The amount recognised directly to equity as a discount may deviate from the amount recognised in the statement of equity before tax, if the payments to acquire own shares deviates from the market price for the shares used as basis for calculating the discount.

There is no unamortised expense remaining related to the shares sold.

REMUNERATION FOR KEY MANAGEMENT PERSONNEL

1.1. General guidelines
Remuneration to the group management shall reflect the responsibilities of the CEO and other members of the group management in Multiconsult, considering the complexity of the company, growth and sustainability. The company's remuneration strategy is to offer competitive remuneration, but not to be in the forefront.

As a basis for determination of the remuneration of the group management, a benchmark was conducted in 2015. A new benchmark will take place in 2017 to evaluate the value of the respective manager's responsibilities and complexity of their job content. As the group's main business is conducted in Norway, the reference will be to the Norwegian market.

Total remuneration to the CEO and other members of the group management is compounded of a base salary, fringe benefits, performance bonus, share purchase program for employees, pension and insurance arrangements.

The bonus programme for 2016 had a pay- out potential equal to four months base salary to the CEO, and two months for the other members of the group management based on targets for financial margins and relevant KPIs.

1.2. Pension and insurance arrangements
Through 2016, Multiconsult ASA had a defined benefit plan and a defined contribution plan. The defined benefit plan was closed to new members in 2006, and was terminated per 31 December 2016. The members of the defined benefit plan where partly compensated for the future estimated difference in benefit between the defined plan and the contribution plan as an addition to monthly salary. The group management members Grethe Bergly, Lars Opsahl and Ola Dalen were compensated in line with the others members of the defined benefit plan.

The board of directors decided to change the pension plan for the CEO for salary above 12G, from an additional cash paid benefit, to be included in the fixed salary from 1 January 2016.

The group management is included in the insurance program as other employees in Multiconsult ASA, except for the CEO of LINK arkitektur who is included in LINK arkitektur's insurance program.

1.3 Guidelines for share based remuneration
The board of directors has decided to implement a share based bonus arrangement for the group management, effective for bonus earned in 2016. 75% of the bonus, will be paid in cash and 25% by shares at a 30 % discount and a three-year lock-in period. The total amount of bonus earned in 2016 for the group management is NOK 997 thousand (excluding any value of the discount and holiday pay). The group management also has an option to buy additional shares at a 30% discount for an amount equal to 25% of the bonus attained. These shares can be financed by cash or by loan from Multiconsult ASA.
In addition members of group management participate in the company's general share purchase program for employees, in which they are offered to purchase shares at a discount of 20% with a two-year lock-in period.

2. Remuneration policy during the accounting year
The remuneration policy during 2016 has been based on the principles described in section 1. above.

3. Remuneration to the group management
Total remuneration to the group management is shown in tables below.

The CEO has an agreement which, in the event that he has to resign, gives him the right (unless he has shown gross negligence of his duties according to laws), to receive salary until he enters a new position, maximum 12 months. There are no other agreements for special compensation in the event of resignation, termination or change in the employment or position for other leading employees or board members.

REMUNERATION TO THE GROUP MANAGEMENT 2016

Per 31 December 2016

Amounts in NOK thousand	**Base salary [1]**	**Salary paid [2]**	**Other benefit paid [2]**	**Bonus earned [4]**	**Bonus paid [5]**	**Pension [6]**	**Shares [7]**	**Loans [8]**
CEO Christian Nørgaard Madsen [3]	3 150 000	3 213 764	142 933	372 750	778 050	77 724	48 158	50 916
Other members of the group management								
Grethe Bergly	1 639 000	1 591 878	130 604	96 974	112 736	274 365	22 659	50 916
Torbjørn Blom-Hagen [10]	1 624 000	1 509 252	150 517	81 200	266 000	75 180	0	0
Ola Dalen	1 417 000	1 364 223	108 360	83 839	95 885	281 017	50 000	0
Anne Harris	1 720 000	1 712 833	39 461	101 767	112 471	77 652	8 759	50 916
Øyvind Holtedahl	1 576 000	1 580 668	153 351	55 948	93 951	76 520	6 572	50 916
Lars Opsahl	1 509 000	1 492 068	144 215	89 283	97 274	247 845	56 720	50 916
Elisabeth M. Stene	1 464 000	1 456 425	76 212	86 620	98 867	80 260	8 492	39 002
Leif Øie [9]	1 750 000	527 772	13 755	28 875	0	40 733	1 104	55 545
Total	**15 849 000**	**14 448 882**	**959 408**	**997 256**	**1 655 234**	**1 231 296**	**202 464**	**349 127**

[1] Annual base salary per 31 December, or per the date of leaving the group management.
[2] Salary is amount paid during the year presented, including holiday pay. Other benefit include all other cash and non-cash benefit received during the year and includes taxable parts of; insurance premiums; discount on shares purchased; company car; car allowance; per diem allowance; compensation for work abroad; and telecommunication.
[3] The pension compensation to the CEO for salary above 12 G is from 1 January 2016 included in base salary.
[4] Bonus earned is an amount earned in the year presented (excluding holiday pay), and normally paid the subsequent year.
[5] Bonus paid is an amount earned (excluding holiday pay) in the year prior to the year presented.
[6] Pension: Grethe Bergly, Ola Dalen and Lars Opsahl were members of the defined benefit plan. The other members of the group management are included in the defined contribution plan.
[7] Shares owned by the members of the group management with related parties.
[8] Short term loans for purchase of shares through to the company's share purchase programme, on the same terms as other employees of the company.
[9] Employed in LINK arkitektur AS since 1 January 2016. Deduction for holiday pay for 5 weeks in 2016. Member of Group Management from 1 September 2016. Mr. Øie was part of LINK arkitektur's pension plan until 31 December 2016. From the 1 January 2017 he will take part in the Multiconsult ASA plan in line with the other members of the group management team.
[10] Mr. Torbjørn Blom-Hagen resigned from Multiconsult 31 December 2016. In accordance with the severance pay agreement between Mr.Blom-Hagen and Multiconsult, Mr Blom-Hagen is entitled to retain base salary and company car until 30 June 2017 and base salary thereafter until 31 December 2017. The amount is not included in the table above.

REMUNERATION TO THE GROUP MANAGEMENT 2015

Per 31 December 2015

Amounts in NOK thousand	**Base salary [1]**	**Salary paid [2]**	**Other benefit paid [2]**	**Compen-sation pension paid [3]**	**Bonus earned [4]**	**Bonus paid [5]**	**Pensi-on [6]**	**Shares [7]**	**Loans [8]**
CEO Christian Nørgaard Madsen	2 667 600	2 774 996	125 240	269 028	778 050	514 759	76 134	46 554	16 128
Other members of the group management									
Grethe Bergly	1 560 000	1 541 665	53 399	0	112 736	114 427	267 910	22 659	36 311
Torbjørn Blom-Hagen [9]	1 600 000	400 000	16 411	0	266 000	0	18 429	0	0
Ola Dalen	1 382 022	1 439 808	50 756	0	95 885	110 452	155 210	50 000	0
Anne Harris [10]	1 621 080	1 528 406	11 687	0	112 471	147 031	75 799	8 759	36 311
Øyvind Holtedahl	1 539 000	1 587 060	101 037	0	93 951	114 427	74 966	6 572	21 789
Lars Opsahl	1 430 000	1 406 288	84 731	0	97 274	114 594	224 168	56 720	36 311
Elisabeth M. Stene	1 425 000	1 438 590	27 414	0	98 867	112 177	78 549	8 492	0
Total	**13 224 702**	**12 116 813**	**470 674**	**269 028**	**1 655 234**	**1 227 867**	**971 165**	**199 756**	**146 849**

[1] Annual base salary per 31 December, or per the date of leaving the group management.
[2] Salary is amount paid during the year presented, including holiday pay. Other benefit include all other cash and non-cash benefit received during the year and includes taxable parts of; insurance premiums; discount on shares purchased; company car; car allowance; per diem allowance; compensation for work abroad; and telecommunication.
[3] Compensation pension paid; the pension arrangement for the CEO for salary above 12 G is an additional benefit paid in cash.
[4] Bonus earned is an amount earned in the year presented, and normally paid the subsequent year. Holiday pay is paid in the year after the year presented.
[5] Bonus paid is an amount earned (excluding holiday pay) in the year prior to the year presented. For 2014, the CEO renounced the four months' bonus potential and agreed with the board of directors a maximum two months' bonus potential. For Christian N Madsen and Anne Harris it includes extraordinary bonus for successful IPO; NOK 150,000 and NOK 100,000, respectively.
[6] Pension: Grethe Bergly, Ola Dalen and Lars Opsahl are members of the defined benefit plan. The other members of the group management are included in the defined contribution plan.
[7] Shares owned by the members of the group management with related parties.
[8] Short term loans for purchase of shares through to the company's share purchase programme, on the same terms as other employees of the company.
[9] T. Blom-Hagen, employeed and a member of the group management from 1 October 2015.
[10] A. Harris, employeed and a member of the group Management from 1 September 2014. Holiday pay is calculated for 4 weeks in 2014, but deduction for vacation spent is for 5 weeks in 2015.

4. Remuneration to the board of directors
Remuneration to the board of directors consist of payment of board fees in relation to meetings in which they physically participate.
The board of directors has no share option arrangements or share based payments. Only employee board members have loans from the company, and are a part of the company's share purchase program for employees.
The board fee is determined by the members' positions. The Board fees are paid in retrospect, for members elected by shareholders twice a year, and for employee elected board members once a year. For the period from the Annual General Meeting in 2016 to the Annual General Meeting in 2017, the board fee is determined by the Annual General Meeting in 2017.

Total board fees and remuneration paid for the separate board members are shown in the tables below.

REMUNERATION PAID TO THE BOARD OF DIRECTORS IN 2016 [1]

		Per 31 December 2016		
Amounts in NOK	**Function**	**Payment [2]**	**Loans [3]**	**Shares [4]**
Steinar Mejlænder-Larsen [5]	Chair, elected by shareholders	474 000	0	8 004
Nigel Wilson [6]	Deputy chair, elected by shareholders	380 000	0	6 410
Arne Fosen	Elected by shareholders	207 000	0	3 205
Line Karin Haugen [7]	Elected by shareholders	240 333	0	3 846
Freddy Holstad [9]	Elected by employees	68 000	0	24 872
Elisabeth Lokshall [9]	Elected by employees	68 000	0	100
Kari Medby Loland [9]	Elected by employees	68 000	0	134
Vibeke Strømme [8]	Elected by shareholders	227 000	0	2 564
Ivar Eng [9]	Deputy member	20 000	50 916	1 594
Nils Erik Forsen [9]	Deputy member	25 000	50 916	54 760
Tove Helene Malvik	Deputy member	20 000	0	0
Johan H. Bertnes	Deputy member	25 000	0	50 000
Eli Grøttheim [9]	Deputy member	35 000	0	40 000
Sum		**1 857 333**	**101 832**	**195 489**

[1] Members of the board after the Annual General Meeting in 2016.
[2] Total board fees paid in 2016 was NOK 1,857 333, including fees to board members that retired from the board in 2016.
[3] Short term loans for purchase of shares through to the company's share purchase program, on the same terms as other employees of the company.
[4] Shares owned by the members of the board, including shares owned by the related parties.
[5] Includes NOK 26 667 as member of the compensation committee and NOK 33 333 as member of the audit committee
[6] Includes NOK 133 000 from 2015 paid in 2016 and NOK 40 000 as member of the audit committee.
[7] Includes NOK 33 333 as member of the audit committee.
[8] Includes NOK 20 000 as member of the compensation committee.
[9] For employee elected board members, only fees for being a member of the board and any board committees are included. Remuneration as an employee of the company is consequently not included.

REMUNERATION PAID TO THE BOARD OF DIRECTORS IN 2015 [1]

		Per 31 December 2015		
Amounts in NOK	**Function**	**Payment [2]**	**Loans**	**Shares [3]**
Steinar Mejlænder-Larsen [4]	Chair, elected by shareholders	700 000	0	6 410
Nigel Wilson [2]	Deputy chair, elected by shareholders	133 000	0	6 410
Arne Fosen	Elected by shareholders	133 000	0	3 205
Line Karin Haugen	Elected by shareholders	133 000	0	3 846
Freddy Holstad	Elected by employees [6]	40 000	21 789	24 872
Elisabeth Lokshall [5]	Elected by employees [6]	0	0	100
Kari Medby Loland	Elected by employees [6]	40 000	0	134
Vibeke Strømme	Elected by shareholders	133 000	0	2 564
Total		**1 312 000**	**21 789**	**47 541**

[1] Members of the board after the Annual General Meeting in 2015.
[2] Total board fees paid in 2015 was NOK 1,440,000, including fees to board members that retired from the board in 2015
Due to administrative reasons, the board fee to Nigel Wilson was paid in April 2016 instead of December 2015.
[3] Shares owned by the members of the board, including shares owned by the related parties.
[4] Ordinary board fee is NOK 400,000. In addition it was paid NOK 300,000 as compensation for the work related to owners processes up to the IPO.
[5] Elisabeth Lokshall was elected as board member by the Annual General Meeting in 2015. The first payment of fees will be made in May 2016.
[6] For employee elected board members, only fees for being a member of the board and any board committees are included. Remuneration as an employee of the company is consequently not included.

NOTE 9 FINANCIAL ITEMS

Amounts in NOK thousand	2016	2015
FINANCIAL INCOME		
Other interest income	2 357	6 933
Other financial income	1 724	1 949
Financial income	**4 082**	**8 882**
FINANCIAL EXPENSES		
Other interest expenses	1 485	513
Interest on net pension obligations (see note 11)	4 398	4 857
Other financial expenses	4 103	1 679
Financial expenses	**9 986**	**7 049**
Net financial items	**(5 905)**	**1 832**

NOTE 10 TAXES

INCOME TAXES

The income tax expense for the year was as follows:

Amounts in NOK thousand	2016	2015
Income taxes payable	39 292	55 753
Net withholding tax after tax credit	3 248	1 220
Regulation of previous years' taxes	(489)	(1 133)
Change in deferred taxes	31 354	(6 193)
Effect of change in tax rate	558	(1 892)
Income tax expense	**73 964**	**47 755**

RECONCILIATION FROM NOMINAL TO ACTUAL TAX RATE

Amounts in NOK thousand (except percentages)	2015	2016
Profit before income taxes	**287 732**	**197 864**
Expected income tax based on nominal tax rate in Norway (25% in 2016, 27% in 2015)	71 933	53 423
Tax effect of the following items:		
Non-deductible expenses	1 209	1 435
Non-taxable income	(545)	(367)
Share of profit from associated companies	(801)	(5 655)
Not recognised/reversal of previously not recognised deferred tax assets	(363)	597
Effect of change in tax rate	558	(1 892)
Excess tax provided for in prior years	(489)	(1 133)
Net withholding tax after tax credit	3 248	1 220
Other items (including effect of deviation foreign vs. Norwegian tax rate)	(785)	125
Income tax expense	**73 964**	**47 754**
Effective tax rate	25.7 %	24.1 %

DEFERRED TAX IN THE BALANCE SHEET

Amounts in NOK thousand	2016	2015
Deferred tax asset	25 104	66 722
Deferred tax	11 075	0
Net deferred tax asset in the balance sheet	**14 029**	**66 722**

SPECIFICATION OF THE TAX EFFECT OF TEMPORARY DIFFERENCES

Amounts in NOK thousand	2015	2016
Non-current assets	5 428	5 888
Current assets	1 519	6
Liabilities and provisions	(1 241)	17 492
Pension obligations	1 406	40 485
Taxable losses carried forward	8 942	5 515
Deferred tax assets not recognised in the balance sheet	(2 025)	(2 665)
Net deferred tax asset in the balance sheet	**14 029**	**66 722**

Deferred tax assets are recognised based on expected future taxable profits.
Deferred tax assets in Multiconsult UK and LINK arkitektur Aps have not been recognised.

RECONCILIATION OF DEFERRED TAX ASSETS IN THE BALANCE SHEET

Amount in NOK thousand	2016	2015
Deferred tax assets 1 January	66 722	82 109
Changes in deferred taxes recognised in the statement of income	(31 354)	6 193
Deferred taxes arising from acquisitions	(10 072)	3 462
Effects of changes in tax rate in the statement of income	(558)	1 892
Deferred taxes included in other comprehensive income [1]	(9 471)	(29 695)
Reclassification [2]	0	2 135
Currency	(1 237)	627
Deferred tax assets in the balance sheet (net) as of 31 December	**14 029**	**66 722**

[1] Change in deferred taxes recognised in other comprehensive income is tax on remeasurement of defined benefit obligations. The amount recognised in 2015 includes the effect of change in tax rate from 27% to 25% in Norway from 2016 on the accumulated remeasurements, including the amount recognised at transition to IFRS. The accumulated remasurement effect is larger than the temporary difference on defined benefit plans in the balance sheet. The difference has reduced the change in deferred tax assets recognised in the statement of income.

The tax rate in Norway has been changed from 25% to 24% with effect from 1 January 2017. Deferred tax in the balance sheet at 31 December 2016 has been calculated based on 24%. As the company in 2016 decided on a termination and settlement of the defined benefit plan in Norway in Multiconsult ASA, there is no remaining (significant) net pension obligation or temporary difference at 31 December 2016 related to this plan. Consequently, it is no remaining deferred tax asset in the balance sheet related to this plan. The company has evaluated that in such a situation, no effect should be recognised in profit or loss or other comprehensive income for the change in tax rate on the defined benefit obligation.

[2] Reclassification in 2015, see note 4.

RECONCILIATION OF INCOME TAXES PAYABLE IN THE STATEMENT OF FINANCIAL POSITION

Amount in NOK thousand	2016	2015
Expensed income taxes payable	(39 292)	(55 753)
Prepaid taxes	6 176	2 919
Income taxes payable from acquisitions	0	(4 180)
Income tax on employee share programme recognised in equity	1 953	1 011
SkatteFUNN (government R&D tax incentive scheme)	1 709	1 326
Income tax payable recognised in the statement of financial position	**(29 454)**	**(54 676)**

Due to losses and/or the excemption method, there are no significant temporary differences resulting in deferred taxes on retained earnings in subsidiaries, associated companies or joint ventures.

REMEASUREMENT OF PENSIONS (DEFINED BENEFIT OBLIGATION) AND RELATED TAX EFFECT

Amount in NOK thousand	Gross	Taxes	Net
31 December 2013	(215 783)	58 261	(157 521)
Change 2014	(177 749)	47 992	(129 757)
31 December 2014	(393 531)	106 253	(287 278)
Change 2015	87 298	(29 695)	57 603
31 December 2015	(306 233)	76 558	(229 676)
Change 2016	37 923	(9 471)	28 452
31 December 2016	(268 310)	67 087	(201 224)

Income tax benefits on employee share purchase programme has been recognised in equity with NOK 1,011 thousand in 2015 and NOK 1,953 thousand in 2016, in total NOK 2,964 thousand.

NOTE 11 PENSIONS

The group's Norwegian companies have established pension plans that comply with the requirements in the Act on Mandatory Company Pensions. The parent company (Multiconsult ASA) had two company pension plans up to the end of 2016: a defined contribution plan and a defined benefit plan. The group's subsidiaries both in Norway and abroad have defined contribution plans, except for a defined benefit plan in LINK arkitektur AS.

Multiconsult ASA's defined benefit plan was closed for new members in 2006, paid-up policies on risk benefits were closed on 30 June 2013, and finally terminated in 2016 (to be paid out in 2017). All the parent company employees are included in the defined contribution plan after the termination. 281 employees were included in the defined pension benefit plan at the time of termination. The gain on settlement reduced pensions costs by NOK 107.3 million at the end of 2016.

There were 1,519 active members and 27 retirees in the defined contribution plan at the end of 2016, excluding those that will be transferred from the defined benefit plan (2015: 1,370 and 18). Annual contributions to the plan are 5% for contribution basis between 1G and 6G, and 8% of the contribution basis between 6G and 12G (G is a base amount annually approved by the Norwegian parliament and was NOK 92,576 per 31 December 2016). Starting from 1 January 2017, annual contributions to the Multiconsult ASA plan are 5.55% for contribution basis between 1G and 7.1G, and 17.5% of the contribution basis between 7.1G and 12G. The premium expense for the defined contribution plan for 2016 was NOK 62,536 thousand (2015: NOK 55,709 thousand), including social security tax.

In addition, Multiconsult ASA has two individual defined benefit plans that are unfunded, with recognised liabilities of NOK 6,386 thousand at the end of 2016 (2015: NOK 7,562 thousand).

LINK arkitektur AS was acquired in September 2015. The parent company LINK arkitektur AS has a defined benefit plan that is closed, and includes 4 active members and 6 retirees as of 31 December 2016. Other plans in the LINK arkitektur group are plans accounted for as contribution plans. This includes a multiemployer plan in LINK arkitektur AB (ITP 2 plan) which is a defined benefit plan.

For 86 employees (86) in Sweden the defined benefit pension commitments for retirement and family pensions are secured in the ITP 2 plan through insurance with Alecta. The group has not had access to information in order to report its proportional share of the plan's obligations, plan assets and costs, and is therefore reported as a defined contribution plan. The expected contribution to the plan (premium) in 2017 is NOK 5,300 thousand. The premium is calculated individually and is dependent on factors including salary, previously earned pension and expected remaining service period. The group's share of the total contributions to the plan amounted to 0.04% in 2016 (0.03%). The collective funding ratio is the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 percent. If Alecta's collective funding ratio is below 125 percent or exceeds 155 percent, action should be taken for consolidation level returning to the normal range. At low funding ratio, measures can be to raise the agreed price for new and existing contracts. At high funding ratio a measure may be to reduce premiums. At the end of 2016, the collective funding ratio was 148 percent (2015: 153 percent).

Social security tax is calculated based on the pension plan's net financing and included in the gross pension obligations. Pension expenses include related social security tax.

CHANGE IN TOTAL COMPREHENSIVE INCOME DURING THE PERIOD

Amounts in NOK thousand	2016	2015
Pension expenses retirement defined benefit plan	(72 119)	40 967
Recognised as financial expenses (note 9)	(4 398)	(4 857)
Pension expenses defined contribution plan	81 250	64 197
Pension expenses in profit before taxes (note 8)	**4 733**	**100 307**
Effect of remeasurement of defined benefit obligations	(37 923)	(87 298)
Pension expenses in total comprehensive income	**(33 190)**	**13 009**

LINK arkitektur AS was acquired in September 2015, and pension expenses for the LINK Group is included in the profit before tax in 2016 with NOK 17,493 thousand and NOK 5,703 thousand in 2015, primarily for defined contribution plans.

PENSION EXPENSES DEFINED BENEFIT PLAN

Amounts in NOK thousand	2016	2015
Present value of the current year service cost	26 890	31 830
Interest expenses on the pension obligations	23 873	21 065
Interest income on the pension assets	(19 348)	(16 208)
Settlement gain [1]	(94 044)	0
Net pension expenses before social security tax	(62 630)	36 687
Accrued social security tax	(9 489)	4 280
Net pension expenses after social security tax	**(72 119)**	**40 967**

[1] Net settlement gain including social security tax is NOK 107,317 thousand.

EFFECTS FROM REMEASUREMENT OF NET PENSION OBLIGATIONS DEFINED BENEFIT PLAN

Amounts in NOK thousand	2016	2015
Effect from change in discount rate	16 365	(71 884)
Experience adjustments and changes in other actuarial assumptions for pension obligations	(14 955)	(12 233)
Experience adjustment plan assets	(39 333)	(3 180)
Total effect from remeasurement of defined benefit obligations	**(37 923)**	**(87 298)**

GROSS PENSION OBLIGATIONS DEFINED BENEFIT PLAN (INCL. SOCIAL SECURITY TAX)

Amounts in NOK thousand	2016	2015
Gross pensions obligations at the beginning of the period	894 792	925 336
Pension obligations from acqusitions	0	15 175
Expenses related to the current year service cost	30 525	36 110
Interest expenses	23 873	21 065
Settlement	(902 852)	0
Social security tax on paid-in premiums	(5 300)	(525)
Ordinary payments from the plans	(21 134)	(18 252)
Remeasurement of gross pension obligations	1 410	(84 117)
Gross pension obligations at the end of the period	**21 314**	**894 792**

PENSION ASSETS DEFINED BENEFIT PLANS

Amounts in NOK thousand	2016	2015
Pension assets at the beginning of the period	733 448	713 805
Pension assets from acqusitions	0	14 542
Interest income	19 348	16 209
Settlement	(795 683)	0
Paid-in premiums incl. social security tax	45 367	4 414
Social security tax on paid-in premiums	(5 300)	(525)
Ordinary payments from the plans	(21 058)	(18 177)
Remeasurement of pension assets	39 333	3 180
Pension assets at the end of the period	**15 455**	**733 448**

FINANCIAL STATUS DEFINED BENEFIT PLANS

Amounts in NOK thousand	31.12.2016	31.12.2015
Calculated pension obligations (incl. social security tax)	(21 314)	(894 792)
Pension assets (at market value)	15 455	733 448
Pension obligations in the financial statements	**(5 859)**	**(161 344)**

Remaining defined benefit pension plans at 31 December 2016 are two individual unfunded agreements in Multiconsult ASA and a funded plan in LINK arkitektur AS.

ASSUMPTIONS USED IN THE CALCULATIONS ABOVE RELATED TO THE DEFINED BENEFIT PLAN FOR MULTICONSULT ASA:

	31.12.2016	31.12.2015	31.12.2014
Expected return on pension assets	2.60 %	2.70 %	2.30 %
Discount rate	2.60 %	2.70 %	2.30 %
Expected salary regulation	2.00 %	2.00 %	2.25 %
Expected G regulation	2.25 %	2.25 %	2.50 %
Expected pension regulation	0% - 0.70%	0.70 %	0.70 %
Demographic assumptions:			
disability tariff	IR02 / KU	IR02 / KU	KU
mortality table	K2013BE	K2013BE	K2013BE

At the time the company committed to the curtailment and settlement of the defined benefit plan in 2016, the net defined pension liability was remeasured using assumptions and data at 31 December 2016. The remeasurement gain recognised as part of other comprehensive income related to this plan was NOK 37.7 million before tax in 2016. The gross liability will be settled in the beginning of 2017 using the already paid in pension premiums, and no further payments to the defined benefit plan above recognised liabilities are expected subsequent to 31 December 2016.

Due to the limit amounts, no further disclosure is provided for defined benefit obligations at 31 December 2016.

NOTE 12 ACCOUNTS RECEIVABLES AND OTHER CURRENT RECEIVABLES

Amounts in NOK thousand	2016	2015
Accounts receivable	467 449	441 563
Allowance for losses on receivables	(12 392)	(14 115)
Total accounts receivable	**455 057**	**427 448**
Work in progress	270 345	192 781
Prepaid expenses	31 560	22 379
Other	51 447	34 756
Total other current receivables	**353 352**	**249 916**

NOTE 13 INTANGIBLE ASSETS AND GOODWILL

Amounts in NOK thousand	Software	Goodwill
Acquisition cost 1 January 2015	44 671	151 675
Additions	7 181	0
Additions from acquisitions	0	101 596
Currency translation differences	22	0
Acquisition cost 31 December 2015	**51 874**	**253 271**
Additions	5 788	0
Additions from acquisitions	225	62 775
Currency translation differences	(353)	(129)
Disposals	8	0
Acquisition cost 31 December 2016	**57 526**	**315 917**
Accumulated amortisation and impairment 1 January 2015	37 888	80 248
Amortisation for the year	4 666	0
Currency translation differences	17	0
Accumulated amortisation and impairment 31 December 2015	**42 571**	**80 248**
Amortisation for the year	5 824	0
Currency translation differences	(207)	(58)
Disposals	7	0
Accumulated amortisation and impairment 31 December 2016	**48 180**	**80 191**
Carrying amount 1 January 2015	**6 783**	**71 427**
Additions	7 181	0
Additions from acquisitions	0	101 596
Amortisation and impairment for the year	4 666	0
Currency translation differences	5	0
Carrying amount 31 December 2015	**9 304**	**173 023**
Additions	5 788	0
Additions from acquisitions	225	62 775
Amortisation and impairment for the year	5 824	0
Currency translation differences	(146)	(72)
Disposals	0	0
Carrying amount 31 December 2016	**9 346**	**235 727**

Software is standard software and licenses that are amortised on a straight-line basis over three years.

The group performs an assessment for impairment of goodwill at year end, or more often if there are indicators of impairment. The impairment test is based on identified cash generating units (CGUs) in the group. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are changed if businesses are integrated. CGUs are on a lower level than the segment classification and follows regions or separate companies, given that separate financial information is available. CGUs identified to assess the value of the group's goodwill in 2016 and 2015 are disclosed in the table below. The carrying amounts of these cash generating units include property, plant and equipment, intangible assets and allocated goodwill.

GOODWILL SPECIFIED PER BUSINESS COMBINATION

Amounts in NOK thousand

Company	Acquisition year	Carrying amount	Cash generating unit	Belongs to segment
Kompas AS	2009	2 573	West	Regions Norway
Industriplan AS	2010	0	Oslo	Greater Oslo Area
Stensrud AS	2010	1 728	Middle	Regions Norway
Hydpro AS		383	Oslo	Greater Oslo Area
Barlindhaug Consult AS	2011	39 716	North	Regions Norway
Multiconsult Voss AS	2012	2 400	West	Regions Norway
Infratech AS	2013	5 800	Oslo	Greater Oslo Area
NTE Energiutvikling	2013	2 113	Middle	Regions Norway
Multiconsult Stord AS	2013	11 000	West	Regions Norway
Multiconsult Polska	2014	978	MC Polska	International
Helge Lindeflaten AS	2014	2 600	West	Regions Norway
LINK arkitektur AS	2015	103 731	LINK arkitektur	LINK arkitektur
Carrying amount 31 December 2015		**173 023**		
Akvator AS	2016	21 108	West	Regions Norway
aarhus arkitekterne A/S	2016	41 596	LINK arkitektur	LINK arkitektur
Carrying amount 31 December 2016		**235 727**		

For most cash generating units, the carrying amount of property, plant and equipment and goodwill is low. In relation to historic and expected future earnings for these cash generating units, it has been concluded that there is no impairment without performing a detailed impairment test.

The recoverable amount is estimated based on expected value in use, based on discounted future cash flows. Future cash flows included in the impairment tests at the end of 2016 are based on Board approved budgets for 2017 and the company's strategy plan for the subsequent periods. The growth in the forecast period of 2017 – 2021 is not higher than the long-term expected growth in the economy in which the company operates. For growth in the terminal value after the forecast period, a moderate growth of 1.0% (1.0%) is used.

Reinvestments in property, plant and equipment have been set equal to depreciation for the purposes of the analysis. The business is not investment heavy, and the basis for maintaining the capacity for future cash flows mainly lies in the investment in employees, which is reflected in the annual forecasted cash flows from operations. Therefore, EBIT is used as an estimate of cash flows, adjusted for calculated income tax and change in working capital.

The key assumptions are determined to be the units' ability to deliver as expected in ongoing contracts, win new contracts and/or obtain extensions of existing contracts, and to obtain the billing ratios. Furthermore that the prices achieved in the contracts at least compensate for increased costs, especially employee expenses, thereby achieving an expected EBIT margin. The EBIT margin is based on historic achieved margin, but is adjusted for expected future margins in the market. The largest amount of goodwill is related to LINK arkitektur. In the latest years the EBIT margin of LINK arkitektur has been lower than expected, but an improvement has been made in the last part of 2016. In the calculations for LINK arkitektur it has been used different scenarios for the future EBIT margin, and in all scenarios it is expected a growth in revenues in the strategy plan period.

The discount rate in the analysis is set to 7.5% (7.2%) after tax based on a calculation of the weighted average cost of capital (WACC). The same discount rate has been used for all cash generating units since the asset beta has been deemed the same in all segments that the group operates in. The only significant goodwill outside Norway is in Denmark following the acquisition of aarhus arkitekterne in December 2016, and in the analysis at 31 December it is not assumed any country specific difference.

The impairment tests have not resulted in any impairment needs for goodwill or property, plant and equipment related to any of the cash generating units. Management has evaluated that a reasonably possible change in key assumptions would not give rise to impairment at 31 December 2016.

The company's strategy has been to merge Norwegian subsidiaries into the parent company whenever practically possible and appropriate. Therefore, the majority of companies mentioned above do not exist as of 31 December 2016. Refer to note 15 to the parent company's financial statements for more information on subsidiaries.

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK thousand	Buildings and other real estate	Other machines, plant, fixtures and fittings	Leasehold improvements	Total property, plant and equipment
Acquisition cost 1 January 2015	5 849	274 270	50 092	330 211
Additions	0	28 443	6 215	34 659
Additions from acquisitions	0	6 303	0	6 303
Currency translation differences	37	782	52	871
Disposals	0	1 792	1 384	3 177
Acquisition cost 31 December 2015	**5 886**	**308 005**	**54 975**	**368 866**
Additions	0	27 460	5 485	32 945
Additions from acquisitions	0	6 730	246	6 976
Currency translation differences	(48)	(1 551)	(76)	(1 675)
Disposals	0	46 485	5 106	51 590
Acquisition cost 31 December 2016	**5 838**	**294 160**	**55 524**	**355 522**
Acc. depreciation and impairment 1 Jan. 2015	3 855	215 803	34 023	253 681
Depreciation for the year	161	26 303	6 018	32 463
Impairment for the year	0	468	0	468
Currency translation differences	25	15	29	88
Disposals	0	1 792	825	2 617
Acc. depreciation and impairment 31 December 2015	**4 040**	**240 797**	**39 246**	**284 084**
Depreciation for the year	160	30 336	6 884	37 381
Impairment for the year	0	0	0	0
Currency translation differences	(35)	(788)	(38)	(861)
Disposals	0	45 959	5 106	51 065
Acc. depreciation and impairment 31 December 2016	**4 166**	**224 385**	**40 986**	**269 539**
Carrying amount 1 January 2015	1 994	58 420	16 095	76 510
Additions	0	28 443	6 215	34 659
Additions from acquisitions	0	6 303	0	6 303
Depreciation and impairment for the year	161	26 771	6 018	32 950
Currency translation differences	12	813	(3)	822
Disposal	0	0	560	560
Carrying amount 31 December 2015	**1 846**	**67 208**	**15 729**	**84 783**
Additions	0	27 460	5 485	32 945
Additions from acquisitions	0	6 730	246	6 976
Depreciation and impairment for the year	160	30 336	6 884	37 381
Currency translation differences	(13)	(762)	(38)	(814)
Disposal	0	526	0	526
Carrying amount 31 December 2016	**1 672**	**69 774**	**14 538**	**85 984**
Useful life	10 - 50 years	3 - 8 years	Same as equivalent assets, max leasing period	
Depreciation plan	Straight-line	Straight-line		

There have been no significant changes in depreciation period, depreciation method or estimated residual values in 2016 or 2015.

NOTE 15 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS CONSIST PRIMARILY OF BANK DEPOSITS AND MONEY MARKET FUNDS/ INTEREST FUNDS.

Amounts in NOK thousand	2016	2015
Cash and bank deposits	86 629	145 868
Restricted funds	89 362	87 086
Total cash and cash equivalents	**175 990**	**232 954**

Restricted funds are mainly employee tax deduction funds. In addition it includes restricted funds in projects in Multiconsult Polska of NOK 14,725 thousand (NOK 17,389 thousand at 31 December 2015).

NOTE 16 ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

Refer to note 15 of the parent company for an overview of associated companies and joint ventures.

Amounts in NOK thousand	FPS	Concorcio SAM SpA	Newplan	Norplan Tanzania	Norplan	LINK arkitektur	Total
Opening balance 1 January 2015	1 014	32	813	1 992	707	37 646	42 204
Investments during the year	0	0	0	0	0	0	0
Gain increase of fair value	0	0	0	0	0	15 683	15 683
Dividends paid in 2015	0	0	0	0	0	(4 690)	(4 690)
Share of profit for the year	(63)	217	1 034	1 443	70	2 561	5 262
Disposal	0	0	0	0	0	(51 200)	(51 200)
Closing balance 31 December 2015	**951**	**249**	**1 847**	**3 435**	**777**	**0**	**7 258**
Investments during the year	0	0	0	0	0	0	0
Dividends paid in 2016	0	0	0	(847)	0	0	(847)
Share of profit for the year	513	1	148	3 340	49	0	4 053
Closing balance 31 December 2016	**1 464**	**250**	**1 995**	**5 928**	**826**	**0**	**10 464**

Project partnership – joint operations

The group has for some projects, entered into partnership agreements. Some of these have been assessed as joint operations. Participants have worked together to deliver a project in cooperation through a common project group. There are no assets in these project groups. Each participant is responsible for delivering the services that they have agreed to deliver, as well as being responsible for their own expenses and having a right to agreed revenues from the services the participant performs. Each participant uses their own assets, and there are only limited obligations in the operation, except that parts of the fee may be held back to cover common shared expenses (for example insurance premiums and travel expenses). One of the parties is typically appointed project manager with specific responsibilities in the project group. The participants have when its' relevant agreed that they are jointly and separately liable for the project deliverables. The main projects that are organised in this manner that are considered joint operations are Campus Ås and Kampflybasen, all in Norway. The group is the project manager, and there is no fixed participating share in these operations. None of these are considered material for the group. The largest is Campus Ås, and contributed to less than 4 percent of the group's revenues in 2016 and 2015.

NOTE 17 LEASING AND OTHER PAYMENT OBLIGATIONS

Liabilities for operating leases of assets are not recognised in the balance sheet. Future minimum payments under non-cancellable operating lease agreements, excluding costs for services:

As of 31 December 2016

Amounts in NOK thousand	Office premises	Property, plant and equipment	Total
Due within 1 year	138 746	4 991	143 737
Due more than 1 year, but within 5 years	449 071	737	449 808
Due more than 5 years	459 170	0	459 170
Total	**1 046 987**	**5 727**	**1 052 714**

The corresponding amounts as of 31 December 2015, but including costs for services:

As of 31 December 2015

Amounts in NOK thousand	Office premises	Property, plant and equipment	Total
Due within 1 year	126 595	2 517	129 113
Due more than 1 year, but within 5 years	425 838	0	425 838
Due more than 5 years	543 468	0	543 468
Total	**1 095 902**	**2 517**	**1 098 419**

The amounts in the table are not discounted.

See note 7 Other operating expenses for leasing expenses in 2016 and 2015.

In most agreements, the annual lease payment is index regulated. Future index regulations are not included in the amounts in the tables. Several of the agreements contain renewal options. The main part of the lease arrangements are in Norway, and primarily entered into by Multiconsult ASA. The second largest lessee is LINK arkitektur AS.

There are no significant restrictions imposed through the leasing arrangements regarding distribution of dividends, obtaining additional debt, entering into additional leasing agreements or other arrangements.

Other significant committed payment obligations
In addition to the minimum lease payments presented in the table as of 31 December 2016, the group has obligation to pay the lessors for other services related to the lease agreements.

The group does not have any other significant committed minimum payment obligations. The agreements with sub contractors are mainly such that if an assignment is discontinued, then the obligation to purchase services from the sub contractors is also discontinued. In some agreements, there may be a minimum period during which the group must pay sub contractors if an assignment is discontinued.

NOTE 18 OTHER CURRENT LIABILITIES

Amounts in NOK thousand	2016	2015
Salaries payable, holiday pay, bonus etc.	207 195	186 002
Other accrued expenses	20 406	5 954
Received prepayments of revenues	96 942	98 734
Other	10 106	5 370
Total other current liabilities	**334 648**	**296 060**

Payable to sub-contractors and fees has been reclassified to accounts payable.

NOTE 19 PROVISIONS, DISPUTES AND CONTINGENT LIABILITIES

PROJECT RESPONSIBILITY

Amounts in NOK thousand	31.12.2016	31.12.2015
Gross provisions	33 527	41 297
Assets for reimbursement of provisions	22 610	21 600
Net provisions	**10 917**	**19 697**

Amounts in NOK thousand	Project responsibility	Other	Total
Net provisions 1 January 2015	**28 385**	**8 392**	**36 777**
Additions	9 005	1 095	10 100
Reversals	(18 035)	0	(18 035)
Utilised	(900)	(8 245)	(9 145)
Net provisions 31 December 2015 [1)]	**18 455**	**1 242**	**19 697**
Additions	4 250	0	4 250
Reversals	(10 316)	0	(10 316)
Utilised	(1 472)	(1 242)	(2 714)
Net provisions 31 December 2016 [1)]	**10 917**	**0**	**10 917**

[1)] The date for settlement of project responsibility cases is often outside the group's control and it is not possible to make a reliable estimate of settlement dates. The processes are extensive with negotiations with many parties and often results in long legal processes.

The group completes a significant number of assignments during a year. Normally, the company enters into an agreement with the customer limiting its responsiblities. During the execution of an assignment, defects or damages as a result of the deliveries may be identified that could lead to claims being made towards the group. When it is probable (over 50%) that a claim will result in outflow of economic resources from the group, a provision for the estimated liability is recognised. The time-period from reporting a case to final settlement can take several years.

The size of the settlement can vary considerably. The provision related to a claim is calculated on the basis of the expected compensation, own risk deductibles, claim amount. As a consequence of the inherent uncertainty in both amount and timing of the settlement, the provision is not discounted.

The company's insurance coverage for project responsibilities is primarily based on a collective agreement for engineering consultants. The insurance coverage is standard for such agreements, with an own risk deductible of NOK 300 thousand per case and normally a maximum coverage of up to 150 G (approximately NOK 13.9 million at 31 December 2016), except where it is determined gross negligence.

The group has at 31 December 2016 determined that the expected reimbursement from the insurance company related to recognised provisions should be presented as a separate asset, instead of reducing the provisions in the balance sheet as previously presented. This has affected the balance sheet by increasing the provisions (liabilities) and assets, but the net amount is unchanged. Comparable figures are restated. The change had no effect on the statement of income. The reimbursement from the insurance company is directly linked to the cases and the actual additions, settlements and reversals are estimated and incurred simultaneously. Consequently, the table above present changes in the provisions net of the assets for reimbursement.

Claims from customers for project responsibilities are often disputed by the group. The company performs a thorough review of each claim. Project responsibility cases therefore lead to both recognised provisions and contingent liabilities where no provision has been recognised because the group has assessed the probability of an outflow of economic resources from the group to be below 50%.

During 2015 and 2016, several claims were resolved without the company being held responsible for errors and injuries. The company had a positive trend with a reduced number of claims. This contributed to reversal of previously recognised provisions with a positive effect on the statement of income in 2015 and 2016. The largest claim at 31 December 2015 was related to Grønneviksøren and was resolved with a reversal of previously recognised provisions of NOK 6.6 million during 2016.

NOTE 20 GUARANTEES

GUARANTEE OBLIGATIONS THAT ARE NOT RECOGNISED IN THE BALANCE SHEET

Amounts in NOK thousand	2016	2015
Bank guarantee - guarantees towards customers	65 366	46 225
Bank guarantee - guarantees for other obligations	35 093	33 783
Parent company guarantees - for associates and joint ventures	3 600	3 600
Parent company guarantees - for subsidiaries	24 299	27 451
Other	383	266
Total guarantees	**128 741**	**111 324**

Bank guarantees towards customers are related to assignments where the customer demands security for contract responsibilities.

Bank guarantees for other obligations are mainly guarantees for rent of premises.

Parent company guarantees towards subsidiaries relates to bank loans, guarantee limit for bank overdraft and guarantee limit for Multiconsult UK.

The parent company's bank facility agreements with Nordea bank Norge ASA includes a negative pledge clause. For restricted funds, refer to note 15 Cash and cash equivalents.

NOTE 21 SHAREHOLDER INFORMATION

The following shareholders owned one percent or more of the total issued shares in Multiconsult ASA as of 31 December 2016:

	Number of shares	Ownership share
Stiftelsen Multiconsult	4 957 628	18.9 %
Obos Bbl	1 774 534	6.8 %
Stenshagen Invest AS	1 431 521	5.5 %
Odin Norge	1 064 380	4.1 %
Swedbank Robur Småbolagsfond	1 000 000	3.8 %
Protector Forsikring ASA	844 042	3.2 %
Verdipapirfondet Alfred Berg Gamba	554 501	2.1 %
Verdipapirfondet Alfred Berg Norge	525 855	2.0 %
Holberg Norden Verdipapirfondet	502 310	1.9 %
Verdipapirfondet Pareto Invest	486 187	1.9 %
Glover Brian James	365 000	1.4 %
Norron Sicav - Target	281 998	1.1 %
Vj Invest As	277 476	1.1 %
Brekke Dan Evert	264 094	1.0 %
Other	11 919 674	45.4 %
Total number of shares	**26 249 200**	**100 %**

Par value is NOK 0.5 per share, subsequent to the 1:10 split resolved by the Annual General Meeting held on 16 April 2015. The number of treasury shares (own shares) at the end of 2016 was 1,998 (2015: 18,067 shares). During 2016, the Company purchased 480,330 own shares (see note 22 related parties) and sold 496,399 shares to employees. All shares that are part of the parent company's share capital belong to the same share class with the same rights.

The company's articles of association sets forth that no shareholder, including such shareholder's close associates, may vote for more than 25 per cent of the shares at the general meeting.

The Annual General Meeting held on 26 April 2016 authorised the Board of Directors pursuant to §10-14 (1) of the Public Limited Liability Companies Act to increase the Company's share capital by up to NOK 1,312,460 in one or more share issues. The authority may only be used to issue shares as consideration in connection with acquisitions, to finance acquisitions or to issue shares in connection with incentive schemes for the employees of the Multiconsult group. The shareholders' pre-emptive rights under §10-4 of the Public Limited Liability Companies Act may be set aside. The authority covers capital increases against contributions in cash and contributions other than in cash. The authority covers the right to incur special obligations for the Company, ref. §10-2 of the Public Limited Liability Companies Act. The authority covers resolutions on mergers in accordance with §13-5 of the Public Limited Liability Companies Act. The authority may also be used in take-over situations, ref. §6-17 (2) of the Securities Trading Act.

The Annual General Meeting held on 26 April 2016 authorised the Board of Directors pursuant to §9-4 of the Public Limited Liability Companies Act to acquire shares in the Company ("own shares") on behalf of the Company with an aggregate nominal value of up to 1 312 460. If the Company disposes of own shares, this amount shall be increased by an amount equal to the nominal value of the shares disposed of. When acquiring own shares the consideration per share may not be less than NOK 5 and not exceed NOK 250. The Board of Directors determines the methods by which own shares can be acquired or disposed of.

Both authorities describe above shall remain in force until the Annual General Meeting in 2017, but in no event later than 30 June 2017.

NOTE 22 RELATED PARTIES

The Group's related parties are:

Key management personnel, close members of the family of a person and entities that are controlled or jointly controlled by any of these. Key management personnel are defined as the Board of Directors and the group management. See note 8 Employee benefits expenses for information on remuneration for key management personnel and information on share ownership. There were no other transactions with key management personnel in 2016 and 2015.

Owners with significant influence. Stiftelsen Multiconsult had an ownership share of 20.5% at 31 December 2015, which was reduced to 18.9% at 31 December 2016. The company's assessment is that Stiftelsen Multiconsult has significant influence. On 30 November 2016, Stiftelsen Multiconsult sold 480,330 shares in Multiconsult ASA to the Company in accordance with an agreement entered into on 22 June 2016. The sale of shares was undertaken to provide shares for the 2016 employee share purchase program. The shares were sold at NOK 104.80 per share, being equivalent to the average volume weighted share price in the week prior to the subscription period for the employee share purchase program. Multiconsult has recognised revenues from sales to Stiftelsen Multiconsult of NOK 2,615 thousand in 2016 (NOK 2,047thousand in 2015), and had receivables of NOK 1,163 thousand as of 31 December 2016 (NOK 2 thousand as of 31 December 2015).

The company and its subsidiaries are also considered related parties. Transactions and balances are eliminated in the consolidated financial statements and are not disclosed in this note for the group. Refer also to note 19 for the parent company.

The group's joint ventures and associated companies. Refer to note 16 Associated companies and joint arrangements for more information on these related parties.

TRANSACTIONS AND BALANCES WITH JOINT VENTURES AND ASSOCIATED COMPANIES

Amounts in NOK thousand	2016	2015
Revenues	26 099	25 881
Expenses	5 281	12 608
Dividends and distributions received	847	4 690
Receivables	12 510	9 476
Liabilities	152	182
Guarantees provided	3 600	3 600
Bank guarantees	500	500

Link arkitektur AS was an associate and included in the table for the first 8 months of 2015.

NOTE 23 EARNINGS PER SHARE AND DIVIDENDS

In 2016 and 2015, there were no potential dilutive effects on earnings that are attributable to owners of Multiconsult ASA or on the number of shares. Basic and diluted earnings per share are therefore the same. The number of shares has been adjusted for treasury shares. The Annual General Meeting held on 16 April 2015 resolved a 1:10 split of the shares. The number of shares used in the per share calculations are retrospectively adjusted for this split.

EARNINGS PER SHARE	2016	2015
Profit after tax attributable to owners of Multiconsult ASA (NOK thousand)	213 768	150 109
Weighted average number of shares (excl. treasury shares)	26 241 979	26 186 588
Earnings per share	**8.15**	**5.73**
DIVIDENDS PER SHARE		
Dividends paid to owners of Multiconsult ASA (NOK thousand) [1]	76 123	275 617
Number of outstanding shares, including treasury shares	26 249 200	26 249 200
Dividends per share	**2.90**	**10.50**

Dividends proposed after 31 December 2016 (NOK thousand) [2]	78 748
Dividends proposed after 31 December 2016 (per share) [2]	3.00

[1] Dividends paid in 2015 consisted of an ordinary dividend of NOK 83,997 thousand (NOK 3.20 per share) and an extraordinary dividend prior to the listing of the shares of NOK 191,619 thousand (NOK 7.30 per share).
[2] Dividends to be adopted by the Annual General Meeting in May 2017

NOTE 24 EVENTS AFTER THE REPORTING PERIOD

On 7 March 2017, the company announced that it had acquired the engineering consulting company Iterio AB (Sweden), see note 4.

In March 2017, the company increased the revolving credit facility from NOK 80 million to NOK 95 million. After the reporting period ended on 31 December 2016 and up to the date these financial statements have been approved for issue, no other events have been identified that require disclosure.

AUDITORS' REPORT

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To the General Meeting of Multiconsult ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Multiconsult ASA. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2016, and income statement, statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2016, and income statement, statement of comprehensive income, statement of changes in equity, cash flow 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 accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and 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, included 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Timing and accuracy of contract revenue recognition

Key audit matter	How the matter was addressed in the audit
For further information and a description of estimates and judgments related to the recognition of project revenues, refer to note 2 in the Group financial statements.	We evaluated the IT systems used in the determination of revenue recognition by testing access and change management controls.

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Timing and accuracy of contract revenue recognition, cont.

Key audit matter	How the matter was addressed in the audit
IFRS as adopted by the EU require revenue to be recognised in accordance with the percentage completion approach. If it is probable that a project will incur a loss, the estimated loss is recognised immediately. The contracts may span over a number of reporting periods. The amount and timing of revenue to be recognised under a contract can be affected by changes in conditions and circumstances over time, such as: - changes to the original contract terms, - cost overruns, or - scope changes. Given the degree of subjectivity involved in determining costs to complete, there are risks for errors in the calculation of revenue and misstatements in the allocation of revenue between reporting periods.	We assessed the design and tested implementation and the operating effectiveness of the internal controls Multiconsult has established related to the timing of revenue recognition. We selected a sample of contracts, for which: - we met with the relevant project managers to analyse the contracts in detail, - we challenged the key estimates used in the long-term contract accounting calculations, such as costs to complete, key project risks and adherence to billing schedules, - we obtained the relevant contracts and other supporting information and controlled the data included in the calculations and management's assumptions for costs to complete, based on the contractual requirements, - we obtained and assessed the implications of correspondence with customers, both upon the acceptance of work done and relating to disputes, - we tested by sampling that timesheets are properly submitted and accounted for.

Carrying value of goodwill

Key audit matter	How the matter was addressed in the audit
For further information and a description of estimates and judgments involved related to assessments of the carrying value of goodwill, refer to note 2 and note 13 in the Group financial statements. The carrying value of goodwill amounted to NOK 236 million at 31 December 2016 in the group accounts. According to IFRS as adopted by the EU, the goodwill is required to be tested for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverability of the goodwill is dependent on assumptions about forecast of future cash flows, specifically forecast revenue, operating margin and long-term growth rates along with discount rates. These assumptions are of particular importance due to the level of uncertainties and judgements involved. The outcome of impairment assessments could vary significantly if different assumptions were applied.	We assessed the design and implementation of the controls Multiconsult has established related to the estimates and judgements in the process for assessing the recoverability of goodwill. We assessed and challenged the reasonableness of management's judgements, in particular: - the cash flow forecast; - the long term growth rate; - and the discount rate used by reference to past performance, externally derived data, forecast for economic factors, and current order book. Our valuation specialists assisted in evaluating the assumptions and methodologies used. In addition, we tested the mathematical integrity of the models.

Provisions for contract claims

Key audit matter	How the matter was addressed in the audit
For further information and a description of estimates and judgments involved in provisions for contract claims and related insurance recoverability and recognition, refer to note 2 and note 19 in the Group financial statements. Multiconsult performs a thorough review of each claim. This review includes significant judgments related to; - whether the contract claim is valid and is probable to result in a cash outflow, - best estimate for future cash outflow, and - whether a claim is covered by Multiconsult's insurance, either fully or partly. As only claims that are probable to come to a cash outflow are provided for according to IFRS as adopted by the EU and as only virtually certain insurance recoverability are recognized, management's judgements related to determination of likelihood and cash flow estimates can have a significant impact on the financial statements.	We assessed the design and implementation and tested the operating effectiveness of key controls in Multiconsult's process for assessment of provisioning for contract claims and related insurance recoverability. We participated in management's fourth quarter meeting where all open claims and related best estimates were discussed, and we obtained: - management's schedule for contract claims, which includes the claims assessment and the assessment of insurance recoverability, and checked its completeness by comparing it to correspondence with the Group's legal advisors, - management's explanations for significant movements in the period, which we agreed with related assessments from insurers, legal advisors and other relevant sources, if available.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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 the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, 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 and the Group'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 Group 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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 laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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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 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 statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 19 April 2017
Deloitte AS

Reidar Ludvigsen

Reidar Ludvigsen
State Authorised Public Accountant

ANNUAL ACCOUNTS PARENT COMPANY

STATEMENT OF INCOME MULTICONSULT ASA

Amounts in NOK thousand	Note	2016	2015
OPERATING REVENUES AND EXPENSES			
Operating revenues	*4*	2 486 731	2 336 743
Expenses for sub contractors and disbursements		345 370	304 677
Net operating revenues		**2 141 362**	**2 032 066**
Employee benefits expenses	*6, 9*	1 488 807	1 473 535
Other operating expenses	*7*	349 716	346 442
Operating expenses excluding depreciation, amortisation and impairment		**1 838 523**	**1 819 977**
Operating profit before depreciation, amortisation and impairment (EBITDA)		**302 839**	**212 088**
Depreciation, amortisation and impairment	*12, 13*	37 120	35 026
Operating profit (EBIT)		**265 718**	**177 062**
FINANCIAL INCOME AND EXPENSES			
Financial income	*8*	12 288	13 724
Financial expenses	*8*	7 969	6 164
Net financial items		**4 320**	**7 560**
Profit before income taxes		**270 038**	**184 622**
Income tax expenses	*10*	68 540	46 172
Profit for the period		**201 498**	**138 450**

STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousand	Note	2016	2015
Profit for the period		**201 498**	**138 450**
Other comprehensive income			
Remeasurement of defined benefit obligations	*9*	38 301	85 917
Income taxes	*10*	(9 575)	(29 350)
Total items that will not be reclassified subsequently to profit or loss		**28 726**	**56 567**
Total comprehensive income for the period		**230 224**	**195 017**

BALANCE SHEET MULTICONSULT ASA

Amounts in NOK thousand	Note	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Deferred tax assets	*10*	12 041	53 182
Intangible assets	*12*	8 245	8 310
Goodwill	*12*	89 202	55 014
Property, plant and equipment	*13*	71 367	73 923
Total non-current non-financial assets		**180 856**	**190 430**
IInvestments in subsidiaries	*15*	185 799	197 318
Investments in associates and joint ventures	*15*	3 297	3 297
Assets for reimbursement of provisions	*18*	22 610	21 600
Other non-current financial assets	*18*	75 289	9 924
Total non-current financial assets		**286 995**	**232 139**
Total non-current assets		**467 851**	**422 569**
Current assets			
Receivables			
Accounts receivable	*11*	357 949	358 293
Work in progress	*11*	181 220	130 028
Other current receivables	*11*	65 803	47 441
Total receivables		**604 972**	**535 762**
Cash and cash equivalents	*14*	75 524	134 834
Total current assets		**680 496**	**670 596**
TOTAL ASSETS		**1 148 347**	**1 093 165**

Amounts in NOK thousand	Note	31.12.2016	31.12.2015
EQUITY AND LIABILITIES			
Equity			
Total paid-in equity		26 444	26 436
Other equity		380 906	231 622
Total equity		**407 350**	**258 057**
Non-current liabilities			
Pension obligations	*9*	6 386	161 941
Provisions	*18*	31 395	40 055
Non-current interest bearing liabilities		50 000	0
Total non-current liabilities		**87 781**	**201 996**
Current liab ilities			
Accounts payable		114 484	123 123
Current tax liabilities	*10*	26 877	49 659
Public duties payable		209 780	193 219
Dividends payable		78 748	76 123
Other current liabilities	*17*	223 329	190 989
Total current liabilities		**653 217**	**633 112**
Total liabilities		**740 997**	**835 108**
Total equity and liabilities		**1 148 347**	**1 093 165**

The Board and CEO of Multiconsult ASA
Oslo, 19 April 2017

Steinar Mejlænder-Larsen
Chair of the board

Nigel Wilson
Deputy chair

Göran Carlson
Director

Line Karin Haugen
Director

Arne Fosen
Director

Vibeke Strømme
Director

Kari Medby Loland
Director

Elisabeth Lokshall
Director

Christian Nørgaard Madsen
Chief Executive Officer

STATEMENT OF CASH FLOWS MULTICONSULT ASA

Amount in NOK thousand *+ are cash increasing and - are cash reducing effects*	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income taxes		270 038	184 622
Income taxes paid during the period		(52 467)	(55 091)
Depreciation, amortisation and impairment	12,13	37 120	35 026
Pension expenses with no cash effect		(109 678)	34 778
Changes in accounts receivable and other receivables		(45 899)	10 370
Changes in accounts payable		(25 328)	8 237
Changes in provisions and current liabilities		(49 661)	(28 307)
Net cash flows from operating activities		**24 125**	**189 635**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and eqiupment and shares		509	680
Payments on acquisition of property, plant and equipment and intangible assets		(33 109)	(36 585)
Proceeds/payments related to equity accounted investments			
Cash effect of mergers		7 394	
Cash effect of acqusition of shares		(24 375)	(97 582)
Net cash flows from investing activities		**(49 581)**	**(133 487)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase treasury shares		(50 339)	(25 797)
Sale treasury shares		42 607	8 608
Dividends paid		(76 123)	(275 617)
Proceeds from borrowings		50 000	0
Net cash flows from financing activites		**(33 855)**	**(292 806)**
Net change in cash and cash equivalents		(59 310)	(236 658)
Cash and cash equivalents at 1 January	14	134 834	371 492
Cash and cash equivalents at 31 December	14	**75 524**	**134 834**

STATEMENT OF CHANGES IN EQUITY MULTICONSULT ASA

Amounts in NOK thousand	Share capital	Treasury shares	Share premium	**Total paid-in equity**	Retained earnings	Remeasure-ment pensions	**Total equity**
31 December 2014	**13 125**	**0**	**13 320**	**26 445**	**593 159**	**(287 278)**	**332 326**
Treasury shares	0	(9)	0	**(9)**	(1 750)	0	**(1 759)**
Merger reserve	0	0	0	**0**	1 883	0	**1 883**
Employee share purchase programme (net of tax)	0	0	0	**0**	(1 668)	0	**(1 668)**
Dividend declared	0	0	0	**0**	(267 742)	0	**(267 742)**
Total comprehensive income for the period	0	0	0	**0**	138 450	56 567	**195 017**
31 December 2015	**13 125**	**(9)**	**13 320**	**26 436**	**462 332**	**(230 711)**	**258 057**
Treasury shares		8		**8**	1 542		**1 550**
Merger reserve				**0**	2 211		**2 211**
Employee share purchase pro-gramme (net of tax)				**0**	(5 944)		**(5 944)**
Dividend declared				**0**	(78 748)		**(78 748)**
Total comprehensive income for the period				**0**	201 498	28 726	**230 224**
31 December 2016	**13 125**	**(1)**	**13 320**	**26 444**	**582 891**	**(201 985)**	**407 350**

See note 8 to the consolidated financial statements for information about treasury shares and employee share purchase programme.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

The company is the parent in the Multiconsult ASA group. A large part of the activities of the group are conducted by the parent company. Consequently, the information provided in the consolidated financial statements covers the company to a significant degree. Please refer to the consolidated financial statements for the group for a description of the company and its activities. A copy of the consolidated financial statements can be obtained from the company's head office in Nedre Skøyen vei 2, 0276 Oslo.

These financial statements were approved by the Board of Directors on 19 April 2017 for adoption by the Annual General Meeting on 11 May 2017.

NOTE 2 BASIS FOR PREPARATION

The group prepares the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) and the Norwegian Accounting Act. References to "IFRS" in these financial statements mean IFRS as adopted by the EU. The company prepares the company financial statements in accordance with the Norwegian Accounting Act and regulation for simplified application of International Financial Reporting Standards (simplified IFRS).

The financial statements have been prepared on a historical cost basis, except for derivatives and pension assets that are measured at fair value, and pension obligations that are measured at present value. The company financial statements are presented in Norwegian kroner (NOK), which is also the functional currency of the company. Amounts are rounded to the nearest thousand, unless stated otherwise. As a result of such rounding differences, amounts and percentages may not add up to the total.

Principles for recognition and measurement are in accordance with IFRS and the policies are applied as described in the consolidated financial statements, except as specified in the regulation for simplified IFRS. Furthermore, merger of subsidiaries are based on the carrying values of the group, and the difference between the carrying value of shares before the merger and the net assets related to the merged subsidiary is recognised as a merger reserve in equity. This is because this is a common control transaction. Comparative figures are not restated. Disclosure requirements are in accordance with the requirements in the Norwegian Accounting Act with additions as specified in the regulation for simplified IFRS. Presentation of the primary financial statements is similar to the group. Options in the regulation for simplified IFRS that have not been applied are not relevant to the company. The option in the regulation for simplified IFRS which the company has utilised in recognition and measurement and which differ from the consolidated financial statements are:

Dividends and group contribution
Dividends and group contributions are recognised in accordance with the Accounting Act, which entails that dividends and group contributions are recognised in the reporting period to which they relate.

Investment in subsidiaries, associated companies and joint ventures
Investment in subsidiaries, associated companies and joint ventures are recognised using the cost method. In accordance with the cost method, the investment is recognised at historical cost less any impairment. Dividends and group contributions are recognised as financial income. Group contributions to subsidiaries are recognised as part of cost of investment.

NOTE 3 FINANCIAL RISK MANAGEMENT

The company's exposure to and management of financial risk is primarily the same as disclosed for the group, and is not repeated in this note. Refer to note 3 in the consolidated financial statements.

The company holds no financial assets recognised at fair value through profit or loss or held-to-maturity investments, and very limited amounts for financial assets available for sale.

The company mainly holds receivables and financial liabilities measured at amortised cost. The company also holds some currency derivatives that are financial liabilities at fair value through profit or loss. The derivatives are disclosed in notes to the consolidated financial statements.

As of 31 December 2016, the company had drawn NOK 50 million on a credit facility of NOK 220 million (2015: undrawn NOK 120 million credit facility) and an additional revolving credit facility of NOK 80 million for three years in Nordea Bank Norge ASA, as decribed in note 3 to the consolidated financial statements. At December 31, 2016 and 2015 the company also had a guarantee facility of NOK 120 million, of which NOK 81.2 million was drawn (NOK 60 million).

The carrying amount of the company's financial instruments is a reasonable approximation to fair value. The company's credit risk is considered limited.

Realised losses on accounts receivables due to customer payment difficulties have been limited (NOK 0.9 million in 2016 and NOK 0.7 million in 2015). The company has recognised allowances for losses on accounts receivables of NOK 6.9 million as of 31 December 2016 and NOK 9.4 million as of 31 December 2015. This is based on individual assessments of larger receivables past their due date. The basis for the allowances is normally not related to the customers' ability to pay, but due to fee discussions. Accounts receivables that have been credited during the year have been recognised as revenue reductions and not as operating expenses.

See the note 3 to the consolidated financial statements for additional information on financial risks.

NOTE 4 OPERATING REVENUES FOR THE PARENT COMPANY

Amounts in NOK thousand	**2016**	**2015**
PER SEGMENT		
Greater Oslo area	1 479 372	1 373 947
Regions Norway	1 013 511	953 580
International	593	23
Not allocated/eliminations	(6 745)	9 193
Total operating revenues	**2 486 731**	**2 336 743**
PER BUSINESS AREA		
Buildings & Properties	893 145	771 482
Renewable energy	415 624	419 799
Industry	214 407	146 107
Environment & Natural resources	65 318	69 380
Oil & Gas	88 744	162 559
Transportation & Infrastructure	809 49	767 417
Total operating revenues	**2 486 731**	**2 336 743**
GEOGRAPHICAL PER CUSTOMER LOCATION		
Norway	2 267 075	2 132 694
Outside Norway	219 656	204 049
Total operating revenues	**2 486 731**	**2 336 743**

NOTE 5 RESEARCH AND DEVELOPMENT

The Group's research and development activities are performed in the parent company, and are described in the note to the consolidated financial statements. The expected total earnings from ongoing research and development is assumed to correspond to total accrued expenses.

NOTE 6 EMPLOYEE BENEFIT EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES, PENSIONS ETC.

EMPLOYEE BENEFIT EXPENSES

Amounts in NOK thousand	2016	2015
Salaries	1 238 045	1 142 228
Social security tax	173 125	159 914
Pension expenses	(14 526)	91 669
Other employee benefit expenses	92 163	79 720
Total employee benefit expenses	**1 488 807**	**1 473 532**
Number of full time employees during the year [1]	1 677	1 572
Number of employees as of 31 December [2]	1 784	1 683

[1] Number of full time employees is calculated as the total number of working hours (including overtime and paid sick leave) divided on normal working hours per full time employee for the period.
[2] The number of employees as of 31 December 2015 has been increased by 44 compared to reported in the annual financial statements for 2015 as a consequence of change in definition.

Refer to note 8 in the consolidated financial statements for information on remuneration and share ownership related to group management and the Board of Directors, share purchase programme and loans to employees.

EMPLOYEE SHARE PURCHASE PROGRAMME

40% of the employees, who passed the criteria to participate in the program, signed up for 458,200 shares in the 2016 employee share purchase programme.

Amounts in NOK thousand	2016	2015
Employee benefit expenses	1 778	1 197
Recognised directly to equity (before tax) [1]	7 826	3 744
Total discount	**9 604**	**4 941**

[1] The amount recognised directly to equity as a discount may deviate from the amount recognised in the statement of equity before tax, if the payments to acquire own shares deviates from the market price for the shares used as basis for calculating the discount.

Employees have been granted loans (maximum 3/5 G, NOK 56 thousand) for the remaining payment for the shares, with outstanding balance at 31 December 2016 of NOK 18,371 thousand (NOK 11,158 thousand at 31 December 2015).

NOTE 7 OTHER OPERATING EXPENSES

Amounts in NOK thousand	2016	2015
Rental expenses (operating lease)	117 822	103 629
Other real estate expenses	18 528	14 655
IPO expenses related to listing on Oslo Stock Exchange	0	50 662
Consultants	39 787	28 813
Technical equipment	42 744	36 460
Office expenses, IT	57 323	38 483
Telecommunications services	15 223	14 228
Travel and per diem allowance	25 269	22 784
Marketing	13 043	10 955
Losses on receivables	(1 799)	452
Other	21 776	25 321
Total other operating expenses	**349 716**	**346 442**

AUDITOR

Compensation to Deloitte AS

Amounts in NOK thousand	2016	2015
Statutory audit services	2 032	2 346
Tax advisory services	407	632
Other assurance services	57	219
Other non-audit services	359	246
Total	**2 856**	**3 442**

The amounts above are excluding VAT. Other non-audit services includes assistance related to financial due diligence and tax advisory services includes advice related to employees located abroad.

NOTE 8 FINANCIAL ITEMS

Amounts in NOK thousand	2016	2015
FINANCIAL INCOME		
Interest income from Group companies	236	116
Other interest income	1 269	6 132
Other financial income	586	1 102
Gains on derivatives	360	42
Dividends	9 837	6 331
Financial income	**12 288**	**13 724**
FINANCIAL EXPENSES		
Other interest expenses	1 076	152
Interest on net pension obligations	4 381	4 857
Other financial expenses	2 511	1 155
Financial expenses	**7 968**	**6 164**
Net financial items	**4 320**	**7 560**

NOTE 9 PENSIONS

Multiconsult ASA has established pension plans that comply with the requirements in the Act on Mandatory company pensions. Up to the end of 2016, the company had primarily two pension plans, a defined contribution plan and a defined benefit plan.

There were 1519 active members and 27 retirees in the defined contribution plan at the end of 2016, excluding those that will be transferred from the defined benefit plan. Annual contributions to the plan are 5% for contribution basis between 1G and 6G, and 8% of the contribution basis between 6G and 12G. G is a base amount annually approved by the Norwegian parliament, and was NOK 92,576 per 31 December 2016. Starting from 1 January 2017, annual contributions to the plan are 5.55% for contribution basis between 1G and 7.1G, and 17.5% of the contribution basis between 7.1G and 12G.

Multiconsult ASA's defined benefit plan was settled at the end of 2016 with paid-up policies to be issued in 2017. All the parent company employees are now included in the defined contribution plan. Before settlement of the plan in 2016, 280 employees were included in the defined pension benefit plan. The settlement resulted in a reduction to pensions costs of NOK 107.3 million at the end of 2016.

Social security tax is calculated based on the pension plan's net financing and included in the gross pension obligations. Pension expenses include related social security tax.

CHANGE IN TOTAL COMPREHENSIVE INCOME DURING THE PERIOD

Amounts in NOK thousand	2016	2015
Pension expenses defined benefit plans (see below)	(72 681)	40 817
Recognised as financial expenses (note 8)	(4 381)	(4 857)
Pension expenses defined contribution plans	62 536	55 709
Pension expenses in profit before taxes (note 6)	**(14 526)**	**91 669**
Effect of remeasurement of defined benefit obligations	(38 302)	(85 917)
Pension expenses in total comprehensive income	**(52 828)**	**5 752**

PENSION EXPENSES DEFINED BENEFIT PLANS

Amounts in NOK thousand	2016	2015
Present value of the current year service cost	26 405	31 680
Interest expenses on pension obligations	23 525	21 065
Interest income on pension assets	(19 018)	(16 208)
Settlement gain	(94 045)	0
Net pension expenses before social security tax	**(63 132)**	**36 537**
Accrued social security tax	(9 549)	4 280
Net pension expenses including social security tax	**(72 681)**	**40 817**

REMEASUREMENT EFFECTS ON NET DEFINED BENEFIT OBLIGATIONS

Amounts in NOK thousand	2016	2015
Effect from change in discount rate	16 560	(70 504)
Experience adjustments on pension obligations	(15 703)	(12 233)
Effect on plan assets from change in actuarial assumptions	(39 159)	(3 180)
Total remeasurement effects on net defined benefit obligations	**(38 302)**	**(85 917)**

GROSS PENSION OBLIGATIONS DEFINED BENEFIT PLANS (INCL. SOCIAL SECURITY TAX)

Amounts in NOK thousand	2016	2015
Gross pension obligations at the beginning of the period	880 846	925 336
Expenses related to the current year service cost	30 128	35 960
Interest expenses	23 525	21 065
Settlement	(902 852)	0
Social security tax on paid-in premiums	(5 193)	(525)
Ordinary payments from the plans	(20 926)	(18 252)
Remeasurement of gross pension obligations	857	(82 737)
Gross pension obligations at the end of the period	**6 386**	**880 846**

PENSION ASSETS DEFINED BENEFIT PLAN

Amounts in NOK thousand	2016	2015
Pension assets at the beginning of the period	718 905	713 805
Interest income	19 018	16 209
Settlement	(795 535)	0
Paid-in premiums	44 496	4 414
Social security tax on paid-in premiums	(5 193)	(525)
Ordinary payments from the plans	(20 850)	(18 177)
Remeasurement of pension assets	39 159	3 180
Pension assets at the end of the period	**0**	**718 905**

FINANCIAL STATUS DEFINED BENEFIT PLANS

Amounts in NOK thousand	31.12.2016	31.12.2015
Calculated pension obligations (incl. social security tax)	(6 386)	(880 846)
Pension assets (at market value)	0	718 905
Net pension obligations including social security tax	**(6 386)**	**(161 941)**

Remaining defined benefit pension plans at 31 December 2016 are two individual unfunded agreements.

See note to the consolidated financial statement for assumptions used to calculate gross pension obligations, including the effect of remeasurement of the pension obligations, and the pension expenses in the statement of income.

At the time the company committed to the settlement of the defined benefit plan in 2016, the net defined pension liability was remeasured using assumptions and data at 31 December 2016. The remeasurement gain recognised as part of other comprehensive income related to this plan was NOK 37.6 million before tax in 2016. The gross liability will be settled in the beginning of 2017 using the already paid in pension premiums, and no further payments to the defined benefit plan above recognised liabilities are expected subsequent to 31 December 2016.

Due to the limit amounts, no further disclosure is provided for defined benefit obligations at 31 December 2016.

NOTE 10 INCOME TAXES

THE INCOME TAX EXPENSES IN THE STATEMENT OF INCOME FOR THE YEAR ARE AS FOLLOWS:

Amounts in NOK thousand	2016	2015
Income taxes payable	33 270	55 714
Paid withholding taxes	3 168	800
Regulation of previous years' income taxes	(519)	(1 136)
Changes in deferred taxes	32 119	(7 308)
Effects from changes in tax rate	502	(1 898)
Income tax expenses	**68 540**	**46 172**

RECONCILIATION FROM NOMINAL TO ACTUAL TAX RATE:

Amounts in NOK thousand	2016	2015
Profit before income taxes	**270 038**	**184 622**
Expected income tax expenses based on nominal tax rate in Norway (25%/27%)	67 510	49 848
Tax effect of the following items:		
Non-deductible expenses	657	622
Non-taxable income	(393)	(367)
Paid withholding taxes	3 168	800
Dividends received, not taxable	(2 386)	(1 697)
Effect of change in tax rate [1]	502	(1 898)
Regulation of previous years' income taxes	(519)	(1 136)
Income tax expenses	**68 540**	**46 172**
Effective tax rate	**25.4 %**	**25.0 %**

SPECIFICATION OF THE TAX EFFECT OF TEMPORARY DIFFERENCES:

Amounts in NOK thousand	2016	2015
Non-current assets	5 814	5 732
Current assets	2 666	2 121
Liabilities and provisions	2 107	4 845
Defined benefit obligations	1 454	40 485
Deferred tax assets/ (liabilities) in the balance sheet	**12 041**	**53 182**

Deferred tax assets are recognised based on expectation of future taxable profit.

RECONCILIATION OF DEFERRED TAX ASSETS IN THE BALANCE SHEET

Amounts in NOK thousand	2016	2015
Deferred tax assets 1 January	53 182	73 327
Effect of merger	1 054	0
Change in deferred taxes recognised in the income statement	(32 119)	7 308
Effect of changes in tax rate	(502)	1 898
Change in deferred taxes recognised in other comprehensive income [1]	(9 575)	(29 350)
Deferred tax assets in the balance sheet (net) as of 31 December	**12 041**	**53 182**

[1] Change in deferred taxes recognised in other comprehensive income is tax on remeasurement of defined benefit obligations. The amount recognised in 2015 includes the effect of change in tax rate from 27% to 25% in Norway from 2016 on the accumulated remeasurements, including the amount recognised at transition to IFRS. The accumulated remasurement effect is larger than the temporary difference on defined benefit plans in the balance sheet. The difference has reduced the change in deferred tax assets recognised in the statement of income.

The tax rate in Norway has been changed from 25% to 24% with effect from 1 January 2017. Deferred tax in the balance sheet at 31 December 2016 has been calculated based on 24%. As the company in 2016 decided on a termination and settlement of the defined benefit plan in Norway in Multiconsult ASA, there is no significant remaining net pension obligation, temporary difference or deferred tax asset in the balance sheet related to this plan at 31 December 2016. The company has evaluated that in such a situation, no effect should be recognised in other comprehensive income for the change in tax rate on the defined benefit obligation.

The accumulated deferred tax benefit recognised on remeasurement of defined benefit obligations through other comprehensive income is NOK 67,329 thousand per 31 December 2016 (NOK 76,904 thousand).

Accumulated current tax benefits of NOK 2,964 thousand has recognised to equity related to the employee share purchase programme.

RECONCILIATION OF INCOME TAXES PAYABLE IN THE BALANCE SHEET

Amounts in NOK thousand	2016	2015
Expensed income taxes payable	(33 270)	(55 714)
Prepaid taxes	2 541	2 733
Tax on group contribution provided	327	985
Income tax on employee share purchase programme recognised in equity	1 953	1 011
SkatteFUNN (government R&D tax incentive scheme)	1 571	1 326
Income taxes payable in the balance sheet	**(26 877)**	**(49 659)**

NOTE 11 ACCOUNTS RECEIVABLES AND OTHER CURRENT RECEIVABLES

Amounts in NOK thousand	2016	2015
Accounts receivables	364 847	367 687
Allowance for losses	(6 898)	(9 394)
Total accounts receivable	**357 949**	**358 293**
Work in progress	181 220	130 028
Prepaid expenses	21 853	17 479
Other	29 962	29 962
Total other current receivables	**269 633**	**177 469**

NOTE 12 INTANGIBLE ASSETS AND GOODWILL

Amounts in NOK thousand	Software	Goodwill
Acquisition cost 1 January 2015	43 884	131 962
Additions	6 016	0
Additions from mergers and acquisition	0	2 700
Acquisition cost 31 December 2015	**49 900**	**134 662**
Additions	4 930	0
Additions from mergers and acquisition	225	34 188
Acquisition cost 31 December 2016	**55 055**	**168 850**
Accumulated amortisation and impairment 1 January 2015	37 406	79 648
Amortisation for the year	4 184	0
Accumulated amortisation and impairment 31 December 2015	**41 590**	**79 648**
Amortisation for the year	5 220	0
Accumulated amortisation and impairment 31 December 2016	**46 810**	**79 648**
Carrying amount 1 January 2015	**6 478**	**52 314**
Additions	6 016	0
Additions from mergers and acquisition	0	2 700
Amortisation and impairment for the year	4 184	0
Carrying amount 31 December 2015	**8 310**	**55 014**
Additions	4 930	0
Additions from mergers and acquisition	225	34 188
Amortisation and impairment for the year	5 220	0
Carrying amount 31 December 2016	**8 245**	**89 202**

Software is standard software and licenses that are amortised on a straight-line basis over 3 years. Goodwill is not amortised, but assessed annually for impairment, or more often if there are indicators of impairment. Refer to the note to the consolidated financial statements for more information.

GOODWILL SPECIFIED PER BUSINESS COMBINATION

Amounts in NOK thousand

Company	Acquisition year	Carrying amount	Cash generating unit
Kompas AS	2009	2 573	West
Industriplan AS	2010	0	Oslo
Stensrud AS	2010	1 728	Middle
Hydpro AS	2011	383	Oslo
Barlindhaug Consult AS	2011	39 716	North
Infratech AS	2013	5 800	Oslo
NTE Energiutvikling	2013	2 113	Middle
Multiconsult Voss	2015	2 400	West
Rambøll, Narvik	2015	300	North
Carrying amount 31 December 2015		**55 014**	
Akvator AS	2016	21 108	West
Multiconsult Stord AS	2013	13 080	MC Stord
Carrying amount 31 December 2016		**89 202**	

The company's strategy has been to merge Norwegian subsidiaries into the parent company when practically possible and appropriate. Thus, all the companies mentioned above are merged into Multiconsult ASA. See note 15 for more information.

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK thousand	Buildings and other real estate	Other machines, plant, fixtures and fittings	Leasehold improve-ments	Total property, plant and equipment
Acquisition cost 1 January 2015	5 649	269 879	49 732	325 260
Additions	0	24 699	6 215	30 915
Additions from mergers and acquisitions	0	258	0	258
Disposal	0	1 792	1 384	3 177
Acquisition cost 31 December 2015	**5 649**	**293 044**	**54 563**	**353 255**
Additions		22 688	5 485	
Additions from mergers and acquisitions		1 429	246	
Disposal		45 001	5 106	
Acquisition cost 31 December 2016	**5 649**	**272 159**	**55 188**	**353 255**
Acc. depreciation and impairment 1 Jan. 2015	3 855	213 324	33 930	251 109
Depreciation for the year	110	24 323	5 941	30 374
Impairment for the year	0	468	0	468
Disposal	0	1 792	825	2 617
Acc. depreciation and impairment 31 December 2015	**3 964**	**236 323**	**39 047**	**279 334**
Depreciation for the year	110	24 975	6 816	31 901
Impairment for the year				0
Disposal		44 499	5 106	49 605
Acc. depreciation and impairment 31 December 2016	**4 074**	**216 799**	**40 757**	**261 630**
Carrying amount 1 January 2015	1 794	56 555	15 802	74 151
Additions	0	24 699	6 215	30 915
Additions from mergers and acqusitions	0	258	0	258
Depreciation and impairment for the year	110	24 791	5 941	30 842
Disposal	0	0	560	560
Carrying amount 31 December 2015	**1 685**	**56 721**	**15 517**	**73 923**
Additions		22 688	5 485	28 173
Additions from mergers and acqusitions		1 429	246	1 675
Depreciation and impairment for the year	110	24 975	6 816	31 901
Disposal		502		502
Carrying amount 31 December 2016	**1 575**	**55 361**	**14 432**	**71 368**
Useful lives	10 - 50 years	3 - 8 years	Same as equivalent assets, max leasing period	
Depreciation plan	Straight-line	Straight-line		

There have been no significant changes in depreciation period, depreciation method or estimated residual values in 2016 or 2015.

NOTE 14 CASH AND CASH EQUIVALENTS AND GUARANTEES

Amounts in NOK thousand	2016	2015
Cash and bank deposits	8 891	73 414
Bank deposits – employee tax deduction obligations	66 633	61 420
Total cash and cash equivalents	**75 524**	**134 834**

GUARANTEE OBLIGATIONS NOT RECOGNISED IN THE BALANCE SHEET

Amounts in NOK thousand	2016	2015
Bank guarantee – guarantees towards customers	47 405	26 276
Bank guarantee – guarantees for other obligations	33 783	33 783
Parent company guarantees – for associates and joint ventures	3 600	3 600
Parent company guarantees – for subsidiaries	24 299	27 451
Other	383	266
Total guarantees	**109 469**	**91 375**

Bank guarantees towards customers are related to assignments where the customer demands security for contract responsibilities. Bank guarantees for other obligations are mainly guarantees for rent of premises. Parent company guarantees for subsidiaries relates to bank loans, guarantee limit for bank overdraft and guarantee limit for Multiconsult UK Ltd. The change from 2015 to 2016 is currency effect. The company's bank facility agreements with Nordea Bank Norge ASA includes a negative pledge clause.

NOTE 15 SUBSIDIARIES, ASSOCIATED COMPANIES, JOINT VENTURES

SUBSIDIARIES			At 31 December 2016		Carrying amount 31 December	
	Acquisition date	Business office	Voting share	Owner-ship share	2016	2015
LINK arkitektur AS	2015	Oslo, Norway	100 %	100 %	147 645	147 645
Multiconsult Stord AS [1]	2013	Stord, Norway	N/A	N/A	N/A	12 500
Multiconsult UK Ltd [2]	2012	London, UK	100 %	100 %	3 937	3 937
Multiconsult Asia Pte.Ltd	2013	Singapore	100 %	100 %	933	933
Analyse & Strategi AS	2010	Oslo, Norway	100 %	100 %	4 499	3 518
Multiconsult Polska Z.O.O.	2014	Warzawa, Poland	100 %	100 %	28 641	28 641
LLC Multiconsult Rus	2009	Russia	100 %	100 %	145	145
Total subsidiaries					**185 799**	**197 318**

SUBSIDIARIES OWNED BY SUBSIDIARIES

	Acquisition date	Business office	Voting share	Ownership share
LINK arkitektur AB [3]	2008	Stockholm, Sweden	100 %	100 %
LINK arkitektur Aps [3]	2013	Copenhagen, Denmark	100 %	100 %
aarhus arkitekterne AS [3]	2016	Aarhus, Denmark	100 %	100 %

[1] Previously Vest Consult AS and merged into Multiconsult ASA on 1 January 2016
[2] Previously Norplan Hydropower Ltd
[3] Subsidiaries of LINK arkitektur AS

Refer to the Group's note 4 Business combinations.

There are no significant restrictions on the company's ability to gain access to or use the group's assets and settle the group's obligations

ASSOCIATED COMPANIES AND JOINT VENTURES			At 31 December 2016		Carrying amount 31 December	
	Acquisition date	Business office	Voting share	Owner-ship share	2016	2015
Norplan AS [1]	2003	Oslo	50.0 %	50.0 %	598	598
Norplan Tanzania Ltd	2013	Tanzania	49.0 %	49.0 %	2 050	2 050
Newplan Ltd	2013	Uganda	40.0 %	40.0 %	250	250
Consorcio SAM SpA	2014	Chile	27.5 %	27.5 %	32	32
FPS AS	2013	Oslo	36.0 %	36.0 %	367	367
Total associated companies and joint ventures					**3 297**	**3 297**

[1] Norplan AS is a joint venture, the others are associated companies.

NOTE 16 LEASING AND OTHER PAYMENT OBLIGATIONS

Liabilities for operating leases of assets are not recognised in the balance sheet. Future minimum payments under non-cancellable operating lease agreements, excluding costs for services as of 31 December 2016:

	As of 31 December 2016		
Amounts in NOK thousand	**Office premises**	**Property, plant and equipment**	**Total**
Due within 1 year	115 376	4 345	119 721
Due more than 1 year, but within 5 years	366 698		366 698
Due more than 5 years	409 468		409 468
Total	**891 542**	**4 345**	**895 887**

The same table as of 31 December 2015, but including costs for services:

	As of 31 December 2015		
Amounts in NOK thousand	**Office premises**	**Property, plant and equipment**	**Total**
Due within 1 year	122 092	2 517	124 609
Due more than 1 year, but within 5 years	412 069	0	412 069
Due more than 5 years	543 468	0	543 468
Total	**1 077 629**	**2 517**	**1 080 146**

The amounts in the table are not discounted.

See note 7 Other operating expenses for leasing expenses in 2016 and 2015. Lease of office premises mainly relates to the company's premises in Norway. In most agreements, the annual lease payment is index regulated. Future index regulations are not included in the amounts in the tables.

There are no significant restrictions imposed through the leasing arrangements regarding distribution of dividends, obtaining additional debt, entering into additional leasing agreements or other arrangements.

Other significant committed payment obligations
In addition to the minimum lease payments presented in the table as of 31 December 2016, the group has obligation to pay the lessors for other services related to the lease agreements.

The company does not have any other significant committed minimum payment obligations. The agreements with sub contractors are mainly such that if an assignment is discontinued, then the obligations to purchase services from the sub contractors are also discontinued. In some agreements there may be a minimum period during which the Group must pay sub contractors if an assignment should be discontinued.

NOTE 17 OTHER CURRENT LIABILITIES

Amounts in NOK thousand	**2016**	**2015**
Salaries payable, vacation pay, bonus, earnings distribution etc.	176 546	159 778
Other accrued expenses	17 908	5 177
Received prepayment of revenues	23 923	19 709
Other	4 951	6 325
Total other current liabilities [1]	**223 329**	**190 989**

[1] Owed to sub consultants has been reclassified to accounts payable.

NOTE 18 NON-CURRENT RECEIVABLES, SHARES, PROVISIONS AND REIMBURSEMENT ASSETS

Amounts in NOK thousand	**2016**	**2015**
Shares	538	533
Loans to subsidiaries	70 460	3 820
Other non-current receivables	4 291	5 571
Total other non-current receivables	**75 289**	**9 924**

Amounts in NOK thousand	**2016**	**2015**
Net provisions for project responsibilities 1 January [1]	**18 455**	**28 385**
Additions during the year	1 450	9 005
Reversal of provisions [1]	(9 720)	(18 035)
Utilised provisions during the year	(1 400)	(900)
Net provisions for project responsibilities 31 December	**8 785**	**18 455**
Assets for reimbursement of provisions	**22 610**	**21 600**
Gross provisions for project responsibilities 31 December	**31 395**	**40 055**

[1] The provision as of 1 January has been increased by NOK 6.6 million due to a reclassification. This amount was originally classified as a reduction to work in progress, and relates to a dispute and a legal process regarding Grønneviksøren which was finalised and settled between the parties during 2016. In 2016, the NOK 6.6 million had a positive effect on the statement of income, included in the amount for "reversal of provisions" in the table above.

Refer to note 19 to the consolidated financial statements for a description of provisions for project responsibilities.

NOTE 19 RELATED PARTIES

The Company's related parties are the same as mentioned in note 22 to the consolidated financial statements, in addition to the company's subsidiaries. Refer to note 8 to the consolidated financial statements for information on transactions with and remuneration to key management personnel and note 22 to the consolidated financial statements for owners with significant influence.

Refer to the note 22 to the consolidated financial statements for details on transactions with joint ventures and associated companies.

TRANSACTIONS AND BALANCES WITH SUBSIDIARIES

	Receivables		Liabilities		Purchases		Sales		Guarantees	
Amounts in NOK thousand	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Multiconsult Stord AS [1]	N/A	1 945	N/A	86	N/A	84	N/A	467	N/A	0
Multiconsult UK Ltd [2]	3 297	501	7 067	367	27 300	17 228	1 102	43	24 299	27 451
Multiconsult Asia Pte Ltd	7 731	2 115	0	2 812	2 347	5 820	0	0	0	0
LINK arkitektur AS [3]	62 803	3 517	4 607	2 844	26 522	6 759	9 680	4 282	0	0
Analyse & Strategi AS	12	954	2 264	4 578	5 500	5 396	1 816	1 566	0	0
Multiconsult Polska	0	71	2 227	561	5 465	1 143	0	834	0	0
Total	**73 843**	**9 103**	**16 165**	**11 248**	**67 134**	**36 430**	**12 598**	**7 192**	**24 299**	**27 451**

[1] Previously Vest Consult AS, merged into Multiconsult ASA on 1 January 2016.
[2] Previously Norplan Hydropower Ltd. Change in guarantee amount is currency effect.
[3] On 15 September 2015 Multiconsult ASA acquired the remaining 68 % of the shares in LINK arktitektur AS.

Akvator AS was acquired on 1 June 2016, and merged into Multiconsult ASA with effect on 1 October 2016, and no related party transactions are presented in the table.

In addition to the amounts in the table above, Multiconsult ASA received dividends of NOK 8,990 thousand from LINK arkitektur AS in 2016 and NOK 1,641 thousand from Multiconsult Polska in 2015. Multiconsult ASA decided to distribute group contribution to Analyse & Stategi for the accounting year 2016 of NOK 1,307 thousand (NOK 3,648 thousand). Purchases of shares in the companies from external parties are not included, since that is not considered related party transactions.

NOTE 20 EVENTS AFTER THE REPORTING PERIOD

On 7 March 2017, the company announced that it had acquired the engineering consulting company Iterio AB (Sweden), see note 4 to the consolidated financial statements.

In March 2017, the company increased the revolving credit facility from NOK 80 million to NOK 95 million.

After the reporting period ended on 31 December 2016 and to the date these financial statements have been approved for issue, no other events have been identified that require disclosure.

DECLARATION IN ACCORDANCE WITH § 5-5 OF THE SECURITIES TRADING ACT

We confirm that the financial statements for 2016 have, to the best of our knowledge, been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the group as a whole. The Board of Directors' report includes a fair review of the development and performance of the business and the position of the company and the group as a whole, together with a description of the principal risks and uncertainties that they face.

The Board and CEO of Multiconsult ASA
Oslo, 19 April 2017

Steinar Mejlænder–Larsen
Chair of the board

Nigel Wilson
Deputy chair

Göran Carlson
Director

Line Karin Haugen
Director

Arne Fosen
Director

Vibeke Strømme
Director

Kari Medby Loland
Director

Elisabeth Lokshall
Director

Christian Nørgaard Madsen
Chief Executive Officer

AUDITORS' REPORT

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To the General Meeting of Multiconsult ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Multiconsult ASA. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2016, and income statement, statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2016, and income statement, statement of comprehensive income, statement of changes in equity, cash flow 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 accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and 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, included 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Timing and accuracy of contract revenue recognition

Key audit matter	How the matter was addressed in the audit
For further information and a description of estimates and judgments related to the recognition of project revenues, refer to note 2 in the Group financial statements.	We evaluated the IT systems used in the determination of revenue recognition by testing access and change management controls.

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

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Timing and accuracy of contract revenue recognition, cont.

Key audit matter	How the matter was addressed in the audit
IFRS as adopted by the EU require revenue to be recognised in accordance with the percentage completion approach. If it is probable that a project will incur a loss, the estimated loss is recognised immediately. The contracts may span over a number of reporting periods. The amount and timing of revenue to be recognised under a contract can be affected by changes in conditions and circumstances over time, such as: - changes to the original contract terms, - cost overruns, or - scope changes. Given the degree of subjectivity involved in determining costs to complete, there are risks for errors in the calculation of revenue and misstatements in the allocation of revenue between reporting periods.	We assessed the design and tested implementation and the operating effectiveness of the internal controls Multiconsult has established related to the timing of revenue recognition. We selected a sample of contracts, for which: - we met with the relevant project managers to analyse the contracts in detail, - we challenged the key estimates used in the long-term contract accounting calculations, such as costs to complete, key project risks and adherence to billing schedules, - we obtained the relevant contracts and other supporting information and controlled the data included in the calculations and management's assumptions for costs to complete, based on the contractual requirements, - we obtained and assessed the implications of correspondence with customers, both upon the acceptance of work done and relating to disputes, - we tested by sampling that timesheets are properly submitted and accounted for.

Carrying value of goodwill

Key audit matter	How the matter was addressed in the audit
For further information and a description of estimates and judgments involved related to the assessments of the carrying value of goodwill, refer to note 2 and note 13 in the Group financial statements. The carrying value of goodwill amounted to NOK 236 million at 31 December 2016 in the group accounts. According to IFRS as adopted by the EU, the goodwill is required to be tested for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverability of the goodwill is dependent on assumptions about forecast of future cash flows, specifically forecast revenue, operating margin and long-term growth rates along with discount rates. These assumptions are of particular importance due to the level of uncertainties and judgements involved. The outcome of impairment assessments could vary significantly if different assumptions were applied.	We assessed the design and implementation of the controls Multiconsult has established related to the estimates and judgements in the process for assessing the recoverability of goodwill. We assessed and challenged the reasonableness of management's judgements, in particular: - the cash flow forecast; - the long term growth rate; - and the discount rate used by reference to past performance, externally derived data, forecast for economic factors, and current order book. Our valuation specialists assisted in evaluating the assumptions and methodologies used. In addition, we tested the mathematical integrity of the models.

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Provisions for contract claims

Key audit matter	How the matter was addressed in the audit
For further information and a description of estimates and judgments involved in provisions for contract claims and related insurance recoverability and recognition, refer to note 2 and note 19 in the Group financial statements. Multiconsult performs a thorough review of each claim. This review includes significant judgments related to; - whether the contract claim is valid and is probable to result in a cash outflow, - best estimate for future cash outflow, and - whether a claim is covered by Multiconsult's insurance, either fully or partly. As only claims that are probable to come to a cash outflow are provided for according to IFRS as adopted by the EU and as only virtually certain insurance recoverability are recognized, management's judgements related to determination of likelihood and cash flow estimates can have a significant impact on the financial statements.	We assessed the design and implementation and tested the operating effectiveness of key controls in Multiconsult's process for assessment of provisioning for contract claims and related insurance recoverability. We participated in management's fourth quarter meeting where all open claims and related best estimates were discussed, and we obtained: - management's schedule for contract claims, which includes the claims assessment and the assessment of insurance recoverability, and checked its completeness by comparing it to correspondence with the Group's legal advisors, - management's explanations for significant movements in the period, which we agreed with related assessments from insurers, legal advisors and other relevant sources, if available.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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 the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, 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.

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In preparing the financial statements, management is responsible for assessing the Company's and the Group'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 Group 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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 laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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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 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 statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

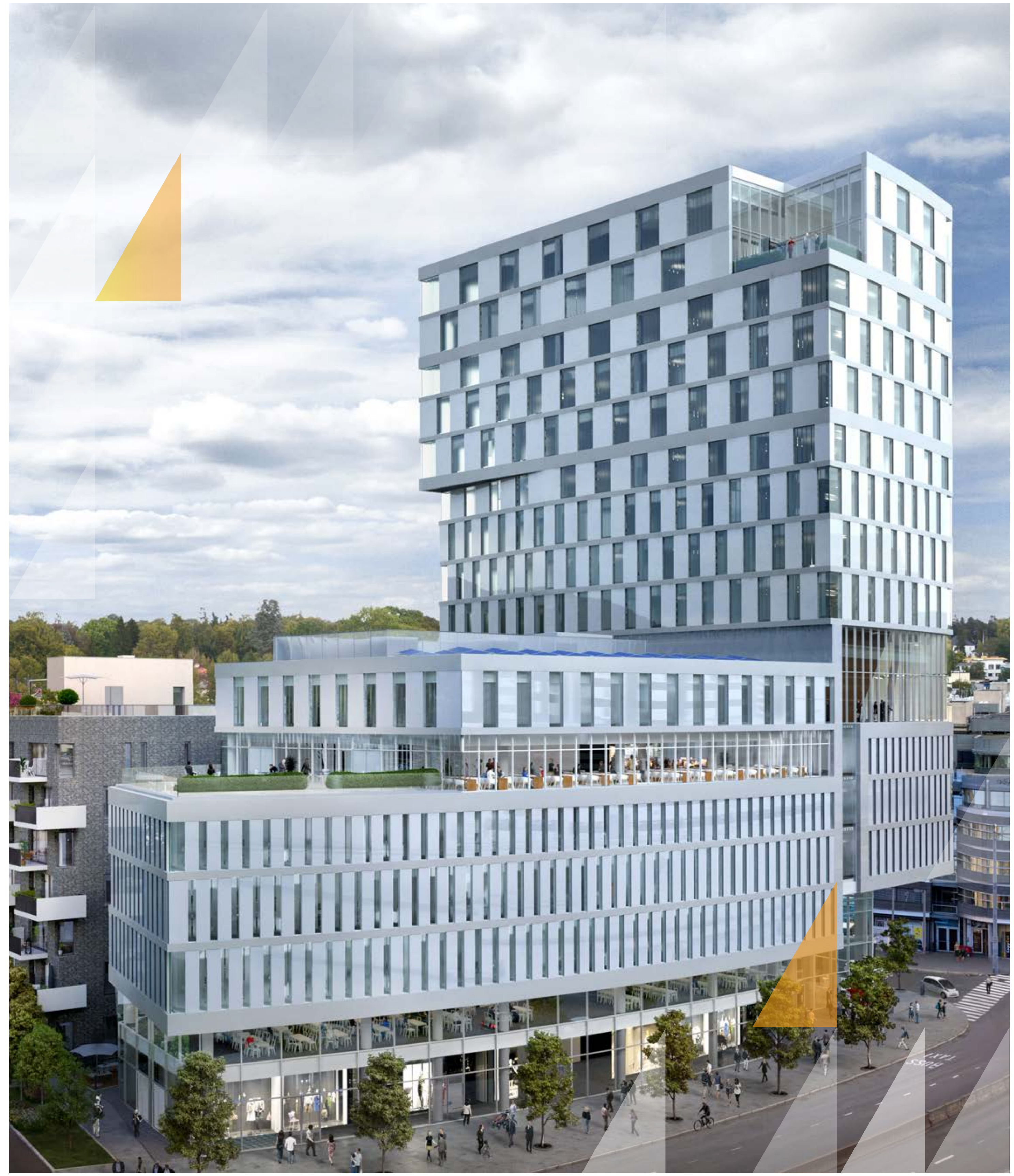
Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 19 April 2017
Deloitte AS

Reidar Ludvigsen

Reidar Ludvigsen
State Authorised Public Accountant



MANAGEMENT

CHRISTIAN NØRGAARD MADSEN
CHIEF EXECUTIVE OFFICER

ANNE HARRIS
EVP
CHIEF FINANCIAL OFFICER

ØYVIND HOLTEDAHL
EVP
MARKET, STRATEGY & INNOVATION

ELISABETH M. STENE
EVP
HR & ORGANISATIONAL DEVELOPMENT

OLA DALEN
EVP
CORPORATE PROJECTS

LARS OPSAHL
EVP
REGIONS NORWAY

GRETHE BERGLY
EVP
GREATER OSLO AREA

LEIF ØIE
EVP
ARCHITECTURE

BOARD

STEINAR MEJLÆNDER-LARSEN
CHAIR OF THE BOARD

NIGEL WILSON
DEPUTY CHAIR

VIBEKE STRØMME
DIRECTOR

KARI MEDBY LOLAND
DIRECTOR

LINE KARIN HAUGEN
DIRECTOR

ARNE FOSEN
DIRECTOR

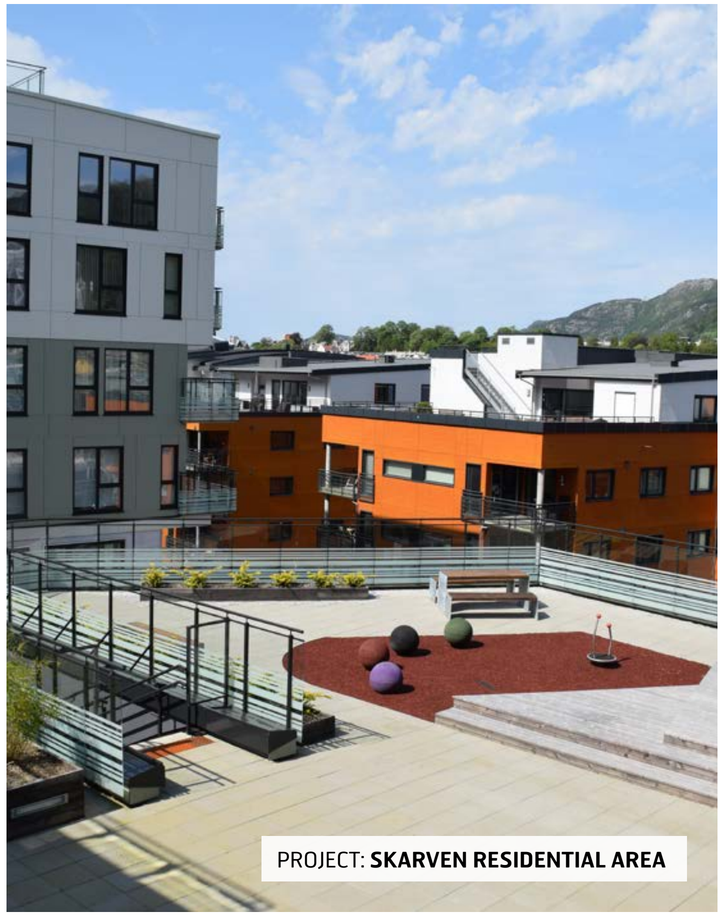
BO GÖRAN CARLSON
DIRECTOR

ELISABETH LOKSHALL
DIRECTOR

PROJECT: SÖDER HOSPITAL

PROJECT: HÅHAMMEREN BRIDGE AND PATHWAY

PHOTO: JO GAUTE FORNES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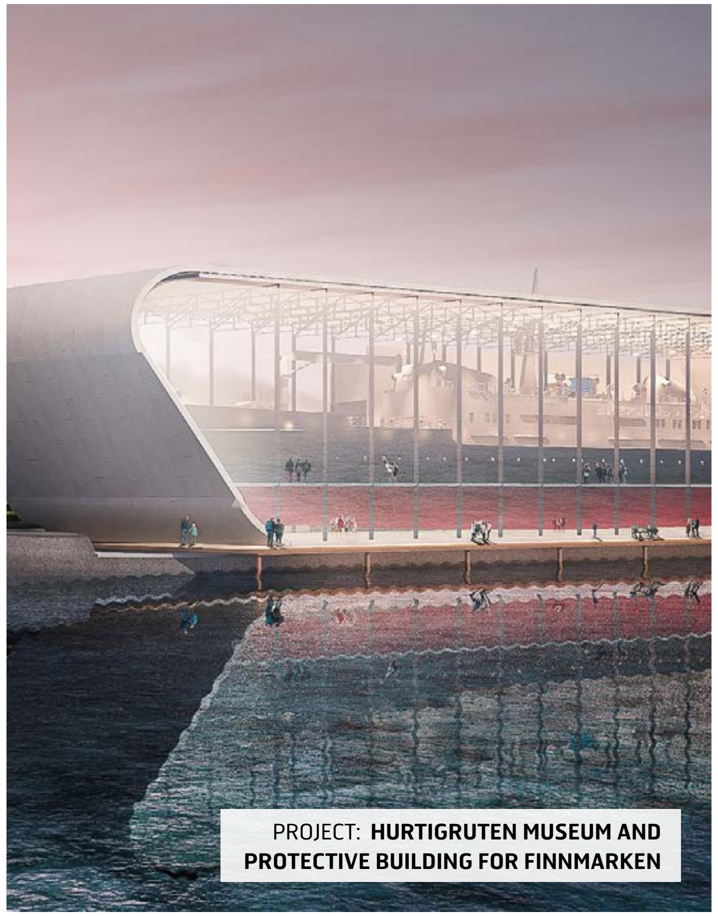

PROJECT: **HURTIGRUTEN MUSEUM AND PROTECTIVE BUILDING FOR FINNMARKEN**

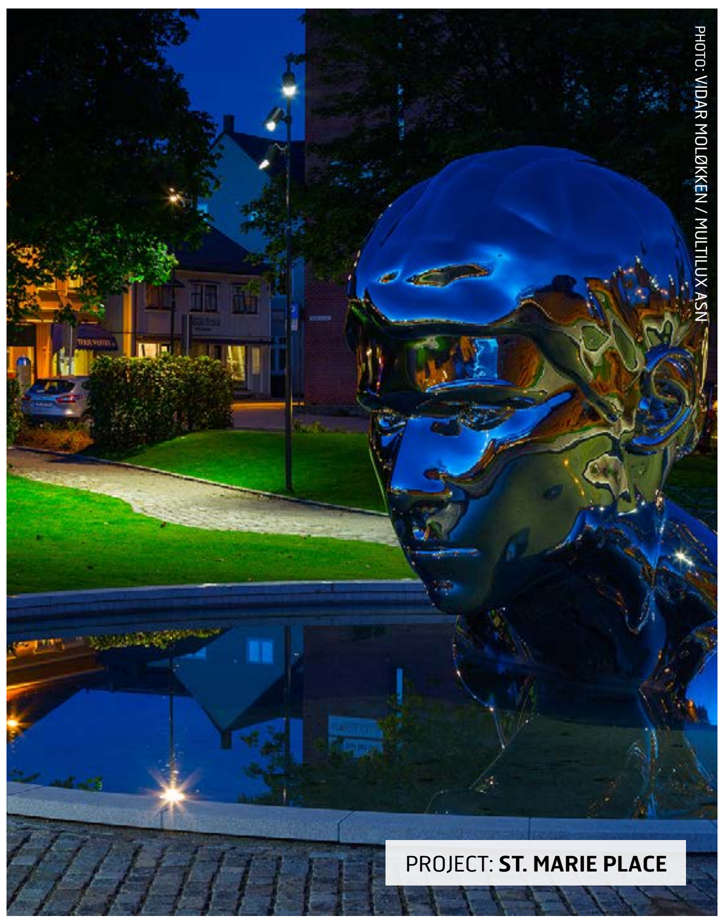
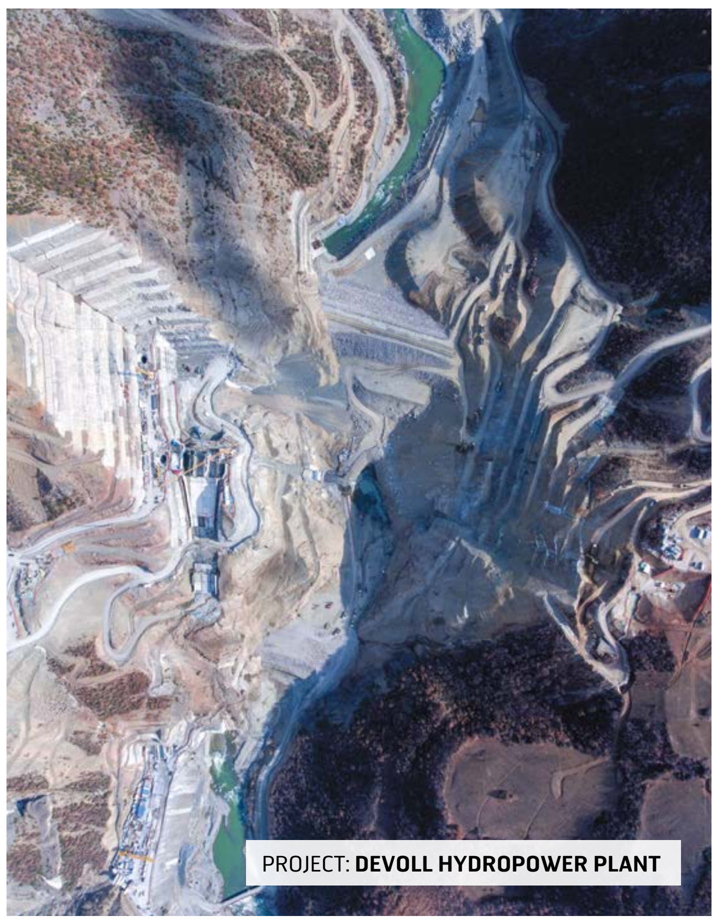


PHOTO: VIDAR MOLØKKEN / MULTILUX ASN

PROJECT: **ST. MARIE PLACE**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INTERNATIONAL OFFICES

- SWEDEN
- DENMARK
- UNITED KINGDOM
- POLAND
- SINGAPORE
- TANZANIA
- UGANDA
- CHILE

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