

The background of the cover is a photograph of a modern architectural space. It features large, dark, angular concrete structures that create a series of overlapping planes and shadows. In the background, there are walls made of vertical wooden slats, some of which are painted with colorful patterns in red, orange, and blue. A woman in a red shirt is visible in a recessed area of the architecture. In the foreground, a person in a blue denim jacket and white pants is seen from the back, looking towards the architectural structure. To the right, a group of four people is gathered around a small white table. The overall atmosphere is contemporary and artistic.

ANNUAL REPORT 2017

Multiconsult

PROJECT: **NEW ALVERHEIM SCHOOL**
ILLUSTRATION: **ZOA ARCHITECTURAL**
ANIMATION & VISUALIZATION



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PROJECT: **NTNU FACULTY OF HEALTH
AND SOCIAL SCIENCES**
ILLUSTRATION: **BRICK VISUAL**



2017 HIGHLIGHTS AND KEY FIGURES



- **Strong revenue growth in 2017** mainly driven by acquisitions and net recruitment. The group remains focused on its 3-2-1 GO strategic objectives, with increased emphasis on improving profitability, sales, operations and selective growth going forward.



- **Strategic acquisitions** of the Hjeltnes Group and Iterio AB during the year. Multiconsult acquired 100 per cent of the Hjeltnes Group, consisting of Hjeltnes Consult AS and Johs Holt AS in September, as well as Iterio AB in March.



- **Significant large projects won in 2017:** Fornebubanen (Oslo kommune), railway line No. 38 Etk - Korsze (PKP Polish Railway Lines D.A), identification and evaluation of generation, transmission

and distribution assets (ZESCO, Zambia), Northern Lights project (Statoil ASA), New water supply to Oslo (Oslo City Water and Sewerage Works Agency), extensions of contracts for Tønsberg Hospital (Vestfold Hospital Trust) and Neelum Jhelum hydropower (WAPDA) were made.



- **A new legal structure for Multiconsult** was approved at an extraordinary general meeting 23 June, with the purpose to establish a more efficient legal structure.



- **Confirmed attractive recruitment position:** Multiconsult ranks as an attractive employer in the annual survey conducted by Universum among engineering students and seasoned professionals.

CONSOLIDATES STATEMENT OF INCOME

Amounts in MNOK (except EPS, shares and percentage)

	FY 2017	FY 2016	FY 2015
FINANCIAL			
Net Operating revenues	2 977.7	2 604.6	2 247.7
Growth (%)	14.3 %	15.9 %	13.1 %
Reported EBITDA	164.7	332.8	212.7
EBITDA, underlying	164.7	225.5	263.4
EBITDA margin (%), underlying	5.5 %	8.7 %	11.7 %
EBIT, underlying	118.0	182.3	225.8
EBIT margin (%), underlying	4.0 %	7.0 %	10.0 %
Basic earnings per share (NOK)	3.01	8.15	5.73
Average number of shares	26 407 850	26 243 164	26 186 588
Net interest bearing debt (negative is asset)	134.5	(116.5)	(223.2)
Cash and cash equivalents	154.3	176.0	233.0
OPERATIONAL			
Order intake	3 762.5	3 084.7	2 808.0
Order backlog	2 147.7	1 793.1	1 727.5
Billing ratio (%)	67.0 %	69.2 %	68.2 %
Employees	2 851	2 344	2 147



Anne Harris
CFO

Christian Nørgaard Madsen
Chief Executive Officer

110 YEARS OLD, BUT ALWAYS SEIZING NEW OPPORTUNITIES

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.

LAYING THE FOUNDATIONS FOR FUTURE PROFITABILITY

The Multiconsult group is constantly evolving and progressing. Our 3-2-1 GO strategy sets clear goals for what we should achieve and where we want to be in 2020. In order to achieve those goals, we must develop a robust, resilient organisational structure that meets the needs of the market and our clients now – and into the future. This requires us to make the changes needed to position Multiconsult to become the company we wish in 2020.

The focus is on improving profitability and ensuring strong project execution. Investments don't always have immediate returns. In 2017, the combination of billing rates remaining on a low level and rising level of expenses resulted in a squeeze on profitability for our Norwegian consulting business. Expenses mainly rose due to higher salary expenses, M&A related expenses and the associated integration of new staff, as well as expenses related to our new ERP system. However, we are taking action to increase the company's profitability. This includes implementing an improvement programme designed to result in both short-term and long-term benefits. We are developing a culture of empowerment at Multiconsult, which is just as important in good times as in challenging times. Identifying, chasing and seizing new opportunities are key elements of the improvement programme, and I am confident that our employees will seize the opportunities that arise in 2018.

Speaking of improvements, I am delighted to see the strong improvement in the performance of our architectural business. During 2017, LINK arkitektur raised its profitability significantly, and it remains heavily focused on continuous improvement within its own operations.

Over the year, Multiconsult reinforced its leading market position within health care facilities. LINK arkitektur has been tasked with designing the new hospital in Drammen, and Multiconsult is providing engineering consulting services. LINK arkitektur is also heavily involved with the construction of a 46,000 m² health care building at the hospital in Helsingborg, Sweden. In view of this, I am very confident that we will see significant improvements in competitiveness across the whole group in 2018.

RECORD NUMBERS OF HIGHLY-QUALIFIED EMPLOYEES ALL OVER THE WORLD

Our ambition is to increase our revenue to NOK 6 billion in 2020, and to expand into new markets. That requires us to continuously focus on profitable growth. We are constantly

looking to develop our teams of experts through acquisitions, internal development and recruitment.

With such ambitious growth targets, organic growth is clearly not enough. However, we won't acquire any companies just for the sake of growth. The companies we acquire must provide Multiconsult with valuable expertise, or help us to expand into new market areas and increase our market share. As such, 2017 saw several acquisitions that brought new expertise to Multiconsult, increased our capacity and opened the door to new geographic and strategic opportunities that were previously beyond our reach. We are growing our business in terms of revenue, number of employees and geographic reach. In 2017, revenue rose by 14.3 percent, we added 500 employees and we opened new sales offices in Africa and Asia.

Our biggest acquisition in 2017 was Hjeltnes Consult AS and Johs Holt AS. We have known these companies for a long time, having worked together on many projects. With them on our team, we are now creating an engineering powerhouse with a strong market position in the greater Oslo area. By joining forces, we can increase our interdisciplinary capacity and expertise in the entire group. This will help us to build market share in Multiconsult's strategic priority areas – urbanism, transportation and health care facilities – in line with the 3-2-1 GO strategy for the period leading up to 2020. With the acquisition of the Hjeltnes group, we are well on the way to achieving our growth targets in Norway.

The Swedish company Iterio AB is another acquisition that is vital to achieving the ambitions set out in our 3-2-1 GO strategy. We previously had a presence in Sweden through LINK arkitektur, but Iterio AB is our first multidisciplinary activity in Sweden. The acquisition will strengthen our position in the Swedish market, and is important to our long-term strategic initiative to become a major multidisciplinary engineering consulting and architecture player in Sweden.

We have stated goals of growing our international business, and particularly in renewable energy. Also here, we took action to achieve that in 2017, including establishing sales offices in both Kenya and Thailand.

110 YEARS OF RENEWABLE ENERGY

In 2018 it is 110 years since Multiconsult was founded. It all started with hydropower. In 1908 the electrification of Norway was in its infancy, and since then Multiconsult has continued to be heavily involved in turning Norway into the modern country it is today. Renewable energy remains very important to Norway and Multiconsult. However, it is no

longer enough for us to contribute to the progress of our own country. Increasingly we are helping countries in South-east Asia and Sub-Saharan Africa to use hydropower and other renewable energy sources like solar and wind to promote growth and improve living standards.

Growing our international presence and capacity will help us to offer customers more competitive services in relation to hydropower, transmission and distribution (T&D), water resource management and solar power. Whereas our international business was previously mainly run from our offices in Oslo and the UK, we are now looking to establish teams of consulting engineers in other parts of the world, and particularly Southeast Asia and East Africa. That's where the aforementioned sales offices in Kenya and Thailand will help us to "build bridges". We are adjusting our organisational structure to reflect changes in the market and to help us better understand the changing needs of our customers.

We are also aiming for international growth by assisting oil and gas companies in their transition towards a green economy. At Multiconsult our stated ambition is to be "always environmentally friendly" and we want to incorporate green elements wherever possible. We are therefore especially proud to be part of the team in the Northern Lights project, Norway's first carbon capture and storage facility. As well as confirming our market leading position in onshore terminals, we have the extra satisfaction of knowing that our expertise in oil and gas will help make it possible to achieve the goals of the Paris Agreement.

The Northern Lights contract demonstrates our ability to adapt and to chase new opportunities. Multiconsult has had those abilities for 110 years, and if we had not constantly sought out new opportunities and been willing to adapt to changing markets, we would probably not still be around today.

«By putting a lot of joint effort into developing new, digital forms of coordination, change is occurring rapidly. This is an area where Multiconsult is, and wants to remain, at the forefront of developments in our industry.»

A DIGITAL FUTURE

In the same way as in many other industries, technology and digitalisation are high on the agenda at architectural and consulting engineering firms. By putting a lot of joint effort into developing new, digital forms of coordination, change is occurring rapidly. This is an area where Multiconsult is, and wants to remain, at the forefront of developments in our industry.

We are already leading the way in using 3D models for communication and design in renewable energy projects – so that traditional drawings are no longer needed. Together with Lerøy Aurora and other partners we have helped to develop AKVA Safeguard, a new technology that is making the aquaculture industry safer. We have won competitive tenders where our use of technology and digital integration have helped to tip the scale in our favour. That was the case, for example, when we together with COWI won the contract for Fornebubanen, the largest transportation project in Norway in recent times. We are increasingly using VR when bidding for jobs, partly because it helps customers to understand the projects that we want to create in partnership with them. As part of the Cura consortium, Multiconsult and LINK arkitektur both have key roles in the Tønsberg hospital project for Vestfold Hospital Trust. The project won the buildingSMART International Award for Design 2017 – the unofficial world championship for openBIM.

The Tønsberg hospital project is also one where the client is keen to explore new technology and new ways of cooperating. Our experience is that an increasing number of clients are demanding more in these areas. We are pleased with that, as it is a challenge that we are more than willing to respond to.

MORE ATTRACTIVE THAN EVER

We have reinforced our position as the most attractive employer in our industry. That's the conclusion of Universum's annual survey of how attractive employers are to students and experienced professionals. In 2017, for the first time, both surveys ranked Multiconsult as top three most attractive employers for people with a scientific or technical education in Norway.

The ability to attract the best talent and employees will be essential for any company that wants to succeed in the future. Multiconsult has that ability. The brightest students of today will shape tomorrow's society. Being an attractive workplace enables us to recruit some of the most talented people out there. One important yardstick in this regard is

the Association of Consulting Engineers' (RIF's) prestigious award for Young Consulting Engineer of the Year. For the second time in three years, the winner works at Multiconsult. This year's winner, Stanislas Merlet, has already made a real name for himself in the solar energy sector in Norway, and he is now involved in projects across large parts of the world.

The fact that we are attractive to students is also shown by the number of applicants to our MUST summer internship programme. MUST, which stands for Multiconsult for Students, is our student initiative. This year we received well over 1 700 applications for a total of 33 positions. Over the years, we have managed to develop summer jobs that give candidates a genuine idea of what it is like to work here. The stars of the future deserve to gain relevant experience through their summer jobs. Not just because it makes them better prepared for the expectations they will face when they join the workforce, but because they will be our most important resources in a few years' time.

A RESPONSIBLE COMPANY WITH RESPONSIBLE EMPLOYEES

As a major Norwegian company, we are naturally expected to take our responsibilities to society seriously, and we do indeed focus heavily on them in our day-to-day activities. All of the offices of Multiconsult Norge and the head office of LINK arkitektur are certified under the Eco-Lighthouse scheme, and our environmental accounts show that we are making progress in almost all of the parameters. We encourage staff to reduce work-related travel and to make greater use of digital meetings. Our employees have clearly taken this on-board. For example, in 2017 there were 3 800 video conferences and 214 000 Skype meetings/conversations, while the number of flights and amount of business travel by car fell to the lowest levels recorded since we introduced the environmental accounts in 2011.

Each year, we also give a Christmas present of NOK 250 000 to a charitable cause nominated and chosen by our employees. This year there was a strong consensus among our employees that the funds should go to "The Dale Oen Experience". By giving young people a sense of achievement through outdoor experiences and physical activity, it aims to inspire young people to go into science and research, where they can help find solutions to the environmental challenges that we face. That's what we call empowerment – which is in our DNA and our values.

Here I would also like to mention something that a group of employees from several of our offices joined forces to do last summer. In their free time, they removed several tonnes of rubbish from a number of Norwegian beaches, thus ensuring that it didn't end up in the sea. These are the kinds of initiatives that really demonstrate the sense of responsibility that our employees possess.

NO REASON TO CHANGE COURSE

I feel that 2017 was a slightly unusual year for Multiconsult, partly due to a bigger increase in employees than ever before. It is challenging to integrate new companies without taking a hit to profitability in the short term. We are also finding that clients are looking for new, better types of contract, with much greater variation in what they want than in the past.

The market remains strong, and we are in a good position to increase our market share in many of the growth areas in the industry. I am confident that going forward we will add value and increase our profitability. Against that backdrop, I feel optimistic about the future and will therefore sum up 2017 as follows: Multiconsult is sailing through choppy waters, but there is no reason to change course!

Christian Nørgaard Madsen
CEO

PROJECT: **LEHMKUHLSTRANDEN**

ILLUSTRATION: **LINK ARKITEKTUR/BRICK VISUAL**



DIRECTORS' REPORT 2017

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STRONG GROWTH, BUT REDUCED PROFITABILITY

The Multiconsult group recorded strong revenue growth in 2017, mainly driven by acquisitions and net recruitment. In line with established dividend policy, the board will propose a dividend of NOK 1.50 per share. The group remains focused on its 3-2-1 GO strategic objectives, with stronger emphasis on improving profitability, sales and operations.

All amounts in brackets are comparative figures for 2016 unless otherwise specifically stated.

Consolidated net operating revenues amounted to NOK 2 977.6 (NOK 2 604.6 million), up 14.3 per cent from 2016. The increase was primarily driven by acquisitions. The billing ratio was reduced to 68.4 per cent (69.2 per cent). Increased operating expenses resulted in an underlying EBIT of NOK 118.0 million (NOK 182.3 million). Earnings were positively impacted by improved results from LINK arkitektur.

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 significant variations among the different geographical regions and business areas during 2017, overall market activity and demand for engineering consultancy services remained at a satisfactory level. Demand for Multiconsult's services in the building and property market in 2017 was stable, but with regional variations. The Norwegian market for transportation was strong, but new organisational structure in public sector clients caused some delays in the launch of new projects. The renewable energy sector remained strong in 2017, both in Norway and internationally. Activity in the industry sector was lower in 2017, characterised by a reduction in total investments compared to 2016, partly explained by lower activity in the oil and gas supply industry and the finalisation of major investment projects. Within the oil and gas sector, demand stabilised during the year, following increased oil prices and renewed optimism in the sector.

The group's continued focus on M&A, in line with the 3-2-1 GO strategy resulted in several acquisitions that generated increased capacity and solid project activity. Higher operating expenses, mainly due to increased headcount as well as expenses related to the new ERP system, M&A processes and integration of acquired companies, more than offset the increase in revenues and resulted in a 35.3 per cent decrease in underlying EBIT to NOK 118.0 (182.3 million). Results from associated companies were NOK 1.2 million (NOK 4.1 million).

Multiconsult acquired 100 per cent of the shares in Hjellnes Consult AS and Johs Holt AS in September 2017. The acquisition increased capacity by approximately 250 employees and offers potential for significant value creation through increased capabilities within the core business areas Buildings & Properties, Transportation, as well as Water & Environment. Strategic targets within health care facilities and urbanism will also be positively influenced.

In September 2017 Multiconsult went live with its new ERP system. The implementation will gradually improve daily operations and contribute to a more efficient and profitable organisation throughout the value chain.

Operational cash flow combined with a robust financial position as well as commitment to long-term shareholder value creation forms the basis for the board of directors' dividend proposal of NOK 1.50 per share for 2017, in line with established dividend policy of distributing at least 50 per cent of net profit.

Cash flows in 2017 reflects weaker operational performance, financing of acquisitions of Hjeltnes group and Iterio AB, as well as ordinary dividend payment. The level of interest bearing debt has increased to NOK 288.8 million at year-end (NOK 59.5 million). Consolidated net interest bearing debt amounted to NOK 134.5 million (asset of NOK 116.5 million at year-end 2016).

The order backlog at year-end 2017 was NOK 2 147.7 million (1 793.1 million), an increase of 19.8 per cent year on year. The overall market outlook remains fairly positive.

2017 HIGHLIGHTS

• Significant contract awards

- **Frame agreement with Fornebubanen** was awarded in a Joint Venture with Multiconsult, COWI, LINK arkitektur and Jotne for engineering services for the entire Fornebubanen design project.
- **An update on the contract with Vestfold Hospital Trust was made** to Multiconsult and LINK arkitektur as partners with the contractor Skanska as an Integrated Project Delivery contract for the new Tønsberg Hospital.
- **Three contracts for the new Drammen Hospital were awarded** to Multiconsult by Helse Sør-Øst RHF, one of them through Multiconsults subsidiary LINK arkitektur to provide architectural consulting services. In the two engineering contracts, Multiconsult is partner with Erichsen & Horgen.
- **Contract by PKP Polish Railway Lines D.A awarded to Multiconsult Polska** for design documentation necessary for implementing the project and obtain all legally required permits and agreements necessary.
- **An extension of the contract with the Pakistani Water and Power Development Authority** was awarded to Neelum Jhelum Consultants, the local joint venture where Multiconsult participates, with responsibility for supervising construction work on the 969MW Neelum Jhelum hydropower project.
- **The national power utility in Zambia, ZESCO** awarded Multiconsult UK the contract to identify and value their generation, transmission and distribution assets.
- **A significant contract with Statoil ASA for the Northern Lights project was awarded** including Carbon Capture and Storage where Multiconsult will be responsible for the site preparation design and marine structures design for the onshore terminal.

- **A contract with Oslo City Water and Sewerage Works Agency** (Oslo kommune, vann- og avløpsetaten) was awarded for developing a technical feasibility study including zoning plan for a new water supply to the city of Oslo.
- **Multiconsult acquired 100 per cent of the shares in the Hjeltnes group, consisting of Hjeltnes Consult AS and Johs Holt** on 25 September. Total purchase price was NOK 184 million, settled by a combination of cash and Multiconsult shares.
- **Multiconsult acquired Iterio AB**, and thereby strengthens its presence in Sweden, in line with strategic ambitions. The total purchase price was approximately NOK 50 million, and the transaction was settled in cash.
- **On 23 June, Multiconsult held an extraordinary general meeting where a new legal structure** for the Multiconsult group was approved. The company's Norwegian operational activities were demerged and then merged into the wholly-owned subsidiary Multiconsult Norge AS. The purpose of the reorganisation is to establish a more efficient legal structure for the Multiconsult group. The new legal structure was effective as of 25 August 2017, with accounting and tax effects from 1 January 2017.
- **Employee share purchase programme 2017** was successfully completed in December 2017 with participation from employees in all subsidiaries.
- **Multiconsult's attractive recruitment position was 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 was ranked number three among all companies in Norway. In the survey for seasoned engineering professionals, Multiconsult improved its ranking to number three among all Engineering and Natural Sciences companies in Norway.
- **MUST summer internship was successfully completed** with 1738 applicants for 33 positions.

OVERVIEW OF THE BUSINESS

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

BUSINESS AND LOCATION

The holding company, Multiconsult ASA, is a Norwegian public limited liability company with its head office in Oslo, Norway. Activities are organised through subsidiaries both in Norway and internationally, as well as project offices mana-

ged from Oslo and with foreign partners. The group has 55 offices in Norway and abroad and had 2 851 employees as of 31 December 2017, including about 480 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 Norway and Sweden, in addition to architecture services in all three Scandinavian countries.

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

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

A description of each is presented under segment information.

In 2017 Multiconsult comprised of six 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
- Water & Environment

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 contracts and 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 provided the opportunity to renew the group's strategic objectives and initiatives in 2016 under the title "3-2-1 GO", where GO stands for Growth Opportunities.

The group's ambitions towards 2020 are to achieve profitability with a 10 per cent margin over the cycle, increase revenues to NOK 6 billion, grow internationally and further 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 within 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 through 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 underpin 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 capture 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 capture a leading position within 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.

3-2-1



Organic growth, estimated to amount for at least 50 per cent of the total growth ambition, will come from continued strengthening of expertise in the multidisciplinary business in Norway, especially within Buildings & Properties and Transportation. With the acquisition of Hjeltnes Group in 2017, this target is well within reach.

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. In response to weaker operational performance in 2017 within the segments Greater Oslo Area and Regions Norway, a comprehensive profitability improvement program has been launched with a target of minimum 6 per cent EBIT margin for 2018.

In order to have sufficient financial capacity to realise growth ambitions, Multiconsult has a financial policy, which 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

General market conditions were good in 2017, both in Norway and in Multiconsult’s international markets. However, there have been 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 across most business areas in Norway. The effect is especially visible on large projects. Market rates have shown some improvement in the second half of 2017, however the cost level for the Norwegian workforce has created challenges to profitability for the industry in general.

The buildings and properties market includes commercial buildings (offices, retail, hotels and resorts, industry), welfare infrastructure (health, education, culture, sports and leisure) and residential buildings among others. One of the main drivers in this market is population growth in large urban areas such as Norway’s capital, Oslo. 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 sector in 2017 has been good and stable, but with some regional variations. The Scandinavian market for urbanisation stays strong as the result

of population growth in cities, large investments in urban infrastructure and all the new possibilities that follow with rapid technical development. The Norwegian government has launched a City growth-agreement that will provide a more coordinated area- and transportation planning in the nine largest metropolitan areas. The overall picture is a growing market, although the risk of declining housing prices represents a potential challenge. The competition in the architectural market remains strong and Urbanisation is a strategic focus for our main competitors. The purchase of the Hjeltnes group strengthens Multiconsult's position in this market.

The Norwegian market for transportation is a growth market. The growth is mainly based upon large projects that open for strong international competition and an increase of use of EPC-Contracts. The National Road Development Company, Nye Veier, is now up and running and several new large road design-build contracts will be assigned in the coming year. We expect that the project portfolio related to Nye Veier will increase further. In the railway market, the InterCity projects will be organised as EPC contracts in the coming years. The small and medium sized design projects organised by the The Norwegian Public Roads Administration (NPRA) and Bane NOR are expected mainly to be call-offs on framework agreements. Multiconsult has been awarded National frame agreements for several regions for both NPRA and Bane NOR. These are expected to generate significant revenue. In addition to the services provided by Multiconsult Norge AS, Multiconsult Polska is also participating in some of the large Norwegian projects in addition to their strong local customer base in Poland.

Investments in the industry sector in Norway, and hence the demand for engineering and project management services, is expected to increase significantly in 2018 compared to 2017. Activity in the industry sector was lower in 2017 due to 3-4 per cent lower investments than in 2016, partly reflecting lower activity in the oil and gas supply industry and the finalisation of major investment projects. Growth in investment is expected to take place mainly in refineries, chemical production, aquaculture, and metal production. In aquaculture, where Multiconsult is well-positioned, we expect to see a growth in land based aquaculture and fish/seafood processing.

Multiconsult's expertise within Renewable Energy is in the forefront and capable of serving all phases of our customers' value chain, from early planning and pre-feasibility studies through design, supervision of construction, to maintenance and upgrades. Our expertise includes hydropower, trans-

mission and distribution, geology/underground and dams, water resource management, wind power, solar power, environmental and renewable energy advisory services. Multiconsult is currently in forefront in using 3D-modelling as the basis for communication and construction in renewable energy projects. Our main markets are Norway, South East Asia and Sub Saharan Africa. Through 2017, our presence was strengthened with new offices and teams in Nairobi and Bangkok. Our customers include utilities, developers, international development banks and other international organisations.

The engineering consultancy market in the renewable energy sector remained strong in 2017, both in Norway and internationally and provides good market opportunities for Multiconsult. The main drivers behind the growth in the renewable energy market are the global green shift, climate change/resilience and return on investment as technology, reduced product cost, politics and market needs pull in the same direction. These effects drive both investments in hydropower, solar, wind, water resource management, environmental/climate resilience solutions and transmission & distribution (T&D).

The oil and gas industry has started to recover from the low oil price level in recent years. The global market has experienced extensive consolidation and the focus on cost efficiency is high within ongoing projects. The Johan Castberg and Johan Sverdrup projects have been important projects for the Norwegian industry. Multiconsult is involved in some parts of both projects. Global oil and gas companies (E&P Companies) have started to transform their businesses to become energy companies with a more diverse focus on alternative energy sources. The second half of 2017 has witnessed a stabilisation and increase in the oil price, creating more optimism in the market and positive development in projects. Projected investments in Norway and other key areas show a steady but slow increase in the coming years.

Multiconsult has continued to develop services within the oil and gas market including developing products related to cold climate engineering, marine geotechnics, structural analysis, harbour facilities, marine and civil engineering as well as engineering services for offshore topsides. The Northern Light – Site Preparation and Marine Structure Contract with Statoil shows our continued leading position within marine structures and onshore plants. International operations are supported by our office in Singapore with focus on underground storage technology and services related to shipyard construction activities. Our license to operate in Abu Dhabi



has been obtained and we have successfully completed our first study contract in Abu Dhabi in 2017.

The main markets for water and the environment (W&E) sector include water and sewage infrastructure for municipalities, the disposal of contaminated soils, climate adaption projects and water quality and biological life within the aquatic environment. Significant capital expenditure programmes are planned in this sector. The market for removal of contaminated soil will follow the general trend within the construction sector with the market expected to experience stable but significant growth. Growth is predicted across core markets within the W&E sector. A continuous positive development is therefore expected for Multiconsult W&E services.

LONG-TERM, STABLE CUSTOMER BASE

Multiconsult strives to maintain good, long-term customer relations. Multiconsult Norge AS's 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 largest customers are stable, 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 established investment plans and limited credit risk.

The group's robust and diversified customer base forms the basis for the stable 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 in 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 at 31 December.

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

Consolidated operating revenues in 2017 amounted to NOK 3 375.4 million (NOK 2 968.0 million). Net operating revenues, consisting of operating revenues less sub consultants and charges, amounted to NOK 2 977.6 million (NOK 2 604.6 million). The 14.3 per cent increase in net operating revenues primarily reflects the capacity expansion due to acquisitions of the Hjeltnes group, Iterio AB, and aarhus arkitekterne A/S as well as net recruitment. Growth in revenues was partly offset by a lower billing ratio at 68.4 per cent (69.2 per cent) and one less working day compared to 2016.

Operating expenses before depreciation, amortisation and impairment charges came to NOK 2 812.9 million (NOK 2 271.8 million). The increase was mainly related to higher employee benefit expenses, which were NOK 2 319.8 million (NOK 1 841.6 million), due to increased headcount related to acquisitions and net recruitment, ordinary salary adjustment and gain on pension plan settlement in 2016. Administrative expenses increased accordingly in the period. However, direct expenses related to the new ERP system, M&A and integration of acquired companies impacted 2017 expenses with a total of approximately NOK 25.0 million.

Operating profit before depreciation and amortisation (EBITDA) amounted to NOK 164.7 million (NOK 332.8 million). The 2016 EBITDA includes a positive non-recurring effect of NOK 107.3 million due to the termination of the defined benefit pension plan and transfer to a contribution pension plan.

Underlying EBITDA, was NOK 164.7 million (NOK 225.5 million), a decrease of 27.0 per cent.

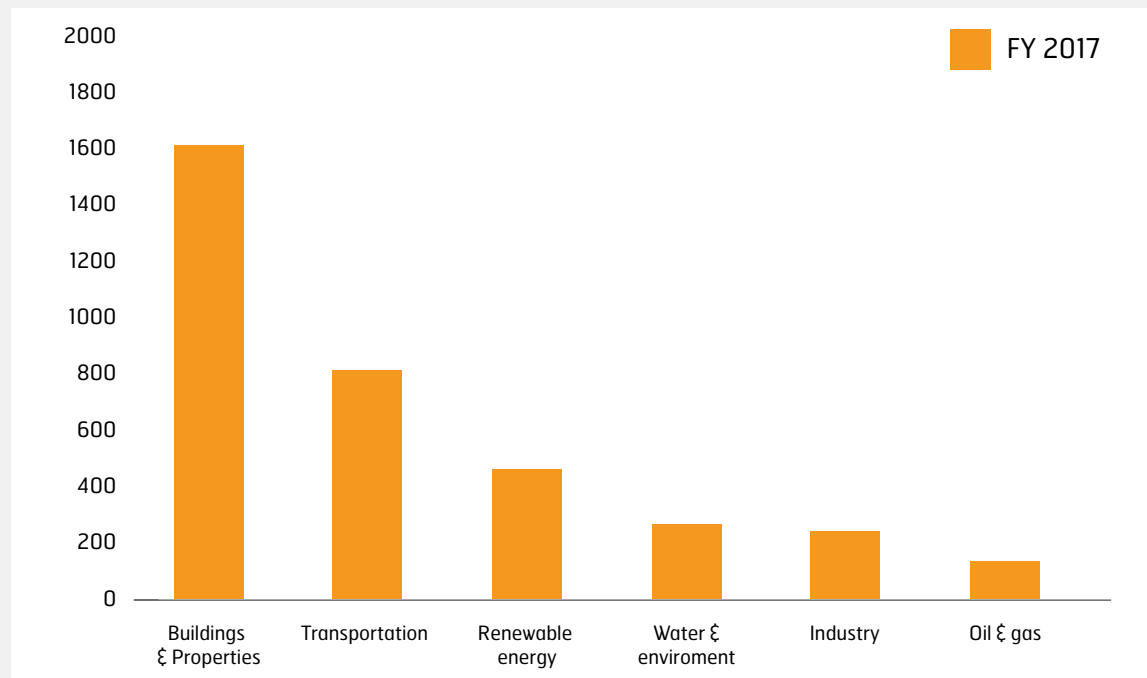
Operating profit (EBIT) for the year was NOK 118.0 million (NOK 289.6 million). Underlying EBIT was NOK 118.0 million (NOK 182.3 million), representing an underlying EBIT margin of 4.0 per cent (7.0 per cent).

Results from associated companies and joint ventures contributed NOK 1.2 million in 2017 (NOK 4.1 million). The decrease is explained by lower profit from Norplan Tanzania and Multiconsult's sale of the company's shares in Norplan AS and Newplan Uganda in 2017.

Net financial expenses amounted to NOK 11.4 million (NOK 5.9 million), reflecting increased interest bearing liabilities.

OPERATING REVENUES BY BUSINESS AREA

Amounts in MNOK



Profit before income taxes was NOK 107.7 million (NOK 287.7 million). Profit for the period was NOK 79.5 million (NOK 213.8 million).

Other comprehensive income recognised against equity was NOK 12.7 million (income NOK 24.3 million), mainly related to currency translation differences in 2017 and re-measurement of defined benefit pension obligations in 2016.

FINANCIAL POSITION, FINANCING AND LIQUIDITY

Total non-current assets amounted to NOK 635.0 million (NOK 397.2 million) at 31 December, the increase was driven mainly by higher goodwill at NOK 449.9 million (NOK 235.7 million) following the acquisition of Prosjektforum AS, Iterio AB, Hjeltnes Consult AS and Johs Holt AS.

Total current assets amounted to NOK 1 176.1 million (NOK 984.4 million), the increase being attributed to higher work in progress at NOK 368.4 million (NOK 270.3 million) and higher accounts receivables at NOK 588.4 million (NOK 455.1 million), following the growth in operating revenue-

es. Working capital, consisting of receivables less current non-interest bearing debt, amounted to NOK 132 million (NOK 44.3 million).

Total shareholders' equity was NOK 582.1 million (NOK 507.5 million) at 31 December, corresponding to an equity ratio of 32.1 per cent (36.7 per cent), mainly affected by share issue in connection with acquisition, dividend payment and profit for the year.

Total liabilities were NOK 1 229.1 million (NOK 874.1 million). Total interest bearing debt amounted to NOK 288.8 million (NOK 59.5 million). Net interest bearing debt amounted to NOK 134.5 million (asset of NOK 116.5 million at year-end 2016). Multiconsult Norge AS refinanced its bank overdraft facility with Nordea Bank in December 2017, with a limit of NOK 420.0 million at 31 December 2017. The limit was reduced to NOK 320.0 million as of 31 January 2018. In the third quarter 2017, Multiconsult ASA increased its debt and restructured its credit facilities in connection with the acquisition of the Hjeltnes group. Multiconsult ASA entered into

a loan agreement with Nordea for NOK 215.0 million, which was used to settle the cash payment of NOK 119.0 million to the selling shareholders in the Hjeltnes group as well as to pay down the previously drawn revolving credit facility of NOK 95 million in Multiconsult ASA.

CASH FLOW

Net cash flow from operating activities was NOK 66.0 million (NOK 90.2 million). The decrease was mainly related to the lower net profit in 2017.

Net cash flow used in investment activities was NOK 221.7 million (NOK 101.3 million), mainly related to the acquisition of Iterio AB, Hjeltnes Consult AS and Johs Holt AS, as well as ordinary asset replacement.

Net cash flow from financing activities was NOK 126.7 million (negative NOK 37.3 million), primarily reflecting increased interest bearing debt less dividend payment in May.

ORDER BACKLOG AND INTAKE

The order backlog at year-end 2017 was NOK 2 147.7 million (NOK 1 793.1 million at year-end 2016), an increase of 19.8 per cent year on year. Call-offs on frame agreements are only included in the order backlog when signed. This means for example that the new and significant frame agreement for Fornebu with Oslo kommune (municipality of Oslo) for the design of the entire Fornebu metro line is only included with a minor call-off in the order backlog at year-end. Another strategically important example is the frame agreement with Bane NOR for work on capacity expansion for freight traffic on Bergensbanen. The inclusion of Hjeltnes group and Iterio AB contributed to the increased backlog year-on-year.

Order intake in 2017 amounted to NOK 3 762.5 million (NOK 3 084.7 million). New contracts awarded in Norway in 2017 include the new Drammen Hospital, Northern Lights Carbon Capture and Storage as well as new water supply to the city of Oslo. Among new contracts awarded internationally was the railway line No. 38 on the section of Elk – Korsze in Poland as well as identification and valuation of ZESCO's generation, transmission and distribution assets in Zambia. The majority of the order intake came from add-ons to existing contracts such as Campus Ås, InterCity Østfold, 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 43.9 per cent of group net operating revenues in 2017.

Net operating revenues amounted to NOK 1 307.0 million (NOK 1 197.3 million). The increase of 9.2 per cent was mainly related to acquisition of the Hjeltnes group and net recruitment. The decrease in billing ratio to 67.0 per cent (70.0 per cent) partly offset the increase in net operating revenues. Billing rates increased modestly compared to last year.

EBITDA was NOK 80.6 million (NOK 139.8 million), a decrease of 42.3 per cent. The increase in revenue was more than offset by higher employee benefit expenses explained by acquisitions, net recruitment and ordinary salary adjustment. Increased administrative expenses contributed further to the decrease in EBITDA.

Order intake for the year amounted to NOK 1 685.1 million (NOK 1 336.1), an increase of 26.1 per cent from last year. The order backlog of the Hjeltnes group of NOK 153.4 million was reported as order intake and included in the order backlog in the third quarter 2017. Order backlog for the segment at year-end amounted to NOK 878.6 million (NOK 777.0 million), up 13.1 per cent year-on-year.

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 34.5 per cent of group net operating revenues in 2017.

Net operating revenues amounted to NOK 1 027.3 million (NOK 960.6 million). The increase of 6.9 per cent was due to acquisitions and net recruitment. The increase in revenues

was partly offset by lower billing ratio of 67.3 per cent (68.4 per cent).

EBITDA was NOK 37.1 million (NOK 60.0 million), a decrease of 38.1 per cent. The increase in revenues was more than offset by higher operating expenses related to acquisitions, ordinary salary adjustments, increased office rent and other administrative expenses.

Order intake amounted to NOK 976.7 million (NOK 1 063.8 million), a decrease of 8.2 per cent from last year. Order backlog for the segment at year-end amounted to NOK 408.5 million (NOK 505.9 million), down 19.3 per cent year on year.

INTERNATIONAL

The international segment comprises the subsidiaries Multiconsult UK, Multiconsult Asia, Multiconsult Polska and Iterio AB. 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. Iterio AB primarily offers services in the transportation sector within geotechnical, environmental and traffic engineering. The international segment accounts for 6.0 per cent of the group's net operating revenues.

Net operating revenues amounted to NOK 177.8 million (NOK 97.0 million). The increase of 83.2 per cent is mainly attributed to the contribution from Iterio AB as well as higher production in Multiconsult Polska.

EBITDA was NOK 19.3 million (NOK 12.8 million). The increase is driven by the acquisition of Iterio AB and improved operations in Multiconsult UK.

Order intake amounted to NOK 402.4 million (NOK 102.5 million), an increase of 292.7 per cent from previous year, reflecting the acquisition of Iterio AB in the first quarter 2017 and strong order intake in the third quarter 2017. Order backlog for the segment at year-end 2017 was NOK 364.7 million (NOK 150.2 million).

LINK ARKITEKTUR

This segment comprises LINK arkitektur, 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 accounts for 16.4 per cent of the group's net operating revenues in 2017.

Net operating revenues amounted to NOK 488.8 million (NOK 346.1 million), an increase of 41.2 per cent compared to the same period last year. In Norway, working hours were increased from 37.5 to 40.0 hours per week for all employees from 1 October 2016 resulting in a positive contribution to revenue compared to last year. Higher production from acquisition of aarhus arkitekterne, net recruitment and increased billing ratio also impacted operating revenues positively. EBITDA amounted to NOK 31.1 million (NOK 14.1 million).

Order intake was NOK 690.2 million (NOK 582.3 million), an increase of 18.5 per cent. Order backlog for the segment at year-end amounted to NOK 496.0 million (NOK 360.0 million), an increase of 37.8 per cent compared to the same quarter last year.

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 22 R&D projects during the year, with the support of external funding.

Spending on the company's R&D projects totalled NOK 11.9 million (NOK 17.6 million). NOK 0 (NOK 1.2 million) has been invoiced to customers. Support to development activities related to PhD programmes amounted to NOK 0.2 million in 2017 (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 which are important for the company's development. Spending on these activities totalled NOK 12.3 million in 2017 (NOK 9.2 million).

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. Other operational risks are related to Health Safety and Environment (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 14 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.

Accounts receivables represent about 32.7 per cent (32.9 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. New customers are subject to credit assessment and approval before credit is granted. Responsibility for credit management is centralised, and routines are incorporated in the group's quality assurance system. As approximately 50 per cent of the revenues in 2017 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

Multiconsult Norge AS has used its credit facility actively during the year, and as a result, its interest bearing debt is limited, and it accordingly has a low interest-rate risk related to debt. In the third quarter 2017, Multiconsult ASA increased its debt and restructured its credit facilities in connection with the acquisition of the Hjeltnes group. Multiconsult ASA entered into a loan agreement with Nordea for NOK 215.0 million, which was used to settle the cash payment of NOK 119.0 million to the selling shareholders in the Hjeltnes

group as well as to pay down the previously drawn Multiconsult ASA revolving credit facility of NOK 95.0 million. Interest rate swaps have been entered into to ensure approximately 50 per cent of interest costs at fixed rates.

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, but with significant short-term variation. Liquidity management is followed up closely through budgets and regular short- and long-term forecasting. To ensure sufficient freedom of action, and thereby to moderate liquidity risk, Multiconsult Norge AS has established an overdraft facility, which was NOK 420.0 million with the holding company's bank at 31 December 2017 and reduced to NOK 320.0 million as of 31 January 2018. 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 2B 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.

MULTICONSULT ASA RESULTS AND ALLOCATION OF NET PROFIT

The annual financial statements for Multiconsult ASA 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.

With effect from 25 August 2017, the Multiconsult group made a change to its legal structure. Multiconsult ASA's Norwegian operational activities were transferred through a demerger and merger to the wholly owned subsidiary Multiconsult Norge AS. The group's corporate functions with 25 employees as of 31 December 2017 were retained in the holding company Multiconsult ASA, with accounting and tax effect from 1 January 2017. Comparable figures for 2016 have not been restated and 2017 figures are therefore not comparable. Note 20 to the financial statements for Multiconsult ASA shows the assets and liabilities remaining in Multiconsult ASA at 1 January 2017 after the demerger.

The holding company's profit before income taxes came to NOK 3.8 million, while net profit was NOK 2.7 million.

The board proposes the following allocation of the net profit of NOK 2.7 million for the holding company:

Transferred from other equity	NOK 37.8 million
Dividend	NOK 40.5 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 2017 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, the group's stakeholders and society as a whole.

Multiconsult is a signatory to the UN Global Compact 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. Goals, strategies and action plans are established for each year, and the company works continuously to ensure that it meets its targets on sustainability matters. Our work is based on best practice and international frameworks such as UN Sustainable Development Goals, ISO 26000 and Global Reporting Initiative (GRI).

Sustainable development forms one of the key elements in the group's strategy and is a pillar of which we base our company culture and day-to-day business. We are committed to delivering sustainable solutions to the communities we engage with. Sustainability issues, such as business ethics and the environment, are integrated into our training programmes to ensure that all Multiconsult employees actively engage in dialogue concerning how the company best becomes an active contributor in shaping a sustainable society.

A dedicated CSR policy, with associated business partner and supplier declarations, is implemented in all parts of the group.

Matters relating to HSE, 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 risks we face are constantly changing within the group as new opportunities arise in the project portfolio, introdu-

cing new markets, clients and business partners. The group has therefore established a business ethics programme, which seeks to ensure awareness and competence in the handling of integrity and reputational risks across the entire organisation.

The group's compliance function is responsible for overseeing the group's work with regards to governing documents such as the code of conduct, anti-corruption programme and whistleblowing portal, and for providing advice regarding third party risk and general guidance with regards to business ethics. 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 personnel 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 ethical dilemmas that employees may face in their everyday work. Business ethics is also a key topic in the group's onboarding 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.

In 2017, all employees in the group re-confirmed the code of conduct by completing an interactive e-learning experience aimed at increasing the employees' understanding of the code of conduct and how it is instrumental in all our work.

In 2017 Multiconsult increased its focus on compliance with applicable competition laws, through implementation of a competition law compliance programme. The programme includes written guidelines as well as a training programme, all aimed at increasing the employees knowledge of how to handle competition law questions.

To ensure that we correctly identify and proactively mitigate risk, projects are screened for relevant business ethical risks, and integrity due diligence is performed on new business partners before entering into any commercial agreements. Partners and subcontractors sign a declaration of ethical business conduct as part of their contract with Multiconsult, ensuring that our work with regards to business ethics is engrained in all parts of our value chain. Our partners and key employees 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.

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 engaging with third parties. It also contributes to an environment for all employees to discuss and seek advice when they are faced with difficult situations or ethical dilemmas.

SOCIAL RESPONSIBILITY PARTNERSHIPS

For the last five years, Multiconsult has supported the work of Zero Emission Resource Organisation (ZERO) and Engineers without Borders (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 2017, Multiconsult worked together with the organisation on two interesting projects: "How to Unleash New Sources of Capital for the Norwegian International Solar Industry" and "How to make it possible to save 10 TWh a year in existing Norwegian buildings".

Engineers without Borders (IUG)

IUG is using engineering as a catalyst for change, through addressing global challenges and enabling sustainable human development. In 2017, Multiconsult supported IUG in daily operations, as well as collaborated in four projects, sending Multiconsult engineers to different parts of the world to assist in projects aimed at creating a better life for local communities. Multiconsult supported several student events at NTNU and NMBU with typical cases for the programme on Master with meaning. We continued our programme in which Multiconsult donates to IUG on behalf of invited guest speakers at Multiconsult's events.

The Dale Oen Experiences

Every year, the employees in Multiconsult nominate and vote

for a charity of their choice, to receive the annual Christmas gift from the company. In 2017 the employees chose the foundation "The Dale Oen Experience" to be the recipient of the annual Christmas gift of NOK 250 000. We are looking forward to cooperation with the foundation on environmental matters at beaches on the west coast of Norway.

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 certificate is valid for three years before the process of re-certification, where all criteria, as well as the Climate and Environmental reports for the intervening years, again are checked by a certifier. If all criteria are met, a new three-year certificate is issued. The re-certification of the Greater Oslo Area and LINK arkitektur was completed 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 Multiconsult Norge AS, which accounts for approximately 75 per cent of consolidated revenues and 65 per cent of employees. The strategies, goals and measures described below therefore apply only to Multiconsult Norge AS. In 2017, LINK arkitektur, a wholly owned subsidiary of Multiconsult ASA, became Lighthouse-certified.

Eco-Lighthouse enterprises work towards satisfying requirements and implementing environmental measures on a systematic and ongoing basis in order to create more environmentally friendly operations and safer work environments. This matches directly the ongoing internal project according to "green in all projects".

Multiconsult participates actively in the development of Building Research Establishment Environmental Assessment Methodology (BREEAM NOR), and has developed significant expertise in this system for certifying the sustainability of buildings and being Accredited Professionals. Multiconsult aims to develop a culture of environment-awareness among all employees through training, professional development, operations and project management. In 2017 about 50 project managers and managers have joined a general program for BREEAM system education in order to use the system in Multiconsult projects.

ENVIRONMENTAL REPORTING 2017

The Multiconsult group strategy defines sustainable development as one of the important areas where the company employee activity is characterised by sustainable solutions and a strong focus on HSE, preceding economic considerations.

Multiconsult has specific environmental 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.

Environmental reporting for Multiconsult Norway AS - based on the following factors:

Energy: Energy use in buildings/offices, based on consumption of electricity and district heating.

Transport and machinery: Driving related to work includes the use of private cars for business purposes, company vehicles and rental cars. Work-driving using electrical vehicles are not included in the reporting. The number of kilometers are reported in the total amount, and the CO2 emission from cars are calculated on this basis. The use of electrical cars are increasing, especially in the Greater Oslo Area and in the other larger cities.

Air travel includes the number of one-way/return flights reported by the travel agency. The CO2 footprint from the company air travel is based on reports from the travel agency in addition to estimated data based on The Norwegian Environment Agency calculating tool. Fuel consumption for machinery includes drilling rigs, trucks and ships.

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

Waste: We sort and deliver waste from our offices according to local regulations and system in each municipality. Used PCs and mobile phones are delivered in a system for reuse or recycling after data deleting. All other electrical- and electronic waste are delivered as EE-waste. We handle Hazardous waste with care and deliver with approved receipt. Laboratory waste and waste from maintenance of drilling rigs are sorted by a waste disposal firm.

Emissions to air: Carbon emissions are the estimated carbon dioxide equivalent emitted from energy consumption



Environmental report 2017

ENVIRONMENTAL INDICATOR	Unit ¹	2011 ²	2015	2016	2017
ENERGY					
Area efficiency ¹	m ² /work-year	36	34	34	28
Energy consumption in buildings	kWh/work-year	4890	5066	5529	3479
Energy consumption in buildings	kWh/m ²	136	151	164	125
TRANSPORT AND MACHINERY					
Work driving by car	km/work-year	2685	1794	2056	1494
Work driving by electric car	km/work-year	-	33	42	46
Flights domestic/Scandinavia	number/work-year	3,0	2,9	2,9	2,6
Flights foreign	number/work-year	0,5	0,4	0,4	0,6
Fuel consumption machinery	liters/work-year	77	43	46	30
Video conferences	Number	-	2450	1870	3860
Skype-meetings/calls	Number	-	-	197 000	214 039
PROCUREMENTS AND MATERIAL CONSUMPTION					
Paper consumption totalt	kg/work-year	31	20,7	21,3	12
Eco-labeled products	Number	-	135	139	180
Environmentally certified suppliers	Number	-	228	270	262
WASTE					
Total waste	kg/work-year	114	108	115	87
Residual waste	%	52 %	46 %	43 %	46 %
Waste for recycling	%	48 %	54 %	57 %	54 %
EMISSIONS TO THE AIR					
CO ₂ - emission	tonnes CO ₂ /work-year	1,7	1,5	1,6	1,1
CO ₂ - emission (ex el-energy building)	tonnes CO ₂ /work-year	-	-	1.3	0,9

¹ All work-year for Multiconsult Norway AS are included in the accounts. Consumption figures (energy use, paper use and waste) for offices with fewer than five employees are excluded from the accounts.

² 2011 is the reference year for the environmental targets 2013 – 2017.

in buildings (electricity and district heating) and operations-related transport such as driving, air travel and use of machinery and equipment in connection with geotechnical operations.

PERFORMANCE MEASUREMENT OF ENVIRONMENTAL GOALS FOR 2017

Increasing number of environmentally certified suppliers and eco-labeled products and services by 30 per cent

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 62 per cent from 2013. The number of environmentally certified suppliers increased by 45 per cent from 2013. The purchasing function is now requesting environmental statement from our suppliers.

The 2017 goal for environmentally certified suppliers and eco labeled products has been achieved.

Waste sorting of minimum 75 per cent of all waste

Total amount of waste has declined by 24 per cent in the period 2011 – 2017, despite the fact that the number of employees has increased significantly. Waste sorting has increased and residual waste has increased by 9 per cent in the period from 2011, and seems to be quite stable over the last 5 years. Several of the offices achieve waste sorting of over 75 per cent. Business units with laboratory and rigs / boats do not sort waste from these operations. The waste is sorted at the waste disposal facility, and is not counted as sorted at the source. This affects the overall recycling amount as this is largely soil and sand with heavy weight. However, it is important to emphasise that waste is handled according to national and regional regulations.

Reduce air emissions by influencing employee travel to and from work and in operation related activities

The environmental accounts have no indicators that measure employee travel to- and from work. We know that the number of employees in Oslo nearly doubled in the period, without the company adding more parking spaces. That indicates that most of the employees at the Oslo office come to work by foot, bicycle or public transportation.

When it comes to operations-related travel activities, there is a significant reduction in travel activity by car. This can be explained by increased use of Skype meetings. The amount of domestic flights has been reduced by about 35 per cent.

This can largely be explained by increased use of Skype meetings. The amount and distances for foreign and long-distance flights correspond to the expanded activity in Asia and Africa.

Increase the use of video conferencing and Skype meetings with 50 per cent

In 2013, most offices established video conference equipment in an effort to reduce travel. The use of Skype in 2017 has increased significantly – from almost zero in 2011. Skype's availability and ease of use makes it a very good and functional way to collaborate.

Online meetings save employees and the environment for many trips. Calculations on the amount of savings have not been conducted.

The 2017 goal for video conferencing and Skype meetings has been reached.

Reduce energy consumption in our buildings by 15 per cent

Energy consumption in our office buildings has decreased by 29 per cent from 2011. From 2016, Multiconsult has purchased energy with guarantees of origin, given our support to the development of renewable energy. When we report electricity consumption as CO₂-neutral energy, the total CO₂ load for the company will be reduced by about 200 kg per work-year.

In recent years, several office locations have moved to more energy-efficient buildings. Tromsø offices co-located in 2017, Bergen moved into a BREEAM excellent office, Trondheim moved to a new location two years ago and Moss has recently moved into upgraded and more energy-efficient office. The new offices and the optimised control systems for energy use reflects the energy decrease. The Facility Management program for adapting office space to number employees (area efficiency) is also a reason for the improvement.

The 2017 goal of 15 per cent energy consumption reduction has been reached.

The CO₂ footprint for Multiconsult Norge AS is reduced by 0.6 tons per work year. (Reduced from 1.7 tons/work year in 2011 to 1.1 tons/work year in 2017.)

EMPLOYEES, ORGANISATION AND EQUAL OPPORTUNITIES

Highly educated employees are the main asset for the Multiconsult group as a competence-based business. Employee statistics per 31 December 2017 shows that 1 per cent hold a PhD degree, 56 per cent a Master's degree and 24 per cent a Bachelor's degree, while 19 per cent have other educational backgrounds.

The Multiconsult group had a total work force of 2 851 (2 159) employees per 31 December 2017. Following the acquisition of Hjeltnes Consult and Johs Holt, with 245 employees, and net recruitment, the number of employees has increased by 432 during the year. 65 per cent of all employees are employed by Multiconsult Norge AS and the data and information reported therefore apply to the majority of the group's activities.

At year-end Multiconsult Norge AS had a work force of 1 862 (1 683) employees. As a consequence of acquisitions and increased activity during the year, the work force has had a net increase of 179 employees.

Staff turnover was 6.0 (7.2) per cent for the Multiconsult group and 5.2 per cent (7.9 per cent) for Multiconsult Norge AS, in line with the target range of five to ten per cent.

RECRUITMENT POSITION

The Multiconsult 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 industry, Multiconsult ranks as the most attractive employer among students in the annual surveys conducted among students by Universum. In the same survey, the company is ranked as number two within the industry among seasoned engineering professionals in Norway. Multiconsult does not only hold a strong position as attractive employer within the industry; in competition with all companies in Norway, the Universum surveys rank Multiconsult as the third most attractive employer for both student- and seasoned professionals.

Close collaboration with selected universities and colleges continued in 2017, 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 179 net new employees in Multiconsult Norge AS, 1 per cent have a PhD, 64 per cent a MSc, 24 per cent a BSc, and 11 per cent have other educational backgrounds. 22 per cent of the new recruits during 2017 graduated in 2016 or 2017.

EMPLOYEES AND EXPERTISE

Recruitment capability, employee satisfaction and expertise development are important factors for Multiconsult's long-term success. Multiconsult has a constant need to strengthen its expertise and capacity, both in project and line management. There is strong emphasis on the development of managers, and substantial resources are devoted to this work. During 2017, a large number of employees completed various internal courses and programmes for project managers. In the same period, the Multiconsult group put significant effort into revising existing programmes. In 2018, 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 performance over time. For the third year in a row the employees were offered to buy shares in the Multiconsult employee share purchase programme, first established in 2015. The 2017 programme was successfully completed in the fourth quarter. The programme was slightly oversubscribed and approximately 23 per cent of the employees across all the companies within the Multiconsult group subscribed for shares.

WORKING ENVIRONMENT

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 planned actions have local impact, or otherwise a narrower scope, the group holds meetings at the relevant unit/organisational level.

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

In 2017, Multiconsult conducted an employee engagement survey with participation from a most of the companies in the group. The 2017 survey was the third consecutive survey with the current survey vendor from the start in 2013. On group level, the results in the 2017 survey show that the Multiconsult group continues to score high on both satisfaction & motivation and loyalty to the company. Benchmarked against both national scores and scores for the business, the results show that Multiconsult has a sound working environment.

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 Multiconsult Norway) and corporate management receives periodic reports on the activities and progress of group HSE action plans.

Multiconsult arranged its fourth HSE-week in October 2017. During the week, several seminars and workshops were available to all employees. The theme for this year's HSE-week was 'A great work environment' and the employees were presented with a range of relevant topics, including "How to cope with work related stress", "The art of work-Life balance" and "Being a good colleague – how to create a great work environment".

Sick leave in Multiconsult Norge AS continues to decrease and for 2017 it was 3.4 per cent (3.6 per cent), which shows that the continued focus and work towards the goal of 3.3 per cent is proving successful. All sick leave is monitored and reported. Multiconsult will continue to work towards a goal of 3.3 per cent sick leave in 2018. The company monitors absence due to injuries caused by work-related accidents or incidents. The key performance indicator (H), which expresses days of absence in relation to the total number of hours worked, was 1.0 in 2017.

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 color,

language, religion or belief. 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, as well as work on developing appropriate attitudes.

37 per cent of the Multiconsult group's 2 851 employees at 31 December 2017 were female and 63 per cent were male. The group is working actively to increase the proportion of female employees.

33 per cent of Multiconsult Norge AS's 1 862 employees at 31 December 2017 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 75 and 25 per cent. Women accounted for 35 per cent of middle managers. For new recruits in 2017 the distribution was respectively 35 per cent female and 65 per cent male.

Multiconsult wants to be at the forefront of ensuring equal opportunities in the industry and contribute to setting equality matters on the wider social agenda. In 2017 Multiconsult implemented a company wide effort to analyze the group's demographics with regards to gender. As a result, corporate management decided to set targets for gender demographics within the company towards 2020, both on a group and company level. For instance, Multiconsult has set a target of having both male and female candidates at the final stages of a recruitment process increasing the focus ensuring we recruit the best candidates, regardless of gender.

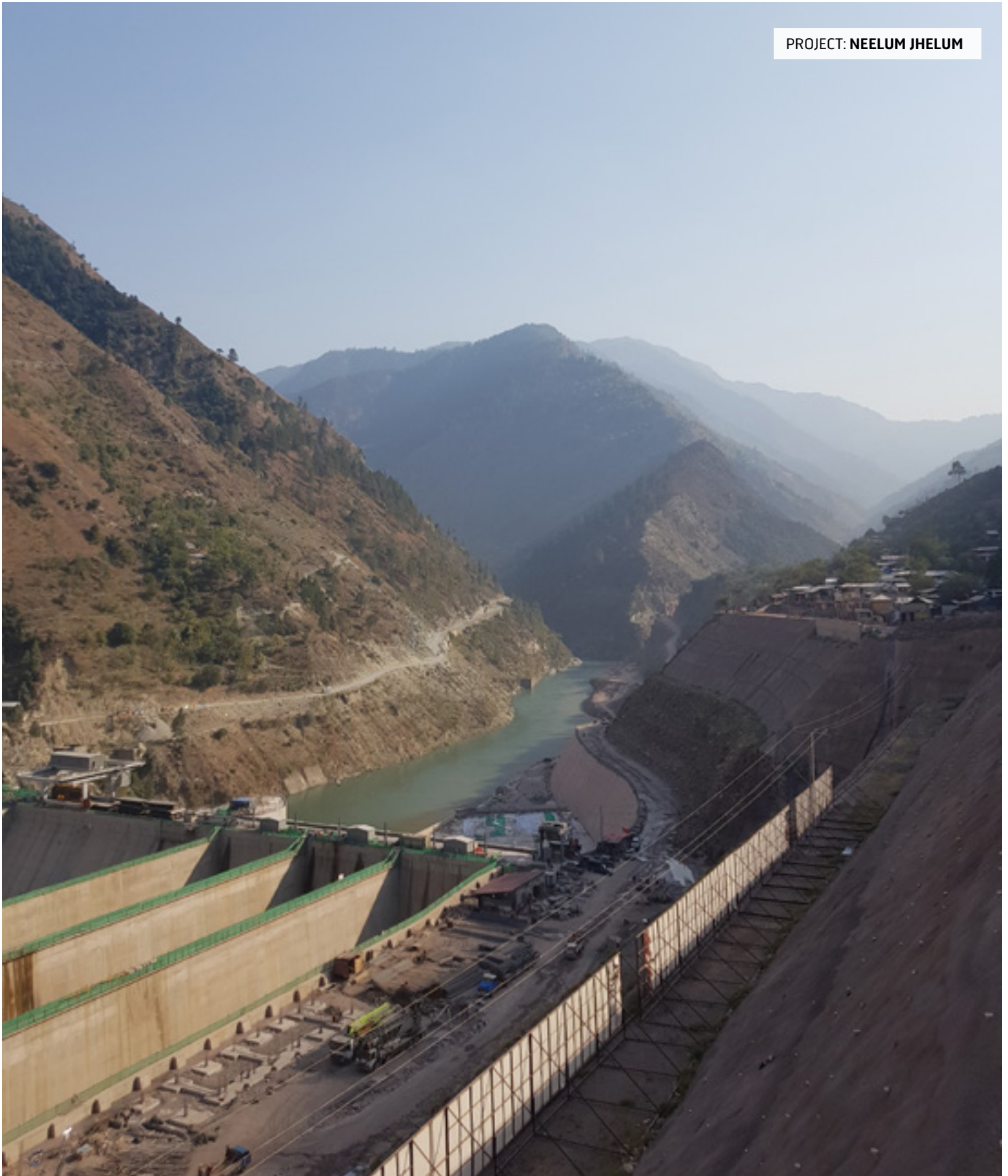
Multiconsult aims to be a workplace with no discrimination on the grounds of disability. Active efforts are made to design and customize physical working conditions so that all of the group's facilities may be accessed by all employees. The workplace and jobs are customised on an individual basis for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

1 per cent of employees in Multiconsult Norge AS had a native language other than Norwegian as of 31. December 2017, with a total of 8 different languages being represented.

CHANGES TO THE EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

The annual general meeting on 11 May 2017 re-elected the following board of directors: Mr Arne Fosen (director, 1 year),

PROJECT: **NEELUM JHELUM**



Ms Line Haugen (director, 1 year) and Ms Vibeke Strømme (director, 1 year). The annual general meeting elected the following as the new shareholder-elected members of the board of directors: Mr Nigel Wilson (chair person 1 year), and Mr Kjetil Ebbesberg (director, 1 year). Ivar Eng and Tove Helene Malvik resigned as deputy members of the board of directors. No new deputy members were elected.

There have been no changes to the group management team during 2017.

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.

Multiconsult completed one share issuance in 2017 related to the acquisition of the Hjeltnes group. After the issuance of the new shares the share capital of Multiconsult ASA is NOK 13 485 197 divided into 26 970 394 shares, each with a nominal value of NOK 0.50.

The share had a closing price on 29 December (last trading day of 2017) of NOK 74.0.

The turnover of shares is a measure of traded volumes. On average, 22 508 Multiconsult shares were traded on Oslo Børs every day in 2017, compared to 18 790 in 2016.

As of 31 December 2017, Multiconsult had 2 285 shareholders registered in the VPS, an increase from 1 985 shareholders as of 31 December 2016.

The shares are registered in the Norwegian Central Securities Depository (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 2017, the board will propose a dividend of NOK 1.50 per share for approval to the Annual General Meeting

on 3 May 2018. This is in line with the group dividend policy.

The Annual General Meeting on 11 May 2017 resolved payment of ordinary dividends related to the 2016 financial year of NOK 78.7 million to be paid to shareholders registered at this date. This equals NOK 3.00 per share. The dividends were paid on 31 May 2017.

SHARE REPURCHASE PROGRAMME

The Annual General Meeting held on 11 May 2017 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 2018, however, no longer than to 30 June 2018.

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 remains fairly positive.

Buildings & Properties is expected to maintain stable growth although there is some uncertainty in the residential market. The outlook for the architecture market shows signs of positive development especially within healthcare buildings, but continues to be impacted by regional variations. Public sector investment is driving a strong outlook for Transportation within road and rail. Several large projects are expected to be assigned in the coming year. The Renewable Energy market in Norway is expected to be stable, with growth anticipated in the transmission sector. International Renewable Energy markets continue to grow with a strong pipeline, providing new business opportunities for Multiconsult. Investment in the Industry sector in Norway is expected to increase mainly in refineries, chemical production, aquaculture, and metal production. Demand for our services in the Oil & Gas market is expected to slowly improve going forward. Within Water & Environment there is a stable demand for water and waste infrastructure projects as well as for soil contamination inspections.

The overall competitive landscape is migrating towards more Engineering, Procurement and Construction (EPC)

contracts. Continued strong competition is maintaining price pressure on large projects in Norway. Market rates have shown some improvement, however the cost level for the Norwegian workforce is creating challenges to profitability for the industry in general.

In the light of the weak operating results in 2017, the group has launched a comprehensive profitability program with a target of improving the EBIT margin to a minimum of 6.0 per cent for 2018. The program focuses primarily on improving operations in the Greater Oslo Area and Regions Norway with focus on improving sales, billing ratio and project execution. The program includes measures to achieve efficiency gains from the ERP system, synergies from integration of acquired businesses and general cost reduction. Some specific measures such as tighter resource management have already been implemented. The program also describes the roadmap to achieving our EBIT margin ambition towards 2020.

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 should gradually be phased into ongoing projects to strengthen competitiveness. The top line synergies between Multiconsult and LINK arkitektur are expected to continue to further strengthen the group's value proposition to customers. The integration of the Hjellnes group into the Greater Oslo Area is expected to provide top line synergies within healthcare buildings and transportation.

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

The Board and CEO of Multiconsult ASA
Oslo, 11 April 2018



Nigel Wilson
Chair of the board



Runar Tyssebotn
Director



Kjetil Monssen Ebbesberg
Director



Line Karin Haugen
Director



Arne Fosen
Director



Vibeke Strømme
Director



Liv-Kristine Rud
Director



Elisabeth Lokshall
Director



Christian Nørgaard Madsen
CEO

PROJECT: **DESTINATION LAUVVIK**
ILLUSTRATION: **LINK ARKITEKTUR**



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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 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 2017 follows below. The statement was approved by the board of directors on 11 April 2018.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The board of directors is committed to build 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 is 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.

In 2016, Multiconsult revised the company's values. Based on the organization's needs and market demands, the values were enriched by behavioural ambitions that further clarify and reinforce the Culture of Empowerment.

Our corporate values are 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. Along the way, we share the knowledge we acquire, and the joy of success. We are **motivating**.

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

We are constantly looking for commercially sound and sustainable opportunities. We think holistically 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 2017, the group had a consolidated equity of NOK 582 million, corresponding to an equity ratio of 32 per cent.

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

DIVIDENDS

The dividend policy is 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 Annual General Meeting of the company on 11 May 2017 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 takeover situations. The authorisation is valid until the next ordinary general meeting in 2018, but in no event later than 30 June 2018.

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.

On 25 September 2017, Multiconsult ASA issued 721 194 Multiconsult shares, each with a nominal value of NOK 0.50. The issuance was made related to the settlement of the acquisition of the Hjeltnes group. The issuance was made pursuant to the authority granted at the Annual General Meeting of Multiconsult ASA on 11 May 2017. After the issuance of the new shares the share capital of Multiconsult ASA is NOK 13 485 197 divided into 26 970 394 shares, each with a nominal value of NOK 0.50.

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.

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.

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 3 May, 2018. 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 register with the company for this purpose. The documentation contains all the information required for the shareholders to form a view on all items to be considered. Shareholders must register their 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 of the general meeting.

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 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 states 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 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 officer are required to attend, and the complete board of directors is encouraged to attend the general meetings, in accordance with 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 focuses to ensuring that the board functions optimally as a collective body, that the legal requirements for gender representation are 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 Annual General Meeting on 11 May 2017 elected Per Horn as new chair of the nomination committee replacing Eli Grøttheim, who did not wish to stand for re-election. No other changes were made to the nomination committee, which was first elected before the public listing of the company, at

the Annual General Meeting of 16 April 2015. The non-nomination committee comprise of Nils Erik Forsén, Per Horn (chair person) and Martin Mæland. Martin Mæland was elected as a member of the nomination committee at the annual general meeting on 26 April 2016. No directors or members of executive management are represented in the nomination committee.

Procedures for shareholders to submit nominations to the nomination committee will be implemented in advance of the Annual General Meeting in 2018. 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.

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

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 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. 12 board meetings were held in 2017. 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 officer 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 to determine the group's strategy and to monitor how it is implemented. The work of the board also includes to monitor 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 officer is specified in greater detail in the instructions. The chief executive officer 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 normally 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's remuneration committee consists of two members of the board, Nigel Wilson as the chair person and Vibeke Strømme as member. The members of the remuneration committee are and shall be independent of the group's executive management.

The remuneration committee is an advisory committee to the board. The committee prepares, and recommends matters regarding the remuneration of, and matters pertaining to the group's executive management for the board to consider and decide. The recommendations of the remuneration committee cover all aspects of remuneration to executive 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 officer 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

2017, 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 comprise of a 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 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.

Director's 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 2017.

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 statement.

12. REMUNERATION OF EXECUTIVE PERSONNEL

The board has a remuneration committee. Its main responsibilities are evaluation 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 executive management. The chief executive officer (CEO) normally participates in the meetings, unless the committee discusses issues relating to the CEO.

Note 8 to the consolidated financial statements describes the group's guidelines for the remuneration of senior executives. This note also provides further details about remuneration in 2017 for group executive management. Presentation of the guidelines occurs at the general meeting in connection with the presentation of the annual report. The guidelines specify the main principles for the group's executive compensation policy. They aim to ensure alignment of the interests of shareholders and group executive management as far as possible.

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.

The bonus programme has a pay-out for the CEO up to a maximum of eight months' salary and maximum two to four month salary for other members of the executive management team. Financial targets, agreed action plans and relevant key performance indicators constitutes the bonus criteria. Pay-out of bonus earned is partly in cash and partly in shares at a 30 per cent discount with a 3-year lock-in period.

No options have been issued, to employees or elected officers of the group.

CHANGES TO THE EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

The annual general meeting on 11 May 2017 re-elected the following board of directors: Mr Arne Fosen (director, 1 year), Ms Line Haugen (director, 1 year) and Ms Vibeke Strømme (director, 1 year). The annual general meeting elected the following as the new shareholder-elected members of the board of directors: Mr Nigel Wilson (chair person 1 year), and Mr Kjetil Ebbesberg (director, 1 year). Ivar Eng and Tove Helene Malvik resigned as deputy members of the board of directors. No new deputy members were elected.

There were no changes to the executive management of the group.

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.

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 over-

all plan for the audit of the group for the audit committee's consideration.

The external auditor's involvement with the board of directors during 2017 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 2017, 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 holding company.

The Board and CEO of Multiconsult ASA Oslo, 11 April 2018



Nigel Kenneth Wilson
Chair of the board



Runar Tyssebotn
Director



Kjetil Monssen Ebbesberg
Director



Line Karin Haugen
Director



Arne Fosen
Director



Vibeke Strømme
Director



Liv-Kristine Rud
Director



Elisabeth Lokshall
Director



Christian Nørgaard Madsen
CEO

DEFINITIONS

Net operating revenues: Operating revenues less sub consultants and disbursements.

EBIT: Earnings before net financial items, results from associates and joint ventures and income tax.

EBIT margin (per cent): EBIT as a percentage of net operating revenues.

EBITDA: EBIT before depreciation, amortisation and impairment.

EBITDA margin (per cent): EBITDA as a percentage of net operating revenues.

Operating expenses: Employee benefit expenses plus other operating expenses.

Net interest bearing debt: Non-current and current interest bearing liabilities deducted cash and cash equivalents.

Order intake: Expected operating revenues on new contracts and confirmed changes to existing contracts. Only group external contracts are included.

Order Backlog: Expected remaining operating revenues on new and existing contracts. Only group external contracts are included. Call-offs on frame agreements are included in the order backlog when signed.

Billing ratio (per cent): Hours recorded on chargeable projects as a percentage of total hours worked (including administrative staff) and employer-paid absence. Billing ratio per segment includes allocated administrative staff.

Employees: Number of employees comprise all staff on payroll including staff on temporarily leave (paid and unpaid), excluding temporary personnel.

DISCLAIMER

This report includes forward-looking statements, which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this notice, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operati-

ons, including our plans for future costs savings and synergies may be deemed to be forward-looking statements. Words such as "believe," "expect," "anticipate," "may," "assume," "plan," "intend," "will," "should," "estimate," "risk" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. In addition, any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this report.

ALTERNATIVE PERFORMANCE MEASURES (APMS)

Multiconsult uses alternative performance measures for periodic and annual financial reporting in order to provide a better understanding of the group's underlying financial performance.

ITEMS EXCLUDED FROM UNDERLYING EBITDA AND EBIT:

The company has with effect from 1 January 2017 settled the defined benefit pension plan. The settlement resulted in a positive P&L effect and Multiconsult has determined that this effect of NOK 107.3 million in lower salary expense is excluded from the underlying results in 2016.

MATURITY INTEREST BEARING LIABILITIES 31 DECEMBER 2017

<i>Amounts in MNOK (except percentage)</i>	FY 2017	FY 2016
Net operating revenues	2 977.6	2 604.6
Reported operating expenses	2 812.9	2 271.8
Reported EBITDA	164.7	332.8
APMs – Liquidation of defined benefit pension plan	0.0	107.3
Underlying operating expenses	2 812.9	2 379.1
EBITDA underlying	164.7	225.5
Depreciation, amortisation and impairments	46.8	43.2
EBIT, underlying	118.0	182.3
EBITDA margin (%), underlying	5.5 %	8.7 %
EBIT margin (%), underlying	4.0 %	7.0 %

NET INTEREST BEARING DEBT

<i>Amounts in MNOK</i>	FY 2017	FY 2016
Non-current interest bearing liabilities	217.8	56.0
Current interest bearing liabilities	70.9	3.5
Cash and cash equivalents	154.3	176.0
Net interest bearing debt (asset)	134.5	(116.5)

EQUITY RATIO GROUP

<i>Amounts in MNOK</i>	FY 2017	FY 2016
Equity	582,1	507,5
Total assets	1 811,1	1 381,6
Equity ratio	32,1 %	36,7 %

PROJECT: **CITYBANAN**



CONSOLIDATED ANNUAL ACCOUNTS

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CONSOLIDATED STATEMENT OF INCOME

<i>Amounts in NOK thousand, except earnings per share</i>	Note	2017	2016
OPERATING REVENUES AND EXPENSES			
Operating revenues	5	3 375 399	2 968 069
Expenses for sub-contractors and disbursements		397 758	363 448
Net operating revenues		2 977 642	2 604 621
Employee benefit expenses	8, 11	2 319 810	1 841 605
Other operating expenses	7	493 088	430 227
Operating expenses excluding depreciation and amortisation		2 812 898	2 271 832
Operating profit before depreciation and amortisation (EBITDA)		164 744	332 788
Depreciation and amortisation	13, 14	46 791	43 205
Operating profit (EBIT)		117 953	289 584
Share of profit from associated companies and joint ventures	16	1 157	4 053
FINANCIAL INCOME AND EXPENSES			
Financial income	9	2 956	4 082
Financial expenses	9	14 375	9 986
Net financial items		(11 419)	(5 904)
Profit before income taxes		107 691	287 732
Income tax expenses	10	28 157	73 964
Profit for the period		79 534	213 768
Attributable to:			
Owners of Multiconsult ASA		79 534	213 768
Earnings per share:			
Basic	23	3.01	8.15
Diluted	23	3.01	8.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK thousand</i>	Note	2017	2016
Profit for the period		79 534	213 768
Other comprehensive income			
Remeasurement of defined benefit obligations	11	(1 452)	37 923
Income taxes	10	334	(9 471)
Total items that will not be reclassified subsequently to profit or loss		(1 118)	28 452
Currency translation differences		13 802	(4 187)
Total items that may be reclassified subsequently to profit or loss		13 802	(4 187)
Total other comprehensive income for the period		12 684	24 265
Total comprehensive income for the period		92 218	238 033
Attributable to:			
Owners of Multiconsult ASA		92 218	238 033

CONSOLIDATED BALANCE SHEET

<i>Amounts in NOK thousand</i>	Note	31.12.2017	31.12.2016
ASSETS			
Non-current assets			
Deferred tax assets	10	25 610	25 104
Intangible assets	13	19 704	9 348
Goodwill	13	449 942	235 727
Property, plant and equipment	14	99 947	85 984
Total non-current non-financial assets		595 203	356 163
Investments in associated companies and joint ventures	16	10 809	10 464
Assets for reimbursement provisions	19	22 000	22 610
Other non-current financial assets and shares	3	6 995	7 941
Total non-current assets		635 007	397 178
Current assets			
Accounts receivables	12	588 377	455 058
Work in progress	12	368 447	270 346
Other current receivables and prepaid expenses	12	65 012	83 007
Total receivables and prepaid expenses	12	1 021 836	808 410
Cash and cash equivalents	15	154 291	175 990
Total current assets		1 176 126	984 401
TOTAL ASSETS		1 811 133	1 381 579

Amounts in NOK thousand	Note	31.12.2017	31.12.2016
EQUITY AND LIABILITIES			
Equity			
Share capital	21	13 486	13 125
Treasury shares		0	(1)
Share premium		77 756	13 320
Total paid-in equity		91 242	26 443
Other equity		490 830	481 077
Total shareholders' equity		582 072	507 520
Non-current liabilities			
Pension obligations	11	6 667	5 859
Deferred tax	10	13 835	11 075
Provisions	19	29 937	33 527
Non-current interest bearing liabilities	3	195 203	55 994
Total non-current liabilities		245 642	106 454
Current liabilities			
Accounts payable		165 534	151 903
Current tax liabilities	10	14 610	29 454
Public duties payable		296 266	248 124
Current interest bearing liabilities	3	93 573	3 477
Other current liabilities	18	413 436	334 648
Total current liabilities		983 420	767 605
Total liabilities		1 229 062	874 059
TOTAL EQUITY AND LIABILITIES		1 811 133	1 381 579

The Board and CEO of Multiconsult ASA
Oslo, 11 April 2018



Nigel Kenneth Wilson
Chair of the board



Runar Tyssebotn
Director



Kjetil Monssen Ebbesberg
Director



Line Karin Haugen
Director



Arne Fosen
Director



Vibeke Strømme
Director



Liv-Kristine Rud
Director



Elisabeth Lokshall
Director



Christian Nørgaard Madsen
CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of Multiconsult ASA

<i>Amounts in NOK thousand</i>	Share capital	Treasury shares	Share premium	Total paid-in capital	Retained earnings	Remeasurement pensions	Currency translation differences	Total equity
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
Dividend	0	0	0	0	(78 715)	0	0	(78 715)
Share Issue	361	0	64 438	64 799	0	0	0	64 799
Treasury shares	0	1	0	1	204	0	0	205
Employee share purchase programme	0	0	0	0	(3 955)	0	0	(3 955)
Comprehensive income	0	0	0	0	79 534	(1 118)	13 802	92 218
31 December 2017	13 486	(0)	77 758	91 243	680 377	(202 342)	12 794	582 072

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	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income taxes		107 691	287 732
Income taxes paid during the period		(37 623)	(60 412)
Depreciation and amortisation	13, 14	46 791	43 205
Results from associated companies and joint ventures		(1 157)	(4 053)
Non cash pension cost	11	2 010	(110 238)
Sub total operating activities		117 712	156 233
Changes in working capital		(51 756)	(66 066)
Net cash flows from operating activities		65 956	90 167
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net payments on acquisition and sale of property, plant and equipment and intangible assets		(46 789)	(37 872)
Proceeds/payments related to equity accounted investments	16	339	847
Net cash effect of business combinations	4	(175 257)	(64 260)
Net cash flows from investing activities		(221 707)	(101 285)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Change interest bearing liabilities	3	229 306	46 525
Dividends paid	23	(78 715)	(76 123)
Purchase treasury shares		(35 030)	(50 339)
Sale treasury shares		11 119	42 607
Net cash flows from financing activities		126 680	(37 329)
Foreign currency effects on cash and cash equivalents			
		7 372	(8 516)
Net change in cash and cash equivalents		(21 699)	(56 964)
Cash and cash equivalents at the beginning of the period	15	175 990	232 954
Cash and cash equivalents at the end of the period	15	154 291	175 990

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 (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 11 April 2018 for adoption by the Annual General Meeting on 3 May 2018.

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.

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 nearest thousand, unless stated otherwise. As a result of such rounding, amounts and percentages presented 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 per cent 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 2017 and 2016.

Investments in associated companies and joint ventures over which the group exercises significant influence or joint control, are accounted for using the equity method. 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 sub-contractors. 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 holding 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. As of 31 December 2017 and 2016, no provision for loss contracts have been recognised.

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).

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 assets for reimbursement are classified as non-current. Derivatives are classified as current.

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.

Intangible assets

Intangible assets consist mainly of standard software, licenses and a new ERP system. 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 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 and interest rate swaps in order to hedge future cash flows. 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. A reimbursement asset is recognised if the company is covered for losses incurred through an insurance company and it is virtually certain that the company will receive compensation. A reimbursement asset reduce the net cost recognised in the income statement.

Pensions

Subsequent to the termination of Multiconsult ASA's defined benefit plan at the end of 2016, the group has primarily defined contribution pension plans.

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.

Remaining defined benefit pension plans are two individual unfunded agreements in Multiconsult Norge AS and a funded plan in LINK arkitektur AS. Pension obligations for defined benefit plans are estimated on an annual basis by independent actuaries. See note 11.

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 of the group shares in Multiconsult ASA with a discount of 20 per cent. Shares purchased by the employees 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 will be effective for annual reporting periods beginning from 1 January 2018. The standard includes revised guidance on classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except that the group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes.

The effect of classification of financial instruments and the expected credit loss principle are not expected to have any significant impact on the financial statements of the group and the group do not expect any effect on equity 1 January 2018.

The actual impacts of adopting the standard at 1 January 2018 may change because the new accounting policies are subject to change until the group presents its first annual financial statements that include the date of initial application.

- IFRS 15 Revenue from Contracts with customers is effective for annual reporting periods beginning from 1 January 2018. The standard introduces a new revenue recognition model that features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. Revenue is recognised when a customer obtains control over a good or service, which could be at a point in time or over time.

Multiconsult has established that the vast majority of contracts in terms of transaction price are time-based, i.e. the company earns revenue per hour worked. There are some contracts which are time-based with a cap, or fixed price, but these are minor compared to the total. Current revenue recognition is based on work performed, similar to "over-time" revenue recognition in IFRS 15.

Multiconsult has evaluated that for some of the services, for example construction management and co-ordination, the customer simultaneously receives and consumes the benefits provided by its performance as it performs, and therefore revenues is recognised over time. Other services are to a large extent tailored to the customer and has no alternative use for Multiconsult.

The majority of contracts has clauses that secures that Multiconsult has enforceable right to payment for performance completed to date if the customer should terminate a contract for other reasons than failure by Multiconsult to deliver under the contract. A few contracts may have deviating contract clauses, but these are immaterial in relation to the group's total revenues.

Under IFRS 15, revenue shall be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. There are often discussions with the customer in relation to the amount of hours that can be charged to the customer. The company has established processes for ongoing evaluations of how much revenue can be recognised, and at 31 December 2017 it has not identified need for additional

constraint of accumulated revenues. The company does not foresee any significant constraint of accumulated revenue recognition due to implementation of IFRS 15.

When it is probable that a project will incur a loss (remaining total direct costs exceed remaining total revenue), the estimated loss is recognised immediately. Direct costs include predominantly costs for own personnel and sub-contractors. At 31 December 2017, the group had not recognised any provisions for onerous (loss) contracts. The group believes that a forthcoming clarification of which are unavoidable costs to be included according to IAS 37 would not have any effect at 31 December 2017.

The group's assessment is that implementation of IFRS 15 will not significantly change revenue recognition in the group. This is primarily due to the fact that the contracts as a main rule establish right to payment for performance to date, the entity's performance does not create an asset with an alternative use to the entity, and in some contracts the customer simultaneously receives and consumes the benefits provided by its performance.

The group will implement IFRS 15 according to the cumulative retrospective method, to contracts that are not completed contracts at 1 January 2018. Comparable figures for 2017 will not be restated. However, the group's assessment is that it would not have had significant effects on the 2017 comparative revenue or expense figures, and do not expect any effect on equity 1 January 2018. Presentation of receivables, contract assets and contract liabilities may be affected.

- The actual impacts of adopting the standard at 1 January 2018 may change because the new accounting policies are sub-

ject to change until the group presents its first annual financial statements that include the date of initial application.

- 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. 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 2 B SIGNIFICANT JUDGEMENTS IN THE APPLICATION OF GROUP ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES.

The preparation of financial statements in accordance with IFRS requires that management makes assessments, estimates and assumptions that impact reported amounts for revenues, expenses, assets and liabilities and presentation of contingent liabilities at the end of the reporting period.

Judgements that management have made as part of the application of the entity's accounting policies and that have the most significant impact on the amounts recognised in the financial statements are as follows:

Business combinations

The company assess on a continuous basis opportunities for strategic acquisitions of businesses within the consultant and advisory market. Historically, it has been considered that most of the consideration in excess of carrying amount of net assets relates to workforce, and the excess is therefore recognised as goodwill. Refer to note 4 for more information about business combinations in 2017 and 2016. Goodwill is not amortised and is tested for impairment on an annual basis, whilst intangible assets will normally be amortised, allocating the cost of acquisition to profit or loss on a systematic basis.

Development costs

The company carries out a range of research and development activities and projects, none of which are individually significant. Refer to note 6 for more information. Some expenses incurred in the development phase of an intangible asset shall be recognised in the balance sheet if specific criteria in IAS 38 have been satisfied. Costs that do not satisfy these criteria are recognised as expenses in the statement of income as incurred and may not be recognised in the balance sheet at a later date. For a consultant and advisory company, it is challenging to make an assessment as to whether development of a service delivery process or service would satisfy the criteria for recognition in the balance sheet. Consequently, there may be development costs that are not recognised as an asset because the company has not demonstrated that the criteria are satisfied at relevant points in time. Historically, the company has expensed all costs as incurred, with the exception of certain software developed for own use in prior years.

Sources of estimation uncertainty with a significant risk of a material adjustment to the carrying amount in the following period:

Revenue

The majority of the engagements are charged on hourly basis. In principle, all worked hours shall be paid according to the agreed rate

in the contract. Revenue is recognised when the services are rendered. The company makes continuous assessment of the probability that hours worked will be paid, and makes adjustments to recognised revenues as appropriate. The principal uncertainty relating to the assessment of contract revenue is associated with work efficiency, change orders, claims, damages and incentives. Even though the company has considerable experience in project management and measurement, there is an inherent risk associated with all these estimates.

Provisions

The group performs a large number of engagements which vary in size. When performing an engagement, defects or damage that arise as a consequence of the deliverable may be discovered and result in a claim against the company. There may be potential defects or damages that have not been reported as a claim to the group, and that the group therefore is not aware of. Furthermore, the time horizon from reporting a case until final settlement may be several years. The size of the settlements may vary considerably. The company performs a thorough review of each claim. Project responsibility cases will give rise to both recognised provisions for liabilities and contingent liabilities that are not recognised as the company has assessed that it is not probable (under 50 per cent probability) that the company will be required to pay compensation. The company has insurance coverage for project responsibilities. The company makes period reviews together with the insurance company. Expected reimbursement from the insurance company related to recognized provisions is recognised if it is virtually certain that the company will receive compensation.

The actual outcomes may differ materially from the estimates used. Refer to note 19 Provisions, disputes and contingent liabilities.

Impairment

Cash-generating units are reviewed for impairment when indicators exist and on an annual basis when it includes goodwill. The estimated recoverable amounts are affected by assumptions in connection with the estimation of future cash flows, as well as the discount rate for the estimation of the present value of the cash flows. Refer to note 13 intangible assets and goodwill for further discussion.

The company has historically recognised only minor losses on receivables related to customer solvency. Many of the company's Norwegian customers are in the public sector. The company has some large non-public sector customers, and loss events may occur that entail impairment in subsequent periods. Refer to note 3 on financial risk for further discussion.

Income tax and indirect tax

The company conducts activities both within and outside Norway. There is a risk that the tax authorities may make assessments that differ from the group with regard to the amount of income tax and indirect tax payable. The group provides for income tax and indirect taxes based on the best estimate of the amounts payable for obligations that are probable, assuming that the group and the tax authorities have access to the same information. The group is not familiar with any significant disagreements upon issue of these consolidated financial statements.

The group has recognised a deferred tax asset, which a large part relates to prepaid revenues in Multiconsult Polska. Realisation of deferred tax asset requires future profit.

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 2017 are within the recently established subsidiary Multiconsult Norge AS, with the sub-group LINK arkitektur as the second largest. Multiconsult Norge AS 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.

Multiconsult Norge AS (2016 relates to Multiconsult ASA) has some large contracts that, to a certain extent, lead to a concentration of risk within a small number of large customers. The largest proportion of the group's customers are Norwegian, thus creating a geographical concentration of risk. Multiconsult Norge AS has a large number of customers, however relatively few large customers. Out of Multiconsult Norge AS's individual customers, the five largest individual customers comprised approximately one third of the company's operating revenues in 2017 and 2016, and around 25 per cent of accounts receivables and work in progress at 31 December 2017 (15 per cent of accounts receivables at 31 December 2016). The 15 largest customers comprised about half of operating revenues both years, and around 40 per cent of accounts receivables and work in progress at 31 December 2017 (one third of accounts receivables at 31 December 2016). About half of Multiconsult Norge AS operating revenues and accounts receivables arose from public sector customers and public sector entities in Norway and abroad for both years. Multiconsult Norge AS' customers, in addition to the public sector customers, 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. Multiconsult Norge AS 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. Multiconsult Norge AS has made estimates regarding these issues, but the nature of estimates means that changes can occur in either a positive or a negative direction. Multiconsult Norge AS makes individual assessments of accounts receivable over a certain size, with a particular focus on those which are more than 90 days overdue. Generally, Multiconsult Norge AS invoices customers con-

tinuously 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. 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 2017

<i>Amounts in NOK thousand</i>	Carrying amount	Maturities of receivables that have not been impaired					Impaired
		Not due	0-30 days	30-60 days	60-90 days	>90 days	
Accounts receivables	600 875	380 740	89 042	28 039	14 598	74 358	14 098
Work in progress	368 447	363 607	1 982	681	259	1 918	0
Other current receivables ¹⁾	26 461	26 461	0	0	0	0	0
Other non-current receivables ²⁾	6 397	6 397	0	0	0	0	0
Allowance for losses on receivables	(12 498)	0	0	0	0	0	(12 498)
Total accounts- and other receivables	989 682	777 205	91 025	28 720	14 857	76 276	1 600

¹⁾ Other current receivables do not include prepayments, which are not considered financial assets.

²⁾ Other non-current receivables do not include net pension and reimbursement assets.

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

<i>Amounts in NOK thousand</i>	Carrying amount	Maturities of receivables that have not been impaired					Impaired
		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.

CHANGES IN ALLOWANCES FOR LOSSES ON RECEIVABLES DURING THE YEAR ETC

<i>Amounts in NOK thousand</i>	2017	2016
Opening balance allowance for losses on receivables	12 392	14 115
Increase due to business combinations	408	1 550
Change in allowances for losses on accounts receivable during the year	(301)	(3 273)
Closing balance allowance for losses on receivables	12 498	12 392
Realised losses in the event of bankruptcy etc.	1 064	999
Loss on receivables in the statement of income	763	(2 274)

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. The group's liquidity risk exposure is limited, but with significant short-term variation. Liquidity management is followed up closely through budgets and regular short- and long-term forecasting. 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 2017 and 2016 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.

Change in interest bearing liabilities in the balance sheet during 2017 corresponds to the net amount reported in the cash flow statement.

INTEREST BEARING LIABILITIES 31 DECEMBER

<i>Amounts in thousand</i>	2017		2016		Currency
	NOK	Currency	NOK	Currency	
Multiconsult ASA	215 000	215 000	50 000	50 000	NOK
Multiconsult Norge AS	70 938	70 938	0	0	NOK
Multiconsult UK	0	0	5 837	550	GBP
Multiconsult Asia	0	0	897	150	SGD
Multiconsult Polska	0	0	457	222	PLN
LINK arkitektur A/S ¹⁾	2 838	2 279	2 279	1 865	DKK
Total interest bearing liabilities	288 776	N/A	59 470	N/A	N/A

¹⁾ Previously aarhus arkitekterne A/S

At the end of 2017, Multiconsult ASA and Multiconsult Norge AS refinanced its loan facilities with Nordea Bank. At 31 December 2017, Multiconsult ASA has a term loan of NOK 215 million for 3 years. Installments of NOK 21.5 million are due on 1 October 2018 and 2019, with final repayment in September 2020. Multiconsult Norge AS refinanced its bank overdraft facility with Nordea Bank in December 2017, with a limit of NOK 420 million at 31 December 2017. The limit is reduced to NOK 320 million as of 31 January 2018, and has a term until 31 April 2018. The overdraft facility may be renewed for

one year at the discretion of the bank. At 31 December 2017, NOK 71 million was drawn under the bank overdraft facility.

As of 31 December 2017, Multiconsult Norge AS had a guarantee facility of NOK 120 million, of which NOK 48.3 million was drawn (2016: NOK 81.2 million). Both Multiconsult Norge AS and Multiconsult ASA may draw under the guarantee facility. 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. At the end of 2017, Multiconsult ASA and Mul-

ticonsult Norge AS established bank guarantees for employee tax deductions, in total NOK 95 million (increased to NOK 120 million in March 2018).

The facilities contain negative pledge and cross default clauses, and limitations in entering into new loan agreements without the consent of Nordea Bank. It includes covenant requirements that puts restrictions on the level of net interest bearing liabilities in the NIBD/EBITDA ratio and require a minimum equity ratio. See section "capital management" below.

The company's subsidiary in the United Kingdom (Multiconsult UK Ltd) had a loan from Nordea UK which was settled in May 2017 (2016: GBP 550 thousand). Multiconsult UK has an uncommitted bank overdraft of GBP 200 thousand and an uncommitted guarantee limit of GBP 1 million, with a guarantee from the company.

LINK arkitektur A/S' interest bearing liabilities are finance leases. LINK arkitektur has a multi-currency cash pooling system for coordinating the LINK arkitektur group's liquidity. The cash pooling system includes a short term drawing facility of NOK 17.5 million as of 31 December 2017, of which no amounts were drawn. The bank has security in accounts receivables and fixed assets of LINK arkitektur AS, in the amount of NOK 30 million and NOK 6.3 million, respectively, at 31 December 2017. LINK arkitektur also has a bank guarantee facility of NOK 2 million. The bank facilities includes a covenant requirement of a NIBD/EBITDA ratio above 2, measured annually.

The maturities of interest bearing liabilities are disclosed below. All other current financial liabilities, except from derivatives, have maturity within one year.

MATURITY INTEREST BEARING LIABILITIES 31 DECEMBER 2017

Amounts in NOK thousand	Carrying amount	Maturity			Total payments
		1 year	2 years	> 2 years	
Interest bearing liabilities	288 775	93 573	22 068	173 134	288 775
Interest on interest bearing liabilities ¹⁾	-	7 769	5 925	4 069	17 763
Total interest bearing liabilities incl. interest	288 775	101 342	27 993	177 203	306 538

¹⁾ Calculated using the interest rate as of 31 December 2017

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

Multiconsult Norge AS 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 2017 and 2016. The Company has, to a limited degree, bank accounts, accounts receivable and accounts payable in foreign currency. When entering into contracts in foreign currency the company evaluates currency risks and the need to secure these risks. 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. Currency risk arising from equity

in foreign entities is not hedged, and currency changes affect the group's equity through other comprehensive income. The various companies within the group also conduct services abroad, which give rise to currency risk in the separate engagements.

In 2013 and 2014, Multiconsult ASA entered into forward currency contracts for sale of in total EUR 1,535 thousand in the beginning of 2018 and 2019 with negative fair value of NOK 298 thousand as of 31 December 2017 (2016: negative NOK 286 thousand).

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 2017 and 2016.

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 on liabilities. As of 31 December 2017, a change in interest rates of half a percentage point would result in insignificant change in annual net interest expense (excluding effects of interest rate swaps).

Starting from the end of 2017, the company has an interest rate swap that exposes it to fair value interest risk. In the agreement, NOK 107.5 million is swapped from variable 3 month NIBOR to fixed interest of 1.6 per cent p.a. for five years. The amount of the agreement is reduced by NOK 10.75 million per year, first time in October 2018. At 31 December 2017, a loss of NOK 1,164 thousand has been recognised. An increase/decrease in 3 month NIBOR of half a percentage point would result in a gain of NOK 0.6 million/loss of NOK

3 million.

Establishment of the interest rate swap was due to requirements from Nordea Bank, and 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 2017

<i>Amounts in NOK thousand</i>	Available for sale	Loans and receivables	Total	Estimated fair value	Level in the fair value hierarchy
ASSETS					
Shares and equity interests	533	0	533	533	3
Other non-current receivables	0	6 462	6 462	6 462	N/A
Accounts receivables and other current receivables ¹⁾	0	983 285	983 285	983 285	N/A
Cash and cash equivalents	0	154 290	154 290	154 290	N/A
Total assets	533	1 143 972	1 144 505	1 144 505	
Estimated fair value	533	1 143 972	1 144 505	1 144 505	

<i>Amounts in NOK thousand</i>	Fair value through profit or loss	Other financial liabilities at amortised cost	Total	Estimated fair value	Level in the fair value hierarchy
LIABILITIES					
Liabilities					
Derivatives	1 462	0	1 462	1 462	2
Interest bearing liabilities	0	288 776	288 776	288 776	2
Accounts payable and other current liabilities ²⁾	0	764 089	764 089	764 089	N/A
Total liabilities	1 462	1 052 865	1 054 328	1 054 328	
Estimated fair value	1 462	1 052 865	1 054 328	1 054 328	

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 2016

<i>Amounts in NOK thousand</i>	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	

<i>Amounts in NOK thousand</i>	Fair value through profit or loss	Other financial liabilities at amortised cost	Total	Estimated fair value	Level in the fair value hierarchy
LIABILITIES					
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.

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 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 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. Due to recent acquisitions and payment of dividends, the company at the end of 2017 established a term loan as additional financing. The existing loan agreements include 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 (NIBD/EBITDA), and an equity ratio of at least 25 per cent. At 31 December 2017, the maximum NIBD/EBITDA ratio requirement was 2.0.

The company has a dividend policy of paying at least 50 per cent of the group's profit after tax as annual dividends. The Board of Directors will suggest that the 2018 Annual General Meeting declare a dividend of NOK 1.5 per share based on the 2017 financial results, which approximates 50 per cent of the 2017 annual result.

The management of capital has to take into consideration the dividend policy, loan covenant requirements and having access to free liquidity.

NET INTEREST BEARING LIABILITIES AND EQUITY AS OF 31 DECEMBER AND EBITDA FOR THE YEAR

<i>Amounts in NOK thousand (except percentages)</i>	2017	2016
Cash and cash equivalents	154 291	175 990
Interest bearing liabilities	(288 776)	(59 470)
Net interest bearing liabilities	(134 485)	116 520
Net interest bearing liabilities excluding restricted cash (NIBD)	(179 111)	27 158
EBITDA	164 743	332 788
NIBD (excl. restricted cash)/EBITDA	1.1	(0.1)
Equity	582 072	507 520
Equity ratio group	32 %	37 %

NOTE 4 BUSINESS COMBINATIONS

BUSINESS COMBINATIONS IN 2017

<i>Values at the acquisition date in NOK thousand ¹⁾</i>	Hjellnes Consulting AS	Johs Holt AS	Prosjekt forum AS	Iterio AB
Current receivables and accrued revenues	63 922	9 102	2 270	19 635
Deferred tax assets	1 131	88	43	0
Property, plant and equipment	4 807	447	141	0
Other assets	149	46	1	0
Cash and cash equivalents	3 197	1 975	1 767	5 090
Total identifiable assets	73 207	11 658	4 222	24 725
Non-current interest bearing liabilities	0	0	0	1 187
Other current liabilities	47 117	7 058	2 823	11 262
Total identifiable liabilities	47 117	7 058	2 823	12 449
Net identifiable assets	26 090	4 600	1 399	12 276
Goodwill	125 710	27 600	9 098	39 350
Total consideration for the shares	151 800	32 200	10 796	51 626
Settled with Multiconsult shares	53 459	11 340	0	0
Cash and cash equivalents	3 197	1 975	1 767	5 090
Net cash paid	95 144	18 885	8 729	46 536

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

On 7 March 2017, Multiconsult ASA acquired all the shares of Iterio AB for NOK 52 million (SEK 55.5 million). The acquisition was settled in cash and financed through Multiconsult's existing credit facilities. Incremental external transaction related costs of NOK 0.5 million, was expensed as part of other operating expenses. Iterio AB is included in the segment International.

In 2016 the company had total revenues of SEK 87.2 million and profit before tax of SEK 6.6 million.

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 Malmö. Iterio AB is a valuable addition and a good fit with LINK arkitektur's and Multiconsult group's existing presence and commitment in Sweden and Scandinavia.

The excess value is allocated to goodwill and is related to the competence of the staff. Goodwill is not tax deductible. Iterio AB is consolidated into the group accounts as of 1 March 2017.

On 13 March 2017, Multiconsult ASA acquired all the shares in Prosjektforum AS for NOK 10.7 million. The acquisition was settled in cash and financed through Multiconsult's existing credit facilities. Prosjektforum AS expertise is within building and project management services, building control, housing consultancy services, value analysis as well as defining and valuation of damages. The company is located in Sarpsborg. The purchase of Prosjektforum AS will strengthen Multiconsult ASA in the area of value analysis and damages, a specialist field in which they are professional leaders in Norway. Prosjektforum AS is included in the segment Greater Oslo Area.

For a number of years, the company has collaborated with Multiconsult ASA on major due diligence analyses of commercial buildings, as well as assisted in specialised services in geotechnical, electrical and plumbing subjects and entered into various project teams. The companies have collaborated on emergency preparedness planning

in connection with major natural damage events in Norway, and are part of the team that will assist the Norwegian Nature Injury Pool with the coordination of preparedness and assessment of major natural accidents.

The excess value is allocated to goodwill and is related to the competence of the staff. Goodwill is not tax deductible. Prosjektforum AS is consolidated into the group accounts as of 30 March 2017.

On 25 September 2017, Multiconsult ASA acquired all the shares of Hjeltnes Consult AS for NOK 151.8 million. 65 percent of the purchase price was settled with cash and 35 percent was settled with Multiconsult shares. External transaction related costs are expensed as part of other operating expenses of NOK 1.9 million. Hjeltnes Consult AS employs more than 230 engineers and is localised in Oslo. In 2016 the company had total revenues of NOK 266.2 million and profit before tax of NOK 12.9 million. Hjeltnes Consult AS provides multidisciplinary consulting services and have extensive expertise in buildings, plants, infrastructure and environment. Hjeltnes Consult AS is included in the segment Greater Oslo Area.

Multiconsult and Hjeltnes Consult AS have been operating in the same industry for a long time and the companies fit well together, both strategically, professionally and culturally. Combining forces increases the interdisciplinary capacity and expertise within the core business areas Buildings & Properties, Transportation, as well as Water & Environment. Multiconsult plans to exploit this to take new market shares and increase the competitiveness of the company's strategic investments in urbanism and healthcare, in line with the company's 3-2-1 GO strategic objectives. The acquisition generated an excess value of NOK 125.7 million. The excess value is allocated to goodwill and is related to the competence of the staff. Goodwill is not tax deductible. The purchase price allocation is preliminary.

Hjeltnes Consult AS is consolidated into the group accounts as of 30 September 2017.

On 25 September 2017, Multiconsult ASA acquired all the shares of Johs Holt AS for NOK 32.2 million. 65 percent of the purchase price was settled with cash and 35 percent was settled with Multiconsult shares. External transaction related costs are expensed as part of other operating expenses with NOK 0.4 million. Johs Holt AS has 27 employees. In 2016 the company had total revenues of NOK 35 million and profit before tax of NOK 3.5 million.

Johs Holt AS provides consulting services for all types of bridges and other heavy structures. The acquisition generated an excess value of NOK 27.6 million. Johs Holt AS is included in the segment Greater Oslo area. The excess value is allocated to goodwill and is related to the competence of the staff. Goodwill is not tax deductible. The purchase price allocation is preliminary. Johs Holt AS is consolidated into the group accounts as of 30 September 2017.

Impact of the acquisitions on the results of the group

If the business combinations of Hjeltnes Consult AS, Johs Holt AS and Iterio AB had been effected at 1 January 2017 the net operating revenue for the group for the year 2017 would have been NOK 3,186.6 million. EBIT would have been NOK 123.1 million and profit for the year would have been NOK 80.9 million. The group consider these pro-forma numbers to represent an approximate measure of the performance of the combined group on annualised basis and to provide a reference point for comparison in future periods.

Other acquisitions

On 2 March 2017, Multiconsult ASA acquired 9 employees from Rambøll in Ålesund. The employees has expertise and works within the area of building technology and fire consulting. The purchase price amounts to NOK 0.5 million and is allocated to unfilled orders with NOK 0.1 million and goodwill NOK 0.4 million (tax deductible). Rambøll is included in the group accounts as of 30 March 2017.

On 22 March 2017, Multiconsult ASA acquired the employees in Bomek Consulting. The employees are engineers who delivers technical solutions of process engineering and mechanical buildings. Bomek Consulting is included in the group accounts as of 1 April 2017. The purchase price amounted to NOK 4.9 million and the total purchase price is allocated to goodwill (tax deductible).

On 6 September 2017, Multiconsult Norge AS acquired 3 employees from VVSPlan AS. The expertise is in the area of consulting and engineering within plumbing, energy and environment. The purchase price amounts to NOK 0.9 million and is allocated NOK 0.8 million to goodwill (tax deductible).

BUSINESS COMBINATIONS IN 2016

<i>Values at the acquisition date in NOK thousand</i>	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

On 1 June 2016 Multiconsult ASA acquired 100 per cent 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 holding 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 per cent 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.

On 12 December 2016, Multiconsult's subsidiary LINK arkitektur AS acquired 100 per cent 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 per cent 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.

NOTE 5 SEGMENTS

The group's business is divided into four reporting segments, three geographical segments and one segment for LINK arkitektur:

1. Greater Oslo Area represented by the office in Oslo, the regions Østfold (Fredrikstad and Moss) and Buskerud/Vestfold/Telemark (Drammen, Skien and 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 LINK arkitektur A/S (aarhus arkitekterne A/S).

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 business areas. An adjustment to the business area definitions was implemented from 1 January 2017 in response to recent market developments. The new business area are:

1. Buildings & Properties
2. Renewable energy
3. Industry
4. Water & Environment
5. Oil & Gas
6. Transportation

Buildings & Properties include advisory and engineering at all stages of a construction project for all types of buildings. The business area provides services such as demand- and feasibility studies, sketch pre-project, detailed design and follow-up during the construction period, and real estate consultancy. The focus is on sustainable and long-term solutions. LINK arkitektur is included.

Renewable Energy covers the entire project life cycle in hydropower, transmission and distribution, land-based wind power and solar

energy. Services provided are from start-up and preliminary studies to detailed design and construction management, commissioning and operational shutdown.

Industry offers complete, interdisciplinary advisory and engineering services in all project phases. Services include investigations, project development, project management, design and procurement, construction with all technical systems, construction management and follow-up, and commissioning.

Water & Environment includes services in all phases of the lifetime of a project including inspections, engineering, operation and maintenance, and remediation and demolition. Focus is placed on sustainable development of the environment through advisory services related to Greenhouse gas emissions, flood and mud slide protection, water and drains, blue-green structures and issues related to pollution of air, water and soil.

Oil & Gas provides services throughout the whole value chain, from early phase studies through FEED (Front End Engineering Design) to detailed engineering and delivery for both onshore and offshore projects. Services provided onshore are within terminal and production facilities, facilities and constructions, harbour and marine constructions, underground warehouses, land-based pipelines and landfills, and electrical substations. Services provided offshore are within oil and gas rigs and platforms, concrete marine constructions, modules and structures for rigs and platforms, seabed installations, arctic climate technology for floating and subsea constructions, and noise and vibration measurement amongst others.

Transportation largely comprises advisory services for planning safe and forward-looking transport systems. The business area covers road, rail, airport, harbour and channel transport systems.

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 2016 it also included

NOK 107,317 thousand gain on settlement of defined pension plan.

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	2017	2016	Segment
Curtailment defined benefit pension plan	0	(107 317)	Unallocated
Total special items (reduction to operating expenses)	0	(107 317)	Unallocated

Amounts in NOK thousand

YEAR 2017	Greater Oslo Area	Regions Norway	Inter- national	LINK arkitektur	Not allocated	Eliminations	Total
External revenues ¹⁾	1 544 298	1 102 266	188 113	553 720	(12 997)	0	3 375 399
Internal revenues	76 551	30 420	37 720	33 773	4 377	(182 842)	0
Total operating revenues	1 620 848	1 132 686	225 834	587 493	(8 620)	(182 842)	3 375 399
Net operating revenues	1 306 957	1 027 303	177 753	488 829	(23 200)	0	2 977 642
Operating expenses	1 226 319	990 216	158 438	457 771	(19 845)	0	2 812 898
EBITDA	80 638	37 087	19 315	31 058	(3 354)	0	164 744
Depreciation, amortisation, impairment	16 044	24 085	2 038	5 591	(967)	0	46 791
EBIT	64 594	13 002	17 278	25 467	(2 387)	0	117 953
Associates and joint ventures	1 951	0	(1 055)	261	0	0	1 157
Receivables ²⁾	497 035	248 558	90 870	206 312	5 025	(78 478)	969 322
# employees	1 179	841	216	475	140	0	2 851

¹⁾ External revenues in Regions Norway includes a gain of sold property of NOK 10.7 million.

²⁾ Receivables includes accounts receivables (before provision for loss) and accrued revenues.

Amounts in NOK thousand

YEAR 2016	Greater Oslo Area	Regions Norway	Inter- national	LINK arkitektur	Not allocated	Eliminations	Total
External revenues	1 466 774	1 026 004	104 642	369 580	1 070	0	2 968 069
Internal revenues	12 598	0	35 112	17 409	5 500	(70 619)	0
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	0	2 604 621
Operating expenses	1 057 524	900 600	84 208	332 015	(102 516)	0	2 271 832
EBITDA	139 801	59 960	12 828	14 111	106 089	0	332 788
Depreciation, amortisation, impairment	14 675	22 668	1 696	4 166	0	0	43 205
EBIT	125 125	37 292	11 132	9 945	106 089	0	289 584
Associates and joint ventures	513	0	3 539	0	0	0	4 053
Receivables ¹⁾	324 411	221 657	53 014	152 188	3 312	(18 241)	736 341
# employees	879	793	130	420	122	0	2 344

¹⁾ Receivables includes accounts receivables (before provision for loss) and accrued revenues.

<i>Amounts in NOK thousand</i>	2017
REVENUES PER BUSINESS AREA	
Buildings & Properties	1 615 510
Renewable Energy	433 116
Industry	204 313
Water & Environment	233 044
Oil & Gas	106 801
Transportation	782 615
Total	3 375 399

An adjustment to the business area definitions was implemented from 1 January 2017 in response to recent market developments. 2016 figures are not restated to the new definitions. Figures in the table below are consequently not comparable to table above.

<i>Amounts in NOK thousand</i>	2016
REVENUES PER BUSINESS AREA	
Buildings & Properties	887 121
Energy	443 329
Industry	226 388
Environment & Natural resources	76 504
Oil & Gas	126 073
Transportation & Infrastructure	839 072
LINK arkitektur	369 580
Total	2 968 069

<i>Amounts in NOK thousand</i>	2017	2016
REVENUES PER GEOGRAPHY		
The table below shows revenues distributed by geography, based on the customer's location:		
Norway	2 628 788	2 489 482
Abroad	746 611	478 588
Total	3 375 399	2 968 069

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

<i>Percentage</i>	2017	2016
CUSTOMERS CONTRIBUTING MORE THAN 10 PERCENT OF GROSS REVENUES		
Public sector customer 1	N/A	10.7 %
Public sector customer 2	N/A	10.0 %

The same customers as listed for year 2016 contributed 7,9 per cent and 7,4 per cent, respectively. These revenues are distributed between the segments Greater Oslo Area, Region Norway and LINK arkitektur.

NOTE 6 RESEARCH AND DEVELOPMENT

Multiconsult Norge AS 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 network

Total expenditures for these activities were NOK 11.9 million in 2017 (NOK 17.6 million in 2016), of which NOK 0 million was invoiced to customers in 2017 (NOK 0.8 million in 2016). In the income statement, these expenditures have been reduced by government grants (Skattefunn) of NOK 1.3 million 2017 and NOK 1.7 million in 2016. No development expenditures have been capitalised.

NOTE 7 OTHER OPERATING EXPENSES

<i>Amounts in NOK thousand</i>	2017	2016
Rental expenses (operating lease)	148 303	139 005
Other real estate expenses	62 623	27 078
Consultants	66 397	45 778
Technical equipment	8 745	48 249
Office expenses, IT	104 993	66 797
Telecommunications services	13 133	19 122
Travel and per diem allowance	32 408	31 636
Marketing	21 468	17 071
Losses on receivables	763	(2 274)
Other	34 257	36 764
Total other operating expenses	493 088	430 227

AUDITOR

Fees paid to Deloitte AS and affiliated companies, as well as other auditors in subsidiaries:

<i>Amounts in NOK thousand</i>	2017		2016	
	Deloitte	Other	Deloitte	Other
Statutory audit services	2 279	421	2 342	498
Tax advisory services	222	81	407	0
Other assurance services	330	34	83	0
Other non-audit services	793	63	359	58
Total	3 624	600	3 191	556

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.

<i>Amounts in NOK thousand</i>	2017	2016
EMPLOYEE BENEFIT EXPENSES		
Salaries	1 803 433	1 511 490
Social security tax	268 846	221 554
Pension expenses (see note 11)	141 892	4 733
Other employee benefit expenses	105 639	103 830
Total employee benefit expenses	2 319 810	1 841 605
Number of full time employees during the year ¹⁾	2 516	2 144
Number of employees as of 31 December	2 851	2 344

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.

Number of full time employees during the year includes employees of Prosjektforum AS from 1 April, Iterio AB from 1 March, Hjeltnes Consulting AS from 1 October and Johs Holt AS from 1 October.

SHARE PURCHASE PROGRAMME AND LOANS TO EMPLOYEES

Multiconsult ASA has a share purchase program (SPP) available to all group employees. The SPP offers employees to buy shares in Multiconsult ASA at a discount of 20 per cent. Shares purchased by the employees through the program are subject to a two-year lock-in period. The 2017 program took place from mid to end November. A total of 23 per cent of all employees in the Multiconsult group, subscribed for 508,680 shares, slightly more than the number of shares available. After a reduction, the employees were allocated 439,740 shares. The total sales price was NOK 28,367,627, of which

NOK 11,412,961 was paid in cash and the remaining NOK 16,954,666 as loans granted to the employees, maximum 3/5 G (NOK 56 180 per employee). The outstanding balance of loans per 31.12.2017 was NOK 16,064,447, including loans to the executive management related to their variable performance based bonus scheme. Repayment of loans takes place over 12 months through deduction in salary.

The discount is partially recognised as an expense and partially recognised directly in equity. See accounting policies for further description.

<i>Amounts in NOK thousand</i>	2017	2016
Employee benefit expenses	1 921	2 012
Recognised directly to equity (before tax) ¹⁾	5 172	8 072
Total discount	7 093	10 084

¹⁾ The discount (before tax) recognised directly to equity may deviate from the total amount (before tax) recognised in the statement of equity if the payments to acquire own shares deviates from the market price for the shares used as basis for calculation of the discount.

There are 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 group, growth, profitability and sustainability. The company's remuneration strategy is to offer competitive remuneration, but not to be in the forefront.

A benchmark study first conducted in 2015 and repeated in 2017 constitutes a basis for determination of the remuneration of the group's management. It evaluates the value of the respective manager's responsibilities and complexity of their job content. The size of the company and the complexity of the group management's job content has increased since 2015. The geographical footprint and acquisitions of several new companies have increased the managerial and professional complexity of the group. The Norwegian market remains the reference for benchmark as the group is based in Norway and still conducts its main business in Norway.

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

The board of directors have decided to continue with the same structure for the total remuneration to the CEO and other members of the group management in 2018, with one significant adjustment. Eventual compensation arising from this adjustment is closely linked to realisation of profit improvement measures. The pay-out potential in the variable performance based bonus scheme will increase to eight months base salary for the CEO, and be in a range of two

to four months for the other members of the group management. Guidelines for shared based remuneration as part of the scheme remains unchanged. Company car or car allowance for the group management team is introduced for 2018.

1.2. Pension and insurance arrangements

The group management is included in the pension and insurance program as other employees in Multiconsult ASA, which is similar to the pension and insurance program in Multiconsult Norge AS. The members of the group management, who until 2017 were members of the defined benefit plan, are in the same way as other affected employees, partly compensated for entering into the defined contribution plan.

1.3 Guidelines for share based remuneration

The board of directors implemented a variable performance based bonus scheme for the group management effective from 2016. Out of the earned bonus, 75 per cent of the bonus is paid in cash and 25 per cent by shares at a 30 per cent discount and a three-year lock-in period. If a member of the management team leaves the company during the lock-in period, the member has to repay the discount pro rata according to accrued and remaining lock-in period. The group management also has an option to buy additional shares at a 30 per cent discount for the amount equal to 25 per cent of the bonus attained. Funding of the shares is by cash or by loan from Multiconsult ASA. If the member of the group management leaves the company, repayment of the loan takes place at the last date of employment. 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 per cent with a two year

lock-in period.

2. Remuneration policy during the accounting year

With the exceptions mentioned below, the principles described in section 1. above serves as basis for the remuneration policy during 2017. The bonus program for 2017 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.

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 (except in the event of gross negligence of his duties), 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 2017

The table below displays the total remuneration to the group management earned in 2017. Presented below is a similar table for year 2016.

Per 31 December 2017

Amounts in NOK	Base salary ¹⁾	Salary paid ²⁾	Other benefit paid ²⁾	Bonus earned ³⁾	Pension	Shares ⁴⁾	Loans ⁵⁾
CEO							
Christian Nørgaard Madsen ³⁾	3 200 000	3 240 063	165 507	410 667	114 288	51 122	50 265
Other members of the group management							
Grethe Bergly ⁷⁾	1 724 000	1 793 779	124 323	110 623	114 288	24 817	37 373
Ola Dalen ⁷⁾	1 450 000	1 476 534	125 147	82 167	114 288	50 666	28 813
Anne Harris ⁶⁾	1 720 000	1 875 555	41 670	110 367	114 288	10 673	64 219
Øyvind Holtedahl	1 610 000	1 574 482	156 838	103 308	114 288	21 910	51 013
Lars Opsahl ⁷⁾	1 592 000	1 653 188	147 334	90 213	114 288	58 534	50 723
Elisabeth M. Stene	1 500 000	1 492 028	87 386	96 250	114 288	10 284	50 746
Leif Øie	1 785 000	1 803 469	34 743	178 887	114 288	1 334	3 615
Total	14 581 000	14 909 097	882 948	1 182 482	914 304	229 340	336 767

¹⁾ Annual base salary per 31 December.

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⁾ Bonus earned is an amount earned in the year presented (excluding holiday pay), and normally paid the subsequent year.

⁴⁾ Shares owned by the members of the group management with related parties.

⁵⁾ Short term loans for purchase of shares through to the company's share purchase programme for all employees and incentive programme for group management.

⁶⁾ Compensation for additional responsibility as EVP International included.

⁷⁾ Compensation for change in pension plan included.

REMUNERATION TO THE GROUP MANAGEMENT 2016

Per 31 December 2016

<i>Amounts in NOK</i>	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 Høltedahl	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.

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 2017 to the Annual General Meeting in 2018, the board fee is determined by the Annual General Meeting in 2018.

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 2017

<i>Amounts in NOK</i>	Function	Payment ¹⁾	Loans ²⁾	Shares ³⁾
Nigel Wilson ⁴⁾	Chair, elected by shareholders	436 667	0	6 410
Steinar Mejl��nder-Larsen ⁵⁾	Chair, elected by shareholders	170 000	0	N/A
Arne Fosen	Elected by shareholders	210 000	0	3 205
Line Karin Haugen	Elected by shareholders	260 000	0	3 846
Vibeke Str��mme	Elected by shareholders	240 000	0	2 564
Kjetil Monssen Ebbesberg ⁶⁾	Elected by shareholders	140 000	0	0
Elisabeth Lokshall	Elected by employees	94 000	0	100
Runar Tyssebotn ⁷⁾	Elected by employees	80 000	51 498	25 584
Liv-Kristine Rud ⁷⁾	Elected by employees	80 000	0	0
Kari Medby Loland ⁸⁾	Deputy member	14 000	0	134
Tove Helene Malvik ⁵⁾	Deputy member	10 000	0	N/A
Eirik Westerg��rd Hogstad ⁸⁾	Deputy member	0	0	1 618
Kristine Landsnes Augustson ⁸⁾	Deputy member	0	0	671
Steinar S��land	Deputy member	0	0	1 093
Bo G��ran Carlson ⁹⁾	Deputy member	14 000	N/A	N/A
Ivar Eng ⁵⁾	Deputy member	10 000	0	N/A
Total		1 758 667	51 498	45 225

¹⁾ Total board fees paid in 2017 was NOK 1,758 667, including fees to board members that retired from the board in 2017.

²⁾ 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.

³⁾ Shares owned by the members of the board at 31.12.2017, including shares owned by the related parties.

⁴⁾ Elected as Chair at Annual General meeting in 2017.

⁵⁾ Resigned at Annual General meeting in 2017.

⁶⁾ Members of the board after the Annual General Meeting in 2017.

⁷⁾ Member of the board from 29 August 2017.

⁸⁾ Deputy member of the board from 29 August 2017.

⁹⁾ Elected by employees at 24 February 2017.

REMUNERATION PAID TO THE BOARD OF DIRECTORS IN 2016 ¹⁾

<i>Amounts in NOK</i>	Function	Payment ²⁾	Loans ³⁾	Shares ⁴⁾
Steinar Mejl��nder-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 Str��mme 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 Gr��ttheim ⁹⁾	Deputy member	35 000	0	40 000
Total		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.

NOTE 9 FINANCIAL ITEMS

<i>Amounts in NOK thousand</i>	2017	2016
FINANCIAL INCOME		
Other interest income	2 279	2 357
Other financial income	676	1 724
Financial income	2 956	4 082
FINANCIAL EXPENSES		
Other interest expenses	7 854	1 485
Interest on net pension obligations (see note 11)	136	4 398
Other financial expenses	6 384	4 103
Financial expenses	14 375	9 986
Net financial items	(11 419)	(5 905)

NOTE 10 TAXES

INCOME TAXES

The income tax expense for the year was as follows:

<i>Amounts in NOK thousand</i>	2017	2016
Income taxes payable	24 233	39 292
Net withholding tax after tax credit	1 437	3 248
Regulation of previous years' taxes	(247)	(489)
Change in deferred taxes	2 206	31 354
Effect of change in tax rate	528	558
Income tax expenses	28 157	73 964

RECONCILIATION FROM NOMINAL TO ACTUAL TAX RATE

<i>Amounts in NOK thousand (except percentages)</i>	2017	2016
Profit before income taxes	107 690	287 732
Expected income tax based on nominal tax rate in Norway (24 % in 2017 and 25 % in 2016)	25 846	71 933
Tax effect of the following items:		
Non-deductible expenses	1 990	1 209
Non-taxable income	(444)	(545)
Share of profit from associated companies	276	(801)
Not recognised/reversal of previously not recognised deferred tax assets	(961)	(363)
Effect of change in tax rate	528	558
Excess tax provided for in prior years	(247)	(489)
Net withholding tax after tax credit	1 437	3 248
Other items (including effect of deviation foreign vs. Norwegian tax rate)	(268)	(785)
Income tax expense	28 157	73 964
Effective tax rate	26.1 %	25.7 %

DEFERRED TAX IN THE BALANCE SHEET

<i>Amounts in NOK thousand</i>	2017	2016
Deferred tax asset	25 610	25 104
Deferred tax	13 835	11 075
Net deferred tax asset in the balance sheet	11 775	14 029

SPECIFICATION OF THE TAX EFFECT OF TEMPORARY DIFFERENCES

<i>Amounts in NOK thousand</i>	2017	2016
Non-current assets	4 616	5 428
Current assets	(1 814)	1 519
Liabilities and provisions	(4 848)	165
Taxable losses carried forward	14 187	8 942
Deferred tax assets not recognised in the balance sheet	(366)	(2 025)
Net deferred tax asset in the balance sheet	11 775	14 029

Deferred tax assets are recognised based on expected future taxable profits. Taxable losses carried forward mainly relates to LINK arkitektur A/S. Deferred tax assets in Multiconsult UK and LINK arkitektur Aps have not been recognised.

RECONCILIATION OF DEFERRED TAX ASSETS IN THE BALANCE SHEET

<i>Amount in NOK thousand</i>	2017	2016
Deferred tax assets 1 January	14 029	66 722
Changes in deferred taxes recognised in the statement of income	(2 206)	(31 354)
Deferred taxes arising from acquisitions	(14)	(10 072)
Effects of changes in tax rate in the statement of income	(528)	(558)
Deferred taxes included in other comprehensive income ¹⁾	334	(9 471)
Currency	161	(1 237)
Deferred tax assets in the balance sheet (net) as of 31 December	11 775	14 029

¹⁾ Change in deferred taxes recognised in other comprehensive income is tax on remeasurement of defined benefit obligations.

The tax rate in Norway has been changed from 24 per cent to 23 per cent with effect from 1 January 2018. Deferred tax in the balance sheet at 31 December 2017 has been calculated based on 23 per cent.

RECONCILIATION OF INCOME TAXES PAYABLE IN THE STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK thousand</i>	2017	2016
Expensed income taxes payable	(24 233)	(39 292)
Prepaid taxes ¹⁾	7 124	6 176
Income tax on employee share programme recognised in equity	1 217	1 953
SkatteFUNN (government R&D tax incentive scheme)	1 282	1 709
Income tax payable recognised in the statement of financial position	(14 610)	(29 454)

¹⁾ Prepaid taxes includes tax from acquisitions.

Due to losses and/or the exemption 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

<i>Amounts in NOK thousand</i>	Gross	Taxes	Net
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)
Change 2017	(1 452)	334	(1 118)
31 December 2017	(269 762)	67 421	(202 342)

Income tax benefits on employee share purchase programme has been recognised in equity with NOK 1,953 thousand in 2016 and NOK 1,217 thousand in 2017, in total NOK 4,181 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 holding company (Multiconsult ASA) had primarily 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 terminated at the end of 2016. All the employees of the holding company and Multiconsult Norge AS are included in the defined contribution plan after the termination. The member of the previous defined benefit plan are partly compensated for entering into the defined contribution plan with an addition to annual salaries.

The gain on settlement reduced pension costs by NOK 107.3 million at the end of 2016.

There were 1,887 active members in the Multiconsult ASA and Multiconsult Norge AS defined contribution plan at the end of 2017 (2016: 1,519). Starting from 1 January 2017, annual contributions to this plan are 5.5 per cent for contribution basis between 1G and 7.1G, and 18 per cent of the contribution basis between 7.1G and 12G (in 2016: 5 per cent and 8 per cent respectively). G is a base amount annually approved by the Norwegian parliament and was NOK 93,634 per 31 December 2017.

In addition Multiconsult ASA has two individual defined benefit plans that are unfunded, with recognised liabilities of NOK 6,667 thousand at the end of 2017 (2016: NOK 6,386 thousand).

LINK arkitektur AS has a defined benefit plan that is closed, and

includes 3 active members and 6 retirees as of 31 December 2017. Other plans in LINK arkitektur group are plans accounted for as contribution plans, with 460 active members at 31.12.2017 (2016: 388). This includes a multiemployer plan in LINK arkitektur AB (ITP 2 plan) which is a defined benefit plan.

For 90 employees (2016: 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 access to information in order to report its proportional share of the plan's obligations, plan assets and costs, and it is therefore reported as a defined contribution plan. The expected contribution to the plan (premium) in 2018 is NOK 7,320 thousand. The premium paid and expensed in 2017 was NOK 7,480 thousand (2016 NOK 7,165 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 0.045 percent in 2017 (2016: 0.04 percent). 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 2017, the collective funding ratio was 154 percent (2016: 148 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

<i>Amounts in NOK thousand</i>	2017	2016
Pension expenses retirement defined benefit plan	558	(72 119)
Recognised as financial expenses (note 9)	(136)	(4 398)
Pension expenses defined contribution plan incl. risk premium defined contribution plan	141 471	81 250
Pension expenses in profit before taxes (note 8)	141 892	4 733
Effect of remeasurement of defined benefit obligations	1 452	(37 923)
Pension expenses in total comprehensive income	143 344	(33 190)

Pension expenses for the LINK group is included in the profit before tax in 2017 with NOK 24,830 thousand and NOK 17,493 thousand in 2016, primarily for defined contribution plans.

PENSION EXPENSES DEFINED BENEFIT PLAN

<i>Amounts in NOK thousand</i>	2017	2016
Present value of the current year service cost	368	26 890
Interest expenses on the pension obligations	146	23 873
Interest income on the pension assets	(29)	(19 348)
Settlement gain ¹⁾	0	(94 044)
Net pension expenses before social security tax	485	(62 630)
Accrued social security tax	72	(9 489)
Net pension expenses after social security tax	558	(72 119)

¹⁾ Net settlement gain including social security tax is NOK 107,317 thousand for 2016.

EFFECTS FROM REMEASUREMENT OF NET PENSION OBLIGATIONS DEFINED BENEFIT PLAN / OPERATING PENSIONS

<i>Amounts in NOK thousand</i>	2017	2016
Effect from change in discount rate	529	16 365
Experience adjustments and changes in other actuarial assumptions for pension obligations	(1 288)	(14 955)
Experience adjustment plan assets	1 522	(39 333)
Total effect from remeasurement of defined benefit obligations	1 452	(37 923)

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

<i>Amounts in NOK thousand</i>	2017	2016
Gross pensions obligations at the beginning of the period	21 314	894 792
Expenses related to the current year service cost	388	30 525
Interest expenses	543	23 873
Settlement	0	(902 852)
Social security tax on paid-in premiums	(149)	(5 300)
Ordinary payments from the plans	(445)	(21 134)
Remeasurement of gross pension obligations	(70)	1 410
Gross pension obligations at the end of the period	21 581	21 314

PENSION ASSETS DEFINED BENEFIT PLANS

<i>Amounts in NOK thousand</i>	2017	2016
Pension assets at the beginning of the period	15 455	733 448
Interest income	374	19 348
Settlement	0	(795 683)
Paid-in premiums incl. social security tax	1 208	45 367
Social security tax on paid-in premiums	(149)	(5 300)
Ordinary payments from the plans	(385)	(21 058)
Remeasurement of pension assets	(1 522)	39 333
Pension assets at the end of the period	14 980	15 455

FINANCIAL STATUS DEFINED BENEFIT PLANS

<i>Amounts in NOK thousand</i>	31.12.2017	31.12.2016
Calculated pension obligations (incl. social security tax)	(21 581)	(21 314)
Pension assets (at market value)	14 980	15 455
Pension obligations in the financial statements	(6 601)	(5 859)
Of which included in Other non-current financial assets and shares	66	0
Of which pension obligations	(6 667)	(5 859)

Remaining defined benefit pension plans are two individual unfunded agreements in Multiconsult Norge AS and a funded plan in LINK arkitektur AS. The discount rate at 31 December 2017 was 2.3 per cent - 2.4 per cent (2016: 2.6 per cent). All assets are related to the LINK arkitektur AS' plan, and this plan had net pension asset of NOK 66 thousand. Due to the immaterial amounts, no further disclosure is provided for the net defined benefit obligations.

NOTE 12 ACCOUNTS RECEIVABLES AND OTHER CURRENT RECEIVABLES

<i>Amounts in NOK thousand</i>	2017	2016
Accounts receivable	600 875	467 449
Allowance for losses on receivables	(12 498)	(12 392)
Total accounts receivable	588 377	455 057
Work in progress	368 447	270 345
Prepaid expenses	38 551	31 560
Other	26 461	51 447
Total other current receivables and prepaid expenses	65 012	83 007
Total receivables and prepaid expenses	1 021 836	808 410

NOTE 13 INTANGIBLE ASSETS AND GOODWILL

<i>Amounts in NOK thousand</i>	Software	Goodwill
Acquisition cost 1 January 2016	51 874	253 271
Additions	5 788	0
Additions from business combination	225	62 775
Currency translation differences	(353)	(129)
Disposals	8	0
Acquisition cost 31 December 2016	57 526	315 917
Additions	16 768	0
Additions from business combination	196	207 883
Currency translation differences	556	6 593
Disposals	227	0
Acquisition cost 31 December 2017	74 819	529 331
Accumulated amortisation 1 January 2016	42 571	80 248
Amortisation for the year	5 824	0
Currency translation differences	(207)	(58)
Disposals	7	0
Accumulated amortisation 31 December 2016	48 180	80 191
Amortisation for the year	6 835	0
Currency translation differences	327	261
Disposals	227	0
Accumulated amortisation 31 December 2017	55 115	80 191
Carrying amount 1 January 2016	9 304	173 023
Additions	5 788	0
Additions from business combination	225	62 775
Amortisation for the year	5 824	0
Currency translation differences	(146)	(72)
Disposals	0	0
Carrying amount 31 December 2016	9 346	235 727
Additions	16 768	0
Additions from business combination	196	207 883
Amortisation for the year	6 835	0
Currency translation differences	229	6 332
Disposals	0	0
Carrying amount 31 December 2017	19 704	449 942

Software includes standard software and licenses that are amortised on a straight-line basis over three years. In 2017 a new ERP system has also been capitalised, which is amortised straight-line over its estimated useful life of ten 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 2017 and 2016 are disclosed in the table below. The carrying amounts of these cash generating units include property, plant and equipment, intangible assets allocated goodwill and working capital.

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
Stensrud AS	2010	1 728	Middle	Regions Norway
Hydpro AS	2011	383	Oslo	Greater Oslo Area
Barlindhaug Consult AS	2011	39 716	North	Regions Norway
Multiconsult Voss AS	2012	2 100	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 Sp. Z.O.O	2014	978	MC Polska	International
Helge Lindeflaten AS	2014	2 600	West	Regions Norway
Rambøll Narvik	2015	300	North	Regions Norway
LINK arkitektur AS	2015	103 731	LINK arkitektur	LINK arkitektur
Akvator AS	2016	21 108	West	Regions Norway
Carrying amount 31 December 2016		235 727		
Hjellnes Consult AS	2017	125 710	Hjellnes Consult	Greater Oslo Area
Johs Holt AS	2017	27 600	Hjellnes Consult	Greater Oslo Area
Iterio AB	2017	42 286	Iterio	International
Prosjektforum AS	2017	9 098	Prosjektforum	Prosjektforum
Rambøll	2017	375	Middle	Regions Norway
Bomek Consulting AS	2017	4 950	Middle	Regions Norway
VVS Plan	2017	800	North	Regions Norway
Currency translation differences ¹⁾	2017	3 394	LINK arkitektur	LINK arkitektur
Carrying amount 31 December 2017		449 942		

¹⁾ aarhus arkitekterne A/S, renamed LINK arkitektur A/S.

For some CGUs, the carrying amount of property, plant and equipment and goodwill is low. In relation to historic and expected future earnings for these CGUs, it has been evaluated to not perform an impairment test due to immateriality. Tests are not performed on the acquisition of Hjeltnes Consult AS and Johs Holt AS, as these were acquired at the end of September 2017 and there are no changes compared to the information or evaluations at the date for acquisition. Impairment test is performed on 92 percent of the remaining goodwill.

The recoverable amount is estimated value in use, based on discounted future cash flows. Future cash flows included in the impairment tests at the end of 2017 are based on Board approved budgets for 2018 and the company's strategy plan for the subsequent periods. The growth in the forecast period of 2018 – 2022 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 per cent is used, unchanged from last year.

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 is mainly 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 assumed 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 discount rate in the analysis is set to 8.3 per cent (7.5 per cent) 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 main reason for the increase in WACC is an increase in the credit risk rate from last year. The group refinanced its debt in December 2017, and an actual credit risk rate is used in the calculation.

The impairment tests have not resulted in any impairment 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 2017.

The company's strategy has been to merge Norwegian subsidiaries into the holding company/Multiconsult Norge AS whenever practically possible and appropriate. Therefore, many of the companies mentioned above do not exist as of 31 December 2017. Refer to note 15 to the holding company's financial statements for more information on subsidiaries.

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

<i>Amounts in NOK thousand</i>	Buildings and other real estate	Other machines, plant, fixtures and fittings	Leasehold improvements	Total property, plant and equipment
Acquisition cost 1 January 2016	5 886	308 005	54 975	368 866
Additions	0	27 460	5 485	32 945
Additions from business combination	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
Additions	1 869	47 119	3 158	52 146
Additions from business combination	4 807	779	0	5 586
Currency translation differences	165	4 044	512	4 720
Disposals	5 028	46 123	605	51 756
Acquisition cost 31 December 2017	7 651	299 978	58 588	366 217
Acc. depreciation 1 Jan. 2016	4 040	240 797	39 246	284 083
Depreciation for the year	160	30 336	6 884	37 381
Currency translation differences	(35)	(788)	(38)	(861)
Disposals	0	45 959	5 106	51 065
Acc. depreciation 31 December 2016	4 166	224 385	40 986	269 539
Depreciation for the year	740	33 181	6 035	39 955
Currency translation differences	61	3 165	713	3 939
Disposals	3 499	43 046	620	47 165
Acc. depreciation 31 December 2017	1 468	217 687	47 114	266 268
Carrying amount 1 January 2016	1 846	67 208	15 729	84 782
Additions	0	27 460	5 485	32 945
Additions business combination	0	6 730	246	6 976
Depreciation for the year	160	30 336	6 884	37 381
Currency translation differences	(13)	(762)	(38)	(814)
Disposals	0	526	0	526
Carrying amount 31 December 2016	1 672	69 774	14 538	85 984
Additions	1 869	47 119	3 158	52 146
Additions from business combination	4 807	779	0	5 586
Depreciation for the year	740	33 181	6 035	39 956
Currency translation differences	103	878	(201)	781
Disposals	1 530	3 077	(15)	4 591
Carrying amount 31 December 2017	6 182	82 291	11 474	99 947
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 2017 or 2016.

NOTE 15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of bank deposits and money market funds/interest funds.

<i>Amounts in NOK thousand</i>	2017	2016
Cash and bank deposits	109 665	86 629
Restricted funds	44 626	89 362
Total cash and cash equivalents	154 291	175 990

In 2017 the company and Multiconsult Norge AS established bank guarantees for employee tax deductions which contributed to a reduction in restricted cash. Restricted funds at 31 December 2017 relates to Multiconsult Polska and tax deduction in subsidiaries. Restricted funds in 2016 are mainly employee tax deduction funds.

NOTE 16 ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

<i>Amounts in NOK thousand</i>	FPS	Concorcio SAM SpA	Newplan	Norplan Tanzania	Norplan	JV Indigo	Total
Opening balance 1 January 2016	951	249	1 847	3 435	777	0	7 258
Investments during the year	0	0	0	0	0	0	0
Gain increase of fair value	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
Disposals	0	0	0	0	0	0	0
Closing balance 31 December 2016	1 464	250	1 995	5 928	826	0	10 464
Investments during the year	0	0	0	0	0	2 327	2 327
Dividends paid in 2017	0	0	0	(339)	0	0	(339)
Share of profit for the year	89	1	(518)	828	496	261	1 157
Disposal	0	0	(1 477)	0	(1 322)	0	(2 799)
Closing balance 31 December 2017	1 553	251	0	6 416	0	2 588	10 809

None of the joint ventures and associated companies are deemed significant for the group, wether separately or combined. Consequently, no further details are provided.

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 it has have agreed to deliver, as well as being responsible for its own expenses and having a right to agreed revenues from the services the participant performs. Each participant uses its own as-

sets, and obligations in the operation, are limited to 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, Kampflybasen and Tønsberg hospital, 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. In 2017 these projects contributed revenues of NOK 162 million. In 2016, the largest project was Campus Ås, and contributed to less than 4 percent of the group's revenues.

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 2017

<i>Amounts in NOK thousand</i>	Office premises	Property, plant and equipment	Total
Due within 1 year	162 465	9 502	171 967
Due more than 1 year, but within 5 years	496 556	5 157	501 713
Due more than 5 years	432 228	268	432 496
Total	1 091 248	14 927	1 106 176

The corresponding amounts as of 31 December 2016:

As of 31 December 2016

<i>Amounts in NOK thousand</i>	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 amounts in the table are not discounted.

See note 7 Other operating expenses for leasing expenses in 2017 and 2016.

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, primarily found in Multiconsult Norge AS. Other large lessees are LINK arkitektur AS, Hjeltnes Consult AS and Iterio AB.

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 2017, 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

<i>Amounts in NOK thousand</i>	2017	2016
Salaries payable, holiday pay, bonus, earnings distribution etc.	260 171	207 195
Other accrued expenses	9 711	20 406
Received prepayments of revenues ¹⁾	111 146	96 942
Other	32 408	10 106
Total other current liabilities	413 436	334 648

¹⁾ Prepayments relates primarily to foreign subsidiaries

NOTE 19 PROVISIONS, DISPUTES AND CONTINGENT LIABILITIES

PROJECT RESPONSIBILITY

<i>Amounts in NOK thousand</i>	31.12.2017	31.12.2016
Gross provisions	29 937	33 527
Assets for reimbursement of provisions	22 000	22 610
Net provisions	7 937	10 917

<i>Amounts in NOK thousand</i>	Project responsibility	Other	Total
Net provisions 1 January 2016	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	10 917	0	10 917
Additions	3 137	0	3 137
Reversals	(4 017)	0	(4 017)
Utilised	(2 100)	0	(2 100)
Net provisions 31 December 2017	7 937	0	7 937

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 group enters into agreements with the customers limiting its responsibilities. 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 per cent) 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 and the claimed 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 14 million at 31 December 2017), except where it is determined gross negligence. The provisions are presented as liabilities in the balance sheet, while

the expected reimbursement from the insurance company related to recognised provisions are presented as a separate asset. 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

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 per cent.

During 2016 and 2017, several claims were resolved without the company being held responsible for errors and injuries, contributing to a positive effect in the statement of income. The company had a positive trend with a reduced number of claims. The largest current claim is related to rehabilitation of Prinsens gate 26, The Norwegian Parliament building. Multiconsult deliver multidisciplinary services to the administration of the Norwegian Parliament for the complex rehabilitation project Prinsens gate 26. The project is ongoing and is expected to be completed by spring 2019. The company received a claim of NOK 125 million from the client on the 8 December 2017. The project is insured through a separate project insurance. The company is currently preparing its response according to the normal steps of the litigation procedure. The provision relating to the project is unchanged from 31 December 2016 and reflects the company's assessment of risk and the nature and scope of its insurance coverage.

NOTE 20 GUARANTEES

GUARANTEE OBLIGATIONS NOT RECOGNISED IN THE BALANCE SHEET

<i>Amounts in NOK thousand</i>	2017	2016
Bank guarantee - guarantees towards customers	40 707	65 366
Bank guarantee - guarantees for other obligations	41 425	35 093
Bank guarantee - employee tax deductions	95 000	0
Holding company guarantees - for associates and joint ventures	3 600	3 600
Holding company guarantees - for subsidiaries	13 728	24 299
Other	4 005	383
Total guarantees	198 464	128 741

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

Other bank guarantees are primarily guarantees for rent of premises and for employee tax deductions.

Holding company guarantees towards subsidiaries relates to bank loans and guarantee limit for bank overdraft.

The holding company's bank facility agreements with Nordea bank includes a negative pledge clause. For restricted funds, refer to note 15 Cash and cash equivalents. LINK arkitektur has a multi-currency cash pooling system for coordinating the LINK arkitektur group's liquidity. The cash pooling system includes a credit facility of NOK 17.5 million as of 31 December 2017, of which no amounts were drawn. The bank has security, primarily in accounts receivables of LINK arkitektur AS, in the amount of NOK 67.4 million at 31 December 2017.

NOTE 21 SHAREHOLDER INFORMATION

The following are the 20 largest shareholders of Multiconsult ASA as of 31 December 2017:

	Number of shares	Ownership share
Stiftelsen Multiconsult	5 337 628	19.8 %
Obos Bbl	1 944 534	7.2 %
Stenshagen Invest AS	1 130 519	4.2 %
Odin Norge	1 064 380	3.9 %
Skandinaviska Enskilda Banken AB	998 767	3.7 %
Protector Forsikring ASA	994 042	3.7 %
Swedbank Robur Småbolagsfond	865 000	3.2 %
Verdipapirfondet Pareto Invest	776 223	2.9 %
VJ Invest AS	419 821	1.6 %
Verdipapirfondet Alfred Berg Norge	403 264	1.5 %
Verdipapirfondet Holberg Norge	378 600	1.4 %
Multiconsult ASA ¹⁾	311 307	1.2 %
JPMORGAN Chase Bank, N.A., LONDON	299 140	1.1 %
Bkraft Holding AS	297 000	1.1 %
Verdipapirfondet Alfred Berg Norge Aktiv	286 249	1.1 %
Fondita 2000 + Investment Fund	283 675	1.1 %
Morgan Stanley & CO. INT. PLC.	275 839	1.0 %
Brekke	269 555	1.0 %
Lindmark	260 590	1.0 %
Varner Equities AS	255 213	0.9 %
Other	10 119 048	37.5 %
Total number of shares	26 970 394	

¹⁾ Of the 311,307 shares, 311,251 has been sold as part of the employee share purchase programme, but not registered at 31 December 2017.

Total number of shares 26,970,394 par value per share of NOK 0,50. All shares that are part of the holding 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 percent of the shares at the general meeting. The number of treasury shares (own shares) at the end of 2017 was 56 (2016: 1,998 shares). During 2017, the Company purchased own shares that were sold in the employee share purchase programme, see note 8.

The Annual General Meeting held on 11 May 2017 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 Liabi-

lity 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. As partial settlement of the acquisition of Hjeltnes Consulting AS and Johs Holt AS on 25 September 2017, share capital was increased with NOK 360,597 (721,194 shares) using part of this authorisation.

The Annual General Meeting held on 11 May 2017 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 2018, but in no event later than 30 June 2018.

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 2017 and 2016.

Stiftelsen Multiconsult had an ownership share of 19.8 per cent at 31 December 2017 (18.9 per cent 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 2,928 thousand in 2017 (NOK 2,615 thousand in 2016), and had receivables of NOK 336 thousand as of 31 December 2017 (NOK 1,163 thousand as of 31 December 2016).

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 holding 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

<i>Amounts in NOK thousand</i>	2017	2016
Revenues	37 212	26 099
Expenses	5 582	5 281
Dividends and distributions received	339	847
Receivables	5 904	12 510
Liabilities	277	152
Guarantees provided	3 600	3 600
Bank guarantees	0	500

NOTE 23 EARNINGS PER SHARE AND DIVIDENDS

In 2017 and 2016, 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.

	2017	2016
Profit after tax attributable to owners of Multiconsult ASA (NOK thousand)	79 534	213 768
Weighted average number of shares (excl. treasury shares)	26 407 850	26 241 979
Earnings per share	3.01	8.15
DIVIDENDS		
Dividends paid to owners of Multiconsult ASA (NOK thousand)	78 715	76 123
Dividends per share	3.0	2.90

Dividends proposed after 31 December 2017 (NOK thousand) ¹⁾	40 456
Dividends proposed after 31 December 2017 (per share) ¹⁾	1.50

¹⁾ Dividends to be adopted by the Annual General Meeting in May 2018.

NOTE 24 EVENTS AFTER THE REPORTING PERIOD

After the reporting period ended on 31 December 2017 and up to the date these consolidated financial statements have been approved for issue, no 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 2017, 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 2017, 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 2017, and its financial performance and its cash flows for the year then ended in accordance with the applied audit opinion of international accounting standards according to § 1-9 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 2017, 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 these 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 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 did not provide a separate opinion on these matters.

Deloitte AS is a member firm of the Deloitte network of independent member firms affiliated with the Deloitte network of member firms, each of which is a separate legal entity. Each member firm is responsible for its own actions and omissions in accordance with applicable laws and regulations.

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Timing and accuracy of contract revenue recognition

Key audit matter

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.

IFRS as adopted by the EU require revenue to be recognised in accordance with the percentage completion approach. 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 cost items 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 expenditures in the calculation of revenue between reporting periods.

How the matter was addressed in the audit

We evaluated the IT systems used in the determination of revenue recognition by testing access and change management controls.

We assessed the design and implementation and the operating effectiveness of the internal controls Multiconsult has established related to the timing of revenue recognition.

We selected a sample of projects, for which:

- we met with management to analyse the projects 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 the schedule,
- we obtained supporting information and tested the data included in the calculations and management's assumptions for costs to complete, based on the contracted requirements,
- we tested that estimated losses are properly accrued for,
- we tested by sampling that time sheets are properly submitted and accounted for,
- we tested that no material revenue adjustments were recognised in January 2016.

Carrying value of goodwill

Key audit matter

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 200 650 million at 31 December 2015 in the group financial statements.

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.

How the matter was addressed in the audit

We assessed the design and implementation of the controls Multiconsult has established related to assessment of 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, external 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.



Carrying value of goodwill

Key audit matter

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.

How the matter was addressed in the audit

Provisions for contract claims

Key audit matter

For further information and a description of estimates and judgements involved in provisions for contract claims and related insurance recoverability and recognition of provisions, refer to note 2 and note 19 in the Group financial statements.

How the matter was addressed in the audit

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.

Multiplies performed a thorough review of each claim. This review includes significant judgements related to:

- whether the contract claims valid and is probable to result in a cash outflow, and
- 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 actually certain insurance recoverability are recognised, management's judgements related to determination of sufficient and cash flow estimates can have a significant impact on the financial statements.

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 tested its completeness by comparing it to correspondence with the Group's legal advisors;
- management's explanations for significant movements in the period, which we compared to 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, depending on circumstances, 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 applicable 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 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, including internal standards on Auditing (ISAS), we exercise professional judgment and maintain professional skepticism 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 that is 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 of 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.



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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.

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 prohibits public disclosure about the matter or when, in extreme 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 prepare 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, 13 Apr. 2018

Deloitte AS

Reidar Ludvigsen

Statlig Revisorselskap AS, Registrator (Norway)

PROJECT: **FORNEBUBANEN, SKØYEN**
ILLUSTRATION: **FORNEBUBANEN**



PROJECT: **STOVNERTÅRNET**
PHOTO: **JIRI HAVRAN**



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STATEMENT OF INCOME MULTICONSULT ASA

<i>Amounts in NOK thousand</i>	Note	2017	2016
OPERATING REVENUES AND EXPENSES			
Operating revenues	4	79 278	2 486 731
Expenses for sub contractors and disbursements		1 228	345 370
Net operating revenues		78 050	2 141 362
Employee benefit expenses	6, 9	46 580	1 488 807
Other operating expenses	7	27 273	349 716
Operating expenses excluding depreciation and amortisation		73 853	1 838 523
Operating profit before depreciation and amortisation (EBITDA)		4 196	302 839
Depreciation and amortisation	12, 13	1 127	37 120
Operating profit (EBIT)		3 069	265 718
FINANCIAL INCOME AND EXPENSES			
Financial income	8	6 035	12 288
Financial expenses	8	5 343	7 969
Net financial items		692	4 320
Profit before income taxes		3 761	270 038
Income tax expenses	10	1 050	68 540
Profit for the period		2 711	201 498

STATEMENT OF COMPREHENSIVE INCOME

MULTICONSULT ASA

<i>Amounts in NOK thousand</i>	Note	2017	2016
Profit for the period		2 711	201 498
Other comprehensive income			
Remeasurement of defined benefit obligations	9	0	38 301
Income taxes	10	0	(9 575)
Total items that will not be reclassified subsequently to profit or loss		0	28 726
Total comprehensive income for the period		2 711	230 224

BALANCE SHEET MULTICONSULT ASA

<i>Amounts in NOK thousand</i>	Note	31.12.2017	31.12.2016
ASSETS			
Non-current assets			
Deferred tax assets	10	356	12 041
Intangible assets	12	10 837	8 245
Goodwill	12	0	89 202
Property, plant and equipment	13	1 536	71 367
Total non-current non-financial assets		12 729	180 856
Investments in subsidiaries	15	733 141	185 799
Investments in associates and joint ventures	15	2 082	3 297
Assets for reimbursement of provisions	18	0	22 610
Other non-current financial assets	18	101 364	75 289
Total non-current financial assets		836 587	286 995
Total non-current assets		849 316	467 851
Current assets			
Receivables			
Accounts receivable	11	38 969	357 949
Work in progress	11	225	181 220
Other current receivables	11	1 396	65 803
Total receivables		40 590	604 972
Cash and cash equivalents	14	10 965	75 524
Total current assets		51 555	680 496
TOTAL ASSETS		900 871	1 148 347

BALANCE SHEET MULTICONSULT ASA

Amounts in NOK thousand	Note	31.12.2017	31.12.2016
EQUITY AND LIABILITIES			
Equity			
Total paid-in equity		91 244	26 444
Other equity		343 509	380 906
Total equity		434 753	407 350
Non-current liabilities			
Pension obligations	9	0	6 386
Provisions	18	0	31 395
Non-current interest bearing liabilities	3	193 500	50 000
Total non-current non-financial assets		193 500	87 781
Current liabilities			
Accounts payable		12 804	114 484
Current tax liabilities	10	961	26 877
Public duties payable		7 680	209 780
Dividends payable		40 456	78 748
Current interest bearing liabilities	3	21 500	0
Other current liabilities	17	189 217	223 329
Total current liabilities		272 618	653 217
Total liabilities		466 118	740 997
TOTAL EQUITY AND LIABILITIES		900 871	1 148 347

The Board and CEO of Multiconsult ASA
Oslo, 11 April 2018



Nigel Kenneth Wilson
Chair of the board



Runar Tyssebotn
Director



Kjetil Monssen Ebbesberg
Director



Line Karin Haugen
Director



Arne Fosen
Director



Vibeke Strømme
Director



Liv-Kristine Rud
Director



Elisabeth Lokshall
Director



Christian Nørgaard Madsen
CEO

STATEMENT OF CASH FLOWS MULTICONSULT ASA

Amount in NOK thousand

+ are cash increasing and - are cash reducing effects

	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income taxes		3 761	270 038
Income taxes paid during the period		(27 377)	(52 467)
Depreciation and amortisation	12, 13	1 127	37 120
Pension expenses with no cash effect		0	(109 678)
Employee share purchase programme – non-cash profit and loss item		561	0
Changes in accounts receivable and other receivables		85 832	(45 899)
Changes in accounts payable		6 834	(25 328)
Changes in provisions and current liabilities		(985)	(49 661)
Net cash flows from operating activities		69 753	24 125
CASH FLOWS FROM INVESTING ACTIVITIES			
Net payments on acquisition and sale of property, plant and equipment and intangible assets		(6 747)	(32 600)
Proceeds/payments related to equity accounted investments		339	0
Cash effect of mergers		(8 921)	7 394
Cash effect of acquisition of shares		(170 532)	(24 375)
Net cash flows from investing activities		(185 861)	(49 581)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase treasury shares		(35 030)	(50 339)
Sale treasury shares		294	42 607
Dividends paid		(78 715)	(76 123)
Proceeds from borrowings		165 000	50 000
Net cash flows from financing activities		51 549	(33 855)
Net change in cash and cash equivalents		(64 559)	(59 310)
Cash and cash equivalents at 1 January	14	75 524	134 834
Cash and cash equivalents at 31 December	14	10 965	75 524

STATEMENT OF CHANGES IN EQUITY MULTICONSULT ASA

<i>Amounts in NOK thousand</i>	Share capital	Treasury shares	Share premium	Total paid-in equity	Retained earnings	Remeasure-ment pensions	Total equity
31 December 2015	13 125	9	13 320	26 436	462 332	(230 711)	258 057
Treasury shares	0	8	0	8	1 542	0	1 550
Merger reserve	0	0	0	0	2 211	0	2 211
Employee share purchase programme (net of tax)	0	0	0	0	(5 944)	0	(5 944)
Dividend declared	0	0	0	0	(78 748)	0	(78 748)
Total comprehensive income for the period	0	0	0	0	201 498	28 726	230 224
31 December 2016	13 125	(1)	13 320	26 444	582 891	(201 985)	407 350
Treasury shares	0	1	0	1	204	0	205
Share issue	361	0	64 439	64 799	0	0	64 799
Employee share purchase programme (net of tax)	0		0	0	111	0	111
Dividend declared	0		0	0	(40 456)	0	(40 456)
Dividend not paid on own shares	0		0	0	33	0	33
Total comprehensive income for the period	0		0	0	2 711	0	2 711
31 December 2017	13 485	0	77 759	91 244	545 494	(201 985)	434 753

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 holding company in the Multiconsult ASA group. With effect from 1 January 2017, the company demerged its operating activities to Multiconsult Norge AS. Subsequent to the demerger, the company is a holding company and contains parts of the group management, and corporate functions. After the demerger, revenues comprise sales of group services to Multiconsult subsidi-

aries, primarily on a cost-plus basis. Comparable figures for 2016 have not been restated.

These financial statements were approved by the Board of Directors on 11 April 2018 for adoption by the Annual General Meeting on 3 May 2018.

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 company's financial statements have been prepared on a historical cost basis, except for derivatives that are measured at fair value. The 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, mergers 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. Demergers are based on the carrying values of the company. 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 receivable 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.

Standards and interpretation not yet effective

Changes in accounting policies resulting from the adoption of IFRS 9 Financial instruments will generally be applied retrospectively, except that the company will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. For IFRS 9, the effect of classification of financial instruments and the expected credit loss principle are not expected to have any significant impact on the financial statements of the company and the company does not expect any effect on equity 1 January 2018.

The group's assessment is that implementation of IFRS 15 Revenues from contracts with customers will not significantly change revenue recognition for the company. The company is delivering services to its subsidiaries. The customers simultaneously receive and consume the benefits provided by the company's performance as it performs. The company will implement IFRS 15 according to the cumulative retrospective method, to contracts that are not completed contracts at 1 January 2018. Comparable figures for 2017 will not be restated. However, the group's assessment is that it would not have had significant effects on the 2017 comparative revenue or expense figures, and do not expect any effect on equity 1 January 2018.

NOTE 3 FINANCIAL RISK MANAGEMENT

After the demerger with effect from 1 January 2017, the company's exposure to and management of financial risk has changed. Credit risk is now primarily related to loans and receivables to subsidiaries and cash in banks. Operational currency risk is limited, but the company has some direct and indirect investments in shares in foreign subsidiaries, for which the fair value will be currency exposed. Change in fair value of these shares is not recognised in the financial statements, unless the shares become impaired. Liquidity risk is primarily related to a bank loan and payables to subsidiaries. Interest risk is primarily related to the bank loan, cash in bank and interest rate swaps.

The company mainly holds receivables and financial liabilities measured at amortised cost. The company also holds some currency and interest rate derivatives that are financial liabilities at fair value through profit or loss. The derivatives are disclosed in note 3 to the consolidated financial statements.

As of 31 December 2017, the company had a term loan from Nordea Bank of NOK 215 million, as described in note 3 to the consolidated financial statements. At 31 December 2016 the company also had a guarantee facility of NOK 120 million, that was transferred to Multiconsult Norge AS in 2017. At the end of 2017, the company

established a bank guarantee for employees' tax deductions amounting to NOK 5 million. The company has issued sureties (financial guarantees) of in total NOK 600 million for Multiconsult Norge AS's liabilities to Nordea Bank.

The carrying amount of the company's financial instruments is a re-

asonable approximation to fair value. The company's credit risk is considered limited.

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

NOTE 4 OPERATING REVENUES FOR THE HOLDING COMPANY

<i>Amounts in NOK thousand</i>	2017	2016
PER SEGMENT		
Greater Oslo area	0	1 479 372
Regions Norway	0	1 013 511
International	0	593
Not allocated/eliminations	79 278	(6 745)
Total operating revenues	79 278	2 486 731
PER BUSINESS AREA		
Buildings & Properties	0	893 145
Renewable energy	0	415 624
Industry	0	214 407
Environment & Natural resources	0	65 318
Oil & Gas	0	88 744
Transportation & Infrastructure	0	80 949
Not allocated	79 278	0
Total operating revenues	79 278	2 486 731
GEOGRAPHICAL PER CUSTOMER LOCATION		
Norway	79 278	2 267 075
Outside Norway	0	219 656
Total operating revenues	79 278	2 486 731

Revenues for 2017 comprise sales of group services to Multiconsult subsidiaries, primarily on a cost-plus basis.

NOTE 5 RESEARCH AND DEVELOPMENT

Subsequent to the demerger, the company has no research and development activities.

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

EMPLOYEE BENEFIT EXPENSES

<i>Amounts in NOK thousand</i>	2017	2016
Salaries	37 210	1 238 045
Social security tax	5 237	173 125
Pension expenses	3 121	(14 526)
Other employee benefit expenses	1 012	92 163
Total employee benefit expenses	46 580	1 488 807
Number of full time employees during the year ¹⁾	24	1 677
Number of employees as of 31 December	25	1 784

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.

The decrease in number of employees from 2016 is due to the demerger.

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. Loan to employees in the company amounted to NOK 624 thousand.

EMPLOYEE SHARE PURCHASE PROGRAMME

40 per cent of the employees, who passed the criteria to participate in the program, signed up for 9,816 shares in the 2017 employee share purchase programme. In addition, key management personnel signed up for 7,248 shares in the variable performance based bonus scheme in 2017. See note 8 to the consolidated financial statement 2017 for further information about the bonus scheme for key management personnel.

The discount is partially recognised as an expense and partially recognises to equity. See accounting policies for the group for further description.

<i>Amounts in NOK thousand</i>	2017	2016
Employee benefit expenses	105	1 778
Recognised directly to equity (before tax) ¹⁾	248	7 826
Total discount	353	9 604

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 2017 of NOK 624 thousand (NOK 18,731 thousand at 31 December 2016).

NOTE 7 OTHER OPERATING EXPENSES

<i>Amounts in NOK thousand</i>	2017	2016
Rental and other expenses for premises	1 244	136 350
Consultants	9 799	39 787
Technical equipment	0	42 744
Office expenses, IT	14 574	57 223
Telecommunications services	110	15 233
Travel and per diem allowance	624	25 269
Marketing	607	13 043
Losses on receivables	0	(1 799)
Other	316	21 776
Total other operating expenses	27 273	349 716

AUDITOR

Compensation to Deloitte AS

<i>Amounts in NOK thousand</i>	2017	2016
Statutory audit services	1 304	2 032
Tax advisory services	199	407
Other assurance services	269	57
Other non-audit services	743	359
Total	2 515	2 856

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

<i>Amounts in NOK thousand</i>	2017	2016
FINANCIAL INCOME		
Interest income from group companies	2 980	236
Other interest income	178	1 269
Other financial income	0	586
Gains on derivatives	0	360
Dividends	2 877	9 837
Financial income	6 035	12 288
FINANCIAL EXPENSES		
Other interest expenses	3 076	1 076
Interest on net pension obligations	0	4 381
Losses on derivatives	1 204	0
Other financial expenses	1 063	2 511
Financial expenses	5 343	7 968
Net financial items	692	4 320

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. Multiconsult ASA's defined benefit plan was terminated at the end of 2016. The termination resulted in a reduction to pensions costs of NOK 107.3 million at the end of 2016. Effective 1 January 2017, the remaining pension liabilities were demerged into Multiconsult Norge AS. At end of 2017, there was 25 active employees in the contribution plan. Annual contributions to the plan are 5.5 per cent for contribution basis between 1G and 6G, and 18 per cent of the contribution basis between 6G and 12G. G is a base amount annually approved by the Norwegian parliament, and was NOK 93,634 per 31 December 2017.

CHANGE IN TOTAL COMPREHENSIVE INCOME DURING THE PERIOD

<i>Amounts in NOK thousand</i>	2017	2016
Pension expenses defined benefit plans (see below)	0	16 560
Recognised as financial expenses (note 8)	0	(15 703)
Pension expenses defined contribution plans	3 121	62 536
Pension expenses in profit before taxes (note 6)	3 121	(14 526)
Effect of remeasurement of defined benefit obligations	0	(38 302)
Pension expenses in total comprehensive income	3 121	(52 828)

PENSION EXPENSES DEFINED BENEFIT PLANS

<i>Amounts in NOK thousand</i>	2017	2016
Present value of the current year service cost	0	26 405
Interest expenses on pension obligations	0	23 525
Interest income on pension assets	0	(19 018)
Settlement gain	0	(94 045)
Net pension expenses before social security tax	0	(63 132)
Accrued social security tax	0	(9 549)
Net pension expenses including social security tax	0	(72 681)

REMEASUREMENT EFFECTS ON NET DEFINED BENEFIT OBLIGATIONS

<i>Amounts in NOK thousand</i>	2017	2016
Effect from change in discount rate	0	(70 504)
Experience adjustments on pension obligations	0	(12 233)
Effect on plan assets from change in actuarial assumptions	0	(39 159)
Total remeasurement effects on net defined benefit obligations	0	(38 302)

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

<i>Amounts in NOK thousand</i>	2017	2016
Gross pension obligations at the beginning of the period	6 386	880 846
Demerger	(6 386)	0
Expenses related to the current year service cost	0	30 128
Interest expenses	0	23 525
Settlement	0	(902 852)
Social security tax on paid-in premiums	0	(5 193)
Ordinary payments from the plans	0	(20 926)
Remeasurement of gross pension obligations	0	857
Gross pension obligations at the end of the period	0	6 386

PENSION ASSETS DEFINED BENEFIT PLAN

<i>Amounts in NOK thousand</i>	2017	2016
Pension assets at the beginning of the period	0	718 905
Interest income	0	19 018
Settlement	0	(795 535)
Paid-in premiums	0	44 496
Social security tax on paid-in premiums	0	(5 193)
Ordinary payments from the plans	0	(20 850)
Remeasurement of pension assets	0	39 159
Pension assets at the end of the period	0	0

FINANCIAL STATUS DEFINED BENEFIT PLANS

<i>Amounts in NOK thousand</i>	31.12.2017	31.12.2016
Calculated pension obligations (incl. social security tax)	0	(6 386)
Pension assets (at market value)	0	0
Net pension obligations including social security tax	0	(6 386)

NOTE 10 INCOME TAXES

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

<i>Amounts in NOK thousand</i>	2017	2016
Income taxes payable	1 247	33 270
Paid withholding taxes	180	3 168
Regulation of previous years' income taxes	(59)	(519)
Changes in deferred taxes	(334)	32 119
Effects from changes in tax rate	16	502
Income tax expenses	1 050	68 540

RECONCILIATION FROM NOMINAL TO ACTUAL TAX RATE:

<i>Amounts in NOK thousand</i>	2017	2016
Profit before income taxes	3 761	270 038
Expected income tax expenses based on nominal tax rate in Norway (24 per cent/25 per cent)	903	67 510
Tax effect of the following items:		
Non-deductible expenses	10	657
Non-taxable income	0	(393)
Paid withholding taxes	0	3 168
Dividends received, not taxable	0	(2 386)
Effect of change in tax rate ¹⁾	16	502
Regulation of previous years' income taxes	(59)	(519)
Net withholding tax after tax credit	180	0
Income tax expenses	1 050	68 540
Effective tax rate	27.9 %	25.4 %

SPECIFICATION OF THE TAX EFFECT OF TEMPORARY DIFFERENCES:

<i>Amounts in NOK thousand</i>	2017	2016
Non-current assets	37	5 814
Current assets	0	2 666
Liabilities and provisions	319	2 107
Defined benefit obligations	0	1 454
Deferred tax assets/ (liabilities) in the balance sheet	356	12 041

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

RECONCILIATION OF DEFERRED TAX ASSETS IN THE BALANCE SHEET

<i>Amounts in NOK thousand</i>	2017	2016
Deferred tax assets 1 January	12 041	53 182
Effect of demerger	(12 002)	1 054
Change in deferred taxes recognised in the income statement	334	(32 119)
Effect of changes in tax rate	(16)	(502)
Change in deferred taxes recognised in other comprehensive income	0	(9 575)
Deferred tax assets in the balance sheet (net) as of 31 December	356	12 041

RECONCILIATION OF INCOME TAXES PAYABLE IN THE BALANCE SHEET

<i>Amounts in NOK thousand</i>	2017	2016
Expensed income taxes payable	(1 247)	(33 270)
Prepaid taxes	320	2 541
Tax on group contribution provided	0	327
Income tax on employee share purchase programme recognised in equity	(35)	1 953
SkatteFUNN (government R&D tax incentive scheme)	0	1 571
Income taxes payable in the balance sheet	(961)	(26 877)

NOTE 11 ACCOUNTS RECEIVABLES AND OTHER CURRENT RECEIVABLES

<i>Amounts in NOK thousand</i>	2017	2016
Accounts receivables	38 969	364 847
Allowance for losses	0	(6 898)
Total accounts receivable	38 969	357 949
Work in progress	225	181 220
Prepaid expenses	0	21 853
Other	1 396	29 962
Total other current receivables	1 621	269 633

NOTE 12 INTANGIBLE ASSETS AND GOODWILL

<i>Amounts in NOK thousand</i>	Software	Goodwill
Acquisition cost 1 January 2016	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
Additions	55 055	168 850
Additions from mergers and acquisition	11 211	0
Acquisition cost 31 December 2017	11 211	0
Accumulated amortisation 1 January 2016	41 590	79 648
Amortisation for the year	5 220	0
Accumulated amortisation 31 December 2016	46 810	79 648
Amortisation for the year	46 810	79 648
Accumulated amortisation 31 December 2017	374	0
Carrying amount 1 January 2016	8 310	55 014
Additions	4 930	0
Additions from mergers and acquisition	225	34 188
Amortisation for the year	5 220	0
Carrying amount 31 December 2016	8 245	89 202
Additions	8 245	89 202
Additions from mergers and acquisition	11 211	0
Amortisation for the year	374	0
Carrying amount 31 December 2017	10 837	0

Carrying amount of software at 31 December 2017 is primarily related to the new ERP system that is amortised straight line over 10 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.

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

<i>Amounts in NOK thousand</i>	Buildings and other real estate	Other machines, plant, fixtures and fittings	Leasehold improve- ments	Total property, plant and equipment
Acquisition cost 1 January 2016	5 649	293 044	54 563	353 255
Additions	0	22 688	5 485	28 172
Additions from mergers and acquisitions	0	1 429	246	1 675
Disposal	0	45 001	5 106	50 107
Acquisition cost 31 December 2016	5 649	272 159	55 188	332 996
Disposal from demerger	5 649	268 363	55 188	329 200
Additions	0	938	0	938
Disposal	0	988	0	988
Acquisition cost 31 December 2017	0	3 746	0	3 746
Acc. depreciation 1 Jan. 2016	3 964	236 323	39 047	279 334
Depreciation for the year	110	24 975	6 816	31 901
Disposal	0	44 499	5 106	49 605
Acc. depreciation 31 Dec. 2016	4 074	216 799	40 757	261 630
Disposal from demerger	4 074	215 072	40 757	259 903
Depreciation for the year	0	753	0	753
Disposal	0	270	0	270
Acc. depreciation 31 Dec. 2017	0	2 210	0	2 210
Carrying amount 1 January 2016	1 685	56 721	15 517	73 923
Additions	0	22 688	5 485	28 173
Additions from mergers and acquisitions	0	1 429	246	1 675
Depreciation for the year	110	24 975	6 816	31 901
Disposal	0	502	0	502
Carrying amount 31 December 2016	1 575	55 361	14 432	71 368
Disposal from demerger	1 575	53 292	14 432	69 299
Additions	0	938	0	938
Depreciation for the year	0	753	0	753
Disposal	0	718	0	718
Carrying amount 31 December 2017	0	1 536	0	1 536
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 2017 or 2016.

NOTE 14 CASH AND CASH EQUIVALENTS AND GUARANTEES

<i>Amounts in NOK thousand</i>	2017	2016
Cash and bank deposits	10 965	8 891
Bank deposits – employee tax deduction obligations	0	66 633
Total cash and cash equivalents	10 965	75 524

GUARANTEE OBLIGATIONS NOT RECOGNISED IN THE BALANCE SHEET

<i>Amounts in NOK thousand</i>	2017	2016
Bank guarantee – guarantees towards customers	6 912	47 405
Bank guarantee – guarantees for other obligations	26 601	33 783
Bank guarantee – employees tax deductions	5 000	0
Holding company guarantees – for associates and joint ventures	3 600	3 600
Holding company guarantees – for subsidiaries	13 728	24 299
Other	0	383
Total guarantees	55 841	109 469

In addition to the amounts in the table, the company has issued sureties (financial guarantees) of total NOK 600 million for Multiconsult Norge AS's liabilities to Nordea Bank.

NOTE 15 SUBSIDIARIES, ASSOCIATED COMPANIES, JOINT VENTURES

SUBSIDIARIES

	Acquisition date	Business office	At 31 December 2017		Carrying amount 31 December	
			Voting share	Owner-ship share	2017	2016
Multiconsult Norge AS	2017	Oslo, Norway	100 %	100 %	300 000	N/A
Iterio AB	2017	Stockholm, Sweden	100 %	100 %	52 606	N/A
Hjellnes Consult AS	2017	Oslo, Norway	100 %	100 %	151 800	N/A
Johs Holt AS	2017	Oslo, Norway	100 %	100 %	32 200	N/A
Prosjektforum AS	2017	Sarpsborg, Norway	100 %	100 %	10 736	N/A
LINK arkitektur AS	2015	Oslo, Norway	100 %	100 %	147 645	147 645
Multiconsult UK Ltd	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	4 499
Multiconsult Polska Z.O.O.	2014	Warszawa, Poland	100 %	100 %	28 641	28 641
LLC Multiconsult Rus	2009	Russia	100 %	100 %	145	145
Total subsidiaries					733 141	185 799

SUBSIDIARIES OWNED BY SUBSIDIARIES ¹⁾

	Acquisition date	Business office	Voting share	Ownership share
LINK arkitektur AB	2008	Stockholm, Sweden	100 %	100 %
LINK arkitektur Aps	2013	Copenhagen, Denmark	100 %	100 %
LINK arkitektur A/S ²⁾	2016	Aarhus, Denmark	100 %	100 %

¹⁾ Subsidiaries of LINK arkitektur AS

²⁾ Previous aarhus arkitekterne A/S

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

	Acquisition date	Business office	At 31 December 2017		Carrying amount 31 December	
			Voting share	Owner-ship share	2017	2016
Norplan AS	2003	Oslo	50.0 %	50.0 %	N/A	598
Norplan Tanzania Ltd	2013	Tanzania	49.0 %	49.0 %	2 050	2 050
Newplan Ltd	2013	Uganda	40.0 %	40.0 %	N/A	250
Consortio SAM SpA	2014	Chile	27.5 %	27.5 %	32	32
FPS AS	2013	Oslo	36.0 %	36.0 %	N/A	367
Total associated companies and joint ventures					2 082	3 297

Norplan AS and Newplan Ltd were sold in 2017. FPS AS was transferred to Multiconsult Norge AS in the demerger. Remaining companies are associated companies.

NOTE 16 LEASING AND OTHER PAYMENT OBLIGATIONS

Liabilities for operating leases of assets are not recognised in the balance sheet. At 31 December 2017 the lease agreements have been transferred to Multiconsult Norge AS as a consequence of the demerger. The company is charged by Multiconsult Norge AS for use of premises.

Future minimum payments under non-cancellable operating lease agreements, excluding costs for services as of 31 December 2016 were:

Amounts in NOK thousand	As of 31 December 2016		
	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	0	366 698
Due more than 5 years	409 468	0	409 468
Total	891 542	4 345	895 887

The amounts in the table are not discounted.

See note 7 Other operating expenses for leasing expenses in 2016. Lease of office premises mainly related to the company's premises in Norway. In most agreements, the annual lease payment were 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.

NOTE 17 OTHER CURRENT LIABILITIES

<i>Amounts in NOK thousand</i>	2017	2016
Salaries payable, vacation pay, bonus, earnings distribution etc.	4 743	176 546
Derivatives	1 462	286
Other accrued expenses	2 676	17 908
Received prepayment of revenues	0	23 923
Current liabilities group companies	180 335	0
Other	0	4 665
Total other current liabilities	189 217	223 329

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

<i>Amounts in NOK thousand</i>	2017	2016
Shares	0	538
Loans to subsidiaries	97 395	70 460
Other non-current receivables	3 969	4 291
Total other non-current receivables	101 364	75 289

<i>Amounts in NOK thousand</i>	2017	2016
Net provisions for project responsibilities 1 January ¹⁾	8 785	18 455
Demerger	(8 785)	0
Additions during the year	0	1 450
Reversal of provisions ¹⁾	0	(9 720)
Utilised provisions during the year	0	(1 400)
Net provisions for project responsibilities 31 December	0	8 785
Assets for reimbursement of provisions	0	22 610
Gross provisions for project responsibilities 31 December	0	31 395

¹⁾ A large part of the amount in 2016 for "reversal of provisions" in the table above related to a dispute regarding Grønneviksøren which was finalised and settled between the parties during 2016.

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 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	
<i>Amounts in NOK thousand</i>	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Multiconsult Norge AS	62 220	N/A	186 794	N/A	0	N/A	79 278	N/A	0	N/A
Multiconsult UK Ltd	5 798	3 297	0	7 067	0	27 300	0	1 102	13 728	24 299
Multiconsult Asia Pte Ltd	6 375	7 731	0	0	0	2 347	0	0	0	0
Iterio AB ¹⁾	41	N/A	0	N/A	0	N/A	0	N/A	0	N/A
Prosjektforum AS ¹⁾	28	N/A	0	N/A	0	N/A	0	N/A	0	N/A
Hjellnes Consult AS ¹⁾	4 252	N/A	0	N/A	0	N/A	0	N/A	0	N/A
Johs Holt AS ¹⁾	924	N/A	0	N/A	0	N/A	0	N/A	0	N/A
LINK arkitektur AS	56 660	62 803	0	4 607	0	26 522	0	9 680	0	0
Analyse & Strategi AS	38	12	0	2 264	0	5 500	0	1 816	0	0
Multiconsult Polska	29	0	0	2 227	69	5 465	0	0	0	0
Total	136 365	73 843	186 794	16 165	69	67 134	79 278	12 598	13 728	24 299

¹⁾ See note 4 Business combination for more information of the companies acquired in 2017.

In addition to the amounts in the table above, Multiconsult ASA received dividends of NOK 2,538 thousand from Multiconsult Polska in 2017, and NOK 8,990 thousand from LINK arkitektur AS in 2016. Multiconsult ASA decided to distribute group contribution to Analyse & Strategi for the accounting year 2016 of NOK 1,307 thousand. Purchases of shares in the companies from external parties are not included, since that is not considered related party transactions.

NOTE 20 BALANCE SHEET AFTER DEMERGER 1 JANUARY 2017

With effect from 1 January 2017, the company demerged its operating activities to Multiconsult Norge AS. Subsequent to the demerger, the company is a holding company and contains parts of the group management, and corporate functions.

Multiconsult ASA balance sheet after demerger:

<i>Amounts in NOK thousand</i>	1.1.2017
Non-current assets	
Deferred tax assets	38
Intangible assets	0
Goodwill	0
Property, plant and equipment	2 069
Total non-current non-financial assets	2 107
Investments in subsidiaries	185 798
Investments in associates and joint ventures	2 930
Assets for reimbursement of provisions	0
Other non-current financial assets	70 460
Total non-current financial assets	259 188
Total non-current assets	261 295
Current assets	
Receivables	
Accounts receivable	0
Work in progress	0
Demerger receivables	445 714
Other current receivables	11 617
Total receivables	457 331
Cash and cash equivalents	66 633
Total current assets	523 964
Total assets	785 259

<i>Amounts in NOK thousand</i>	1.1.2017
Equity	
Total paid-in equity	26 235
Other equity	381 115
Total equity	407 350
Non-current liabilities	
Pension obligations	0
Provisions	0
Non-current interest bearing liabilities	50 000
Total non-current liabilities	50 000
Non-current liabilities	
Accounts payable	5 970
Current tax liabilities	26 877
Public duties payable	209 780
Dividends payable	78 757
Other current liabilities	6 526
Total current liabilities	327 909
Total liabilities	377 909
Total equity and liabilities	785 259

Demergers are based on the carrying values of the company.

NOTE 21 EVENTS AFTER THE REPORTING PERIOD

After the reporting period ended on 31 December 2017 and up to the date these financial statements have been approved for issue, no 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 2017 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, 11 April 2018



Nigel Kenneth Wilson
Chair of the board



Runar Tyssebotn
Director



Kjetil Monssen Ebbesberg
Director



Line Karin Haugen
Director



Arne Fosen
Director



Vibeke Strømme
Director



Liv-Kristine Rud
Director



Elisabeth Lokshall
Director



Christian Nørgaard Madsen
CEO

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 2017, 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 2017, 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 2017, and its financial performance and its cash flows for the year then ended in accordance with the modified application of international accounting standards according to § 1-9 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 2017, 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 these 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 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 did not provide a separate opinion on these matters.

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Timing and accuracy of contract revenue recognition**Key audit matter**

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.

IFRS as adopted by the EU require revenue to be recognised in accordance with the percentage completion approach. 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 cost items 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 profitability in the calculation of revenue between reporting periods.

How the matter was addressed in the audit

We evaluated the IT systems used in the determination of revenue recognition by testing access and change management controls.

We assessed the design and implementation and the operating effectiveness of the internal controls. The control was established related to the timing of revenue recognition.

- We selected a sample of projects, for which:
- we met with management to analyse the projects 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 the schedule;
 - we obtained supporting information and tested the data included in the calculations and management's assumptions for costs to complete, based on the contractual requirements;
 - we tested that estimated losses are properly accounted for;
 - we tested by sampling that thresholds are properly satisfied and accounted for;
 - we tested that no material revenue adjustments were recognised in January 2016.

Carrying value of goodwill**Key audit matter**

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 206 650 million at 31 December 2017 in the group financial statements.

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.

How the matter was addressed in the audit

We assessed the design and implementation of the controls. Multiconsult has established related to assessment of 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, external benchmark 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.



Carrying value of goodwill

Key audit matter

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.

How the matter was addressed in the audit

Provisions for contract claims

Key audit matter

For further information and a description of estimates and judgements involved in provisions for contract claims and related insurance recoverability and recognition of provisions, refer to note 2 and note 19 in the Group Financial Statements.

How the matter was addressed in the audit

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.

Multipliers in performing a thorough review of each claim. This review includes significant judgements 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 actually certain insurance recoverability are recognised, management's judgements related to determination of sufficient and cash flow estimates can have a significant impact on the financial statements.

We participated in management's fourth quarter meeting where significant 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 tested its completeness by comparing it to correspondence with the Group's legal advisors.
- management's explanations for significant movements in the period, which we compared to 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 controls as management determines 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 real 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 with a weak defect a material misstatement which, if 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, including international standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism 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 controls.
- 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.



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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.

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 extreme 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 provisions for the allocation of the profits 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 prepare 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, 13 April 2018

Deloitte AS

Reidar Ludvigsen

Statlig autorisert revisor, Norge (statist) (Norway)

PROJECT: **HØVIK CHURCH**
PHOTO: **LINK ARKITEKTUR/
HUNDVEN-CLEMENTS**



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
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REGIONS NORWAY



GRETHE BERGLY
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GREATER OSLO AREA



LEIF ØIE
EVP
ARCHITECTURE

BOARD



NIGEL KENNETH WILSON
CHAIR OF THE BOARD



RUNAR TYSSEBOTN
DIRECTOR



VIBEKE STRØMME
DIRECTOR



KJETIL MONSSEN EBBESBERG
DIRECTOR



LINE KARIN HAUGEN
DIRECTOR



ARNE FOSEN
DIRECTOR



LIV-KRISTINE RUD
DIRECTOR



ELISABETH LOKSHALL
DIRECTOR

PROJECT: **CAMPUS ÅS**
PHOTO: **HENNING LARSEN ARCHITECTS/
ØKAW ARKITEKTER**





PROJECT: AALBORG UNIVERSITY HOSPITAL





PROJECT: **FERRY FREE E39**
ILLUSTRATION: **STATENS VEGVESEN**



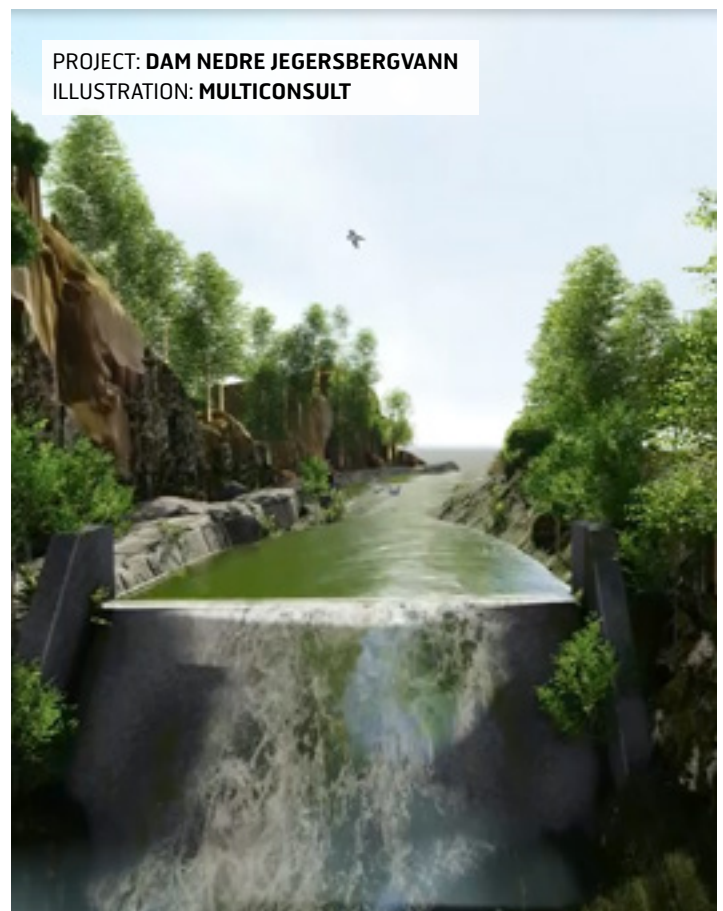
PROJECT: **BONUM HOMES**



PROJECT: **BODØ CITY CENTER**
ILLUSTRATION: **LINK ARKITEKTUR**



PROJECT: **DAM NEDRE JEGERSBERGVANN**
ILLUSTRATION: **MULTICONSULT**







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