

Delivering New Enterprise Value by Improving People, Processes and Performance



2016 Annual Report

Zalaris 2016 Highlights

Improved Financial Performance

- Continued growth to NOK 396 Million
- Improved EBIT to 9.6%, NOK 38 Million
- Increased EPS 20.7% to NOK 1.34
- Concluded year with record quarterly revenue (surpassing NOK 100 Million mark)

Strengthened Customer Base

- Established new agreements with Scandinavia's leading airline, Norwegian Railways, Norsk Hydro ASA, Sporveien Oslo AS, Outokumpu and other industry leaders
- Reached 200'000 employees served per-month milestone

Further Solidified Market Position

- Became one of the first SAP SuccessFactors Business Process Outsourcing (BPO) partners
- Named as leader in cloud-based HR services by industry analyst Nelson Hall and "Star Performer" by Everest Group in Multi-process HR Outsourcing (MPHRO)
- Introduced comprehensive program supporting EU General Data Protection Regulation compliance and "Right to Be Forgotten" principle

Advanced Solution & Services Portfolio

- Accelerated cloud business as growth engine in areas ranging from talent management and digital personnel archive to HR analytics
- Launched Mobile Solution 2.0 to thousands of new users, simplifying numerous HR processes such as travel-and-expense reporting and timesheet management
- Celebrated first-year anniversary of our Chennai, India Services Centre, improving overall operational productivity and customer support

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The trends speak volumes. If you're following what's happening at enterprises worldwide on the people front, you already know the encouraging outlook for companies like Zalaris. What's occurring, however, goes deeper than the rise of cloud and shift in mobile directions, where we have

established a strong foundation and long-term strategic advantage.

We are literally at the center of workforce transformation that's redefining corporations on a global scale. Our core competencies deliver the human capital management (HCM) services, data, insight and flexibility that employees as well as management require to succeed in the digital era. In the 2016 fiscal year, we continued to demonstrate how this expertise translates into shareholder value.

Fiscal Facts Tell Part of the Story

Earnings per share grew 20.7% from NOK 1.11 in the previous year to NOK 1.34 in 2016. Profitability increased with EBIT improving to 9.6% or NOK 38.0 million, excluding other costs, up from 9.1% and NOK 33.8 million in 2015. Full-year revenues ended at NOK 396.6 million, growing 6.1% from the previous year.

The fourth quarter of 2016 concluded with Zalaris crossing the NOK 100 million revenue mark for the first time in our history on a quarterly basis, with EBIT margin of 11.8% – well above target for the period. We expect to build on this momentum in 2017, particularly considering the trends working in our favor. You'll learn more about these in the pages that follow. Although 2016 was another good year at Zalaris, our fiscal performance reveals only part of the reason we are optimistic about the future.

Transformation Inside Zalaris

Besides our promising outlook at the center of workforce transformation trends, Zalaris lives and advances the key concepts internally. Operational improvements were instrumental in reaching our goals last year, along with significant new customer acquisitions and corresponding upside ahead.

These gains also coincide with our offshore model's growing contributions through Zalaris' own facility in Chennai, India. Meanwhile, we are expanding our geographic coverage to other nations, with sharp focus on the DACH region, where we recently opened an office near Hamburg, Germany. The UK and Ireland are also part of our expansion plans.

New Privacy Standards Add to Our Advantage

Our strategic direction addresses major developments associated with new privacy standards, such as the EU's General Data Protection Regulation, which can impose severe fines beginning next year on companies not in compliance. The corresponding "right to be forgotten" mandates an entirely new level of oversight that Zalaris helps companies achieve.

No Industry Outside Our Scope

Enterprises looking to modernize their approach to people, their most valuable asset, cannot fully capitalize without digitally optimizing what they do, whether in retail, transportation, energy, financial services, technology, infrastructure, insurance or the automotive industry. Zalaris has been selected by customers in these industries as well as others — by providing scalable cost-effective solutions that continuously advance organizations.

Zalaris services cover the full range of HR functionality, from hiring and development to performance management and compensation, elevating our role as a strategic partner with industry leaders as well as up-and-comers. They are all looking to gain a new edge, including as millennials proliferate into the labor market.

Trusted Advisor and Partner

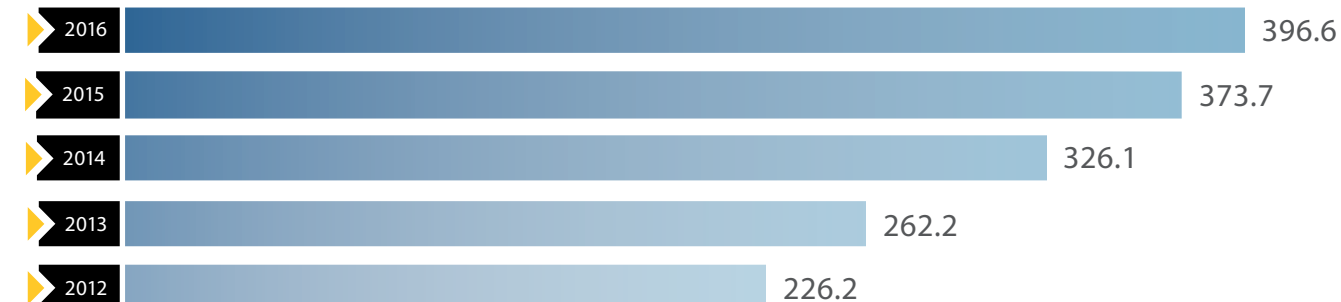
We are a trusted advisor on everything from improving internal processes to mitigating legal risk and ensuring regulatory compliance while reducing costs. Our clients also view us as instrumental in determining, implementing and supporting the right technologies and overall best practices for current and future human capital requirements.

Market research points to substantial growth in business process outsourcing (BPO), with people, HCM and payroll functions among the top drivers. We recently became one of the first authorized in this capacity for SAP SuccessFactors, the leading HCM platform. It's a deep far-reaching alliance where we see unprecedented potential together.

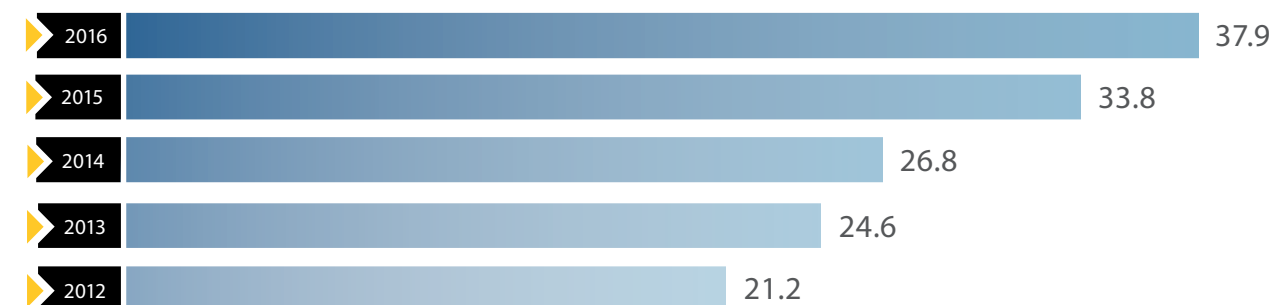
Our thanks go out to all who supported our success in 2016 – from our people to our partners, both customers and technology innovators with Zalaris, and, of course, our shareholders. We are grateful and eager to make 2017 another milestone of achievement.

Hans-Petter Mellerud
Chief Executive Officer

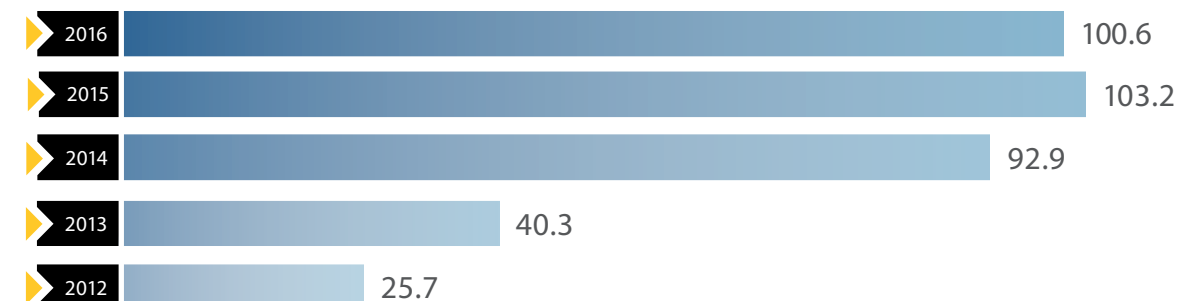
Revenue Million NOK



Operating Profit Before other non-recurring costs in Million NOK



Total Equity NOK 1000



6.1% Increase in Revenue

9.6% EBIT

Earnings Per Share **Increased**
to **NOK 1.34**

2016 and Beyond



Innovation is an Inherent Aspect of Zalaris History

Since our founding in 2000, Zalaris has continuously advanced its expertise in HR, human capital management and payroll functions. An integral aspect of this success centers on technological innovation. It's associated with all our core competencies – from understanding, establishing and developing best practices as an HR/payroll outsourcing partner to addressing corresponding regulatory changes and optimizing enterprise workforce performance.

Technology improvements have always been instrumental in the overall HR/HCM/payroll equation. With the pace of change today, however, this dimension of what we do reaches unprecedented levels of importance. It's especially vital considering the accelerating movement to cloud and mobile solutions as well as in protecting privacy and securing sensitive data.

So how do we do it?

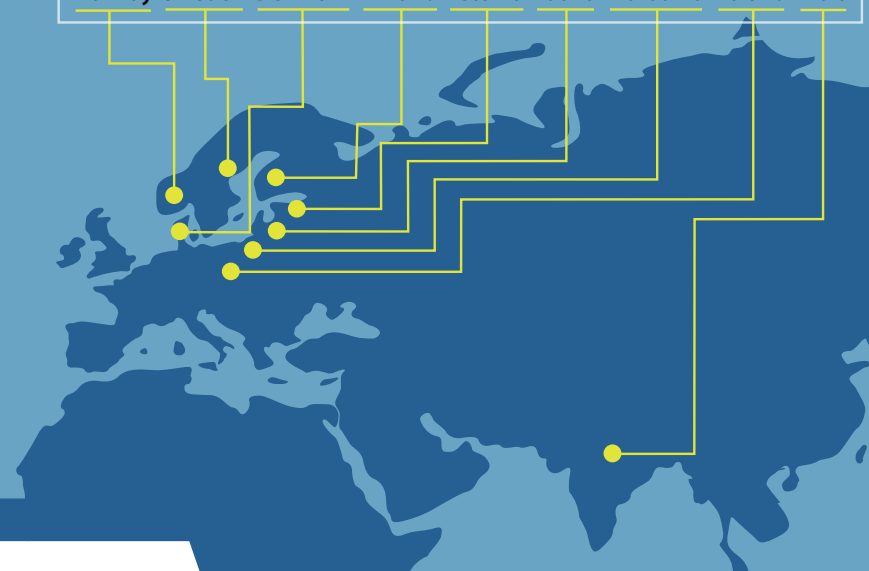
Considering the depth, breadth and speed of innovation, the approach we've adopted is intrinsic to the company's business philosophy and strategic direction. First of all, we're a proof point by embracing and leveraging the best technological breakthroughs in our own operations. Our hires and partnerships are critical to our success.

As a top certified outsourcing partner for SAP in the HR market, including as one of the first for their industry-leading SAP SuccessFactors HCM solutions, we take a lead role in bringing current advances to fruition.

This partnership stands out among many. We work closely with a broad range of specialized providers to adeptly handle dynamic nuanced requirements that methodically bring HR and payroll into modern-era paradigms.

Current Zalaris Locations

Norway Sweden Denmark Finland Estonia Latvia Lithuania Poland India



Advancing Across Multiple Industries

Versatility remains a distinct Zalaris hallmark. By focusing our entire business model on HR, HCM and payroll functions, we not only maintain and perpetually hone the value we provide; we also effectively apply it across numerous industries (see related examples on next page).

While distinct variations come into play from one type of enterprise to the next, it's easy to see how well our value proposition transfers and fits multiple business models. Fundamental benefits and efficiency gains make Zalaris a primary choice regardless of industry type.

Our consultants know HR, HCM and payroll inside and out. They also bring unique industry experience to the table. Even though core services and processes are largely consistent, it's essential that we're able to customize solutions and properly guide customers to meet their mission-critical HR objectives.

We rigorously address ever-evolving data protection standards and privacy statutes, including regional and country-specific legal requirements. The European Union's General Data Protection Regulation (GDPR) – and the commensurate "right to be forgotten" legislation – certainly add to Zalaris' vital role on this front, helping customers understand their obligations and means of achieving full compliance. Severe fines can be imposed for those that fail to take appropriate action. Here again, our processes, guidance and solutions are ideally positioned, regardless of industry or type of enterprise we serve.

Sector Spotlights



Retail

The category illustrates the versatility of Zalaris...including a range of customers from both digital and brick-and-mortar aspects of this industry sector. Household names and up-and-comers. A typical trend reflects how we continuously add value. Relationships may begin with fundamental HR and payroll outsourcing and processing, for example, then expand in deeper ways. Such customer business models also require solutions specific to the service sector's dynamics, including relatively higher staff turnover compared to other industries.



Finance

Zalaris was assessed as a 'Star Performer' and 'Major Contender' in 2016 on the Everest Group's MPHRO PEAK Matrix™ analyzing all major providers in the HR sector. This index reflects multiple industry categories and reflects strong presence in the banking, financial services and insurance (BFSI) sector. Our client base covers all dimensions of this multifaceted segment, representing an early Zalaris marketplace that remains a strong, growing aspect of our client portfolio today.



Energy

Customers in this segment turn to Zalaris from multiple perspectives. Economic fluctuations, for example, may place increased emphasis on cost-effective alternatives to existing payroll and HR functions. Companies in this space must not only respond to new pressures for green renewable resources, for example. They must also continuously advance workforce performance, leadership best practices and other mission-critical strategic objectives.



Transportation

Zalaris continues to add dynamic new clients and services in this category, from country-wide public transportation operations to international air travel industry leaders. Again, this fast-moving category demands top-notch mobile, security and processing competencies – much like other Zalaris clients, including in infrastructure, technology and telecommunications segments. The value we provide grows with our clients, often independently of whether their sales and profits are up or down. Transportation companies can never stand still. Nor do our partnerships.

1 HR as Partner

Companies increasingly seek strategic advisors with proven Business Process Outsourcing (BPO) success in HR, HCM and payroll functions. Cost savings and cloud efficiencies bolster the trend. Zalaris is a trusted advisor instilling proven best practices that also support privacy regulation compliance.

2 The Employee "Experience"

Employers have always cared about the experience and performance of their hires. Now it's imperative to make the workforce experience at their companies a competitive advantage, including to an increasingly millennial labor market. Our "process and platform" expertise makes the difference.

5 Major Trends Shaping Our Future

3 Analytics-based Talent and Performance Management

As one of SAP's first certified BPO partners for their industry-leading SAP SuccessFactors HCM suite, we are especially well-positioned here. We operate a Center of Excellence dedicated to related solutions, including SAP S/4HANA – a breakthrough "in-memory" technology enabling incomparable insight.

4 Secure Mobile Advantages

Mobile demands span just about every aspect of modern enterprises, with HR, HCM and payroll at the center of the movement. Customers continue to move with Zalaris in mobile directions that enable on-the-go flexibility for leaders and staff with security measures companies need.

5 Managing "Blended" Workforce

Enterprises need help adapting to the digitally connected workforce. The "Gig Economy" has arisen where short-term contracts and freelancing are far more prevalent, along with the steady shift toward working remotely. In Europe we see an increasing percentage of aging workforce and retirement age is pushed out. Zalaris solutions keep pace as workforce dynamics evolve, all part of our BPO value.

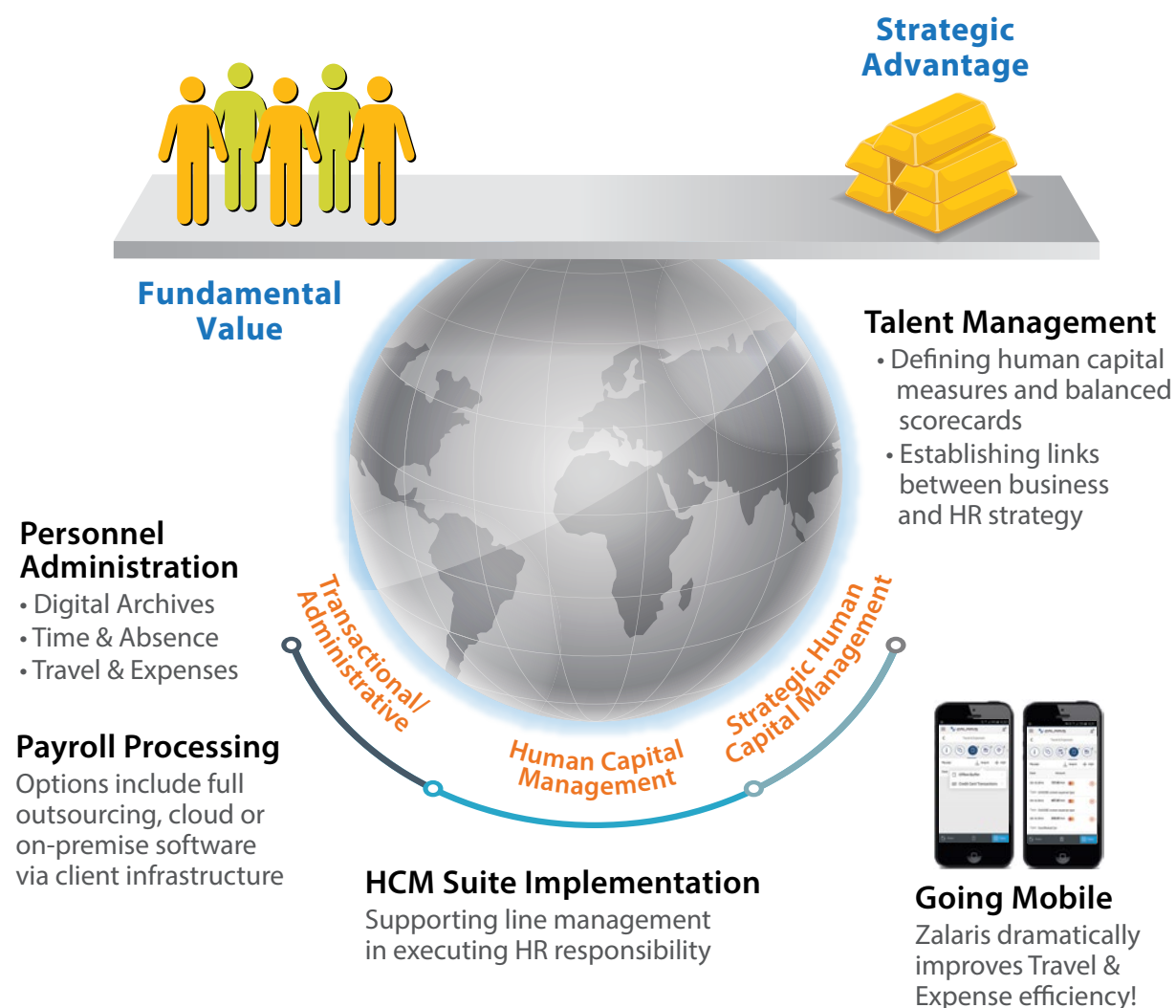
Helping Enterprises Advance Talent & Improve Operations

Today's progressive enterprises view HR, human capital management and payroll in an entirely new light, recognizing that these functions have become more critical than ever to overall success. We are known for taking the mystery and complexity out of the equation when companies are ready to cost-effectively modernize in these areas. Regardless of what stage they're in relative to personnel and digitalization of their enterprise, we enable them to efficiently scale from current requirements to meet longer-term objectives.

Zalaris takes an end-to-end approach to its customers, as shown in the illustration, beginning with digital archives, which many companies have still yet to fully adopt.

From this foundation, which includes comprehensive time-and-absence management as well sophisticated travel-and-expense tracking, we help enterprises steadily advance beyond these transactional/administrative fundamentals to HCM best practices. Along the way, we are able to incorporate mobile value for management as well as employees. Ultimately, we lead this journey to a highly strategic means of managing talent, including structured, measurable links between both business and people strategies.

Zalaris Solutions Optimize Workforces and ROI



Mutual Success Factors

How Zalaris Emerged as a Top BPO Partner for the World's Leading Business Software Provider

The unique partnership we have with SAP, the industry's top HCM software company, now includes even more momentum with SAP SuccessFactors, which squarely fits every technical dimension of integration and analytics that enterprises need. And they need more than ever on the people front:

- Greater agility in hiring, onboarding and developing talent
- HR digitalization: on-demand/self-service, and other forms of automation
- Stronger cultural values, ethics and commitment to mission-critical goals
- More effective performance management
- Unique rewards/compensation strategies
- "Contingent" workforce adaptability
- Process optimization and efficiencies
- Increased support for remote, mobile staff
- Improved training and education options
- Deeper "total compensation" tracking/reporting
- Broader wellness programs with better impact analysis, higher participant value
- Developing networks of teams as well as individuals across international operations
- Real-time engagement evaluation and assessment standards

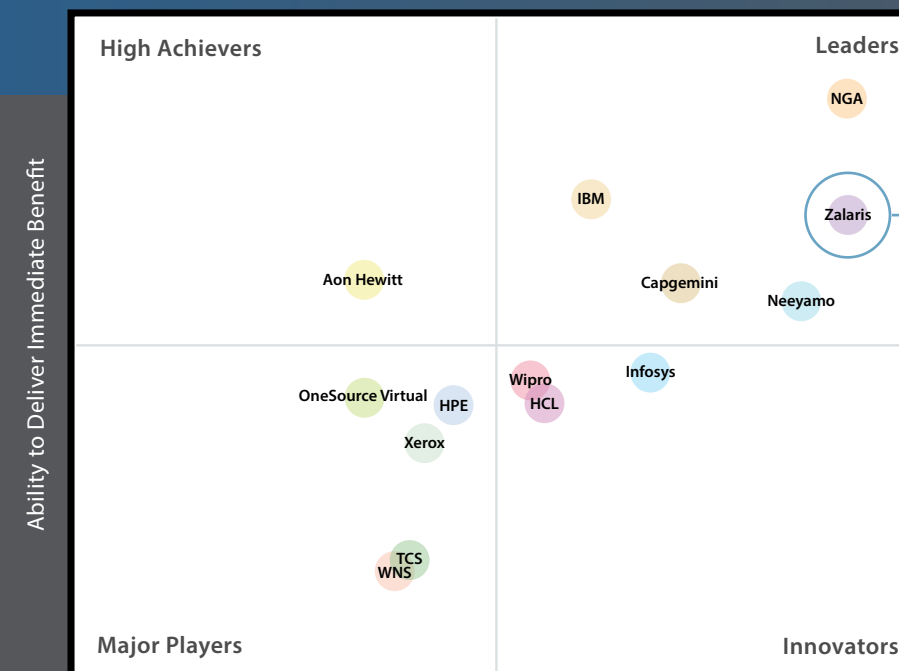
The high standards we apply in these and other HR/HCM/payroll functions begin inside our own company, then increasingly rise in the cloud. We validate the concepts, refine best practices and optimize them in each customer environment. Proven solutions built for the future, ready today.

Helping customers get the most from their SAP SuccessFactors platform investment further differentiates Zalaris – along with our mastery of the people, performance and productivity elements in today's digitally driven enterprises.



Zalaris is an SAP Gold Partner and one of the first to attain BPO status

for the world's top HCM solution: SAP SuccessFactors. It's a partnership that our customers trust — and SAP counts on — in the markets we serve.



Cloud-Based HR Services

SAP SuccessFactors Focus

Zalaris ranks among the elite providers in its industry, continuously bringing new value to customers on an international scale.

Source: NelsonHall 2016

Strengthening Corporate Cultures Each Step of the Way

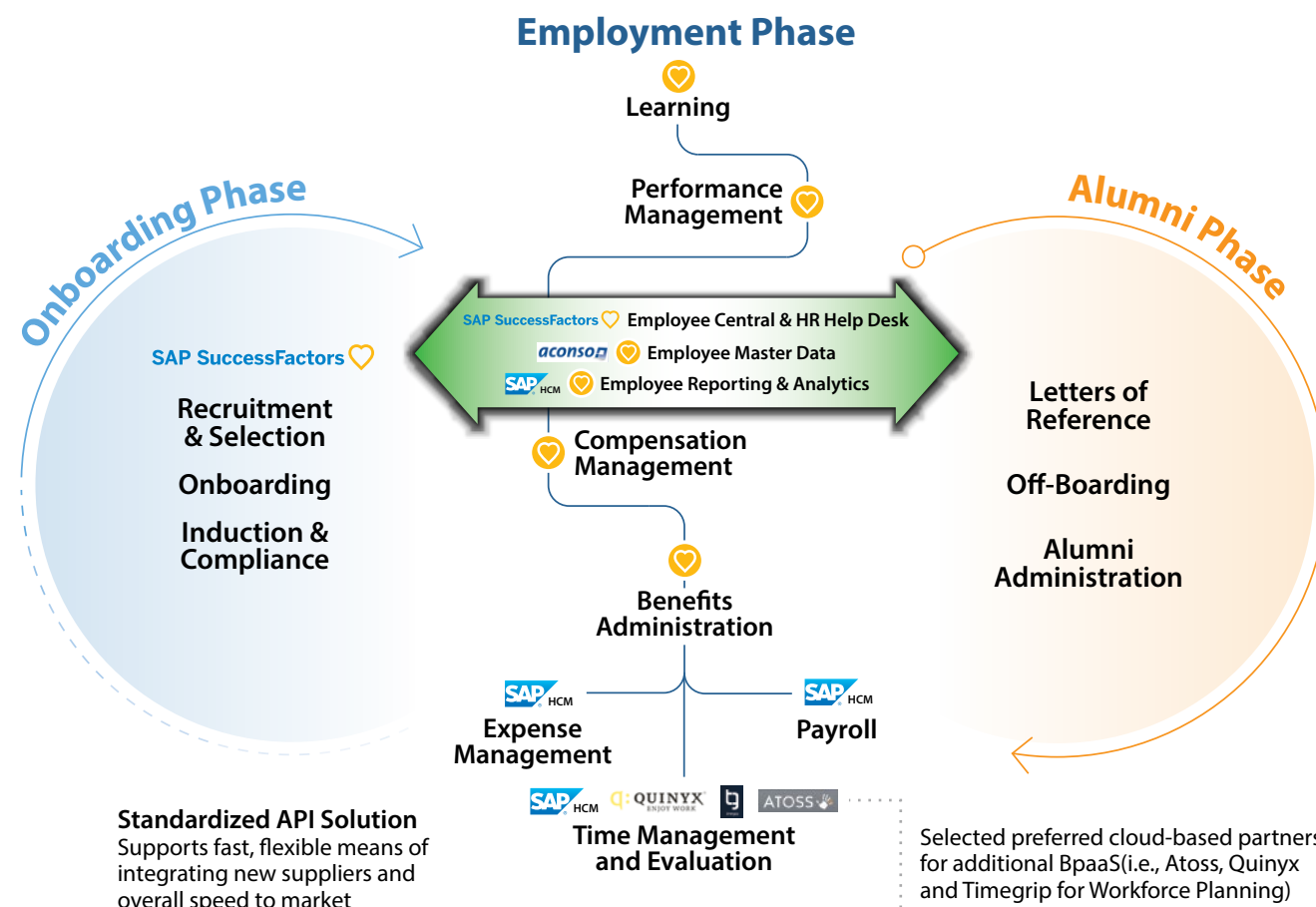
Zalaris addresses all aspects of the employee experience, from the time of hiring through the tenure of employment and in the alumni phase of this paradigm. By integrating corresponding software dimensions with our partners, most notably SAP, we have created a proven repeatable process that methodically elevates organizations to be their best each step of the way.

Onboarding is a critical part of a strategic talent management program, but it is often overlooked by busy managers who believe that it's human resources' responsibility. With no clear owner, high complexity, and high stakes, the onboarding process often leaves new hires feeling anxious and unappreciated. This can lead to first-year turnover, less-than-engaged staff, and longer times to productivity/contribution.

Zalaris provides an onboarding solution that is easy, automatic, and personal to lay the groundwork for a productive and engaged workforce. We incorporate the latest best practices including in relation to current “socialization” trends.

Our step-by-step guidance combines with software “wizards” that walk hiring managers through the process of preparing for new hires. An easy-to-use dashboard makes it simple to track progress along the way. Corporate and legal compliance also improve because all the paperwork and steps are built right into the process, so there is no question about which forms were e-signed and where they landed.

Delivering a Structured Methodology and Integrated Solution



All-In-One Advantages to Each Payroll Cycle

Many reasons influence employee happiness. We know the relationship with managers is critical, of course. Most people want to feel a sense of purpose in what they do. Company mission and values also take on a much deeper sense of importance today. Just “getting paid” is seldom the mantra; however, the overall compensation picture matters immensely.

Whether in regard to benefits, pension, flex time, overtime, vacation, company cars, personal loans or other perks that can enter into the equation, today's enterprises are increasingly moving beyond merely sending out “payslips.” Until now, whether in paper or digital form, such concepts have been a rather mundane element in HR management and payroll functions.

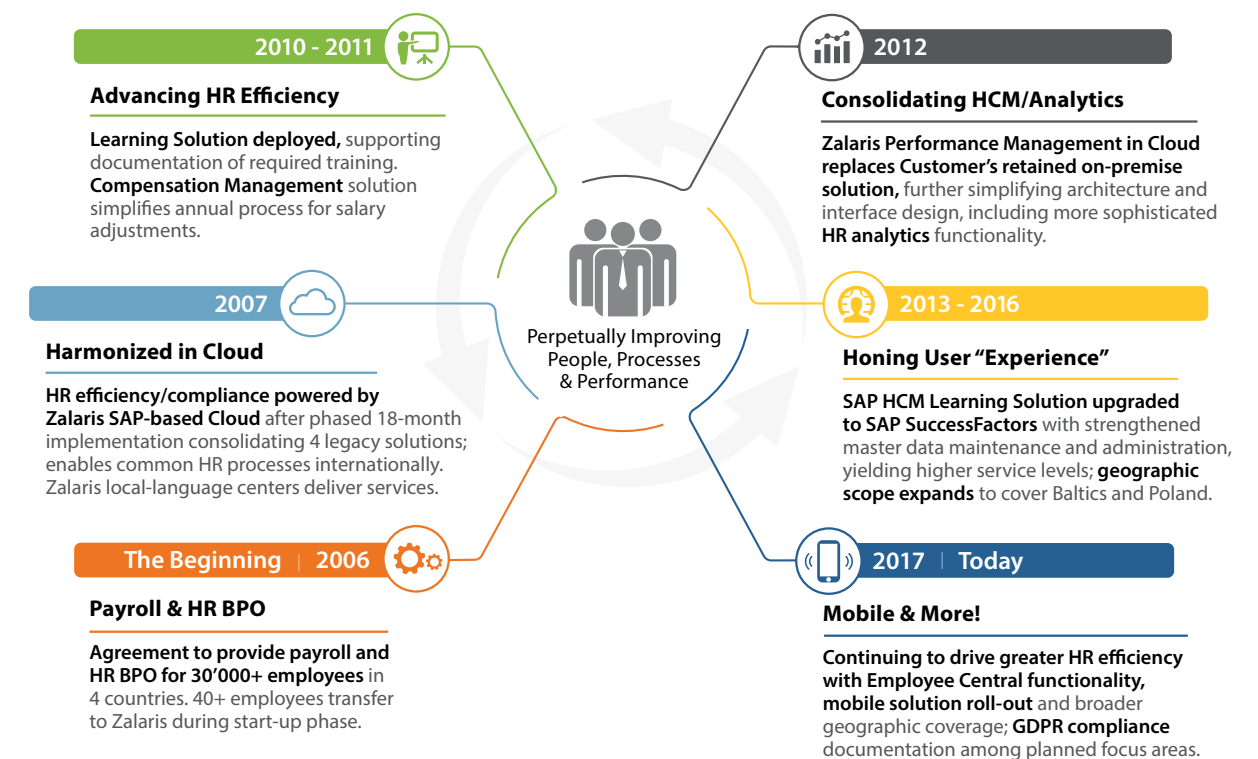
It's no longer just about rudimentary tracking of wages, bonuses and paid time off, for example. We've made it possible for our customers to go much deeper — and give their people a better

understanding of all the value they provide. The advantages include:

- New modernized pay slip with drill-down into contents of each category associated with total compensation
- Robust time evaluation engine that enables comprehensive insight into flex/overtime, vacation quotas and other details across current and past pay periods
- Complete pension- and benefits-related calculations for each pay cycle
- Tracking and monetizing of Internet, mobile phones, loans, company cars and other perks

Questions that are becoming increasingly commonplace can now be addressed without human intervention or the limitations of PDF-based “one-way” documentation. With Zalaris, customers can count on giving each employee a custom window into their unique compensation package.

Zalaris in Action: Helping a Large Financial Industry Customer Orchestrate “People Value Creation”



Big Data Making a Big Difference

Our solutions and partnerships put the full power of workforce analytics in the hands and databases of Zalaris customers. From in-country to international operations, we accelerate an organization's understanding and utilization of Big Data in HR / HCM capacities.

Trusted, Integrated Data Foundation

Our integration processes ensure data quality so customers can focus discussions with business leaders on opportunities and action plans rather than trying to defend the accuracy or completeness of data.

Well-understood Metrics and Definitions

A consistent language for discussions is enabled across organizations, using more than 2,000 pre-defined metrics and measures.

Zalaris Enables Deeper Awareness and Optimized Insight for Leaders

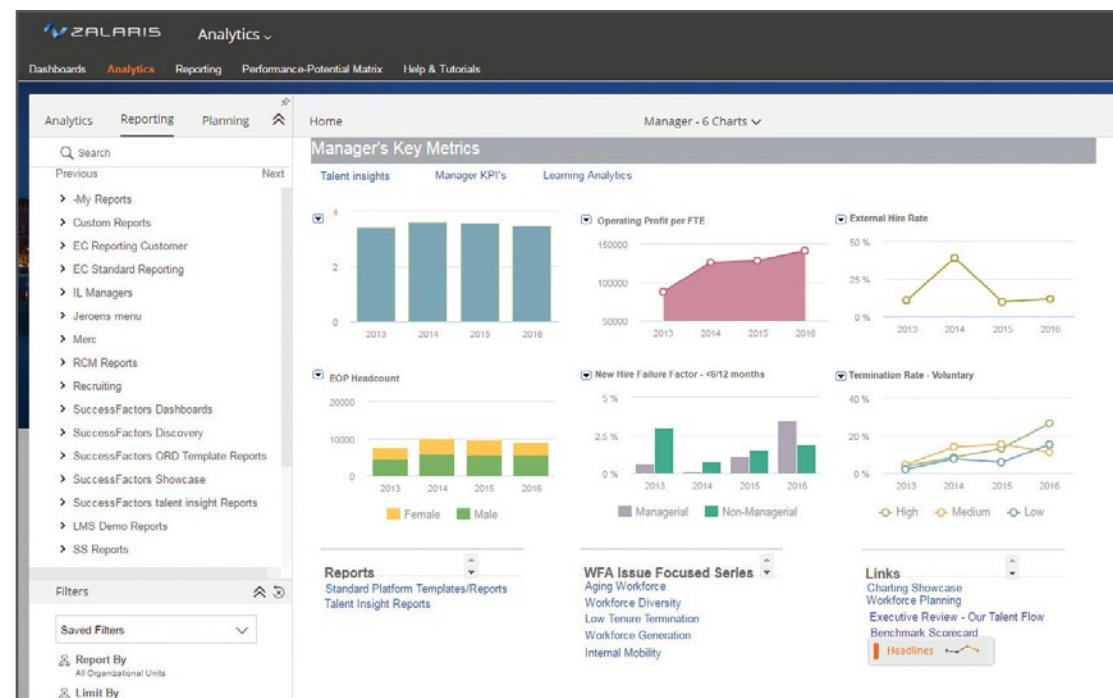
Unparalleled Benchmarks

Customers can see how they stack up against peers by industry, revenue, location and more.

Customer Community

Insights and best practices can be shared with other customers to learn and evolve their use of strategic workforce data.

Zalaris gives enterprises the power to define, apply and track the metrics that matter most to their organizations — and to leverage best practices in planning across entire enterprises. It's the type of insight and proven functionality that fully enables best-run businesses in any industry.



Dashboards in Zalaris solutions make it easy for management to see workforce trends and opportunities for improvement.

More at Stake with GDPR Compliance

As data access and depth proliferate, associated risks reach exponential proportions. The EU's General Data Protection Regulation (GDPR) elevates privacy standards to a stringent new level – with the potential for severe penalties, beginning next year, to enterprises deemed out of compliance. It's another reason among many for BPO expertise, the type of guidance and controls that define Zalaris.

Think about the extraordinary range of data and documents associated with personnel at any corporation today. Even companies not in the EU yet doing business in these countries must comply with the mandate, which includes the "right to be forgotten (RTBF)."

Delivering the Difference

Adhering to GDPR and RTBF mandates comes down to effectively securing and documenting the processes and methodology for archival and deletion of employee-related content via date-related or event-triggered criteria. Zalaris' Digital Archive solution delivers the difference:

- Dedicated portal allowing employees to view their own file (whole or in part) and managers to view their team members' files.
- Full process control through role-based authorizations, simplified navigation

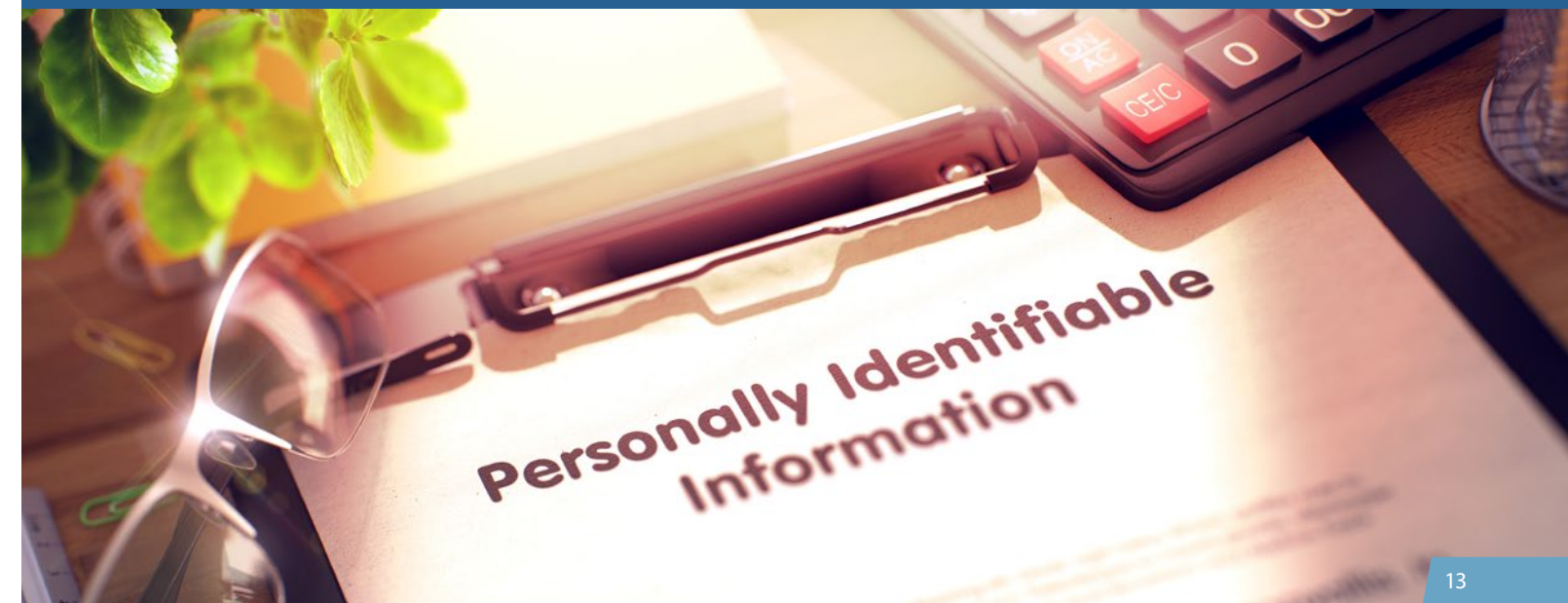
- Drag-and-drop functionality with automatic conversion to PDF-based archiving from various formats
- Automatic deletion of documents based on configurable criteria supporting local requirements and corporate-wide standards for various document categories

Cross-country process harmonization supports global shared-service concepts as well as secure legal and RTBF requirements:

- Configuration and integration into customer solution
- Eliminating delays in searching for individual employee files
- Faster, location-independent and current access to personnel documents
- User-friendly interface with familiar structures bridging conversion from paper to digital formats
- Processes adapted for local laws related to audit, tax and compliance requirements

Our Information Lifecycle Management (ILM) software also helps enterprises streamline IT infrastructure by decommissioning legacy systems and automating data retention according to rules they define – minimizing risk with control over their data and automating collection for legal purposes.

The European Union's General Data Protection Regulation (GDPR) means enterprises must support "The Right to Be Forgotten"... or potentially face substantial fines and penalties. Zalaris provides guidance, processes and solutions that enable compliance.



Increasing Workforce Engagement On the Go

Enterprises can access all the essential HR information they need right from mobile phones or tablets. The Zalaris Mobile app lets users register time off, view pay slips and personal data, and register and approve time and travel expenses — anywhere, anytime. A growing range of options are already available:

- Access, navigate and expedite HR processes from any location
- More accurately report time accounting and billing
- Instantly register and approve hours
- Access pay slip and inboxes remotely
- Digitally capture and submit expense receipts more effectively
- Enable faster overall submission of HR/HCM data

A Great Way to Increase Productivity and Convenience

Instead of postponing the hassle of filling out the much-dreaded expense report with physical receipts, customers can easily submit them electronically on the go — and complete travel reports before reaching home.

This makes it easier to track, submit and approve travel costs without worrying about lost receipts. Zalaris simplifies HR processes by unlocking the potential of paperless travel among other mobile advantages.

Our time-and-absence solution can also be easily accessed through Zalaris' self-service portal from mobile devices. Whether drilling into detailed compensation data or optimizing workflow processes, we are setting new standards wherever people go!

Continuously Evolving and Optimizing Protection Standards

Zalaris knows the critical importance and value of advancing HR beyond traditional roles into stronger overall contributors to core business objectives and successful strategic direction. Such strides are questionable, however, if security and compliance measures fall short or create new vulnerabilities. Our uncompromising commitment to related standards mitigates risk regardless of the stage of HR transformation characterizing each of our clients. This includes proven best practices associated with the intricacies of OSHA, FDA, HIPAA or unique internal policies and codes of conduct.

- Sharply focused expertise on personnel data protection, privacy laws and regulations

- SOC/ISAE3402 Type 2 reports provided for the IT/IS area by independent 3rd party
- SOC/ISEA3402 Type1 and Type 2 reports provided according to customer requirements
- Controls and reports setup supports needs of internal audit, controllers, accounting and finance stakeholders

It's our business to know and address all aspects of secure, compliant human capital management. Our customers value these and other core competencies and best practices at all levels — locally, internationally... everywhere they operate.

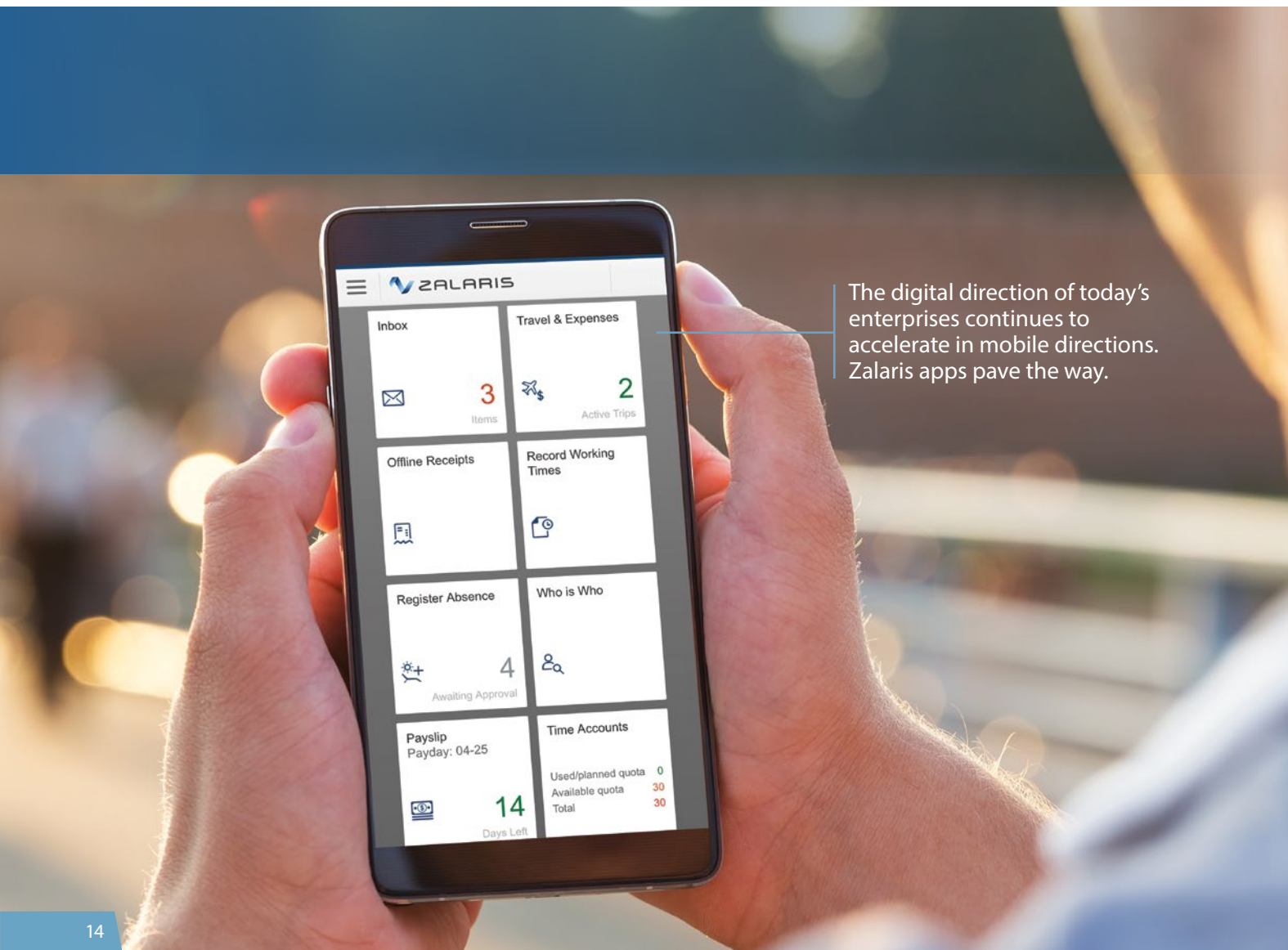
Zalaris Payment Solutions are Built on ISO20022 Standards

Local /Regional Variations
and format specifics integrated with the needed transactional HR flows

All Required Payment Types Supported
according to updated pain001, pain002, camt053 versions

Cross Country Benefits
achieved in common payment and funding processes

Zalaris 'Back-End-to-Bank'
ensured Communication channel (AS2 based or other options)



The digital direction of today's enterprises continues to accelerate in mobile directions. Zalaris apps pave the way.

Unlocking Transformation from All Perspectives

Workforces are changing rapidly — along with employee expectations. Companies must not only adapt to be model employers; they must also modernize virtually every aspect of how they operate to better serve customers, reduce costs, mitigate risk and ensure regulatory compliance. Zalaris competencies and solutions span the entire range of demands.

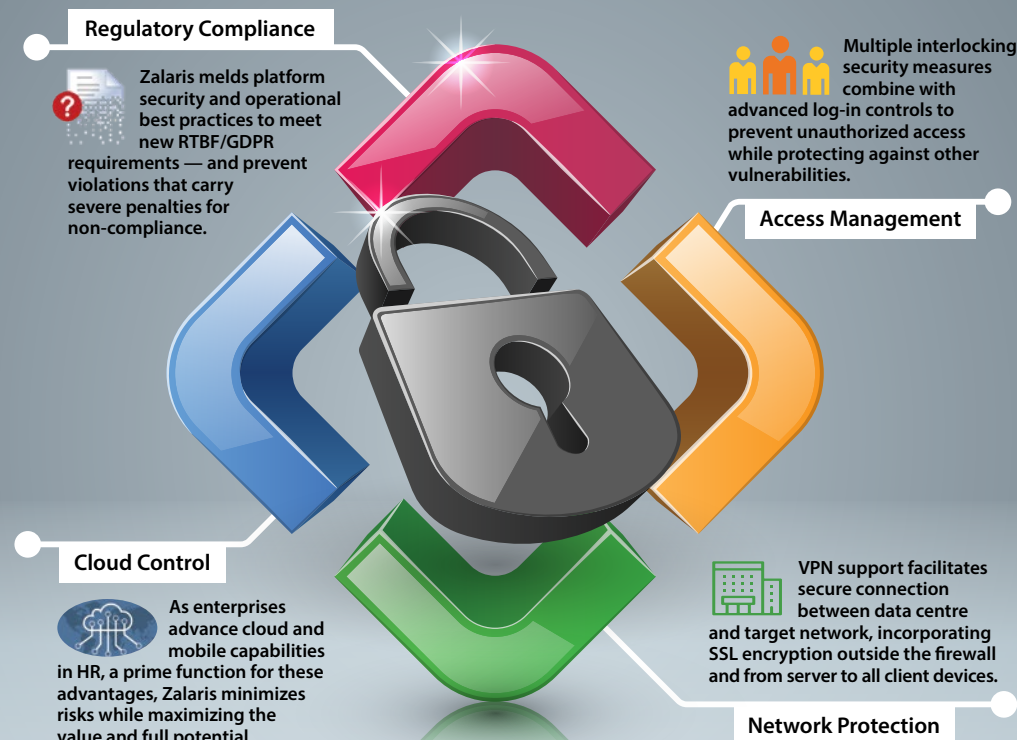
Today’s “blended workforce” creates new challenges as well as opportunities. While many workers are open to short-term projects or freelance “gigs,” for example, which can be ideal for a variety of purposes, consider related dynamics that come into play: Working remotely is far more commonplace. Mobile platforms are essential. Pay variables and taxation complexities become more prominent. Recruiting and training must adapt to the new norms. Processes must accommodate every scenario, and business models must proficiently adjust to shifts in attitudes as well as legal requirements.

Inclusive Platform, Uncompromised Standards

When enterprises choose Zalaris, they’re getting peace of mind as well as a platform that keeps pace with today’s demands and tomorrow’s expectations. We are a strategic partner that goes beyond the basics...

- Integrated solutions enable and support centralized compliance control and management
- Secure and redundant IT infrastructure with date- and role-based security and access control including 24/7/365 monitoring of access and use
- Enabling common processes for archiving and deletion of data based on defined customer life events including hiring/termination
- Enabling employees and managers to see own stored data
- Supporting RTBF and GDPR regulatory requirements related to accounting and documentation compliance down to individual information elements
- Control and audit process includes annual SOC audits to document compliance
- Advanced document encryption and tamper-proof archiving

Whether in the cloud or on premise, network protection and access management rank among top priorities for most all companies today. At the same time, the “blended workforce” factors cannot be denied. They must be embraced, nurtured and effectively “employed.” Zalaris is a proven partner in this diverse context — advancing people, processes and enterprise transformation.



Hans-Petter Mellerud
Chief Executive Officer



Nina Stemshaug
Chief Financial Officer



Peter Thomas Gogstad
Executive Vice President
HR Business Consulting



Otto Lepikkö
Chief Operating Officer



Jan Erik Nessmo
Vice President Consulting



Halvor Leirvåg
Chief Technology Officer



Øyvind Reiten
Vice President
Business Development



Jörg John
Chief Human Resources
Officer



Ismet Muratspahić
Vice President
Cloud Services



Richard E. Schiørn
Vice President
Strategic Projects



Lars Henriksen
Chairman of the Board



Liselotte Hågertz Engstam
Board Member



Jan Koivurinta
Board Member



Karl-Christian Agerup
Board Member



Tina Steinsvik Sund
Board Member

Report from the Board of Directors

Zalaris ASA's mission is to help clients maximize the value of their human capital through excellence in people processes.

Zalaris delivers a full range of services organized as three Business Units: HR Outsourcing, Cloud Services and Consulting.

The company's services enable human resource departments at mid-size and large companies to focus on strategic processes, while outsourcing transactional HR functions, such as payroll and employee data maintenance, to Zalaris. At the same time, Zalaris implements cloud-based IT support for its customers' strategic people processes. Together, these offerings help optimize business execution, with advantages covering the entire employee life cycle, from recruiting and onboarding to goal and performance management as well as professional development. Zalaris' services utilize web-based solutions from SAP and SuccessFactors.

Zalaris has more than ten years' experience providing people (HR) services to large-scale customers and also handles payroll processing for more than 210'000 people each month.

The Oslo headquartered company delivers services from local-language centers with a total of 467 employees, covering Denmark, Finland, Norway, Sweden, Latvia, Lithuania, Estonia, Poland and India.

Key Highlights in the Reporting Period

In addition to continuing to drive revenue and profit growth, Zalaris improved operating efficiency while growing its business with both new and existing customers in 2016. Cloud revenue steadily increased as outsourcing and consulting services maintained results consistent with expectations.

Our successes ranged across both public and private sectors, including agreements with Norwegian Railways (NSB), the municipally owned public transport operator Sporveien Oslo AS, steel producer Outokumpu in Sweden and others. We added more Global Fortune 500 leaders to our platform while advancing diverse multi-country outsourcing contracts addressing payroll and people management processes.

We reached a key milestone in 2016, surpassing more than 200,000 employees on Zalaris' solutions, while also increasing utilization of our offshore Chennai Service Centre in India, according to plan. Other organizational changes helped adapt our structure relative to new market trends as well as geographic expansion plans.

The new EU General Data Protection Regulation emerged as yet another reason to leverage Zalaris due to our specialization in HR, HCM and payroll. We initiated a strategic campaign to drive more awareness of our related advantages in supporting compliance, which will remain a key focus in the months and years ahead.

Top analysts recognized Zalaris in 2016 as a "Star Performer" in a healthy growth market and among the best providers of SAP SuccessFactors solutions. This expertise elevated to a new level as we became one of the first certified SuccessFactors partners, a top choice for enterprises worldwide.

Consolidated Results

Zalaris' Group turnover in 2016 was NOK 396.6 million, an increase of 6.1% compared to 2015 (NOK 373.7 million). The main growth was within the cloud services business area.

Zalaris' Group 2016 operating profit was NOK 38.0 million, or 9.6% of turnover, when excluding other costs amounting to NOK 1.6 million (NOK 33.8 million or 9.1% of turnover in 2015). Zalaris' Group 2016 ordinary profit before tax was NOK 33.3 million (NOK 31.4 million in 2015). Profit for the period in 2016 was NOK 25.6 million (NOK 23.3 million in 2015).

Cash flow in 2016 shows net cash from operating activities of NOK 14.3 million (NOK 27.0 million in 2015). The cash from operating activities was negatively impacted by increased accounts receivables due to increased revenues and recognized revenue of the previous year's advanced payments related to people transfer projects. Net cash flow from investing activities was NOK 14.1 million (NOK 18.6 million in 2015). Zalaris continued its investments in projects to improve user experience and product functionality in FY 2016. An important focus area is secure handling of personnel data and improving the quality of Zalaris' systems, processes and services. End of 2016, Zalaris' became ISO27001 certified which further strengthens the company's ability to deliver according to uncompromised standards.

Net cash flow from financing activities was NOK 23.7 million in 2016, including a dividend payment of NOK 16.2 million to the owners of the parent company and a dividend payment of NOK 0.9 million to non-controlling interests. Zalaris had solid liquidity with cash and cash equivalent amounting to NOK 43.5 at the end of 2016 (NOK 67.7 million at the end of 2015).

The Board's view is that Zalaris has sufficient cash to internally finance the Group's liabilities, investment needs and operations.

The Group's equity amounted to NOK 100.6 million, equaling 52.4% as of 31.12.2016. The Board and Management expect the equity ratio to remain strong based on further improvements in Group results.

As of 31.12.2016, the Group's current assets exceeded short-term debt by NOK 58.5 million (NOK 62.6 million as of 31.12.2015).

Total assets at the end of FY 2016 were NOK 192.0 million (NOK 203.9 million in 2015). The main changes in assets from previous year are within increased intangible assets. These changes relate to investments described earlier and increased trade accounts receivables as a consequence of a high level of milestone invoicing related to customer projects at the end of the year. Net costs for implementation projects of new outsourcing contracts decreased with NOK 3.2 million to NOK 23.1 million in 2016.

Total liabilities were NOK 91.4 million at the end of fiscal year 2016 (NOK 100.7 million in 2015). The decrease in liabilities is mainly due to a decrease in other short-term debt as a consequence of reduced

advance customer payment recognized as revenues throughout the year.

Parent Company's Results

The financial statements of the parent company, Zalaris ASA, are prepared and presented in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles ("NGAAP").

Zalaris ASA is a holding company offering centralized management group services to its subsidiaries, such as IT, accounting and controlling, HR and marketing. The parent company is invoicing its subsidiaries for some of its management services.

For Zalaris ASA, the 2016 turnover was NOK 93.4 million, which is an increase of 9.1% compared to 2015. The result from operations in 2016 was a loss of NOK -32.4 million (NOK -30.3 million in 2015). Zalaris ASA reported a net income of NOK 5.6 million for 2016, compared to a net income of NOK 15.6 million in 2015.

Total shareholders' equity in Zalaris ASA as of 31 December 2016 was NOK 56.5 million, corresponding to 37.4% of total assets.

The Board proposes to allocate the net income of NOK 5.6 million to other equity.

Dividend Payment

According to Zalaris' dividend policy and the solid cash and equity position of the Group at the end of fiscal year 2016, the Board proposes to pay a dividend to shareholders from the share premium in the total amount of NOK 16,557,242 equaling a dividend payment of NOK 0.87 per share for 2016.

Continuing Operation

With reference to the Norwegian Accounting Act § 3-3, the Board confirms its belief that conditions exist for continuing operations and that these Financial Statements have been prepared in accordance with the going concern principle. The confirmation is based on an estimated long-term profitable growth and the company's solid cash and equity standing.

Segment Information

Zalaris is reporting in three business segments: HR Outsourcing, Consulting and Cloud Services.

HR Outsourcing

Revenue from the HR Outsourcing unit represents 89.5% of the total revenue of the company. The revenue for 2016 amounted to NOK 355.1 million, an increase of 1.7% compared to previous year (NOK 349.1 million). 2016 operating profit was NOK 29.4 million (8.3% of turnover), an increase from NOK 27.6 million (7.9% of turnover) in 2015.

Consulting

The revenue for 2016 amounted to NOK 11.5 million, a decrease of 20.4% compared to previous year (NOK 14.5 million in 2015) explained by the high level of subcontractors used to generate FY 2015 revenue. 2016 operating profit was NOK 3.9 million or 33.8% of turnover (NOK 4.6 million or 31.8% in 2015).

Cloud Services

The revenue for 2016 amounted to NOK 30.0 million, an increase of 195.2% from previous year's revenue of NOK 10.2 million. 2016 operating profit was NOK 4.7 million, equal to 15.7% of turnover (NOK 1.6 million or 15.9% of turnover in 2015).

Financial and Market Risks

The Group is exposed to various risks and uncertainties of operational, market and financial character. Internal controls and risk management are an integral part of all Zalaris organizational business processes in order to achieve the company's strategic and financial objectives.

Zalaris' client portfolio consists mainly of large, financially stable companies with high credit ratings, and, therefore, the company has no significant credit risk. The Group invoices customers on a monthly basis and continuously monitors incoming payments.

Liquidity risk is the risk that the Group will be unable to meet their financial liabilities as they mature. The company continuously estimates the need of cash to pay its liabilities as they mature and ensures that cash is available at all times, both for operational and capitalized expenditures.

At the end of the period, the Group had interest-bearing debt amounting to NOK 1.4 million with fixed interest rates. The cash and cash equivalents amounted to NOK 43.5 million and an unused credit facility of NOK 15 million.

The Group provides services in countries with different currencies and is consequently exposed to currency fluctuations in these nations. The Group also has variable interest rate borrowings and is subject to corresponding interest rate fluctuations. The Group settles internal transactions on an ongoing basis in order to reduce the risk associated with movement in currencies and interest rates.

The Group is increasingly exposed to cyber security-related risks through the nature of the services provided which heavily involves storage of both personnel identifiable and sensitive data as well as the handling of large amounts of payments to our customers employees. This exposes Zalaris IT-systems and personnel as potential targets for threats ranging from insiders misusing legal accesses to external

threats like hackers and others trying to exploit the data Zalaris is processing for financial gain or collecting of information for other illegal purposes.

As a result of these cyber security threat scenarios, and their potential for severe disruptions to our services, Zalaris has setup numerous countermeasures both of a technical and organizational nature. A dedicated Cyber Security Operations Center(CSOC) has been established with continuous monitoring of all systems and user activities with the explicit goal of preventing threats from converging into actual attacks or exploits of our systems and the customer data contained within them. The Group has a continuous focus on improving security on all levels in order to adapt to the real world threat-scenarios facing our systems, personnel and services.

Despite the Group's focus on reducing risks through internal controls and risk management, there will still be risk factors that cannot be adequately handled through preventative measures. The company therefore seeks, as much as possible, to cover these types of risks through the purchase of insurances.

The Organization

Zalaris Group had 467 employees at the end of 2016, of which 326 were employed outside of Norway. The number of employees working in the Company's service center in Chennai increased by 40 to 86 employees end of year 2016. The workplace environment is positive in nature with motivated employees working together towards common goals. Absence due to sick leave averaged 3.4% in 2016. Zalaris ASA averaged a 1.3% absence rate due to sick leave in 2016.

No incidents of injury or accidents in the workplace were reported during 2016.

Women are well represented in all of the Group's companies and units, comprising 65% of the workforce. The Group's leadership, including managers for all of the separate business units, consists of 27 persons of which nine, or 33.3%, are female.

Corporate Social Responsibility

Equal Rights

Zalaris shall be a professional workplace with an inclusive working environment and shall respect the International Labor Organization's fundamental conventions.

Zalaris aims to be a workplace free from discrimination. No direct or indirect negative discrimination shall take place based on race, color, gender, sexual orientation, age, disability, language, religion, employee representation, political or other opinions, national or social origin, property, birth or other status.

Zalaris' personnel policy is based on equal pay for the same work. This means that women and men receive the same pay for the same position, given all other applicable circumstances are the same. Zalaris ASA will continue to strive for gender balance in the Group's management and Board of Directors.

Zalaris aims to provide the physical environment necessary to not exclude the participation of persons with physical disability from performing the company's various functions.

Life Work Balance and Healthy Lifestyle

Zalaris strives to make it possible for employees of either gender to combine their work and private life, and, therefore, offers leave arrangements, home office solutions, part-time positions and other flexible work arrangements to support this objective.

The company organizes programs to motivate its employees to stay physically active while ensuring the availability of healthy food, such as fresh salads, in our canteens.

Zalaris' secure centralized IT infrastructure – driven by green renewable hydro-power based energy – enables the company to rapidly establish cost-effective service centers independent of end-customer locations.

Health, Safety and Environment (HSE) Policy

The long-term business success of Zalaris depends on our ability to live our values of "Service Excellence, Quality-Focused Processes and Employees – our key assets." The company wants to continually improve the quality of its services while contributing to a positive working environment for its people.

Zalaris requires the active commitment to and accountability for Health and Safety from all employees and contractors. Line management has a leadership role in the communication and implementation of, and ensuring compliance with, these policies and standards.

We are committed to:

- Protect and strive for improvement of health, safety and security of our people at all times with the goal to eliminate HS-related accidents;
- Set HS performance objectives, measure results, assess and continually improve processes, services and product quality through the use of an effective management system;
- Work with management, employees and employee representatives to create a positive physical and psychological work environment that maximizes the motivation and teamwork for all impacted people;
- Plan for, respond to and recover from any emergency, crisis and business disruption;

- Develop services that can help our customers monitor and act upon HS issues;
- Communicate openly with stakeholders and ensure an understanding of our HS policies, standards, programs and performance.

Environment

Pollution of the external environment as a result of Zalaris' operations is limited. Zalaris' environmental impact is primarily linked to energy consumption, travel and waste from office activities. One of Zalaris' environmental measures is to concentrate all IT Operations in a centralized infrastructure concept hosted in energy-efficient data centers powered by green renewable hydro-powered energy.

Zalaris has limited paper consumption through the introduction of web- and mobile-based solutions for customers for viewing of pay slips and reports, thus reducing paper printing. At the same time, Zalaris has implemented printer systems where documents are not printed unless the user logs in to pick up the printed document.

The Group's environmental initiatives focus on using organized recycling schemes for obsolete IT equipment, reducing travel activities through the increased use of teleconferencing and web meetings, such as Lync, and responsible waste management.

All employees have a mandatory obligation to consciously observe the environmental impact of work-related activities, and to select solutions, products and methods that minimize environmental impact. This is described in our Code of Conduct.

Business Ethics

Zalaris' Code of Conduct is an integral part of the Zalaris' formal governance. The Code defines the core principles and ethical standards that form the basis to how the company creates value. The Code applies to Zalaris ASA and any subsidiary in which Zalaris, directly or indirectly, owns more than 50% of the voting shares. It also applies to members of the Board of Directors, managers and other employees, as well as those acting on behalf of the company.

The Code of Conduct does not apply directly to the company's business partners. However, Zalaris does not want to be associated with business partners that do not have appropriate ethical standards. Everybody associated with Zalaris shall comply with the rules and guidelines. Although failure to perform can be excused, we can never compromise on our integrity. This is the way we shall conduct business in Zalaris – and the way we shall create value for our customers, investors, staff and anyone benefiting from the services we provide.

Corporate Governance

Zalaris' corporate governance policy is based on, and complies with, the Norwegian Corporate Governance Code.

Zalaris ASA is incorporated and registered in Norway and is subject to Norwegian law. According to the Accounting Act § 3-3b, the company is obliged to report on the principles and practices of corporate governance. In addition, the Oslo Stock Exchange requires an annual statement on compliance with the company's corporate governance policy in accordance with NUES, the Norwegian Code of Practice for Corporate Governance (Norwegian: "Norsk anbefaling for eierstyring og selskapsledelse"), issued by the Norwegian Corporate Governance Board, most recently revised on 30 October 2014.

The statement for fiscal year 2016 is based on the disposal in the Accounting Act § 3-3b as well as the disposal for Corporate Governance Policy for Zalaris ASA, and was adopted by the Board of Directors on 20 April 2017, and is available on page 76 in this annual report.

Events after the Reporting Period

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

Future Outlook

Our positive outlook relates to various factors and opportunities, including pipeline with current and prospective customers as well as our growing reputation as a strategic partner in transforming processes, cultures and operations specific to global workforce trends.

Zalaris represents the future on the people front, instilling best practices, automated functionality and controls that help enterprises reduce costs and address legal requirements on both regional and country levels. Digitalization and mobility demands also affect nearly every aspect of progressive corporations, and we deliver the types of solutions and services that help them keep pace, leveraging cloud innovations and other advantages.

As a BPO partner for SAP and SAP SuccessFactors, an industry-leading HCM platform, we deliver comprehensive integrated systems that enable customers to get the most from corresponding technology investments. We also continue to invest in and develop our internal operations, solutions and systems relative to business conditions in current markets, geographic expansion possibilities and in relation to the growing range of products and services we offer.

Companies must adapt to changes in the market, and we believe many will rely on Zalaris in addressing the increasingly dynamic "people equation" as well as more complex regulatory demands that continue to emerge. This includes helping our customers comply with the EU General Data Protection Regulation (GDPR) that entails "the right to be forgotten" and other privacy standards that can be very costly for enterprises if they don't establish the right procedures and processes, which we are already enabling.

Zalaris facilitates workforce transformation – a key trend we expect to accelerate along with other developments, including as millennials become a more prevalent aspect of the overall labor market.

Statement by the Board of Directors and the CEO

We hereby confirm that the consolidated financial statements and the financial statements for the parent company for the period 1 January 2016 to 31 December 2016, are, to the best of our knowledge, prepared in accordance with applicable accounting standards and the information in the financial statements provides a true and fair view of the Group's and the parent company's assets, liabilities, financial position, and results as a whole.

We also hereby declare that the annual report provides a true and fair view of the financial performance and position of the Group and the parent company, as well as a description of the principal risks and uncertainties facing the Group and the parent company.

Oslo, 20 April 2017



Lars Laier Henriksen
Chairman of the Board



Karl-Christian Agerup
Member of the Board



Liselotte Hægert Engstam
Member of the Board



Jan Mikael Koivurinta
Member of the Board



Tina Steinsvik Sund
Member of the Board



Hans-Petter Mellerud
Chief Executive Officer

Oslo, 20 April 2017



Lars Henriksen
Chairman of the Board



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Member of the Board



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Member of the Board



Jan Mikael Koivurinta
Member of the Board



Tina Steinsvik Sund
Member of the Board

Consolidated Group Annual Accounts Report 2016 Zalaris ASA

The consolidated group annual accounts report for Zalaris ASA contains the following documents:

- Consolidated Statement of Profit and Loss
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Equity
- Consolidated Notes to the Financial Statements

The consolidated financial statements, which have been drawn up by the Board and management, should be read in relation to the Annual Report and the independent auditor's opinion.

Consolidated statement of profit or loss

for the year ended 31 December

(NOK 1000)	Note	2016	2015
Revenue	2	396,646	373,719
Operating expenses			
License costs		29,353	22,785
Personnel expenses	3	213,193	208,140
Other operating expenses	4	80,189	77,390
Depreciations and impairments	9	1,835	1,066
Amortisation intangible assets	8	9,434	7,606
Amortisation implementation costs customer projects	11	24,661	22,903
Other costs		1,558	-
Total operating expenses		360,224	339,890
Operating profit		36,422	33,829
Financial items			
Financial income	5	2,125	1,801
Finance expense	5	(5,287)	(4,277)
Net financial items		(3,162)	(2,476)
Profit before tax		33,260	31,353
Income tax expense			
Tax expense on ordinary profit	6	7,693	8,058
Total tax expense		7,693	8,058
Profit for the period		25,567	23,295
Profit attributable to:			
- Owners of the parent		25,567	21,161
- Non-controlling interests		-	2,134
Earnings per share:			
Basic earnings per share (NOK)	7	1.34	1.11
Diluted earnings per share (NOK)	7	1.34	1.11

Consolidated statement of comprehensive income

for the year ended 31 December

(NOK 1000)	Note	2016	2015
Profit for the period		25,567	23,295
Other comprehensive income			
Items that will be reclassified to profit and loss in subsequent periods			
Currency translation differences		(3,944)	2,644
Total other comprehensive income		(3,944)	2,644
Total comprehensive income		21,623	25,938
Total comprehensive income attributable to:			
- Owners of the parent		21,623	23,804
- Non-controlling interests		-	2,134

Consolidated statement of financial position

for the year ended 31 December

(NOK 1000)	Note	2016	2015
ASSETS			
Non-current assets			
Intangible assets	8	39,054	36,230
Total intangible assets		39,054	36,230
Deferred tax asset	6	2,028	3,110
Fixed assets			
Office equipment	9	1,120	738
Property, plant and equipment	9	4,282	4,990
Total fixed assets		5,402	5,727
Total non-current assets		46,484	45,067
Current assets			
Trade accounts receivable	10	70,887	59,318
Customer projects	11	23,112	26,323
Other short-term receivables	12	8,021	5,439
Cash and cash equivalents	13	43,509	67,740
Total current assets		145,528	158,820
TOTAL ASSETS		192,012	203,887

Consolidated statement of financial position

for the year ended 31 December

(NOK 1000)	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	14	1,912	1,912
Own shares - nominal value		(6)	(6)
Other paid in equity		122	-
Share premium		37,048	53,224
Total paid-in capital		39,076	55,131
Retained earnings		61,548	43,436
Equity attributable to equity holders of the parent		100,624	98,567
Non-controlling interests		-	4,601
Total equity		100,624	103,168
Liabilities			
Non-current liabilities			
Deferred tax	6	2,792	2,349
Interest-bearing loans and borrowings	15	1,436	2,125
Employee defined benefit liabilities		103	34
Total long-term debt		4,331	4,508
Current liabilities			
Trade accounts payable		10,792	14,582
Income tax payable		5,003	4,401
Public duties payable		24,853	25,221
Other short-term debt	17	46,410	52,007
Total short-term debt		87,057	96,211
Total liabilities		91,388	100,719
TOTAL EQUITY AND LIABILITIES		192,012	203,887

Oslo, 20 April 2017


Lars Laier Henriksen
Chairman of the Board

Karl-Christian Agerup
Member of the Board

Liselotte Hægert Engstam
Member of the Board

Jan Mikael Koivurinta
Member of the Board

Tina Steinsvik Sund
Member of the Board

Consolidated statement of cash flow

for the year ended 31 December

(NOK 1000)	Note	2016	2015
Cash flow from operating activities			
Profit before tax		33,260	31,353
Financial income	5	(1,108)	(1,799)
Financial costs	5	3,280	3,229
Depreciation and impairments	9	1,835	1,066
Amortisation intangible assets	8	9,434	7,606
Amortisation implementation costs customer projects	11	24,661	22,903
Customer projects	11	(21,450)	(23,909)
Taxes paid	6	(6,009)	(4,125)
Changes in accounts receivable and accounts payable	10.17	(15,359)	7,078
Changes in other accruals	17	(12,808)	(15,157)
Interest received	5	20	157
Interest paid	5	(1,490)	(1,393)
Net cash flow from operating activities		14,266	27,010
Cash flows from investing activities			
Purchase of fixed and intangible assets	8.9	(14,078)	(18,547)
Net cash flow from investing activities		(14,078)	(18,547)
Cash flows from financing activities			
Buyback of shares from minorities		(5,983)	
Stock purchase program	14	122	
Proceeds from issue of new borrowings	15	-	550
Repayments of borrowings	18	(690)	(896)
Dividend payments to owners of the parent	14	(16,177)	(14,273)
Dividend payments to non-controlling interest	14	(990)	(1,263)
Net cash flow from financing activities		(23,717)	(15,882)
Net changes in cash and cash equivalents		(23,529)	(7,419)
Net foreign exchange difference		(702)	(195)
Cash and cash equivalents at the beginning of the period		67,740	75,354
Cash and cash equivalents at the end of the period		43,509	67,740
Unused credit facilities		15,000	15,000

Consolidated statement of changes in equity

for the year ended 31 December

(NOK 1000)	Share capital	Own shares	Share premium	Other paid in equity	Total paid-in equity	Cumulative translation differences	Other equity	Non-controlling interests	Total equity
Equity at 01.01.2016	1,912	(6)	53,224	-	55,131	1,852	41,585	4,601	103,168
Profit of the year							25,567	-	25,567
Other comprehensive income						(3,944)			(3,944)
Buyback of shares							(1,383)	(4,601)	(5,983)
Share based payments (Note 22)				122	122				122
Other changes						(569)	(570)		(1,139)
Dividend			(16,177)		(16,177)		(990)		(17,167)
Equity at 31.12.2016	1,912	(6)	37,048	122	39,076	(2,662)	64,209	0	100,624
Equity at 01.01.2015	1,912	(6)	67,498		69,404	(792)	20,545	3,730	92,887
Profit of the year							21,161	2,134	23,295
Other comprehensive income						2,644			2,644
Other changes							(121)		(121)
Dividend			(14,273)		(14,273)			(1,263)	(15,537)
Equity at 31.12.2015	1,912	(6)	53,224		55,131	1,852	41,585	4,601	103,168

Note 1 - Segment information

Zalaris ASA is a limited company incorporated in Norway. The Group's main office is located in Hovfaret 4, Oslo, Norway. The Group delivers full-service outsourced personnel and payroll services.

The Group financial statements of Zalaris ASA for the period ending on 31 December 2016 were approved in a board meeting on 20 April 2017.

1.1 The basis for the preparation of the financial statements

The Group's financial statements of Zalaris ASA for the accounting year 2016 have been prepared in accordance with international accounting standards ("IFRS") as adopted by the European Union (EU), in effect as of 31 December 2016.

The financial statements are based on the principles of historic cost. The group currently holds no assets or liabilities required to be measured at fair value.

1.2 Accounting principles**Basis of consolidation**

The consolidated financial statements comprise the financial statements of Zalaris ASA and its subsidiaries (together referred to as "the Group"). Subsidiaries are all entities controlled by the Company. An entity has been assessed as being controlled by the Group when the Group is exposed for or have the rights to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect the amount of the Group's returns. The results of subsidiaries acquired or disposed during the year are included in the consolidated financial statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intercompany balances and transactions have been eliminated upon consolidation.

The acquisition of a subsidiary is considered on a case-by-case basis to determine whether the acquisition should be deemed as a business combination or as an asset acquisition.

Business combinations are accounted for using the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Transaction costs are expensed as incurred. The excess of the consideration transferred over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. When acquisitions are deemed as asset acquisitions, no deferred tax on initial differences between carrying values and tax bases are recorded, nor is any goodwill recorded at the date of acquisition.

Foreign currency

Functional currency, presentation currency and consolidation:

The Group's presentation currency is NOK. The functional currency of the Parent Company is NOK.

For consolidation purposes, the balance sheet figures for subsidiaries with a different functional currency than NOK are translated into the presentation currency (NOK) at the rate applicable at the balance sheet date. Income statements are translated at the exchange rate that approximates the prevailing rate at the date of transaction. Exchange differences from translating subsidiaries are recognised in other comprehensive income.

Transactions in foreign currency:

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Monetary balances in foreign currencies are translated into the functional currency at the exchange rates on the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Revenue recognition

The Group's revenue consists of revenue from providing services, consulting services related to customer specific adaptations for new HR Outsourcing customers and basic consulting services. Revenue, in general, recognised when it is probable that transactions will generate future financial benefits for the Group and the size of the amount can be reliably estimated. Sales revenue is presented net of value-added tax and potential discounts.

Revenues from outsourcing agreements and cloud services are recognized over the term of the contract as the services are rendered. When the services are made up of different components which are not separately identifiable, the related revenues are recognized on a straight-line basis over the term of the contract. The related costs are recognized as they are incurred. However, a portion of costs incurred in the initial phase of outsourcing contracts (transition and/or transformation costs) may be deferred when they are specific to a given contract, relate to future activity on the contract and will generate future economic benefits, and are recoverable. These costs are allocated to work-in-progress and prepaid revenue by the client is recorded as a deduction from the costs incurred. The deferred costs are expensed, and the deferred revenue is recognized evenly over the period the outsourcing services are provided. The expense of deferred cost are presented in the income statement in the line item "amortization implementation costs customer projects."

The service revenue and the revenue from basic consulting services are recognized according to the rendering of the service. Smaller projects and change orders beyond the terms of the main contract with the customer service delivery are recognized according to the rendering of the services.

Income tax

Income tax expense for the period comprises current tax expense and deferred tax expense.

Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity. Items of the other comprehensive income presented net of related tax effects are in the Statement of Other Comprehensive Income.

Deferred tax assets and liabilities are calculated on the basis of existing temporary differences between the carrying amounts of assets and liabilities in the financial statement and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to apply when the assets are realized or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

The companies included in the consolidated financial statement are subject to income tax in the countries where they are domiciled.

Intangible assets: Internally developed software

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Capitalized development is amortized over their useful lives.

Fixed assets

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

The gross carrying amount of fixed assets is the purchase price, including duties/taxes and direct acquisition costs related to making the fixed asset ready for use.

The depreciation periods and methods are assessed each year. The residual value is estimated every year-end and changes in the estimate for residual value is accounted for as an estimation change. The residual value of the Groups fixed assets is estimated to be nil.

Leases (as lessee)

Financial leases

Leases where the group assumes most of the risk and rewards of ownership are classified as financial leases. Financial leasing contracts are recognized on the balance sheet and depreciated on a linear basis over the expected useful life of the assets. The leasing debt is classified as a long term debt and the leasing debt is reduced by the payments according to the leasing contract deducted by an interest element which is expensed.

Operating leases

Leases in which most of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loans, and in other operating expenses for receivables.

Contract related accruals

Revenues and expenses related to service delivery, and which are incurred in advance of the contract's validity period, are accrued, and income and expenses are recognised over the contract period. Such deferred expense is included in the line item amortisation implementation cost customers. Net assets / liabilities are classified as customer projects / other liabilities.

Cash and cash equivalents

Cash and the equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Pension plans

The Group has a defined contributions plans. Contributions are paid to pension insurance plans and charged to the income statement in the corresponding period. Once the contributions have been paid, there are no further payment obligations.

The group is also part of an AFP scheme, witch is a defined benefit multi-employer plan which is financed through contributions that are determined by a percentage of the employee's earnings. There is currently no reliable measure and allocation of liabilities and assets in the plan. The plan is accounted for as a defined contribution plan which means that the contributions are recognized as expenses with no provisions.

Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shares using the weighted average number of ordinary shares outstanding during the year after deduction of the average number of treasury shares held over the period.

The calculation of diluted earnings per share is consistent with the calculation of the basic earnings per share, but gives at the same time effect to all dilutive potential ordinary shares that were outstanding during the period, by adjusting the profit/loss and the weighted average number of shares outstanding for the effects of all dilutive potential shares, i.e.:

- The profit/loss for the period attributable to ordinary shares is adjusted for changes in profit/loss that would result from the conversion of the dilutive potential ordinary shares.
- The weighted average number of ordinary shares is increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary.

Equity reserves – currency translation differences

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency to the Group's presentation currency is recognized directly in other comprehensive income.

Cost of equity transactions

Transaction costs directly attributable to an equity transaction are recognized directly in equity, net after deducting tax.

Contingent assets

Contingent assets are not recognized in the financial statements but are disclosed if it's probable that a benefit will be added to the Group.

Events after the balance sheet date

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

1.3 New and amended standards and interpretations**New standards issued and effective**

Implementation of the new standards issued and effective from 2016 did not have significant impact on the financial statement for the Group.

Standards issued but not yet effective

Standards, amendments and interpretations to existing standards that are not yet effective, and for which early adoption has not been applied by the Group, are listed below.

IFRS 9

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method.

During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. The group expects no significant impact on the timing of revenue recognition due to the implementation of the new standard.

IFRS 16 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value'

assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15.

In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

IAS 7 – Statement of Cash Flows: Disclosure Initiative (Amendments to IAS 7)

The amendments introduce requirements for an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Effective for annual periods beginning on or after 1 January 2017.

1.4 Key sources of estimation uncertainty and critical accounting judgments

The preparation of the financial statements in accordance with IFRS requires management to make judgments, use estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical accounting judgments and estimates*a) Customer projects*

Revenues from outsourcing agreements are recognized over the term of the contract as the services are rendered. The related costs are recognized as they are incurred. However, a portion of costs incurred in the initial phase of outsourcing contracts may be deferred when they are specific to a given contract, relate to future activity on the contract, will generate future economic benefits and are recoverable. These costs are capitalised as "customer projects" and any prepaid revenues by the client is recorded as a deduction from the costs incurred in the balance for customer projects. When calculating cost, the hourly rates applied are based on estimates.

The deferred costs are expensed evenly over the period the outsourcing services are provided and included in the line item "Amortization implementation cost customer projects." Deferred revenue is recognized over the corresponding period.

The principle requires management to ensure routines for correct and complete allocation of cost and prepaid revenues to the individual customer project, and updated and accurate rates to be applied in the cost estimation.

b) Capitalisation of intangible assets

Development costs of software have been capitalized as intangible assets to the extent it is assessed that future benefits can be substantiated. Judgment has to be applied in determining which amount of expenses can be capitalized.

At the end of a reporting period, the Group is required to assess whether there is any indication that the capitalized assets may be impaired. If such indications exist, the Group must test if carrying amounts exceed its recoverable amount (higher of fair value less cost to sell and its value in use). Determining recoverable amount requires that the management makes several assumptions related to future cash flows from these assets which may involve high degree of uncertainty. As of 1 December, no indication of impairment was identified.

Note 2 - Segment information

The Group has three operating segments, which is Outsourcing, Cloud Services and Consulting.

Outsourcing offers a full range of payroll and HR outsourcing services including payroll, time and attendance and travel expenses.

Consulting delivers turnkey projects based on Zalaris template or implementation of customer- specific functionality. They also assist customers with cost-effective maintenance and support of customers own on-premise solution.

The Cloud services unit is offering additional cloud based HR functionality to existing outsourcing customers as talent management, digital personnel archive, HR analytics, mobile solutions etc., and was divided into an own reporting segment from 2014.

Information is organised by business area and geography. The reporting format is based on the Group's management and internal reporting structure. Items that are not allocated are mainly intercompany sales, interest-bearing loans and other associated expenses and assets related to administration of the Group. The Group key management is the chief decision maker in the Group. The investing activities comprise total expenses in the period for the acquisition of assets that have an expected useful life of more than one year.

Assets and liabilities are not allocated to segments.

2016

(NOK 1.000)	Outsourcing	Cloud	Consulting	Non-allocated	Total
Revenue, external	355,123	29,996	11,527		396,646
Other operating expenses	(289,950)	(25,235)	(7,550)		(322,736)
Depreciation and amortisation	(35,797)	(48)	(85)		(35,930)
Other costs				(1,558)	(1,558)
Operating profit/(loss)	29,376	4,713	3,891	(1,558)	36,422
Net financial income/(expenses)				(3,162)	(3,162)
Income tax				(7,693)	(7,693)
Profit for the period	29,376	4,713	3,891	(12,413)	25,567
Cash flow from investing activities				(14,078)	(14,078)

2015

(NOK 1.000)	Outsourcing	Cloud	Consulting	Non-allocated	Total
Revenue, external	349,076	10,160	14,484		373,720
Other operating expenses	(290,133)	(8,479)	(9,703)		(308,315)
Depreciation and amortisation	(31,332)	(70)	(173)		(31,575)
IPO related costs					-
Operating profit/(loss)	27,610	1,610	4,608	-	33,829
Net financial income/(expenses)				(2,476)	(2,476)
Income tax				(8,058)	(8,058)
Profit for the period	27,610	1,610	4,608	(10,534)	23,295
Cash flow from investing activities				(18,547)	(18,547)

Non-allocated costs includes general administrative costs including group management, business development, marketing, finance and controlling and certain group centralized IT costs.

Geographic information

The Group's operations are carried in several countries, and information regarding revenue based on geography is provided below.

Information is based on location of the entity generating the revenue, which to a large extent correspond to the geographical location of the customers.

The majority of the Groups non-current assets are related to the outsourcing segment.

Information about geographical allocation of revenue

Revenue from external customers attributable to:

(NOK 1000)	as % of total	2016	as % of total	2015
Norway	43%	169,374	47%	177,467
Sweden	25%	98,721	22%	83,694
Denmark	15%	60,406	16%	59,108
Finland	13%	52,095	12%	44,784
Other	4%	16,050	2%	8,669
Total	100%	396,646	100%	373,720

Information about major customers

(NOK 100)	as % of total	2016	as % of total	2015
5 largest customer	48%	191,760	50%	186,884
10 largest customer	68%	269,383	68%	253,635
20 largest customer	82%	326,253	83%	308,500

1 customer represents more than 10% of total revenue.

Note 3 - Personnel expenses

(NOK 1000)	2016	2015
Salary	191,826	188,177
Bonus	4,678	4,833
Social security tax	27,343	26,578
Pension costs (see note 16)	18,472	18,375
Other expenses	9,773	8,783
Capitalised development expenses	(8,009)	(8,079)
Capitalised implementation costs customer projects	(30,890)	(30,527)
Total salary expenses	213,193	208,140
Average number of employees	2016	2015
Administration, sales and management	59	44
Other employees	395	374
Total	454	418
Average FTEs	2016	2015
Administration, sales and management	55	43
Other employees	368	345
Total	423	388

See note 19 for transactions with related parties.

Note 4 - Other operating expenses

(NOK 1000)	2016	2015
External services	18,814	22,087
IT services and telecom	28,358	26,346
Office premises	15,685	13,300
Travel and transport	5,983	5,062
Postage and freight	3,721	3,515
Other expenses	7,627	7,080
Total other operating expenses	80,189	77,390
Auditors fee	2016	2015
(NOK 1000)		
Audit fee	1,660	1,525
Other attestation services	183	49
Fee for tax services	35	145
Other fees	3,283	1,525
Total, excl VAT	5,161	3,245

Other fees in the table above include TNOK 1.322 (TNOK 1.410) relating to ISEA 3402 attestations.

Note 5 - Finance income and finance expenses

(NOK 1000)	2016	2015
Interest income on bank accounts and receivables	20	157
Currency gain	1,088	1,642
Other financial income	1,018	3
Finance income	2,125	1,801
Interest expense on financial liabilities measured at amortised cost	1,490	1,393
Currency loss	1,790	1,836
Other financial expenses	2,007	1,048
Finance expenses	5,287	4,277
Net financial items	(3,162)	(2,476)

Note 6 - Income taxes

Income tax expense:

(NOK 1000)	2016	2015
Tax paid / payable	6,079	4,401
Changes in deferred taxes	1,614	3,657
Tax expense	7,693	8,058

Tax payable in balance sheet:

(NOK 1000)	2016	2015
Calculated tax payable	5,003	4,401
Total income tax payable	5,003	4,401

Income tax payable:

(NOK 1000)	2016	2015
Reconciliation of effective tax rate		
Ordinary profit before tax	33,260	31,353
Calculated tax 25 %	8,315	8,465
Not tax deductible costs	(6)	(65)
Non taxable income	254	
Effect of change in deferred taxes	(1,260)	(342)
Other permanent differences	390	
Tax expense	7,693	8,058
Effective tax rate	23.1 %	25.7 %

Specification of tax effects of temporary differences:

(NOK 1000)	2016	2015
Property, plant and equipment	953	1,060
Other differences	12,691	10,677
Tax losses carry forward	(10,951)	(15,917)
Total temporary differences	2,694	(4,181)
Total deferred tax assets	2,028	3,110
Total deferred tax	2,792	2,349
Net recognised deferred tax liability(-)/deferred tax asset	(764)	761

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group has tax losses which arose in Denmark, TNOK 1,001, and in Finland, TNOK 1,313, which are available within 3-5 years against future taxable profits in each company. Based on an assessment of future profitability of the entities the deferred tax asset related to these tax losses has been recognised.

Note 7 - Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the net income attributable to the shareholders of the parent company and a weighted average number of shares outstanding during the years ending 31 December 2016 and 2015 respectively. Shares issued during the periods are included in the calculations of weighted average number of share from the date the shares issue was approved by the general meeting. Diluted equity instruments outstanding are related to employee share purchase program entered into 2016.

(NOK 1000)	2016	2015
Net profit/(loss) attributable to ordinary equity holders of the parent	25,957	21,161
Weighted average number of shares	19,031,313	19,031,313
Weighted average diluted number of shares	19,056,305	19,031,313
Basic earnings per share (NOK)	1.34	1.11
Diluted earnings per share (NOK)	1.34	1.11

Note 8 - Intangible assets

(NOK 1000)	Licenses and software	Internally developed software	Internally developed software under construction	Total
Acquisition cost				
Accumulated 1 January 2015	35,684	39,466	4,373	79,523
Additions of the year	570	13,775	13,518	27,862
Disposals of the year			(13,775)	(13,775)
Currency effects	293	193		486
Accumulated 31 December 2015	36,547	53,434	4,117	94,097
Additions of the year	594	6,380	11,851	18,825
Disposals of the year			(6,380)	(6,380)
Currency effects	(264)	(267)		(530)
Accumulated 31 December 2016	36,877	59,547	9,589	106,012
Amortisation				
Accumulated 1 January 2015	25,851	24,048		49,899
Disposals of ordinary amortisation	-	-		-
Disposals of amortisation and currency effects	270	92		361
This year's ordinary amortisation	2,287	5,320		7,606
Accumulated 31 December 2015	28,407	29,460		57,867
Disposals of ordinary amortisation				-
Disposals of amortisation and currency effects	(227)	(115)		(342)
This year's ordinary amortisation	2,085	7,349		9,434
Accumulated 31 December 2016	30,265	36,694	-	66,958
Book value				
Book value at 31 December 2015	8,140	23,974	4,117	36,230
Book value at 31 December 2016	6,613	22,853	9,589	39,054
Useful life	3-10 years	5 years		
Depreciation method	linear	linear		

Note 9 - Property, plant and equipment

(NOK 1000)	Furniture and fixtures	IT-equipment	Total
Acquisition cost			
Accumulated 1 January 2015	7,624	3,455	11,079
Additions of the year	3,742	717	4,459
Disposals of the year			-
Currency effects	307	202	509
Accumulated 31 December 2015	11,673	4,374	16,047
Additions of the year	777	855	1,633
Disposals of the year			-
Currency effects	(475)	(230)	(706)
Accumulated 31 December 2016	11,975	4,999	16,973
Depreciation			
Accumulated 1 January 2015	5,541	8,084	13,625
Disposals of ordinary depreciation	-	-	-
Currency effects	268	215	482
This year's ordinary depreciation	875	191	1,066
Year end assessment			-
Accumulated 31 December 2015	6,683	8,490	15,173
Disposals of ordinary depreciation			-
Currency effects	(387)	(196)	(583)
This year's ordinary depreciation	1,396	438	1,835
Accumulated 31 December 2016	7,693	8,732	16,425
Book value			
Book value at 31 December 2014	2,083	225	2,308
Book value at 31 December 2015	4,990	738	5,728
Book value at 31 December 2016	4,282	1,120	5,402
Economic life	5 years	3 years	
Depreciation method	linear	linear	

Note 10 - Trade accounts receivable

(NOK 1000)	2016	2015
Gross trade accounts receivable	70,887	59,318
Provisions for losses	-	-
Trade accounts receivable	70,887	59,318

Losses on trade accounts receivable are classified as other operating expenses in the income statement. There were no losses on trade accounts receivables neither in FY 2016 nor in FY 2015.

Details on the credit risk concerning trade accounts receivable are given in note 18.

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

(NOK 1000)	Total	Not due	<30d	30-60d	60-90d	>90d
31 December 2016	70,887	60,922	9,245	453	93	173
31 December 2015	59,318	49,034	9,325	538	101	320

Note 11 - Customer projects

(NOK 1000)	2016	2015
Deferred costs related to customer projects	83,440	81,636
Deferred revenue related to customer projects	(60,328)	(55,313)
Net customer implementation costs	23,112	26,323

Costs related to delivering outsourcing contracts are recognized as they are incurred. However, a portion of costs incurred in the initial phase of outsourcing contracts may be deferred when they are specific to a given contract, relate to future activity on the contract, will generate future economic benefits and are recoverable. These costs are capitalised as "customer projects" and any prepaid revenues by the client is recorded as a deduction from the costs incurred in the balance for customer projects. The deferred costs are expensed evenly over the period the outsourcing services are provided and included in the line item "Amortization implementation cost customer projects". Deferred revenue is recognized over the corresponding period.

Note 12 - Other short-term receivables

(NOK 1000)	2016	2015
Advances to employees	1	6
Prepaid rent	1,357	959
Prepaid software	3,497	1,055
Prepaid insurance	275	707
Prepaid other expenses	184	966
Prepaid Maintenance and Service	696	475
Prepaid Travel/entertainment cost	90	349
Other receivables	1,921	923
Total other short-term receivables	8,021	5,439

Note 13 - Cash and cash equivalents and short term deposits

Cash and cash equivalents

(NOK 1000)	2016	2015
Cash in hand and at bank - unrestricted funds	32,577	56,972
Deposit accounts - guarantee rent obligations - restricted funds	6,538	6,387
Employee withheld taxes - restricted fund	4,394	4,382
Cash and cash equivalents in the balance sheet	43,509	67,740

The group has unused credit facilities of NOK 15 million as at 31.12.2016 (NOK 15 million 31.12.2015). There are no restrictions on the use of these funds.

Short term deposits

The Group pays salaries on behalf of its customers. For this purpose separate deposit accounts are established. These deposits accounts are not recognized in the Groups balance sheets. The table below provides information about amounts on these deposit accounts.

(NOK 1000)	2016	2015
Customer deposits	6,459	2,548
Short term deposits		

Note 14 - Share capital, shareholder information and dividend

Shares	2016	2015
Shares - nominal value NOK 0,10	19,124,263	19,124,263
Total number of shares	19,124,263	19,124,263

The nominal value of the share is NOK 0,10.
All the shares in the company have equal voting rights and are entitled to dividend.
The computation of earnings per share is shown in note 7.

The major shareholders at 31.12.2016 are:

Shareholder	Number of shares:	% of total	Equal Voting
NORWEGIAN RETAIL AS	3,041,482	15.90%	15.90%
SKANDINAVISKA ENSKILDA BANKEN AB	2,259,140	11.81%	11.81%
FIDELITY NORDIC FUND	1,912,400	10.00%	10.00%
INGERØ REITEN INVESTMENT COMPANY A	1,060,575	5.55%	5.55%
HOME CAPITAL AS	926,087	4.84%	4.84%
VPF NORDEA KAPITAL	729,161	3.81%	3.81%
STATE STREET BANK AND TRUST COMP	695,000	3.63%	3.63%
VPF NORDEA AVKASTNING	605,705	3.17%	3.17%
PARK LANE FAMILY OFFICE AS	549,185	2.87%	2.87%
AEQUITAS AS	417,433	2.18%	2.18%
AVANZA BANK AB	372,076	1.95%	1.95%
SEB PRIME SOLUTIONS CARN LONG SHOR	328,509	1.72%	1.72%
TACONIC AS	285,212	1.49%	1.49%
REITEN INVESTMENT COMPANY AS	258,868	1.35%	1.35%
A/S SKARV	225,000	1.18%	1.18%
VERDIPAPIRFONDET NORDEA NORGE PLUS	224,219	1.17%	1.17%
NHO - P665AK	221,759	1.16%	1.16%
LUNDHS LABRADOREKSPORT A/S	211,500	1.11%	1.11%
NORDEA 1 SICAV	164,659	0.86%	0.86%
KOBBA INVEST AS	163,204	0.85%	0.85%
Total number owned by top	14,651,174	76.61%	76.61%
Shares owned by the company	92,950	0.49%	0.49%
OTHERS	4,380,139	22.90%	22.90%
Total	19,124,263	100%	100%

Shares held by related parties are disclosed in note 19.

Dividend

Dividend paid to the shareholders of the parent company in 2016 amounted to 16.3 MNOK or NOK 0.85 dividend per share. In 2015 a dividend amounting to NOK 14.3 million or 0.75 dividend per share, was paid to the shareholders of the parent company. A dividend of NOK 0.9 million (2016) and NOK 1.3 million thousand (2015) from subsidiaries has been paid to non-controlling interests.

Proposed dividend to be approved at the annual general meeting amounts to NOK 0.87 per share.

Note 15 - Interest-bearing loans and borrowings

(NOK 1000)	Presentation in balance sheet	2016	2015
Loan SG Finans	non-current	188	324
Loan SG Finans	non-current	972	1,419
Loan SG Finans	non-current	275	382
Carrying amount		1,436	2,125

Current portion of loan to SG Finans amounts to TNOK 691 (TNOK 796 in 2015) and is not included in the table above.

Loan SG Finans

The Company had as of 31.12.2016 three financial leasing agreements with SG Finans related to the procurement of SAP licenses.

Agreement	Balance end of year	Loan information
Agreement 1	0.3 MNOK	related to SAP Licenses for own use. Started in April 2014 Interest rate 9 % Last payment: March 2019
Agreement 2	1.4 MNOK	related to SAP Licenses single sign-on functionality Started in December 2014 Interest rate 6 % Last payment: December 2019
Agreement 3	0.4 MNOK	related to SAP Licenses for internal use. Started in June 2015 Interest rate 5.5 % Last payment: April 2020

All agreements are linear monthly payments

Assets pledged as security

For all loans, the Group has pledged trade receivables up to NOK 54 million as guarantee. Property, plant and equipment has been pledged as guarantee up to NOK 22 million for loans from Nordea Bank Norge.

Carrying amounts of pledged assets are: Trade receivables NOK 70.9 million, and fixed assets NOK 5.4 million.

Guarantees and commitments

There are not issued any guarantees from the parent company on behalf of The Company against third parties.

The company is a certified SAP BPO partner. SAP BPO Partners offer the full stack of business process outsourcing services based on SAP HCM business applications. Certified providers undergo a rigorous assessment of their delivery and support capabilities every two years by SAP's outsourcing partner certification group. The agreement involves commitments for future purchases of licenses and maintenance fees amounting to NOK 9.1 million.

Note 16 - Pensions

Pension for employees in the Norwegian entities

The Group is required to have an occupational pension scheme in accordance with the Norwegian law on mandatory occupational pension ("lov om obligatorisk tjenestepensjon"). The Group's pension schemes satisfy the requirements of this law, and represents a defined contribution plan, with disability coverage. At the end of the year there were 141 participants in this defined contribution plan, including the AFP-scheme.

The pension expenses equals the calculated contribution for the year and is NOK 5.3 million (2015 NOK 5.6 million). The scheme is administered by Storebrand.

The company was part of the LO/NHO-scheme for early retirement (AFP) at the age of 62.

As a replacement of the previous AFP-scheme, a new AFP-scheme has been established. The new AFP-scheme is not an early retirement plan, but a plan that gives a lifelong contribution to the ordinary pension. The employees can choose to exercise the new AFP-scheme starting at the age of 62 years, also in combination with continued work, and the annual regular post-employment benefits increases in the new scheme if early AFP retirement is rejected. The new AFP-scheme is a defined benefit multi-employer plan which is financed through contributions that are determined by a percentage of the employee's earnings. There is currently no reliable measure and allocation of liabilities and assets in the plan. The plan is accounted for as a defined contribution plan which means that the contributions are recognised as expenses with no provisions.

The premium paid during 2016 was 2.5 % of salary between 1 G and 7.1 G. 1G equals NOK 0.1 million as of 31.12.2016.

The premium for 2017 is also determined to 2,5%. The AFP-scheme does not publish any further estimates on future rate of premiums, but it is expected that the premiums will be increased over time to meet the expectations of increased pension payments.

Pensions for other employees

Employees in Group companies outside Norway have pension plans in accordance with local practice and local legislation. The Group has only defined contributions plans. Contributions are paid to pension insurance plans and charged to the income statement in the corresponding period.

Once the contributions have been paid, there are no further payment obligations.

Denmark has defined contribution plan for all employees, a total of 38 people end of the year. Finland has a defined contribution plan for all of its employees, a total of 37 employees. Sweden has a defined contribution plan for all employees, a total of 65 employees.

Total expenses recognised related to pension in 2016 amounts to NOK 18.5 million (2015 NOK 18.4 million)

Note 17 - Other short-term debt

(NOK 1000)	2016	2015
Prepayments from customers*	12,050	25,493
Wages, holiday pay and bonus	21,753	22,637
Accrued expenses and other current liabilities	12,606	3,877
Total	46,410	52,007

* Prepayments from customers both relate to prepayments of fixed service fees for the first month starting outsourcing delivered, and prepayments related to liabilities for transferred personnel.

Note 18 - Financial instruments

Financial instruments by category

Financial assets		Loans and receivables	
(NOK 1000)	2016	2015	
Trade accounts receivable	70,887	59,318	
Other short-term receivables	8,021	5,439	
Cash and cash equivalents	43,509	67,740	
Total	122,416	132,497	
Financial liabilities		Liabilities at amortized cost	
(NOK 1000)	2016	2015	
Borrowings, long term	1,436	2,125	
Trade accounts payables	10,792	14,582	
Other short-term debt	46,410	52,007	
Total	58,638	68,715	

Fair value of financial instruments

It is assessed that the carrying amounts of financial instruments recognized at amortized cost in the financial statements approximate their fair values. The assessment is based on a judgment that difference between interest rate at year-end compared to draw down. Value assessment is level 3 in the fair value hierarchy.

Per 31.12. 2016 the Group has a placement of NOK 15.0 million in a fund (Nordea Plan Konservativ). The funds are classified as cash and cash equivalents and carried at fair value, with a booked value of NOK 16.1 million per year end 2016. Typically, 95% of the fund's investments are placed in the money market and 5% of the fund's investments are placed in listed shares or share funds. This is a low-risk fund containing readily redeemable cash-equivalent assets. The assessed value of the placement per 31.12.2016 is based on its realizable value (investment including earnings).

Financial risk management

Overview

The Group has some exposure to risks from its use of financial instruments, including credit risk, liquidity risk, interest rate risk and currency risk. This note presents information about the Group's exposure to each of the above mentioned risks, and the Group's objectives, policies and processes for managing such risks. At the end of this note, information regarding the Group's capital management is provided.

Market risk from financial instruments

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: market risk (e.g. interest rate risk and currency risk), commodity price risk and other price risk. The Company's financial instruments are mainly exposed to interest rate and currency risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest is managed by the mix of fixed and variable rate loans. At 31 December 2016 the Company had only borrowings with fixed interest rates. The Company has an overdraft facility in place which has a floating interest rate condition, but the Company had not drawn on this facility at either 31 December 2016 or 31 December 2015.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is primarily exposed to foreign exchange risk arising from various currency exposures with respect to the USD, EUR and GBP in relation to its debt obligations as well as from certain commercial transactions. As described above, the Company has entered into swap arrangements to hedge its currency exposures arising from its debt obligations (ref. Note 15).

For operational transactions denominated in foreign currencies, the Company's policy is to exchange into foreign currency as required on a spot basis.

The Group has limited exposure to currency risk from assets and liabilities recognized as at 31 December 2016 that are denominated in currencies other than the functional currency of the Group entities.

As at 31 December the Group has currency exposure from EUR, DKK, INR, SEK and PLN. It is mainly Euro exchange rates constituting a currency risk for the company. A 10% negative change in the exchange rate of Euro would have resulted in a finance loss pretax of NOK 409 thousand.

Credit risk

The carrying amounts of financial assets represents the Group's maximum credit exposure. The counterparty to the cash and cash equivalents and deposits banks which are assessed to be solid.

Regarding trade receivables, the credit exposure are evaluated continuously. The company has a customer portfolio of well-known companies and has had low credit losses (Note 10).

Liquidity risk

Liquidity risk is the risk of being unable to pay financial liabilities as they fall due. The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its financial liabilities as they fall due, under normal as well as extraordinary circumstances, without incurring unacceptable losses or risking damage to the Group's reputation. Prudent liquidity risk management implies maintaining sufficient cash and the availability of appropriate funding.

The following table details the contractual maturities for the Group's financial liabilities. The tables do not include interest payments. The contractual amounts were estimated based on closing exchange rate at balance sheet date.

Per 31 December 2016

(Amounts in NOK)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Borrowings, long term			1,435	1,435
Borrowings, short term	169	522		691
Trade creditors and other short term liabilities	10,792	34,360	12,050	57,202
Total liabilities	10,961	34,882	13,485	59,328

Per 31 December 2015

(Amounts in NOK)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Borrowings, long term			2,125	2,125
Borrowings, short term	260	536		796
Trade creditors and other short term liabilities	14,582	25,717	25,493	65,793
Total liabilities	14,842	26,254	27,619	68,715

Capital management

A key objective in relation to capital management is to ensure that the Company maintains a sufficient capital structure in order to support its business development and to maintain a strong credit rating. The Company evaluates its capital structure in light of current and projected cash flows, potential new business opportunities and the Group's financial commitments. In order to maintain or adjust the capital structure, the Company may issue new shares or obtain new loans.

Note 19 - Transactions with related parties

a) Purchase from related parties

Related party	Transaction	2016	2015
Rayon Design AS1)	Management Services	162	
Digoshen AB 2)	Management Services		368
Total		162	368

1) Hans-Petter Mellerud, CEO, is director of the board and Norwegian Retail AS, a company 100% owned by Hans-Petter Mellerud, owns 45% of the shares in Rayon Design AS.

2) Liselotte Hægert Engstam, board member, is director of the board and owns 50% of the shares in Digoshen AB

b) Remuneration to management and Board of Directors:

2016

Remuneration to management		Salary*	Pensions	Other benefits	Total
Hans-Petter Mellerud	CEO	2,282	51	35	2,367
Øyvind Reiten	VP Busines development	1,418	51	28	1,497
Richard Schiørn	VP Strategic Projects	1,370	51	7	1,428
Peter T. Gogstad	VP HR Business Consulting	1,645	51	28	1,724
Halvor Leirvåg	CTO	1,331	51	7	1,389
Jan Erik Nessmo	Nordic Director Consulting	1,501	51	7	1,560
Nina Stemshaug	CFO	1,854	51	7	1,913
Saara Sommersalmi	CHRO	1,102	63	2	1,167
Otto Leppiko	COO	1,562	89	2	1,654
Ismet Muratspahic	VP Strategic Products	1,256	206	3	1,465
Total		13,040	666	91	13,798

2015

Remuneration to management		Salary*	Pensions	Other benefits	Total
Hans-Petter Mellerud	CEO	2,278	50	33	2,361
Øyvind Reiten	VP Busines development	1,335	50	35	1,419
Richard Schiørn	VP Strategic Projects	418	16	2	436
Peter T. Gogstad	VP HR Business Consulting	1,641	50	35	1,726
Halvor Leirvåg	CTO	1,338	50	10	1,398
Jan Erik Nessmo	Nordic Director Consulting	1,325	50	10	1,386
Nina Stemshaug	CFO	1,477	50	10	1,538
Saara Sommersalmi	CHRO	1,004	169		1,173
Otto Leppiko	COO	1,643	279		1,922
Ismet Muratspahic	VP Strategic Products	912	147	3	1,062
Total		11,093	862	105	12,060

The CEO is entitled to six months severance pay in case of dismissal from the company or if terminating at own will due to a position change resulting in no longer solely managing the Zalaris Group.

* Includes bonus payments

Remuneration to Board of Directors		2016	2015
Lars Laier Henriksen	Chairman of the board	332	320
Tina Steinsvik Sund	Board Member	166	160
Liselotte Hægert Engstam	Board Member	166	160
Jan Koivurinta	Board Member	166	160
Karl Christian Agerup	Board Member	166	99
Narve Reiten*	Board Member		61
Total		996	960

* Board Member from April 2000 - May 2015

Shares held by related parties as at 31 December 2016

Name	Role	No. of shares
Norwegian Retail AS	CEO (Hans-Petter Mellerud)	3,041,482
Peter T. Gogstad	VP HR Business Consulting	40,638
Lars Laier Henriksen	Chairman of the board	36,112
Ismet Muratspahic	VP Strategic Products	4,000
Halvor Leirvåg	CTO	3,260
Øyvind Reiten	VP Business development	3,200
Nina Stemshaug	CFO	2,375
Jan Erik Nessmo	Nordic Director Consulting	1,600
Otto Leppiko	COO	1,500
Total		3,134,167

Note 20 - Leases

Operating leases

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

The lease costs included:

(NOK 1000)	2016	2015
Ordinary lease payments	1,727	1,749
Future payments related to non-cancellable leases fall due for payment as follows:		
Within 1 year	1,304	1,513
1 to 5 years	1,580	1,878
Future lease commitment	2,884	3,390

Lease agreements for office premises

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

City	End of period	Annual lease
Norway - Notodden	2018	283
Norway - Karmøy	6 month notice	40
Norway - Sandnes	2018	917
Norway - Oslo	2021	1,665
Norway - Lødingen	3 month notice	1,473
Norway - Ålesund	Jan. 2018	132
Sweden - Sundbyberg	Dec. 2022	1,580
Sweden - Västerås	Dec. 2017	87
Sweden - Karlskrona	Dec. 2018	201
Denmark - Copenhagen	6 month notice	1,184
Finland - Helsinki	2021	1,156
Estonia - Tallinn	2021	229
Latvia - Riga	2018	1,325
Lithuania - Vilnius	2017	227
Poland - Warszawa	2021	326
India - Chennai	2018	1,007
		11,833

Note 21 - Overview of subsidiaries

The following subsidiaries are included in the consolidated accounts:

Company	Note	Country	Main business line	Ownership	Voting share
Zalaris HR Services Denmark A/S	1	Denmark		100%	100%
Zalaris Consulting Denmark A/S	2	Denmark		100%	100%
Zalaris HR Services Sverige AB	3	Sweden		100%	100%
Zalaris HR Services Finland OY	4	Finland		100%	100%
Zalaris Consulting Finland OY	5	Finland		100%	100%
Zalaris HR Services Norway AS	6	Norway		100%	100%
Zalaris HR Services Latvia SIA	7	Latvia		100%	100%
Zalaris HR Services Lithuania UAB	8	Lithuania		100%	100%
Zalaris HR Services Poland Sp Z.o.o	9	Poland		100%	100%
Zalaris HR Services Estonia	10	Estonia		100%	100%
Zalaris Consulting AB	11	Sweden		100%	100%
Zalaris Consulting AS	12	Norway		100%	100%
Zalaris HR Services India Pvt Ltd	13	India		100%	100%
Consolidated from 15.07.2000	1				
Consolidated from 20.12.2007	2				
Consolidated from 19.04.2001	3				
Consolidated from 29.08.2003	4				
Consolidated from 29.08.2003	5				
Consolidated from 30.11.2006	6				
Consolidated from 27.12.2006	7				
Consolidated from 08.05.2013	8				
Consolidated from 26.04.2013	9				
Consolidated from 04.06.2013	10				
Consolidated from 19.04.2001	11	Held by Zalaris Services Sverige AB			
Consolidated from 01.08.2002	12	Held by Zalaris Services Norway AS			
Consolidated from 01.10.2015	13				

Note 22 - Employee Share purchase plan (ESPP)

Zalaris ASA (the Company) adopted ESPP to reward certain key employees of the Company and its subsidiaries by enabling them to receive shares of the Company. The plan is effective as of 13th of May 2016.

Incentives in the form of an own investment in the Company done by the participant and matching awards, in the form of Restricted Stock Units (RSUs), based on the initial investment measured in number of shares. Any matching awards shall be granted based on amongst the considerations of position in the Company and a review on the individual participant's performance prior to award. The matching awards are free of charge for the participants. The maximum number of shares covered by or subject to matching awards under this plan is 300,000 whereof 199,935 shares were granted end of November 2016.

The granted RSUs per end of FY 2016, vest 30.05. 2021 conditioned by that the purchased shares (initial investment) are not sold and that the participant has not resigned or the participants employment is terminated (non-market condition). If for some reason the Company is not holding a sufficient number of shares at the relevant settlement date, any RSUs awarded and settled under the plan shall be settled by a cash bonus payments equal to the Fair Market Value per share on the date of settlement multiplied by the number of shares subject to the Matching Award. The Company will do its utmost to settle the granted awards as shares, and thus accounts the ESPP as an equity-settled plan.

The fair value of the RSUs is estimated at the grant date using Black&Scholes Merton pricing model, taking into account the terms and conditions on which the RSUs were granted.

The costs recognized for the ESPP are shown in the following table:

(NOK 1000)	2016
Restricted Share Units Costs	122
Accrued social security costs	22
Total recognized costs for the ESPP	143
Unamortized fair value per end of:	
(NOK 1000)	2016
RSU plan granted 2016	6,136

Note 23 - Events after the balance sheet date

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

Parent Company Annual Accounts Report 2016 Zalaris ASA

The parent company annual accounts report for Zalaris ASA contains the following documents:

- Statement of Income
- Balance Sheet
- Statement of Cash Flows
- Statement of Changes in Equity
- Notes to the Financial Statements

The financial statements, which have been drawn up by the Board and management, should be read in relation to the Annual Report and the independent auditor's opinion.

Income Statement

1 January - 31 December

(NOK 1000)	Note	2016	2015
Revenue		530	866
Other revenue		92,883	84,690
Total Revenue		93,413	85,556
Operating expenses			
License costs		23,763	19,671
Personnel expenses	3	19,497	18,447
Other operating expenses	4	72,094	70,577
Amortisation intangible assets	5	8,645	7,019
Depreciations and impairments	6	270	149
Other costs		1,558	0
Total operating costs		125,828	115,863
Operating profit		(32,415)	(30,307)
Financial items			
Financial income	15	43,153	50,276
Financial expenses	15	(1,745)	(1,446)
Net financial items		41,408	48,830
Ordinary profit before tax		8,993	18,523
Income tax expense			
Tax expense on ordinary profit	7	3,405	2,928
Total tax expense		3,405	2,928
Profit for the year		5,587	15,595
Attributable to:			
Proposed dividend		(16,557)	(16,177)
Share premium		16,557	16,177
Other Equity		5,587	15,595

Balance Sheet

at 31 December

(NOK 1000)	Note	2016	2015
ASSETS			
Non-current assets			
Intangible assets	5	34,817	31,971
Total intangible assets		34,817	31,971
Fixed assets			
Property, plant and equipment	6	741	345
Total fixed assets		741	345
Financial non-current assets			
Shares in subsidiaries	8	42,003	32,769
Total financial non-current assets		42,003	32,769
Total non-current assets		77,562	65,085
Current assets			
Trade accounts receivable		103	565
Prepayments		3,668	2,169
Other short-term receivables	9	1,623	588
Other short-term receivables to group company	9	61,522	67,099
Cash and cash equivalents	10	6,475	6,290
Total current assets		73,391	76,711
TOTAL ASSETS		150,953	141,797

(NOK 1000)	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital		1,912	1,912
Own shares - nominal value		(6)	(6)
Other paid in equity		94	-
Share premium		20,491	37,048
Total paid-in capital		22,491	38,954
Other equity		33,986	28,399
Total earned equity		33,986	28,399
Total equity		56,477	67,353
Non-current liabilities			
Interest-bearing loans and borrowings	16	1,436	2,125
Deferred tax	7	509	205
Total long-term debt		1,945	2,331
Current liabilities			
Trade accounts payable		6,762	8,648
Interest-bearing loans	16	49,778	32,379
Short term debt to group company		6,951	6,366
Income tax payable	7	2,025	-
Public duties payable		2,135	2,421
Other short-term debt	17	24,880	22,299
Total short-term debt		92,531	72,113
Total liabilities		94,476	74,443
TOTAL EQUITY AND LIABILITIES		150,953	141,797

Oslo, 20 April 2017


Lars Laier Henriksen
Chairman of the Board

Karl-Christian Agerup
Member of the Board

Liselotte Hägertz Engstam
Member of the Board

Jan Mikael Koivurinta
Member of the Board

Tina Steinsvik Sund
Member of the Board**Statement of Cash Flows**

1 January - 31 December

(NOK 1000)	Note	2016	2015
Cash flows from operating activities			
Profit before tax		8,993	18,523
Financial income		(43,153)	(50,276)
Financial costs		1,173	1,277
Amortisation and depreciation		8,915	7,169
Changes in trade accounts receivable and payables		(1,424)	2,022
Changes in other accruals		4,846	(10,590)
Interest received		-	75
Interest paid		(553)	(613)
Net cash flows from operating activities		(21,202)	(32,413)
Cash flows from investing activities			
Purchases of Intangible assets and property, plant and equipment		(12,157)	(12,292)
Purchase and investment in subsidiary	8	(9,234)	(5,058)
Net cash flows from investing activities		(21,392)	(17,350)
Cash flows from financing activities			
Contribution from daughters		42,815	49,798
Purchase of own shares	10	-	34
Stock purchase program		94	-
New debt		-	550
Repayment of borrowings		(690)	(896)
Revolving credit		17,399	16,868
Proposed dividend payment		(16,557)	(16,176)
Net cash flows from financing activities		43,061	50,178
Net changes in cash and cash equivalents		468	412
Net foreign exchange difference		(283)	(261)
Cash and cash equivalents at the beginning of the year		6,290	6,140
Cash and cash equivalents at the end of the year		6,475	6,290

Statement of Changes in Equity

(NOK 1000)	Share capital	Own shares	Share premium	Other paid in equity	Total paid-in in equity	Other equity capital	Total equity
Equity at 01.01.2015	1,912	-6	53,154		55,061	12,798	67,858
Income for the year					0	15,595	15,595
Proposed Dividend			(16,177)		(16,177)		(16,177)
Other changes in equity			70		70	6	77
Equity at 31.12.2015	1,912	-6	37,048		38,954	28,399	67,353
Equity at 01.01.2016	1,912	(6)	37,048		38,954	28,399	67,353
Income for the year-						5,587	5,587
Proposed Dividend			(16,557)		(16,557)		(16,557)
Share based payments (Note 18)				94	94		94
Other changes in equity					-		-
Equity at 31.12.2016	1,912	(6)	20,491	94	22,491	33,986	56,477

Note 1 - Accounting principles and basis for preparation

Zalaris ASA ("the Company") is a limited liability company incorporated and domiciled in Norway. The Company's main office is located in Hovfaret 4, Oslo, Norway. The Company delivers full-service outsourced personnel and payroll services.

The financial statements of Zalaris ASA for the period ending on 31 December 2016 were approved in a board meeting on 20 April 2017.

1.1 The basis for the preparation of the financial statements

The financial statements of Zalaris ASA for the accounting year 2016 have been prepared in accordance with the Norwegian Accounting act and generally accepted accounting principles in Norway ("NGAAP").

1.2 Accounting principles

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Monetary balances in foreign currencies are translated into the functional currency at the exchange rates on the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Revenue recognition

The Company's revenue consists of revenue from providing services to subsidiaries and basic consulting services. Revenue is in general recognized when it is probable that transactions will generate future financial benefits for the Company and the size of the amount can be reliably estimated. Sales revenue is presented net of value added tax and potential discounts.

The service revenue and the revenue from basic consulting services are recognized according to the rendering of the service. Small projects and change orders beyond the terms of the main contract with the customer service delivery are recognized according to the rendering of the services.

Income tax

Income tax expense for the period comprises current tax expense and deferred tax expense.

Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are calculated on the basis of existing temporary differences between the carrying amounts of assets and liabilities in the financial statement and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to apply when the assets are realized or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax assets and liabilities are not discounted.

Intangible assets: Internally developed software

Costs related to internally developed software are capitalized to the extent that a future economic benefit associated with the development of identifiable intangible assets and costs can be reliably measured. Otherwise, the costs are expensed as incurred. Capitalized development is amortized over their useful lives. Research costs are expensed as incurred.

Fixed assets

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

The gross carrying amount of fixed assets is the purchase price, including duties/taxes and direct acquisition costs related to making the fixed asset ready for use.

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

Leases (as lessee)

Financial leases

Leases where the group assumes most of the risk and rewards of ownership are classified as financial leases. Financial leasing contracts are recognized on the balance sheet and depreciated on a linear basis over the expected useful life of the assets. The leasing debt is classified as a long term debt and the leasing debt is reduced by the payments according to the leasing contract deducted by an interest element which is expensed.

Operating leases

Leases in which most of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Shares in subsidiaries

Shares in subsidiaries are measured using the cost method of accounting in the parent company accounts. Investments are valued at the acquisition cost of the shares unless impairment losses have been made.

Shares in subsidiaries are impaired to fair value when the decrease in value is not considered as temporary. Impairment losses are reversed when the reason for the impairment no longer applies.

Trade and other financial receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method (if the amortization effect is material), less impairment.

Cash and cash equivalents

Cash and the equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Pension plans

The Company has a defined contribution pension plan. Contributions are paid to pension insurance plans and charged to the income statement in the corresponding period. Once the contributions have been paid, there are no further payment obligations.

Cost of equity transactions

Transaction costs directly attributable to an equity transaction are recognized directly in equity, net after deducting tax.

Events after the balance sheet date

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

Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments.

Note 2 - Segment information

The company has two operating segments, which is Cloud Services to eternal customers and Group Services to subsidiaries.

The Cloud services unit is offering additional cloud based HR functionality to existing outsourcing customers as talent management, digital personnel archive, HR analytics, mobile solutions etc..

The company is providing shared services to its subsidiaries within accounting, IT solutions both for internal use and customer deliveries, and consulting services. Items that are not allocated are mainly sales activities, executive management, HR, interest-bearing loans and other associated expenses and assets related to administration of the Group. The key management in the Company is the chief decision maker in the Group. The investing activities comprise total expenses in the period for the acquisition of assets that have an expected useful life of more than one year.

Assets and liabilities are not allocated to segments.

2016

(NOK 1.000)	Cloud	Group Services	Non-allocated	Total
Revenue, external	530	92,883		93,413
Other operating expenses	(177)	(87,460)	(29,276)	(116,913)
Depreciation and amortisation		(5,423)	(3,492)	(8,915)
Operating profit/(loss)	353	-	(32,768)	(32,415)
Net financial income/(expenses)			41,408	41,408
Income tax			(3,405)	(3,405)
Profit for the period	353	-	5,234	5,587
Cash flow from investing activities			(21,392)	(21,392)

2015

(NOK 1.000)	Cloud	Group Services	Non-allocated	Total
Revenue, external	866	84,690		85,556
Other operating expense	(198)	(80,860)	(7,637)	(108,695)
Depreciation and amortisation		(3,830)	(3,338)	(7,169)
Operating profit/(loss)	668	-	(30,975)	(30,307)
Net financial income/(expenses)			48,830	48,830
Income tax			(2,928)	(2,928)
Profit for the period	668	-	14,927	15,595
Cash flow from investing activities			(17,350)	(17,350)

Non-allocated costs includes general administrative costs including group management, business development, marketing, finance and controlling and certain group centralized IT costs.

Geographic information

The Company is delivering services to its subsidiaries in different countries in the Nordic, Baltic and Poland in addition to external customers in Norway, and information regarding revenue based on geography is provided below.

(NOK 1000)	as % of total	2016	as % of total	2015
Norway	47%	44,293	47%	40,093
Sweden	21%	19,151	18%	15,469
Denmark	11%	10,262	13%	11,375
Finland	13%	11,864	14%	12,294
Other	8%	7,843	7%	6,325
Total	100%	93,413	100%	85,556

Note 3 - Personnel expenses

(NOK 1000)	2016	2015
Salary	17,871	17,374
Social security tax	3,137	2,776
Pension costs (see note 11)	1,313	1,141
Capitalized development expenses	(7,050)	(6,392)
Other expenses	4,227	3,548
Total personnel costs	19,497	18,447
	2016	2015
Average number of employees	20	20
Average number of FTE	19	18

See note 12 for transactions with related parties.

Note 4 - Other operating expenses

(NOK 1000)	2016	2015
External services	42,067	40,607
IT services and telecom	24,423	23,290
Office premises	1,570	1,538
Travel and transport	1,005	1,066
Postage and freight	88	74
Other expenses	2,939	4,002
Total other operating expenses	72,094	70,577

Auditors fee

(NOK 1000)	2016	2015
Auditor fee	1,035	982
Other attestation services		
Fee for tax services	35	54
Other fees	120	98
Total, excl VAT	1,190	1,134

Note 5 - Intangible assets

(NOK 1000)	Licenses and software	Internally developed software construction	Internally developed software under	TOTAL
Acquisition cost				
Accumulated 1 January 2015	30,680	35,730	4,373	70,784
Additions of the year	550		11,617	12,167
Disposals and currency effects				
Internal AUC reclassified	12,514	(12,514)		
Accumulated 31 December 2015	31,230	48,245	3,475	82,950
Accumulated 1 January 2016	31,230	48,245	3,475	82,950
Additions of the year	594		10,897	11,492
Disposals and currency effects				
Internal AUC reclassified		5,931	(5,931)	
Accumulated 31 December 2016	31,824	54,177	8,441	94,441
Depreciation				
Accumulated 1 January 2015	21,858	22,103		43,960
This year's ordinary amortisation	2,010	5,009		7,019
Disposals of amortisation and currency effects				
Accumulated 31 December 2015	23,868	27,112		50,979
Accumulated 1 January 2016	23,868	27,112		50,979
This year's ordinary amortisation	1,825	6,820		8,645
Disposals of amortisation and currency effects				
Accumulated 31 December 2016	25,693	33,931		59,624
Book value at 31 December 2015	7,362	21,133	3,475	31,971
Book value at 31 December 2016	6,131	20,245	8,441	34,818
Useful life	5-10 years	5 years	5 years	
Depreciation method	linear	linear	linear	

Note 6 - Property, plant and equipment

(NOK 1000)	Furniture and fixtures	IT-equipment	Total
Acquisition cost			
Accumulated 1 January 2015	2,639	415	3,054
Additions of the year	91	35	126
Disposals of the year			
Accumulated 31 December 2015	2,730	449	3,180
Accumulated 1 January 2016	2,730	449	3,179
Additions of the year	142	524	666
Disposals of the year			
Accumulated 31 December 2016	2,872	973	3,845
Depreciations			
Accumulated 1 January 2015	2,362	323	2,685
This year's ordinary depreciation	100	49	149
Disposals of the year			
Accumulated 31 December 2015	2,462	372	2,835
Accumulated 1 January 2016	2,462	372	2,835
This year's ordinary depreciation	112	158	270
Disposals of the year			
Accumulated 31 December 2016	2,574	531	3,105
Book value at 31 December 2015	268	77	345
Book value at 31 December 2016	298	442	740
Useful life	5 years	3 years	
Depreciation method	linear	linear	

Note 7 - Income taxes

Income tax expense:

(NOK 1000)	2016	2015
Tax paid & payable	3,102	
Changes in deferred taxes	304	2,928
Tax expense/income	3,405	2,928

Tax payable in balance sheet:

(NOK 1000)	2016	2015
Ordinary profit before tax	8,993	18,523
Permanent differences	22	197
Change in temporary differences	(913)	(2,449)
Tax losses carry forward		(16,271)
Basis for tax payable	8,101	
Reconciliation of effective tax rate:		
Ordinary profit before tax	8,993	18,523
Calculated tax	2,248	5,001
Other permanent differences	1,165	(2,057)
Effect change in tax rate	(8)	(16)
Tax expense	3,405	2,928
Effective tax rate	38%	16%

Specification of tax effects of temporary differences:

	2016	2015
Property, plant and equipment	(2,120)	(1,207)
Other differences		
Tax losses carry forward		387
Total temporary differences	(2,120)	(820)
Total deferred tax assets		
Total deferred tax	(509)	(205)
Net recognised deferred tax asset	(509)	(205)

Deferred tax 2016 - 24 % in 2017.
Deferred tax 2015 - 25 % in 2016.

Note 8 - Overview of subsidiaries

Amounts in NOK 1000

Company	Consolidated	Location	Ownership
Zalaris HR Services Denmark A/S	15/07/00	København	100%
Zalaris HR Services Sverige AB	19/04/01	Stockholm	100%
Zalaris HR Services Finland OY	26/09/03	Helsinki	100%
Zalaris Consulting Finland OY	29/08/03	Helsinki	100%
Zalaris HR Services Norway AS	30/11/06	Lødingen	100%
Zalaris HR Services Latvia AS	27/12/06	Riga	100%
Zalaris HR Services Lithuania UAB	08/05/13	Vilnius	100%
Zalaris HR Services Poland Sp Z.o.o	26/04/13	Warsawa	100%
Zalaris HR Services Estonia	04/06/13	Tallinn	100%
Zalaris HR Services India	01/10/15	Chennai	100%
Indirect owned subsidiaries			
Zalaris Consulting AB	19/04/01	Stockholm	100%
Zalaris Consulting AS	01/08/02	Oslo	100%
Zalaris Consulting Denmark A/S	20/12/07	København	100%

Company	Other equity *	Share capital in local currency		Number of shares	Nominal value per share	Carrying value
Zalaris HR Services Denmark A/S		500.0	DKK	5,000	100	5,484
Zalaris HR Services Sverige AB		100.0	SEK	1,000	100	9,716
Zalaris HR Services Finland OY		8.0	EUR	1,000	8	67
Zalaris HR Services Finland OY	2,450		EUR			21,393
Zalaris Consulting Finland OY		10.0	EUR	100,000		84
Zalaris HR Services Norway AS		100.0	NOK	1,000,000	0.1	110
Zalaris HR Services Latvia AS		2.8	EUR	2,000	1	23
Zalaris HR Services Lithuania UAB		10.0	EUR	1,000	10	22
Zalaris HR Services Poland Sp Z.o.o		5.0	PLN	100	50	28
Zalaris HR Services Estonia		2.5	EUR	2,500	1	19
Zalaris HR Services India		40,000.0	INR	4,000,000	10	5,058
Total						42,003

* Other Equity is converted subordinated loan to subsidiary to equity.

Note 9 - Other short-term receivables

(NOK 1000)	2016	2015
Receivables group companies	61,522	67,099
Other receivables	1,623	588
Total other short-term receivables	63,145	67,688

Note 10 - Cash and cash equivalents

(NOK 1000)	2016	2015
Cash in hand and at bank - unrestricted funds		
Deposit accounts - guarantee rent obligations	5,257	5,235
Employee withheld taxes - restricted funds	1,218	1,055
Cash and cash equivalents in the balance sheet	6,475	6,290

Note 11 - Share capital, shareholder information and dividend

Income tax expense:

Shares	2016	2015
Shares - nominal value NOK 0,10	19,124,263	19,124,263
Total number of shares	19,124,263	19,124,263

The nominal value of the share is NOK 0,10.

All the shares in the company have equal voting rights and are entitled to dividend.

The computation of earnings per share is shown in note 7 in the consolidated financial statement.

The major shareholders at 31.12.2016 are:

Shareholder	Number of shares:	% of total	Equal Voting
NORWEGIAN RETAIL AS	3,041,482	15.90%	15.90%
SKANDINAVISKA ENSKILDA BANKEN AB	2,259,140	11.81%	11.81%
FIDELITY NORDIC FUND	1,912,400	10.00%	10.00%
INGERØ REITEN INVESTMENT COMPANY A	1,060,575	5.55%	5.55%
HOME CAPITAL AS	926,087	4.84%	4.84%
VPF NORDEA KAPITAL	729,161	3.81%	3.81%
STATE STREET BANK AND TRUST COMP	695,000	3.63%	3.63%
VPF NORDEA AVKASTNING	605,705	3.17%	3.17%
PARK LANE FAMILY OFFICE AS	549,185	2.87%	2.87%
AEQUITAS AS	417,433	2.18%	2.18%
AVANZA BANK AB	372,076	1.95%	1.95%
SEB PRIME SOLUTIONS CARN LONG SHOR	328,509	1.72%	1.72%
TACONIC AS	285,212	1.49%	1.49%
REITEN INVESTMENT COMPANY AS	258,868	1.35%	1.35%
A/S SKARV	225,000	1.18%	1.18%
VERDIPAPIRFONDET NORDEA NORGE PLUS	224,219	1.17%	1.17%
NHO - P665AK	221,759	1.16%	1.16%
LUNDHS LABRADOREKSPORT A/S	211,500	1.11%	1.11%
NORDEA 1 SICAV	164,659	0.86%	0.86%
KOBBA INVEST AS	163,204	0.85%	0.85%
Total number owned by top 20	14,651,174	76.61%	76.61%
Shares owned by the company	92,950	0.49%	0.49%
Others	4,380,139	22.90%	22.90%
Total	19,124,263	100.00%	100.00%

Dividend

Dividend paid to the shareholders of the parent company in 2016 amounted to 16.3 MNOK equaling NOK 0.85 dividend per share. Dividend paid to the shareholders of the parent company in 2015 amounted to 14.3 MNOK equaling NOK 0.75 dividend per share. The Board of Directors has proposed a dividend payment of 0.87 per share in 2017.

Note 12 - Pensions

The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Group's pension schemes satisfy the requirements of this law, and represents a defined contribution plan, with disability coverage. At the end of the year there were 23 participants in this defined contribution plan.

Expenses equals this years calculated contribution and amounts to NOK 1,313 thousand (2015 NOK 1,141 thousand). The Scheme is administered by Storebrand.

The Company's employees participated in the LO / NHO scheme whereby employees could choose to take early retirement from the age of 62 . Total expense related to the early retirement scheme is NOK 0 (NOK 0 in 2015) . The Company's obligation in respect of this scheme per 31.12.2016 is NOK 0 (31.12.2015 NOK 0).

Note 13 - Transactions with related parties

a) Purchase from related parties

Related party	Transaction	2016	2015
Rayon Design AS1)	Management Services	162	
Digoshen AB 2)	Management Services		368
Total		162	368

1) Hans-Petter Mellerud, CEO, is director of the board and Norwegian Retail AS, a company 100% owned by Hans-Petter Mellerud, owns 45% of the shares in Rayon Design AS since September 2016.

2) Liselotte Hägertz Engstam, board member, is director of the board and owns 50% of the shares in Digoshen AB

b) Loans with related parties

There were no loans with related parties in neither 2016 nor 2015.

c) Receivables with related parties

There were no receivables with related parties in neither 2016 nor 2015.

d) Remuneration to Board of Directors and executive management

2016

Remuneration to management		Salary*	Pensions	Other benefits	Total
Hans-Petter Mellerud	CEO	2,282	51	35	2,367
Øyvind Reiten	VP Busines development	1,418	51	28	1,497
Richard Schiørn	VP Strategic Projects	1,370	51	7	1,428
Peter T. Gogstad	VP HR Business Consulting	1,645	51	28	1,724
Halvor Leirvåg	CTO	1,331	51	7	1,389
Jan Erik Nessmo	Nordic Director Consulting	1,501	51	7	1,560
Nina Stemshaug	CFO	1,854	51	7	1,913
Total		9,120	308	84	9,512

2015

Remuneration to management		Salary*	Pensions	Other benefits	Total
Hans-Petter Mellerud	CEO	2,278	50	33	2,361
Øyvind Reiten	VP Busines development	1,335	50	35	1,419
Richard Schiørn	VP Strategic Projects	418	16	2	436
Peter T. Gogstad	VP HR Business Consulting	1,641	50	35	1,726
Halvor Leirvåg	CTO	1,338	50	10	1,398
Jan Erik Nessmo	Nordic Director Consulting	1,325	50	10	1,386
Nina Stemshaug	CFO	1,477	50	10	1,538
Total		7,534	267	102	7,903

* Includes bonus payments

The CEO is entitled to six months severance pay in case of dismissal from the company or if terminating at own will due to a position change resulting in no longer solely managing the Zalaris Group.

Remuneration to Board of Directors		2016	2015
Lars Laier Henriksen	Chairman of the board	332	320
Tina Steinsvik Sund	Board Member	166	160
Liselotte Hägertz Engstam	Board Member	166	160
Jan Koivurinta	Board Member	166	160
Karl Christian Agerup	Board Member	166	99
Narve Reiten*	Board Member		61
Total		996	960

* Board Member from April 2000 - May 2015

The CEO is entitled to severance pay if he receive a dismissal from the company. He is also entitled to severance pay if his own termination relates to a change in his position/working tasks which implies that he no longer has overall responsibility for Zalaris Group. Under such circumstances, the CEO is entitled to severance pay for 6 six months

e) Shares held by related parties as at 31 December 2016

Name	Role	No. of shares
Norwegian Retail AS	CEO (Hans-Petter Mellerud)	3,041,482
Peter T. Gogstad	Vice President HR Business Consulting	40,638
Lars Laier Henriksen	Chairman of the board	36,112
Halvor Leirvåg	CTO	3,260
Øyvind Reiten	VP Business development	3,200
Nina Stemshaug	CFO	2,375
Jan Erik Nessmo	Nordic consulting manager	1,600
Total		3,128,667

Note 14 - Financial instruments

Financial instruments by category

Financial assets Loans and receivables

(NOK 1000)	2016	2015
Trade accounts receivable	103	565
Other short-term receivables to group company	61,522	67,099
Other short-term receivables	1,623	588
Cash and cash equivalents	6,475	6,290
Total	69,723	74,543

Financial liabilities at amortized cost

(NOK 1000)	2016	2015
Borrowings, long term	1,436	2,125
Borrowings, short term, revolving credit	49,778	32,379
Other short-term debt to group company	6,951	6,366
Trade accounts payables	6,762	8,648
Other short-term debt	27,014	24,721
Total	91,942	74,238

Fair value of financial instruments

It is assessed that the carrying amounts of financial instruments recognized at amortized cost in the financial statements approximate their fair values. The assessment is based on a judgment that difference between interest rate at year-end compared to draw down. Value assessment is level 3 in the fair value hierarchy.

Financial risk management

Overview

The Company has some exposure to risks from its use of financial instruments, including credit risk, liquidity risk, interest rate risk and currency risk. This note presents information about the Company's exposure to each of the above mentioned risks, and the Company's objectives, policies and processes for managing such risks. At the end of this note, information regarding the Company's capital management is provided.

Market risk from financial instruments

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: market risk (e.g. interest rate risk and currency risk), commodity price risk and other price risk. The Company's financial instruments are mainly exposed to interest rate and currency risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Per 31.12.2016 the Company only has long term interest bearing debt with fixed interest rates. For the overdraft facility the company has a floating interest rate condition.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is primarily exposed to foreign exchange risk arising from various currency exposures with respect to the USD, EUR and GBP in relation to its debt obligations as well as from certain commercial transactions. As described above, the Company has entered into swap arrangements to hedge its currency exposures arising from its debt obligations (ref. Note 12).

For operational transactions denominated in foreign currencies, the Company's policy is to exchange into foreign currency as required on a spot basis.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is primarily exposed to foreign exchange risk arising from various currency exposures with respect to the USD, EUR and GBP in relation to its debt obligations as well as from certain commercial transactions. As described above, the Company has entered into swap arrangements to hedge its currency exposures arising from its debt obligations (ref. Note 15 in Group financial statement).

For operational transactions denominated in foreign currencies, the Company's policy is to exchange into foreign currency as required on a spot basis.

The Company has limited exposure to currency risk from assets and liabilities recognized as at 31 December 2016 that are denominated in currencies other than the functional currency of the Group entities.

Lithuania joined the euro area on 1 January 2015 so LTL has been converted to Euro and the Company has no currency exposure from LTL from 1 January 2015.

Credit risk

The carrying amounts of financial assets represents the Company's maximum credit exposure. The counterparty to the cash and cash equivalents and deposits banks which are assessed to be solid.

Regarding trade receivables, the credit exposure are evaluated continuously. The Company has a customer portfolio of well-known companies and has had low credit losses.

Liquidity risk

Liquidity risk is the risk of being unable to pay financial liabilities as they fall due. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its financial liabilities as they fall due, under normal as well as extraordinary circumstances, without incurring unacceptable losses or risking damage to the Company's reputation. Prudent liquidity risk management implies maintaining sufficient cash and the availability of appropriate funding.

The following table details the contractual maturities for the Company's financial liabilities. The tables do not include interest payments. The contractual amounts were estimated based on closing exchange rate at balance sheet date.

Per 31 December 2016

(Amounts in NOK)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Borrowings, long term			1,436	1,436
Borrowings, short term	169	522		691
Trade creditors and other short term liabilities	13,713	28,349		42,062
Total liabilities	13,882	28,871	1,436	44,189

Per 31 December 2015

(Amounts in NOK)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Borrowings, long term			2,125	2,125
Borrowings, short term	260	536		796
Trade creditors and other short term liabilities	15,013	23,924		38,938
Total liabilities	15,273	24,461	2,125	41,859

Capital management

A key objective in relation to capital management is to ensure that the Company maintains a sufficient capital structure in order to support its business development and to maintain a strong credit rating. The Company evaluates its capital structure in light of current and projected cash flows, potential new business opportunities and the Group's financial commitments. In order to maintain or adjust the capital structure, the Company may issue new shares or obtain new loans.

Note 15 - Financial items

(NOK 1000)	2016	2015
Interest income on bank accounts and receivables		75
Group contribution	42,815	49,798
Other financial income	338	403
Finance income	43,153	50,276
Interest expenses	553	613
Other financial expenses	1,192	833
Finance expenses	1,745	1,446
Net financial items	41,408	48,830

Note 16 - Interest-bearing loans and borrowings

(NOK 1000)	Presentation in balance	2016	2015
Loan SG Finans	non-current	188	324
Loan SG Finans	non-current	972	1,419
Loan SG Finans	non-current	275	382
Revolving credit	Current	49,778	32,379
Carrying amount		51,213	34,504

Current portion of loan to SG Finans amounts to TNOK 691 (TNOK 796 in 2015) and is not included in the table above.

Loan SG Finans

The Company had as of 31.12.2015 four financial leasing agreements with SG Finans related to the procurement of SAP licenses.

Agreement 1	0.3 MNOK	related to SAP Licenses for own use. Started in April 2014 Interest rate 9 % Last payment: March 2019
Agreement 2	1.4 MNOK	related to SAP Licenses single sign-on functionality Started in December 2014 Interest rate 6 % Last payment: December 2019
Agreement 3	0.4 MNOK	related to SAP Licenses for internal use. Started in June 2015 Interest rate 5.5 % Last payment: April 2020

Assets pledged as security

For all loans, the Group has pledged trade receivables up to NOK 54.0 million as guarantee. Property, plant and equipment has been pledged as guarantee up to NOK 22.0 million for loans from Nordea Bank Norge. Carrying amounts of pledged assets are; Trade receivables NOK 70.9 million and property, plant and equipment NOK 5.4 million.

Guarantees and commitments

There are not issued any guarantees from the parent company on behalf of The Company against third parties.

The company is SAP BPO partner. SAP BPO Partner offer the full stack of business process outsourcing services based on SAP business applications. Certified providers undergo a rigorous assessment of their delivery and support capabilities every two years by SAP's outsourcing partner certification group.

The agreement involves commitments for future purchases of licenses and maintenance fees amounting to MNOK 9.1.

Note 17 - Other short term debt

(NOK 1000)	2016	2015
Wages, holiday pay and bonus	2,429	2,649
Accrued expenses and other current liabilities	5,894	3,474
Proposed dividend	16,557	16,177
Total	24,880	22,299

Note 18 - Employee Share Purchase Plan (ESPP)

Zalaris ASA (the Company) adopted ESPP to reward certain key employees of the Company and its subsidiaries by enabling them to receive shares of the Company. The plan is effective as of 13th of May 2016.

The purpose of the ESPP is to further align the interests of the Company, its Subsidiaries and its shareholders by providing long term incentives in the form of an own investment in the Company done by the participant and matching awards, in the form of Restricted Stock Units (RSUs), based on the initial investment measured in number of shares. Any matching awards shall be granted based on amongst the considerations of position in the Company and a review on the individual participant's performance prior to award. The matching awards are free of charge for the participants. The maximum number of shares covered by or subject to matching awards under this plan is 300,000 whereof 199,935 shares were granted end of November 2016.

The granted RSUs per end of FY 2016 vest 30.05. 2021 conditioned by that the purchased shares (initial investment) are not sold and that the participant has not resigned or the participants employment is terminated (non-market condition). If for some reason the Company is not holding a sufficient number of shares at the relevant settlement date, any RSUs awarded and settled under the plan shall be settled by a cash bonus payments equal to the Fair Market Value per share on the date of settlement multiplied by the number of shares subject to the Matching Award. The Company will do its utmost to settle the granted awards as shares, and thus accounts the ESPP as an equity-settled plan.

The fair value of the RSUs is estimated at the grant date using Black&Scholes Merton pricing model, taking into account the terms and conditions on which the RSUs were granted.

The costs recognized for the ESPP are shown in the following table:

(NOK 1000)	2016
Restructured Share Units Costs	94
Accrued social security costs	14
Total recognized costs for the ESPP	108

Unamortized fair value per end of:

(NOK 1000)	2016
RSU plan granted 2016	4,740

Note 19 - Events after the balance sheet date

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

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Zalaris ASA

Report on the audit of the financial statements

Opinion

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

The consolidated financial statements comprise the statement of financial position as at 31 December 2016, statements of profit and loss, comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

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

Basis for opinion

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

Key audit matters

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

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

Customer Projects

The group capitalises costs related to outsourcing contracts in the implementation phase. Contracts are customised for the individual projects. The capitalised costs comprise internal hours on the specified project and external license cost. The hourly rates applied are based on salary costs and estimates on indirect cost allocation and utilisation. Customer advance payments are recorded as a deduction in the balance for customer projects. When the implementation phase is completed, deferred costs are expensed and the advanced payment are recognised as revenue evenly over the period the outsourcing services are provided. Accounting for customer projects is a key audit matter because of the complexity in the contracts and because judgement is involved in estimation and allocation of costs and advance payments to the individual customer project.

We assessed the accounting policy on capitalization of customer projects and the related revenue recognition. We tested the design and effectiveness of controls related to time registration, the estimated hourly rates, and verified these to factual rates of implemented projects. We also tested capitalized internal cost and compared actual hours and rates applied towards budget. For external cost we verified the amounts to vendor invoices. We compared the terms of the contract to the revenue recognised.

We refer to note 2 and 11 in the consolidated financial statement.

Other information

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

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and in the statements on corporate governance, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 20 April 2017
ERNST & YOUNG AS



Petter Larsen
State Authorised Public Accountant (Norway)

Zalaris' corporate governance policy is based on, and complies with, the Norwegian Corporate Governance Code. Good corporate governance will strengthen confidence in Zalaris and help to ensure the greatest possible value creation over time in the best interests of shareholders, employees and other stakeholders. The objective of the Corporate Governance Code is that companies listed on Norwegian regulated markets shall practice corporate governance that regulates the division of roles between shareholders, the Board of Directors and Executive Management more comprehensively than is required by legislation.

Zalaris ASA is incorporated and registered in Norway and is subject to Norwegian law. According to the Accounting Act § 3-3b, the company is obliged to report on the principles and practices of corporate governance. In addition, the Oslo Stock Exchange requires an annual statement on compliance with the company's corporate governance policy in accordance with NUES, the Norwegian Code of Practice for Corporate Governance (Norwegian: "Norsk anbefaling for eierstyring og selskapsledelse"), issued by the Norwegian Corporate Governance Board, most recently revised on 30 October 2014.

The statement for fiscal year 2016 is based on the disposal in the Accounting Act § 3-3b as well as the disposal for Corporate Governance Policy for Zalaris ASA, and was adopted by the Board of Directors on 20 April 2017:

1. Zalaris ASA corporate governance is in compliance with the Norwegian Code of Practice for Corporate Governance (NUES).
2. The Code of Practice is available on www.nues.no.
3. The Board of Directors has made a statement of corporate governance below and comments on any deviations are made under each chapter.
4. In chapter 10, the main elements of Zalaris' risk and internal control in the financial reporting process are described.
5. Zalaris has no shareholder decisions that expand or differ from the Norwegian Public Limited Liability Companies Act, chapter 5.
6. The composition of the Board, the remuneration committee, the nomination committee and the audit committee are described in chapter 7, 8 and 9. The main elements of their instructions and guidelines are described in chapter 8 and 9.
7. Shareholder decisions that regulate the election period for the Board of Directors are described in chapter 8.

8. Shareholder decisions and Board of Directors authorizations for issue of new shares or purchase of own shares are described in chapter 3.

1. Statement on Corporate Governance

Zalaris complies with the Norwegian Code of Practice for Corporate Governance of 2014. There are no significant differences between the code and how it is complied with at Zalaris ASA. The Board shall ensure that the Company has sound corporate governance at all times. Zalaris provides an overall review of the Company's corporate governance in the Company's annual report. In addition, a description of the most important corporate governance principles of the Company shall also be made available for external interest groups on the Company's website.

The annual review of the Company's compliance with the Corporate Governance for 2015 was adopted on 20 April 2017.

Corporate ethics are about how we behave towards each other and the world around us. Everybody associated with Zalaris shall comply with the rules and guidelines that build on Zalaris' basic values. In Zalaris, we want everyone to contribute to a sound corporate culture. Zalaris has defined a Code of Conduct which is the foundation of our corporate culture and defines the core principles and ethical standards by which we create value in our company.

2. Business

Zalaris ASA and its subsidiaries are providing full service outsourcing and consulting services related to sales, implementing and operating processes for the HR (Human Resources) function as payroll, payroll accounting, personnel administration, travel expenses, statutory leave, recruiting, talent management, learning process administration and the sale of related software, and to own shares in other companies and other activities related to this.

Zalaris is focusing on high customer satisfaction and a close relationship to its customers, which includes local service centers in all countries in which we operate. Local personnel with high competence within HR function processes ensure long term relationships with our customers.

A more detailed description of our services is available on Zalaris' website: www.zalaris.com.

3. Equity and Dividends

Equity

Zalaris has experienced a strong revenue growth and believes in further profitable growth for the years to

come. To reach this, it is essential that the company has a solid equity and liquidity.

Zalaris' equity per 31. December 2016 was NOK 100.6 million, which is equal to 52.4% equity ratio.

The cash and cash equivalent per 31. December 2016 was NOK 43.5 million.

The Board of Directors considers the company's capital structure as solid.

Dividend Policy

The Board shall establish a clear and predictable dividend policy as the basis for the proposals on dividend payments that it makes to the general meeting. The dividend policy shall be disclosed.

Authorizations to Increase Share Capital

Authorizations granted to the Board to increase the Company's share capital shall be restricted to defined purposes. If the general meeting is to consider authorizations to the Board for the issue of shares for different purposes, each authorization shall be considered separately by the general meeting. Authorizations granted to the Board shall be limited to no longer than the time until the next annual general meeting.

In Zalaris' annual general meeting on 13 May 2016, pursuant to Section 10-14 of the Norwegian Public Limited Companies Act, the Board of Directors was granted an authorization to increase the Company's share capital with up to NOK 100,000. The shareholders' preferential rights, pursuant to Section 10-4 of the Norwegian Public Limited Companies Act, can be deviated from.

The authorization can be used at the Board's discretion, including and without limitation, in connection with incentive programs, increases against contribution in kind, etc., pursuant to Section 10-2 of the Norwegian Public Limited Companies Act, and increases in connection with mergers, pursuant to Section 13-5 of the Norwegian Public Limited Companies Act.

The authorization was limited until the earliest occurring date of either the ordinary general meeting in 2017 or 30 June 2017.

Authorization to Purchase Own Shares

The Board of Directors recommendation is that its authority to buy back its own shares shall be granted for a period limited to the next annual general meeting.

In Zalaris' annual general meeting on 13 May 2016, the Board of Directors was granted an authorization to acquire up to 10% of the Company's shares with a total nominal value of up to NOK 191,243. The maximum amount that can be paid per share is NOK 160, and the minimum amount that can be paid per share is NOK 1. The Board of Directors is authorized to acquire and sell shares as the Board finds it appropriate. Acquisition can nevertheless not be done by subscription for shares.

The authorization was limited until the earliest occurring date of either the ordinary general meeting in 2017 or 30 June 2017.

4. Equal Treatment of Shareholders and Transactions with Close Associates

General Information

Zalaris has one class of share. Each share carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

Share Issues without Pre-Emption Rights for Existing Shareholders

Any decision to deviate from the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital shall be justified. Where the Board resolves to carry out an increase in share capital and deviate from the pre-emption rights of existing shareholders on the basis of an authorization granted to the Board, the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Transactions in Own Shares

Any transactions the Company carries out in its own shares shall be carried out either through the Oslo Stock Exchange or at prevailing stock exchange prices if carried out in another way. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

Approval of Agreements with Shareholders and Other Close Associates

In the event of material transactions between the Company and its shareholders, a shareholder's parent company, members of the Board, executive personnel or close associates of any such parties, the Board shall arrange for a valuation to be obtained from an independent third party. This will not apply

if the transaction requires the approval of the general meeting pursuant to the requirements of the Norwegian Public Limited Liability Companies Act. Independent valuations shall also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

Members of the Board and executive personnel must notify the Board if they have any significant, direct or indirect, interest in a transaction carried out by the Company.

5. Freely Negotiable Shares

Zalaris shares are freely negotiable and there are no limitations of the negotiability in Zalaris' Article of Association.

6. General Meetings

Exercising Rights

Zalaris facilitates that as many shareholders as possible may participate in the Company's general meetings and that the general meetings are an effective forum for the views of shareholders and the Board.

The notice and the supporting documents and information on the resolutions to be considered at the general meeting shall be available on the Company's website no later than 21 days prior to the date of the general meeting. The notice and agenda for the meeting will be sent per post to all shareholders with a known address in Verdipapirsentralen (VPS) no later than 21 days prior to the date of the general meeting. According to the Zalaris' Article of Association, it is sufficient that the supporting documents and information on the resolutions to be considered are available on the company's website. A shareholder may, nevertheless, demand to receive the documents concerning matters that are to be discussed in the general meeting.

The resolutions and supporting documentation, if any, shall be sufficiently detailed and comprehensive to allow shareholders to understand and form a view on matters that are to be considered at the meeting.

The deadline for shareholders to give notice of their attendance at the general meeting will be set as close to the date of the general meeting as possible. The Board and the person who chairs the general meeting shall ensure that the shareholders have the

opportunity to vote separately on each candidate nominated for election to the Company's Board and committees.

Shareholders who cannot be present at the general meeting must be given the opportunity to vote by proxy or to participate by using electronic means. The Company will provide information on the procedure for attending by proxy and nominate a person who will be available to vote on behalf of shareholders as their proxy. In addition, a proxy form will be prepared which shall, insofar as this is possible, be formulated in such a manner that the shareholder can vote on each item that is to be addressed and vote for each of the candidates that are nominated for election.

The general meeting should be attended by representatives from the Board, the nomination committee, the remuneration committee and the audit committee. In addition, the auditor and, as a minimum, the CEO and CFO from the management team of Zalaris, will attend the general meeting.

The Board of Directors decides the agenda of the general meeting. The main issues of the agenda follow the requirements in the law. Each general meeting appoints a chairman to ensure an independent chairman in accordance with the recommendation.

The minutes from the annual general meeting will be published on the Company's websites and on the website of the Oslo Stock Exchange.

7. Nomination Committee

The Company shall have a nomination committee comprising such number of persons as determined by the general meeting of the Company from time to time, and which members shall be appointed by a resolution of the general meeting, including the Chairman of the committee. The general meeting shall determine the remuneration of the nomination committee and shall stipulate guidelines for the duties of the nomination committee.

The nomination committee's duties are to propose candidates for election to the Board and to propose remuneration to be paid to such members. The nomination committee shall justify its recommendations. The Company shall provide information of the nomination committee and any deadlines for submitting proposals to the committee.

The general meeting on 13 May 2016 elected Bård Brath Ingerø (Chairman) and Ragnar Horn to the nominating committee for a period until the annual general meeting in 2017.

8. Board Composition and Independence

Board Composition

According to the Articles of Association for Zalaris ASA, the Board of Directors shall consist of three to ten members.

At the end of 2016, the Zalaris' Board of Directors consisted of five members, whereof two women and three men. The Chief Executive Officer of Zalaris is not part of the Board.

The Board of Directors in Zalaris has representatives from all countries in the Nordic region. They have a broad experience from different industries like IT, Finance, Industrial, and Consulting and have competencies within organization, management, finance, HR and marketing.

A presentation of the Board of Directors is available on Zalaris website.

Board Independency

The composition of the Board is such that it can attend to the common interests of all shareholders and meets Zalaris' need for expertise, capacity and diversity and that it can act independently of the Company's executive management and material business connections. All members of the Board of Zalaris are independent of the Company's major shareholders, defined as a shareholder that controls 10% or more of Zalaris' shares or votes.

An overview of the shares own by related parties as of 31 December 2016, including board members, is available in the financial statement note 19.

9. The Work of the Board

General

The Board of Directors is responsible for the management of the Company, including the appointment of a Chief Executive Officer to assume the daily management of the Company. The Board members shall discharge their duties in a loyal manner, attending to the interests of the Company, and ensure that its activities are organized in a prudent manner. The Board of Directors shall adopt plans, budgets and guidelines applicable to the activities of the Company. The Board of Directors shall keep itself informed of the financial position of the Company, and has a duty to ensure that its corporate accounts and asset management are subject to satisfactory controls.

The duty and responsibilities of the Board of Directors is defined by applicable law, Zalaris' articles of association and the authorizations and instructions given by the General Assembly.

The Board of Directors has adopted a yearly plan focusing on its work to develop the strategy of the company and to oversee the implementation of this. In addition, the Board of Directors executes supervision to ensure that the company reached its defined targets and that the company has satisfactory risk management.

The Board of Directors discusses all relevant matters related to Zalaris' activities of significance or of special nature. In 2016 the Board of Directors held 12 board meetings.

In accordance with Norwegian Public Limited companies Act § 6-13, rules of procedure was adopted on 25 April 2014 to set out more detailed provisions regarding the duties and working procedures of the Board of Directors and Chief Executive Officer of Zalaris ASA.

The Chairman is responsible for ensuring that the Board's work is performed in an efficient and proper manner and in accordance with applicable law.

Rules of Procedure for CEO

The Board of Directors is responsible for the appointment of the CEO of Zalaris. The Board of Directors also defines instructions, authorizations and conditions for the CEO.

Financial Reporting

The Board of Directors receives periodic reports in which the company's financial status is commented. The company is following instructions from the Oslo Stock Exchange related to quarterly reporting.

Audit Committee

The Committee shall consist of two to four members of the Board. The Committee shall be composed within the rules set out in the Norwegian Public Limited Companies Act. Any Committee member may be replaced by the Board at any time.

The function of the Committee is to assist the Board in overseeing the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, and the performance of the Company's internal accounting function and independent auditor.

The Committee shall meet as often as it shall determine, but not less frequently than four times per year. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or any advisor or consultant to, the Committee.

The Committee may, at its discretion, request management, the independent auditor, or other persons with specific competence, including outside counsel and other outside advisors, to undertake special projects or investigations which it deems necessary to fulfill its responsibilities, especially when potential conflicts of interest with management may be apparent.

The auditor shall annually present a plan for the auditing work to the audit committee and have at least one annual meeting with the committee to go through the Company's internal control systems and to identify possible weaknesses and potential areas of improvement.

Members of the Audit Committee for 2016/17 are Tina Steinsvik Sund (Chairman) and Karl Christian Agerup.

Remuneration Committee

The Remuneration Committee shall consist of at least two members of the Board, both of whom shall be independent of the management of the Company.

The Remuneration Committee's primary responsibilities include:

- Assessing the Group's compensation and benefits strategy by an annual review of the organization's overall compensation plan (or practices). This includes monitoring the effectiveness of the design, performance measures and award opportunities offered by the Group's executive compensation plans.
- Overseeing the CEO's efforts to identify and develop potential successors for key executive positions.
- Annually reviewing the Board, including performance, working methods and practices and the adequacy of its composition.

Members of the Remuneration Committee for 2016/17 are Lars Laier Henriksen (Chairman) and Liselotte Hægert Engstam.

Annual Evaluations

In April 2017, the Board has conducted an evaluation of its performance and expertise in 2016.

10. Risk Management and Internal Control

The Board and the management in Zalaris emphasize the importance of establishing and maintaining routines for internal control and risk management that are appropriate in relation to the extent and nature of the Company's activities. Internal controls and the systems for risk management should also encompass the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility.

The Board carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. The most important areas are:

Motivation and Training of Employees

One of Zalaris focus areas is to ensure high quality services to our customers. This is only possible through highly competent and satisfied employees. Thus, Zalaris has implemented a talent management program to ensure a good development of highly qualified personnel in all our departments and functions of the company. In order to constantly follow up with employee satisfaction, Zalaris performs regular employee surveys to uncover improvements needed to achieve a healthy and good social environment for its employees. High employee satisfaction is important to achieve the Company's overall targets.

Internal Work Procedures, Instructions and Authorities

In addition to the instructions which follow each employment contract, Zalaris has established internal procedure manuals for employees to be followed to ensure quality, efficiency and transparency in our internal processes. The company focuses on the understanding, training and execution of these defined internal procedures.

Financial Reporting

Zalaris has developed internal procedures for monthly, quarterly and annual financial reporting, including routines for internal controls. The audit committee reviews the quarterly reporting in separate meetings with the CFO of the Company. The consolidated financial statement is prepared in accordance with IAS/IFRS.

The Board receives a monthly report of the consolidated financial results with comments on deviation to adopted forecast numbers for the year. In addition, the financial result per business unit per country is presented. The Company has implemented a quarterly rolling forecast process in which all business entities need to forecast their business twelve months ahead. At mid-year, the updated forecast number for the actual financial year is presented to the Board. Any discrepancies are explained and planned actions to reach financial targets are presented.

The Company has monthly business reviews with each business unit responsible, in which financial results for the unit, status on key performance indicators in the customer deliveries, personnel statistics and risk areas are presented and commented on by each manager. The target of these business reviews is to identify risks of deviation in all these areas, which can help detect financial discrepancies to adopted targets and allows the Company to initiate actions to reduce potential risks as early as possible. The Group unit manager and the CFO participate in these reviews.

Each Group unit manager presents financial achievements for their respective business unit in 1:1 meetings with the CEO on a monthly basis.

Customer Satisfaction

Zalaris' mission is to enable our clients to maximize the value of human capital through excellence in HR processes and thus customer satisfaction is a main focus area for Zalaris. The Company undertakes surveys on a regular basis to collect information about customer satisfaction and about areas of improvement to achieve a high level of customer satisfaction and thus ensure further profitable growth for the Zalaris.

11. Remuneration of the Board

The remuneration of the Board is to be decided by the shareholders at the annual general meeting of the Company. The nomination committee is to propose remuneration to be paid to such members.

The level of remuneration of the Board shall reflect the responsibility of the Board, its expertise and the level of activity in both the Board and any Board committees. The remuneration of the Board shall not be linked to the Company's performance. The Company shall not grant share options to members of the Board.

Members of the Board and/or companies with whom the members are associated shall not take on specific assignments for the Company in addition to their appointments as members of the Board. If they, nonetheless, do take on such assignments this must be reported to the Board and the remuneration for such additional duties must be approved by the Board.

Any remuneration, in addition to normal fees to the members of the Board, shall be specifically identified in the annual report.

An overview of the remuneration for the Board for fiscal year 2016 is available in the financial statement note 19.

12. Remuneration of Executive Personnel

The Board establishes guidelines for the remuneration of the executive personnel setting out the main principles applied in determining the salary and other remuneration of the executive personnel. These guidelines are communicated at the annual general meeting.

The main principle for determining salaries and other remuneration to the CEO and other executive personnel in Zalaris is that they should be competitive. Further, Zalaris should offer terms that encourage value creation for Zalaris and its shareholders and that promote loyalty to the company.

In Zalaris, the performance-based remuneration for executive personnel is at a maximum 30% of the annual fixed salary.

The CEO has a six months terms of termination. The other executive personnel in Zalaris have terms of termination between three to six months. The termination time is valid from end of the calendar month in which the notice of termination is communicated in written form.

The CEO is entitled to six months' severance pay in case of dismissal from the company or if terminating at own will due to a position change, resulting in no longer solely managing the Zalaris Group.

An overview of salaries and other remunerations to the executive personnel in Zalaris is available in the financial statement note 19.

13. Information and Communication

The communication policy of Zalaris is based on the approach that objective, detailed and relevant information to the market is essential for a proper valuation of the company's shares, thus the Company has continuous dialog with analysts and investors.

All periodic financial reporting and information about important events is published according to the adopted guidelines for companies listed on the Oslo Stock Exchange. Zalaris strives at all time to publish all relevant information in a timely, correct, non-discriminatory and efficient manner to the market. All relevant information will be published on the Company's websites and on the website of the Oslo Stock Exchange.

Zalaris shall give all shareholders the same information at the same time. In contact with analysts and investors, the Board of Directors and the Management of the Company shall only communicate information that has already been published. The Company has established a communication channel for the shareholders on its website. All published information is available on Zalaris' website. It is also possible for shareholders to send inquiries through the website.

Zalaris holds quarterly, web-based presentations in which the financial results of the closed quarter and focus areas of the Company are commented, in addition to market outlooks and special events that the Company considers relevant information for its shareholders. The presentation is held by the CEO and the CFO of the Company. Both the quarterly reporting and the presentations will be published on Zalaris' website.

The financial calendar valid for Zalaris is adopted by the Board of Director and determines the date and time for publishing interim reports, annual financial statement and holding of the annual general meeting. The financial calendar is published on Zalaris' website and on the website of the Oslo Stock Exchange.

14. Take-overs

In the event of a take-over process, the Board shall ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess the offer.

The Board shall not attempt to prevent or impede the take-over bid unless this has been decided by the general meeting in accordance with applicable laws. The main underlying principles shall be that the Company's shares shall be kept freely transferable and that the Company shall not establish any mechanisms which can prevent or deter take-over offers unless this has been decided by the general meeting in accordance with applicable law.

If an offer is made for the Company's shares, the Board shall issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer.

If the Board finds itself unable to give a recommendation to the shareholders on whether or not to accept the offer, it should explain the reasons for this. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case, it shall explain the reasons why specific members of the Board have excluded themselves from the statement.

The Board shall consider whether to arrange a valuation from an independent expert. If any member of the Board, or close associates of such member, or anyone who has recently held a position but has ceased to hold such a position as a member of the Board, is either the bidder or has a particular personal interest in the bid, the Board shall arrange an independent valuation. This shall also apply if the bidder is a major shareholder (as defined in Section 8 herein). Any such valuation should either be enclosed with the Board's statement, or reproduced or referred to in the statement.

15. Auditor

Zalaris is audited by EY.

Zalaris does not use the auditor for other purposes other than auditing without an approval from the Board. On an annual basis, the auditor submits the main features of the plan for the audit of the Company to the Board.

The auditor participates in board meetings dealing with the annual accounts or accounting principles, assesses any important accounting estimates and matters of importance on which there has been disagreement between the auditor and the executive management of the Company.

The auditor shall at least once a year present to the Board a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement. In addition, the Board shall hold a meeting with the auditor at least once a year at which no representative of the executive management is present.

The Board will report the remuneration paid to the auditor to the shareholders at the annual general meeting, including details of the fee paid for audit work and any fees paid for other specific assignments. An overview of the remuneration paid to the auditor is available in the financial statement note 4.

In accordance with the Public Limited Companies Act § 6-16a, the Board of Directors has prepared the following declaration on guidelines and main principles for the stipulation of salaries and other remuneration for the CEO and other senior management. The declaration was approved by the Board of Directors on 20 April 2017 and will be presented to the Annual General Meeting of Zalaris ASA on 16 May 2017 for an advisory vote.

1 Main Principles for Zalaris' Remuneration Policy

The Group's development is closely linked to its ability to recruit and retain senior executives. Executives are remunerated at market terms. Remuneration varies over time both in level and methodology.

In addition to salary, the Group uses performance-related and personal bonuses that typically vary from 10% to 30% of annual salary, lump-sum payments, leave arrangements, education opportunities and option agreements.

The Group has collective pension schemes.

The Board represented by the remuneration committee shall conduct an annual evaluation of the agreement terms with the Group's CEO. Remuneration to other members of the Group's executive management is evaluated and settled by the CEO. Remuneration is reviewed annually, but is assessed over several years in order to keep continuity.

The decision-making process for implementing or changing remuneration policies and concepts for the executive management is in accordance with the Norwegian Public Limited Liability Companies Act sections 5-6 and 6-16 a, and the instructions of the Board of Directors of Zalaris was adopted on 5th of May 2014.

2 Principles of Remuneration to Executive Management

2.1 Base Salary

Management salaries shall be competitive and reflect local market conditions, as Zalaris wants to attract and retain attractive leaders.

The basic salary shall normally be the main element of managers' salaries and thus differentiate on the basis of the scope of work, responsibility and performance.

A limitation of the total salary level to management has not been defined. However, significant and structural changes shall be approved by the remuneration committee.

Management positions are not paid overtime as compensation for overtime is included in the fixed salary.

2.2 Bonus Program

The bonus program in Zalaris has been designed to motivate managers to strive for continuous improvement of the business and its results and to align with the interest of shareholders.

The bonus scheme for management positions is based on reaching two main categories of targets:

- 1) Reaching overall company EBIT % target and;
- 2) Reaching individual goals that have been defined and documented. Typically, up to five individual goals are defined, with weighting decided in a mutual discussion between the CEO and each group manager. Typical individual goals include reaching target contribution margin for each manager's own business units, meeting customer satisfaction targets, improving employee satisfaction, etc. Goals are defined and followed up in Zalaris' SuccessFactors solution.

Executive Management Share Purchase Program and Ownership of Zalaris Shares

2.3 Share Ownership for all employees

Zalaris encourage employees to own shares in Zalaris. The company shall aim at offering annual share purchase programs that will offer employees and management to purchase discounted shares within the parameters of the tax-free limits.

2.4 Share Purchase Program for executive management

As of 31.12.2016, Zalaris has a share purchase program for executive management in accordance with the share program approved by the Board of Directors on 9 March 2016 and by the General Assembly on 13 May 2016. The key parameters of the approved and implemented share purchase program for executives, including share matching with restricted stock units, are as follows:

Executive Remuneration Policy

Eligibility:
Executive management

Frequency:
Two allocations of shares subject to be matched by executives own purchase of shares:

- Allocation 1: November 2016
- Allocation 2: During first six months of 2017

Principle for allocation:
Allocation to be made on the basis of tenure, perceived value for company and reaching of individual targets.

Allocation of Restricted Stock Units (RSU) subject to Executive still employed at vesting date and holding required number of shares:

- Allocation 1: 199'935 shares
- Allocation 2: 100'065 shares
- Total: 300'000 shares

Matching requirement (i.e.) the number of shares needed to be hold by the executive at the vesting date to receive the matching shares:

- Allocation 1: 1/12 x of allocation (8,3%) – i.e. a total of 16'661 shares
- Allocation 2: 1 x of allocation (100%) – i.e. a total of 100'000 shares

Vesting:

- Allocation 1: 60 months from 30 May 2016
- Allocation 2: 60 months from date of allocation

2.5 Severance Schemes

The Group has limited use of severance payments. However, it does not preclude the use of this if it seems appropriate. No current agreements include allowance for more than six months base salary. Any use of severance payments is restricted and requires approval.

2.6 Fringe Benefits

Managers will receive benefits that are common for similar positions. Normal benefits include a mobile phone and broadband. Zalaris actively works to avoid benefits that have a residual cost in the event an employee leaves – such as company cars.

There are no particular limitations on the type of benefits that can be agreed. However, Zalaris seeks to limit the number of benefits to simplify our internal processes and visualize total compensation through the fixed salary.

2.7 Pensions

Pension for executive management employed in the Norwegian entities

The Group is required to have an occupational pension scheme in accordance with the Norwegian law on mandatory occupational pension ("lov om obligatorisk tjenestepensjon"). The Group's pension schemes satisfy the requirements of this law, and represent a defined contribution plan with disability coverage.

Pension for executive management employed in entities outside Norway

Pension levels and arrangements for managers outside must be seen in the context of the individual's total wage and employment conditions, and shall be comparable to the total compensation package offered to executive management in Norway. Local rules related to pension legislation, social security rights, tax, etc. is taken into account when deciding the individual pension schemes.

3 Procedures for Determination of Remuneration to Executive Management

3.1 Remuneration to the CEO

Remuneration to the CEO is determined annually by the Remuneration Committee authorized by the board.

The CEO does neither participate in a stock option program nor a share purchase program per end of FY 2016.

3.2 Remuneration to the Group Executive Management

Remuneration to the individual members of the executive management group is determined by the CEO.

Prior to settlement, the CEO shall discuss proposed changes with the Remuneration Committee. The Board will be informed about agreed changes in remuneration.

Arrangements that include allocation of shares, options and other forms of remuneration linked to The Groups shares shall be approved by the General Assembly. Within the framework of resolution set by the General Assembly, the Board shall decide on the process of implementing the new remuneration scheme. The Board may also delegate such authority to the CEO.

The increase in the base salaries to the Group Executive Management is expected to be moderate.

3.3 Remuneration to the Board of Directors

Remuneration to the Board of Directors is not performance based.

Board members are neither part of a stock option program nor a share purchase program in Zalaris.

Remuneration of the Board for the coming year is determined by the General Assembly, based on a proposal from the Nominating Committee.

3.4 Remuneration to Executive Management in Subsidiaries of Zalaris ASA

All subsidiaries of Zalaris ASA shall follow the main principles of the Groups executive remuneration policy for executive management in each company as described in the preceding sections of this Executive remuneration policy.

The increase in the base salaries to executive management in subsidiaries is expected to be moderate.

4 Principles of Disclosing Remuneration Information

The Board's statement regarding remuneration, including information about remuneration paid to members of the executive management, shall be presented in Zalaris' consolidated financial statements, note 19.

5 Execution of Remuneration Policy

5.1 Execution of remuneration Policy in 2016

The company's remuneration of the CEO and senior management is conducted in accordance with the guidelines presented above. There are no significant new agreements or changes in remuneration agreements that have been signed in 2016 other than the share purchase program with matching award as described in section 2.4 above.

5.2 Binding guidelines for remuneration in 2017

For 2017, the Board of Director's proposes to continue the existing remuneration policy.



Shareholder Information

Zalaris ASA is listed on Oslo Børs with ticker ZAL. The share price decreased with 8.4 per cent during 2016 (-6 per cent dividend adjusted) and ended on NOK 32.8 per 31 December 2016. The market capitalization end of 2016 was NOK 627.3 million.

Zalaris has one class of share. Each share carries one vote and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

Zalaris shares are freely negotiable and there are no limitations of the negotiability in Zalaris' Article of Association.

General Information

Key Figures 2016 (all numbers in NOK)

Market capitalization 31 December 2016
627,275,826

Share price per December 2016
32.8

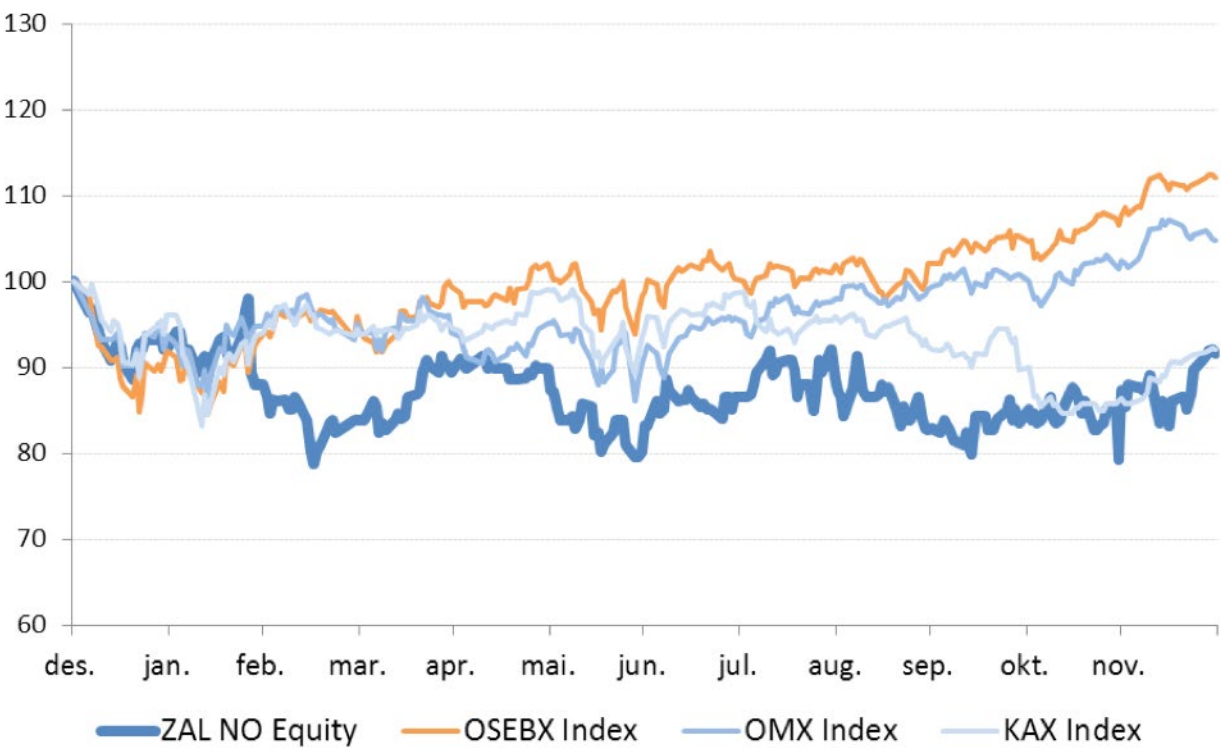
Total number of shares
19,124,263

Proposed dividend per share
0.87

Earnings per share
1.34

Financial Calendar 2017

Event Name	Date
Results Q1	27 April 2017
Annual General Meeting	16 May 2017
Results Q2	16 August 2017
Results Q3	26 October 2017
Results Q4	Ultimo February 2018



Share price development 30 December 2015 – 30 December 2016.
Zalaris vs Scandinavian indexes (indexed as of close 30 December 2015, ex dividend).

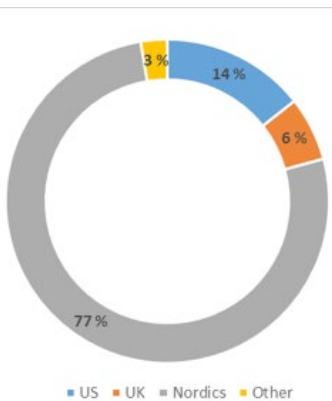
Shareholder

At the end of the year 2016, Zalaris ASA had 844 shareholders. Per 31 March 2017 the number of shareholders was 613 whereof 77 per cent were located in the Nordics.

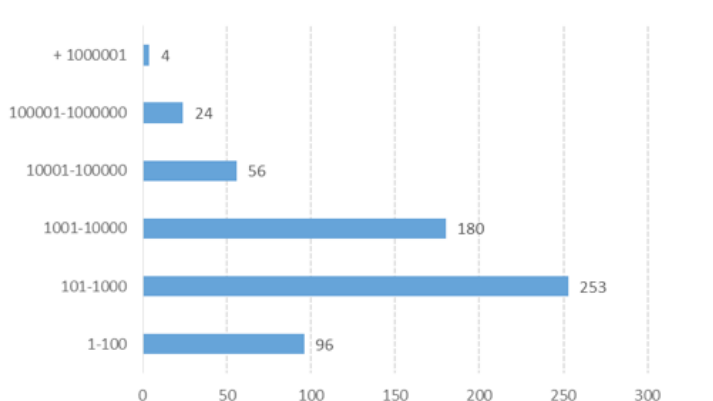
The 20 largest shareholders hold more than 80 per cent of the total shares outstanding. The list below is updated as of 31 March 2017.

Investor	Country	# of Shares	Ownership
1 NORWEGIAN RETAIL AS	NORWAY	3 041 482	15,9%
2 SKANDINAVISKA ENSKILDA BANKEN AB	SWEDEN	2 839 270	14,8%
3 FIDELITY NORDIC FUND	US	1 688 300	8,8%
4 HOME CAPITAL AS	NORWAY	1 426 087	7,5%
5 VPF NORDEA KAPITAL	NORWAY	748 604	3,9%
6 STATE STREET BANK AND TRUST COMP	US	695 000	3,6%
7 VPF NORDEA AVKASTNING	NORWAY	605 705	3,2%
8 PARK LANE FAMILY OFFICE AS	NORWAY	600 000	3,1%
9 CARNEGIE INVESTMENT BANK AB	SWEDEN	427 613	2,2%
10 AVANZA BANK AB	SWEDEN	418 398	2,2%
11 AEQUITAS AS	NORWAY	417 433	2,2%
12 J.P. MORGAN CHASE BANK, N.A., LONDON	UK	337 230	1,8%
13 SEB PRIME SOLUTIONS CARN LONG SHORE	LUXEMBOURG	328 509	1,7%
14 NHO - P665AK	UK	321 759	1,7%
15 TACONIC AS	NORWAY	285 212	1,5%
16 NORDEA 1 SICAV	UK	234 659	1,2%
17 J.P. MORGAN CHASE BANK, N.A., LONDON	UK	225 000	1,2%
18 A/S SKARV	NORWAY	225 000	1,2%
19 VERDIPAPIRFONDET NORDEA NORGE PLUS	NORWAY	224 219	1,2%
20 LUNDHS LABRADOREKSPORT A/S	NORWAY	221 500	1,1%
Total		15 300 980	80,0%

Regional Distribution of Shareholders



Ownership structure by # of shares held (as of 31 March)



Shareholder Information

Shareholder Policy

The investor relation policy of Zalaris is based on the approach that objective, detailed and relevant information to the market is essential for a proper valuation of the company's shares, thus the Company has continuously dialog with analysts and investors.

Zalaris shall give all shareholders the same information at the same time. In contact with analysts and investors, the Board of Directors and the Management of Zalaris shall only communicate already published information.

Zalaris has established a communication channel for the shareholders on its website and all published information is made available on this website. General investor relations inquiries should be addressed to the following email address: ir@zalaris.com

Zalaris strives at all time to publish all relevant information in a timely, correct, non-discriminatory and efficient manner to the market. All relevant information will be published on the Zalaris' website and on the website of the Oslo Stock Exchange. Shareholders can register to Zalaris' Investor Relations distribution list if they would like to receive investor information directly per email.

Zalaris holds quarterly web based presentations highlighting the financial results of the closed quarter and focus areas going forward. In addition

market outlooks and special events which is considered relevant for its shareholders is addressed. The presentation is held by the CEO and the CFO of the Company. Both the quarterly reporting and the presentations will be published on Zalaris' website.

Dividend

Zalaris' overall objective is to create value for its shareholders through an attractive and competitive return in the form of an increase in the value of the share and through the distribution of dividends. The dividends paid should reflect the company's growth and profitability.

Zalaris will aim at making annual dividend payments in the region of 50 per cent of the net profits before tax, provided that this will not influence target growth negatively and that the capital structure is sound and at a satisfactory level. When deciding the final dividend amount to be proposed for the General Meeting, the Board of Directors will also take into consideration Zalaris' capital requirements, including legal restrictions, capital expenditure requirements and potential investment plans.

The Board of Directors proposes a dividend payment of NOK 0.87 per share for the fiscal year 2016. Please note that historical dividends are no assurance for future dividends.

Investor Relations Contacts

The CFO in Zalaris ASA is the main contact person for matters related to financial information, such as quarterly reporting and financial statements.

For all other matter such as new customer contracts or other share price sensitive information, CEO of Zalaris ASA is the contact person.

CEO and founder

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About Zalaris

Zalaris is a leading Business Process Outsourcing (BPO) specialist for Human Resources, Human Capital Management (HCM) and Payroll services. After its founding in 2000, the Norway-based company quickly became an established SAP partner – today one of a few European HR specialists licensed to offer complete SAP HCM and SAP SuccessFactors outsourcing services directly from the cloud. Zalaris serves as “a single source” for a comprehensive range of proven HR solutions that are secure, reliable and configured to unique customer requirements.

Zalaris is represented in Denmark, Estonia, Finland, India, Latvia, Lithuania, Norway, Poland and Sweden as well as in the DACH region (from 2017 onward) through local operating service centers that provide extensive expertise in HR-related laws and regulations. The company is ISO 27001 certified for Information Security Management Systems.

The cloud-based HR offering of the company ranges from Personnel Administration and Payroll including Benefits Management, Pension Administration and Travel Management to Time Management, Talent Management and Personnel Controlling (HR-Analytics). These solutions and services all contribute to the company's leadership position in delivering new enterprise value by improving people, processes and performance.

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