

Clients realize cloud services potential for their HR and payroll solutions, shifting income to Zalaris' Cloud services segment and supporting further growth.

Interim Report Q2 and H1 2016

HIGHLIGHTS

- Generated quarterly revenues of NOK 95.3 million compared to NOK 92.3 million for Q2/15. EBIT for Q2/16 reached NOK 7.1 million or 7.5%.
- Signed two new blue-chip customer agreements to provide cloud-based HR and payroll solutions to approximately 6,000 employees in Sweden.
- Grew cloud services to represent 6.3% of group revenues (0.8%).
- Served more than 200,000 employees by Zalaris' solutions, a key milestone.
- Increased utilization of Chennai Service Centre according to plan.

KEY FIGURES

All figures in NOK 1 000	2016	2015	2016	2015	2015
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Revenue	95 288	92 295	193 784	186 478	373 719
Growth (y-o-y)	3,1 %	29,9 %	3,9 %	28,4 %	14,6 %
Operating profit*	7 146	8 849	14 849	18 700	33 829
Operating profit margin	7,5 %	9,6 %	7,7 %	10,0 %	9,1 %
Ordinary Profit before tax	6 412	8 249	13 640	17 983	31 353
Profit for the period	4 687	6 157	10 260	13 325	23 295
Earnings per share	0,21	0,29	0,47	0,62	1,11
Net cash from operating activities	10 813	9 055	(3 939)	1 559	29 291
Headcount end of the period	456	443	456	443	452



Expanding customer sets, markets and offerings to increase stakeholder value expectations

This is a pivotal year in Zalaris' history as we advance new efficiencies, including cloud and mobile innovations for customers, while implementing major internal operational improvements. We are primed for long-term success and continued shareholder value.

Hans-Petter Møllerud, CEO



INSIGHTS FROM THE CEO

Zalaris' position as a leading provider of outsourced payroll and HR services continued to strengthen throughout the first half of 2016. Our revenue grew 3.1% to NOK 95.3 million in the second quarter and 3.9% to NOK 194 million for the first six months of the fiscal year. For the first time, Zalaris served more than 200'000 employees on a monthly basis. Other period highlights included the signing of two new blue-chip customer agreements with expansion potential.

Market demand for Zalaris services remains strong.

Although short term growth for Q2/16 is below the historic growth, Zalaris is well-positioned for continued long-term success as our pipeline of new customers is strong.

Some of our existing customers are operating under challenging market conditions and therefore have been reducing their own headcount and activity levels. This includes for example cutbacks in travel consequently reducing variable revenue from processing travel expenses. These challenging market conditions, on the other hand, create opportunities for Zalaris to support customer's objectives through implementing additional innovative services.

In Q2 we finalized agreements for the provision of payroll cloud services in Sweden with *Scandinavian Airlines* and a *Leading Electronics Utility Company*. The Implementation projects for both agreements are underway and scheduled for production start in Q1 2017. In total, this will bring approximately 6,000 new employees onto our platform.

Interest remains high in Zalaris services, contributing to an increased pipeline in terms of both the number of potential deals and annual contract value (ACV).

Key drivers range from companies globalizing their HR functions to the general emphasis on cost reduction. Based on the positive outlook by industry analysts for Multi Country Payroll Outsourcing (MCPO), combined with our strength in that area, we have reaffirmed our strategy and operational framework – with the goal to become a leading European provider.

We have strengthened our sales and marketing organization, and will continue advancing sales-related efforts and initiatives. This ensures that Zalaris has resources to support customers identify improvement opportunities through the addition of new services as well as in priming Zalaris for new business.

Margin improvements from transition of work to Chennai service center

Our objective to fully utilize our Chennai service center capacity remains on track, with high ongoing transition project activity in accordance with overall plans to ensure long-term margin improvements. As we during this project phase operate with temporarily higher staffing to preserve quality and customer satisfaction, we are incurring short-term higher resource costs.

Based on our transition results to date, we have executed corresponding onshore capacity adjustments. The effect of these is estimated at approximately NOK 2 million per month. The majority of these cost savings will fully be realized over the next two quarters. In addition to increasing margins, the realized savings will be reinvested into improved services and growth-related activities.

Hans-Petter Møllerud, CEO



FINANCIAL REVIEW

(Figures in brackets = same period or balance date last year, unless otherwise specified)

Group revenues

Q2/16 revenues amounted to NOK 95.3 million (NOK 92.3 million), a 3.2% increase compared to the same quarter last year. Corresponding figures from previous year included extraordinary revenues related to a termination of an HR-outsourcing contract in Q2/15. When excluding this effect, the growth rate for ongoing business was 6.8%. This reflects a continuously growing Cloud Services business segment, which reached NOK 6.4 million revenues in Q2/16 (NOK 0.8 million).

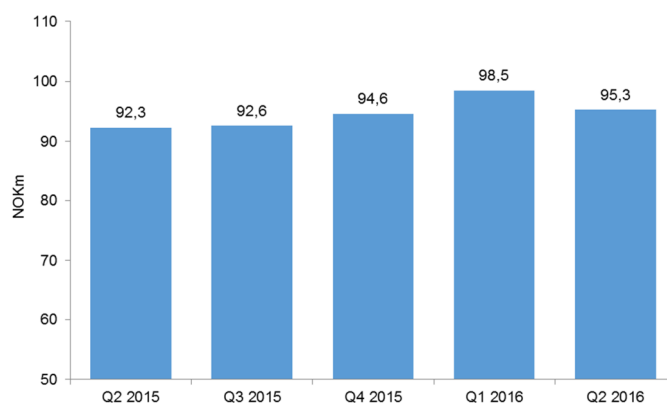
Compared to previous quarter, group revenues declined 3.3%. This decrease is the result of expected and normal seasonal variations with a lower level of variable revenues within the HR Outsourcing business in the second and third quarter of the year. In Q2/16, the Cloud services business segment confirmed its revenue growth compared to Q1/16, with a growth of 20.5%. This corresponds to NOK 1.0 million. On the contrary, consulting revenues reported a NOK 0.7 million downtick due to a higher utilization of consulting resources on improvement projects mainly related to a new portal release with improved functionality for our customers.

The HR Outsourcing business segment constituted 91.1% of total group revenues in Q2/16. This is a slight decrease of 0.7% compared to Q1/16 and a more significant 4.8% decline compared to Q2/15. Cloud revenues represented 6.3% of total group revenues (0.8%) in Q2/16.

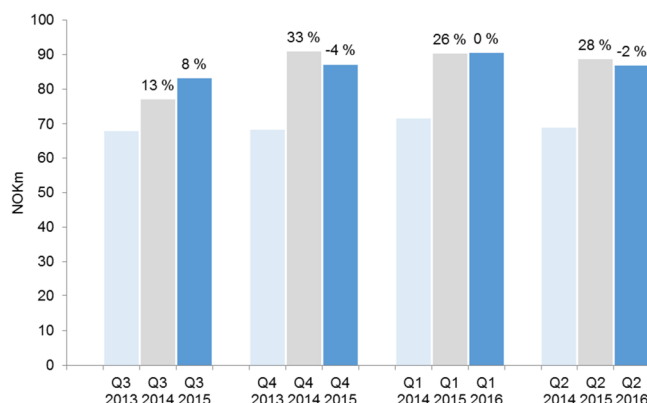
Q2/16 revenues relating to the HR Outsourcing business declined 2.0% compared to Q2/15. The main reason for this reduction is the extraordinary revenues included in previous year's numbers.

Top revenue contributor in Q2/16 is still Norway with a stable 41.0% compared with previous quarter. Compared to Q2/15, Denmark, Sweden and Baltics & Poland have all increased their revenue contribution by two percentage points as a result of Zalaris winning new customers outside Norway and expanding geographically with existing customers.

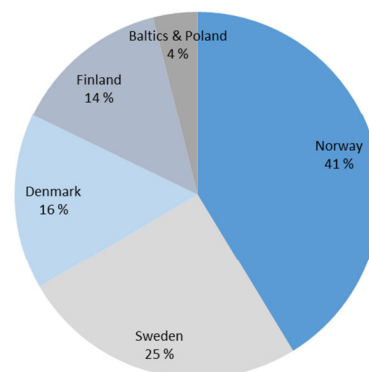
Group revenue increased by 3.2% compared to Q2/15



HR Outsourcing revenue share represents 91.3% of the total group revenues



Top revenue contributor in Q2/16 is still Norway





Profit and loss

In Q2/16 total operating costs amounted to NOK 88.1 million, or 92.5% of revenue (NOK 83.4 million, 90.4%).

Costs related to licenses reached NOK 6.5 million in Q2/16. This represents 6.8% of total revenues and corresponds to an increase of 2.2 percentage points compared to Q2/15 (NOK 4.3 million or 4.6%). As for previous quarter, the higher level of license costs is a direct consequence of revenue growth in the Cloud services unit.

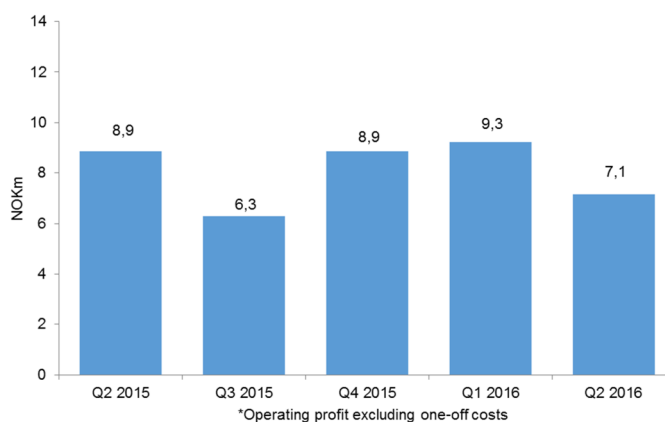
Total personnel costs for the quarter amounted to NOK 52.6 million (NOK 51.7 million), 55.2% of revenues (56.0%). Personnel costs were influenced by increased number of employees driven by Zalaris own office premises in India. The reported ongoing downsizing project is progressing as expected with full cost effect from Q2/17. A high utilization of consulting capacity on both customer implementation projects and internal improvement projects, had a positive impact on the personnel costs compared to the same quarter previous year.

The establishment of our office in India in October 2015 also contributed to an increase of other operating expenses amounting to NOK 20.4 million. This corresponded to 21.4% of the total revenue (NOK 17.8 million or 19.3%). In addition an extraordinary high level of expenses related to the transfer of tasks to India occurred in Q2/16.

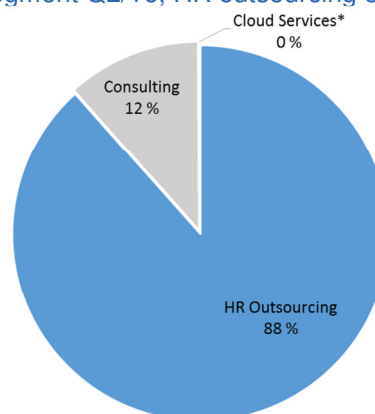
The margin in the Cloud Services segment is influenced by a one-off adjustment of NOK 0.5 million based on assessment of % completion of a large project.

In Q2/16 our group operating profit amounted to NOK 7.1 million or 7.5% (NOK 8.9 million or 9.6%). Q2/15 numbers included a profit from extraordinary revenues of NOK 0.6 million.

Operating profit* for the quarter is affected by over-capacity in HR Outsourcing

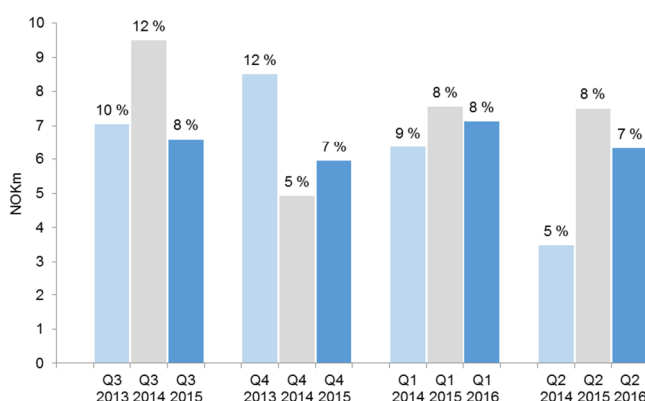


EBIT per segment Q2/16, HR outsourcing 88% of EBIT



*see comments related to one-off adjustments of Cloud Services' EBIT.

Lower level of variable revenue impacts operating profit margin for the quarter





Financial position and liquidity

As of 30 June 2016, total assets amounted to NOK 181.5 million (NOK 195.0 million). Total equity amounted to NOK 93.8 million (NOK 91.6 million), equal to an equity ratio of 51.7% (47.0%).

Group cash and cash equivalents was NOK 40.5 million (NOK 52.6 million) as of the end of Q2/16. Cash from operating activities amounted to NOK 10.8 million (NOK 9.1 million). The positive cash flow mainly resulted from a decrease in accounts receivables during the quarter.

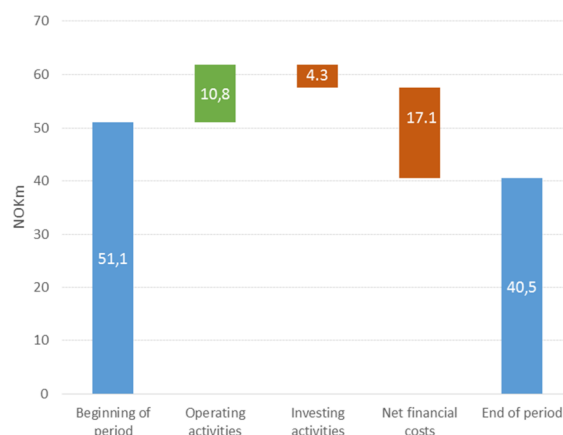
Investment activities in Q2/16 were, as in the previous quarter, mainly related to projects initiated to further secure the handling of our customers' sensitive HR master data and payroll records. The company also proceeded with projects that have the purpose to fulfill the target of complete digitization of service delivery processes.

Dividend payment was the reason for the high level of net financial costs in the quarter.

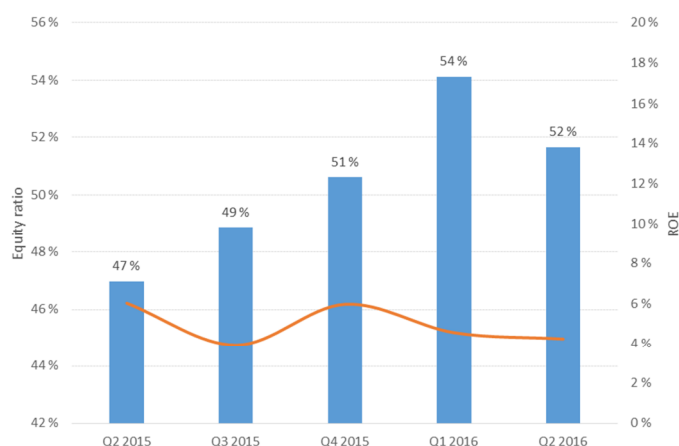
The Group had an unused credit facility of NOK 15.0 million at the end of the reporting period.

Interest bearing debt amounted to NOK 1.8 million (NOK 2.5 million) at the end of Q2/16.

Cash decomposition, Q1/16 to Q2/16



Equity ratio and return on equity (ROE)





Operational KPIs

The number of customer employees served by the HR Outsourcing unit indicates the volume of transactions and services delivered by Zalaris' HR Outsourcing unit, although the scope of services provided varies for each customer.

Our HR Outsourcing division served an average of 200,000 employees per month during Q2/16, resulting in a 5.6% and 1.6% uptick compared to Q2/15 and Q1/16 respectively.

To reflect Zalaris' delivery model with labor arbitrage as an important factor to reach our strategic objectives, the graph showing number of FTEs and employees served per FTE was updated to include offshore resources.

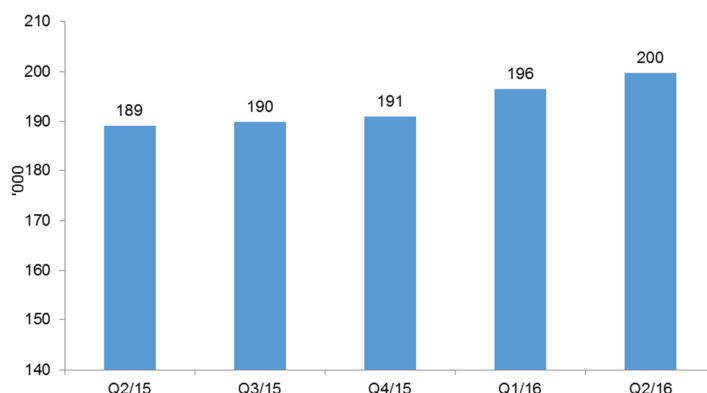
Each FTE (full time equivalent) within the HR Outsourcing segment has served an average number of 623 employees in Q2/16. Q4/15 reflects the increase in offshore resources. Zalaris proceeded well in transferring transactional task to its service center in India. Offshore percentage in the HR Outsourcing unit end of Q2/16 was 21% (9%). The ongoing consolidation of service centers in the Nordic countries and thus downsizing of local resources will improve the measured efficiency in Zalaris' deliveries.

Group headcount was 456 at the end of Q2/16. The allocation of resources shows an increase in our offshore presence, in line with current strategy.

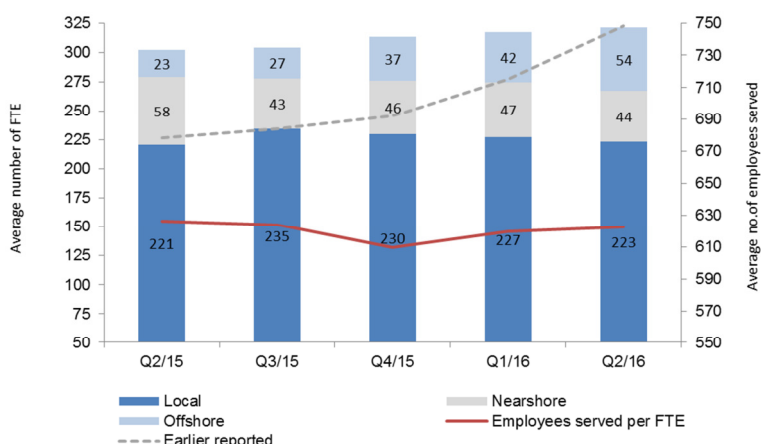
The number of offshore employees was 73 at the end of the quarter compared to 48 employees at the start-up of our India office in October 2015. Our nearshore presence had a minor increase compared to last quarter. The presence of offshore and nearshore resources represents 32% of the total workforce at the end of Q2/16.

Total number of FTEs at the end of the quarter was 444.

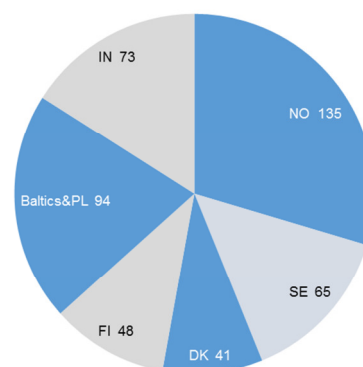
of employees served by Zalaris systems ('000)
shows continuous stable growth



of FTEs and employees served per FTE ('000)
shows increased efficiency in Zalaris' deliveries



Total headcount of 456 at the end of Q2/16





OUTLOOK

There are no significant changes in the Company's outlook from the previous quarter, and the opportunities continue to be favorable for HR technology and outsourcing services in the markets Zalaris serve.

The Company's pipeline of new opportunities is firm. This is reflected in the number of Requests For Proposal (RFP) that Zalaris currently is responding to.

Zalaris continues to invest in new and improved solutions to better support customers. We are pursuing

process improvements and cost savings for our customers as well as Zalaris, while increasing our scope of services to capture more of the people process value chain.

Zalaris continues its dual focus of maintaining satisfied customers and achieving higher cost efficiency for increased profitability.

The European market for business process outsourcing remains strong, and the Company is continuously exploring growth opportunities in and outside our Nordic home market.

Oslo, 17 August 2016
The Board of Directors of Zalaris ASA

Lars Laier Henriksen
(chairman)

Karl Christian Agerup

Liselotte Hægert Engstam

Tina Steinsvik Sund

Jan M. Koivurinta

*This interim report was not reviewed by
The Company's auditors*



Interim consolidated condensed financial statements

Consolidated Statement of Profit and Loss

(NOK 1000)	Notes	2016	2015	2016	2015	2015
		Apr-Jun <i>unaudited</i>	Apr-Jun <i>unaudited</i>	Jan-Jun <i>unaudited</i>	Jan-Jun <i>unaudited</i>	Jan-Dec
Revenue	2	95 288	92 295	193 784	186 478	373 719
Operating expenses						
License costs		6 484	4 289	12 871	8 869	22 785
Personnel expenses	3	52 610	51 723	107 126	105 483	208 140
Other operating expenses		20 357	17 850	40 767	37 051	77 390
Depreciations		452	220	870	432	1 066
Amortisation intangible assets	4	2 353	1 793	4 536	3 662	7 606
Amortisation impl. costs customer	5	5 885	7 571	11 206	12 282	22 903
Extraordinary costs		-	-	1 558	-	-
Total operating expenses		88 142	83 446	178 935	167 778	339 890
Operating profit		7 146	8 849	14 849	18 700	33 829
Financial items						
Financial income		532	102	1 875	711	1 801
Financial expense		(1 266)	(702)	(3 085)	(1 428)	(4 277)
Net financial items		(734)	(600)	(1 210)	(717)	(2 476)
Ordinary profit before tax		6 412	8 249	13 640	17 983	31 353
Income tax expense						
Tax expense on ordinary profit		1 726	2 093	3 380	4 658	8 058
Total tax expense		1 726	2 093	3 380	4 658	8 058
Profit for the period		4 687	6 157	10 260	13 325	23 295
Profit attributable to:						
- Owners of the parent		3 979	5 523	8 889	11 876	21 161
- Non-controlling interests		707	634	1 371	1 449	2 134
Earnings per share:						
- Basic and diluted		0,02 %	0,03 %	0,05 %	0,11 %	0,11 %
- NOK		0,21	0,29	0,47	1,11	1,11



Consolidated Statement of Comprehensive Income

(NOK 1000)	Notes	2016	2015	2016	2015	2015
		Apr-Jun <i>unaudited</i>	Apr-Jun <i>unaudited</i>	Jan-Jun <i>unaudited</i>	Jan-Jun <i>unaudited</i>	Jan-Dec
Profit for the period		4 687	6 157	10 260	13 325	23 295
Other comprehensive income						
Items that will be reclassified to profit and loss in subsequent periods						
Currency translation differences		(959)	(128)	(2 068)	(323)	2 644
Total other comprehensive income		(959)	(128)	(2 068)	(323)	2 644
Total comprehensive income		3 728	6 028	8 191	13 003	25 938
Total comprehensive income attributable to:						
- Owners of the parent		3 020	5 394	6 820	11 554	23 804
- Non-controlling interests		707	634	1 371	1 449	2 134



Consolidated Statement of Financial Position

(NOK 1000)	Notes	2016 30. Jun	2015 30. Jun	2015 31. Dec
		<i>unaudited</i>	<i>unaudited</i>	
ASSETS				
Non-current assets				
Intangible assets				
Other intangible assets	4	36 391	34 850	36 230
Total intangible assets		36 391	34 850	36 230
Deferred tax asset		2 904	4 763	3 110
Fixed assets				
Office equipment		1 164	166	738
Property, plant and equipment		4 338	1 997	4 990
Total fixed assets		5 502	2 163	5 727
Total non-current assets		44 797	41 776	45 067
Current assets				
Trade accounts receivable		57 890	66 767	59 318
Customer projects	5	30 105	26 645	26 323
Other short-term receivables		8 249	7 166	5 439
Cash and cash equivalents		40 498	52 638	67 740
Total current assets		136 743	153 216	158 820
TOTAL ASSETS		181 540	194 992	203 887



Consolidated Statement of Financial Position

		2016	2015	2015
(NOK 1000)	Notes	30. Jun	30. Jun	31 Dec
		<i>unaudited</i>	<i>unaudited</i>	
EQUITY AND LIABILITIES				
Equity				
Paid-in capital				
Share capital		1 912	1 912	1 912
Own shares - nominal value		(6)	(6)	(6)
Share premium		37 048	53 224	53 224
Total paid-in capital		38 954	55 131	55 131
Retained earnings		48 858	31 307	43 436
Equity attributable to equity holders of the parent		87 812	86 438	98 567
Non-controlling interests		5 972	5 179	4 601
Total equity		93 783	91 617	103 168
Non-current liabilities				
Deferred tax		2 222	1 531	2 349
Interest-bearing loans and borrowings		1 807	2 463	2 125
Employee-defined benefit liabilities		460	718	34
Total long-term debt		4 490	4 713	4 508
Current liabilities				
Trade accounts payable		9 286	6 733	14 582
Income tax payable		6 745	3 065	4 401
Public duties payable		22 709	22 853	25 221
Other short-term debt		44 527	66 012	52 007
Total short-term debt		83 267	98 663	96 211
Total liabilities		87 757	103 376	100 719
TOTAL EQUITY AND LIABILITIES		181 540	194 992	203 887



Consolidated Statement of Cash Flow

		2016	2015	2015
(NOK 1000)	Notes	Apr-Jun	Apr-Jun	Jan-Dec
Cash Flow from operating activities		<i>unaudited</i>	<i>unaudited</i>	
Operating profit		7 146	8 849	33 829
Depreciations and impairments		452	220	1 066
Amortisation intangible assets		2 353	1 793	7 606
Amortisation implementation costs customer projects		5 885	7 571	22 903
Customer projects		(6 388)	(7 374)	(23 909)
Taxes paid		5	(1 372)	(3 475)
Changes in accounts receivable and accounts payable		8 637	(263)	7 078
Changes in other short term debt and disposals		(7 278)	(369)	(15 807)
Net cash flow from operating activities		10 813	9 055	29 291
Cash flows from investing activities				
Purchase of fixed and intangible assets		(4 328)	(6 265)	(18 547)
Net cash flow from investing activities		(4 328)	(6 265)	(18 547)
Cash flows from financing activities				
Net financial items		(734)	(600)	(2 476)
Proceeds from issue of new borrowings				550
Repayments of borrowings		(205)	262	(896)
Dividend payments		(16 177)	(14 273)	(14 273)
Dividend payments to non-controlling interest		-	-	(1 263)
Net cash flow from financing activities		(17 115)	(14 612)	(18 358)
Net changes in cash and cash equivalents		(10 630)	(11 821)	(7 614)
Cash and cash equivalents at the beginning of the period		51 127	64 459	75 354
Cash and cash equivalents at the end of the period		40 498	52 638	67 740
Unused credit facilities		15 000	15 000	15 000



Consolidated Statement of Changes in Equity

(in NOK 1000)	Share capital	Own shares	Share premium	Total paid-in equity	Cumul. translation differences	Other equity	Non-controlling interests	Total equity
Equity at 01.01.2016	1 912	(6)	53 224	55 131	1 852	41 144	5 041	103 168
Profit of the period				-		8 889	1 371	10 260
Other comprehensive income				-	(2 070)			(2 070)
Other changes				-		(1 397)		(1 397)
Transaction costs related to IPO				-				-
Purchase/sale of own shares (net)				-				-
Dividend			(16 177)	(16 177)				(16 177)
Equity at 30.06.2016	1 912	(6)	37 047	38 954	(218)	48 637	6 412	93 783
Equity at 01.01.2015	1 912	(6)	67 498	69 404	(792)	20 545	3 730	92 887
Profit of the period				-		11 876	1 449	13 325
Other comprehensive income				-	(323)			(323)
Other changes				-				-
Transaction costs related to IPO				-				-
Purchase/sale of own shares (net)				-				-
Dividend			(14 273)	(14 273)				(14 273)
Equity at 30.06.2015	1 912	(6)	53 225	55 131	(1 114)	32 421	5 179	91 617
Equity at 01.01. 2015	1 912	(6)	67 499	69 404	(792)	20 104	4 170	92 887
Profit of the period				-		21 161	2 134	23 295
Other comprehensive income				-	2 644			2 644
Other changes				-		(121)		(121)
Transaction costs related to IPO				-				-
Purchase/sale of own shares (net)				-				-
Dividend			(14 274)	(14 274)			(1 263)	(15 537)
Equity at 31.12. 2015	1 912	(6)	53 224	55 130	1 852	41 144	5 041	103 168



Notes to the interim consolidated condensed financial statements

Note 1 – General Information and basis for preparation

General information

Zalaris ASA is a public 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.

Zalaris' interim financial statements for the second quarter of 2016 were authorized for issue by the board of directors on 17 August 2016.

Basis for preparation

These interim consolidated condensed financial statements are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The condensed interim financial statements do not include all of the information and disclosures required by International Financial Reporting Standards (IFRS) for a complete set of financial statements, and these condensed interim financial statements should be read in conjunction with the annual financial statements. The interim condensed consolidated financial statements for the three months ended 30 June, have not been audited or reviewed by the auditors.

A description of the significant accounting policies is included in Zalaris' annual financial statements for 2015, and applies to these interim consolidated condensed financial statements. New and amended standards applicable for the period starting 1 April 2016 did not have any effect for the Company.

Going concern

With reference to the Norwegian Accounting Act § 3-3, the Board confirms its belief that conditions exist for continuing operations and that these interim consolidated condensed financial statements have been prepared in accordance with the going concern principle.



Note 2 – Segment Information

The Company has three operating segments, which are Outsourcing, Cloud Services and Consulting Outsourcing, offering a full range of payroll and HR outsourcing services, including payroll processing, 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 solutions. 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..

Information is organized 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's 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.

2016 Jan-Jun

(NOK 1.000)	HR Outsourcing	Cloud- services	Consulting	Unallocated	Total
Other operating income, external	177 221	11 015	5 548		193 784
Other operating expenses	(147 490)	(9 645)	(3 629)		(160 764)
Depreciation and amortisation	(16 270)	(245)	(97)		(16 612)
IPO related costs				(1 558)	(1 558)
Operating profit/(loss)	13 461	1 125	1 822	(1 558)	14 850
Net financial income/(expenses)				(1 210)	(1 210)
Income tax				(3 337)	(3 380)
Profit for the period	13 461	1 125	1 822	(6 104)	10 260
Cash flow from investing activities				(5 599)	(5 599)

2015 Jan-Jun

(NOK 1.000)	HR Outsourcing	Cloud- services	Consulting	Unallocated	Total
Other operating income, external	178 800	1 037	6 641	-	186 478
Other operating expenses	(147 533)	(905)	(2 964)	-	(151 402)
Depreciation and amortisation	(16 208)	(23)	(146)	-	(16 377)
IPO related costs					-
Operating profit/(loss)	15 060	109	3 530	-	18 700
Net financial income/(expenses)				(717)	(717)
Income tax				(4 658)	(4 658)
Profit for the period	15 060	109	3 530	(5 375)	13 325
Cash flow from investing activities				(9 278)	(9 278)

2015 Jan-Dec

(NOK 1.000)	HR Outsourcing	Cloud- services	Consulting	Unallocated	Total
Revenue	349 076	10 160	14 484		373 720
Operating expenses	(290 133)	(8 479)	(9 703)		(308 315)
Depreciation and amortisation	(31 332)	(70)	(173)		(31 575)
One-Off 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)



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, corresponds to the geographical location of the customers.

Revenue from external customers attributable to:

(NOK 1000)	<i>as % of total</i>	2016 Apr-Jun	<i>as % of total</i>	2015 Apr-Jun	<i>as % of total</i>	2015 Jan-Dec
Norway	41 %	39 278	47 %	43 828	47 %	177 467
Sweden	25 %	24 093	23 %	21 075	22 %	83 693
Denmark	16 %	14 800	16 %	14 594	16 %	59 108
Finland	14 %	13 286	12 %	11 148	12 %	44 763
Other	4 %	3 731	2 %	1 650	2 %	8 689
Total	100 %	95 189	100 %	92 295	100 %	373 719

Information about major customers

(NOK 1000)	<i>as % of total</i>	2016 Apr-Jun	<i>as % of total</i>	2015 Apr-Jun	<i>as % of total</i>	2015 Jan-Dec
5 largest customer	47 %	44 863	46 %	42 456	50 %	186 884
10 largest customer	68 %	64 890	63 %	58 315	68 %	253 635
20 largest customer	83 %	79 123	79 %	72 796	83 %	308 500

Note 3 – Personnel Costs

(NOK 1000)	2016 Apr-Jun	2015 Apr-Jun	2015 Jan-Dec
Salary	48 936	45 276	188 177
Bonus	46	648	4 833
Social security tax	6 208	7 059	26 578
Pension costs	4 849	4 604	18 375
Other expenses	3 052	2 152	8 783
Capitalised development expenses	(1 997)	(1 112)	(8 079)
Capitalised implementation costs customer projects	(8 483)	(6 904)	(30 527)
Total salary expenses	52 610	51 723	208 140

Average number of employees:	452	413	418
Average number of FTEs:	428	378	388



Note 4 – Other Intangible Assets

(NOK 1000)	Licenses and software	Internally developed software	Internally developed software under construction	Total
Book value 01.01.2015	9 833	15 417	4 373	29 624
Additions of the period	570	13 775	13 518	27 862
Disposals and currency effects in the period	23	102	(13 775)	(13 650)
This period ordinary amortisation	(2 287)	(5 320)	-	(7 606)
Book value 31.12.2015	8 140	23 974	4 117	36 230
Book value 01.01.2016	8 140	23 974	4 117	36 230
Additions of the period	505	2 659	4 154	7 318
Disposals and currency effects in the period	(20)	58	(2 659)	(2 621)
This period ordinary amortisation	(925)	(3 611)	-	(4 536)
Book value 30.06.2016	7 700	23 080	5 612	36 391
Book value 01.01.2015	9 833	15 417	4 373	29 624
Additions of the period	550	2 052	8 406	11 008
Disposals and currency effects in the period	(24)	(42)	(2 054)	(2 120)
This period ordinary amortisation	(1 190)	(2 473)	-	(3 662)
Book value 30.06.2015	9 170	14 955	10 725	34 850
Useful life	3-10 years	5 years		



Note 5 – Customer Projects

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 (transition and/or transformation costs) may be deferred when they are specific to a given contract, relate to future activity on the contract and/or will generate future economic benefits, and are recoverable. These costs are allocated to work-in-progress (customer projects), and any prepaid revenues by the client are 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."

	2016	2015	2015
(NOK 1000)	Jun	Jun	Dec
Deferred costs related to customer projects	85 845	69 106	81 636
Deferred revenue related to customer projects	(55 740)	(42 461)	(55 313)
Net customer implementation costs	30 105	26 645	26 323

Note 6 – Transactions with Related Parties

There have been no material transactions with related parties during the reporting period 1st of January to 31st of March 2016. Please refer to the annual financial statements for further information.

Note 7 – Events after Balance Sheet Date

According to Zalaris executive remuneration policy approved by the board of directors on 22 April 2015, an employee share purchase program including matching of restricted stock units, has been developed. It was decided in the annual general meeting on 13 May 2016 to implement this program. Further details about the program are available in Zalaris executive remuneration policy which is part of the annual report 2015 approved by the board of directors on the 19 of April 2016 .

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



Key figures

Key financials	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
NOKm except per share figures									
Revenues	71,1	83,6	97,3	94,2	92,3	92,6	94,6	98,5	95,3
Revenue growth (y-o-y)	21 %	17 %	35 %	27 %	30 %	11 %	-2,8 %	4,6 %	3,2 %
EBITDA	5,0	10,2	13,8	11,9	10,9	8,3	11,4	11,9	10,0
EBITDA margin	7 %	12 %	14 %	13 %	12 %	9 %	12 %	12 %	10 %
EBIT excl. extraordinary items	3,2	8,3	11,8	9,9	8,9	6,3	8,9	9,3	7,1
EBIT margin	5 %	10 %	12 %	10 %	10 %	7 %	9,4 %	9,4 %	7,5 %
Ordinary Profit Before Tax	-1,1	-0,6	5,5	9,7	8,3	5,0	8,4	7,2	6,4
Income Tax Expense	-0,3	-0,2	1,6	2,6	2,1	1,1	1,6	1,7	1,7
Non- Controlling Interests	0,3	-0,1	0,7	0,8	0,6	0,0	0,6	0,7	0,7
Net income	-1,1	-0,4	3,2	6,4	5,5	3,8	6,2	4,9	4,0
Profit margin	-1 %	0 %	3 %	7 %	6 %	4 %	6,5 %	5,0 %	4,2 %
Weighted # of shares outstanding (m)			19,0	19,1	19,0	19,0	19,0	19,0	19,0
Basic EPS	-0,1	-0,0	0,2	0,3	0,3	0,2	0,3	0,3	0,2
Diluted EPS	-0,1	-0,0	0,2	0,3	0,3	0,2	0,3	0,3	0,2
DPS					0,8				
Cash flow items									
Cash from operating activities	-3,8	25,0	15,9	-7,5	9,1	6,2	21,6	-14,8	10,8
Investments	-2,8	-1,7	-8,7	-3,0	-6,3	-6,2	-3,1	-1,3	-4,3
Net changes in cash and cash equi.	38,1	21,3	6,4	-10,9	-11,8	-1,5	16,6	-16,6	-10,6
Cash and cash equivalents end of period	47,5	68,8	75,2	64,5	52,6	51,2	67,7	51,1	40,5
Equity	91,3	89,2	92,9	99,9	91,6	97,1	103,2	107,6	93,8
Equity ratio	54 %	44 %	45 %	49 %	47 %	49 %	51 %	54 %	52 %
ROE			3 %	6 %	6 %	4 %	6 %	5 %	4 %
Number of FTE (Period End)	361	380	372	379	378	374	419	426	444
Segment overview	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
NOKm									
Revenues	71,1	83,6	97,3	94,2	92,3	92,6	94,6	98,5	95,3
HR Outsourcing	68,9	77,0	90,9	90,2	88,6	83,2	87,1	90,4	86,8
Consulting	1,9	2,1	4,3	3,7	2,9	3,2	4,6	3,1	2,4
Cloud Sourcing	0,2	4,5	2,2	0,3	0,8	6,2	2,9	5,0	6,0
Adjustments	-	-	-	-	-	-	-	-	-
EBIT	3,2	8,3	11,7	9,9	8,9	6,3	8,9	9,3	7,1
HR Outsourcing	3,5	9,5	4,9	7,6	7,5	6,6	6,0	7,1	6,3
Consulting	-0,2	-2,2	1,5	2,3	1,3	-1,3	2,4	1,0	0,8
Cloud Sourcing	0,0	0,9	0,4	0,0	0,1	1,0	0,5	1,1	-0,0
Adjustments	-	-	-	-	-	-	-	-	-



For questions, please contact

Nina Stemshaug

CFO

nina.stemshaug@zalaris.com

+47 982 60 394

Hans-Petter Mellerud

CEO

hans-petter.mellerud@zalaris.com

+47 928 97 276

Financial information

Interim report Q3 2016 to be published on Oct. 26th 2016

All financial information is published on the Zalaris' website:

<http://www.zalaris.com/Investor-Relations/>

Financial reports can also be ordered at ir@zalaris.com .

Zalaris ASA

PO Box1053 Hoff

0218 Oslo

Norway