Annual Financial Statements
The North Alliance Group

The North Alliance

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The North Alliance

BOARD OF DIRECTORS' REPORT - 2016

The company

The North Alliance AS (NOA) is a group of companies offering services within communication, design and technology. The family of companies operates in Norway, Sweden, Denmark, Poland and USA.

The group includes the following companies:

- Making Waves (NO, SE, PL, US)	Design & Technology
- Åkestam Holst (SE)	Communication
- Bold (SE, DK, NO)	Design
- Promenad (SE)	Action Marketing and CRM
- Great Works (SE, DK)	Digital strategy and innovation
- AndCo (DK)	Communication
- Anorak (NO)	Communication

In January 2016 NOA acquired the Swedish/American technology and design company Nansen, with over 100 employees in Stockholm, Chicago and New York. In Q3 an operational merger was completed with Making Waves.

NOA has closed down operations of StudioNoc in Q4 2016. Main reasons are low performance and limited synergies with other companies in the NOA group.

Financial results

Total operating revenue for the year amounted to 984.9 MNOK. Total net revenue for the year amounted to 721.8 MNOK. This represents 35,1 % growth compared to the 2015 group revenue figures. Group EBITDA for the year came in at 41.5 MNOK. Adjusted for transaction costs and one-offs, EBITDA for the year was 66.2 MNOK.

The North Alliance has seen a satisfactory operational cash conversion. The cash flow has been affected by financing and investing activities. Main effect is cash used for investing activities, including acquisition of fixed assets. Finance cost, depreciations and changes in working capital have been the most important elements affecting the cash flow from operating activities.

The group has a strong cash position at 31.12.2016.

The Company's (holding) income in 2016 was MNOK 15.1 and is solely related to intercompany management services (2015: MNOK 15.2). The operating loss was MNOK -4.3 (2015: -1.4) and the annual result after tax was MNOK -1.3 (2015: -2.2).

It is proposed that NoA's loss for the year after tax should be allocated as follows (MNOK):

Dividend	0.0
Transferred from other equity	1.3
Total allocated	1.3

Total equity for the NoA Group per 31.12.2016 was MNOK 396.8 and total assets were 795.2 MNOK.

Going concern

The financial statements have been prepared on the basis of a going concern assumption. This assessment is based on the group's expectations for 2017, a satisfactory liquidity position and undrawn credit facilities. The Board of Directors believes that the financial statements provide a fair presentation of NoA's assets and liabilities, financial position and results.

Subsequent events

No significant subsequent events

External environment

The group does not produce goods or services that use environmentally hazardous input factors. The environmental awareness of the group's main suppliers is assessed as part of the group's procurement process.

Employees and working environment

The group attaches great importance to health, safety and environment, and activities in this area are organised by the working environment committee, the sports and recreation organisation and HR. Cooperation with the employees' organisations has been satisfactory. The sickness absence rate for the group was in average 3.5% during 2016 compared to 6% in 2015. The group is constantly working to reduce the sickness absence rate. No working accidents were reported during 2016. Many nationalities are represented both in Norway and abroad, and the employees work well together. The group has a recruitment and HR policy that ¬ensures equal -opportunities and rights, while preventing discrimination.

Equal opportunities

In 2016, NoA had an average of 665 employees, 38% of them women. At the end of 2016 the group's Board of Directors had six members elected by shareholders, all men. The group's administrative management consisted of one woman and three men in 2016. Of the group's subsidiaries, 30% are headed by women and 70% by men.

Research and development

The group does not have any costs that are classified as research and development. It nevertheless commits substantial resources to developing its activities in digital technologies platforms. This is a constant area of focus but all of these costs have currently been expensed in the income statement.

Corporate governance and company management

NoA aims to follow the recommendations of the Oslo Stock Exchange and NUES with regard to good corporate governance and company management. A good reputation and good financial development are prerequisites for building and maintaining confidence among important target groups such as shareholders, customers, employees, suppliers, partners and public authorities. This requires that the company will be managed using good control and management mechanisms. Open, honest communication and equal treatment of the company's share- and bondholders are also important when it comes to increasing value and inspiring confidence. The company has rules and guidelines for the Board of Directors and the CEO. Refer to the company website for further reporting on corporate governance and control.

Work of the Board of Directors

The Board of Directors regularly receives a group-reporting package containing financial information on the group and the individual group companies. The Board also regularly receives management's comments on developments during the year. The company's strategy is discussed on a broad basis at an extended Board Meeting every year. There is also a rotating review of subsidiaries at individual Board Meetings. The Board of Directors evaluate their work annually.

Risk management and internal control

The group is exposed to various types of financial risk linked to ordinary operations. In the short term this involves unpredictable advertising markets in particular, but also technical business interruptions and distribution. The group therefore has comprehensive systems in place for monitoring and dealing with such situations.

The group is exposed to risks associated with operations in several foreign currencies. This risk is assessed continuously. Exposures to currency exchange rates arise from the Group's overseas sales, which are primarily denominated in SEK, DKK, USD and PLN. See note 2 "Segment information" for a split of the Group's revenue and trade receivables. The sales and trade receivables for each segment are in all materiality in local currencies. Furthermore, the carrying amount of the Group's net investments in foreign companies fluctuates in Norwegian kroner compared to the local relevant currencies.

The Group is exposed to credit risk for trade and other receivables. The group focuses on outstanding receivables and the Board of Directors judges the risk of significant losses to be relatively small. Historically losses have been insignificant.

Through the listed bond loan with floating rate the group is exposed to interest rate risk that may affect the cash flow.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's strategy for managing liquidity risk is to maintain sufficient liquid funds at all times to meet its financial obligations, both under normal and extraordinary circumstances, without risking unacceptable losses or damaging its reputation. The Group has large fluctuations related to restricted working capital due to seasonality and the timing of deliveries and payments.

The group's financial risks are further described in note 15.

Remuneration of senior employees

NoA attaches importance to being an attractive employer. The company wants to attract skilled employees with relevant experience. The company therefore aims to have a competitive remuneration system.

Auditor

The group uses the same audit firm for all its major subsidiaries in all the markets where it is active. The overall auditing quote is discussed and approved by the Board of Directors and CEO. The auditor is not used as a consultant for strategic matters. The CFO approves any consultancy assignments. The auditor attends the Board Meeting at which the financial statements are discussed.

The board of directors of The North Alliance AS, Oslo April 28, 2017.

Lars Wollung
Chairman

Conny Karlsson

Tuomo Raasio

Tobias Karte

Thomas Thomsen

Trond Riiber Knudsen

Thomas Høgebøl, CEO

Consolidated income statement

The North Alliance Group

Figures are stated in NOK 1 000		*For the year ended:*	
	Note	**2016**	**2015**
Revenue	2	984.945	761.663
Total Operating Revenue		**984.945**	**761.663**
Cost of goods sold	2	263.187	227.290
Personnel expenses	3	563.331	426.230
Depreciation and amortization	4,5	25.943	24.466
Other operating expenses	3,19	116.961	87.402
Total Operating Expenses		**969.422**	**765.388**
Operating Profit		**15.523**	**-3.725**
Total Financial Income	14	2.686	5.403
Total Financial Expense	14	19.050	15.064
Finance costs - net		-16.364	-9.661
Share of income in associated companies	7	987	1.011
Profit before income tax		**146**	**-12.375**
Income tax expense	6	5.796	-3
Profit for the year		**-5.650**	**-12.372**
Profit for the year		**-5.650**	**-12.372**
Consolidated statement of comprehensive income			
Items that may be subsequently reclassified to profit and loss			
Currency translation effects		-24.217	23.860
Other comprehensive income		**-24.217**	**23.860**
Total comprehensive income for the year		**-29.867**	**11.488**
Earnings per Share			
Total Profit		-5.650	-12.372
Weighted average number of ordinary shares in issue		513.784	477.564
Earnings per share (in NOK per share)		-0,01	-0,03

Notes 1 to 20 are an integral part of the Consolidated Financial Statements

Consolidated Balance Sheet

The North Alliance Group

Figures are stated in NOK 1 000

ASSETS

		As at December 31:	
NON CURRENT ASSETS	**Note**	**2016**	**2015**
Intangible Assets			
Goodwill	5	294.202	271.259
Intangible assets	5	173.377	169.202
Total Intangible Assets		**467.579**	**440.461**
Fixed Assets			
Machinery and equipment	4	19.664	13.443
Total Fixed Assets		**19.664**	**13.443**
Financial Assets			
Leasehold deposits		594	0
Investment in Associates	7	2.249	1.262
Total Financial Assets		**2.843**	**1.262**
Total Noncurrent Assets		**490.086**	**455.166**
CURRENT ASSETS			
Trade and other receivables			
Trade receivables	10	193.920	156.839
Income tax receivable	6	4.071	5.264
Other receivables	10	46.641	51.799
Total trade and other receivables		**244.632**	**213.902**
Cash and cash equivalents			
Cash and cash equivalents	9	60.485	121.547
Total cash and cash equivalents		**60.485**	**121.547**
Total Current Assets		**305.117**	**335.449**
Total Assets		**795.203**	**790.615**

Notes 1 to 20 are an integral part of the Consolidated Financial Statements

Consolidated Balance Sheet

The North Alliance Group

Figures are stated in NOK 1 000

EQUITY AND LIABILITIES	Note	*As at December 31:* 2016	2015
EQUITY			
Share capital	11	1.372	1.194
Share premium	11	445.915	386.835
Paid, not registerred equity	11	0	31.663
Other equity		-50.459	-20.592
Total Equity		**396.828**	**399.100**
LIABILITIES			
Non-current liabilities			
Deferred tax liability	6	24.876	26.722
Bond loan	16	136.388	135.413
Total non-current liabilities		**161.264**	**162.135**
Current liabilities			
Accounts payable		34.622	34.423
Tax payable	6	0	0
Other short-term debt	20	202.489	194.957
Total current liabilities		**237.111**	**229.380**
Total Liabilities		**398.375**	**391.515**
Total Equity and Liabilities		**795.203**	**790.615**

Notes 1 to 20 are an integral part of the Consolidated Financial Statements

Consolidated Statement of Changes in Equity

The North Alliance Group

Figures are stated in NOK 1 000

	Note	Share Capital	Share Premium	Paid, not registered equity	Other Equity	Currency translation effects	Total Equity
Equity 01.01.2015		**606**	**191.494**	**195.929**	**-41.121**	**9.041**	**355.949**
Capital increase (registered 5 January 2015)		588	195.341	-195.929			0
Capital increase (registered 4 January 2016)				31.663			31.663
Profit/loss for the year 2015					-12.372		-12.372
Other items in comprehensive income (Foreign currency rate changes)						23.860	23.860
Total comprehensive income for the year 2015					-12.372	23.860	11.488
Equity 31.12.2015		**1.194**	**386.835**	**31.663**	**-53.493**	**32.901**	**399.100**
Capital increase (registered 14 January 2016)		101	33.388	-31.663			1.826
Capital increase (registered 29 January 2016)		77	25.692				25.769
Profit/loss for the year 2016					-5.650		-5.650
Other items in comprehensive income (Foreign currency rate changes)						-24.217	-24.217
Total comprehensive income for the year 2016					-5.650	-24.217	-29.867
Equity 31.12.2016		**1.372**	**445.915**	**0**	**-59.143**	**8.684**	**396.828**

No dividend proposed for FY16.

Notes 1 to 20 are an integral part of the Consolidated Financial Statements

Consolidated Statement of Cash Flows

The North Alliance Group

Figures are stated in NOK 1 000

	Note	2016	2015
Operating Activities			
Profit before income tax		146	-12.375
Adjustments for:			
Income tax paid (tax payable)	6	-9.629	-8.547
Depreciation and amortization	4,5	25.943	24.466
Finance cost - net	14	16.364	9.661
Share of income in associated companies	7	-987	-1.011
Unrealized foreign exchange gains/losses on operating activities		337	-786
Changes in working capital:			
Changes in accounts receivable, net acquired		-875	-39.510
Changes in accounts payable, net acquired		-9.093	6.583
Changes in other assets and liabilities, net acquired		-5.733	42.580
Cash provided (used) by operating activities		**16.473**	**21.061**
Investing Activities			
Acquisition of subsidiaries, net of cash acquired	18	-76.439	-1.021
Investment in associated companies	7	0	-252
Acquisition of fixed assets	4,18	-13.032	-7.051
Cash provided (used) by investing activities		**-89.471**	**-8.324**
Financing Activities			
Payments on noncurrent liabilities (repurchase of bonds)	16	0	-11.662
Interest payments	14	-14.653	-14.089
Interest received and other finance income	14	2.686	5.403
Proceeds from issuance of shares	11	27.595	31.663
Cash provided (used) by financing activities		**15.628**	**11.315**
Net change in cash and cash equivalents		**-57.370**	**24.052**
Cash and cash equivalents at start of period		121.547	94.322
Foreign currency effect changes on cash and equivalents		-3.693	3.173
Cash and Cash Equivalents at end of period		**60.485**	**121.547**

Notes 1 to 20 are an integral part of the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Note 1 – Accounting Principles

General information

The North Alliance AS is a limited liability company incorporated and domiciled in Norway with offices at Kristian IV's gate 15 in Oslo.

Basis of preparation

The Consolidated Financial Statements for The North Alliance AS ("the Group") are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and required for the financial year beginning 1 January 2016 or later, as well as Norwegian disclosure requirements pursuant to the Accounting Act per 31 December 2016.

Comparative figures for the income statement have also been prepared for 31 December 2015.

The Consolidated Financial Statements have been prepared in accordance with the historical cost convention, modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through equity or the statement of income.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and events under similar conditions.

Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the air value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in the income statement.

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in the income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re- measured to its fair value at the date when control is lost, with the change in carrying amount recognized in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the income statement.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency is mainly NOK, SEK, USD and DKK. The consolidated financial statements are presented in Norwegian Kroner ("NOK"), which is the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange gains and losses are presented in the income statement within 'finance income or costs'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates;
- all resulting exchange differences are recognized in other comprehensive income.

Revenue recognition

The group sells services within marketing communication, design and technology. For sales of services, revenue is recognized in the accounting period in which the services are rendered. This is done by (1) reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total service to be provided or (2) based on hours booked for time and material contracts.

Revenue is measured at the fair value of the consideration received or receivable, adjusted for any trade discounts or volume rebates allowed by the group. Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Group.

When the outcome of a transaction involving rendering of services can be measured reliably, revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction is considered to be reliably measured when all of the following conditions are met;

(a) the amount of revenue can be measured reliably;
(b) it is probable that future economic benefits will flow to the entity;

(c) stage of completion can be measured reliably; and
(d) the costs incurred and the costs to complete the transaction can be measured reliably.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The steering committee considers the business from a geographic perspective. This is the performance of the segment Norway, Sweden, USA and Denmark. Holding companies are included as they are administrative centers.

Income tax

Tax expense recognized in the statement of income comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claim from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. The calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Management continuously reviews the positions that are claimed in the tax returns where the applicable tax regulation is subject to interpretation. Based on these evaluations, provisions for anticipated tax payments are made, as necessary.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that they will be utilized against future taxable income, based on the Group's forecast of future operating results which are adjusted for significant non-taxable income and expenses.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Fixed assets

Property, plant and equipment (PPE) is recognized when the cost of an asset can be reliably measured and it is probable that the entity will obtain future economic benefits from the asset.

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Machinery and equipment: 3-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other operating expenses" in the income statement.

Investment in associates

Companies over which the Group has a significant but not controlling influence (20-50% of shares or votes) are classified as investment in associates and are accounted for using the equity method. This means that the investments are initially recorded at cost and subsequently the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associated company after the date of acquisition.

Leased assets

Operating leases

Leases in which a significant portion of the risk of ownership is retained by the lessor are classified as operating leases. The Group has no capital leases. Where the Group is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within 'other operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the income statement.

Intangible assets

(a) Goodwill

Goodwill arises at the acquisition of subsidiaries and represents the excess of the consideration transferred over The North Alliance AS's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is not depreciated and is recognized in the statement of financial position at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Tradenames

Separately acquired tradenames are recognized initially at cost. The purchase price of a separately acquired intangible asset incorporates assumptions about the probable economic future benefits that may be generated by the asset. Tradenames acquired in a business combination are recognized at fair value at the acquisition date. Tradenames are not depreciated and are recognized in the statement of financial position at cost less any accumulated impairment losses.

(c) Research and development

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs relating to development are capitalized and reported as intangible assets in the balance sheet if the following criteria are met in full:

- the product or process is clearly defined and its cost can be identified and measured reliably
- the technical solution for the product has been demonstrated
- the product or process will be sold or used in the company's operations
- the asset will generate future economic benefit; and
- sufficient technical, financial and other resources for completing the project are present

The directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of the relevant overheads.

Amounts invested in product development are capitalized and depreciated under the straight line method over the expected useful life of the product.

(d) Non-contractual customer relationships

Non- contractual customer relationship represents intangible assets purchased through the effect of business combinations. Non- contractual relationships are recognized at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives.

(e) Order backlog

Order backlog represents intangible assets purchased through the effect of business combinations. Order backlog relationships are recognized at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over the estimated useful lives.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial assets

Classification

The group classifies its financial assets in the following categories: At fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are presented in the income statement within Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the group's right to receive payments is established.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Provisions

Provisions for restructuring costs and legal claims are recognized when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Employee benefits

Pension obligations

The Group has defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. After the contribution has been made the company has no further legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contribution is recognized as personnel expenses.

When an employee has rendered service, the contribution payable to the defined contribution plan is recognized as a liability (accrued expense), after deducting contribution already paid. If the contribution is due for service before the end of the reporting period, the excess is recognized as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized. A contingent asset is not recognized in the financial statements but disclosed if it is probable that the benefit will flow to the Group.

Changes in accounting policies

<u>New and amended standards adopted by the Group</u>

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has legally enforceable right of set-off" and "simultaneous realization and settlement". The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

Amendments to IAS 36 Recoverable Amounts Disclosures for Non-Financial Assets

The amendment removed certain disclosures of the recoverable amount of cash-generating unit (CGU) to which goodwill and other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendment to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group consolidated financial statements as a result.

IFRIC 21 Levies

The interpretation sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The amendments have been applied retrospectively. The Group is not currently subjected to significant levies so the impact on the Group's consolidated financial statements is not material.

<u>Standards, amendments and interpretations of existing standards that have not come into force and where the Group has not chosen early implementation</u>

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9 Financial Instruments

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ""hedged ratio"" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

IFRS 15 Revenue from Contracts with Customers

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group do not expect significant effect from IFRS 15.

IFRS 16 Leases

The standard deals with leases and will result in most of the Group's leases to be recognized on the balance sheet. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. At this stage the Group does not intend to adopt the standard before its effective date. See note 13 for the Group's lease commitments.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

There are no other standards or interpretations that are not yet effective that are expected to have a significant impact on the Consolidated Financial Statements.

Significant management judgment in applying accounting policies

When preparing the Consolidated Financial Statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill and other intangible assets

The Group tests for impairment of goodwill and other intangible assets as necessary, or at a minimum annually (note 5). The recoverable amount of cash-generating units is based on the value-in-use calculation. These calculations require the use of estimates (note 5).

Revenue recognition

Part of the revenue of the group is recognized based on a reference to stage of completion of the actual service provided as a proportion of the total service to be provided. This is mainly assessed based on hours booked on the project compared to estimated hours for completion.

The majority of the recognized revenue each month is based on time and material contracts and therefore not based on management judgements.

Note 2 – Segment information

(amounts in NOK 1 000)

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Group's business is the sale of services within marketing communication, design and technology. The North Alliance Group reports geographical markets as its operating segments. The Group's sales are in Norway, Sweden, USA and Denmark. In the segment information, total operating revenues, net revenues (gross profit) and EBITDA, are broken down between the different geographical market, thereby giving those using the financial statements a better basis for understanding the Group's underlying operations. The operations are in all segments a mix of communication and technology services. The segments Norway and USA have a significantly higher proportion of technology services than Sweden and Denmark. Reported revenue pr segment include total revenue for companies defined in each segment. Sales between segments are limited and not significant.
Revenue figures by segment represents revenue from companies located in the relevant countries.

2016	Norway	Sweden	USA	Denmark	Holding companies	Total
Total revenue	357.722	431.693	82.885	112.645	0	984.945
Net Revenue (gross profit)	302.383	266.129	76.047	77.199	0	721.758
Payroll expenses	241.550	207.414	45.183	57.916	11.268	563.331
Other expenses	36.139	44.648	12.442	11.092	12.640	116.961
EBITDA	**24.694**	**14.067**	**18.422**	**8.191**	**-23.908**	**41.466**
Intangible assets	164.691	215.272	0	87.616	0	467.579
Trade receivables	60.043	80.079	14.404	39.394	0	193.920

2015	Norway	Sweden	USA	Denmark	Holding companies	Total
Total operating revenue	327.378	341.162	0	93.123	0	761.663
Net Revenue (gross profit)	293.936	178.447	0	61.990	0	534.373
Personnel expenses	230.930	141.219	0	47.033	7.048	426.230
Other operating expenses	38.066	30.064	0	9.999	9.273	87.402
EBITDA	**24.940**	**7.164**	**0**	**4.958**	**-16.321**	**20.741**
Intangible assets	167.807	178.645	0	94.009	0	440.461
Trade receivables	51446	66.045	0	39.348	0	156.839

Other assets and liabilities are not reported per segment.

Footnotes/Definitions

EBITDA

EBITDA represents operating profit plus depreciation and amortization.

Net Revenue (Gross profit)

Net Revenue (gross profit) represents revenue less cost of sales.

Note 3 – Personnel expenses

(Amounts in NOK 1.000)

Personnel expenses	2016	2015
Wages, salaries	420.604	313.052
Social security costs	74.073	57.384
Pension expenses	26.812	16.701
Other employee costs and benefits, including long term freelance, education, training, canteen costs etc.	41.842	39.093
Total	**563.331**	**426.230**

Average number of employees	665	535

Senior management remuneration

The following benefits were provided to the Group Managing Director:	2016	2015
Salary	2.708	2.680
Pension	80	76
Total remuneration	**2.788**	**2.756**

There are no loans or guarantees to the Managing Director or other related parties.
The Managing Director and the Board do not have any agreement for compensation upon termination or change of employment / directorship. Managing Director owns 12.000 shares in The North Alliance AS.

Board of directors remuneration	2016	2015
Board of directors fee	100	75

Pension
The Group's entities in Norway are required to have a compulsory pension in accordance with Norwegian pension law. The Group has a pension plan that fulfills this requirement, which covers all Norwegian employees and is a defined contribution plan. The Group's entities in Sweden and Denmark have similar pension plans.

Audit Fees

Divided by type of service (exclusive of VAT)	2016	2015
Statutory audit	2.563	1.499
Other attestation services	264	235
Tax	370	236
Other services	674	157
Total fees	**3.871**	**2.127**

Note 4 – Fixed assets

(Amounts in NOK 1.000)

	Machinery and equipment
Accumulated costprice 01.01.2016	**24.154**
Aquistion of subsidiaries	2.556
Additions	13.032
Exchange differences	-1.538
Disposals	-6.736
Accumulated costprice 31.12.2016	**31.468**
Accumulated depreciation pr. 01.01.	-10.711
Exchange differences	743
Disposals/scrapping	6.639
Depreciation	-8.475
Accumulated depreciation pr. 31.12.	-11.804
Carrying amount pr. 31.12.2016	**19.664**
Accumulated costprice 01.01.2015	**17.881**
Aquistion of subsidiaries	0
Additions	7.051
Exchange differences	134
Disposals	-912
Accumulated costprice 31.12.2015	**24.154**
Accumulated depreciation pr. 01.01.	-5.050
Exchange differences	156
Disposals/scrapping	703
Depreciation	-6.520
Accumulated depreciation pr. 31.12.	-10.711
Carrying amount pr. 31.12.2015	**13.443**

Note 5 – Intangible assets

(Amounts in NOK 1.000)

	Goodwill	Tradenames	Research & development and IP rights	Non-contractual customer relationships	Order Backlog	Total
Balance 01.01.2016	**271.259**	**105.422**	**4.800**	**68.407**	**22.547**	**472.435**
Aquistion of subsidiaries	40.605	0	3.420	25.229	2.286	**71.540**
Exchange differences	-17.662	-4.217	-315	-5.102	-745	**-28.041**
Balance 31.12.2016	**294.202**	**101.205**	**7.905**	**88.534**	**24.088**	**515.934**
Accumulated amortization pr. 01.01	0	0	-4.800	-12.884	-14.290	**-31.974**
Exchange differences	0	0	41	192	205	**438**
Amortisation	0	0	-817	-8.978	-7.024	**-16.819**
Writedown	0	0	0	0	0	**0**
Accumulated amortization pr. 31.12	0	0	-5.576	-21.670	-21.109	**-48.355**
Carrying amount pr. 31.12.2016	**294.202**	**101.205**	**2.329**	**66.864**	**2.979**	**467.579**
Balance 01.01.2015	**255.854**	**101.329**	**4.800**	**64.874**	**20.551**	**447.408**
Aquistion of subsidiaries						
Exchange differences	15.405	4.093	0	3.533	1.996	**25.027**
Balance 31.12.2015	**271.259**	**105.422**	**4.800**	**68.407**	**22.547**	**472.435**
Accumulated amortization pr. 01.01	0	0	0	-5.525	-6.654	**-12.179**
Exchange differences	0	0	0	-874	-1.195	**-2.069**
Amortisation	0	0	0	-6.485	-6.441	**-12.926**
Writedown	0	0	-4.800	0	0	**-4.800**
Accumulated amortization pr. 31.12	0	0	-4.800	-12.884	-14.290	**-31.974**
Carrying amount pr. 31.12.2015	**271.259**	**105.422**	**0**	**55.523**	**8.257**	**440.461**
Useful life				10-15 years	3-5 years	
Amortisation method				Straight-line	Straight-line	

Tradenames and research and developments - acquired

Tradenames and research and developments allocated as part of the purchase price allocation in 2014 and later are capitalized and has indefinite life. The value is tested annually for impairment. The impairment assessment of tradenames and research and developments is included in the goodwill impairment test. See below.

Order backlog and non-contractural customer relationsships - acquired

Order backlog and non-contractural customer relationsships allocated as part of the purchase price allocation in 2014 and later are capitalized and amortised over their useful life. Order backlog is amortised over 3-5 years and non-contractural customer relationsships is amortised over 10-15 years.

Goodwill

The Group's goodwill per 31 December 2016 amounts to NOK 294 million. This amount is related to the acquisitions of all the companies made in 2014 and later. All companies are defined in five cash-generating units (CGU) used in the valuation of goodwill. Goodwill is evaluated by management per CGU and monitored based on the performance of the CGUs. The recoverable amount of each CGU is calculated based on a value in use method.

The present value of the expected cash flows of each segment was determined using an average discount rate of 8,3 %, after tax. This is based on a risk free interest rate of 1 %, plus a risk premium and small business premium totaling to 7,3 % in average. The risk premium is based on observations of similar companies.
The recoverable amount of each segment was determined based on the following estimates:

• Future sales are estimates based on budget and long term plans
• Long-term average growth rate is set at 2,1%.
• Today's cost as a percentage of income is considered to reflect future projections
• For goodwill testing, management has used a 5 year period with a terminal value growth rate beyond this period of 2,1% in average. Terminal growth rate is set pr CGU.
• Risk-free interest rate is based on the 10-year government bond yield
• Beta Value is based on figures from international companies listed on the stock exchange

The intangible assets are assessed that have an indefinite useful life due to the fact that they are not limited by age, contracts, legal regulatory or any other factors.

Sensitivity discount rate	2016	2015
Discount rate after tax	8,30 %	9,30 %
Increase in the discount rate before possible impairment of goodwill	4,4 % p	1,3 % p
Decrease in EBITDA margin before possible impairment of goodwill	5,5 % p	2,3 % p

Note 6 – Taxes

(Amounts in NOK 1.000)

Components of the income tax expense for the year	2016	2015
Tax payable in Norway	0	4.625
Tax payable in Sweden	1.004	0
Tax payable in USA	8.562	0
Tax payable in other countries	2.685	-138
Change in deferred tax/deferred tax benefit (net for all countries)	-6.562	-4.177
Exchange rate effect/other	107	-313
Total income tax expense	**5.796**	**-3**

Explanation of difference between Norwegian statutory tax rate of 25 % (27 %) and the effective tax rate	2016	2015
Profit before income taxes	**146**	**-12.375**
25 % of profit before income taxes (tax rate in Norway)	37	-3.341
Foreign operations with tax rates other than 25%	3.334	363
Permanent differences in Norway 25%	-813	134
Permanent differences in Sweden/Denmark	141	13
Write-down of previously recognised deferred tax assets	66	0
Unrecognised deferred tax assets, this year	2.178	2.047
Changes in tax laws / tax rates	588	789
Other differences	265	-8
Total Income tax expense	**5.796**	**-3**

Effective from 1 January 2017, the tax rate in Norway is reduced from 25% to 24%.
The tax rate in Sweden is 22% for 2015 and 2016. The tax rate in Denmark is 23,5% for 2015 and 22% for 2016.
The tax rate in USA is 34%.

Specification of deferred tax

Asset (-)/liability	Change	2016	2015
Fixed and intangible assets	2.996	171.627	168.631
Accounts receivable	76	-169	-245
Deferred Income	6.492	16.619	10.127
Accrued expenses / provisions	363	-794	-1.157
Amortization of loan expenses	-975	1.950	2.925
Other	19.164	-85	-19.249
Net temporary differences	**28.116**	**189.148**	**161.032**
Tax losses carried forward	-37.358	-84.881	-47.523
Basis for deferred tax/deferred tax benefit	**-9.242**	**104.267**	**113.509**
Deferred tax/deferred tax benefit in the balance sheet	**-1.846**	**24.876**	**26.722**
Of which:			
Deferred tax liabilities to be reversed after more than 12 months	-1.846	24.876	26.722
Deferred tax liabilities to be reversed within 12 months	0	0	0

Deferred tax assets (-) / liabilities are presented net for all entities.

Deferred tax assets are only capitalised to the extent that it is probable that there will be sufficient future taxable profit for the tax asset to be used, either because the unit recently reported a profit or because assets with excess value have been identified. If there are not likely to be future profits sufficient to absorb the deductible temporary differences, deferred tax assets are not recognised.

Income tax payable/receivable ("-") in the balance sheet	2016	2015
Income tax payable in Norway	0	0
Income tax payable/receivable ("-") in other countries	-4.071	-5.264
Income tax payable/receivable ("-") in the balance sheet	**-4.071**	**-5.264**

Note 7 – Investments in subsidiaries and associated companies

The parent company has the following subsidiaries and associated companies:

Subsidiary/associated company	Date/Year of acquisition	Business location	Ownership/ voting right percentage
The North Alliance Norge AS	23. January 2014	Oslo	100%
The North Alliance Sverige AB	23. January 2014	Stockholm	100%
Making Waves AS	23. January 2014	Oslo	100%
Making Waves Group AS	23. January 2014	Oslo	100%
Second Brain AS	23. January 2014	Oslo	100%
Intellisearch AS	23. January 2014	Oslo	100%
Åkestam Holst AB	23. January 2014	Stockholm	100%
Bold Stockholm AB	23. January 2014	Stockholm	100%
No Ordinary Concept KB	23. January 2014	Stockholm	100%
Åkestam Holst Interessenter AB	23. January 2014	Stockholm	100%
Åkestam Holst mfl KB	23. January 2014	Stockholm	100%
Promenad Interessenter AB	23. January 2014	Stockholm	100%
Åkestam Holst Promenad KB	23. January 2014	Stockholm	100%
Studion Åkestam Holst AB	23. January 2014	Stockholm	100%
Great Works AB	23. January 2014	Stockholm	100%
Round&Round AB	30. Juli.2014	Stockholm	100%
AndCo A/S	23. January 2014	Copenhagen	100%
Anorak AS	16. October 2014	Oslo	100%
Nansen Group AB	14. January 2016	Stockholm	100%
Nansen Sweden AB	14. January 2016	Stockholm	100%
Nansen Inc.	14. January 2016	Chicago	100%
Bold Copenhagen A/S	22. January 2015	Copenhagen	70%
Great Works Copenhagen A/S	22. January 2015	Copenhagen	70%
Evidence Strategy AB (Book value: NOK 1.629. Share of 2016 result: NOK 618)	24. June 2014	Stockholm	30%
Njuice AB (Book value: NOK 0. Share of 2016 result: NOK 0.)	11. September 2014	Stockholm	45%
Clay A/S (Book value: NOK 620. Share of 2016 result: NOK 369)	13. October 2015	Copenhagen	40%

Investments in subsidiaries are consolidated in the Consolidated Financial Statements. Investments in associated companies are accounted for using the equity method.

Note 8 – Related party transactions

(Amounts in NOK 1.000)

The North Alliance AS is a parent company and has direct and indirect control of 23 different companies in Norway, Sweden, USA and Denmark. Directly-owned subsidiaries are presented in Note 5 to The North Alliance AS's financial statements. The North Alliance AS's internal relationship with these companies is shown on separate lines in the company's financial statements (see the Financial Statements for The North Alliance AS). Activity within the Group is reported in the segment information disclosed in Note 2.

Internal trading within the Group is carried out in accordance with special agreements on an arm's length basis, and joint expenses in The North Alliance AS are distributed among the Group companies in accordance with distribution formulas, depending on the various types of expense. For further information on intra-Group transactions (see Note 2 "Segments").

The Group's related parties include its key management, members of the board and majority shareholders. None of the Board members have been granted loans or guarantees in the current year. Furthermore, none of the Board members are included in the Group's pension or bonus plans. Information regarding the executive management is disclosed in Note 3 to the consolidated financial statements and Note 2 to the financial statements for The North Alliance AS.

There is no interest-bearing shareholder loan to the Group from the Group's principal owner, Capman NoA Holding AS.

Note 9 – Cash and cash equivalents

(Amounts in NOK 1.000)

Cash and cash equivalents include the following items:	2016	2015
Bank deposits - restricted ("skattetrekkskonti")	7.773	7.709
Bank deposits - unrestricted	52.712	113.838
Total cash and cash equivalents	**60.485**	**121.547**
Unused overdraft	35.000	35.000

Note 10 – Trade and other receivables

(Amounts in NOK 1.000)

	2016	2015
Trade receivables, gross	194.946	157.141
Allowance for credit losses	-1.026	-302
Trade receivables 31.12	**193.920**	**156.839**
Accrued revenue	29.354	34.101
Prepaid expenses	15.870	11.114
Other receivables	2.817	6.584
Other receivables 31.12	**48.041**	**51.799**

Changes in allowance for credit losses

	2016	2015
Beginning balance	-302	-2.124
Amounts written off (uncollectible)	0	24
Recovery of written off items	0	
Change in the allowance	-724	1.798
Allowance for credit loss expense	-724	1.822
Exchange effect reserve balance sheet/profit or loss	0	0
Ending balance 31.12	**-1.026**	**-302**

The table below shows the aging analysis of trade receivables per 31.12

Year	Total	Not yet due	>30 days	>60 days	>90 days
2016	194.946	156.522	21.559	6.938	9.928
2015	157.141	121.653	20.993	2.372	12.123

All of the Group's trade and other receivables have been reviewed for indicators of impairment and an allowance for credit losses has been reserved for amounts which are considered uncollectable. There is a risk related to a receivable of 6,1 mnok towards one client included in the above 90 days aging category. The risk is constantly assessed and it is considered more than 50% probability of payment in full.

Note 11 – Share capital and shareholder information

(Amounts in NOK 1.000)

At 31 December 2016 the share capital of NOK 1.372 consists of the following:

Classes of shares	Face value	Amount	Value
Ordinary shares	2,5	281	702
Preference shares	2,5	268	670
Sum		**549**	**1.372**

Changes in share capital:

Date/year	Number of shares	Amounts ordinary share capital	Amounts preference share capital	Amounts share premium	Paid, not registered equity	Total
23 May 2012, date of incorporation	0,300	30	0	0	0	0
31 December 2012	0,300	30	0	0	0	30
31 December 2013	**12**	**30**	**0**	**0**	**0**	**30**
23 January 2014, increase of capital	201	251	251	166.628	0	167.129
4 September 2014, increase of capital	30	39	36	24.866	0	24.941
17 December 2014, paid, not registered equity					20.630	20.630
19 December 2014, paid, not registered equity					175.299	175.299
31 December 2014	**242**	**320**	**287**	**191.494**	**195.929**	**388.029**
5 January 2015, increase of Capital	236	293	294	195.341	-195.929	0
December 2016, paid not registered equity					31.663	31.663
31 December 2015	**478**	**613**	**581**	**386.835**	**31.663**	**419.692**
14 January 2016, increase of Capital	40	50	51	33.388	-31.663	1.826
29 January 2016, increase of Capital	31	39	39	25.692	0	25.769
31 December 2016	**549**	**702**	**670**	**445.915**	**0**	**447.287**

Overview of the major shareholders of 31 December 2016:

	Amount of ordinary shares (1.000)	Amount of pref. shares (1.000)	Total amount of shares (1.000)	Ownership	Voting right
CapMan NOA Holding AS	162	165	327	59,7 %	59,7 %
Epica AS	14	2	16	2,8 %	2,8 %
La Casa Invest AS	4	4	9	1,6 %	1,6 %
JUNGLELAND ADVERTISING AB	4	4	9	1,6 %	1,6 %
TFH ApS	4	4	8	1,5 %	1,5 %
MEJ ApS	4	4	8	1,5 %	1,5 %
Cerkez International ApS	4	4	8	1,5 %	1,5 %
Ozvol Invest AS	4	4	7	1,3 %	1,3 %
Talking Piece AS	3	3	7	1,2 %	1,2 %
Others	76	73	149	27,2 %	27,2 %
Sum	**281**	**268**	**549**	**100%**	**100%**

Ordinary and preference shares have equal dividend rights.

Management and Board member shareholders:	Number of shares (1.000)
Thomas Høgebøl, Managing Director (through Epica AS)	12
Trond Riiber Knutsen, Board member (through TRK Group AS)	2,4
Lars Kreken, CFO (through Nordic Business Advisery AS)	2,4
Thomas Thomsen, Board member	1,6

Note 12 – Security and guarantees

The Group has a cross border cash pool that includes a total credit line of 35 MNOK with Handelsbanken. The facility is secured through first priority mortgage in trade receivables of 18 MSEK, 18 MNOK and 5,6 MDKK.

In total the Group has issued lease property guarantees of 7,2 MNOK

Note 13 – Leases

Operating leases

The Group has office buildings under operating leases in Norway, Denmark, Sweden, USA and Poland.

Commitments

Offices	**2016**	**2015**
Under 1 year	32.620	23.910
1 to 5 years	102.125	94.694
After 5 years	23.478	45.093
Total liabilities relating to operating leases	**158.223**	**163.697**
Net lease payments recognized in income statement	33.889	20.500
Excl. joint costs, etc.		
Other operating lease expenses (company cars/trucks, etc.)	5.597	3.761

Note 14 – Financial income and financial expenses

(Amounts in NOK 1.000)	**2016**	**2015**
Realized foreign exchange gains	1.221	1.196
Unrealized foreign exchange gains	150	3.606
Other financial income	200	601
Gain from sale of subsidiary (Acoustic Group PTE. LTD.)	1.115	0
Total finance income	**2.686**	**5.403**
Interest expenses:		
- Bond loan	11.188	11.770
Realized foreign exchange cost	4.983	592
Amortization of arrangement fee (bond loan)	975	975
Unrealized foreign exchange cost	1.250	982
Other financial expenses	654	745
Total finance expenses	**19.050**	**15.064**

Note 15 – Financial instruments

(Amounts in NOK 1.000)

Financial risk
The Group uses financial instruments such as bond loans. The purpose of these financial instruments is to raise capital for investments that are necessary for the Group's business. In addition, the Group has financial instruments such as accounts receivable, accounts payable, etc. which are directly related to its daily operations. For commercial hedging purposes, the Group uses derivatives. The Group does not apply hedge accounting. The Group does not use financial instruments, including derivatives, for revenue purposes. Procedures for risk management are adopted by the Board. The main financial risks that the Group is exposed to are interest rate risk, liquidity risk, currency risk and credit risk. The Group's management regularly evaluates these risks and establishes guidelines for how they are handled. The Group uses derivatives to hedge risks associated with fluctuations in interest rates. In accordance with the Group's strategy for interest rate exposure, the Group uses derivatives to mitigate this risk.

Credit risk
The Group is mainly exposed to credit risk for trade and other receivables. The Group mitigates its exposure to credit risk by ensuring that all parties requiring credit, such as customers, are approved and subject to a credit check. The Group does not have significant credit risk associated with a single counterparty or counterparties which can be viewed as a Group due to similar credit risk. The Group has policies in place to ensure that sales are made to customers who have not had significant problems with payment and the outstanding amount does not exceed the established credit limits.

Market risk - interest rate sensitivity
The Group is exposed to interest rate risk through its financial activities (see note 14). Part of the interest-bearing debt has floating rates, which means it is affected by changes in interest rates. The purpose of the Group's interest rate risk management is to reduce interest costs and at the same time keep the volatility of future interest payments within acceptable limits.

The following table illustrates the sensitivity of the Group to potential interest rate changes.

Interest rate sensitivity	Changes in interest rates in basis points	Effect on profit before tax (NOK 1 000)	Effect on equity (NOK 1 000)
2016	+50	-700	-540
	-50	700	540
2015	+50	-700	-540
	-50	700	540

Based on the financial instruments that existed per 31 December 2016, an increase of 0.5% would reduce the Group's profit before tax by TNOK 700 (2015: TNOK 700).

The average effective interest rate of financial instruments were as follows:	**2016**	**2015**
Bond loan	8,40%	8,40%

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's strategy for managing liquidity risk is to maintain sufficient liquid funds at all times to meet its financial obligations, both under normal and extraordinary circumstances, without risking unacceptable losses or damaging its reputation. The Group has large fluctuations related to restricted working capital due to seasonality and the timing of deliveries and payments.

Note 15 – Financial instruments cont.

Market risk - foreign currency sensitivity

Exposures to currency exchange rates arise from the Group's overseas sales, which are primarily denominated in SEK, DKK, USD and PLN. See note 2 "Segment information" for a split of the Group's revenue and trade receivables. The sales and trade receivables for each segment are in all materiality in local currencies.

Furthermore, the carrying amount of its net investments in foreign companies fluctuates in Norwegian kroner compared to the local relevant currencies. Profit after tax for the Group is also affected by changes in exchange rates, as the results of foreign companies are translated into Norwegian kroner at the weighted average exchange rate for the period. The Group commercial hedges its foreign currency in the form of flexible forward contracts. Hedge accounting has not been applied. These contracts will take effect if the exchange rate fluctuates outside the strike rate and a maximum rate. The contracts are settled annually and if the contract goes over the period end, this is recognized in the financial statements at fair value. For 2016, these contracts amount to 0, and are therefore not recognized in the Consolidated Financial Statements.

Determination of fair value

The carrying amount of cash and cash equivalents and bank overdrafts approximates fair value because these instruments have a short-term maturity date. Similarly, the carrying amount of accounts receivable and accounts payable approximates fair value as the impact of discounting is not significant.
The fair value of capital leases is calculated as the present value of estimated cash flows discounted at the interest rate applicable for the corresponding assets and liabilities at the balance sheet date.

The fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices); and

The following categories of financial instruments are measured at fair value as of 31 December 2016.

Liabilities carried at fair value	Level 1	Level 2	Level 3
Financial liabilities at fair value through profit			
Currency swap	0	0	0
Forward exchange contract	0	0	0
Total	0	0	0

Classification of financial assets and liabilities
The Group has the following classification of financial assets and liabilities. See Note 1 for a description of the various categories.

Financial instruments by category:

31-12-2016	Loans and receivables	At fair value through profit or loss
Assets		
Trade receivables	193.920	0
Other receivables	48.041	0
Cash and cash equivalents	60.485	0
Currency swap	0	0
Total financial assets	**302.446**	**0**

	Liabilities at fair value through profit or loss	Other financial liabilities at amortised costs
Liabilities		
Bond loan	0	136.388
Accounts payable and other short-term debt	0	237.111
Total financial liabilities	**0**	**373.499**

Capital management policy and equity
The main objective of the Group's capital management is to ensure that the Group maintains strong credit ratings and thus affordable financing terms that are reasonable in relation to its activities. By ensuring a strong ratio between equity and debt, the Group will support the operational activities, thereby maximizing the value of its shares. The Group manages its capital structure and makes necessary changes to it based on a current assessment of the financial condition of the business and prospects in the short and medium term.

Note 16 – Interest bearing debt

Long term liabilities due < 5 years

	2016	2015
Bond loan	150.000	150.000
Arrangement fee paid	-4.875	-4.875
Amortization of arrangement fee, accumulated	2.925	1.950
Repurchased bonds	-11.662	-11.662
Total	**136.388**	**135.413**

Short term liabilities due < 1 year

The interest rate related to the bond loan is based on NIBOR plus a margin of 7 % per year as of 31 December 2016. The interest is paid in quarterly installments. The interest rate is adjusted quarterly in accordance with the loan terms. The bond could be redeemed at any time to the present value on the relevant record date of 105% of par value.

The issued bond contains covenants including restrictions in dividend payments, financial indebtness, cash flow and financial support, in addition to specific restrictions like ensuring that the leverage ratio of the Group on a consolidated basis does not exceed 3.0, that the Group on a consolidated basis maintains an interest coverage ratio of at financial covenants least 2.0, and that the liquidity of the group on a consolidated basis does not fall below TNOK 10 000.

The Group has no breach of covenants in 2015 or 2016.
The bond loan is denominated in NOK.

The following table shows the maturity schedule of the Group's financial liabilities based on undiscounted contractual payments. In cases where the other party can demand early redemption, the amount is included in the earliest period payment that can be demanded. If liabilities are redeemed on demand, they are included in the first column (under 1 month):

31-12-2015	Remaining period					
	Under 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**More than 5 years**	**Total**
Financial liabilities (not derivatives)						
Bond loan	0	0	150.000	0	0	150.000
Shareholder's loan	0	0	0	0	0	0
Bank loan	0	0	0	0	0	0
Interest on bond loan	12.800	12.800	12.800	0	0	38.400
Accounts payable and other debt	229.380	0	0	0	0	229.380
Total	242.180	12.800	162.800	0	0	417.780

31-12-2016	Remaining period					
	Under 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**More than 5 years**	**Total**
Financial liabilities (not derivatives)						
Bond loan	0	150.000	0	0	0	150.000
Shareholder's loan	0	0	0	0	0	0
Bank loan	0	0	0	0	0	0
Interest on bond loan	12.800	12.800	0	0	0	25.600
Accounts payable and other debt	237.111	0	0	0	0	237.111
Total	249.911	162.800	0	0	0	412.711

Note 17 – Subsequent events after the balance sheet date

There are no significant subsequent events that have had a significant effect on the Consolidated Financial Statements.

Note 18 – Business combinations

Acquisitions affect the comparison with last year's figures, and the changes in the various notes must be seen in the light of this. Acquired companies are presented in the financial statements from the date on which control transfers to the Group. The date of control is normally the date on which the contract takes effect and all official approvals have been obtained. The date of control will normally be after the contract date.

Effective on January 23rd 2014 The North Alliance AS acquired 100 % of the shares in the following companies: Åkestam Holst Group (comprising the companies Åkestam Holst, Bold, Knock Action Marketing and Promenad), Great Works, &Co and Making Waves Group.
Åkestam Holst Group and Great Works are all situated in Stockholm, &Co is situated in Copenhagen and Making Waves Group is headquartered in Oslo Norway. The shares in these companies were purchased for NOK 440 531 (in thousand).

On 16 October 2014, the group acquired 100 % of the shares in Anorak AS. Anorak AS is a digital advertising agency based in Oslo, Norway. The shares in this company were purchased for NOK 20 638 (in thousand).

On January 14 2016, the group acquired 100% if the shares in the Swedish/American technology company Nansen. In Q3 2016 an operational merger was completed with Making Waves. The shares in Nansen group were purchased for NOK 74 288 (in thousand).

The business combination was accounted for using the acquisition method. The purchase and the thereto associated proceeds from shares issued was priced at fair value.

(Amounts in NOK 1.000)

	Nansen Group AB	Total 2014	Great Works AB	Åkestam Holst AB	AndCo A/S	Making Waves AS	Anorak AS
			(group)	(group)	(group)	(group)	
Consideration	*Fair value*	*Fair value*	*Fair value*	*Fair value*	*Fair value*	*Fair value*	*Fair value*
Cash	74.288	152.600	8.319	55.177	27.659	61.445	0
Vendor Note	0	163.662	10.634	53.243	39.165	60.620	0
Equity instruments	0	144.907	10.892	48.419	22.778	42.180	20.638
Total consideration	**74.288**	**461.169**	**29.845**	**156.839**	**89.602**	**164.245**	**20.638**
Recognised amounts of identifiable assets acquired and liabilities assumed:							
Intangible assets excluding goodwill	30.935	188.424	13.218	59.700	34.096	70.992	10.418
Cash acquired	-2.150	52.051	8.897	7.346	3.987	30.851	970
Other assets	28.932	173.022	10.500	66.054	22.535	68.200	5.733
Liabilities	-15.824	-167.458	-14.937	-54.944	-13.731	-74.427	-9.419
Deferred tax liabilities (net)	-8.210	-34.926	-3.003	-13.482	-7.501	-8.901	-2.039
Total identifiable net assets and liabilities	33.683	211.113	14.675	64.674	39.386	86.715	5.663
Non-controlling interest	0	0	0	0	0	0	0
Goodwill	40.605	250.056	15.170	92.165	50.216	77.530	14.975
Total consideration	**74.288**	**461.169**	**29.845**	**156.839**	**89.602**	**164.245**	**20.638**
Date of purchase	14-01-2016		23-01-2014	23-01-2014	23-01-2014	23-01-2014	16-10-2014
Interest acquried (%)	100%		100%	100%	100%	100%	100%

All transaction costs with regards to the acquisitions are included in administrative expense.

The goodwill is supported by the expected value of creating a Nordic network of companies being able to support large and demanding clients across the Nordics. The group consists of companies with high performance culture being able to create substantial value from utilizing competence and experience across borders and companies.

Note 19 – Other operating expenses

	2016	2015
Other operating expenses by nature:		
Leasing and costs of premises	39.539	29.362
IT licenses, IT costs and other maintenance expenses	16.963	12.992
Audit-, legal- and other consultancy fees	25.150	19.743
Marketing expenses	9.026	8.674
Other operating expenses	26.283	16.631
	116.961	**87.402**

Note 20 – Other short term debt

	2016	2015
Other short term debt by nature:		
Deferred income and customer advances	87.688	93.219
Other accrued expenses, including social security/other employment taxes, public duties and VAT,	114.801	101.738
	202.489	**194.957**

Annual Financial Statements
Parent Company - The North Alliance AS

The North Alliance

2016

The North Alliance

Statement of Income

The North Alliance AS

Figures are stated in NOK 1 000

	Note	*For the year ended:* 2016	2015
Other Income		15.087	15.200
Total Operating Revenue		**15.087**	**15.200**
Personnel expenses	2	5.992	6.590
Depreciation and amortization	3	196	286
Other operating expenses	3	13.152	9.745
Total Operating Expenses		**19.340**	**16.621**
Operating Income		**-4.253**	**-1.421**
Interest income		379	148
Group contribution	7	11.326	12.200
Other financial income		0	0
Interest income from group companies	7	3.630	263
Total Financial Income		**15.335**	**12.611**
Interest expense		11.188	11.770
Interest expense to group companies		0	0
Other financial expenses	12	2.741	1.016
Total Financial Expense		**13.929**	**12.786**
Net Financial Income (Expense)		**1.406**	**-174**
Profit before income tax		**-2.847**	**-1.595**
Income tax expense	4	-1.544	598
Profit for the year		**-1.303**	**-2.194**
Net Income		**-1.303**	**-2.194**
Statement of comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Currency translation effects		0	0
Total Other Income and Expense		**0**	**0**
Total comprehensive income for the year		**-1.303**	**-2.194**

Notes 1 to 13 are an integral part of the Consolidated Financial Statements

Balance Sheet

The North Alliance AS

Figures are stated in NOK 1 000

ASSETS

		As at December 31:	
NON CURRENT ASSETS	**Note**	**2016**	**2015**
Intangible Assets			
Deferred tax asset	4	7.981	6.437
Total Intangible Assets		**7.981**	**6.437**
Fixed Assets			
Machinery and equipment	3	756	247
Total Fixed Assets		**756**	**247**
Financial Assets			
Investment in subsidiaries	5	552.308	494.817
Loan to group company	6	0	71
Total Financial Assets		**552.308**	**494.887**
Total Noncurrent Assets		**561.045**	**501.571**
CURRENT ASSETS			
Other Receivables			
Receivables from group companies	6, 9	21.290	14.187
Other receivables	9	508	366
Total Other Receivables		**21.798**	**14.553**
Cash and Cash Equivalents			
Cash and equivalents	8	22.096	35.104
Total Cash and Cash Equivalents		**22.096**	**35.104**
Total Current Assets		**43.894**	**49.657**
Total Assets		**604.939**	**551.228**

Notes 1 to 13 are an integral part of the Consolidated Financial Statements

Balance Sheet

The North Alliance AS

Figures are stated in NOK 1 000

EQUITY AND LIABILITIES	Note	*As at December 31:* 2016	2015
EQUITY			
Paid-in Capital			
Share capital	10	1.372	1.194
Share premium	10	445.915	386.835
Paid, not registered equity	10	0	31.663
Total Paid-in Capital		**447.287**	**419.691**
Retained Earnings			
Other equity		-14.307	-12.016
Total Retained Earnings		**-14.307**	**-12.016**
Total Equity		**432.980**	**407.675**
LIABILITIES			
Other Long-term Debt			
Bond loan	13	136.388	135.413
Total Other Long-term Debt		**136.388**	**135.413**
Short-term Debt			
Accounts payable		1.427	902
Short term liabilities to group companies	6	33.488	4.422
Other short-term debt		656	2.815
Total Short-term Debt		**35.571**	**8.140**
Total Liabilities		**171.959**	**143.553**
Total Equity and Liabilities		**604.939**	**551.228**

Notes 1 to 13 are an integral part of the Consolidated Financial Statements

Consolidated Statement of Changes in Equity

The North Alliance AS

Figures are stated in NOK 1 000

	Note	Share Capital	Share Premium	Paid, not registered	Other Equity	Total Equity
Equity 01.01.2015		**606**	**191.494**	**195.929**	**-9.823**	**378.206**
Capital increase (registered 5 January 2015)		588	195.341	-195.929		0
Capital increase (registered 14 January 2016)				31.663		31.663
Profit/loss for the year 2015					-2.194	-2.194
Other items in comprehensive income (Foreign currency rate changes)					0	0
Total comprehensive income for the year 2015					-2.194	-2.194
Other		0	0	0	0	0
Equity 31.12.2015		**1.194**	**386.835**	**31.663**	**-12.016**	**407.676**
Capital increase (registered 14 January 2016)		101	33.388	-31.663		1.826
Capital increase (registered 29 January 2016)		77	25.692	0		25.769
Correction of error in previous years					-988	-988
Profit/loss for the year 2016					-1.303	-1.303
Other items in comprehensive income (Foreign currency rate changes)					0	0
Total comprehensive income for the year 2016					-1.303	-1.303
Other						0
Equity 31.12.2016		**1.372**	**445.915**	**0**	**-14.307**	**432.980**

No dividend proposed for FY16.

Notes 1 to 13 are an integral part of the Consolidated Financial Statements

Statement of Cash Flows

The North Alliance AS

Figures are stated in NOK 1 000

	Note	2016	2015
Operating Activities			
Profit before income tax		-2.847	-1.595
Adjustments for:			
Depreciation	3	196	286
Amortization of arrangement fee (bond loan)		975	975
Financial income/expenses - net	7, 12	-1.406	-801
Changes in working capital:			
Changes in accounts receivable		-4.688	5.404
Changes in accounts payable		28.603	4.153
Changes in other assets and liabilities		-4.716	378
Cash provided (used) by operating activities		**16.117**	**8.800**
Investing Activities			
Investment in subsidiaries	5	-57.491	-316.844
Issuance/conversion of loan to group companies	6	71	312.351
Acquisition of fixed assets	3	-705	-16
Cash provided (used) by investing activities		**-58.126**	**-4.509**
Financing Activities			
Receipts from new borrowings	13	0	0
Payments of arrangement fee		0	0
Payments on noncurrent liabilities (repurchase of bonds)		0	-11.662
Group contribution received		11.326	12.200
Interest payments and other financial expenses	13	-13.929	-11.811
Interest received		4.009	411
Proceeds from issuance of shares		27.595	31.663
Cash provided (used) by financing activities		**29.001**	**20.801**
Net change in cash and cash equivalents		**-13.008**	**25.092**
Cash and cash equivalents at start of period		35.104	10.012
Cash and Cash Equivalents at end of period		**22.096**	**35.104**

Notes 1 to 13 are an integral part of the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Note 1 – Accounting Principles

General information

The North Alliance AS is a limited liability company incorporated and domiciled in Norway with offices at Kristian IV's gate 15 in Oslo.

Basis of preparation

The Financial Statements for The North Alliance AS ("the company") are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and required for the financial year beginning 1 January 2016 or later, as well as Norwegian disclosure requirements pursuant to the Accounting Act per 31 December 2016. The explanations of the accounting principles for the Group also apply to The North Alliance AS, and the notes to the consolidated financial statements in some cases cover The North Alliance AS . Ownership interests in subsidiaries are presented at cost.

The Financial Statements have been prepared in accordance with the historical cost convention, modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through equity or the statement of income.

The Financial Statements are prepared using uniform accounting policies for like transactions and events under similar conditions.

The financial statements of the holding company The North Alliance AS cover all head office activities. Activities at head office include the Group's executive management and the corporate development, HR, accounting/finance, and risk management. The corporate function staff largely carries out assignments for the Group's other companies, and charges the companies for these services. The Group Treasury acts as an internal bank and is responsible for the Group's external financing, management of the Group's liquid assets and overall management of the Group's currency and interest risks. Interest from the Group's internal bank and dividends and contributions to the Group from investments in subsidiaries are presented as finance items and specified in the income statement.

Classification

Assets and liabilities related to the normal operating cycle are classified as current assets and current liabilities. Receivables and liabilities not related to the normal operating cycle are classified as current if they are of a short-term nature, normally due within one year. Shares and other investments not intended for continued use or ownership are classified as current assets. Other assets and liabilities are classified as non-current.

Foreign currency

Foreign currency monetary items are translated at the closing rate at the date of the balance sheet. Foreign currency gains and losses are reported in the income statement in the lines Financial income and Financial expenses respectively.

Shares in subsidiaries

Shares are measured at cost and impairment loss is recognized if the carrying amount exceeds the recoverable amount. The impairment is reversed if the basis for the write-down is no longer present. Group contributions received are included in financial income provided that the Group contribution received does not represent a repayment of capital invested. Group contributions that represent a repayment of capital invested are accounted for as a reduction in the cost of investments in subsidiaries. Net Group contributions payable (gross Group contributions less the associated tax effect) are included in the cost of investments in subsidiaries. Dividends from subsidiaries and associated companies are included in financial income.

Fixed assets

Fixed assets are measured at cost less accumulated depreciation, amortization and impairment. Fixed assets with limited economic lives are depreciated over the expected economic life. An impairment loss is recognized if the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of net sales value and the present value of future cash flows expected to be generated. Impairment losses are reversed if the basis for the impairment is no longer present.

Trade receivables

Trade receivables are measured at fair value including allowance for bad debt.

Taxes

Income taxes are calculated from the profit (loss) before tax and comprise taxes payable and the change in deferred taxes. Deferred tax assets and liabilities are calculated in accordance with the liability method without discounting and provided for all differences between the carrying amount in the balance sheet and the tax base of assets and liabilities, and for unused tax losses. Deferred tax assets are recognized only when it is expected that the benefit can be utilized through sufficient taxable profits from expected future earnings.

Revenue recognition

Operating revenues are recognized when the services are rendered.

Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized. A contingent asset is not recognized in the financial statements but disclosed if it is probable that the benefit will flow to the Group.

Changes in accounting policies

New and amended standards adopted by the Group

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has legally enforceable right of set-off" and "simultaneous realization and settlement". The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

Amendments to IAS 36 Recoverable Amounts Disclosures for Non-Financial Assets The amendment removed certain disclosures of the recoverable amount of cash-generating unit (CGU) to which goodwill and other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. The applications of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendment to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting
The amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group consolidated financial statements as a result.

IFRIC 21 Levies
The interpretation sets out the accounting for an obligation to pay a levy if that liability is within the

scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The amendments have been applied retrospectively. The Group is not currently subjected to significant levies so the impact on the Group's consolidated financial statements is not material.

Standards, amendments and interpretations of existing standards that have not come into force and where the Group has not chosen early implementation:
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9 Financial Instruments
The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ""hedged ratio"" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

IFRS 15 Revenue from Contracts with Customers
The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

IFRS 16 Leases
The standard deals with leases and will result in most of the Group's leases to be recognized on the

balance sheet. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. At this stage the Group does not intend to adopt the standard before its effective date.

There are no other IFRS standards or IFRIC interpretations that have not yet come into effect that are expected to have a significant impact on the Group's consolidated financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

There are no other standards or interpretations that are not yet effective that are expected to have a significant impact on the Financial Statements.

Significant management judgment in applying accounting policies

When preparing the Financial Statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill and other intangible assets

The Group tests for impairment of goodwill and other intangible assets as necessary, or at a minimum annually (note 5). The recoverable amount of cash-generating units is based on the value-in-use calculation. These calculations require the use of estimates (note 5).

Note 2 Personnel expenses

(Amounts in NOK 1.000)

Personnel expenses	2016	2015
Wages, salaries	4.847	5.466
Social security costs	727	806
Pension expenses	212	205
Other benefits	207	113
Total	**5.992**	**6.590**

Average number of employees	3	4

The following benefits were provided to the Managing Director:	2016	2015
Salary	2.708	2.680
Pension	80	76
Total remuneration	**2.788**	**2.756**

There were no loans or guarantees given to the Managing Director, Chairman of the Board or other related parties.
The Managing Director and the Board do not have any agreement for compensation upon termination or change of employment / directorship.

Board of directors remuneration	2016	2015
Board of directors fee	100	75

Pension

The Company is required to have a compulsory pension in accordance with Norwegian pension law. The Company has a pension plan that fulfills this requirement, which covers all employees and is a defined contribution plan.

Audit Fees

Divided by type of service (exclusive of VAT)	2016	2015
Statutory audit	445	542
Other attestation services	0	0
Tax related services	58	0
Other services	303	181
Total fees	**805**	**723**

Note 3 Fixed assets

(Amounts in NOK 1.000)

	Machinery and equipment
Balance 01.01.2016	**590**
Additions	705
Balance 31.12.2016	**1.295**
Accumulated depreciation pr. 01.01.	-343
Depreciation	-196
Accumulated depreciation pr. 31.12.	-539
Carrying amount pr. 31.12.2016	**756**
Balance 01.01.2015	**614**
Additions	16
Disposals/transfer to other category of fixed assets	-40
Balance 31.12.2015	**590**
Accumulated depreciation pr. 01.01.	-97
Disposals	20
Depreciation	-266
Accumulated depreciation pr. 31.12.	-343
Carrying amount pr. 31.12.2015	**247**
Useful life	3-8 years
Depreciation method	Straight-line

Note 4 Taxes

(Amounts in NOK 1.000)

Components of the income tax expense for the year	**2016**	**2015**
Change in deferred tax/deferred tax benefit	-1.544	598
Total income tax expense	**-1.544**	**598**

Explanation of difference between Norwegian statutory tax rate of 27 % and the effective tax rate	**2016**	**2015**
Profit before income taxes	**-2.847**	**-1.595**
25 % of profit before income taxes	-712	-431
Permanent differences in Norway 27%	-1.165	15
Correction to previous years	0	499
Change in tax rate from 27% to 25%	333	515
Total Income tax expense	**-1.544**	**598**

Effective from 1 January 2016, the tax rate in Norway is reduced from 27% to 25%. Deferred tax assets / liabilities are calculated using 27% for 2014 and 25% for 2015.

Calculation of deferred tax/deferred tax benefit

Specification of temporary differences

Asset (-)/liability	**Change**	**2016**	**2015**
Fixed and intangible assets	-26	-9	17
Accrued expenses / provisions	0	0	0
Amortization of loan expenses	-975	1.950	2.925
Net temporary differences	**-1.001**	**1.941**	**2.942**
Tax losses carried forward	-6.506	-35.196	-28.690
Basis for deferred tax/deferred tax benefit	**-7.507**	**-33.255**	**-25.748**
Deferred tax	-1.544	-7.981	-6.437
Deferred tax benefit not shown in the balance sheet	0	0	0
Deferred tax/deferred tax benefit in the balance sheet	**-1.544**	**-7.981**	**-6.437**
Of which:			
Deferred tax liabilities to be reversed after more than 12 months	-1.544	-7.981	-6.437
Deferred tax liabilities to be reversed within 12 months	0	0	0

Deferred tax assets are only capitalised to the extent that it is probable that there will be sufficient future taxable profit for the tax asset to be used, either because the unit recently reported a profit or because assets with excess value have been identified. If there are not likely to be future profits sufficient to absorb the deductible temporary differences, deferred tax assets are not recognised.

Payable taxes in the balance sheet	**2016**	**2015**
Tax payable in the tax charge in Norway	0	0
Tax effect of group contribution in Norway	0	0
Tax payable in the balance sheet	**0**	**0**

Note 5 Investment in subsidiaries and asscociated companies

The company has an ownership interest in the following subsidiaries (directly or indirectly):

Subsidiaries	Date of acquisition	Business location	Ownership percentage
The North Alliance Norge AS	23. January 2014	Oslo	100%
The North Alliance Sverige AB	23. January 2014	Stockholm	100%
Making Waves AS	23. January 2014	Oslo	100%
Making Waves Group AS	23. January 2014	Oslo	100%
Second Brain AS	23. January 2014	Oslo	100%
Intellisearch AS	23. January 2014	Oslo	100%
Åkestam Holst AB	23. January 2014	Stockholm	100%
Bold Stockholm AB	23. January 2014	Stockholm	100%
No Ordinary Concept KB	23. January 2014	Stockholm	100%
Åkestam Holst Interessenter AB	23. January 2014	Stockholm	100%
Åkestam Holst mfl KB	23. January 2014	Stockholm	100%
Promenad Interessenter AB	23. January 2014	Stockholm	100%
Åkestam Holst Promenad KB	23. January 2014	Stockholm	100%
Studion Åkestam Holst AB	23. January 2014	Stockholm	100%
Great Works AB	23. January 2014	Stockholm	100%
Round&Round AB	30. Juli.2014	Stockholm	100%
AndCo A/S	23. January 2014	Copenhagen	100%
Anorak AS	16. October 2014	Oslo	100%
Nansen Group AB	14. January 2016	Stockholm	100%
Nansen Sweden AB	14. January 2016	Stockholm	100%
Nansen Inc.	14. January 2016	Chicago	100%
Bold Copenhagen A/S	22. January 2015	Copenhagen	70%
Great Works Copenhagen A/S	22. January 2015	Copenhagen	70%
Evidence Strategy AB	24. June 2014	Stockholm	30%
Njuice AB	11. September 2014	Stockholm	45%
Clay A/S	13. October 2015	Copenhagen	40%

Shares in subsidaries directly owned are included in the table below:

	Year of acquisition	Business location	Ownership percentage	Equity (100%) 31.12.2016	Net income (100%) 31.12.2016	Book value 31.12.16
The North Alliance Norge AS (directly owned)	2014	Oslo	100%	545.338	-4.262	552.308
The North Alliance Sweden AB (directly owned)	2014	Stockholm	100%	217.161	-7.885	0
Making Waves AS (directly owned)	2014	Oslo	100%	11.397	3.648	0
Åkestam Holst AB (directly owned)	2014	Stockholm	100%	25.830	7.199	0
Great Works AB (directly owned)	2014	Stockholm	100%	6.086	-806	0
AndCo A/S (directly owned)	2014	Copenhagen	100%	18.884	6.495	0
Anorak AS (directly owned)	2014	Oslo	100%	2.970	980	0
Nansen Group AB	2016	Stockholm	100%	-176	-2.775	
Nansen Sweden AB	2016	Stockholm	100%	-22	2.110	
Nansen Inc.	2016	Chicago	100%	24.257	12.725	
Bold Copenhagen A/S (directly owned)	2015	Copenhagen	70%	-434	-938	0
Great Works Copenhagen A/S (directly owned)	2015	Copenhagen	70%	-1.787	-806	0
Total				**849.504**	**15.685**	**552.308**

The investment is booked using the cost method in the financial statements of the company.

Investments in subsidiaries are consolidated in the consolidated financial statements.

Note 6 Balances with group companies

The parent company has the following receivables and liabilities with other group companies:

Receivables	2016	2015
Other short-term receivables from group companies	21.290	14.187
Long-term loan to group companies	0	71
Total receivables	**21.290**	**14.258**

Liabilities	2016	2015
Other short-term liabilities to group companies	33.488	4.422
Total liabilities	**33.488**	**4.422**

Note 7 Related party transactions

(Amounts in NOK 1.000)

Two parties are deemed to be related if one party can influence the decisions of the other. Related party relationships are a normal feature of commerce and business. However, related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. A company's profit or loss and financial position could in principle be affected by a related party relationship even if no transactions with related parties have actually taken place. The mere existence of the relationship may be sufficient to affect the way the company's other transactions are perceived. To ensure full access to all information of this nature, the following related party relationships are disclosed below.

The North Alliance AS is a parent company and has direct and indirect control of around 18 different companies in Norway, Sweden, USA and Denmark. Directly-owned subsidiaries are presented in Note 5 to The North Alliance AS's financial statements. The North Alliance AS's internal relationship with these companies is shown on separate lines in the company's financial statements (see the Financial Statements for The North Alliance AS). Activity within the Group is reported in the segment information

Internal trading within the Group is carried out in accordance with special agreements on an arm's length basis, and joint expenses in The North Alliance AS are distributed among the Group companies in accordance with distribution formulas, depending on the various types of expense.

The companies related parties include its key management, members of the board and majority shareholders. The Board members do not own any shares (voting rights) in the company. None of the Board members have been granted loans or guarantees in the current year. Furthermore, none of the Board members are included in the group's pension or bonus plans. Information regarding the executive management is disclosed in note 3 to the consolidated financial statements and note 2 to the financial

Loan receivable from related parties	2016	2015
Loan to group companies	0	71
Receivable from group companies	18.875	14.187

Management remuneration is included in note 2 and intercompany balances are discussed in note 6.

The company's transactions with related parties are as follows:	2016	2015
Other revenue		
Invoiced holding cost	15.087	15.200
Total other revenue	**15.087**	**15.200**

Note 8 Cash and cash equivalents

(Amounts in NOK 1.000)

Cash and equivalents include the following items:	2016	2015
Bank deposits (restricted)	127	345
Bank deposits (unrestricted)	21.969	34.759
Total cash and cash equivalents	**22.096**	**35.104**
Unused overdraft	0	0

Note 9 Other receivables

(Amounts in NOK 1.000)

	2016	2015
Prepaid expenses	508	366
Other receivables	0	0
Other receivables 31.12	**508**	**366**

All of the companies trade and other receivables have been reviewed for indicators of impairment and an allowance for credit losses has been reserved for amounts which are considered uncollectable.

Note 10 Share capital and shareholder information

(Amounts in NOK 1.000)

At 31 December 2016 the share capital of NOK 1.372 consists of the following:

Classes of shares	Face value	Amount	Value
Ordinary shares	2,5	281	702
Preference shares	2,5	268	670
Sum		**549**	**1.372**

Changes in share capital:

Date/year	Number of shares	Amounts ordinary share capital	Amounts preference share capital	Amounts share premium	Paid, not registered equity	Total
23 May 2012, date of incorporation	0,300	30	0	0	0	0
31 December 2012	0,300	30	0	0	0	30
31 December 2013	**12**	**30**	**0**	**0**	**0**	**30**
23 January 2014, increase of capital	201	251	251	166.628	0	167.129
4 September 2014, increase of capital	30	39	36	24.866	0	24.941
17 December 2014, paid, not registered equity					20.630	20.630
19 December 2014, paid, not registered equity					175.299	175.299
31 December 2014	**242**	**320**	**287**	**191.494**	**195.929**	**388.029**
5 January 2015, increase of Capital	236	293	294	195.341	-195.929	0
December 2016, paid not registered equity					31.663	31.663
31 December 2015	**478**	**613**	**581**	**386.835**	**31.663**	**419.692**
14 January 2016, increase of Capital	40	50	51	33.388	-31.663	1.826
29 January 2016, increase of Capital	31	39	39	25.692	0	25.769
31 December 2016	**549**	**702**	**670**	**445.915**	**0**	**447.286**

Overview of the major shareholders of 31 December 2016:

	Amount of ordinary shares	Amount of pref. shares	Total amount of shares	Ownership	Voting right
CapMan NOA Holding AS	162	165	327	59,7 %	59,7 %
Epica AS	14	2	16	2,8 %	2,8 %
La Casa Invest AS	4	4	9	1,6 %	1,6 %
JUNGLELAND ADVERTISING AB	4	4	9	1,6 %	1,6 %
TFH ApS	4	4	8	1,5 %	1,5 %
MEJ ApS	4	4	8	1,5 %	1,5 %
Cerkez International ApS	4	4	8	1,5 %	1,5 %
Ozvol Invest AS	4	4	7	1,3 %	1,3 %
Talking Piece AS	3	3	7	1,2 %	1,2 %
Others	76	73	149	27,2 %	27,2 %
Sum	**281**	**268**	**549**	**100,0 %**	**100,0 %**

Ordinary shares have 1 vote. Preference shares have 10 votes.
Ordinary and preference shares have equal dividend rights.

Management and Board member shareholders:	Number of shares
Thomas Høgebøl, Managing Director (through Epica AS)	12
Trond Riiber Knutsen, Board member (through TRK Group AS)	2,4
Lars Kreken, CFO (through Nordic Business Advisery AS)	2,4
Thomas Thomsen, Board member	1,6

Note 11 Security and guarantees

The North Alliance AS has no securities and guarantees for 2016. Details for the group's securities and guarantees is disclosed in note 12.

Note 12 Other financial expenses

(Amounts in NOK 1.000)	2016	2015
Realized foreign exchange losses	1.766	41
Amortization of arrangement fee (bond loan)	975	975
Total other financial expenses	**2.741**	**1.016**

Note 13 Interest bearing debt

Long term liabilities due < 5 years

	2016	2015
Bond loan	150.000	150.000
Arrangement fee paid	-4.875	-4.875
Amortization of arrangement fee, accumulated	2.925	1.950
Repurchased bonds	-11.662	-11.662
Total	**136.388**	**135.413**

The interest rate related to the bond loan is based on NIBOR plus a margin of 7 % per year as of 31 December 2016. The interest is paid in quarterly installments. The margin on the loan is regulated in the loan agreement and is adjusted quarterly in accordance with the loan terms.

The covenants for the bond loan is related to the ratios linked to the degree of debt, degree of interest coverage, cash flows and the annual level of investments.

The company has no breach of covenants in 2015 or 2016.

The issued bond contains covenants including restrictions in dividend payments, financial indebtness, cash flow and financial support, in addition to specific restrictions like ensuring that the leverage ratio of the Group on a consolidated basis does not exceed 3.0, that the Group on a consolidated basis maintains an interest coverage ratio of at financial covenants least 2.0, and that the liquidity of the group on a consolidated basis does not fall below TNOK 10 000.

The bond loan is denominated in NOK.

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To the General Meeting of The North Alliance AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The North Alliance AS. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2016, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2016 and consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Carrying Value of Goodwill *(See note 5 in the annual report)* On the balance sheet date, the book value of of goodwill was NOK thousand 294 202 distributed between five different cash generating units (CGU's). No impairment charges related to these assets was recognised in the income statement. We focused on the valuation of goodwill because the values involved are significant as the assumptions in the estimate involves management judgement.	We evaluated the appropriateness of management's identification of the Group's CGUs and the Group's controls over the impairment assessment process. Our procedures included challenging management on the suitability of the impairment model, the reasonableness of the assumptions and testing the mathematical accuracy of the model. We assessed the reliability of management's forecast through a review of actual performance against previous forecasts. Further, we compared the future cash flows based on board approved long-term plans with expectations of future growth. We challenged management's expectations by comparing these expectations with historic results for the different CGU's. We have benchmarked the Group's key market related assumptions with industry comparators and with assumptions made in previous years. The discount rate's different components were compared to market information, and discussed with our valuation experts. We validated the appropriateness of the related disclosures in note 5, including the sensitivities provided for the discount rate. We found managements assumptions to be reasonable.
Revenue Recognition – Cut off Project Revenues *(See note 2 in the annual report)* The Group recognizes revenue from a material part of projects based on the stage of completion method. This has been an area of focus during the audit based on the amount of revenue generated from these projects and due to the significant level of judgement required from management.	To satisfy ourselves about the reasonableness of management judgement related to cut off, our audit procedures included, amongst others, assessing the appropriateness of the Group's revenue recognition accounting policies, including those relating to stage of completion contracts and validating the compliance with the policies in terms of relevant accounting regulations. Management prepared an evaluation of actual progress for all projects. We performed interviews with project managers to challenge management's assumptions of the progress of projects. We compared accrued cost with budgeted costs and assessed the level of completion based on experience with similar projects. We assessed the reliability of management's forecast through a review of actual results for completed projects. For projects with specific milestones, we compared the level of revenue recognition with these. For projects where deviations between budgeted and actual progress were identified we reviewed management's assessment for provisions.

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Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, statements on Corporate Governance and Corporate Social Responsibility, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the parent company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group'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 the Board of Directors 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 the Board of Directors with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, 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

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

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Opinion on Registration and Documentation

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

Oslo, 27 April 2017

PricewaterhouseCoopers AS

Eivind Nilsen
State Authorised Public Accountant

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Corporate Social Responsibility Report The North Alliance Group

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The North Alliance

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Human rights

The North Alliance Group (NoA) has an organizational culture which is committed to support internationally recognized human rights, including the United Nations Declaration of Human Rights. We seek to respect the human rights of our employees in all areas, including non-discrimination of any kind, the prohibition of enforced labour and child labour and the freedom of association. NoA makes every effort to be fully aware of human rights issues and through our actions seek to uphold human rights and foster equality and respect for all.

Employees Rights

It is NoA's policy to treat all employees and job applications with the same level of professionalism regardless of their sex, sexual orientation, age, race, ethnic origin, colour, nationality, disability or marital status. Furthermore, the company believes that no employee should be prejudiced in any aspect of their employment or career development. The company will take appropriate measures for any instances of non-compliance with this policy.

Environment

The Group's activities involving communication services means that there are limited interaction with the external environment. Nevertheless, the Group is continually working on its operational procedures in order to minimize the environmental and social impact on the people, communities and the surroundings in which we operate.

Social Conditions

NoA is committed to respect the communities in which we operate. We act with fairness in our business practices and do not use our dealings with political organizations or our business partners to secure an unfair advantage over others.

Anti Corruption

The Group is in the process of developing a Code of Conduct and an Anti-Corruption Policy. The NoA Code of Conduct will describe the requirements in terms of business ethics and conduct applying to NoA's business activities.
NoA will actively combat bribery and corruption and we shall act professional, fair and with integrity in all our business dealings and relationships wherever we operate.
Our Code of Conduct and Anti-Corruption policy will be approved by the Board of Directors and applicable to the Board members, all employees and board members in all subsidiaries.