



BERGEN GROUP

ANNUAL REPORT 2016

QUALITY
THROUGH SERVICE
AND INNOVATION

2016





KEY FIGURES

		2016	2015
Revenue		246 116	207 996
EBITDA		4 014	-27 164
EBITDA margin		1,63 %	-13,06 %
Loss before tax from continuing operations		-7 500	-52 459
Net loss for the year from continuing operations		-7 500	-63 459
Net loss for the year from discontinued operations		80 637	-38 426
Total loss for the year		73 137	-101 885
Total assets		300 316	526 378
Total equity		175 476	80 778
Return on equity	1)	41,68 %	-126,13 %
Equity share	2)	58,43 %	15,35 %
Net working capital		50 593	-49 567
Net interest bearing debt		-16 167	60 964
Interest coverage ratio	3)	0,64	1,05
Current ratio	4)	1,42	0,83
Numbers of shares pr year end (numbers)		79 120 342	60 622 009
Average outstanding shares		60 823 569	60 622 009
Diluted, weighted average numbers of shares		61 267 404	60 622 009
Earnings per share (NOK)		1,20	-1,68
Diluted earnings per share (NOK)		1,19	-1,68
Continued operations			
Earnings per share (NOK)		-0,12	-1,05
Diluted earnings per share (NOK)		-0,12	-1,05
Discontinued operations			
Earnings per share (NOK)		1,33	-0,63
Diluted earnings per share (NOK)		1,32	-0,63

1) Net income / Total equity

2) Equity/total capital

3) EBITDA / Interest expense

4) Current assets / Current liabilities

THIS ANNUAL REPORT INCLUDES BERGEN GROUP'S FINANCIAL STATEMENTS FOR 2016 AS APPROVED BY THE BOARD OF BERGEN GROUP ASA ON 29 APRIL 2017. A NORWEGIAN VERSION OF THE REPORT IS AVAILABLE ON THE GROUP'S WEBSITE WWW.BERGENGROUP.NO. HERE YOU WILL ALSO FIND MORE DETAILED AND UPDATED INFORMATION ABOUT THE GROUP. THE ENGLISH VERSION IS AN OFFICE TRANSLATION. IN CASE OF INCONSISTENCY, THE NORWEGIAN VERSION PREVAILS.

PHOTO ©: BERGEN GROUP, MORTEN WANVIK, DRONE SOLUTIONS AND BJØRN OTTOSEN.

DESIGN: ARTGARDEN

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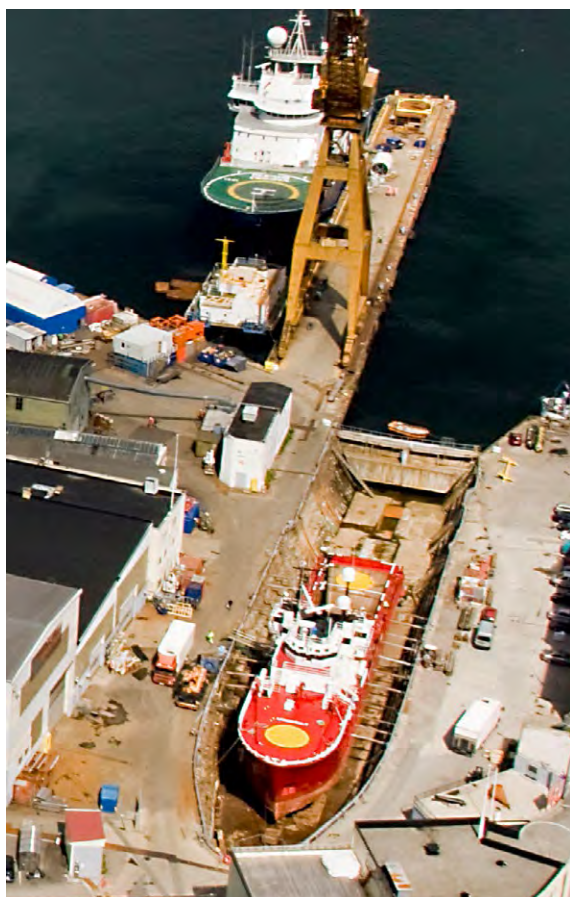
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Bergen Group ASA focuses on maritime services and prefab deliveries towards both onshore and offshore industry. The operative business through 2016 has been exercised by the subsidiary Bergen Group Services AS, divided into three market areas: **Maritime, Defense and Energy & Industry**.

The company's activities take place in centrally located facilities at Laksevåg in Bergen and Straume on Sotra. Bergen Group Services also has extensive activities in customer locations in Hordaland, as well as travel teams covering both the Norwegian coast, offshore installations in the North Sea and international assignments.

Bergen Group has a well-established capacity and expertise in ship-technical maintenance of both civil and military vessels. The company facilitates and carries out inspection, service, repair, maintenance, upgrading and modifications of various types of vessels and equipment. The company is one of the leading in Norway in the field of maintenance and repair of diesel engines that are used for demanding maritime operations, which impose extra high demands on reliability and service quality. Bergen Group also has good facilities that can offer a variety of different tasks related to machining, plate, pipe and welding.

Bergen Group has ambitions to be an attractive industrial group with a strong position as a supplier of services and solutions both to the offshore and onshore markets. See www.bergenbgroup.no for updated news about the company.



Dry dock and quay in Damsgårdsveien 229, Bergen



Slipway, quays and motor workshop in Damsgårdsveien 119, Bergen



Fabrication and machining in Smålonane 5, Straume (Sotra)

ENERGY & INDUSTRY

This business unit has extensive experience from various assignments within offshore, subsea, ship and land-based industries. Their main activities include advanced welding-technical prefabrication and maintenance services within steel structures, plates and piping systems, as well as machining components. The department also has solid competence within i.e. stainless qualities, aluminium, CuNi and

Titan. The product range covers everything from design and engineering, via prefabrication and completion/installation to maintenance and upgrading. The department's main market area are energy and industry, but they also deliver to the other departments within the company. The department is managed from the company's facilities at Straume.

MARITIME

This business unit is a total supplier of ship maintenance and service, with special competence within hulls, welding, structure, pipes and machinery. This also includes services within diesel engine service, covering high speed and "medium speed" engines. In that connection, long-term framework agreements with customers such as the Norwegian Society for Sea Rescue, the Norwegian Armed Forces, Volvo Penta and Marine Jet Power AB have been established. The company has its own advanced motor workshop with

special competence within high-speed diesel engines, and their own engine test centre for condition assessments and test drives. The company's long-term framework agreements have enabled them to build a solid capacity for carrying out competence-demanding and complex maritime projects. The maritime department's main base is located in the company facilities in Damsgårdsveien at Laksevåg. In addition, dry dock and dock facilities at the former BMV shipyard area in Laksevåg are also being used.

DEFENCE

Bergen Group has long experience within the ship-technical maintenance connected to complex vessels with very high requirements for quality and operating safety. The company has built up solid competence within their own organisation in order to execute extensive and long-term maintenance agreements towards both military and civilian customers. Over several years, the department has built up a service product that includes a full, quality-assured and

documented assignment. The department possesses specialist competence within project management, maintenance and modification/outfitting of complete vessels. In collaboration with the Norwegian Armed Forces, the department has developed the maintenance programme that has been used for the main routines of the new frigates since 2010. The department uses the company resources both at Sotra and in Damsgårdsveien.





A PERIOD OF GROWTH WITH OPPORTUNITIES

Bergen Group has left behind a demanding period that has been challenging for shareholders, customers, suppliers and employees. All the mentioned parties have made important contributions in the extensive refinancing process finalized end 2016. Their contributions have been crucial in order to ensure a strong Bergen Group, and a foundation for future growth.

Large parts of the Norwegian industry is still characterised by a challenging market. For Bergen Group, these challenges open up for opportunities that provide exciting growth possibilities and it is our intention to actively pursue them.

Currently, Bergen Group continues to be an important supplier of service and maintenance services towards the maritime industry. This provides us with a strong platform for further developing the company as an attractive industry group in Western part of Norway.

As CEO of Bergen Group I have had the pleasure of getting to know skilled professionals with solid competence built up through many decades within our industry, a competence that will provide us with exciting opportunities going forward.

Tighter collaborations with other companies, where structural measures are also considered, may generate synergy effects, a better market position and access to new market areas.

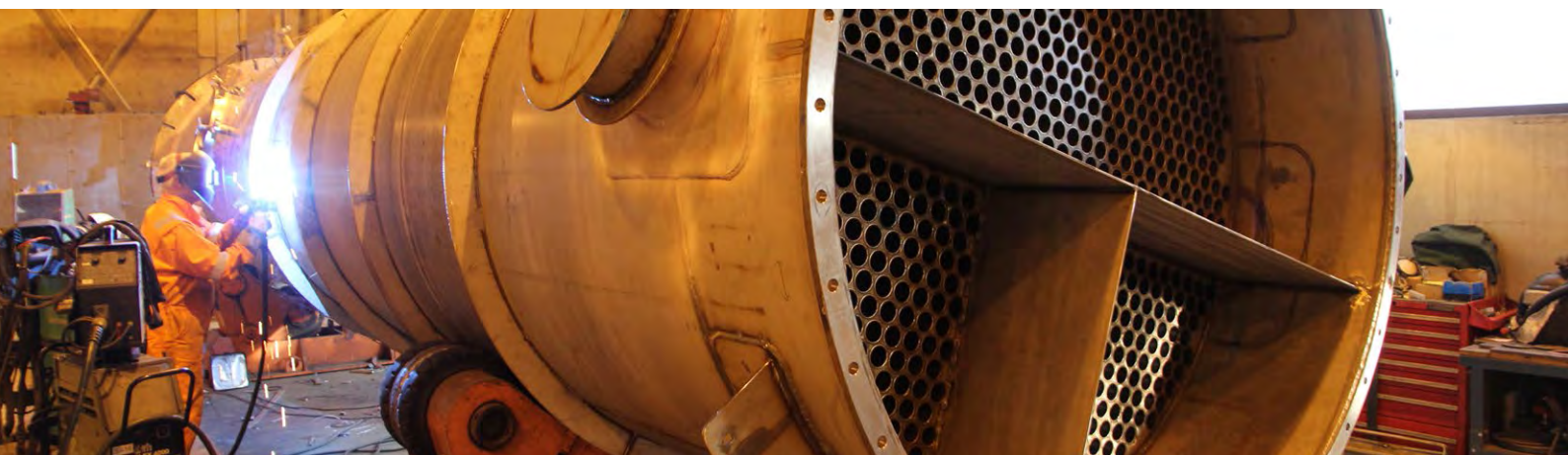
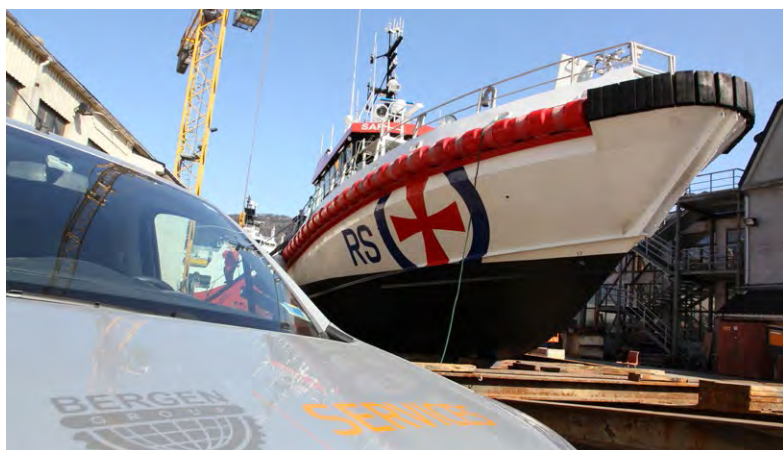
I have indicated a targeted growth strategy, mainly starting from the company's existing business areas. Our current market position represents a solid platform for organic growth in the years to come. It is also a good starting point for considering structural measures that may add complementary capacity and competence, while providing us with greater flexibility towards a more dynamic future where we need to adapt to changes more efficiently.

This year will be the start of a new period, represented by growth and exciting new opportunities for Bergen Group.

Bergen, April 27th 2017

A handwritten signature in black ink, appearing to read 'H. Petter Eikeland', written over a light grey horizontal line.

Hans Petter Eikeland
CEO



DIRECTORS' REPORT FOR **BERGEN GROUP ASA** 2016

In 2016, Bergen Group finalised an extensive restructuring and refinancing process based on a fully subscribed private placement, an extensive reduction of debt obligations and new loans with acceptable terms. This has been crucial in order to establish a satisfactory capital structure and a robust financial platform, of which opens up new growth opportunities.

Parallel to this, we have during 2016 worked purposefully on ensuring that the Group's operational activities are profitable, and have strengthened and further developed their market position.

The Board of Director's goal is to develop Bergen Group to become an attractive maritime industrial group, both through the focus on organic growth and by assessing structural measures in which complementary activities and potentials can be used to extract synergies, strengthen market positions and adapt to new market areas.

THE REFINANCING PROCESS

The extensive refinancing that was finalised in December 2016 included a total debt settlement of NOK 188 million, through a voluntary reduction of 50 % of the obligations Bergen Group ASA had incurred until the summer of 2015. The Group's obligations towards Eastern European Investment Management (EEIM), related to the arbitration ruling in Stockholm back in the summer of 2013, is also included in the aforementioned debt settlement. Additionally, EEIM has accepted that the residual payment from this arbitration ruling will be settled through a convertible loan of 1.8 million EURO.

The successful refinancing process also included NOK 22 million in new equity through a private placement. The Board is satisfied that the management of the Group and of Bergen Group Services has contributed with NOK 7.5 million for this issue. The rest of the share subscriptions in the placement comes from the main shareholders Brian Chang Holdings Limited, AS Flyfisk and Køhlergruppen AS. Brian Chang Holdings Limited and AS Flyfisk have additionally contributed with NOK 20 million in short-term loans on favourable terms.

The above refinancing package was, according to the authorisation given at the Extraordinary General Meeting on 17 November 2016, followed up with a repair issue that was finalised on 31 March 2017, providing the company with NOK 5.3 million in gross proceeds. Further details about this repair issue is explained in the section "Subsequent events".

MARKET AREAS AND OPERATIONS

Per 31 December 2016, the Group's activities are carried out by the fully owned subsidiary Bergen Group Services AS. The operational activity within this company takes place at their

facilities at Laksevåg in Bergen and Straume at Sotra. The company also has extensive activity at customer facilities in Hordaland, as well as their own travel teams that cover the Norwegian Coast, offshore installations in the North Sea, and international assignments.

Bergen Group Services has built up solid competence within complex maritime maintenance and service projects over a long time. Currently the company also has an increasing number of assignments within industrial service and prefabrications.

The company's market activities can be divided into the areas Maritime, Defence and Energy & Industry. These three areas have operational activities where the same competence and capacity can be used within several areas.

MARITIME: The activities connected to ship-technical maintenance and maritime service are very varied, and only to a small degree influenced by the downturn in the offshore industry. The assignments are based on a combination of long-term framework agreements, such as those with the Norwegian Society for Sea Rescue (Redningsselskapet) and the Norwegian Armed Forces, and a strong position within the spot market.

Towards the end of Q3 2016, Bergen Group secured access to dry dock and deep-water harbour at the Laksevåg facilities, which until spring 2016 were used by NorYards BMV. The rental agreement for this area has enabled us to compete for the ship-technical maintenance and maritime service on larger vessels as well, contributing positively towards the activities in Q4 2016. The company expects these facilities to further strengthen the company's position towards maritime activities.

For several years, one of the company's strategic goals has been to establish more framework and supplier agreements that may contribute to a future activity increase, and to fur-





ther developing the company's competence within the performance of demanding maintenance and service assignments in the maritime market. The two agreements that were signed with respectively Volvo Penta and Marine Jet Power AB in the second half of 2015 have proved to contribute to an increased level of activity and new customers throughout 2016. Further growth connected to these framework agreements is also expected in the coming years.

DEFENCE: Bergen Group has long experience within ship-technical maintenance connected to complex vessels with very high requirements for quality and operational safety. The company has built up solid competence within their own organisation in being able to handle extensive and long-term maintenance agreements towards both military and civilian customers. In February 2016 the Norwegian Armed Forces chose to redeem the last option year connected to the ship-technical maintenance of the Norwegian frigates, based on a previously signed agreement with Bergen Group Services. The option year expires in July 2017, but is expected to generate work throughout the second half of 2017 as well, regardless of the result of the contract award.

The Norwegian Armed Forces has initiated an ordinary competitive bidding for the renewal of this maintenance contract for the frigates, and in Q4 2016 Bergen Group Services was prequalified for the delivery of tenders. The contract award is expected to be clarified in Q2 2017.

In addition, Bergen Group has several other established framework agreements with the Armed Forces related to the engine and ship-technical maintenance of other objects. For a number of these framework agreements we compete with a limited number of suppliers. During the past few years, Bergen Group has been awarded an increasing number of assignments from these agreements. In March 2017 seven of these framework agreements were extended with one option year, valid until March 2018.

ENERGY & INDUSTRY: Through the purchase of the activities of Fjell Industries at Straume (Sotra) in February 2015, the company was able to access significantly better production and workshop facilities, as well as a better foundation for collocating and streamlining their operations, which until then had been carried out in their own facilities at Midttun and in rented facilities with Noryards BMV. The move from Midttun and from BMV at Laksevåg was finalised in 2015.

Throughout 2016, Bergen Group Services has implemented various measures for ensuring that the cost level within the business area Energy & Industry is better suited for a challenging market situation characterised by a limited order horizon and pressed margins. The market for services within prefabrication assignments, machining, piping and various types of welding jobs is considered challenging throughout 2017 as

well. The company's facilities have the capacity for a significantly greater level of activity than the current situation.

THE ANNUAL RESULT, BALANCE AND CASH FLOW DEVELOPMENT – CONSOLIDATED

This annual report has been prepared in accordance with "International Financial Reporting Standards" (IFRS) as adopted by the EU.

Continued operations as at 31 December 2016 consist of the companies Bergen Group Services AS, Bergen Group Management AS, Bergen Group Technology AS and Bergen Group ASA. All effects of bankruptcy in subsidiaries are reported as discontinued operations, irrespective of which company is subject to a loss from bankruptcy.

A private placement was completed in December 2016, as well as a restructuring and an extensive voluntary debt remission, cf. notes 6, 16 and 17. Effect of this is presented as discontinued operations.

Bergen Group's accumulated operating income for 2016 is NOK 246 million, compared to NOK 208 million for 2015. The group's accumulated operating profit before depreciation and amortization (EBITDA) for 2016 is NOK 4 million, compared to negative NOK 27 million for 2015. The group's accumulated result before taxes (EBIT) is negative NOK 1.8 million, compared to negative NOK 34 million in 2015.

No impairment of goodwill and excess values has been done in 2016. The corresponding figure for impairment of book goodwill and excess values in 2015 was NOK 166 million. The Group's result after taxes from continued operations is negative NOK 7.5 million, compared to negative NOK 63 million in 2015. Comparative figures have been restated and do not include figures from discontinued operations.

Total assets at 31 December 2016 were NOK 300 million and book equity was NOK 175 million, of which gives an equity ratio of 58.4%. Similarly, as at 31 December 2015, the Group had total assets of NOK 526 million and equity of NOK 81 million, of which implied an equity ratio of 15.3%. The decrease in total capital is mainly due to final clarification of the debt structure in Bergen Group, and the related refinancing process completed in December 2016.

Balance sheet and cash flow: The group's total assets at the end of 2016 for both continued and discontinued operations was NOK 300 million. The group's receivables at the end of 2016 amounted to NOK 91 million, whereas bank deposits totaled NOK 36 million. Interest-bearing debt at year-end 2016 was NOK 20.2 million after refinancing and debt remission in December 2016, whereas interest-bearing debt at year-end 2015 was NOK 67.3 million.

Cash flow from operating activities was negative NOK 0.5 million in 2016. Corresponding figure for 2015 was negative NOK 153 million. The change is mainly due to the significant debt remission, of which took place during the refinancing process. Net cash flow from investments was negative NOK 0.3 million.

The Group's bank deposits was NOK 36 million as at 31 December 2016, while it was NOK 35 million as of 31 December 2015. This implies increased liquidity of NOK 1 million during the year.

The Group has had a strong focus on improving the Group's balance sheet. Net interest-bearing debt has been reduced from NOK 32.8 million at year-end 2015 to NOK -16.2 million at year-end 2016.

Bergen Group has no overall research or development activity, but still works with targeted projects in product and service development, of which can help strengthen the companies' market positions.

The parent company Bergen Group ASA had no turnover in neither 2015 nor 2016. The parent company's operating result was NOK - 19.5 million in 2016 against a corresponding operating result of NOK - 30.4 million in 2015. Net financial items were NOK 15.3 million in 2016, against corresponding net financial items of NOK - 39 million in 2015. This is mainly due to the refinancing process, of which was completed in December 2016. The result for the year was NOK - 16.4 million in 2016, and for 2015 the corresponding figure was NOK - 73 million.

ALLOCATION OF PROFIT AND DIVIDEND POLICY

The Group's result after tax was NOK 73.1 million.

The annual result for the parent company was NOK - 16.4 million, of which will be allocated through transfer from other equity and transfer to uncovered loss from premium f. After the allocation of the result, the company's free equity is 1.7 million. The parent company's equity per 31 December 2016 is positive with NOK 80.7 million.

It is the company's stated ambition to provide the shareholders with annual return on their investments by means of dividends and increase of value that is at least at the level of other investment alternatives with comparable risks. The Board has considered, based on the Group's result for 2016, not to suggest any dividends.

GENERAL MEETING INFORMATION

Bergen Group ASA held their Annual General Meeting on Monday 13 June 2016 at Austevoll, in which a total of 73.6 % of

the share capital was represented. The General Meeting unanimously approved the Board's proposal for the annual accounts and the annual report for the fiscal year 2015. All other proposals were also unanimously approved by the General Meeting according to the Board's proposals and the proposals from the election committee. This also includes the re-election of the two shareholder-elected Board members Tove Ormevik and Bente Stangeland.

Additionally, Bergen Group ASA held an Extraordinary General Meeting on 17 November 2016, with a participation of 75.51 % of the company's share capital. This Extraordinary General Meeting unanimously approved to carry out a private placement within the company, with gross emission proceeds of NOK 22 070 800, with subsequent subscription. Further, the Board was unanimously authorised to take out a convertible loan of up to EUR 1 800 000, as well as carrying out a repair issue with gross proceeds of up to NOK 5 282 083. The above approval at the Extraordinary General Meeting became central elements of the extensive refinancing and restructuring process that was finalised by the end of Q4 2016, and which is explained in more detail under the section "The refinancing process" earlier in the Directors' Report.

BOARD OF DIRECTORS AND AUDIT COMMITTEE

As of 31 December 2016, the Board of Directors of Bergen Group ASA consists of four shareholder-elected and two employee-elected Board members. The four shareholder-elected members are Tor Lars Onarheim, Espen S. Berge, Tove Ormevik and Bente Stangeland. The two employee-elected members are Kristoffer Hope and Jorunn Ingebrigtsen. Hope and Ingebrigtsen were re-elected by the employees for a new period of two years in autumn 2016. Magnus Stangeland is deputy member for the four shareholder-elected Board members.

The company's audit committee has, throughout 2016, consisted of the following three persons from the Board of Bergen Group ASA: Espen S. Berge (leader), Bente Stangeland and Jorunn Ingebrigtsen. The audit committee is considered to have the independence and competence which, due to the company's size and activities, is necessary in order to take care of their tasks according to the Public Limited Companies Act.

QHSE – QUALITY, HEALTH, SAFETY, AND ENVIRONMENT

Bergen Group works systematically and continually on improving QHSE (Quality, Health, Safety, and Environment) performance, systems and safety culture connected to all operations within the Group. The Group has a zero vision for incidents connected to quality deviations, HSE incidents and incidents impacting the external environment. The goal is to avoid em-





employees becoming injured or ill at work, ensure the right quality of deliveries, and avoid negative impact on the environment around us. The company works purposefully on increasing the use of suggestions for improvement and observations that may be used in preventive work. This type of reporting has increased during 2016, which is in line with our target and an important part of the work of maintaining the Group's zero vision.

QUALITY: The Group systematically develops process-based quality systems within each specific business area. An important part of this work is a dedicated focus on the management systems and to ensure that these are quality assured through ISO certifications.

In 2016, a follow-up audit was carried out according to the standards ISO 9001, ISO 14001 & ISO 3834-2. These certifications were renewed and expanded according to the company's activities connected to the business areas Energy & Industry and Defence. ISO 9001 confirms that the management system for quality is certified according to the standard for good quality management, and ISO 14001 documents the company's environmental management system. ISO 3834-2 defines extensive quality requirements for fusion welding of metallic materials both in workshops and at construction sites. This certification is important in order to document the extensive welding-technical competence of Bergen Group Services. Within this field, re-certification according to NS-EN 1090, which is a standard for the execution of steel constructions and aluminium constructions, has been carried out.

Bergen Group Services has a targeted strategy of further developing the company's quality systems into some of the best in the market.

HEALTH: The average sick leave in 2016 was 6.3 %, distributed on short-term leave of 3.3 % and long-term leave of 3 %. For comparison, the average sick leave among the employees in the calendar year 2015 was 6.5 %. The average sick leave within Norwegian industry has been around 5 % for the past year. The Board registers that the sick leave has declined slowly every year since 2012. The target is a further reduction of the sick leave. During 2016, the Group had 4 personal injuries in total among their own employees. The incidents were related to the use of an angle grinder, as well as slipping and falling on the ice. The company has implemented measures to prevent similar incidents. Based on the number of reported injuries, this year's H-value was measured at 16.0. The H-value is measured in the number of injuries with absence per million work hours.

ENVIRONMENT: Bergen Group keeps a continuous focus on environmental improvement when it comes to production processes and the use of alternative products and services in order to reduce the Group's negative impact on the environment. In general, the Group's activities have a limited negative impact on the environment. There were no serious incidents that had consequences for the environment registered in 2016. The company strives for minimal use of solvents, energy, and water. Collaborative agreements have been established with ap-

proved companies that ensure that hazardous waste is handled safely and according to regulations. The company focuses on using fewer environmentally damaging products by increasing the awareness of the total environmental impact of a product throughout its lifespan. In this context, the Group has established systems for risk assessment, measures and control of the use of chemicals in order to ensure systematic and preventive environmental work.

SAFETY: In 2016, the Group has focused on further developing the systems, competence and learning in order to achieve lower risks for all our activities. Currently, Bergen Group Services uses electronic tools for all guiding documentation connected to the above certifications in connection with reporting and following up incidents and deviations. The company has established an electronic system for risk assessment and maintenance management. An annual plan for the HSE work has been developed and is followed in order to safeguard continuous improvement and reach the company's goals.

PERSONNEL, EQUALITY AND COMPETENCE DEVELOPMENT

Per 31 December 2016, Bergen Group had in total 140 permanent employees. Throughout 2016, we carried out a competence and capacity adjustment adapted to the market development, which has entailed downsizing within the area Energy & Industry and recruiting within some fields for the ship-technical maintenance belonging to Maritime service.

Parts of the company's activities are project-related assignments that require the company to use additional capacity on the staffing side for a limited period. Some of this has been solved by using hired staff, but mainly the company secures additional project-related capacity through temporary employments. During 2016, total temporary employments constituted around 15 FTEs.

Bergen Group focuses on further developing the capacity and competence within the various market areas in which the Group operates. One of the prioritized measures is to exercise an active apprentice policy towards the fields that are considered strategically important. Therefore 4 new apprenticeship contracts, as well as an adult apprenticeship contract, were signed during 2016. Throughout the year the company has had in total 9 apprenticeship contracts, of which 3 have passed the qualifying examination. 2 have received permanent employment. By the end of the year, 7 employees had apprenticeship contracts, including one adult apprentice. The company considers an active apprenticeship scheme to be strategically important.

The work environment is generally considered to be good. Bergen Group has established a zero tolerance towards all types of harassment, discrimination, or other behaviour that colleagues, business partners or others may perceive to be threatening or derogatory. Regular meetings in AMU (The Working Environ-

ment Committee) and with the club management/employee representatives are considered important in order to catch negative deviations connected to the work environment.

Bergen Group depends on talented, experienced, and qualified managers and co-workers. All employees are treated equally, regardless of ethnicity, nationality, sexual orientation, gender, religion, or age – and equal opportunities are offered for development and promotion to management positions.

Bergen Group's activities are within industries that traditionally have been dominated by males. By the end of 2016, the female ratio of the Group's activities is just above 6 %. This is not considered satisfactory. The Group is therefore concerned with recruiting more women at all levels. A designated strategy and action plan in this area will be established during 2017.

Three of the Group's six Board members by the end of 2016 were women. The Group management and company management constitutes, by the end of 2016, a total of ten persons. One of these was a woman. The salary for women is considered the same as for men in similar positions.

CORPORATE SOCIAL RESPONSIBILITY; CSR

According to § 3-3c of the Accounting Act, Bergen Group is bound to provide an annual account of corporate social responsibility, either in the Annual Report or in another publicly available document which is referred to in the Annual Report.

Bergen Group focuses on balancing the relationship between financial growth and the company's social responsibilities. The Group strives towards executing the best possible CSR, where the Group's activities integrate social and environmental considerations in their daily operations and towards groups impacted by the activities. Taking care of human rights and the environment, respect for basic workers' rights and decent work conditions, fighting corruption as well as the greatest possible openness are central in Bergen Group.

The Group's policy and goals related to CSR is made visible on the Group's website. As these are expanded and updated, the information will be updated continuously. Additionally, the account will be subject to annual evaluation by the Board and follow-up updates connected to the Director's Report.

Bergen Group has initiated processes with the intent of carrying out an ISO certification during 2017, according to the "CSR Performance Ladder". This is a certifiable standard for management systems connected to CSR. The standard "CSR Performance Ladder" is based on internationally renowned standards such as ISO and OHSAS, and is managed by an independent foundation and expert committee.

The company's CSR will, according to the above standard, cover the following CSR topics:

- Organisation management
- Work conditions and human rights
- Environment, commodities, energy, and emissions
- Business ethics and consumer questions
- Social commitment and development

The company's goal is to make visible principles, procedures and standards that are used in order to integrate these concerns into their business strategies, daily operations and the relationship to stakeholders.

CORPORATE GOVERNANCE

Bergen Group ASA thinks that the foundation for good Corporate Governance should be built on clear and transparent relationships between the owners, the Board, and the management.

Corporate Governance shall ensure credibility and trust among all stakeholders, and forms a good foundation for furthering sustainable value creation and good results. Good business management is an important prerequisite for achieving Bergen Group ASA's vision and carrying out our strategy. Good business management contributes to the Group's long-term value creation, while the resources are utilised in an efficient and sustainable manner.

Bergen Group ASA's guidelines for business management follow the recommendation from NUES (The Norwegian Committee for Corporate Governance), which is available at www.nues.no. The Norwegian recommendation for Corporate Governance is based on the shares, accounting, stock exchange and securities legislation, as well as the stock exchange regulations, and contains rules and guidelines which partially elaborates the current legislation, and partially covers areas not addressed by the legislation.

The goal of the guidelines is to clarify the distribution of roles between shareholders, the Board and caseworkers beyond the requirements of the law. Bergen Group's goal is to follow the recommendation of strengthening the trust in the company and contribute to the greatest possible value creation long term, to the best of the shareholders, employees, and other stakeholders.

Bergen Group's account of their Corporate Governance is available on the company's website, and follows mainly the structure of the recommendation from NUES.

The Board of Bergen Group ASA has a goal for the structure and contents of the company's account on Corporate Governance to be evaluated annually by the Group Board. The latest update and review was carried out by the Board in January 2017.





SHARE CAPITAL, SHARES AND SHAREHOLDER INFORMATION.

Bergen Group AS's shares have been listed on the Oslo Stock Exchange since June 2008 under the ticker BERGEN.

SHARE CAPITAL: Due to the private placement approved at the Extraordinary General Meeting on 17 November 2016, the company's share capital was increased on 28 December 2016 with NOK 18 392 333 through the issue of 18 392 333 new shares, each denominated NOK 1.00 and at an issue price of NOK 1.20 per share.

The company's share capital per 31 December 2016 was, taking the above private placement into account, NOK 79 014 342, distributed on 79 014 342 shares, each denominated NOK 1.00.

After the capital increase from the repair issue finalised on March 31st 2017, the registered share capital in the company per 27 April 2017 is NOK 83 416 078, distributed on 83 416 078 shares, each denominated NOK 1.00. Further details about the repair issue is accounted for in the section "Events after the balance sheet date".

SHAREHOLDERS: Per 30 December 2016, after the shares in the private placement were registered, the company had a total of 1 024 shareholders (953 shareholders per 31 December 2015), of whom the 20 largest owned 87.02 %. An updated overview over the company's 20 largest shareholders is available at the company's IR-pages at www.bergengroup.no.

SHARE TRADES AND SHARE PRICE: The final price of NOK 1.93 per 30 December 2016 represents an increase in the share price during 2016 of 87.4 % (NOK 1.03 by the end of 2015). The share price has varied from NOK 0.87 (29 February) to NOK 2.23 (28 December) per share throughout the year.

Based on the final price on 30 December 2016 of NOK 1.93 per share, the share market values the company to NOK 153 million, taking into account the shares from the private placement. The corresponding value by the end of 2015 was NOK 62 million (based on 60.6 million shares).

In 2016, a total of 4 390 public trades with the company's shares were carried out over the Oslo Stock Exchange. This is a significant increase from 2015 (2 765 trades). The accumulated trade volume in 2016 was 30.6 million shares, compared to 21.8 million shares in 2015.

LIQUIDITY GUARANTEE: In Q4 2016, Bergen Group ASA signed a liquidity guarantor agreement with Norne Securities AS for the company's shares issued at the Oslo Stock Exchange. The purpose of the agreement is to increase the liquidity of the company's shares. The agreement follows the requirements set by the Oslo Stock Exchange, and came into effect on 18 November 2016.

RISK EXPOSURE AND RISK MANAGEMENT

Bergen Group ASA is exposed to risks of both operational and financial character. The Board and the audit committee of Bergen Group ASA has a strong focus on ethics and risk management, and we work actively to reduce the Group's total risk exposure. The most important risk factors can be characterised as: market risks, credit risks and liquidity risks.

Market risks: Bergen Group's operational activities are mainly carried out in a national market. Therefore the extent of the company's direct exposure towards risk factors related to own activities abroad is only very limited.

Macro-economic conditions significant for the Group are mainly related to the development in oil and gas prices, as well as development and maintenance activities connected to fields in the North Sea. Bergen Group's turnover in 2016 was to a smaller degree directly related to the offshore activities, and was therefore exposed to the above risk factor to a smaller degree than before. The company's activities within ship-technical maintenance and maritime service is not particularly impacted by the development in this sector.

Bergen Group's activities is also influenced by certain political risks. These are mainly related to the Group's activities abroad. They are limited to collaborations with international subcontractors and customers, and constitute a very limited part of the Group's total turnover.

CREDIT RISKS: The credit risks of the Group are, per 31 December 2016, considered low. The company has a large and varied customer base with reputable and established customers within both public and private sectors. The Group works purposefully on controlling and reducing the credit risks.

CURRENCY RISKS: Bergen Group is to a limited extent exposed to currency risk. The main weight of the company's revenues and expenses accrue in NOK. The company has a routine of entering into forward contracts whenever there are large purchases / sales in foreign currency in order to reduce the risk.

The company does not have any interest risks, as the company's loans are on fixed interest terms in the lifetime for the loans. Net interest bearing debt as of 31 December 2016 is NOK 0. The Group does not use any interest hedges, but are considering this periodically.

LIQUIDITY RISKS: The financial risk scenario that has been communicated to the market through the latest interim reports, is considered significantly reduced due to the extensive restructuring and refinancing process that was finalised by the end of Q4 2016. The Group's equity, liquidity, profitability and order backlog are good.



Bergen Group focuses on further developing the capacity and competence within the various market areas in which the Group operates. One of the prioritized measures is to exercise an active apprentice policy towards the fields that are considered strategically important. Throughout the year the company has had in total 9 apprenticeship contracts, of which 3 have passed the qualifying examination. The picture shows the apprentices in the company during late summer 2016.

SUBSEQUENT EVENTS

GROUP MANAGEMENT: In March 2017, both Hans Petter Eikeland and Nils Hoff accepted permanent positions as CEO and CFO respectively of Bergen Group ASA when their current engagement agreements expire in June 2017. The Board of Bergen Group ASA is quite satisfied that both Eikeland and Hoff are willing to continue in permanent roles after their agreed upon period expires. The efforts from these two have been crucial for the successful results from the demanding refinancing and restructuring process that was finalised in 2016.

STRATEGIC COLLABORATION: In March 2017, Bergen Group ASA entered into a strategic collaboration with AAK Energy Services AS. The company's main office is at Kokstad outside Bergen, and they are experts within rope access connected to maintenance and modification works with challenging access.

Bergen Group considers the special expertise of AAK Energy Services AS within access and work at height to be important when the company competes for the more demanding assignments connected to maritime service and ship-technical maintenance. In addition, the strategic collaboration will strengthen the opportunity to being able to compete for projects within new areas such as onshore and offshore wind turbines. In the extension of this strategic collaboration, Bergen Group

has granted a convertible loan to AAK Energy Services AS limited to NOK 6.0 million. The loan is divided into two separate tranches, each at up to NOK 3 million, for pay-out in Q1 and Q2 2017 respectively. The loan matures on 29 December 2017, and is secured with 1st priority in AAK's assets. We refer to the stock exchange announcement distributed on 21 February 2017 for further details.

REPAIR ISSUE: On 17 March 2017, it was opened for a repair issue based on the authorisation provided in the Extraordinary General Meeting held on 17 November 2016. The repair issue was issued at the same subscription price as in the private placement that was carried out in Q4 2016, and was oversubscribed by 464%. The repair issue was finalised on 31 March 2017, and added gross issue proceeds of NOK 5.3 million to the company. We refer to stock exchange announcements distributed on 3 and 6 April respectively for further details.

MARKET AND FUTURE OUTLOOK

Bergen Group Services has strong and profitable operations connected to the company's competence within complex maritime service projects. The Board of Bergen Group ASA considers this business to have a well-established market position,





and the company will, also in the future, have a strong focus on ship-technical maintenance and maritime service combined with service and prefab deliveries towards land-based industry.

The main activities are connected to the company's extensive capacity and competence within the ship-technical maintenance of vessels and the maintenance and repair of diesel engines used for challenging maritime operations with extra high requirements for operational safety and service quality. For example, the company has extensive framework agreements both with the Norwegian Armed Forces and the Norwegian Society for Sea Rescue (Redningsselskapet) for various maritime services. The long-term framework agreements that were established with Volvo Penta and Marine Jet Power AB in Q4 2015, has added increased activity for the company throughout 2016. This type of agreements with national and international players within maritime industry strengthens the foundation for further organic growth in the years to come.

In addition, the company has taken steps to extend the activities towards the oil and gas industry to include a market that covers the entire energy sector, including what is happening within renewable energy. Parts of the extensive competence which Bergen Group has built up over time within complex maritime service projects will also be possible to utilise towards the future-oriented "green" energy market.

The company's operational activity has, for the past year, focused on the three market segments. Energy & Industry, Maritime and Defence. A large part of competence requirements and capacity needs within these three segments coincide. This provides the foundation for a coordination of the use of resources and production capacity, and through this ensure optimal production and reduce the risks connected to market and cyclical fluctuations within single areas.

MARKET POSITION AND COLLABORATION: Bergen Group will develop into an attractive industry Group with a strong position as supplier of services and solutions both towards the offshore and onshore markets. Bergen Group will in this connection also consider project-based alliances and forms of collaboration with other companies wherever this may facilitate for complementary activities and the potential for extracting synergy effects, increased market position and access to new market areas.

The strategic collaboration that was initiated with AAK Energy Services AS in February 2017 (see "Events after the balance sheet date") is such a measure that the company expects to yield positive effect on the company's growth ambitions.

ASSUMPTIONS OF GOING CONCERN

Through the extensive refinancing process that was finalised in December 2016, Bergen Group has established a satisfactory equity and capital structure for the Group. The operational activities are considered satisfactory. The profitability has been improved, and the order backlog has increased throughout 2016. The Board also considers the market position of the Group to be strengthened during the past year.

Bergen Group's equity ratio per 31 December 2016 was 58.4%, compared to 15.4% previous year.

The Board of Directors confirm, according to § 3-3 of the Accounting Act, that the annual accounts have been prepared based on the assumption of going concern.

Bergen, 29th April 2017


Espen Berge


Tor Onarheim
(Chairman of the Board)


Bente Stangeland


Tove Ormevik


Kristoffer Hope


Jorunn Ingebrigtsen


Hans Petter Eikeland
CEO





CONSOLIDATED INCOME STATEMENT

NOTE

IFRS
2016IFRS
2015**Continuing operations**

Sales revenue		246 101	200 771
Other operating revenue		15	7 225
Operating revenue	4	246 116	207 996

Cost of sales		-116 473	-72 722
Payroll expenses	5	-90 732	-111 985
Depreciation, amortisation, impairment	10, 11	-5 811	-6 860
Other operating expenses	5	-34 897	-50 453
Operating expenses		-247 913	-242 021

Operating loss (EBIT)		-1 797	-34 025
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Financial income	7	1 390	1 997
Financial expenses	7	-7 093	-20 431
Net financial items		-5 703	-18 434

Loss before tax		-7 500	-52 459
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Tax	8	-	-11 000
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Loss from continuing operations		-7 500	-63 459
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Discontinued operations

Loss from discontinued operations	6	80 637	-38 426
Loss		73 137	-101 885

Loss attributable to:

Owners of the Company		73 137	-101 885
Non-controlling interest		-	-

Loss		73 137	-101 885
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Earnings per share

Basic earnings per share (NOK)	9	1,20	(1,68)
Diluted earnings per share (NOK)	9	1,19	(1,68)

Earnings per share - continuing operations

Basic earnings per share (NOK)	9	(0,12)	(1,05)
Diluted earnings per share (NOK)	9	(0,12)	(1,05)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IFRS
2016IFRS
2015**Other comprehensive income**

Items which may be reclassified over profit and loss in subsequent periods

Foreign currency translation differences for foreign operations	-	-
Reclassification of foreign currency differences on disposal of foreign operations	-	-

Other comprehensive income for the period, net of tax	-	-
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Total comprehensive income	73 137	-101 885
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Total comprehensive income attributable to:

Owners of the Company	73 137	-101 885
Non-controlling interest	-	-

Total comprehensive income	73 137	-101 885
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CONSOLIDATED BALANCE SHEET

NOTE

IFRS
2016IFRS
2015

ASSETS

Deferred tax asset	8	19 000	19 000
Other intangible assets and goodwill	10	104 523	108 772
Property, plant and equipment	11	5 057	6 361
Total non-current assets		128 580	134 133
Inventories	12	3 224	3 766
Work in progress	13	40 963	27 440
Trade receivables	14, 21	36 914	20 090
Other receivables	14, 21	54 294	306 232
Cash and cash equivalents	15, 21	36 341	34 717
Total current assets		171 736	392 245
Total assets		300 316	526 378

CONSOLIDATED BALANCE SHEET

NOTE

IFRS
2016IFRS
2015

EQUITY AND LIABILITIES

Equity

Share capital	16	79 014	60 622
Share premium		3 679	-
Retained earnings		92 783	20 156
Equity		175 476	80 778

Liabilities

Loans and borrowings	17, 21	168	258
Pension liabilities		40	41
Other liabilities		3 490	3 490
Total non-current liabilities		3 698	3 789

Loans and borrowings	17, 21	20 005	67 289
Trade payables	21	29 461	26 306
Tax payable	8	-	-
Public duties payable		7 317	8 489
Other current liabilities	19	64 360	339 727
Total current liabilities		121 143	441 812

Total liabilities		124 841	445 600
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Total equity and liabilities		300 316	526 378
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Bergen, 29th April 2017

 Espen Berge


 Tor Onarheim
 (Chairman of the Board)


 Bente Stangeland


 Tove Ormevik


 Kristoffer Hope


 Jorunn Ingebrigtsen


 Hans Petter Eikeland
 CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

NOTE

IFRS
2016IFRS
2015**Cash flow from operating activities**

Loss from continuing operations		-7 500	-63 459
Loss from discontinued operations	6	80 637	-38 426

Loss for the period		73 137	-101 885
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Adjustments for:

Tax expense / Tax income from continuing operations	8	-	11 000
Tax expense from discontinued operations		-	3 354
Taxes paid		-	-688
Depreciation, amortisation, impairment - continued operations	10, 11	5 811	6 860
Depreciation, amortisation, impairment - discontinued operations	10, 11	25	-
Profit (loss) from sale of discontinued operations, net of tax	6	-	-34 726
Loss due to bankruptcy of subsidiaries	6	-	19 304

Changes in:

Trade receivables		-16 824	141 849
Trade payables		10 472	-335 313
Inventories / work in progress	12, 13	-12 981	118 994
Other current accruals (*)		-60 094	18 489

Net cash from operating activities		-455	-152 763
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Cash flow from investments activities

Proceeds from sale of property, plant and equipment		-	192 039
Acquisition of property, plant and equipment	11	-283	-3 464

Net cash from investments activities		-283	188 575
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Cash flow from financing activities

Proceeds from new equity (capital increase)		17 070	-
Proceeds from new long-term loans		16 038	-
Proceeds from loans and borrowings		20 005	-
Repayment of borrowings		-50 751	-103 496

Net cash from financing activities		2 362	-103 496
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Net change in cash and cash equivalents		1 624	-67 684
Cash and cash equivalents as per 1.1	15	34 717	102 400

Cash and cash equivalents as per 31.12	15	36 341	34 716
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Of which is restricted cash	15	15 686	28 134
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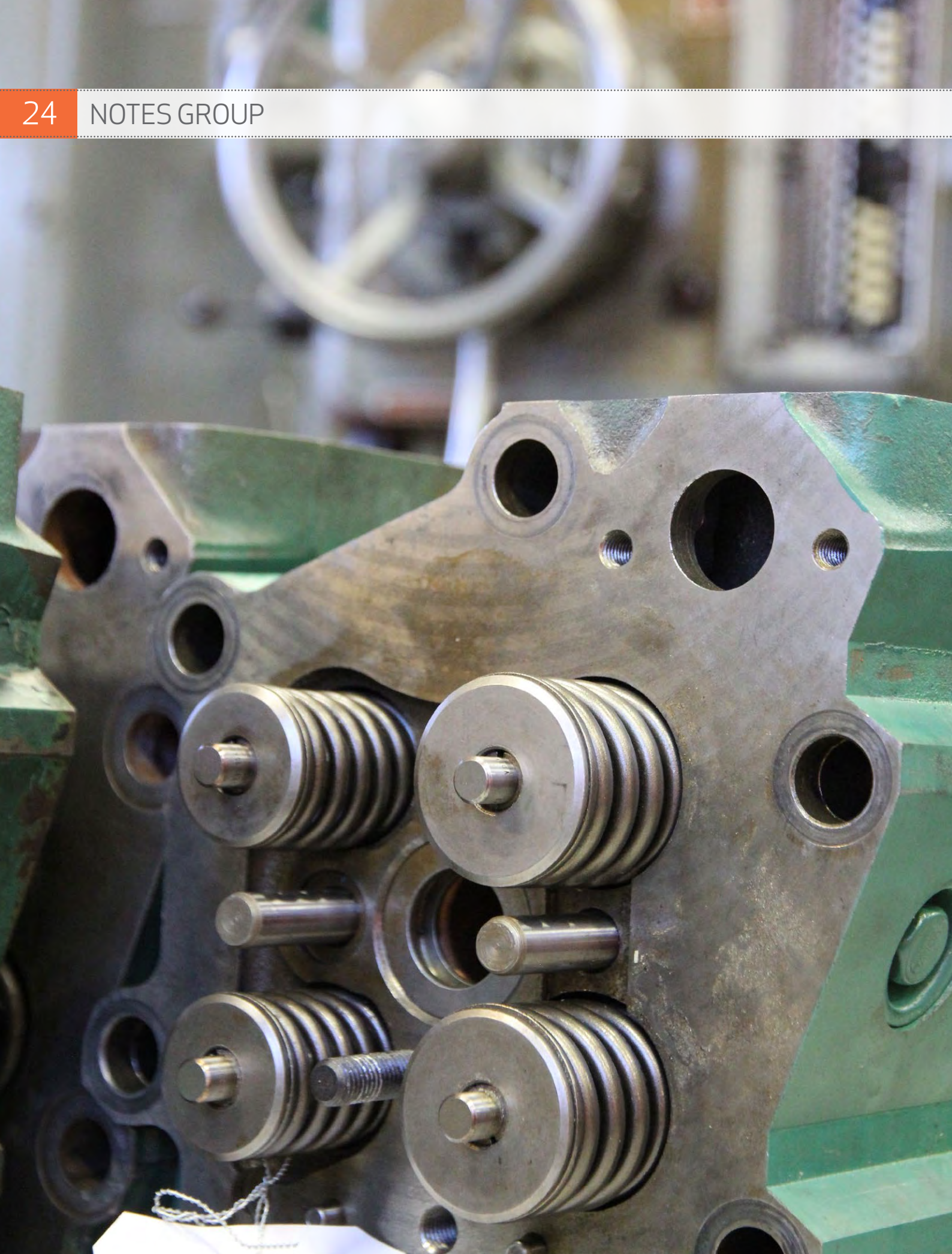
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2016

	Share capital	Share premium	Treasury shares	Other paid-in equity	Retained earnings	Minority interests	Total equity
Equity 01.01.2016	60 622	-	-	-	20 156	-	80 778
Profit (loss)	-	-	-	-	73 137	-	73 137
Capital increase (cash proceeds)	14 225	2 845	-	-	-	-	17 070
Capital increase (conversion of debt)	4 168	833	-	-	-	-	5 001
Other changes	-	-3 678	-	-	3 168	-	-510
Net changes 2016	18 393	-	-	-	76 305	-	94 698
Equity 31.12.2016	79 014	-	-	-	96 461	-	175 476

2015

	Share capital	Share premium	Treasury shares	Other paid-in equity	Retained earnings	Minority interests	Total equity
Equity 01.01.2015	60 622	-	-	20 639	103 085	-	184 345
Profit (loss)	-	-	-	-20 639	-81 246	-	-101 885
Other comprehensive income	-	-	-	-	-	-	-
Equity effect of share options	-	-	-	-	-1 047	-	-1 047
Other changes	-	-	-	-	-636	-	-636
Net changes 2015	-	-	-	-20 639	-82 929	-	-103 568
Equity 31.12.2015	60 622	-	-	-	20 156	-	80 778



NOTE 1 CORPORATE INFORMATION

Bergen Group ASA is a public limited company based in Norway. The Company was founded on 22 May 2007, and has registered office address in Bergen. The main office is located at Straume, near Bergen. These consolidated financial statements comprise the parent company and its subsidiaries (collectively the "Group" and individually "Group companies").

Bergen Group ASA is a well established supplier of products, services and solutions to the offshore and maritime industry. The Group's operating business focuses on the three market segments Energy & Industry, Maritime and Defence. Bergen Group ASA has been listed on the Oslo Stock Exchange with the ticker BERGEN since June 2008.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**1. Declaration of conformity**

The consolidated accounts have been submitted in accordance with EU approved International Financial Reporting Standards (IFRS) and associated interpretations, and also the additional Norwegian information requirement pursuant to the Norwegian Accounting Act, and that are applicable as at 31 December 2016. The consolidated accounts is for the period 01.01.2016 until 31.12.2016.

The proposed annual accounts were adopted by the Board of Directors on 29 April 2017. The annual accounts will be dealt with by the Ordinary General Meeting before the end of June 2017 for final approval. Up until final approval, the Board of Directors has the authority to amend the annual accounts.

2. Basis for measurement

The consolidated financial statements have been prepared on the basis of historical cost, with the exception of the following:

- Derivative financial instruments at fair value through profit or loss
- Non-derivative financial instruments at fair value through profit or loss
- Financial assets available for sale, and recognised at fair value
- Contingent consideration from a business combination is measured at fair value
- Loans, receivables and other financial liabilities, of which are recognised at amortised cost

3. New standards and interpretations not yet adopted**New standards, amendments, and interpretations of existing standards that are adopted**

New and amended standards and interpretations that were adopted in 2016 has not resulted in significant changes to the accounting policies of Bergen Group.

Standards, amendments, and interpretations of existing standards that are not yet adopted and where Bergen Group has not chosen early adaption

Various new standards, and amendments and interpretations to existing standards are issued by the IASB with accession date for accounting periods beginning after 1 January 2016. None of these are used by Bergen Group in connection with the preparations of the financial statement for 2016. The most important new standards and amendments to existing standards are:

IFRS 9 Financial instruments

IFRS 9 "Financial instruments" regulates the classification, measurements and the accounting for financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces IAS 39. In IFRS 9 financial assets are classified in three categories; fair value of extended revenue, fair value of revenue, and amortized cost. Measurement categories are determined at the initial accounting. Classification depends on the entity's business model for managing its financial instruments and the characteristics of the cash flows. For financial liabilities, the regulations of IAS 39 are mainly continued. IFRS 9 simplifies the requirements for hedge accounting to some extent in relation to the applicable rules of IAS 39. The standard represents a change in relation to the assessment of losses. Current rules only require deposition in the occurrence of a loss event, while new regulations require provisions for anticipated requirements. The standard is effective for accounting 1 January 2018 or later. Bergen Group has not yet completed the evaluation of the impact IFRS 9 will have on the Group.

IFRS 15 Revenues from Contracts with Customers

IFRS 15 replaces the existing standards for revenue recognition (IAS 11 and IAS 18) with effect from 1 January 2018. The core principle of IFRS 15 is that a vendor should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the vendor expects to be entitled in exchange for those goods or services. The application of the core principle in IFRS 15 is carried out in five steps method for revenue recognition.

The standard may require changes in relation to the timing of revenue recognition and measurement of income. Bergen Group has still not completed the evaluation of the impact IFRS 15 will have on the Group.

IFRS 16 Leases

IASB issued a new standard for leasing 13 January 2016. The standard is effective for accountings starting after 1 January 2019. The standard requires that the lessee recognise a right of use with the corresponding liabilities for all significant lease contracts. It is likely that implementation of the new standard will lead to most of the group's operating leases being recognised in the statement of financial position. In note 18 to the consolidated financial statements, the minimum lease obligation of operating leases as at 31.12.2016 amounts to MNOK 44.



Other changes in accounting standards and interpretations adopted by the IASB are not expected to have significant effect on the consolidated financial statement of Bergen Group ASA.

5. Basis of consolidation

The consolidated accounts include the parent company Bergen Group ASA and subsidiaries and also the group's shares in associated companies and joint ventures. The parent company and the subsidiary are referred to collectively as "the group" and individually as "group companies".

Non-controlling interests are included in the group's equity

Transactions between group companies and inter-company balances, including internal profit and unrealised gains and losses, are eliminated. Unrealised gains that arise from transactions with associated companies are eliminated with the group's share in the associated company. The same applies to unrealised loss, but only if there are no indications of an impairment of the asset that has been sold internally. The consolidated accounts have been prepared on the assumption of uniform accounting principles for similar transactions and other events under similar circumstances.

Subsidiaries

A subsidiary is a company controlled by the group. There is control when the group has authority to manage the financial and operational decisions in a company for the purpose of achieving advantages from the company's activities. Control is usually achieved when the group owns, either directly or indirectly, more than 50% of the voting rights in the company, and that the group is able to exercise actual control of the company. Subsidiaries will be consolidated at the time when the control has been transferred to the group.

When the group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Classification of gains/losses from derecognition of subsidiaries is done in two different ways: When the subsidiary sold meets the criteria in IFRS 5, e.g. a separate major line of business, the gain/loss from derecognition is classified as discontinued operations. When the subsidiary does not meet the criteria in IFRS 5, the gain/loss from derecognition is classified under continued operation as other income/other operational cost.

Interests in equity-accounted investees

The group's interests in equity-accounted investees comprise interest in associates and joint ventures. Associates are those companies where the group has significant influence, but not control or joint control of financial and operating decisions. A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

6. Reportable segments

A business segment is part of the group and conducts business that can generate income and costs, including income and costs from transactions with other segments in the group. All business segments' operating results are reviewed regularly by the group's CEO to evaluate these, and also to allocate resources to them and where separate financial information is available.

During 2016 the group has operated in a single business segments: Services (marine service and maintenance). The offshore business was disposed of in second quarter of 2015. Final settlement items related to the former shipbuilding segment are no longer reported as a separate operating segment in Bergen Group. For 2015 and 2016 the activities are limited to one geographical area: Norway and the Norwegian Continental Shelf.

7. Foreign currency

Transactions in foreign currency

Transactions in foreign currencies are translated into functional currency for the respective group companies using the exchange rate at the time of the transaction. Monetary items in foreign currency are translated to functional currency using the exchange rate on the balance sheet date. Currency gains and losses on monetary items are the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments in the period, and amortised costs in foreign currency translated using the exchange rate on the balance sheet date.

Non-monetary items in foreign currency are valued at the fair value translated to the functional currency using the exchange rate at the time the fair value was determined.

Differences in exchange rates related to the translation are recognised in the profit and loss account, with the exception of differences that arise when translating equity instruments available for sale, financial obligations earmarked as security for a net investment in an overseas enterprise, and cash flow hedging that satisfies the criteria for hedging accounting. All these recognised in other comprehensive income.

8. Functional and presentation currency

The consolidated accounts are presented in NOK, which is also the functional currency of the parent company. Financial information is stated in NOK thousands, unless otherwise specified.

9. Business combinations

The group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 10). Any gain on a bargain purchase is recognised in profit or loss immediately.

Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

10. Revenue recognition

Construction contracts

Work in progress associated with fixed-price contracts with a long production time is assessed according to the ongoing settlement method where carrying to income is carried out in step with the progress of the project, primarily based on a comparison of incurred and estimated total contract costs. The degree of completion is calculated as incurred costs as a percentage of expected total cost. The total cost is regularly re-assessed.

Sale of goods and services

Income from sale of goods is recognised at the fair value of the compensation received, net after deductions for VAT, returns, discounts and deductions. Sale of goods is recognised in the income statement when the significant risk and rewards of owning the goods have been transferred to the buyer.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date or is invoiced based on hours performed at agreed rates. The stage of completion is normally assessed based on the proportion of costs incurred for work performed to date compared to the estimated total contract costs. No revenue is recognised if there is significant uncertainty regarding recovery of consideration due.

Other income

Gains and losses resulting from acquisition and disposal of businesses which do not represent discontinued operations are included in Other income within operating profit. Such gains may result from the re-measurement of a previously held interest in the acquired entity. Changes in the fair value of the contingent consideration from acquisition of a subsidiary or non-controlling interest are recognised in other income as gains or losses.

11. Employee benefits

Pensions

The group mainly has defined contribution pension schemes that are charged against income as contributions are made to the scheme.

Some group companies also have an early retirement scheme (AFP) in the LO-NHO area. The AFP scheme is considered to be a defined contribution pension scheme, as the scheme's administrator is not able to make the necessary calculation of obligations, assets and pension earnings for each member enterprise. Consequently, the premium and contributions will be charged against income as they arise. However, an obligation is calculated for employees who have chosen to take early retirement. These are defined as active AFPs and the obligation is equivalent to the employer's contribution in the period from when they

take early retirement until they reach 67 years of age. The obligation is recognized in the consolidated accounts. In the previous AFP scheme there is an undercoverage. The company have accrued for the expected cost related to this undercoverage.

Severance pay

Severance pay is recognised as a cost when the group is obliged to, and does not have any realistic chance to withdraw from a formal, detailed plan regarding the end of an employee's employment before the ordinary retirement age, or an offer of voluntary retirement. The latter is recognised as a cost if it is likely that the offer will be accepted and the number of acceptances can be reliably estimated. If the severance pay falls due more than 12 months after the reporting period, it is discounted to the fair value.

Share based payments

The Group has share-based program for the CEO. The program is measured at fair value at the date of the grant. The share option program is settled in shares. The fair value of the issued options is expensed over the vesting period which in this case is over the agreed-upon future service time.

The cost of the employee share-based transaction is expensed over the average vesting period. The value of the issued options of the transactions that are settled with equity instruments (settled with the company's own shares) is recognised as salary and personnel cost in profit and loss and in other paid-in capital. Social security tax on options is recorded as a liability and is recognised over the estimated vesting period.

12. Income tax

The tax cost consists of tax payable and the change in deferred tax. Deferred tax liability / tax asset is calculated on the basis of all taxable temporary differences. Deferred tax asset is recognized in the accounts when it is likely that the company will have enough taxable income to be able to use the tax asset.

Deferred tax and deferred tax asset are recognized regardless of when the differences will be reversed and recognized in the accounts and in principle are recognized at nominal value. Deferred tax / tax asset is valued on the basis of the expected future tax rate.

Both tax payable and deferred tax are recognized directly against equity if they are related to items recognized directly against equity.

13. Discontinued operations

At disposal of a separate major line of business, the profit or loss from these operations, including gains/losses from the derecognition is classified as discontinued operations, if the criteria in IFRS 5 have been met. Profit/loss from group of assets classified as held for sale is also classified as discontinued operations. When discontinued operations are identified, the comparable amounts in the income statement and other comprehensive income, and the accompanying notes, are restated to reflect these operations in the previous year as if they were discontinued in that year. The discontinued operations are specified in separate notes, please see note 6 to the consolidated accounts.





14. Property, plant and equipment

Property, plant and equipment are valued at cost price less accumulated depreciation and impairment losses. When assets are disposed of, the cost price and the accumulated depreciation is reversed in the accounts and any loss or gain from the disposal is recognised in the profit and loss account.

The cost price of property, plant and equipment is the purchase price, including taxes and direct acquisition costs associated with preparing the asset for use. Cost incurred after the asset has been put to use, such as repair and maintenance, will usually be expensed. If increased earnings can be demonstrated to have resulted from the repair / maintenance, the costs will be capitalised as additions.

The estimated economic life of the asset and the depreciation method are assessed annually to ensure that the method and the period used correspond to the financial reality of the fixed assets. The same applies to the scrap value.

Fixed assets under construction is classified as a fixed asset and is recognised in the profit and loss account as costs incurred in connection with the fixed assets. Fixed assets under construction is not depreciated until the asset has been put into use.

If tangible fixed assets have a higher book value than their fair value, they will be written down to their minimum fair value.

15. Leases

Financial leases

Leases where substantially all of the risks and rewards of ownership are transferred to the group, are classified as financial leases. The group presents financial leases in the accounts as assets and liabilities, equal to the cost price of the asset or, if lower, the current value of the lease's cash flow. The implicit interest cost of the lease, if it can be determined, is used to assess the present value of the lease. If it cannot be determined, the company's marginal lending rate in the market is used. Direct costs associated with the lease are included in the cost price of the asset. Monthly lease amounts are broken down into an interest and a repayment element. The interest costs are allocated to different periods, so that the interest on the outstanding debt is the same in different periods.

The assets involved in financial leases are depreciated. The depreciation period is consistent for corresponding assets owned by the group. If there is no guarantee that the company will take over the asset on expiry of the lease, the asset is depreciated over the shortest of the period of term of the lease and the depreciation period for corresponding assets owned by the group.

Operational leases

Leases where substantially all of the risks and rewards of ownership are not transferred to the group, are classified as operational leases. Lease payments are classified as operating costs, and recognised in the profit and loss account over the term of the lease.

If a "sale and lease-back" transaction results in an operational lease and it is clear that the transaction was carried out at fair value, any gain or loss will be recognised in the profit and loss account immediately when the transaction is carried out. If the sales price is lower than the fair value, any gain or loss will be recognised immediately, except in situations where it will lead to future lease payments below market price. In such cases, the gain or loss is amortised over the lease period. If the sales price is higher than the fair value, the difference is amortised over the estimated period of use of the asset.

16. Intangible assets and goodwill

The cost of intangible assets acquired through acquisition is capitalised at fair value in the opening balance for the group. Capitalised intangible assets are recognised in the accounts at cost, less any depreciation and write-downs.

Internally generated intangible assets, with the exception of capitalised development costs, are not capitalised, but expensed as they arise.

The economic lifetime is either finite or indefinite. Intangible assets with a finite lifetime are depreciated over the economic lifetime and are tested for write-down, if there are indications that this is required. The depreciation method and period are assessed at least once a year. Changes in the depreciation method and / or depreciation period are treated as estimate differences.

Intangible assets with an indefinite useful life are not depreciated, but instead tested for impairment at least once a year, either individually or as part of a cash-generating unit. The lifetime is assessed annually to see whether the assumption of an infinite useful life is justified. If not, the change to a finite lifetime is treated on a prospective basis.

Excess value resulting from acquisition of an enterprise that cannot be allocated to identifiable assets or liabilities on the date of acquisition is classified as goodwill in the balance sheet. As regards investments in associated companies and joint ventures, goodwill is included in the cost price of the investments.

If further information about assets and liabilities on the transaction date comes to light after the acquisition, the assessment of fair value of assets and liabilities could be changed up to 12 months after the acquisition date.

Goodwill is not depreciated, but an annual assessment is made to evaluate whether the value can be justified in relation to recoverable amount. If there are any external indications of a fall in value, goodwill will be assessed at each closing of accounts.

17. Financial instruments

In accordance with IAS 39, Financial instruments: Recognition and measurement, financial instruments within the scope of IAS 39 are classified in the following categories: at fair value with changes in value through profit or loss, held to maturity, loans and receivables, available for sale and other liabilities.

Financial instruments that are primarily held with the objective of selling them or buying them back in the short term, financial instruments that form part of a portfolio of identified instruments which are managed together and where there are clear traces of short-term gain realisation, or derivatives that are not designated as hedging instruments are classified as held for trading purposes. These instruments form part of the category of financial instruments recognised at their fair value with changes in value through profit or loss, together with financial instruments which qualify for, and have been designated as, instruments recognised at their fair value with changes in value through profit or loss. Financial guarantee contracts are measured according to IAS 37 or IAS 18, whichever produces the higher amount, unless the contracts qualify for and have been designated as instruments at fair value with changes in value through profit or loss.

Financial assets with fixed or determinable cash flows and a specific redemption date which the Group intends and is able to keep until maturity are classified as investments held to maturity, with the exception of those instruments which the company designates as being at fair value with changes in value through profit or loss or available for sale or which meet the criteria for forming part of the loans and receivables category. Financial assets with fixed or determinable cash flows that are not quoted in an active market are classified as loans and receivables, with the exception of instruments that the Group has designated as being at fair value with changes in value through profit or loss or available for sale.

All other financial assets are classified as being available for sale.

Financial liabilities that do not form part of the held for trading purposes category and which have not been designated as being at fair value with changes in value through profit or loss are classified as other liabilities.

Financial instruments that are held to maturity are included in fixed asset investments unless the redemption date is less than 12 months after the end of the reporting period. Financial instruments in the held for trading purposes group are classified as current assets. Financial instruments that are available for sale are presented as current assets if the management has decided to sell the instrument within the 12-month period following the end of the reporting period.

Investments that are held to maturity, loans and receivables and other liabilities are recognised at their amortised cost. Financial instruments that are classified as available for sale and held for trading purposes are recognised at their fair value, as observed in the market at the end of the reporting period, without deducting costs linked to a sale.

The gain or loss resulting from changes in the fair value of financial investments that are classified as available for sale is recognised directly in equity until the investment is sold. When the investment is sold, the accumulated gain or loss on the financial instrument that has previously been recognised in equity is reversed and the gain or loss is recognised in the statement of comprehensive income.

Changes in the fair value of financial instruments classified as held for trading purposes or designated as being at fair value with changes in value through profit or loss are recognised in the statement of comprehensive income and presented as a financial income/expense.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transaction; reference to the current fair value of other instruments that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 26.

Hedging

Before a hedging transaction is carried out, the Group's finance department assesses whether a derivative (or possibly another financial instrument in the case of a currency hedge) is to be used to

- hedge the fair value of a recognised asset or liability or a firm commitment,
- hedge a future cash flow from a recognised asset, obligation, identified very probable future transaction or, in the case of a currency risk, a firm commitment or
- hedge a net investment in a foreign operation.

The Group's criteria for classifying a derivative or other financial instrument as a hedging instrument are as follows:

- the hedge is expected to be very effective in that it counteracts changes in the fair value of or cash flows to an identified asset - a hedging efficiency of 80-125% is expected,
- the effectiveness of the hedge can be reliably measured,
- there is adequate documentation when the hedge is entered into that the hedge is effective, among other things,
- for cash-flow hedges, the forthcoming transaction must be highly probable, and
- the hedge is evaluated regularly and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Derivatives that are not hedging instruments

Financial derivatives that are not recognised as hedging instruments are assessed at their fair value. Changes in the fair value are recognised in the statement of comprehensive income as they arise.

An embedded derivative is separated from the host contract and recognised as a derivative if, and only if, all the following conditions are met:

- The financial characteristics of and financial risk relating to the embedded derivative are not closely related to the financial characteristics of and financial risk relating to the host contract.





- A separate instrument with the same conditions as the embedded derivative would have complied with the definition of a derivative.
- The combined instrument (the main contract and embedded derivative) is not measured at its fair value with changes in value recognised in profit or loss.

18. Work in progress

Work in progress comprises construction contracts and service- and maintenance contracts.

The book value of the work in progress comprises uninvoiced amounts anticipated to be paid by customers for work carried out on the balance sheet date. The value is measured by taking the costs incurred plus a mark-up for reported earnings, less on-account invoiced amounts and reported loss. Incurred costs are costs directly attributable to the contracts, and also the share of fixed and variable joint costs in the construction and service business based on operational capacity.

If payment from customers exceeds the reported income, the difference is presented in the balance sheet as deferred income.

19. Inventories

Inventories are recognised in the accounts at the lower of the acquisition cost and net realisable value. The net realisable value is the estimated sales price in ordinary operations, less estimated costs relating to completion, marketing and distribution. The cost of inventory is based on the FIFO method and includes costs of bringing the goods to their present state and location.

20. Impairment

Trade and other receivables

Provision is made when there is objective evidence that the group will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Available-for-sale financial assets

Equity investments classified as available-for-sale are considered to be impaired when there is a significant or prolonged decline in fair value of the investment below its cost. Any subsequent increase in value on available-for-sale assets is considered to be a revaluation and is recognised in other comprehensive income.

Other financial assets

The recoverable amount of receivables carried at amortised cost are calculated as the present value of estimated future cashflows, discounted at the original effective interest rate (the effective interest rate computed at initial recognition of the financial assets). Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cashflows of the financial assets that can be reliably estimated.

Non-financial assets

The carrying amounts of the group's assets, other than employee benefit assets, inventories, deferred tax assets and derivatives are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If an indication of impairment exists, the asset's recoverable amount is estimated. Cash-generating units (CGU) containing goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use are tested for impairment annually.

The recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the income statement. An impairment loss recognised in respect of CGU is allocated first to goodwill and then to the other assets in the unit (group of units) on a pro rata basis.

An impairment loss on goodwill is not reversed. An impairment loss on other assets is reversed if there has been a change in the estimates used to determine the recoverable amount, and the change can be objectively related to an event occurring after the impairment was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

21. Provisions and liabilities

A provision is recognised in the balance sheet when the group has a present obligation as a result of a past event that can be estimated reliably and it is probable that the group will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cashflows at a market based pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the liability-specific risks.

Warranty provision

A provision for warranty is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

Contingent liabilities and assets

Contingent liabilities are defined as:

- (i) potential liabilities resulting from previous events, but whose existence depends on future events;
- (ii) liabilities not recognised in the accounts because it is not likely that the liability will result in an outflow of resources;
- (iii) liabilities that cannot be measured with a satisfactory degree of reliability.

Contingent liabilities are not recognised, with the exception of contingent liabilities stemming from the acquisition of enterprises. Material contingent liabilities are specified in the notes, except for contingent liabilities where the likelihood of existence is very low.

A contingent asset is not recognised in the accounts, but will be specified in the notes to the accounts if it is likely that the asset will devolve on the group.

Guarantee liabilities

Contractual guarantees of completion and guarantees in connection with advance payment from customers are furnished as part of Bergen Group's activities. Such guarantees usually involve a bank connection that issues the guarantee in relation to the customer. In some cases, guarantees have also been furnished by other companies in the group.

22. Events after the balance sheet date

New information about the group's positions on the balance sheet date has been taken into consideration in the accounts. Events after the balance sheet date, which do not affect the group's positions on the balance sheet date, but which have a material effect on future periods, are specified in the notes.

23. Cash flow statement

The cash flow statement shows the overall cash flow broken down by operations, investment and financial activities. The statement shows each activity's effect on the liquid assets. The cash flow statement is prepared in accordance with the indirect model. Unrestricted bank deposits, restricted tax and restricted deposits on projects is included in the cash equivalents in the balance.

24. Earnings per share

Earnings per share are calculated by dividing the majority's share of the profit / loss for the period by a time-weighted average of the number of ordinary shares for the period.

25. Usage of judgements and estimates

Preparation of the annual accounts in accordance with IFRS includes valuations, estimates and assumptions that influence both the choice of accounting principles applied and reported amounts for assets, obligations, income and expenses. During preparation of the annual accounts, the management has used estimates based on best judgement and assumptions that are considered to be realistic based on historical experience. Actual amounts may differ from estimated amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 17/18 Classification of lease contracts
- Note 22 consolidation; whether the group has de facto control over an investee

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year to come, is included in the following notes:

- Note 8 Recognition of deferred tax assets; availability of future taxable profit against which carry forward tax losses can be used
- Note 10/11 Impairment test: key assumptions underlying recoverable amounts
- Note 19 recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources

1. Measurement of fair values

A number of the group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

The group has an established control framework with respect to the measurement of fair values. The framework implies regularly review of significant unobservable inputs and valuation adjustments.

When measuring the fair value of an asset or a liability, the group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 11 tangible fixed assets
- Note 21 financial instrument

NOTE 3 FINANCIAL RISK MANAGEMENT

The group is exposed to the following financial risks resulting from the use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note provides information about exposure to each of the above-mentioned risks as well as goals, principles and processes for measuring and managing risk, and the group's capital management. More quantitative information is included elsewhere in the consolidated accounts.

The board of directors has overall responsibility for establishing and monitoring the group's risk management framework. Risk management principles have been established in order to identify and analyse the risks to which the group is exposed, to stipulate limits on risk and pertaining control procedures, and to monitor risk and compliance with the limits. Risk management principles and systems are reviewed regularly to reflect changes in activities and market conditions.

CREDIT RISK

Credit risk is the risk of financial losses in the event that a customer or counterparty in a financial instrument is unable to meet its contractual obligations. Credit risk relates usually to the group's receivables from customers. The group's exposure to credit risk is mainly the result of individual factors relating to each individual customer. The demographics of the customer base, including the risk of default of payment in the industry and the country in which the customers operate, have less influence on the credit risk. There is no geographical concentration of credit risk.

The group's trade debtors consist of different customer groups in the different segments. The customers of the Offshore division are primarily large companies within the oil and gas industry, while Service's customers are shipping companies of all sizes and shipbuilding and offshore shipyards.

The company has established guidelines for credit rating. This means that the creditworthiness of all new customers is assessed on an individual basis before the customer is offered the group's standard terms and conditions for delivery and payment.

The maximum risk exposure is represented by the carrying amount of the financial assets, including derivatives, in the statement of financial position. Counterparty for derivative financial instruments is normally a bank, the credit risk linked to these financial derivatives is limited. The Group regards its maximum credit risk exposure to the carrying amount of trade debtors and other receivables (see Note 17).

Historically, losses on trade debtors have been limited. Provisions are made for losses incurred relating to trade debtors, other receivables and investments. There are two types of provisions. One type relates to individual material factors with specific provisions. The other relates to groups of assets with similar risk characteristics where losses have been incurred, but have not been identified. For those assets provisions are made on the basis of the payment history of similar financial assets.

Investments

Credit risk exposure is limited since the company only invests in securities with counterparties with satisfactory credit ratings. The strict credit rating requirements mean that the counterparty is expected to fulfil its obligations.

Guarantees

Financial guarantees are guarantees being furnished for sums of money received in connection with major projects.

Capital management

The board of directors' goal is to maintain a strong capital base in order to preserve the confidence of investors, creditors and market, and to develop business activities. The return on capital is monitored by the board. Return on capital is defined as the operating profit/loss divided by the total equity. The board also monitors the level of dividends on ordinary shares. The group may also trade in own shares, but during the year no trading in own shares have occurred. The group has no defined plan for the purchase of own shares.

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 approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities under both normal and stressed conditions. Please see note 19 for more information on the group's bank loans as of 31.12.2016, as well as note 23 for information about Contingent outcomes and contractual obligations.

NOTE 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Forfall i henhold til kontrakt for finansielle forpliktelser, inkludert rentebetaling og uten effekten av avregningsordninger:

31 December 2016	Note	Carrying amount	Contractual cash flows	6 months or less	6 - 12 mth.	1 - 2 years	2 - 5 years	More than 5 years
Syndicate loan	17	-	-	-				
Convertible loans	17	16 128	16 128	16 128				
Mortgage loans	17	20 005	20 005	20 005				
Financial leases	17	168	168			168		
Credit facility	17	-	-	-				
Trade payables	19	29 461	29 461	29 461				
Total		65 762	65 762	65 594	-	168	-	-

31 Desember 2015	Note	Carrying amount	Contractual cash flows	6 months or less	6 - 12 mth.	1 - 2 years	2 - 5 years	More than 5 years
Syndicate loan	17	30 000	30 000	30 000				
Mortgage loans	17	37 289	37 289	37 289				
Financial leases	17	258	258			258	-	
Credit facility	17	-	-	-				
Trade payables	19	41 852	41 852	41 852				
Total		109 399	109 399	109 141	-	258	-	-

MARKET RISK

Bergen Group operates mainly in a domestic market. Hence, the company is only to a limited extent directly exposed to its own operations abroad. Macro economically conditions, of which are significant for the group, is mainly related to developments in oil and gas prices, including development and maintenance activities in the North Sea. Bergen Group's turnover in 2016 was to a less extent related to offshore

activities, and is as such also less exposed to the above mentioned risk factors. The company's activities within vessel maintenance and maritime services is to a less extent influenced by developments within this sector.



NOTE 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's exposure to the main foreign currencies:

	31.12.16		31.12.15	
	EUR	USD	EUR	USD
Bank	1 618	140	490	1
Trade receivables	-	-	-	-
Mortgage loans	-	-	-	-17 620
Convertible loans	-16 200	-	-	-
Trade payables	-868	-	-11	-1 764
Balance sheet exposure	-15 450	140	479	-19 383
Estimated need for future sales (NOK)	-	-	-	-
Estimated need for future purchases (NOK)	-	-	-	-
Gross exposure	-15 450	140	479	-19 383
Currency hedging *)	16 200	-	-	-
Net exposure	750	140	479	-19 383

*) Short term debt to EEIM with face value EUR 1 800 000 is hedged at NOK/EUR rate of 9.00, within a sensitivity interval of +/- 10 % change in the rate of exchange.

	2016		2015	
	EUR	USD	EUR	USD
Main exchange rates throughout the year:				
Average exchange rate for the year	9,29	8,40	8,95	8,07
Spot exchange rate on 31 December	9,09	8,62	9,62	8,81

Sensitivity analysis

31. December 2016	Equity	Profit/loss
A 10 per cent strengthening of NOK in relation to EUR	-	75
A 10 per cent strengthening of NOK in relation to USD	-	14

31. December 2015	Equity	Profit/loss
A 10 per cent strengthening of NOK in relation to EUR	-	48
A 10 per cent strengthening of NOK in relation to US	-	-1 938

NOTE 3 FINANCIAL RISK MANAGEMENT (CONTINUED)**Interest rate risk**

The company does not normally hedge against changes in the interest rate. The majority of the company's borrowing is based upon an agreed interest of 6% p.a.

After deduction of free liquid balances, the net interest bearing debt amounted to NOK 16 millions.

Parent company guarantees

The parent company Bergen Group ASA had at year-end 2015 issued guarantees on behalf of Bergen Group BMV AS and Bergen Group Fosen AS, of which declared bankruptcy during second half of 2015. As part of the comprehensive refinancing, of which was completed at year-end 2016, all of these parent company guarantees were terminated.

Sensitivity analysis

A change in the interest rate of 100 base points on the reporting date would have increased (reduced) equity and yearly profit by the amounts shown in the table below. This analysis assumes that all other variables, particularly the exchange rates, remain unchanged. The analysis excludes net interest on net interest bearing debt classified as held for sale.

2016	Profit/loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash and cash equivalents	363	-363	272	-272
Long-term interest-bearing loans	-163	163	-122	122
Short-term interest-bearing loans	-200	200	-150	150
Cash flow sensitivity (net)	-	-	-	-

2015	Profit/loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash and cash equivalents	345	-345	-	-
Long-term interest-bearing loans	-3	3	-	-
Short-term interest-bearing loans	-673	673	-	-
Cash flow sensitivity (net)	-331	331	-	-

NOTE 4 OPERATING SEGMENTS

Operating segments

Bergen Group ASA reports in 2016 for the segment Services, of which includes the subsidiaries Bergen Group Services AS and Bergen Group Technology AS. Other group companies reports as Other. In total four Bergen Group subsidiaries were declared bankruptcy during 2015; Bergen Group Hanøytangen AS, Bergen Group BMV AS, Bergen Group Skarveland AS and Bergen Group Fosen AS. The results from these subsidiaries are presented as discontinued operations.

Segment performance is measured by operating profit before depreciation, amortization and write-downs (EBITDA) and operating profit (EBIT). This is included in internal management reports, of which are being reviewed by the group's CEO.

2016

	Services	Other	Intra-group eliminations	Total
Operating revenue - external	242 707	3 409	-	246 116
Operating revenue - internal	162	704	-866	-
Total operating revenues	242 868	4 113	-866	246 116
Operating profit / loss EBITDA	15 004	-10 990	-	4 014
Depreciation, amortisation	-5 771	-40	-	-5 811
Impairment	-	-	-	-
Operating profit / loss EBIT from continuing operations	9 234	-11 030	-	-1 797
Operating profit / loss EBIT from discontinued operations	-	107 723	-	-107 723
Equity-accounted investees	-	-	-	-
Other assets	710 226	1 163 066	-1 572 976	301 845
Liabilities	102 309	1 595 508	-1 572 976	124 841

2015

	Services	Other	Intra-group eliminations	Total
Operating revenue - external	206 733	1 263	-	207 996
Operating revenue - internal	15 451	9 396	-24 847	-
Total operating revenues	222 184	10 659	-24 847	207 996
Operating profit / loss EBITDA	3 482	-30 646	-	-27 164
Depreciation, amortisation	-6 521	-340	-	-6 860
Impairment	-	-	-	-
Operating profit / loss EBIT from continuing operations	-3 038	-30 986	-	-34 024
Operating profit / loss EBIT from discontinued operations	-31 146	-15 498	-	-46 644
Equity-accounted investees	-	-	-	-
Other assets	263 951	2 387 287	-2 124 859	526 378
Liabilities	89 803	2 480 656	-2 124 859	445 600

NOTE 4 OPERATING SEGMENTS (CONTINUED)**Geographical information**

Geographical revenue is presented on the basis of where the group derives revenues.

	2016	2015
Norway and the Norwegian Continental Shelf	246 116	207 996
Other	-	-
Total	246 116	207 996

NOTE 5 SALARIES, FEES, REMUNERATIONS**Payroll expenses**

	2016	2015
Salaries and holiday pay	73 158	91 329
Employer`s national insurance contribution	10 960	12 532
Share-based payment	-	(1 047)
Pension expenses	6 309	2 456
Other payroll expenses	305	6 715
Total	90 732	111 985
Average number of employees	147	165
Numbers of employees 31 Dec.	140	150

The group is required to have a pension scheme in accordance with the Norwegian law on required occupational pension schemes ("lov om obligatorisk tjenestepensjon"). The group's pension arrangements fulfil the law requirements.

The Group has defined contribution pension plans for all employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contribution is expensed when it occurs.

The contributions recognised as expenses in both continuing and discontinued operations equalled TNOK 2 410 in 2015.

As a replacement of the old AFP-scheme at year-end 2015, the Norwegian government, the employer organisations and the employee organisations established a new AFP-scheme. The

new AFP-scheme is, contrary to the old scheme, not an early retirement plan, but a plan of which gives a lifelong contribution to the ordinary pension. The employees can choose to exercise the new AFP-scheme starting at the age of 62 years, also in combination with continued work until they turn 67 years old. The new AFP-scheme is a defined benefit multi-employer plan, of which is financed through contributions that are determined by a percentage of the employee's earnings between 1G and 7.1G. There is currently no reliable measure and allocation of liabilities and assets in the plan. The plan is accounted for as a defined contribution plan, of which means that the contributions are recognised as expenses with no provisions.

The premium for 2016 has been set to 2.5 % of the total payments between 1 G and 7.1 G to the group employees. However, the group does not pay any premium for employees subsequent the calendar year in which they turn 61 years old.



NOTE 5 SALARIES, FEES, REMUNERATIONS (CONTINUED)

Remuneration to members of the executive management team

The remuneration of the executive management team for 2015 and 2014 is shown in the tables below.

2016	Base salary	Variable pay	Other benefits	Pension benefit	Total
Hans Petter Eikeland*			3 522	-	3 522
Nils Ingemund Hoff**		-	2 954	-	2 954
Øyvind Risnes	1 255	-	82	73	1 410
Henning Nordgulen*** (until 30 June 2015)		-	1 500	-	1 500
Total	1 255	-	6 558	73	7 886

* CEO Hans Petter Eikeland has in 2016 not been directly employed by Bergen Group. He receives remuneration from his private company Eikeland Holding AS.

** CFO Nils Ingemund Hoff has in 2016 not been directly employed by Bergen Group. He receives remuneration from his private company Eagle AS.

*** Former CFO Henning Nordgulen has not been employed by Bergen Group. He received remuneration from his private company North Hill Invest AS.

He has taken part in the voluntary debt remission, of which took place at year-end 2016, based upon the same conditions and principles as all other creditors to Bergen Group ASA, i.e. full payment up to NOK 100 000 ("floor payment") and 50% payment of the excess amount.

2015	Base salary	Variable pay	Other benefits	Pension benefit	Total
Asle Solheim (until 28 August 2015)	2 890	2 500	146	100	5 637
Hans Petter Eikeland* (from 28 August 2015)			754		754
Nils Ingemund Hoff** (from 1 July 2015)			891		891
Øyvind Risnes	1 255	200	81	73	1 610
Henning Nordgulen*** (until 30 June 2015)			2 100		2 100
Total	4 145	2 700	3 973	173	10 991

The Board of directors have approved the Company's guidelines for salaries to senior executives. This can be summarized as follows: The main principles for Bergen Group ASA's executive remuneration policy is that senior executives will be offered terms that are competitive, when salaries, fringe benefits, bonus and pension scheme are considered in total. Cash compensation could be given as compensation in addition to base salary for senior management, but then limited to a certain percentage of base salary and linked to the achievement of specific targets. Guidelines for awarding bonuses is to be determined by the board.

Hans Petter Eikeland has since August 2015 been engaged as CEO through an engagement agreement between his own company Eikeland Holding AS and Bergen Group ASA. From 1 July 2017 this engagement agreement is replaced by permanent employment of Hans Petter Eikeland as CEO for Bergen Group ASA.

There is no late pay or final bonus related to the termination of the engagement agreements. Nor is there any start-up bonus or other one-off payments related to the fixed commitment that will enter into force from 1 July 2017.

CEO Hans Petter Eikeland has under his employment contract valid from 01.01.2017 under certain conditions the right to a severance pay over 12 months after the ordinary notice period. This applies mainly if the group concludes his employment relationship or in case of significant changes in the work / area of responsibility, or on the ownership of the company. Eikeland's compensation for loss of labor income would be reduced if he received income from other sources in the early retirement period.

NOTE 5 SALARIES, FEES, REMUNERATIONS (CONTINUED)**Remuneration* to the board of directors for the period from ordinary meeting 2015 until ordinary general meeting 2016**

Name	Position	Remuneration	Other benefits
Tor Lars Onarheim	Chairman of the Board	300 000	187 000*
Kristoffer Nesse Hope	Member of the Board	150 000	*
Tove Ormevik Styremedlem	Member of the Board	150 000	*
Jorunn Helvik Ingebrigtsen	Member of the Board and Audit Committee	200 000	*
Espen Selvikvåg Berge	Member of the Board and Audit Committee	200 000	*
Bente Stangeland	Member of the Board and Audit Committee	200 000	*
Jan Ove Tvedt	Deputy member, from 12 Dec. 2016	-	
Jonny Aarsrud	Deputy member, from 12 Dec. 2016	-	*
Magnus Stangeland	Deputy member	42 500	*

Remuneration* to the election and remuneration committee for the period from ordinary meeting 2015 until ordinary general meeting 2016

Name	Position	Remuneration
Andreas Iversen	Leader	20 000*
Tore Dalseide	Member	20 000*
Henning Nordgulen	Member	20 000*

(*) The fee amounts to the Board of Directors and to the election and remuneration committee as listed above, is based upon the remuneration approved by the General Assembly on 13 June 2016. However, these remunerations are also included in the voluntary remission of debt, of which took place at year-end 2016, based upon the same principles as all other creditors to Bergen Group ASA, i.e. full payment up to NOK 100 000 ("floor payment") and 50% payment of the excess amount.

Share options - group management

Eikeland Holding AS, a company controlled by CEO Hans Petter Eikeland of Bergen Group ASA, and Eagle AS, a company controlled by CFO Nils Hoff in Bergen Group ASA, have each been granted an option to acquire up to 1 000 000 new shares in Bergen Group ASA at a price of NOK 1.00 per share. The options were granted in March 2017, as a result of successful completion of the restructuring and refinancing process in the Group.

The new shares can be acquired from the date when the capital increase related to the repurchase rights as described in the prospectus

dated 16 March 2017 is registered in the Brønnøysund Register and until 1 June 2017. These rights may be exercised several times, but for a minimum of 200 000 shares each time. Unused rights from 1 June 2017 shall expire without compensation to the holder.

The options were granted by the Board of Bergen Group ASA pursuant to the authorization of the Annual General Meeting on 13 June 2016. None of the above mentioned options were exercised as of 5 April 2017.

Audit fees (All amounts excluding VAT)	2016	2015
Auditing	1 045	1 924
Miscellaneous related to auditing	368	434
Miscellaneous related to tax services	110	227
Other services	-	137
Total	1 523	2 722

NOTE 6 DISCONTINUED OPERATIONS

In total four subsidiaries of Bergen Group ASA declared bankruptcy in 2015; Bergen Group Hanøytangen AS, Bergen Group Skarveland AS (both in Q3 2015), Bergen Group BMV AS and Bergen Group Fosen AS (both in Q4 2015). The results from these companies until declaration of bankruptcy are presented as discontinued operations.

In addition, losses on receivables against these bankruptcy companies and the gain on debt remission are presented as discontinued operations.

RESULTS OF DISCONTINUED OPERATIONS	NOTE	2016	2015
Revenue		-	419 829
Operating expenses		-6 660	-466 472
Loss on receivables		-101 063	-
Operating result (EBIT)		-107 723	-46 643
Net financial items		-15	-3 851
Result before taxes from operating activities		-107 738	-50 494
Tax	8	-	-3 354
Net result from operating activities		-107 738	-53 848
Gain on sale of discontinued operation		-	34 726
Loss on bankruptcy of subsidiaries		-	-19 304
Gain on remission of debt		188 375	-
Net result from discontinued operations		80 637	-38 426
Earnings per share - discontinued operation			
Earnings per share (NOK)	9	1,33	(0,63)
Diluted earnings per share (NOK)	9	1,32	(0,63)

A comprehensive refinancing was completed in December 2016. This included a total remission of debt of NOK 188 million through a voluntary reduction of 50% of commitments, of which Bergen Group ASA had entered until the summer of 2015.

NOTE 7 NET FINANCE COSTS

	2016	2015
Interest income	53	132
Currency gain	1 337	1 306
Return on investment in equity-accounted investees	-	559
Finance income	1 390	1 997
Interest cost on financial liabilities measured at amortised cost	-6 256	-8 731
Currency loss	-357	-4 398
Other financial expenses	-480	-7 302
Finance costs	-7 093	-20 431
Net finance costs recognised in the income statement	-5 703	-18 434

NOTE 8 TAX

INCOME TAX EXPENSE	2016	2015
Tax payable		
Tax payable for the year	-	-
Total tax payable for the period	-	-
Changes deferred tax		
Changes in deferred tax	-760	10 120
Effects of changes in tax rate	760	880
Total changes deferred tax	-	11 000
Net tax income / expense on continuing operations	-	11 000

Tax expense on continuing operations excludes the tax expense from discontinued operations. No tax expense has occurred related to discontinued operations in 2015, and no deferred tax asset been recognised. As such, tax expenses related to discontinued operations are calculated at TNOK 0 in 2016. There has not been recognised any changes in deferred tax asset in the balance sheet.



NOTE 8 TAX (CONTINUED)

RECONCILIATION OF EFFECTIVE TAX RATE		2016	2015
Loss from continuing operations		-7 500	-63 459
Net tax income / expense		-	11 000
Loss before tax		-7 500	-52 459
Tax at nominal tax rate		25,0 %	27,0 %
Permanent differences due to write-down of goodwill	0,0 %	-	-
Permanent differences due to exemption model	0,0 %	-	-
Other permanent differences	-86,6 %	6 497	8 158
Effects of changes in tax rate	-10,1 %	760	880
Loss due to derecognition of deferred tax asset	0,0 %	-	16 126
Effects of temporary differences not previously recognized	71,8 %	-5 382	-
Net tax income / expense for the group	0,0 %	-	11 000

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES	31.12.2015	Recognised in profit or loss - continuing operations	Recognised in profit or loss - discontinued operations	Changes due to divested companies	31.12.2016
Non current assets	-7 811	98	475	-	-7 238
Currents assets	-122 368	-2 750	-11 709	-	-136 827
Long term and short term interest bearing debt	-	-	-	-	-
Provisions	-7 132	5 700	-2 101	-	-3 533
Pension obligations	-1 934	-	1 894	-	-40
Guarantee liabilities	-	-	-	-	-
Other differences	2 884	1 750	-3 842	-	792
Excess values	6 300	-	-4 200	-	2 100
Interest deductibility carried forward	-38 869	-16 729	-8 600	-	-64 198
Taxable loss carried forward	-227 413	-12 130	-12 928	-	-252 471
Share of remission of debt offset taxable loss carried forward	-	88 163	95 354	-	183 518
Total basis related to deferred tax	-396 341	64 102	54 343	-	-277 896
Net deferred tax asset (25%)	-99 085				
Net deferred tax asset (24%)		15 385	13 042	-	-66 695
Net deferred tax asset - not recognised in the accounts	-80 085	15 031	13 396	-	-85 941
Net deferred tax asset - recognised in the accounts	-19 000	354	-354	-	-19 000

NOTE 9 EARNINGS PER SHARE

The basic earnings per share are calculated as the ratio of the profit for the year that is due to the shareholders of the parent divided by the weighted average number of ordinary shares outstanding. When calculating the diluted earnings per share, the profit/loss that is attributable to the ordinary shareholders of the parent and the weighted average number of ordinary shares

outstanding are adjusted for all the dilution effects relating to convertible bonds and share options. In the calculations, convertible bonds and share options are assumed to have been converted/exercised on the first date in the fiscal year. Convertible bonds and share options issued in the period are assumed to be converted/exercised at the date of issue/grant date.

NOTE 9 EARNINGS PER SHARE (CONTINUED)

BASIS FOR CALCULATION OF EARNINGS PER SHARE	2016			2015		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit / loss for the year after minority interest (amounts in TNOK)	-7 500	80 637	73 137	-63 459	-38 426	-101 885
Average outstanding shares	60 823 569	60 823 569	60 823 569	60 622 009	60 622 009	60 622 009
Diluted, weighted average number of shares*	61 267 405	61 267 405	61 267 405	60 622 009	60 622 009	60 622 009
Basic earnings per share (NOK)	(0,12)	1,33	1,20	(1,05)	(0,63)	(1,68)
Diluted earnings per share (NOK)	(0,12)	1,32	1,19	(1,05)	(0,63)	(1,68)

Diluted, weighted average number of shares includes, in addition to ordinary shares, warrants and options issued to senior management, and are expected to be settled by the issue of new shares.

CALCULATION OF DILUTED AVERAGE NUMBER OF SHARES OUTSTANDING

Date	No. of shares	No. of days	Weighted no. of shares
01.01.16	60 622 009	361	59 957 658
27.12.16	79 014 342	4	865 911
		365	60 823 569

CALCULATION OF AVERAGE NUMBER OF DILUTED POTENTIAL NUMBER OF SHARES IN THE PERIOD

Date	No. of shares	No. of days	Weighted no. of shares
01.01.16	-	355	-
21.12.16	16 200 000	10	443 836
		365	443 836

	2016	2015
Weighted average number of shares	60 823 569	60 622 009
Effect of diluted potential ordinary shares:		
Convertible bonds	443 836	-
Diluted average number of shares in the period	61 267 404	60 622 009

NOTE 10 INTANGIBLE ASSETS

2016	Research and Development	Licences, patents etc.	Goodwill	Customer relations	Customer contracts	Lease agreements	Total intangible assets
Acquisition cost 1 Jan. 2016	3 830	7 747	152 213	42 000	-	-	205 790
Acquisitions 2016	-	-	-	-	-	-	-
Disposals 2016	-	-	-	-	-	-	-
Acc. acquisition cost 31 Dec. 2016	3 830	7 747	152 213	42 000	-	-	205 790
Accumulated depreciations as of 1 Jan. 2016	3 830	7 489	-	35 700	-	-	47 018
Accumulated impairment losses as of 1 Jan. 2016	-	-	50 000	-	-	-	50 000
Current year's depreciations	-	49	-	4 200	-	-	4 249
Impairment loss	-	-	-	-	-	-	-
Disposal in 2016 of acc. depreciations	-	-	-	-	-	-	-
Acc. Amort. and imp. losses 31 Dec. 2016	3 830	7 538	50 000	39 900	-	-	101 267
Book value 31. Dec. 2016	-	209	102 213	2 100	-	-	104 523

NOTE 10 INTANGIBLE ASSETS (CONTINUED)

2015

	Research and Development	Licences, patents etc.	Goodwill	Customer relations	Customer contracts	Lease agreements	Total intangible assets
Acquisition cost 1 Jan. 2015	3 830	7 747	676 973	124 084	88 707	9 313	910 654
Acquisitions 2015	-	-	-	-	-	-	-
Disposals 2015	-	-	-524 760	-82 084	-88 707	-9 313	-704 864
Acc. acquisition cost 31 Dec. 2015	3 830	7 747	152 213	42 000	-	-	205 790
Accumulated depreciations as of 1 Jan. 2015	3 830	7 479	-	113 584	88 707	9 313	222 913
Accumulated impairment losses as of 1 Jan. 2015	-	-	574 760	-	-	-	574 760
Current year's depreciations	-	10	-	4 200	-	-	4 210
Impairment loss	-	-	-	-	-	-	-
Disposal in 2015 of acc. depreciations	-	-	-524 760	-82 084	-88 707	-9 313	-704 864
Acc. Amort. and imp. losses 31 Dec. 2015	3 830	7 489	50 000	35 700	-	-	97 018
Book value 31. Dec. 2015	-	258	102 213	6 300	-	-	108 772

Impairment testing for CGUs containing goodwill

Bergen Group's goodwill originates from several acquisitions in 2007 and 2008. Management follows up recoverable amount for each cash-generating unit (CGU).

For the purpose of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

	2016	2015
Services - BG Services AS	102 213	102 213
Total goodwill	102 213	102 213

Services - BG Services AS

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The value in use calculations use cash flow projections based on the future cash flow, budgets and strategic forecasts for the periods 2016-2018 and an annual growth rate for subsequent periods.

The key assumptions used in the estimation of value in use were as follows:

Discount rate	11,5 %
Terminal value growth rate	2 %
EBITDA margin	8-10 %

The discount rate used is a post-tax weighted average capital cost (WACC). The discount rate has been calculated using a normalised 10 year SWAP rate of 1.5 %, general market risk premium of 6%, small cap premium of 2.4 %, costs of debt capital of 11.9% and a debt/total capital factor for the peer group of 50%. The nominal tax rate of 24% from 1 Jan. 2017 has been used.

The terminal value growth rate has been determined as the lower of the Bank of Norway's inflation target and the long term growth rate estimated by management.

Budgeted EBITDA is based on expectations for future results taking into account experience from historical results.

The estimated recoverable amount of the CGU exceeds its carrying amount. Management has identified that a reasonable possible change in the key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these assumptions would need to change individually for the estimated recoverable amount to be equal the carrying amount.

Change required for carrying amount to equal recoverable amount

Discount rate	0,50 %
Terminal value growth rate	-0,50 %
EBITDA-margin	-0,50 %

NOTE 11 PROPERTY, PLANT AND EQUIPMENT**2016**

	Land, buildings and quays	Plant and equipment	Operating equipment, fixtures and fittings	Total
Acquisition cost 1 Jan. 2016	5 647	30 203	11 304	47 153
Acquisitions 2016	-	177	106	283
Disposals 2016	-	-	-	-
Acc. acquisition cost 31 Dec. 2016	5 647	30 379	11 410	47 436
Accumulated depreciation as of 1 Jan. 2016	3 886	26 570	10 336	40 792
Depreciation	611	505	471	1 587
Acc. disposal of depreciations during 2016	-	-	-	-
Accumulated depreciation 31 Dec. 2016	4 498	27 075	10 807	42 379
Accumulated impairment losses as of 1 Jan. 2016	-	-	-	-
Impairment loss	-	-	-	-
Acc. disposal of impairment losses during 2016	-	-	-	-
Accumulated impairment losses 31 Dec. 2016	-	-	-	-
Book value 31 December 2016	1 149	3 304	603	5 057

2015

	Land, buildings and quays	Plant and equipment	Operating equipment, fixtures and fittings	Total
Acquisition cost 1 Jan. 2015	430 783	70 311	31 394	532 487
Acquisitions 2015	-	3 352	113	3 464
Disposals 2015	-425 136	-43 460	-20 203	-488 799
Acc. acquisition cost 31 Dec. 2015	5 647	30 203	11 304	47 153
Accumulated depreciation as of 1 Jan. 2015	35 051	30 192	21 007	86 250
Depreciation	738	1 744	169	2 650
Acc. disposal of depreciations during 2015	-31 902	-5 366	-10 840	-48 108
Accumulated depreciation 31 Dec. 2015	3 886	26 570	10 336	40 792
Accumulated impairment losses as of 1 Jan. 2015	247 839	-	-	247 839
Impairment loss	-	-	-	-
Acc. disposal of impairment losses during 2015	-247 839	-	-	-247 839
Accumulated impairment losses 31 Dec. 2015	-	-	-	-
Book value 31 December 2015	1 761	3 633	968	6 361
Depreciation rates	0 - 5 %	10 - 33 %	10 - 33 %	
Depreciation plan	Lineær	Lineær	Lineær	

NOTE 12 INVENTORIES

	2016	2015
Purchased finished goods	3 224	3 766
Total	3 224	3 766

	2016	2015
Inventories at 31 Dec. at cost price	3 224	3 766
Inventories at 31 Dec. at fair value	-	-
Total	3 224	3 766
Obsolete inventory expensed during the period	125	-

NOTE 13 WORK IN PROGRESS

	2016	2015
Construction contracts in progress	-	-
Service and maintenance contracts in progress	40 963	27 440
Total work in progress	40 963	27 440
Advance payments from customers	2 076	-
Loss projects in progress	-	-

NOTE 14 RECEIVABLES

TRADE RECEIVABLES	2016	2015
Trade receivables at nominal value	53 221	40 097
Provision for bad debt	-16 307	-20 007
Total	36 914	20 090

MATURITY PROFILE OF TRADE RECEIVABLES	2016		2015	
	Gross receivables	Provision for loss	Gross receivables	Provision for loss
Not overdue	19 753		10 239	
Due in 0-30 days	2 219		5 821	
Due in 31-120 days	2 507	-904	5 312	
Due in 121-360	462		37 471	-14 500
Due in > 1 year	28 281	-15 403	93 878	-87 024
Total	53 222	-16 307	152 721	-101 524

OTHER CURRENT RECEIVABLES	2016	2015
Loans to employees	-	194
VAT payable	12 906	1 389
Prepaid expenses	2 441	740
Other short-term receivable	663 444	722 300
Provision for bad debt	-624 497	-418 391
Total	54 294	306 232

NOTE 15 CASH AND CASH EQUIVALENTS

	2016	2015
CASH AND BANK DEPOSITS		
Cash and bank deposits - unrestricted funds	20 655	6 583
Cash and bank deposits - restricted funds	15 686	28 134
Total	36 341	34 717
RESTRICTED FUNDS		
Tax withholding accounts	3 980	3 415
Security furnished to customers for payments in advance	8 216	21 229
Deposit accounts for non-insured pension obligations	3 490	3 490
Total	15 686	28 134

NOTE 16 SHARE CAPITAL AND SHAREHOLDER INFORMATION**Share capital**

As a result from the private placement approved on the extraordinary general assembly on 17 November 2016, the share capital was increased with NOK 18 392 333 by issuing 18 392 333 new shares, each with face value of NOK 1,00, and issue price of NOK 1,20 per share.

The company's share capital as of 31 December 2016 was NOK 79 014 342, divided by 79 014 342 shares, each of par value of NOK 1.00.

Share value

The share price as of 31 December 2016 was NOK 1.93, compared to NOK 1.03 as of year-end 2015. This implies a price increase of 87.4% during 2016. As of 30 December 2015, the market value of the company at the stock market was NOK

153 million, based upon 79 014 342 shares. Corresponding value as of year-end 2015 was NOK 62 million (based upon 60.6 million shares).

List of shareholders

As of 31 December 2016, after registration of new shares from the private placement, the company had 1 024 share holders (953 share holders as of 31 December 2015), of which the 20 largest shareholders held 87.02%. An updated overview of the 20 largest shareholders is available on the IR sites at www.bergengroup.no.

SHAREHOLDERS AS OF 31 DECEMBER 2016

	NO OF SHARES	HOLDING
BRIAN CHANG HOLDINGS LIMITED	26 146 500	33,09 %
AS FLYFISK	22 027 570	27,88 %
KØHLERGRUPPEN AS	7 901 721	10,00 %
EIKELAND HOLDING AS	4 636 024	5,87 %
DAN JØRGEN SALTNES	946 451	1,20 %
OLA RUSTAD A.S	923 334	1,17 %
SØR-VARANGER INVEST AS	916 774	1,16 %
FJ HOLDING AS	833 000	1,05 %
FRANK ROBERT SUNDE	538 070	0,68 %
BERNHD. BREKKE AS	494 505	0,63 %
KANABUS AS	432 265	0,55 %
EAGLE AS	417 000	0,53 %
NORDNET LIVSFORSIKRING AS	409 473	0,52 %
BREKKE LARSEN AS	400 000	0,51 %
GRINI ASBJØRN	342 000	0,43 %
TOFTEGÅRD ROGER ARNT	333 500	0,42 %
KJELL GUNNAR NES	308 000	0,39 %
ROSENBERG INVESTERING AS	266 545	0,34 %
SKÅLA BÆR AS	250 000	0,32 %
THOMAS RUTHERFORD HASLETT	232 428	0,29 %
Total shares owned by 20 largest shareholders	68 755 160	87,02 %
Other shareholders	10 259 182	12,98 %
Total shares 31.12.2016	79 014 342	100,00 %





NOTE 16 SHARE CAPITAL AND SHAREHOLDER INFORMATION (CONTINUED)

Shares owned by executive personnel and board members

The following table shows shares owned by executive personnel and board members, including shares owned by their closely-related persons and companies, as of 31 December 2016.

NAME	TITLE	OWNERSHIP	NO OF SHARES	HOLDING
Tor Lars Onarheim	Chairman of the Board of Directors		-	0,00 %
Bente Stangeland **	Board member		-	0,00 %
Tove Ormevik	Board member		-	0,00 %
Espen Selvikvåg Berge ***	Board member		-	0,00 %
Kristoffer Nesse Hope *	Board member		-	0,00 %
Jorunn Helvik Ingebrigtsen*	Board member		-	0,00 %
Jonny Aarsrud	Deputy member		-	0,00 %
Magnus Stangeland **	Deputy member	Shares as of 31. Dec. 2016 owned by AS Flyfisk	22 027 570	27,88 %
Edvin Moen	Deputy member		-	0,00 %
Hans Petter Eikeland	CEO	Shares as of 31. Dec. 2016 owned by Eikeland Holding AS	4 636 024	5,87 %
Nils Ingemund Hoff	CFO	Shares as of 31. Dec. 2016 owned by Eagle AS	417 000	0,53 %
Øyvind Risnes	SVP		117 000	0,15 %
Total shares 31.12.2016 owned by board members and their closely-related parties and executive personnel			27 197 594	34,42 %

* Elected by the employees

** Flyfisk AS is owned 75% by Magnus Stangeland, and 8.33% by Bente Stangeland.

*** Espen Selvikvåg Berge is CFO of the owner company Køhlergruppen AS, of which owns 10% Bergen Group ASA

No loans nor guarantees have been issued to members of the board.

NOTE 17 LOANS AND BORROWINGS

NON-CURRENT LOANS AND BORROWINGS

	2016	2015
Financial lease obligations	168	258
Total	168	258

CURRENT LOANS AND BORROWINGS

	2016	2015
Debt to credit institutions	-	30 000
Loan from share holders	20 000	20 000
Other loans	-	17 289
Total	20 000	67 289

NOTE 17 LOANS AND BORROWINGS (CONTINUED)

REPAYMENT SCHEDULE	Carrying amount	6 months or less	6-12 mth.	1 - 2 years	2 - 5 years	More than 5 years
Finance lease liabilities	168			168		
Loan from share holders	20 000	20 000				
Total	20 168	20 000	-	168	-	-

Loans from shareholder

The company has been granted loans totaling approximately NOK 20 million from the company's two largest shareholders, Brian Chang Holdings Limited (NOK 18 million of the loan amount) and AS Flyfisk (NOK 2 million of loan amount) (jointly, the "Lender"). The loans are secured and interest-bearing with 6% p.a., and shall be repaid within six months after the date of payment of the loans. In addition, a commitment fee of 2% of the loan amount has been paid.

Convertible bond loan

At the Extraordinary General Assembly of the Company held on 17 November 2016, it was resolved to authorize the Board of Directors to raise loans of up to EUR 1.8 million with the right to demand shares to be issued at a conversion price of NOK 1.00 per share. A convertible bond loan agreement was entered into on 21 December 2016.

In connection with the restructuring, EEIM's claim to the company was reduced to EUR 1.8 million, which will be converted into a convertible bond loan when all assumptions under the agreement have been met. On 28 March 2017, all the prerequisites were fulfilled, and the loan will then be considered as convertible bond loan from 28 March 2017. Therefore, in the financial statements for 2016, the requirement of EUR 1.8 million will be included in the item "Other current liabilities".

The convertible loan has a maturity of 36 months with an interest rate of 6% per annum. EEIM has the right to request loans and accrued interest (or part of these) converted into shares at a conversion rate of NOK 1.00 per share. The conversion right can be exercised at any time before the due date. The number

of shares to be issued by conversion will be determined by converting the loan from EUR to NOK in accordance with a conversion mechanism provided in the loan agreement. Upon repayment of the loan, the company will pay to EEIM a back-end fee equal to 10 percent of the loan amount being repaid.

The convertible loan is secured by (i) mortgage provided by Bergen Group Offshore AS, a wholly owned subsidiary of the company, regarding all shares in Bergen Group Services AS, (ii) collateral in the company's accounts receivables, (iii) collateral in the company's bank accounts; And (iii) security in Bergen Group Services AS's bank accounts, accounts receivable and assets.

EEIM shall, on request from Bergen Group, give priority to: i) the ratio between equity and total capital of the Group on a consolidated basis and in Bergen Group Services AS as stated in the accounts (and in accordance with GAAP) is above 33%. ("Equity Ratio"), and that consolidated interest rate coverage at any time is above 2: 1, and in Bergen Group Services AS is above 3: 1, both measured on a 12-month rolling basis, starting 1 January 2017.

The convertible bond loan will give priority to its collateral including if it is necessary to finance existing debt or raise new debt and that such funding will not lead to violations of the financial covenants.

Financial lease obligations

The Group's assets under finance leases include machinery and equipment. In addition to the rental payments, the Group has obligations for maintenance and insurance of the assets

LIABILITIES SECURED BY MORTGAGES

	2016	2015
Debt with assets as security	20 000	30 258
Total secured loans	20 000	30 258

As security for the loans, Brian Chang Holdings Led/Flyfisk AS and EEIM have received collateral in all assets of the group. This comprises cash and cash equivalents, property, plant and equipment, receivables, inventories, and all other assets owned by the group companies.

NOTE 18 OPERATIONAL LEASES

Operational leases

"Operational leases includes mainly operational leasing of property and offices. In addition there are some operational leasing related to cars, copiers and other smaller equipment.

Rental regulations

Rental price of the estates is given by the Central Bureau of Statistics consumer price index (CPI) before entering into a contract. Ground rent adjustment occurs time of take-over of

the property, thereafter at the end of each calendar year, based upon CPI changes for the, at the time of adjustment, last known 12 months.

Renewal

Leases expire without notice. The tenant has an option to renew the lease. Lessee shall be notified in writing no later than 12 months before its expiry.

TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS	2016	2015
Leases that expire within one year	8 853	8 180
Leases that expire in one to five years	31 204	30 485
Leases that expire in more than five years	4 113	11 068
Total	44 170	49 733

At the end of the third quarter, a lease agreement was signed with Marin Eiendom for a limited area at Laksevåg, of which until spring 2016 was disposed by NorYards BMV. The area includes both dry dock and dock area, and provides the company with increased capacity and opportunities to carry out major projects in ship maintenance and

maritime service. The new area has already generated activity by year-end 2016. The minimum annual cost for the agreement is NOK 600 000. The agreement is valid until 31.12.2019.

NOTE 19 OTHER CURRENT LIABILITIES

OTHER CURRENT LIABILITIES	2016	2015
Provisions	2 128	69 501
Debt to bankruptcy estates	27 249	222 654
Other short-term liabilities	34 984	47 572
Total	64 360	339 727

Other short-term liabilities include a claim from EEIM of NOK 16.2 million. A convertible bond loan agreement has been entered on this amount. However, conditions in this agreement were at first fulfilled on 28 March 2017. Reference is given to Note 17 for further information.

SPECIFICATION OF PROVISIONS	Warranties	Other provisions	Total
Balance as at 1 January 2016	-	69 501	69 501
Provisions made during the year	-	2 128	2 128
Provisions used during the year	-	-69 501	-69 501
Provisions reversed during the year	-	-	-
Balance as at 31 December 2016	-	2 128	2 128

EXPECTED TIMING OF PAYMENT	Warranties	Other provisions	Total
Current	-	2 128	2 128
Total	-	2 128	2 128

NOTE 20 SHARE OPTION PROGRAM**Option program**

The group had in 2015 a share option program covering the CEO. The share option program was terminated in 2015 due to resignation of the CEO in August 2015. The group does not have any share option program as of 31.12. 2016.

Eikeland Holding, a company controlled by CEO Hans Petter Eikeland at Bergen Group ASA, and Eagle AS, a company controlled by CFO Nils Hoff at Bergen Group ASA, have in 2017 been granted an option to purchase up to 1 000 000 new shares in Bergen Group ASA at strike price 1.00 per share. Reference is given to Note 4 for further details.

NOTE 21 FINANCIAL INSTRUMENTS**Overview of financial instruments in the consolidated balance sheet**

	Note	2016		2015	
		Assets	Liabilities	Assets	Liabilities
Cash and cash equivalents	15	36 341		34 717	
Trade receivables	14	36 915		20 090	
Other current receivables	14	45 352		306 232	
Other non-current receivables		-		-	
Non-current loans and borrowings	17		168		258
Current loans and borrowings	17		20 000		67 289
Trade payables			29 461		26 306
Other short term liabilities	19		62 232		348 216
Total		118 608	111 861	361 039	442 069

Fair value hierarchy

FAIR VALUE HIERARCHY AS AT 31 DECEMBER 201	Note	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	15	36 341			36 341
Total			-	-	36 341

FAIR VALUE HIERARCHY AS AT 31 DECEMBER 2015	Note	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	15	34 717			34 717
Total		34 717	-	-	34 717

NOTE 22 GROUP COMPANIES

GROUP COMPANY	Owner	Registered office	Company's share capital	Holding and votes	Profit/loss for the year (preliminary)	Equity as at 31.12. 2016 (preliminary)	Book value as at 31.12. 2016
Bergen Group Offshore AS	Bergen Group ASA	5160 Laksevåg	97 020	100 %	-7 413	253 053	253 497
Bergen Group Shipbuilding AS	Bergen Group ASA	5160 Laksevåg	180 777	100 %	-20 797	-299 624	-
Bergen Group Technology AS	Bergen Group ASA	5160 Laksevåg	133 950	100 %	12 398	383 167	377 929
Bergen Group Management AS	Bergen Group ASA	5160 Laksevåg	606	100 %	-778	-75 716	-
Bergen Group Shared Services AS	Bergen Group Management AS	5160 Laksevåg	100	100 %	-1 430	-7 486	-
Bergen Group Services AS	Bergen Group Offshore AS	5160 Laksevåg	12 378	100 %	12 083	81 957	99 290
Bergen Group Fosen Holding AS	Bergen Group Shipbuilding AS	5160 Laksevåg	94 500	100 %	-80 605	-421 085	-
Bergen Group Fosen Industrier AS	Bergen Group Fosen Holding AS	5160 Laksevåg	7 974	100 %	-876	11 610	13 112
Bergen Group Fosen Nybygg AS	Bergen Group Fosen Holding AS	5160 Laksevåg	100	100 %	-746	-23 995	-
Total							743 828

NOTE 23 RELATED PARTIES

Related party relationships are those involving control (either direct or indirect), joint control or significant influence. Related parties are in a position to enter into transactions with the company, of which would not be undertaken between unrelated parties. All transactions in Bergen Group with related parties have been based on arm's length terms.

The agreed upon refinancing at year-end 2016, included NOK 22 million of new equity from a private placement to primary insiders and related parties. Share issue in the private placement from the three main share holders Brian Chang Holdings Limited, AS Flyfisk

and Køhlergruppen AS totalled NOK 14.5 million, and from the group management and in Bergen Group Services of NOK 7.5 million.

Brian Chang Holdings Limited and AS Flyfisk have contributed with a short-term loan of NOK 20 million with 6 per cent interest. Reference is given to note 6 and 17 regarding the net effects of the refinancing and the debt remission. Except for the main shareholders Brian Chang Holding Limited and AS Flyfisk participation in the restructuring and refinancing process, no transactions with related parties have taken place during Q4 2016.

NOTE 24 GOING CONCERN

Through the extensive refinancing process that was finalised in December 2016, Bergen Group has established a satisfactory equity and capital structure for the Group. The operational activities are considered satisfactory. The profitability has been improved, and the order backlog has increased throughout 2016. The Board also considers the market position of the Group to be strengthened during the past year.

Bergen Group's equity ratio per 31 December 2016 was 58.4%, compared to 15.4% previous year.

The Board of Directors confirm, according to § 3-3 of the Accounting Act, that the annual accounts have been prepared based on the assumption of going concern.

NOTE 25 SUBSEQUENT EVENTS

Group management: In March 2017, both Hans Petter Eikeland and Nils Hoff accepted permanent positions as CEO and CFO respectively of Bergen Group ASA when their current engagement agreements expire in June 2017. The Board of Bergen Group ASA is quite satisfied that both Eikeland and Hoff are willing to continue in permanent roles after their agreed upon period expires. The efforts from these two have been crucial for the successful results from the demanding refinancing and restructuring process that was finalised in 2016.

Strategic collaboration: In March 2017, Bergen Group ASA entered into a strategic collaboration with AAK Energy Services AS. The company's main office is at Kokstad outside Bergen, and they are experts within rope access connected to maintenance and modification works with challenging access. Bergen Group considers the special expertise of AAK Energy Services AS within access and work at height to be important when the company competes for the more demanding assignments connected to maritime service and ship-technical maintenance. In addition, the strategic collaboration will strengthen the opportunity to being able to compete for projects within new areas such as onshore and offshore wind turbines.

In the extension of this strategic collaboration, Bergen Group has granted a convertible loan to AAK Energy Services AS limited to NOK 6.0 million. The loan is divided into two separate tranches, each at up to NOK 3 million, for pay-out in Q1 and Q2 2017 respectively. The loan matures on 29 December 2017, and is secured with 1st priority in AAK's assets. We refer to the stock exchange announcement distributed on 21 February 2017 for further details.

Repair issue: On 17 March 2017, it was opened for a repair issue based on the authorisation provided in the Extraordinary General Meeting held on 17 November 2016. The repair issue was issued at the same subscription price as in the private placement that was carried out in Q4 2016, and was oversubscribed by 464%. The repair issue was finalised on 31 March 2017, and added gross issue proceeds of NOK 5.3 million to the company. We refer to stock exchange announcements distributed on 3 and 6 April respectively for further details.



INCOME STATEMENT PARENT COMPANY

NOTE

2016

2015

Payroll expenses	2	1 813	1 300
Other operating expenses	2	17 654	29 113
Operating expenses		19 467	30 413
Operating result (EBIT)		-19 467	-30 413
Interest income from Group companies	3	48 119	53 517
Other interest income		35	74
Other financial income		36 160	5 405
Interest expenses to Group companies		-56 719	-66 199
Other interest expenses		-3 976	-5 687
Write-down of financial fixed assets	3	-7 601	-19 158
Other financial expenses		-672	-7 015
Net financial items		15 347	-39 063
Result for the year before taxes		-4 120	-69 476
Taxes	4	-12 254	-3 108
Result for the year		-16 374	-72 584

BALANCE SHEET - PARENT COMPANY

NOTE

N-GAAP
2016N-GAAP
2015

ASSETS

Deferred tax assets	4	11 368	20 000
Investments in group companies	5	634 690	631 426
Receivables from group companies	8	553 744	576 145
Total non-current assets		1 199 802	1 227 571
Other receivables		1 609	69 591
Receivables from group companies	8	94 076	69 417
Cash and cash equivalents		7 789	3 899
Total current assets		103 474	142 907
Total assets		1 303 276	1 370 478

EQUITY AND LIABILITIES

Equity

Share capital	6, 7	79 014	60 622
Share premium	7	-	-
Other paid-in equity	7	20 639	20 639
Retained earnings	7	-18 907	-100 988
Equity		80 746	-19 727

Liabilities

Loans and borrowings		-	-
Liabilities to group companies	8	1 149 148	1 134 013
Other liabilities		-	61 344
Total non-current liabilities		1 149 148	1 195 357
Loans and borrowings		20 005	37 289
Liabilities to group companies	8	14 645	4 050
Trade payables		2 391	13 169
Other short term liabilities		36 340	140 340
Total current liabilities		73 381	194 848
Total liabilities		1 222 529	1 390 205
Total equity and liabilities		1 303 276	1 370 478

Bergen, 29th April 2017


Espen Berge



Tor Onarheim
(Chairman of the Board)



Bente Stangeland



Tove Ormevik



Kristoffer Hope



Jorunn Ingebrigtsen



Hans Petter Eikeland
CEO

CASHFLOW STATEMENT - PARENT COMPANY

NOTE

2016

2015

Cash flow from operational activities

Result for the year

-4 120

-70 169

Result for the year**-4 120****-70 169***Adjustments for:*

Income tax expense

4

12 254

3 108

Write down of group receivables

-

1 369

Write down of shares in subsidiaries

7 601

3 218

Changes in:

Trade receivables

-

Trade payables

-10 778

-

Changes due to voluntary debt remission

94 777

9 234

Other current accruals

-106 673

107 479

Net cash from operating activities**-6 939****54 239****Cash flow from investments activities**

Disposal of other investments

-

-

Acquisition of other investments

-

-

Net cash from investments activities**-****-****Cash flow from financing activities**

Proceeds from loans and borrowings

18 000

17 289

Repayment of borrowings

-55 688

-15 184

Proceeds from private placement

17 070

-

Changes in intercompany balances

31 447

-71 113

Net cash from financing activities**10 829****-69 008**

Net change in cash and cash equivalents

3 890

-14 769

Cash and cash equivalents as per 1.1

3 899

18 668

Cash and cash equivalents as per 31.12**7 789****3 899**

Of which is restricted cash as per 31.12

-

-

NOTE 1 ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the Accounting Act and Norwegian Generally Accepted Accounting Principles (NGAAP) valid as per 31 December 2016, and consist of income statement, balance sheet, cash flow statement and notes.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations, congruence and prudence. Transactions are recorded at their value at the time of the transaction. Income is recognised at the time of delivery of goods or services. Costs are expensed in the same period as the income to which they relate. Costs that cannot be directly related to income are expensed as incurred. The different accounting principles are further commented on below.

Assets/ liabilities related to current business activities and items which fall due within one year are classified as current assets/ liabilities. Current assets/ short-term debts are recorded at the lowest/ highest of acquisition cost and fair value. The definition of fair value is the estimated future sales price reduced by expected sales costs. Other assets are classified as fixed assets. Fixed assets are recorded in the balance sheet at historical cost, with deductions for depreciation. In the event of a decline in value, of which is not temporary, the fixed asset will be subject to a write-down. The same principle applies to liabilities.

According to generally accepted accounting standards, there may be some exceptions to the basic assessment and valuation principles. Comments on these exceptions can be found in the respective notes to the accounts. When applying the basic accounting principles and disclosure of transactions and other items, the "substance over form" rule is adopted. Contingent losses, of which are probable and quantifiable are charged to the profit and loss account.

Estimates and valuations

Preparing the annual accounts includes judgements, estimates and assumptions that influence both the choice of accounting principles applied and the reported amounts for assets, liabilities, revenues and expenses. The management has used estimates based on its best judgement and assumptions that are considered realistic on the basis of historical experience during preparation of the annual accounts. Actual amounts may deviate from estimated amounts. Estimates and underlying assumptions are reviewed and assessed on an ongoing basis. Changes in accounting estimates are recognised in the period in which the estimates are changed and in all future periods affected.

Classification of assets and liabilities

Assets are classified as current assets when:

- the asset is part of the entity's service cycle and is expected to be realised or consumed during the entity's normal production period;
- the asset is held for trading;
- the asset is expected to be realised within 12 months of the balance sheet date;
- the asset is cash or cash equivalents, but with an exception for when there are restrictions on exchanging or using it to settle debt within 12 months of the balance sheet date.

All other assets are classified as fixed assets.

Liabilities are classified as short-term liabilities when:

- the liability is part of the service cycle and is expected to be settled during the normal production period;
- the liability is held for trading;
- settlement within 12 months of the balance sheet date has been agreed;
- the entity has no unconditional right to postpone settlement of the liability to minimum 12 months after the balance sheet date.

All other liabilities are classified as long-term.

Transactions using foreign currency

Functional and reporting currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The company's functional currency is NOK, of which is also the parent company's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Balance sheet items are measured at the rate of exchange at the balance sheet date.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Accounting principles for material items**Income**

Income from services is reported in the profit and loss account in accordance with the degree of completion of the transaction on the balance sheet date. The degree of completion is calculated on the basis of work completed.

Subsidiaries

In the parent company, subsidiaries are valued using the cost method. The investment is valued at acquisition cost, unless a write-down is required. Dividends, group contributions and other distributions are recognised in the same year as they are distributed in the subsidiary's financial statements. If the dividend/group contribution received exceed the retained profit share in the ownership period, the excess amount is recognised as a repayment of invested capital and entered in the balance sheet as a reduction of the investment.

Impairment of assets

If indications are identified that the carrying value of a noncurrent assets is higher than fair value, an impairment test is performed. The test is performed for the lowest level of an assets with independent cash flows. If carrying value is higher than recoverable amount, a write down to recoverable amount will be recognised.

Write downs recognised in previous years will be reversed if the conditions leading to the write down is no longer present. Impairment of goodwill will never be reversed.

Income tax

The tax consists of tax payable and the change in deferred tax. Deferred tax/ tax asset is calculated on the basis of all taxable temporary differences. A deferred tax asset is recognised in the profit and loss account when it is probable that the company will have sufficient taxable income to utilise the tax asset.

Deferred tax and deferred tax assets are recognised regardless of when the differences are reversed, and are in principle recognised at nominal value. Deferred tax/ tax asset is valued on the basis of the expected future tax rate. Both tax payable and deferred tax are recognised directly against equity to the extent to which they relate to items recognised directly against equity.

Loans

All loans are recognised at cost price. That means that they are recognised at the current rate of value of amounts received. Costs relating to raising new loans are expensed over the term of the loan.

Equity

Transaction costs relating to equity transactions, including the tax effect of the transaction costs, are recognised directly against the equity. Only transaction costs directly related to the equity transactions are recognised against equity.

On the repurchase of own shares, the purchase price, including directly attributable costs such as changes in equity, is entered as a change in equity. Own shares are presented as a reduction of equity. Losses or gains from transactions with own shares are not recognised in the profit and loss account.

Events after the balance sheet date

New information about the group's positions on the balance sheet date is taken into consideration in the accounts. Events after the balance sheet date that do not influence the group's positions on the balance sheet date, but which will have a material effect on future periods, are specified in the notes.

Related parties

All agreements with related parties have been entered into on market terms.

NOTE 2 SALARIES, FEES, REMUNERATIONS

PAYROLL EXPENSES	2016	2015
Remuneration to the board of directors	1 242	1 300
Total	1 242	1 300
Average number of employees	0	0

Compensation to the executive management group has been paid from other group companies. Please see note 5 in the group notes.

The company has no employees and is not required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

REMUNERATION TO THE AUDITOR	2016	2015
Audit fee	697	1 024
Services related to audit	197	173
Services related to tax	110	31
Other services	-	113
Total	1 004	1 341
All amounts excluding VAT		

NOTE 3 NET FINANCIAL ITEMS

	2016	2015
Interest income from group companies	48 119	53 517
Other interest income	35	74
Other financial income	36 160	1
Income from investments in subsidiaries	-	35 834
Financial income	84 314	89 426
Interest expenses to group companies	-56 719	-65 663
Other interest expenses	-3 975	-6 223
Other financial expenses	-672	-7 016
Write-down of shares in subsidiaries	-7 601	-3 218
Write-down of intercompany receivables	-	-45 000
Financial expenses	-68 967	-127 120
Net financial items	15 347	-37 695

NOTE 4 TAXES

	2016	2015
Result before taxes	-4 120	-67 061
Permanent differences	14 391	22 860
Changes in temporary differences	6 967	1 530
Group contribution given	-14 487	-
Interest deductibility limitation	-	12 683
Change in losses carried forward	-2 751	29 989
Basis for taxes payable	-	-
Taxes payable 25% (27% in 2015)	-	-

THE TAX EXPENSES FOR THE YEAR IS CALCULATED AS FOLLOWS	2016	2015
Taxes payable	-	-
Taxes payable on group contribution	3 622	-
Net change in deferred tax/ tax asset 25%	9 106	3 108
Net change in deferred tax / tax asset due to new tax rate (24%)	-474	-
Tax expense for the year	12 254	3 108

RECOGNISED DEFERRED TAX ASSETS	31.12.15	Recognised in the income statement	Recognised in the equity	31.12.16
Temporary differences	-1 530	-6967	-	-8 497
Interest deductibility carried forward	-38 869	0	-	-38 869
Loss carried forward	-97 529	2751	94 777	-
Total basis related to deferred tax assets	-137 928	-4 216	94 777	-47 366
Tax rate	25 %			24 %
Net deferred tax assets	-34 482			-11 368
Net deferred tax assets - not recognised in the accounts	-14 482			-
Net deferred tax assets - recognised in the accounts	-20 000			-11 368

NOTE 5 INVESTMENTS IN SUBSIDIARIES

Group company	Owner	Company 's share capital	Holding and votes	Profit/loss for the year (preliminary)	Equity as of 31 Dec. (preliminary)	Book value
Bergen Group Offshore AS	Bergen Group ASA	97 020	100 %	-7 412	253 497	256 761
Bergen Group Shipbuilding AS	Bergen Group ASA	180 777	100 %	-20 450	-299 278	-
Bergen Group Technology AS	Bergen Group ASA	133 950	100 %	12 421	383 190	377 929
Bergen Group Management AS	Bergen Group ASA	606	100 %	-640	-75 578	-
Total						634 690

NOTE 6 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital

As a result from the private placement, of which was approved on the General Assembly on 17 November 2016, the Company's share capital was on 28 December 2016 increased with NOK 18 392 333 as a result from the issue of 18 392 333 new shares, each with par value of NOK 1.00 and issue price of NOK 1.20.

On 31 December 2016, the share capital of Bergen Group ASA was NOK 79 014 342, divided on 79 014 342, each of par value NOK 1.00.

List of shareholders

The following table shows the 20 largest shareholders of Bergen Group as of 31 December 2015. Bergen Group publishes frequently updated shareholders list for the 20 largest shareholders at www.bergengroup.no

SHAREHOLDERS AS OF 31 DECEMBER 2016	NO OF SHARES	HOLDING
BRIAN CHANG HOLDINGS LIMITED	26 146 500	33,09 %
AS FLYFISK	22 027 570	27,88 %
KØHLERGRUPPEN AS	7 901 721	10,00 %
EIKELAND HOLDING AS	4 636 024	5,87 %
DAN JØRGEN SALTNES	946 451	1,20 %
OLA RUSTAD A.S	923 334	1,17 %
SØR-VARANGER INVEST AS	6 774	1,16 %
FJ HOLDING AS	833 000	1,05 %
FRANK ROBERT SUNDE	538 070	0,68 %
BERNHD. BREKKE AS	494 505	0,63 %
KANABUS AS	432 265	0,55 %
EAGLE AS	417 000	0,53 %
NORDNET LIVSFORSIKRING AS	409 473	0,52 %
BREKKE LARSEN AS	400 000	0,51 %
GRINI ASBJØRN	342 000	0,43 %
TOFTEGÅRD ROGER ARNT	333 500	0,42 %
KJELL GUNNAR NES	308 000	0,39 %
ROSENBERG INVESTERING AS	266 545	0,34 %
SKÅLA BÆR AS	250 000	0,32 %
THOMAS RUTHERFORD HASLETT	232 428	0,29 %
Total shares owned by 20 largest shareholders	68 755 160	87,02 %
Other shareholders	10 259 182	12,98 %
Total shares 31.12.2016	79 014 342	100,00 %

Shares owned by executive personnel and board members

The following table shows shares owned by executive personnel and board members, including shares owned by their closely-related persons and companies, as of 31 December 2016.

NAME	TITLE	OWNERSHIP	NO OF SHARES	HOLDING
Tor Lars Onarheim	Chairman		-	0,00 %
Bente Stangeland **	Board member		-	0,00 %
Tove Ormevik	Board member		-	0,00 %
Espen Selvikvåg Berge ***	Board member		-	0,00 %
Kristoffer Nesse Hope *	Board member		-	0,00 %
Jorunn Helvik Ingebrigtsen*	Board member		-	0,00 %
Jonny Aarsrud	Deputy board member		-	0,00 %
Magnus Stangeland **	Deputy board member	Shares as of 31 Dec. 2015 owned by Flyfisk AS	22 027 570	27,88 %
Edvin Moen	Deputy board member		-	0,00 %
Hans Petter Eikeland	CEO		4 636 024	5,87 %
Nils Ingemund Hoff	CFO		417 000	0,53 %
Øyvind Risnes	SVP Corporate Functions & Communications		117 000	0,15 %
Total shares 31.12.2016 owned by board members and their closely-related parties and executive personnel			27 197 594	34,42 %

* Elected by the employees. ** Flyfisk AS is owned 75% by Magnus Stangeland, and 8.33% by Bente Stangeland.

*** Espen Selvikvåg Berge is CFO at the owner company Køhlergruppen AS, of which owns 10% of Bergen Group ASA

There are no loans nor guarantees given to members of the Board of Directors.

NOTE 7 EQUITY

	Share capital	Share premium	Other paid-in equity	Retained earnings	Total equity
2015					
Equity 01.01.2015	60 622	-	20 639	-29 771	51 489
Result for the year	-	-	-	-70 169	-70 169
Equity effect of share options	-	-	-	-1 047	-1 047
Net changes 2015	-	-	-	-71 216	-71 216
Equity 31.12.2015	60 622	-	20 639	-100 987	-19 727

2016

Equity 01.01.2016	60 622	-	20 639	-100 987	-19 726
Result for the year	-	-	-	-16 374	-16 374
Capital increase (cash proceeds)	14 225	2 845	-	-	17 070
Capital increase (debt conversion)	4 168	834	-	-	5 002
Voluntary debt remission	-	-	-	94 777	94 777
Reclassification		-3 679		3 679	-
Net changes 2016	18 393	-	-	82 082	100 475
Equity 31.12.2016	79 015	-	20 639	-18 905	80 749

NOTE 8 INTERCOMPANY BALANCES, TRANSACTIONS WITH RELATED PARTIES

RECEIVABLES	2016	2015
Long-term receivables	553 744	576 145
Short-term receivables	94 076	69 417
Total receivables	649 836	647 577
LIABILITIES		
Long-term liabilities	1 149 148	1 144 911
Short-term liabilities	14 645	189 221
Total liabilities	1 163 793	1 334 132

There is no instalment plan for repayment of debt
The internal loans are charged with 3 months NIBOR + 4%.





NOTE 8 INTERCOMPANY BALANCES, TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

TRANSACTIONS WITH RELATED PARTIES

The table below provides details of transactions with related parties:

Related party	Transaction	Interest income from	Interest expense to
Bergen Group Management AS	Interests	4 391	-
Bergen Group Shared Services AS	Interests	318	-
Bergen Group Services AS		-	537
Bergen Group Offshore AS	Interests	727	29 099
Bergen Group Shipbuilding AS	Interests	40 241	-
Bergen Group Technology AS	Interests	2 439	21 059
Bergen Group Fosen Holding AS	Interests	-	3 828
Bergen Group Fosen Industrier AS	Interests	-	5
Bergen Group Fosen Nybygg AS	Interests	3	2 191
Total		48 119	56 719

As for specification of group contribution, please see note 4 taxes.

For specification of remuneration to the Board of Director, please see note 5 in the group notes.

NOTE 9 FINANCIAL MARKET RISK

The company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Credit risk of receivables towards group companies will be depending on performance of the actual operations in the subsidiary.

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Please see note 3 in the group accounts for more details on the company's approach in managing liquidity risk.

Market risk for the company is related to currency risk and interest risk.

Currency risk

Certain payments may be agreed to happen in foreign currencies. The main foreign currency used by the company is USD.

AMOUNTS IN TUSD	2016	2015
Bank	-	-
Trade debtors	-	-
Mortgage loan	-1 800	-2 000
Trade creditors	-	-200
Balance sheet exposure	-1 800	-2 200
Estimated need for future sales (NOK)	-	-
Estimated need for future purchases (NOK)	-	-
Cash flow exposure	-	-
Forward exchange contracts	-	-
Net exposure	-1 800	-2 200

Interest rate risk

The company does not normally hedge against changes in the interest rate. However, the company's borrowing is based upon interest rate of 6% p.a. until maturity of the loans.

Parent company guarantee

Bergen Group ASA had per year-end 2015 provided parent company guarantees on behalf of accounts payable in the former subsidiaries Bergen Group BMV AS and Bergen Group Fosen AS, of which were declared bankruptcy in second half of 2015. As part of the extensive refinancing, of which was completed at year-end 2016, these parent company guarantees were terminated.

Refinancing

An extensive refinancing was completed at year-end 2016. This refinancing included remission of debt of in total NOK 94.8 million for Bergen Group ASA. This implies a positive effect by means of reduced market risk. See note 7, and group note 6 for more information.

NOTE 10 GOING CONCERN

See note 26 for the group.

NOTE 11 SUBSEQUENT EVENTS

See note 27 for the group.





Responsibility Statement 2016

We confirm, to the best of our knowledge, that the financial statements for the period from 1 of January to 31 of December 2016 has been prepared in accordance with IFRS, and gives a true and fair view of the Group's assets, liabilities, financial position and the financial result as a whole.

We also confirm, to the best of our knowledge that the Board of Director's Report gives a correct description of the result and position of the company, together with a description of the most important risks and uncertainties the company is facing.

Bergen, 29th April 2017

The Board of Directors and CEO of Bergen Group ASA

Espen S Berge
Espen Berge

Tor Onarheim
Tor Onarheim
(Chairman of the Board)

Bente Stangeland
Bente Stangeland

Tove Ormevik
Tove Ormevik

Kristoffer Hope
Kristoffer Hope

Jorunn Ingebrigtsen
Jorunn Ingebrigtsen

Hans Petter Eikeland
Hans Petter Eikeland
CEO



BDO AS
Munkedamsveien 45
P.O. Box 1704 Vika
N-0121 Oslo, Norway

Independent Auditor's Report

To the General Meeting of Bergen Group ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bergen Group ASA.

<i>The financial statements comprise:</i>	<i>In our opinion:</i>
<ul style="list-style-type: none"> • 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 balance sheet as at 31 December 2016 and statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. 	<ul style="list-style-type: none"> • 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, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

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

Description of key audit matter

How the key audit matter was addressed in the audit

Impairment of goodwill

Carrying amount of goodwill resulting from the Group's acquisitions of subsidiaries, constitute a significant part of the assets in the Group's statement of financial position. As at 31 December 2016, goodwill amounting to NOK 102 million represents 34 % of total assets.

Management performs an annual impairment test by estimating the recoverable amount of goodwill. The determination of recoverable amounts requires application of significant judgment by management, in particular with respect to cash flow forecast and the applied discount rate.

Due to the materiality, complexity and estimation uncertainty concerning goodwill, we consider impairment of goodwill a key audit matter to the audit of the Group.

See note 10 to the consolidated financial statements.

The Group's accounting policy regarding impairment of intangible assets is disclosed in note 2.20 to the consolidated financial statements.

Our audit procedures included an evaluation of the key assumptions applied in the valuation model, such as revenue growth, EBITDA margin, terminal growth rate, discount rate and remaining useful life.

We involved our valuation experts to assist us with our assessment of the discount rates, expected inflation rates and the appropriateness of the model used.

In addition, we performed the following audit procedures:

- we evaluated the reliability of estimates used by management by comparing forecasts made in prior years to actual outcomes
- we assessed key inputs in the calculations such as revenue growth, EBITDA and discount rate, by reference to management's forecasts
- we assessed management's sensitivity analysis focused on what impact on recoverable amount reasonable changes in assumptions such as revenue growth, EBITDA and discount rate would have
- we tested the mathematical accuracy of the valuation model

Furthermore, we have evaluated the adequacy of the disclosures provided in the notes covering impairment.



Restructuring and refinancing

The management of Bergen Group managed to complete a comprehensive refinancing and restructuring process in the group just before year-end 2016. A voluntary debt settlement with the external creditors in Bergen Group was a significant part of this process. The carrying amount of the debt subject to the debt settlement agreement was MNOK 287, and the creditors agreed to a total debt forgiveness of MNOK 188.

Due to the materiality and relevance for the assessment of the going concern assumption, we consider the voluntary debt settlement agreement to constitute a key audit matter in the audit of the group.

See notes 6, 17 and 23 to the consolidated financial statements.

Our audit procedures included review of the terms of the voluntary debt settlement agreement and we evaluated the accounting treatment in both the financial statements of the group and the parent company.

Furthermore, we obtained evidence related to the creditor's acceptance of the voluntary debt settlement agreement.

In addition, we considered the going concern effect of the debt settlement agreement, since it was an integral part of the management's assessment of the going concern assumption.

Furthermore, we have evaluated the adequacy of the disclosures provided in the notes covering restructuring and refinancing process, including the voluntary debt settlement agreement.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report and statements on 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 and fair presentation of the financial statements of the parent company in accordance with 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, included International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 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 in 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.

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, 29 April 2017
BDO AS

Børre Skisland
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

ALTERNATIVE PERFORMANCE MEASURES

In 2015, The European Securities and Markets Authority (ESMA) published its “Guidelines on Alternative Performance Measures” (APMs). The guidelines apply to all listed companies and issuers responsible for drawing up a prospectus when reporting alternative performance measures in management reports or prospectuses. The effective date for the guidelines was 3 July 2016. An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

In this annual report the Group presents several Alternative Performance Measures (APMs), which are described below:

EBITDA

EBITDA (Earnings before interest, taxes, depreciation and amortization) is a commonly used performance measure. EBITDA provides an expression of profitability from operations. Bergen Group believes that this performance measure provides useful information about the Group’s ability to service debt and finance investments. In addition, the performance measure is useful for comparing profitability with other companies. Bergen Group presents EBITDA in key figures on page 3 of the annual report and in note 4 Operating Segments.

EBITDA-margin

EBITDA-margin is calculated by EBITDA/ Operating revenue. Bergen Group presents EBITDA in key figures on page 3 of the annual report.

EBIT

EBIT (Earnings before interest and taxes) is a commonly used performance measure. EBIT provides an expression of profitability from operations, but unlike EBITDA this performance measure also includes depreciations and amortization for the period. Bergen Group presents EBIT in brackets behind operating profit in consolidated income statement, and in note 4 Operating Segments.

Return on Equity

Return on Equity is calculated as Net Income/ Equity. This profitability measure expresses how much profit the group generates with the money shareholders have invested. Bergen Group presents Return on Equity in key figures on page 3 of the annual report.

Equity share

Equity share is calculated as Book value of Equity/ Total Assets. Bergen Group presents Equity share in key figures on page 3 of the annual report.

Net Working Capital

Net Working capital is calculated as Current Assets minus Current Liabilities. Net Working Capital is a measure of the group’s operating liquidity. Bergen Group presents Net Working Capital in key figures on page 3 of the annual report.

Net Interest-Bearing Debt

Net Interest-Bearing Debt is calculated as interest-bearing loans minus cash and cash equivalents. Bergen Group presents Net Interest-Bearing Debt in key figures on page 3 of the annual report.

Interest Coverage Ratio

Interest Coverage Ratio is calculated as EBITDA/ Interest expenses. This ratio measures the group’s ability to make interest payments on its debt in a timely manner. Bergen Group presents Interest Coverage Ratio in key figures on page 3 of the annual report.

Current Ratio

Current Ratio is calculated as Current Assets/ Current Liabilities. The current ratio is a liquidity ratio that measures the group’s ability to pay short-term and long-term obligations. Bergen Group presents Current Ratio in key figures on page 3 of the annual report.



BERGEN GROUP

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