ANNUAL REPORT 2015

FERD

WE WILL CREATE ENDURING VALUE
AND LEAVE CLEAR FOOTPRINTS

BOARD OF DIRECTOR'S REPORT

2015 was a good year for Ferd and all its business areas delivered a positive return. The returns achieved by Ferd's portfolio of Nordic stock exchange listed companies and by its real estate portfolio were particularly strong. In 2015 Ferd generated a return of NOK 2.0 billion or 8.1%, beating the Norwegian stock market. The oil services market was challenging in 2015. Some of Ferd Capital's oil service companies performed well in view of the market conditions, but these investments nonetheless showed a negative return. However, the performance of the portfolio companies TeleComputing and Mestergruppen meant Ferd Capital achieved a positive return in 2015. At the close of 2015, Ferd's value adjusted equity was NOK 26.6 billion.

2015 was a good year for Ferd and all its business areas delivered a positive return.

Approximately 50% of Ferd's investments are denominated in Norwegian krone, with 15% denominated in US dollar and just under 20% in euro. Ferd recorded a currency gain of just under NOK 1 billion in 2015. Ferd's annual return over the last five-year period is 10.4%, which is significantly better than the return for the Oslo stock market during this time. Ferd has maintained very good levels of liquidity and capital solidity for the entirety of this period.

Ferd invested in the ferry company Fjord Line in 2015 and by the end of the year owned 38.5% of the company's share capital. Towards the end of 2014 Ferd Capital purchased a 10.1% stake in the seismic company Petroleum Geo-Services (PGS). Ferd Capital maintained its ownership percentage in PGS by participating in a share issue carried out by the company in November 2015. Ferd and the funds in which Ferd is invested made significant disposals in 2015. Several real estate investments were sold, and Ferd Real Estate generated cash in excess of NOK 500 million from disposals. Nearly NOK 1.0 billion was received in 2015 from Ferd's investments in private equity funds and hedge funds bought in the secondary market. Ferd sold TeleComputing to IK Investments Partners in January 2016. The transaction was completed in March and Ferd realised a gain on the sale of well over NOK 1 billion. At the close of 2015, Ferd AS had credit facilities of NOK 6.0 billion available on the group's facility. Going forward Ferd has considerable capital resources available for new investments.

Ferd's annual return over the last five-year period is 10.4%, which is significantly better than the return for the Oslo stock market during this time.

Market environment

The oil price continued to fall in 2015, and by the end of the year was down 70% relative to summer 2014. The lower level of activity in the oil industry has led to significantly lower levels of activity and profitability in industries that provide goods and services to the oil industry. Growth in Norway's mainland economy has fallen and unemployment has risen slightly, but activity levels in many industries not related to oil have remained high.

These factors played an important role in the decision by the Norwegian central bank to cut its key policy rate. The Norwegian krone continued to depreciate in 2015, falling the most against the US dollar, but also significantly against the euro and the Swedish krona. Since Norway is now in a position where a weak Norwegian krone has to be seen as a positive, the market expects Norges Bank to keep interest rates low for the foreseeable future.

With the level of investment in the oil and offshore industry down sharply in 2015 and indications of investment continuing to fall in 2016, the mainland economy will also be affected. However, the negative impact on the mainland economy will be somewhat tempered by the positive effect of the krone's depreciation on the Norwegian export industry.

The world's economies grew at varying rates in 2015. Growth was slower in China, and the temperature of the European economy remained low. The American economy, however, showed moderate growth. Stock markets, which are among the better indicators of future growth, also showed varying performance. Despite the outlook for growth in the American economy improving, the return generated by American shares in 2015 was low.

In contrast, some of the European stock markets grew strongly. The major negative factor for global stock markets was the fear of a downturn in the Chinese financial and securities markets. In local currency terms the global index only increased by 2.1% in 2015.

Future prospects
At the start of 2016 stock markets reflected the market's concerns over the outlook for economic growth, and the market was focused in particular on growth in the USA and China. In America the Federal Reserve announced a first increase in interest rates in December 2015, while the European economy is still in need of monetary stimulus.

Ferd Capital's mandates cover stock exchange listed companies, Special Investments and privately owned companies. The Special Investments mandate enables Ferd Capital to invest in financial instruments relating to most aspects of the capital structure, and its investment decisions are not subject to any requirements in respect of ownership interest or influence. At the close of 2015 Ferd Capital held investments in eight unlisted companies and two stock exchange listed companies, and had also made two smaller investments through the Special Investments mandate. When assessing investment opportunities, Ferd Capital principally bases its decisions on its evaluation of factors specific to the investment in question.

The group's value-adjusted equity
Ferd holds a diversified portfolio of listed and unlisted equity investments, alternative investments and real estate. The equity investments provide good diversification between different sectors and geographical markets and between companies at different stages of the corporate lifecycle. Ferd Capital's portfolio represented just under 40% of Ferd's value-adjusted equity at the close of 2015.

Over the last ten years, Ferd has generated a total return of NOK 18.2 billion, equivalent to an annual return of 11.3%. It is important for the returns achieved by Ferd to be assessed in the context of the absolute return achieved over time and how this relates to the level of risk exposure that has been involved.

Value-adjusted equity

Over the last ten years, Ferd has generated a total return of NOK 18.2 billion, equivalent to an annual return of 11.3%.

Some of the companies in Ferd Capital's portfolio performed well in 2015, while its oil service companies were reduced in value. Elopak, Ferd's largest investment, was virtually flat in euro terms in 2015. Ferd Invest's Nordic share portfolio generated a return of 27%, which is four percentage points less than the return on the benchmark index for this portfolio. Ferd Hedge Fund reported a good relative return in 2015. The return on the hedge fund portfolio was 1.9% in USD, which is 1.5 percentage points better than the benchmark index for this portfolio. Ferd's real estate portfolio achieved a return of 17%, the strong return was the result of both good returns on individual projects and the performance of Ferd Real Estate's financial investments. In 2015 Ferd's portfolio of hedge fund units purchased in the secondary market generated a negative return for the first time since it was set up in 2010. The return reported for 2015 was -3% in USD.

Some of the companies in Ferd Capital's portfolio performed well in 2015, while its oil service companies were reduced in value.

Financial results for Ferd AS
Ferd AS reports operating profit of NOK 2,564 million, an increase of NOK 1,980 million relative to 2014. The most important reasons for this improvement were the higher returns generated by Ferd Invest and Ferd Capital in 2015 as compared to 2014.

For further commentary on financial results in 2015, the reader is referred to the separate sections on each business area on the following pages.

Net cash flow for 2015 was made up of cash from operating activities of NOK 307 million and cash of NOK -675 million from financing activities. Ferd AS repaid a drawing on its loan facility of NOK 500 million in 2015.

The annual accounts have been prepared on the going concern assumption and, in accordance with Section 3-3a of the Accounting Act, the Board confirms that the going concern assumption is appropriate.

The registered office of Ferd AS is in Lysaker in Bærum municipality.

Financial results and cash flow for Ferd (Ferd AS group)
Operating revenue from continuing operations was NOK 15.2 billion in 2015 as compared to NOK 12.7 billion in 2014. In 2015 Ferd recognised to income NOK 2.0 billion in respect of the increased value of shares and equity participations, while the equivalent figure for the increase in the value of Ferd's financial investments in 2014 was NOK 0.6 billion.

Sales revenue increased from NOK 11.8 billion in 2014 to NOK 12.9 billion in 2015. Elopak reported operating revenue of NOK 7.5 billion in 2015, an increase of NOK 1.0 billion from 2014. The increase was due to higher revenue and to the weakness of the Norwegian krone, as Elopak's revenue is denominated in euro.

Ferd is committed to innovation, and the group's research and development activities are principally carried out in subsidiary companies. Development costs of NOK 90 million were expensed in 2015. The group's financial items showed net financial expense of NOK 681 million in 2015 compared to net income of NOK 12 million in 2014. This change was principally due to currency effects.

Ferd normally has a low effective tax rate because a large part of its earnings is generated from investments in shares. Under the exemption model, gains on shares are not taxable. The group's tax charge for 2015 was NOK 318 million as compared to a charge of NOK 463 million in 2014. The principal reason for the decrease is the reduction in the corporate tax rate in Norway.

Net cash flow for 2015 was made up of NOK 1,415 million from operating activities, cash of NOK -806 million from investment activities, and cash of NOK -284 million from financing activities.

Strategy
The overall vision for Ferd's activities is to 'create enduring value and leave clear footprints'. Ferd's corporate mission statement is that the group is 'committed to value-creating ownership of businesses and investment in financial assets in situations that enable us to make good use of our expertise and the competitive advantages that result from our family ownership'. Ferd will accordingly strive to maximise its value-adjusted equity capital over time.

The approach to risk exposure taken by the owner and the Board of Directors is one of the most important parameters for Ferd's activities. It defines Ferd's risk-bearing capacity, which is an expression of the maximum risk exposure permitted across the composition of Ferd's overall portfolio. Ferd's risk willingness, which determines how much of its risk-bearing capacity should be used, will vary over time, reflecting both the availability of attractive investment opportunities and the company's view on general market conditions.

The Board keeps Ferd's risk capacity under continuous review. The assessment of how Ferd's risk capital is allocated represents one of the Board's most important tasks, since risk exposure and return are largely determined by the assets in which Ferd invests. The allocation of new capital, as well as the reallocation of capital between business areas, represents a systematic approach to making use of the group's capital base and risk-bearing capacity.

It is Ferd's intention that its allocation of capital should be characterised by a high equity exposure and good risk diversification. Good risk diversification helps to ensure that Ferd can maintain its exposure to equity investments, even at times when other players have less access to capital. In addition, maintaining strong liquidity enables us to maintain our freedom to operate as we wish even in more difficult times.

Ferd's equity capital investments represent a well-diversified portfolio, and the overall performance shows a relatively strong correlation with the performance of Norwegian and international stock markets. Ferd Real Estate and Ferd Hedge Fund help to reduce the group's overall risk exposure because these investments involve less risk than investing in equities.

Asset allocation must be consistent with the owner's willingness and ability to assume risk. This provides guidance on how large a proportion of equity can be invested in asset classes with a high risk of fall in value. The risk of fall in value is measured and monitored with the help of stress testing. The risk of a fall in value at the start of 2016 was a little lower than both the average risk for 2015 and the average risk over the last five years.

Ferd aims to maintain sound creditworthiness at all times in order to ensure that it has freedom of manoeuvre and can readily access low-cost financing at short notice when it wishes. Ferd's objective is that its main banking connections will rate Ferd's creditworthiness as equivalent to 'investment grade'. In order to protect Ferd's other equity from risk, Ferd Capital and Ferd Real Estate carry out their investments as stand-alone projects. Maintaining good liquidity is important to ensuring Ferd has the freedom to manoeuvre as it wishes. Ferd has always held liquidity comfortably in excess of the minimum liquidity requirements we impose internally and the requirements to which we are committed by loan agreements at the parent company level. Ferd has a proactive approach to currency exposure. We work on the assumption that Ferd will always have a certain proportion of its equity invested in euro, US dollar and Swedish krona denominated investments, and accordingly do not normally hedge currency exposure against the Norwegian krone.

Further information on Ferd's strategy can be found in a separate article.

Corporate governance
Ferd is a relatively large corporate group, with one controlling family owner. Despite this, the Board of Directors of Ferd Holding AS has substantially the same responsibilities and authority as the board of a public company.

Not all the sections of the Norwegian Code of Practice for Corporate Governance are relevant to a family-owned company such as Ferd, but Ferd complies with the Code insofar as it is relevant and appropriate. Further information is provided in a separate article on Ferd's website. The Board of Directors of Ferd Holding held seven Board meetings in 2015.

Ferd Capital
When making investment decisions, Ferd attaches little weight to the overall macroeconomic outlook. Factors specific to each investment opportunity play the crucial role when deciding whether or not an investment is an attractive proposition. Ferd Capital assessed various stock exchange listed companies in 2015 and at the close of 2015 held investments in two stock exchange listed companies, PGS and Scatec.

Ferd Capital invested in the ferry company Fjord line in 2015 and by the end of the year owned 38% of the company's share capital. Fjord Line carried out a private placement with Ferd, and a voluntary offer was made to purchase shares from minority shareholders at the same share price as the private placement Ferd completed with the company.

Elopak

Elopak is a supplier of packaging systems for liquid food products. The company is a total system supplier, developing carton packaging solutions for both fresh and aseptic products.

Elopak's business is in general less cyclical than many other industries, and should therefore not experience any major loss of volume as a result of changes in economic conditions. However, the company expects carton sales for the juice market to be more volatile. Demand for these products is affected both by the state of consumers' finances and changing preferences between juices and competing beverage products.

Elopak's total revenue in 2015 was NOK 7,542 million as compared to NOK 6,471 million in 2014. The increase in reported revenue was principally due to higher carton sales, particularly roll fed aseptic cartons, and to the average euro exchange rate being higher in 2015 than in 2014. In euro terms, Elopak's revenue was EUR 856 million in 2015 as compared to EUR 776 million in 2014.

Elopak reported EBITDA of NOK 608 million as compared to NOK 612 million in 2014, while in euro terms this decrease in earnings was nearly EUR 6 million. The decrease was principally due to non-recurring costs incurred in connection with restructuring the European organisation.

Elopak continued to focus on roll fed cartons in 2015 and the commercial roll out to Elopak's customers is now fully underway. The company's new fully aseptic filling machinery successfully completed a comprehensive testing program for dairy products, and commercial sales to this market segment have begun.

The company decided in 2013 to upgrade and expand its production capacity in Canada. Commercial production started at Elopak's new factory in Montreal in 2015, and full production capacity will be reached in 2016.

The markets for Elopak's products are expected to be relatively stable compared to 2015. Of the countries in which Elopak operates, Russia is the country where the uncertainty surrounding political and economic developments in 2016 is the greatest.

Aibel

Aibel is a supplier of services related to oil, gas and renewable energy. The company is one of the largest Norwegian service companies involved in engineering design, construction, maintenance and modification of oil and gas production facilities for the upstream oil and gas industry.

Aibel reported revenue of NOK 7,150 million in 2015 as compared to NOK 8,554 million in 2014. EBITDA was NOK 391 million, representing an increase of NOK 207 million from 2014.

The oil services market was challenging in 2014, and a further fall in the price of oil between 2014 and 2015 increased the scale of the challenges. The whole industry has been through a period of cost cutting and capacity adjustments.

Aibel was one of the first companies in the industry to take action, which included significantly reducing the use of hired-in workers and reducing employee numbers. In order to improve its competitiveness, the company worked on improving its efficiency and reducing its cost base.

In February 2015 Aibel was awarded the contract to construct the deck of the drilling platform for the Johan Sverdrup field, with the contract worth an estimated NOK 8 billion. Statoil also showed its continuing confidence in Aibel by awarding it a framework agreement for maintenance and modification services. The new agreement runs for six years and includes the option to extend for a further four years. Aibel assesses the value of the agreement to be around NOK 7.5 billion.

Although Aibel anticipates that the market will continue to be challenging in 2016, in the slightly longer term it expects the market to improve. The aging stock of platforms on the Norwegian continental shelf is increasing the need for maintenance and modification services. Fields such as Johan Sverdrup will also lead to significant investment in the Norwegian continental shelf in the years to come. Aibel's presence in Southeast Asia is opening up a range of expansion opportunities internationally.

Aibel's ambition for the future is to use the challenging market conditions to strengthen its position as one of the leading service companies in oil and gas on the Norwegian continental shelf by further enhancing the company's competitiveness and thereby positioning the company for new growth.

Interwell
Interwell is a leading Norwegian supplier of high-technology well solutions for the international oil and gas industry. The company's most important market is the Norwegian continental shelf. In recent years, Interwell has also expanded its presence in a number of important international markets such as the UK, the Middle East and the USA.

Interwell delivered a satisfactory performance in 2015 in view of the challenging market conditions facing the industry. The company completed the development of several new products in 2015 in order to expand its range of products, and it continued work on developing a commercial product for permanent well plugging.

Interwell reported revenue of NOK 807 million in 2015, a decrease of 6% from 2014. EBITDA for 2015 was NOK 206 million, a decrease of 29% relative to 2014.

There is significant uncertainty in the market given the oil price and the cash flow challenges faced by oil companies. Despite this, Interwell is well-positioned to achieve underlying growth. The company principally delivers services to the well intervention market, which has historically been less influenced by the cyclicality of the oil services market, and the company's products and services help improve oil companies' cash flows. The company is diversified internationally and therefore has limited exposure to each region.

Interwell remains committed to being a technological leader in its niche areas and recognises the importance of continuous technological development in the years ahead. In today's market, it is critical that the technology currently offered by Interwell as well as its future technologies help oil companies to increase their revenues or reduce their costs.

Mestergruppen
Mestergruppen is a leading supplier of building products, primarily to the B2B market.

Mestergruppen reported revenue from its building products activities of NOK 2,700 million in 2015, approximately in line with 2014. The regions varied in terms of the levels of revenue generated relative to 2014. While market conditions in south-western Norway, particularly in Rogaland, were more challenging, other regions grew or performed in line with 2014. Mestergruppen continued its work to streamline and improve the efficiency of its activities, particularly by introducing a more cost-efficient IT system. Mestergruppen started a strategic collaboration with Gausdal Landhandleri on procurement and distribution.

There is uncertainty about the outlook for the building materials market in 2016 due to signs of weakness in parts of the Norwegian economy. The situation may deteriorate if the slowdown in Rogaland spreads to the rest of the country. In the medium term, the building materials industry is expected to grow on average in line with the historic trend. The building materials industry in Norway is fragmented, competitive and exposed to economic cycles.

Swix Sport
Swix Sport develops, produces and markets innovative products for sporting and other recreational pursuits, both in Norway and internationally.

Revenue increased from NOK 813 million in 2014 to NOK 917 million in 2015. In 2015, approximately 53% of Swix's revenue was generated outside Norway. Swix Sport reported EBITDA of NOK 35 million in 2015 as compared to NOK 58 million in 2014. This decline in earnings was the result of higher operating costs in 2015 principally due to the weakness of the Norwegian krone.

In December 2015 Swix Sport entered into an agreement to purchase the bicycle manufacturer Hard Rocx AS. One of Swix's targets is to smooth out its revenue streams across the seasons. It is achieving this through the outdoor segment with brands such as Lundhags and Ulvang and through the cycle segment by purchasing Hard Rocx. Swix is also committed to maintaining its leading position in the winter sports segment.

Servi Group
Servi develops and produces customer-specific hydraulic systems, cylinders and valves for offshore, maritime and land-based industries.

Servi Group reported revenue of NOK 797 million in 2015 as compared to NOK 893 million in 2014. The company experienced difficult market conditions in the offshore segment, particularly in new build rigs. Due to its reduced order intake and profitability, Servi had to reduce its workforce of slightly over 400 employees by more than 100. EBITDA for 2015 was NOK -3 million as compared to NOK 113 million in 2014.

Servi expects the market to continue to be challenging in 2016, with downward pressure on prices from customers. Despite the challenging market conditions, Servi is well positioned for organic growth when the market returns. Although the level of activity in relation to the new build offshore segment is expected to remain low, Servi is experiencing a solid flow of orders from other segments.

The company has set up a new organisation in Houston, and this has given Servi a stronger platform from which to grow its customer base in the American market. Servi continued to target potential European customers in 2015 and has already secured several new contracts.

Fjord Line
Fjord Line is a modern shipping company that offers safe and environmentally friendly sea transport between Norway, Denmark and Sweden.

Revenue increased from NOK 745 million in 2014 to NOK 899 million in 2015. Fjord Line reported EBITDA of NOK 46 million in 2015 as compared to EBIDTA of NOK -71 million in 2014. During 2015 the company introduced a new organisational model and carried out efficiency projects, with significant cost savings achieved.

The markets for Fjord Line's products are expected to be relatively stable in 2016. The weaker Norwegian krone may lead to Norwegians travelling abroad slightly less, but equally this also makes it more attractive for non-Norwegians to travel to Norway on holiday.

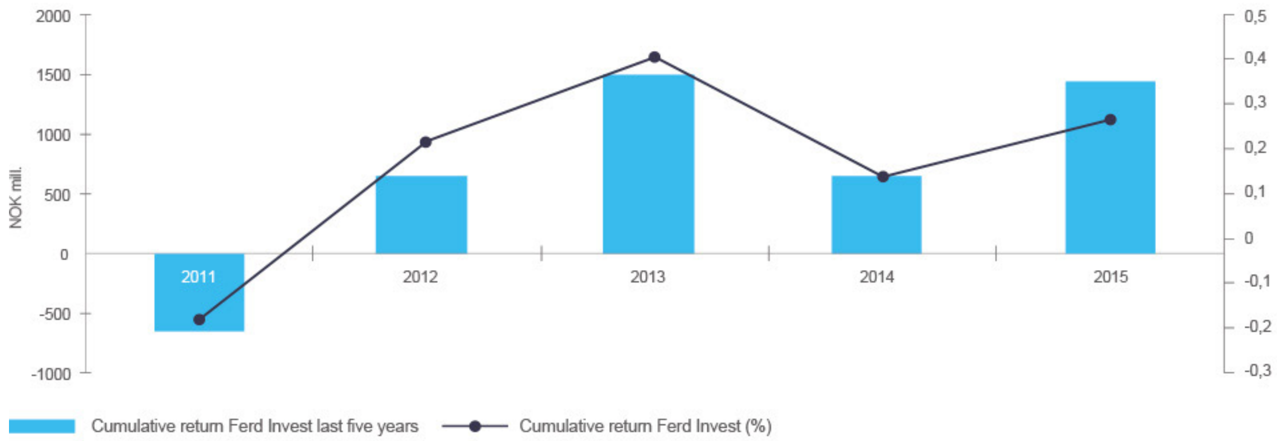
Fjord Line has a new, modern fleet. As customers are becoming more aware of the company's routes and the service provided on board continues to improve, passenger growth is again expected in 2016. Fjord Line's target for 2016 is further revenue growth.

Ferd Invest

Ferd Invest invests in listed Nordic shares. Its target is to generate a return that is higher than the return on its Nordic benchmark index. Ferd Invest's mandate does not stipulate limits with regard to the allocation of investments between countries or sectors and the portfolio differs significantly in its composition from the benchmark index.

Ferd Invest reported an operating profit of NOK 1,411 million in 2015 as compared to an operating profit of NOK 657 million in 2014. Most Nordic stock markets delivered positive returns in 2015. As in 2014, the Danish stock market was the best performing stock market in the Nordic region with a rise of 36%. In local currency terms, the Finnish market was up 13%, the Oslo market was up 6%, and the Swedish market was down 1%. The overall performance of the Nordic stock markets in 2015 was even greater when measured in Norwegian krone terms.

Cumulative return Ferd Invest last five years



Ferd Invest's portfolio generated a return of 26.7% in 2015, which is 3.6 percentage points weaker than the benchmark index. The business area's most successful investments were Novo Nordisk, Axis Communications, Svenska Cellulosa Aktiebolaget (SCA), Transmode and Autoliv. Opera Software was the business area's least successful investment by far and alone reduced the portfolio's performance by more than seven percentage points compared to Ferd Invest's benchmark index.

At the close of 2015, the market value of the Ferd Invest portfolio was NOK 6.3 billion. The largest investments at year-end 2015 were Novo Nordisk, Autoliv, ISS, Marine Harvest and Opera Software. These investments accounted for just under 40% of the total value of the portfolio.

Ferd Hedge Fund

Ferd's objective for its hedge fund portfolio is to achieve a good risk-adjusted return over time, both relative to the market and in absolute terms. In order to achieve good risk diversification, it is important that the composition of the portfolio features a range of funds which generate returns that are not dependent on the same risk factors. In addition, as part of risk diversification for Ferd's overall portfolio, the hedge fund portfolio normally has a relatively small weighting in funds that are heavily exposed to the stock market.

Ferd Hedge Fund's portfolio achieved a return of 1.9% in USD in 2015, which is 1.5 percentage points higher than the return for the benchmark index against which the performance of the portfolio is measured. The return for the year was NOK 70 million. The market value of the portfolio at the end of 2015 was NOK 3.6 billion.

Ferd Hedge Fund continued its work to concentrate the portfolio in 2015. The ten largest positions represented 63% of the portfolio's total assets at the end of 2015. The target for the portfolio is for it to remain a well-diversified hedge fund portfolio and for managers to be selected such that the portfolio delivers a higher return than its benchmark index.

Ferd Hedge Fund made two new investments through its new mandate, Global Fund Opportunities. One of the funds invests in unlisted companies that are seeking to list within a few years. The other fund principally takes over distressed loans from banks in Asia. The market value of this portfolio at 31 December 2015 was NOK 370 million.

Ferd Real Estate

Ferd Real Estate is an active real estate investor that principally works in real estate development. Its most important segments are residential real estate, office premises and warehouses/logistics facilities.

2015 was a very good year for Ferd Real Estate. Demand for real estate as an investment class was high and many foreign investors wanted to invest in the Nordic real estate market. Ferd Real Estate reported an operating profit of NOK 321 million as compared to NOK 254 million in 2014, and its value-adjusted equity was NOK 1.9 billion at the end of 2015. The portfolio generated a return of 17% in 2015.

There are several reasons for the strong profit reported by Ferd Real Estate in 2015. One is that Ferd Real Estate sold several properties for more than their previous valuations, including an office building leased to Aibel in Bergen. A development project in Lysaker outside Oslo also generated a good return. Ferd Real Estate's financial investments also performed very strongly.

Ferd Real Estate's largest residential project is Tiedemannsbyen at Ensjø in Oslo. The Tiedemannsbyen project is for around 1,400 units and will be carried out over a period of between 10 and 15 years. Tiedemannsbyen DA is developing the first 660 or so units, while the next 350 will be developed by Tiedemannsfabrikken AS. Tiedemannsfabrikken AS is owned 50/50 by Ferd Real Estate and Selvaag Bolig. The remainder of the project is owned by Ferd Real Estate. In total 115 residential units were sold in Tiedemannsbyen in 2015.

The overall unemployment rate in Norway is expected to increase slightly in 2016, but with large regional differences. This will affect both the commercial and residential real estate markets. The expectation is that residential property prices will fall somewhat in regions with many oil-related companies and that the office market in such areas will make weak progress. Other regions, however, are expected to grow at a steadier rate. The exception to this is probably the Oslo region where the increase in unemployment will be more limited. This, coupled with the prospect of persistently low interest rates, will probably lead to the region continuing to see strong price growth in both the office and residential markets.

Ferd Social Entrepreneurs
Ferd Social Entrepreneurs (FSE) invests in social entrepreneurs who reflect Ferd's vision of creating enduring value and leaving a clear footprint. It is taking time to establish a market for social entrepreneurs in Norway, and the market continues to be immature. The companies FSE comes across that have innovative ideas for social benefits are either at a very early stage or are in the process of setting up.

FSE has chosen to apply a focused strategy to its social entrepreneurship efforts. The social entrepreneurs Ferd invests in must be able to play a part in solving social problems while at the same time demonstrating a good likelihood that their activities will be financially self-sufficient over a time horizon of 3 to 6 years. FSE principally supports social entrepreneurs who work with children and young people.

The Board of Ferd Holding AS has allocated up to NOK 25 million annually for work with social entrepreneurship. In addition, Ferd's other business areas and subsidiaries support social entrepreneurs with expertise, time and commitment as board members, and through other assistance.

Ferd Social Entrepreneurs had seven companies in its portfolio at the end of 2015, and three companies transferred to the Alumni portfolio during the year. The Alumni portfolio consists of companies that have previously been FSE portfolio companies and currently contains seven companies. The FSE portfolio currently comprises the following companies: Monsterbedriften, Seema AS, Lyk-z & døtre, Lærervikaren, Intempo, Drive for Life and Change Factory.

Further information on Ferd's FSE's portfolio companies can be found in a separate article.

Social entrepreneurship is a strongly growing area internationally that is also attracting increasing interest in Norway. FSE is being approached by a large number of parties interested in the area who want to learn from FSE's experience and to collaborate on potential project.

Health, safety, environmental matters and employment equality
Recent years have seen an increasing emphasis on environmental issues in industrialised countries. None of the group's activities produces discharges that require licensing and environmental monitoring. Ferd is committed to ensuring that the companies it owns operate in a sustainable manner and demonstrate environmental awareness.

Elopak is continuing its commitment to environmental issues and is working continually on increasing the proportion of renewable raw materials it purchases from certified suppliers and on reducing its greenhouse gas emissions by using less fossil fuel energy sources. Other companies in the group strive to limit their impact on the external environment to the greatest extent commercially possible, including by sorting waste and ensuring the proper disposal of specialist waste created by production processes.

The Ferd group had 4,497 employees at the end of 2015, and after including employees of Aibel the total number for 2015 was 8,797. The proportion of female employees was 29%. Sick leave amounted to 3.4% for the Ferd group in 2015. The working environment at Ferd AS is considered to be good. Ferd AS had 38 employees at the close of 2015, of whom 26 are male and 12 are female. The Board of Directors of Ferd AS comprises one female director and four male directors. No serious accidents or injuries took place or were reported at Ferd AS in 2015. For the group as a whole, there were no accidents that led to loss of life, but there were individual cases of injuries at work that resulted in short periods of sick leave.

It is the company's policy to treat female and male employees equally. This is reflected in a policy of equal salaries for equal responsibilities and a recruitment policy that emphasises the selection of candidates with the right expertise, experience and qualifications to meet the requirements of the position in question. The company strives to be an attractive employer for all employees, regardless of gender, disability, religion, lifestyle, ethnicity or national origin.

Allocation of profit for the year
It is proposed that the profit for the year of NOK 1,821 million is transferred to other equity.

Lysaker, 21 April 2016
The Board of Directors of Ferd AS

Johan H. Andresen Chairman of the Board	**John Giverholt** Board Member, CEO	
Tom Erik Myrland Board Member	**Erik Rosness** Board Member	**Gry Skorpen** Board Member

ACCOUNTS
FERD AS

Income statement 1 January - 31 December

NOK 1 000	Note	2015	2014
OPERATING INCOME AND EXPENSES			
Dividend and group contribution from financial investments	4	605 891	950 834
Unrealised changes in values on financial investments	4	368 342	-1 616 359
Net gain on sales of financial investments	4	1 688 910	1 375 630
Other income	3	21 789	26 684
Operating income	3	**2 684 932**	**736 789**
Salary expenses	9,15	85 559	74 415
Depreciation and impairment	12	1 282	1 554
Other operating expenses	10,11	33 841	77 046
Operating expenses	3	**120 681**	**153 015**
Operating profit	3	**2 564 250**	**583 775**
Interest income	17	21 098	5 587
Interest expenses	17	- 32 612	- 4 119
Net other financial items		- 528 071	202 249
Net financial result		**- 539 585**	**203 717**
Profit before tax		**2 024 665**	**787 492**
Income tax expense	8	201 908	252 727
PROFIT FOR THE YEAR		**1 822 757**	**534 765**

Total comprehensive income 1 January - 31 December

NOK 1 000		2015	2014
PROFIT FOR THE YEAR		1 822 757	534 765
Other income and expenses not reclassified to the income statement at a later date:			
Estimate deviation on pensions	15	- 1 934	- 1 190
Tax on estimate deviation on pensions	8	522	321
TOTAL COMPREHENSIVE INCOME		**1 821 345**	**533 896**

Balance sheet as at 31 December

NOK 1 000	Note	2015	2014
ASSETS			
Non-current assets			
Tangible assets	12	9 275	10 103
Investments in subsidiaries	3,5,7	11 440 623	10 824 395
Other receivables	5	100 841	841
Total non-current assets		**11 550 739**	**10 835 339**
Current assets			
Short-term receivables on group companies	5,17	118 691	724 687
Other short-term receivables	5	286 656	800 849
Listed shares and bonds	3,5	7 283 017	6 622 552
Unlisted shares and bonds	3,5,7	2 144 722	2 215 184
Hedge funds	3,5	5 177 254	4 629 081
Investments in interest-bearing debt	3,5	135 912	
Bank deposits	3,5,13	3 285	371 542
Total current assets		**15 149 537**	**15 363 895**
TOTAL ASSETS	3	**26 700 277**	**26 199 234**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	183 268	183 268
Share premium		3 057 406	3 057 406
Other paid-in equity	3	809 905	809 905
Other equity		22 075 715	20 429 371
Total equity		**26 126 294**	**24 479 949**
Non-current liabilities			
Pension liabilities	15	30 007	24 659
Deferred tax	8	359 859	223 128
Total non-current liabilities		**389 866**	**247 788**
Current liabilities			
Short-term interest-bearing liabilities	5,16		483 025
Trade payables	5	1 217	1 611
Income tax payable	8		46 341
Public duties etc.	5	6 195	6 926
Debt to group companies	5,17	71 125	909 732
Other current liabilities	5	105 580	23 862
Total current liabilities		**184 118**	**1 471 498**
Total liabilities		**573 983**	**1 719 286**
TOTAL EQUITY AND LIABILITIES		**26 700 277**	**26 199 234**

Statement of changes in equity

2015

NOK 1 000	**Share capital (note 14)**	**Share premium**	**Other paid-in equity**	**Total paid-in equity**	**Other equity**	**Total other equity**	**Total equity**
Equity at 1 Jan. 2015	**183 268**	**3 057 406**	**809 905**	**4 050 579**	**20 429 370**	**20 429 370**	**24 479 949**
Total comprehensive income 2015					**1 821 345**	**1 821 345**	**1 821 345**
Transactions with owners							
Proposed dividend							
Additional dividend paid *)					- 175 000	**- 175 000**	**- 175 000**
Total transactions with owners					**- 175 000**	**- 175 000**	**- 175 000**
Equity at 31 Dec. 2015	**183 268**	**3 057 406**	**809 905**	**4 050 579**	**22 075 715**	**22 075 715**	**26 126 294**

*) In September 2015, Ferd AS paid an additional dividend to Ferd Holding AS. The dividend is in its entirety used to settle a balance between the companies.

2014

NOK 1 000	**Share capital (note 14)**	**Share premium**	**Other paid-in equity**	**Total paid-in equity**	**Other equity**	**Total other equity**	**Total equity**
Equity at 1 Jan. 2014	**183 268**	**3 057 406**		**4 050 579**	**20 065 622**	**20 065 622**	**24 116 201**
Total comprehensive income 2014					**533 896**	**533 896**	**533 896**
Transactions with owners							
Proposed dividend					- 20 148	**- 20 148**	**- 20 148**
Additional dividend paid *)					- 150 000	**- 150 000**	**- 150 000**
Total transactions with owners					**- 170 148**	**- 170 148**	**- 170 148**
Equity at 31 Dec. 2014	**183 268**	**3 057 406**	**809 905**	**4 050 579**	**20 429 370**	**20 429 370**	**24 479 949**

*) In May 2014, Ferd AS paid an additional dividend to Ferd Holding AS. The dividend is in its entirety used to settle a balance between the companies.

Statement of cash flows 1 January - 31 December

NOK 1 000	Note	2015	2014
Operating activities			
Profit before tax		2 024 665	787 492
Taxes paid	8	-20 645	- 30 535
Depreciation and impairment	12	1 282	1 554
Gain and loss on securities, net	4	-1 688 910	-1 375 630
Unrealised value changes on securities, net	4	-974 233	1 642 393
New investments in shares in subsidiaries and associated companies	5	-421 043	- 618 552
Net investments in securities	5	1 760 448	717 104
Disbursements of loans and bonds	5	-196 784	
Gain and loss on sale of tangible assets, net		142	- 261
Change in other non-liquid items		1 837	8 112
Change in other receivables		-34 427	-1 234 882
Change in intercompany balances		-225 779	
Change in other current liabilities		80 593	- 146 809
Net cash flows from/ used in (-) operating activities		**307 146**	**- 250 014**
Investing activities			
Proceeds from sale of tangible assets		1 054	1 391
Purchases of tangible assets	12	-1 366	- 4 705
Net cash flows used in investing activities		**-312**	**- 3 314**
Financing activities			
Repayment of interest-bearing debt	16	-500 000	500 000
Dividend paid		-175 000	- 150 000
Net cash flows used in (-)/from financing activities		**-675 000**	**350 000**
Change in bank deposits		-368 166	96 672
Bank deposits at 1 January		371 542	274 870
Benk deposits at 31 December	13	**3 375**	**371 542**

NOTE 1 GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

General information

Ferd is a family-owned Norwegian investment-company committed to value-creating ownership of businesses and investments in financial assets. In addition to the Group’s commercial activities,Ferd has an extensive involvement in social entrepreneurship. Ferd AS is located in Strandveien 50, Lysaker.

Ferd is owned by Johan H. Andresen and his family. Andresen is the Chair of the Board.

The Company's financial statements for 2015 were approved by the Board of Directors on 21 April 2016.

Basis for the preparation of the financial statements

Ferd AS’ financial statements are prepared in accordance with the Norwegian Accounting Act section 3-9 and regulation on simplified application of international accounting standards.

Summary of the most significant accounting principles

The most significant accounting principles applied in the preparation of the financial statements are described below. The accounting principles are consistent for similar transactions in the reporting periods presented, if not otherwise stated.

Investments in subsidiaries

Subsidiaries are companies where the parent company Ferd AS has direct or indirect control. Ferd has control over an investment if Ferd has the decision power over the enterprise in which it has invested, is exposed to or entitled to a variable return from the enterprise, and at the same time has the opportunity to use this decision power over the enterprise to influence on the variable return

Subsidiaries are classified as tangible assets in the balance sheet and measured at fair value. Value changes on subsidiaries, current returns like dividend and gain or loss on the realisation of subsidiaries are recognised as net operating income in the income statement.

Investments in associated companies and joint ventures

Associates are entities over which Ferd has significant influence, but not control. Significant influence implies that Ferd is involved in strategic decisions concerning the company’s finances and operations without controlling these decisions. Significant influence normally exists for investments where Ferd holds between 20 % and 50 % of the voting capital.

A joint venture is a contractual arrangement requiring unanimous agreement between the owners about strategic, financial and operational decisions.

Investments in associates and joint ventures are classified as non-current assets in the balance sheet and accounted for by the equity method, implying that Ferd's share of the profit or loss of the year in the investment is presented on a separate line in the income statement. The carrying value of the investment is added to Ferd's share of total comprehensive income in the investment. The carrying value of investments in associates companies is recognised as "investments accounted for by the equity method".

The exemption from the equity method pursuant to IAS 28 for investments in associated companies and joint ventures owned by investment enterprises is the basis for the presentation of the investments in the business area Ferd Capital. These investments are recognised at fair value with value changes through profit or loss and classified as current assets in the balance sheet. Value changes on the investments, current returns like dividend and gain or loss on the realisation of investments are recognised as net operating income in the income statement.

Revenue recognition

The Company's revenue mainly includes rendering services to other group companies and other related parties. Income from the sale of services is recognised according to the service's level of completion, provided the progress of the service and its income and costs can be reliably measured.

Revenue is recognised at fair value of the compensation and presented net of discounts, VAT and other types of public duties. Sales income is presented as Other income in the income statement.

The financial statements are presented in Norwegian kroner (NOK), which is the functional currency of Ferd AS. Transactions in foreign currency are recognised and measured in NOK at the date of the transaction. Monetary items in foreign currency are translated to NOK on the basis of the exchange rate at the date of the balance sheet. Gain and loss due to currency changes is recognised in the result.

Classification of financial instruments

Financial instruments constitute a substantial part of Ferd’s balance sheet and are of considerable significance for the Company's financial position and result. Financial assets and liabilities are recognised when the Company becomes a party to the contractual obligations and rights of the instrument. All financial instruments are classified in the following categories, pursuant to IAS 39, at their initial recognition:

1) Financial instruments at fair value and with changes in value recognised over profit and loss
2) Loans and receivables
3) Financial liabilities

Financial instruments are classified as held for trading and included in category 1 Derivatives are classified as held for trading and as current assets. The carrying value of interest derivatives is presented as investments in interest-bearing debt in the balance sheet.

Financial instruments at fair value with value changes over profit and loss pursuant to IAS 39 can also be classified in accordance with the "fair value option" in IAS 28.18. The instrument must initially be recognised at fair value with value changes over profit and loss and also meet certain criteria. The key assumption for applying the “fair value option” is that a group of financial assets and liabilities are managed on a fair value basis, and that management evaluates the earnings following the same principle.

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market. They are classified as current assets, unless they are expected to be realised more than 12 months after the balance sheet date. Loans and receivables are presented as trade receivables, other receivables and bank deposits in the balance sheet.

Financial liabilities that are not included in the category held for trading and not measured at “fair value through profit and loss”, are classified as other liabilities. Trade payables and other liabilities are classified as current if the debt is due within one year or is part of the ordinary operating cycle. Debt arisen by utilising Ferd's loan facility is presented as long-term if Ferd both has the opportunity and the intention to revolve the debt more than 12 months.

Recognition, measurement and presentation of financial instruments in the income statement and balance sheet

Purchases and sales of financial instruments are recognised on the date of the agreement, which is when the Company has made a commitment to buy or dispose of the financial instrument. Financial instruments are derecognised when the contractual rights to the cash flows from the asset expire or are transferred to another party. Correspondingly, the financial instruments are derecognised when the Company has transferred most of the risks and rewards connected with the ownership.

Financial instruments at “fair value over profit and loss” are initially measured at quoted prices at the balance sheet date or estimated on the basis of measurable market information available at the balance sheet date. Transaction costs are recognised in the income statement. In subsequent periods, the financial instruments are presented at fair value based on market values or generally accepted calculation methods. Value changes are recognised in the income statement.

Borrowings and receivables are initially measured at fair value with the addition of direct transaction costs. In subsequent periods, the assets and liabilities are measured at amortised cost by using the effective interest method less any decline in value. A provision for a decline in value is made for actual and possible losses on receivables. Ferd regularly reviews receivables and prepares estimates for losses as the basis for the provisions in the financial statements. Losses on loans and receivables are recognised in the income statement.

Financial liabilities classified as other liabilities are measured at amortised cost by using the effective interest method.

Gain and loss from the realisation of financial instruments, changes in fair values and interest income are recognised in the income statement in the period they arise. Dividend received is recognised as income when the Company has a legal right to receive payment. Net income related to financial instruments is presented as operating income in the income statement.

Financial derivatives and hedge accounting

Ferd can apply financial derivatives to reduce any potential loss from exposures to unfavourable changes in exchange rates or interest rates. The derivatives are recognised as financial instruments at fair value, and the the value changes are recognised in the income statement. Ferd AS does not apply hedge accounting in the parent company financial statements.

Income taxes

The income tax expense includes tax payable and changes in deferred tax. Income tax on other income and expense items in other comprehensive income is also recognised in total comprehensive income, and tax on balances related to equity transactions are set off against equity.

The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period. Tax payable for the period is calculated on the tax basis, which deviates from the "Profit before tax" as a consequence of amounts that shall be recognised as income or expense in another period (temporary differences) or income statement amounts never to be subject to tax (permanent differences).

Deferred tax is calculated on temporary differences between book and tax values of assets and liabilities in the financial statements and any tax effects of losses carried forward at the reporting date.

Deferred tax assets are only recognised in the balance sheet to the extent that it is probable that there will be sufficient taxable profits to utilise the benefits of the tax reducing temporary differences. Deferred tax liabilities and assets are calculated according to the tax rates and regulations ruling at the end of the reporting period and at nominal amounts. Deferred tax liabilities and assets are recognised net when the Company has a legal right to net assets and liabilities, and is able to and intend to settle the tax obligation net.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment. The cost includes expenses directly attributable to the acquisition of the asset. Expenses incurred after the acquisition are recognised as assets when future economic benefits are expected to arise from the asset and can be reliably measured, whereas current maintenance is expensed.

Tangible assets are depreciated systematically over their expected useful lives, normally on a straight-line basis. If indications of impairment exist, the asset is tested for impairment.

Impairment

Tangible assets are considered for impairment when there are indications to the effect that future earnings cannot support the carrying amount.

In the assessment of a decline in value, the first step is to calculate or estimate the assets' recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount that can be achieved at a sale of an asset in a transaction performed at arm’s length between well informed and voluntary parties, less costs to sell. The value in use is the present value of future cash flows expected to be generated by an asset or a cash-generating unit.

In the event that the carrying amount exceeds the recoverable amount, the difference is recognised as a write-down. Impairment losses are subsequently reversed when the impairment indicator no longer exists.

Leasing

Leases are classified either as operating or finance leases based on the actual content of the agreements. Leases under which the lessee assumes a substantial part of risk and return are classified as finance leases. All Ferd AS' present leases are classified as operating leases.

Leasing costs in operating leases are charged to the income statement when incurred and classified as other operating expenses.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term and easily realisable investments that will fall due within 3 months, also including restricted funds. Bank overdraft is presented as short-term debt to finance institutions in the balance sheet. In the statement of cash flows, the overdraft facility is included in cash and cash equivalents.

Pension costs and pension funds/obligations

Defined benefit plans

A defined benefit plan is a pension scheme defining the pension payment an employee will receive at the time of retirement. The pension is normally determined as a part of the employee's salary. The Company's net obligation from defined benefit pension plans is calculated separately for each scheme. The obligation is calculated by an actuary and represents an estimate of future retirement benefits that the employees have earned at the balance sheet date as a consequence of their service in the present and former period. The benefits are discounted to present value reduced by the fair value of the pension funds.

The portion of the period's net cost that comprises the current year's pension earnings, curtailment and settlement of pension schemes, plan changes and accrued social security tax is included in payroll costs in the period during which the employees have worked and thereby earned the pension rights. The net interest expense on the pension obligation less expected return on the pension funds is charged to the income statement as finance costs in the same period. Positive and negative estimate deviations are recognised as other income and costs in total comprehensive income in the period when they were identified.

Pension costs and pension funds/obligations

Defined benefit plans

A defined benefit plan is a pension scheme defining the pension payment an employee will receive at the time of retirement. The pension is normally determined as a part of the employee's salary. The Company's net obligation from defined benefit pension plans is calculated separately for each scheme. The obligation is calculated by an actuary and represents an estimate of future retirement benefits that the employees have earned at the balance sheet date as a consequence of their service in the present and former period. The benefits are discounted to present value reduced by the fair value of the pension funds.

The portion of the period's net cost that comprises the current year's pension earnings, curtailment and settlement of pension schemes, plan changes and accrued social security tax is included in payroll costs in the period during which the employees have worked and thereby earned the pension rights. The net interest expense on the pension obligation less expected return on the pension funds is charged to the income statement as finance costs in the same period. Positive and negative estimate deviations are recognised as other income and costs in total comprehensive income in the period when they were identified.

Changes in defined benefit obligations due to changes in pension schemes are recognised over the estimated average remaining service period when the changes are not immediately recognised. Gain or loss on a curtailment or settlement of a plan is recognised in the result when the curtailment or settlement occurs. A curtailment occurs when the Company decides to reduce significantly the number of employees covered by a plan or amends the terms of a defined benefit plan to the effect that a significant part of the current employees’ future earnings no longer qualify for benefits or will qualify for reduced benefits only.

Defined contribution plans

Obligations to make contributions to contribution based pension plans are recognised as costs in the income statement when the employees have rendered services entitling them to the contribution.

Provisions

A provision is recognised when the Company has an obligation as a result of a previous event, it is probable that a financial settlement will take place and the amount can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, discounted at present value if the discount effect is significant.

Dividend

Dividend and group contribution proposed by the Board is recognised as current liabilities pursuant to the exemption in the regulation to the Norwegian Accounting Act section 3-9.

Segment reporting

Ferd reports business areas in line with IFRS 8. Ferd is an investment company, and management makes decisions, is following up and evaluates the decisions based on the development in value and fair value of the Company's investment. Ferd distinguishes between business areas based on investment type/mandate, capital allocation, resource allocation and risk assessment.

Statements of cash flows

The cash flow statement has been prepared using the indirect method, implying that the basis used is the Company’s profit before tax to present cash flows generated by operating activities, investing activities and financing activities, respectively.

Related parties

Parties are considered to be related when one of the parties has the control, joint control or significant influence over another party. Parties are also related if they are subject to a third party’s control, or one party can be subject to significant influence and the other to joint control. A person or member of a person’s family is related when he or she has control, joint control or significant influence over the business. Companies controlled by or being under joint control by key executives are also considered to be related parties. All related party transactions are carried in accordance with written agreements and established principles.

New accounting standards according to IFRS

The financial statements have been prepared in accordance with standards approved by the International Accounting Standards Board (IASB) and International Financial Reporting Standards - Interpretations Committee (IFRIC) effective for accounting years starting on 1 January 2015 or earlier.

New and amended standards applied by Ferd effective from the accounting year 2015

Ferd has not implemented any new standards in 2015.

New and amended standards not implemented by Ferd

IFRS 9 Financial instruments

IFRS 9 will replace the current IAS 39. The project is divided in several phases. The first phase concerns classification and measurement. The classification and measurement requirements for financial liabilities in IAS 39 are on the whole continued. The use of amortised cost and fair value is continued as a basis for measurement. Concretely defined instruments must be measured at amortised cost or at fair value with value changes in other comprehensive income. All other instruments shall be measured at fair value with changes in fair value recognised in profit and loss.

Phase 2 concerns impairment of financial instruments, and the changes include a twist from making provisions for incurred losses to expected losses. Consequently, the new standard does not require a concrete loss event for making a provision for a credit loss. Losses shall be made for estimated losses, and changes in these estimates shall also be recognised in the income statement on a current basis. The changes will have particular consequences for banks and lending businesses, but also for the Ferd Group, as the Group has significant receivables from the sale of goods and services that are partly expected to be affected.

Phase 3 concerns hedge accounting, and the rules in IFRS 9 are considerably more flexible than in IAS 39. Several types of instruments qualify as hedging instruments, more types of risk can be hedged, and even more importantly, the strong effectiveness requirements in IAS 39 have been modified. Instead of testing the effectiveness, IFRS 9 introduces a principle of at qualitative financial connection between a hedging instrument, the hedged object and risk. On the other hand, several new note requirements related to the enterprise's hedging strategy have been added.

The implementation date for IFRS 9 is determined to accounting years starting on 1 January 2018, but the EU has not yet approved the standard. Ferd will implement the standard when it becomes mandatory.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a joint standard for the recognition of income from customers and replaces IAS 18 Revenue, IAS 11 Construction Contracts, IFRS 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 only concerns income from contracts with customers. Revenue relating to liability and equity instruments previously regulated by IAS 18, is moved to IAS 39 (and IFRS 9 when implemented).

The main principle of IFRS 15 is that the recognition of income shall be made in such a manner that it correctly demonstrates how the compensation for deliveries of goods and services is recognised by the enterprise. IFRS 15 introduces a 5 step model for revenue recognition,whereby customer contracts shall be identified and decomposed in separate delivery terms to be priced and recognised separately.

The standard is effective for accounting years starting on 1 January 2018, but it has not yet been approved by the EU. As an investing enterprise, Ferd AS has very little income from customer contracts and will probably not be impacted by the standard.

IFRS 16 Leases

IFRS 16 replaces the existing IFRS for leases, IAS 17Leases. IFRS 16 states the principles for the recognition, measurement, presentation and disclosure for both parties in a lease agreement, i.e., the customer (lessee) and supplier (lessor). The new standard requires that the lessee recognises assets and liabilities for most lease agreements, which is a significant change from today's principles. For the lessor, IFRS 16 in all essentials carries the existing principles in IAS 17 forward, i.e., a lessor shall continue to classify leases as operating or finance lease agreements and account for them differently.

The new standard is effective for the accounting year starting on 1 January 2019, but has so far not been approved by the EU. The standard is not expected to have any significant consequences for Ferd AS.

NOTE 2 ACCOUNTING ESTIMATES AND JUDGEMENTAL CONSIDERATIONS

Management has used estimates and assumptions in the preparation of the financial statements. This applies for assets, liabilities, expenses and disclosures. The underlying estimates and assumptions for valuations are based on historical experience and other factors considered to be relevant for the estimate on the balance sheet date. Estimates can differ from actual results. Changes in accounting estimates are recognised in the period they arise. The main balances where estimates have a significant impact on disclosed values are mentioned below. The methods for estimating fair value on financial assets are also described below.

In Ferd's opinion, the estimates of fair value reflect reasonable estimates and assumptions for all significant factors expected to be emphasised by the parties in an independent transactions, including those factors that have an impact on the expected cash flows, and by the degree of risk associated with them.

Determination of the fair value of financial assets

A large part of Ferd's balance sheet comprises financial assets at fair value. The fair value assessment of financial assets will at varying degrees be influenced by estimates and assumptions related to factors like future cash flows, the required rate of return and interest rate level. The most significant uncertainty concerns the determination of fair value of the unlisted financial assets.

Listed shares and bonds

The fair value of financial assets traded in active and liquid markets is determined at noted market prices on the balance sheet date (the official closing price of the market). Accordingly, the determination of the value implies limited estimation uncertainty.

Unlisted shares and bonds

The class “Unlisted shares and bonds” comprises private shares and investments in private equity funds. The fair value is determined by applying well-known valuation models. The use of these models requires input of data that partly constitutes listed market prices (like interest) and partly estimates on the future development, as well as assessments of a number of factors existing on the balance sheet date.

Hedge funds

The hedge funds are managed by external parties providing Ferd with monthly, quarterly or half-yearly estimates of the fair value. The estimates are verified by independent administrators. In addition, the total return from the funds is assessed for reasonableness against benchmark indices.

Investments in interest-bearing debt

The fair value of investments in interest-bearing debt is determined on the basis of quoted prices. If such prices are not available, the investment is valued in accordance with price models based on the current yield curve and external credit ratings.

Derivatives

The fair value of derivatives is based on quoted market prices. If such prices are not available, the investment is valued in accordance with price models based on the current yield curve and other relevant factors.

Determination of the fair value of subsidiaries with properties

Ferd has subsidiaries with properties recognised at fair value. The fair value is based on the discounted value of future cash flows, and the estimate will be impacted by estimated future cash flows and the required rate of return. The main principles for deciding the cash flows and required rates of return are described below.

Future cash flows are based on the following factors:
Existing contracts
Expected future rentals
Expected vacancies

The required rate of return is based on a risk-free interest with the addition of a risk premium for the property.

The risk premium is based on:
Location
Standard
Expected market development
Rent level compared to the rest of the market
The tenant’s financial strength
Property specific knowledge

In the event that transactions concerning comparable properties close to the balance sheet date have taken place, these values are applied as a cross-reference for the valuation.

Commercial properties not let out and properties included in building projects are normally assessed at independent valuations.

Determination of the fair value of financial subsidiaries and subsidiaries owned by the business area Ferd Capital

Ferd AS owns investments indirectly through subsidiaries acting as holding companies for these investments. The fair value of these subsidiaries is set to the carrying value of equity, adjusted for non-recognised changes in value of the underlying investments. The underlying investments are valued according to the same principles and methods as Ferd AS' direct investments.

NOTE 3 SEGMENT REPORTING

Ferd's segment reporting complies with IFRS 8. Ferd is an investment company, and the Company's management makes decisions, monitors and evaluates these decisions based on the development in value and fair value of the Company's investments. The operating segments are identified on the basis of investment type/mandate, capital and resource allocation and risk assessment. Ferd is operating the following four business areas:

Ferd Capital is a long-term investor working actively with the companies during the period of ownership to secure the development in value to be the best possible. Ferd Capital comprises three mandates: Non-listed companies, listed companies and Special Investment. Special Investments is a mandate in the initial phase.

Ferd Capital's largest investments as of 31 Descember 2015 are:

- Elopak (100 percent stake) is one of the world's leading manufacturers of packaging systems for fluid food articles. With an organisation and cooperating partners in more than 40 countries, the company's products are sold and marketed in more than 100 countries.
- Aibel (49 percent stake) is a leading supplier to the international upstream oil and gas industry concentrating on the Norwegian shelf. The company is engaged in operating, maintaining and modifying offshore and land based plants, and is also supplying complete production and processing installations.
- TeleComputing (96 percent stake) is a leading supplier of IT services to small and medium-sized enterprises in Norway and Sweden. The company supplies netbased applications and customised operating and outsourcing services.

- Interwell (58 percent stake) is a preeminent Norwegian supplier of high-tech well tools to the international oil and gas industry. The company's most important market is the Norwegian shelf, but it has in recent years also gained access to several significant markets internationally.
- Swix Sport (100 percent stake) is developing, manufacturing and marketing ski wax, ski sticks, accessories and textiles for sporting and active leasure time use. The company has extensive operations in Norway and abroad.
- Mestergruppen (95 percent stake) is a prominent actor in the Norwegian building materials market concentrating on the professional part of the market. The company's operations include the sale of building materials and developing land and projects, housing and cottage chains.
- Servi (100 percent stake). Servi develops and manufactures customer specific hydraulics systems, cylinders and vents to the offshore, maritime and land based industries.
- Petroleum Geo-Services (10,1 percent stake). Petroleum Geo-Services (PGS) supplies seismology, electro-magnetic services and reservoir analyses to oil companies engaged in offshore operations all over the world.
- Fjord Line (38,5 percent stake). Fjord Line is a modern shipping company offering safe and comfortable sea transport between Norway, Denmark and Sweden. In addition to passenger traffic, Fjord Line has adequate capacity for freight of all types of utility vehicles and goods handled by the shipping company's cargo departments in Norway and Denmark.

Ferd Invest mainly invests in listed Nordic limited companies. The ambition is to beat a Nordic share index (the MSCI Nordic Mid Cap Index). The investment team is not focusing on the reference index in the management of the portfolio, but concentrates on the companies in which they invest and their development.

Ferd Hedge Fund comprises two mandates: Hedge funds investing in various types of hedge funds managed by hedge fund environments abroad. The aim is to achieve an attractive risk-adjusted return, both in absolute terms and relatively to the hedge fund index (HFRI FoF: Conservative Index). In the Global Fund Opportunities mandate (GFO), Ferd Hedge Fund can invest in externally managed opportunities not suitable for the hedge funds portfolio, but are attractive in view of Ferd's total portfolio and contribute to spread risk in the Group.

Ferd Real Estate is an active property investor responsible for the Group's efforts concerning property. Developments mainly take place within housing projects, new office buildings and warehouse/combined buildings. The projects are partly carried out in-house, partly together with selected external cooperating partners. Investments concerning financial property only are also made.

Other areas mainly comprises investments in externally managed private equity funds and hedge funds acquired in the second-hand market. These investments do no require much daily follow-up and are therefore monitored by management. Other areas also comprise some financial instruments to be utilised by management to adjust the total risk exposure. Costs to the company's management, staff and in-house bank are also included.

NOK 1 000	**Ferd AS**	**Ferd Capital**	**Ferd Invest**	**Ferd Hedge Fund**	**Ferd Real Estate**	**Other areas**
Result 2015						
Sales income	2 684 932	319 149	1 419 496	144 630	336 008	465 648
Operating expenses	- 120 681	- 33 006	- 9 181	- 11 570	- 20 298	- 46 626
Operating result	**2 564 250**	**286 143**	**1 410 316**	**133 060**	**315 710**	**419 022**

Balance sheet 31 December 2015						
Investments in subsidiaries	11 440 623	8 919 426			2 423 020	98 177
Investmens classified as current assets	14 740 904	1 573 941	6 218 513	3 887 561	130	3 060 759
Bank deposits/drawings on group account	3 285	18 240	53 061	41 352	- 439 971	330 603
Other assets	515 464	104 811	27 132	95 173	63 399	224 950
Total assets	**26 700 277**	**10 616 418**	**6 298 707**	**4 024 085**	**2 046 577**	**3 714 489**

NOK 1 000	**Ferd AS**	**Ferd Capital**	**Ferd Invest**	**Ferd Hedge Fund**	**Ferd Real Estate**	**Other areas**
Result 2014						
Sales income	736 789	-1 265 018	665 319	96 213	274 100	966 175
Operating expenses	- 153 015	- 49 929	- 8 734	- 8 293	- 20 323	- 65 736
Operating result	**583 775**	**-1 314 946**	**656 585**	**87 920**	**253 777**	**900 439**
Balance sheet 31 December 2014						
Investments in subsidiaries	10 824 395	8 614 104			2 130 528	117 345
Investmens classified as current assets	13 466 817	931 482	5 645 278	2 869 671	130	5 895 784
Bank deposits/drawings on group account	371 542	769 191	11 390	- 157 173	248 456	- 554 033
Other assets	1 536 480	2 334	3 903	146 557	138 795	1 628 101
Total assets	**26 199 234**	**10 317 111**	**5 660 572**	**2 859 054**	**2 517 909**	**4 844 589**

NOTE 4 INCOME FROM FINANCIAL INVESTMENTS

NOK 1 000	**Dividend and group contributions from financial investments**	**Unrealised value changes on financial investments**	**Net gain on sales of financial investments**	**Total**
Investments in subsidiaries	270 010	498 597		**768 607**
Listed shares and stakes	160 055	134 741	984 989	**1 279 785**
Unlisted shares and bonds	16 766	- 243 420	44 687	**- 181 967**
Hedge funds	159 060	- 21 576	659 234	**796 718**
Total 2015	**605 891**	**368 342**	**1 688 910**	**2 663 143**

NOK 1 000	**Dividend and group contributions from financial investments**	**Unrealised value anges on financial investments**	**Net gain on sales of financial investments**	**Total**
Investments in subsidiaries	765 179	-1 904 662		**1 139 483**
Listed shares and stakes	156 786	- 414 465	972 475	**714 795**
Unlisted shares and bonds		- 46 840	13 517	**- 33 322**
Hedge funds	28 869	749 608	389 638	**1 168 115**
Total 2014	**950 834**	**-1 616 359**	**1 375 630**	**710 105**

NOTE 5 FINANCIAL INSTRUMENTS AND THE USE OF FAIR VALUE

Ferd's principles in the measurement of fair value, in general

Ferd applies the valuation method that is considered to be the most representative estimate of an assumed sales value. Such a sale shall be carried out in an orderly transaction at the balance sheet date. As a consequence, all assets for which there is observable market information, or where a transaction recently has been carried out, these prices are applied (the market method). When a price for an identical asset is not observable, the fair value is calculated by another valuation method. In the valuatons, Ferd applies relevant and observable data at the largest possible extent.

For all investments where the value is determined by another method than the market method, analyses of changes in value from period to period are carried out. Thorough analyses on several levels are made, both overall within the business area, by Ferd's group management and finally by Ferd's Board. Sensitivity analyses for the most central and critical input data in the valuation model are prepared, and in some instances recalculations of the valuation are made by using alternative valuation methods in order to confirm the calculated value.

Ferd is consistent in the application of valuation method and normally does not change the valuation principles. A change of principles will deteriorate the reliability of the reporting and weaken the comparability between periods. The principle for the valuation and use of method is determined for the investment before it is carried out, and is changed only exceptionally and if the change results in a measurement that under the circumstances is more representative for the fair value.

Valuation methods

The value of subsidiaries is determined on the basis of the companies' recorded equity and adjust for changes in value not recognised. Underlying investments are valued according to the same principles as investments directly owned by Ferd AS, as described below.

Investments in listed shares are valued by applying the market method. The quoted price for the most recent carried-out transaction on the market place is the basis.

Investments in unlisted shares managed in-house are normally valued on the basis of an earnings multiple. In calculating the value (Enterprise Value - EV), ratios like EV/EBITDA, EV/EBITA , EV/EBIT and EV / EBITDA-CAPEX) are applied. Ferd obtains relevant mutiples for comparable companies. The multiples for the portfolio companies are adjusted if the assumptions are not the same as the peer group. Such assumptions can include a control premium, a liquidity discount, growth assumptions, margins or similar. The company's result applied in the valuation is normalised for one-off effects. Finally, the equity value is calculated by deducting net interest-bearing debt. In the event that an independent transaction has taken place in the security, this is normally used as a basis for our valuation.

The valuation of investments in externally managed private equity and hedge funds is based on value reports received from the funds (NAV). Ferd makes a critical assessment of whether the reported NAV can be used as a basis.

The part of the hedge funds portfolio reported under Other areas is acquired in the second-hand market, often at a considerable discount compared to the reported value from the funds (NAV). In the measurement of these hedge funds, estimates from several external brokers are obtained to evaluate at which discount these hedge funds are traded, compared to the most recently reported NAV. Ferd makes an assessment of the broker estimates, makes a best estimate for discount and uses this estimate in the valuation of the hedge funds.

Rental properties are valued by discounting future expected cash flows. The value of properties being part of building projects is valued at an assumed sales value on a continuous basis. There is often a shift in value at achieved milestones. Our calculated values are regularly compared to independent valuations.

The table below is an overview of carrying and fair value of the Company's financial instruments and how they are recognised in the financial statements. It is the starting point for additional information on the Company's financial risk and refers to notes to follow.

		Financial instruments measured at amortised cost			
NOK 1 000	**Financial instruments at fair value over profit and loss**	**Loans and receivables**	**Financial liability**	**Total**	**Fair value**
Non-current assets					
Investments in subsidiaries	11 440 623			11 440 623	11 440 623

current receivables		100 841		100 841	100 841
Total 2015	**11 440 623**	**100 841**		**11 541 464**	**11 541 464**
Total 2014	**10 824 395**	**841**		**10 825 236**	**10 825 236**
Current assets					
Short-term receivables on group companies		118 691		118 691	118 691
Other short-term receivables		286 656		286 656	286 656
Listed shares and bonds	7 283 017			7 283 017	7 283 017
Unlisted shares and bonds	2 144 722			2 144 722	2 144 722
Hedge funds	5 177 254			5 177 254	5 177 254
investments in interest-bearing debt	135 912			135 912	135 912
Bank deposits		3 285		3 285	3 285
Total 2015	**14 740 904**	**408 633**		**15 149 537**	**15 149 537**
Total 2014	**13 501 782**	**1 862 113**		**15 363 895**	**15 363 895**
Short-term debt					
Trade accounts payable			1 217	1 217	1 217
Public duties etc.			6 195	6 195	6 195
Debt to group companies			71 125	71 125	71 125
Other short-term debt	73 578		32 002	105 580	105 580
Total 2015	**3 079**		**1 439 052**	**1 442 132**	**1 442 132**
Total 2014	**3 079**		**1 439 052**	**1 442 132**	**1 442 132**

Fair value herarchy - financial assets and liabilities

Ferd classifies assets and liabilities measured at fair value in the balance sheet by a hierarchy based on the underlying object for the valuation. The hierarchy has the following levels:

Level 1: Valuation based on quoted prices in active markets for identical assets without adjustments. An active market is characterised by the fact that the security is traded with adequate frequency and volume in the market. The price information shall be continuously updated and represent expected sales proceeds. Only listed shares are considered to be level 1 investments.

Level 2: Level 2 comprises investments where there are quoted prices , but the markets do not meet the requirements for being characterised as active. Also included are investments where the valuation can be fully derived from the value of other quoted prices, including the value of underlying securities, interest rate level, exchange rate etc. In addition, financial derivatives like interest rate swaps and currency futures are considered to be level 2 investments. Ferd's hedge fund portfolio is assessed to meet the requirements of level 2. These funds comprise composite portfolios of shares, interest securities, raw materials and other negotiable derivatives. For such funds the value (NAV) is reported on a continuous basis, and the reported NAV is applied on transactions in the fund.

Level 3: All Ferd's other securities are valued on level 3. This concerns investments where all or parts of the information about value cannot be observed in the market. Ferd is also applying valuation models for investments where the share has little or no trading. Securities valued on the basis of quoted prices or reported value (NAV), but where significant adjustments are required, are assessed on level 3. For Ferd this concerns all private equity investments and funds investments reported under Other areas, where reported NAV has to be adjusted for discounts. A reconciliation of the movements of assets on level 3 is shown in a separate table.

Ferd allocates each investment to its respective level in the hiearchy at the acquisition. Transfers from one level to another are made only exceptionally and only if there have been changes of significance for the level classification concerning the financial asset. This can be the case when an unlisted share has been listed or correspondingly. A transfer between levels will then take place when Ferd has become aware of the change.

The table shows at what level in the valuation hierarchy the different measurement methods for the Group's financial assets at fair value are considered to be:

NOK 1 000	**Level 1**	**Level 2**	**Level 3**	**Total 2015**
Investments in subsidiaries			11 440 623	11 440 623
Other short-term receivables				
Listed shares and bonds	7 283 017			7 283 017
Unlisted shares and bonds			2 144 722	2 144 722
Hedge funds		3 887 561	1 289 693	5 177 254
Investments in interest-bearing debt		135 912		135 912
Other short-term debt		- 73 578		- 73 578
Total 2015	**7 283 017**	**3 949 894**	**14 875 038**	**26 107 949**

NOK 1 000	**Nivå 1**	**Nivå 2**	**Nivå 3**	**Sum 2014**
Investments in subsidiaries			10 824 395	10 824 395
Other short-term receivables		34 964		34 964
Listed shares and bonds	6 622 552			6 622 552
Unlisted shares and bonds			2 215 184	2 215 184
Hedge funds		2 869 671	1 759 410	4 629 081
Other short-term debt		- 3 079		- 3 079
Total 2014	**6 622 552**	**2 901 556**	**14 798 989**	**24 323 097**

Reconciliation of movements in assets on level 3

NOK 1 000	**Op.bal.1 Jan. 2015**	**Purchases/share issues**	**Sales and proceeds from investments**	**Unrealised gain and loss, recognised in the result**	**Gain and loss recognised in the result**	**Closing bal. on 31 Dec. 2015**
Investments in subsidiaries	10 824 395	117 630		498 597		11 440 623
Unlisted shares and bonds	2 215 184	486 274	- 358 003	-243 420	44 687	2 144 722
Hedge funds	1 759 410	199 069	- 730 396	- 445 596	507 206	1 289 693
Total	**14 798 989**	**802 973**	**-1 088 399**	**- 190 419**	**44 687**	**14 875 038**

NOK 1 000	Op.bal.1 Jan. 2014	Purchases/share issues	Sales and proceeds from investments	Unrealised gain and loss, recognised in the result	Gain and loss recognised in the result	Closing bal. on 31 Dec. 2014
Investments in subsidiaries	11 403 639	1 325 568	- 150	-1 904 662		10 824 395
Unlisted shares and bonds	2 922 904	153 471	- 647 684	- 93 388	- 120 119	2 215 184
Hedge funds	2 001 380	91 680	- 901 293	567 643		1 759 410
Total	**16 327 923**	**1 570 719**	**-1 549 127**	**-1 430 407**	**- 120 119**	**14 798 989**

Specification of applied indata and sensitivity analysis

The table below gives an overview over the most central assumptions used when measuring the fair value of Ferd's investments, allocated to level 3 in the hierarchy. We also show how sensitive the value of the investments is for changes in the assumptions.

NOK 1 000	Balance sheet value at 31 Dec. 2015	Applied and implicit EBITDA multiples	Value, if the multiple is reduced by 10 %	Valjue, if the multiple is increased by 10%	Applied discount rate	Value, if the interest is increased by 1 percentage point	Value, if the interest is reduced by 1 percentage point
Investment in Ferd Eiendom AS 1)	2 423 426				7,0% - 11,7%	2 094 119	2 911 119
Other investments in subsidiaries	9 017 197	9,2 - 15,7	7 638 197	10 396 197			
Unlisted shares and bonds 2)	402 777						
NOK 1 000					Estimated discounts acc. to broker (inverval)	Value if discount increased by 10%	Value if discount reduced by 10%
Hedge funds 3)	1 289 693				1 % - 83 %	1 190 048	1 389 338

1) Appr. 68% of Ferd Eiendom AS' portfolio constitutes rental property sensitive for changes in the discount interest rate.

2) Appr. 19 % of the value of unlisted shares and bonds are sensitive for a change in multiple. The other investments are valued on the basis på reported NAV whereby Ferd cannot calculate the sensitivity, even though multiples probably have been applied in determining NAV.

3) Appr. 80 % of the hedge funds on level 3 are sensitive for changes in discount.

NOTE 6 RISIK MANAGEMENT - INVESTING ACTIVITIES

There have been no signifcant changes related to the Company's risk management in the period.

IMPAIRMENT RISK AND CAPITAL ALLOCATION

Ferd's allocation of capital shall be in line with the owner's risk tolerance. One measure of this risk tolerance is the size of the decline in value in kroner or percent that the owner accepts if any of the markets Ferd is exposed to should experience very heavy and quick downfalls. Ferd's total portfolio shall normally have a maximum of 35 per cent impairment risk. The impairment risk regulates how large part of equity that can be invested in assets with high risk for impairment. This is measured and followed up by stress tests. The loss risk is assessed as a possible total impairment expressed in kroner og as a percentage of equity. Due to Ferd's long-term approach, the owner can accept significant fluctuations in value-adjusted equity.

CATEGORIES OF FINANCIAL RISK

Liquidity risk

Ferd focus on liquidity and assumes that the return from financial investments shall contribute to cover current interest costs. Hence, it is important that Ferd's balance sheet is liquid, and that the possibility to realise assets corresponds well with the term of the debt. Ferd has determined that under normal market conditions, at least 4 billion kroner of the financial investments shall comprise assets that can be realised within a quarter of a year. This is primarily managed by investments in listed shares and hedge funds. Note 16 has more information about Ferd's loan facilities, including an overview of due dates of the debt.

Foreign currency risk

Ferd is well aware of foreign currency risks. We assume that Ferd always will have a certain part of equity invested in euro, USD and Swedish kroner, and is therefore normally not hedging the currency exposure to Norwegian kroner. If the exposure in a currency is considered to be too high or low, the currency exposure is regulated by loans at the parent company level in the currency in question, or by using derivatives.

Ferd has the following outstanding currency derivatives on the parent company level as at 31 December 2015:

	Purchases of currency		**Disposals of currency**	
NOK 1 000	**Currency**	**Amount**	**Currency**	**Amount**
	NOK	3 486 070	USD	- 400 000
	NOK	1 913 430	EUR	- 200 000

SENSITIVITY ANALYSIS, IMPAIRMENT RISK IN INVESTMENT ACTIVITIES

The stress test is based on a classification of Ferd's equity in different asset classes, exposed for impairment as follows:

- The Norwegian stock market declines by 30 percent
- International stock markets decline by 20 percent
- Property declines by 10 percent
- The Norwegian krone appreciates by 10 percent

In order to refine the calculations, it is considered whether Ferd's investments will decline more or less than the market. As an example, it is assumed that the unlisted investments in a stress test scenario have an impairment loss of 1.0-3 times the Norwegian market.

NOK 1 000	**2015**	**2014**
Price risk: Norwegian shares decline by 30 percent	-4 100 000	-4 200 000
Price risk: International shares decline by 20 percent	-1 700 000	-1 700 000
Price risk: Property declines by 10 percent	- 300 000	- 300 000
Currency risk: The Norwegian krone appreciates 10 percent	-1 200 000	-1 100 000
Total impairment in value-adjusted equity	**-7 300 000**	**-7 300 000**
Impairment as a percentage of value-adjusted equity	28%	31%

NOTE 7 SHARES AND STAKES IN OTHER COMPANIES WITH OWNERSHIPS IN EXCESS OF 10 %

	Business office	Stake
Subsidiary		
Elopak AS	Røyken	100,0 %
FC Well Invest AS	Bærum	100,0 %
FC-Invest AS	Bærum	100,0 %
Ferd Aibel Holding AS	Bærum	100,0 %
1912 Top Holding AS	Bærum	99,5 %
Ferd Eiendom AS	Bærum	100,0 %
Ferd Malta Holdings Ltd	Malta	100,0 %
Ferd MG Holding AS	Bærum	99,2 %
Ferd Sosiale Entreprenører AS	Bærum	100,0 %
Norse Crown Company Ltd. AS	Bærum	100,0 %
Swix Sport AS	Oslo	100,0 %
Non-current shares with ownership > 10%		
Herkules Capital I AS		40,0 %
Current shares with ownership > 10 %		
Fjord Line AS		38,5 %
Credo Invest Nr 9 AS		51,3 %
Energy Ventures II AS		26,0 %
Energy Ventures II KS		22,1 %
Energy Ventures III AS		25,0 %
Energy Ventures III GP LP		25,0 %
Energy Ventures III LP		18,7 %
Herkules Private Equity Fund II (LP-I) Limited		74,5 %
Herkules Private Equity Fund III (LP-I) Limited		25,1 %
Intera Fund I		12,0 %
Marical Inc		22,4 %
NMI AS		12,5 %
NMI Fund III		28,4 %
NMI Global		12,5 %
NMI Frontier		12,5 %
Petroleum Geo-Services ASA		10,1 %
SPV Herkules II LP		81,5 %

NOTE 8 INCOME TAXES

NOK 1 000	**2015**	**2014**
The tax expense comprises:		
Income tax payable	69 025	156 567
Change in deferred tax	136 730	95 395
Tax concerning prior periods	- 16 877	765
Withholding tax paid	13 030	
Tax expense	**201 908**	**252 727**

Tax payable in balance sheet

NOK 1 000	**2015**	**2014**
Tax payable of the year	69 025	156 567
Group contribuiton rendered	- 59 558	- 112 683
Tax payable from prior years	- 9 467	2 457
Tax payable in balance sheet		**46 341**

Reconciliation of nominal to effective tax rate

NOK 1 000	**2015**	**2014**
Profit before tax	2 024 665	787 492
Expected tax expense according to nominal tax rate (27%)	546 660	212 623
Non-taxable gain/loss and return on securities	- 414 993	- 438 059
Unrealised changes in value of securities	- 10 890	580 273
Adjustment of tax from prior periods	- 16 877	765
Withholding tax paid	13 030	
Tax recognised in other comprehensive income	- 522	
Efffect of change in tax rate	- 28 789	
Adjustment of deferred tax from previous periods *)	112 095	- 106 804
Tax effect of other permanent differences	2 194	3 929
Tax expense	**201 908**	**252 727**
Effective tax rate	10,0 %	32,1 %

Deferred tax

NOK 1 000	**2015**	**2014**
Receivables	- 5 321	- 9 213
Gain and loss account	3 069	4 143
Financial instruments	- 10 113	8 609
Tangible assets	234	199
Provisions	5 323	4 583
Net pensions	- 7 502	- 6 658
Shares and bonds	413 491	376 027
Tax loss to carry forward*	- 39 322	- 154 563
Balance sheet value at 31 Dec., deferred tax liability	**359 859**	**223 128**

Change in net deferred tax recognised in balance sheet

NOK 1 000	**2015**	**2014**
Balance sheet value at 1 January	223 128	128 054
Charged in period	137 253	95 395
Tax set-off against total comprehensive income (estimate deviation, pensions)	- 522	- 321
Balance sheet value at 31 December	**359 859**	**223 128**

*As a consequence of changed legislation for carried interest in Private Equity funds, Ferd's tax basis from such investments is changed. Ferd made a settlement with the authorities on 8 April 2016 and won the case in the question of deductability for carried interest for the income year 2013. We therefore maintain the balance sheet recording of deferred tax assets related to the deduction for carried interest for 2013 and 2014. As previous years were not part of the settlement, the deductions for previous years are not finally clarified, and we cannot recognise deferred tax assets related to these years in the balance sheet.

NOTE 9 SALARIES AND REMUNERATION

NOK 1 000	**2015**	**2014**
Salaries	63 544	46 508
Social security tax	10 878	17 717
Pension costs (note 15)	7 828	6 733
Other benefits	3 309	3 457
Total	**85 559**	**74 415**
Average number of man-labour years	36	38

Salary and remuneration to Group CEO

NOK 1 000	Salary	Bonus	Benefits in kind	Pension
John Giverholt	3 416	433	307	1 115

The Group CEO's bonus scheme is limited to MNOK 6,0. Bonus is based on the results achieved in the Group.

The Group CEO participates in Ferd's collective pension schemes for salaries below 12 G and is thereby entitled to a contribution scheme. The Group CEO also has a benefit scheme for a pension basis higher than 12 G, but with an upper limit of appr. MNOK 2,2, together with an early retirement pension scheme giving him the opportunity to retire at 65 years.

The Group CEO is entitled to 9 months severance pay if he has to resign from his position.

Fees to the Board

No specific fees have been paid for board positions in Ferd AS.

NOTE 10 OTHER OPERATING EXPENSES

NOK 1 000	**2015**	**2014**
Lease of buildings etc.	6 337	6 159
Fees to lawyers, consultants and auditors	19 175	25 045
Travel expenses	2 016	1 876
Loss and change in write-downs of receivables	- 12 836	26 035
Other expenses	19 150	17 932
Total	**33 841**	**77 046**

NOTE 11 AUDIT FEES CHARGED TO THE INCOME STATEMENT

Specification of fees to the Company's auditors, Ernst & Young AS:

NOK 1 000	**2015**	**2014**
Audit fees	1 089	1 140
Other attestation services		
Other non-audit services	446	64
Total	**1 535**	**1 204**

Other non-audit services mainly comprise due diligence servicies and assistance in translating the financial statements. All amounts are exclusive of VAT.

NOTE 12 TANGIBLE ASSETS

2015

NOK 1 000	Buildings and land	Fixtures and equipment	Total
Cost at 1 January	3 920	20 747	**24 667**
Additions		1 366	**1 366**
Disposals		- 2 124	**- 2 124**
Cost at 31 December	**3 920**	**19 989**	**23 909**
Accumulated depreciation and impairment at 1 January		14 564	**14 564**
Depreciation of the year		1 282	**1 282**
Disposal of depreciation		- 1 212	**- 1 212**
Accumulated depreciation and impairment at 31 December		**14 633**	**14 633**
Carrying amount at 31 December	**3 920**	**5 355**	**9 275**
Estimated economic life of depreciable assets	-	4-10 years	
Depreciation method		Straight-line	
Annual lease of tangible assets not carried in the balance sheet	6 337		

2014

NOK 1 000	Buildings and land	Fixtures and equipment	Total
Cost at 1 January	3 118	19 902	**23 020**
Additions	802	3 903	**4 705**
Disposals		- 3 058	**- 3 058**
Cost at 31 December	**3 920**	**20 747**	**24 667**
Accumulated depreciation and impairment at 1 January		14 938	**14 938**
Depreciation of the year		1 554	**1 554**
Disposal of depreciation		- 1 928	**- 1 928**
Accumulated depreciation and impairment at 31 December		**14 564**	**14 564**
Carrying amount at 31 December	**3 920**	**6 183**	**10 103**
Estimated economic life of depreciable assets	-	4-10 years	
Depreciation method		Straight-line	
Annual lease of tangible assets not carried in the balance sheet	6 159		

NOTE 13 K DEPOSITS

The following amounts included in bank deposits concern restricted funds:

NOK 1 000	2015	2014
Employees' tax withheld	4 624	4 558

NOTE 14 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of the Company consists of 183.267.630 shares at a nominal value of NOK 1.- at 31 December 2015.

Owner structure

The shareholder as at 31 December 2015 was:

	Number of shares	Stake
Ferd Holding AS	183 267 630	100,00%

Ferd AS is a subsidiary of Ferd Holding AS, being a subsidiary of Ferd JHA AS. Ferd shares offices with Ferd Holding AS and Ferd JHA AS in Lysaker, Bærum. Please contact Ferd for the consolidated financial statements of Ferd JHA AS.

Shares owned indirectly by the CEO and board members of Ferd AS:	Voting rights	Stake
Johan H. Andresen	69,94%	15,20%

Johan H. Andresen's children own 84,8 % of Ferd AS indirectly through the ownership of shares in Ferd Holding AS.

NOTE 15 PENSION COSTS AND LIABILITIES

FERD'S PENSION PLANS

Ferd has established pension schemes in accordance with Norwegian legislation. The employees participate in a defined contriution plan for salaries below 12G.

For salaries exceeding 12 G, Ferd has established a pension scheme implying that the employees earn a pension right each year. The scheme was closed for new hires when established. The right comprises a share of the salary in excess of 12 G together with a return component depending on the employee's chosen risk profile. The pension plan has many similarities with a contribution scheme, but as Ferd is not making current payments to a fund, but has elected to take the risk of return itself, the scheme shall be classified as a benefit scheme for accounting purposes. Ferd has recognised the obligation as a pension liabiity and is expensing the current deposits and the current return as incurred.

In addition, Group management has an early retirement pension scheme giving them the opportunity to retire at 65 years. This is also a benefit scheme.

Financial assumptions at 31 December

	2015	**2014**
Discount interest rate	1,90%	2,70%
Expected wage growth	2,50%	3,25%
Future expected pension regulation	1,75%	1,75%
Expected regulation of base amount (G)	2,25%	3,00%

DEFINED BENEFIT PLANS

Specification of the recognised liability

NOK 1 000	**2015**	**2014**
Present value of unfunded pension liabilities	30 007	24 659
Fair value of pension funds		
Total defined benefit obligation recognised in the balance sheet at 31 Dec.	**30 007**	**24 659**

Movement in liabilities for defined benefit pensions plans

NOK 1 000	**2015**	**2014**
Liabilities for defined benefit pension plans at 1 Jan.	24 659	83 295
Present value of current year's pension earnings	3 053	2 004
Interest expense on pension liabilities	361	1 257
Estimate deviation on pension liabilities	1 934	1 190
Benefits paid		- 63 087
Liabilities for defined benefit pension plans at 31 Dec.	**30 007**	**24 659**

Movement in fair value of the pension assets for defined benefit pension plans

NOK 1 000	**2015**	**2014**
Fair value of pension assets at 1 January		62 716
Benefits paid		- 62 716
Fair value of pension assets at 31 December		

Estimate deviation recognised in total comprehensive income

NOK 1 000	**2015**	**2014**
Estimate deviation on the pension obligation (benefit schemes) of the year	- 1 934	- 1 190
Net estimate deviation for benefit schemes recognised in comprehensive income	**- 1 934**	**- 1 190**

Pension costs recognised in the income statement

NOK 1 000	**2015**	**2014**
Present value of this year's pension earnings	3 053	2 004
Pension costs on contribution schemes	4 094	4 729
Total pension costs recognised in the income statement as salary expenses	**7 147**	**6 733**
Interest expense on the pension liability	361	1 257
Total pension costs recognised in the income statement as interest expenses	**361**	**1 257**

NOTE 16 SHORT-TERM INTEREST-BEARING DEBT

Short-term interest-bearing debt by currency

NOK 1 000	Loan amount in NOK 2015	Loan amount in NOK 2014
NOK		500 000
Short-term interest-bearing debt at 31 Dec. at nominal value	**-**	**500 000**
Capitalised drawing costs	-21 292	-16 975
Carrying amount at 31 December	**-21 292**	**483 025**

Ferd has a total loan facility of 6 billion NOK. The drawing costs related to the facility are accrued over the term. As the loan facility had not been utilised as at 31 December 2015, the capitalised drawing costs are classified as other receivables.

NOTE 17 TRANSACTIONS AND BALANCES WITH GROUP COMPANIES

Ferd AS has the following loans and balances with group companies:

NOK 1 000	2015	2014
Receivables		
Short-term receivables on group companies	117 884	724 687
Total receivables	117 884	724 687
Debt		
Short-term debt to group companies	70 046	909 732
Total debt	70 046	909 732

All group balances bear an interest of 6 months NIBOR + 1,5 percentage points.

Long-term loans have interest rates at assumed market terms.

NOK 1 000	2015	2014
Services billed to group companeis		
Staff services	7 368	8 847
Property management	15 737	16 174
Total income	23 104	25 022
Interest income on intercompany loans and balances		
Interest income	6 352	6 582
Interest expense		- 1 269

NOTE 18 CONTINGENT LIABILITIES AND OBLIGATIONS NOT RECOGNISED IN BALANCE SHEET

Guarantees and obligations not recognised in the balance sheet

NOK 1 000	**2015**	**2014**
Commitments to supply subsidiaries and other enterprises with equity	343 500	343 500
Other commitments to subsidiaries	350 000	
Not paid, but committed capital to funds investments	702 106	620 401
Total	**1 395 606**	**963 901**

Contingent obligations and litigation

Ferd made a settlement with the authorities on 8 April 2016 and won the case in the question of deductability for carried interest for the income year 2013. We therefore maintain the balance sheet recording of deferred tax assets related to the deduction for carried interest for 2013 and 2014. As previous year were not part of the settlement and the issue not yet clarified on that point, we cannot recognise deferred tax assets related to these years before Ferd has received a final decision from the tax authorities.

Ferd AS is presently not involved in any other litigation.

Events subsequent to the balance sheet date

In January 2016, Ferd sold the business TeleComputing to the investment fund IK Investment Partners. The sale was finalised in March 2016.

ACCOUNTS
FERD AS
GROUP

Income statement 1 January - 31 December

NOK 1 000	Note	2015	2014
OPERATING INCOME AND EXPENSES			
Sales income	3,10	12 912 698	11 852 804
Income from financial investments	3,4	1 985 920	599 704
Other income	3,8	315 246	277 624
Operating income	3	**15 213 863**	**12 730 132**
Cost of sales		8 339 234	7 381 096
Salary expenses	11,19	2 569 759	2 301 977
Depreciation and write-downs	3,12,13,14	773 269	540 968
Other operating expenses	15,16	1 223 637	1 189 578
Operating expenses		**12 905 899**	**11 413 618**
Operating profit	3	**2 307 964**	**1 316 513**
Income on investments accounted for by the equity method	3,17	34 548	30 367
Finance income	18	257 478	496 336
Finance expenses	18	- 972 582	- 514 901
Net finance items		**- 680 556**	**11 802**
Profit before tax		**1 627 409**	**1 328 315**
Income tax expense	9	318 290	463 577
Profit after tax from continued operations		**1 309 119**	**864 738**
Profit after tax for discontinued operations	33	101 142	83 606
PROFIT FOR THE YEAR		**1 410 260**	**948 345**
Non-controlling interests' share of profit for the year		- 2 293	46 006
Parent company shareholders' share of profit for the year		1 412 553	902 339

Total comprehensive income 1 January - 31 December

NOK 1 000		2015	2014
PROFIT FOR THE YEAR		1 410 260	948 345
Other income and expenses than can be reclassified to the income statement at a later date:			
Currency conversion of foreign subsidiaries		113 762	93 566
Effect of cash flow hedging	28	95 337	- 30 681
Tax on cash flow hedging	9,28	- 21 497	7 284
Other income and expenses that cannot be reclassified to the income statement at a later date:			
Estimate deviation on pensions	19	3 266	- 54 690
Tax on estimate deviation on pensions	9	- 988	2 098
TOTAL COMPREHENSIVE INCOME		**1 600 141**	**965 922**
Non-controlling interests' share of total comprehensive income	23	12 665	45 229
Parent company shareholders' share of total comprehensive income		1 587 476	920 693

Balance sheet as at 31 December

NOK 1 000	Note	2015	2014
ASSETS			
Non-current assets			
Intangible assets	3,12,13	3 153 719	4 117 955
Deferred tax assets	9	257 916	195 585
Tangible assets	3,14	2 175 360	2 436 626
Investments accounted for by the equity	3,7,17	494 635	442 250
Investment property	3,5,8	2 235 900	2 386 449
Pension funds	19	25 370	17 391
Other financial assets	7	223 625	272 285
Total non-current assets		**8 566 524**	**9 868 541**
Current assets			
Inventories	20	2 635 545	2 381 419
Short-term receivables	5,21	2 436 638	2 953 019
Listed shares and bonds	3,5,7	7 283 017	6 622 553
Unlisted shares and bonds	3,5,7	3 071 613	3 086 854
Hedge funds	3,5	5 202 980	4 651 984
Investments in interest-bearing debt	5	94 484	
Bank deposits		1 852 737	1 320 725
Assets classified as held for sale	33	1 095 253	
Total current assets		**23 672 269**	**21 016 554**
TOTAL ASSETS	3	**32 238 793**	**30 885 095**
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	22	4 050 578	4 050 578
Other equity		17 987 880	16 595 163
Non-controlling owner interests	23	691 369	684 544
Total equity		**22 729 827**	**21 330 285**
Non-current liabilities			
Pension liabilities	19	193 138	169 417
Deferred tax	9	847 312	793 731
Long-term interest-bearing liabilities	24	4 015 050	3 697 893
Other long-term debt	5,24	147 187	294 103
Total non-current liabilities		**5 202 686**	**4 955 144**
Current liabilities			
Short-term interest-bearing liabilities		661 163	1 314 066
Income tax payable	9	143 752	277 390
Other current liabilities	5,25	3 029 751	3 008 210
Liabilities classified as held for sale	33	471 615	
Total current liabilities		**4 306 280**	**4 599 666**
Total liabilities		**9 508 966**	**9 554 810**
TOTAL EQUITY AND LIABILITIES		**32 238 793**	**30 885 095**

Statement of changes in equity

2015

NOK 1 000	**Share capital (note 22)**	**Share premium**	**Other paid-in equity**	**Total paid-in equity**	**Currency conversion reserve**	**Cash-flow hedging (note 28)**	**Retained earnings**	**Total other equity**	**Non-controlling owner interests**	**Total equity**
Equity at 1 Jan. 2015	**183 268**	**3 057 405**	**809 905**	**4 050 578**	**- 72 026**	**- 54 545**	**16 721 734**	**16 595 163**	**684 544**	**21 330 285**
Total comprehensive income 2015					**99 376**	**73 840**	**1 414 260**	**1 587 476**	**12 665**	**1 600 141**
Transactions with owners										
Transactions with non-controlling interests									- 706	- 706
Group contribution paid							- 19 759	- 19 759	1 090	- 18 669
Dividend paid*							- 175 000	- 175 000	- 6 224	- 181 224
Total transactions with owners							- 194 759	- 194 759	- 5 839	- 200 598
Equity at 31 Dec. 2015	**183 268**	**3 057 405**	**809 905**	**4 050 578**	**27 350**	**19 295**	**17 941 235**	**17 987 880**	**691 369**	**22 729 827**

*)In 2015, Ferd AS paid an additional dividend to Ferd Holding AS. This dividend has in its entirety been utilised to settle a balance between the companies.

2014

NOK 1 000	**Share capital (note 22)**	**Share premium**	**Other paid-in equity**	**Total paid-in equity**	**Currency conversion reserve**	**Cash-flow hedging (note 28)**	**Retained earnings**	**Total other equity**	**Non-controlling owner interests**	**Total equity**
Equity at 1 Jan. 2014	**183 268**	**3 057 405**	**809 905**	**4 050 578**	**- 165 592**	**- 31 148**	**16 007 546**	**15 810 806**	**19 995**	**19 881 379**
Total comprehensive income 2014					**93 566**	**- 23 397**	**850 524**	**920 693**	**45 229**	**965 922**
Transactions with owners										
Transactions with non-controlling interests							13 664	13 664	626 217	639 881
Dividend paid*							- 150 000	- 150 000	- 6 897	- 156 897
Total transactions with owners							- 136 336	- 136 336	619 320	482 984
Equity at 31 Dec. 2014	**183 268**	**3 057 405**	**809 905**	**4 050 578**	**- 72 026**	**- 54 545**	**16 721 734**	**16 595 163**	**684 544**	**21 330 285**

*) In May 2014, Ferd AS paid an additional dividend to Ferd Holding AS. This dividend has in its entirety been utilised to settle a balance between the companies.

Statement of cash flows 1 January - 31 December

NOK 1 000	Note	2015	2014
Operating activities			
Profit before tax and minorities		1 627 409	1 328 315
Taxes paid	9	- 409 133	- 222 697
Depreciation and write-downs	12,13,14	773 269	645 898
Value-change on investment property	8	- 190 117	- 169 358
Income on investments accounted for by the equity method	17	- 32 830	- 16 389
Pension costs without cash effects	19	10 892	- 41 309
Gain and loss on securities, net		-2 177 783	- 349 682
Net investment in securities		1 336 766	639 427
Net investment in investment property	8	- 63 559	- 366 961
Gain and loss on sale of tangible assets, net		- 41 935	- 28 052
Change in inventories		- 143 739	- 159 151
Change in short-term receivables and other curent assets		1 456 390	- 602 631
Change in trade payables and other current liabiities		- 704 557	31 647
Change in other long-term debt		- 25 762	33 795
Net cash flows from operating activities		**1 415 311**	**722 851**
Investing activities			
Proceeds from sale of tangible and intangible assets	12,13,14	76 024	77 725
Purchases of tangible and intangible assets	12,13,14	- 582 895	- 678 026
Dividend received from companies accounted for by the equity method	17	33 934	22 312
Purchase of subsidiaries, net less bank deposits taken-over	13	- 115 712	- 544 123
Proceeds from sale of subsidiaries, net less bank deposits transferred		196 477	
Net other investments		- 413 458	- 160 742
Net cash flows used in investing activities		**- 805 630**	**-1 282 854**
Financing activities			
Change in interest-bearing debt		- 107 672	697 923
Dividend paid		- 175 000	- 156 897
Net transactions with non-controlling interests		- 1 687	11 590
Net cash flows from investing activities		**- 284 358**	**552 616**
Currency conversion of bank deposits		**92 179**	**21 855**
Change in bank deposits		417 502	14 469
Bank deposits at 1 January		1 435 235	1 306 257
Adjustment bank deposits discontinued operations			114 509
Bank deposits at 31 December		**1 852 737**	**1 435 235**

NOTE 1 GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

General information

Ferd is a family-owned Norwegian investment-company committed to value-creating ownership of businesses and investments in financial assets. In addition to the Group's purely commercial activities, Ferd has an extensive involvement in social entrepreneurship. Ferd AS is located in Strandveien 50, Lysaker.

Ferd is owned by Johan H. Andresen and his family. Andresen is the Chair of the Board.

The Company's financial statements for 2015 were approved by the Board of Directors on 21 April 2016.

Basis for the preparation of the consolidated financial statements

Ferd AS' consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU.

Summary of the most significant accounting principles

The most significant accounting principles applied in the preparation of the financial statements are described below. The accounting principles are consistent for similar transactions in the reporting periods presented, if not otherwise stated.

Consolidation and consolidated financial statements

The consolidated financial statements show the overall financial results and the overall financial position for the parent company Ferd AS and entities where Ferd has direct or indirect control. Ferd has control over an investment if Ferd has the decision power over the enterprise in which it has been invested, is exposed to or is entitled to a variable return from the enterprise, and at the same time has the opportunity to use this decision power over the enterprise to influence on the variable return.

Non-controlling interests in subsidiaries are disclosed as part of equity, but separated from the equity that can be attributed to the shareholders of Ferd AS. The non-controlling interests are either measured at fair value or at the proportionate share of identified net assets and liabilities. The principle for measuring non-controlling interests is determined separately for each business combination.

Subsidiaries are consolidated from the date when the Group achieves control, and are excluded when such control ceases. Should there be a change in ownership in a subsidiary without any change of control, the change is accounted for as an equity transaction. The difference between the compensation and the carrying value of the non-controlling interests is recognised directly in equity and allocated to the shareholders of Ferd AS. At a loss of control, the subsidiary's assets, liabilities, non-controlling interests and any accumulated currency differences are derecognised. Any remaining owner interests at the date of the loss of control are measured at fair value, and gain or loss is recognised in the income statement.

Inter-company transactions, balances and unrealised internal gains are eliminated. When required, adjustments are made to the financial statements of subsidiaries to bring their accounting principles in line with those used by the Group.

Business combinations

Business combinations are accounted for by the acquisition method. This implies the identification of the acquiring company, the determination of the date for the take-over, the recognition and measurement of identifiable acquired assets, liabilities and any non-controlling interests in the acquired company taken over, and the recognition and measurement of goodwill or gain from an acquisition made on favourable terms.

Assets, liabilities and contingent liabilities taken over or incurred are measured at fair value at the acquisition date. Goodwill is recognised as the total of the fair value of the consideration, including the value of the non-controlling interests and the fair value of former owner shares, less net identifiable assets in the business combination. Direct costs connected with the acquisition are recognised in the income statement.

Any contingent consideration from the Group is recognised at fair value at the acquisition date. Changes in the value of the contingent consideration considered to be a financial liability pursuant to IAS 39, are recognised in the income statement when incurred. In step-by-step business combinations, the Group's former stake is measured at fair value at the date of the take-over. Any adjustments in value are recognised in the income statement.

Discontinued operations

Should a significant part of the Group's operations be disposed or agreed to be sold, this business is presented as "discontinued operations" on a separate line in the income statement and balance sheet. As a consequence, all other presented amounts are exclusive of the "discontinued operations". Comparable figures for income and expenses are restated in the accounts and notes. Comparable figures for balance sheet items and the statement of cash flows are not restated.

Investments in associates and joint ventures

Associates are entities over which the Group has significant influence, but not control. Significant influence implies that the Group is involved in strategic decisions concerning the company’s finances and operations without controlling these decisions. Significant influence normally exists for investments where the Group holds between 20 % and 50 % of the voting capital.

A joint venture is a contractual arrangement requiring unanimous agreement between the owners about strategic, financial and operational decisions.

Investments in associates and joint ventures are classified as non-current assets in the balance sheet.

The exemption from using the equity method in IAS 28 for investments in associated companies and joint ventures owned by investing entities is the basis for presenting the investments in the business area Ferd Capital. These investments are recognised at fair value with value changes over profit and loss, and are classified as current assets in the balance sheet.

Other investments in associates and joint ventures are accounted for by the equity method, i.e., the Group’s share of the associates’ profit or loss is disclosed on a separate line in the income statement. The carrying amount of the investment is added to Ferd's share of total comprehensive income in the investment. The accounting principles are adjusted to bring them in line with those of the Group. The carrying amount of investments in associates is classified as “Investments accounted for by the equity method” and includes goodwill identified at the date of acquisition, reduced by any subsequent write-downs.

Sales income

The Group’s consolidated revenue mainly comprises the sale of a wide range of goods to manufacturing companies as well as to consumers, services to the oil sector, IT services and deliveries of packaging and packaging systems.

Revenue from the sale of goods is recognised when the potential for earnings and losses has been transferred to the buyer, when income from the sale can be expected and the amount can be reliably measured. Revenue from the sale of services is recognised according to the service’s level of completion, provided the progress of the service and its income and costs can be reliably measured. Should the contract contain several elements, revenue from each element is recognised separately, provided that the transfer of risk and control can be separately assessed. Contracts concerning the sale of filling machines and packaging are commercially connected, and revenue is therefore recognised in total for the contract.

Revenue is measured at the fair value of the compensation and presented net of discounts, value added tax and similar taxes.

At the sale of intangible and tangible assets, gain or loss is calculated by comparing the proceeds with the residual carrying value of the sold asset. Calculated gain/loss is included in operating income or expenses, respectively.

Foreign currency translation

Transactions in foreign currency in the individual Group entities are recognised and measured in the functional currency of the entity at the transaction date. Monetary items in foreign currency are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Gain and loss arising from changes in foreign currency is recognised in the income statement with the exception of currency differences on loans in foreign currencies hedging a net investment, and inter-company balances considered to be part of the net investment. These differences are recognised as other income in total comprehensive income until the investment is disposed of.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency of the parent company. When a subsidiary in foreign currency is consolidated, income and expense items are translated into Norwegian kroner at an average weighted exchange rate throughout the year. For balance sheet items, including excess values and goodwill, the exchange rate prevailing at the balance sheet date is used. Exchange differences arising when consolidating foreign subsidiaries are recognised in total comprehensive income until the subsidiary is disposed of.

Loan expenses

Loan expenses that are directly attributable to the acquisition, manufacturing or production of an asset requiring a long time to be completed before it can be used, are added to the acquisition cost for the asset. For investment properties measured at fair value, Ferd is also capitalising loan expenses incurred in the development period. Ferd is capitalising loan expenses from the starting date for the preparation of the asset for its intended use and the loan expenses begin to incur. The capitalisation continues until these activities have been completed. Should the development be put temporarily on hold, the loan expenses are not capitalised during this period.

Classification of financial instruments

Financial instruments constitute a substantial part of Ferd’s consolidated accounts and are of considerable significance for the overall financial standing and result of the Group. Financial assets and liabilities are recognised when the Group becomes a party to the contractual obligations and rights of the instrument. Pursuant to IAS 39, all Ferd’s financial instruments are initially classified in the following categories:

1. Financial instruments at fair value and with changes in value recognised over profit and loss
2. Loans and receivables
3. Financial liabilities

Financial instruments are classified as held for trading and as part of category 1. Derivatives are classified as held for trading unless they are part of a hedging instrument, another asset or liability. Assets held for trading are classified as current assets.

Financial instruments at fair value with value changes in the income statement pursuant to IAS 39 can also be classified in accordance with the "fair value option" in IAS 28.18. The instrument must initially be recognised at fair value with value changes over profit and loss and also meet certain criteria. The key assumption for applying the “fair value option” is that a group of financial assets and liabilities are managed on a fair value basis, and that management evaluates the earnings following the same principle.

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market. They are classified as current assets, unless they are expected to be realised more than 12 months after the balance sheet date. Loans and receivables are presented as trade receivables, other receivables and bank deposits in the balance sheet.

Financial liabilities not included in the category held for trading and not measured at “fair value over profit and loss” are classified as other liabilities. Trade payables and other liabilities are classified as current if the debt is due within one year or is part of the ordinary operating cycle. Debt arisen by utilising Ferd's loan facility is presented as long-term if Ferd both has the opportunity and the intention to revolve the debt more than 12 months.

Recognition, measurement and presentation of financial instruments in the income statement and statement of financial position

Purchases and sales of financial instrument transactions are recognised on the date of the agreement. Financial instruments are derecognised when the contractual rights to the cash flows from the asset expire or have been transferred to another party. Correspondingly, financial instruments are derecognised when the Group on the whole has transferred the risk and reward of the ownership.

Financial instruments at “fair value over profit and loss” are initially measured at quoted prices at the balance sheet date or estimated on the basis of measurable market information available at the balance sheet date. Transaction costs are recognised in the income statement. In subsequent periods, the financial instruments are presented at fair value based on market values or generally accepted calculation methods. Changes in value are recognised in the income statement.

Loans and receivables are initially measured at fair value with the addition of direct transactions costs. In subsequent periods, the assets and liabilities are measured at amortised cost by using the effective interest method, less any decline in value. A provision for a decline in value is made for actual and possible losses on receivables. The Group regularly reviews receivables and prepares estimates for losses, as the basis for the provisions in the financial statements. Losses from declines in value are recognised in the income statement.

Financial obligations classified as other liabilities are measured at amortised cost by using the effective interest method.

Gain and loss from the realisation of financial instruments, changes in fair values and interest income are recognised in the income statement in the period they arise. Dividend income is recognised when the Group has the legal right to receive payment. Net income related to financial instruments is classified as operating income and presented as “Income from financial investments” in the income statement.

Financial derivatives and hedge accounting

The Group applies financial derivatives to reduce the financial loss from exposures to unfavourable changes in exchange rates or interest rates. Financial derivatives related to a highly probable planned transaction (cash flow hedges) are recognised in accordance with the principles for hedge accounting when the hedge has been documented and meets the relevant requirements for effectiveness. Ferd is not applying hedge accounting for derivatives acquired to reduce risk in an asset or liabilities recognised in the balance sheet. Derivatives not qualified for hedge accounting are classified as financial instruments at fair value, and changes in value are recognised in the income statement.

Cash flow hedging is presented by recognising a change in fair value of the financial derivative applied as cash flow hedging as other income and expenses in total comprehensive income until the underlying transaction is accounted for. The ineffective portion of the hedge is recognised immediately in profit or loss.

When the hedge instrument expires or is disposed of, the planned transaction is carried out or when the hedge no longer meets the criteria for hedge accounting, the accumulated effect of the hedging is recognised in the income statement.

Income taxes

The income tax expense includes tax payable and changes in deferred tax. Income tax on other income and expenses items in total comprehensive income is also recognised in total comprehensive income, and tax on balances related to equity transactions are set off against equity.

The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period. Tax payable for the period is calculated on the tax basis deviating from profit before tax as a consequence of amounts that shall be recognised as income or expense in another period (temporary differences) or balances never to be subject to tax (permanent differences)

Deferred tax is calculated on temporary differences between book and tax values of assets and liabilities and the tax effects of losses to carry forward in the consolidated financial statements at the reporting date. Deferred tax liabilities associated with the initial recognition of goodwill in business combinations are not carried in the balance sheet, nor is deferred tax recognised in the balance sheet on the initial recognition of the acquisition of investment properties, if the purchase of a subsidiary with an investment property is considered as an acquisition of a separate asset.

Deferred tax assets are only recognised in the balance sheet to the extent that it is probable that there will be future taxable profits to utilise the benefits of the tax reducing temporary differences. Deferred tax liabilities and assets are calculated according to the tax rates and regulations ruling at the end of the reporting period and at nominal amounts. Deferred tax liabilities and assets are recognised net when the Group has a legal right to net assets and liabilities.

Goodwill

Goodwill is the difference between the cost of an acquisition and the fair value of the Group's share of net assets in the acquired business at the acquisition date. Goodwill arising on the acquisition of subsidiaries is classified as intangible assets.

Goodwill is tested for impairment annually, or more often if there are indications of impairment, and carried at cost less accumulated depreciation. Impairment losses on goodwill are not reversed.

Goodwill arising on the acquisition of a share in an associate is included in the carrying amount of the investment and tested for impairment as part of the carrying amount of the investment. Gain or loss arising from the realisation of a business includes goodwill allocated to the business sold.

For the purpose of impairment testing, goodwill is allocated to the relevant cash-generating units. The allocation is made to the cash-generating units or groups of units expected to benefit from the synergies of the combination.

Intangible assets

Intangible assets acquired separately are initially carried at cost. Intangible assets acquired in a business combination are recognised at their fair value at the time of the combination. In subsequent periods, intangible costs are recognised at cost less accumulated depreciation and impairment.

Intangible assets with a definite economic life are depreciated over their expected useful life. Normally, straight-line depreciation methods are applied, as this generally reflects the use of the assets in the most appropriate manner. This applies for intangible assets like software, customer relations, patents and rights and capitalised development costs. Intangible assets with an indefinite life are not depreciated, but tested for impairment annually. Some of the Group's capitalised brands have indefinite economic lives.

Research, development and other in-house generated intangible assets

Expenses relating to research activities are recognised in the income statement as they arise.

In-house generated intangible assets arising from development are recognised in the balance sheet only if all the following conditions are met:

1) The asset can be identified.
2) Ferd intends to, and has the ability to, complete the intangible asset, including the fact that Ferd has adequate technical, financial and other resources to finalise the development and to use or sell the intangible asset.
3) The technical assumptions for completing the intangible asset are known.
4) It is probable that the asset will generate future cash flows.
5) The development costs can be reliably measured.

In-house generated intangible assets are amortised over their estimated useful lives from the date when the assets are available for use. When the requirements for capitalisation no longer exist, the expenses are recognised in the income statement as incurred.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment. The cost includes expenses directly attributable to the acquisition of the asset, including loan costs. Expenses incurred after the acquisition are recognised as assets when future economic benefits are expected to arise from the asset and can be reliably measured. Current maintenance is expensed.

Tangible assets are depreciated systematically over their expected useful lives, normally on a straight-line basis. When such assets have been capitalised under financial leasing, they are depreciated over the shorter of useful life and agreed lease period. If indications of impairment exist, the asset is tested for impairment.

Impairment

Tangible and intangible assets that are depreciated are considered for impairment when there are indications to the effect that future earnings cannot support the carrying amount. If there are indicators on a possible decline in value, an evaluation of impairment is made. Intangible assets with undefined useful lives and goodwill are not depreciated, but evaluated annually for impairment.

In the assessment of a decline in value, the first step is to calculate or estimate the assets' recoverable amount. Should it not be possible to calculate the recoverable amount for an individual asset, the recoverable amount for the cash-generating unit of which the asset is part, is calculated. A cash-generating unit is the smallest identifiable group of assets generating incoming cash-flows not depending on incoming cash-flows from other assets or groups of assets.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to less is the amount that can be recovered at a sale of an asset in a transaction performed at arm’s length between well informed and voluntary parties, less costs to sell. The value in use is the present value of future cash flows expected to be generated by an asset or a cash-generating unit. In the event that the carrying amount exceeds the recoverable amount, the difference is recognised as a write-down. Write-downs are subsequently reversed when the impairment indicator no longer exists.

Leasing

Leases are classified either as operating or finance leases based on the actual content of the agreements. Leases under which the lessee assumes a substantial part of risk and return are classified as finance leases. Other leases are classified as operating leases.

The object and liability of finance leases with the Group as the lessee is initially recognised at the lower of the object’s fair value and the present value of the minimum lease. Lease payments are apportioned between the liability and finance cost in order to achieve a constant rate of interest on the remaining balance of the liability. Variable and contingent lease amounts are recognised as operating costs in the income statement as they incur. Lease objects related to finance lease agreements are depreciated over the shorter of the estimated useful life of the asset and the lease term, provided that the Group will not assume ownership by the end of the lease term.

Finance leases with the Group as the lessor are initially recognised at the beginning of the period as a receivable equal to the Group’s net investment in the lease agreement. The lease payments are apportioned between the repayment of the main balance and finance income. The finance income is calculated and recognised as a constant periodical return on the net investment over the lease period. Direct costs incurred in connection with the lease agreement are included in the value of the asset.

Leasing costs in operating leases are charged to the income statement when incurred and are classified as other operating expenses.

Investment property

Investment properties are acquired to achieve a long-term return on letting out or an increase in value, or both. Investment properties are measured at cost at the acquisition date, including transaction costs. In subsequent periods, investment properties are measured at their assumed fair value.

Fair value is the price we would have achieved at a sale of the property in a well organised transaction to an external party, carried out on the balance sheet date. Fair value is either based on observable market values, which in reality requires a bid on the property, or a calculation considering rental income from closed lease contracts, an assumption of the future lease level based on the market situation on the balance sheet date and also all available information about the property and the market on which it will be sold, based on market prices. An assumption at the calculation is that the property is utilised in the best possible manner, i.e. in a manner achieving most profit.

Revenue from investment properties includes the period’s net change in value of the properties together with rental income of the period less property related costs in the same period. Such revenue is classified as other operating income.

Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of inventories are determined on a first-in-first-out basis. The cost of finished goods and goods in progress consists of costs related to product design, consumption of materials, direct wages and other direct costs. The net realisable value is the estimated selling price less estimated variable expenses for completion and sale.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term and easily realisable investments that will fall due within 3 months. Restricted funds are also included. Drawings on bank overdraft are presented as current liabilities to credit institutions in the balance sheet. In the statement of cash flows, the overdraft facility is included in cash and cash equivalents.

Pension costs and pension funds/obligations

Defined benefit plans

A defined benefit plan is a pension scheme defining the pension payment that an employee will receive at the time of retirement. The pension is normally determined as a part of the employee's salary. The Group's net obligation from defined benefit pension plans is calculated separately for each scheme. The obligation is calculated by an actuary and represents an estimate of future retirement benefits that the employees have earned at the balance sheet date as a consequence of their service in the present and former periods. The benefits are discounted to present value reduced by the fair value of the pension funds.

The portion of the period's net cost that comprises the current year's pension earnings, curtailment and settlement of pension schemes, plan changes and accrued social security tax is included in payroll costs in the period during which the employee has worked and thereby earned the pension rights. The net interest expense on the pension obligation less expected return on the pension funds is charged to the income statement as finance costs in the same period. Positive and negative estimate deviations are recognised as other income and costs in total comprehensive income in the period when they were identified.

Changes in defined benefit obligations due to changes in pension schemes are recognised over the estimated average remaining service period when the changes are not immediately recognised. Gain or loss on a curtailment or settlement of a benefit plan is recognised in the result when the curtailment or settlement occurs. A curtailment occurs when the Group decides to reduce significantly the number of employees covered by a plan or amends the terms of a defined benefit plan to the effect that a significant part of the current employees' future earnings no longer qualify for benefits or will qualify for reduced benefits only.

Defined contribution plans

Obligations to make contributions to contribution based pension plans are recognised as costs in the income statement when the employees have rendered services entitling them to the contribution.

Provisions

A provision is recognised when the Group has an obligation as a result of previous events, it is probable that a financial settlement will take place and the amount can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, discounted at present value if the discount effect is significant.

Dividend

Dividend proposed by the Board is classified as equity in the financial statements and recognised as a liability only when it has been approved by the shareholders in a Shareholders' Meeting.

<u>Segments</u>

Ferd reports segments in line with IFRS 8. Ferd is an investment company, and management makes decisions, is following up and evaluates the decisions based on the development in value and fair value of the Company's investment. Ferd distinguishes between business areas based on investment type/mandate, capital allocation, resource allocation and risk assessment.

Cash flow statement

The cash flow statement has been prepared using the indirect method, implying that the basis used is the Group's profit before tax to present cash flows generated by operating activities, investing activities and financing activities, respectively.

Related parties

Parties are considered to be related when one of the parties has the control, joint control or significant influence over another party. Parties are also related if they are subject to a third party's joint control, or one party can be subject to significant influence and the other joint control. A person or member of a person's family is related when he or she has control, joint control or significant influence over the business. Companies controlled by or being under joint control by key executives are also considered to be related parties. All related party transactions are completed in accordance with written agreements and established principles.

<u>New accounting standards according to IFRS</u>

The financial statements have been prepared in accordance with standards issued by the International Accounting Standards Board (IASB) and International Financial Reporting Standards - Interpretations Committee (IFRIC), effective for accounting years starting on 1 January 2015 or earlier.

New and amended standards implemented by Ferd effective from the accounting year 2015

Ferd has not implemented any new standards in 2015.

New and amended standards not yet implemented by Ferd

IFRS 9 Financial instruments

IFRS 9 will replace the current IAS 39. The project is divided in several phases. The first phase concerns classification and measurement. The classification and measurement requirements for financial liabilities in IAS 39 are on the whole continued. The use of amortised cost and fair value is continued as a basis for measurement. Concretely defined instruments must be measured at amortised cost or at fair value with value changes over other comprehensive income. All other instrument shall be measured at fair value with value changes over profit and loss.

Phase 2 concerns impairment of financial instruments, and the changes include a twist from making provisions for incurred losses to expected losses. Consequently, the new standard does not require a concrete loss event for making a provision for a credit loss. Provisions shall be made for estimated losses, and changes in these estimates shall also be recognised in the income statement on a current basis. The changes will have particular consequences for banks and lending businesses, but also for Ferd, as the Group has significant receivables from the sale of goods and services that are partly expected to be affected.

Phase 3 concerns hedge accounting, and the rules in IFRS 9 are considerably more flexible than in IAS 39. Several types of instruments qualify as hedging instruments, more types of risk can be hedged, and even more importantly, the strong effectiveness requirements in IAS 39 have been modified. Instead of testing the effectiveness, IFRS 9 introduces a principle of a qualitative financial connection between a hedging instrument, the hedged object and risk. On the other hand, several new note requirements related to the enterprise's hedging strategy have been added.

The implementation date for IFRS 9 is determined to accounting years starting on 1 January 2018, but the EU has not yet approved the standard. Ferd will implement the standard when it becomes mandatory.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a joint standard for the recognition of income from customers and replaces IAS 18 Revenue, IAS 11 Construction Contracts, IFRS 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 only concerns income from contracts with customers. Revenue relating to liability and equity instruments previously regulated by IAS 18, is moved to IAS 39 (and IFRS 9 when implemented).

The main principle of IFRS 15 is that the recognition of income shall be made in such a manner that it correctly demonstrates how the compensation for deliveries of goods and services is recognised by the enterprise. IFRS 15 introduces a 5 step model.

The standard is much more comprehensive and detailed than previous regulations, and it includes many additional guidelines and examples to assist the users to interpret the standard correctly.

The standard is effective for accounting years starting on 1 January 2018, but it has still not been approved by the EU. The implementation of the standard is expected to have the largest consequences for those of Ferd's subsidiaries that deliver goods and services and where the delivery comprises several products.

IFRS 16 Leases

IFRS 16 replaces the existing IFRS for leases, IAS 17 Leases. IFRS 16 states the principles for the recognition, measurement, presentation and disclosure for both parties in a lease agreement, i.e., the customer (lessee) and supplier (lessor). The new standard requires that the lessee recognises assets and liabilities for most lease agreements, which is a significant change from today's principles. For the lessor, IFRS 16 principally carries the existing principles in IAS 17 forward, i.e., lessors shall continue to classify leases as operating or finance lease agreements and account for them differently.

The new standard is effective for the accounting year starting on 1 January 2019, but has so far not been approved by the EU. The standard is expected to have considerable consequences for those of Ferd's subsidiaries that have significant operating leases for tangible assets used in the manufacturing of goods.

NOTE 2 ACCOUNTING ESTIMATES AND JUDGEMENTAL CONSIDERATIONS

Management has used estimates and assumptions in the preparation of the consolidated financial statements. This applies for assets, liabilities, expenses and disclosures. The underlying estimates and assumptions for valuations are based on historical experience and other factors considered to be relevant for the estimate on the balance sheet date. Estimates can differ from actual results. Changes in accounting estimates are recognised in the period they arise. The main balances where estimates have a significant impact on disclosed values are mentioned below. The methods for estimating fair value on financial assets are also described below.

In Ferd's opinion, the estimates of fair value reflect reasonable estimates and assumptions for all significant factors expected to be emphasised by the parties in an independent transaction, including those factors that have an impact on the expected cash flows, and by the degree of risk associated with them.

Determination of the fair value of financial assets

A large part of the Ferd Group's balance sheet comprises financial assets at fair value. The fair value assessment of financial assets will to varying degrees be influenced by estimates and assumptions related to factors like future cash flows, the required rate of return and interest rate level. The most significant uncertainty concerns the determination of fair value of the unlisted financial assets.

<u>Listed shares and bonds</u>

The fair value of financial assets traded in active and liquid markets is determined at noted market prices on the balance sheet date (the official closing price of the market). Accordingly, the determination of the value implies limited estimation uncertainty.

<u>Unlisted shares and bonds</u>

The class “Unlisted shares and bonds” comprises private shares and investments in private equity funds. The fair value is determined by applying well-known valuation models. The use of these models requires input of data that partly constitutes listed market prices and partly estimates on the future development, as well as assessments of a number of factors existing on the balance sheet date.

<u>Hedge funds</u>

The hedge funds are managed by external parties providing Ferd with monthly, quarterly or half-yearly estimates of the fair value. The estimates are verified by independent administrators. In addition, the total return from the funds is assessed for reasonableness against benchmark indices.

<u>Investments in interest-bearing debt</u>

The fair value of investments in interest-bearing debt is determined on the basis of quoted prices. If such prices are not available, the investment is valued in accordance with price models based on the current yield curve and external credit ratings.

<u>Derivatives</u>

The fair value of derivatives is based on quoted market prices. If such prices are not available, the investment is valued in accordance with the current yield curve and other relevant factors.

Determination of the fair value of investment properties

The Ferd Group has several investment properties recognised at fair value. The fair value is based on the discounted value of future cash flows, and the estimate will be impacted by expected future cash flows and the required rate of return. The main principles for determining the cash flows and required rates of return are described below.

Future cash flows are based on the following factors:
Existing contracts
Expected future rentals
Expected vacancies

The required rate of return is based on a market-based rate of return for properties with the assumed best location (prime-yield CBD) with the addition of a risk premium for the property.

The risk premium is based on:
Location
Standard
Expected market development
Rent level compared to the rest of the market
The tenant’s financial strength
Property specific knowledge

In the event of transactions concerning comparable properties close to the balance sheet date, these values are applied as a cross-reference for the valuation.

Properties that are part of development projects are valued by applying the same method, but the uncertainty of the estimates is larger. For development projects, the value of the project is increased in line with achieved milestones.

Impairment considerations of goodwill

Goodwill is tested annually for impairment by discounting expected future cash flows of the cash-generating unit to which goodwill is allocated. If the discounted value of future cash flows is lower than the carrying value, goodwill is written down to the recoverable amount. The impairment tests are based on assumptions of future expected cash flows and estimates of the discount interest rate.

Note 13 has details on the impairment considerations for goodwill.

Depreciation and impairment of tangible and intangible assets

Tangible and intangible assets with definite lives are recognised at cost. The acquisition cost less the residual value is depreciated over the expected useful economic life. The carrying values will depend on the the Group's estimates on useful lives and residual values. These assumptions are estimated on the basis of experience, history and judgemental considerations. The estimates are adjusted if the expectations change.

Testing for impairment is undertaken when indicators of a permanent decline in value of tangible or intangible assets are identified. These tests are based on estimates and assumptions on future cash flows and discount interest rate.

Pension funds and obligations

The calculation of pension obligations implies the use of judgement and estimates on a number of financial and demographical assumptions. Note 19 has details on the assumptions used. Changes in assumptions can result in significant changes in pension obligations and funds in the balance sheet.

Deferred tax assets

Deferred tax assets of tax losses to carry forward and other tax-reducing differences are recognised in the balance sheet to the extent that it is probable that the deferred tax assets can be utilised against future taxable income. Management is required to use significant judgement to determine the size of the deferred tax assets recognised in the balance sheet. The disclosed value shall be based on expectations of future taxable income, the points in time for utilising the deferred tax asset and future tax planning strategies.

Provision for losses on receivables

The provision for losses on receivables is estimated on the probability for not recovering the outstanding amounts due. The assessment is based on historical experience, the aging of the receivable and the counterparty's financial situation.

NOTE 3 SEGMENT REPORTING

Ferd's segment reporting complies with IFRS 8. Ferd is an investment company, and the Company's management makes decisions, monitors and evaluates these decisions based on the development in value and fair value of the Company's investments. The operating segments are identified on the basis of investment type/mandate, capital and resource allocation and risk assessment. Ferd is operating the following four business areas:

Ferd Capital is a long-term investor working actively with the companies during the period of ownership to secure the development in value to be the best possible. Ferd Capital comprises three mandates: Non-listed companies, listed companies and Special Investment. Special Investments is a mandate in the initial phase. Those companies where Ferd Capital has control, are consolidated into the group accounts, and the segment reporting in the consolidated financial statements consequently comprises the consolidated results from these companies, in addition to value changes and management costs on non-consolidated companies and other investments . The value of the investments and the value changes are included in Ferd AS' company accounts, where Ferd Capital reports MNOK 286 in operating profit. The value of Ferd Capital's portfolio constitutes MNOK 10 616 at 31 December 2015 and MNOK 10 317 at 31 December 2014 measured at fair value.

Ferd Capital's largest investments as of 31 Descember 2015 are:

- Elopak (100 percent stake) is one of the world's leading manufacturers of packaging systems for fluid food articles. With an organisation and cooperating partners in more than 40 countries, the company's products are sold and marketed in more than 100 countries.
- Aibel (49 percent stake) is a leading supplier to the international upstream oil and gas industry concentrating on the Norwegian shelf. The company is engaged in operating, maintaining and modifying offshore and land based plants, and is also supplying complete production and processing installations.
- TeleComputing (96 percent stake) is a leading supplier of IT services to small and medium-sized enterprises in Norway and Sweden. The company supplies netbased applications and customised operating and outsourcing services.
- Interwell (58 percent stake) is a preeminent Norwegian supplier of high-tech well tools to the international oil and gas industry. The company's most important market is the Norwegian shelf, but it has in recent years also gained access to several significant markets internationally.
- Swix Sport (100 percent stake) is developing, manufacturing and marketing ski wax, ski sticks, accessories and textiles for sporting and active leasure time use. The company has extensive operations in Norway and abroad.
- Mestergruppen (95 percent stake) is a prominent actor in the Norwegian building materials market concentrating on the professional part of the market. The company's operations include the sale of building materials and developing land and projects, housing and cottage chains.
- Servi (100 percent stake). Servi develops and manufactures customer specific hydraulics systems, cylinders and vents to the offshore, maritime and land based industries.
- Petroleum Geo-Services (10,1 percent stake). Petroleum Geo-Services (PGS) supplies seismology, electro-magnetic services and reservoir analyses to oil companies engaged in offshore operations all over the world.
- Fjord Line (38,5 percent stake). Fjord Line is a modern shipping company offering safe and comfortable sea transport between Norway, Denmark and Svweden. In addition to passenger traffic, Fjord Line has adequate capacity for freight of all types of utility vehicles handled by the shipping company's cargo departments in Norway and Denmark.

*) The TeleComputing business was sold in 2016, and operations are not included in the segment information of Ferd Capital for 2015. The income statement items for 2014 have been correspondingly restated for presentation purposes. Note 33 has more information.

Ferd Invest mainly invests in listed Nordic limited companies. The ambition is to beat a Nordic share index (the MSCI Nordic Mid Cap Index). The investment team is not focusing on the reference index in the management of the portfolio, but oncentrates on the companies in which they invest and their development.

Ferd Hedge Fund comprises two mandates: Hedge funds investing in various types of hedge funds managed by hedge fund environments abroad. The aim is to achieve an attractive risk-adjusted return, both in absolute terms and relatively to the hedge fund index (HFRI FoF: Conservative Index). In the Global Fund Opportunities mandate (GFO), Ferd Hedgefond can invest in externally managed opportunities not suitable for the hedge funds portfolio, but are attractive in view of Ferd's total portfolio and contribute to spread risk in the Group.

Ferd Real Estate is an active property investor responsible for the Group's efforts concerning property. Developments mainly take place within housing projects, new office buildings and warehouse/combined buildings. The projects are partly carried out in-house, partly together with selected external cooperating partners. Investments concerning financial property only are also made.

Other areas mainly comprises investments in externally managed private equity funds and hedge funds acquired in the second-hand market. These investments do no require much daily follow-up and are therefore monitored by management. Other areas also comprise some financial instruments to be utilised by management to adjust the total risk exposure. Costs to the company's management, staff and in-house bank are also included.

NOK 1 000	Ferd AS Group	Ferd Capital	Ferd Invest	Ferd Hedge Fund	Ferd Real Estate	Other areas
Result 2015						
Sales income	12 912 698	12 910 948			1 750	
Income from financial investments	1 985 920	- 177 017	1 419 511	144 773	119 783	478 870
Other income	315 246	34 665	60	- 143	278 272	2 392
Operating income	**15 213 863**	**12 768 596**	**1 419 571**	**144 630**	**399 805**	**481 262**
Operating expenses excl. depreciation and impairment	12 132 630	11 996 794	9 181	11 503	46 843	68 310
EBITDA	**3 081 233**	**771 801**	**1 410 391**	**133 127**	**352 962**	**412 952**
Depreciation and impairment	773 269	770 004		68	2 153	1 045
Operating profit	**2 307 964**	**1 797**	**1 410 391**	**133 060**	**350 809**	**411 908**
Income on investments accounted for by the equity method	34 548	37 442			- 2 894	
Result before finance items and income tax expense	**2 342 512**	**39 239**	**1 410 391**	**133 060**	**347 915**	**411 908**
Balance sheet as at 31 December 2015						
Intangible assets	3 153 719	3 153 719				
Tangible assets and investment properties	4 411 260	2 057 210			2 346 947	7 102
Investments accounted for by the equity method	494 635	338 967			155 668	
Investments classified as current asset	15 652 095	2 031 641	6 218 513	3 887 561	460 530	3 053 850
Bank deposits 1)	1 852 737	1 175 613	53 061	41 352	173 494	409 217
Other assets	6 674 348	5 963 617	27 259	19 947	326 031	337 495
Total assets	**32 238 793**	**14 720 767**	**6 298 833**	**3 948 859**	**3 462 670**	**3 807 664**

1) The business area's net withdrawals from the bank accounts are included here.

NOK 1 000	Ferd AS Group	Ferd Capital	Ferd Invest	Ferd Hedge Fund	Ferd Real Estate	Other areas
Result 2014						
Sales income	11 852 804	11 851 557			1 247	
Income from financial investments	599 704	-1 291 897	665 319	96 164	78 267	1 051 850
Other income	277 624	32 206		48	244 962	407
Operating income	**12 730 131**	**10 591 866**	**665 319**	**96 213**	**324 476**	**1 052 258**
Operating expenses excl. depreciation and impairment	10 872 651	10 741 804	8 694	8 248	36 779	77 126
EBITDA	**1 857 480**	**- 149 938**	**656 625**	**87 965**	**287 697**	**975 132**
Depreciation and impairment	540 968	535 748	40	45	3 989	1 146
Operating profit	**1 316 513**	**- 685 685**	**656 585**	**87 919**	**283 707**	**973 986**
Income on investments accounted for by the equity method	30 367	33 211			- 2 843	
Result before finance items and		**- 652**				

income tax expense	**1 346 880**	**475**	**656 585**	**87 919**	**280 864**	**973 986**
Balance sheet at 31 December 2015						
Intangible assets	4 117 955	4 116 955			1 000	
Tangible assets and investment properties	4 823 075	2 166 416			2 649 138	7 521
Investments accounted for by the equity method	442 250	312 318			129 932	
Investments classified as current asset	14 361 391	1 438 482	5 645 279	2 869 671	348 035	4 059 924
Bank deposits 1)	1 320 725	1 520 642	11 390	- 157 173	- 178 796	124 662
Other assets	5 819 699	4 607 573	3 769	146 700	408 314	653 343
Total assets	**30 885 095**	**14 162 386**	**5 660 439**	**2 859 197**	**3 357 622**	**4 845 450**

1) The business area's net withdrawals from the bank accounts are included here.

NOTE 4 INCOME FROM FINANCIAL INVESTMENTS

Income from financial investments by the various asset classes:

NOK 1 000	**2015**	**2014**
Listed shares and bonds	1 283 119	714 795
Unlisted shares and bonds	- 184 635	-1 295 073
Hedge funds	887 436	1 179 982
Total income from financial investments	**1 985 920**	**599 704**

NOTE 5 FINANCIAL INSTRUMENTS AND THE USE OF FAIR VALUE

Ferd's principles in the measurement of fair value, generally

Ferd applies the valuation method that is considered to be the most representative estimate of an assumed sales value. Such a sale shall be carried out in an orderly transaction at the balance sheet date. As a consequence, all assets for which there is observable market information, or where a transaction recently has been carried out, these prices are applied (the market method). When a price for an identical asset is not observable, the fair value is calculated by another valuation method. In the valuatons, Ferd applies relevant and observable data to the largest possible extent.

For all investments where the value is determined by another method than the market method, analyses of changes in value from period to period are carried out. Thorough analyses on several levels are made, both overall within the business area, by Ferd's group management and finally by Ferd's Board. Sensitivity analyses for the most central and critical input data in the valuation model are prepared, and in some instances recalculations of the valuation are made by using alternative valuation methods in order to confirm the calculated value.

Ferd is consistent in the application of valuation method and normally does not change the valuation principles. A change of principles will deteriorate the reliability of the reporting and weaken the comparability between periods. The principle for the valuation and use of method is determined for the investment before it is carried out, and is changed only exceptionally and if the change results in a measurement that under the circumstances is more representative for the fair value.

Valuation methods

Investments in listed shares are valued by applying the market method. The quoted price for the most recent carried-out transaction on the market place is the basis.

Investments in unlisted shares managed in-house are normally valued on the basis of an earnings multiple. In calculating the value (Enterprise Value - EV), ratios like EV/EBITDA, EV/EBITA , EV/EBIT and EV / EBITDA-CAPEX are applied.. Ferd obtains relevant mutiples for comparable companies. The multiples for the portfolio companies are adjusted if the assumptions are not the same as for peer groups. Such assumptions can include a control premium, a liquidity discount, growth assumptions, margins or similar. The company's result applied in the valuation is normalised for one-off ffects. Finally, the equity value is calculated by deducting net interest-bearing debt. In the event that an independent transaction has taken place in the security, this is normally used as a basis for our valuation

The valuation of investments in externally managed private equity and hedge funds is based on value reports received from the funds (NAV). Ferd makes a critical assessment of whether the reported NAV can be used as a basis.

Rental properties are valued by discounting future expected cash flows. The value of properties being part of building projects is valued at an assumed sales value on a continuous basis. There is often a shift in value at achieved milestones. Our calculated values are regularly compared to independent valuations.

The table below is an overview of carrying and fair value of the Group's assets and liabilities and how they are valued in the financial statements. It is the starting point for additional information on the Company's financial risk and refers to notes to follow.

			Financial instruments measured at amortised cost			
NOK 1 000	Investments at fair value over profit and loss	Investments at fair value over other comprehensive income	Loans and receivables	Financial liability	Other valuation methods	TOTAL
Non-current assets						
Intangible assets					3 153 719	3 153 719
Deferred tax assets					257 916	257 916
Tangible assets					2 175 360	2 175 360
Investments accoundted for by the equity method					494 635	494 635
Investment property	2 235 900					2 235 900
Pension funds					25 370	25 370
Other financial non-current assets			137 883		85 742	223 625

Total 2015	**2 235 900**		**137 883**		**6 192 742**	**8 566 524**
Total 2014	**2 386 449**		**190 409**		**7 291 683**	**9 868 541**
Current assets						
Inventories					2 635 545	2 635 545
Short-term receivables		61 075	2 375 563			2 436 638
Listed shares and bonds	7 283 017					7 283 017
Unlisted shares and bonds	3 071 613					3 071 613
Hedge funds	5 202 980					5 202 980
Investments in interest-bearing debt	94 484					94 484
Bank deposits			1 852 737			1 852 737
Total 2015	**15 652 095**	**61 075**	**4 228 300**		**2 635 545**	**22577015**
Total 2014	**14 361 391**	**11 565**	**4 087 298**		**2 556 300**	**21016554**
Non-current liabilities						
Pension obligation					193 138	193 138
Deferred tax					847 312	847 312
Long-term interest-bearing debt				4 035 847	- 20 798	4 015 050
Other long-term debt				147 187		147 187
Total 2015				**4 183 034**	**1 019 652**	**5 202 686**
Total 2014		**52 281**		**3 939 461**	**963 402**	**4 955 144**
Current liabilities						
Short-term interest-bearing debt				661 163		661 163
Tax payable					143 752	143 752
Other short-term debt	196 537			2 833 214		3 029 751
Total 2015	**196 537**			**3 494 377**	**143 752**	**3 834 665**
Total 2014	**15 503**	**58 167**		**4 166 278**	**359 718**	**4 599 666**

Fair value herarchy - financial assets and liabilities

Ferd classifies assets and liabilities measured at fair value in the balance sheet by a hierarchy based on the underlying object for the valuation. The hierarchy has the following levels:

Level 1: Valuation based on quoted prices in active markets for identical assets without adjustments. An active market is characterised by the fact that the security is traded with adequate frequency and volume in the market. The price information shall be continuously updated and represent expected sales proceeds. Only listed shares are considered to be level 1 investments.

Level 2: Level 2 comprises investments where there are quoted prices , but the markets do not meet the requirements for being characterised as active. Also included are investments where the valuation can be fully derived from the value of other quoted prices, including the value of underlying securities, interest rate level, exchange rate etc. In addition, financial derivatives like interest rate swaps and currency futures are considered to be level 2 investments. Ferd's hedge fund portfolio is considered to meet the requirements of level 2. These funds comprise composite portfolios of shares, interest securities, raw materials and other negotiable derivatives. For such funds the value (NAV) is reported on a continuous basis, and the reported NAV is applied on transactions in the fund.

Level 3: All Ferd's other securities are valued on level 3. This concerns investments where all or parts of the information about value cannot be observed in the market. Ferd is also applying valuation models for investments where the share has little or no trading. Securities valued on the basis of quoted prices or reported value (NAV), but where significant adjustments are required, are assessed on level 3. For Ferd this concerns all private equity investments and funds investments made in the second-hand market, where reported NAV has to be adjusted for discounts. A reconciliation of the movements of assets on level 3 is shown in a separate table.

Ferd allocates each investment to its respective level in the hiearchy at the acquisition. Transfers from one level to another are made only exceptionally and only if there have been changes of significance for the level classification concerning the financial asset. This can be the case when an unlisted share has been listed or correspondingly. A transfer between levels will then take place when the change has been known to Ferd.

The table shows at what level in the valuation hierarchy the different measurement methods for the Group's financial instruments at fair value is considered to be:

NOK 1 000	**Level 1**	**Level 2**	**Level 3**	**Total 2015**
Assets				
Investment property			2 235 900	2 235 900
Short-term receivables		61 075		61 075
Listed shares and bonds	7 283 017			7 283 017
Unlisted shares and bonds			3 071 613	3 071 613
Hedge funds		3 887 561	1 315 420	5 202 980
Investments in interest-bearing debt		94 484		94 484
Liabilities				
Other short-term debt		- 92 407	- 104 129	- 196 537
Total 2015	**7 283 017**	**3 950 712**	**6 518 803**	**17 752 533**

NOK 1 000	**Level 1**	**Level 2**	**Level 3**	**Total 2014**
Assets				
Investment property			2 386 449	2 386 449
Short-term receivables		11 565		11 565
Listed shares and bonds	6 622 553			6 622 553
Unlisted shares and bonds			3 086 854	3 086 854
Hedge funds		2 869 671	1 782 313	4 651 984
Liabilities				
Other long-term debt		- 52 281		- 52 281
Other short-term debt		- 73 670		- 73 670
Total 2014	**6 622 553**	**2 755 285**	**7 255 616**	**16 633 454**

Reconciliation of movements in assets on level 3

NOK 1 000	**Op.bal.1 Jan. 2015**	**Purchases/share issues**	**Sales and proceeds from investments***	**Unrealised gain and loss, recognised in comprehensive income**	**Unrealised gain and loss, recognised in the result**	**Gain and loss recognised in the result**	**Closing bal. on 31 Dec. 2015**
Investment property	2 386 449	215 561	- 556 228		190 117		2 235 900
Unlisted shares and bonds	3 086 854	634 328	- 529 564		- 164 691	44 687	3 071 613
Hedge funds	1 782 313	199 069	- 730 396		- 442 772	507 206	1 315 420
Total	**7 255 616**	**1 048 958**	**-1 816 188**		**- 417 346**	**551 893**	**6 622 933**

NOK 1 000	**Op.bal.1 Jan. 2014**	**Purchases/share issues**	**Sales and proceeds from investments***	**Unrealised gain and loss, recognised in comprehensive income**	**Unrealised gain and loss, recognised in the result**	**Gain and loss recognised in the result**	**Closing bal. on 31 Dec. 2014**
Investment property	1 828 917	390 609	- 2 435		169 358		2 386 449
Unlisted shares and bonds	5 446 096	553 599	-1 425 596		-1 383 158	- 104 087	3 086 854
Hedge funds	2 017 082	92 895	- 901 293		573 629		1 782 313
Total	**9 292 095**	**1 037 103**	**-2 329 324**		**- 640 171**	**- 104 087**	**7 255 616**

*Included in sales and disposals are MNOK 686 for Interwell AS, that in 2014 was reclassififed from unlisted shares measured at fair value to subsidiary.

The table below gives an overview over the most central assumptions used when measuring the fair value of Ferd's investments, allocated to level 3 in the hierarchy. We also show how sensitive the value of the investments is for changes in the assumptions.

NOK 1 000	Balance sheet value at 31 Dec. 2015	Applied and implicit EBITDA multiples	Value, if multiple reduced by 10%	Value, if multiple increased by 10%	Applied discount rate	Value, if interest rate increased by 1 percentage point	Value, if interest rate reduced by 1 percentage point
Investment property 1)	2 235 900				7.0 % - 11.7 %	1 907 000	2 724 000
Unlisted shares and bonds sensitive for multiple 2)	868 777	9,2 - 15,7	610 777	1 126 777			
Other unlisted shares and bonds sensitive for multiple 2)	2 202 836						

NOK 1 000	Balance sheet value at 31 Dec 2015	Estimated discounts acc. to broker (interval)	Value if discount increased by 10 %	Value if discount reduced by 10 %
Hedge fund 3)	1 315 420	1 % - 83 %	1 215 775	1 415 064

1) Appr. 68% of Ferd Eiendom AS' portfolio constitutes rental property and development projects sensitive for changes in the discount interest rate.

2) Appr. 28 % of the value of unlisted shares and bonds are sensitive for a change in multiple. The other investments are valued on the basis of reported NAV whereby Ferd cannot calculate the sensitivity, even though multiples probably have been applied in determining NAV.

2) Appr. 80 % of the investments are sensitive for a change in discount.

NOTE 6 RISIK MANAGEMENT - INVESTING ACTIVITIES

There have been no signifcant changes related to the Company's risk management in the period.

IMPAIRMENT RISK AND CAPITAL ALLOCATION

Ferd's allocation of capital shall be in line with the owner's risk tolerance. One measure of this risk tolerance is the size of the decline in value in kroner or percent that the owner accepts if any of the markets Ferd is exposed to should experience very heavy and quick downfalls. Ferd's total portfolio shall normally have maximum 35 per cent impairment risk. The impairment risk regulates how large part of equity that can be invested in assets with high risk for impairment. This is measured and followed up by stress tests. The loss risk is assessed as a possible total impairment expressed in kroner and as a percentage of equity. Due to Ferd's long-term approach, the owner can accept significant fluctuations in value-adjusted equity.

CATEGORIES OF FINANCIAL RISK

Liquidity risk

Ferd strongly emphasises liquidity and assumes that the return from financial investments shall contribute to cover current interest costs. Hence, it is important that Ferd's balance sheet is liquid, and that the possibility to realise assets corresponds well with the term of the debt. Ferd has determined that under normal market conditions, at least 4 billion kroner of the financial investments shall comprise assets that can be realised within a quarter of a year. This is primarily managed by investments in listed shares and hedge funds. Note 16 in the parent company's accounts has more information about Ferd's loan facilities, including an overview of due dates of the debt.

Foreign currency risk

Ferd is well aware of foreign currency risks. We assume that Ferd always will have a certain part of equity invested in euro, USD and Swedish kroner, and is therefore normally not hedging the currency exposure to Norwegian kroner. If the exposure in a currency is considered to be too high or low, the currency exposure is regulated by loans on the parent company level in the currency in question, or by using derivatives.

Ferd has the following outstanding currency derivatives on the parent company level as at 31 December 2015:

	Purchases of currency		**Disposals of currency**	
NOK 1 000	**Currency**	**Amount**	**Currency**	**Amount**
	NOK	3 486 070	USD	- 400 000
	NOK	1 913 430	EUR	- 200 000

SENSITIVITY ANALYSIS, IMPAIRMENT RISK IN INVESTMENT ACTIVITIES

The stress test is based on a classification of Ferd's equity in different asset classes, exposed for impairment as follows:

- The Norwegian stock market declines by 30 percent
- International stock markets decline by 20 percent
- Property declines by 10 percent
- The Norwegian krone appreciates by 10 percent

In order to refine the calculations, it is considered whether Ferd's investments will decline more or less than the market. As an example, it is assumed that the unlisted investments in a stress test scenario have an impairment loss of 1.0-1.3 times the Norwegian market.

NOK 1 000	**2015**	**2014**
Price risk: Norwegian shares decline by 30 percent	-4 100 000	-4 200 000
Price risk: International shares decline by 20 percent	-1 700 000	-1 700 000
Price risk: Property declines by 10 percent	- 300 000	- 300 000
Currency risk: The Norwegian krone appreciates 10 percent	-1 200 000	-1 100 000
Total impairment in value-adjusted equity	**-7 300 000**	**-7 300 000**
Impairment as a percentage of value-adjusted equity	28%	30%

NOTE 7 SHARES AND STAKES IN OTHER COMPANIES WITH OWNERSHIPS IN EXCESS OF 10%

	Business office	Stake	Measurement method
Subsidiaries			
Elopak AS with subsidiaries	Røyken	100,0 %	Consolidated
FC Well Invest AS with subsidiaries (Interwell)	Bærum	100,0 %	Consolidated
FC-Invest AS with subsidiaries (TeleComputing)	Bærum	100,0 %	Consolidated
Ferd Aibel Holding AS	Bærum	100,0 %	Consolidated
1912 Top Holding AS with subsidiaries (Servi Gruppen)	Bærum	100,0 %	Consolidated
Ferd Eiendom AS with subsidiaries	Bærum	100,0 %	Consolidated
Ferd Malta Holdings Ltd	Malta	100,0 %	Consolidated
Ferd MG Holding AS with subsidiaries (Mestergruppen)	Bærum	100,0 %	Konsolidert
Ferd Sosiale Entreprenører AS	Bærum	100,0 %	Consolidated
Norse Crown Company Ltd. AS	Bærum	100,0 %	Consolidated
Swix Sport AS with subsidiaries	Oslo	100,0 %	Consolidated
Joint ventures			
Aibel Holding I AS with subsidiaries (Aibel)	Stavanger	50,0 %	Fair value
Elocap Ltd	Israel	50,0 %	Equity method
Frogn Næringspark AS	Trondheim	50,0 %	Equity method
Sanderveien 18 AS	Ski	50,0 %	Equity method
Impresora del Yaque	Santiago De Los Caballeros, Dominikanske Rep.	51,0 %	Equity method
Associated companies			
Al-Obeikan Elopak factory for Packaging Co	Riyadh, Saudi Arabia	49,0 %	Equity method
Lala Elopak S.A. de C.V.	Gómez Palacio, Mexico	49,0 %	Equity method
Tiedemannsbyen DA	Oslo	50,0 %	Equity method
Lofoten Tomteselskap AS	Bodø	35,0 %	Equity method
Hafrsby AS	Stavanger	14,5 %	Equity method
Hunstad Sør Tomteselskap AS	Bodø	31,6 %	Equity method
Tastarustå Byutvikling AS	Stavanger	33,3 %	Equity method
Madla Byutvikling AS	Stavanger	33,3 %	Equity method
Boreal GmbH	Tyskland	20,0 %	Equity method
Siriskjær AS	Stavanger	50,0 %	Equity method
Solheim Byutviklingselskap AS	Stavanger	33,3 %	Equity method
Sporafjell Utviklingsselskap AS	Stavanger	50,0 %	Equity method
Kråkeland Hytteservice AS	Sirdal	33,5 %	Equity method
Non-current shares with ownership >10%			
Herkules Capital I AS		40,0 %	Fair value
Current shares with ownership >10%			
Fjord Line AS		38,5 %	Fair value
Credo Invest nr 9 AS		51,3 %	Fair value
Energy Ventures II AS		26,0 %	Fair value
Energy Ventures II KS		22,1 %	Fair value
Energy Ventures III AS		25,0 %	Fair value
Energy Ventures III GP LP		25,0 %	Fair value
Energy Ventures III LP		18,7 %	Fair value
Energy Ventures IS		19,1 %	Fair value

Harbert European Real Estate Fund II	25,9 %	Fair value
Harbert European Real Estate Fund III	9,8 %	Fair value
Herkules Private Equity Fund II (GP-I) Ltd	40,0 %	Fair value
Herkules Private Equity Fund II (GP-II) Ltd	40,0 %	Fair value
Herkules Private Equity Fund II (LP-I) Limited	74,5 %	Fair value
Herkules Private Equity Fund III (GP-I) Ltd	4,2 %	Fair value
Herkules Private Equity Fund III (GP-II) Ltd	4,2 %	Fair value
Herkules Private Equity Fund III (LP-I) Limited	25,1 %	Fair value
Intera Fund I	12,0 %	Fair value
Marical Inc	22,4 %	Fair value
NMI AS	12,5 %	Fair value
NMI Frontier	12,5 %	Fair value
NMI Fund III	28,4 %	Fair value
NMI Global	12,5 %	Fair value
SPV Herkules II LP	81,5 %	Fair value
Petroleum Geo-Services ASA	10,1 %	Fair value
Scatec Solar AS	5,1 %	Fair value
SPG Bostad Sverige AB	58,5 %	Fair value
SPG Bostad Örebro AB	17,2 %	Fair value
SPG Bostad Kronetorp AB	37,7 %	Fair value

NOTE 8 INVESTMENT PROPERTY

Investment property

NOK 1 000	**2015**	**2014**
Balance at 1 January	2 386 449	1 828 917
Acquisitions	75 126	65 450
Acquisitions through improvements	140 436	325 159
Disposals	- 556 228	- 2 435
Net change in value of investment property	190 117	169 358
Carrying amount at 31 December	**2 235 900**	**2 386 449**

Income from investment property

NOK 1 000	**2015**	**2014**
Rental income from properties	85 858	73 612
Costs directly attributable to properties	- 12 545	- 11 226
Net change in value of investment property	190 117	169 358
Total	**263 430**	**231 744**

Calculation of fair value of investment property

The investment properties are measured at fair value. Fair value is the amount for which an asset can be traded in a transaction between well-informed, voluntary parties. Market prices are considered when determining the market rent and required rate of return.

All of the Group's investment properties are measured yearly based on cash flow models. Future cash flows are calculated for signed contracts, as well as future cash flows based on expected market prices. No external valuations have been obtained. Note 2 gives a detailed description of the parameters used to calculate the fair value.

NOTE 9 INCOME TAXES

Specification of income tax expenses

NOK 1 000	2015	2014
Tax payable of net profit		
Income tax payable for the year	269 023	295 622
Adjustments of prior periods	25 556	13 422
Total tax payable	**294 579**	**309 444**
Deferred tax expense		
Change in deferred tax recognised in the income statement	106 459	124 748
Effects of changes in tax rates and prior years' taxes	- 82 748	29 785
Total deferred tax	**23 711**	**154 533**
Income tax expense	**318 290**	**463 577**

Tax payable in the balance sheet

NOK 1 000	2015	2014
Tax payable of the year	269 023	295 622
Tax liability from prior years	132 078	37 917
Advance tax paid	- 246 745	- 61 546
Translation differences	- 10 604	5 397
Tax payable	**143 752**	**277 390**

Reconciliation of nominal to effective tax rate

NOK 1 000	2015	2014
Profit before tax	1 627 409	1 328 315
Estimated income tax expense at nominal tax rate (27%)	439 400	358 645
Losses and other deductions without any net tax effect	17 754	- 567
Non-taxable net income (-) / costs (+) from securities	- 285 351	160 951
Other non-taxable income	- 8 768	- 19 605
Write-down of goodwill	54 000	
Adjustments for prior periods	- 57 192	43 207
Tax effect of other permanent differences	158 446	- 82 330
Income tax expense	**318 290**	**460 301**
Effective tax rate	**19,6 %**	**34,7 %**

Tax recognised directly in equity

NOK 1 000	2015	2014
Actuarial loss on pension obligations (note 19)	988	2 098
Cash flow hedges (note 28)	- 21 497	7 284
Total tax recognised in total comprehensive income	**- 20 509**	**9 382**

Deferred tax asset and deferred tax liability

NOK 1 000	2015	2014
Inventories	10 971	- 8 482
Receivables	7 202	8 479
Stocks and bonds	- 400 934	- 359 482
Other differences	34 925	26 314
Tangible assets	- 2 446	- 112 932
Investment properties	- 177 712	- 51 402
Intangible assets	- 151 087	- 273 348
Net pensions	49 554	53 938
Tax losses to carry forward	329 854	389 980
Total	**- 299 673**	**- 326 935**
Reassessment of deferred tax assets	- 289 722	- 271 211
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	**- 589 395**	**- 598 146**

Deferred tax assets recognised in balance sheet	257 916	195 585
Deferred tax liabilities recognised in balance sheet	- 847 312	- 793 731
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	**- 589 395**	**- 598 146**

Deferred tax assets are reviewed on each balance sheet date, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow for the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability shall be settled or the asset be realised, based on tax rates and legislation prevailing at the balance sheet date.

Gross tax losses to carry forward with expiration years

NOK 1 000	**2015**
2015	10
2016	
2017	1 517
After 2017	305 615
Without expiration	873 247
Total tax losses to carry forward	**1 180 390**

Change in net deferred tax in balance sheet

NOK 1 000	**2015**	**2014**
Net carrying value at 1 January	- 598 146	- 229 086
Translation differences	49 720	- 40 938
Acquisition and disposal of subsidiary	3 251	- 156 535
Recognised in income statement during the period	- 23 711	- 180 969
Tax recognised in other comprehensive income	- 20 509	9 382
Net carrying value at 31 December	**- 589 396**	**- 598 146**

*As a consequence of changed legislation for carried interest in PE funds, Ferd's tax basis from such investments is changed. Ferd made a settlement with the authorities on 8 April 2016 and won the case in the question of deductability for carried interest for the income year 2013. We therefore maintain the balance sheet recording of deferred tax assets related to the deduction for carried interest for 2013 and 2014. As previous years were not part of the settlement and the issue not yet clarified on that point, we cannot recognise deferred tax assets related to these years before Ferd has received a final decision from the tax authorities.

NOTE 10 GEOGRAPHICAL ALLOCATION OF REVENUE

NOK 1 000	**2015**	**2014**
Norway	4 765 154	4 550 952
Germany	1 403 585	1 167 291
Sweden	602 699	517 181
USA	832 234	549 501
Netherlands	532 035	540 645
Russia	557 618	488 551
Canada	466 838	455 394
Denmark	492 537	413 059
Great Britain	358 469	383 705
Spain	331 123	284 621
Austria	302 658	277 656
Finland	234 245	210 081
France	183 615	190 644
Rest of the world	1 849 887	1 823 522
Total revenue	**12 912 698**	**11 852 804**

NOTE 11 SALARIES

NOK 1 000	2015	2014
Salaries	2 071 192	1 869 789
Social security tax	277 064	315 867
Pension costs (note 19)	133 203	71 397
Other benefits	88 299	44 924
Total	**2 569 759**	**2 301 977**
Average number of man-labour years	4 497	4 427

Salary and remuneration to Group management

	2015				2014			
NOK 1 000	Salary	Bonus	Benefits in kind	Pension	Salary	Bonus	Benefits in kind	Pension
Group CEO, John Giverholt	3 416	433	307	1 115	3 300	3 276	186	1 062
Other members of Group management	4 709	1 642	545	812	4 550	7 627	501	1 038
Total	**8 125**	**2 075**	**852**	**1 927**	**7 850**	**10 904**	**688**	**2 100**

The Group CEO's bonus scheme is limited to MNOK 6,0. Bonus is based on the results achieved in the Group.

The Group CEO participates in Ferd's collective pension schemes for salaries below 12 G. This is a contribution scheme (cf. also note 19). The Group CEO also has a benefit scheme for a pension basis higher than 12 G, but with an upper limit of appr. MNOK 2,2, together with an early retirement pension scheme giving him the opportunity to retire at 65 years.

The Group CEO is entitled to 9 months' severance pay if he has to resign from his position.

Fees to the Board

No specific fees have been paid for board positions in Ferd AS.

NOTE 12 INTANGIBLE ASSETS

NOK 1 000	2015	2014
Goodwill (note 13)	1 941 079	2 717 241
Other intangible assets	1 212 640	1 400 714
Carrying amount at 31 December	**3 153 719**	**4 117 955**

2015

NOK 1 000	**Software**	**Brands**	**Patents and rights**	**Capitalised development costs**	**Customer relations**	**Total**
Cost at 1 January	355 620	165 688	694 894	309 593	856 184	2 381 979
Additions on acquisitions						
Ordinary additions	50 264	600	7 524	100 340		158 728
Disposals	- 1 719			- 9 430		- 11 149
Transfers between asset groups			- 3 120	3 120		
Reclassified to assets held for sale	- 41 496	- 80 400	- 21 479		- 134 800	- 278 174
Exchange differences	23 368		12 615	13 685		49 668
Cost at 31 December	386 038	85 888	690 434	417 308	721 384	2 301 052

Acc. amortisation and impairment at 1 January	305 016	14 740	364 603	43 642	253 264	981 265
Additions of amortisations at acquisitions						
Current year amortisation charge	24 542	4 020	49 654	33 312	84 783	196 311
Disposals	- 1 239			- 3 764		- 5 003
Reclassified to assets held for sale	- 33 532	- 18 760	- 14 097		- 59 003	- 125 393
Exchange differences	22 472		16 642	2 118		41 232
Accumulated amortisation at 31 December	317 259		416 803	75 307	279 043	1 088 412
Accumulated impairment at 31 December	3 918		1 000			4 918
Carrying amount at 31 December	**68 779**	**85 888**	**273 631**	**342 001**	**442 341**	**1 212 640**
Economic life	3-5 years	> 20 years to indefinite	3-10 years	10 years	10-15 years	
Amortisation method	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

2014

NOK 1 000	**Software**	**Brands**	**Patents and rights**	**Capitalised development costs**	**Customer relations**	**Total**
Cost at 1 January	365 967	165 438	252 896	167 193	555 962	1 507 456
Additions on acquisitions	1 752		358 870	52 041	300 222	712 885
Ordinary additions	23 526	250	65 065	79 359		168 200
Disposals	- 62 749					- 62 749
Exchange differences	27 124		18 063	11 000		56 187
Cost at 31 December	355 620	165 688	694 894	309 593	856 184	2 381 979
Acc. amortisation and impairment at 1 January	310 870	10 720	240 704	3 877	118 260	684 431
Additions of amortisations at acquisitions	1 765		57 175	15 958	50 222	125 120
Current year amortisation charge	26 318	4 020	50 734	22 974	84 782	188 828
Disposals	- 62 749					- 62 749
Exchange differences	28 812		15 990	833		45 635
Accumulated amortisation at 31 December	305 016	14 740	364 603	43 642	253 264	981 265
Accumulated impairment at 31 December						
Carrying amount at 31 December	**50 604**	**150 948**	**330 291**	**265 951**	**602 920**	**1 400 714**
Economic life	3-5 years	> 20 years to indefinite	3-10 years	10 years	10-15 years	
Amortisation method	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

Research and development

Costs expensed to research and development in fiscal year 2015 totalled MNOK 97. The corresponding cost for 2014 was MNOK 149.

NOTE 13 GOODWILL AND INFORMATION ON BUSINESS COMBINATIONS

Pursuant to IFRS 3 Business combinations, the net assets of acquired companies have been assessed at fair value at the acquisition date. The remaining part of the consideration after allocating the consideration to identifiable assets and liabilities, is recognised as goodwill. The tables below show the values and movements in the the various goodwill items in the Group.

2015

NOK 1 000	**Interwell**	**Servi**	**Elopak Europa**	**Seco Invest (Tele-Computing)**	**Other**	**Total**
Cost at 1 January	1 212 016	386 289	541 404	612 607	20 905	2 773 221
Additions		2 000		6 327		8 327
Disposals						
Reclassified to assets held for sale				- 618 934		- 618 934
Exchange differences			38 060		11	38 071
Cost at 31 December	1 212 016	388 289	579 464		20 916	2 200 685
Accumulated impairment at 1 January			55 980			55 980
Write-downs		200 000				200 000
Disposals						
Exchange differences			3 626			3 626
Accumulated impairment at 31 December		200 000	59 606			259 606
Carrying amount at 31 December	**1 212 016**	**188 289**	**519 858**		**20 916**	**1 941 079**

Changes in 2015

There were no significant additions of goodwill in2015. Goodwill related to TeleComputing has been reclassified to assets held for sale as a consequence of the coming sale of the business.

Ferd has decided to write down goodwill related to Servi by MNOK 200, recognised as depreciation and write-down in other comprehensive income. The reason for the write-down is the negative development in the oil price and the resulting market challenges for Servi.

2014

NOK 1 000	**Interwell**	**Servi**	**Elopak Europa**	**Seco Invest (Tele-Computing)**	**Other**	**Total**
Cost at 1 January		386 289	508 398	593 969	16 680	1 505 336
Additions	1 212 016			18 638	4 330	1 234 984
Disposals					- 105	- 105
Exchange differences			33 006			33 006
Cost at 31 December	1 212 016	386 289	541 404	612 607	20 905	2 773 221
Accumulated impairment at 1 January			52 047			52 047
Additions						
Write-downs						
Disposals			3 933			3 933
Exchange differences			55 980			55 980
Accumulated impairment at 31 December						
	1 212 016	**386 289**	**485 424**	**612 607**	**20 905**	**2 717 241**
Carrying amount at 31 December						

Changes in 2014

In 2014, Ferd increase its stake from 34 % to 58 % in Interwell and thereby achieved control over the company. The acquisition was made with accounting effect from 1 January 2014. The purchase has increased Ferd's patents and rights by MNOK 298 (note 7), capitalised development costs by MNOK 36, customer relations by MNOK 250, in addition to a goodwill of appr. MNOK 1212. The goodwill is not deductible for tax purposes. The cost for the shares in Interwell AS constitutes appr. MNOK 895, of which MNOK 496 were paid cash in 2014 and MNOK 399 were the value of the shares before the acquisition. Before the purchase, the shares in Interwell were measured at fair value with value changes over profit and loss. MNOK 601 in non-controlling interest at the acquisition date have been recognised, calculated as their proportionate share of the enterprise's identifiable net assets. Interwell's impact on Ferd's consolidated financial statments amounted to MNOK 856 in operating income and MNOK 315 in EBITDA in 2014.

Impairment testing for goodwill

Goodwill is allocated to the Group's cash generating units, and is tested for impairment annually or more frequently if there are indications of impairment. Testing for impairment implies determining the recoverable amount of the cash generating unit. The recoverable amount is determined by discounting future expected cash flows, based on the cash generating unit's business plans. The discount rate applied to the future cash flows is based on the Group's weighted average cost of capital (WACC), adjusted to the market's appreciation of the risk factors for each cash generating unit. Growth rates are used to project cash flows beyond the periods covered by the business plans.

Cash generating units

The goodwill items specified above relate to Ferd Capital's investments in the group companies Elopak, TeleComputing, Interwell, Servi, in addition to some minor goodwill items in the sub-groups Swix and Mestergruppen.

Goodwill concerning Elopak is allocated to the cash generating unit Europa, which consists of Elopak's European markets, including the in-house production and supply organisation. This goodwill has a carrying value of MNOK 520 at 31 December 2015. The rationale for determining Europe as one cash-generating unit is the dynamics of this market. The trend is that customers are merging, and have easy access to the supplies all over Europe. Elopak adapts to its customers by distributing the production of cartons for the various markets according to the optimal production efficiency in Europe. The historical geographical criteria for production and demands from customers are no longer as important. As a consequence of this development, the split of margins along Elopak's value chain will be subject to change from one year to another. Hence, one European business unit will be the best indicator for assessing any impairment of goodwill.

Goodwill related to TeleComputing concerns TeleComputing's operations in Norway and Sweden. The goodwill has a carrying amount of MNOK 618 as at 31 December 2015. For impairment purposes, TeleComputing is considered to be one cash generating unit due to similar activities and the synergy effects achieved acrosss the companies under Seco Invest AS. TeleComputing was sold in 2016 and therefore reclassified to assets held for sale as at 31 December 2015.

Goodwill identified at the acquisition of Servi is allocated to Servi in total as the cash generating unit. This is a consequence of Servi's co-ordinated and well integrated activities. The carrying value at 31 December 2015 is MNOK 188 following a write-down of MNOK 200 (cf. above for details).

The acquisition of Interwell in 2014 has implied a recognition of goodwill of MNOK 345 for Ferd. This goodwill is allocated to the whole of Interwell as one joint cash-generating unit, which is the level on which Ferd is following up Interwell. In the Interwell group, however, there are an additional MNOK 867 in goodwill from acquisitions carried out by Interwell. This goodwill is allocated to two separate cash-generating units, Interwell Norge and Interwell Technology, as these business areas generate ingoing cash-flows separately.

Impairment testing and assumptions

The recoverable amount for the cash generating unit is calculated on the basis of the present value of expected cash flows. The cash flows are based on assumptions about future sales volumes, selling prices and direct costs. The background for these assumptions is historical experience from the market, adopted budgets and the Group's expectations of market changes. Having carried out impairment testing, the Group does not expect significant changes in current trade. This implies that expected future cash flows mainly are a continuation of observed trends.

Determined cash flows are discounted at a discount interest rate. The rate applied and other assumptions are shown below.

For Servi, the calculated recoverable amount indicates a write-down of MNOK 200. The recoverable amount is the company's value in use based on estimated cash-flows discounted at the company's required rate of return (cf. the table below for applied assumptions).

For the other cash-generating units, the calculated recoverable amount in the impairment tests are positive, and based on these tests, the conclusions are that there is no impairment requiring write-downs in 2015. The uncertainty connected with the assumptions on which the impairment testing is based is illustrated by sensitivity analyses. The conclusions are tested for changes in discount and growth rates. The sensitivity analyses indicate that a large gap is required before there can be any question of impairment.

Detailed description of the assumptions applied:

	Discount rate after tax (WACC)		Discount rate before tax		Growth rate 2-5 years		Long-term growth rate	
	2015	2014	2015	2014	2015	2014	2015	2014
Elopak Europa	3,9 %	4,0 %	5,5 %	5,7 %	2,0 %	2,0 %	0,0 %	0,0 %
Seco Invest	4,0 %	4,4 %	5,4 %	5,9 %	8,0 %	8,0 %	0,0 %	0,0 %
Servi			10,0 %	5,9 %	5,0 %	3,5 %	2,5 %	2,5 %
Interwell Norge	9,0 %	10,0 %			5,0 %	5,0 %	2,0 %	2,0 %
Interwell Technology	9,0 %	10,0 %			10,0 %	25,0 %	2,0 %	2,0 %

The discount rate reflects the market's assessment of the risk specific to the cash generating unit. The rate is based on the weighted average cost of capital for the industry. This rate has been further adjusted to reflect the specific risk factors related to the cash generating unit, which has not been reflected in the cash flows. As Elopak's functional currency is euro, the basis has also been a euro interest significantly lower than NOK interest rates.

The average growth rate in the period 2 to 5 years is based on Ferd's expectations for the development in the market in which the business operates. Ferd uses a stable growth rate to extrapolate the cash flows beyond 5 years.

EBITDA represents operating profit before depreciation and is based on the expected future market development. Committed operating efficiency improvement measures are taken into account. Changes in the outcomes for these initiatives may influence future estimated EBITDA.

Investment costs necessary to meet expected future growth are taken into account. Based on management's assessment, the estimated investment costs do not include investments that improve the current assets' performance. The related cash flows are treated correspondingly.

NOTE 14 TANGIBLE ASSETS

2015

NOK 1 000	**Buildings and land**	**Machines and installations**	**Fixtures and equipment**	**Total**
Cost at 1 January	810 082	5 284 366	329 163	6 423 611
Additions on acquisitions	57 928			57 928
Ordinary additions	1 800	479 366	46 068	527 234
Disposals	- 233 609	- 254 535	- 25 159	- 513 303
Transfer between asset groups	4 497	- 12 437	7 940	
Reclassification to assets held for sale		- 515 621	- 17 257	- 532 877
Exchange differences	42 933	258 680	19 699	321 312
Cost at 31 December	683 631	5 239 820	360 454	6 283 905
Accumulated depreciation and impairment at 1 January	339 122	3 400 030	247 833	3 986 985
Accumulated depreciation on acquisitions			- 180	- 180
Depreciation of the year	25 592	433 785	31 500	490 876
Impairment of the year		1 130	222	1 352
Derecognised depreciation	- 13 453	- 218 875	- 14 565	- 246 893
Transfer between asset groups		1 246	- 1 246	
Reclassification to assets held for sale		- 347 542	- 10 485	- 358 027
Exchange differences	23 564	204 522	6 345	234 432
Accumulated depreciation at 31 December	374 825	3 474 295	259 425	4 108 545
Accumulated impairment at 31 December	2 788	50 230	318	53 336
Carrying amount at 31 December	**308 806**	**1 765 524**	**101 029**	**2 175 360**
Estimated economic life of depreciable assets	5-50 år	5-15 år	3-13 år	
Depreciation plan	Straight-line	Straight-line	Straight-line	
Land is not depreciated				

2014

NOK 1 000	Buildings and land	Machines and installations	Fixtures and equipment	Total
Cost at 1 January	652 461	4 503 762	279 758	5 435 981
Additions on acquisitions		429 621	44 396	474 017
Ordinary additions	136 057	574 131	35 390	745 578
Disposals	- 14 109	- 456 848	- 38 964	- 509 921
Exchange differences	35 673	233 700	8 583	277 956
Cost at 31 December	810 082	5 284 366	329 163	6 423 611
Accumulated depreciation and impairment at 1 January	302 377	2 990 885	227 651	3 520 913
Accumulated depreciation on acquisitions		192 060	16 357	208 417
Depreciation of the year	21 880	399 897	28 369	450 146
Impairment of the year		6 924		6 924
Derecognised depreciation	- 4 693	- 391 402	- 34 488	- 430 583
Exchange differences	19 558	201 666	9 944	231 168
Accumulated depreciation at 31 December	339 122	3 400 030	247 833	3 986 985
Accumulated impairment at 31 December	2 788	46 975	279	50 042
Carrying amount at 31 December	**470 960**	**1 884 336**	**81 330**	**2 436 626**
Estimated economic life of depreciable assets	5-50 years	5-15 years	3-13 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	
Land is not depreciated				

NOTE 15 OTHER OPERATING EXPENSES

NOK 1 000	2015	2014
Sales and administration costs	214 600	212 231
Lease of buildings etc.	245 856	207 318
Fees to auditors, lawyers, consultants	174 774	153 482
Travel expenses	186 215	173 887
Loss and change in write-downs of trade receivables	14 842	60 407
Other expenses	387 351	382 253
Total	**1 223 637**	**1 189 578**

NOTE 16 EXPENSED AUDIT FEES

Ernst & Young AS is Ferd's Group auditor. Some Group companies are audited by other audit firms.

NOK 1 000	Audit fees	Other attestation services	Tax services	Other non-audit services	Total
2015					
Ernst & Young	12 125	434	5 770	7 302	25 631
Others	2 704	760	2 379	3 812	9 655
Total	**14 829**	**1 194**	**8 150**	**11 114**	**35 287**
2014					
Ernst & Young	11 313	176	5 649	1 986	19 123
Others	2 450	9	970	2 064	5 494
Total	**13 763**	**185**	**6 619**	**4 050**	**24 617**

Other non-audit services mainly concern due diligence services.

All amounts are exclusive of VAT.

NOTE 17 INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

Investments in associates and joint ventures are in Ferd's consolidated accounts accounted for by the equity method.

A specification of companies and shares is given in the statement of investments in associates and joint ventures in note 15.

2015

NOK 1 000	Al-Obeikan Elopak factory for Packaging Co	Lala Elopak S.A. de C.V.	Tiedemanns-byen DA	Others	Total
Ownership and voting share	49%	49%	50%		
Cost at 1 January	58 325	165 051	106 768	81 585	411 729
Share of result at 1 January	92 990	134 025	20 158	7 040	254 213
Accumulated impairment of goodwill at 1 January	- 12 600			- 1 941	- 14 541
Transfer from the company	- 37 063	- 114 006	- 12 765	- 5 865	- 169 699
Recognised directly in equity	- 3 550				- 3 550
Exchange differences/eliminations	- 13 358	- 15 213		- 7 331	- 35 902
Carrying amount at 1 January	**84 744**	**169 857**	**114 161**	**73 488**	**442 250**
Additions of the year				33 890	33 890
Disposals of the year				- 461	- 461
Sales during the year					
Share of the result of the year	9 791	23 628	- 2 894	2 305	32 830
Write-down of goodwill					
Transfers from the company	- 19 893	- 14 042			- 33 934
Recognised directly in equity					
Exchange differences/eliminations	15 747	257		4 055	20 059
Carrying amount at 31 December	**90 390**	**179 700**	**111 267**	**113 278**	**494 635**

2014

NOK 1 000	**Al-Obeikan Elopak factory for Packaging Co**	**Lala Elopak S.A. de C.V.**	**Tiedemanns-byen DA**	**Harbert European Real Estate Fund II**	**Harbert European Real Estate Fund III**	**Others**	**Total**
Ownership and voting share	49%	49%	50%	26%	22%		
Cost at 1 January	58 325	165 051	106 768	112 002	95 974	106 046	644 165
Share of result at 1 January	82 874	117 986	23 002	82 977	22 236	- 17	329 058
Accumulated impairment of goodwill at 1 January	- 12 600					- 1 582	- 14 182
Transfer from the company	- 29 879	- 98 878	- 12 765	- 63 826	- 23 517	- 5 865	- 234 730
Exchange differences/eliminations	- 29 799	- 28 034		- 3 053	- 293	- 15 966	- 77 145
Carrying amount at 1 January	**68 921**	**156 125**	**117 005**	**128 100**	**94 400**	**82 616**	**647 167**
Additions of the year						9 370	9 370
Disposals of the year				- 131 153	- 94 693	- 20 212	- 246 058
Sales during the year						- 13 619	- 13 619
Share of the result of the year	10 116	16 039	- 2 844			7 057	30 367
Write-down of goodwill						- 359	- 359
Transfers from the company	- 7 184	- 15 128					- 22 312
Recognised directly in equity	- 3 550						- 3 550
Exchange differences/eliminations	16 441	12 821		3 053	293	8 635	41 244
Carrying amount at 31 December	**84 744**	**169 857**	**114 161**			**73 488**	**442 250**

The table below shows a summary of financial information related to Ferd's largest investments in associates and joint ventures on a 100 percent basis. The stated figures represent fiscal year 2015. The figures are unaudited.

NOK 1 000	**Al-Obeikan Elopak factory for Packaging Co**	**Lala Elopak S.A. de C.V.**	**Tiedemanns-byen DA**
Operating revenue	216 573	310 540	19
Profit after tax and minority	11 931	23 869	- 4 729
Total assets	175 514	239 566	701 590
Total liabilities	102 579	90 940	477 998

- Al-Obeikan Elopak is a cardboard manufacturer with a plant in Saudi Arabia selling cardboard to customers in the Middle East and North Africa.

- Lala Elopak is a cardboard manufacturer with a plant in Mexico selling cardboard to the market in North and South America.

- Tiedemannsbyen DA is owned by Ferd and Skanska engaged in developing residential housing on the old manufacturing site of Tiedemann's tobacco plant on Ensjø.

Stake, transactions and balances with enterprises accounted for by the equity method:

	Stake/voting share	Sales from associates companies and joint ventures to Ferd		Ferd's net receivables/(payables) to associated companies and joint ventures		Ferd's guarantees for associated companies and joint ventures	
NOK 1 000	**2015**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Al-Obeikan Elopak factory for Packaging Co	49,0 %			9 910	4 068	201 797	140 346
Boreal GmbH	20,0 %						

Elocap Ltd.	50,0 %		8 587				
Frogn Næringspark AS	50,0 %			- 16 625			
Hafrsby AS	14,5 %						
Utbyggingsselskap AS	33,3 %						
Sporafjell Utviklingsselskap AS	50,0 %				5 262		
Tastarustå Byutvikling AS	33,3 %						
Tiedemannsbyen DA	50,0 %		1 375		4 172		
Total		**120 140**	**48 613**	**- 6 713**	**28 952**	**201 797**	**140 346**

NOTE 18 SPECIFICATION OF FINANCE INCOME AND EXPENSE

Finance income

NOK 1 000	**2015**	**2014**
Interest income from bank deposits	32 213	44 762
Interest income from related parties	23 814	21 596
Other interest income	9 454	7 440
Foreign exchange gain and other finance income	191 997	422 537
Total	**257 478**	**496 336**

Finance expense

NOK 1 000	**2015**	**2014**
Interest expense to finance institutions	142 333	150 966
Interest expense to related parties	18 000	26 158
Other interest expense	39 378	48 748
Foreign exchange loss and other finance expenses	772 871	289 029
Total	**972 582**	**514 901**

Neither of these finance items results form financial instruments measured at fair value.

NOTE 19 PENSION COSTS AND LIABILITIES

THE GROUP'S PENSION PLANS

Ferd has established pension schemes in accordance with Norwegian legislation. The employees participate in defined benefit and defined contribution plans complying with the requirements of the mandatory occupational pension.

DEFINED BENEFIT PLANS

Defined benefit plans provide employees with the right to defined future pension benefits. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each pension plan. The obligation is an estimate of future benefits that employees have earned based on years of service and salary at retirement. Benefits are discounted to present value, and the recognised obligation is reduced by the fair value of plan assets for funded pension schemes. Changes in assumptions, staff numbers and variances between estimated and actual salary increases and return on assets result in actuarial gains and losses. Actuarial gains and losses and gains and losses resulting from a curtailment or termination of pension plans are recognised immediately in the income statement.

The defined benefit pension plans consist of group schemes as well as some additional arrangements, including employees with a retirement basis over 12 G, and AFP.

Defined contribution plans

For defined contribution plans, the Group's obligations are limited to making specific contributions. Payments to defined contribution pension plans are recognised as expenses in the income statement when the employees have rendered services entitling them to the contribution.

Other service related long-term benefits

In addition to the pension schemes described above, Ferd has obligations related to future health services for some groups of employees in the USA.

ECONOMIC ASSUMPTIONS

Ferd has defined benefit plans in several countries with varying economic conditions affecting the assumptions that are the basis for calculating pension obligations. The parameters are adapted to conditions in each country. The discount rate is determined as a weighted average of the yields at the reporting date on at least AA rated corporate bonds, or government bonds in cases where there is no market for AA rated corporate bonds. The government bond interest rate is applied for Norwegian schemes. To the extent that the bond does not have the same maturity as the obligation, the discount rate is adjusted. Actuarial assumptions for demographic factors and retirement are based on generally accepted principles in the insurance business. Future mortality rates are based on statistics and mortality tables (K2013).

Economic assumptions in Norwegian companies at 31 December

	2015	**2014**
Discount rate	1,90%	2,70%
Expected wage growth	2,50%	3,25%
Future expected pension regulation	1,75%	1,75%
Expected regulation of base amount (G)	2,25%	3,00%

Interval for economic assumptions in foreign companies at 31 December

	2015	**2014**
Discount rate	0.75 - 4.08 %	1.10 - 4.52 %
Expected wage growth	0.00 - 1.00 %	0.00 - 3.75 %
Future expected pension regulation	0.00 - 1.75 %	0.00 - 1.75 %

PENSION OBLIGATIONS

Reconciliation of net liability against balance sheet

NOK 1 000	**2015**	**2014**
Pension liabilities for defined benefit pension plans	- 193 138	- 169 417
Pension assets for defined benefit pension plans	25 370	17 391
Total defined benefit obligation recognised in the Group's balance sheet	**- 167 768**	**- 152 026**

DEFINED BENEFIT PLANS

Specification of recognised liability

NOK 1 000	**2015**	**2014**
Present value of unfunded pension liabilities	- 63 867	- 56 988
Present value of wholly or partly funded obligations	- 599 766	- 556 128
Total present value of defined benefit obligations	- 663 634	- 613 116
Fair value of pension assets	495 865	461 090
Total defined benefit obligation recognised in the Group's balance sheet	**- 167 768**	**- 152 026**

Movements in liabilities for defined benefit pension plans

NOK 1 000	**2015**	**2014**
Liability for defined benefit pension plans at 1 January	613 116	669 253
Present value of current service cost	10 533	17 655
Interest expenses on the pension liability	18 435	17 359
Demographic estimate deviation on the pension liability	- 17 783	3 214
Financial estimate deviation on the pension liability	5 626	70 510
Settlement of pension plans	- 6	- 200 726
Curtailment of pension plans		- 15 612
Change in liability due to acquisition/sale of subsidiaries		9 167
Benefits paid	- 43 452	- 22 416
Social security tax	- 396	73
Exchange differences on foreign plans	77 894	64 639
Liability for defined benefit pension plans at 31 December	**663 967**	**613 116**

Expected payments of defined pension liabilities

NOK 1 000	**2015**
Defined benefit pension expected to fall due year 1-5	209 334
Defined benefit pension expected to fall due year 6-10	207 846
Defined benefit pension expected to fall due year 11-20	235 890
Defined benefit pension expected to fall due year 21-30	10 898
Total benefit pension due	**663 967**

Movement in fair value of pension assets for defined benefit pension plans

NOK 1 000	**2015**	**2014**
Fair value of pension assets at 1 January	461 090	532 085
Expected return from pension assets	13 584	13 317
Financial estimate deviation on the pension assets	- 8 891	19 034
Contributions from employer	12 363	10 285
Administration expenses	- 1 270	- 1 604
Contributions from employees	1 699	1 320
Increase in pension funds due to the acquisition of subsidiaries		8 297
Settlements	- 2 829	- 154 268
Benefits paid	- 39 369	- 18 535
Exchange difference on foreign plans	59 489	51 159
Fair value of pension assets at 31 December	**495 865**	**461 090**

Pension assets include the following

NOK 1 000	**Of which active market:**	**2015**	**2014**
Equity instruments	118 894	120 613	96 343
Government stock	298 102	351 254	271 396
Corporate stock	5 257	6 475	58 276
Other debt instruments, including structured debt	358	441	4 279
Property investments	1 333	11 328	24 102
Bank deposits	538	2 093	1 602
Other assets	2 099	3 661	5 092
Total pension funds	**426 581**	**495 865**	**461 090**

Actuarial deviations recognised in othercomprehensive income

NOK 1 000	**2015**	**2014**
Current year actuarial deviation on pension liabilities (defined benefit schemes)	12 157	- 73 724
Current year actuarial deviation on pension funds (defined benefit schemes)	- 8 891	19 034
Tax effect (note 9)	- 988	2 098
Net actuarial deviation on defined benefit schemes	**2 278**	**- 52 592**

PENSION COSTS

NOK 1 000	**2015**	**2014**
Defined benefit plans	17 893	- 28 071
Defined contribution plans	115 310	131 120
Total pension costs recognised in current year payroll costs	**133 203**	**103 049**

DEFINED BENEFIT PLAN PENSION COSTS

Pension costs recognised in income statement

NOK 1 000	**2015**	**2014**
Present value of this year's pension earned	10 533	17 655
Contribution from employees	- 1 699	- 1 320
Curtailment of pension schemes and plan changes	8 185	- 46 083
Social security tax	- 396	73
Administration costs	1 270	1 604
Total pension costs from benefit schemes recognised in salary costs	**17 893**	**- 28 071**
Interest expense on the pension liability	18 435	17 359
Expected return on pension funds	- 13 584	- 13 317
Total pension costs from benefit schemes recognised in finance costs	**4 850**	**4 042**

NOTE 20 INVENTORIES

2015

NOK 1 000	**Raw materials**	**Work in progress**	**Finished goods**	**Total**
Cost at 31 December	472 241	1 018 493	1 299 888	2 790 621
Provision for obsolescence at 1 January	12 150	21 069	123 085	156 304
Write-down	6 358	34 026	9 802	50 186
Reversal of write-down	- 4 685		- 52 240	- 56 926
Currency translation	- 22	2 410	3 123	5 511
Provision for obsolescence at 31 December	13 801	57 505	83 770	155 076
Carrying value at 31 December	**458 440**	**960 987**	**1 216 118**	**2 635 545**

2014

NOK 1 000	**Raw materials**	**Work in progress**	**Finished goods**	**Total**
Cost at 31 December	421 481	858 501	1 257 741	2 537 723
Provision for obsolescence at 1 January	9 528		122 591	132 119
Additions from acquisition of subsidiary	5 313			5 313
Write-down	2 054	21 069	19 709	42 832
Reversal of write-down	- 4 997		- 25 628	- 30 625
Currency translation	252		6 413	6 665
Provision for obsolescence at 31 December	12 150	21 069	123 085	156 304
Carrying value at 31 December	**409 331**	**837 432**	**1 134 656**	**2 381 419**

NOTE 21 CURRENT ASSETS

NOK 1 000	2015	2014
Prepayments	106 207	114 737
VAT and tax receivables	156 783	116 382
Current interest-bearing receivables		1 098
Other current receivables	668 963	1 047 303
Reclassification to assets held for sale	- 21 897	
Carrying amount at 31 December	**910 056**	**1 279 520**

NOK 1 000	2015	2014
Accounts receivable, gross	1 822 124	1 714 512
Write-down of receivables	- 105 705	- 41 013
Reclassification to assets held for sale	- 189 836	
Carrying amount at 31 December	**1 526 583**	**1 673 499**
Total current receivables	**2 436 638**	**2 953 019**

Overdue accounts receivable by age

NOK 1 000	2015	2014
Up to 30 days	202 207	207 049
30-60 days	58 841	68 377
60-90 days	53 022	80 524
Over 90 days	106 288	77 167
Total	**420 358**	**433 117**

NOTE 22 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of the Company consists of 183.267.630 shares at a nominal value of NOK 1.-.

Owner structure

The shareholder as at 31 December 2015 was:

	Number of shares	Stake
Ferd Holding AS	183 267 630	100,00%
Total number os shares	**183 267 630**	**100,00%**

Ferd AS is a subsidiary of Ferd Holding AS, being a subsidiary of Ferd JHA AS. Ferd shares offices with its parent companies in Lysaker, Bærum. For the consolidated financial statements of Ferd JHA AS, please contact Ferd.

Shares indirectly owned by the CEO and board members in Ferd AS:	Position	Voting rights	Stake
Johan H. Andresen	Chair of the Board	69,94%	15,20%

Johan H. Andresen's children own 84,8 percent of Ferd AS indirectly by ownership of shares in Ferd Holding AS.

NOTE 23 NON-CONTROLLING INTERESTS

Subsidiary	Interwell AS	Mestergruppen AS	Totals
Business office	Stavanger	Oslo	
Ferd's stake and voting share	58,1 %	94,5 %	
Non-controlling share	41,9 %	5,5 %	

NOK 1 000			
Non-controlling interest 1 Jan. 2015	667 323	17 221	684 544
Dividends and capital changes	- 6 224	1 090	- 5 134
Transactions with non-controlling interests	- 316	- 390	- 706
Other comprehensive income attributable to non-controlling interests	8 959	3 706	12 665
Non-controlling interest at 31 Dec. 2015	**669 743**	**21 627**	**691 369**

Summary of financial information from subsidiaries:

NOK 1 000	Interwell AS	Mestergruppen AS
Operating income	807 265	2 875 739
Operating profit	38 209	104 407
Profit after tax	16 239	71 684
Non-current assets	1 380 666	168 345
Current assets	448 654	796 325
Non-current liabilities	297 089	264 286
Current liabilities	129 384	383 287

NOTE 24 NON-CURRENT LIABILITIES

Long-term interest-bearing debt

NOK 1 000	Loan amount in currency 2015	Loan amount in NOK 2015	Loan amount in NOK 2014
NOK	1 881 064	1 881 064	1 876 019
USD	1 000	8 821	11 111
EUR	145 000	1 392 435	1 242 927
DKK	330 000	424 654	418 623
CAD	30 000	190 591	
SEK	115 090	120 557	136 748
CHF	2 000	17 726	19 467
Carrying value of loan expenses		- 20 798	- 7 002
Carrying value at 31 December		**4 015 050**	**3 697 893**
Other long-term debt		147 187	294 103
Total non-current liabilities		**4 162 236**	**3 991 996**

Instalments determined in contracts

NOK 1 000	**2015**
2016	240 608
2017	170 255
2018	2 627 462
2019	228 794
2020 or later	915 916
Total	**4 183 034**

The first year's instalment of long-term debt is presented as part of the short-term interest-bearing debt.

NOTE 25 OTHER CURRENT LIABILITIES

NOK 1 000	2015	2014
Trade payables	1 792 514	1 500 253
Public duties etc.	291 311	260 265
Other short-term debt	1 327 247	1 247 692
Reclassified to liabilities held for sale	- 381 323	
Total	**3 029 751**	**3 008 210**

NOTE 26 ASSETS PLEDGED AS SECURITY, GUARANTEES AND CONTINGENT LIABILITIES

Secured borrowings

NOK 1 000	2015	2014
Loan facilities	2 690 499	2 793 173
Factoring	76 824	24 525
Total	**2 767 323**	**2 817 698**

Loan facilities comprise various credit facilities in the Group, normally secured by receivables, inventories, tangible assets and investment property. Interest terms are floating interest rates.

Carrying amounts of pledged assets

NOK 1 000	2015	2014
Investment property	1 673 006	1 499 663
Other tangible assets	505 030	618 578
Inventories	1 214 351	876 988
Receivables	946 674	840 472
Other assets	136 111	
Total	**4 475 171**	**3 835 701**
Maximum exposure to the above assets	4 475 171	3 835 701

Guarantees and off-balance sheet liabilities

NOK 1 000	2015	2014
Committed capital to fund investments	739 426	655 462
Committed equity contributions to company investments	343 500	397 614
Guarantees without security	997 844	939 783
Clauses on minimum purchases in agreements with suppliers	242 821	255 789
Other obligations 1)	526 349	130 285
Total	**2 849 941**	**2 378 933**

1) Other obligations mainly concern repurchase commitments on sales of machines and investment obligations relating to developing investment property and the building of manufacturing plants.

NOTE 27 RISK MANAGEMENT - OPERATIONS

Risk management relating to the investment activities of Ferd is described in note 6.

Currency risk

Contracted currency flows from operations are normally secured in their entirety, while projected cash flows are hedged to a certain extent. Interest payments related to the Group's foreign currency loans are mostly secured by corresponding cash flows from the Group's activities. Instruments such as currency forward contracts, currency swaps and options can be used to manage the Group's currency exposure.

Outstanding foreign exchange forward contracts related to operations:

	Purchase of currency		Sale of currentcy	
NOK 1 000	Currency	Amount	Currency	Amount
	NOK	329 111	EUR	- 35 610
	NOK	3 651	EUR	- 400
	NOK	7 934	SEK	- 8 000
	EUR	1 000	CAD	- 1 522
	EUR	830	CHF	- 898
	EUR	9 450	DKK	- 70 581
	EUR	1 380	GBP	- 1 017
	EUR	9 766	JPY	-1 307 924
	EUR	6 770	SEK	- 62 419
	EUR	4 920	USD	- 5 378
	EUR	4 400	NOK	- 41 078
	JPY	5 410 100	EUR	- 40 575
	PLN	5 054	EUR	- 1 190
	RUB	40 200	EUR	- 500
	CAD	9 099	EUR	- 6 000
	ILS	4 771	EUR	- 1 120
	GBP	192	EUR	- 260
	USD	18 050	NOK	- 148 638
	USD	31 798	EUR	- 29 100

Appr. 15% of the foreign exchange forward contracts with the purchase of JPY /sale of EUR mature in 2017. All other foreign exchange forward contracs are due in the course of 2016.

Interest rate risk

The Group has short-term fixed interest rates on long-term funding in accordance with internal guidelines. This applies for loans in Norwegian kroner, as well as in foreign currency. The Group uses interest rate swaps to reduce interest rate exposure by switching from floating rates to fixed rates for a portion of the loans.

Outstanding interest rate swaps

NOK 1 000	Currency	Amount	Receives	Pays	Time remaining to maturity
	DKK	50 000	6M CIBOR	Fixed 2.97%	1 year
	EUR	110 000	3M EURIBOR	Fixed 0.28% - 2.88%	0.5 - 5.0 years
	NOK	150 000	1,12%	Fixed 2.43%	0.5 year

The table includes derivatives for hedging.

Credit risk

Credit risk is the risk that a counterparty will default on his/her contractual obligations resulting in a financial loss to the Group. Ferd has adopted a policy implying that the Group shall be exposed only to credit-worthy counterparties, and independent credit analyses are obtained for all counterparties when such analyses are available. If not, the Group uses other publicly available financial information and its own trade to assess creditworthiness.

NOTE 28 HEDGE ACCOUNTING - OPERATIONS

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedges related to hedged transactions that have not yet taken place. Movements in the hedging reserve are described in the table below.

	2015				2014			
NOK 1 000	Interest rate swaps	Currency futures	Commodity swaps	**Total**	Interest rate swaps	Currency futures	Commodity swaps	**Total**
Opening balance	- 21 834	- 30 132	- 11 700	**- 63 666**	- 7 728	- 25 002	- 2 997	**- 35 726**
Gain/loss on cash flow hedges	- 4 367	15 537	47 818	**58 987**	- 27 090	- 15 161	- 13 583	**- 55 834**
Income/expense recognised in the income statement	14 606	10 283	14 552	**39 441**	10 884	7 226	3 550	**21 660**
Currency translation	- 886	- 6 766	- 15 832	**- 23 484**	- 1 238	921	- 733	**- 1 050**
Deferred tax (note 9)	53	- 3 745	262	**- 3 430**	3 337	1 885	2 062	**7 284**
Effect of cash flow hedging in comprehensive income	9 405	15 309	46 800	**71 514**	- 14 106	- 5 130	- 8 703	**- 27 940**
Closing balance	- 12 429	- 14 823	35 100	**7 848**	- 21 834	- 30 132	- 11 700	**- 63 666**

Negative amounts represent a liability and a reduction in equity.

Gain/loss transferred from other income and expenses in the income statement of the period is included in the following items in the income statement:

NOK 1 000	**2015**	**2014**
Commodity costs	- 15 528	- 6 307
Other operating expenses	- 9 308	- 5 947
Net finance result	- 14 606	- 9 406
Total	**- 39 441**	**- 21 660**

Negative amounts represent income.

NOTE 29 LIQUIDITY RISK

Liquidity risk - operations

Liquidity risk concerning operations relates primarily to the risk that Elopak, Seco (parent company of TeleComputing), Mestergruppen, Servi and Swix will not be able to service their financial obligations as they fall due. This risk is managed by maintaining adequate cash reserves and overdraft opportunities in banking and credit facilities, as well as continuously monitoring future and actual cash flows.

The following tables provide an overview of the Group's contractual maturities of financial liabilities. The tables are compiled based on the earliest date the Group can be required to pay.

31 Deember 2015

NOK 1 000	**Less than 1 year**	**1-3 years**	**3-5 years**	**Total**
Finance institutions	661 164	320 253	3 715 594	4 697 011
Accounts payable	1 764 385			1 764 385
Other non-current liabilities		86 776	60 410	147 186
Public taxes and other current liabilities	1 279 343			1 279 343
Total 1)	**3 704 892**	**407 029**	**3 776 004**	**7 887 925**

31 December 2014

NOK 1 000	**Less than 1 year**	**1-3 years**	**3-5 years**	**Total**
Finance institutions	1 331 032	324 828	2 359 894	4 015 754
Accounts payable	1 500 253			1 500 253
Other non-current liabilities		151 847	162 703	314 550
Public taxes and other current liabilities	1 247 394			1 247 394
Total 1)	**4 078 679**	**476 675**	**2 522 597**	**7 077 951**

1) The table does not include lease obligations, guarantees and off-balance sheet liabilities, cf. notes 26 and 30 respectively.

The table below shows the anticipated receipts and payments on derivatives:

31 December 2015

NOK 1 000	**Less than 1 year**	**1-3 years**	**More than 3 years**	**Total**
Net settlement				
Interest rate swaps	- 16 409	- 13 204	- 317	- 29 930
Currency futures	- 72 289	- 874		- 73 163
Commodity derivatives	51 309			51 309
Total	**- 37 389**	**- 14 078**	**- 317**	**- 51 784**

31 December 2014

NOK 1 000	**Less than 1 year**	**1-3 years**	**More than 3 years**	**Total**
Net settlement				
Interest rate swaps	- 1 202	22 313	- 2 088	19 023
Currency futures	- 38 659	- 22 761		- 61 420
Commodity derivatives	- 14 634			- 14 634
Total	**- 54 495**	**- 448**	**- 2 088**	**- 57 031**

Credit facilities

The table below shows a summary of used and unused credit facilities at 31 December:

	2015		**2014**	
	Used	Unused	Used	Unused
Overdraft				
Secured	34 003	6 297 600	175 351	251 149
Unsecured	48 015	384 120	114 813	694 233
Credit facilities				
Secured	632 947	314 894	2 701 490	7 578 816
Unsecured	2 045 439	1 939 806		
Factoring				
Secured	57 618	19 206	20 376	4 149
Unsecured	480 150	547 371	703 872	236 412
Total secured	**724 569**	**6 631 700**	**2 897 217**	**7 834 114**
Total unsecured	**2 573 604**	**2 871 297**	**818 685**	**930 645**

NOTE 30 OPERATING AND FINANCE LEASES

The Group as lessor, operating leases

The Group leases fixtures and equipment under operating leases. Essentially, equipment is rented out to Elopak's customers who use them in their own production.

Specification of income on operating leases

	2015	**2014**
Total variable leases recognised as income	120 545	110 555
Total	**120 545**	**110 555**

At the balance sheet date, the Group has contracted the following future minimum leases:	**2015**	**2014**
Totally due next year	115 552	93 034
Totally due in 2-5 years	290 599	282 959
Totally due after 5 years	48 428	31 356
Total	**454 579**	**407 349**

The amounts have not been discounted.

The Group as lessor, finance leases

Specification of income from finance leases	**2015**	**2014**
Total variable leases recognised as income	13 013	17 617
Total income from finance leases	**13 013**	**17 617**

Gross investment compared to the present value of outstanding minimum leases	2015	2014
Gross receivables on lease agreements	13 963	17 617
Finance income not yet earned	- 1 719	- 2 439
Net investment from finance leases (present value)	**12 244**	**15 178**

The Group as lessee, operating leases

Specification of expenses on operating leases	2015	2014
Total variable leases recognised as expenses	221 649	158 824
Minimum leases (including fixed leases) recognised as expense	124 103	183 310
Subleases recognised as cost reductions	- 790	- 171
Total leasing costs	**344 963**	**341 963**

Due for payment	2015	2014
Total costs next yeaar	357 735	338 231
Total costs 2-5 years	981 547	947 479
Total costs after 5 years	988 847	822 811
Total	**2 328 128**	**2 108 521**

The amounts have not been discounted.

Distribution of the same leasing obligation on leasing objects	2015	2014
Buildings and land	1 783 085	1 799 654
Machines and installations	404 968	207 495
Fixtures, vehicles and equipment	140 075	101 372
Total leasing obligations related to operating lease commitments	**2 328 128**	**2 108 521**

The Group as lessee, finance leasing

Specification of leasing costs of the year	2015	2014
Total variable leases recognised as expenses	2 100	6 610
Total leasing costs	**2 100**	**6 610**

Future minimum leases and corresponding present values, by due dates:	Minimum rent	Calculated interest	Present value
Total due in one year	1 077	25	1 052
Total due in year 2-5	131	8	123
Total due after 5 years			
Total leasing obligations related to finance leasing	**1 208**	**33**	**1 175**

Net carrying value of leased assets, by asset class	2015	2014
Fixtures, vehicles and equipment	5 235	4 005
Total carrying value of leased assets	**5 235**	**4 005**

The fixed assets are also included in the tangible asset note (note 14).

NOTE 31 RELATED PARTIES

Associated companies and joint ventures

Transactions with associated companies and joint ventures are accounted for in note 12.

The Board and executives

The board members' rights and obligations are determined in the Company's Articles of Association and Norwegian legislation. There are no significant agreements with enterprises where a board member has significant interest. Ownership in Ferd AS by board members is shown in note 22, and information on fees to board members and executives in note 11.

NOTE 32 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

In January 2016, Ferd AS sold the business TeleComputing to Investeringsfondet IK Investment partners. The sale was finalised in March 2016 (cf. note 33).

Ferd made a settlement with the authorities on 8 April 2016 and won the case in the question of deductability for carried interest for the income year 2013. We therefore maintain the balance sheet recording of deferred tax assets related to the deduction for carried interest for 2013 and 2014. As previous years were not part of the settlement and the issue not yet clarified on that point, we cannot recognise deferred tax assets related to these years before Ferd has received a final decision from the tax authorities.

NOTE 33 DISCONTINUED OPERATIONS

In January 2016, Ferd AS sold the business TeleComputing to Investeringsfondet IK Investment Partners. The sale was finalised in March 2016. The assets and liabilities being part of the transaction are presented as held for sale in the consolidated financial statements as at 31 December 2015. The income statement items from the sold business are presented net on a separate line in the consolidated financial statements for 2015 and 2014. Cash flows are correspondingly restated for 2015.

The income statement for TeleComputing classified as held for sale as at 31 December 2015

NOK 1 000	**2015**	**2014**
Sales income	1 462 379	1 274 893
Operating income	**1 462 379**	**1 274 893**
Cost of goods sold	391 046	304 878
Salary expenses	633 250	566 452
Depreciation and write-downs	105 427	104 930
Other operating expenses	185 422	180 031
Operating expenses	**1 315 146**	**1 156 291**
Operating profit	**147 233**	**118 602**
Income on investments accounted for by the equity method	- 20	
Finance income	53 861	46 243
Finance expense	- 58 809	- 54 803
Net finance items	**- 4 968**	**- 8 560**
Profit before tax	**142 265**	**110 042**
Tax expense	41 123	26 436
Profit after tax from discontinued operations	**101 142**	**83 606**

Assets and liability for TeleComputing classified as held for sale as at 31 December 2015

Intangible assets	771 716
Deferred tax assets	5 173
Tangible assets	174 850
Other financial non-current assets	73
Total non-current assets	**951 811**
Short-term receivables	211 733
Bank deposits	- 68 291
Total current receivables	**143 442**
Total assets classified as held for sale	**1 095 253**
Non-current liabilities	
Pension obligations	333
Deferred tax	56 376
Total non-current liabilities	**56 710**
Current liabilities	
Tax payable	33 582
Other current liabilities	381 324
Total current liabilities	**414 905**
Total liabilities classified as held for sale	**471 615**

Cash flows from business held for sale	**2015**	**2014**
Net cash flows from operations	248 810	204 833
Net cash flows used in investment activities	-93 189	-105 701
Net cash flows used in finance activities	-109 403	-124 970
Net cash flows from/-used in business held for sale	46 218	-25 838

AUDITOR'S REPORT

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Medlemmer av Den norske revisorforening

To the Annual Shareholders' Meeting of
Ferd AS

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Ferd AS, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the balance sheet as at 31 December 2015, the statements of income, total comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Ferd AS have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

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 Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

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

Oslo, 28 April 2016
ERNST & YOUNG AS

Erik Mamelund
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)