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.

Segments

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.

New accounting standards according to IFRS

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.

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 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 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**	**22 577 015**
Total 2014	**14 361 391**	**11 565**	**4 087 298**		**2 556 300**	**21 016 554**
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.

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**

Sales revenues are allocated on the basis of where the customers live.

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 Sourth 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 %						
Hunstad Sør Tomteselskap AS	31,6 %				10 712		
Impresora Del Yaque	51,0 %		23 607	807	1 368		
Kråkeland Hytteservice AS	33,5 %						
Lala Elopak S.A. de C.V.	49,0 %	120 140	15 044	- 6 011	1 701		
Lofoten Tomteselskap AS	35,0 %				1 610		
Madla Byutvikling AS	33,3 %						
Sanderveien 18 AS	50,0 %			5 207			
Siriskjær AS	50,0 %				59		
Solheim							

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.

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**

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	Minimum	Calculated	Present

dates:	rent	interest	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

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