

**General information**

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

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

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

**Basis for the preparation of the financial statements**

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

**Summary of the most significant accounting principles**

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

**Investments in subsidiaries**

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

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

**Investments in associated companies and joint ventures**

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

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

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

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

**Revenue recognition**

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

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

**Foreign currency translation**

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

**Classification of financial instruments**

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

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

### 3) Financial liabilities

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

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

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

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

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

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

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

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

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

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

#### **Financial derivatives and hedge accounting**

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

#### **Income taxes**

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

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

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

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

is able to and intend to settle the tax obligation net.

### **Tangible assets**

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

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

### **Impairment**

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

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

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

### **Leasing**

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

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

### **Cash and cash equivalents**

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

### **Pension costs and pension funds/obligations**

Defined benefit plans

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

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

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

Defined contribution plans

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

### **Provisions**

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

### **Dividend**

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

### **Segment reporting**

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

### **Statements of cash flows**

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

### **Related parties**

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

### **New accounting standards according to IFRS**

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

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

Ferd has not implemented any new standards in 2015.

### **New and amended standards not implemented by Ferd**

IFRS 9 Financial instruments

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

## IFRS 16 Leases

IFRS 16 replaces the existing IFRS for leases, IAS 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 in all essentials carries the existing principles in IAS 17 forward, i.e., a lessor shall continue to classify leases as operating or finance lease agreements and account for them differently.

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

## NOTE 2 ACCOUNTING ESTIMATES AND JUDGEMENTAL CONSIDERATIONS

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

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

### Determination of the fair value of financial assets

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

#### Listed shares and bonds

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

#### Unlisted shares and bonds

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

#### Hedge funds

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

#### Investments in interest-bearing debt

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

#### Derivatives

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

### Determination of the fair value of subsidiaries with properties

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

Future cash flows are based on the following factors:

- Existing contracts
- Expected future rentals
- Expected vacancies

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

The risk premium is based on:

- Location
- Standard
- Expected market development
- Rent level compared to the rest of the market
- The tenant's financial strength
- Property specific knowledge

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

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

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

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



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

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

Ferd Capital's largest investments as of 31 December 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 leisure time use. The company has extensive operations in Norway and abroad.
- Mestergruppen (95 percent stake) is a prominent actor in the Norwegian building materials market concentrating on the professional part of the market. The company's operations include the sale of building materials and developing land and projects, housing and cottage chains.
- Servi (100 percent stake). Servi develops and manufactures customer specific hydraulics systems, cylinders and vents to the offshore, maritime and land based industries.
- Petroleum Geo-Services (10,1 percent stake). Petroleum Geo-Services (PGS) supplies seismology, electro-magnetic services and reservoir analyses to oil companies engaged in offshore operations all over the world.
- Fjord Line (38,5 percent stake). Fjord Line is a modern shipping company offering safe and comfortable sea transport between Norway, Denmark and Sweden. In addition to passenger traffic, Fjord Line has adequate capacity for freight of all types of utility vehicles and goods handled by the shipping company's cargo departments in Norway and Denmark.

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

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

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

**Other areas** mainly comprises investments in externally managed private equity funds and hedge funds acquired in the second-hand market. These investments do not require much daily follow-up and are therefore monitored by management. Other areas also comprise some financial instruments to be utilised by management to adjust the total risk exposure. Costs to the company's management, staff and in-house bank are also included.

NOK 1 000	Ferd AS	Ferd Capital	Ferd Invest	Ferd Hedge Fund	Ferd Real Estate	Other areas
<b>Result 2015</b>						
Sales income	2 684 932	319 149	1 419 496	144 630	336 008	465 648
Operating expenses	- 120 681	- 33 006	- 9 181	- 11 570	- 20 298	- 46 626
<b>Operating result</b>	<b>2 564 250</b>	<b>286 143</b>	<b>1 410 316</b>	<b>133 060</b>	<b>315 710</b>	<b>419 022</b>
<b>Balance sheet 31 December 2015</b>						
Investments in subsidiaries	11 440 623	8 919 426			2 423 020	98 177
Investments classified as current assets	14 740 904	1 573 941	6 218 513	3 887 561	130	3 060 759
Bank deposits/drawings on group account	3 285	18 240	53 061	41 352	- 439 971	330 603
Other assets	515 464	104 811	27 132	95 173	63 399	224 950
<b>Total assets</b>	<b>26 700 277</b>	<b>10 616 418</b>	<b>6 298 707</b>	<b>4 024 085</b>	<b>2 046 577</b>	<b>3 714 489</b>



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

**NOTE 4            INCOME FROM FINANCIAL INVESTMENTS**

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

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

## NOTE 5 FINANCIAL INSTRUMENTS AND THE USE OF FAIR VALUE

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

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

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

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

### Valuation methods

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

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

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

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

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

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

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

NOK 1 000	Financial instruments measured at amortised cost		Total	Fair value
	Financial instruments at fair value over profit and loss	Loans and receivables		
<b>Non-current assets</b>				
Investments in subsidiaries	11 440 623		11 440 623	11 440 623
Other non-current receivables		100 841	100 841	100 841
<b>Total 2015</b>	<b>11 440 623</b>	<b>100 841</b>	<b>11 541 464</b>	<b>11 541 464</b>
<b>Total 2014</b>	<b>10 824 395</b>	<b>841</b>	<b>10 825 236</b>	<b>10 825 236</b>
<b>Current assets</b>				
Short-term receivables on group companies		118 691	118 691	118 691
Other short-term receivables		286 656	286 656	286 656

Listed shares and bonds	7 283 017		7 283 017	7 283 017
Unlisted shares and bonds	2 144 722		2 144 722	2 144 722
Hedge funds investments in interest-bearing debt	5 177 254		5 177 254	5 177 254
Bank deposits	135 912	3 285	135 912	135 912
			3 285	3 285
<b>Total 2015</b>	<b>14 740 904</b>	<b>408 633</b>	<b>15 149 537</b>	<b>15 149 537</b>
<b>Total 2014</b>	<b>13 501 782</b>	<b>1 862 113</b>	<b>15 363 895</b>	<b>15 363 895</b>

#### Short-term debt

Trade accounts payable		1 217	1 217	1 217
Public duties etc.		6 195	6 195	6 195
Debt to group companies		71 125	71 125	71 125
Other short-term debt	73 578	32 002	105 580	105 580
<b>Total 2015</b>	<b>3 079</b>	<b>1 439 052</b>	<b>1 442 132</b>	<b>1 442 132</b>
<b>Total 2014</b>	<b>3 079</b>	<b>1 439 052</b>	<b>1 442 132</b>	<b>1 442 132</b>

#### Fair value hierarchy - financial assets and liabilities

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

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

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

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

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

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

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

<b>Total 2015</b>	<b>7 283 017</b>	<b>3 949 894</b>	<b>14 875 038</b>	<b>26 107 949</b>
NOK 1 000	<b>Nivå 1</b>	<b>Nivå 2</b>	<b>Nivå 3</b>	<b>Sum 2014</b>
Investments in subsidiaries			10 824 395	10 824 395
Other short-term receivables		34 964		34 964
Listed shares and bonds	6 622 552			6 622 552
Unlisted shares and bonds			2 215 184	2 215 184
Hedge funds		2 869 671	1 759 410	4 629 081
Other short-term debt		- 3 079		- 3 079
<b>Total 2014</b>	<b>6 622 552</b>	<b>2 901 556</b>	<b>14 798 989</b>	<b>24 323 097</b>

### Reconciliation of movements in assets on level 3

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

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

### Specification of applied indata and sensitivity analysis

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

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

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Hedge funds				
3)	1 289 693	1 % - 83 %	1 190 048	1 389 338

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

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

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

There have been no significant 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 downturns. Ferd's total portfolio shall normally have a maximum of 35 per cent impairment risk. The impairment risk regulates how large part of equity that can be invested in assets with high risk for impairment. This is measured and followed up by stress tests. The loss risk is assessed as a possible total impairment expressed in kroner og as a percentage of equity. Due to Ferd's long-term approach, the owner can accept significant fluctuations in value-adjusted equity.

### CATEGORIES OF FINANCIAL RISK

#### Liquidity risk

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

#### Foreign currency risk

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

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

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

### SENSITIVITY ANALYSIS, IMPAIRMENT RISK IN INVESTMENT ACTIVITIES

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

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

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

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

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

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



**NOTE 8****INCOME TAXES**

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

**Tax payable in balance sheet**

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

**Reconciliation of nominal to effective tax rate**

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

**Deferred tax**

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

**Change in net deferred tax recognised in balance sheet**

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

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

**NOTE 9****SALARIES AND REMUNERATION**

NOK 1 000	2015	2014
Salaries	63 544	46 508
Social security tax	10 878	17 717
Pension costs ( <a href="#">note 15</a> )	7 828	6 733
Other benefits	3 309	3 457
<b>Total</b>	<b>85 559</b>	<b>74 415</b>

  

Average number of man-labour years	36	38
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**Salary and remuneration to Group CEO**

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

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

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

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

**Fees to the Board**

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

**NOTE 10****OTHER OPERATING EXPENSES**

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

**NOTE 11**

**AUDIT FEES CHARGED TO THE INCOME STATEMENT**

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

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

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

## NOTE 12

## TANGIBLE ASSETS

## 2015

NOK 1 000	Buildings and land	Fixtures and equipment	Total
Cost at 1 January	3 920	20 747	<b>24 667</b>
Additions		1 366	<b>1 366</b>
Disposals		- 2 124	<b>- 2 124</b>
Cost at 31 December	<b>3 920</b>	<b>19 989</b>	<b>23 909</b>
Accumulated depreciation and impairment at 1 January		14 564	<b>14 564</b>
Depreciation of the year		1 282	<b>1 282</b>
Disposal of depreciation		- 1 212	<b>- 1 212</b>
Accumulated depreciation and impairment at 31 December		<b>14 633</b>	<b>14 633</b>
<b>Carrying amount at 31 December</b>	<b>3 920</b>	<b>5 355</b>	<b>9 275</b>

Estimated economic life of depreciable assets - 4-10 years  
 Depreciation method Straight-line

Annual lease of tangible assets not carried in the balance sheet 6 337

## 2014

NOK 1 000	Buildings and land	Fixtures and equipment	Total
Cost at 1 January	3 118	19 902	<b>23 020</b>
Additions	802	3 903	<b>4 705</b>
Disposals		- 3 058	<b>- 3 058</b>
Cost at 31 December	<b>3 920</b>	<b>20 747</b>	<b>24 667</b>
Accumulated depreciation and impairment at 1 January		14 938	<b>14 938</b>
Depreciation of the year		1 554	<b>1 554</b>
Disposal of depreciation		- 1 928	<b>- 1 928</b>
Accumulated depreciation and impairment at 31 December		<b>14 564</b>	<b>14 564</b>
<b>Carrying amount at 31 December</b>	<b>3 920</b>	<b>6 183</b>	<b>10 103</b>

Estimated economic life of depreciable assets - 4-10 years  
 Depreciation method Straight-line

Annual lease of tangible assets not carried in the balance sheet 6 159

**NOTE 13**

**BANK DEPOSITS**

The following amounts included in bank deposits concern restricted funds:

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

**NOTE 14****SHARE CAPITAL AND SHAREHOLDER  
INFORMATION**

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

**Owner structure**

The shareholder as at 31 December 2015 was:

	<b>Number of shares</b>	<b>Stake</b>
Ferd Holding AS	183 267 630	100,00%

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

**Shares owned indirectly by the CEO and board members of  
Ferd AS:**

	<b>Voting rights</b>	<b>Stake</b>
Johan H. Andresen	69,94%	15,20%

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

**FERD'S PENSION PLANS**

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

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

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

**Financial assumptions at 31 December**

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

**DEFINED BENEFIT PLANS****Specification of the recognised liability**

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

**Movement in liabilities for defined benefit pensions plans**

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

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

NOK 1 000	2015	2014
Fair value of pension assets at 1 January		62 716
Benefits paid		- 62 716
<b>Fair value of pension assets at 31 December</b>		

**Estimate deviation recognised in total comprehensive income**

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

**Pension costs recognised in the income statement**

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



**Short-term interest-bearing debt by currency**

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

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

**NOTE 17****TRANSACTIONS AND BALANCES WITH GROUP COMPANIES**

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

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

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

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

NOK 1 000	2015	2014
<b>Services billed to group companies</b>		
Staff services	7 368	8 847
Property management	15 737	16 174
Total income	23 104	25 022
<b>Interest income on intercompany loans and balances</b>		
Interest income	6 352	6 582
Interest expense		- 1 269
Net interest income	6 352	5 313

**NOTE 18****CONTINGENT LIABILITIES AND OBLIGATIONS NOT  
RECOGNISED IN BALANCE SHEET****Guarantees and obligations not recognised in the balance sheet**

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

**Contingent obligations and litigation**

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

Ferd AS is presently not involved in any other litigation.

**Events subsequent to the balance sheet date**

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