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 2016 were approved by the Board of Directors on 10 May 2017.

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

In the event that an agreement has been made to dispose of a significant part of the Group's operations, 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 2016 or earlier.

New and amended standards implemented by Ferd effective from the accounting year 2016

Ferd has not implemented any new standards in 2016.

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. Ferd will implement the standard when it becomes mandatory and is not expecting any signficant effects from the implementation of the standard.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a joint standard for the recognition of income from customers and replaces IAS 18Revenue, 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, and Ferd will implement IFRS 15 when it beomes mandatory.

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, and Ferd will apply IFRS 16 when it becomes mandatory.As a consequence of implementing the standard, the present value of operating lease commitments shall be recognised in the balance shseet. The nominal value of operating lease commitments is NOK 2.5 billion as at 31 December 2016, cf. note 30.

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.

Ferd has four commercial 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: Private companies, public companies and Special Investments.

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 1 788 in operating profit. The value of Ferd Capital's portfolio constitutes MNOK 13 515 at 31 December 2016 and MNOK 10 616 at 31 December 2015 measured at fair value.

Ferd Capital's largest investments as of 31 December 2016 are:

- Elopak (100.0 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 (49.4 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.
- Interwell (58.1 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 (100.0 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 (78.4 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 (99.5 percent stake) develops and manufactures customer specific hydraulics systems, cylinders and vents to the offshore, maritime and land based industries.
- Fjord Line (44.6 percent stake) is a modern shipping company offering 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 handled by the shipping company's cargo departments in Norway and Denmark.
- Petroleum Geo-Services (10.6 percent stake) supplies seismology, electro- magnetic services and reservoir analyses to oil companies engaged in offshore operations all over the world.
- Scatec Solar (12.5 percent stake) develops, builds, owns and operates solar energy plants all over the world.
- Benchmark Holdings (11.1 percent stake) contributes to improving fish health within fish farming by manufacturing special meal, roe and vaccines.

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 has two mandates: Hedge funds investing in various types of hedge funds managed by external hedge fund environments. 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.

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 comprise investments in externally managed private equity funds and hedge funds acquired in the second-hand market. 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 2016						
Sales income	14 185 117	14 184 120	-	-	997	-
Income from financial investments	76 357	196 203	- 523	-59 429	-8 070	-51 823
Other income	760 980	25 534	-	-	731 512	3 934
Operating income	**15 022 454**	**14 405 857**	**- 523**	**-59 429**	**724 439**	**-47 889**
Operating expenses excl. depreciation and impairment	13 402 215	13 211 083	11 302	13 833	73 609	92 388
EBITDA	**1 620 239**	**1 194 773**	**-11 825**	**-73 262**	**650 830**	**-140 277**
Depreciation and impairment	659 037	653 677	-	-	4 032	1 328
Operating profit	**961 202**	**541 096**	**-11 825**	**-73 262**	**646 797**	**-141 605**

Income on investments accounted for by the equity method	56 613	57 065	-	-	- 452	-
Result before finance items and income tax expense	**1 017 815**	**598 162**	**-11 825**	**-73 262**	**646 346**	**-141 605**
Balance sheet as at 31 December 2016						
Intangible assets	3 802 321	3 802 321	-	-	-	-
Tangible assets and investment properties	4 893 835	2 086 093	-	-	2 801 037	6 706
Investments accounted for by the equity method	551 317	386 488	-	-	164 830	-
Investments classified as current assets	16 258 553	4 211 231	5 262 505	3 707 612	478 330	2 598 875
Bank deposits [1)]	1 628 513	1 219 606	12 031	-67 344	-83 647	547 868
Other assets	7 187 421	5 084 474	8 501	142 972	1 720 357	231 117
Total assets	**34 321 961**	**16 790 212**	**5 283 037**	**3 783 240**	**5 080 906**	**3 384 566**

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 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**	**399 804**	**481 262**
Operating expenses excl. depreciation and impairment	12 132 631	11 996 794	9 181	11 503	46 843	68 310
EBITDA	**3 081 232**	**771 802**	**1 410 390**	**133 127**	**352 961**	**412 952**
Depreciation and impairment	773 269	770 004	-	68	2 153	1 045
Operating profit	**2 307 964**	**1 798**	**1 410 390**	**133 060**	**350 809**	**411 907**
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**	**39 240**	**1 410 390**	**133 060**	**347 915**	**411 907**
Balance sheet at 31 December 2015						
Intangible assets	3 153 719	3 153 719	-	-	-	-
Tangible assets and investment properties	4 411 259	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 assets	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	6 674 347	5 963 617	27 259	19 946	326 031	337 495
Total assets	**32 238 792**	**14 720 767**	**6 298 833**	**3 948 858**	**3 462 670**	**3 807 664**

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	**2016**	**2015**
Listed shares and bonds	48 180	1 283 119
Unlisted shares and bonds	96 172	-184 635
Hedge funds	-75 411	887 436
Fixed income investments	7 416	-
Total income from financial investments	**76 357**	**1 985 920**

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).

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	-	-	-	-	3 802 321	3 802 321
Deferred tax assets	-	-	-	-	251 594	251 594
Tangible assets	-	-	-	-	2 193 335	2 193 335
Investments accoundted for by the equity method						
Tangible assets	-	-	-	-	551 317	551 317
Investment property	2 700 500	-	-	-	-	2 700 500
Pension funds	-	-	-	-	4 415	4 415
Other financial non-current assets	-	-	243 328	-	-	243 328
Total 2016	**2 700 500**	**-**	**243 328**	**-**	**6 802 983**	**9 746 811**
Total 2015	**2 235 900**	**-**	**137 883**	**-**	**6 192 742**	**8 566 525**
Current assets						
Inventories	-	-	-	-	3 219 085	3 219 085
Short-term receivables	31 051	29 103	2 491 344	-	-	2 551 499
Listed shares and bonds	7 411 217	-	-	-	-	7 411 217
Unlisted shares and bonds	3 978 545	-	-	-	-	3 978 545
Hedge funds	4 868 791	-	-	-	-	4 868 791
Investments in interest-bearing debt	-	-	-	-	-	-
Bank deposits	-	-	1 628 513	-	-	1 628 513
Total 2016	**16 289 605**	**29 103**	**4 119 857**	**-**	**3 219 085**	**23 657 651**
Total 2015	**15 652 095**	**61 075**	**4 228 300**	**-**	**2 635 545**	**22 577 015**

Non-current

liabilities						
Pension obligation	-	-	-	-	176 129	176 129
Deferred tax	-	-	-	-	938 759	938 759
Long-term interest-bearing debt	-	-	-	3 681 337	-	3 681 337
Other long-term debt	-	-	-	212 749	-	212 749
Total 2015	**-**	**-**	**-**	**3 894 086**	**1 114 888**	**5 008 974**
Total 2014	**-**	**-**	**-**	**4 183 034**	**1 019 652**	**5 202 686**

Current liabilities						
Short-term interest-bearing debt	-	-	-	1 154 914	-	1 154 914
Tax payable	-	-	-	-	197 079	197 079
Other short-term debt	6 571	14 375	-	3 276 583	-	3 297 529
Total 2015	**6 571**	**14 375**	**-**	**4 431 497**	**197 079**	**4 649 522**
Total 2014	**196 537**	**-**	**-**	**3 494 377**	**143 752**	**3 834 666**

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 2016**
Assets				
Investment property	-	-	2 700 500	2 700 500
Short-term receivables	-	60 155	-	60 155
Listed shares and bonds	7 411 217	-	-	7 411 217
Unlisted shares and bonds	-	-	3 978 545	3 978 545
Hedge funds	-	3 707 612	1 161 178	4 868 791
Investments in interest-bearing debt	-	-	-	-
Liabilities				
Other short-term debt	-	20 946	-	20 946
Total 2016	**7 411 217**	**3 746 821**	**7 840 224**	**18 998 262**

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	-	-	3 071 612	3 071 612
Hedge funds	-	3 887 561	1 315 420	5 202 981
Investments in				

interest-bearing debt	-	94 484	-	94 484
Liabilities				
Other short-term debt	-	92 407	104 129	196 536
Total 2015	**7 283 017**	**3 950 713**	**6 518 803**	**17 752 534**

Reconciliation of movements in assets on level 3

NOK 1 000	Op.bal.1 Jan. 2016	Purchases/share issues	Sales and proceeds from investments*	Reclassified to assets held for sale	Unrealised gain and loss, recognised in the result	Gain and loss recognised in the result	Closing bal. on 31 Dec. 2016
Investment property	2 235 900	1 070 695	-273 192	-917 500	584 597	-	2 700 500
Unlisted shares and bonds	3 071 613	1 352 888	-299 135	-	-173 167	26 346	3 978 545
Hedge funds	1 315 420	179 113	-384 131	-	-59 248	110 224	1 161 378
Total 2016	**6 622 933**	**2 602 696**	**-956 458**	**-917 500**	**352 182**	**136 570**	**7 840 423**

NOK 1 000	Op.bal.1 Jan. 2015	Purchases/share issues	Sales and proceeds from investments*	Reclassifies to assets held for sale	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 2015	**7 255 616**	**1 048 958**	**-1 816 188**	**-**	**-417 346**	**551 893**	**6 622 933**

Overview of applied input and sensitivity analysis

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

NOK 1 000	Balance sheet value at 31 Dec. 2016	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)	2 700 500	-	-	-	7 % - 13 %	2 355 400	3 093 069
Unlisted shares and bonds sensitive for multiple 2)	1 014 000	10.6 - 13.0	745 000	1 284 000	-	-	-
Other unlisted shares and bonds sensitive for multiple 2)	2 964 545	-	-	-	-	-	-

NOK 1 000	Balance sheet value at 31 Dec 2016	Estimated discounts acc. to broker (interval)	Value if discount increased by 10 %	Value if discount reduced by 10 %
Hedge fund 3)	1 161 178	20 % - 88 %	1 096 907	1 222 271

1) Appr. 69 % of Ferd Eiendom AS' portfolio constitutes rental property and development projects sensitive for changes in the discount interest rate.

2) Appr. 25 % 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.

3) Appr. 50 % of thehedge funds on level 3 are sensitive for a change in discount.

NOTE 6 RISIK MANAGEMENT - INVESTING ACTIVITIES

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

IMPAIRMENT RISK AND CAPITAL ALLOCATION

Ferd's allocation of capital shall be in line with the owner's risk tolerance. One measure of this risk tolerance is the size of the decline in value in kroner or percent that the owner accepts if any of the markets Ferd is exposed to should experience very heavy and quick downfalls. 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 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 24 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.

Ferd has the following outstanding currency derivatives on the parent company level as at 31 December 2016:

	Purchases of currency		Disposals of currency	
NOK 1 000	Currency	**Amount**	**Currency**	**Amount**
	NOK	3 476 600	USD	-400 000
	NOK	1 813 880	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	**2016**	**2015**
Price risk: Norwegian shares decline by 30 percent	-4 600 000	-4 100 000
Price risk: International shares decline by 20 percent	-2 100 000	-1 700 000
Price risk: Property declines by 10 percent	-400 000	-300 000
Currency risk: The Norwegian krone appreciates 10 percent	-1 400 000	-1 200 000
Total impairment in value-adjusted equity	**- 8 500 000**	**- 7 300 000**
Impairment as a percentage of value-adjusted equity	30%	28%

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	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%	Consolidated
Ferd Sosiale Entrepenører 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
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%			
BC SPV I AS		75.8%	Fair value
Broodstock Capital Partners AS		40.%	Fair value
Credo Invest nr 9 AS		50.3%	Fair value
Credo Invest nr 10 AS		91.3%	Fair value
Ellertsdal Bostäder Holding AB		61.8%	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
Fjord Line AS		44.6%	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 (LP-I) Limited		25.1%	Fair value
Intera Fund I		12.0%	Fair value
Nordic Microfinance Initiative AS		14.2%	Fair value
Norwegian Microfinance Initiative AS		12.5%	Fair value
NMI Frontier		12.5%	Fair value
NMI Fund III		21.6%	Fair value
NMI Global		12.5%	Fair value
Petroleum Geo-Services ASA		10.6%	Fair value
Scatec Solar ASA		12.5%	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
SPV Herkules II LP		81.5%	Fair value
SPV Verdane Winds		43.6%	Fair value

The Future Group AS	14.5%	Fair value

NOTE 8 **INVESTMENT PROPERTY**

Investment property

NOK 1 000	**2016**	**2015**
Balance at 1 January	2 235 960	2 386 449
Acquisitions	499 020	75 126
Acquisitions through improvements	571 615	140 436
Disposals	-10 592	-556 228
Reclassifications	-1 180 100	-
Net change in value of investment property	584 597	190 117
Carrying amount at 31 December	**2 700 500**	**2 235 900**

Income from investment property

NOK 1 000	**2016**	**2015**
Rental income from properties	143 512	85 858
Costs directly attributable to properties	-37 960	-12 545
Net change in value of investment property	584 597	190 117
Total	**690 150**	**263 430**

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	2016	2015
Tax payable of net profit		
Income tax payable for the year	198 432	269 023
Adjustments of prior periods	9 953	25 556
Total tax payable	**208 385**	**294 579**
Deferred tax expense		
Change in deferred tax recognised in the income statement	41 440	106 459
Effects of changes in tax rates and prior years' taxes	-38 929	-82 748
Total deferred tax	**2 511**	**23 711**
Income tax expense	**210 897**	**318 290**

Tax payable in the balance sheet

NOK 1 000	2016	2015
Tax payable of the year	198 432	269 023
Tax liability from prior years	35 799	132 078
Advance tax paid	-35 083	-246 745
Translation differences	-2 070	-10 604
Tax payable	**197 079**	**143 752**

Reconciliation of nominal to effective tax rate

NOK 1 000	2016	2015
Profit before tax	998 497	1 627 409
Estimated income tax expense at nominal tax rate (25%)	249 628	439 400
Losses and other deductions without any net tax effect	-3 973	17 754
Non-taxable net income (-) / costs (+) from securities	-65 594	-285 351
Other non-taxable income	- 72	-8 768
Impairment of goodwill	3 899	54 000
Adjustments of prior periods	-30 087	-57 192
Tax effect of other permanent differences	57 095	158 446
Income tax expense	**210 897**	**318 290**
Effective tax rate	**21.1 %**	**19.6 %**

Tax recognised directly in equity

NOK 1 000	2016	2015
Actuarial loss on pension obligations (note 19)	-3 402	988
Cash flow hedges (note 28)	3 270	-21 497
Total tax recognised in total comprehensive income	**- 132**	**-20 509**

Deferred tax asset and deferred tax liability

NOK 1 000	2016	2015
Inventories	-50 888	10 971
Receivables	17 763	7 202
Stocks and bonds	-245 597	-400 934
Other differences	53 753	34 925
Tangible assets	-45 793	-2 446
Investment properties	-274 349	-177 712
Intangible assets	-146 431	-151 087
Net pensions	48 615	49 554
Tax losses to carry forward	304 360	329 854
Total	**-338 568**	**-299 674**
Reassment of deferred tax assets	-348 597	-289 722
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	**-687 165**	**-589 396**
Deferred tax assets recognised in balance sheet	251 594	257 916
Deferred tax liabilities recognised in balance sheet	-938 759	-847 312
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	**-687 165**	**-589 396**

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	2016
2016	5

2017	-
2018	-
After 2018	240 166
Without expiration	826 967
Total tax losses to carry forward	**1 067 139**

Change in net deferred tax in balance sheet

NOK 1 000	**2016**	**2015**
Net carrying value at 1 January	-589 396	-598 146
Translation differences	-3 996	49 720
Acquisition and disposal of subsidiary	-39 927	3 251
Recognised in income statement during the period	-53 714	-23 711
Tax recognised in other comprehensive income	- 132	-20 509
Net carrying value at 31 December	**-687 165**	**-589 396**

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. As previous years were not part of the settlement, the deductions for the years before 2013 are not finally clarified, and we cannot recognise deferred tax assets related to these years in the balance sheet.

NOTE 10 GEOGRAPHICAL ALLOCATION OF REVENUE

NOK 1 000	2016	2015
Norway	5 312 862	4 765 154
Germany	1 589 037	1 403 585
Sweden	728 992	602 699
USA	1 046 117	832 234
Netherlands	543 041	532 035
Russia	715 758	557 618
Canada	467 802	466 838
Denmark	508 788	492 537
Great Britain	405 974	358 469
Spain	323 281	331 123
Austria	272 196	302 658
Finland	278 043	234 245
France	205 485	183 615
Rest of the world	1 787 740	1 849 887
Total revenue	**14 185 117**	**12 912 699**

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

NOTE 11 **SALARIES**

NOK 1 000	2016	2015
Salaries	2 182 991	2 071 192
Social security tax	302 406	277 064
Pension costs	152 421	133 203
Other benefits	66 826	88 299
Total	**2 704 644**	**2 569 759**
Average number of man-labour years	3 500	4 497

Salary and remuneration to Group management

	2016				2015			
NOK 1 000	Salary	Bonus	Benefits in kind	Pension	Salary	Bonus	Benefits in kind	Pension
Group CEO, John Giverholt	3 553	1 627	259	1 595	3 416	433	307	1 115
Other members of Group management	4 930	3 040	501	1 010	4 709	1 642	545	812
Total	**8 483**	**4 667**	**760**	**2 604**	**8 125**	**2 075**	**852**	**1 927**

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 2.4, 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	2016	2015
Goodwill (note 13)	2 329 817	1 941 079
Other intangible assets	1 472 504	1 212 640
Carrying amount at 31 December	**3 802 321**	**3 153 719**

2016

NOK 1 000	Software	Brands	Patents and rights	Capitalised development costs	Customer relations	Total
Cost at 1 January	386 037	85 888	690 434	415 075	721 385	2 298 819
Ordinary additions	117 104	221 525	2 283	46 727	86 000	473 639
Disposals	-3 707	-	- 714	-	-	-4 421
Exchange differences	-18 748		-14 047	-15 161	-	-47 956
Cost at 31 December	480 686	307 414	677 956	446 640	807 385	2 720 081
Acc. Amortisation and impairment at 1 January	317 258	-	416 803	73 074	279 043	1 086 179
Current year depreciation charge	16 324	-	48 957	37 976	72 138	175 395
Current year amortisation charge	121	-	-	21 844	-	21 965
Disposals	-3 553	-	- 109	-	-	-3 662
Exchange differences	-16 298	-	-13 986	-2 017	-	-32 301
Accumulated amortisation at 31 December	313 853	-	451 666	130 877	351 181	1 247 576
Accumulated impairment at 31 December	3 707	-	1 000	21 844	-	26 551
Carrying amount at 31 December	**166 833**	**307 414**	**226 291**	**315 763**	**456 203**	**1 472 504**
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	

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	856 185	2 381 980
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 asset held for sale	-41 496	-80 400	-21 479	-	-134 800	-278 175
Exchange differences	23 368		12 615	13 685	-	49 668
Cost at 31 December	386 038	85 888	690 434	417 309	721 385	2 301 053
Acc. Amortisation and impairment at 1 January	305 016	14 740	364 603	43 642	253 264	981 265
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 asset held for sale	-33 532	-18 760	-14 097	-	-59 003	-125 392
Exchange differences	22 472	-	16 642	2 118	-	41 232
Accumulated amortisation at 31 December	317 260	-	416 802	75 307	279 044	1 088 413
Accumulated impairment at 31 December	3 918	-	1 000	-	-	4 918
Carrying amount at 31 December	**68 778**	**85 888**	**273 632**	**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	

Research and development

Costs expensed to research and development in fiscal year 2016 totalled MNOK 36. The corresponding cost for 2015 was MNOK 97.

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.

2016

NOK 1 000	Interwell	Servi	Elopak Europa	Byggtorget and Nordek	Other	Total
Cost at 1 January	1 212 016	388 289	579 464	-	20 916	2 200 685
Additions	-	1 600	-	426 832	-	428 432
Disposals	-	-	-	-	-	-
Exchange differences	-	-	-38 021	-	- 237	-38 258
Cost at 31 December	1 212 016	389 889	541 444	426 832	20 679	2 590 860
Accumulated impairment at 1 January	-	200 000	59 606	-	-	259 606
Write-downs	3 899	720	-	-	-	4 619
Disposals	-	-	-	-	-	-
Exchange differences	-	-	-3 062	-	- 119	-3 181
Accumulated impairment at 31 December	3 899	200 720	56 544	-	- 119	261 043
Carrying amount at 31 December	**1 208 117**	**189 169**	**484 899**	**426 832**	**20 798**	**2 329 816**

Changes in 2016

Mestergruppen purchased 100% of Byggtorget with accounting effect from 24 May 2016 and 100% of Nordek with accounting effect from 21 November 2016. In connection to that, goodwill of MNOK 56 for Byggtorget and MNOK 370 for Nordek, respectively, was recognised. Mestergruppen is expecting a considerable synergy potential from these acquisitions, and they have strengthened Mesterguppen’s position in the market by gaining access to additional competence and achieving a stronger brand related to the chain stores XL-Bygg, Blink-Hus and Byggtorget.

Nordek’s and Byggtorget’s impact on Ferd’s consolidated financial statements amounted to a total of MNOK 545 in income and MNOK 14 in EBITDA in 2016.

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	-	-	55 971	-	-	55 971
Write-downs	-	200 000	-	-	-	200 000
Disposals	-	-	-	-	-	-
Exchange differences	-	-	3 635	-	-	3 635
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 in 2015. 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.

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, Interwell, Mestergruppen and Servi, in addition to some minor goodwill items.

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 485 at 31 December 2016. 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 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 2016 is MNOK 188 following an impairment of MNOK 200.

The acquisition of Interwell in 2014 resulted in 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 863

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.

In connection with the acquisitions in 2016, goodwill on two cash-generating units was recognised: MNOK 56 concerning Byggtorget and MNOK 370 concerning Nordek

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 all the cash-generating units, the calculated recoverable amounts in the impairment tests are positive, and based on these tests, the conclusions are that there is no impairment requiring write-downs in 2016. 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.

Detailed description of the assumptions applied:

	Discount rate after tax (WACC)		Growth rate 2-5 years		Long-term growth rate	
	2016	2015	2016	2015	2016	2015
Elopak Europa	4.2 %	3.9 %	0.0 %	2.0 %	0.0 %	0.0 %
Servi	6.5 %	6.5 %	5.0 %	5.0 %	2.0 %	2.5 %
Interwell Norge	7.3 %	9.0 %	5.0 %	5.0 %	2.0 %	2.0 %
Interwell Technology	7.3 %	9.0 %	10.0 %	10.0 %	2.0 %	2.0 %
Byggtorget	5.4 %	0.0 %	2.5 %	0.0 %	2.0 %	0.0 %
Nordek	5.4 %	0.0 %	2.5 %	0.0 %	2.0 %	0.0 %

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**

2016

NOK 1 000	Buildings and land	Machines and installations	Fixtures and equipment	Total
Cost at 1 January	683 631	5 239 820	360 455	6 283 906
Additions on acquisitions	144 109	212	14 857	159 178
Ordinary additions	11 139	436 081	36 433	483 653
Disposals	-6 968	-402 971	-14 208	-424 146
Transfer between asset groups	-2 994	- 681	3 676	-
Exchange differences	-23 398	-194 611	-9 318	-227 326
Cost at 31 December	805 519	5 077 851	391 895	6 275 265
Accumulated depreciation and impairment at 1 January	374 825	3 474 296	259 426	4 108 546
Accumulated depreciation on acquisitions	33 606	547	10 027	44 179
Depreciation of the year	22 143	370 192	32 899	425 234
Impairment of the year	372	31 332	121	31 825
Derecognised deprecation	-10 695	-313 015	-21 132	-344 842
Exchange differences	-18 015	-156 836	-8 162	-183 012
Accumulated depreciation at 31 December	402 235	3 406 516	273 178	4 081 930
Accumulated impairment at 31 December	3 235	58 042	604	61 881
Carrying amount at 31 December	**403 284**	**1 671 335**	**118 717**	**2 193 335**

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			

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
Reclassification to assets held for sale	-	-515 621	-17 257	-532 878
Exchange differences	42 933	258 680	19 699	321 312
Cost at 31 December	683 631	5 239 819	360 454	6 283 904
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 deprecation	-13 453	-218 875	-14 565	-246 893
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	3 474 296	259 426	4 108 546
Accumulated impairment at 31 December	2 788	50 230	318	53 336
Carrying amount at 31 December	**308 806**	**1 765 523**	**101 028**	**2 175 358**

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	**2016**	**2015**
Sales and administration costs	227 985	214 600
Lease of buildings etc.	253 955	245 856
Fees to auditors, lawyers, consultants	195 831	174 774
Travel expenses	183 359	186 215
Loss and change in write-downs of receivables	8 225	14 842
Other expenses	438 660	387 351
Total	**1 308 015**	**1 223 638**

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
2016					
Ernst & Young	12 551	325	7 283	5 106	25 265
Others	3 184	892	2 180	2 135	8 391
Total	**15 735**	**1 217**	**9 463**	**7 241**	**33 656**
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**	**8 149**	**11 114**	**35 286**

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 7.

2016

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	115 014	445 158
Share of result at 1 January	102 781	157 653	17 264	9 345	287 043
Accumulated impairment of goodwill at 1 January	-12 600	-	-	-1 941	-14 541
Transfer from the company	-56 956	-128 048	-12 765	-5 865	-203 634
Recognised directly in equity	-3 550	-	-	-	-3 550
Exchange differences/eliminations	2 389	-14 956	-	-3 276	-15 843
Carrying amount at 1 January	**90 389**	**179 700**	**111 267**	**113 277**	**494 633**
Additions of the year	-	-	-	84 299	84 299
Share of the result of the year	12 347	30 787	12 516	962	56 613
Transfers from the company	-10 494	-12 695	-25 000	-	-48 189
Exchange differences/eliminations	- 682	-34 023	-	-1 333	-36 039
Carrying amount at 31 December	**91 559**	**163 769**	**98 783**	**197 205**	**551 317**

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
Share of the result of the year	9 791	23 628	-2 894	2 305	32 830
Transfers from the company	-19 893	-14 042	-	-	-33 935
Exchange differences/eliminations	15 747	257	-	4 055	20 059
Carrying amount at 31 December	**90 389**	**179 700**	**111 267**	**113 277**	**494 633**

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 represents fiscal year 2016. 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	464 406	665 907	436 955
Profit after tax and minority	25 578	51 184	23 974
Total assets	299 524	456 619	681 912
Total liabilities	147 891	173 632	484 345

- 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:

	Ferd's net receivables/(payables)

NOK 1 000	Stake/voting share	Sales from associates companies and joint ventures to Ferd		to associated companies and joint ventures		Ferd's guarantees for associated companies and joint ventures	
	2016	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Al-Obeikan Elopak factory for Packaging Co	49.0 %	-	-	8 705	9 910	128 727	201 797
Frogn Næringspark AS	50.0 %	-	-	-	-16 625	-	-
Impresora Del Yaque	51.0 %	2 304	-	1 090	807	-	-
Lala Elopak S.A. de C.V.	50.0 %	190 837	120 140	-10 386	-6 011	-	-
Sanderveien 18 AS	50.0 %	-	-	16 598	5 207	-	-
Tiedemannsbyen DA	50.0 %	-	-	-	-	-	-
Total		**193 141**	**120 140**	**16 007**	**-6 712**	**128 727**	**201 797**

NOTE 18 **SPECIFICATION OF FINANCE INCOME AND EXPENSE**

Finance income

NOK 1 000	**2016**	**2015**
Interest income from bank deposits	84 416	32 213
Interest income from related parties	10 835	23 814
Other interest income	15 603	9 454
Foreign exchange gain and other finance income	197 645	191 997
Total	**308 498**	**257 478**

Finance expense

NOK 1 000	**2016**	**2015**
Interest expense to finance institutions	180 543	142 333
Interest expense to related parties	23 987	18 000
Other interest expense	11 928	39 378
Foreign exchange loss and other finance expenses	111 358	772 871
Total	**327 816**	**972 582**

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

NOTE 19 **PENSION COSTS AND LIABILITIES**

THE GROUP'S PENSION PLANS

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

DEFINED BENEFIT PLANS

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

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

Defined contribution plans

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

Other service related long-term benefits

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

ECONOMIC ASSUMPTIONS

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

Economic assumptions in Norwegian companies at 31 December

	2016	**2015**
Discount rate	2.00%	1.90%
Expected wage growth	2.50%	2.50%
Future expected pension regulation	1.75%	1.75%
Expected regulation at base amount (G)	2.25%	2.25%

Interval for economic assumptions in foreign companies at 31 December

	2016	**2015**
Discount rate	0.60 - 3.91 %	0.75 - 4.08 %
Expected wage growth	0.00 - 1.00 %	0.00 - 1.00 %
Future expected pension regulation	0.00 - 1.75 %	0.00 - 1.75 %

PENSION OBLIGATIONS

Reconciliation of net liability against balance sheet

NOK 1 000	**2016**	**2015**
Pension liabilities for defined benefit pension plans	-176 129	-193 138
Pension assets for defined benefit pension plans	4 415	25 370
Total defined benefit obligation recognised in the Group's balance sheet	**-171 714**	**-167 768**

DEFINED BENEFIT PLANS

Specification of recognised liability

NOK 1 000	**2016**	**2015**
Present value of unfunded pension liabilities	-64 095	-63 867
Present value of wholly or partly funded obligations	-485 704	-599 766
Total present value of defined benefit obligations	-549 799	-663 633
Fair value of pension assets	378 085	495 865
Total defined benefit obligation recognised in the Group's balance sheet	**-171 714**	**-167 768**

Movements in liabilities for defined benefit pension plans

NOK 1 000	**2016**	**2015**
Liability for defined benefit pension plans at 1 January	663 967	613 116
Present value of current service cost	11 203	10 533
Interest expenses on the pension liability	17 883	18 435
Demographic estimate deviation on the pension liability	12 173	-17 783

Financial estimate deviation on the pension liability	334	5 626
Settlement of pension plans	-47 567	- 6
Curtailment of pension plans	3 863	-
Change in liability due to acquisition/sale of subsidiaries	- 313	-
Benefits paid	-79 635	-43 452
Social security tax	- 186	- 396
Exchange differences on foreign plans	-31 922	77 894
Liability for defined benefit pension plans at 31 December	**549 799**	**663 967**

Expected payments of defined pension liabilities

NOK 1 000	**2016**
Defined benefit pension expected to fall due year 1-5	235 553
Defined benefit pension expected to fall due year 6-10	135 921
Defined benefit pension expected to fall due year 11-20	170 637
Defined benefit pension expected to fall due year 21-30	7 688
Total benefit pension due	**549 799**

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

NOK 1 000	**2016**	**2015**
Fair value of pension assets at 1 January	496 445	461 090
Expected return from pension assets	13 390	13 584
Financial estimate deviation on the pension assets	15 541	-8 891
Contributions from employer	12 456	12 363
Administration expenses	-3 102	-1 270
Contributions from employees	1 661	1 699
Increase in pension funds due to the acquisition of subsidiaries	-4 071	-
Settlements	-44 734	-2 829
Benefits paid	-76 669	-39 369
Exchange difference on foreign plans	-32 831	59 489
Fair value of pension assets at 31 December	**378 085**	**495 865**

Pension assets include the following

NOK 1 000	**Of which active market:**	**2016**	**2015**
Equity instruments	86 717	87 634	120 613
Government stock	153 515	175 005	351 254
Corporate stock	5 908	7 001	6 475
Other debt instruments, including structured debt	1 934	2 018	441
Property investments	836	6 559	11 328
Bank deposits	264	427	2 093
Other assets	97 355	99 441	3 661
Total pension funds	**346 528**	**378 085**	**495 865**

Actuarial deviations recognised in othercomprehensive income

NOK 1 000	**2016**	**2015**
Current year actuarial deviation on pension liabilities (defined benefit schemes)	-12 506	12 157
Current year actuarial deviation on pension funds (defined benefit schemes)	12 138	-8 891
Tax effect (note 9)	3 402	- 988
Net actuarial deviation on defined benefit schemes	**3 034**	**2 279**

PENSION COSTS

NOK 1 000	**2016**	**2015**
Defined benefit plans	27 317	17 893
Defined contribution plans	125 103	115 310
Total pension costs recognised in current year payroll costs	**152 421**	**133 203**

DEFINED BENEFIT PLAN PENSION COSTS

Pension costs recognised in income statement

NOK 1 000	**2016**	**2015**
Present value of this year's pension earned	11 203	10 533
Contribution from employees	-1 661	-1 699
Curtailment of pension schemes and plan changes	14 859	8 185
Social security tax	- 186	- 396
Administration costs	3 102	1 270
Total pension costs from benefit schemes recognised in salary costs	**27 317**	**17 893**
Interest expense on the pension liability	17 883	18 435
Expected return on pension funds	- 13 390	- 13 584
Total pension costs from benefit schemes recognised in finance costs	**4 492**	**4 850**

NOTE 20 **INVENTORIES**

2016

NOK 1 000	Raw materials	Work in progress	Finished goods	Total
Cost at 31 December	428 816	1 679 315	1 270 287	3 378 418
Provisions for obsolescence at 1 January	13 801	57 505	83 769	155 076
Write-down	1 841	27 966	16 351	46 157
Reversal of write-down	- 882	-34 189	-1 693	-36 764
Currency translation	- 93	-1 730	-3 312	-5 136
Provisions for obsolescence at 31 December	-14 666	-49 551	-95 116	-159 333
Carrying value at 31 December	**414 150**	**1 629 764**	**1 175 171**	**3 219 085**

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
Provisions for obsolescence at 1 January	12 151	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
Provisions for obsolescence at 31 December	13 801	57 505	83 769	155 076
Carrying value at 31 December	**458 440**	**960 987**	**1 216 118**	**2 635 545**

NOTE 21 **CURRENT ASSETS**

NOK 1 000	2016	2015
Prepayments	82 016	106 207
VAT and tax receivables	159 644	156 783
Current interest-bearing receivables	1 908	-
Financial instruments	60 155	61 075
Other current receivables	731 893	607 888
Reclassification to assets held for sale	-	-21 897
Carrying amount at 31 December	**1 035 616**	**910 056**

NOK 1 000	2016	2015
Accounts receivable, gross	1 580 346	1 822 124
Write-down of receivables	-64 463	-105 705
Reclassification to assets held for sale	-	-189 836
Carrying amount at 31 December	**1 515 883**	**1 526 583**

Total current receivables	**2 551 499**	**2 436 639**

Overdue accounts receivable by age

NOK 1 000	2016	2015
Up to 30 days	215 363	202 207
30-60 days	56 844	58 841
60-90 days	49 163	53 022
Over 90 days	85 883	106 288
Total	**407 253**	**420 358**

NOTE 22 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of the Company as at 31 December 2016 consists of 183 267 630 shares at a nominal value of NOK 1.-.

Owner structure

The shareholder as at 31 December 2016 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**	**Others**	**Total**
Business office	Stavanger	Oslo		
Ferd's stake and voting share	58.1 %	78.4 %		
Non-controlling share	41.9 %	21.6 %		
NOK 1 000				
Non-controlling interest 1 January 2016	669 743	21 626	-	691 369
Dividends and capital changes	-6 224	317 716	19 338	330 831
Transactions with non-controlling interests	-	-1 971	-	-1 971
Other comprehensive income attributable to non-controlling interests	-27 131	7 544	4 622	-14 964
Translation differences	-6 205	-	-	-6 205
Non-controlling interest at 31 December 2016	**630 183**	**344 916**	**23 960**	**999 059**

Summary of financial information from subsidiaries:

NOK 1 000	**Interwell AS**	**Mestergruppen AS**
Operating income	731 139	3 720 960
Operating profit	-27 636	117 890
Profit after tax	-36 315	88 135
Non-current assets	1 296 409	1 049 238
Current assets	373 518	1 296 575
Non-current liabilities	233 861	715 375
Current liabilities	99 358	886 158

NOTE 24 **NON-CURRENT LIABILITIES**

Long-term interest-bearing debt

NOK 1 000	Loan amount in currency 2016	Loan amount in NOK 2016	Loan amount in NOK 2015
NOK	996 966	1 719 280	1 881 064
USD	500	4 310	8 821
EUR	150 000	1 362 945	1 392 435
DKK	410 000	501 100	424 654
CAD	15 000	96 069	190 591
SEK	-	-	120 557
CHF	1 400	11 845	17 726
Carrying value of loan expenses		-14 213	-20 798
Carrying value at 31 December		**3 681 337**	**4 015 050**
Other long-term debt		212 749	147 187
Total non-current liabilities		**3 894 086**	**4 162 236**

Instalments determined in contracts

NOK 1 000	2016
2017	559 677
2018	2 299 303
2019	404 116
2020	200 590
2021 or later	444 613
Total	**3 908 299**

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	**2016**	**2015**
Trade payables	1 812 272	1 792 514
Public duties etc.	200 040	291 311
Financial instruments	20 946	92 407
Other short-term debt	1 264 271	1 234 840
Reclassified to liabilities held for sale	-	-381 323
Total	**3 297 529**	**3 029 751**

NOTE 26 ASSETS PLEDGED AS SECURITY, GUARANTEES AND CONTINGENT LIABILITIES

Secured borrowings

NOK 1 000	2016	2015
Loan facilities	3 094 332	2 690 499
Factoring	58 988	76 824
Total	**3 153 321**	**2 767 323**

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	2016	2015
Investment property	2 140 254	1 673 006
Other tangible assets	512 790	505 030
Inventories	571 392	1 214 351
Receivables	891 626	946 674
Other assets	143 328	136 111
Total	**4 259 389**	**4 475 171**
Maximum exposure to the above assets	4 259 389	4 475 171

Guarantees and off-balance sheet liabilities

NOK 1 000	2016	2015
Committed capital to fund investments	962 303	739 426
Committed equity contributions to company investments	175 000	343 500
Guarantees without security	178 864	997 844
Clauses on minimum purchases in agreements with suppliers	271 953	242 821
Other obligations [1)]	417 548	526 349
Total	**2 005 667**	**2 849 940**

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**
	USD	13 250	NOK	-106 746
	EUR	1 000	NOK	-9 016
	EUR	750	USD	- 837
	NOK	1 813 880	EUR	-200 000
	NOK	3 476 600	USD	-400 000
	CAD	28 033	USD	-20 920
	EUR	8 686	MXN	-187 726
	EUR	5 210	CAD	-7 248
	EUR	380	CHF	- 406
	EUR	4 160	DKK	-30 924
	EUR	3 937	JPY	-455 998
	EUR	2 330	SEK	-22 645
	ILS	1 160	EUR	- 290
	JPY	2 782 598	EUR	-23 605
	MXN	2 780	EUR	- 124
	NOK	287 629	EUR	-31 530
	PLN	10 827	EUR	-2 450
	RUB	340 755	EUR	-5 300
	USD	4 264	EUR	-4 100

All foreign exchange contracts mature during 2017.

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%	0.5 years
	EUR	95 000	3M EURIBOR	Fixed 0.13% - 2.39%	0.5 - 4.0 years

The table inclued derviatives 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.

	2016			2015		
NOK 1 000	**Opening balance**	**Change during the year**	**Closing balance**	**Opening balance**	**Change during the year**	**Closing balance**
Commodity swaps	49 488	- 27 773	21 715	- 12 882	62 370	49 488
Currency futures	- 13 626	11 218	- 2 408	- 39 446	25 820	- 13 626
Interest rate swaps	- 17 314	3 362	- 13 952	- 27 553	10 239	- 17 314
Currency translation	- 1 769	487	- 1 282	21 715	- 23 484	- 1 769
Deferred tax	- 4 304	3 270	- 1 034	- 874	- 3 430	- 4 304
Total	**12 475**	**- 9 436**	**3 039**	**- 59 040**	**71 515**	**12 475**

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	**2016**	**2015**
Commodity costs	- 10 030	- 15 528
Other operating expenses	6 363	- 9 308
Net finance result	- 16 341	- 14 606
Total	- 20 008	- 39 442

Negative amounts represent income.

NOTE 29 **LIQUIDITY RISK**

Liquidity risk - operations

Liquidity risk concerning operations relates primarily to the risk that Elopak, Mestergruppen, Interwell, 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.

31.12.16

NOK 1 000	Less than 1 year	1-3 years	3-5 years	Total
Finance institutions	1 161 020	2 649 026	1 035 667	4 845 713
Accounts payable	1 772 801	-	-	1 772 801
Other non-current liabilities	-	188 297	24 452	212 749
Public taxes and other current liabilities	1 436 822	-	-	1 436 822
Total 1)	**4 370 643**	**2 837 323**	**1 060 119**	**8 268 085**

31.12.15

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	147 187
Public taxes and other current liabilities	1 279 343	-	-	1 279 343
Total 1)	**3 704 892**	**407 030**	**3 776 004**	**7 887 927**

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:

31.12.16

NOK 1 000	Less than 1 year	1-3 years	More than 3 years	Total
Interest rate swaps	-13 515	-12 238	-1 193	-26 947
Currency futures	-24 700	-	-	-24 700
Commodity derivatives	12 594	11 567	-	24 160
Total	**-25 621**	**- 672**	**-1 193**	**-27 486**

31.12.15

NOK 1 000	Less than 1 year	1-3 years	More than 3 years	Total
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**

Credit facilities

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

	2016		2015	
	Used	Unused	Used	Unused
Overdraft				
Secured	119 658	127 372	34 003	6 297 600
Unsecured	16 501	421 032	48 015	384 120
Credit facilities				
Secured	1 049 612	-	632 947	314 894
Unsecured	1 953 118	1 681 402	2 045 439	1 939 806
Factoring				
Secured	58 988	16 219	57 618	19 206
Unsecured	582 359	375 437	480 150	547 371
Total secured	**1 228 258**	**143 591**	**724 569**	**6 631 700**
Total unsecured	**2 551 978**	**2 477 870**	**2 573 604**	**2 871 297**

NOTE 30 **OPERATING AND FINANCE LEASES**

The Group as lessor, operating leases

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

Specification of income on operating leases	2016	2015
Total variable leases recognised as income	135 652	120 545
Total	**135 652**	**120 545**

At the balance sheet date, the Group has contracted the following future minimum leases:	2016	2015
Totally due next year	109 714	115 552
Totally due in 2-5 years	272 452	290 599
Totally due after 5 years	19 354	48 428
Total	**401 520**	**454 579**

The amounts have not been discounted.

The Group as lessor, finance leases

Specification of income from finance leases	2016	2015
Total variable leases recognised as income	15 859	13 013
Total income from finance leases	**15 859**	**13 013**

Gross investment compared to the present value of outstanding minimum leases	2016	2015
Gross receivables on lease agreements	15 510	13 963
Finance income not yet earned	- 963	-1 719
Net investment from finance leases (present value)	**14 547**	**12 244**

The Group as lessee, operating leases

Specification of expenses on operating leases	2016	2015
Total variable leases recognised as expenses	217 778	221 649
Minimum leases (including fixed leases) recognised as expense	220 344	124 103
Subleases recognised as cost reductions	48 145	- 790
Total leasing costs	**486 267**	**344 962**

Due for payment	2016	2015
Total costs next year	361 215	357 735
Total costs 2-5 years	1 052 342	981 547
Total costs after 5 years	1 036 356	988 857
Total	**2 449 913**	**2 328 139**

The amounts have not been discounted.

Distribution of the same leasing obligation on leasing objects	2016	2015
Buildings and land	1 952 979	1 783 085
Machines and installations	339 075	404 968
Fixtures, vehicles and equipment	157 859	140 075
Total leasing obligations related to operating lease commitments	**2 449 913**	**2 328 128**

The Group as lessee, finance leasing

Specification of leasing costs of the year	2016	2015
Total variable leases recognised as expenses	481	2 100
Total leasing costs	**481**	**2 100**

Future minimum leases and corresponding present values, by due dates:	Minimum rent	Calculated interest	Present value
Total due in one year	574	139	435
Total due in year 2-5	1 958	299	1 658
Total due after 5 years	513	33	480
Total leasing obligations related to finance leasing	**3 045**	**471**	**2 574**

Net carrying value of leased assets, by asset class	2016	2015
Fixtures, vehicles and equipment	2 574	5 235
Total carrying value of leased assets	**2 574**	**5 235**

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 17.

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 2016, Ferd sold the real estate companies Strandveien 4-8 AS and Strandveien 10 AS to Oslo Areal. The sale was finalised in March 2017 (note 33).

NOTE 33 **DISCONTINUED OPERATIONS**

In 2016, Ferd AS sold the properties Strandveien 4-8 and Strandveien 10 to Oslo Areal. The sale was finalised in March 2017. Assets and liabilities included in the transaction are presented as held for sale in the consolidated financial statements for 2016.

In 2016, Ferd AS sold the company TeleComputing to the investment fund IK Investment partners. The sale was finalised in March 2016. Assets and liabilities included in the transaction are presented as held for sale in the consolidated financial statements for 2015. Profit and loss items from the sold business are presented net on a separate line in the consolidated statements for 2016 and 2015. The cash flow statement has been restated correspondingly.

The income statement for business classified as held for sale as at 31 December

NOK 1 000	**2016**	**2015**
Sales income	249 985	1 462 379
Operating income	**249 985**	**1 462 379**
Cost of goods sold	59 490	391 046
Salary expenses	116 430	633 250
Depreciation and write-downs	20 379	105 427
Other operating expenses	30 382	185 422
Operating expenses	**226 681**	**1 315 145**
Operating profit	**23 304**	**147 234**
Income on investments accounted for by the equity method	-	- 20
Finance income	5 379	53 861
Finance expense	-7 543	-58 809
Net finance items	**-2 164**	**-4 968**
Profit before tax	**21 140**	**142 266**
Tax expense	4 870	41 123
Profit after tax	**16 270**	**101 143**
Gain on sale after tax	688 895	-
Profit after tax from discontinued operations	**705 165**	**-**

Assets and liabilities classified as held for sale as at 31 December

Intangible assets	-	771 716
Deferred tax assets	-	5 173
Tangible assets	-	174 850
Investment property	917 500	-
Other financial non-current assets	-	73
Total non-current assets	**917 500**	**951 812**
Short-term receivables	-	211 733
Bank deposits	-	-68 291
Total current receivables	**-**	**143 442**
Total assets classified as held for sale	**917 500**	**1 095 254**
Non-current liabilities		
Pension obligations	-	-
Deferred tax	-	-
Long-term interest-bearing liabilities	527 141	333
Total non-current liabilities	**527 141**	**56 376**
Current liabilities		
Short-term interest-bearing liabilities	10 800	-
Tax payable	-	33 582
Other current liabilities	-	381 324
Total current liabilities	**10 800**	**414 906**
Total liabilities classified as held for sale	**537 941**	**471 615**
Cash flows from business held for sale		
Net cash flows from operations	-	248 810
Net cash flows used in investment activities	-	-93 189
Net cash flows used in finance activities	-	-109 403
Net cash flows from/-used in business held for sale	-	46 218