

GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

NOTE 1

General information

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

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

The Company's financial statements for 2016 were approved by the Board of Directors on 10 May 2017.

Basis for the preparation of the financial statements

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

Summary of the most significant accounting principles

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

Investments in subsidiaries

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

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

Investments in associated companies and joint ventures

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

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

Investments in associates and joint ventures are recognised at fair value with value changes through profit or loss and classified as current assets in the balance sheet. Value changes on the investments, current returns like dividend and gain or loss on the realisation of investments are recognised as net operating income in the income statement.

Revenue recognition

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

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

Foreign currency translation

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

Classification of financial instruments

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

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

Financial instruments are classified as held for trading and included in category 1 Derivatives are classified as held for

trading and as current assets. The carrying value of interest derivatives is presented as investments in interest-bearing debt in the balance sheet.

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

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

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

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

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

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

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

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

Gain and losses 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 and group contribution is recognised as income in the year before it is approved in the Annual General Meeting. This also applies for tax effects of such transactions. Net income related to financial instruments is classified as operating income in the income statement.

Financial derivatives and hedge accounting

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

Income taxes

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

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

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

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

Tangible assets

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

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

Impairment

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

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

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

Leasing

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

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

Cash and cash equivalents

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

Pension costs and pension funds/obligations

Defined benefit plans

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

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

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

Defined contribution plans

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

Provisions

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

Dividend

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

Segment reporting

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

Statements of cash flows

The cash flow statement has been prepared using the direct method, i.e., the statement presents the Company's actual payments and disbursements in order to show the cash flows from ordinary operations, investing and financing activities, respectively.

Related parties

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

New accounting standards according to IFRS

The financial statements have been prepared in accordance with standards approved by the International Accounting Standards Board (IASB) and International Financial Reporting Standards - Interpretations Committee (IFRIC) effective for accounting years starting on 1 January 2016 or earlier.

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

Ferd has not implemented any new standards in 2016.

New and amended standards not implemented by Ferd

IFRS 9 Financial instruments

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

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

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

The implementation date for IFRS 9 is determined to accounting years starting on 1 January 2018. Ferd will implement the standard when it becomes mandatory and is not expecting any significant 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 18 Revenue, IAS 11 Construction Contracts, IFRS 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 only concerns income from contracts with customers. Revenue relating to liability and equity instruments previously regulated by IAS 18, is moved to IAS 39 (and IFRS 9 when implemented).

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

The standard is effective for accounting years starting on 1 January 2018. As an investing company, Ferd AS has limited income from customer contracts and will probably not be significantly impacted by the standard.

IFRS 16 Leases

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

The new standard is effective for the accounting year starting on 1 January 2019. The standard is not expected to have any significant consequences for Ferd AS.

NOTE 2 ACCOUNTING ESTIMATES AND JUDGEMENTAL CONSIDERATIONS

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

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

Determination of the fair value of financial assets

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

Listed shares and bonds

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

Unlisted shares and bonds

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

Hedge funds

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

Investments in interest-bearing debt

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

Derivatives

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

Determination of the fair value of subsidiaries with properties

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

Future cash flows are based on the following factors:

- Existing contracts
- Expected future rentals
- Expected vacancies

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

The risk premium is based on:

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

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

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

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

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

NOTE 3**SEGMENT
REPORTING**

Ferd's segment reporting complies with IFRS 8. Ferd is an investment company, and the Company's management makes decisions, monitors and evaluates these decisions based on the development in value and fair value of the Company's investments.

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: Non-listed companies, listed companies and Special Investment.

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 leisure 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 and goods 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 comprises 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 | Ferd Capital | Ferd Invest | Ferd Hedge Fund | Ferd Real Estate | Other areas |
|-------------------------|------------------|------------------|----------------|-----------------|------------------|-----------------|
| Result 2016 | | | | | | |
| Sales income | 2 390 182 | 1 859 955 | - 523 | -59 429 | 678 084 | -87 904 |
| Operating expenses | -177 674 | -72 307 | -11 302 | -13 833 | -22 002 | -58 231 |
| Operating result | 2 212 508 | 1 787 648 | -11 825 | -73 262 | 656 081 | -146 135 |

Balance sheet 31 December

| 2016 | | | | | | |
|--|-------------------|-------------------|------------------|------------------|------------------|------------------|
| Investments in subsidiaries | 12 845 826 | 9 712 096 | - | - | 3 037 765 | 95 965 |
| Investments classified as current assets | 14 783 920 | 3 197 231 | 5 262 505 | 3 630 412 | 130 | 2 693 642 |
| Bank deposits/drawings on group account | 482 949 | 488 315 | 12 031 | -67 344 | -422 745 | 472 692 |
| Other assets | 462 080 | 117 714 | 8 424 | 220 104 | 17 364 | 98 474 |
| Total assets | 28 574 775 | 13 515 356 | 5 282 960 | 3 783 172 | 2 632 514 | 3 360 774 |

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

Balance sheet 31 December 2015

| | | | | | | |
|--|-------------------|-------------------|------------------|------------------|------------------|------------------|
| Investments in subsidiaries | 11 440 623 | 8 919 426 | - | - | 2 423 019 | 98 178 |
| Investments classified as current assets | 14 740 904 | 1 573 941 | 6 218 513 | 3 887 560 | 130 | 3 060 760 |
| Bank deposits/drawings on group account | 3 285 | 18 240 | 53 061 | 41 352 | -439 971 | 330 603 |
| Other assets | 515 463 | 104 811 | 27 132 | 95 173 | 63 399 | 224 948 |
| Total assets | 26 700 276 | 10 616 418 | 6 298 707 | 4 024 085 | 2 046 577 | 3 714 489 |

NOTE 4 INCOME FROM FINANCIAL INVESTMENTS

| NOK 1 000 | Dividend and group contributions from financial investments | Unrealised value changes on financial investments | Net gain on sales of financial investments | Total |
|-----------------------------|---|---|--|------------------|
| Investments in subsidiaries | 1 151 875 | 1 183 302 | - | 2 335 177 |
| Listed shares and stakes | 161 119 | -709 233 | 596 294 | 48 180 |
| Unlisted shares and bonds | 18 534 | 84 761 | 77 430 | 180 725 |
| Hedge funds | 41 661 | -617 520 | 379 634 | -196 225 |
| Total 2016 | 1 373 189 | -58 690 | 1 053 359 | 2 367 858 |

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

**FINANCIAL
INSTRUMENTS
AND THE USE
OF FAIR
VALUE**

NOTE 5

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

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

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

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

Valuation methods

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

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

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

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

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

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

| NOK 1 000 | Financial instruments at fair value over profit and loss | Financial instruments measured at amortised cost | | Total | Fair value |
|-----------------------------|--|--|---------------------|------------|------------|
| | | Loans and receivables | Financial liability | | |
| Non-current assets | | | | | |
| Investments in subsidiaries | 12 845 826 | - | - | 12 845 826 | 12 845 826 |

| | | | | | |
|---------------------|-------------------|----------------|----------|-------------------|-------------------|
| Current receivables | - | 111 704 | - | 111 704 | 111 704 |
| Total 2016 | 12 845 826 | 111 704 | - | 12 957 530 | 12 957 530 |
| Total 2015 | 11 440 623 | 100 841 | - | 11 541 464 | 11 541 464 |

Current assets

| | | | | | |
|--|-------------------|----------------|----------|-------------------|-------------------|
| Short-term receivables on group companies | - | 41 401 | - | 41 401 | 41 401 |
| Other short-term receivables | - | 300 636 | - | 300 636 | 300 636 |
| Listed shares and bonds | 7 411 217 | - | - | 7 411 217 | 7 411 217 |
| Unlisted shares and bonds | 2 475 854 | - | - | 2 475 854 | 2 475 854 |
| Hedge funds investments in interest-bearing debt | 4 846 284 | - | - | 4 846 284 | 4 846 284 |
| Bank deposits | 50 565 | - | - | 50 565 | 50 565 |
| Total 2016 | 14 783 920 | 824 986 | - | 15 608 906 | 15 608 906 |
| Total 2015 | 14 740 904 | 408 633 | - | 15 149 537 | 15 149 537 |

Short-term debt

| | | | | | |
|-------------------------|---------------|----------|----------------|----------------|----------------|
| Trade accounts payable | - | - | 1 697 | 1 697 | 1 697 |
| Public duties etc. | - | - | 4 711 | 4 711 | 4 711 |
| Debt to group companies | - | - | 25 856 | 25 856 | 25 856 |
| Other short-term debt | - | - | 57 840 | 57 840 | 57 840 |
| Total 2016 | - | - | 90 104 | 90 104 | 90 104 |
| Total 2015 | 73 578 | - | 110 539 | 184 117 | 184 117 |

Fair value hierarchy - financial assets and liabilities

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

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

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

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

movements of assets on level 3 is shown in a separate table.

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

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

| NOK 1 000 | Level 1 | Level 2 | Level 3 | Total 2016 |
|--------------------------------------|------------------|------------------|-------------------|-------------------|
| Investments in subsidiaries | - | - | 12 845 826 | 12 845 826 |
| Other short-term receivables | - | - | - | - |
| Listed shares and bonds | 7 411 217 | - | - | 7 411 217 |
| Unlisted shares and bonds | - | - | 2 475 854 | 2 475 854 |
| Hedge funds | - | 3 707 612 | 1 138 672 | 4 846 284 |
| Investments in interest-bearing debt | - | 50 565 | - | 50 565 |
| Other short-term debt | - | - | - | - |
| Total 2016 | 7 411 217 | 3 758 177 | 16 460 352 | 27 629 746 |

| NOK 1 000 | Nivå 1 | Nivå 2 | Nivå 3 | Sum 2015 |
|--------------------------------------|------------------|------------------|-------------------|-------------------|
| Investments in subsidiaries | - | - | 11 440 623 | 11 440 623 |
| Other short-term receivables | - | - | - | - |
| Listed shares and bonds | 7 283 017 | - | - | 7 283 017 |
| Unlisted shares and bonds | - | - | 2 144 721 | 2 144 721 |
| Hedge funds | - | 3 887 561 | 1 289 693 | 5 177 254 |
| Investments in interest-bearing debt | - | 135 912 | - | 135 912 |
| Other short-term debt | - | -73 578 | - | -73 578 |
| Total 2015 | 7 283 017 | 3 949 894 | 14 875 038 | 26 107 949 |

Reconciliation of movements in assets on level 3

| NOK 1 000 | OB 1. Jan. 2016 | Purchases/share issues | Sales and proceeds from investments | Unrealised gains and losses, recognised in the result | Gains and loss recognised in the result | CB 31. Dec, 2016 |
|-----------------------------|-----------------|------------------------|-------------------------------------|---|---|------------------|
| Investments in subsidiaries | 11 440 623 | 594 803 | -372 964 | 1 183 363 | - | 12 845 826 |

| | | | | | | |
|---------------------------|-------------------|------------------|-------------------|------------------|----------------|-------------------|
| Unlisted shares and bonds | 2 144 721 | 613 880 | -299 135 | -9 958 | 26 346 | 2 475 854 |
| Hedge funds | 1 289 693 | 179 113 | -384 131 | -56 228 | 110 224 | 1 138 672 |
| Total 2016 | 14 875 038 | 1 387 796 | -1 056 230 | 1 117 177 | 136 570 | 16 460 352 |

| NOK 1 000 | OB 1. Jan. 2015 | Purchases/share issues | Sales and proceeds from investments | Unrealised gains and losses, recognised in the result | Gains and loss recognised in the result | CB 31. Dec. 2015 |
|-----------------------------|-------------------|------------------------|-------------------------------------|---|---|-------------------|
| Investments in subsidiaries | 10 824 395 | 117 630 | - | 498 597 | - | 11 440 622 |
| Unlisted shares and bonds | 2 215 184 | 486 274 | -358 003 | -243 420 | 44 687 | 2 144 722 |
| Hedge funds | 1 759 410 | 199 069 | -730 396 | -445 596 | 507 206 | 1 289 693 |
| Total 2015 | 14 798 989 | 802 973 | -1 088 399 | -190 419 | 551 893 | 14 875 038 |

Specification of applied indata and sensitivity analysis

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

| NOK 1 000 | Balance sheet value at 31 Dec. 2016 | Applied and implicit EBITDA multiples | Value, if the multiple is reduced by 10 % | Value, if the multiple is increased by 10% | Applied discount rate | Value, if the interest is increased by 1 percentage point | Value, if the interest is reduced by 1 percentage point |
|-----------------------------------|-------------------------------------|---------------------------------------|---|--|--|---|---|
| Investment in Ferd Eiendom AS 1) | 3 037 765 | - | - | - | 6.6 %-13.0 % | 3 124 700 | 4 232 119 |
| Other investments in subsidiaries | 9 808 061 | 8.8 - 13.9 | 8 054 000 | 10 745 000 | - | - | - |
| NOK 1 000 | | | | | Estimated discounts acc. to broker (interval) | Value if discount increased by 10% | Value if discount reduced by 10% |
| Hedge funds 2) | 1 138 672 | | | | 20 % - 88 % | 1 074 401 | 1 199 765 |

1) Appr. 77 % of Ferd Eiendom AS' portfolio constitutes rental property sensitive for changes in the discount interest rate.

2) Appr. 50 % of the hedge funds on level 3 are sensitive for changes in discount.

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

IMPAIRMENT RISK AND CAPITAL ALLOCATION

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

CATEGORIES OF FINANCIAL RISK

Liquidity risk

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

Foreign currency risk

Ferd is well aware of foreign currency risks. We assume that Ferd always will have a certain part of equity invested in euro, USD and Swedish kroner, and is therefore normally not hedging the currency exposure to Norwegian kroner.

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

| NOK 1 000 | Purchases of currency | | Disposals of currency | |
|-----------|-----------------------|-----------|-----------------------|----------|
| | 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 declined 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 |
|---|------------------------|--------------|
| Subsidiary | | |
| Elopak AS | Røyken | 100.0% |
| FC Well Invest AS | Bærum | 100.0% |
| FC-Invest AS | Bærum | 100.0% |
| Ferd Aibel Holding AS | Bærum | 100.0% |
| 1912 Top Holding AS | Bærum | 99.5% |
| Ferd Eiendom AS | Bærum | 100.0% |
| Ferd Malta Holdings Ltd | Malta | 100.0% |
| Ferd MG Holding AS | Bærum | 99.2% |
| Ferd Sosiale Entreprenører AS | Bærum | 100.0% |
| Norse Crown Company Ltd. AS | Bærum | 100.0% |
| Swix Sport AS | Oslo | 100.0% |
| Non-current shares with ownership > 10% | | |
| Herkules Capital I AS | | 40.0 % |
| Current shares with ownership > 10% | | |
| BC SPV I AS | | 75.8% |
| Broodstock Capital Partners AS | | 40.0% |
| Credo Invest nr 9 AS | | 50.3% |
| Credo Invest nr 10 AS | | 91.3% |
| Fjord Line AS | | 44.6% |
| Energy Ventures II AS | | 26.0% |
| Energy Ventures II KS | | 22.1% |
| Energy Ventures III AS | | 25.0% |
| Energy Ventures III GP LP | | 25.0% |
| Energy Ventures III LP | | 18.7% |
| Herkules Private Equity Fund II (LP-I) Limited | | 74.5% |
| Herkules Private Equity Fund III (LP-I) Limited | | 25.1% |
| Intera Fund I | | 12.0% |
| Nordic Microfinance Initiative AS | | 14.2% |
| Norwegian Microfinance Initiative AS | | 12.5% |
| NMI Frontier | | 12.5% |
| NMI Fund III | | 21.6% |
| NMI Global | | 12.5% |
| Petroleum Geo-Services ASA | | 10.6% |
| Rolighedsvej, 9990 Skagen ApS | | 50.0% |
| Scatec Solar ASA | | 12.5% |
| SPV Herkules II LP | | 81.5% |
| SPV Verdane Winds | | 43.6% |
| The Future Group AS | | 14.5% |

NOTE 8**INCOME TAXES**

| NOK 1 000 | 2016 | 2015 |
|-----------------------------------|----------------|----------------|
| The tax expense comprises: | | |
| Income tax payable | 111 730 | 69 025 |
| Change in deferred tax | -113 095 | 136 730 |
| Tax concerning prior periods | -27 968 | -16 877 |
| Withholding tax paid | 19 238 | 13 030 |
| Tax expense | -10 096 | 201 909 |

Tax payable in balance sheet

| NOK 1 000 | 2016 | 2015 |
|-------------------------------------|---------------|----------|
| Tax payable of the year | 111 730 | 69 025 |
| Group contribution rendered | -44 061 | -59 559 |
| Paid advance tax | -10 321 | - |
| Tax payable from prior years | - | -9 467 |
| Tax payable in balance sheet | 57 347 | - |

Reconciliation of nominal to effective tax rate

| NOK 1 000 | 2016 | 2015 |
|--|----------------|----------------|
| Profit before tax | 2 364 123 | 2 024 665 |
| Expected tax expense according to nominal tax rate (25%) | 591 031 | 546 659 |
| Non-taxable gain/loss and return on securities | -487 923 | -414 993 |
| Unrealised changes in value of securities | -139 566 | -10 890 |
| Adjustment of tax from prior periods | 11 354 | -16 877 |
| Withholding tax paid | 19 238 | 13 030 |
| Tax recognised in other comprehensive income | - | - 522 |
| Effect of change in tax rate | -10 282 | -28 789 |
| Adjustment of deferred tax from previous periods ¹⁾ | - | 112 095 |
| Tax effect of other permanent differences | 6 052 | 2 195 |
| Tax expense | -10 096 | 201 908 |
| Effective tax rate | -0.4 % | 10.0 % |

Deferred tax

| NOK 1 000 | 2016 | 2015 |
|---|----------------|----------------|
| Receivables | -5 109 | -5 321 |
| Gain and loss account | 2 357 | 3 069 |
| Financial instruments | 12 135 | -10 113 |
| Tangible assets | 151 | 234 |
| Provisions | -1 025 | 5 323 |
| Net pensions | -7 495 | -7 502 |
| Shares and bonds | 245 760 | 413 491 |
| Tax loss to carry forward ¹⁾ | - | -39 322 |
| Balance sheet value at 31 Dec., deferred tax liability | 246 775 | 359 859 |

Change in net deferred tax recognised in balance sheet

| NOK 1 000 | 2016 | 2015 |
|---|----------------|----------------|
| Balance sheet value at 1 January | 359 859 | 223 128 |
| Charged in period | -113 095 | 137 253 |
| Tax set-off against total comprehensive income (estimate deviation, pensions) | 11 | - 522 |
| Balance sheet value at 31 December | 246 775 | 359 859 |

1) Ferd made a settlement with the authorities on 8 April 2016 and won the case in the question of deductibility 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 9**SALARIES AND REMUNERATION**

| NOK 1 000 | 2016 | 2015 |
|---|----------------|---------------|
| Salaries | 93 665 | 63 544 |
| Social security tax | 8 109 | 10 878 |
| Pension costs (note 15) | 6 437 | 7 828 |
| Other benefits | 2 931 | 3 309 |
| Total | 111 142 | 85 559 |

| | | |
|------------------------------------|----|----|
| Average number of man-labour years | 37 | 36 |
|------------------------------------|----|----|

Salary and remuneration to Group CEO

| NOK 1 000 | Salary | Bonus | Benefits in kind | Pension |
|----------------|--------|-------|------------------|---------|
| John Giverholt | 3 553 | 1 627 | 259 | 1 595 |

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. [note 15](#)). 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 10**OTHER OPERATING EXPENSES**

| NOK 1 000 | 2016 | 2015 |
|---|---------------|---------------|
| Lease of buildings etc. | 6 230 | 6 337 |
| Fees to lawyers, consultants and auditors | 38 511 | 19 175 |
| Travel expenses | 2 016 | 2 016 |
| Loss and change in write-downs of receivables | - | -12 836 |
| Other expenses | 18 410 | 19 150 |
| Total | 65 167 | 33 841 |

NOTE 11**AUDIT FEES CHARGED TO THE INCOME STATEMENT**

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

| NOK 1 000 | 2016 | 2015 |
|--------------------------|--------------|--------------|
| Audit fees | 1 204 | 1 089 |
| Other non-audit services | 3 566 | 446 |
| Total | 4 770 | 1 535 |

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

NOTE 12

TANGIBLE ASSETS

| | Buildings and land | Fixtures and equipment | Total |
|--|-----------------------|---------------------------|---------------|
| Cost at 1 January | 3 921 | 19 988 | 23 909 |
| Additions | 72 | 704 | 775 |
| Disposals | - | -2 346 | -2 346 |
| Cost at 31 December | 3 993 | 18 346 | 22 338 |
| Accumulated depreciation and impairment at 1 January | | 14 633 | 14 633 |
| Depreciation of the year | | 1 365 | 1 365 |
| Disposal of depreciation | | -2 000 | -2 000 |
| Accumulated depreciation and impairment at 31 December | | 13 999 | 13 999 |
| Carrying amount at 31 December | 3 993 | 4 347 | 8 339 |
| Estimated economic life of depreciable assets | - | 4-10 years | |
| Depreciation method | | Straight-line | |
| Annual lease of tangible assets not carried in the balance sheet | 6 384 | | |

| | Buildings and land | Fixtures and equipment | Total |
|--|-----------------------|---------------------------|---------------|
| Cost at 1 January | 3 921 | 20 746 | 24 667 |
| Additions | - | 1 366 | 1 366 |
| Disposals | - | -2 124 | -2 124 |
| Cost at 31 December | 3 921 | 19 988 | 23 909 |
| Accumulated depreciation and impairment at 1 January | | 14 564 | 14 564 |
| Depreciation of the year | | 1 282 | 1 282 |
| Disposal of depreciation | | -1 212 | -1 212 |
| Accumulated depreciation and impairment at 31 December | | 14 633 | 14 633 |
| Carrying amount at 31 December | 3 921 | 5 355 | 9 275 |
| Estimated economic life of depreciable assets | - | 4-10 years | |
| Depreciation method | | Straight-line | |
| Annual lease of tangible assets not carried in the balance sheet | 6 337 | | |

NOTE 13**BANK DEPOSITS**

The following amounts included in bank deposits concern restricted funds:

| NOK 1 000 | 2016 | 2015 |
|-------------------------|-------------|-------------|
| Employees' tax withheld | 4 731 | 4 624 |

NOTE 14**SHARE CAPITAL AND
SHAREHOLDER INFORMATION**

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

Owner structure

The shareholder as at 31 December 2016 was:

| | Number of shares | Stake |
|-----------------|-----------------------------|--------------|
| Ferd Holding AS | 183 267 630 | 100.00% |

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

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

| | Position | Voting rights | Stake |
|-------------------|--------------------|----------------------|--------------|
| Johan H. Andresen | Chair of the Board | 69.94% | 15.20% |

Johan H. Andresen's children own 84.8 % of Ferd AS indirectly through the ownership of shares in Ferd Holding AS.

FERD'S PENSION PLANS

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

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

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

Financial assumptions at 31 December

| | 2016 | 2015 |
|--|-------------|-------------|
| Discount interest rate | 2.00% | 1.90% |
| Expected wage growth | 2.50% | 2.50% |
| Future expected pension regulation | 1.75% | 1.75% |
| Expected regulation of base amount (G) | 2.25% | 2.25% |

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

| NOK 1 000 | 2016 | 2015 |
|--|---------------|---------------|
| Present value of unfunded pension liabilities | 31 227 | 30 007 |
| Fair value of pension funds | - | - |
| Total defined benefit obligation recognised in the balance sheet at 31 Dec. | 31 227 | 30 007 |

Movement in liabilities for defined benefit pensions plans

| NOK 1 000 | 2016 | 2015 |
|---|---------------|---------------|
| Liabilities for defined benefit pension plans at 1 Jan. | 30 007 | 24 659 |
| Present value of current year's pension earnings | 2 087 | 3 053 |
| Interest expense on pension liabilities | 1 261 | 361 |
| Estimate deviation on pension liabilities | - 47 | 1 934 |
| Benefits paid | -2 237 | - |
| Liabilities for defined benefit pension plans at 31 Dec. | 31 227 | 30 007 |

Estimate deviation recognised in total comprehensive income

| NOK 1 000 | 2016 | 2015 |
|--|-------------|---------------|
| Estimate deviation on the pension obligation (benefit schemes) of the year | 47 | -1 934 |
| Net estimate deviation for benefit schemes recognised in comprehensive income | 47 | -1 934 |

Pension costs recognised in the income statement

| NOK 1 000 | 2016 | 2015 |
|--|--------------|--------------|
| Present value of this year's pension earnings | 2 244 | 3 053 |
| Pension costs on contribution schemes | 4 193 | 4 094 |
| Total pension costs recognised in the income statement as salary expenses | 6 437 | 7 147 |
| Interest expense on the pension liability | 1 261 | 361 |
| Total pension costs recognised in the income statement as interest expenses | 1 261 | 361 |

NOTE 16

SHORT-TERM INTEREST-BEARING DEBT

Short-term interest-bearing debt by currency

| NOK 1 000 | Loan amount in NOK 2016 | Loan amount in NOK 2015 |
|---|----------------------------|----------------------------|
| NOK | - | - |
| Short-term interest-bearing debt at 31 Dec. at nominal value | - | - |
| Capitalised drawing costs | -14 442 | -21 292 |
| Carrying amount at 31 December | -14 442 | -21 292 |

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

**TRANSACTIONS AND BALANCES WITH GROUP
COMPANIES**

NOTE 17

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

| NOK 1 000 | 2016 | 2015 |
|---|---------------|----------------|
| Receivables | | |
| Short-term receivables on group companies | 41 401 | 118 691 |
| Total receivables | 41 401 | 118 691 |
| Debt | | |
| Short-term debt to group companies | 25 856 | 71 124 |
| Total debt | 25 856 | 71 124 |

All group balances bear an interest of 6 months NIBOR + 1.5 percentage points.
Long-term loans have interest rates at assumed market terms.

| NOK 1 000 | 2016 | 2015 |
|---|------------------|----------------|
| Dividends and group contribution | | |
| Dividends | 1 072 945 | 88 790 |
| Group contribution | 78 930 | 181 220 |
| Total income from financial investments | 1 151 875 | 270 010 |
| Services billed to group companies | | |
| Staff services | 358 | 7 368 |
| Property management | 15 656 | 15 737 |
| Total income | 16 014 | 23 105 |
| Interest income on intercompany loans and balances | | |
| Interest income | 5 593 | 6 352 |
| Interest expense | -6 274 | - |
| Net interest income | - 682 | 6 352 |

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

| NOK 1 000 | 2016 | 2015 |
|--|------------------|------------------|
| Commitments to supply subsidiaries and other enterprises with equity | 175 000 | 343 500 |
| Other commitments to subsidiaries | 350 000 | 350 000 |
| Not paid, but committed capital to funds investments | 881 815 | 702 106 |
| Total | 1 406 815 | 1 395 606 |

Contingent obligations and litigation

Ferd AS is presently not involved in any litigation.

Events subsequent to the balance sheet date

There are no known events subsequent to the balance sheet date affecting the 2016 financial statements.