ANNUAL REPORT 2016

FERD

WE WILL CREATE ENDURING VALUE
AND LEAVE CLEAR FOOTPRINTS

BOARD OF DIRECTOR'S REPORT

2016 was a good year for Ferd, with the group delivering a return of NOK 2.5 billion equivalent to 9%. This return was higher than that delivered by Nordic stock markets, but a little lower than that delivered by the Oslo stock exchange. There was a lot of variation in the results reported by Ferd's various business areas. Ferd Capital's portfolio of unlisted companies performed very strongly, and the real estate portfolio delivered a return of 35%. The stronger results achieved by the portfolio companies Mestergruppen and Elopak, the latter of which is Ferd's largest investment, were the principal reason for Ferd Capital achieving a return of 18%.

2016 was a good year for Ferd, with the group delivering a return of NOK 2.5 billion equivalent to 9%.

The return on Ferd's portfolio of investments in Nordic listed companies was virtually flat, while the hedge fund portfolio made a slight loss. Approximately 60% of Ferd's investments are denominated in Norwegian krone, 15% in US dollar, and just under 20% in euro. The Norwegian krone strengthened against these two currencies in 2016, with Ferd recording a foreign exchange loss of just under NOK 0.5 billion.

Ferd Capital´s portfolio of unlisted companies performed very strongly, and the real estate portfolio delivered a return of 35%.

Over NOK 2.2 billion was invested in 2016 through Ferd Capital's mandates, with the business area investing in both listed and unlisted companies. Nearly NOK 500 million was invested in Aibel. Mestergruppen acquired two member-owned chains. In November 2016, Petroleum Geo-Services (PGS) completed a share issue totalling USD 225 million, with Ferd contributing NOK 262 million of this amount. Approximately NOK 450 million was allocated to Ferd Real Estate, where the largest investment made was in a commercial property in Forus outside Stavanger.

Over NOK 2.2 billion was invested in 2016 through Ferd Capital´s mandates, with the business area investing in both listed and unlisted companies.

Ferd Social Entrepreneurs took its first equity stake in a company in 2016, namely in Unicus. Unicus employs people with Asperger's syndrome, who principally work on testing IT solutions. Ferd made a number of significant disposals in 2016, the largest of which was TeleComputing. Nearly NOK 500 million was received in 2016 from investments in private equity funds and hedge fund units purchased in the secondary market. At the close of 2016, the parent company had available a credit facility of NOK 6 billion. Going forward Ferd has considerable capital resources available for new investments.

Ferd Social Entrepreneurs took its first equity stake in a company in 2016, namely in Unicus.

In March 2017, the Board of Directors approved the appointment of Morten Borge as the new CEO of Ferd, and he will take up the position in August of this year. Morten has worked at Ferd for nine years and has been Co-Head and Investment Director of Ferd Capital since autumn 2012.

Market environment

There were large fluctuations in the financial markets in 2016, but over the year as a whole equities and real estate delivered good returns. The first quarter was characterised by the fall in the price of oil, while in the second half of the year stock markets rose despite the UK voting to leave the EU and Donald Trump winning the presidential election in the USA. The world index for equities eventually ended the year up 9% in local currency terms.

In the oil industry, there was less activity and lower profitability for providers of goods and services to the sector. Oil investment was approximately 15% lower in 2016 than in 2015. The other sectors of the Norwegian economy performed significantly better, and Norway recorded overall growth of 0.7% in 2016. Norges Bank lowered its key policy rate to 0.5% in March 2016, where it remained for the rest of the year. Since Norway is now in a position where a weak currency has to be seen as a positive factor, the market expects Norges Bank to keep interest rates low for the next few years. The residential real estate market and centrally located commercial properties were up strongly in 2016, with residential prices in Oslo climbing 23%.

Future prospects

The world economy will probably grow more quickly in 2017 than in 2016. Emerging economies are growing the most strongly, but there are also clear signs of improvement in the USA and Europe. Unemployment is on its way down in most industrialised countries, and inflation seems to be rising. The outlook for Norway's economy is similar, with slightly higher growth expected in 2017. However, there continue to be significant risk factors going forward, for example a possible trade war between the USA and China, and generally an increased risk of protectionism.

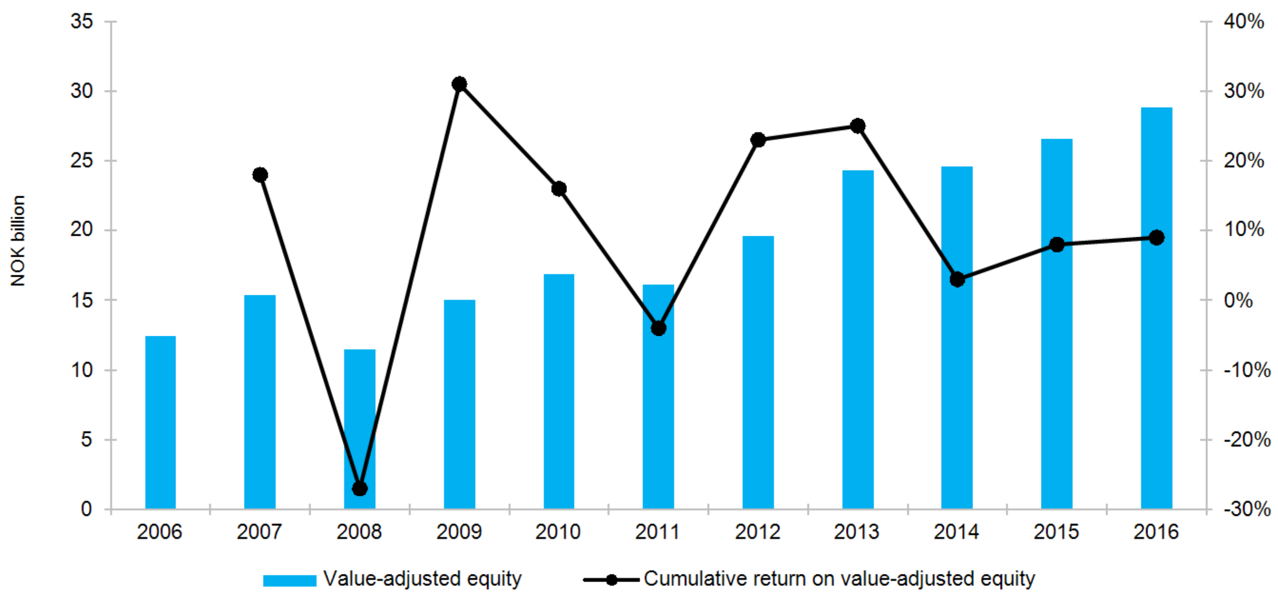
When making investment decisions, Ferd attaches little weight to the overall macroeconomic outlook. Factors specific to each investment opportunity play the crucial role when deciding whether or not an investment is an attractive proposition.

The group's value-adjusted equity

At the close of 2016, Ferd's value-adjusted equity was NOK 28.8 billion. Ferd holds a diversified portfolio of listed and unlisted equity investments, alternative investments, and real estate. Ferd's equity investments provide good diversification between sectors and geographical markets and between companies at different stages of the corporate lifecycle. Ferd Capital's portfolio represented approximately 45% of Ferd's value-adjusted equity at the close of 2016.

Over the last ten years, Ferd has generated a total return of NOK 17.2 billion, equivalent to an annual return of 8.8%. It is important for the returns achieved by Ferd to be assessed in the context of the absolute return achieved over time and how this relates to the level of risk exposure that has been involved.

Over the last ten years, Ferd has generated a total return of NOK 17.2 billion, equivalent to an annual return of 8.8%.



Financial results for Ferd AS

Ferd AS reports an accounting profit for the year of NOK 2,374 million, an increase of NOK 551 million from 2015. The better results achieved by Ferd's unlisted portfolio companies were the most important reason for this improvement.

For further commentary on Ferd's financial results in 2016, the reader is referred to the separate sections on each business area on the following pages.

Net cash flow for 2016 was made up of NOK 24 million from operating activities and NOK 910 million from investment activities. After the sale of TeleComputing, dividends received from subsidiary companies were the most important source of cash flow from investment activities. Cash flow from financing activities was NOK -454 million.

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

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

Financial results and cash flow for Ferd (Ferd AS group)

Operating revenue from continuing operations was NOK 15.0 billion in 2016 as compared to NOK 15.2 billion in 2015. Sales revenue increased from NOK 12.9 billion in 2015 to NOK 14.2 billion in 2016. Mestergruppen's revenue was NOK 0.9 billion higher in 2016 than in 2015, principally due to its acquisition of Byggtorget and Nordek. Elopak reported operating revenue for 2016 of NOK 8.2 billion, an increase of NOK 0.7 billion from 2015, which was principally due to higher revenue thanks to increased sales of roll-fed aseptic cartons.

The group's development activities are primarily conducted at its subsidiaries. Development costs of NOK 36 million were expensed in 2016.

The group's financial items showed a net financial gain of NOK 37 million as compared to a net financial expense of NOK 681 million in 2015. This change was principally due to foreign exchange effects.

Ferd normally has a low effective tax rate because a large part of its earnings is generated from investments in shares. Under the exemption model, gains on shares are not taxable. The group's tax charge for 2016 was NOK 211 million as compared to a charge of NOK 318 million in 2015. The principal reason for the decrease is the reduction in deferred tax on Ferd's fund investments.

Net cash flow for 2016 was made up of NOK -356 million from operating activities, NOK -451 million from investment activities, and NOK 674 million from financing activities.

Strategy

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

It is Ferd's intention that its allocation of capital should be characterised by a high equity exposure and good risk diversification. Ferd's equity investments represent a well-diversified portfolio. Ferd's hedge fund investments help to reduce and diversify the group's overall risk exposure.

The Board keeps Ferd's risk capacity under continuous review. The allocation of new capital, as well as the reallocation of capital between business areas, represents a systematic approach to making use of the group's capital base. Capital allocation must be consistent with the owner's willingness and ability to assume risk. This provides guidance on how large a proportion of equity can be invested in asset classes with a high risk of fall in value. The risk of fall in value is measured and monitored continually with the help of stress testing.

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

Further information on Ferd's strategy can be found on the group's website.

Corporate governance

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

Not all the sections of the Norwegian Code of Practice for Corporate Governance are relevant to a family-owned company, but Ferd complies with the Code insofar as it is relevant and appropriate. Further information is provided in a separate article on Ferd's website. The Board of Directors of Ferd Holding held eight Board meetings in 2016.

Ferd Capital

Ferd Capital took stakes in the stock exchange listed companies Scatec Solar and Benchmark Holdings in 2016, and increased its ownership interest in Petroleum Geo-Services (PGS). Ferd Capital's largest listed investments are:

- PGS, which is a leading global player in the seismic industry. The company offers a broad spectrum of products, including both seismic and electromagnetic services, data acquisition and processing, reservoir analysis and interpretation, and multi-client library data.
- Scatec Solar, which is a Norwegian company that develops, builds, owns and operates solar power plants.
- Benchmark Holdings, which helps improve fish health and sustainability in the fish farming industry by selling specialist foods, breeding and genetics products, and medications.

Ferd Capital seeks to actively contribute to the development of the stock exchange listed companies in which it has invested. Ferd Capital made six investments through its Special Investments mandate in 2016, which were primarily equity-related investments starting at NOK 50 million and above. These investments were made both directly and in partnership with other organisations, with either Ferd Capital's partner or Ferd Capital itself having the role of monitoring the investment.

Elopak

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

Elopak's total revenue in 2016 was NOK 8,202 million as compared to NOK 7,548 million in 2015. The increase in reported revenue was principally due to higher carton sales, particularly in roll-fed aseptic cartons. In euro terms, Elopak's revenue was EUR 872 million as compared to EUR 856 million in 2015. Elopak reported EBITDA of NOK 702 million in 2016 as compared to NOK 608 million in 2015, while in euro terms this increase in earnings was EUR 7 million. The increase was due to higher carton volumes, but at the same time it was reduced by restructuring activities and non-recurring costs.

Good volume growth was achieved in both Europe and North America in 2016. Elopak continued with the deployment of its new fully aseptic filling machinery. Customer demand for this system is increasing as it becomes better known in the market. In North America, production in Montreal moved to Elopak's new production facility, and the company is now in a period of strong volume growth in the North American market.

Aibel

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

Aibel's EBITDA was NOK 173 million in 2016, representing a decrease of NOK 218 million from 2015. The oil services market was challenging in 2016, with the price of oil dropping sharply at the start of the year. The whole industry has been through a period of cost cutting, capacity adjustments, and work to increase productivity.

At the end of 2016 Aibel was awarded four large contracts that together represent total contract value of over NOK 5 billion, including options. In February 2015, the company won the contract to build the platform deck for the Johan Sverdrup Drilling Platform, a project whose total estimated contract value now stands at NOK 10 billion. The contract resulted in a high level of activity in 2016, which will continue until delivery in the middle of 2018.

Although Aibel anticipates that the market will continue to be challenging in 2017, over the slightly longer term it expects the market to improve. The ageing stock of platforms on the Norwegian continental shelf means the need for maintenance is expected to increase.

Interwell

Interwell is a leading Norwegian supplier of high-technology well solutions for the international oil and gas industry. Its most important market is the Norwegian continental shelf. In recent years, Interwell has also expanded its presence in a number of important international markets such as the UK, the Middle East and the USA. Interwell delivered a satisfactory performance in 2016 in view of the challenging market conditions facing the industry. Interwell reported revenue of NOK 731 million in 2016, a decrease of 9% from 2015. EBITDA for 2016 was NOK 172 million, as compared to NOK 207 million in 2015.

The decrease in the price of oil and the cash flow situation at oil companies have created uncertainty for oil service companies. Despite this, Interwell is well positioned to achieve further growth, and historically the well intervention market has been less influenced by the cyclicality of the oil services market. In 2016 Interwell took new steps in the development and commercialisation of a permanent plugging solution for wells, including carrying out pilot testing.

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Mestergruppen

Mestergruppen is a leading supplier of building products, primarily to the B2B market. Mestergruppen acquired two member-owned chains in 2016. In May, it bought Byggtorget, a building materials chain, and then in November it acquired Nordek, which comprises the XL-Bygg building materials chain and the Blink Hus house builder chain. Both companies' shareholders received a combination of cash and shares in Mestergruppen as consideration for their shares.

Mestergruppen acquired two member-owned chains in 2016.

Pro forma adjusted revenue for Mestergruppen (including Byggtorget and Nordek) was NOK 6,290 million in 2016. 2015 building materials revenue at Mestergruppen as it was prior to these acquisitions was NOK 2,700 million. The company encountered challenging market conditions in south-western Norway and central Norway in 2016, but grew well or performed in line with 2015 in Norway's other regions.

In 2017 Mestergruppen is working on achieving profitable growth by increasing volumes, improving its operational efficiency and realising synergies following the acquisitions it made in 2016.

Swix Sport

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

Revenue increased from NOK 918 million in 2015 to NOK 971 million in 2016, with approximately 51% of Swix Sport's revenue generated outside Norway. This 6% increase in revenue is the result of the company's acquisition of Hard Rocx, a cycle manufacturer, at the end of 2015 and of strong organic growth from its Lundhags and Ulvang brands. Swix Sport reported EBITDA of NOK 81 million in 2016 as compared to NOK 36 million in 2015. This increase is due to higher revenue and significantly lower operating expenses.

One of Swix's objectives is to reduce the seasonal variation in its revenue, and it is pursuing this by focusing to a greater extent on the outdoor segment via the Lundhags and Ulvang brands and on the cycle segment via its acquisition of Hard Rocx.

Servi Group

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

Servi Group reported revenue of NOK 563 million in 2016 as compared to NOK 796 million in 2015. The company experienced difficult market conditions in the offshore segment. Due to its reduced order intake and profitability, Servi had to reduce its workforce by a further 50 employees, following a reduction of approximately 100 in 2015. Its workforce has decreased from around 400 in 2014 to around 250 at the end of 2016. EBITDA for 2016 was NOK -29 million, compared to NOK -3 million in 2015.

Servi expects the market to continue to be challenging in 2017, with downward pressure on prices from customers. Although the level of activity in the offshore segment is expected to remain low, Servi is experiencing a solid inflow of orders from land-based industries.

Fjord Line

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

Revenue increased from NOK 903 million in 2015 to NOK 1,161 million in 2016. The number of passenger journeys was up 10% in 2016, with the Sandefjord-Strømstad route in particular contributing to passenger growth, with new sailing times introduced on 1 October 2015. Fjord Line took over the tax-free shopping operations on all its ships in 2016. Increased revenue and significantly lower operating expenses as a result of efficiency measures and lower gas prices helped Fjord Line generate EBITDA of NOK 197 million in 2016, as compared to NOK 36 million in 2015.

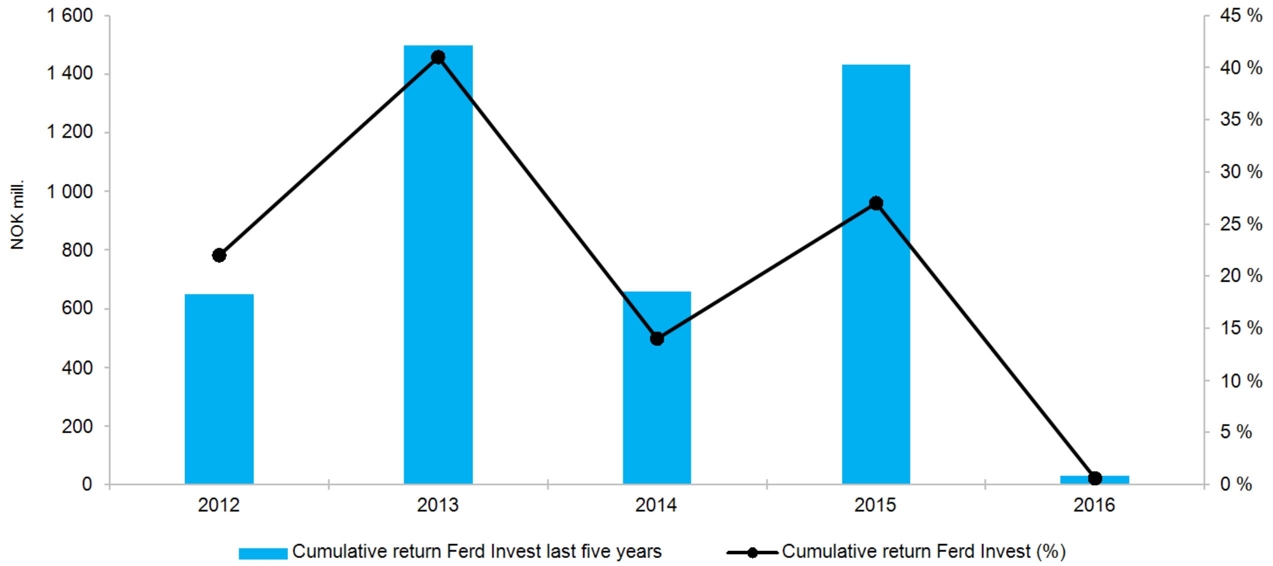
The market for the company's products is expected to be relatively stable in 2017. Fjord Line has a new and modern fleet. As customers are becoming more aware of the company's routes and the service provided on board continues to improve, the company expects further passenger and revenue growth.

Ferd Invest

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

Ferd Invest's operating result was a loss of NOK 12 million in 2016 as compared to an operating profit of NOK 1,410 million in 2015. Most Nordic stock markets delivered positive returns in 2016.

In contrast to 2015 and 2014, the Danish stock market was the worst performing stock market in the Nordic region in 2016, falling 11% in DKK terms over the year. In local currency terms, the Finnish market was up 8%, the Oslo market was up 12%, and the Swedish market was up 9%. The performance of the Nordic stock markets in 2016 was lower when measured in Norwegian krone terms as a result of the Norwegian krone strengthening. Ferd Invest's benchmark index was up 3.3% in NOK terms.



Ferd Invest's portfolio generated a return of 0.6% in 2016, which is 2.7 percentage points weaker than the benchmark index. The business area's most successful investments were Stora Enso, Skandiabanken and Marine Harvest. The business area's least successful investment was Novo Nordisk.

At the close of 2016, the market value of the Ferd Invest portfolio was NOK 5.3 billion. NOK 1 billion was allocated out of the Invest portfolio in 2016. This capital was reallocated to other investments. The largest investments at the end of 2016 were Autoliv, HM, Norwegian and Stora Enso.

Ferd Hedge Fund

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

Ferd Hedge Fund's portfolio ended 2016 down 1.5% in USD terms, which was 3.4 percentage points below the benchmark index against which its performance is measured. At the close of 2016, the market value of the Ferd Hedge Fund portfolio was NOK 3.4 billion.

Ferd Hedge Fund made investments totalling USD 72 million in 2016. At the end of 2016, the five largest and ten largest positions represented 43% and 71% of the portfolio's capital respectively.

Two investments have been made in the business area's other mandate, Global Fund Opportunities. One of the funds invests in unlisted companies that are seeking to list within a few years. The other fund principally takes over distressed loans from banks in Asia. The market value of this portfolio at 31 December 2016 was NOK 362 million, a slight decrease from the end of 2015.

In 2016 Ferd Hedge Fund's operating result for the year was a loss of NOK 73 million as compared to a profit of NOK 133 million in 2015.

Ferd Real Estate

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

2016 was a very good year for Ferd Real Estate. Demand for centrally located commercial property was high, and the residential market was strong, particularly in Oslo. The business area reported an operating profit for 2016 of NOK 656 million as compared to NOK 316 million in 2015. Its value-adjusted equity at the end of 2016 was NOK 3.0 billion. The portfolio generated a return of 35% in 2016.

There are several reasons for the strong profit reported by Ferd Real Estate in 2016. Ferd Real Estate sold a property in Lysaker that is rented to the oil company Lundin for more than its previous valuation. The very strong return on the business area’s residential investments was due both to project gains and higher valuations on residential plots. A number of milestones were achieved on Ferd’s projects, for example a high proportion of residential units selling when a new sales phase was launched.

Ferd Real Estate’s largest residential project is Tiedemannsbyen in Oslo’s Ensjø district. The Tiedemannsbyen project is for around 1,400 units and will be carried out over a total period of between 10 and 15 years. Tiedemannsbyen DA, which is a collaboration between Skanska Bolig and Ferd, is developing the first 660 units or so, nearly all of which have now been sold. Tiedemannsfabrikken AS, which is owned 50/50 by Ferd Real Estate and Selvaag Bolig, is developing the next 350 units. The remainder of the project is owned by Ferd Real Estate. In total 383 residential units were sold in Tiedemannsbyen in 2016, compared to 115 in 2015.

Ferd Social Entrepreneurs

The criteria that social entrepreneurs have to meet in order for Ferd Social Entrepreneurs (FSE) to invest in them are that they must be able to demonstrate an innovative and scalable idea with a measurable impact. They must be focused on achieving a double bottom line, which is to say they must have a social impact and must also be or have the potential to be financially self-sustaining. It is taking time to establish a market for social entrepreneurs in Norway, and the market continues to be immature.

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

Ferd Social Entrepreneurs had five companies in its portfolio at the end of 2016, and three companies transferred to the Alumni portfolio during the year. The Alumni portfolio consists of companies that have previously been FSE portfolio companies, and currently contains ten companies. FSE took an equity stake in a company for the first time in 2016. This investment consists of a 37.6% stake in Unicus that Ferd acquired when the company carried out a share issue, and the funds raised will be used to expand Unicus’ activities. FSE received and processed over 200 applications in 2016.

More information on FSE’s portfolio companies can be found on the group´s website.

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

Health, safety, environmental matters and employment equality

Recent years have seen an increasing emphasis on environmental issues in industrialised countries. None of the group’s activities produces discharges that require licensing and environmental monitoring, and the companies we own seek to operate in a sustainable manner and to demonstrate environmental awareness.

Elopak is continuing its commitment to environmental issues. An important milestone in this work was achieved in 2016 when the company became carbon-neutral. Elopak achieved this by reducing the emissions from its production and distribution activities and by investing in carbon-offsetting measures outside its value chain. Other companies in the group strive to limit their impact on the external environment to the greatest extent commercially possible, including by sorting waste and ensuring the proper disposal of specialist waste created by production processes.

The Ferd group had 3,549 employees at the end of 2016, and after including employees of Aibel the total number for 2016 was 7,600. The proportion of female employees was 23%. Sick leave amounted to 2.1% for the

Ferd group in 2016. The working environment at Ferd AS is considered to be good. Ferd AS had 39 employees at the close of 2016. The Board of Directors of Ferd AS comprises one female director and four male directors. No serious accidents or injuries took place or were reported at Ferd AS in 2016. For the group as a whole, there were no accidents that led to loss of life, but there were individual cases of injuries at work that resulted in short periods of sick leave.

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

Allocation of profit for the year

It is proposed that the profit for the year of NOK 2,374 million is transferred to other equity.

Lysaker, 10 May 2017

The Board of Directors of Ferd AS

Johan H. Andresen
Styrets leder

John Giverholt
Styremedlem

Tom Erik Myrland
Styremedlem

Erik Rosness
Styremedlem

Gry Skorpen
Styremedlem

FINANCIAL STATEMENTS

FERD AS

Income statement 1 January - 31 December

NOK1000	Note	2016	2015
OPERATING INCOME AND EXPENSES			
Dividend and group contribution from financial investments	4	1 373 189	605 891
Unrealised changes in values on financial investments	4	-58 690	368 342
Net gain on sales of financial investments	4	1 053 359	1 688 910
Other income	3	22 324	21 789
Operating income	3	**2 390 182**	**2 684 932**
Salary expenses	9,15	111 142	85 559
Depreciation and impairment	12	1 365	1 282
Other operating expenses	10,11	65 167	33 841
Operating expenses	3	**177 674**	**120 681**
Operating profit	3	**2 212 508**	**2 564 250**
Interest income	17	83 432	21 098
Interest expenses	17	-57 983	-32 612
Net other financial items		126 167	-528 071
Net financial result		**151 615**	**-539 585**
Profit before tax		**2 364 123**	**2 024 665**
Income tax expense	8	-10 096	201 909
PROFIT FOR THE YEAR		**2 374 219**	**1 822 756**

Total comprehensive income 1 January - 31 December

NOK1000		2016	2015
PROFIT OF THE YEAR		2 374 219	1 822 756
Other income and expenses not reclassified to the income statement at a later date:			
Estimate deviation on pensions	15	47	-1 934
Tax on estimate deviation on pensions	8	-11	522
TOTAL COMPREHENSIVE INCOME		**2 374 255**	**1 821 344**

Balance sheet as at 31 December

NOK1000	Note	2016	2015
ASSETS			
Non-current assets			
Tangible assets	12	8 339	9 275
Investments in subsidiaries	3,5,7	12 845 826	11 440 623
Other receivables	5	111 704	100 841
Total non-current assets		**12 965 869**	**11 550 740**
Current assets			
Short-term receivables on group companies	5,17	41 401	118 691
Other short-term receivables	5	300 636	286 655
Listed shares and bonds	3,5	7 411 217	7 283 017
Unlisted shares and bonds	3,5,7	2 475 854	2 144 721
Hedge funds	3,5	4 846 284	5 177 254
Derivatives and fixed income investments	3,5	50 565	135 912
Bank deposits	3,5,13	482 949	3 285
Total current assets		**15 608 906**	**15 149 536**
TOTAL ASSETS	3	**28 574 775**	**26 700 276**

Balance sheet as at 31 December

NOK1000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital	14	183 268	183 268
Share premium		3 057 406	3 057 406
Other paid-in equity	3	809 905	809 905
Other equity		24 098 743	22 075 715
Total equity		**28 149 321**	**26 126 293**
Non-current liabilities			
Pension liabilities	15	31 227	30 007
Deferred tax	8	246 775	359 859
Total non-current liabilities		**278 003**	**389 866**
Current liabilities			
Trade payables	5	1 697	1 217
Income tax payable	8	57 347	-
Public duties etc.	5	4 711	6 195
Debt to group companies	5,17	25 856	71 124
Other current liabilities	5	57 840	105 580
Total current liabilities		**147 451**	**184 116**
Total liabilities		**425 454**	**573 983**
TOTAL EQUITY AND LIABILITIES		**28 574 775**	**26 700 276**

Statement of changes in equity

2016 NOK1000	Share capital (note 14)	Share premium	Other paid-in equity	Total paid-in equity	Other equity	Total other equity	Total equity
Equity at 1 Jan. 2016	**183 268**	**3 057 406**	**809 905**	**4 050 578**	**22 075 715**	**22 075 715**	**26 126 293**
Total comprehensive income 2016					**2 374 255**	**2 374 255**	**2 374 255**
Transactions with owners							
Group contribution					-1 227	-1 227	-1 227
Additional dividend paid *)					-350 000	-350 000	-350 000
Total transactions with owners					**-351 227**	**-351 227**	**-351 227**
Equity at 31 Dec. 2016	**183 268**	**3 057 406**	**809 905**	**4 050 578**	**24 098 743**	**24 098 743**	**28 149 321**

*) In November 2016, Ferd AS paid an additional dividend to Ferd Holding AS. The dividend is in its entirety used to settle a balance between the companies.

2015 NOK1000	Share capital (note 14)	Share premium	Other paid-in equity	Total paid-in equity	Other equity	Total other equity	Total equity
Equity at 1 Jan. 2015	**183 268**	**3 057 406**	**809 905**	**4 050 578**	**20 429 371**	**20 429 371**	**24 479 949**
Total comprehensive income 2015					**1 821 344**	**1 821 344**	**1 821 344**
Transactions with owners							
Group contribution					-	-	-
Additional dividend paid *)					-175 000	-175 000	-175 000
Total transactions with owners					**-175 000**	**-175 000**	**-175 000**
Equity at 31 Dec. 2015	**183 268**	**3 057 406**	**809 905**	**4 050 578**	**22 075 715**	**22 075 715**	**26 126 293**

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

Statement of cash flows 1 January - 31 December

NOK1000	Note	2016	2015
Operating activities			
Proceeds from realisations of financial assets	4	7 508 706	6 655 662
Dividends from financial assets	4	198 568	321 394
Purchases of financial assets	4	-7 770 966	-6 657 770
Proceeds and disbursements from realisations of currency futures	4	177 945	165 183
Salaries and operating expenses	9, 10	-130 654	-100 700
Payments and disbursements of tax	8	40 594	-20 645
Net cash flows from/ used in (-) operating activities		**24 193**	**363 124**
Investing activities			
Payments from subsidiaries	4, 17	1 465 950	97 545
Disbursements to subsidiaries	17	-556 200	-162 096
Net cash flows used in investing activities		**909 750**	**-64 551**
Financing activities			
Transfers to Ferd Holding		-319 280	-263 683
Payments and disbursements from external financing	16	-	-500 000
Interest, financial and foreign currency items		-134 999	96 852
Net cash flows used in (-)/from financing activities		**-454 278**	**-666 831**
Change in bank deposits		479 664	-368 258
Bank deposits at 1 January		3 285	371 542
Bank deposits at 31 December	13	**482 949**	**3 285**

Note 1 General information and accounting principles

General information

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

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

The Company's financial statements for 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.

<u>Summary of the most significant accounting principles</u>

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.

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.

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.

Cash flow statement

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

The new standard is effective for the accounting year starting on 1 January 2019.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.

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

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

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

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

<u>Derivatives</u>
The fair value of derivatives is based on quoted market prices. If such prices are not available, the investment is valued in accordance with 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 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 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 1000	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 1000	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

NOK1000	Dividend and group contributions from financial investments	Unrealised value changes on financial investments	Net gains 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**

NOK1000	Dividend and group contributions from financial investments	Unrealised value changes on financial investments	Net gains 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**

Note 5 Financial instruments and the use of fair value

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

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

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

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

Valuation methods

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

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

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

NOK1000	Financial instruments at fair value over profit and loss	Financial instruments measured at amortised cost: Loans and receivables	Financial liability	Total	Fair value
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	4 846 284	-	-	4 846 284	4 846 284
Investments in interest-bearing debt	50 565	-	-	50 565	50 565
Bank deposits	-	482 949	-	482 949	482 949
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:

NOK1000	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

NOK1000	Level 1	Level 2	Level 3	Total 2015
Investments in subsidiaries	-	-	11 440 623	11 440 623
Other short-term receivables	-	-	-	-
Listed shares and bonds	7 283 017	-	-	7 283 017
Unlisted shares and bonds	-	-	2 144 721	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

NOK1000	OB 1 Jan. 2016	Purchases/ share issues	Sales and proceeds from investments	Unrealised gains and loss, 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	**14 875 038**	**1 387 796**	**-1 056 230**	**1 117 177**	**136 570**	**16 460 352**

NOK1000	OB 1 Jan. 2015	Purchases/ share issues	Sales and proceeds from investments	Unrealised gains and loss, 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	**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.

NOK1000	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	-	-	-
Unlisted shares and bonds	-	-	-	-	-	-	-

NOK1000		Estimated discounts acc. to broker (interval)	Value, if discount is increased by 10%	Value, if discount is 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.

Note 6 Risk management – investing activities

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 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 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:

	Purchases of currency		**Disposals of currency**	
NOK1000	**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.

NOK1000	**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 Entrepenører 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

NOK1000	**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

NOK1000	**2016**	**2015**
Tax payable of the year	111 730	69 025
Group contribution rendered	-44 061	-59 559
Prepaid tax	-10 321	-
Tax payable from prior years	-	-9 467
Tax payable in balance sheet	**57 347**	**-**

Reconciliation of nominal to effective tax rate

NOK1000	**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 *)	-	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

NOK1000	**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*	-	-39 322
Balance sheet value at 31 Dec., deferred tax liability	**246 775**	**359 859**

Change in net deferred tax recognised in balance sheet

NOK1000	**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**

* 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 9 Salaries and remuneration

NOK1000	**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

NOK1000	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

NOK1000	**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:

NOK1000	**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

2016

NOK1000	**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		

2015

NOK1000	**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:

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NOK1000	**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 nominal value 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:	**Voting rights**	**Stake**
Johan H. Andresen	69.94 %	15.20 %

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

Note 15 Pension costs and liabilities

FERD'S PENSION PLANS

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

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

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

Financial assumptions at 31 December

	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

NOK1000	**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

NOK1000	**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

NOK1000	**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

NOK1000	**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

NOK1000	**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.

Note 17 Transactions and balances with group companies

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

NOK1000	**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.

NOK1000	**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**

NOK1000	**2016**	**2015**
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

NOK1000	**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.

CONSOLIDATED FINANCIAL STATEMENTS

FERD AS GROUP

Income statement 1 January - 31 December

NOK1000	Note	2016	2015
OPERATING INCOME AND EXPENSES			
Sales income	3,10	14 185 117	12 912 699
Income from financial investments	3,4	76 357	1 985 920
Other income	3,8	760 980	315 246
Operating income	3	**15 022 454**	**15 213 864**
Cost of sales		9 389 556	8 339 234
Salary expenses	11,19	2 704 644	2 569 759
Depreciation and write-downs	3,12,13,14	659 037	773 269
Other operating expenses	15,16	1 308 015	1 223 637
Operating expenses		**14 061 252**	**12 905 899**
Operating profit	3	**961 202**	**2 307 965**
Income on investments accounted for by the equity method	3,17	56 613	34 548
Finance income	18	308 498	257 478
Finance expenses	18	-327 816	-972 583
Net finance items		**37 295**	**-680 556**
Profit before tax		**998 497**	**1 627 409**
Income tax expense	9	210 897	318 290
Profit after tax from continued operations		**787 600**	**1 309 119**
Profit after tax TeleComputing (sold business)	33	705 165	101 142
PROFIT FOR THE YEAR		**1 492 765**	**1 410 261**
Non-controlling interests' share of profit for the year		-14 964	-2 293
Parent company shareholders' share of profit for the year		1 507 730	1 412 554

Total comprehensive income 1 January - 31 December

NOK1000		2016	2015
PROFIT FOR THE YEAR		1 492 765	1 410 261
Other income and expenses that can be reclassified to the income statement at a later date:			
Currency conversion of foreign subsidiaries		-72 697	113 762
Effect of cash flow hedging	28	-12 706	95 337
Tax on cash flow hedging	9,28	3 270	-21 497
Other income and expenses that cannot be reclassified to the income statement at a later date:			
Estimate deviation on pensions	19	11 530	3 266
Tax on estimate deviation on pensions	9	-3 402	-988
TOTAL COMPREHENSIVE INCOME		**1 418 761**	**1 600 141**
Non-controlling interests' share of total comprehensive income	23	-21 034	12 665
Parent company shareholders' share of total comprehensive income		1 439 795	1 587 476

Balance sheet as at 31 December

NOK1000	Note	2016	2015
ASSETS			
Non-current assets			
Intangible assets	3,12,13	3 802 321	3 153 719
Deferred tax assets	9	251 594	257 916
Tangible assets	3,14	2 193 335	2 175 360
Investments accounted for by the equity	3,7,17	551 317	494 635
Investment property	3,5,8	2 700 500	2 235 900
Pension funds	19	4 415	25 370
Other financial assets	7	243 328	223 625
Total non-current assets		**9 746 811**	**8 566 525**
Current assets			
Inventories	20	3 219 085	2 635 545
Short-term receivables	5,21	2 551 499	2 436 638
Listed shares and bonds	3,5,7	7 411 217	7 283 017
Unlisted shares and bonds	3,5,7	3 978 545	3 071 612
Hedge funds	3,5	4 868 791	5 202 981
Investments in interest-bearing debt	5	-	94 484
Bank deposits		1 628 513	1 852 737
Assets Strandveien - Classified as held for sale	33	917 500	-
Assets TeleComputing - Classified as held for sale	33	-	1 095 253
Total current assets		**24 575 151**	**23 672 268**
TOTAL ASSETS	3	**34 321 961**	**32 238 793**

Balance sheet as at 31 December

NOK1000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	22	4 050 578	4 050 578
Other equity		19 075 886	17 987 879
Non-controlling owner interests	23	999 059	691 369
Total equity		**24 125 524**	**22 729 826**
Non-current liabilities			
Pension liabilities	19	176 129	193 138
Deferred tax	9	938 759	847 312
Long-term interest-bearing liabilities	24	3 681 337	4 015 050
Other long-term debt	5,24	212 749	147 187
Total non-current liabilities		**5 008 974**	**5 202 686**
Current liabilities			
Short-term interest-bearing liabilities		1 154 914	661 164
Income tax payable	9	197 079	143 752
Other current liabilities	5,25	3 297 529	3 029 751
Liabilities Strandveien - Classified as held for sale	33	537 941	-
Liabilities TeleComputing - Classified as held for sale	33	-	471 615
Total current liabilities		**5 187 463**	**4 306 282**
Total liabilities		**10 196 438**	**9 508 968**
TOTAL EQUITY AND LIABILITIES		**34 321 961**	**32 238 794**

Statement of changes in equity

2016 NOK1000	Share capital (note 14)	Share premium	Other paid-in capital	Total paid-in equity	Currency conversion reserve	Cash-flow hedging (note 28)	Retained earnings	Total other equity	Non-controlling owner interests	Total equity
Equity at 1 Jan. 2016	183 268	3 057 406	809 905	**4 050 578**	27 350	19 295	17 941 235	**17 987 880**	691 369	**22 729 827**
Total comprehensive income 2016	-	-	-	**-**	-66 491	-9 435	1 515 722	**1 439 796**	-21 034	**1 418 762**
Transactions with owners										
Transactions with non-controlling interests	-	-	-	-	-	-	-562	**-562**	355 636	**355 074**
Group contribution paid	-	-	-	-	-	-	-1 227	**-1 227**	-	**-1 227**
Dividend paid *)	-	-	-	-	-	-	-350 000	**-350 000**	-26 912	**-376 912**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-351 789**	**-351 789**	**328 725**	**-23 064**
Equity at 31 Dec. 2016	**183 268**	**3 057 406**	**809 905**	**4 050 578**	**-39 141**	**9 860**	**19 105 167**	**19 075 887**	**999 059**	**24 125 524**

*) In 2016, Ferd AS paid an additional dividend to Ferd Holding AS. This dividend has in its entirety been utilised to settle a balance between the companies.

2015 NOK1000	Share capital (note 14)	Share premium	Other paid-in capital	Total paid-in equity	Currency conversion reserve	Cash-flow hedging (note 28)	Retained earnings	Total other equity	Non-controlling owner interests	Total equity
Equity 1.1.2015	183 268	3 057 405	809 905	4 050 578	-72 026	-54 545	16 721 734	**16 595 163**	684 544	21 330 285
Total comprehensive income 2015	-	-	-	-	99 376	73 840	1 414 260	**1 587 476**	12 665	1 600 141
Transactions with owners										
Transactions with non-controlling interests	-	-	-	-	-	-	-	**-**	-706	-706
Group contribution paid	-	-	-	-	-	-	-19 759	**-19 759**	1 090	-18 669
Dividend paid *)	-	-	-	-	-	-	-175 000	**-175 000**	-6 224	-181 224
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-194 759**	**-194 759**	**-5 840**	**-200 599**
Equity at 31 Dec. 2015	**183 268**	**3 057 405**	**809 905**	**4 050 578**	**27 350**	**19 295**	**17 941 235**	**17 987 880**	**691 369**	**22 729 827**

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

Statement of cash flows 1 January - 31 December

NOK1000	Note	2016	2015
Operating activities			
Profit before tax and minorities		998 497	1 627 410
Taxes paid	9	-186 024	-409 133
Depreciation and write-downs	12,13,14	659 037	773 269
Value-change on investment property	8	-582 991	-190 117
Income on investments accounted for by the equity method	17	-56 613	-32 830
Pension costs without cash effects	19	20 144	10 892
Gain and loss on securities, net		205 766	-2 177 783
Net investment in securities		-820 881	1 336 766
Net investment in investment property	8	-558 952	-63 559
Gain and loss on sale of tangible assets, net		-26 870	-41 935
Change in inventories		-290 203	-143 739
Change in short-term receivables and other current assets		396 603	1 456 390
Change in trade payables and other current liabilities		-185 472	-704 557
Change in other long-term debt		71 810	-25 762
Net cash flows from operating activities		**-356 148**	**1 415 312**
Investing activities			
Proceeds from sale of tangible and intangible assets	12,13,14	52 967	76 024
Purchases of tangible and intangible assets	12,13,14	-674 726	-582 895
Dividend received from companies accounted for by the equity method	17	22 911	33 937
Purchase of subsidiaries, net less bank deposits taken-over	13	-1 203 253	-53 958
Proceeds from sale of subsidiaries, net less bank deposists transferred		1 370 715	134 723
Net other investments		-19 967	-413 460
Net cash flows used in investing activities		**-451 354**	**-805 630**
Financing activities			
Change in interest-bearing debt		696 147	-107 672
Dividend paid		-350 000	-175 000
Net transactions with non-controlling interests		328 162	-1 687
Net cash flows from investing activities		**674 310**	**-284 358**
Currency conversion of bank deposits		**-91 032**	**92 179**
Change in bank deposits		-224 224	417 503
Bank deposits at 1 January		1 852 737	1 435 234
Bank deposits at 31 December		**1 628 513**	**1 852 737**

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 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, 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 Hedgefond 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.

NOK1000	**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.

NOK1000	**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 as 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:

NOK1000	**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 valuations, 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 multiples 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 effects.
Finally, the equity value is calculated by deducting net interest-bearing debt. In the event that an independent transaction has taken place in the security, this is normally used as a basis for our valuation

The valuation of investments in externally managed private equity and hedge funds is based on value reports received from the funds (NAV).

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.

NOK1000	Investments at fair value over profit and loss	Investments at fair value over other comprehensive income	Financial instruments measured at amortised cost: 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 accounted for by the equity method	-	-	-	-	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**
Investment 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 2016	**-**	**-**	**-**	**3 894 086**	**1 114 888**	**5 008 974**
Total 2015	**-**	**-**	**-**	**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 2016	**6 571**	**14 375**	**-**	**4 431 497**	**197 079**	**4 649 522**
Total 2015	**196 537**	**-**	**-**	**3 494 377**	**143 752**	**3 834 666**

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 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 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 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:

NOK1000	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
Investment 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**

NOK1000	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
Investment 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

NOK1000	Opening balance on 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 balance 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**

NOK1000	Opening balance on 1 Jan. 2015	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 balance 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 analyses

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.

NOK1000	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	-	-	-	-	-	-

NOK1000	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 funds [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 the hedge funds on level 3 are sensitive for a change in discount.

Note 6 Risk management – investing activities

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 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 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 24 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**	
NOK1000	**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.

NOK1000	**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

NOK1000	**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

NOK1000	**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

NOK1000	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

NOK1000	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

NOK1000	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

NOK1000	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

NOK1000	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

NOK1000	**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

NOK1000	**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

NOK1000	**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

NOK1000	**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**		
NOK1000	Salary	Bonus	Benefits in kinds	Pension	Salary	Bonus	Benefits in kinds	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

NOK1000	**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

NOK1000	**Software**	**Brands**	**Patents and rights**	**Capitalised develop-ment 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	0	-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

NOK1000	**Software**	**Brands**	**Patents and rights**	**Capitalised develop-ment 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	-0	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 NOK1000	**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 NOK1000	**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

NOK1000	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 years	5-15 years	3-13 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	
Land is not depreciated				

2015

NOK1000	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

NOK1000	**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.

NOK1000	**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 NOK1000	**Al-Obeikan Elopak factory for Packaging Co**	**Lala Elopak S.A. de C.V.**	**Tiede-manns-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 NOK1000	**Al-Obeikan Elopak factory for Packaging Co**	**Lala Elopak S.A. de C.V.**	**Tiede-manns-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 1000	Al-Obeikan Elopak factory for Packaging Co	Lala Elopak S.A. de C.V.	Tiede-manns-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 South America.
- Tiedemannsbyen DA is owned by Ferd and Skanska engaged in developing residential housing on the old manufacturing site of Tiedemann's tobacco plant on Ensjø.

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

	Stake/voting share	Sales from associated companies and joint ventres to Ferd		Ferd's net receivables(payables) to associated companies and joint ventures		Ferd's guarantees for associated companies and joint ventures	
NOK1000	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

NOK1000	**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

NOK1000	**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 from financial instruments measured at fair value.

Note 19 Pension costs and liabilities

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

NOK1000	**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

NOK1000	**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

NOK1000	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

NOK1000	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

NOK1000	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

NOK1000	**Of which active marked:**	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 other comprehensive income

NOK1000	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

NOK1000	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

NOK1000	**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 NOK1000	**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 NOK1000	**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

NOK1000	**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**

NOK1000	**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

NOK1000	**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 of 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 boad 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 %		

NOK1000				
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

NOK1000	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

NOK1000	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

NOK1000	**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

NOK1000	**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

NOK1000	**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

NOK1000	**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

NOK1000	**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	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 currency	
NOK1000	**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

NOK1000	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 includes derivatives for hedging.

Credit risk

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

Note 28 Hedge accounting - operations

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

	2016			2015		
NOK1000	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:

NOK1000	**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

NOK1000	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

NOK1000	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

NOK1000	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

NOK1000	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 Related parties

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 and assets held for sale

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

NOK1000	**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	**2016**	**2015**
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**

AUDITOR'S REPORT

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Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Ferd AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ferd AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2016, the income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2016, income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations;
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway;
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

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

Oslo, 19 May 2017
ERNST & YOUNG AS

Erik Mamelund
State Authorised Public Accountant (Norway)

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