ANNUAL REPORT 2017

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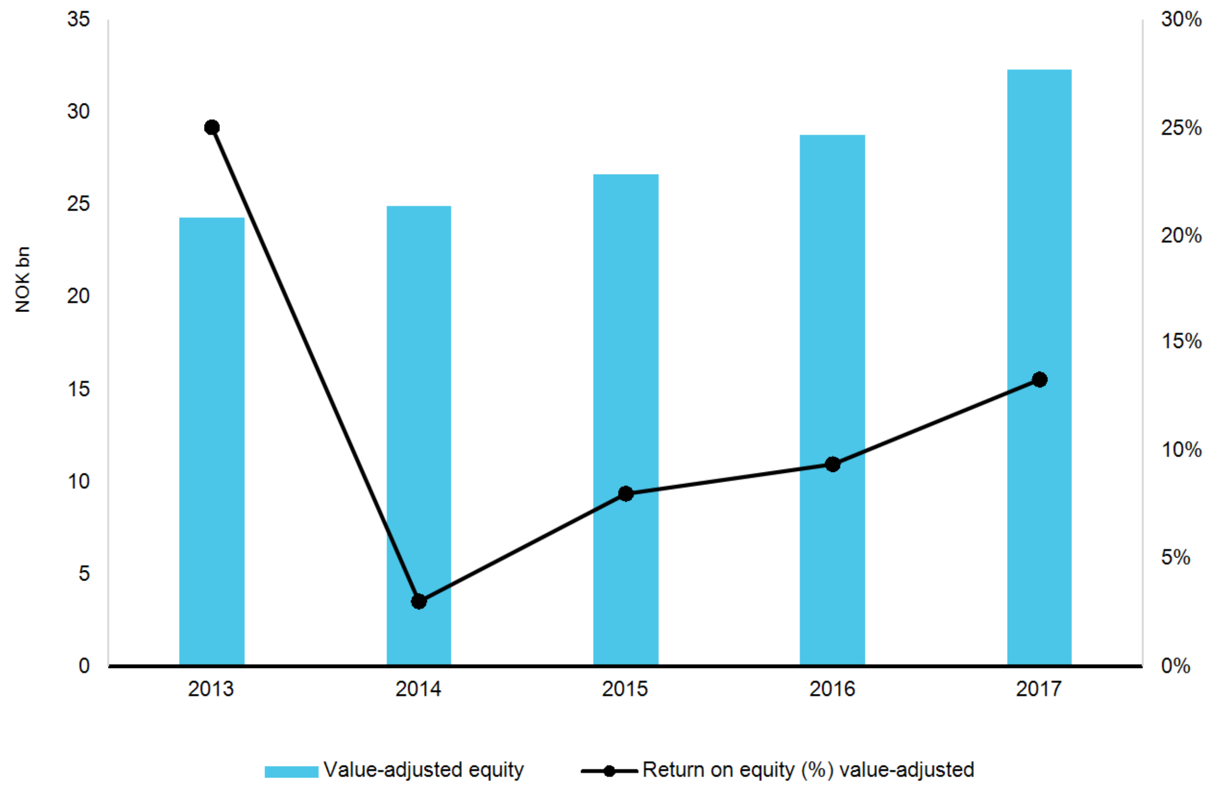
WE WILL CREATE ENDURING VALUE
AND LEAVE CLEAR FOOTPRINTS

KEY FIGURES

	2013	2014	2015	2016	2017
NOK bn					
Value-adjusted equity					
Value-adjusted equity	24,3	24,9	26,6	28,8	**32,3**
Return on equity value-adjusted	25%	3%	8%	9%	**13%**
Liquidity	7,5	8,9	10,4	10,8	**11,1**



THE VALUE OF PEOPLE

It is the people and their expertise that turns, through day to day work, Ferd's capital and our other advantages of being a family-owned company into enduring value and clear footprints. With our current organisation and diversification of investments, Ferd has never been better prepared to enter a new year. We are continually seeking new attractive investments. At the same time, we are cautious about increasing Ferd's overall risk exposure in today's market conditions.

Ferd's value-adjusted equity at the end of 2017 was approximately NOK 32 billion, up from NOK 28.8 billion at the end of 2016. This is equal to a return of around 13%, and there is every reason to be satisfied with this result. However, in terms of Ferd's long-term pursuit of solid value creation, one year's return is little more than a time lap.

I am pleased to note that good progress was made in a number of Ferd's business areas in 2017. We are seeing clear value creation at our privately-owned companies, and last year their combined operating profit was NOK 550 million or 28% higher than in 2016. After adjusting for the exciting acquisitions of Saltdalsbygg and Helsport, the organic growth in their combined operating profit was NOK 460 million or about 24%. This is significant progress, and is a result of all the good decisions made by the skilful managers and employees at these companies.

With our current organisation and diversification of investments, Ferd has never been better prepared to enter a new year.

A clear understanding of roles as a factor in Ferd's success

I took over as CEO of Ferd on 1 August 2017. In this regard, I would like to highlight the importance of the clear understanding of roles that exists between Ferd's owner and the management. This understanding is crucial for building an organisation capable of making the most of the fundamental advantages that family ownership has the potential to offer. As managers we have great leeway to develop Ferd and the businesses we own within the framework set by our owner and the Board. Major and strategic decisions are raised to the Board, while Johan and the rest of the Board function as a useful sounding partners in relation to the development of a number of aspects of the business. Having such a clear framework and a substantial amount of freedom ensures that our flexibility and predictability are a significant advantage for Ferd.

There are also clear parallels between this clear division of roles and the way in which we operate the rest of our organisation. We employ lots of talented young people – skilled, keen and smart people who share our vision and values. The main tool we use to develop our employees is on-the-job training. We trust them and give them more responsibility and influence as they gain in experience and become more accomplished. Ensuring a clear division of roles is central in this context as well. As a long-term but also impatient owner, we expect the management teams of our portfolio companies to continually improve and develop the businesses they run, while always allowing them significant freedom and ensuring there is a clear division between the roles of owner, board and management.

A good 'home' for businesses

One of Ferd's key goals is for us to be a good home for businesses and for Ferd to be at the top of the list when business owners want to sell part of their company or to find a partner. There is often a lot of interest and good access to funding when a company is put up for sale. What we can offer in addition to funding is our expertise, insight and network, not to mention our flexibility and ability to take a long-term approach. This is a clear distinction between us and some of our competitors.

Ferd's approach to a value-creating and active ownership has developed over time. It is all about the people, experience, values and culture integrated into a system – resources and skilled individuals that people view as an asset to have on board. We are flexible, we do not have to hold a controlling interest, and we can take a long-term approach to ownership. For us, taking a long-term approach does not just mean that we can own a company for a long time. When any decision has to be made at a company we own, we work to ensure the decision is the right one for that company over the long term. Time will tell whether we own the company for 3, 10 or 60 years. Our attitude is that we will only own a company for as long as we are the best owner for it. We are aware that the time may come when others may be able to replace us as a company's owner in a way that will be beneficial to its further development. This may, for example, be the case when we have completed our value creation plan for a company or when a company could develop further within a larger industrial group.

What we can offer in addition to funding is our expertise, insight and network, not to mention our flexibility and ability to take a long-term approach.

Successful partnerships

Regardless of the direction in which stock markets, interest rates and exchange rates move, we are always seeking to invest in new companies. We look for companies that have a competitive advantage that can be developed over time, a strong management team, and skilled people – preferably forming a partnership with other organisations with which we have complementary expertise. Our entry into Fürst Medisinsk Laboratorium in 2017 is a good example of this. This great company has been owned and developed by one family for two generations, and they wanted to bring in a co-owner. We got the opportunity to buy 40% of the company, and are very excited about being invited to take part in this company's journey. Interwell is a similar example; the company's 15 founders in Stavanger and Trondheim welcomed us in as co-owners. In 2010 we bought a minority stake of 34%. After four years of testing our partnership, we had the chance to buy a larger stake in the company, which we increased again in 2017 to 64%.

Fürst and Interwell are good examples of situations that traditional private equity funds normally do not consider. They look for a controlling interest in a company they can sell in the next three to five years. Making such a commitment does not always suit a family-owned company or a founding entrepreneur if they are only seeking to sell a portion of their company or to bring in a new partner while remaining flexible in terms of their ownership horizon.

Mestergruppen and Fjord Line are two other good examples of successful partnerships. We have developed

Mestergruppen from the sixth-largest company of its type into one of Norway's largest distributers of building supplies as well as home and cabin concept businesses. As part of this consolidation journey, we have also set up a number of new partnerships over time with business owners who were keen to be part of Mestergruppen and our vision. At Fjord Line, we have worked in collaboration with the company's majority owner to support the organization in a significant turnaround over the course of the last few years. This has resulted in the company increasing its operating profit by NOK 100 million in 2017.

The need to be cautious but still seize the right opportunities

Ferd Real Estate has, in line with the market over the last two to three years, delivered strong results, and in 2017 they achieved a return of 15%. We have used the strong market over the last 12-18 months to sell a considerable amount of real estate, and in 2017 we sold real estate assets and residential properties in our projects totalling approximately NOK 1.2 billion. In the residential real estate area, we brought in partners both to reduce our exposure and to complement our own expertise. Although we have reduced our overall exposure to real estate, we continue to look for attractive investments that suit us.

Ferd Invest achieved a return of approximately 6% in 2017, which is weaker than its Nordic benchmark index. We reduced our risk exposure in this area as well in 2017 by allocating NOK 1.5 billion out of the portfolio. With its liquid and scalable portfolio, Ferd Invest plays an important role in relation to capital allocation and risk management at Ferd. At the same time, Ferd Invest has contributed with strong absolute returns from the Nordic stock market for many years.

We achieved good results from our investments with external managers in 2017, which help us to spread our exposure in a scalable manner. As managers of a single family's entire portfolio, we believe it is important for us to have exposure to geographies and value drivers that are different from those we can identify in our region. It is consequently important for us to have specialist internal expertise in selecting external managers.

One of the things we learnt from the financial crisis is that it is difficult to do private transactions when the market is tumbling or very turbulent. Buyers and sellers find it difficult to agree on price in these situations. For a long time, we have therefore worked on how we can transfer our long-term and active approach to owning and investing in private companies to how we assess listed companies. We currently own between 5% and 20% in listed companies such as PGS and Scatec Solar in Norway, NKT and Nilfisk in Denmark, and Benchmark Holdings in London.

The situation in the oil service industry is starting to look somewhat brighter, with good progress for Interwell in particular. It is, however, too early to say that the demanding times for Aibel and PGS are over, even though we see signs of improvement quarter-by-quarter. Our ownership in these companies are also good examples of how we have stood firm through the downturn; we have allocated considerable time and resources to supporting these companies at a time when their market value has fluctuated. The downturn has highlighted how important it is for Ferd as a system not to have all our eggs in one basket. This also gives us the capacity to make the right long-term decision when things are at their worst. Over 1,000 people at Aibel and PGS have lost their jobs in recent years. This has not been easy for anyone involved, and it hurts for us each time we have had to reduce staffing levels. However, in each case, doing so was absolutely necessary to strengthening the company's competitiveness.

Better quality of life represents significant value creation

In everything we do, we regard value creation as more than just a question of creating financial value. This is particularly clear for Ferd Social Entrepreneurs, which creates value primarily by enhancing people's quality of life. We encourage this value creation through our continuing work to support small and medium-sized social entrepreneurs. Last year we saw the social entrepreneurs with which we work make a positive, life-enhancing contribution to the lives of more than 740,000 people, and for more than 20,000 of these the contribution was life-changing. This is an enormously positive change for lots of individuals.

Ferd's strategy in this area has gradually expanded from acting as a development partner to include potentially making equity investments in social entrepreneurs. We have provided Unicus and Gammel Nok with equity funding to support them through growth phases that will enable them to make an even greater social impact.

Greater relative strength in times of turbulence

We need to remember that Ferd has enjoyed strong tailwind from the markets over the last 8-9 years. Although we have got a lot of things right, we cannot ignore the fact that equity markets are up three-fold, property prices have reached new highs, interest rates have fallen, and the Norwegian kroner has depreciating favouring the returns of our USD and euro-denominated assets. Individuals, teams and our companies create significant value. We will, however, continue to be affected by the markets we are part of.

We see warning signs in today's stretched valuations, but we are structured to be able to deal with any downturn and its effects. Ferd has an appropriate risk diversification, with no single segment currently representing more than 20% of our value. If equity markets or the real estate market falls significantly, so will the value of our investments. But we are not very concerned by annual fluctuations. Instead, we spend our time ensuring that our investments, and Ferd as a system, become stronger over time. Our long-term approach, our flexibility, and our risk management mean that our relative strength can be greater in times of greater turbulence. We can make the most of our ability to invest in periods in which many other organisations are either not confident enough or willing to invest. We shall always have the capacity to invest in attractive opportunities, particularly where we are able to significantly influence the outcome.

To conclude, I would like to emphasise the fact that Ferd today has significant liquidity, and are able to invest up to NOK 10-15 billion when the right opportunities arise. This capital can be used to make new investments and to strengthen companies that we already own. We are well prepared, and have the structure in place to acquire or invest in more good companies in the time ahead.

We are well prepared, and have the structure in place to acquire or invest in more good companies in the time ahead.

FINANCIAL STATEMENTS

FERD HOLDING AS

THE BOARD OF DIRECTORS' REPORT FERD HOLDING

The Company's business is to be a holding company and to invest in shares.

The Company's main office is in Bærum municipality.

Pursuant to the Norwegian Accounting Act section 3-3a, we confirm that the financial statements have been prepared on the going concern assumption.

The Company has implemented a policy securing that there shall be no gender discrimination. There are no employees in the Company. The Company's Board comprises 4 men and 1 woman.

The Company's effect on the external environment is considered insignificant.

For comments to Ferd's results, please refer to https://aarsrapport2017.ferd.no/en/.

Comments to Ferd Holding AS' financial statements

In the Board's opinion, the financial statements give a fair view of Ferd Holding AS' assets and liabilities, financial position and result.

The Company's revenue for 2017 is MNOK 32.1, compared to MNOK 351.7 for 2016. The reduction is mainly due to the fact that dividends recognised as income from the subsidiary Ferd AS for 2017 amount to MNOK 28 compared to MNOK 350 for 2016. Operating expenses are reduced from MNOK 5.1 in 2016 to MNOK 4.7 in 2017. The reduction is principally a result of reduced contributions and grants to enterprises in 2017.

Net financial result for 2017 is MNOK 0.02 compared to MNOK -5.9 for 2016. The increase is mainly due to expensed interest costs to group companies amounting to MNOK 5.1 in 2016.

This gives a profit for the year is MNOK 26.8, a reduction from MNOK 342.1 in 2016.

Cash flows from operating activities are reduced from MNOK 239 for 2016 to MNOK -96 for 2017. Proceeds from dividends together with repayment of short-term debt are reduced compared to last year. Cash flows from financing activities are reduced from MNOK -234 for 2016 to MNOK -5 for 2017. The reason for the reduction is reduced repayment of long-term debt compared to last year.

At the end of the year, total capital amounted to MNOK 3 154 compared to MNOK 3 159 in 2016. The equity ratio is stable and high and constitutes 99.9% as at 31 December 2017, compared to 99.0% at 31 December 2016.

The profit for the year of NOK 26 824 000 is proposed allocated as follows:

Transfer to other equity	NOK 26 824 000

Lysaker, 23 April 2018
In the Board of Directors for Ferd Holding AS

Signed	Signed	Signed
Johan H. Andresen Chair of the Board	Henrik Brandt Board member	Petter Winther Borg Board member
Signed	Signed	Signed
Berit Ledel Henriksen Board member	Sven Nyman Board member	Morten Borge Group CEO

Income statement 1 January - 31 December

NOK1000	Note	2017	2016
OPERATING INCOME AND EXPENSES			
Operating income	7	**32 118**	**351 681**
Salary expenses	3	1 781	1 583
Other operating expenses	3	2 945	3 530
Operating expenses		**4 726**	**5 113**
Operating profit		**27 392**	**346 568**
Net financial result	2,7	**18**	**-5 854**
Profit before tax		**27 410**	**340 714**
Income tax expense	6	586	-1 396
PROFIT FOR THE YEAR		**26 824**	**342 109**

Total comprehensive income 1 January - 31 December

NOK1000	2017	2016
PROFIT FOR THE YEAR	26 824	342 109
TOTAL COMPREHENSIVE INCOME	**26 824**	**342 109**

Balance sheet as at 31 December

NOK1000	Note	2017	2016
ASSETS			
Non-current assets			
Deferred tax assets	6	2 684	3 270
Investments in subsidiaries	4	3 139 451	3 139 451
Shares and investments in other companies		10 000	10 000
Total non-current assets		**3 152 135**	**3 152 721**
Current assets			
Receivable on group companies	7	530	-
Bank deposits		981	6 071
Total current assets		**1 511**	**6 071**
TOTAL ASSETS		**3 153 646**	**3 158 792**
EQUITY AND LIABILITIES			
Equity			
Share capital	5	363	363
Share premium		1 363 506	1 363 506
Other equity		1 789 104	1 762 280
Total equity		**3 152 973**	**3 126 149**
Non-current liabilities			
Other long-term debt	7	-	4 994
Total long-term debt		**-**	**4 994**
Current liabilities			
Debt to group companies	7	-	27 588
Other current liabilities	7	673	61
Total current liabilities		**673**	**27 649**
Total liabilities		**673**	**32 643**
TOTAL EQUITY AND LIABILITIES		**3 153 646**	**3 158 792**

Lysaker, 23 April 2018
In the Board of Directors for Ferd Holding AS

Signed	Signed	Signed
Johan H. Andresen Chair of the Board	Henrik Brandt Board member	Petter Winther Borg Board member
Signed	Signed	Signed
Berit Ledel Henriksen Board member	Sven Nyman Board member	Morten Borge Group CEO

Statement of changes in equity

2017 NOK1000	Share capital (note 5)	Share premium	Total paid-in equity	Other equity	Total other equity	Total equity
Equity at 1 January 2017	363	1 363 506	**1 363 869**	1 762 280	**1 762 280**	**3 126 149**
Total compr. income 2017				26 824	**26 824**	**26 824**
Equity at 31 December 2017	363	1 363 506	**1 363 869**	1 789 104	**1 789 104**	**3 152 973**

2016 NOK1000	Share capital (note 5)	Share premium	Total paid-in equity	Other Equity	Total other Equity	Total equity
Equity at 1 January 2016	363	1 363 506	**1 363 869**	1 420 171	**1 420 171**	**2 784 040**
Total compr. income 2016				342 109	**342 109**	**342 109**
Equity at 31 December 2016	363	1 363 506	**1 363 869**	1 762 280	**1 762 280**	**3 126 149**

Statement of cash flows 1 January - 31 December

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

NOK100	**2017**	**2016**
Operating activities		
Profit before tax	27 410	340 714
Dividends and group contribution recognised as income	-32 118	-351 681
Change in other receivables	-530	-
Change in other current liabilities	5 142	250 378
Net cash flows from/-used in operating activities	**-96**	**239 411**
Investing activities		
Investment in shares in subsidiaries	-	-
Net cash flows from investing activities	**-**	**-**
Financing activities		
Repayment of long-term debt	-4 994	-234 349
Net cash flows used in financing activities	**-4 994**	**-234 349**
Change in bank deposits	-5 090	5 062
Bank deposits at 1 January	6 071	1 009
Bank deposits at 31 December	**981**	**6 071**

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 Holding AS is wholly owned by Johan H. Andresen and his family. Andresen is the Chair of the Board.

The Company's financial statements for 2017 were approved by the Board of Directors on 23 April 2018.

Basis for the preparation of the consolidated financial statements

Ferd Holding AS' financial statements are prepared in accordance with the regulation on simplified use of international accounting standards.

Consolidated financial statements are not prepared, as a consequence of the exception for parent companies in subgroups, cf. the Norwegian Accounting Act section 3-7. The Company is included in the consolidated financial statements of Ferd JHA AS.

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

Receivables
Current receivables are initially recognised at fair value. At subsequent measurements, provisions for actual and possible losses are taken into account.

Current liabilities
Trade payables and other short-term liabilities are initially recognised at fair value and later at amortised cost. Trade payables and liabilities are classified as current if due within one year or being part of the ordinary operating cycle.

Dividends
Dividends proposed by the Board are classified as current liabilities in the financial statements, pursuant to the exception in the Accounting Act section 3-9’s regulation about a simplified accounting standard section 3-1, first par. no. 4.

Note 2 Finance items

NOK1000	**2017**	**2016**
Interest income	18	22
Interest income from group companies	-	16
Total financial income	**18**	**37**
Interest expenses	-	-5 891
Total financial expenses	**-**	**-5 891**
Net finance items	**18**	**-5 854**

Note 3 Salaries and remuneration

NOK1000	**2017**	**2016**
Salaries	1 584	1 405
Social taxes	197	177
Other benefits	-	1
Total	1 781	1 583

The Company has no employees. Salary expenses mainly include board remuneration. The Group CEO receives his salary from Ferd AS.

Auditor

Auditor fees constitute (all amounts exclusive of VAT):

NOK1000	**2017**	**2016**
Statutory audit	40	40
Total auditor fees	40	40

Note 4 Subsidiaries

Subsidiaries are companies where the parent company Ferd Holding AS directly or indirectly has control. The Company has “control” over an investment if Ferd Holding has the decision power over the enterprise in which it has been 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 non-current assets in the balance sheet and are measured at cost. Write-downs to fair value are carried out at a fall in value for reasons not considered to be temporary. Write-downs are reversed when the basis for impairment is no longer present. Received dividends and profit distributions are recognised as revenue when the Company has a legal right to the distribution.

NOK1000	**Business office**	**Stake**	**Voting right**	**Carrying amount**
Tiedemanns Joh. H. Andresen DA	Bærum	99,9 %	99,9 %	78
Ferd AS	Bærum	100,0 %	100,0 %	3 139 373
Total				3 139 451

Note 5 Share capital and shareholder information

The Company's share capital at 31 December 2017 comprises the following classes:

	Number of shares	Nominal value	Carrying amount
A shares	5 525 359	0,01	55 254
B shares	30 815 952	0,01	308 160
Total	**36 341 311**		**363 413**

Owner structure

:	Ordinary shares	Share class	Stake	Voting right
Ferd JHA AS (100% owned by Johan H. Andresen)	5 522 442	A	15,20%	69,94%
Johan H. Andresen	2 917	A	0,01%	0,04%
Katharina G. Andresen	15 407 976	B	42,40%	15,01%
Alexandra G. Andresen	15 407 976	B	42,40%	15,01%
Total	**36 341 311**		**100%**	**100%**

The shares in class A have 13 votes each, whereas shares in class B have 1 vote. This has been considered in the column for voting rights.

Note 6 Income taxes

The tax expense in the income statement includes tax payable and change in deferred tax. Tax on items recognised in other income and costs in other comprehensive income is also recognised in other income and costs in other comprehensive income, and tax on items related to equity transactions is recognised in equity.

The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period. 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 at the balance sheet date.

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 Company has a legal right to net assets and liabilities. The Company has no temporary differences for the time being.

The income tax expense comprises

NOK1000	**2017**	**2016**
Change in deferred tax	586	-1 396
Tax expense	**586**	**-1 396**

Reconciliation of nominal to effective tax rate

NOK1000	**2017**	**2016**
Profit before tax	27 410	340 714
Expected tax expense at the nominal tax rate (24%)	6 578	85 178
Non-taxable gain/loss and distributions on securities	-6 720	-87 500
Tax adjustment from previous periods	117	136
Non-deductible expenses	611	790
Tax expense	**586**	**-1 396**
Effective tax rate	**2,1 %**	**-0,4 %**

Deferred tax

NOK1000	**2017**	**2016**
Disallowed interest deduction to carry forward	-2 684	-2 801
Losses to carry forward	-	-469
Carrying value at 31 December, deferred tax assets (-)/ tax liability	**-2 684**	**-3 270**

Note 7 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 or enterprise'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.

Transactions and balances with related parties:

NOK1000	**2017**	**2016**
Assets		
Current receivable on Ferd AS	530	-
Total	**530**	**-**
Liabilities		
Long-term debt to Johan H. Andresen	-	4 994
Short-term debt to Johan H. Andresen	673	-
Short-term debt to Ferd AS	-	27 588
Total	**673**	**32 582**
Profit and loss		
Dividend from subsidiary recognised as income	28 000	350 000
Group contribution recognised as income	4 118	1 681
Interest expenses to group companies	-	4 368
Interest expenses to owner	-	1 523
Total	**32 118**	**357 572**

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Ferd Holding AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ferd Holding AS, which comprise the balance sheet as at 31 December 2017, the income statement, comprehensive income statement, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 audit of 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.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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.

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.

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, 27 April 2018
ERNST & YOUNG AS

Einar Hersvik
State Authorised Public Accountant (Norway)

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

BOARD OF DIRECTOR'S REPORT

FERD AS

BOARD OF DIRECTOR'S REPORT

2017 was a good year for Ferd. The return was of 13.3%, equivalent to NOK 3.8 billion. Ferd Capital's combined portfolio achieved a return of 21.0%. The majority of Ferd Capital's privately-owned companies increased in value in 2017, with this portfolio delivering a return of 29.7%. This performance was the result of the portfolio companies delivering strong operations and profitability improvements. The return on Ferd's real estate portfolio for 2017 was 14.7%. The most important reason for this performance was the achievement of milestones at some of the residential development projects. The return on Ferd's portfolio of investments in Nordic listed companies was 6.2% in 2017, while the aggregate return from Ferd External Managers' four investment mandates was 7.8% (in USD terms).

The majority of Ferd Capital's privately-owned companies increased in value in 2017, with this portfolio delivering a return of 29.7%.

Ferd made investments totalling NOK 3.1 billion in 2017. Its two largest investments were in NKT Holding, a Danish listed company, and Fürst Medisinsk Laboratorium. In autumn 2017 NKT Holding was split into the two companies Nilfisk and NKT. Investments totalling approximately NOK 400 million were made through the Ferd External Managers mandates. Ferd realised over NOK 800 million from real estate sales in 2017. The sale of an office building in Lysaker near Oslo was the largest disposal carried out by Ferd Real Estate in 2017. Ferd realised NOK 1.5 billion from Ferd Invest's Nordic share portfolio. Over NOK 800 million was received in 2017 from investments in private equity funds and hedge fund units purchased in the secondary market. In total, realisations in 2017 exceeded new investment by NOK 0.6 billion.

Ferd made investments totalling NOK 3.1 billion in 2017. Its two largest investments were in NKT Holding, a Danish listed company, and Fürst Medisinsk Laboratorium. In autumn 2017 NKT Holding was split into the two companies Nilfisk and NKT.

At the end of 2017, Ferd had substantial liquidity available, amounting to more than NOK 11 billion. Bank deposits totalled NOK 1.3 billion, and the value of Ferd's listed shares and liquid hedge funds was approximately NOK 10 billion. In addition, Ferd had available an undrawn loan facility of NOK 6 billion.

Market environment

2017 was a good year for the financial markets, which were characterised by low volatility. The Oslo Børs benchmark index rose 19.2%, and the Nordic stock markets as a whole rose by a similar amount in NOK terms. The global stock market index was up 18.5% (in USD terms).

Norwegian oil-related investment spending fell significantly in 2015 and 2016, but the decrease seen in 2017 was more moderate. 2017 got off to a positive start in terms of the price of oil following OPEC reaching an agreement on production cuts with a group of non-cartel producers, and in the course of the year the price of oil increased from USD 57 to USD 67. Norway's economy grew more strongly in 2017 due to higher growth in consumption and exports as well as to a significant increase in investment in residential real estate at the start of the year. Overall, the Norwegian economy grew 1.8% in 2017, an increase of 0.8 percentage points relative to 2016. In recent years, monetary policy both internationally and in Norway has been expansionary. Since December 2014, Norway's key policy rate has been cut four times. The most recent cut was to 0.5% in March 2016, with the rate unchanged in 2017. Centrally located commercial real estate continued to increase in value in 2017, while residential prices peaked in the first quarter of 2017. Prices for second-hand residential properties in Oslo, which increased by around 26% in 2016, fell by around 12% between February 2017 and the end of the year.

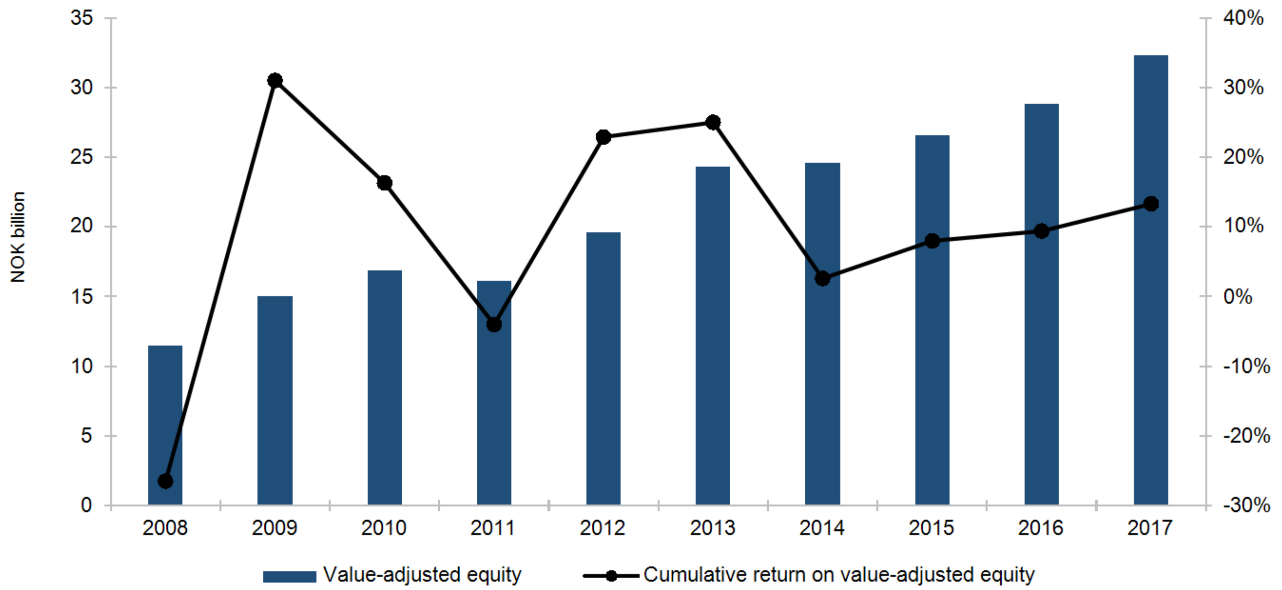
Future prospects

When making investment decisions, Ferd assigns little weight to the overall macroeconomic outlook. We instead look for and assess investment opportunities on a continual basis in all business areas. A key target for Ferds risk management is ensuring that the group has sufficient risk capacity and liquidity to make new investments. It is therefore specific factors to each investment opportunity that 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 2017, Ferd's value-adjusted equity was NOK 32.3 billion, with a return for the year of NOK 3.8 billion. Ferd holds a diversified portfolio of private and listed equity investments, alternative investments, and real estate. Ferd's equity investments provide a good diversification between sectors and geographical markets. Approximately 45% of Ferd's investments are in Norwegian krone, 20% in US dollar, and slightly under 30% in euro. The Norwegian krone weakened against the euro in 2017, while it strengthened against the dollar. Ferd recognised a currency gain in excess of NOK 0.5 billion in 2017.

Over the last ten years, Ferd has generated a total return of NOK 18.8 billion, equivalent to an annual return of 8.5%. 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.



Financial results for Ferd AS

Ferd AS reports an accounting profit for the year of NOK 3,701 million, an increase of NOK 1,327 million from 2016. The better results achieved by Ferd's portfolio of private companies were the most important reason for this improvement.

For further commentary on Ferd's financial results in 2017, the reader is referred to the separate sections on each business area on the following pages.

Net cash flow for 2017 was made up of NOK 267 million from operating activities and NOK -168 million from investment activities. Ferd's investment in Fürst was the main reason for the negative cash flow from investment activities. Cash flow from financing activities was NOK -247 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 was NOK 19.4 billion in 2017 as compared to NOK 15.0 billion in 2016. Sales revenue increased from NOK 14.2 billion in 2016 to NOK 18.3 billion in 2017. Mestergruppen's revenue was NOK 3.8 billion higher in 2017 than in 2016, principally due to its acquisitions of Nordek and Byggtorget in 2016 and of Saltdalsbygg in 2017.

The group's development activities are primarily conducted at its subsidiaries. Development costs of NOK 25 million were expensed in 2017.

The group's tax charge for 2017 was NOK 307 million as compared to a charge of NOK 211 million in 2016. The principal reason for the increase was the better earnings achieved by the consolidated portfolio companies.

Net cash flow for 2017 was made up of NOK 1,386 million from operating activities, NOK -838 million from investment activities, and NOK 59 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. With regard to investments in privately owned companies, Ferd's focus is on active and value-adding ownership. Ferd enjoys significant flexibility, and does not have to hold a controlling interest and can take a long-term approach to ownership. This flexibility can give a competitive advantage in comparison with other investment companies that depend on sources of capital with limited time horizons.

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. 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.

Corporate governance

Ferd is a relatively large corporate group, with one controlling owner family. At Ferd we are committed to corporate governance. We think that good corporate governance leads over time to better decision-making processes and conclusions. There is therefore a clear division of roles between management and Ferd's Board of Directors/owners. The Board of Directors of Ferd Holding AS has substantially the same responsibilities and authority as the board of a public company. The Board of Directors of Ferd Holding held six board meetings in 2017.

At Ferd we are committed to corporate governance. We think that good corporate governance leads over time to better decision-making processes and conclusions.

Ferd Capital

Ferd Capital is a long-term investor that has an active ownership role in its portfolio companies during Ferd's ownership period to ensure the best possible value creation. The business area has three investment mandates: Private companies, Listed companies and Special Investments. Ferd Capital has investments in eight privately owned companies, and the largest of these investments is in Elopak. The private companies in which Ferd Capital has investments are the following:

- Elopak, which is a leading supplier of packaging systems for liquid food products. The company's organisation and collaboration partners sell and market Elopak's products in more than 100 countries.
- Aibel, which is a supplier of services related to oil, gas and renewable energy. The company is one of the largest Norwegian oil service companies that engineers, builds, maintains and modifies oil and gas production facilities for the upstream oil and gas industries.
- Interwell, which is a leading Norwegian provider of high-tech well tools to the oil and gas industry. The company's most important market is the Norwegian continental shelf, but in recent years it has also grown its presence in a number of other important markets, such as the UK, the Middle East and the USA.
- Mestergruppen, which is one of Norway's largest groups in the building materials trade, homebuilding chains for builders, and real estate development.
- Swix Sport, which develops, manufactures and markets products for sports and other active recreational pursuits for the Norwegian and international markets.
- Servi, which develops and manufactures customer-specific hydraulic systems, cylinders and valves for offshore, maritime and land-based industries.
- Fjord Line, which is a modern shipping company offering safe and environmentally friendly sea transportation between Norway, Denmark and Sweden.
- Fürst Medisinsk Laboratorium, which is a privately-owned laboratory specialising in medical biochemistry, clinical pharmacology, microbiology and pathology.

Summaries of the results achieved in 2017 by the above portfolio companies are available on Ferd's website by clicking on the following link: Ferd Capital – Summary 2017.

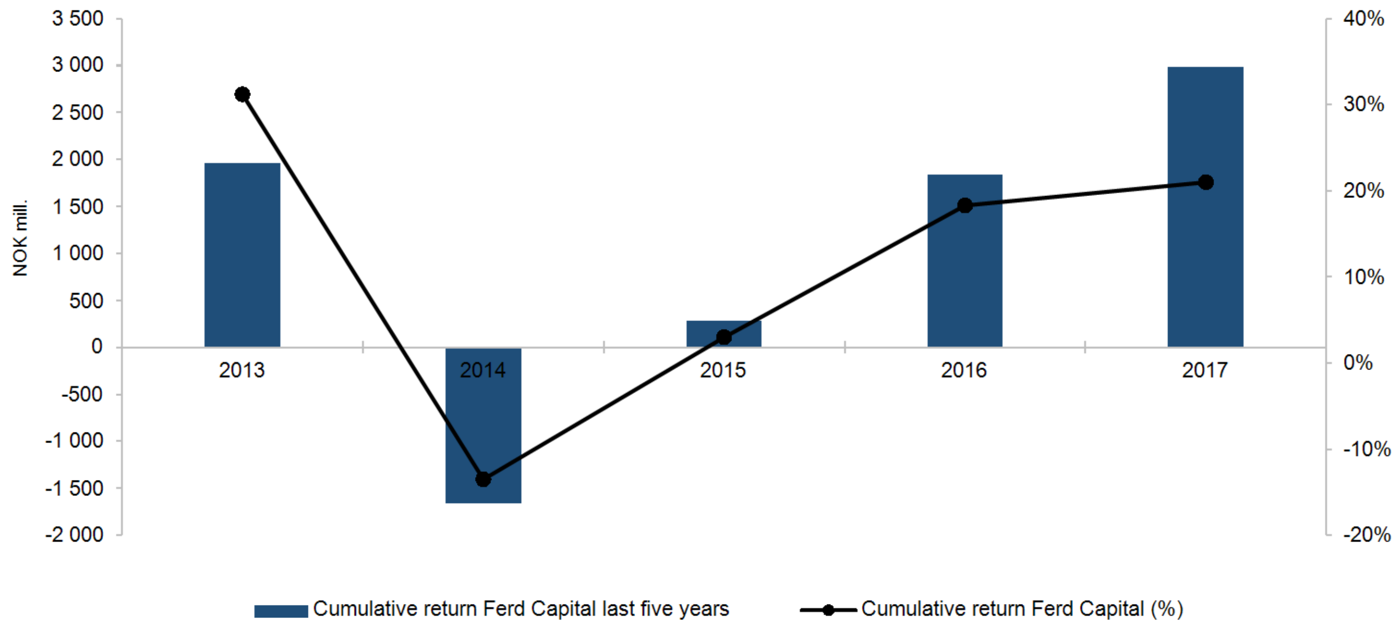
Ferd Capital took stakes in the stock exchange listed companies NKT, Nilfisk and Boozt in 2017, and increased its ownership interest in Scatec Solar and Benchmark Holdings. Ferd capital's largest listed investments are:

- 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.
- Nilfisk, which is a leading global provider of cleaning equipment and products, primarily for the professional market. The company offers an extensive range of premium products, of which the main product lines are floorcare equipment, vacuum cleaners and high-pressure washers.
- NKT, which is a recognised global provider of turnkey AC/DC cable solutions with cost-effective and technologically advanced production facilities in Europe and sales offices around the world.
- Boozt, which is a leading and fast-growing online retailer of fashionable clothes through its website boozt.com.

Ferd Capital seeks to actively contribute to the development of the stock exchange listed companies in which it has invested. Ferd Capital made three investments through its Special Investments mandate in 2017, all of which were equity investments. 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.

Nearly all the private companies in which Ferd has invested delivered better earnings in 2017 than in 2016. Elopak, Mestergruppen, Swix and Interwell were the companies that made the biggest contribution to the return achieved by the business area in 2017. The return on Ferd Capital's portfolio for 2017 was 21.0%. Ferd Capital's operating result for 2017 was a profit of NOK 2.9 billion as compared to NOK 1.8 billion in 2016. Ferd Capital's three portfolios were valued at NOK 18.0 billion in total at 31 December 2017.

Ferd Capital's return in percentage and NOK terms over the past five years:

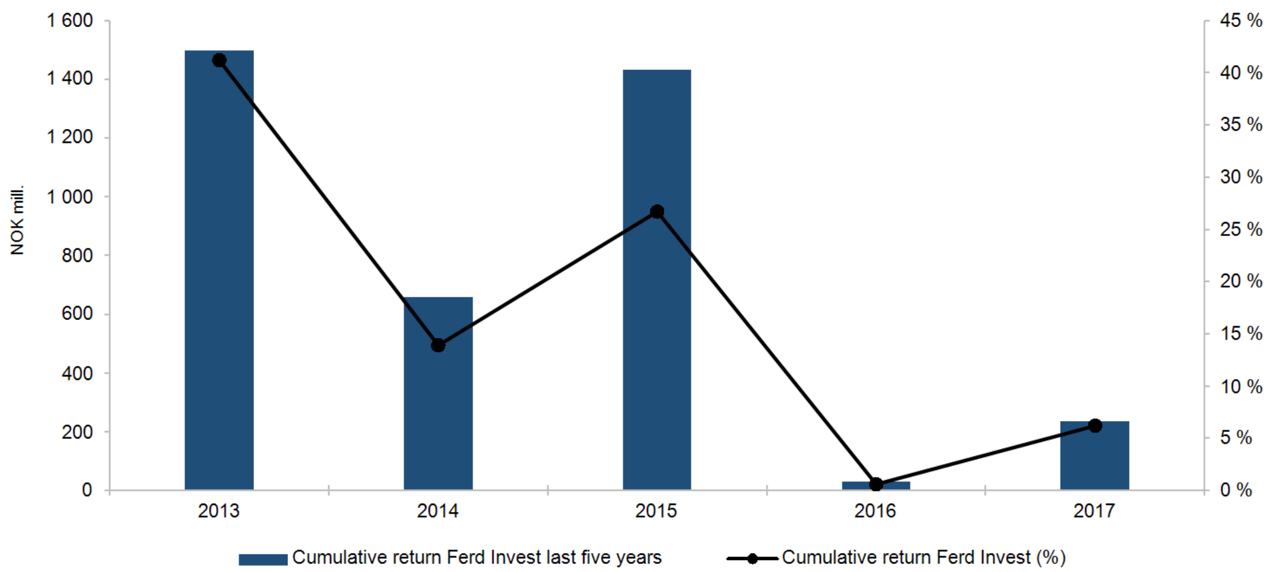


Ferd Invest

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 can differ significantly in its composition from the benchmark index.

Ferd Invest's operating result was a profit of NOK 256 million in 2017 as compared to an operating loss of NOK 12 million in 2016. The Nordic stock markets delivered positive returns in 2017. The Copenhagen and Oslo stock markets both climbed 19% in 2017, while in local currency terms the Swedish stock market was up 8% and the Finnish market was up 11%. The performance of the Nordic stock markets in 2017 was higher when measured in Norwegian krone terms as a result of the Norwegian krone weakening against the euro, the Danish krone and the Swedish krona. Ferd Invest's benchmark index was up 18.6% in NOK terms.

Ferd Invest's return in percentage and NOK terms over the past five years:



Ferd Invest's portfolio generated a return of 6.2% in 2017, which is 12.4 percentage points weaker than the benchmark index. The business area's most successful investments were Novo Nordisk, Vestas and Thule Group. Norwegian and Hennes & Mauritz were the business area's least successful investments.

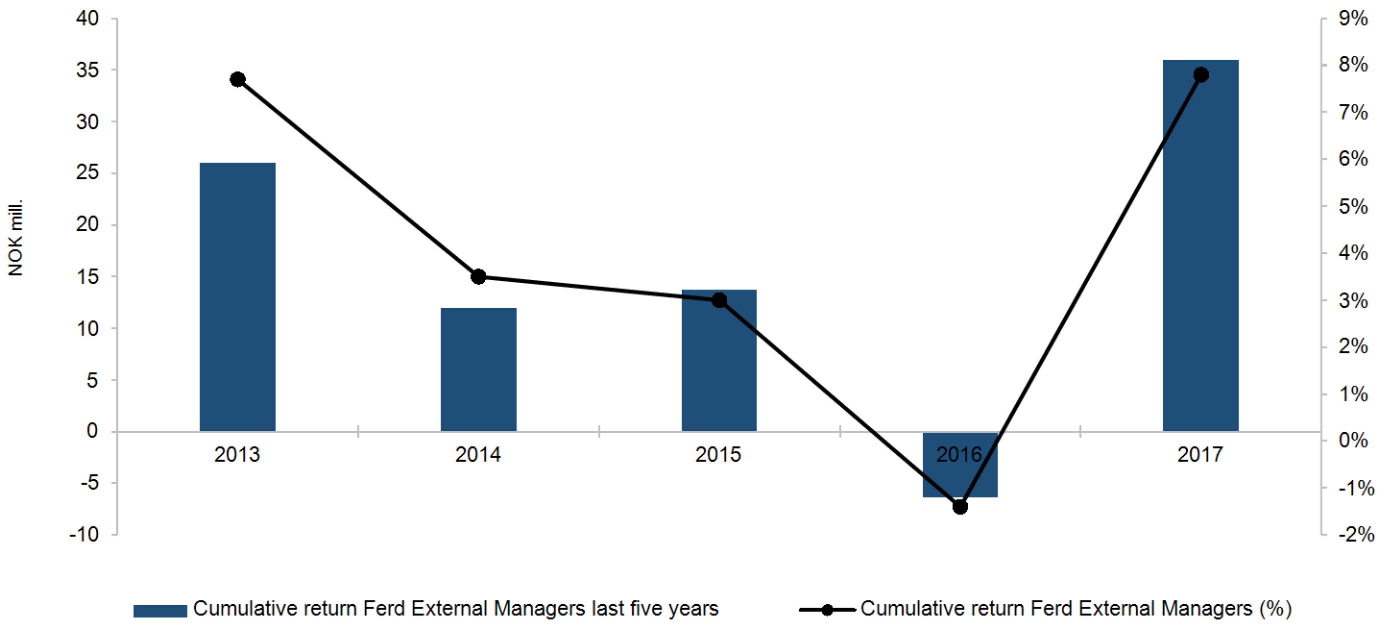
At the close of 2017, the market value of the Ferd Invest portfolio was NOK 4.0 billion. NOK 1.5 billion was allocated out of the Ferd Invest portfolio in 2017. This capital was primarily reallocated to other investments. The largest investments at the end of 2017 were Novo Nordisk, Nokian Renkaat, Norwegian and Aker Solutions.

Ferd External Managers

Ferd External Managers has four investment mandates: Relative Value, Macro, Global Equity and Global Fund Opportunities. The investment objective for these portfolios is to generate attractive risk-adjusted returns over time, both in absolute terms and relative to their respective markets and indices.

The market value of the Ferd External Managers portfolios was NOK 4.2 billion at 31 December 2017. The portfolios produced a combined return for 2017 of 7.8% (in USD terms). The portfolios are accounted for and managed in US dollars, and the return is accordingly expressed in USD terms. The Norwegian krone strengthened 5% against the American dollar in 2017, reducing the business area's operating profit to NOK 75 million.

Ferd External Managers' return in percentage and USD terms over the past five years:



In absolute terms the best performing portfolio in 2017 was the Global Equity portfolio with a return of 17.6% (in USD terms). Investments have been made in three funds through the Global Equity mandate, which also includes equity funds. The overall market value of this portfolio at the end of 2017 was NOK 628 million. Global Fund Opportunities climbed 13% in 2017 (in USD terms) and had a market value at the end of the year of NOK 797 million, with outstanding investment commitments of NOK 315 million.

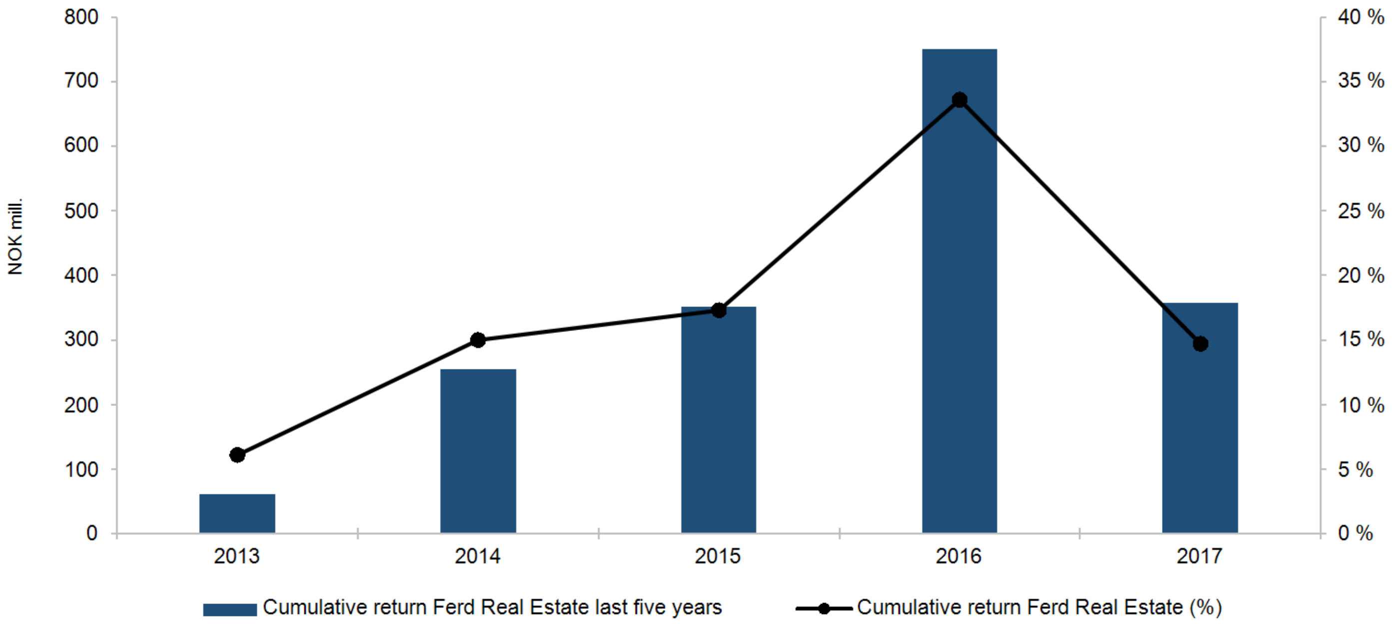
The Relative Value portfolio was up 4.9% in 2017 in USD terms, which was 0.7 percentage points more than the benchmark index against which the portfolio is measured. The portfolio's market value at the end of 2017 was NOK 2.1 billion, at which point it comprised eight funds. Global Macro, which comprises three macro funds, delivered a return of 4.5% in 2017, which was 2.3 percentage points better than the benchmark index against which this portfolio is measured. Its value at 31 December 2017 was NOK 708 million.

Ferd Real Estate

Ferd Real Estate is an active real estate investor. The business area develops residential property, new office buildings and warehousing/office combination buildings. Ferd Real Estate carries out projects both independently and in collaboration with selected partners. The business area also carries out purely financial real estate investments. It is also responsible for managing the office premises and warehouse/office combination premises owned by Ferd.

2017 was a good year for Ferd Real Estate. Its performance in 2017 was primarily the result of progress made with the business area's residential real estate projects, where milestones were achieved, as well as sales of residential development sites and the direct return received from commercial rental properties. The business area reported an operating profit for 2017 of NOK 216 million as compared to NOK 647 million in 2016. Its value-adjusted equity at the end of 2017 was NOK 2.6 billion. The portfolio generated a return of 14.7% in 2017.

Ferd Real Estate's return in percentage and NOK terms over the last five years:



Ferd Real Estate's largest residential project is Tiedemannsbyen in Oslo's Ensjø district. The Tiedemannsbyen project is for around 1,600 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, has developed the first phase of just over 650 units. In 2017 Ferd Real Estate and Selvaag Bolig decided to expand their collaboration to include developing the next phase of Tiedemannsbyen in partnership. A total of 700 units will therefore be developed by Tiedemannsfabrikken AS, which is owned 50/50 by Ferd Real Estate and Selvaag Bolig. The remainder of the residential project is owned by Ferd Real Estate. In total 109 residential units were sold in Tiedemannsbyen in 2017, compared to 383 in 2016.

Ferd Social Entrepreneurs

Ferd Social Entrepreneurs (FSE) invests in social entrepreneurs that deliver measurable social results, and it contributes to the consolidation of their market. FSE provides these companies with capital, expertise and networks in an active partnership with defined milestones and set social targets. The companies must be focused on achieving a double bottom line, which is to say that they must have a social impact and must also be, or have the potential to be, financially self-sustaining.

The Board of Ferd Holding AS has allocated approximately NOK 25 million to NOK 30 million annually for work with social entrepreneurship. FSE added three new companies to its portfolio in 2017: Atlas Kompetanse, Generasjon M and Gammel Nok. The FSE portfolio now comprises eight social entrepreneurs. Ferd made its second-ever equity investment in a social entrepreneur in 2017, namely in Gammel Nok. More information on FSE's portfolio companies is available on Ferd's webpage.

The annual SosEnt conference that Ferd has organised for a number of years was replaced in 2017 by the European Venture Philanthropy Association (EVPA) Conference. The EVPA is a European umbrella organisation for investors who primarily value the contribution their investments make to social value creation, as well as generating a financial return. The conference attracted over 600 people. Internationally there is an increasing trend for both private and institutional investors to pursue social impact in addition to traditional financial profit from some of their investments.

An important and major focus for FSE in 2017 was the creation of an accelerator program with social impact for social entrepreneurs, known as Social StartUp. Social StartUp is a tailor-made program to help new entrepreneurs to become financially self-sustaining at an early stage.

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 cut its greenhouse gas emissions by 3% in 2017 relative to 2016, and since 2008 its greenhouse gas emissions have decreased by nearly 70%. Other companies in the group are focusing on limiting 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 4,040 employees at the end of 2017, and after including employees of Aibel the total number for 2017 was 7,700. The proportion of female employees was 24%. Sick leave amounted to 3.3% for the Ferd group in 2017. The working environment at Ferd AS is considered to be good. Ferd AS had 40 employees at the close of 2017. 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 2017. 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 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 3,701 million is transferred to other equity.

Lysaker, 23 April 2018

The Board of Directors of Ferd AS

Signed

Johan H. Andresen
Chairman of the Board

Signed

Morten Borge
Board Member, CEO

Signed

Tom Erik Myrland
Board Member

Signed

Erik Rosness
Board Member

Signed

Gry Skorpen
Board Member

FINANCIAL STATEMENTS
FERD AS

Income statement 1 January - 31 December

NOK1000	Note	2017	2016
OPERATING INCOME AND EXPENSES			
Dividend and group contribution from financial investments	4	530 863	1 373 189
Unrealised changes in values on financial investments	4	2 626 532	-58 690
Net gain on sales of financial investments	4	829 387	1 053 359
Other income	3	38 269	22 324
Operating income	3	**4 025 052**	**2 390 182**
Salary expenses	9,15	164 050	111 142
Depreciation and impairment	12	1 552	1 365
Other operating expenses	10,11	56 615	65 167
Operating expenses	3	**222 217**	**177 674**
Operating profit	3	**3 802 835**	**2 212 508**
Interest income	17	64 865	83 432
Interest expenses	17	-51 519	-57 983
Net other financial items		66 304	126 167
Net financial result		**79 650**	**151 615**
Profit before tax		**3 882 485**	**2 364 123**
Income tax expense	8	181 583	-10 096
PROFIT FOR THE YEAR		**3 700 901**	**2 374 219**

Total comprehensive income 1 January - 31 December

NOK1000		2017	2016
PROFIT OF THE YEAR		3 700 901	2 374 219
Other income and expenses not reclassified to the income statement at a later date:			
Estimate deviation on pensions	15	-	47
Tax on estimate deviation on pensions	8	-	-11
TOTAL COMPREHENSIVE INCOME		**3 700 901**	**2 374 255**

Balance sheet as at 31 December

NOK1000	Note	2017	2016
ASSETS			
Non-current assets			
Tangible assets	12	9 040	8 339
Investments in subsidiaries	3,5,7	16 432 029	12 845 826
Other receivables	5	131 705	111 704
Total non-current assets		**16 572 774**	**12 965 869**
Current assets			
Short-term receivables on group companies	5,17	255 658	41 401
Other short-term receivables	5	72 881	300 636
Listed shares and bonds	3,5	7 521 566	7 411 217
Unlisted shares and bonds	3,5,7	2 570 200	2 475 854
Hedge funds	3,5	5 089 848	4 846 284
Derivatives and fixed income investments	3,5	22 312	50 565
Bank deposits	3,5,13	335 585	482 949
Total current assets		**15 868 049**	**15 608 906**
TOTAL ASSETS	3	**32 440 823**	**28 574 775**

Balance sheet as at 31 December

NOK1000	Note	2017	2016
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		27 768 515	24 098 743
Total equity		**31 819 093**	**28 149 321**
Non-current liabilities			
Pension liabilities	15	30 472	31 227
Deferred tax	8	317 676	246 775
Total non-current liabilities		**348 148**	**278 003**
Current liabilities			
Trade payables	5	6 999	1 697
Income tax payable	8	19 942	57 347
Public duties etc.	5	8 390	4 711
Debt to group companies	5,17	48 211	25 856
Other current liabilities	5	190 039	57 840
Total current liabilities		**273 582**	**147 451**
Total liabilities		**621 730**	**425 454**
TOTAL EQUITY AND LIABILITIES		**32 440 823**	**28 574 775**

Lysaker, 23 April 2018
The Board of Directors of Ferd AS

Signed

Johan H. Andresen
Chairman of the Board

Signed

Morten Borge
Board Member, CEO

Signed

Tom Erik Myrland
Board Member

Signed

Erik Rosness
Board Member

Signed

Gry Skorpen
Board Member

Statement of changes in equity

2017 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. 2017	**183 268**	**3 057 406**	**809 905**	**4 050 578**	**24 098 743**	**24 098 743**	**28 149 321**
Total comprehensive income 2017					**3 700 901**	**3 700 901**	**3 700 901**
Transactions with owners							
Group contribution					-3 129	-3 129	-3 129
Proposed dividend					-28 000	-28 000	-28 000
Total transactions with owners					**-31 129**	**-31 129**	**-31 129**
Equity at 31 Dec. 2017	**183 268**	**3 057 406**	**809 905**	**4 050 578**	**27 768 515**	**27 768 515**	**31 819 093**

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.

Statement of cash flows 1 January - 31 December

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.

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.

NOK1000	Note	2017	2016
Operating activities			
Proceeds from realisations of financial assets	4	5 543 345	7 508 706
Dividends from financial assets	4	132 502	198 568
Purchases of financial assets	4	-5 404 954	-7 770 966
Proceeds and disbursements from realisations of currency futures	4	190 411	177 945
Salaries and operating expenses	9, 10	-131 642	-130 654
Payments and disbursements of tax	8	-62 531	40 594
Net cash flows from/ used in (-) operating activities		**267 131**	**24 193**
Investing activities			
Payments from subsidiaries	4, 17	361 933	1 465 950
Disbursements to subsidiaries	17	-529 586	-556 200
Net cash flows used in investing activities		**-167 653**	**909 750**
Financing activities			
Transfers to Ferd Holding		-249 606	-319 280
Payments and disbursements from external financing	16	-	-
Interest, financial and foreign currency items		2 763	-134 999
Net cash flows used in (-)/from financing activities		**-246 843**	**-454 278**
Change in bank deposits		-147 365	479 664
Bank deposits at 1 January		482 949	3 285
Bank deposits at 31 December	13	**335 585**	**482 949**

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 2017 were approved by the Board of Directors on 23 April 2018.

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.

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.

Foreign currency translation

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

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.

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

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

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

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

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

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

Determination of the fair value of subsidiaries with properties

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

Future cash flows are based on the following factors:

Existing contracts
Expected future rentals
Expected vacancies

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

The risk premium is based on:
Location
Standard
Expected market development
Rent level compared to the rest of the market The tenant’s financial strength
Property specific knowledge

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

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

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

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

Note 3 Segment reporting

Ferd 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.

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 2017 are:
- Elopak (99.9 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 (63.6 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 (77.8 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 (99.6 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.
- Fürst (40.0 percent stake) operates the largest medical laboratory in the Nordics and daily analyses blood samples from more than 10 000 Patients.
- 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 (13.0 percent stake) develops, builds, owns and operates solar energy plants all over the world.
- Benchmark Holdings (17.6 percent stake) contributes to improving fish health within fish farming by manufacturing special meal, roe and vaccines.
- Nilfisk (>5.0 percent stake) delivers washing equipment to the professional market as well as to consumers.
- NKT (>5.0 percent stake) manufactures and installs underwater and underground high-voltage cables, in addition to cables with medium and low voltage levels.
- Boozt (5.7 percent stake) is a fast growing e-commerce company selling fashion clothes through the web page Boozt.com.

Ferd Invest mainly invests in listed Nordic limited companies. The ambition is to beat a Nordic share index. Ferd Invest’s mandate has no limitations regarding allocations between countries and sectors. The portfolio is concentrated and expected to deviate significantly from the reference index.

Ferd External Managers comprises the four mandates Relative Value, Macro, Global Equity and Global Fund Opportunities. The objective with the portfolios is to achieve a good risk-adjusted return over time, both compared with the market and in absolute terms.

Ferd Real Estate is an active property investor responsible for developing housing projects, new office buildings and warehouse/combined buildings. The projects are carried out in-house, or in cooperation with selected partners. Investments concerning financial property only are also made, in addition to managing the business area’s office buildings.

Other areas mainly comprise investments in externally managed private equity funds and hedge funds acquired in the second-hand market. Other areas also comprise some financial instruments to be utilised by management to adjust the total risk exposure.
Costs to the company's management, staff and in-house bank are also included.

NOK 1000	Ferd AS	Capital	Invest	External Managers	Real Estate	Other areas
Result 2017						
Sales income	4 215 052	2 984 419	269 542	94 871	672 384	193 835
Operating expenses	-222 217	-69 962	-13 164	-19 840	-31 011	-88 241
Operating result	**3 992 835**	**2 914 458**	**256 378**	**75 031**	**641 374**	**105 594**
Balance sheet 31 December 2017						
Investments in subsidiaries	16 622 029	12 874 117	-	-	3 693 542	54 370
Investments classified as current assets	15 203 926	4 922 493	3 950 890	4 157 436	130	2 172 977
Bank deposits/drawings on group account	335 585	-1 090 865	83 494	39 423	-135 714	1 439 246
Other assets	469 284	138 923	9 651	6 043	1 730	312 937
Total assets	**32 630 823**	**16 844 668**	**4 044 035**	**4 202 902**	**3 559 688**	**3 979 530**

NOK 1000	Ferd AS	Capital	Invest	External Managers	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**

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	383 740	3 014 487	-	3 398 227
Listed shares and stakes	107 583	-603 322	592 942	97 203
Unlisted shares and bonds	18 534	105 164	2 797	126 495
Hedge funds	21 007	110 203	233 648	364 858
Total 2017	**530 863**	**2 626 532**	**829 387**	**3 986 782**

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**

Note 5 Financial instruments and the use of fair value

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.

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	16 432 029	-	-	16 432 029	16 432 029
Current receivables	-	131 705	-	131 705	131 705
Total 2017	**16 432 029**	**131 705**	**-**	**16 563 734**	**16 563 734**
Total 2016	**12 845 826**	**111 704**	**-**	**12 957 530**	**12 957 530**
Current assets					
Short-term receivables on group companies	-	255 658	-	255 658	255 658
Other short-term receivables	-	72 881	-	72 881	72 881
Listed shares and bonds	7 521 566	-	-	7 521 566	7 521 566
Unlisted shares and bonds	2 570 200	-	-	2 570 200	2 570 200
Hedge funds	5 089 848	-	-	5 089 848	5 089 848
Investments in interest-bearing debt	22 312	-	-	22 312	22 312
Bank deposits	-	335 585	-	335 585	335 585
Total 2017	**15 203 926**	**664 123**	**-**	**15 868 049**	**15 868 049**
Total 2016	**14 783 920**	**824 986**	**-**	**15 608 906**	**15 608 906**
Short-term debt					
Trade accounts payable	-	-	6 999	6 999	6 999
Public duties etc.	-	-	8 390	8 390	8 390
Debt to group companies	-	-	48 211	48 211	48 211
Other short-term debt	66 492	-	123 547	190 039	190 039
Total 2017	**66 492**	**-**	**187 148**	**253 639**	**253 639**
Total 2016	**-**	**-**	**90 104**	**90 104**	**90 104**

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 2017
Investments in subsidiaries	-	-	16 432 029	16 432 029
Listed shares and bonds	7 521 566	-	-	7 521 566
Unlisted shares and bonds	-	-	2 570 200	2 570 200
Hedge funds	-	4 157 436	932 412	5 089 848
Investments in interest-bearing debt	-	22 312	-	22 312
Other short-term debt	-	-66 492	-	-66 492
Total 2017	**7 521 566**	**4 113 256**	**19 934 641**	**31 569 462**

NOK1000	Level 1	Level 2	Level 3	Total 2016
Investments in subsidiaries	-	-	12 845 826	12 845 826
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**

Reconciliation of movements in assets on level 3

NOK1000	OB 1 Jan. 2017	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. 2017
Investments in subsidiaries	12 845 826	577 282	-6 202	3 205 123	-	**16 622 029**
Unlisted shares and bonds	2 475 854	294 101	-441 127	81 912	70 709	**2 481 449**
Hedge funds	1 138 672	27 591	-354 029	10 193	113 224	**935 651**
Total	**16 460 352**	**898 974**	**-801 358**	**3 297 228**	**183 933**	**20 039 129**

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**

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. 2017	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	3 503 542	-	-	-	7,3 %-12,0 %	3 267 419	3 748 765
Other investments in subsidiaries	13 118 487	8,8 - 13,1	11 183 000	14 688 000	-	-	-

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 2017:

	Purchases of currency		**Disposals of currency**	
NOK1000	**Currency**	**Amount**	**Currency**	**Amount**
	NOK	1 562 895	USD	-200 000
	NOK	990 160	EUR	-100 000

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	**2017**	**2016**
Price risk: Norwegian shares declined by 30 percent	-5 600 000	-4 600 000
Price risk: International shares decline by 20 percent	-2 200 000	-2 100 000
Price risk: Property declines by 10 percent	-400 000	-400 000
Currency risk: The Norwegian krone appreciates 10 percent	-1 900 000	-1 400 000
Total impairment in value-adjusted equity	**-10 100 000**	**-8 500 000**
Impairment as a percentage of value-adjusted equity	31%	30%

Note 7 Shares and stakes in other companies with ownerships in excess of 10 %

	Business office	Stake
Subsidiary		
Elopak AS	Røyken	99.9%
FC Holding I AS	Bærum	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	99.6%
Ferd Eiendom AS	Bærum	100.0%
Ferd Lab Invest AS	Bærum	100.0%
Ferd Malta Holdings Ltd	Malta	100.0%
Ferd MG Holding AS	Bærum	98.3%
Ferd Sosiale Entrepenører AS	Bærum	100.0%
Norse Crown Company Ltd. AS	Bærum	100.0%
Swix Sport AS	Oslo	100.0%
Anleggsaksjer og andeler > 10 % eierandel		
Herkules Capital I AS		40.0%
Omløpsaksjer og andeler > 10 % eierandel		
BC SPV I AS		75.8%
BC SPV II AS		93.7%
BC SPV III AS		85.0%
Benchmark Holdings plc		17.6%
Broodstock Capital Partners AS		40.0%
Credo Invest nr 10 AS		91.3%
Founders Fund II AS		14.6%
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		11.3%
NMI Fund III		15.4%
NMI Global		11.3%
Petroleum Geo-Services ASA		10.6%
Rolighedsvej, 9990 Skagen ApS		50.0%
Scatec Solar ASA		13.0%
SPV Verdane Winds		43.6%
The Future Group AS		13.7%
Wilhelmsen Ferd Offshore AS		50.0%

Note 8 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.

The tax expense comprises:

NOK1000	**2017**	**2016**
Income tax payable	88 536	111 730
Change in deferred tax	70 901	-113 095
Tax concerning prior periods	10 025	-27 968
Withholding tax paid	12 121	19 238
Tax expense	**181 583**	**-10 096**

Tax payable in balance sheet

NOK1000	**2017**	**2016**
Tax payable of the year	88 536	111 730
Group contribution rendered	-68 594	-44 061
Prepaid tax	-	-10 321
Tax payable in balance sheet	**19 942**	**57 347**

Reconciliation of nominal to effective tax rate

NOK1000	**2017**	**2016**
Profit before tax	3 882 485	2 364 123
Expected tax expense according to nominal tax rate (24%)	931 796	591 031
Non-taxable gain/loss and return on securities	-203 135	-487 923
Unrealised changes in value of securities	-554 358	-139 566
Adjustment of tax from prior periods	10 025	11 354
Withholding tax paid	12 121	19 238
Effect of change in tax rate	-13 812	-10 282
Tax effect of other permanent differences	-1 055	6 052
Tax expense	**181 583**	**-10 096**
Effective tax rate	**4.7%**	**-0.4%**

Deferred tax

NOK1000	**2017**	**2016**
Receivables	-4 819	-5 109
Gain and loss account	1 807	2 357
Financial instruments	-10 161	12 135
Tangible assets	42	151
Provisions	-14 248	-1 025
Net pensions	-7 009	-7 495
Shares and bonds	352 063	245 760
Balance sheet value at 31 Dec., deferred tax liability	**317 676**	**246 775**

Change in net deferred tax recognised in balance sheet

NOK1000	**2017**	**2016**
Balance sheet value at 1 January	246 775	359 859
Charged in period	70 901	-113 095
Tax set-off against total comprehensive income (estimate deviation, pensions)	-	11
Balance sheet value at 31 December	**317 676**	**246 775**

Note 9 Salaries and remuneration

NOK1000	**2017**	**2016**
Salaries	142 040	93 665
Social security tax	12 864	8 109
Pension costs (note 15)	4 613	6 437
Other benefits	4 533	2 931
Total	**164 050**	**111 142**
Average number of man-labour years	38	37

Salary and remuneration to Group CEO

NOK1000	Salary	Benefits in kind	Pension
John Giverholt (in the period 01.01 - 31.07.17)*	3 681	173	645
Morten Borge (in the period 01.01 - 31.12.17)**	5 716	307	335

* Estimated pension earnings in defined benefit pension schemes
** Morten Borge took over as Group CEO from 1 August 2017

The Group CEO participates in Ferd's annual and long term bonus scheme. 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	**2017**	**2016**
Lease of buildings etc.	5 853	6 230
Fees to lawyers, consultants and auditors	28 496	38 511
Travel expenses	2 414	2 016
Loss and change in write-downs of receivables	-335	-
Other expenses	20 187	18 410
Total	**56 615**	**65 167**

Note 11 Audit fees charged to the income statement

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

NOK1000	**2017**	**2016**
Audit fees	1 195	1 204
Other attestation services	512	-
Other non-audit services	56	3 566
Total	**1 763**	**4 770**

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

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.

2017

NOK1000	Buildings and land	Fixtures and equipment	Total
Cost at 1 January	3 993	18 346	**22 338**
Additions	84	2 634	**2 718**
Disposals	-	-990	**-990**
Cost at 31 December	**4 077**	**19 990**	**24 066**
Accumulated depreciation and impairment at 1 January		13 999	**13 999**
Depreciation of the year		1 552	**1 552**
Disposal of depreciation		-525	**-525**
Accumulated depreciation and impairment at 31 December	-	15 026	**15 026**
Carrying amount at 31 December	**4 077**	**4 964**	**9 040**
Estimated economic life of depreciable assets	-	4-10 years	
Depreciation method		Straight-line	
Annual lease of tangible assets not carried in the balance sheet	6 047		

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		

Note 13 Bank deposits

The following amounts included in bank deposits concern restricted funds:

NOK1000	**2017**	**2016**
Employees' tax withheld	5 944	4 731

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 2017.

Owner structure

The shareholder as at 31 December 2017 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 board members of Ferd AS:	**Voting rights**	**Stake**
Johan H. Andresen	69.98 %	15.21 %

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

Defined Contribution scheme
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.

Defined benefit plan
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.

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.

Financial assumptions at 31 December

	2017	**2016**
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	**2017**	**2016**
Present value of unfunded pension liabilities	30 472	31 227
Fair value of pension funds	-	-
Total defined benefit obligation recognised in the balance sheet at 31 Dec.	**30 472**	**31 227**

Movement in liabilities for defined benefit pensions plans

Estimate deviation recognised in total comprehensive income

NOK1000	**2017**	**2016**
Estimate deviation on the pension obligation (benefit schemes) of the year	-	47
Net estimate deviation for benefit schemes recognised in comprehensive income	-	47

Pension costs recognised in the income statement

NOK1000	**2017**	**2016**
Present value of this year's pension earnings	-93	2 244
Pension costs on contribution schemes	4 610	4 193
Pension costs on defined benefit plan recognised in other comprehensive income	-	1 261
Total pension costs recognised in the income statement	**4 517**	**7 697**

Note 16 Short-term interest-bearing debt

NOK1000	Loan amount in NOK 2017	Loan amount in NOK 2016
NOK	-	-
Short-term interest-bearing debt at 31 Dec. at nominal value	**-**	**-**
Capitalised drawing costs	-7 592	-14 442
Carrying amount at 31 December	**-7 592**	**-14 442**

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

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.

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

NOK1000	2017	2016
Receivables		
Short-term receivables on group companies	255 658	41 401
Total receivables	**255 658**	**41 401**
Debt		
Short-term debt to group companies	48 211	25 856
Total debt	**48 211**	**25 856**

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	2017	2016
Dividends and group contribution		
Dividends	333 140	1 072 945
Group contribution	50 600	78 930
Total income from financial investments	**383 740**	**1 151 875**

NOK1000	2017	2016
Services billed to group companies		
Staff services	2 150	358
Property management	16 476	15 656
Total income	**18 626**	**16 014**
Interest income on intercompany loans and balances		
Interest income	1 253	5 593
Interest expense	-6 578	-6 274
Net interest income	**-5 325**	**-682**

Note 18 Contingent liabilities and obligations not recognised in balance sheet

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.

Guarantees and obligations not recognised in the balance sheet

NOK1000	**2017**	**2016**
Commitments to supply subsidiaries and other enterprises with equity	175 000	175 000
Other commitments to subsidiaries	350 000	350 000
Not paid, but committed capital to funds investments	779 944	881 815
Total	**1 304 944**	**1 406 815**

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 2017 financial statements.

Note 19 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 2017:

Ferd has not implemented any new standards in 2017.

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 is not expecting any significant effects from the implementation of the standard.

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

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

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

FERD AS
GROUP

Income statement 1 January - 31 December

NOK1000	Note	2017	2016
OPERATING INCOME AND EXPENSES			
Sales income	3,10	18 278 205	14 185 117
Income from financial investments	3,4	312 897	76 357
Other income	3,8	773 000	760 980
Operating income	3	**19 364 102**	**15 022 454**
Cost of sales		13 109 294	9 389 556
Salary expenses	11,19	3 020 569	2 704 644
Depreciation and write-downs	3,12,13,14	636 175	659 037
Other operating expenses	15,16	1 501 145	1 308 015
Operating expenses		**18 267 182**	**14 061 252**
Operating profit	3	**1 096 920**	**961 202**
Income on investments accounted for by the equity method	3,17	70 188	56 613
Finance income	18	221 859	308 498
Finance expenses	18	-295 938	-327 816
Net finance items		**-3 891**	**37 295**
Profit before tax		**1 093 029**	**998 497**
Income tax expense	9	306 984	210 897
Profit after tax from continued operations		**786 044**	**787 600**
Profit after tax sold business	33	0	705 165
PROFIT FOR THE YEAR		**786 044**	**1 492 765**
Non-controlling interests' share of profit for the year		74 091	-14 964
Parent company shareholders' share of profit for the year		711 953	1 507 730

Total comprehensive income 1 January - 31 December

NOK1000		2017	2016
PROFIT FOR THE YEAR		786 044	1 492 765
Other income and expenses that can be reclassified to the income statement at a later date:			
Currency conversion of foreign subsidiaries		73 170	-72 697
Effect of cash flow hedging	28	-9 379	-12 706
Tax on cash flow hedging	9,28	1 716	3 270
Other income and expenses that cannot be reclassified to the income statement at a later date:			
Estimate deviation on pensions	19	7 603	11 530
Tax on estimate deviation on pensions	9	25 831	-3 402
TOTAL COMPREHENSIVE INCOME		**884 986**	**1 418 761**
Non-controlling interests' share of total comprehensive income	23	73 612	-21 034
Parent company shareholders' share of total comprehensive income		811 374	1 439 795

Balance sheet as at 31 December

NOK1000	Note	2017	2016
ASSETS			
Non-current assets			
Intangible assets	3,12,13	4 258 436	3 802 321
Deferred tax assets	9	350 510	251 594
Tangible assets	3,14	2 340 367	2 193 335
Investments accounted for by the equity	3,7,17	559 055	551 317
Investment property	3,5,8	2 577 200	2 700 500
Pension funds	19	1 611	4 415
Other financial assets	7	357 295	243 328
Total non-current assets		**10 444 474**	**9 746 811**
Current assets			
Inventories	20	3 311 293	3 219 085
Short-term receivables	5,21	3 248 718	2 551 499
Listed shares and bonds	3,5,7	7 521 566	7 411 217
Unlisted shares and bonds	3,5,7	4 185 131	3 978 545
Hedge funds	3,5	5 094 652	4 868 791
Investments in interest-bearing debt	5	-	-
Bank deposits		2 098 967	1 628 513
Assets Strandveien - Classified as held for sale	33	-	917 500
Total current assets		**25 460 326**	**24 575 151**
TOTAL ASSETS	3	**35 904 800**	**34 321 961**

Balance sheet as at 31 December

NOK1000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	22	4 050 578	4 050 578
Other equity		19 844 897	19 075 886
Non-controlling owner interests	23	1 031 032	999 059
Total equity		**24 926 508**	**24 125 524**
Non-current liabilities			
Pension liabilities	19	158 800	176 129
Deferred tax	9	939 029	938 759
Long-term interest-bearing liabilities	24	3 984 006	3 681 337
Other long-term debt	5,24	258 517	212 749
Total non-current liabilities		**5 340 351**	**5 008 974**
Current liabilities			
Short-term interest-bearing liabilities		1 243 055	1 154 914
Income tax payable	9	260 339	197 079
Other current liabilities	5,25	4 134 547	3 297 529
Liabilities Strandveien - Classified as held for sale	33	-	537 941
Total current liabilities		**5 637 941**	**5 187 463**
Total liabilities		**10 978 292**	**10 196 438**
TOTAL EQUITY AND LIABILITIES		**35 904 800**	**34 321 961**

Lysaker, 23 April 2018
The Board of Directors of Ferd AS

Signed

Johan H. Andresen
Chairman of the Board

Signed

Morten Borge
Board Member, CEO

Signed

Tom Erik Myrland
Board Member

Signed

Erik Rosness
Board Member

Signed

Gry Skorpen
Board Member

Statement of changes in equity

2017

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. 2017	183 268	3 057 406	809 905	**4 050 579**	-39 141	19 295	19 095 732	**19 075 887**	999 059	**24 125 524**
Total comprehensive income 2017	-	-	-	**-**	72 890	-7 663	746 146	**811 374**	73 612	**884 985**
Transactions with owners										
Transactions with non-controlling interests	-	-	-	-	-	-	-42 362	**-42 362**	-41 639	**-84 001**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-42 362**	**-42 362**	**-41 639**	**-84 001**
Equity at 31 Dec. 2017	**183 268**	**3 057 406**	**809 905**	**4 050 579**	**33 749**	**11 632**	**19 799 516**	**19 844 898**	**1 031 032**	**24 926 508**

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**	328 725	328 162
Group contribution paid	-	-	-	-	-	-	-1 227	**-1 227**	-	-1 227
Dividend paid *)	-	-	-	-	-	-	-350 000	**-350 000**	-	-350 000
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.

Statement of cash flows 1 January - 31 December

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.

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.

NOK1000	Note	2017	2016
Operating activities			
Profit before tax and minorities		1 093 029	998 497
Taxes paid	9	-175 668	-186 024
Depreciation and write-downs	12,13,14	636 175	659 037
Value-change on investment property	8	-50 062	-582 991
Income on investments accounted for by the equity method	17	-94 752	-56 613
Pension costs without cash effects	19	1 463	20 144
Gain and loss on securities, net		70 370	205 766
Net investment in securities		-269 686	-820 881
Net investment in investment property	8	-388 713	-558 952
Gain and loss on sale of tangible assets, net		-57 397	-26 870
Change in inventories		588 140	-290 203
Change in short-term receivables and other current assets		-435 768	396 603
Change in trade payables and other current liabilities		451 427	-185 472
Change in other long-term debt		17 437	71 810
Net cash flows from operating activities		**1 385 995**	**-356 148**
Investing activities			
Proceeds from sale of tangible and intangible assets	12,13,14	97 525	52 967
Purchases of tangible and intangible assets	12,13,14	-656 894	-674 726
Dividend received from companies accounted for by the equity method	17	44 518	22 911
Purchase of subsidiaries, net less bank deposits taken-over	13	-402 864	-1 203 253
Proceeds from sale of subsidiaries, net less bank deposists transferred		170 548	1 370 715
Net other investments		-91 213	-19 967
Net cash flows used in investing activities		**-838 379**	**-451 354**
Financing activities			
Change in interest-bearing debt		216 485	696 148
Dividend paid		-	-350 000
Net transactions with non-controlling interests		-157 224	328 162
Net cash flows from investing activities		**59 261**	**674 310**
Currency conversion of bank deposits		**-136 423**	**-91 032**
Change in bank deposits		470 454	-224 224
Bank deposits at 1 January		1 628 513	1 852 737
Bank deposits at 31 December		**2 098 967**	**1 628 513**

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 2017 were approved by the Board of Directors on 23 April 2018.

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.

The most significant accounting principles applied in the preparation of the financial statements are described below. Specific accounting principles are disclosed under the relevant notes. 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.

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.

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.

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.

<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 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 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 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.

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 2 910 in operating profit. The value of Ferd Capital's portfolio constitutes MNOK 16 845 at 31 December 2017 and MNOK 13 515 at 31 December 2016 measured at fair value.

Ferd Capital's largest investments as of 31 December 2017 are:

- Elopak (99.9 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 (63.6 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 (77.8 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 (99.6 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.
- Fürst (40.0 percent stake) operates the largest medical laboratory in the Nordics and daily analyses blood samples from more than 10 000 patients.
- 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 (13.0 percent stake) develops, builds, owns and operates solar energy plants all over the world.
- Benchmark Holdings (17.6 percent stake) contributes to improving fish health within fish farming by manufacturing special meal, roe and vaccines.
- Nilfisk (>5.0 percent stake) delivers washing equipment to the professional market as well as to consumers.
- NKT (>5.0 percent stake) manufactures and installs underwater and underground high-voltage cables, in addition to cables with medium and low voltage levels..
- Boozt (5.7 percent stake) is a fast growing e-commerce company selling fashion clothes through the web page Boozt.com.

Ferd Invest mainly invests in listed Nordic limited companies. The ambition is to beat a Nordic share index. Ferd Invest’s mandate has no limitations regarding allocations between countries and sectors. The portfolio is concentrated and expected to deviate significantly from the reference index.

Ferd External Managers comprises the four mandates Relative Value, Macro, Global Equity and Global Fund Opportunities. The objective with the portfolios is to achieve a good risk-adjusted return over time, both compared with the market and in absolute terms.

Ferd Real Estate is an active property investor responsible for developing housing projects, new office buildings and warehouse/combined buildings. The projects are carried out in-house,or in cooperation with selected partners. Investments concerning financial property only are also made, in addition to managing the business area’s office buildings.

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	Capital	Invest	External Managers	Real Estate	Other areas
Result 2017						
Sales income	18 278 205	18 278 205	-	-	-	-
Income from financial investments	312 897	-424 468	269 542	94 871	95 688	277 264
Other income	773 000	137 747	-	-	633 754	1 500
Operating income	**19 364 102**	**17 991 483**	**269 542**	**94 871**	**729 442**	**278 763**
Operating expenses excl. Depreciation and impairment	17 631 007	16 976 930	13 164	19 840	509 601	111 472
EBITDA	**1 733 095**	**1 014 553**	**256 378**	**75 031**	**219 841**	**167 291**
Depreciation and impairment	636 175	630 780	-	-	3 865	1 529
Operating profit	**1 096 920**	**383 773**	**256 378**	**75 031**	**215 975**	**165 762**
Income on investments accounted for by the equity method	70 188	70 188	-	-	-	-
Result before finance items and income tax expense	**1 167 108**	**453 961**	**256 378**	**75 031**	**215 975**	**165 762**
Balance sheet as at 31 December 2017						
Intangible assets	4 258 436	4 258 436	-	-	-	-
Tangible assets and investment properties	4 917 567	2 237 386	-	-	2 672 842	7 340
Investments accounted for by the equity method	559 055	395 378	-	-	163 676	-
Investments classified as current assets	16 801 348	6 062 493	3 950 890	4 157 436	462 030	2 168 499
Bank deposits [1)]	2 098 967	-480 879	83 494	39 423	936 298	1 520 631
Other assets	7 269 426	5 905 041	9 713	6 116	983 927	364 629
Total assets	**35 904 800**	**18 377 856**	**4 044 097**	**4 202 975**	**5 218 773**	**4 061 098**

[1)] The business area's net withdrawals from the bank accounts are included here.

NOK1000	Ferd AS Group	Capital	Invest	External Managers	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.

Note 4 Income from financial investments

Income from financial investments by the various asset classes:

NOK1000	**2017**	**2016**
Listed shares and bonds	110 817	48 180
Unlisted shares and bonds	-88 733	96 172
Hedge funds	190 807	-75 411
Fixed income investments	100 006	7 416
Total income from financial investments	**312 897**	**76 357**

Note 5 Financial instruments and the use of fair value

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.

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	-	-	-	-	4 258 436	**4 258 436**
Deferred tax assets	-	-	-	-	350 510	**350 510**
Tangible assets	-	-	-	-	2 340 367	**2 340 367**
Investments accounted for by the equity method	-	-	-	-	559 055	**559 055**
Investment property	2 577 200	-	-	-	-	**2 577 200**
Pension funds	-	-	-	-	1 611	**1 611**
Other financial non-current assets	-	-	223 156	-	134 139	**357 295**
Total 2017	**2 577 200**	**-**	**223 156**	**-**	**7 644 118**	**10 444 474**
Total 2016	**2 700 500**	**-**	**243 328**	**-**	**6 802 983**	**9 746 811**
Current assets						
Inventories	-	-	-	-	3 311 293	**3 311 293**
Short-term receivables	3 075	33 654	3 211 990	-	-	**3 248 718**
Listed shares and bonds	7 521 566	-	-	-	-	**7 521 566**
Unlisted shares and bonds	4 185 131	-	-	-	-	**4 185 131**
Hedge funds	5 094 652	-	-	-	-	**5 094 652**
Bank deposits	-	-	2 098 967	-	-	**2 098 967**
Total 2017	**16 804 423**	**33 654**	**5 310 957**	**-**	**3 311 293**	**25 460 326**
Total 2016	**16 289 605**	**29 103**	**4 119 857**	**-**	**3 219 085**	**23 657 651**
Non-current liabilities						
Pension obligation	-	-	-	-	158 800	158 800
Deferred tax	-	-	-	-	939 029	939 029
Long-term interest-bearing debt	0	-	-	3 984 006	-	3 984 006
Other long-term debt	-	-	-	258 517	-	258 517
Total 2017	**0**	**-**	**-**	**4 242 522**	**1 097 828**	**5 340 351**
Total 2016	**-**	**-**	**-**	**3 894 086**	**1 114 888**	**5 008 974**
Current liabilities						
Short-term interest-bearing debt	-	-	-	1 243 055	-	1 243 055
Tax payable	-	-	-	-	260 339	260 339
Other short-term debt	73 369	-	-	4 006 200	-	4 134 547
Total 2017	**73 369**	**-**	**-**	**5 249 256**	**260 339**	**5 637 941**
Total 2016	**6 571**	**14 375**	**-**	**4 431 497**	**197 079**	**4 649 522**

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 2017
Assets				
Investment property	-	-	2 577 200	2 577 200
Short-term receivables	-	36 728	-	36 728
Listed shares and bonds	7 521 566	-	-	7 521 566
Unlisted shares and bonds	-	-	4 185 131	4 185 131
Hedge funds	-	4 157 436	937 215	5 094 652
Liabilities				
Other short-term debt	-	73 369	-	73 369
Total 2017	**7 521 566**	**4 120 795**	**7 699 546**	**19 341 908**

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
Liabilities				
Other short-term debt	-	20 946	-	20 946
Total 2016	**7 411 217**	**3 746 821**	**7 840 224**	**18 998 262**

Reconciliation of movements in assets on level 3

NOK1000	Opening balance on 1 Jan. 2017	Purchases/ share issues	Sales and proceeds from investments*	Reclassified	Unrealised gain and loss, recognised in the result	Gain and loss recognised in the result	Closing balance on 31 Dec. 2017
Investment property	2 700 500	281 752	-213 833	-396 700	59 021	146 461	2 577 200
Unlisted shares and bonds	3 978 545	808 594	-565 255	-	-115 803	79 049	4 185 131
Hedge funds	1 161 178	27 591	-371 732	-	6 954	113 224	937 215
Total 2017	**7 840 223**	**1 117 937**	**-1 150 820**	**-396 700**	**-49 828**	**338 734**	**7 699 546**

NOK1000	Opening balance on 1 Jan. 2016	Purchases/ share issues	Sales and proceeds from investments*	Reclassified	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	-	-59 448	110 224	1 161 178
Total 2016	**6 622 933**	**2 602 696**	**-956 458**	**-917 500**	**351 982**	**136 570**	**7 840 223**

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. 2017	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	2 577 200	-	-	-	7 % - 12 %	2 341 100	2 822 400
Unlisted shares and bonds sensitive for multiple	1 739 000	8.8 - 10.5	1 310 000	2 167 000	-	-	-
Other unlisted shares and bonds sensitive for multiple	2 446 130	-	-	-	-	-	-

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 2017:

	Purchases of currency		**Disposals of currency**	
NOK1000	**Currency**	**Amount**	**Currency**	**Amount**
	NOK	1 562 895	USD	-200 000
	NOK	990 160	EUR	-100 000

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	**2017**	**2016**
Price risk: Norwegian shares decline by 30 percent	-5 600 000	-4 600 000
Price risk: International shares decline by 20 percent	-2 200 000	-2 100 000
Price risk: Property declines by 10 percent	-400 000	-400 000
Currency risk: The Norwegian krone appreciates 10 percent	-1 900 000	-1 400 000
Total impairment in value-adjusted equity	**-10 100 000**	**-8 500 000**
Impairment as a percentage of value-adjusted equity	31%	30%

Note 7 Shares and stakes in other companies with ownerships in excess of 10 %

	Business office	Stake	Measurement method
Subsidiaries			
Elopak AS with subsidiaries	Røyken	100.0%	Consolidated
1912 Top Holding AS with subsidiaries (Servi Group)	Bærum	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
Ferd Eiendom AS with subsidiaries	Bærum	100.0%	Consolidated
Ferd Lab Invest AS	Bærum	0,0%	Consolidated
Ferd Malta Holdings Ltd	Bærum	100.0%	Consolidated
Ferd MG Holding AS with subsidiaries (Mestergruppen)	Malta	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	Bærum	100.0%	Consolidated
Joint ventures			
Aibel Holding I AS with subsidiaries (Aibel)	Stavanger	50.0%	Fair value
Impresora del Yaque	Santiago De Los Caballeros, Dominikanske Rep.	51.0%	Equity method
Associated companies			
Boreal GmbH	Tyskland	20.0%	Equity method
Bygg1 Produkter AS	Ørsta	20.0%	Equity method
FFV Gardermoen AS	Oslo	33.3%	Equity method
Frogn Næringspark AS	Trondheim	25.0%	Equity method
Gamle Isevei Eiendom AS	Oslo	50.5%	Equity method
Hafrsby AS	Stavanger	14.5%	Equity method
Hauglandsøy Fritid AS	Oslo	50.1%	Equity method
Husjordet AS	Oslo	47.5%	Equity method
Høgåsen Tomteutvikling AS	Oslo	50.7%	Equity method
Høymyråsen AS	Oslo	100.0%	Equity method
Kirkeveien 137 AS	Oslo	35.0%	Equity method
Knatterudfjellet Trelast AS	Sarpsborg	37.1%	Equity method
Krigsvoll AS	Trondheim	50.0%	Equity method
Lala Elopak S.A. de C.V.	Gómez Palacio, Mexico	49.0%	Equity method
Madla Byutvikling AS	Stavanger	33.3%	Equity method
Sanderveien 18 AS	Ski	50.0%	Equity method
Siriskjær AS	Stavanger	50.0%	Equity method
Sporafjell Utviklingsselskap AS	Stavanger	50.0%	Equity method
Tastarustå Byutvikling AS	Stavanger	33.3%	Equity method
Tiedemannsbyen DA	Oslo	50.0%	Equity method
Tiedemannsfabrikken AS	Oslo	50.0%	Equity method
Tostemmen Utbygging AS	Bodø	50.0%	Equity method
Voksenkollen Utvikling AS	Oslo	60.0%	Equity method
XL - Bygg Nordic I/S	Brabrand, Danmark	33.3%	Equity method
XL - Bygg Stokksund	Refsnes	17.3%	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
BC SPV II AS		93.7%	Fair value
BC SPV III AS		85.0%	Fair value
Benchmark Holdings plc		17.6%	Fair value
Broodstock Capital Partners AS		40.0%	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
Founders Fund II AS	14.6%	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
NMI Frontier	11.3%	Fair value
NMI Fund III	15.4%	Fair value
NMI Global	11.3%	Fair value
Nordic Microfinance Initiative AS	14.2%	Fair value
Norwegian Microfinance Initiative AS	12.5%	Fair value
Petroleum Geo-Services ASA	10.6%	Fair value
Scatec Solar ASA	13.0%	Fair value
SPG Bostad Kronetorp AB	37.7%	Fair value
SPG Bostad Sverige AB	58.5%	Fair value
SPG Bostad Vega AB	29.4%	Fair value
SPG Bostad Örebro AB	17.2%	Fair value
SPV Verdane Winds	43.6%	Fair value
The Future Group AS	13.7%	Fair value
Wilhelmsen Ferd Offshore AS	50.0%	Fair value

Note 8 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.

Note 2 has details on the assumptions used in the calculation of fair value.

Investment property

NOK1000	**2017**	**2016**
Balance at 1 January	2 700 500	2 235 960
Acquisitions	387 360	499 020
Acquisitions through improvements	1 353	571 615
Disposals	-165 374	-10 592
Reclassifications	-396 700	-1 180 100
Net change in value of investment property	50 062	584 597
Carrying amount at 31 December	**2 577 200**	**2 700 500**

Income from investment property

NOK1000	**2017**	**2016**
Rental income from properties	134 279	143 512
Costs directly attributable to properties	-15 970	-37 960
Net change in value of investment property	50 062	584 597
Total	**168 370**	**690 150**

Note 9 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.

Specification of income tax expenses

NOK1000	**2017**	**2016**
Tax payable of net profit		
Income tax payable for the year	376 542	198 432
Adjustments of prior periods	6 508	9 953
Total tax payable	**383 051**	**208 385**
Deferred tax expense		
Change in deferred tax recognised in the income statement	-90 515	41 440
Effects of changes in tax rates and prior years' taxes	14 448	-38 929
Total deferred tax	**-76 067**	**2 511**
Income tax expense	**306 984**	**210 897**

Tax payable in the balance sheet

NOK1000	**2017**	**2016**
Tax payable of the year	376 542	198 432
Tax liability from prior years	-52 537	35 799
Advance tax paid	-67 308	-35 083
Translation differences	3 641	-2 070
Tax payable	**260 339**	**197 079**

Reconciliation of nominal to effective tax rate

NOK1000	**2017**	**2016**
Profit before tax	1 093 029	998 497
Estimated income tax expense at nominal tax rate (24%)	262 327	249 628
Losses and other deductions without any net tax effect	89 387	-3 973
Non-taxable net income (-) / costs (+) from securities	42 983	-65 594
Other non-taxable income	14 802	-72
Impairment of goodwill	-	3 899
Adjustments of prior periods	20 957	-30 087
Tax effect of other permanent differences	-123 471	57 095
Income tax expense	**306 984**	**210 897**
Effective tax rate	**28.1%**	**21.1 %**

Tax recognised directly in equity

NOK1000	2017	2016
Actuarial loss on pension obligations (note 19)	25 831	-3 402
Cash flow hedges (note 28)	1 716	3 270
Total tax recognised in total comprehensive income	**27 547**	**-132**

Deferred tax asset and deferred tax liability

NOK1000	2017	2016
Inventories	-79 881	-50 888
Receivables	6 990	17 763
Stocks and bonds	-354 178	-245 597
Other differences	116 345	53 753
Tangible assets	-36 280	-45 793
Investment properties	-231 167	-274 349
Intangible assets	-27 178	-146 431
Net pensions	20 872	48 615
Tax losses to carry forward	260 786	304 360
Total	**-323 692**	**-338 568**
Reassment of deferred tax assets	-264 827	-348 597
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	**-588 519**	**-687 165**

Deferred tax assets recognised in balance sheet	350 510	251 594
Deferred tax liabilities recognised in balance sheet	-939 029	-938 759
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	**-588 519**	**-687 165**

Gross tax losses to carry forward with expiration years

NOK1000	2017
After 2019	79 054
Without expiration	1 011 774
Total tax losses to carry forward	**1 090 828**

Change in net deferred tax in balance sheet

NOK1000	2017	2016
Net carrying value at 1 January	-687 165	-589 396
Translation differences	5 644	-3 996
Acquisition and disposal of subsidiary	-10 612	-39 927
Recognised in income statement during the period	76 067	-53 714
Tax recognised in other comprehensive income	27 547	-132
Net carrying value at 31 December	**-588 519**	**-687 165**

Note 10 Geographical allocation of revenue

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.

NOK1000	**2017**	**2016**
Norway	8 874 688	5 312 862
Germany	1 694 941	1 589 037
Sweden	587 528	728 992
USA	1 336 969	1 046 117
Netherlands	532 998	543 041
Russia	717 903	715 758
Canada	517 543	467 802
Denmark	380 510	508 788
Great Britain	353 402	405 974
Spain	309 457	323 281
Austria	323 091	272 196
Finland	303 904	278 043
France	215 419	205 485
Rest of the world	2 129 852	1 787 740
Total revenue	**18 278 205**	**14 185 117**

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

Note 11 Salaries

NOK1000	**2017**	**2016**
Salaries	2 499 508	2 182 991
Social security tax	332 731	302 406
Pension costs	139 440	152 421
Other benefits	48 890	66 826
Total	**3 020 569**	**2 704 644**
Average number of man-labour years	4 040	3 500

Salary and remuneration to Group management		**2017**			**2016**	
NOK1000	Salary	Benefits in kinds	Pension	Salary	Benefits in kinds	Pension
Group CEO, John Giverholt (in the period 1.1.-31-7-17)*	3 681	173	645	5 180	259	1 595
Group CEO, Morten Borge (1.1.-31.12.17)**	5 716	307	335	-	-	-
Other members of Group management	8 658	493	590	7 970	501	569
Total	**18 055**	**973**	**1 570**	**13 150**	**760**	**2 164**

* Estimated pension earnings in defined benefit pension schemes
** Morten Borge took over as Group CEO from 1 August 2017

The Group CEO participates in Ferd's annual and long-term bonus scheme. 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

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.

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.

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.

NOK1000	**2017**	**2016**
Goodwill (note 13)	2 605 380	2 329 817
Other intangible assets	1 653 056	1 472 504
Carrying amount at 31 December	**4 258 436**	**3 802 321**

2017

NOK1000	Software	Brands	Patents and rights	Capitalised develop-ment costs	Customer relations	Total
Cost at 1 January	480 686	307 414	677 956	446 640	807 385	2 720 081
Ordinary additions	153 925	148 000	2 899	48 654	-1 317	352 160
Exchange differences	35 441	0	19 978	24 458	-	79 877
Cost at 31 December	670 052	455 413	700 834	519 752	806 068	3 152 119
Acc. Amortisation and impairment at 1 January	313 853	-	451 666	130 877	351 181	1 247 576
Current year depreciation charge	22 454	-	48 999	40 578	80 738	192 769
Current year amortisation charge	-	-	-	9 934	-	9 934
Exchange differences	23 489	-	19 999	5 295	-	48 783
Accumulated amortisation at 31 December	359 796	-	520 664	186 684	431 919	1 499 063
Accumulated impairment at 31 December	4 015	-	1 000	31 778	-	36 793
Carrying amount at 31 December	**310 256**	**455 413**	**180 170**	**333 068**	**374 148**	**1 653 056**
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	

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	

Research and development

Costs expensed to research and development in fiscal year 2017 totalled MNOK 25. The corresponding cost for 2016 was MNOK 36.

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 various goodwill items in the Group.

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.

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.

The tables below show the values and movements in the the various goodwill items in the Group.

2017

NOK1000	Interwell	Servi	Elopak	Mester-gruppen	Other	Total
Cost at 1 January	1 212 016	389 889	541 444	426 832	20 679	2 590 860
Additions	-	6 635	-	227 602	9 829	244 066
Disposals	-	-	-	-	-2 000	-2 000
Exchange differences	-	-	38 130	-	0	38 130
Cost at 31 December	1 212 016	396 524	579 574	654 434	28 508	2 871 056
Accumulated impairment at 1 January	3 899	200 720	56 544	-	-119	261 043
Exchange differences	-	-	4 633	-	-1	4 632
Accumulated impairment at 31 December	3 899	200 720	61 177	-	-120	265 676
Carrying amount at 31 December	**1 208 117**	**195 804**	**518 397**	**654 434**	**28 628**	**2 605 380**

Changes in 2017

Mestergruppen acquired 72.3 % of Saltdalsbygg with accounting effect from 15 August 2017, whereby goodwill amounting to MNOK 228 was recognised. Mestergruppen is anticipating considerable synergy potentials from this transaction and has strengthened Mestergruppen's position in the market by access to competence and enforced brand names related to Saltdalshytta and Røroshytta.

The effect on Ferd's consolidated financial statements from Mestergruppen's acquisition constituted income amounting to MNOK 271 and an EBITDA of MNOK 8 in the period from the take-over date until 31 December 2017. The corresponding numbers for the whole year are income of MNOK 815 and MNOK 53 in EBITDA.

2016

NOK1000	Interwell	Servi	Elopak	Mester-gruppen	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	-	-	-	-	-	-
Reclassified to assets held for sale	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-
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.

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.

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.

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.

Discount rates:

Determined cash flows are discounted at a discount interest rate. 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 rate applied and other assumptions are shown below:

	Discount rate after tax (WACC)		Growth rate 2-5 years		Long-term growth rate	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Interwell	9.0 %	7.3 %	3.0 %	5.0 %	2.0 %	2.0 %
Servi	6.6 %	6.5 %	7.0 %	5.0 %	1.5 %	2.0 %
Elopak	3.9 %	4.2 %	0.0 %	0.0 %	0.0 %	0.0 %

Interwell

The acquisition of Interwell in 2014 resulted in a recognition of goodwill of MNOK 345 for Ferd. In the Interwell group, however, there are an additional MNOK 863 in goodwill from acquisitions carried out by Interwell. 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.

Servi

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 2017 is MNOK 188 following an impairment of MNOK 200.

Elopak

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 518 at 31 December 2017. 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.

Mestergruppen

Goodwill concerning Mestergruppen is allocated to Mestergruppen as a whole as one cash-generating unit, the level on which Ferd is following up Mestergruppen. In connection with the purchase of Nordek and Byggtorget in 2016, goodwill amounting to MNOK 426 was recognised. In 2017, an additional goodwill of MNOK 228 was recognised as a consequence of the acquisition of Saltdalsbygg.

Conclusion

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 2017. 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.

Note 14 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.

2017

NOK1000	**Buildings and land**	**Machines and installations**	**Fixtures and equipment**	**Total**
Cost at 1 January	805 519	5 077 851	391 895	6 275 265
Additions on acquisitions	94 866	39 538	24 367	158 770
Ordinary additions	14 260	385 326	41 483	441 068
Disposals	4 319	-206 020	32 973	-168 728
Transfer between asset groups	6 891	2 846	-9 737	-
Exchange differences	32 130	328 587	11 839	372 555
Cost at 31 December	957 984	5 628 127	492 820	7 078 931
Accumulated depreciation and impairment at 1 January	402 235	3 406 516	273 178	4 081 930
Accumulated depreciation on acquisitions	36 032	25 978	13 717	75 727
Depreciation of the year	27 430	366 936	35 977	430 344
Impairment of the year	1 311	1 817	-	3 128
Derecognised deprecation	-6 076	-148 129	24 787	-129 418
Exchange differences	23 942	244 207	8 706	276 854
Accumulated depreciation at 31 December	484 874	3 897 324	356 365	4 738 563
Accumulated impairment at 31 December	4 814	63 719	627	69 160
Carrying amount at 31 December	**473 109**	**1 730 803**	**136 455**	**2 340 367**
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

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
Disposals	-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

Note 15 Other operating expenses

NOK1000	**2017**	**2016**
Sales and administration costs	314 658	227 985
Lease of buildings etc.	265 002	253 955
Fees to auditors, lawyers, consultants	200 481	195 831
Travel expenses	197 572	183 359
Loss and change in write-downs of receivables	25 715	8 225
Other expenses	497 716	438 660
Total	**1 501 145**	**1 308 015**

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**
2017					
Ernst & Young	11 616	101	9 862	2 144	23 724
Others	3 069	899	1 016	706	5 690
Total	**14 686**	**1 000**	**10 878**	**2 850**	**29 414**
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**

Other non-audit services mainly concern due diligence services.

All amounts are exclusive of VAT.

Note 17 Investments accounted for by the equity method

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.

A specification of companies and shares is given in the statement of investments in associates and joint ventures in note 7.

2017 NOK1000	**Al-Obeikan Elopak factory for Packaging Co**	**Lala Elopak S.A. de C.V.**	**Impresora Del Yaque**	**Tiede-manns-byen DA**	**Others**	**Total**
Ownership and voting share	49%	49%	51%	50%		
Cost at 1 January	58 325	165 051	42 253	106 768	157 060	529 457
Share of result at 1 January	115 128	188 440	15 538	29 780	-5 231	343 656
Accumulated impairment of goodwill at 1 January	-12 600	-	-	-	-1 941	-14 541
Transfer from the company	-67 450	-140 743	-5	-37 765	-5 860	-251 823
Recognised directly in equity	-3 550	-	-	-	-	-3 550
Exchange differences/eliminations	1 707	-48 979	-7 788	-	3 179	-51 882
Carrying amount at 1 January	**91 559**	**163 769**	**49 998**	**98 783**	**147 207**	**551 317**
Additions of the year	-	-	-	-	46 541	46 541
Sales during the year	-	-	-	-	-15 042	-15 042
Sales during the year	-	-	-	-	885	885
Share of the result of the year	9 968	42 530	19 720	30 315	-3 141	99 392
Transfers from the company	-19 395	-20 389	-7 183	-50 000	-11 373	-108 340
Recognised directly in equity	1 014	-128	-	-	-1 852	-966
Exchange differences/eliminations	-4 817	-4 868	-5 777	-	730	-14 732
Carrying amount at 31 December	**78 329**	**180 914**	**56 758**	**79 098**	**163 955**	**559 055**

2016 NOK1000	**Al-Obeikan Elopak factory for Packaging Co**	**Lala Elopak S.A. de C.V.**	**Impresora Del Yaque**	**Tiede-manns-byen DA**	**Others**	**Total**
Ownership and voting share	49%	49%	51%	50%		
Cost at 1 January	58 325	165 051	42 253	106 768	72 761	445 158
Share of result at 1 January	102 781	157 653	1 978	17 264	7 367	287 043
Accumulated impairment of goodwill at 1 January	-12 600	-	-	-	-1 941	-14 541
Transfer from the company	-56 956	-128 048	-5	-12 765	-5 860	-203 634
Recognised directly in equity	-3 550	-	-	-	-	-3 550
Exchange differences/eliminations	2 389	-14 956	-6 453	-	3 177	-15 843
Carrying amount at 1 January	**90 389**	**179 700**	**37 773**	**111 267**	**75 504**	**494 633**
Additions of the year	-	-	-	-	84 299	84 299
Share of the result of the year	12 347	30 787	13 560	12 516	-12 598	56 613
Transfers from the company	-10 494	-12 695	-	-25 000	-	-48 189
Exchange differences/eliminations	-682	-34 023	-1 335	-	2	-36 039
Carrying amount at 31 December	**91 559**	**163 769**	**49 998**	**98 783**	**147 207**	**551 317**

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 2017. The figures are unaudited.

NOK 1000	**Al-Obeikan Elopak factory for Packaging Co**	**Lala Elopak S.A. de C.V.**	**Impresora Del Yaque**	**Tiede-manns-byen DA**
Operating revenue	377 968	690 950	188 934	436 955
Profit after tax and minority	25 786	86 655	38 667	23 974
Total assets	409 156	572 203	169 774	681 912
Total liabilities	141 507	127 485	29 256	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.
- Impresora Del Yaque is a cardboard manufacturer with a plant in the Dominican Republic selling cardboard to the market in Mid 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	**2017**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Al-Obeikan Elopak factory for Packaging Co	49.0 %	-	-	1 437	8 705	123 092	128 727
Frogn Næringspark AS	25.0 %	-	-	1 947	-	-	-
Hafrsby AS	25,0 %	-	-	188	-	-	-
Impresora Del Yaque	51.0 %	260 286	2 304	2 873	1 090	-	-
Lala Elopak S.A. de C.V.	50.0 %	-	190 837	-	-10 386	-	-
Lofoten Tomteselskap AS	50,0 %	-	-	3 507	16 598	-	-
Sanderveien 18 AS	50.0 %	-	-	-	16 598	-	-
Total		**260 286**	**193 141**	**9 952**	**16 007**	**123 092**	**128 727**

Note 18 Specification of finance income and expense

Finance income

NOK1000	**2017**	**2016**
Interest income from bank deposits	76 723	84 416
Interest income from related parties	8 599	10 835
Other interest income	14 526	15 603
Foreign exchange gain and other finance income	122 012	197 645
Total	**221 859**	**308 498**

Finance expense

NOK1000	**2017**	**2016**
Interest expense to finance institutions	154 541	180 543
Interest expense to related parties	29 477	23 987
Other interest expense	13 822	11 928
Foreign exchange loss and other finance expenses	98 099	111 358
Total	**295 938**	**327 816**

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

Note 19 Pension costs and liabilities

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.

Defined benefit plans
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. Ferd have defined benefit plans in Norway, USA and Schwitzerland.

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.

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

	2017	**2016**
Discount rate	1.90 %	2.00 %
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

	2017	**2016**
Discount rate	0.60 - 3.41 %	0.60 - 3.91 %
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	**2017**	**2016**
Pension liabilities for defined benefit pension plans	-158 800	-176 129
Pension assets for defined benefit pension plans	1 611	4 415
Total defined benefit obligation recognised in the Group's balance sheet	**-157 189**	**-171 714**

DEFINED BENEFIT PLANS

Specification of recognised liability

NOK1000	**2017**	**2016**
Present value of unfunded pension liabilities	-75 623	-64 095
Present value of wholly or partly funded obligations	-302 126	-485 704
Total present value of defined benefit obligations	**-377 748**	**-549 799**
Fair value of pension assets	220 560	378 085
Total defined benefit obligation recognised in the Group's balance sheet	**-157 189**	**-171 714**

Movements in liabilities for defined benefit pension plans

NOK1000	2017	2016
Liability for defined benefit pension plans at 1 January	549 799	663 967
Present value of current service cost	1 818	11 203
Interest expenses on the pension liability	10 947	17 883
Demographic estimate deviation on the pension liability	-6 960	12 173
Financial estimate deviation on the pension liability	-1 707	334
Settlement of pension plans	-113 054	-47 567
Curtailment of pension plans	-44 842	3 863
Change in liability due to acquisition/sale of subsidiaries	13 838	-313
Benefits paid	-24 442	-79 635
Social security tax	-391	-186
Exchange differences on foreign plans	-7 258	-31 922
Liability for defined benefit pension plans at 31 December	**377 748**	**549 799**

Expected payments of defined pension liabilities

NOK1000	2017
Defined benefit pension expected to fall due year 1-5	135 197
Defined benefit pension expected to fall due year 6-10	133 648
Defined benefit pension expected to fall due year 11-20	101 584
Defined benefit pension expected to fall due year 21-30	7 320
Total benefit pension due	**377 748**

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

NOK1000	2017	2016
Fair value of pension assets at 1 January	378 085	496 445
Expected return from pension assets	7 134	13 390
Financial estimate deviation on the pension assets	-1 064	15 541
Contributions from employer	6 765	12 456
Administration expenses	-56	-3 102
Contributions from employees	429	1 661
Increase in pension funds due to the acquisition of subsidiaries	-32 306	-4 071
Settlements	-110 474	-44 734
Benefits paid	-22 836	-76 669
Exchange difference on foreign plans	-5 117	-32 831
Fair value of pension assets at 31 December	**220 560**	**378 085**

Pension assets include the following	**Of which**		
NOK1000	**active markets:**	**2017**	**2016**
Equity instruments	45 462	45 964	87 634
Government stock	110 438	121 931	175 005
Corporate stock	-	-	7 001
Other debt instruments, including structured debt	-	30 971	2 018
Investment funds	5 300	5 300	-
Property investments	49	6 928	6 559
Bank deposits	-	108	427
Other assets	1 220	9 357	99 441
Total pension funds	**162 469**	**220 560**	**378 085**

Actuarial deviations recognised in other comprehensive income

NOK1000	2017	2016
Current year actuarial deviation on pension liabilities (defined benefit schemes)	8 667	-12 506
Current year actuarial deviation on pension funds (defined benefit schemes)	-1 064	12 138
Tax effect (note 9)	25 831	3 402
Net actuarial deviation on defined benefit schemes	**33 434**	**3 034**

PENSION COSTS

NOK1000	2017	2016
Defined benefit plans	7 041	27 317
Defined contribution plans	132 399	125 103
Total pension costs recognised in current year payroll costs	**139 440**	**152 421**

DEFINED BENEFIT PLAN PENSION COSTS

Pension costs recognised in income statement

NOK1000	**2017**	**2016**
Present value of this year's pension earned	1 818	11 203
Contribution from employees	-429	-1 661
Curtailment of pension schemes and plan changes	5 988	14 859
Social security tax	-391	-186
Administration costs	56	3 102
Total pension costs from benefit schemes recognised in salary costs	**7 041**	**27 317**
Interest expense on the pension liability	10 947	17 883
Expected return on pension funds	-7 134	-13 390
Total pension costs from benefit schemes recognised in finance costs	**3 813**	**4 492**

Note 20 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.

2017 NOK1000	**Raw materials**	**Work in progress**	**Finished goods**	**Total**
Cost at 31 December	477 049	1 670 169	1 302 036	3 449 255
Provisions for obsolescence at 1 January	14 666	49 551	95 116	159 333
Write-down	1 495	14 109	26 850	42 454
Reversal of write-down	13	-26 228	-43 939	-70 154
Currency translation	446	1 451	4 432	6 329
Provisions for obsolescence at 31 December	-16 620	-38 883	-82 458	-137 962
Carrying value at 31 December	**460 429**	**1 631 286**	**1 219 578**	**3 311 293**

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**

Note 21 Current assets

NOK1000	**2017**	**2016**
Prepayments	71 914	82 016
VAT and tax receivables	67 400	159 644
Current interest-bearing receivables	2 091	1 908
Financial instruments	36 728	60 155
Other current receivables	1 248 331	731 893
Carrying amount at 31 December	**1 426 464**	**1 035 616**

NOK1000	**2017**	**2016**
Accounts receivable, gross	1 875 004	1 580 346
Write-down of receivables	-52 550	-64 463
Carrying amount at 31 December	**1 822 453**	**1 515 883**
Total current receivables	**3 248 918**	**2 551 499**

Overdue accounts receivable by age

NOK1000	**2017**	**2016**
Up to 30 days	305 356	215 363
30-60 days	48 272	56 844
60-90 days	74 712	49 163
Over 90 days	75 051	85 883
Total	**503 391**	**407 253**

Note 22 Share capital and shareholder information

The share capital of the Company as at 31 December 2017 consists of 183 267 630 shares at a nominal value of NOK 1.-.

Owner structure

The shareholder as at 31 December 2017 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 board members in Ferd AS	**Position**	**Voting rights**	**Stake**
Johan H. Andresen	Chair of the Board	69.94 %	15.20 %

Johan H. Andresen's children own 84.8 percent of Ferd AS indirectly by ownership of shares in Ferd Holding AS.

Note 23 Non-controlling interests

Subsidiary	**Interwell**	**Mestergruppen**	**Others**	**Total**
Business office	Stavanger	Oslo		
Ferd's stake and voting share	63.6 %	77.8 %		
Non-controlling share	36.4 %	22.2 %		

NOK1000				
Non-controlling interest 1 January 2017	630 183	344 916	23 960	999 059
Dividends and capital changes	-5 512	-59 438	-1 980	-66 930
Transactions with non-controlling interests	-77 467	97 013	5 744	25 291
Other comprehensive income attributable to non-controlling interests	15 607	51 051	6 673	73 332
Translation differences	278	-	2	280
Non-controlling interest at 31 December 2017	**563 089**	**433 543**	**34 400**	**1 031 032**

Summary of financial information from subsidiaries

NOK1000	**Interwell**	**Mestergruppen**
Operating income	811 413	7 495 378
Operating profit	96 561	359 634
Profit after tax	64 626	269 494
Non-current assets	1 243 014	1 416 570
Current assets	481 356	1 727 300
Non-current liabilities	226 050	1 010 239
Current liabilities	103 252	1 309 502

Note 24 Non-current liabilities

NOK1000	**Loan amount in currency 2017**	**Loan amount in NOK 2017**	**Loan amount in NOK 2016**
NOK	-	2 234 063	1 719 280
USD	-	-	4 310
EUR	115 000	1 131 635	1 362 945
DKK	400 000	528 700	501 100
CAD	15 000	98 147	96 069
CHF	-	-	11 845
Carrying value of loan expenses		-8 535	-14 213
Carrying value at 31 December		**3 984 006**	**3 681 337**
Other long-term debt		258 517	212 749
Total non-current liabilities		**4 242 522**	**3 894 086**

Instalments determined in contracts

NOK1000	**2017**
2018	2 208 499
2019	217 071
2020	898 479
2021	564 212
2022 or later	362 797
Total	**4 251 057**
Carrying value of loan expenses	-8 535
Total balance at 31.12	**4 242 522**

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	**2017**	**2016**
Trade payables	1 769 862	1 812 272
Public duties etc.	267 752	200 040
Financial instruments	73 369	20 946
Other short-term debt	2 023 564	1 264 271
Total	**4 134 547**	**3 297 529**

Note 26 Assets pledged as security, guarantees and contingent liabilities

Secured borrowings

NOK1000	**2017**	**2016**
Loan facilities	3 020 722	3 094 332
Factoring	94 742	58 988
Total	**3 115 464**	**3 153 321**

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	**2017**	**2016**
Investment property	1 447 618	2 140 254
Other tangible assets	483 350	512 790
Inventories	1 118 878	571 392
Receivables	1 290 975	891 626
Other assets	93 788	143 328
Total	**4 434 609**	**4 259 389**
Maximum exposure to the above assets	4 434 609	4 259 389

Guarantees and off-balance sheet liabilities

NOK1000	**2017**	**2016**
Committed capital to fund investments	866 239	962 303
Committed equity contributions to company investments	175 000	175 000
Guarantees without security	163 634	178 864
Clauses on minimum purchases in agreements	243 390	271 953
Other obligations [1)]	426 066	417 548
Total	**1 874 329**	**2 005 667**

[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
	NOK	1 562 895	USD	-200 000
	NOK	990 160	EUR	-100 000
	CAD	18 300	USD	-14 363
	JPY	3 947 021	EUR	-31 790
	NOK	520 551	EUR	-54 816
	USD	4 752	EUR	-4 021
	EUR	3 990	USD	-4 400
	USD	12 000	NOK	-95 677
	EUR	2 500	NOK	-23 650
	CHF	1 200	NOK	-9 848

All foreign exchange contracts mature during 2018 and 2019.

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
	EUR	80 000	3M EURIBOR	Fixed 0.13 - 1.36 %	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.

	2017			**2016**		
NOK1000	Opening balance	Change during the year	Closing balance	Opening balance	Change during the year	Closing balance
Commodity swaps	21 715	5 950	27 665	49 488	-27 773	21 715
Currency futures	-2 408	-20 293	-22 701	-13 626	11 218	-2 408
Interest rate swaps	-13 952	6 428	-7 524	-17 314	3 362	-13 952
Currency translation	-1 282	-138	-1 420	-1 769	487	-1 282
Deferred tax	-1 034	445	-589	-4 304	3 270	-1 034
Total	3 039	-7 608	-4 569	12 475	-9 436	3 039

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	**2017**	**2016**
Commodity costs	23 547	-10 030
Other operating expenses	-2 697	6 363
Net finance result	-21 708	-16 341
Total	**-858**	**-20 008**

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.

31.12.17 NOK1000	**Less than 1**	**1-3 years**	**3-5 years**	**Total**
Finance institutions	1 243 055	2 308 359	1 684 181	5 235 596
Accounts payable	1 769 862	-	-	1 769 862
Other non-current liabilities	-	117 211	141 306	258 517
Public taxes and other current liabilities	2 192 009	-	-	2 192 009
Total [1)]	**5 204 927**	**2 425 570**	**1 825 487**	**9 455 984**

31.12.16 NOK1000	**Less than 1**	**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**

[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:

31.12.17 NOK1000	**Less than 1**	**1-3 years**	**More than 3**	**Total**
Interest rate swaps	-8 665	-4 728	709	-12 684
Currency futures	17 835	-9 840	-	7 995
Commodity derivatives	-12 478	-	-	-12 478
Total	**-3 307**	**-14 568**	**709**	**-17 166**

31.12.16 NOK1000	**Less than 1**	**1-3 years**	**More than 3**	**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**

Credit facilities

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

	2017		**2016**	
	Used	Unused	Used	Unused
Overdraft				
Secured	35 000	295 000	119 658	127 372
Unsecured	168 889	298 840	16 501	421 032
Credit facilities				
Secured	1 108 303	-	1 049 612	-
Unsecured	2 093 664	2 032 456	1 953 118	1 681 402
Factoring				
Secured	94 742	-	58 988	16 219
Unsecured	374 236	465 023	582 359	375 437
Total secured	**1 238 045**	**295 000**	**1 228 258**	**143 591**
Total unsecured	**2 636 789**	**2 796 319**	**2 551 978**	**2 477 870**

Change in obligations from financial activities

	Long-term loans	Short-term loans	Leasing obligations	Derivatives	Other	Total
Balance at 1 January 2017	**3 681 337**	**1 154 914**	**145**	**-10 450**	**17 836**	**4 843 783**
Proceeds from new loans	7 886 488	609 296	2 136	-	10 661	8 508 581
Repayments	-7 899 285	-426 002	-28	12 564	-	-8 312 751
Additions from acquisitions	44 770	7 772	-	-	-	52 542
Reclassifications	130 851	-130 449	-	-6 734	-6 641	-12 974
Fair value changes	988	18 279	-	-18 121	-	1 146
Currency changes	138 856	9 245	128	429	1 701	150 360
Balance at 31 December 2017	**3 984 006**	**1 243 055**	**2 381**	**-22 312**	**23 558**	**5 230 688**

Note 30 Operating and finance leases

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.

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	**2017**	**2016**
Total variable leases recognised as income	193 545	135 652
Total	**193 545**	**135 652**

At the balance sheet date, the Group has contracted the following future minimum leases:	**2017**	**2016**
Totally due next year	119 616	109 714
Totally due in 2-5 years	289 859	272 452
Totally due after 5 years	13 245	19 354
Total	**422 721**	**401 520**

The amounts have not been discounted.

The Group as lessor, finance leases

Specification of income from finance leases	**2017**	**2016**
Total variable leases recognised as income	25 594	15 859
Total income from finance leases	**25 594**	**15 859**

Gross investment compared to the present value of outstanding minimum leases	**2017**	**2016**
Gross receivables on lease agreements	27 002	15 510
Finance income not yet earned	-1 584	-963
Net investment from finance leases (present value)	**25 417**	**14 547**

The Group as lessee, operating leases

Specification of expenses on operating leases	**2017**	**2016**
Total variable leases recognised as expenses	187 776	217 778
Minimum leases (including fixed leases) recognised as expense	148 710	220 344
Subleases recognised as cost reductions	-1 564	48 145
Total leasing costs	**334 922**	**486 267**

Due for payment	**2017**	**2016**
Total costs next year	376 970	361 215
Total costs 2-5 years	967 896	1 052 342
Total costs after 5 years	868 812	1 036 356
Total	**2 213 678**	**2 449 913**

The amounts have not been discounted.

The Group as lessee, finance leasing

Specification of leasing costs of the year	2017	2016
Total variable leases recognised as expenses	1 199	481
Total leasing costs	**1 199**	**481**

Future minimum leases and corresponding present values, by due dates:	Minimum rent	Calculated interest	Present value
Total due in one year	3 821	409	3 412
Total due in year 2-5	9 546	641	8 905
Total due after 5 years	235	7	228
Total leasing obligations related to finance leasing	**13 602**	**1 058**	**12 544**

Net carrying value of leased assets, by asset class	2017	2016
Fixtures, vehicles and equipment	12 574	2 574
Total carrying value of leased assets	**12 574**	**2 574**

The fixed assets are also included in the tangible asset note (note 14).

Note 31 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.

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

We are not aware of any events after the balance sheet date that could influence the 2017 financial statements.

Note 33 Discontinued operations and assets held for sale

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.

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.

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

NOK1000	2017	2016
Sales income	-	249 985
Operating income	**-**	**249 985**
Operating expenses	**-**	**226 681**
Operating profit	**-**	**23 304**
Finance income	-	5 379
Finance expense	-	-7 543
Net finance items	**-**	**-2 164**
Profit before tax	**-**	**21 140**
Tax expense	-	4 870
Profit after tax	**-**	**16 270**
Gain on sale after tax	-	-
Profit after tax from discontinued operations	**-**	**-**

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

Investment property	-	917 500
Total non-current assets	**-**	**917 500**
Total current receivables	**-**	**-**
Total assets classified as held for sale	**-**	**917 500**
Non-current liabilities		
Pension obligations	-	-
Deferred tax	-	-
Long-term interest-bearing liabilities	-	527 141
Total non-current liabilities	**-**	**527 141**
Current liabilities		
Short-term interest-bearing liabilities	-	10 800
Total current liabilities	**-**	**10 800**
Total liabilities classified as held for sale	**-**	**537 941**

Note 34 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 2017 or earlier.

New and amended standards implemented by Ferd effective from the accounting year 2017.

Ferd has not implemented any new standards in 2017.

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 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 beginning on 1 January 2018. Ferd has chosen the modified retrospective method for the implementation of the standard, implying that no restatement of comparable figures is required. A reconciliation of the effects of the new standard against the present principles will be shown in a note to the accounts. Ferd’s implementation of the standard is not expected to affect the recognition of income significantly.

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. A consequence of implementing the standard is that the present value of operating lease commitments shall be recognised in the balance sheet. Ferd will use the modified retrospective method at the implementation, implying that no restatement of comparable figures is required, and cumulative effects are recognised against equity. The nominal value of operating lease commitments is NOK 2,2 billion as at 31 December 2017, cf. note 30.

Statsautoriserte revisorer
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Medlemmer av Den norske revisorforening

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 2017, the income statement, statement of comprehensive income, statements of cash flows and changes in equity 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 2017, income statement, statements of comprehensive income, cash flows and changes in equity 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 2017, 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 2017 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 and the Group 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.

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.

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, 27 April 2018
ERNST & YOUNG AS

Einar Hersvik
State Authorised Public Accountant (Norway)

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