
ANNUAL REPORT 2013

FERD

WE WILL CREATE ENDURING VALUE
AND LEAVE CLEAR FOOTPRINTS

Board of Director's report 2013

2013 was a very good year for Ferd. The year was characterised by greater optimism in the world's financial markets. Stock markets in the Nordic countries, the USA and other developed markets produced high returns in 2013. Expansive monetary policy measures implemented by central banks in Europe and the USA, combined with relatively attractive pricing for equities compared to bonds, and better growth prospects, were the main reasons for the high stock market returns.

At the close of 2013, Ferd's value-adjusted equity was NOK 24.3 billion. At the start of 2013, value-adjusted equity was NOK 19.6 billion. After adjusting for dividends, this represents a return of NOK 4.9 billion, equivalent to approximately 25%. The Norwegian krone fell sharply in value against the euro and the US dollar in 2013. Around 40% of Ferd's overall portfolio is invested in Norwegian krone denominated assets. Ferd recorded a sizeable currency gain in 2013, particularly on the Ferd Invest portfolio and the investment in Elopak. Ferd's return was somewhat better than the return achieved on the Oslo Stock Exchange, which closed the year with a return just under 24%.

Ferd's average annual return over the last five years was 17.7%. Over the same period the Benchmark Index for the Oslo Stock Exchange (OSEBX) generated a 19.5% average annual return, while the global stock market index (MSCI) produced a return of 12.6% in Norwegian krone terms. The overall Nordic market was up by 16.1% annually over the period. Ferd's results have been achieved as the result of sound operations and good earnings by the companies in which Ferd holds substantial ownership positions, and a sound return from most of the financial investment areas. Both liquidity and capital adequacy have been extremely strong throughout the period, and Ferd's risk exposure has been in accordance with the owner's desired risk profile.

2013 was a year in which Ferd carried out sizeable disposals at the start of the year and then allocated significant amounts of capital to its business areas over the remainder of the year. In the first half of 2013, Ferd received payments of just under NOK 3.4 billion from the reduction in its shareholding in Aibel and the sale of Pronova by Herkules Fund I to Beerenberg. Ferd allocated almost NOK 1 billion to Ferd Invest and Ferd Hedge Funds in the first quarter of 2013. Ferd Capital maintained a high level of activity in 2013, including the purchase of Servi Group in the summer. In January 2014, Ferd Capital increased its ownership in Interwell from 34% to 58%. Ferd Real Estate invested over NOK 400 million in its current projects and in acquisitions of new properties in 2013.

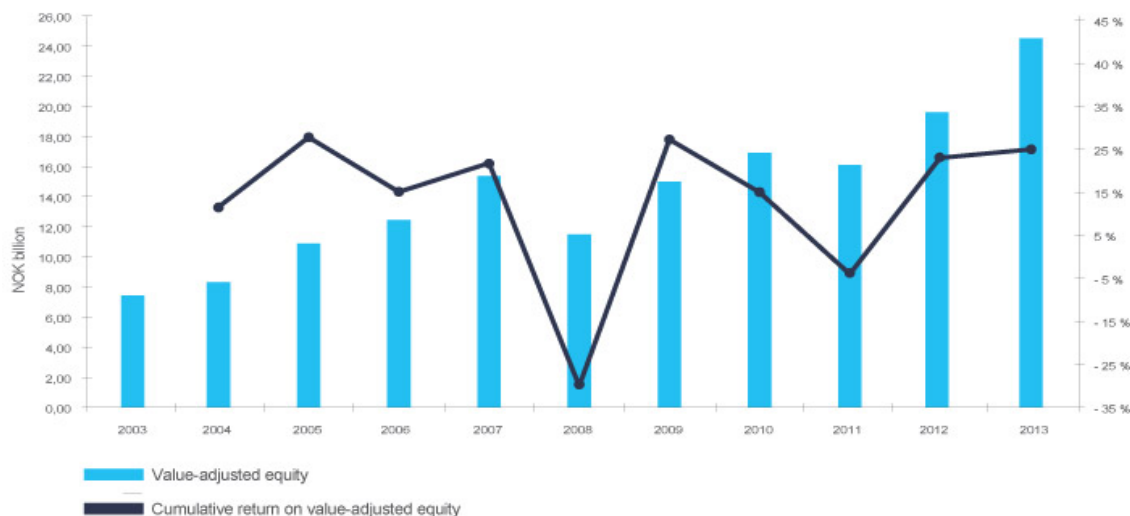
Ferd experienced good access to loan financing in 2013, with greater competition between the Nordic banks for lending business. Ferd took the opportunity to increase its overall credit facility from NOK 5.0 billion to NOK 6.0 billion in 2013. At the close of 2013, Ferd AS (parent company) did not have any outstanding drawings on its credit facility.

The future outlook for the securities markets will depend in part on how the central banks conduct monetary policy. We are entering a period in which low interest rates and central bank actions to provide significant liquidity to the markets coincide with improving economic growth. In Norway, there are signs of a weaker outlook for economic growth. Investment spending in the Norwegian oil sector is expected to be in the order of NOK 200 billion in 2014. This represents a levelling off for oil sector investment after many years of rapid growth. Given the current level of pricing seen in stock markets, particularly in the USA, continuing growth in corporate earnings will be needed if the market outlook is to remain positive. This in turn means that in order for stock markets to continue to generate a good return, it is essential that the American economy maintains its growth and that European economies show further improvement.

The Board believes that 2014 may offer good investment opportunities for a number of Ferd's business areas, and the Board is confident that Ferd has the financial and organisational resources to ensure that it is well-placed to take advantage of the opportunities that arise.

The group's value-adjusted equity

Ferd's target is to achieve average annual growth in value-adjusted equity of at least 10% over time. Over the period 2003-2013, Ferd generated a total return of NOK 18.2 billion, equivalent to an annual return of 13.6%.



Ferd holds a broadly diversified portfolio of listed and unlisted equity investments, alternative investments and real estate. Ferd's equity investments provide good diversification between different sectors and geographical markets and between companies at different stages of the corporate life cycle. The value of the group's unlisted investments increased in 2013, and Ferd Capital's portfolio represents just under 40% of Ferd's value-adjusted equity.

Ferd's sound return in 2013 reflects very good results from three of the five investment areas. Most of the companies in Ferd Capital's portfolio performed well in 2013, with the increase in value of Elopak making a particularly strong contribution. Ferd Invest's Nordic portfolio generated a return of 41%, which was three percentage points higher than the return on the benchmark index for this portfolio. Ferd Special Investments also reported very good returns, both in absolute and relative terms. Ferd Hedge Funds reported a satisfactory return in 2013. The return on the hedge fund portfolio was 8%, while Ferd's real estate portfolio achieved a return of 6%.

Financial results for Ferd AS

Ferd AS is an investment company, and recognition of assets at fair value is of key importance. Accordingly, Ferd presents accounts that report its investments at fair value, including the subsidiary companies of Ferd AS.

Ferd AS reports operating profit of NOK 5,233 million for 2013, representing an increase of NOK 1,493 million from 2012. In addition to the matters mentioned above, the most important reason for the profit reported for 2013 was the return from investments in the Herkules funds.

Net cash flow for 2013 was made up of cash from operations of NOK -187 million, NOK 2,785 million from investment activities and NOK -3,237 million from financing activities. The most important elements in the positive cash flow from investment activities were the partial disposal of the ownership interest in Aibel and payments received from Herkules Fund I.

For further commentary on financial results in 2013, the reader is referred to the separate sections on each business area on the following pages.

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.

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

Operating revenue was NOK 13.8 billion in 2013 as compared to NOK 14.2 billion in 2012. The main reason for the decrease in revenue was that in 2012 Ferd recognised to income NOK 3.2 billion in respect of the increased value of shares and equity participations, while in 2013 Ferd earned NOK 2.7 billion from its financial investments.

Sales revenue increased from NOK 10.5 billion in 2012 to NOK 11.0 billion in 2013. Consolidated sales revenue reported by Ferd for 2013 includes the revenue reported by Servi Group from August 2013. Elopak reported operating revenue of NOK 6.0 billion in 2013, up by NOK 0.1 billion from the previous year. The increase was due to the weakness of the Norwegian krone since Elopak's revenue is denominated in euro.

The group's financial items showed net expense of NOK 256 million in 2013, which was in line with the previous year.

Ferd has a low effective tax rate because a large part of its earnings is generated from investments in shares. Under the exemption model, gains on shares are not taxable. The group's net tax charge for 2013 was NOK 267 million as compared to a charge of NOK 187 million for 2012.

Net cash flow for 2013 was made up of cash from operations of NOK 786 million, cash from investment activities of NOK 1,115 million, and cash from financing activities of NOK -2,369 million. The most important factor in the negative cash flow from investment activities was the repayment of borrowings by the parent company Ferd AS.

Strategy

The overall vision for Ferd's activities is to 'create enduring value and leave clear footprints'. Ferd's corporate mission statement states that the group will hold a combination of financial portfolios that represent diversification for Ferd and industrial investments where Ferd has ownership positions that give it a significant influence. Ferd will accordingly strive to maximise its value-adjusted equity capital over time. Ferd's owner has set a target for Ferd to generate an annual return on value-adjusted equity of at least 10% over time.

The approach to risk exposure taken by the owner and the Board of Directors is one of the most important parameters for Ferd's activities. This defines Ferd's risk-bearing capacity, which is an expression of the maximum risk exposure permitted across the composition of Ferd's overall portfolio. Ferd's risk willingness, which determines how much of its risk-bearing capacity should be used, will vary over time, reflecting both the availability of attractive investment opportunities and the company's view on general market conditions.

The Board keeps Ferd's risk capacity under continuous review. The assessment of how Ferd's risk capital is allocated represents one of the Board's most important tasks, since risk exposure and return are largely determined by the assets in which Ferd invests. 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 and risk-bearing capacity.

It is Ferd's intention that its allocation of capital should be characterised by a high equity exposure and good risk diversification. Good risk diversification helps to ensure that Ferd can maintain its exposure to equity investments, even at times when other players have less access to capital. In addition, maintaining strong liquidity enables us to maintain our freedom to operate as we wish even in more difficult times.

Ferd's equity capital investments represent a well-diversified portfolio, and the overall performance shows a relatively strong correlation with the performance of Norwegian and international stock markets. Ferd Real Estate and Ferd Hedge Funds help to reduce the group's overall risk exposure, not only because these investments involve less risk than investing in equities, but also because they have a moderate correlation with Ferd's other asset portfolios over time.

Asset 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 with the help of stress testing. The risk of fall in value at the start of 2014 was a little higher than the average for 2013, but the risk of fall in value is still lower than has been the case in recent years.

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. Ferd's objective is that its main banking connections will rate Ferd's creditworthiness as equivalent to 'investment grade'. In order to protect Ferd's other equity from risk, Ferd Capital and Ferd Real Estate carry out their investments as stand-alone projects without guarantees from Ferd. Both Ferd and its banks pay close attention to liquidity. 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 works on the assumption that the return generated by financial investments should help to cover current interest payments. It is therefore important that the balance sheet is liquid, and that the maturity profile of assets corresponds closely to the maturity profile of liabilities.

Ferd has a proactive approach to currency exposure. We work on the assumption that Ferd will always have a certain proportion of its equity invested in euro, US dollar and Swedish krona denominated investments, and accordingly do not hedge all currency exposure against the Norwegian krone. Subject to the actual exposure being within the strategic currency basket, Ferd does not currency hedge its investments. If the exposure to any one currency becomes too great or too small, the composition of the currency basket is adjusted by borrowing in the currency in question at the parent company level, or by using derivatives.

Ferd holds only very limited investments in interest-bearing securities. Its exposure to interest rate risk arises from interest-bearing investments and any borrowing that may have been drawn down, and is managed by group treasury in accordance with established guidelines.

Further information on Ferd's strategy can be found in a separate [article](#).

Corporate Governance

Ferd is a relatively large corporate group, with a single controlling owner. Despite this, the [Board of Directors of Ferd Holding AS](#) has substantially the same responsibilities and authority as the board of a public company.

Not all the sections of the Norwegian Code of Practice for Corporate Governance are relevant to a family-owned company such as Ferd, but Ferd complies with the Code where it is relevant and applicable. Further information is provided in a separate article on [corporate governance](#). The Board of Directors of Ferd Holding held six Board meetings in 2013.

Ferd Capital

Since Ferd Capital was established as a business area in 2007, Ferd has allocated a sizeable amount of capital for new investments. Over the course of this period, Ferd Capital has evaluated a large number of companies and has been actively involved in many potential transactions. Ferd Capital attaches great importance to creating a flow of investment opportunities through its own research and proactive contacts with potential sellers.

When making investment decisions, Ferd Capital attaches only little weight to the overall macroeconomic outlook. Company-specific factors play the crucial role when deciding whether or not investment opportunities are attractive. In July 2013, Ferd Capital purchased 100% of the shares in Servi Group, which is the market leader for hydraulic solutions and systems in the Norwegian offshore industry. Ferd Capital sold its investment in Help Forsikring to ARAG SE in May. Napatech A/S was admitted to listing on the Oslo Stock Exchange in December 2013, and Ferd Capital retained an ownership interest of approximately 22% following the initial public offering. Ferd Capital actively seeks "add-on" investments for its existing portfolio companies, and in early 2014 Interwell increased its ownership interest in the well technology company Vosstech from 33% to 66%.

Aibel

Aibel reported turnover of NOK 12,456 million in 2013 as compared to NOK 10,442 million in 2012. EBITDA was NOK 911 million after adjusting for non-recurring items, as compared to NOK 875 million in 2012.

Aibel was awarded a contract for the hook-up of the Ivar Aasen platform in 2013. In addition, Det norske, as operator of the Ivar Aasen development, announced its intention to award Aibel the contracts for maintenance and modification tasks as well as operational support for Ivar Aasen. Statoil demonstrated its continuing confidence in Aibel by exercising an option to extend its current contract for two more years.

Aibel will accordingly continue to be Statoil's largest supplier of maintenance and modification services. Aibel's order backlog at the end of 2013 was in the order of NOK 17 billion.

At the start of 2014, Statoil indicated to Aibel that it wished to reduce the volume of activity to be carried out under its framework contract relative to the plan for 2014 that it had previously communicated. In addition, Statoil intends to reduce or defer new modification assignments. These developments have made it necessary for Aibel to adapt its resources to the level of activity now anticipated, and this has unfortunately led to a significant reduction in headcount. While Aibel is facing somewhat weaker market conditions in the short term, the market is expected to be stronger in the longer term. Major fields such as Johan Sverdrup will require sizeable investment on the Norwegian continental shelf in the years ahead. Aibel's objective is to reinforce its position as one of the leading oil service companies for the oil and gas industry on the Norwegian continental shelf, while at the same time establishing a stronger position in the renewable energy sector.

Elopak

Elopak's business is in general less cyclical than many other industries, and should therefore not experience any major loss of volume as a result of changes in economic conditions. However, the company expects carton sales for the juice market to be more volatile since demand for these products is to some extent affected by the state of consumers' finances. Elopak's total revenue was NOK 5,967 million in 2013, compared to NOK 5,839 million in 2012. The increase in reported revenue is the result of a higher average euro exchange rate in 2013 than in 2012. Elopak's euro-denominated reported revenue in 2013 was EUR 769 million as compared to EUR 784 million in 2012. The reduction in revenue was primarily the result of lower sales of screw closures and filling machinery. The volume of cartons sales was somewhat higher than in 2012.

Operating profit was NOK 378 million, as compared to NOK 273 million in 2012. The main reason for the reported increase was that 2012 operating profit was affected by extraordinary provisions for costs involved in restructuring the company's production capacity in Europe.

Elopak made major investments in 2013 in establishing EloBrick[™] (roll-feed aseptic carton packaging) as a separate business area, with the associated organisational structure and production facilities. The first phase of the construction of production capacity for EloBrick was completed in 2013, with the first commercial deliveries taking place at the end of the year. Elopak also continued its strategy for growth in the aseptic packaging market. A new aseptic filling machine was installed with a test customer for industrial testing. The test results

have been promising, and have confirmed the machine's capability. The company decided in 2013 to upgrade and expand its production capacity in Canada, and production will be transferred to a new facility in Montreal.

The markets for Elopak's products are expected to be relatively stable in 2014 compared to the previous year. There is still some uncertainty over economic growth and unemployment in a number of the European markets, but there are also some signs of improvement.

Elopak will continue to pursue its growth strategy in 2014, and will add additional production capacity for the aseptic segment. The new factory in Russia completed in 2012 has given Elopak a stronger position in a growth market. In addition to this, the new factory in Montreal will create greater opportunities for growth in the North American market.

TeleComputing

TeleComputing reported operating profit of NOK 121 million in 2013, which was somewhat higher than in 2012. TeleComputing increased its revenue by 5% in 2013, representing a rate of growth that is significantly higher than the market as a whole, but below the group's long-term target. There were sizeable differences between the revenue performance reported by the three business areas: Lower revenue in 2013 than in 2012 for the Swedish consulting activities as a result of the challenging economic conditions in Sweden, weak revenue growth for the Norwegian IT operating services business as a result of increased price competition, and strong revenue growth in the Swedish IT operating services business. TeleComputing was successful in 2013 in securing renewals of many important customer contracts, while at the same time attracting many new customers. This resulted in a larger order backlog at the end of 2013 than at any time in the company's history. TeleComputing's objective is to maintain industry-leading profit margins, and this was again achieved in 2013.

Revenue from consulting activities will continue to be affected by the economic situation in Sweden, and the company sees some signs of improvement in the Swedish economy at the start of 2014. IT operating services activities are expected to continue to show sound growth, supported by a record-high order backlog.

Mestergruppen

Mestergruppen reported revenue of NOK 2,672 million in 2013, representing a drop in organic revenue from 2012 of around 4%. Normalised EBITDA was NOK 82 million compared to NOK 78 million in 2012. Despite weak market conditions and a fall in revenue in 2013, Mestergruppen succeeded in improving its normalised EBITDA relative to 2012. This was principally achieved through a stronger contribution ratio as a result of better purchasing terms, as well as some improvements on the cost side.

Market conditions in 2014 are expected to be stable, but the medium-term outlook is for the sector to maintain average growth in line with its historical trend. The Norwegian building materials industry is highly competitive and very dependent on prevailing economic conditions, and the industry is very fragmented.

Interwell

Interwell is a leading Norwegian supplier of high-technology well solutions for the international oil and gas industry. The company reported revenue of NOK 762 million in 2013, representing an increase of over 50% from 2012 as the result of the company's successful international expansion and its continuing focus on technological development.

Interwell's EBITDA for 2013 was NOK 265 million, up by NOK 84 million from the previous year. Interwell maintains close dialogue on the development of new solutions with its major customers, both on the Norwegian continental shelf and internationally, in order to ensure that the company will be able to meet the changing needs of the market in the future.

Interwell has set ambitious targets, and expects strong growth both on the Norwegian continental shelf and in other international regions. On the Norwegian continental shelf, the

company continues to focus on promoting its unique services and technology to both existing and new customers. In addition to its relationship with Statoil, the company has made important progress with other operators on the Norwegian continental shelf. The UK generated strong growth for Interwell in 2013. Accordingly Interwell's international operations are well-positioned for further growth in the years ahead.

Swix Sport

Swix Sport reported EBITDA of NOK 71 million for 2013 as compared to NOK 51 million in 2012. Revenue increased from NOK 687 million in 2012 to NOK 757 million in 2013. 2013 was a more normal year following a period of challenging market conditions in the sporting goods sector.

Swix operates through two main divisions, Sport (Swix and Toko) and Outdoor (Ulvang and Lundhags) in order to emphasise its focus on the outdoor segment. During the course of 2013, Swix took over sales and distribution in the Swedish market, and was able to generate a significant increase in revenue from Sweden. Swix generates approximately 50% of its revenue from markets other than Norway.

The continuing trend for greater interest in health and outdoor pursuits continues to offer good growth prospects for the sporting goods industry in general, and Swix Sport in particular. Norwegians are the biggest spenders per head on sports clothing and sports equipment in Europe, and this is reflected in the favourable conditions seen in Swix's home market.

Swix's objective is to place greater focus on the outdoors activity segment using the Lundhags and Ulvang brands in order to reduce seasonal variation in its revenue, while at the same time ensuring that Swix maintains its position as a global leader in its segments of the winter sports market.

Servi Group

Servi Group reported revenue of NOK 840 million in 2013 as compared to NOK 777 million in 2012, making 2013 a record year for the company, principally driven by high levels of activity in the rig, marine and offshore markets. Normalised EBITDA for 2013 was NOK 90 million, down by NOK 3 million from 2012.

Servi is well-positioned for continuing organic growth. The company is experiencing rapid growth in the area of rig new builds, a healthy flow of orders from its largest customers and a continuing positive trend in the marine segment. In 2014, the company will intensify its focus on product areas such as accumulators and hydraulic systems in general, as well as increasing its focus on the subsea and maintenance market. The opening of its own office in Houston has given Servi a good starting point to attract new customers in the American market. Servi's objective is to maintain its position as the market leader and preferred hydraulics partner for its customers. The company places great importance on closeness to its customers, combined with continuous development of its technology and services, in order to maintain its market-leading position.

Ferd Invest

Ferd Invest reported an operating profit of NOK 1,471 million for 2013 as compared to an operating profit of NOK 631 million for the previous year. 2013 was a good year for the Nordic stock markets. The Nordic markets gained between 46% (Helsinki) and 24% (Oslo) in Norwegian krone terms. The weakness of the Norwegian krone was the main reason for the other Nordic markets to produce higher returns than the Oslo market for Ferd Invest in 2013.

2013 saw an increase in investors' appetite for risk, and they were willing to price shares on higher multiples. The resultant increase in pricing ratios, rather than growth in corporate earnings, was the main driver for higher share prices in 2013.



The market value of the Ferd Invest portfolio grew by 41% in 2013, which was three percentage points better than the benchmark index for the portfolio. Ferd Invest's largest investment over the course of 2013, Opera Software, gained 163% in 2013. Together with strong performance from Autoliv, Novozymes and Transmode, Opera Software made the biggest contribution to a good year for Ferd Invest.

At the close of 2013, the market value of the Ferd Invest portfolio was NOK 5 billion. Investments are divided between the three Scandinavian stock markets, in addition to the Helsinki stock market. The largest investments at the close of 2013 were in Opera Software, TDC, Autoliv, Novo Nordisk and Nokian Tyres. These investments accounted for around 35% of the total value of the portfolio at year-end.

The emerging optimism that Ferd Invest identified at the start of last year continued to strengthen over the course of 2013.

Ferd Hedge Fund

Ferd's objective for its hedge fund portfolio is to achieve a satisfactory risk-adjusted return over time, both relative to the market and in absolute terms. In order to achieve good risk diversification, it is important that the composition of the portfolio features a range of funds which generate returns that are not dependent on the same risk factors. In addition, as part of risk diversification for Ferd's overall portfolio, the hedge fund portfolio normally has a relatively small weighting in funds that are heavily exposed to the stock market. Ferd Hedge Fund's portfolio achieved a return of 7.7% in 2013, in line with the benchmark index (HFRI Fund of Funds Conservative) against which the performance of the portfolio is measured. Operating profit was NOK 191 million. The market value of the portfolio at the end of 2013 was NOK 2.3 billion.

Equities-related strategies were among the hedge fund strategies that produced a good performance in 2013. What are known as "distressed" funds also had a good year as a result of improving prices for defaulted fixed income securities and a sharp improvement in the share prices of newly restructured companies.

There are good reasons to suggest that the actions of the Federal Reserve (the American central bank) and market expectations of higher interest rates will continue to be the focus of market attention, and may cause increased market volatility. The situation in China may also be an important factor in 2014 and affect the return for the year. However, given the current low levels of interest rates it seems possible that we may see another good year for stock markets. The main focus for Ferd Hedge Funds will be to maintain a robust and well-diversified portfolio that reflects a range of hedge fund strategies and markets.

Ferd Special Investments

The investment mandate for 'Special Investments' was put in place in spring 2010, and Special Investments became a separate business area in autumn 2012. The objective for this business area is to benefit from investment opportunities that Ferd is well-placed both to evaluate and to hold, but which fall outside the group's other mandates.

Investments held in this portfolio share the common feature of a favourable balance between the potential return and the risk of loss. Particular attention is paid to being able to identify good protection against downside risk. Investment opportunities that satisfy the portfolio's objective have been identified in the secondary market for hedge fund units, where imbalances between the number of buyers and sellers of these units have allowed Ferd to purchase units below their estimated value. The return since the portfolio was established is NOK 892 million. The return in 2013 was NOK 573 million, which represents an annual return of 37%.

2013 was a very good year for the Special Investments portfolio, both in terms of what we believe to be attractive new investments and in terms of the performance of the portfolio in general. The return for the year was NOK 573 million, representing the highest nominal return since the Special Investments mandate was established. In total, new investments in the year amounted to NOK 380 million, but Special Investments received NOK 599 million from disposals and dividends. The portfolio was valued at year-end at NOK 2.3 billion.

Special Investments continues to see many opportunities in the areas of restructuring and illiquid hedge funds, which were the focus of its activities in 2013. Special Investments has not been active in the Norwegian bond market for several years.

Ferd Real Estate

Ferd Real Estate reported an operating profit of NOK 83 million for 2013, as compared to NOK 356 million in 2012. The profit reported for 2013 was due principally to a good return on Ferd Real Estate's investment in a European real estate fund, together with the cash flow from rented properties. In 2012, the land intended for phases 5 and 6 of Tiedemannsbyen (a residential development project at Ensjø in Oslo) was valued at estimated fair value based on the land being developed as a residential project. Prior to 2012, this part of the overall Tiedemanns property was valued for accounting purposes as a warehousing site.

Ferd Real Estate's value-adjusted equity was NOK 1.5 billion at the end of 2013, with a return on the portfolio of 6% for the year.

The Tiedemannsbyen project will comprise around 1,200 residential units in total, and development will take place over a period of 10 to 15 years. The initial construction of approximately 600 residential units is being carried out by Tiedemannsbyen DA. Tiedemannsbyen DA is a 50-50 joint venture between Ferd Real Estate and Skanska Bolig. The first phase of off-plan sales for the Petersborgkvartalet sub-area was launched in autumn 2013, and comprises 61 apartments in total. The Petersborgkvartalet will comprise 204 residential units in total.

Ferd Real Estate was involved in the construction of a new office building in Bergen for Aibel in 2013. The building is due for completion in the first half of 2015. In autumn 2013, Ferd capital Estate purchased an office building at Lysaker on the outskirts of Oslo. Strandveien 4-8 is a development property that Ferd Real Estate will renovate for occupation by a new tenant, and a 12-year lease has been signed for approximately 13,500 m² of the building's total space of 18,000 m².

Ferd Real Estate continues to work on finding new investment opportunities. Over recent years, high construction costs have resulted in considerable downward pressure on the profit margins that can be achieved on real estate development.

The outlook for costs is likely to improve in pace with the reduction in the number of new projects being started. This will have a positive effect on the development sites awaiting construction and other projects in the Ferd Real Estate portfolio.

Ferd Social Entrepreneurs

Ferd Social Entrepreneurs (FSE) invests in social entrepreneurs who reflect Ferd's vision of creating enduring value and leaving a clear footprint.

FSE has chosen to apply a focused strategy for its interpretation of what is included in the definition of social entrepreneurship. Social entrepreneurs must play a part in solving social problems while at the same time demonstrating a good likelihood that their activities will be financially self-sufficient over time. FSE principally supports social entrepreneurs who work with children and young people.

The number of enquiries received by FSE increased from 243 in 2012 to over 400 in 2013. FSE believes that its portfolio is now virtually complete with 10-11 social businesses. Lyk-z og døtre was the only addition to the portfolio in 2013. Lyk-z og døtre won the Social Entrepreneur of the Year award in 2012, and works with young people to help them clarify their life goals and make sound strategic decisions. The objective for all FSE's investments is that the social entrepreneurs should become self-sufficient over a period of 3-6 years. At the end of 2013, FSE established an Alumni portfolio for the social entrepreneurs that have achieved the objective of financial sustainability.

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

Health, safety, environmental matters and employment equality

Recent years have seen increasing emphasis on environmental issues in the industrialised countries of the world. None of the group's activities produces discharges that require licensing and environmental monitoring.

Elopak operates in an industry where both customers and suppliers are very aware of global warming, CO2 emissions, carbon footprint, product lifecycle and recycling the materials used. Relative to alternative forms of packaging, carton-based packaging rates very highly on these criteria. Elopak only uses board sourced from forestry that is managed in accordance with sustainable principles.


All purchases of paper-based carton board in Europe are sourced from producers approved by the FSC (Forest Stewardship Council). Elopak also promotes recycling of used cartons through its participation in industry alliances. In Europe, approximately 39% of all used cartons were recycled in 2013, representing an increase from 37% in 2012.

The Ferd group had 4,067 employees at the end of 2013, and after including employees of Aibel and Interwell the total number was 10,161. The proportion of female employees in the Ferd group is 23%. Sick leave amounted to 3.4% for the Ferd group in 2013. Ferd AS had 40 employees at the close of 2013, of which 25 are male and 15 are female. The Board of Directors of Ferd AS comprises one female director and four male directors. No serious accidents or injuries were reported at Ferd AS in 2013.

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.

The Board proposes that the profit for the year of NOK 4,993 million should be transferred to other equity.

Bærum, 8 April 2014
The Board of Directors of Ferd AS



Johan H. Andresen
Chairman of the Board



John Giverholt
Board Member, CEO



Tom Erik Myrland
Board Member



Erik Rosness
Board Member



Gry Skorpen
Board Member

ACCOUNTS
FERD AS

Income statement

NOK 1 000	Note	2013	2012
OPERATING INCOME AND EXPENSES			
Dividend and group contribution from financial investments	4	268 421	203 730
Unrealised changes in values on financial investments	4	4 440 791	3 539 942
Net gain on sales of financial investments	4	680 683	173 407
Other income	17	20 852	19 699
Operating income	3	5 410 746	3 936 778
Payroll costs	5,15	101 312	147 671
Depreciation and impairment	9	1 891	1 936
Other operating expenses	6,7	74 455	46 750
Operating expenses	3	177 658	196 357
Operating profit	3	5 233 089	3 740 421
Interest income	17	76 117	118 490
Interest expenses		- 18 155	- 76 640
Net other financial items		- 126 240	- 117 507
Net finance items		- 68 278	- 75 657
Profit before tax		5 164 811	3 664 764
Income tax expense	8	178 473	35 800
PROFIT FOR THE YEAR		4 986 338	3 628 964

Total comprehensive income

NOK 1 000		2013	2012
PROFIT FOR THE YEAR		4 986 338	3 628 964
Other income and expenses not reclassified to the income statement at a later date:			
Estimate deviation pensions	15	9 590	4 081
Tax on estimate deviation pensions	8	- 2 685	- 1 143
TOTAL COMPREHENSIVE INCOME		4 993 244	3 631 902

ASSETS

Non-current assets

Deferred tax assets	8		20 320
Tangible assets	9	8 082	9 948
Investments in subsidiaries	3,10,11	11 403 639	8 610 741
Loans to group companies	11,17		675 967
Other receivables	11	42 663	67 040
Total non-current assets		11 454 384	9 384 016

Current assets

Short-term receivables on group companies	11,17	66 907	64 648
Other short-term receivables	11	157 821	131 351
Listed shares and bonds	3,11	5 241 213	3 476 584
Unlisted shares and bonds	3,10,11	2 922 904	5 625 721
Hedge funds	3,11	4 361 911	3 062 694
Interest-bearing investments	3,11	13 205	155 088
Bank deposits	11,13	274 870	911 028
Total current assets		13 038 830	13 427 114
TOTAL ASSETS		3 24 493 214	22 811 130

EQUITY AND LIABILITIES

Equity

Share capital	14	183 268	183 268
Share premium		3 057 406	3 057 406
Other paid-in equity		809 905	809 905
Other equity		20 065 622	15 792 234
Total equity		24 116 201	19 842 813

Non-current liabilities

Pension liabilities	15	20 579	69 670
Deferred tax	8	128 054	
Long-term interest-bearing liabilities	11,16		2 493 514
Total non-current liabilities		148 633	2 563 184

Current liabilities

Trade payables	11	1 891	5 378
Income tax payable	8	32 228	492
Public duties etc.	11	8 757	9 752
Dividend			26 875
Debt to group companies	11,17	83 064	272 498
Other current liabilities	11	102 441	90 138
Total current liabilities		228 381	405 133
Total liabilities		377 014	2 968 317
TOTAL EQUITY AND LIABILITIES		24 493 214	22 811 130

Statement of changes in equity

2012

NOK 1 000

	Share capital (note 14)	Share premium	Other paid-in equity	Total paid-in equity	Other equity	Total other equity
Equity at 31 December 2011	183 268	3 057 406	809 905	4 050 579	12 200 290	12 200 290
Total comprehensive income 2012					3 631 902	3 631 902
Transactions with owners						
Proposed provision for dividend					- 26 875	- 26 875
Proposed rendered group contribution					- 18 000	- 18 000
Equity effect of merger					4 918	4 918
Total transactions with owners					- 39 957	- 39 957
Equity at 31 December 2012	183 268	3 057 406	809 905	4 050 579	15 792 234	15 792 234

2013

NOK 1 000

	Share capital (note 14)	Share premium	Other paid-in equity	Total paid-in equity	Other equity	Total other equity
Equity at 31 December 2012	183 268	3 057 406	809 905	4 050 579	15 792 234	15 792 234
Total comprehensive income 2013					4 993 244	4 993 244
Transactions with owners						
Proposed provision for dividend						
Additional dividend paid *)					- 700 000	- 700 000
Equity effect of merger (note 19)					- 19 856	- 19 856
Total transactions with owners					- 719 856	- 719 856
Equity at 31 December 2013	183 268	3 057 406	809 905	4 050 579	20 065 622	20 065 622

*) In December 2013, Ferd AS paid an additional dividend to Ferd Holding AS. The dividend has in its entirety been utilised to settle a balance between the companies.

Statement of cash flows

NOK 1 000	Note	2013	2012
Operating activities			
Profit before tax		5 164 811	3 664 764
Taxes paid	8		
Ordinary depreciation and impairment	9	1 891	1 936
Gain and loss on securities, net	4	- 680 683	- 173 407
Unrealised value changes on securities, net	4	-4 440 791	-3 539 942
Gain and loss on sale of tangible assets, net		35	- 166
Change in other non-liquid items		- 32 010	4 667
Change in other receivables		- 4 352	- 160 757
Change in other short-term liabilities		- 196 315	- 141
Net cash flows used in operating activities		- 187 414	- 203 046
Investing activities			
Proceeds from sale of tangible and intangible assets		1 624	932
Purchases of tangible assets	9	- 1 684	- 3 296
Investments in shares in subsidiaries	11	- 319 663	- 464 849
Net investments in securities		2 429 094	1 213 609
Change in long-term lendings		675 967	- 47 041
Net cash flows from investing activities		2 785 338	699 355
Financing activities			
Change in interest-bearing debt		-2 510 595	- 837 117
Dividend paid		- 726 875	- 17 620
Net cash flows used in financing activities		-3 237 470	- 854 737
Merged bank deposit	19	3 389	4 918
Change in bank deposits		- 636 158	- 353 510
Bank deposits at 1 January		911 028	1 264 538
Bank deposits at 31 December	13	274 870	911 028

NOTE 1 GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

General information

Ferd AS is a privately owned Norwegian investment company located in Strandveien 50, Lysaker. The Company is involved in long-term and active ownerships of companies with international potential, and financial activities through investments in a wide range of financial assets.

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

The Company's financial statements for 2013 were approved by the Board of Directors on 8 April 2014.

Basis for the preparation of the financial statements

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

Summary of the most significant accounting principles

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

Investments in subsidiaries

Subsidiaries are companies where the parent company Ferd AS has a controlling influence. Such influence normally exists when Ferd AS has a stake exceeding 50 % of the voting capital.

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

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

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

Revenue recognition

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

Foreign currency translation

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

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 through profit and loss
2. Loans and receivables
3. Financial liabilities

Financial instruments are classified as held for trading and included in category 1 if acquired primarily for benefiting from short-term price fluctuations. Derivatives are classified as held for trading and as current assets. The carrying value of interest derivatives is recognised as interest investments in the balance sheet.

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 38 and IAS 31. The instrument must initially be recognised at fair value with

value changes through 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.

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 on the whole has transferred the risks and rewards connected with the ownership.

Financial instruments at “fair value through 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 profit or loss. In subsequent periods, the financial instruments are presented at fair value based on market values or generally accepted calculation methods.

Borrowings, receivables and financial liabilities 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. Losses on loans and receivables are recognised in profit and loss.

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

Financial derivatives and hedge accounting

The Company applies 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 financial statements.

Income taxes

The income tax expense includes tax payable and changes in deferred tax. Income tax on balances recognised in other income and expenses in total comprehensive income (OCI) is also set off against other income and expenses 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. 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.

Property, plant and equipment

Property, plant and equipment 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.

Property, plant and equipment are depreciated over their expected useful lives, normally on a straight-line basis. If indications of impairment exist, the asset is tested for impairment.

Impairment

Property, plant and equipment are considered for impairment when there are indications to the effect that future earnings cannot support the carrying amount.

The difference between the carrying value and recoverable amount is charged to the income statement as a write-down. 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 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. Impairment losses are subsequently reversed when the impairment indicator no longer exists.

Leasing

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

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

Trade and other receivables

Current receivables are initially recognised at fair value. In subsequent periods, provisions for actual and possible losses are considered. The Company reviews the receivables on a regular basis and prepares estimates for losses as a basis for the provisions in the balance sheet.

Cash and cash equivalents

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

Pension costs and pension funds/obligations

Defined benefit plans

A defined benefit plan is a pension scheme defining the pension payment an employee will receive at the time of retirement. The pension is normally determined as a part of the employee's salary. The Company's net obligation from defined benefit pension plans is calculated separately for each scheme. The obligation 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, whereas the interest expense on the pension obligation less expected return on the pension funds is charged to the income statement as finance costs. Positive and negative estimate deviations are recognised as other income and costs in total comprehensive income.

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 income statement when the curtailment or settlement occurs. A curtailment occurs when the Company decides to reduce significantly the number of employees covered by a plan or amends the terms of a defined benefit plan to the effect that a significant part of the current employees' future earnings no longer qualify for benefits or will qualify for reduced benefits only.

Defined contribution plans

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

Provisions

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

Current liabilities

Accounts payable and other current liabilities are initially recognised at fair value and subsequently measured at amortised cost. Accounts payable and liabilities are classified as current when they fall due within 12 months after the balance sheet date or are integrated in the Company's ordinary operating activities.

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.

Business areas

Ferd reports business areas in line with how the Company's management makes, monitors and evaluates decisions. The operative areas are identified on the basis of the internal steering information that is periodically reviewed by management and utilised to the allocation of capital and resources as well as goal achievement.

Statements of cash flows

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

Related parties

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

New accounting standards according to IFRS

The financial statements have been prepared in accordance with standards approved by the International Accounting Standards Board (IASB) and International Financial Reporting Standards - Interpretations Committee (IFRIC) effective for accounting years starting on 1 January 2013 or earlier.

New and amended standards applied by Ferd effective from the accounting year 2013:

Amendments to IAS 19 Employee Benefits

In the changed IAS 19, the "corridor method" is not allowed for the recognition of estimate deviations. Estimate deviations shall in their entirety be recognised in comprehensive income in the period they arise. Ferd has not applied the corridor method, and, accordingly, this change has had no impact for Ferd. The amended IAS 19 also has a new approach to presenting pensions. The pension earnings shall be presented in the income statement as salary expenses, whereas net interest can be included in the finance items. Ferd presents net interest as an interest expense from 2013. Comparable figures for 2012 have been restated. The effect, only a reclassification in the income statement, is shown in the note on pensions ([note 15](#)).

In addition, in benefit schemes net interest shall be calculated by applying the discount interest rate on the net obligation, i.e., the pension obligation less earned funds. This implies that the return on the pension funds no longer is relevant, as the return now is part of net interest cost.

Amendment to IFRS 7 Financial Instruments - disclosures

The amendment implies that enterprises must provide extensive quantitative information related to setting-off financial assets against financial liabilities. Ferd has implemented the amended standard from 1 January 2013. As no set-offs have been carried out this year, the changes so far have not had any consequences for Ferd.

IFRS 13 Fair Value Measurement

The standard specifies principles and guidance for measuring fair value on assets and liabilities. The objective of the standard has been to establish a single source of guidance for measurements and information of fair value, with a view to ensuring a common definition of fair value across all other standards and provide a uniform guidance to measuring fair value. The clarifications in the standards have not implied changed models, assumptions for calculations or principles for Ferd's calculation of fair value.

The standard also lists a number of new disclosure requirements related to the use of fair value in the financial statements. The disclosure requirements have been incorporated in this year's notes to the accounts.

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 and has been finalised by IASB. The classification and measurement requirements for financial liabilities in IAS 39 are on the whole continued, with the exception of financial liabilities recognised at fair value with changes in value through profit and loss (the fair value option), where changes in value connected with the company's own credit risk is separated and recognised in other income and expenses in total comprehensive income. Phase 2 concerns impairment of financial instruments and phase 3 hedge accounting, but neither has so far been completed by IASB. It is still not clear when IFRS 9 becomes mandatory, but the rules will come into force for the accounting year starting 1 January 2017 at the earliest. The standard has not yet been approved by the EU. Ferd will implement IFRS 9 when it becomes mandatory. Those parts of IFRS 9 that so far are completed have relatively limited consequences for Ferd.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 applies for enterprises with interests in companies that are consolidated, and companies not consolidated, but in which the enterprise nevertheless is engaged. IFRS 12 combines the disclosure requirements for subsidiaries, joint arrangements, associates and non-consolidated entities into one standard. IFRS 12 becomes effective for annual periods beginning on or after 1 January 2014 (earlier adoption is allowed), and the standard has been approved by the EU. Ferd expects to implement IFRS 12 starting on 1 January 2014, and the implementation will have an impact on Ferd's notes to the financial statements as a consequence of increased information requirements.

Amendments to IAS 27 Separate Financial Statements (revised)

As a consequence of the introduction of IFRS 10 and IFRS 12, amendments were made to IAS 27 coordinating this standard with the new accounting standards. IFRS 10 replaced those parts of IAS 27 that concerned consolidated financial statements. IAS 27 is now limited to accounting for the financial statements of the parent company. The changes become effective for annual periods beginning on or after 1 January 2014, and the standard has been approved by the EU. Ferd expects to implement the amended standard starting on 1 January 2014.

NOTE 2 ACCOUNTING ESTIMATES AND JUDGEMENTAL CONSIDERATIONS

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

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

Determination of the fair value of financial assets

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

Listed shares and bonds

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

Unlisted shares and bonds

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

Hedge funds

The hedge funds are managed by external parties providing Ferd with monthly, quarterly or half-yearly estimates of the fair value. The estimates are verified by independent administrators. In addition, the total return from the funds is assessed for reasonableness against benchmark indices. In addition, the reported value of the hedge funds managed in the SI (Special Investments) portfolio must normally be adjusted for an estimate on liquidity discount.

Interest investments

The fair value of interest investments 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 significant 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.

Determination of the fair value of subsidiaries with financial and industrial investments

Ferd AS owns financial and industrial 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.

Pension funds and obligations

The calculation of pension obligations implies the use of judgements and estimates on a number of financial and demographical assumptions. Note 15 has details on the assumptions used. Changes in assumptions can result in significant changes in pension obligations and funds in the balance sheet.

NOTE 3

BUSINESS AREAS

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

Ferd Capital is an active and long-term investor in privately owned and listed companies. Ferd Capital has an overall approach to investments in the area going from an expansion phase to mature companies. Ferd Capital prioritises investments in companies where we have the relevant expertise. The team comprises highly qualified staff with operational experience from finance, strategic consultancy and manufacturing. Ferd Capital manages the Group's long-term active equity investments, the largest investments being:

- Elopak (100 percent stake) is one of the world's leading manufacturers of packing 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 on all continents.

- Aibel (49 percent stake) is a leading supplier to the international upstream and gas industry concentrating on the Norwegian shelf. The company is engaged in operating, maintaining and modifying offshore and land based plants, and is also supplying complete production and processing installations.

- TeleComputing (96 percent stake) is a leading supplier of IT services to small and medium-sized enterprises in Norway and Sweden. The company supplies a broad range of netbased applications and customised operating and outsourcing services in addition to system development, customer assistance and other consultancy services.

- Interwell (34 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, both in Europe, the USA and the Middle-East.

- Swix Sport (100 percent stake) is developing, manufacturing and marketing ski wax, ski sticks, accessories and textiles for sporting and active leisure time use under the brands Swix, Ulvang, Original and Lundhags. The company has extensive operations in Norway as well as abroad through subsidiaries in, i.a., Sweden, USA, Japan and Germany.

- Mestergruppen (92 percent stake) is a prominent actor in the Norwegian building materials market concentrating on the professional part of the market. The company's operations include the sale of building materials and developing land and projects, housing and cottage chains.

- Servi (100 percent stake). Servi develops and manufactures customer specific hydraulics systems, cylinders and vents to the offshore, maritime and land based industries. The company offers a broad range of components within hydraulics, pneumatics and slide bearings in addition to service and maintenance of hydraulics systems.

Ferd Invest is an active investor managing a considerable portfolio of Nordic listed shares. The business area primarily invests in individual shares assumed to have a large potential. The portfolio is measured against a total Nordic index.

Ferd Special Investments (SI) has a wide mandate to make investments, but so far only hedge fund shares in the second-hand market have been purchased. SI makes investments where Ferd assumes there are opportunities within this niche.

Ferd Hedgefond invests in various types of hedge funds managed by hedge fund environments abroad. The business area shall give a satisfactory risk-adjusted return and ensure a diversification of risk for Ferd.

Ferd Eiendom is an active property investor responsible for the Group's efforts concerning property. Operations focus on developing, leasing and managing office, warehouse and logistic properties and developing housing property for sale, mainly in the Oslo area. The projects are partly carried out in-house, partly together with selected external cooperating partners. Ferd Eiendom also invests in foreign property funds.

Other areas mainly comprises investments in externally managed private equity funds that do not require much daily follow-up and are monitored by management rather than allocated to a separate business area. Hence, these securities are part of Other areas. The "Small Caps" mandate, comprising individual stakes in listed companies, where the time perspective has a potential for being somewhat longer than for Invest, is also included in Other areas. In addition, Other areas comprises some financial instruments acquired by management to adjust the total risk exposure. Costs to the company's management, staff and internal bank are also included.

NOK 1 000	Ferd AS	Ferd Capital	Ferd Invest	Ferd Special Investments	Ferd Hedgefond	Ferd Eiendom	Other areas
Result 2013							
Operating income	5 410 746	2 448 792	1 489 658	573 629	196 366	191 812	510 488
Operating expenses	- 177 658	- 62 682	- 18 455	- 21 153	- 4 894	- 9 278	- 61 196
Operating profit	5 233 089	2 386 111	1 471 203	552 476	191 472	182 534	449 292
Balance sheet at 31 December 2013							
Investments in subsidiaries	11 403 639	9 468 879		44 547		1 304 661	585 551
Investments classified as current assets	12 539 232	158 290	4 985 020	1 992 851	2 227 204	130	3 175 738
Bank deposits/drawings on group account	274 870	1 190 694	53 737	184 636	30 896	238 910	-1 424 003
Other assets	275 473	29 211	1 235	144 604	25 300	47 889	27 234
Total assets	24 493 214	10 847 074	5 039 992	2 366 638	2 283 400	1 591 591	2 364 520

NOK 1 000	Ferd AS	Ferd Capital	Ferd Invest	Ferd Special Investments	Ferd Hedgefond	Ferd Eiendom	Other areas
Result 2012							
Operating income	3 936 778	1 731 345	654 655	174 584	137 678	72 390	1 166 127
Operating expenses	- 196 627	- 91 091	- 24 005	- 12 411	- 8 292	- 13 409	- 47 418
Operating profit	3 740 151	1 640 254	630 650	162 173	129 385	58 981	1 118 709
Balance sheet at 31 December 2012							
Investments in subsidiaries	8 610 741	6 781 355		35 438		1 168 849	625 100
Investments classified as current assets	12 320 087	1 241 127	3 473 772	1 464 558	1 607 396	130	4 533 104
Bank deposits/drawings on group account	911 028	117 936	31 048	202 900	82 788	222 206	254 150
Other assets	969 273	772 645	21 623	71 360		41 828	61 816
Total assets	22 811 130	8 913 063	3 526 443	1 774 256	1 690 185	1 433 013	5 474 171

NOTE 4 INCOME FROM FINANCIAL INVESTMENTS

NOK 1 000	Dividend and group contributions from financial investments *)	Unrealised value change on financial investments	Net gain on sales of financial investments	Total
Investments in subsidiaries	152 627	2 473 235		2 625 863
Listed shares and stakes	110 698	1 091 666	352 266	1 554 631
Unlisted shares and bonds	1 491	408 887	42 158	452 536
Hedge funds	6 764	486 542	253 512	746 819
Interest investments	- 3 160	- 19 540	32 746	10 047
Total 2013	268 421	4 440 791	680 683	5 389 895

NOK 1 000	Dividend and group contributions from financial investments *)	Unrealised value change on financial investments	Net gain on sales of financial investments	Total
Investments in subsidiaries	101 786	1 662 327		1 764 113
Listed shares and stakes	72 442	355 399	149 066	576 907
Unlisted shares and bonds	21 322	1 377 081	- 137 596	1 260 808
Hedge funds	9 749	125 287	161 937	296 973
Interest investments	- 1 570	19 849		18 279
Total 2012	203 730	3 539 942	173 407	3 917 079

*)Distributions from funds investments are mainly recorded against cost on the investments and not recognised in the income statement.

NOTE 5 SALARIES AND REMUNERATIONS

NOK 1 000	2013	2012
Salaries	107 099	123 145
Social security tax	17 464	16 770
Pension costs (note 15)	- 25 478	4 397
Other benefits	2 227	3 359
Total	101 312	147 671

Average number of man-labour years	39	43
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Salary and remuneration to Group CEO

NOK 1 000	Salary	Bonus	Benefits in kind	Pension
John Giverholt	3 287	2 297	234	1 218

The Group CEO's bonus agreement is limited to an annual salary. Bonus is based on achieved results in the Group.

The Group CEO participates in Ferd's collective pension schemes for salaries below 12 G and is thereby entitled to a defined benefit pension. From 2014, this scheme is replaced by 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 2,2, together with an early retirement pension scheme giving him the opportunity to retire at 65 years.

The Group CEO is entitled to 9 months pay after termination of employment if he has to resign from his position.

Ferd AS has a receivable on the CEO of NOK 600 000, which is subject to interest on market based terms. Ferd AS has adequate security for this loan. The loan has no defined instalment plan.

Fees to the Board

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

NOTE 6

OTHER OPERATING EXPENSES

NOK 1 000	2013	2012
Lease of buildings etc.	5 850	6 006
Fees to lawyers, consultants and auditors	29 374	20 815
Travel expenses	1 635	2 243
Loss and change in write-downs of receivables	13 444	1 888
Other expenses	24 151	15 798
Total	74 455	46 750

NOTE 7

AUDIT FEES CHARGED TO THE INCOME STATEMENT

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

NOK 1 000	2013	2012
Audit fees	1 111	1 330
Other attestation services	18	12
Tax assistance		12
Other non-audit services	1 520	940
Total	2 649	2 295

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

NOTE 8**INCOME TAXES**

NOK 1 000	2013	2012
The tax expense comprises:		
Income tax payable		1 931
Change in deferred tax	146 737	- 38 366
Tax concerning prior periods	31 736	3 122
Tax effect of net rendered group contribution		69 113
Tax expense	178 473	35 800

Tax payable in balance sheet

NOK 1 000	2013	2012
Tax payable of the year		1 931
Tax paid in advance		- 1 440
Tax payable from prior years	32 228	
Tax payable in balance sheet	32 228	492

Reconciliation of nominal to effective tax rate

NOK 1 000	2013	2012
Profit before tax	5 164 811	3 664 764
Expected tax expense according to nominal tax rate (28%)	1 446 147	1 026 134
Non-taxable gain/loss and return on securities	- 187 854	- 34 861
Unrealised changes in value of securities	-1 112 420	- 959 693
Adjustment of tax from prior periods	31 736	3 122
Effect of change in tax rate	- 4 743	
Tax effect of other permanent differences	5 607	1 098
Tax expense	178 473	35 800
Effective tax rate	3,5 %	1,0 %

Deferred tax asset and deferred tax

NOK 1 000	2013	2012
Receivables	- 6 791	- 3 310
Shares and bonds	200 624	1 285
Tangible assets	5 196	6 874
Provisions		- 5 662
Net pensions	- 5 556	- 19 508
Tax loss to carry forward	- 65 419	
Balance sheet value at 31 Dec, deferred tax benefit (-)/liability	128 054	- 20 320

Change in net deferred tax recognised in balance sheet

NOK 1 000	2013	2012
Balance sheet value at 1 January	- 20 320	16 903
Charged in period	146 737	- 38 366
Merged (cf. note 19)	- 1 048	
Tax set-off against total comprehensive income (estimate deviation, pensions)	2 685	1 143
Balance sheet value at 31 December	128 054	- 20 320

NOTE 9**TANGIBLE ASSETS****2013**

NOK 1 000	Buildings and land	Fixtures and equipment	Total
Cost at 1 January	3 080	22 066	25 146
Additions	38	1 646	1 684
Disposals		- 3 810	- 3 810
Cost at 31 December	3 118	19 902	23 020
Accumulated depreciation and impairment at 1 January		15 198	15 198
Depreciation of the year		1 891	1 891
Disposal of depreciation		- 2 151	- 2 151
Accumulated depreciation and impairment at 31 December		14 938	14 938
Carrying amount at 31 December	3 118	4 964	8 082

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

2012

NOK 1 000	Buildings and land	Fixtures and equipment	Total
Cost at 1 January	2 709	19 906	22 615
Additions	371	2 925	3 296
Disposals		- 765	- 765
Cost at 31 December	3 080	22 066	25 146
Accumulated depreciation and impairment at 1 January		13 262	13 262
Depreciation of the year		1 936	1 936
Disposal of depreciation			
Accumulated depreciation and impairment at 31 December		15 198	15 198
Carrying amount at 31 December	3 080	6 868	9 948

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

NOTE 10**SHARES AND STAKES EXCEEDING 10 % OWNERSHIP IN OTHER COMPANIES**

	Business office	Stake
Subsidiary		
Elopak AS	Røyken	100,0 %
FC Well Invest AS	Bærum	100,0 %
FC-Invest AS	Bærum	100,0 %
Ferd Aibel Holding AS	Bærum	100,0 %
1912 Top Holding AS	Bærum	100,0 %
Ferd Eiendom AS	Bærum	100,0 %
Ferd Malta Holdings Ltd	Malta	100,0 %
Ferd MG Holding AS	Bærum	96,6 %
Ferd Sosiale Entreprenører AS	Bærum	100,0 %
Norse Crown Company Ltd. AS	Bærum	100,0 %
Swix Sport AS	Oslo	100,0 %

Non-current shares with ownership > 10 %

Herkules Capital I AS	40,0 %
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Current shares with ownership > 10 %

ARKeX Ltd	18,2 %
CF Engine AS	37,9 %
Energy Ventures AS	31,8 %
Energy Ventures IS	19,1 %
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 %
Eniram Ltd	27,6 %
Herkules Private Equity Fund I (LP-I) Limited	76,1 %
Herkules Private Equity Fund II (LP-I) Limited	74,5 %
Herkules Private Equity Fund III (LP-I) Limited	25,1 %
Intera Fund I	12,0 %
Marical Inc	22,4 %
Napatech AS	22,3 %
NMI AS	12,5 %
NMI Fund III	31,3 %
NMI Global	12,5 %
NMI Frontier	12,5 %
NRP Fleetfinance IV D.I.S	20,0 %
SPV Herkules II LP	81,5 %
Streaming Media AS	17,2 %
Vensafe ASA	23,1 %

NOTE 11 FINANCIAL INSTRUMENTS AND THE USE OF FAIR VALUE

Ferd applies the following principles in the measurement of fair value in the financial statements:

Ferd applies the valuation method that is considered to be the most representative estimate of an assumed sales value. Such a sale is assumed to 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 by business area management, 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 through the application of the market method. The quoted price of the last transaction carried out at the stock exchange, is used.

Investments in unlisted shares managed in-house are normally valued on the basis of an earnings multiple. In calculating the value (Enterprise Value - EV), EV/EBITDA, EV/EBITA and EV/EBIT can be applied, adjusted by a liquidity discount reduction and the addition of a control premium. In companies where Ferd has significant influence on the decisions made, the liquidity discount and control premium normally counterbalance. The corrections are made directly on the multiple. The company's income figure applied in the valuation is normalised for non-recurring 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 often used as a basis for our valuation.

Several of the venture investments constitute companies with no positive cash flows. This implies a greater degree of uncertainty in the valuations of the companies. The assessments are based on international valuation principles (EVCA guidelines). The investment is measured at cost, but the pricing is adjusted for progress in accordance with a business plan or if a transaction has taken place.

The valuation of investments in externally managed private equity and hedge funds is based on value reports received from the funds (NAV). Ferd makes a critical assessment of whether the reported NAV can be used as fair value, based on the characteristics of the fund. In many instances, the reported NAV must be adjusted, at a liquidity discount, as an example. Special Investments purchase hedge funds in the secondary market, often with a considerable discount compared to the reported value from the funds (NAV). In measuring these hedge funds, estimates from external brokers are obtained in order to assess the discount used at the trading of these hedge funds, compared to the most recently reported NAV.

Rental properties are valued by discounting future expected cash flows. The value of properties that are 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. In the calculation, it is assumed that the property is utilised in the best possible way. Other properties are valued on the basis of independent appraisals.

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

	Financial instruments measured at amortised cost			TOTAL	Fair value
	Financial instruments measured at fair value over profit and loss	Lending and receivables	Financial obligation		
NOK 1 000					
Non-current assets					
Investments in subsidiaries	11 403 639			11 403 639	11 403 639
Loans to group					

companies

Other non-current receivables		42 663	42 663	42 663
Total 2013	11 403 639	42 663	11 446 302	11 446 302
Total 2012	8 610 741	743 007	9 353 748	9 353 748

Current assets

Short-term receivables on group companies		66 907	66 907	66 907
Other short-term receivables		157 821	157 821	157 821
Listed shares and bonds	5 241 213		5 241 213	5 241 213
Unlisted shares and bonds	2 922 904		2 922 904	2 922 904
Hedge funds	4 361 911		4 361 911	4 361 911
Interest-bearing investments	13 205		13 205	13 205
Bank deposits		274 870	274 870	274 870
Total 2013	12 539 232	499 598	13 038 830	13 038 830
Total 2012	12 320 087	1 107 027	13 427 114	13 427 114

Long-term debt

Long-term interest-bearing debt				
Total 2013				
Total 2012		2 493 514	2 493 514	2 493 514

Short-term debt

Trade accounts payable		1 891	1 891	1 891
Public duties etc.		8 757	8 757	8 757
Debt to group companies		83 064	83 064	83 064
Other short-term debt		20 648	20 648	20 648
Total 2013		114 360	114 360	114 360
Total 2012		299 136	299 136	299 136

Fair value hierarchy - financial assets and liabilities

Ferd classifies assets and liabilities measured at fair value by a hierarchy based on the underlying basis 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 owned by Ferd Invest and allocated to the Small Caps mandate 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. Some funds in Ferd's hedge fund portfolio are considered to meet the requirements of level 2. These funds comprise composite portfolios of shares, unit trust funds, interest securities, commodities 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. The valuation is based on valuation models where parts of the utilised information cannot be observed in the market. Securities valued on the basis of quoted prices or reported value (NAV), but where significant adjustments are required, are assessed on level 3. Shares with little or no trading, where an internal valuation is required to determine the fair value, are assessed on level 3. For Ferd this concerns all venture investments, private equity investments and funds investments where reported NAV has to be adjusted. A reconciliation of the movements of assets on level 3 is shown in a separate table.

Ferd allocates each investment to its respective 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 instruments at fair value is considered to be:

NOK 1 000	Level 1	Level 2	Level 3	Total 2013
Investments in subsidiaries			11 403 639	11 403 639
Listed shares and bonds	5 241 213			5 241 213
Unlisted shares and bonds			2 922 904	2 922 904
Hedge funds		2 360 531	2 001 381	4 361 911
Interest-bearing investments		13 205		13 205
Total 2013	5 241 213	2 373 736	16 327 923	23 942 871

NOK 1 000	Level 1	Level 2	Level 3	Total 2012
Investments in subsidiaries			8 610 741	8 610 741
Listed shares and bonds	3 476 584			3 476 584
Unlisted shares and bonds		6 448	5 619 273	5 625 721
Hedge funds		1 600 948	1 461 746	3 062 694
Interest-bearing investments		155 088		155 088
Total 2012	3 476 584	1 762 484	15 691 760	20 930 828

Reconciliation of movements in assets on level 3

NOK 1 000	Op.bal.1 Jan. 2013	Purchases/share issues	Sales and proceeds from investments	Transfers to and from level 3	Unrealised gain and loss, recognised in the result	Gain and loss, recognised in the result	Closing bal. on 31 Dec. 2013
Investments in subsidiaries	8 610 741	450 360	- 130 697		2 473 235		11 403 639
Unlisted shares and bonds	5 619 273	221 876	-3 364 254		409 528	36 481	2 922 904
Hedge funds	1 461 746	503 209	- 631 164		386 655	280 935	2 001 381
Total	15 691 760	1 175 445	-4 126 115		3 269 418	317 416	16 327 924

NOK 1 000	Op.bal.1 Jan. 2012	Purchases/share issues	Sales and proceeds from investments	Transfers to and from level 3	Unrealised gain and loss, recognised in the result	Gain and loss, recognised in the result	Closing bal. on 31 Dec. 2012
Investments in subsidiaries	6 483 565	469 949	- 5 100		1 662 327		8 610 741
Unlisted shares and bonds	4 603 667	186 454	- 390 765	- 6 448	1 363 961	- 137 596	5 619 273
Hedge funds	1 477 781	690 982	- 490 577	- 375 735	61 247	98 048	1 461 746
Total	12 565 013	1 347 385	- 886 442	- 382 183	3 087 535	- 39 548	15 691 760

Specification of applied indata and sensitivity analysis

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

NOK 1 000	Balance sheet value at 31 Dec 2013	Applied and implicit EBITDA multiples	Value, if the multiple is reduced by 10 %	Applied discount rate	Value, if the interest is increased by 1 percentage point	Estimated discounts according to broker (interval)	Value if the discount is increased by 10 percentage points
Investment in Ferd Eiendom AS 1)	1 304 661			7,5% - 9,0%	1 142 661		
Other investments in subsidiaries	10 098 978	7,3 - 10	8 702 978				
Unlisted shares and bonds 2)	2 922 904	7,6 - 9,5	2 641 504				
Hedge funds 3)	2 001 381					12 % - 76 %	1 767 679

1) Appr. 35% of Ferd Eiendom AS' portfolio constitutes rental property sensitive for changes in the discount interest rate.

2) Appr. 63 % of the investments are sensitive for a change in multiple. The other investments are valued by other methods.

3) Appr. 92 % of the hedge funds are sensitive for a change in discount. The other investments are valued by other methods.

NOTE 12

RISK MANAGEMENT - INVESTMENT ACTIVITIES

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. Ferd's total portfolio shall have maximum 35 per cent impairment risk, given certain assumptions. 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 or as a percentage of equity. Due to Ferd's long-term approach, the owner can accept significant fluctuations in value-adjusted equity.

CATEGORIES OF FINANCIAL RISK

Liquidity risk

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

Foreign currency risk

Ferd has defined intervals for exposure in Norwegian kroner, euro, USD and Swedish kroner. As long as the exposure is within these intervals, Ferd is not making any currency adjustments. If Ferd's exposure exceeds these intervals, steps are taken to adjust the exposure to the established currency curve.

SENSITIVITY ANALYSE, 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 private investments in a stress test scenario have an impairment loss of 1.5 - 2 times the market (30-60 per cent in Norway and 20-40 percent abroad).

NOK 1 000	2013	2012
Price risk: Norwegian shares decline by 30 percent	-4 500 000	-4 400 000
Price risk: International shares decline by 20 percent	-1 600 000	-1 100 000
Price risk: Property declines by 10 percent	- 200 000	- 200 000
Currency risk: The Norwegian krone appreciates 10 percent	- 1 100	- 600 000
Total impairment in value-adjusted equity	-7 400 000	-6 300 000

Impairment as a percentage of value-adjusted equity	31%	32%
-----------------------------------------------------	-----	-----

Included in the basis for the value impairment risk for 2013 is Ferd Capital's acquisition of 24 percent of Interwell in January 2014.

NOTE 13

BANK DEPOSITS

The following restricted funds are included in the bank deposits in the balance sheet:

NOK 1 000	2013	2012
Employees' withheld tax	5 669	5 518

NOTE 14

SHARE CAPITAL AND SHAREHOLDER INFORMATION

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

Owner structure

The shareholder as at 31 December 2013 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 its parent companies in Lysaker, Bærum. Please contact Ferd for the consolidated financial statements of Ferd JHA AS.

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

	Position	Stake
Johan H. Andresen	Chair of the Board	15,20%

The children of Johan H. Andresen own appr. 85 % of Ferd AS indirectly by ownership of shares in Ferd Holding AS.

FERD'S PENSION PLANS

Ferd has established pension schemes in accordance with Norwegian legislation. The employees participate in defined benefit and defined contribution plans.

Until and including 2013, all employees have been members of a defined benefit plan for salaries up to 12 times the basic amount for the national insurance (G). Defined benefit pension plans give the employees the right to determined future pension benefits. The obligation is an estimate of future benefits earned by the employees, based on the number of service years and the salary level at the age of retirement. The benefits are discounted to present value, and the recognised obligation is reduced by the fair value of the pension funds for funds based pension schemes. Changes in assumptions, the total number of members and deviations between estimated and actual salary increases and return on funds result in actuarial gains and losses. Such gains and losses are recognised in total comprehensive income. The defined benefit scheme was terminated at year-end, and paid-up policies have been issued in 2014. The effect of the change in plan was recognised in the income statement in 2013. From January 2014, all employees will be members of a contribution scheme for salaries below 12 G.

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

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

Financial assumptions at 31 December

	2013	2012
Discount rate	3,30%	2,20%
Expected return from pension assets	3,30%	3,60%
Expected wage growth	3,75%	3,25%
Future expected pension regulation	1,75%	1,30%
Expected regulation of base amount (G)	3,50%	3,00%

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

NOK 1 000	2013	2012
Present value of unfunded pension liabilities	20 579	27 976
Present value of wholly or partly funded pension obligations	62 716	102 614
Total present value of defined benefit obligations	83 295	130 590
Fair value of pension assets	62 716	60 920
Total defined benefit obligation recognised in the balance sheet	20 579	69 670

Movement in the liability for defined benefit pension plans

NOK 1 000	2013	2012
Liability for defined benefit pension plans at 1 January	130 590	137 448
Present value of the pension earnings of the year	10 326	13 715
Interest expense on the pension liability	4 361	2 819
Estimate deviation on the pension liability	- 13 054	- 9 017
Plan changes	- 35 855	- 9 826
Benefits paid	- 13 073	- 4 549
Liability for defined benefit pension plans at 31 December	83 295	130 590

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

NOK 1 000	2013	2012
Fair value of pension assets at 1 January	60 920	61 000
Expected return from pension assets	1 303	2 548
Estimate deviations on pension funds	- 3 464	- 4 936
Contribution from employer	7 433	6 455
Administration expenses	- 51	- 508
Benefits paid	- 3 425	- 3 639
Fair value of pension assets at 31 December	62 716	60 920

Pension assets include the following:

NOK 1 000	2013	2012
Equity instruments	9 059	8 800
Government stock	7 058	6 856
Corporate stock	12 687	12 324
Other debt instruments, including structured debt	25 340	24 614
Property investments	7 191	6 985
Bank deposits	1 381	1 341
Total pension assets	62 716	60 920

Estimate deviation recognised in total comprehensive income

NOK 1 000	2013	2012
Estimate deviation on the pension obligation (benefit schemes) of the year	13 054	9 017
Estimate deviation of the pension funds (contribution schemes) of the year	- 3 464	- 4 936
Net estimate deviation for benefit schemes recognised in income statement	9 590	4 081

Pension costs recognised in the income statement

NOK 1 000	2013	2012
Present value of this year's pension earnings	10 326	13 715
Plan changes	- 35 855	- 9 826
Administration expenses	51	508
Total pension costs recognised in the income statement as salary expenses	- 25 478	4 397
Interest expense on the pension liability	4 361	2 818
Expected return on pension assets	- 1 303	- 2 548
Total pension costs recognised in the income statement as interest expenses	3 058	270

NOTE 16**LONG-TERM DEBT****Long-term interest-bearing debt by currency**

NOK 1 000	Loan amount in NOK 2013	Loan amount in NOK 2012
NOK	-	500 000
USD	-	1 113 050
EUR	-	880 464
Balance sheet value at 31 December	-	2 493 514

Ferd has a total lending facility of NOK 6 billion, but has not utilised any of it as at 31 December 2013.

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

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

NOK 1 000	2013	2012
Receivables		
Long-term loans to group companies		675 967
Short-term receivables on group companies	66 907	64 648
Total receivables	66 907	740 615
Debt		
Short-term debt to group companies	83 064	272 498
Total debt	83 064	272 498

All group balances bear an interest of 6 months NIBOR + 2 percentage points.
Long-term loans have interest rates on assumed market terms.

NOK 1 000	2013	2012
Services billed to group companies		
Staff services	8 169	7 479
Property management	10 628	10 819
Total income	18 798	18 298
Interest income on intercompany loans		
Interest income	47 576	53 839
Total interest income	47 576	53 839

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

NOK 1 000	2013	2012
Not paid, but committed capital to funds investments	748 054	828 261
Total	748 054	828 261

Contingent obligations and litigation

Ferd AS is presently not involved in any legal proceedings.

NOTE 19**MERGER**

Effective from 29 August 2013, Ferd AS has merged the wholly-owned subsidiaries Ferd Capital Partners AS, Det Oversøiske Compagnie and Kople II AS. The merger was carried out pursuant to the rules on simplified merger of group companies in the Companies Act, and no compensation was paid. As the company taken over was fully owned by the acquiring party, the merger has been accounted for by the continuity method.

ACCOUNTS
FERD AS
GROUP

Income statement

NOK 1 000	Note	2013	2012
OPERATING INCOME AND EXPENSES			
Sales revenue	3,4	10 958 333	10 465 326
Income from financial investments	3,5	2 694 153	3 238 952
Other income	3,16	141 334	483 836
Operating income	3	13 793 820	14 188 114
Costs of goods sold		6 701 261	6 618 237
Payroll costs	6,17	2 305 685	2 159 472
Depreciation and impairment	3,7,8,9	439 714	452 849
Other operating expenses	10,11	1 148 592	1 089 437
Operating expenses		10 595 252	10 319 995
Operating profit		3 198 568	3 868 119
Income from investments recognised by the equity method	3,12	83 164	87 010
Finance income	13	688 524	232 597
Finance expense	13	-1 027 435	- 575 046
Net finance items		- 255 747	- 255 439
Profit before tax		2 942 821	3 612 680
Income tax expense	14	267 426	186 615
PROFIT FOR THE YEAR		2 675 395	3 426 065
Non-controlling interests' share of the profit for the year		- 80	5 413
Parent company's shareholders' share of the profit for the year		2 675 475	3 420 652

Total comprehensive income

NOK 1 000		2013	2012
PROFIT FOR THE YEAR		2 675 395	3 426 065
Other income and expenses that can be reclassified to the income statement at a later date:			
Currency translation of foreign subsidiaries		128 245	- 79 525
Effect of cash flow hedging	27	5 705	- 6 309
Tax on cash flow hedging	14,27	- 1 023	2 378
Other income and expenses not reclassified to the income statement at a later date:			
Estimate deviation pensions	17	38 810	- 27 559
Tax on estimate deviation pension	14	- 3 627	959
TOTAL COMPREHENSIVE INCOME		2 843 505	3 316 009
Non-controlling interests' share of the profit for the year		84	7 135
Parent company's shareholders' share of the profit for the year		2 843 421	3 308 874

NOK 1 000	Note	2013	2012
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ASSETS

Non-current assets

Intangible assets	3,7,8	2 276 314	1 731 348
Deferred tax assets	14	150 634	224 276
Tangible assets	3,9	1 915 068	1 396 035
Investments recognised by the equity method	3,12,15	647 167	599 321
Investment property	3,16,20	1 828 917	1 981 853
Pension assets	17	9 805	9 505
Other financial assets	15	162 791	233 660
Total non-current assets		6 990 696	6 175 998

Current assets

Inventories	18	2 063 998	1 609 254
Current receivables	19,20	1 923 627	1 627 010
Listed shares and bonds	3,15,20	5 241 213	3 476 584
Unlisted shares and bonds	3,15,20	5 446 096	8 750 816
Hedge funds	3,20	4 377 613	3 078 721
Interest-bearing investments	3,20		133 664
Bank deposits		1 332 095	1 683 997
Total current assets		20 384 642	20 360 046
TOTAL ASSETS	3	27 375 338	26 536 044

EQUITY AND LIABILITIES

Equity

Paid-in equity	22	4 050 578	4 050 578
Retained earnings		15 810 806	13 705 635
Non-controlling interests		19 995	28 635
Total equity		19 881 379	17 784 848

Non-current liabilities

Pension liabilities	17	146 973	211 528
Deferred tax	14	379 720	411 518
Interest-bearing debt	23	3 508 604	5 283 103
Other long-term debt	20,23	301 204	350 309
Total non-current liabilities		4 336 501	6 256 458

Current liabilities

Interest-bearing debt		525 844	362 440
Income tax payable	14	167 049	103 814
Other current liabilities	20,24	2 464 565	2 028 484
Total current liabilities		3 157 458	2 494 738
Total liabilities		7 493 959	8 751 196
TOTAL EQUITY AND LIABILITIES		27 375 338	26 536 044

Statement of changes in equity

2012										
NOK 1 000	Share capital (note 22)	Share premium	Other paid-in equity	Total paid-in equity	Currency translation reserve	Cash flow hedging (note 27)	Retained earnings	Total retained earnings	Non-controlling interests	Total equity
Equity at 31 December 2011	183 268	3 057 405	809 905	4 050 578	- 212 590	- 31 899	10 690 201	10 445 712	19 558	14 515 848
Total comprehensive income 2012					- 81 247	- 3 931	3 394 052	3 308 874	7 135	3 316 009
Transactions with owners										
Additions of non-controlling interests									1 454	1 454
Disposals of non-controlling interests							3 254	3 254		3 254
Dividend paid							- 52 205	- 52 205	488	- 51 717
Total transactions with owners							- 48 951	- 48 951	1 942	- 47 009
Equity at 31 December 2012	183 268	3 057 405	809 905	4 050 578	- 293 837	- 35 830	14 035 302	13 705 635	28 635	17 784 848
2013										
NOK 1 000	Share capital (note 22)	Share premium	Other paid-in equity	Total paid-in equity	Currency translation reserve	Cash flow hedging (note 27)	Retained earnings	Total retained earnings	Non-controlling interests	Total equity
Equity at 31 December 2012	183 268	3 057 405	809 905	4 050 578	- 293 837	- 35 830	14 035 302	13 705 635	28 635	17 784 848
Total comprehensive income 2013					128 245	4 682	2 710 494	2 843 421	84	2 843 505
Transactions with owners										
Transactions with non-controlling interests							6 625	6 625	- 5 688	937
Dividend paid *)							- 726 875	- 726 875	- 3 036	- 729 911
Group contribution paid							- 18 000	- 18 000		- 18 000
Total transactions with owners							- 738 250	- 738 250	- 8 724	- 746 974
Equity at 31 December 2013	183 268	3 057 405	809 905	4 050 578	- 165 592	- 31 148	16 007 546	15 810 806	19 995	19 881 379

*) In December 2013, Ferd AS paid an additional dividend to Ferd Holding AS of MNOK 700. The dividend was in its entirety utilised to settle a balance between the companies.

Statement of cash flows

NOK 1 000	Note	2013	2012
Operating activities			
Profit before tax and minorities		2 942 821	3 612 680
Taxes paid		- 145 134	- 63 439
Depreciation and amortisation	7,8,9	439 714	452 849
Change in value investment properties	16	- 20 463	- 343 335
Income on investments accounted for by the equity method	12	- 83 164	- 87 010
Pension costs without cash effect		- 95 181	- 120 541
Gain/-loss on securities, net		-2 026 171	-2 854 322
Gain/-loss on disposals of fixed assets, net		22 155	19 446
Change in inventories		- 248 707	- 144 151
Change in short-term receivables and other current assets		113 030	- 188 514
Change in trade payables and other current liabilities		- 39 952	- 57 044
Change in other long-term debt		- 73 106	72 423
Net cash flows from operating activities		785 843	299 041
Investing activities			
Proceeds from sale of tangible and intangible assets		2 945	41 897
Purchases of tangible and intangible assets	7,8,9	- 741 385	- 514 974
Net investments in securities		2 498 264	1 279 319
Net investments in investment properties	16	174 618	- 123 591
Dividend received from companies accounted for by the equity method		100 824	
Purchase of subsidiaries, net, less bank deposits taken over	8	- 831 842	- 48 107
Proceeds from sale of subsidiaries, net, less bank deposits transferred		252 165	
Net other assets taken over by purchases of assets through subsidiaries		- 296 954	
Net other investments		- 43 405	106 935
Net cash flows from investing activities		1 115 230	741 479
Financing activities			
Change in interest-bearing debt		-1 624 497	- 861 272
Paid dividend		- 700 000	
Net proceeds from / payments to minorities		- 44 875	- 47 009
Net cash flows used in financing activities		-2 369 372	- 908 281
Currency translation of bank deposits		116 397	-81 423
Change in bank deposits		- 351 901	50 816
Bank deposits at 1 January		1 683 997	1 633 181
Bank deposits at 31 December		1 332 095	1 683 997

NOTE 1

GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

General information

Ferd AS is a privately owned Norwegian investment company located in Strandveien 50, Lysaker. The Company is involved in long-term and active ownerships of companies with international potential, and financial activities through investments in a wide range of financial assets.

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

The Company's financial statements for 2013 were approved by the Board of Directors on 8 April 2014.

Basis for the preparation of the consolidated financial statements

Ferd AS' consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU.

Summary of the most significant accounting principles

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

Consolidation and consolidated financial statements

The consolidated financial statements show the overall financial results and the overall financial position for the parent company Ferd AS and entities where Ferd has a direct or indirect controlling influence. A controlling interest normally exists when Ferd AS either directly or by other controlling entities has a stake exceeding 50 % of the voting capital.

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 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 loss 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 are directly recognised 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 interests at the date of loss of control are measured at fair value, and gain or loss is recognised in the income statement.

Inter-company transactions, balances and unrealised internal gains are eliminated. When required, adjustments are made to the financial statements of subsidiaries to bring their accounting principles in line with those used by the Group.

Business combinations

Business combinations are accounted for by the acquisition method. This implies the identification of the acquiring company, the determination of the date for the take-over, the recognition and measurement of identifiable acquired assets, liabilities and any non-controlling interests in the acquired company, and the recognition and measurement of goodwill or gain from an acquisition made on favourable terms.

Assets, liabilities taken over 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's share, 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. At 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.

Investments in associates and joint ventures

Associates are entities over which the Group has significant, but not controlling, influence. 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 clause in IAS 28 about using the equity method for investments in associated companies owned by investment entities, and the corresponding exemption in IAS 31 for joint ventures, is the basis for presenting the investments in the business area Ferd Capital. These associates are recognised at fair value with value changes through profit and loss, and are classified as current assets in the statement of financial position.

The Group reports other associates and joint ventures using the equity method of accounting, 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 includes the share of total comprehensive income in the associated company. 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 recognised under the equity method" and includes goodwill identified at the date of acquisition, reduced by any subsequent impairments.

Revenue recognition

Revenue is recognised when earned. The Group's consolidated revenue mainly includes selling goods, rendering IT services and delivering packing systems.

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and reward of the ownership, 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 packing materials are commercially connected, and revenue is therefore recognised in total for the contract.

Revenue is measured at fair value and presented net of rebates, value added tax and similar taxes.

At the sale of intangible and tangible assets, gain or loss is calculated by comparing the proceeds with the residual value of the sold asset. Calculated gain/loss is included in operating income or expenses, respectively.

Foreign currency translation

Transactions in foreign currency in the individual Group entities are recognised and measured in the functional currency of the entity at the transaction date. Monetary items in foreign currency are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Currency differences are 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 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.

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 through profit and loss
2. Loans and receivables
3. Financial liabilities

Financial instruments are classified as held for trading and as part of category 1 if acquired primarily for benefiting from short-term price deviations. 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 38 and IAS 31. The instrument must initially be recognised at fair value with value changes through 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.

Intangible assets with a definite economic life are depreciated over their expected useful life. Normally, straight-line depreciation methods are applied, as this generally reflects the use of the assets in the most appropriate manner. This applies for intangible assets like software, customer relations, patents and rights and capitalised development costs. Intangible assets with an indefinite life are not depreciated, but tested for impairment annually. Some of the Group's capitalised brands have indefinite economic lives.

Research, development and other in-house generated intangible assets

Expenses relating to research activities are recognised in the income statement as they arise.

In-house generated intangible assets arising from development are recognised in the balance sheet only if the following conditions are met:

1. The asset can be identified
2. It is probable that the asset will generate future cash flows
3. 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. If the conditions for capitalisation are not met, the expenses are recognised in the income statement as incurred.

Property, plant and equipment

Property, plant and equipment 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. Current maintenance is expensed.

Property, plant and equipment 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

Property, plant and equipment 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. Intangible assets with undefined useful lives and goodwill are depreciated, but evaluated annually for impairment.

The difference between the carrying value and recoverable amount is charged to the income statement as a write-down. 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 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. Impairment losses are subsequently reversed when the impairment indicator no longer exists.

Leasing

Leases are classified either as operating or finance leases based on the actual content of the agreements. Leases under which the lessee assumes a substantial part of risk and return are classified as finance leases. 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. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, provided that the Group will not assume ownership by the end of the lease term.

Finance leases with the Group as the lessor are initially recognised at the beginning of the period as a receivable equal to the Group's net investment in the lease agreement. The lease payments are apportioned between the repayment of the main balance and finance income. The finance income is calculated and recognised as a constant periodical return on the net investment over the lease period. Direct costs incurred in connection with the lease agreement are included in the value of the asset.

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

Investment property

Investment properties are acquired to achieve long-term return on hiring or an increase in value, or both. 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 an 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 utilized 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.

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.

Accounts receivable and other receivables

Current receivables are initially recognised at fair value. In subsequent periods, provisions for actual and possible losses are considered. The Group reviews the receivables on a regular basis and prepares estimates for losses as a basis for the provisions in the balance sheet.

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 in the balance sheet. In the statement of cash flows, the overdraft facility is included in cash and cash equivalents.

Pension costs and pension funds/obligations

Defined benefit plans

A defined benefit plan is a pension scheme defining the pension payment an employee will receive at the time of retirement. The pension is normally determined as a part of the employee's salary. The Company's net obligation from defined benefit pension plans is calculated separately for each scheme. The obligation 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, whereas the interest expense on the pension obligation less expected return on the pension funds is charged to the income statement as finance costs. Positive and negative estimate deviations are recognised as other income and costs in total comprehensive income.

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 income statement when the curtailment or settlement occurs. A curtailment occurs when the Company decides to reduce significantly the number of employees covered by a plan or amends the terms of a defined benefit plan to the effect that a significant part of the current employees' future earnings no longer qualify for benefits or will qualify for reduced benefits only.

Defined contribution plans

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

Provisions

A provision is recognised when the Company has an obligation as a result of 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.

Current liabilities

Accounts payable and other current liabilities are initially recognised at fair value and subsequently measured at amortised cost. Accounts payable and liabilities are classified as current when they fall due within 12 months after the balance sheet date or are integrated in the Company's ordinary operating activities.

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.

Business areas

Ferd reports business areas in line with how the Group's management makes, monitors and evaluates its decisions. The operative areas are identified on the basis of the internally generated information that is periodically reviewed by management and utilised to the allocation of capital and resources as well as goal achievement.

Cash flow statement

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

Related parties

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

New accounting standards according to IFRS

The financial statements have been prepared in accordance with standards approved by the International Accounting Standards Board (IASB) and International Financial Reporting Standards - Interpretations Committee (IFRIC) effective for accounting years starting on 1 January 2013 or earlier.

New and amended standards implemented by Ferd effective from the accounting year 2013:

Amendments to IAS 19 Employee Benefits

In the changed IAS 19, the "corridor method" is not allowed for the recognition of estimate deviations. Estimate deviations shall in their entirety be recognised in comprehensive income in the period they arise. Ferd has not applied the corridor method, and, accordingly, this change has had no impact for Ferd. The amended IAS 19 also has a new approach to presenting pensions. The pension earnings shall be presented in the income statement as salary expenses, whereas net interest can be included in the finance items. Ferd presents net interest as an interest expense from 2013. Comparable figures for 2012 have been restated. The effect, only a reclassification in the income statement, is shown in the note on pensions ([note 17](#)).

In addition, net interest in benefit schemes shall be calculated by applying the discount interest rate on the net obligation, i.e., the pension obligation less earned funds. This implies that the return on the pension funds no longer is relevant, as the return now is part of net interest cost.

Amendment to IFRS 7 Financial Instruments – Disclosures

The amendment implies that enterprises must provide extensive quantitative information related to setting-off financial assets against financial liabilities. Ferd has implemented the amended standard from 1 January 2013. As no set-offs have been carried out this year, the change so far has not had any consequences for Ferd.

IFRS 13 Fair Value Measurement

The standard specifies principles and guidance for measuring fair value on assets and liabilities. The objective of the standard has been to establish a single source of guidance for measurements and information of fair value, with a view to ensuring a common definition of fair value across all other standards and provide a uniform guidance to measuring fair value. The clarifications in the standards have not implied changed models, assumptions for calculations or principles for Ferd's calculation of fair value.

The standard also lists a number of new disclosure requirements related to the use of fair value in the financial statements. The disclosure requirements have been incorporated in this year's notes to the accounts.

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 and has been finalised by IASB. The classification and measurement requirements for financial liabilities in IAS 39 are on the whole continued, with the exception of financial liabilities recognised at fair value with changes in value through profit and loss (the fair value option), where changes in value connected with the company's own credit risk is separated and recognised in other income and expenses in total comprehensive income. Phase 2 concerns impairment of financial instruments and phase 3 hedge accounting, but neither has so far been completed by IASB. It is still not clear when IFRS 9 becomes mandatory, but the rules will be effective for the accounting year starting on 1 January 2017 at the earliest. The standard has not yet been approved by the EU. Ferd will implement IFRS 9 when it becomes mandatory. Those parts of IFRS 9 that have been finalized so far have relatively limited consequences for Ferd.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses consolidated financial statements and SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities. The content of the term "control" is somewhat changed compared to IAS 27. IFRS 10 also has a consolidation exemption for investment companies, provided that certain criteria are met. IFRS 10 becomes effective for annual periods beginning on or after 1 January 2014 (earlier adoption is allowed), and the standard has been approved by the EU. Ferd expects to implement IFRS 10 starting on 1 January 2014. Ferd has reviewed its investments, both consolidated subsidiaries and other non-consolidated company investments, with the conclusion that the changes are expected to have very small consequences for Ferd. The amended control term will not change the conclusion about consolidation of any of Ferd's investments, and Ferd will not comply with the exemption criteria for investment companies.

IFRS 11 Joint Arrangements

This standard replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 concerns joint arrangements and have guidelines for accounting for two different types of joint arrangements – joint operations and joint ventures. According to IFRS 11, joint ventures shall be accounted for using the equity method pursuant to IAS 28, and joint operations by a recognition of the investor's share of assets, liabilities, income and costs in the jointly controlled activity. IFRS 11 becomes effective for annual periods beginning on or after 1 January 2014, and the EU has approved the standard. Ferd intends to implement IFRS 10 starting on 1 January 2014. Ferd has carried out an overall analysis of the Group's joint arrangements to clarify whether any of them qualify to be joint activities, but has identified none. Ferd applies the equity method on all jointly controlled arrangements today and expects that the consequences from applying IFRS 11 will be insignificant.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 applies for enterprises with interests in companies that are consolidated, and companies not consolidated, but in which the enterprise nevertheless is engaged. IFRS 12 combines the disclosure requirements for subsidiaries, joint arrangements, associates and non-consolidated entities into one standard. IFRS 12 becomes effective for annual periods beginning on or after 1 January 2014 (earlier adoption is allowed), and the standard has been approved by the EU. Ferd expects to implement IFRS 12 starting on 1 January 2014, and the implementation will have an impact on Ferd's notes to the financial statements as a consequence of increased information requirements.

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

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

Determination of the fair value of financial assets

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

Listed shares and bonds

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

Unlisted shares and bonds

The class "Unlisted shares and bonds" comprises private shares and investments in private equity funds. The fair value is determined by applying well-known valuation models. The use of these models requires input of data that partly constitutes listed market prices (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. In addition, the reported value of the hedge funds managed in the SI (Special Investments) portfolio must normally be adjusted for an estimate on liquidity discount.

Interest investments

The fair value of interest investments 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 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 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:

1. Existing contracts
2. Expected future rentals
3. 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:

1. Location
2. Standard
3. Expected market development
4. Rent level compared to the rest of the market
5. The tenant's financial strength
6. 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.

Business premises not hired out and properties included in development projects are normally valued by independent appraisals.

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 8 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 17 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 assessment shall take into account 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 risk 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

BUSINESS AREAS

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

Ferd Capital is an active and long-term investor in privately owned and listed companies. Ferd Capital has an overall approach to investments in the area going from an expansion phase to mature companies. Those companies controlled by Ferd Capital are consolidated into the consolidated financial statements. Accordingly, the business area reporting in the consolidated financial statements comprises the consolidated results from these companies, together with the value changes and administration costs of the non-consolidated companies. The value of the investments and value changes are included in the company accounts of Ferd AS, where Ferd Capital reports an operating result of MNOK 2 386. The value of Ferd Capital's portfolio constitutes MNOK 10 847 as at 31 December 2013 and MNOK 8 913 as at 31 December 2012 measured at fair value.

Ferd Capital prioritises investments in companies where we have the relevant expertise. The team comprises highly qualified staff with operational experience from finance, strategic consultancy and manufacturing. Ferd Capital manages the Group's long-term active equity investments, the largest investments being:

- Elopak (100 percent stake) is one of the world's leading manufacturers of packing 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 on all continents.

- Aibel (49 percent stake) is a leading supplier to the international upstream and gas industry concentrating on the Norwegian shelf. The company is engaged in operating, maintaining and modifying offshore and land based plants, and is also supplying complete production and processing installations.

- TeleComputing (96 percent stake) is a leading supplier of IT services to small and medium-sized enterprises in Norway and Sweden. The company supplies a broad range of netbased applications and customised operating and outsourcing services in addition to system development, customer assistance and other consultancy services.

- Interwell (34 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, both in Europe, the USA and the Middle-East.

- Swix Sport (100 percent stake) is developing, manufacturing and marketing ski wax, ski sticks, accessories and textiles for sporting and active leisure time use under the brands Swix, Ulvang, Toko, Original and Lundhags. The company has extensive operations in Norway as well as abroad through subsidiaries in, i.a., Sweden, USA, Japan and Germany.

- Mestergruppen (92 percent stake) is a prominent actor in the Norwegian building materials market concentrating on the professional part of the market. The company's operations include the sale of building materials and developing land and projects, housing and cottage chains.

- Servi (100 percent stake). Servi develops and manufactures customer specific hydraulics systems, cylinders and vents to the offshore, maritime and land based industries. The company offers a broad range of components within hydraulics, pneumatics and slide bearings in addition to service and maintenance of hydraulics systems.

Ferd Invest is an active investor managing a considerable portfolio of Nordic listed shares. The business area primarily invests in individual shares assumed to have a large potential. The portfolio is measured against a total Nordic index.

Ferd Special Investments (SI) has a wide mandate to make investments, but so far only hedge fund shares in the second-hand market have been purchased. SI makes investments where Ferd assumes there are opportunities within this niche.

Ferd Hedgefond invests in various types of hedge funds managed by hedge fund environments abroad. The business area shall give a satisfactory risk-adjusted return and ensure a diversification of risk for Ferd

Ferd Eiendom is an active property investor responsible for the Group's efforts concerning property. Operations focus on developing, leasing and managing office, warehouse and logistic properties and developing housing property for sale, mainly in the Oslo area. The projects are partly carried out in-house, partly together with selected external cooperating partners. Ferd Eiendom also invests in foreign property funds.

Other areas mainly comprises investments in externally managed private equity funds that do not require much daily follow-up and are monitored by management rather than allocated to a separate business area. Hence, these securities are part of Other areas. The "Small Caps" mandate, comprising individual stakes in listed companies, where the time perspective has a potential for being somewhat longer than for Invest, is also included in Other areas. In addition, Other areas comprises some financial instruments acquired by management to adjust the total risk exposure. Costs to the company's management, staff and internal bank are also included.

NOK 1 000	Ferd AS Group	Ferd Capital	Ferd Invest	Ferd Special Investments	Ferd Hedgefond	Ferd Eiendom	Other areas
Result 2013							
Sales income	10 958 333	10 956 742				1 591	
Income from financial investments	2 694 153	- 120 834	1 489 658	568 921	196 366	1 013	559 029
Other income	141 334	26 258				114 396	680
Operating income	13 793 820	10 862 166	1 489 658	568 921	196 366	117 000	559 709
Operating expenses excl. depreciation and impairment	10 155 537	9 998 504	18 378	21 367	4 802	33 485	79 001
EBITDA	3 638 283	863 663	1 471 280	547 553	191 564	83 515	480 708
Depreciation and impairment	439 714 3 198	437 719 425	77 1 471		92	923	904 479
Operating profit	568	944	203	547 553	191 472	82 592	804
Income on investments accounted for by the equity method	83 164	29 067				54 097	
Profit before finance items and income tax expense	3 281 732	455 011	1 471 203	547 553	191 472	136 689	479 804

Statement of financial position 31 December 2013

Intangible assets	2 276 314	2 276 314					
Tangible assets and investment properties	3 743 985	1 748 692	40		350 1 990 754		4 150
Investments accounted for by the equity method	647 167	294 414				352 753	

	15 064	2 651	4 985				3 179
Investments classified as current asset	922	290	020	2 008 553	2 227 204	13 592	263
		5 662					- 773
Other assets (1)	5 642 951	475	54 678	340 135	55 812	303 580	729
Total assets	27 375 338	12 633 185	5 039 738	2 348 688	2 283 366	2 660 679	2 409 684

1) The business area's net drawings on the bank accounts are included here and deducted from the other assets.

NOK 1 000	Ferd AS Group	Ferd Capital	Ferd Invest	Ferd Special Investments	Ferd Hedgefond	Ferd Elendom	Other areas
Result 2012							
Sales income	10 465 326	10 464 382				944	
Income from financial investments	3 238 952	1 081 221	654 655	182 447	137 678	- 48 813	1 231 764
Other income	483 836	39 445				444 082	310
Operating income	14 188 115	11 585 048	654 655	182 447	137 678	396 213	1 232 074
Operating expenses excl. depreciation and impairment	9 867 146	9 714 196	23 928	12 852	8 255	39 845	68 069
EBITDA	4 320 968	1 870 851	630 727	169 595	129 422	356 368	1 164 005
Depreciation and impairment	452 849	451 398	77	58	37	368	911
Operating profit	3 868 119	1 419 453	630 650	169 537	129 385	356 000	1 163 094
Income on investments accounted for by the equity method	87 010	56 965				30 045	
Profit before finance items and income tax expense	3 955 129	1 476 418	630 650	169 537	129 385	386 044	1 163 094

Statement of financial position 31 December 2012

Intangible assets	1 731 348	1 731 348					
Tangible assets and investment properties	3 377 888	1 381 850	117		442 1 991 498		3 981
Investments accounted for by the equity method	599 321	258 732				340 590	
Investments classified as current asset	15 439 785	4 140 076	3 473 772	1 480 585	1 607 396		4 737 638
Other assets (1)	5 387 701	3 982 241	52 839	291 122	79 027	296 752	685 721
Total assets	26 536 044	11 494 246	3 526 728	1 771 707	1 686 865	2 629 158	5 427 340

1) The business area's net drawings on the bank accounts are included here and deducted from the other assets.

NOTE 4 GEOGRAPHICAL ALLOCATION OF REVENUE

NOK 1 000	2013	2012
Norway	4 344 143	4 084 030
Sweden	1 042 083	1 042 339
Germany	1 051 213	942 905
Netherlands	504 199	477 232
USA	417 983	385 779
Russia	445 504	376 298
Canada	358 719	365 511
Austria	365 165	349 948
Denmark	289 451	282 573
Spain	245 677	233 214
Great Britain	226 375	213 881
France	191 838	186 094
Rest of the world	1 475 983	1 525 522
Total revenue	10 958 333	10 465 326

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

NOTE 5**INFORMATION FROM FINANCIAL INVESTMENTS**

Income from financial investments by the various investments categories:

NOK 1 000	2013	2012
Listed shares and bonds	1 554 631	576 907
Unlisted shares and bonds	364 188	2 323 642
Hedge funds	765 287	320 125
Interest investments	10 047	18 278
Total income from financial investments	2 694 153	3 238 952

NOTE 6**SALARIES AND REMUNERATIONS**

NOK 1 000	2013	2012
Salaries	1 950	1 797
Social security tax	286	351
Pension costs (note 17)	227 665	230 146
Other benefits	75 618	75 757
	52 117	56 218
Total	2 305 685	2 159 472

Average number of man-labour years	3 870	3 570
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Salary and remuneration to group management

NOK 1 000	2013				2012			
	Salary	Bonus	Benefits in kind	Pension	Salary	Bonus	Benefits in kind	Pension
Group CEO, John Giverholt	3 287	2 297	234	1 218				
Other members of group management	4 637	7 898	421	1 664				
Group CEO, Johan H. Andresen (from 1 January 2012 until 30 September 2012)					991		140	
Group CEO, John Giverholt (from 1 October 2012 until 31 December 2013)					825		51	228
Other members of group management (from 1 January 2012 until 30 September 2012)					5 917	907	546	2 132
Other members of group management (from 1 October 2012 until 31 December 2012)					1 125		82	682
Total	7 924	10 195	655	2 882	8 858	907	819	3 042

The Group CEO's bonus scheme is limited to one year's salary. Bonus is based on the results achieved in the Group.

The Group CEO participates in Ferd's collective pension schemes for salaries below 12 G and is thereby in 2013 entitled to a defined benefit pension. From 2014, this scheme is replaced by a contribution scheme (cf. note 17). The Group CEO also has a benefit scheme for a pension basis higher than 12 G, but with an upper limit of appr. MNOK 2,2, together with an early retirement pension scheme giving him the opportunity to retire at 65 years.

The Group CEO is entitled to 9 months pay after termination of employment if he has to resign from his position.

Ferd AS has a receivable on the CEO of NOK 600 000, which is subject to interest on market based terms. Ferd AS has adequate security for this loan. The loan has no defined instalment plan.

Ferd's group management changed considerably during 2012. Dag Opedal resigned from group management in the spring of 2012. Effective from 1 October, Ferd was reorganised, and Johan H. Andresen and Arthus Sletteberg resigned from group management. Tom Erik Myrland became Investment Director and Erik Rosness Finance Director. Former Finance Director John Giverholt became the new Group CEO. The above remunerations for 2012 represent payment up until 1 October for the former group management and after 1 October for the new.

Fees to the Board

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

NOTE 7**INTANGIBLE ASSETS**

NOK 1 000	2013	2012
		1 013
Goodwill (note 8)	1 453 289	715
Other intangible assets	823 025	717 633
	2 276	1 731
Carrying amount at 31 December	314	348

2013

NOK 1 000	Software	Brands	Patents and development rights	Capitalised development costs	Customer relations	Total
						1 237
Cost at 1 January	308 788	162 738	224 951	110 252	430 550	279
Additions	40 800	2 700	70	41 938	125 412	210 920
Disposals	- 16 623					- 16 623
Exchange difference	33 002		27 875	15 003		75 880
						1 507
Cost at 31 December	365 967	165 438	252 896	167 193	555 962	456
Acc. amortisation and impairment at 1 January	254 085	6 700	188 738	2 234	67 889	519 646
Additions of amortisations at acquisitions	7 760					7 760
Current year amortisation charge	27 764	4 020	26 449	1 531	47 719	107 483
Disposals	- 7 797				2 652	- 5 145
Exchange differences	29 058		25 517	112		54 687
Accumulated amortisation at 31 December	310 870	10 720	240 704	3 877	118 260	684 431
Accumulated impairment at 31 December	3 387					3 387
						823
Carrying amount at 31 December	55 097	154 718	12 192	163 316	437 702	025

Economic life	3-5 year	> 20 years to indefinite	3-10 years	10 years	10-15 years
Amortisation method	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line

2012

NOK 1 000

	Software	Brands	Patents and development rights	Capitalised development costs	Customer relations	Total
Cost at 1 January	295 468	136 376	225 659	74 578	409 609	1 141 691
Additions	19 272	37 462	11 377	40 152	20 940	129 203
Disposals	- 1 836	- 11 100				- 12 936
Exchange difference	- 4 116		- 12 085	- 4 478		- 20 679
Cost at 31 December	308 788	162 738	224 951	110 252	430 550	1 237 279
Acc. amortisation and impairment at 1 January	231 853	2 680	169 730	8 832	21 250	434 345
Additions of amortisations at acquisitions						
Current year amortisation charge	38 886	4 020	28 270	- 6 598	46 639	111 217
Disposals	- 1 836		122			- 1 714
Exchange differences	- 14 850		- 9 384			- 24 234
Accumulated amortisation at 31 December	254 085	6 700	188 738	2 234	67 889	519 646
Accumulated impairment at 31 December	3 008					3 008
Carrying amount at 31 December	54 703	156 038	36 213	108 018	362 661	717 633

Economic life	3-5 year	> 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 2013 totalled MNOK 138. The corresponding cost for 2012 was MNOK 118.

NOTE 8**GOODWILL AND INFORMATION ON BUSINESS COMBINATIONS**

Pursuant to IFRS 3 Business combinations, the net assets of acquired companies have been assessed at fair value at the acquisition date. The remaining part of the consideration after allocating the consideration to identifiable assets and liabilities, is recognised as goodwill. The tables below show the values and movements in the the various goodwill items in the Group.

2013

NOK 1 000	Servi	Norrwin AB (Lundhags)	Alf Valde	Elopak Europa	Seco Invest (TeleComputing)	Total
Cost at 1 January		1 385	16 053	448 571	593 969	1 059 978
Additions	386 289	21				386 310
Disposals			- 779			- 779
Exchange differences				59 827		59 827
Cost at 31 December	386 289	1 406	15 274	508 398	593 969	1 505 336
Accumulated impairment at 1 January			563	45 700		46 263
Impairment						
Disposals			- 563			- 563
Exchange differences				6 347		6 347
Accumulated impairment at 31 December				52 047		52 047
Carrying amount at 31 December	386 289	1 406	15 274	456 351	593 969	1 453 289

Changes in 2013:

Effective from 1 August 2013 for accounting purposes, Ferd acquired Servi Group. Through the acquisition, Ferd has increased its customer relations by MNOK 120,7 (note 7), in addition to a goodwill of appr. MNOK 386. The cost of the shares in Servi Group AS constituted appr. MNOK 672, of which MNOK 288 are financed by loans. Servi's contribution to Ferd's consolidated financial statements amounted to MNOK 354 in operating income and MNOK 17 in EBITDA in 2013.

The purchase analysis of Lundhags and Alf Valde (acquired in 2012) is only marginally changed in 2013. As a result, goodwill has been reduced by NOK 758 000.

2012

NOK 1 000	Servi	Norrwin AB (Lundhags)	Alf Valde	Elopak Europa	Seco Invest (TeleComputing)	Total
Cost at 1 January				470 719	621 776	1 092 495
Additions		1 385	16 053			17 438
Disposals					- 27 807	- 27 807
Exchange differences				- 22 148		- 22 148
Cost at 31 December		1 385	16 053	448 571	593 969	1 059 978
Accumulated impairment at 1 January				48 393		48 393
Impairment			563			563
Disposal of subsidiary						
Exchange differences				- 2 693		- 2 693
Accumulated impairment at 31 December			563	45 700		46 263
Carrying amount at 31 December		1 385	15 490	402 871	593 969	1 013 715

Changes in 2012:

In 2012, Ferd (through Swix) acquired Norrwin AB and Original Teamwear AS with accounting effect from 1 January 2012. The acquisitions have increased intangible assets (brands and patents) by a total of MNOK 37,6 (note 7), in addition to goodwill amounting to appr. one million. The cost of the shares in Norrwin AB constituted MNOK 66,8, whereas the shares in Original Teamwear AS were purchased in two steps. Original was an associate with a carrying value of MNOK 8,8 at the beginning of 2012, and in addition MNOK 28,4 were paid in 2012. The companies have contributed to Ferd's consolidated financial statements with MNOK 142 in turnover and MNOK 10 in profit before tax in 2012.

In 2012, Ferd (through Mestergruppen) acquired Alf Valde AS with accounting effect from 1 July 2012. The acquisition has increased Ferd's goodwill by MNOK 16. The cost for the shares constituted MNOK 23. Alf Valde has contributed to Ferd's consolidated financial statements with MNOK 33 in turnover og MNOK 2 in profit before tax in 2012.

There were minor changes in the purchase analyses of Mestergruppen and Telecomputing (acquisitions in 2011) in 2012. The changes have resulted in a reduction in goodwill of MNOK 28, whereas customer relations have increased by MNOK 20 (note 7).

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 are mainly related related to Elopak and Telecomputing, in addition to two minor goodwill items related to new acquisitions in 2012 in the sub-groups Swix and Mestergruppen. An additional goodwill of appr. MNOK 386 came as a result of the acquisition of Servi in 2013.

Goodwill concerning Elopak is allocated to the cash generating unit Europe, which consists of Elopak's European markets, including the internal production and supply organisation. This goodwill has a carrying value of MNOK 456 at 31 December 2013. The rationale for determining Europe as one cash-generating unit is the inherent dynamics of this market. The trend is that customers are merging, and have easy access to the supplies all over Europe. Elopak adapts to its customers by distributing the production of cartons for the various markets according to the optimal production efficiency in Europe. The historical geographical criteria for production and demands from customers are no longer as important. As a consequence of this development, the split of margins along Elopak's value chain will be subject to change from one year to another. Hence, one European business unit will be the best indicator for assessing any impairment of goodwill.

Goodwill related to Telecomputing concerns Telecomputing's operations in Norway and Sweden. The goodwill has a carrying amount of MNOK 594 as at 31 December 2013. For impairment purposes, Telecomputing is considered to be one cash generating unit due to similar activities.

Goodwill in Mestergruppen relates to the acquisition of Alf Valde in 2012. The goodwill amounts to MNOK 15 and is considered as a separate cash generating unit when tested for impairment. The goodwill has been marginally adjusted in 2013 as a consequence of an updated excess value analysis.

Goodwill in Swix concerns the acquisition of Norrwin AB, with the brand Lundhags in Sweden in 2012. The goodwill amounts to appr. one million as at 31 December 2013. In addition to manufacturing and selling Lundhags' products, Norrwin has taken over as Swix' distributor in the Swedish market, and the company is thereby very much integrated in Swix' operations. Accordingly, Norrwin is considered together with the rest of Swix as one joint cash generating unit for impairment purposes.

Goodwill identified at the acquisition of Servi, carried out in 2013, 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 goodwill has not been tested for impairment in 2013.

Impairment testing and assumptions

The recoverable amount for the cash generating unit is calculated on the basis of the present value of expected cash flows. The cash flows are based on assumptions about future sales volumes, selling prices and direct costs. The background for these assumptions is historical experience from the market, adopted budgets and the Group's expectations of market changes. Having carried out impairment testing, the Group does not expect significant changes in current trade. This implies that expected future cash flows mainly are a continuation of observed trends.

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

Calculated recoverable amounts in the impairment tests are positive, and based on the tests, the conclusion is that no write-down for impairment is required in 2013. The inherent 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. The sensitivity analyses show robust conclusions for impairment testing.

Detailed description of the assumptions applied:

	Discount rate after tax		Discount rate before tax		Growth rate 2-5 years		Long-term growth rate	
	2013	2012	2013	2012	2013	2012	2013	2012
Elopak Europa	4,9 %	4,5 %	6,9 %	6,3 %	2,0 %	2,0 %	0,0 %	0,0 %
Seco Invest	5,8 %	5,8 %	6,5 %	6,5 %	2,0 %	2,0 %	2,0 %	2,0 %
Alf Valde	8,9 %		12,0 %		2,5 %		2,5 %	
Lundhags	7,5 %		10,0 %		2,5 %		2,5 %	

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.

The average growth rate in the period 2 to 5 years is based on Ferd's expectations for the development in the market in which the business operates. Ferd uses a stable growth rate to extrapolate the cash flows beyond 5 years.

EBITDA represents operating profit before depreciation and is based on the expected future market development. Committed operating efficiency improvement measures are taken into account. Changes in the outcomes for these initiatives may influence future estimated EBITDA.

Investment costs necessary to meet expected future growth are taken into account. Based on management's assessment, the estimated investment costs do not include investments that improve the current assets' performance. The related cash flows are treated correspondingly.

NOTE 9 TANGIBLE ASSETS

2013

NOK 1 000	Buildings and land	Machines and installations	Fixtures and equipment	Total
				4 338
Cost at 1 January	410 487	3 697 636	230 510	633
Additions	208 482	541 726	23 866	774 074
Disposals	- 7 356	- 147 103	- 29 856	- 184 315
Exchange differences	40 848	411 503	55 238	507 589
				5 435
Cost at 31 December	652 461	4 503 762	279 758	981
				2 942
Accumulated depreciation and impairment at 1 January	248 148	2 505 978	188 472	598
Accumulated depreciation on acquisitions	10 926	30 426	3 521	44 873
Depreciation of the year	17 158	290 586	22 343	330 087
Impairment of the year		3 616		3 616
Derecognised depreciation	- 2 235	- 135 272	- 19 538	- 157 045
Exchange differences	28 380	295 551	32 853	356 784
				3 520
Accumulated depreciation at 31 December	302 377	2 990 885	227 651	913
Accumulated impairment at 31 December	2 288	33 455	268	36 011
				1 915
Carrying amount at 31 December	350 084	1 512 877	52 107	068

Estimated economic life of depreciable assets	5-50 years	5-15 years	3-13 years
Amortisation method	Straight-line	Straight-line	Straight-line

2012

NOK 1 000	Buildings and land	Machines and installations	Fixtures and equipment	Total
Cost at 1 January	416 174	3 699 376	230 081	4 345 631
Additions	34 771	361 125	15 204	411 100
Disposals	- 24 756	- 211 006	- 8 528	- 244 290
Exchange differences	- 15 702	- 151 859	- 6 247	- 173 808
Cost at 31 December	410 487	3 697 636	230 510	4 338 633
Accumulated depreciation and impairment at 1 January	262 631	2 462 125	179 288	2 904 044
Accumulated depreciation on acquisitions				
Depreciation of the year	13 937	303 885	20 849	338 671
Impairment of the year		2 394	4	2 398
Derecognised depreciation	- 17 427	- 158 558	- 6 605	- 182 590
Exchange differences	- 10 993	- 103 868	- 5 064	- 119 925
Accumulated depreciation at 31 December	248 148	2 505 978	188 472	2 942 598
Accumulated impairment at 31 December	2 100	26 462	238	28 800
Carrying amount at 31 December	162 339	1 191 658	42 038	1 396 035

Estimated economic life of depreciable assets	5-50 years	5-15 years	3-13 years
Amortisation method	Straight-line	Straight-line	Straight-line

NOTE 10

OTHER OPERATING EXPENSES

NOK 1 000	2013	2012
Sales and administration costs	205 906	164 519
Lease of buildings etc.	249 407	213 686
Travel expenses	153 365	139 040
Loss and change in write-downs of trade receivables	28 052	16 362
Fees to auditors, lawyers, consultants	182 866	130 080
Other expenses	328 996	425 750
Total	1 148 592	1 089 437

NOTE 11 EXPENSED AUDIT FEES

Ernst & Young AS is Ferd's Group auditor. Some minor Group companies are audited by other audit firms.

NOK 1 000	Audit fees	Other assurance services	Tax services	Other non-audit services	Total
2013					
Ernst & Young AS	10 598	435	3 508	2 893	17 434
Others	1 340	461	886	227	2 914
Total	11 938	896	4 394	3 120	20 348
2012					
Ernst & Young AS	8 891	451	790	2 271	12 403
Others	471	17	74	11	573
Total	9 362	468	864	2 282	12 976

Fees are exclusive of VAT

Other non-audit services mainly comprise due diligence services. All amounts are exclusive of VAT.

Investments in associates and joint ventures are in Ferd's consolidated accounts recognised BY the equity method.

A specification of companies and shares is given in the statement of investments in associates and joint ventures in [note 20](#).

2013								
NOK 1 000	Al-Obeikan Elopak factory for Packaging Co	Lala Elopak Tiedemanns- S.A. de C.V.	Harbert European byen DA Real Estate Fund II	Harbert European Real Estate Fund III	Others	Total		
Ownership and voting share	49%	49%	50%	26%	22%			
Cost at 1 January	54 100	153 093	106 768	112 002	51 141	101 074	578 177	
Share of result at 1 January	76 742	100 900	8 973	54 093	11 052	- 5 721	246 039	
Accumulated impairment of goodwill at 1 January	- 12 600					- 1 085	- 13 685	
Transfer from the company	- 29 879	- 84 963		- 13 342		- 5 865	- 134 049	
Exchange differences/eliminations	- 30 016	- 29 406		- 3 053	- 293	- 14 394	- 77 162	
Carrying amount at 1 January	58 347	139 624	115 741	149 700	61 900	74 009	599 321	
Additions	4 225	11 958			44 833	4 338	65 354	
Disposals						- 8	- 8	
Sales during the year								
Share of the result of the year	6 132	17 086	14 029	28 884	11 184	6 346	83 661	
Impairment of goodwill						- 497	- 497	
Transfers from the company		- 13 915	- 12 765	- 50 484	- 23 517		- 100 681	
Recognised directly in equity	- 1 333	- 184					- 1 517	
Exchange differences/eliminations	1 550	1 556				- 1 572	1 534	
Carrying amount at 31 December	68 921	156 125	117 005	128 100	94 400	82 616	647 167	

2012								
NOK 1 000	Al-Obeikan Elopak factory for Packaging Co	Elopak South Africa Ltd	Lala Elopak Tiedemanns- S.A. de C.V.	Harbert European byen DA Real Estate Fund II	Harbert European Real Estate Fund III	Others	Total	
Ownership and voting share	49%	50%	49%	50%	26%	22%		
Cost at 1 January	54 100	25 692	153 093	106 768	133 253	44 000	111 910	628 815
Share of result at 1 January*	62 782	55 316	83 685	2 332	37 020	4 721	- 3 106	242 750
Accumulated impairment of goodwill at 1 January	- 12 600	- 2 200					- 1 085	- 15 885
Transfer from the company	- 15 308	- 26 029	- 61 827		- 13 342		- 5 865	- 122 371
Exchange differences/eliminations	- 21 143	- 11 918	- 28 348		- 3 053	- 293	- 11 551	- 76 306
Carrying amount at 1 January	67 831	40 861	146 603	109 100	153 877	48 428	90 303	657 004
Additions						35 664	14 464	50 128
Disposals		- 41 373			- 21 251	- 28 523	- 25 300	- 116 447
Sales during the year								
Share of the result of the year*	13 960	5 599	17 215	6 641	17 074	6 331	- 2 615	64 204
Impairment of goodwill								
Transfers from the company	- 14 571		- 23 136					- 37 707
Recognised directly in equity								
Exchange differences/eliminations	- 8 873	- 5 087	- 1 058				- 2 843	- 17 861
Carrying amount at 31 December	58 347		139 624	115 741	149 700	61 900	74 009	599 321

*) Gain on sale of Elopak South Africa Ltd constitutes 22 806.

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 represent fiscal year 2013. The figures are unaudited.

NOK 1 000	Al-Obeikan Elopak factory for Packaging Co	Lala Elopak Tiedemanns- S.A. de C.V.	Harbert European byen DA Real Estate Fund II	Harbert European Real Estate Fund III
Operating revenue	177 006	240 603	245 798	10 138
Operating profit	10 395	27 913	38 880	3 025
Profit after tax and minority	6 053	18 353	28 914	65 115
Total assets	147 773	183 808	403 929	524 894
Total liabilities	94 064	64 854	169 921	670
				5 378

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

		Sales from associates companies and joint ventures to Ferd		Ferd's net receivables/(payables) to associated companies and joint ventures		Ferd's guarantees for associated companies and joint ventures	
	Stake/voting share						
NOK 1 000	2013	2013	2012	2013	2012	2013	2012
Al-Obeikan Elopak factory for Packaging Co	49,0 %			129	26 992	115 268	105 642
Boreal GmbH	20,0 %						
Elocap Ltd.	50,0 %	253 820	94 249	- 8 513	- 8 419		
Frogn Næringspark AS	50,0 %						
Harbert European Real Estate Fund II	26,0 %						
Harbert European Real Estate Fund III	22,0 %						
Hunstad Sør Tømteselskap AS	31,6 %	425					
Impresora Del Yaque	51,0 %	2 498			23 488		
Kråkeland Hytteservice AS	33,5 %						
Lala Elopak S.A. de C.V.	49,0 %	20 487	20 182	2 235	2 659		
Lofoten Tømteselskap AS	35,0 %	32					
Madla Byutvikling AS	33,3 %						
Siriskjær AS	50,0 %						
Solheim Byutviklingselskap AS	33,1 %						
Sporafjell Utviklingsselskap AS	50,0 %						
Tøstarustå Byutvikling AS	33,3 %						
Tiedemannsbyen DA	50,0 %						
Total		277 262	114 431	- 6 149	44 720	115 268	105 642

NOTE 13

SPECIFICATION OF FINANCE INCOME AND EXPENSE

Finance income

NOK 1 000	2013	2012
Interest income from bank deposits	190 601	78 598
Interest income from related parties	11 453	63 794
Other interest income	1 032	23 893
Foreign exchange gain and other finance income	485 438	66 311
Total	688 524	232 597

Finance expense

NOK 1 000	2013	2012
Interest expense to finance institutions	266 069	210 701
Interest expense to related parties	35 797	17 658
Other interest expense	48 467	82 594
Foreign exchange loss and other finance expenses	677 102	264 092
Total	1 027 435	575 046

None of the financial items originate from financial instruments measured at fair value.

NOTE 14

INCOME TAXES

Specification of income tax expenses

NOK 1 000	2013	2012
Tax payable of net profit		
Income tax payable for the year	185 767	138 917
Adjustments of prior periods	26 804	8 826
Total tax payable	212 571	147 743
Deferred tax expense		
Change in deferred tax recognised in the income statement	49 067	34 990
Effects of changes in tax rates and prior years' taxes	5 788	3 881
Total deferred tax	54 855	38 872
Income tax expense	267 426	186 615

Tax payable in balance sheet

NOK 1 000	2013	2012
Tax payable of the year	185 767	138 917
Tax on rendered group contribution	- 7 000	
Tax liability from prior years	84 290	9 121
Advance tax paid	- 89 170	- 44 224
Translation differences	- 6 838	
Tax payable	167 049	103 814

Reconciliation of nominal to effective tax rate

NOK 1 000	2013	2012
Profit before tax	2 942 821	3 612 680
Estimated income tax expense at nominal tax rate (28%)	823 990	1 011 550
Losses and other deductions without any net tax effect	- 1 806	7 039
Non-taxable income related to securities	- 556 833	- 810 164
Other non-taxable income, incl. value changes in investment property	- 40 876	- 26 049
Adjustment of prior periods	32 593	12 707
Tax effect of other permanent differences	10 358	- 8 469
Income tax expense	267 426	186 615
Effective tax rate	9,1 %	5,2 %

Tax recognised directly in equity

NOK 1 000	2013	2012
Actuarial loss on pension obligations	- 3 627	959
Cash flow hedges	- 1 023	2 378
Total tax recognised in total comprehensive income	- 4 650	3 337

Deferred tax assets and liabilities

NOK 1 000	2013	2012
Inventories	14 335	21 414
Receivables	8 416	6 678
Stocks and bonds	- 186 533	10 636
Other differences	13 714	32 266
Tangible assets	- 47 183	- 153 123
Intangible assets	- 146 318	- 128 457
Net pensions	46 635	65 931
Tax losses to carry forward	311 775	190 785
Total	14 841	46 130
Reassessment of deferred tax assets	- 243 927	- 233 373
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	- 229 086	- 187 243

Deferred tax assets are reviewed on each balance sheet date, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow for a part or all of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability shall be settled or the asset be realised, based on tax rates and legislation prevailing at the balance sheet date.

Tax losses to carry forward, gross

NOK 1 000	2013
2013	9 632
2014	14 071
2015	15 675
After 2015	286 394
Without expiration	909 369
Total tax losses to carry forward	1 235 141

Change in net deferred tax in balance sheet

NOK 1 000	2013	2012
Net carrying value at 1 January	- 187 243	- 174 885
Translation differences	3 592	- 1 529
Acquisition and disposal of subsidiary	14 070	- 30 464
Recognised in income statement during the period	- 54 855	- 38 872
Tax recognised in comprehensive income	- 4 650	3 337
Other changes 1)		55 170
Net carrying value at 31 December	- 229 086	- 187 243

1) Other changes mainly relate to implementation effects, the tax effect of internal gains and corrections of previous years' errors.

NOTE 15	SHARES AND STAKES IN OTHER COMPANIES WITH OWNERSHIPS IN EXCESS OF 10 %	
	Business office	Stake
Subsidiary		
Elopak AS med datterselskaper	Røyken	100,0 %
FC Well Invest AS	Bærum	100,0 %
FC-Invest AS med datterselskaper (Telecomputing)	Bærum	100,0 %
Ferd Aibel Holding AS	Bærum	100,0 %
1912 Top Holding AS med datterselskaper (Servi Gruppen)	Bærum	100,0 %
Ferd Eiendom AS med datterselskaper	Bærum	100,0 %
Ferd Malta Holdings Ltd	Malta	100,0 %
Ferd MG Holding AS med datterselskaper (Mestergruppen)	Bærum	96,6 %
Ferd Sosiale Entreprenører AS	Bærum	100,0 %
Norse Crown Company Ltd. AS	Bærum	100,0 %
Swix Sport AS med datterselskaper	Oslo	100,0 %
Joint ventures		
Impresora del Yaque	The Dominican Republic	51,0 %
Elocap Ltd	Israel	50,0 %
Frogn Næringspark AS	Trondheim	50,0 %
Associated companies		
Al-Obeikan Elopak factory for Packaging Co	Saudi-Arabia	49,0 %
Lala Elopak S.A. de C.V.	Mexico	49,0 %
Harbert European Real Estate Fund II	London	25,9 %
Harbert European Real Estate Fund III	London	22,2 %
Tiedemannsbyen DA	Oslo	50,0 %
Lofoten Tømteselskap AS	Bodø	35,0 %
Hunstad Sør Tømteselskap AS	Bodø	31,6 %
Tastarustå Byutvikling AS	Stavanger	33,3 %
Madla Byutvikling AS	Stavanger	33,3 %
Boreal GmbH	Tyskland	20,0 %
Solheim Byutviklingselskap AS	Stavanger	33,3 %
Kråkeland Hytteservice AS	Sirdal	33,5 %
Non-current shares with ownership > 10 %		
Herkules Capital I AS		40,0 %
Current shares with ownership > 10 %		
Aibel Holding I AS		49,0 %
ARKeX Ltd		18,2 %
CF Engine AS		37,9 %
Energy Ventures AS		31,8 %
Energy Ventures IS		19,1 %
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 %
Eniram Ltd		27,6 %
Herkules Private Equity Fund I (GP-I) Ltd		40,0 %
Herkules Private Equity Fund I (GP-II) Ltd		40,0 %
Herkules Private Equity Fund I (LP-I) Limited		76,1 %
Herkules Private Equity Fund II (GP-I) Ltd		40,0 %
Herkules Private Equity Fund II (GP-II) Ltd		40,0 %
Herkules Private Equity Fund II (LP-I) Limited		74,5 %

Herkules Private Equity Fund III (GP-I) Ltd	4,2 %
Herkules Private Equity Fund III (GP-II) Ltd	4,2 %
Herkules Private Equity Fund III (LP-I) Limited	25,1 %
Intera Fund I	12,0 %
Interwell AS	34,0 %
Marical Inc	22,4 %
Napatech AS	22,3 %
NMI AS	12,5 %
NMI Fund III	31,3 %
NMI Global	12,5 %
NMI Frontier	12,5 %
NRP Fleetfinance IV D.I.S	20,0 %
SPV Herkules II LP	81,5 %
Streaming Media AS	17,2 %
Vensafe ASA	23,1 %

NOTE 16

INVESTMENT PROPERTY

Investment property

NOK 1 000	2013	2012
Balance at 1 January	1 981 853	1 514 927
Acquisitions	640 189	65 136
Acquisitions through improvements	1 219	65 418
Disposals	- 814 807	- 6 963
Net change in value of investment property	20 463	343 335
Carrying amount at 31 December	1 828 917	1 981 853

Income from investment property

NOK 1 000	2013	2012
Rental income from properties	92 071	98 850
Costs directly attributable to properties	- 11 449	- 6 472
Net change in value of investment property	20 463	343 335
Total	101 085	435 713

Fair value of investment property

The investment properties are measured at fair value. Fair value is the amount for which an asset can be traded in a transaction between knowledgeable, voluntary parties. Market prices are considered when determining the market rent and required rate of return.

All of the Group's investment properties are measured yearly based on cash flow models. Future cash flows are calculated on the basis of signed contracts, as well as future cash flows based on expected market prices. No external valuations have been obtained. Other investment properties than rental properties, primarily land for developing property and residential projects, are valued on the basis of appraisals. Note 2 gives a detailed description of the parameters used to calculate the fair value.

Defined benefit pension expected to fall due year 6-10	194 134
Defined benefit pension expected to fall due year 11-20	191 241
Defined benefit pension expected to fall due year 21-30	50 144
Defined benefit pension expected to fall due year after 30 years	11 589
Total benefit pension due	669 253

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

NOK 1 000	2013	2012
Fair value of pension assets at 1 January	337 068	442 221
Expected return from pension assets	15 976	14 725
Financial estimate deviation on the pension assets	26 251	- 14 791
Contributions from employer	34 826	22 212
Administration expenses	- 1 681	- 645
Contributions from employees		2 838
Increase in pension funds due to the acquisition of subsidiaries	157 744	
Settlements	- 32 021	
Benefits paid	- 34 896	- 114 239
Exchange difference on foreign plans	28 818	- 15 253
Fair value of pension assets at 31 December	532 085	337 068

Pension assets include the following

NOK 1 000	2013	2012
Equity instruments	93 007	100 459
Government stock	107 682	180 650
Corporate stock	18 045	78 653
Other debt instruments, including structured debt		57 814
Property investments	991	35 899
Bank deposits	13 713	21 415
Other assets	55 653	51 179
Total pension funds	289 090	532 085

Actuarial deviations recognised in comprehensive income

NOK 1 000	2013	2012
Current year actuarial deviation on pension liabilities (defined benefit schemes)	12 559	12 768
Current year actuarial deviation on pension funds (defined benefit schemes)	26 251	14 791
Net actuarial deviation on defined benefit schemes recognised in comprehensive income	38 810	27 559

PENSION COSTS

NOK 1 000	2013	2012
Defined benefit plans	- 24 824	- 8 344
Defined contribution plans	100 442	85 028
Early retirement and other schemes		- 927
Total pension costs recognised in current year payroll costs	75 618	75 757

DEFINED BENEFIT PLAN PENSION COSTS

Pension costs recognised in income statement

NOK 1 000	2013	2012
Present value of this year's pension earned	25 031	24 635
Contribution from employees		- 2 838
Curtailment of pension schemes and plan changes	- 52 684	- 32 255
Social security tax	1 148	113
Administration costs	1 681	1 999
Total pension costs from benefit schemes recognised in salary costs	- 24 824	- 8 344
Interest expense on the pension liability	23 286	20 487
Expected return on pension funds	- 15 976	- 14 725
Total pension costs from recognised in finance costs	7 310	5 762

THE GROUP'S PENSION PLANS

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

Defined benefit plans

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

The defined benefit pension plans consist of group schemes as well as some additional arrangements, including employees with a retirement basis over 12 G, and AFP. 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 regular payments to a fund, but has elected to take the risk of return itself, the scheme shall be classified as a benefit scheme for accounting purposes. Ferd has recognised the obligation as a pension liability and is expensing the current deposits and the current return as incurred. The liability has not been discounted.

Defined contribution plans

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

Other service related long-term benefits

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

ECONOMIC ASSUMPTIONS

Ferd has defined benefit plans in several countries with varying economic conditions affecting the assumptions that are the basis for calculating pension obligations. The parameters are adapted to conditions in each country. The discount rate is determined as a weighted average of the yields at the reporting date on 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).

From 2013, the pension liabilities are recognised net less the pension funds. Net pension liabilities are discounted, implying that the return (previously an important economic assumption) is no longer relevant.

Economic assumptions in Norwegian companies at 31 December

	2013	2012
Discount rate	3,30%	2,20%
Expected wage growth	0-3,75%	0-3,25%
Future expected pension regulation	1,75%	1,75%
Expected regulation of base amount (G)	3,50%	3,00%

Interval for economic assumptions in foreign companies at 31 December

	2013	2012
Discount rate	2.00 - 4.10	2.00 - 4.15
Expected wage growth	0.00 - 1.00	0.00 - 1.00
Future expected pension regulation	0.00 - 0,60	0.00 - 0.55

PENSION OBLIGATIONS**Reconciliation of net liability against balance sheet**

NOK 1 000	2013	2012
Pension liabilities for defined benefit pension plans	- 146 973	- 211 528
Pension assets for defined benefit pension plans	9 805	9 505
Total defined benefit obligation recognised in the consolidated statement of financial position	- 137 168	- 202 023

DEFINED BENEFIT PLANS**Specification of recognised liability**

NOK 1 000	2013	2012
Present value of unfunded pension liabilities	- 51 737	- 69 469
Present value of wholly or partly funded obligations	- 617 516	- 469 621
Total present value of defined benefit obligations	- 669 253	- 539 091
Fair value of pension assets	532 085	337 068
Total defined benefit obligation recognised in the consolidated statement of financial position	- 137 168	- 202 023

Movements in liabilities for defined benefit pension plans

NOK 1 000	2013	2012
Liability for defined benefit pension plans at 1 January	539 091	681 653
Present value of current service cost	25 031	24 635
Interest expenses on the pension liability	23 286	20 487
Demographic estimate deviation on the pension liability	28 063	
Financial estimate deviation on the pension liability	- 40 622	12 768
Settlement of pension plans	- 42 097	- 17 936
Curtailment of pension plans	- 48 907	115
Plan changes		- 32 370
Change in liability due to acquisition/sale of subsidiaries	191 228	
Benefits paid	- 40 255	- 128 361
Social security tax	1 148	113
Exchange differences on foreign plans	33 287	- 22 015
Liability for defined benefit pension plans at 31 December	669 253	539 091

Expected payments of defined pension liabilities

NOK 1 000	2013
Defined benefit pension expected to fall due year 1-5	222 144

NOTE 18**INVENTORIES****2013**

NOK 1 000	Raw materials	Work in progress	Finished goods	Total
Cost at 31 December	447 337	643 456	1 105 324	2 196 117
Provision for obsolescence at 1 January	13 017	1 280	126 027	140 324
Write-down	3 843		36 307	40 150
Reversal of write-down	- 8 600	- 1 280	- 52 678	- 62 558
Currency translation	1 268		12 935	14 203
Provision for obsolescence at 31 December	9 528		122 591	132 119
Carrying value at 31 December	437 809	643 456	982 733	2 063 998

2012

NOK 1 000	Raw materials	Work in progress	Finished goods	Total
Cost at 31 December	334 416	434 828	980 334	1 749 578
Provision for obsolescence at 1 January	10 777		123 273	134 050
Write-down	2 240	1 280	2 754	6 274
Reversal of write-down				
Provision for obsolescence at 31 December	13 017	1 280	126 027	140 324
Carrying value at 31 December	321 399	433 548	854 307	1 609 254

NOTE 19**CURRENT ASSETS**

NOK 1 000	2013	2012
Prepayments	75 337	85 835
VAT and tax receivables	125 235	111 049
Current interest-bearing receivables	41 764	52 121
Other current receivables	475 538	391 260
Carrying amount at 31 December	717 874	640 265

NOK 1 000	2013	2012
Accounts receivable, gross	1 257 292	1 020 040
Allowances	- 51 539	- 33 295
Carrying amount at 31 December	1 205 753	986 745

Total current receivables	1 923 627	1 627 010
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Accounts receivable by age

NOK 1 000	2013	2012
Up to 30 days	171 445	111 522
30-60 days	53 778	30 274
60-90 days	72 235	21 026
Over 90 days	41 301	30 147
Total	338 759	192 970

NOTE 20 THE USE OF FAIR VALUE AND FINANCIAL INSTRUMENTS

Ferd applies the following principles in the measurement of fair value in the financial statements:

Ferd applies the valuation method that is considered to be the most representative estimate of an assumed sales value. Such a sale is assumed to 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 by business area management, 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 through the application of the market method. The quoted price of the last transaction carried out at the stock exchange, is used.

Investments in unlisted shares managed in-house are normally valued on the basis of an earnings multiple. In calculating the value (Enterprise Value - EV), EV/EBITDA, EV/EBITA and EV/EBIT can be applied, adjusted by a liquidity discount reduction and the addition of a control premium. In companies where Ferd has significant influence on the decisions made, the liquidity discount and control premium normally counterbalance. The corrections are made directly on the multiple. The company's income figure applied in the valuation is normalised for non-recurring 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 often used as a basis for our valuation.

Several of the venture investments constitute companies with no positive cash flows. This implies a greater degree of uncertainty in the valuations of the companies. The assessments are based on international valuation principles (EVCA guidelines). The investment is measured at cost, but the pricing is adjusted for progress in accordance with a business plan or if a transaction has taken place.

The valuation of investments in externally managed private equity and hedge funds is based on value reports received from the funds (NAV). Ferd makes a critical assessment of whether the reported NAV can be used as fair value, based on the characteristics of the fund. In many instances, the reported NAV must be adjusted, at a liquidity discount, as an example. Special Investments purchase hedge funds in the secondary market, often with a considerable discount compared to the reported value from the funds (NAV). In measuring these hedge funds, estimates from external brokers are obtained in order to assess the discount used at the trading of these hedge funds, compared to the most recently reported NAV.

Rental properties are valued by discounting future expected cash flows. The value of properties that are 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. In the calculation, it is assumed that the property is utilised in the best possible way. Other properties are valued on the basis of independent appraisals.

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

Financial instruments measured at amortised cost

NOK 1 000	Investments at fair value over profit and loss	Investments at fair value over extended result	Loans and receivables	Financial liability	Other valuation methods	TOTAL
Non-current assets						
Intangible assets					2 276 314	2 276 314
Deferred tax assets					150 634	150 634
Tangible assets					1 915 068	1 915 068
Investments at the equity method					647 167	647 167
Investment property	1 828 917					1 828 917
Pension funds					9 805	9 805
Other financial non-current assets			58 270		104 521	162 791
Total 2013	1 828 917		58 270		5 103 509	6 990 696
Total 2012	1 981 853		233 660		3 960 485	6 175 998

Current assets

Inventories					2 063 998	2 063 998
Short-term receivables	16 704	11 710	1 895 213			1 923 627
Listed shares and bonds	5 241 213					5 241 213
Unlisted shares and bonds	5 446 096					5 446 096
Hedge funds	4 377 613					4 377 613
Interest investments						
Bank deposits			1 332 095			1 332 095
Total 2013	15 081 626	11 710	3 227 308		2 063 998	20 384 642
Total 2012	15 439 785	15 434	3 295 573		1 609 254	20 360 046

Non-current liabilities

Pension obligation					146 973	146 973
Deferred tax					379 720	379 720
Long-term interest-bearing debt				3 516 977	- 8 373	3 508 604
Other long-term debt		42 239		251 554	7 411	301 204
Total 2013	42 239	42 239		3 768 531	525 731	4 336 501
Total 2012	30 612	30 612		5 633 412	592 434	6 256 458

Current liabilities

Short-term interest-bearing debt				525 844		525 844
Tax payable					167 049	167 049
Other short-term debt		49 842		2 066 133	348 590	2 464 565
Total 2013	49 842	49 842		2 591 977	515 639	3 157 458
Total 2012	45 917	45 917		2 218 133	230 688	2 494 738

Fair value hierarchy - financial assets and liabilities

Ferd classifies assets and liabilities measured at fair value by a hierarchy based on the underlying basis 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 owned by Ferd Invest and allocated to the Small Caps mandate 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. Some funds in Ferd's hedge fund portfolio are considered to meet the requirements of level 2. These funds comprise composite portfolios of shares, unit trust funds, interest securities, commodities 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. The valuation is based on valuation models where parts of the utilised information cannot be observed in the market. Securities valued on the basis of quoted prices or reported value (NAV), but where significant adjustments are required, are assessed on level 3. Shares with little or no trading, where an internal valuation is required to determine the fair value, are assessed on level 3. For Ferd this concerns all venture investments, private equity investments and funds investments where reported NAV has to be adjusted. A reconciliation of the movements of assets on level 3 is shown in a separate table.

Ferd allocates each investment to its respective 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 instruments at fair value is considered to be:

NOK 1 000	Level 1	Level 2	Level 3	Total 2013
Assets				
Investment property			1 828 917	1 828 917
Short-term receivables		16 704	11 710	28 414
Listed shares and bonds	5 241 213			5 241 213
Unlisted shares and bonds			5 446 096	5 446 096
Hedge funds		2 360 531	2 017 082	4 377 613
Liabilities				
Other long-term debt			- 42 239	- 42 239
Other short-term debt			- 49 842	- 49 842
Total 2013	5 241 213	2 377 235	9 211 724	16 830 172

NOK 1 000	Level 1	Level 2	Level 3	Total 2013
Assets				
Investment property			1 981 853	1 981 853
Short-term receivables			15 434	15 434
Listed shares and bonds	3 476 584			3 476 584
Unlisted shares and bonds		6 448	8 744 368	8 750 816
Hedge funds		1 600 948	1 477 773	3 078 721
Interest investments		133 664		133 664
Liabilities				
Other long-term debt			- 30 612	- 30 612
Other short-term debt			- 45 917	- 45 917
Total 2012	3 476 584	1 741 060	12 142 899	17 360 543

Reconciliation of movements in assets on level 3

NOK 1 000	Op.bal.1 Jan. 2013	Purchases/ share issues	Sales and proceeds from investments	Unrealised gain and loss, recognised in comprehensive income	Unrealised gain and loss, recognised in the result	Gain and loss recognised in the result	Closing bal. on 31 Dec. 2013
Investment property	1 981 853	641 408	- 814 807		- 11 141	31 604	1 828 917
Short-term receivables	15 434			- 514	- 5 155	1 945	11 710
Unlisted shares and bonds	8 744 368	235 239	-3 418 186		- 151 806	36 481	5 446 096
Hedge funds	1 477 773	503 208	- 643 837		388 679	291 259	2 017 082
Liabilities	- 76 529			- 1 470	- 13 001	- 1 081	- 92 081
Total	12 142 899	1 379 855	-4 876 830	- 1 984	207 576	360 208	9 211 724

NOK 1 000	Op.bal.1 Jan. 2012	Purchases/ share issues	Sales and proceeds from investments	Unrealised gain and loss, recognised in comprehensive income	Unrealised gain and loss, recognised in the result	Gain and loss recognised in the result	Closing bal. on 31 Dec. 2012
Investment property	1 514 927	130 554	- 6 963		343 335		1 981 853
Short-term receivables	18 300			- 2 104		- 762	15 434
Unlisted shares and bonds	6 696 942	186 454	- 410 758		2 383 646	- 111 916	8 744 368
Hedge funds	1 118 074	690 982	- 490 577		61 246	98 048	1 477 773
Liabilities	- 83 245			6 253		463	- 76 529
Total	9 264 998	1 007 990	- 908 298	4 149	2 788 227	- 14 167	12 142 899

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

NOK 1 000	Balance sheet value at 31 Dec 2013	Applied and implicit EBITDA multiples	Value, if the multiple is reduced by 10 %	Applied discount rate	Value, if the interest is increased by 1 percentage point	Estimated discounts according to broker (interval)	Value if the discount is increased by 10 percentage points
Investment property 1)	1 828 917			7,5% - 9,0%	1 666 917		
Unlisted shares and bonds 2)	5 446 096	7,6 - 9,5	4 702 696				
Hedge funds 3)	2 017 082					12 % - 76 %	1 783 380

1) Appr. 35% of Ferd Eiendom AS' portfolio constitutes rental property sensitive for changes in the discount interest rate.

2) Appr. 63 % of the investments are sensitive for a change in multiple. The other investments are valued by other methods.

3) Appr. 92 % of the hedge funds are sensitive for a change in discount. The other investments are valued by other methods.

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. Ferd's total portfolio shall have maximum 35 per cent impairment risk, given certain assumptions. The impairment risk regulates how large part of equity that can be invested in assets with high risk for impairment. This is measured and followed up by stress tests. The loss risk is assessed as a possible total impairment expressed in kroner og as a percentage of equity. Due to Ferd's long-term approach, the owner can accept significant fluctuations in value-adjusted equity.

CATEGORIES OF FINANCIAL RISK**Liquidity risk**

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

Foreign currency risk

Ferd has defined intervals for exposure in Norwegian kroner, euro, USD and Swedish kroner. As long as the exposure is within these intervals, Ferd is not making any currency adjustments. If Ferd's exposure exceeds these intervals, steps are taken to adjust the exposure to the established currency curve.

SENSITIVITY ANALYSE, 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 private investments in a stress test scenario have an impairment loss of 1.5 - 2 times the market (30-60 per cent in Norway and 20-40 percent abroad).

NOK 1 000	2013	2012
Price risk: Norwegian shares decline by 30 percent	-4 500 000	-4 400 000
Price risk: International shares decline by 20 percent	-1 600 000	-1 100 000
Price risk: Property declines by 10 percent	- 200 000	- 200 000
Currency risk: The Norwegian krone appreciates 10 percent	- 1 100	- 600 000
Total impairment in value-adjusted equity	-7 400 000	-6 300 000

Impairment as a percentage of value-adjusted equity	31%	32%
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Included in the basis for the value impairment risk for 2013 is Ferd Capital's acquisition of 24 percent of Interwell in January 2014.

NOTE 22**SHARE CAPITAL AND SHAREHOLDER INFORMATION**

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

Owner structure

The shareholder as at 31 December 2013 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. The consolidated financial statements of Ferd JHA AS are available on www.ferd.no.

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

	Position	Stake
Johan H. Andresen	Chair of the Board	15,21%

The children of Johan H. Andresen own appr. 85 percent of Ferd AS indirectly by ownership of shares in Ferd Holding AS.

NOTE 23**NON-CURRENT LIABILITIES****Long-term interest-bearing debt**

NOK 1 000	Amount in currency 2013	Amount in NOK 2013	Amount in NOK 2012
NOK	1 617 918	1 617 918	2 273 899
USD	2 000	12 167	1 126 990
EUR	153 428	1 286 110	1 070 757
DKK	285 000	320 253	374 905
GBP			90 248
SEK	271 627	257 279	321 304
CHF	3 400	23 250	25 000
Carrying value of loan expenses		- 8 373	
Carrying value at 31 December		3 508 604	5 283 103
Other long-term debt		301 204	350 309
Total non-current liabilities		3 809 808	5 633 412

Instalments determined in contracts

NOK 1 000	2013
2015	234 495
2016	345 674
2017	1 841 059
2018	1 396 953
Total	3 818 181

The first year's instalment of long-term debt is presented as part of the short-term interest-bearing debt.

NOTE 24**OTHER CURRENT LIABILITIES**

NOK 1 000	2013	2012
Trade payables	1 074 147	755 698
Public duties etc.	218 230	229 784
Other short-term debt	1 172 188	1 043 002
Total	2 464 565	2 028 484

NOTE 25 SECURED BORROWINGS, GUARANTEES AND CONTINGENT LIABILITIES**Secured borrowings**

NOK 1 000	2013	2012
Loan facilities	1 845 942	1 418 637
Factoring	8 383	19 872
Total	1 854 325	1 438 509

Loan facilities comprise various credit facilities in the Group, normally secured by receivables, inventories, tangible assets and investment property. Interest terms are floating interest rates.

Carrying amounts of pledged assets

NOK 1 000	2013	2012
Investment property	1 222 094	1 611 814
Other tangible assets	136 928	142 886
Inventories	497 486	213 678
Receivables	519 078	377 867
Total	2 375 586	2 346 245

Maximum exposure to the above assets	2 375 586	2 346 245
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Guarantees and off-balance sheet liabilities

NOK 1 000	2013	2012
Committed capital to fund investments	903 209	993 986
Commitment to provide loans		3 283
Guarantees without security	923 476	665 210
Clauses on minimum purchases in agreements with suppliers	187 190	152 408
Other obligations 1)	108 369	82 044
Total	2 122 244	1 896 931

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.

In 2012, Ferd AS was sued by Amorin in connection with Ferd's former engagement in TiMar (Portugal). Ferd agreed to a settlement involving an insignificant amount in 2013.

NOTE 26**RISK MANAGEMENT -
OPERATIONS**

Risk management relating to the investment activities of Ferd is described in [note 21](#).

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 Ferd Group's currency exposure.

Outstanding foreign exchange forward contracts

NOK 1 000	Currency	Currency		NOK	
		Purchase	Sale	Purchase	Sale
	CAD		- 14 000		- 83 825
	CHF	1 000		8 383	
	EUR	21 000	- 130 000	176 033	-1 089 725
	JPY	7 050 000	- 537 000	410 743	- 33 530
	NOK	398 000	- 110 000	398 000	- 110 000
	RUB		- 82 000		- 16 765
	SEK	9 000	- 108 000	8 383	- 100 590
	CZK				
	GBP				
	DKK	92 000	- 9 000	100 590	- 8 383
	ILS	8 000		16 765	
	USD	43 000		259 858	
Total				1 378 755	-1 442 818

Interest rate risk

The Group has short-term fixed interest rates on long-term funding in accordance with internal guidelines. This applies for loans in Norwegian kroner, as well as in foreign currency. The Group uses interest rate swaps to reduce interest rate exposure by switching from floating rates to fixed rates for a portion of the loans.

Outstanding interest rate swaps

NOK 1 000	Currency	Amount	Receives	Pays	Time remaining to maturity
	DKK	100 000	6M CIBOR	Fast 2,97% - 4,15%	1,7 - 3,5 years
	EUR	85 000	3M EURIBOR	Fast 0,81 - 2,88%	2,2 - 5,0 years
	SEK	50 000	3M STIBOR		3,0 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 27**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.

NOK 1 000	2013				2012			
	Interest rate swaps	Currency futures	Commodity swaps	Total	Interest rate swaps	Currency futures	Commodity swaps	Total
Opening balance	- 27 989	- 8 482	640	- 35 830	- 23 938	11 050	- 19 011	- 31 899
Gain/loss on cash flow hedges	54 115	- 10 546	- 4 679	38 890	11 394	59 593	- 56 202	13 315
Income/expense recognised in the income statement	- 25 922	- 7 855	593	- 33 185	- 16 379	- 83 635	80 390	- 19 624
Currency translation	- 162	- 3 673	- 743	- 4 579				
Deferred tax (note 14)	- 7 770	5 555	1 192	- 1 023	935	4 510	- 4 537	2 378
Effect of cash flow hedging in comprehensive income	20 423	- 12 847	- 2 894	4 683	- 4 051	- 19 532	19 651	- 3 931
Closing balance	- 7 728	- 25 002	- 2 997	726	- 27 989	- 8 482	640	830

Negative amounts represent a liability and a reduction in equity.

Gain/loss transferred from other income and expenses in the income statement of the period is included in the following items in the income statement:

NOK 1 000	2013	2012
Revenue		- 727
Commodity costs	9 060	8 486
Other operating expenses	- 1 179	375
Net finance result	25 304	11 490
Total	33 185	19 624

Negative amounts represent income.

NOTE 28**LIQUIDITY RISK****Liquidity risk - operations**

Liquidity risk concerning operations relates primarily to the risk that Elopak, Telecomputing, Mestergruppen, 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 may be required to pay.

31 December 2013

NOK 1 000	Less than 1 year	1-3 years	3-5 years	Total
Finance institutions	525 844	324 049	3 192 937	4 042 830
Accounts payable	1 074 147			1 074 147
Related parties				
Other non-current liabilities		256 120	45 084	301 204
Other current liabilities	935 883			935 883
Total 1)	2 535 874	580 169	3 238 021	6 354 064

31 -December 2012

NOK 1 000	Less than 1 year	1-3 years	3-5 years	Total
Finance institutions	362 440	2 840 370	2 442 733	5 645 543
Accounts payable	755 698			755 698
Related parties		11 498	32 731	44 229
Other non-current liabilities		164 550	141 530	306 080
Other current liabilities	1 106 157			1 106 157
Total 1)	2 224 295	3 016 418	2 616 994	7 857 707

1) The table does not include lease obligations, guarantees and off-balance sheet liabilities, cf. notes 25 and 29 respectively.

The table below shows the anticipated receipts and payments on derivatives:

31 December 2013

NOK 1 000	Less than 1 year	1-3 years	More than 3 years	Total
Net settlement				
- Interest rate swaps	1 915	5 750	18 022	25 687
- Currency futures	- 35 969	- 19 892	- 3 437	- 59 298
- Commodity derivatives				
Total	- 34 054	- 14 142	14 585	- 33 611

31 December 2012

NOK 1 000	Less than 1 year	1-3 years	More than 3 years	Total
Net settlement				
- Interest rate swaps	51 446			51 446
- Currency futures	10 252			10 252
- Commodity derivatives	- 600			- 600
Total	61 098			61 098

Credit facilities

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

	2013		2012	
	Used	Unused	Used	Unused
<i>Overdraft</i>				
-Secured	122 925	256 587	47 078	314 940
-Unsecured	163 744	526 438	54 982	440 696
<i>Credit facilities</i>				
-Secured	2 300 529	7 716 123	1 604 440	1 567 090
- Unsecured				
<i>Factoring</i>				
- Secured	514 191	268 634	4 311	15 561
-Unsecured			391 113	416 599
Total secured	2 937 645	8 241 344	1 655 829	1 897 591
Total unsecured	163 744	526 438	446 095	857 295

NOTE 29

OPERATING AND FINANCE LEASES

The Group as lessor, operating leases

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

Specification of income on operating leases	2013	2012
Total variable leases recognised as income	101 495	90 229
Minimum leases (including fixed leases) recognised as income	3 933	
Total variable leases recognised as income	105 428	90 229

At the balance sheet date, the Group has contracted the following future minimum leases:

	2013	2012
Totally due next year	80 291	70 128
Totally due in 2-5 years	225 228	175 879
Totally due after 5 years	41 095	28 075
Total	346 614	274 082

The amounts have not been discounted.

The Group as lessor, finance leases

Specification of income from finance leases	2013	2012
Total variable leases recognised as income	6 019	
Finance income from finance leasing contracts		1 476
Total	6 019	1 476

Gross investment compared to the present value of outstanding minimum leases	2013	2012
Gros receivables on leasing contracts	27 528	17 714
Finance income not yet earned	- 3 303	- 2 969
Net investment from finance leases (present value)	24 225	14 745

The Group as lessee, operating leases

Specification of expenses on operating leases	2013	2012
Total variable leases recognised as expenses	153 379	184 846
Minimum leases (including fixed leases) recognised as expense	151 328	47 979
Subleases recognised as cost reductions	- 934	- 899
Total leasing costs	303 773	231 926

Due for payment	2013	2012
Total costs next year	280 803	238 682
Total costs 2-5 years	887 725	736 636
Total costs after 5 years	426 201	478 246
Total	1 594 729	1 453 564

The amounts have not been discounted.

Distribution of the same leasing obligation on leasing objects	2013	2012
Buildings and land	1 308 512	751 031
Machines and installations	193 384	16 839
Fixtures, vehicles and equipment	92 833	685 694
Total leasing obligations related to operating lease commitments	1 594 729	1 453 564

The Group as lessee, finance leasing

Specification of leasing costs	2013	2012
Total variable leases recognised as expenses	8 922	7 263
Total leasing costs	8 922	7 263

Future minimum leases and corresponding present values, by due dates:	Minimum rent	Calculated interest	Present value
Total due in one year	6 410	305	6 105
Total due in year 2-5	4 471	266	4 205
Total due after 5 years			
Total leasing obligations related to finance leasing	10 881	571	10 310

Net carrying value of leased assets, by asset class	2013	2012
Buildings and land		
Machines and installations		3 362
Fixtures, vehicles and equipment	15 447	19 470
Total carrying value of leased assets	15 447	22 832

The fixed assets are also included in note 9.

NOTE 30**RELATED PARTIES****Associated companies and joint ventures**

Transactions with associated companies and joint ventures are accounted for in [note 12](#).

The Board and executives

The board members' rights and obligations are stated in the Articles of Association and Norwegian law. The Group has no significant contracts in which a board member has a substantial interest. Ownership in Ferd AS by board members is stated in [note 22](#), and information on fees to board members and executives in [note 6](#).

NOTE 31**EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

Through the wholly-owned subsidiary FC Well Invest AS, Ferd increased its ownership in Interwell AS from 34 % to 58 % in January 2014. Interwell will be fully consolidated in Ferd's consolidated financial statements starting on 1 January 2014. The compensation for the transaction constituted MNOK 496.

In 2013, Interwell had a turnover of MNOK 762 and an EBITDA of MNOK 265.



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Medlemmer av den norske revisorforening

To the Annual Shareholders' Meeting of
Ferd AS

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Ferd AS, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2013, the income statement, total comprehensive income, cash flow statement and statement of changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Group Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Group Chief Executive Officer are 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 the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Group Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Ferd AS 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 2013 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.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

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 Directors' report concerning the financial statements, the going concern assumption and the 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 the Board of Directors and Group Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 9. april 2014

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