

## **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 2012 were approved by the Board of Directors on 8 April 2013.

### **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. This is the first year consolidated financial statements have been prepared for Ferd AS.

### **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. Associates are accounted for in accordance with the equity method in the consolidated financial statements.

A joint venture is a contractual arrangement requiring unanimous agreement between the owners about strategic, financial and operational decisions. Joint ventures are incorporated in the consolidated financial statements using the equity method.

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 balance sheet.

Associates and joint ventures are accounted for using the equity method, which implies that Ferd's share of 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 in associated companies and joint ventures", 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.

Pursuant to the "fair value option" in IAS 39, financial instruments can also be classified at fair value with changes in value recognised in the income statement. 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 statement of financial position**

Purchases and sales of financial instrument transactions are recognised on the date of the agreement, which is when the Group 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 have been transferred to another party. Correspondingly, financial instruments are derecognised when the Group on the whole has transferred the risk and reward of the ownership.

Financial instruments at “fair value 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.

Loans and financial liabilities are initially measured at fair value with the addition of direct transactions costs. In subsequent periods, the assets and liabilities are measured at amortised cost by using the effective interest method. Loss on impairment of loans and receivables is recognised in the income statement.

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

### **Financial derivatives and hedge accounting**

The Group applies financial derivatives to reduce any potential loss from exposures to unfavourable changes in exchange rates or interest rates. Financial derivatives related to a highly probable planned transaction (cash flow hedges) are recognised in accordance with the principles for hedge accounting when the hedge has been documented and meets the relevant requirements for effectiveness. Ferd is not applying hedge accounting of derivatives acquired to reduce risk in an asset or liabilities recognised in the balance sheet. Derivatives not qualified for hedge accounting are classified as financial instruments at fair value, and changes in value are recognised in the income statement.

Cash flow hedging is presented by recognising a change in fair value of the financial derivative applied as cash flow hedging in total comprehensive income until the underlying transaction is accounted for. The ineffective portion of the hedge is recognised immediately in profit or loss.

When the hedge instrument expires or is disposed of, the planned transaction is carried out, or when the hedge no longer meets the criteria for hedge accounting, the accumulated effect of the hedging is recognised in the income statement.

### **Income taxes**

The income tax expense includes tax payable and changes in deferred tax. Income tax on balances recognised in other income and expenses in total comprehensive income 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 carrying values and tax values of assets and liabilities. Deferred tax liabilities associated with the initial recognition of goodwill in business combinations are not carried in the balance sheet. No deferred tax is recognised on those investment properties at fair value that are expected to be sold as limited companies and thereby not setting off any tax liability.

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 Group has a legal right to net assets and liabilities.

### **Goodwill**

Goodwill is the difference between the cost of an acquisition and the fair value of the Group’s share of net assets in the acquired business at the acquisition date. Goodwill arising on the acquisition of subsidiaries is classified as intangible assets.

Goodwill is tested for impairment annually, or more often if there are indications of impairment, and carried at cost less accumulated depreciation. Impairment losses are not reversed in subsequent periods. Goodwill arising on the acquisition of a share in an associate is included in the carrying amount of the investment and tested for impairment as part of the carrying amount of the investment. Gain or loss arising from the realisation of a business includes goodwill allocated to the business sold. For the purpose of impairment testing, goodwill is allocated to the relevant cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combinations.

## **Intangible assets**

Intangible assets acquired separately are initially carried at cost. Intangible assets acquired in a business combination are recognised at their fair value at the time of the combination. In subsequent periods, intangible costs are recognised at cost less accumulated depreciation and impairment.

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

## **Research, development and other in-house generated intangible assets**

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

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

- The asset can be identified.
- It is probable that the asset will generate future cash flows.
- 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 measured 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 fair value, based on market prices. The fair value of investment properties reflects, i.e., rental income from existing lease contracts and the expectation of the future rental income based on the market situation on the balance sheet date.

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 Group'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 net pension cost of the period is included in payroll costs and comprises the total of the benefits earned during the year, the interest cost on the liability, the expected return of the pension funds and the accrued social security tax. Positive and negative estimate deviations are recognised as other income and expenses in the statement of 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 Group decides to reduce significantly the number of employees covered by a plan or amends the terms of a defined benefit plan to the effect that a significant part of the current employees' future earnings no longer qualify for benefits or will qualify for reduced benefits only.

#### **Defined contribution plans**

Contributions to defined contribution pension plans are recognised as expenses in the income statement when the employees have rendered services entitling them to the contributions.

### **Provisions**

A provision is recognised when the Group 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.

### **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 proposed by the Board is classified as equity and recognised as a liability when approved by the shareholders in a General Meeting.

### **Business areas**

Ferd reports business areas in line with how Ferd's management makes, monitors and evaluates its decisions. The segments are identified based on whose results are regularly reviewed by management and used for allocation of capital and other resources, and assess performance.

## **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 2012 or earlier.

### **New and amended standards implemented by Ferd effective from the accounting year 2012:**

#### *Amendments to IAS 1 Presentation of Financial Statements*

The amendments only concern presentation and include a requirement to group income and expenses in total comprehensive income on the basis of whether there is a potential for reclassifying them to the income statement or not. The amendment has had an impact on the presentation of comprehensive income and the statement of changes in equity.

#### *Amendment to IFRS 7 Financial Instruments - disclosures*

The amendment concerns disclosure requirements in connection with transfers of financial assets where the Group still has an involvement. The amendment has no significant or very limited impact for Ferd.

#### *Amendment to IAS 12 Income Taxes*

Under the amendments the measurement of deferred tax liability is required to reflect the tax consequences of recovering the carrying amount of an investment property entirely through sale. The change has implied that Ferd no longer recognises deferred tax on investment properties, as it is assumed that all sales of investment properties are made as sales of shares and thereby not setting-off any tax liability.

### **New and amended standards not yet implemented by Ferd:**

#### *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 the statement of comprehensive income in the period they arise. Ferd does not apply the corridor method, hence this change has 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 finance items. 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 return no longer shall be calculated on the funds. The changes are effective for accounting years starting on 1 January 2013. Ferd expects to implement the amended standard from this date.

#### *Amendment to IFRS 7 Financial Instruments - disclosures*

The amendment implies that enterprises must provide a number of quantitative information related to setting-off financial assets against financial liabilities. The amendment is effective for accounting years starting on 1 January 2013. Ferd expects to implement the changed standard from this date, but the changes are expected to have no or very limited impact for Ferd AS.

#### *Amendments to IAS 32 Financial Instruments - presentation*

IAS 32 has been amended to clarify the set-off requirements in the standard. The changes become effective for annual periods beginning on 1 January 2014. The Group expects to implement the amended standard from this date, but the changes are expected to have no or very limited impact for 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 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 a 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. IFRS 9 is effective for accounting years starting on 1 January 2015, but the standard has not yet been approved by the EU. Ferd expects to implement IFRS 9 starting on 1 January 2015. Those parts of IFRS 9 that have been completed 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 the accounting for 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 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. In addition, IASB has issued a proposal for amending IFRS 10 concerning an exemption to consolidate investment entities. The amendments are also expected to be effective from 1 January 2014. Ferd expects to implement IFRS 10 starting on 1 January 2014, but the changes are expected to have very limited consequences for Ferd.

#### *IFRS 11 Joint Arrangement*

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 concerns joint arrangements and has 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. 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 11 starting on 1 January 2014. Ferd must analyse all joint arrangements to clarify whether there are any arrangements qualifying to be joint activities, but Ferd expects that the consequences from applying IFRS 11 will be limited.

#### *IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 applies to 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.

#### *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 under IFRS for all fair value measurements, with a view to ensuring a common definition of fair value across all other standards and provide a uniform guidance to measuring fair value. IFRS 13 becomes effective for annual periods beginning on or after 1 January 2014 (earlier adoption is allowed), and the EU has approved the standard. Ferd expects to implement IFRS 13 starting on 1 January 2014, but it is not expected that the clarifications in IFRS 13 will have any significant consequences for Ferd.

#### *Amendments to IAS 27 Separate Financial Statements (revised)*

As a consequence of the new 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, and will therefore not apply for the group accounts when implemented. 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.

#### *Amendments to IAS 28 Investments in Associates and Joint Ventures (revised)*

IAS 28 has been extended to include investments in joint ventures. The standard describes the accounting for such investments and how to apply the equity method. The changes become effective for annual periods beginning on or after 1 January 2014, and the standard has been approved by the EU. The Group expects to implement IFRS 10 starting on 1 January 2014, but the consequences are expected to be insignificant, as Ferd presently applies the equity method on joint ventures.