

**FERD AS
ANNUAL REPORT
2012**

BOARD OF DIRECTOR'S REPORT

2012 was a very good year for Ferd. At the close of 2012, the group's value-adjusted equity was NOK 19.6 billion. At the start of 2012, value-adjusted equity was NOK 16.1 billion. After adjusting for dividends, this represents a return of NOK 3.7 billion, equivalent to approximately 23%. The return was better than the market benchmarks, with the Oslo stock market closing the year with a return just over 15%. Ferd's annual return over the last five years was 5.7%. Over the same period, the Oslo stock market (Oslo Børs Benchmark index) fell by an annual average of 2.0%, and the global equities index (MSCI) produced a return of around zero in Norwegian kroner terms.

These results have been achieved as the result of sound operations and good earnings by the companies in which Ferd holds substantial ownership positions, as well as a sound return from most of the financial investment areas. Both liquidity and capital adequacy have been extremely strong throughout the period, and the company's risk exposure has been in accordance with the owner's desired risk profile.

Market sentiment was in general better in 2012. Concern over the European debt crisis eased following the agreement of a new rescue package for Greece. Conditions in the financial markets reflected a reduction in risk margins. The combination of very low interest rates and increased risk willingness was an important driver for the performance of the stock market.

The outlook for global growth remains weak, although there is some variation between regions. The eurozone continues to be in recession. Public spending cuts and debt reduction continue to affect Europe, while in America economic indicators report continuing improvement in the labour market and the residential property market. The situation in the Nordic economies is relatively strong compared to the rest of Europe, although there are some differences between the Nordic countries. The continuing strength of oil prices and the associated high level of activity in the oil sector give grounds to anticipate relatively sound economic growth and low unemployment in Norway. It remains the case that Norway is the strongest economy in the Nordic region, and the outlook remains positive.

The Swedish investment company Ratos and Ferd entered into an agreement in December 2012 to become partners as owners of the oil service company Aibel. The agreement provides for Ferd to maintain a direct ownership interest of approximately 49%, while Ferd's exposure is significantly reduced. Ferd left its clear footprints through its role in searching for a new partner for Aibel in Norway and Sweden. Over the course of the first half of 2013, Ferd will receive almost NOK 2 billion from the Aibel transaction.

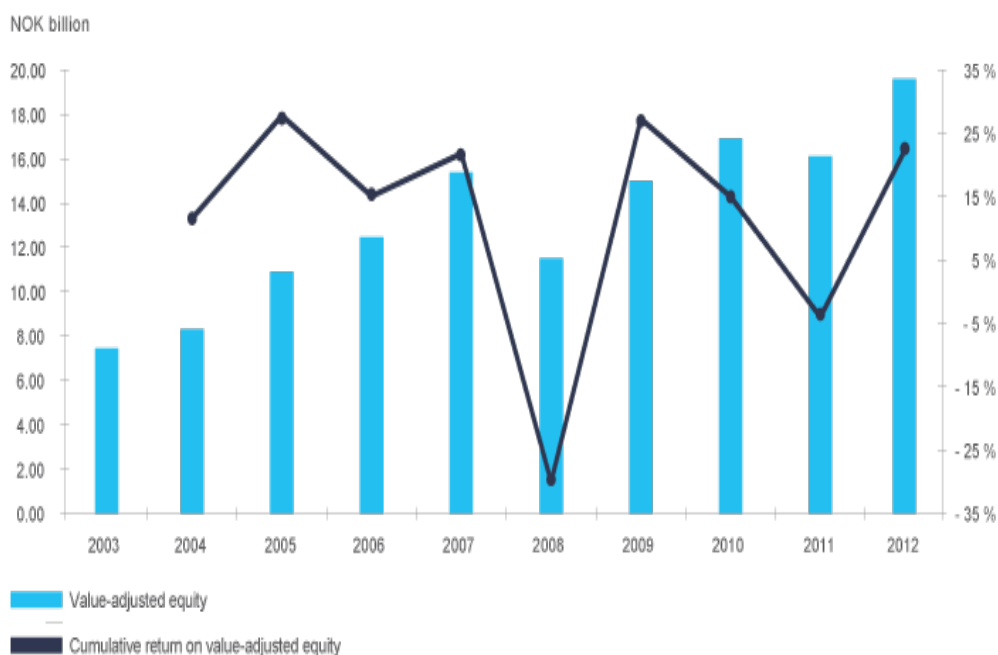
At the close of 2012, Ferd AS (the parent company) had an unused committed credit facility of NOK 2.5 billion. Ferd Capital experienced a high level of activity in 2012, but did not make any major investments in the year. Herkules Fund I sold Pronova to BASF, and sold Beerenberg to a Swedish private equity fund. Ferd will receive almost NOK 1.5 billion from these disposals in the first quarter of 2013. The receipts from Herkules Fund I and the Aibel transaction mean that at the parent company level Ferd will not need to draw on its credit facility in the spring months of 2013. Ferd allocated almost NOK 1 billion to Ferd Invest and Ferd Hedge Funds in the first quarter of 2013. Accordingly, Ferd will still have a sizeable amount of capital available for new investments.

Ferd reorganised its activities in 2012. Prior to autumn 2012, Ferd had separate managers for its industrial and financial investments. Following the reorganisation, Ferd Capital has three managers who between them have portfolio responsibility for all Ferd Capital's investments. All the business area heads now report to a single investment officer.

The Board believes that 2013 will 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 2003-2012, Ferd generated a total return of NOK 13.3 billion, equivalent to an annual return of 12.5%. Ferd achieved this return with less volatility than was seen in the equity markets over this period, hence it is apparent that the risk-adjusted return achieved has been satisfactory.



One important reason for the spread of risk is Ferd's exposure to diversifying asset classes such as hedge funds and real estate. In addition, Ferd holds a range of equity investments that represents 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 2012, and Ferd Capital's portfolio, taken together with the group's investments in the Herkules Private Equity Funds, represents over half of Ferd's value-adjusted equity.

Ferd's sound return in 2012 reflects strong results from four of the five investment areas. Ferd Capital's portfolio companies performed well, with the increase in value of Aibel making a particularly strong contribution. Ferd Invest's Nordic portfolio generated a return of 22%, which was significantly higher than the benchmark index for this portfolio. Ferd Hedge Funds and Ferd Special Investments also reported good returns, both in absolute and relative terms. The picture was somewhat more mixed for Ferd Real Estate's portfolio, where the overall value was virtually unchanged for the year.

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 (for further information on this change to accounting principles, see [Note 19](#) to the accounts).

Ferd AS reports operating profit of NOK 3,740 million for 2012, representing an increase of NOK 4,199 million from 2011. In addition to the matters mentioned above, the most important reason for the improvement in profit is a higher return from investments in the Herkules funds relative to 2011. The Pronova share price increased from NOK 7.8 to NOK 12.5 in 2012. Ferd's return from Pronova in 2012 was in excess of NOK 450 million.

For further commentary on financial results in 2012, the reader is referred to the separate sections on each business area on the following pages.

The company's distributable reserves amount to NOK 8,742 million. The annual accounts have been prepared on the going concern assumption, and in accordance with Section 3-3a of the Accounting Act, the Board confirms that the going concern assumption is appropriate.

Resultat og kontantstrøm for Ferd (Ferd AS konsern)

Operating revenue was NOK 14,184 million in 2012 as compared to NOK 9,148 million in 2011. The main reason for the increase 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 2011 Ferd recorded a loss of NOK 0.3 billion on financial investments.

Sales revenue increased from NOK 9.3 billion in 2011 to NOK 10.5 billion in 2012. Consolidated sales revenue reported by Ferd for 2012 includes the revenue reported by Mestergruppen and TeleComputing for the full year. The consolidated sales revenue reported for 2011 only included eight months' sales from these companies. Elopak reported operating revenue of NOK 5.9 billion in 2012, down by NOK 0.2 billion from the previous year. The reduction is principally due to the strength of the Norwegian krone since a large part of Elopak's revenue is denominated in euros.

The group's financial items showed net expense of NOK 246 million in 2012 as compared to net expense of NOK 189 million in 2011. Exchange rate movements were the main reason for the change in net financial items between 2011 and 2012.

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 2012 was NOK 187 million as compared to a charge of NOK 34 million for 2011.

Net cash flow for 2012 was made up of cash from operations of NOK 299 million, cash from investment activities of NOK 741 million, and cash from financing activities of NOK -990 million. The most important factor in the positive cash flow from investment activities was the inflow of NOK 1.3 billion realised on securities, principally from the Herkules funds and in the form of payments from Special Investments.

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 well-diversified financial portfolios 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.

Allocating risk capital is one of the Board's most important tasks, since return and risk exposure are largely determined by the asset classes in which Ferd invests. The structured allocation of capital reflects the criteria of diversification, how the group uses its capital base, and its risk bearing capacity. The Board continuously monitors Ferd's risk capacity and whether the actual allocation of assets at any time corresponds with the assumptions and requirements that form the basis for capital allocation.

It is Ferd's intention that its capital allocation 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 allocation for 2013 anticipates that the risk of fall in value at the start of the year will be lower than has been the case in recent years. The reduction in the risk of fall in value is the result of the realisation of a number of major investments in the first half of 2013. Some of the capital released has already been reinvested, and intensive efforts are being made to put further capital resources to work.

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 strives to ensure that its main banking connections will rate Ferd's creditworthiness as equivalent to 'investment grade'. In order to protect Ferd's equity from unnecessary risks, 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 kronor denominated investments, and accordingly do not hedge all currency exposure against the Norwegian krone. In addition, we anticipate that at least half the group's equity will continue to be exposed to investments denominated in Norwegian kroner. 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 funding and interest-bearing investments, 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. In autumn 2012, the owner decided to withdraw from his position as Chief Executive Officer and become the Chairman of the Board of Directors of Ferd Holding AS. 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 held six Board meetings in 2012.

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.

Ferd and Ratos entered into partnership as owners of Aibel in December 2012. Herkules sold 100% of its shares in Aibel. Ferd and Herkules had been considering alternative ownership solutions for Aibel for some time. Herkules wished to sell its investment in the company, whereas Ferd wished to retain and develop its ownership interest in Aibel. Ferd and Herkules evaluated a number of specific possible partners of Aibel over the second half of 2012 before finally deciding on Ratos. Ratos was judged a very good partner for Ferd in the further development of Aibel. Ferd and Ratos have expertise and financial resources that will put Aibel into an even better position to realise the strategy the company has pursued over recent years as well as to develop new business opportunities.

When making investment decisions, Ferd Capital attaches only little weight to the overall macroeconomic outlook. Company-specific factors play a crucial role when deciding whether or not investment opportunities are attractive. Through its participation in Streaming Media AS, and in partnership with Schibsted and Platekompaniet, Ferd Capital invested in April 2012 in Aspiro AB. Aspiro's activities include owning and operating the music streaming service Wimp. This was the Ferd Capital's only new investment in 2012.

Aibel

Aibel reported turnover for continuing operations of NOK 10,442 million in 2012 as compared to NOK 8,176 million in 2011. EBITDA was NOK 875 million as compared to NOK 801 million in 2011. Aibel continued to build on its strong performance in 2011 by winning a number of major and strategically important contracts in 2012. The company started 2013 with an order backlog of around NOK 20 billion. In addition, the company has a further NOK 19 billion of order options.

In February, Aibel was awarded a major and strategically important contract by Shell. The contract is a framework agreement for modifications to the Draugen platform. The contract will run for six years, with options for an additional two plus two years, and has an estimated value of NOK 6 billion. Statoil awarded a major upgrading contract for Gullfaks to Aibel. The contract is for upgrading the drilling systems on Gullfaks B, and is worth an estimated NOK 1 billion.

AMEC and Aibel signed a collaboration agreement to work together on potential new projects in Field Development. The agreement will extend Aibel's capacity for executing projects. AMEC is one of the world's leading engineering companies with over 27,000 employees in 40 countries. AMEC can offer resources for all Aibel's business areas.

Market conditions for Aibel in 2013 are attractive, with a reasonably high oil price and expectations of strong growth in investment on the Norwegian continental shelf over the coming years. Aibel is well positioned to progress and win contracts that are expected to be put out to bidding in 2013. Aibel's main challenge is recruiting new employees, both in its Norwegian activities and elsewhere in the group.

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. The company expects carton sales for the juice market to be particularly volatile since demand for these products is affected to some extent by the state of consumers' finances. Elopak's total revenue was NOK 5,864 million in 2012, compared to NOK 6,088 million in 2011. The main cause for the decline was the strength of the Norwegian kroner in 2012. The number of carton volumes sold was in line with 2011.

Operating profit was NOK 273 million, as compared to NOK 344 million in 2011. The main reason for the decline in profit was a provision made for restructuring its factories in Europe. One consequence of this restructuring was that activity at the Speyer factory in Germany was scaled down.

There are many indications that Elopak will continue to face a challenging market situation in 2013. European markets continue to be affected by uncertainty over the outlook for growth, with concerns over unemployment and financial stability. The situation in North America is more encouraging.

Raw material prices are expected to continue to be volatile in 2013. The high price of crude oil affects the cost of hydrocarbon-based raw materials, which account for around one-sixth of the company's total raw material costs. Elopak has hedged part of its expected purchases of polyethylene.

The Board believes that Elopak is well positioned to meet these challenges. Elopak will continue to invest in new infrastructure in 2013 that will contribute to future growth. The new factory in Russia will give Elopak a stronger position in a growth market. Further, Elopak will continue its efforts to develop aseptic packaging technology.

TeleComputing

TeleComputing reported operating profit of NOK 116 million in 2012, in line with 2011.

The company achieved continuing strong growth in 2012 for its core business of supplying IT operating services. TeleComputing's consulting activities, which are delivered through its subsidiary company Kentor, experienced a challenging year as a result of lower demand for consulting services in the Swedish market. Revenue increased by 4% in 2012. The company was again successful in 2012 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 2012 than at any time in the company's history. TeleComputing's objective is to maintain industry-leading profit margins. This was again achieved in 2012, even though the challenges facing the Swedish market had an adverse effect on bottom-line profit.

Mestergruppen

Mestergruppen reported revenue of NOK 2,777 million in 2012, representing organic growth from 2011 of just under 5%. Normalised EBITDA was NOK 78 million compared to NOK 71 million in 2011. Mestergruppen launched a number of improvement and growth initiatives in 2012. Additional resources were committed to improving the purchasing and logistics functions, and these programs together with the launch of a new concept for building professionals are expected to produce positive results in 2013.

In June 2012, Mestergruppen acquired the Ålesund-based building products distributor Alf Valde. This transaction was part of the company's strategy to strengthen its position in selected geographic areas.

Mestergruppen intensified its focus on development projects in 2012, and this included the launch of a residential development project in collaboration with Ferd Real Estate for a large site adjacent to Strømmen station.

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 494 million in 2012, an increase of almost 30% from 2011. Revenue growth was principally driven by the company's successful international expansion.

Interwell's operating profit (EBITDA) for 2012 was NOK 180 million, an improvement of NOK 44 million from the previous year. The company's most important market is the Norwegian continental shelf, but over recent years it has also established local operations in the Middle East and in the USA. Interwell reorganised its activities in the Middle East in 2012, setting up a subsidiary and regional office in Dubai to serve this region. Statoil is Interwell's largest customer, and the company maintains a close dialogue with Statoil both on operational issues and on the development of new solutions in order to ensure that it will be able to satisfy Statoil's future requirements. During the course of 2012 the company completed the development of several new products that will play an important role in complementing and expanding its product portfolio, as well as contributing to its ambitious growth strategy.

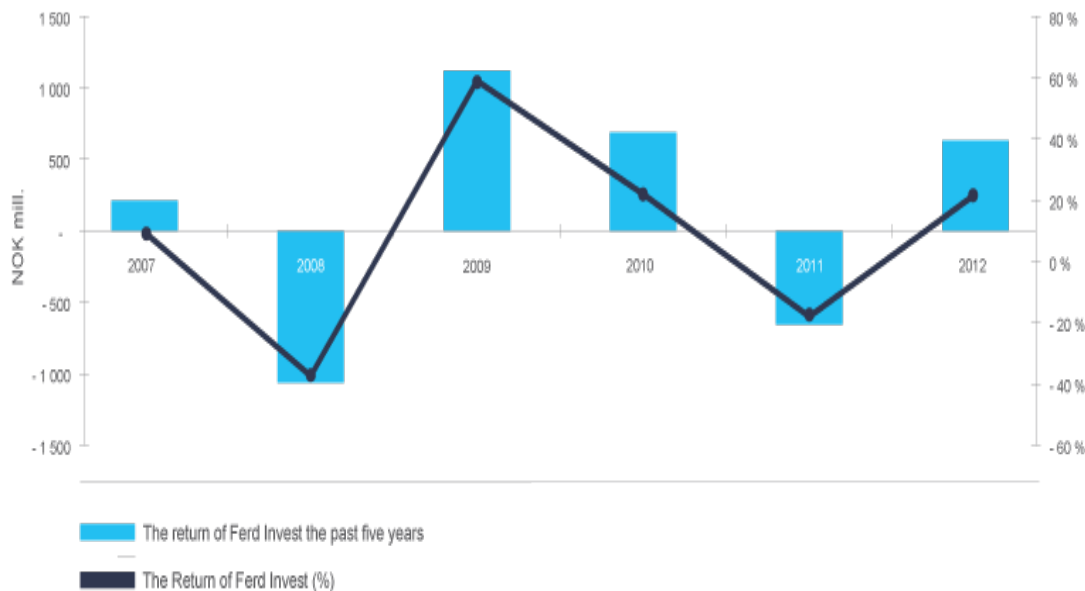
Swix Sport

Swix Sport reported operating profit (EBITDA) of NOK 51 million for 2012 as compared to NOK 66 million in 2011. Revenue increased from NOK 604 million in 2011 to NOK 687 million in 2012. Swix strengthened its presence in the outdoor segment through its acquisition of Lundhags. Original Teamwear AS continued to strengthen its leading position in Norway for sports clothing sales to B2B and sports clubs. Swix acquired the remaining shares in Original in June 2012.

2012 was affected by challenging market conditions as a result of a short and warm winter season and high stock levels in the distribution network. Despite this, Swix reported a strong outcome for 2012 with a positive bottom line. With a greater focus on exports and the acquisition of Lundhags, Swix generated approximately 50% of its revenue in 2012 from markets other than Norway, an increase of 6 percentage points from 2011.

Ferd Invest

Ferd Invest reported an operating profit of NOK 631 million for 2012 as compared to an operating loss of NOK 662 million for the previous year. 2012 was a good year for the Nordic stock markets overall, with an improvement of 14% (MSCI Nordic Mid Cap Index). The Nordic exchanges performed well in 2012. The Copenhagen stock exchange was the strongest of the Nordic exchanges, with an upturn of 20%, while Helsinki was the weakest with an upturn of 8% (in Norwegian kroner terms). At the start of 2012, markets were characterised by concern over the outlook for the global economy, eurozone co-operation and corporate earnings. Even though these concerns were not in any way resolved, we saw a gradual decline in the level of concern over the course of the year. The Board is of the opinion that the main driving factor for the good performance of stock markets in 2012 was increased risk willingness.



he market value of Ferd Invest's total portfolio increased by 22% in 2012, which was 9 percentage points better the index against which Ferd Invest benchmarks its performance.

At the close of 2012, the market value of the Ferd Invest portfolio was NOK 3.5 billion. Investments are divided between the three Scandinavian stock markets, in addition to the Helsinki stock market. The largest investments at the close of 2012 were in Autoliv, Subsea 7, Nokian Tyres, Carlsberg and Opera, and these investments accounted for around 39% of the total value of the portfolio, which comprised 19 investments in total.

Stock market investors are now much less nervous than was the case at the start of 2012. The global economy is still not recovered to good health, and the historically low level of interest rates serves as a daily reminder of this. Despite this, stock markets have risen strongly in recent years. In addition, there seems to be a widely held view that 2013 will again be a good year for the stock market. In view of the challenges facing the global economy, the Board finds this optimistic view somewhat worrying.

Ferd's objective for the management of its hedge fund investments 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.

The hedge fund market, as represented by the HFRI Composite Index, was up by 6.4% in 2012. A number of hedge fund strategies were particularly visible due to the strength or weakness of their performance in 2012. Macroeconomic funds produced weak returns, although, not surprisingly, we saw some big differences between individual funds. Funds with credit-related strategies were among the most successful in the hedge fund sector in 2012.

Ferd Hedge Fund

Ferd's objective for the management of its hedge fund investments 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.

The hedge fund market, as represented by the HFRI Composite Index, was up by 6.4% in 2012. A number of hedge fund strategies were particularly visible due to the strength or weakness of their performance in 2012. Macroeconomic funds produced weak returns, although, not surprisingly, we saw some big differences between individual funds. Funds with credit-related strategies were among the most successful in the hedge fund sector in 2012.

Ferd Hedge Fund's portfolio achieved a return of 7.8% in USD terms in 2012, outperforming its benchmark index (HFRI Fund of Funds Conservative) by 3.7 percentage points. (For sitat: fjerne parentes) The return for 2012 in Norwegian kroner terms was NOK 129 million, and total assets at the close of the year were approximately NOK 1.7 billion.

Portfolio turnover was somewhat higher in 2012 than the historic average. It is satisfying to note that the overall effect of the changes made had a positive effect on the return for the year. Ferd Hedge Funds' investment process focuses principally on finding competent investment managers, but some changes were also made in the first half of 2012 to the portfolio's exposure to various hedge fund strategies.

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 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 at a discount. Funds allocated to the portfolio since its launch total NOK 1,450 million. The return since the portfolio was established is NOK 320 million, while the return in 2012 in isolation was NOK 182 million. These figures represent annual returns of 15% and 14% respectively.

Ferd Special Investments invested NOK 665 million through 13 transactions in 39 funds in 2012. NOK 522 million was realised from existing investments in 2012. Ferd's Special Investments portfolio amounted to around NOK 1.8 billion at the close of 2012.

Ferd Special Investments continue to believe that there will continue to be opportunities to work with hedge fund managers to provide additional capital for specific investments in order to subsequently realise the full value potential of these investments. Ferd Special Investments participated in an investment of this type in 2012 of approximately NOK 300 million.

Ferd Real Estate

Ferd Real Estate is an active real estate investor, involved both in real estate development and asset management. Over the course of 2012, the business area increased Ferd's exposure to real estate, and this included two new major development projects.

Ferd Real Estate reports an operating profit of NOK 325 million for 2012 as compared to NOK 79 million in 2011. The development site for phases 5 and 6 of Tiedemannsbyen (a residential development project at Ensjø in Oslo) was valued in 2012 at estimated fair value based on the development of the site as a residential development project. Prior to 2012, this part of the Tiedemanns complex has been recognised for accounting purposes on the basis of the value of its current use as warehouse premises.

The portfolio is valued at NOK 1.5 billion, and generated a negative return on value-adjusted equity of 1% for 2012. (For sitat: Ferd Real Estate`s portfolio is valued...)

The negative return was largely due to downward adjustment of valuations of development sites for warehousing/logistics facilities, partly because the process of planning permission for these sites is taking somewhat longer than anticipated and partly because market demand is for the moment somewhat lower than forecast when these investments were first made.

All Ferd Real Estate's existing office premises and warehouse facilities are currently virtually fully let.

Despite a large number of recently completed new office buildings, the combination of strong conditions in the labour market, conversions of existing office buildings to residential developments and the temporary removal of office buildings from the market for renovation has resulted in falling vacancy rates in the Oslo area and rising rental levels. There were more transactions in commercial property in 2012 than in 2011, despite more challenging conditions in the lending market. Residential real estate prices again increased in 2012, with prices for apartments in Oslo rising by around 9%. There is still an imbalance between the supply of new residential units and demand. There is a shortage of residential development sites in central locations, and prices have risen markedly over the recent years.

Tidemannsbyen launched the first sales phase of its residential project in spring 2010. The remaining units in the first sub-area, representing 199 townhouses and apartments, were all sold in 2012. Residential purchasers are showing increasing interest in Ensjø and Tidemannsbyen in pace with the development of Ensjøbyen as a new residential area. Ferd Real Estate expects to start the next phase of construction in 2013.

Fewer new office buildings are due for completion in the Oslo area than in 2012. Since macroeconomic conditions continue to be favourable and vacancy levels for office space continue to fall, particularly for central locations, the Board believes that rental levels for office space will continue to rise in 2013. The Board is of the opinion that given the stable outlook for the Norwegian economy, the level of interest in the Norwegian real estate sector will be maintained.

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.

Ferd Social Entrepreneurs has chosen to apply a focused strategy for its interpretation 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.

2012 was the most exciting and demanding year ever for FSE. The year demonstrated that social results can be achieved, but also showed how challenging it can be to succeed as a social entrepreneur. FSE's operational model and systems are in place, its main activities are defined and its portfolio of social entrepreneurs is almost at full strength with 11 social businesses. FSE invested in two new social entrepreneurs in 2012: Intempo and Lyk-z. The social entrepreneurs Gladiator and Trivselsleder extended their activities beyond Norway, which is an important milestone. Forskerfabrikken (the Scientist Factory) celebrated its 10th anniversary in 2012, and arranged summer schools for almost 1,000 children. FSE held the annual Velferd conference, with 364 participants.

The Board of Ferd Holding AS ([link](#)) has allocated up to NOK 20 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 carton board sourced from forestry that is managed in accordance with sustainable principles. Over the period from 2007 to 2011, Elopak reduced its overall CO2 emissions by 16%, and a further 2% reduction was achieved in 2012. Elopak has established new and ambitious targets for the period through to 2020.

The Ferd group had 3,609 employees in 2012, and 22% of employees are female.

Sick leave amounted to 3.1% for the Ferd group in 2012, as compared to 3.6% in 2011. Ferd AS had 39 employees at the close of 2012, of which 26 are male and 13 are female. No serious accidents or injuries were reported at Ferd AS in 2012.

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 of Directors of Ferd AS comprises one female director and four male directors.


Allocation of the profit for the year

It is proposed that the profit for the year of NOK 3,629 million should be allocated as follows:

Proposed dividend	27
Group contribution paid	18
Transferred to other equity	3,584
Total allocations	3,629

Bærum, 8 April 2013

The Board of Directors of Ferd A



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	2012	2011
OPERATING INCOME AND EXPENSES			
Dividend and group contribution from financial investments	4	203 730	408 620
Unrealised changes in values on financial investments	4	3 539 942	-1 203 150
Net gain on sales of financial investments	4	173 407	496 279
Other income	17	19 699	24 456
Operating income	3	3 936 778	-281 051
Payroll costs	5,15	147 941	121 444
Depreciation and impairment	9	1 936	1 448
Other operating expenses	6,7	46 750	54 986
Operating expenses	3	196 627	177 878
Operating profit/-loss	3	3 740 151	- 458 929
Interest income	17	118 490	69 011
Interest expenses		- 76 370	- 49 211
Net other financial items		- 117 507	52 158
Net finance items		- 75 387	71 958
Result before tax		3 664 764	- 386 971
Income tax expense	8	35 800	- 6 882
PROFIT/-LOSS FOR THE YEAR		3 628 964	- 380 089
TOTAL COMPREHENSIVE INCOME			
NOK 1 000		2012	2011
PROFIT/-LOSS FOR THE YEAR		3 628 964	- 380 089
Items of other income and expenses that will not be reclassified subsequently to profit or loss			
Actuarial gains/losses on defined benefit plans	15	4 081	- 15 597
Tax on actuarial gains/losses	8	- 1 143	4 367
TOTAL COMPREHENSIVE INCOME/-LOSS		3 631 902	- 391 319

STATEMENT OF FINANCIAL POSITION

NOK 1 000	Note	2012	2011
ASSETS			
Non-current assets			
Deferred tax assets	8	20 320	
Tangible assets	9	9 948	9 353
Investments in subsidiaries	3,10,11	8 610 741	6 483 565
Loans to group companies	11,17	675 967	628 926
Shares and stakes in other companies	10,11	51 599	54 683
Other receivables	11	67 040	711
Total non-current assets		9 435 615	7 177 238
Current assets			
Short-term receivables on group companies	11,17	64 648	82 543
Other short-term receivables	11	131 351	19 028
Listed shares	3,11	3 476 584	2 895 122
Unlisted shares and investments in other equity instruments	3,10,11	5 574 122	4 558 026
Hedge funds	3,11	3 062 694	2 849 291
investments in debt instruments	3,11	155 088	1 125 553
Bank deposits	11,13	911 028	1 264 538
Total current assets		13 375 515	12 794 101
TOTAL ASSETS		3 22 811 130	19 971 338
EQUITY AND LIABILITIES			
Equity			
Share capital	14	183 268	183 268
Share premium fund		3 057 406	3 057 406
Other paid-in equity		809 905	809 905
Other equity		15 792 234	12 200 290
Total equity		19 842 813	16 250 869
Non-current liabilities			
Pension liabilities	15	69 670	76 448
Deferred tax	8		16 903
Long-term interest-bearing liabilities	11,16	2 493 514	3 323 266
Total non-current liabilities		2 563 184	3 416 617
Current liabilities			
Trade payables	11	5 378	2 437
Income tax payable	8	492	
Public duties etc.	11	9 752	7 381
Dividend		26 875	17 620
Debt to group companies	11,17	272 498	194 728
Other current liabilities	11	90 138	81 687
Total current liabilities		405 133	303 853
Total liabilities		2 968 317	3 720 470
TOTAL EQUITY AND LIABILITIES		22 811 130	19 971 338

STATEMENT OF CHANGES IN EQUITY

2011

NOK 1 000	Share capital	Share premium fund	Other paid-in equity	Total paid-in equity	Other equity	Total other equity	Total equity
Equity at 31 December 2010	183 268	3 057 406	809 905	4 050 579	8 345 818	8 345 818	12 396 397
Changes in principles (note 19)					4 283 651	4 283 651	4 283 651
Equity at 1 January 2011	183 268	3 057 406	809 905	4 050 579	12 629 469	12 629 469	16 680 048
Total comprehensive income 2011					- 391 319	- 391 319	- 391 319
Transactions with owners							
Proposed provision for dividend					- 17 620	- 17 620	- 17 620
Proposed rendered group contribution					- 20 240	- 20 240	- 20 240
Total transactions with owners					- 37 860	- 37 860	- 37 860
Equity at 31 December 2011	183 268	3 057 406	809 905	4 050 579	12 200 290	12 200 290	16 250 869

2012

NOK 1 000	Share capital	Share premium fund	Other paid-in equity	Total paid-in equity	Other equity	Total other equity	Total equity
Equity at 31 December 2011	183 268	3 057 406	809 905	4 050 579	12 200 290	12 200 290	16 250 869
Total comprehensive income 2012					3 631 902	3 631 902	3 631 902
Transactions with owners							
Proposed provision for dividend					- 26 875	- 26 875	- 26 875
Proposed rendered group contribution					- 18 000	- 18 000	- 18 000
Equity effect of merger (note 20)					4 918	4 918	4 918
Total transactions with owners					- 39 957	- 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	19 842 813

CASHFLOW STATEMENT

NOK 1 000	Note	2012	2011
Cash flows from operating activities			
Profit before tax		3 664 764	- 143 948
Taxes paid	8		
Ordinary depreciation and impairment	9	1 936	1 448
Gains/losses on financial investments, net	4	- 173 407	- 299 431
Unrealised value changes on financial investments, net	4	-3 539 942	1 203 150
Gain and loss on sale of tangible assets, net		- 166	- 203
Change in other non-cash items		4 667	3 982
Change in other receivables		- 160 757	58 317
Change in other short-term liabilities		- 141	- 155 282
Net cash flows from operating activities		- 203 046	668 034
Cash flows from investing activities			
Proceeds from sale of tangible and intangible assets		932	1 250
Purchases of fixed assets	9	- 3 296	- 3 784
Investments in shares in subsidiaries	11	- 464 849	- 672 571
Net investment in financial investments		1 213 609	- 807 340
Change in long-term lendings		- 47 041	34 097
Net cash flows from investing activities		699 355	-1 448 348
Cash flows from financing activities			
Change in interest-bearing liabilities		- 837 117	426 841
Dividend paid		- 17 620	- 12 924
Net cash flows from financing activities		- 854 737	413 917
Merged bank deposit	20	4 918	0
Change in bank deposits		- 353 510	- 366 397
Bank deposits at 1 January		1 264 538	1 630 935
Bank deposits at 31 December	13	911 028	1 264 538

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 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.

Ferd has changed the principle for measuring investments in subsidiaries from using acquisition cost to fair value in accordance with IAS 39. [Note 19](#) has details.

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 associates 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 are 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.

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 balance sheet

Financial instrument transactions 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 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 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 items recognised in other comprehensive income (OCI) is also recognised in OCI, and tax effects on items recognised directly in equity is also recognised in equity.

The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period. Deferred tax is calculated on temporary differences between book and tax values of assets and liabilities 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 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, whereas current maintenance is expensed.

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

Impairment

Property, plant and equipment is 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 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 yield of the pension funds and the accrued social security tax. 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 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.

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 the distribution of 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 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 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 2012 or earlier.

New and amended standards applied by Ferd effective from the accounting year 2012:

Amendments to IAS 1 Presentation of Financial Statements

The amendments 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 Company still has an involvement. The amendment has no significant impact for Ferd AS.

Amendments 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 changes have had no impact for the financial statements of Ferd AS.

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 actuarial gains/losses. Actuarial gains/losses shall in their entirety be recognised in other 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 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. 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 return shall no longer 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. The Company 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. Ferd expects to implement the amended standard from this date, but the changes are expected to have no or very limited impact for Ferd AS.

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 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. 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 AS.

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.

NOTE 2 ACCOUNTING ESTIMATES AND JUDGMENTAL CONSIDERATIONS

Management has used estimates and assumptions in the preparation of the financial statements. This applies for assets, liabilities, income, 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.

Determination of the fair value of financial assets

The balance sheet of the Ferd includes a large part of 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

Fair value on financial assets with standard terms traded in active and liquid markets are determined at noted market prices on the balance sheet date (the official closing price of the market).

Unlisted shares and investments in other equity instruments

The class "Unlisted shares and bonds" comprises private shares and investments in private equity funds. Fair value is determined by applying well-known valuation models. The input to the valuation models is related to future estimates and assessments of a number of factors existing on the balance sheet date.

Ferd is of the opinion that estimates of fair value reflect estimates and assumptions that the parties in an independent transaction are expected to consider relevant, including the factors impacting expected cash flows and the degree of risk associated with them.

Hedge funds

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

Investments in debt instruments

The fair value of interest-bearing 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:

- 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.

Determination of fair value of other subsidiaries

Ferd has subsidiaries with investments of the same character as Ferd AS. The fair value of these subsidiaries are set to the carrying value of equity, adjusted for non-recognised unrealised gain on the underlying investments. The underlying investments are value 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 divided into the following five business areas:

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

- Elopak (97 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.
- TeleComputing (97 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.
- Swix Sport (100 percent stake) is developing, manufacturing and marketing ski wax, ski poles, accessories and textiles for sporting and active leisure time use under the brands Swix, Ulvang and Bavac, 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 (94,5 percent stake) is a prominent participant in the Norwegian building materials market concentrating on the professional part of the market. The company's operations include developing land and projects, housing and cottages and the sale of building materials.
- Aibel (49 percent stake) is a leading supplier to the international upstream and gas industry with the emphasis on the Norwegian shelf. The company is engaged in operating, maintaining and modifying offshore and land based plants, and is also supplying complete production and processing installations.
- Interwell (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 both in Europe and the Middle-East. The company supplies innovative plugs and packs highly in demand with the customers. The products and services are primarily utilised in the manufacturing phase and play a important role in the oil companies' efforts to secure wells or increase the exploitation rate on existing oil and gas fields.

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

Ferd Hedgefond invests in types of hedge funds with varying mandates, managed by asset managers based abroad. In addition to giving a satisfactory risk-adjusted return, the business area shall ensure a risk diversification for Ferd in total.

Ferd Eiendom is an active property investor responsible for Ferd's investments in property. Operations include 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 internally, partly together with selected external cooperating partners. Ferd Eiendom also invests in foreign property funds.

Other 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. Other also comprises some financial instruments management may acquire to adjust Ferd's total risk exposure. Additionally, operating expenses related to Ferd's management and internal bank are included in Other.

NOK 1 000	Ferd AS	Ferd Capital	Ferd Invest	Ferd Special Investments	Ferd Hedgefond	Ferd Eiendom	Other
Income statement 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 31 December 2012							
Investments in subsidiaries	8 610 741	6 781 355		35 438		1 168 849	625 100
Investments classified as current assets	12 268 488	1 241 127	3 473 772	1 464 558	1 607 396	130	4 481 505
Other assets*	1 931 900	890 581	52 671	274 261	79 079	264 034	371 275
Total assets	22 811 130	8 913 063	3 526 443	1 774 256	1 686 475	1 433 013	5 477 881

*) The business area's net bank overdraft are included here and deducted from the other assets.

NOK 1 000	Ferd AS	Ferd Capital	Ferd Invest	Ferd Special Investments	Ferd Hedgefond	Ferd Eiendom	Other
Income statement 2011							
Operating income	- 281 051	177 668	- 653 837	131 607	- 58 985	122 967	- 470
Operating expenses	- 177 878	- 95 710	- 7 972	- 15 884	- 10 479	- 14 233	- 33 601
Operating profit	- 458 929	81 958	- 661 809	115 723	- 69 464	108 734	- 34 071
Balance sheet 31 December 2011							
Investments in subsidiaries	6 483 565	4 688 261		29 302		1 129 949	636 052
Investments classified as current assets	11 427 992	1 160 771	2 895 122	1 266 352	1 582 940	130	4 522 678
Other assets*	2 059 782	492 975	- 8 496	95 351	- 104 779	317 555	1 267 177
Total assets	19 971 338	6 342 007	2 886 625	1 391 005	1 478 160	1 447 634	6 425 906

*) The business area's net bank overdraft are included here and deducted from the other assets.

NOTE 4**INCOME FROM FINANCIAL INVESTMENTS**

NOK 1 000	Dividend and group contributions from financial investments *)	Unrealised value change on financial investments	Net gains on sales of financial investments	Total
Investments in subsidiaries	101 786	1 662 327		1 764 113
Shares and stakes in other companies		- 3 084		- 3 084
Listed shares	72 442	355 399	149 066	576 907
Unlisted shares and investments in other equity instruments	21 322	1 380 165	- 111 916	1 289 571
Hedge funds	9 131	- 120 558	138 374	26 947
Investments in debt instruments	- 952	265 693	- 2 117	262 625
Total 2012	203 730	3 539 942	173 407	3 917 079

NOK 1 000	Dividend and group contributions from financial investments *)	Unrealised value change on financial investments	Net gains on sales of financial investments	Total
Investments in subsidiaries	287 583	- 243 023		44 560
Shares and stakes in other companies				- 696 791
Listed shares	61 535	- 806 129	47 803	407 643
Unlisted shares and investments in other equity instruments	54 114	116 818	236 711	23 452
Hedge funds		- 184 120	207 572	- 77 115
Investments in debt instruments	5 388	- 86 697	4 194	- 298 251
Total 2011	408 620	-1 203 150	496 279	- 298 251

*) Cash distributions from private equity are mainly offset against the carrying value of the funds and are not recognised in the income statement.

NOTE 5**SALARIES AND REMUNERATIONS**

NOK 1 000	2012	2011
Salaries	123 145	93 173
Social security tax	16 770	12 998
Pension costs (note 15)	4 667	11 616
Other benefits	3 359	3 657
Total	147 941	121 444

Average number of man-labour years	45
------------------------------------	----

Salary and remuneration to Group CEO

NOK 1 000	Salary	Bonus	Benefits in kind	Pension
John Giverholt	2 626	0	202	911

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 and is thereby entitled to a defined benefit pension. He also has an additional arrangement for a pension basis higher than 12 G and an early retirement pension scheme giving him the opportunity to retire at the age 65.

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. 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	2012	2011
Lease of buildings etc.	6 006	6 090
Fees to auditors, lawyers, consultants	20 815	29 310
Travel expenses	2 243	1 461
Other expenses	17 686	18 125
Total	46 750	54 986

NOTE 7 **AUDIT FEES**

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

NOK 1 000	2012	2011
Audit fees	1 330	880
Other attestation services	12	
Tax assistance	12	270
Other non-audit services	940	2 337
Total	2 295	3 487

Other non-audit services mainly comprise due diligence services and assistance in the facilitation and quality assurance of data in connection with Ferd's implementation of a new consolidation tool. All amounts are exclusive of VAT.

NOTE 8 **INCOME TAXES**

NOK 1 000	2012	2011
The tax expense comprises:		
Income tax payable	1 931	
Change in deferred tax	- 38 366	- 96 063
Tax concerning prior periods	3 122	1 348
Tax effect of net rendered group contribution	69 113	87 833
Tax expense	35 800	- 6 882

Reconciliation of nominal and effective tax rate

NOK 1 000	2012	2011
Result before tax	3 664 764	- 386 971
Expected tax expense according to nominal tax rate (28 %)	1 026 134	- 108 352
Non-taxable gains/losses and return on securities	- 34 861	- 136 007
Changes in value, securities	- 959 693	228 144
Adjustment of tax from prior periods	3 122	1 348
Tax effect of other permanent differences	1 098	7 986
Tax expense	35 800	- 6 882
Effective tax rate	1,0 %	4,8 %

Deferred tax assets and liabilities

NOK 1 000	2012	2011
Receivables	- 3 310	- 5 768
Shares and bonds	1 285	35 541
Tangible assets	6 874	8 536
Provisions	- 5 662	
Net pensions	- 19 508	- 21 406
Balance sheet value 31 December, deferred tax asset (-)/liability (+)	- 20 320	16 903

Change in net deferred tax recognised in balance sheet

NOK 1 000	2012	2011
Balance sheet value 1 January	16 903	117 333
Charged in period	- 38 366	- 96 063
Tax set-off against other comprehensive income (actuarial gains/losses - pensions)	1 143	- 4 367
Balance sheet value 31 December	- 20 320	16 903

NOTE 9 TANGIBLE ASSETS**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
Accumulated depreciation and impairment at 31 December		15 198	15 198
Carrying amount at 31 Decmeber	3 080	6 868	9 948

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

2011

NOK 1 000	Buildings and land	Fixtures and equipment	Total
Cost at 1 January	2 709	18 351	21 060
Additions		3 784	3 784
Disposals		- 2 229	- 2 229
Cost at 31 December	2 709	19 906	22 615
Accumulated depreciation and impairment at 1 January		12 996	12 996
Depreciation of the year		1 448	1 448
Disposal of depreciation		- 1 182	- 1 182
Accumulated depreciation and impairment at 31 December		13 262	13 262
Carrying amount at 31 Decmeber	2 709	6 644	9 353

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
Subsidiaries		
Det Oversøiske Compagnie AS	Bærum	100 %
Elopak AS	Røyken	97,2%
FC Well Invest AS	Bærum	100 %
FC-Invest AS	Bærum	100 %
Ferd Aibel Holding AS	Bærum	100 %
Ferd Capital Partners AS	Bærum	100 %
Ferd Eiendom AS	Bærum	100 %
Ferd Malta Holdings Ltd	Malta	100 %
Ferd MG Holding AS	Bærum	97 %
Ferd Sosiale Entreprenører AS	Bærum	100 %
Kapole II AS	Bærum	18,2%
Norse Crown Company Ltd. AS	Bærum	100 %
Swix Sport AS	Oslo	100 %
Non-current ownership > 10 %		
Herkules Capital I AS		40,0 %
NMI AS		12,5 %
Current ownership > 10 %		
ARKeX Ltd		17,3 %
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 %
Help Forsikring AS		17,0 %
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		39,8 %
NRP Fleetfinance IV D.I.S		20,0 %
SPV Herkules II LP		81,5 %
Streaming Media AS		16,6 %
The Cloud Ltd		14,8 %
Vensafe ASA		23,1 %

NOTE 11**FINANCIAL INSTRUMENTS**

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

NOK 1 000	Financial instruments measured at fair value over profit and loss	Financial instruments measured at amortised cost		TOTAL	Fair value
		Lending and receivables	Financial obligation		
Non-current assets					
Investments in subsidiaries	8 610 741			8 610 741	8 610 741
Loans to group companies		675 967		675 967	675 967
Non-current shares and ownership in other companies	51 599			51 599	51 599
Other non-current receivables		67 040		67 040	67 040
Total 2012	8 662 340	743 007		9 405 347	9 405 347
Total 2011	6 538 248	629 637		7 167 885	7 167 885
Current assets					
Short-term receivable on group companies		64 648		64 648	64 648
Other short-term receivables		131 351		131 351	131 351
Listed shares	3 476 584			3 476 584	3 476 584
Unlisted shares and investments in other equity instruments	5 574 122			5 574 122	5 574 122
Hedge funds	3 062 694			3 062 694	3 062 694
Investments in debt instruments	155 088			155 088	155 088
Bank deposits		911 028		911 028	911 028
Total 2012	12 268 488	1 107 027		13 375 515	13 375 515
Total 2011	11 427 992	1 366 109		12 794 101	12 794 101
Long-term debt					
Long-term interest-bearing debt			2 493 514	2 493 514	2 493 514
Total 2012			2 493 514	2 493 514	2 493 514
Total 2011			3 323 266	3 323 266	3 323 266
Short-term debt					
Trade accounts payable			5 378	5 378	5 378
Public duties etc.			9 752	9 752	9 752
Debt to group companies			272 498	272 498	272 498
Other short-term debt			11 508	11 508	11 508
Total 2012			299 136	299 136	299 136
Total 2011			222 640	222 640	222 640

Fair value hierarchy - Financial assets and liabilities

Ferd classifies instruments measured at fair value in the balance sheet by a fair value hierarchy. 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 are considered to be level 1 investments.

Level 2: Investments where there are quoted prices, but the markets do not meet the requirements for being characterised as active. In addition, 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. Financial derivatives like interest rate swaps and currency futures are also 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, raw materials and other negotiable derivatives. For such funds the value (NAV) is reported on a continuous basis, and the reported NAV is applied on transactions in the fund.

Level 3: All Ferd's other securities are valued on level 3. 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 where reported NAV need to be adjusted. A reconciliation of the movements of assets on level 3 is shown in a separate table.

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 2012
Investments in subsidiaries			8 610 741	8 610 741
Non-current shares and ownership in other companies			51 599	51 599
Listed shares	3 476 584			3 476 584
Unlisted shares and investments in other equity instruments		6 448	5 567 674	5 574 122
Hedge funds		1 600 948	1 461 746	3 062 694
Investment in debt instruments		155 088		155 088
Total 2012	3 476 584	1 762 484	15 691 760	20 930 828

NOK 1 000	Level 1	Level 2	Level 3	Total 2011
Investments in subsidiaries			6 483 565	6 483 565
Non-current shares and ownership in other companies			54 683	54 683
Listed shares	2 895 122			2 895 122
Unlisted shares and investments in other equity instruments	9 042		4 548 984	4 558 026
Hedge funds		1 371 510	1 477 781	2 849 291
Investments in debt instruments		1 125 553		1 125 553
Total 2011	2 904 164	2 497 063	12 565 013	17 966 239

Reconciliation of movements in assets on level 3

NOK 1 000	Opening bal. 1 Jan. 2012	Purchases	Sales	Transfers from level 3	Recognised in P/L 2012	Closing bal. 31 Dec. 2012
Investments in subsidiaries	6 483 565	469 949	- 5 100		1 662 327	8 610 741
Non-current shares and ownership in other companies	54 683				- 3 084	51 599
Unlisted shares and investments in other equity instruments	4 548 984	186 454	- 390 765	- 6 448	1 229 449	5 567 674
Hedge funds	1 477 781	690 982	- 490 577	- 375 735	159 295	1 461 746
Total	12 565 013	1 347 385	- 886 442	- 382 183	3 047 987	15 691 760

NOK 1 000	Opening bal. 1 Jan. 2012	Purchases	Sales	Transfers from level 3	Recognised in P/L 2012	Closing bal. 31 Dec. 2012
Investments in subsidiaries		781 410			- 243 023	6 483 565
Non-current shares and ownership in other companies	38 598	16 085				54 683
Listed shares	6 976				- 6 976	
Unlisted shares and investments in other equity instruments	4 928 026	215 635	- 856 169	- 6 976	268 468	4 548 984
Hedge funds	683 823	1 521 043	- 689 884		- 37 201	1 477 781
Total	11 602 601	2 534 173	-1 546 053	- 6 976	- 18 732	12 565 013

Investments in unlisted shares managed in-house are valued on the basis of an earnings multiple, adjusted by a liquidity discount reduction and the addition of a control premium. The corrections are made directly on the multiple. Finally, the equity value is calculated by deducting net interest-bearing debt.

Some subsidiaries are valued in the same manner as unlisted shares, cf. above. The valuation of other subsidiaries is based on the companies' recorded equity and adjusted for value changes not recognised. Underlying investments are valued according to the same principles as in Ferd AS, whereas investment properties are valued by discounting future expected cash flows.

A significant part of venture investments constitutes companies with no positive cash flows. This implies a greater degree of uncertainty in the valuations of the companies. Valuations are based on international guidelines (EVCA guidelines), i.e., the lower of cost and fair value unless a transaction at a higher value has taken place.

The valuation of investments in externally managed private equity and hedge funds is based on value reports received from the funds. The hedge funds in the SI portfolio are adjusted for estimated discount on the funds based on estimates made by brokers.

NOTE 12 RISK MANAGEMENT - INVESTMENT ACTIVITIES

There have been no significant changes concerning the Company's risk management in the area during the period.

CAPITAL ALLOCATION AND IMPAIRMENT RISK

The capital allocation in Ferd is decided by the Board each year. The allocation of capital is one of the Board's most important responsibilities, as the return and risk to a high degree is determined by the classes of assets Ferd is investing in, and the allocation between these classes. A structured capital allocation secures a conscious relationship to the diversification and use of Ferd's capital base and ability to manage risk. Ferd's management is, on a regular basis, assessing Ferd's available risk capacity and whether the distribution of the funds at all times is in line with the assumptions and requirements that are the basis for the allocation.

Ferd's principal strategic allocation is seeking a balance between industrial and financial investments.

The allocation shall be in line with the owner's willingness and ability to take risk. One measure of this risk willingness is the size of the decline in value in kroner or per cent the owner accepts if any of the markets Ferd is exposed to should experience very heavy and quick downfalls. This has an impact on how much equity that can be invested in assets with a high risk of decline in value and is measured and followed up by stress tests.

The loss risk is assessed as a possible total reduction in value expressed in kroner and as a percentage of equity. Due to Ferd's long-term approach, the owner can accept significant fluctuations in value-adjusted equity.

CATEGORIES OF FINANCIAL RISK

Liquidity risk

Ferd 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 when Ferd's debt is due. 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 an overview of due dates of the debt.

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 ANALYSIS, IMPAIRMENT RISK IN INVESTMENT ACTIVITIES

The stress test is based on a classification of Ferd's equity in different asset classes, exposed for impairment as follows:

- The Norwegian stock market declines by 30 percent
- International stock market decline by 20 percent
- The market value of property declines by 10 percent
- The interest rate curve shifts by 1 percentage point
- 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 per cent abroad).

The impairment risk is presented as an impairment expressed in NOK and as a percentage of equity. The table below shows the estimated impairment risk for the last two years.

NOK 1 000	2012	2011
Price risk: Norwegian shares decline by 30 percent	-4 400 000	-4 100 000
Price risk: International shares decline by 20 percent	-1 100 000	- 700 000
Price risk: The market value of property declines by 10 percent	- 200 000	- 200 000
Interest rate risk: The interest rate curve increases by 1 percentage point		
Currency risk: The Norwegian krone appreciates 10 percent	- 600 000	- 500 000
Total impairment in value-adjusted equity	-6 300 000	-5 500 000
Impairment as a % of net asset value	32 %	34 %

In the sensitivity analyses, Ferd's exposure in Aibel in 2012 is reduced to 49 % compared to 2011, when it amounted to appr. 80 %, as a consequence of the transaction with Ratos made in December 2012. Ferd's exposure in Pronova will not be reduced until 2013, as the sale of shares transaction takes place in the new year.

NOTE 13**BANK DEPOSITS**

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

NOK 1 000	2012	2011
Employees' withheld tax	5 518	4 130

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

Shareholders as at 31 December 2012:

	Number of shares	Stake
Ferd Holding AS	176 629 907	96,38 %
Dref Lojal AS	2 649 588	1,45 %
Dref Lojal II AS	1 381 898	0,75 %
Dref Lojal III AS	2 244 577	1,22 %
Dref Lojal IV AS	361 660	0,20 %
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 the parent company are available upon request.

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

	Position	Stake
Johan H. Andresen	Chair of the Board	15,14 %
John Giverholt	CEO/Board member	0,29 %
Erik Rosness	Board member	0,06 %
Gry Skorpen	Board member	0,05 %

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 plans complying with the requirements of mandatory occupational pension.

Defined benefit plans

Defined benefit pension plans give the employees the right to determined future pension benefits. Ferd's net obligation regarding these pension schemes is calculated separately for each scheme. 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, 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 plans comprise collective schemes and some additional arrangements including early retirement pension for Group management. Until 2012, Ferd has also had a benefit plan for employees with a pension pension exceeding 12 G, but this scheme was replaced by a contribution plan at the end of 2012. The plan change has been recognised in the income statement.

Financial assumptions at 31 December

	2012	2011
Discount rate	2,20 %	2,60 %
Expected return from pension assets	3,60 %	4,10 %
Expected wage growth	3,25 %	3,50 %
Future expected pension regulation	1,30 %	1,30 %
Expected regulation of base amount (G)	3,00 %	3,25 %

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

NOK 1 000	2012	2011
Present value of unfunded pension liabilities	27 976	46 177
Present value of wholly or partly funded obligations	102 614	91 271
Total present value of defined benefit obligations	130 590	137 448
Fair value of pension assets	60 920	61 000
Total defined benefit obligation recognised in the balance sheet	69 670	76 448

Movement in the liability for defined benefit pension plans

NOK 1 000	2012	2011
Liability for defined benefit pension plans at 1 January	137 448	119 323
Present value of the pension earnings of the year	13 715	3 500
Interest expense on the pension liability	2 819	4 423
Actuarial gains/losses on the pension liability	- 9 017	15 597
Plan changes	- 9 826	
Benefits paid	- 4 549	- 5 395
Liability for defined benefit pension plans at 31 December	130 590	137 448

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

NOK 1 000	2012	2011
Fair value of pension assets at 1 January	61 000	56 277
Expected return from pension assets	2 548	2 697
Actuarial gains/losses on pension funds	- 4 936	
Contribution from employer	6 455	5 366
Administration expenses	- 508	
Benefits paid	- 3 639	- 3 340
Fair value of pension assets at 31 December	60 920	61 000

Pension assets include the following

NOK 1 000	2012	2011
Managed by insurance companies	60 920	61 000
Total pension assets	60 920	61 000

Pension costs recognised in the income statement

NOK 1 000	2012	2011
-----------	-------------	-------------

Movement in fair value of pension assets for defined benefit pension plans		
NOK 1 000	2012	2011
Fair value of pension assets at 1 January	61 000	56 277
Expected return from pension assets	2 548	2 697
Actuarial gains/losses on pension funds	- 4 936	
Contribution from employer	6 455	5 366
Administration expenses	- 508	
Benefits paid	- 3 639	- 3 340
Fair value of pension assets at 31 December	60 920	61 000
Pension assets include the following		
NOK 1 000	2012	2011
Managed by insurance companies	60 920	61 000
Total pension assets	60 920	61 000
Pension costs recognised in the income statement		
NOK 1 000	2012	2011
Present value of this year's pension earnings	13 715	9 890
Interest expense on the pension liability	2 818	4 423
Plan changes	- 9 826	
Administration expenses	508	
Expected return from pension assets	- 2 548	- 2 697
Total pension costs recognised in the income statement	4 667	11 616

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

NOK 1 000	Amount in currency 2012	Amount in NOK 2012	Amount in NOK 2011
NOK		500 000	1 200 000
USD	200 000	1 113 050	1 193 590
EUR	120 000	880 464	929 676
Balance sheet value at 31 December		2 493 514	3 323 266

Ferd has a total lending facility of NOK 5 billion, and the above debt is included therein.

All the long-term debt is due in 2015.

NOTE 17 TRANSACTIONS AND BALANCES WITH GROUP COMPANIES

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

NOK 1 000	2012	2011
Receivables		
Long-term loans to group companies	675 967	628 926
Short-term receivables on group companies	64 648	82 543
Total receivables	740 615	711 469
Debt		
Short-term debt to group companies	272 498	194 728
Sum gjeld	272 498	194 728

Alle group balances bear an interest of 6 months NIBOR + 2 % points.

Long-term loans bear interest at assumed market terms.

NOK 1 000	2012	2011
Services billed to group companies		
Management fees	8 640	4 428
Property management	10 820	9 596
Total income	19 460	14 024
Interest income on intercompany loans		
Interest income	53 839	51 604
Total interest income	53 839	51 604

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

NOK 1 000	2012	2011
Unpaid, committed capital to private equity funds	828 261	1 213 456
Total	828 261	1 213 456

Contingent obligations and litigation

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

NOTE 19**CHANGE OF PRINCIPLE**

Ferd AS is an investment company, where measurement at fair value is key. Hence, Ferd presents financial statements with all investments at fair value. Ferd applies fair value in the daily management of the Company, in allocation of the Company's capital and when monitoring the Company's results. Pursuant to IAS 27.38, Ferd has decided to change the measurement of the subsidiaries to fair value in the statement of financial position.

The change of principle implies that the subsidiaries are converted to fair value at 1 January 2011, i.e., by the beginning of the first comparable period. In numbers, the consequences for 2011 of the change of principle are as follows (NOK000):

Shares in subsidiaries and equity increase by NOK 4 283 651 at 1 January 2011

Operating income and result for 2011 are reduced by NOK 243 023

Shares in subsidiaries and equity have increased by NOK 4 040 628 at 31 December 2011

NOTE 20**MERGER**

On 27 November 2012, Ferd AS has merged with the wholly owned Kapole AS. The merger was carried out in accordance with the rules on simplified merger in the Companies Act, and no compensation was paid. As Kapole AS was fully owned by the acquiring party, the merger has been accounted for using the continuity method.

**ACCOUNTS
FERD AS
GROUP**

INCOME STATEMENT

NOK 1 000	Note	2012	2011
OPERATING INCOME AND EXPENSES			
Sales revenue	3,4	10 465 326	9 320 120
Income from financial investments	3,5	3 234 991	- 314 447
Other income	3,16	483 836	141 956
Operating income	3	14 184 153	9 147 629
Costs of goods sold		6 618 237	5 857 212
Payroll costs	6,17	2 165 234	1 804 384
Depreciation and impairment	3,7,8,9	452 849	374 168
Other operating expenses	10,11	1 089 437	951 218
Operating expenses		10 325 757	8 986 982
Operating profit	3	3 858 396	160 647
Share of profit from associated companies and joint ventures	3,12	87 010	32 237
Finance income	13	232 597	55 075
Finance expense	13	- 565 323	- 276 024
Net finance items		- 245 716	- 188 712
Result before tax		3 612 680	- 28 065
Income tax expense	14	186 615	34 280
PROFIT/-LOSS FOR THE YEAR		3 426 065	- 62 345
Non-controlling interests' share of the result		5 413	1 646
Parent company's shareholders' share of the result		3 420 652	- 63 991
TOTAL COMPREHENSIVE INCOME			
NOK 1 000		2012	2011
PROFIT/-LOSS FOR THE YEAR		3 426 065	- 62 345
Other income and expenses than can be reclassified to the income statement at a later date:			
Currency translation of foreign subsidiaries		- 79 525	- 41 254
Effect of cash flow hedging	27	- 6 309	- 58 410
Tax on cash flow hedging	14,27	2 378	10 458
Items of other income and expenses that will not be reclassified subsequently to profit or loss:			
Estimate deviation pensions	17	- 27 559	- 81 625
Tax on estimate deviation pensions	14	959	14 333
TOTAL COMPREHENSIVE INCOME/-LOSS		3 316 009	- 218 843
Non-controlling interests' share of total comprehensive income		7 135	1 646
Parent company's shareholders' share of total comprehensive income		3 308 874	- 220 489

STATEMENT OF FINANCIAL POSITION

NOK 1 000	Note	2012	2011
ASSETS			
Non-current assets			
Intangible assets	3,7,8	1 731 348	1 751 449
Deferred tax assets	14	224 276	173 950
Tangible assets	3,9	1 396 035	1 441 587
Investments in associated companies and joint ventures	3,12,15	599 321	657 004
Investment property	16	1 981 853	1 514 927
Pension assets	17	9 505	15 457
Other financial assets	15,20	285 259	415 218
Total non-current assets		6 227 597	5 969 592
Current assets			
Inventories	18	1 609 254	1 457 576
Current receivables	19,20	1 627 010	1 530 849
Listed shares	3,15,20	3 476 584	2 895 122
Unlisted shares and investments in other equity instruments	3,15,20	8 699 217	6 667 446
Hedge funds	3,20	3 078 721	2 788 320
Investments in debt instruments	3,20	133 664	1 125 553
Bank deposits	20	1 683 997	1 633 181
Total current assets		20 308 447	18 098 047
TOTAL ASSETS	3	26 536 044	24 067 639
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	22	4 050 578	4 050 578
Retained earnings		13 705 635	10 445 712
Non-controlling interests		28 635	19 558
Total equity		17 784 848	14 515 848
Non-current liabilities			
Pension liabilities	17	211 528	254 890
Deferred tax	14	411 518	348 836
Interest-bearing liabilities	20,23	5 283 103	5 779 687
Other non-current liabilities	20,23	350 309	129 315
Total non-current liabilities		6 256 458	6 512 728
Current liabilities			
Interest-bearing liabilities	20	362 440	890 131
Income tax payable	14	103 814	7 009
Other current liabilities	20,24	2 028 484	2 141 923
Total current liabilities		2 494 738	3 039 063
Total liabilities		8 751 196	9 551 791
TOTAL EQUITY AND LIABILITIES		26 536 044	24 067 639

STATEMENT OF CHANGES IN EQUITY

2011

NOK 1 000	Share capital (note 22)	Share premium fund	Other paid-in equity	Total paid-in equity	Currency translation reserve	Cash flow hedge (note 27)	Retained earnings	Total retained earnings	Non-controlling interests	Total equity
Equity at 31 December 2010	183 268	3 057 405	809 905	4 050 578	- 171 336	16 053	10 834 408	10 679 125	6 051	14 735 754
Total comprehensive income 2011					- 41 254	- 47 952	- 131 283	- 220 489	1 646	- 218 843
Transactions with owners										
Additions of non-controlling interests									12 700	12 700
Disposals of non-controlling interests									- 839	- 839
Dividend paid							- 12 924	- 12 924		- 12 924
Total transactions with owners							- 12 924	- 12 924	11 861	- 1 063
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

2012

NOK 1 000	Share capital (note 22)	Share premium fund	Other paid-in equity	Total paid-in equity	Currency translation reserve	Cash flow hedge (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

CASHFLOW STATEMENT

NOK 1 000	Note	2012	2011
Cash flows from operating activities			
Profit before tax and non-controlling interests		3 612 680	- 28 065
Taxes paid		- 63 439	- 94 043
Depreciation and amortisation	7,8,9	452 849	404 265
Change in value investment properties	16	- 343 335	- 83 047
Income from investments under the equity method	12	- 87 010	- 32 237
Net loss/gain on financial investments		-2 974 863	436 400
Net loss/gain on disposals of fixed assets		19 446	- 4 941
Change in inventories		- 144 151	- 190 069
Change in short-term receivables and other current assets		- 188 514	- 229 964
Change in trade payables and other current liabilities		- 57 044	41 816
Change in other long-term debt		72 423	- 146 570
Net cash flows from operating activities		299 041	73 544
Cash flows from investing activities			
Proceeds from sale of tangible and intangible assets		41 897	43 955
Purchases of tangible and intangible assets	7,8,9	- 514 974	- 215 186
Net investments in financial investments		1 279 319	127 815
Net investments in investment properties	16	- 123 591	- 429 900
Business combinations, net cash outflow	8	- 48 107	- 892 707
Net other investments		106 935	- 187 073
Net cash flows from investing activities		741 479	-1 553 095
Cash flows from financing activities			
Change in interest-bearing debt		- 942 695	1 209 769
Dividend paid		- 51 717	- 12 924
Net proceeds from / payments to minorities		4 708	11 861
Net cash flows from financing activities		- 989 704	1 208 706
Change in bank deposits		50 816	- 270 845
Bank deposits at 1 January		1 633 181	1 904 026
Bank deposits at 31 December		1 683 997	1 633 181

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 regard 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 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.a., 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 10 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.

NOTE 2 ACCOUNTING ESTIMATES AND JUDGMENTAL CONSIDERATIONS

Management has used estimates and assumptions in the preparation of the consolidated financial statements. This applies for assets, liabilities, income, 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.

Determination of the fair value of financial assets

The balance sheet of the Ferd Group includes a large part of 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

Fair value on financial assets with standard terms traded in active and liquid markets are determined at noted market prices on the balance sheet date (the official closing price of the market).

Unlisted shares and investments in other equity instruments

The class "Unlisted shares and bonds" comprises private shares and investments in private equity funds. Fair value is determined by applying well-known valuation models. The input to the valuation models is related to future estimates and assessments of a number of factors existing on the balance sheet date.

Ferd is of the opinion that estimates of fair value reflect estimates and assumptions that the parties in an independent transaction are expected to consider relevant, including the factors impacting expected cash flows and the degree of risk associated with them.

Hedge funds

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

Investments in debt instruments

The fair value of interest-bearing 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 external credit ratings.

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 determining the cash flows and required rates of return are described below.

Future cash flows are based on the following factors:

- Existing contracts
- Expected future rentals
- Expected vacancies

The required rate of return is based on a 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.

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 judgements 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 basis being the expectation of the future taxable income, the expected 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 divided into the following five business areas:

Ferd Capital is an active and long-term investor in privately owned and listed companies. Ferd has a general approach to investments in the area going from late-venture to "buy-out". Those companies where Ferd Capital has control have been consolidated into the consolidated financial statements, and the business area reporting therefore comprises the consolidated results from these companies, as well as the value changes and management costs of the non-consolidated companies. The value of the investments and the value changes are shown in the accounts of Ferd AS, where Ferd Capital reports MNOK 1 640 in operating result. The value of Ferd Capital's portfolio constitutes MNOK 6 342 at 31 December 2011 and MNOK 8 913 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 active owner funds, manufacturing, business development, finance and strategic consultancy. Ferd Capital manages the Group's long-term active equity investments, the largest investments being:

- Elopak (97 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.
- TeleComputing (97 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.
- Swix Sport (100 percent stake) is developing, manufacturing and marketing ski wax, ski poles, accessories and textiles for sporting and active leisure time use under the brands Swix, Ulvang and Bavac, 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 (94,5 percent stake) is a prominent participant in the Norwegian building materials market concentrating on the professional part of the market. The company's operations include developing land and projects, housing and cottages and the sale of building materials.
- Aibel (49 percent stake) is a leading supplier to the international upstream and gas industry with the emphasis on the Norwegian shelf. The company is engaged in operating, maintaining and modifying offshore and land based plants, and is also supplying complete production and processing installations.
- Interwell (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 and the Middle-East.

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

Ferd Special Investments (SI) has a wide mandate to make investments, but so far only hedge fund in the second-hand market have been purchased. SI makes investments where Ferd achieves particular opportunities other investors are not able to utilise, either due to the requirement for capital, long-term conditions or other.

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

Ferd Eiendom is an active property investor responsible for the Group's investments in property. Operations include 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 internally, partly together with selected external cooperating partners. Ferd Eiendom also invests in foreign property funds.

Other 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. Other also comprises some financial instruments management may acquire to adjust the total risk exposure. Additionally, operating expenses related to Ferd's management and internal bank are included.

NOK 1 000	Ferd AS Group	Ferd Capital	Ferd Invest	Ferd Special Investments	Ferd Hedgefond	Ferd Eiendom	Other
Result 2012	10 465	10 464					

NOK 1 000	Ferd AS Group	Ferd Capital	Ferd Invest	Ferd Special Investments	Ferd Hedgefond	Ferd Eiendom	Other
Result 2012							
Sales income	10 465 326	10 464 382				944	
Income from financial investments	3 234 991	1 081 221	654 655	182 447	137 678	- 52 774	1 231 764
Other income	483 836	39 445				444 082	310
Operating income	14 184 153	11 585 048	654 655	182 447	137 678	392 252	1 232 074
Operating expenses excl. depreciation and impairment	9 872 908	9 719 959	23 928	12 852	8 255	39 845	68 069
EBITDA	4 311 246	1 865 089	630 727	169 595	129 422	352 407	1 164 005
Depreciation and impairment	452 849	451 398	77	58	37	368	911
Operating profit	3 858 396	1 413 691	630 650	169 537	129 385	352 039	1 163 094
Share of profit from associated companies and joint ventures	87 010	56 965				30 045	
Profit before finance items and income tax expense	3 945 406	1 470 656	630 650	169 537	129 385	382 083	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	15 388 186	4 140 076	3 473 772	1 480 585	1 607 396	319	4 686 039
Other assets*	5 439 300	3 982 241	52 839	291 122	79 027	296 752	737 320
Total assets	26 536 044	11 494 246	3 526 728	1 771 707	1 686 865	2 629 158	5 427 340

*) The business area's net bank overdraft 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 Eiendom	Other
Income statement 2011							
Sales income	9 320 120	9 320 120					
Income from financial investments	- 314 447	301 789	- 654 377	130 931	- 59 005		- 33 785
Other income	141 956	15 855			20	125 261	820
Operating income	9 147 629	9 637 763	- 654 377	130 931	- 58 985	125 261	- 32 964
Operating expenses	8 612 814	8 492 366	7 895	15 823	10 425	45 535	40 772
EBITDA	534 815	1 145 398	- 662 272	115 108	- 69 410	79 727	- 73 736
Depreciation and impairment	374 168	373 122	77	61	54	292	561
Operating profit	160 647	772 276	- 662 349	115 047	- 69 464	79 434	- 74 296
Income on investments accounted for by the equity method	32 237	12 082				20 155	
Profit before finance items and income tax expense	192 884	784 358	- 662 349	115 047	- 69 464	99 589	- 74 296

Statement of financial position 31 December 2011

Intangible assets	1 751 449	1 751 449						
Tangible assets and investment properties	2 956 514	1 433 015	194			537 1 519 070	3 698	
Investments accounted for by the equity method	657 004	329 130				311 406	16 468	
Investments classified as current asset	13 476 441	3 028 666	2 938 422	1 395 973	1 492 666	476	4 620 239	
Other assets*	5 226 231	4 437 450		99 332	69 814	132 781	486 853	
Total assets	24 067 639	10 979 711	2 938 616	1 495 305	1 563 016	1 963 733	5 127 258	

*) The business area's net bank overdraft are included here and deducted from the other assets.

NOTE 4 GEOGRAPHICAL ALLOCATION OF REVENUES

NOK 1 000	2012	2011
Norway	4 084 030	2 931 817
Sweden	1 042 339	745 450
Germany	942 905	921 506
Netherlands	477 232	415 217
USA	385 779	132 359
Russia	376 298	381 975
Canada	365 511	643 480
Austria	349 948	401 044
Denmark	282 573	404 971
Spain	233 214	210 139
Great Britain	213 881	290 790
France	186 094	419 192
Rest of the world	1 525 522	1 422 182
Total revenue	10 465 326	9 320 120

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

NOTE 5 INCOME FROM FINANCIAL INVESTMENTS

Income from financial investments by the various investments categories:

NOK 1 000	2012	2011
Listed shares	576 907	- 680 555
Unlisted shares and investments in other equity instruments	2 349 321	299 469
Hedge funds	50 099	53 105
Investments in debt instruments	258 664	13 534
Total income from financial investments	3 234 991	- 314 447

NOTE 6**SALARIES AND REMUNERATIONS**

NOK 1 000	2012	2011
Salaries	1 797 351	1 456 274
Social security tax	230 146	207 117
Pension costs (note 17)	81 520	52 502
Other benefits	56 217	88 491
Total	2 165 234	1 804 384
Average number of man-labour years	3 570	3 486

Salary and remuneration to group management

NOK 1 000	2012				2011			
	Salary	Bonus	Benefits in kind	Pension	Salary	Bonus	Benefits in kind	Pension
Group CEO, Johan H. Andresen (from 1 Jan. 2012 until 30 Sept. 2012)	991		140		1 312		149	
Group CEO, John Giverholt (from 1 Oct. 2012 until 31 Dec. 2012)	825		51	228				
Other members of group management (from 1 Jan. 2012 until 30 Sept. 2012)	5 917	907	546	2 132	7 122	6 656	490	2 268
Other members of group management (from 1 Oct. 2012 until 31 Dec. 2012)	1 125		82	682				
Sum	8 858	907	819	3 042	8 434	6 656	639	2 268

Ferd's group management has 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 Arthur Sletteberg resigned from group management. Tom Erik Myrland became Chief Investment Director and Erik Rosness Chief Financial Officer. Former CFO, John Giverholt, became the new Group Chief Executive Officer. The above remunerations represent payment up until 1 October for the former group management and after 1 October for the new.

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 and is thereby entitled to a defined benefit pension. He also has an additional arrangement for a pension basis higher than 12 G and an early retirement pension scheme giving him the opportunity to retire when he is 65.

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 has adequate security for the 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 7**INTANGIBLE ASSETS**

NOK 1 000	2012	2011
Goodwill (note 8)	1 013 715	1 044 102
Other intangible assets	717 633	707 347
Carrying amount at 31 December	1 731 348	1 751 449

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	123	40 152	20 940	117 949
Disposals	- 1 836					- 1 836
Exchange difference	- 4 116		- 12 085	- 4 478		- 20 679
Cost at 31 December	308 788	173 838	213 697	110 252	430 550	1 237 125
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					- 1 836
Exchange differences	- 14 850		- 9 384			- 24 234
Accumulated amortisation at 31 December	251 077	6 700	188 616	2 234	67 889	516 516
Accumulated impairment at 31 December	2 976					2 976
Carrying amount at 31 December	54 735	167 138	25 081	108 018	362 661	717 633

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

2011

NOK 1 000	Software	Brands	Patents and development rights	Capitalised development costs	Customer relations	Total
Cost at 1 January	265 214	55 976	226 276	43 490		590 957
Additions	30 237	80 400		31 396	409 609	551 642
Disposals	- 62					- 62
Exchange difference	79		- 617	- 308		- 846
Cost at 31 December	295 468	136 376	225 659	74 578	409 609	1 141 691
Acc. amortisation and impairment at 1 January	227 608		164 043	8 832		400 483
Additions of amortisations at acquisitions						
Current year amortisation charge	7 052	2 680	6 048		21 250	37 030
Disposals	- 2 976					- 2 976
Exchange differences	169		- 361			- 192
Accumulated amortisation at 31 December	228 877	2 680	169 730	8 832	21 250	434 344
Accumulated impairment at 31 December	2 976					2 976

2011

NOK 1 000	Software	Brands	Patents and rights	Capitalised development costs	Customer relations	Total
Cost at 1 January	265 214	55 976	226 276	43 490		590 957
Additions	30 237	80 400		31 396	409 609	551 642
Disposals	- 62					- 62
Exchange difference	79		- 617	- 308		- 846
Cost at 31 December	295 468	136 376	225 659	74 578	409 609	1 141 691
Acc. amortisation and impairment at 1 January	227 608		164 043	8 832		400 483
Additions of amortisations at acquisitions						
Current year amortisation charge	7 052	2 680	6 048		21 250	37 030
Disposals	- 2 976					- 2 976
Exchange differences	169		- 361			- 192
Accumulated amortisation at 31 December	228 877	2 680	169 730	8 832	21 250	434 344
Accumulated impairment at 31 December	2 976					
Carrying amount at 31 December	63 615	133 696	55 930	65 746	388 360	707 347
Economic life	3-5 years	> 20 years to indefinite	3-10 years	10 years	10-15 years	
Amortisation method	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

Research and development

Costs expensed to research and development in fiscal year 2012 totalled MNOK 118. The corresponding cost for 2011 was MNOK 114.

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 table below shows the values and movements in the the various goodwill items in the Group.

2012

NOK 1 000	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) has 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 19 in profit before tax in 2012.

During 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 are minor changes in the purchase price allocations of Mestergruppen and Telecomputing (acquisitions in 2011). The changes have resulted in a reduction in goodwill of MNOK 28, whereas customer relations have increased by MNOK 20 ([note 7](#)).

2011

NOK 1 000	Elopak Europa (TeleComputing)	Seco Invest	Total
Cost at 1 January	472 282		472 282
Additions		621 776	621 776
Disposals			
Exchange differences	- 1 563		- 1 563
Cost at 31 December	470 719	621 776	1 092 495
Accumulated impairment at 1 January	48 590		48 590
Impairment			
Disposal of subsidiary			
Exchange differences	- 197		- 197
Accumulated impairment at 31 December	48 393		48 393
Carrying amount at 31 December	422 326	621 776	1 044 102

Changes in 2011:

In 2011, Ferd acquired Mestergruppen and the Telecomputing Group (Seco Invest), effective from 1 May 2011.

The acquisition of Telecomputing has increased the Group's goodwill by MNOK 622. Before the acquisition, Ferd had a stake of 46 % and recognised the investment in Telecomputing at fair value. The acquisition of Telecomputing has also increased intangible assets of MNOK 134,8 in customer relations and MNOK 80,4 in brands as well as minor additions of patents and rights (note 7). The cost of Ferd's shares in Telecomputing was MNOK 461. The acquisition of Telecomputing has contributed positively to the Group's result before tax with MNOK 85,2 in 2011.

The acquisition of Mestergruppen has increased the Group's carrying amount of customer relations by MNOK 230,1 (note 7). The cost of Ferd's shares in Mestergruppen was MNOK 396. Mestergruppen has contributed to the Group's result before tax with MNOK 83,6 in 2011.

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.

Goodwill related to 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 302 at 31 December 2012. 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 supply in 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 2012. For impairment purposes, Telecomputing is considered to be one cash generating unit due to similar activities.

Goodwill in Mestergruppen concerns the acquisition of Alf Valde in 2012. The goodwill amounts to MNOK 16 and is considered as a separate cash generating unit at impairment testing. This goodwill has not been tested for impairment in 2012.

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. These assumptions are based on 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 impairment is required in 2012. 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 used:

	Discount rate after tax (WACC)		Discount rate before tax		Growth rate 2-5 years		Long-term growth rate	
	2012	2011	2012	2011	2012	2011	2012	2011
Europe	4,5 %	5,4 %	6,3 %	7,5 %	2,0 %	2,0 %	0,0 %	0,0 %
Seco Invest	5,8 %	6,4 %	6,5 %	7,2 %	2,0 %	2,0 %	2,5 %	2,0 %

The discount rate reflects the market's assessment of the risk specific to the cash generating unit. The rate is based on the weighted average cost of capital for the industry. This rate has been further adjusted to reflect the specific risk factors related to the cash generating unit, which has not been reflected in the cash flows.

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

2012

NOK 1 000	Buildings and property	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 acquisition				
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

2011

NOK 1 000	Buildings and property	Machines and installations	Fixtures and equipment	Total
Cost at 1 January	364 009	3 025 470	206 413	3 595 892
Additions	64 673	868 063	53 642	986 378
Disposals	- 12 381	- 167 840	- 29 401	- 209 622
Exchange differences	- 127	- 26 317	- 573	- 27 017
Cost at 31 December	416 174	3 699 376	230 081	4 345 631
Accumulated depreciation and impairment at 1 January	239 655	2 047 317	148 514	2 435 486
Accumulated depreciation on acquisition	10 379	258 067	27 350	295 796
Depreciation of the year	13 763	303 449	21 329	338 541
Impairment of the year	2 112	- 539		1 573
Derecognised depreciation	- 3 439	- 131 305	- 17 500	- 152 244
Exchange differences	161	- 14 864	- 405	- 15 108
Accumulated depreciation at 31 December	262 631	2 462 125	179 288	2 904 044
Accumulated impairment at 31 December	2 265	25 449	246	27 960
Carrying amount at 31 December	153 543	1 237 251	50 793	1 441 587

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	2012	2011
Sales and administration costs	164 519	109 950
Lease of buildings etc.	213 686	109 781
Travel expenses	139 040	159 849
Losses and change in write-downs of trade receivables	16 362	8 215
Fees to auditors, lawyers, consultants	130 080	120 976
Other expenses	425 750	442 447
Total	1 089 437	951 218

NOTE 11 AUDIT FEES

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

NOK 1 000	Audit fee	Other assurance services	Tax services	Other non-audit services	Total
2012					
Ernst & Young	8 891	451	790	2 271	12 403
Others	471	17	74	11	573
Total	9 362	468	864	2 282	12 976
2011					
Ernst & Young	8 245	66	270	5 359	13 939
Others	408		456	76	940
Total	8 653	66	726	5 435	14 879

Fees are exclusive of VAT.

Other non-audit services mainly comprise due diligence services and assistance in the facilitation and quality assurance of data in connection with Ferd's implementation of a new consolidation tool. All amounts are exclusive of VAT.

NOTE 12**INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES**

Associates and joint ventures are accounted for using the equity method.

A list of all associates and joint ventures and shareholdings is presented in [note 20](#).

2012

NOK 1 000	Al-Obeikan Elopak factory for Packaging Co	Elopak South Africa Ltd	Lala Elopak S.A. de C.V.	Tiedemanns- byen DA	Harbert European 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
Net 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
Sale 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
Transfers from the company	- 14 571		- 23 136					- 37 707
Net 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 the sale of Elopak South Africa Ltd constitutes 22 806.

2011

NOK 1 000	Al-Obeikan Elopak factory for Packaging Co	Elopak South Africa Ltd	Lala Elopak S.A. de C.V.	Tiedemanns- byen DA	Harbert European 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	122 284		122 277	584 214
Share of result at 1 January	88 667	45 921	57 653		23 918		- 11 011	205 148
Accumulated impairment of goodwill at 1 January	- 12 600	- 2 200					- 1 085	- 15 885
Transfer from the company	- 15 308	- 9 697			- 13 342		- 5 865	- 44 212
Net exchange differences/eliminations	- 21 616	- 2 501	- 8 684				- 11 178	- 43 979
Carrying amount at 1 January	93 243	57 215	202 062	106 768	132 860		93 138	685 286

2011

NOK 1 000	Al-Obeikan Elopak factory for Packaging Co	Elopak South Africa Ltd	Lala Elopak S.A. de C.V.	Tiedemanns- byen DA	Harbert European 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	122 284		122 277	584 214
Share of result at 1 January	88 667	45 921	57 653		23 918		- 11 011	205 148
Accumulated impairment of goodwill at 1 January	- 12 600	- 2 200					- 1 085	- 15 885
Transfer from the company	- 15 308	- 9 697			- 13 342		- 5 865	- 44 212
Net exchange differences/eliminations	- 21 616	- 2 501	- 8 684				- 11 178	- 43 979
Carrying amount at 1 January	93 243	57 215	202 062	106 768	132 860		93 138	685 286
Additions					10 969	44 000	67 807	122 775
Disposals							- 45 271	- 45 271
Sale during the year							- 27 803	- 27 803
Share of the result of the year	- 25 885	9 395	26 032	2 332	13 102	4 721	2 540	32 237
Impairment of goodwill								
Transfers from the company		- 16 332	- 61 827					- 78 159
Recognised directly in equity								
Net exchange differences/eliminations	473	- 9 417	- 19 664		- 3 053	- 293	- 108	- 32 062
Carrying amount at 31 December	67 831	40 861	146 603	109 100	153 877	48 428	90 303	657 004

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 2012. The figures are unaudited.

NOK 1 000	Al-Obeikan Elopak factory for Packaging Co	Elopak South Africa Ltd	Lala Elopak S.A. de C.V.	Tiedemanns- byen DA	Harbert European Real Estate Fund II	Harbert European Real Estate Fund III
Operating revenue	215 520	40 765	230 347	475 665	24 420	20 645
Operating profit	19 262	7 828	28 130	40 910	16 020	- 31 898
Profit after tax and minority	13 960	5 599	17 215	20 589	26 955	78 810
Total assets	158 368		160 727	779 634	582 150	663 970
Total liabilities	109 943		47 368	549 007	563	28 573

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

NOK 1 000	Stake/voting share	Sales from equity investees to Ferd		Ferd's net receivables / Ferd's guarantees payables towards equity investees		Ferd's guarantees to equity investees		
	2012	2012	2011	2012	2011	2012	2011	
Al-Obeikan Elopak factory for Packaging Co	49,0 %				26 992	77 734	105 642	62 857
Boreal GmbH	20,0 %							
Elocap Ltd.	50,0 %	94 249	126		- 8 419	- 11 815		
Elopak South Africa Ltd	50,0 %					22 156		
Frogn Næringspark AS	50,0 %							
Harbert European Real Estate Fund II	25,9 %							
Harbert European Real Estate Fund III	22,2 %							
Hunstad Sør Tømteselskap AS	31,6 %							
Impresora Del Yaque	51,0 %		10 424		23 488	1 243		
Kråkeland Hytteservice AS	33,5 %							
Lala Elopak S.A. de C.V.	49,0 %	20 182	825		2 659	2 224		
Lofoten Tømteselskap AS	35,0 %							
Madla Byutvikling AS	33,3 %							
Nordic Material Purchase AB	50,0 %							
Original AS	20,0 %							
Solheim Byutviklingselskap AS	33,1 %							
Tastarustå Byutvikling AS	33,3 %							
Tiedemannsbyen DA	50,0 %							
Total		114 431	11 375		44 720	91 542	105 642	62 857

NOTE 13 SPECIFICATION OF FINANCE INCOME AND EXPENSE
Finance income

NOK 1 000	2012	2011
Interest income from bank deposits	78 598	28 982
Interest income from related parties	63 794	12 608
Other interest income	23 893	3 227
Foreign exchange gain and other finance income	66 311	10 258
Total	232 597	55 075

Finance expense

NOK 1 000	2012	2011
Interest expense to finance institutions	210 701	172 992
Interest expense to related parties	17 658	12 921
Other interest expense	72 871	60 224
Foreign exchange loss and other finance expenses	264 092	29 887
Total	565 323	276 024

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

NOTE 14**INCOME TAXES****Specification of income tax expense**

NOK 1 000	2012	2011
Tax payable of net profit		
Income tax payable for the year	138 917	63 635
Adjustments of prior periods	8 826	- 5 387
Total tax payable	147 743	58 248
Deferred tax expense		
Change in deferred tax recognised in the income statement	34 990	- 24 645
Effects of changes in tax rates and prior years' taxes	3 881	678
Total deferred tax	38 872	- 23 967
Income tax expense	186 615	34 280

Reconciliation of nominal to effective tax rate

NOK 1 000	2012	2011
Profit before tax	3 612 680	- 28 065
Estimated income tax expense at nominal tax rate (28 %)	1 011 550	- 7 858
Losses and other deductions without any net tax effect	7 039	- 11 518
Non-taxable income related to securities	- 810 164	87 992
Other non-taxable income, incl. value changes in investment property	- 26 049	- 43 594
Effect of changes in tax legislation and tax rates	- 268	- 1 704
Adjustment of prior periods	12 707	- 4 598
Tax effect of other permanent differences	- 8 201	15 561
Income tax expense	186 615	34 280
Effective tax rate	5,2 %	-122,1 %

Tax recognised in other comprehensive income

NOK 1 000	2012	2011
Actuarial losses on pension obligations	959	14 333
Cash flow hedges	2 378	10 458
Total tax recognised in other comprehensive income	3 337	24 791

Deferred tax assets and liabilities

NOK 1 000	2012	2011
Inventories	21 414	24 899
Receivables	6 678	6 510
Stocks and bonds	10 636	- 23 622
Other differences	32 266	- 78 658
Fixed assets	- 153 123	- 37 867
Intangible assets	- 128 457	- 107 403
Net pensions	65 931	70 207
Tax losses to carry forward	190 785	223 341
Total	46 130	77 409
Unrecognised deferred tax assets	- 233 373	- 252 294
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	- 187 243	- 174 885

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	2012
2013	10 071
2014	12 445
2015	13 794
After 2015	232 136
Without expiration	623 832
Total tax losses to carry forward	892 278

Change in net deferred tax in balance sheet

NOK 1 000	2012	2011
Carrying value at 1 January	- 174 885	- 109 394
Currency differences	- 1 529	1 546
Acquisition of subsidiary	- 30 464	- 98 882
Recognised in income statement during the period	- 38 872	23 967
Tax recognised in other comprehensive income	3 337	24 791
Other changes *	55 170	- 16 913
Carrying value at 31 December	- 187 243	- 174 885

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

NOTE 15**INVESTMENTS IN SHARES WITH OWNERSHIP IN EXCESS OF
10 %**

Subsidiaries	Business office	Ownership
Det Oversøiske Compagnie AS	Bærum	100,0 %
Elopak AS med datterselskaper	Røyken	97,2 %
Ferd Aibel Holding AS	Bærum	100,0 %
Ferd Eiendom AS med datterselskaper	Bærum	100,0 %
Norse Crown Company Ltd. AS	Bærum	100,0 %
Swix Sport AS med datterselskaper	Oslo	100,0 %
Ferd Malta Holdings Ltd	Malta	100,0 %
FC Well Invest AS	Bærum	100,0 %
FC-Invest AS	Bærum	100,0 %
Seco Invest AS med datterselskaper (Telecomputing)	Asker	96,1 %
Ferd Capital Partners AS	Bærum	100,0 %
Ferd Sosiale Entreprenører AS	Bærum	100,0 %
Ferd MG Holding AS	Bærum	96,6 %
Mestergruppen AS med datterselskaper	Oslo	91,3 %
Kapole II AS	Bærum	18,2 %
Joint ventures		
Impresora del Yaque	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 %
Elopak South Africa Ltd	South Africa	50,0 %
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	9,8 %
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	Germany	20,0 %
Solheim Byutviklingselskap AS	Stavanger	33,3 %
Kråkeland Hytteservice AS	Sirdal	33,5 %
Sirdal Boligutleie	Klepp	7,0 %
Financial non-current assets with more than 10 % ownership		
Herkules Capital I AS		40,0 %
NMI AS		12,5 %
Financial current assets with more than 10 % ownership		
ARKeX Ltd		17,3 %
Bidco Holding AS (Aibel)		49,0 %
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 %
Help Forsikring AS		17,0 %
Herkules Private Equity Fund I (GP-I) Ltd		40,0 %

Financial current assets with more than 10 % ownership

ARKeX Ltd	17,3 %
Bidco Holding AS (Aibel)	49,0 %
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 %
Help Forsikring AS	17,0 %
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	39,8 %
NRP Fleetfinance IV D.I.S	20,0 %
SPV Herkules II LP	81,5 %
Streaming Media AS	16,6 %
The Cloud Ltd	14,8 %
Vensafe ASA	18,5 %

NOTE 16**INVESTMENT PROPERTY****Investment property**

NOK 1 000	2012	2011
Balance at 1 January	1 514 927	684 778
Acquisitions	65 136	499 285
Additions through improvements	65 418	291 814
Disposals	- 6 963	- 13 900
Net change in investment property valuation	343 335	52 950
Carrying amount at 31 December	1 981 853	1 514 927

Income from investment property

NOK 1 000	2012	2011
Rental income from properties	98 850	59 743
Costs directly attributable to the investment properties	- 6 472	- 7 304
Net change in property revaluation	343 335	52 950
Total	435 713	105 389

The fair value of investment property

The investment properties are measured at fair value. Fair value is the amount for which an asset could be traded between knowledgeable, voluntary parties in an arm's length transaction. 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. [Note 2](#) gives a detailed description of the parameters used to calculate the fair value.

THE GROUP'S PENSION PLANS

The Group's companies have established pension plans in accordance with local laws. Employees in the Group's companies in Norway are participating in defined benefit or defined contribution pension plans that comply with the rules for 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.

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 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. The weighted average discount rate at 31 December 2012 was 2,3 percent. 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. The weighted average long-term expected return on plan assets is 3,8 percent. The expected long-term return is based on the total portfolio, not on the returns of individual pension asset categories. The return is based exclusively on historical returns, without adjustments.

Economic assumptions in Norwegian companies at 31 December

	2012	2011
Discount rate	2,20 %	2,60 %
Expected return on pension assets	3,60 %	4,10 %
Expected wage growth	0-3,25%	3,50 %
Future expected pension regulation	1,75 %	1,30 %
Expected regulation of base amount (G)	3,00 %	3,25 %

Interval for the economic assumptions at 31 December

	2012	2011
Discount rate	2.00-4.15	2.50-4.70
Expected return on pension assets	2.75-7.00	2.75-7.00
Expected wage growth	0.00-1.00	0.00-4.00
Future expected pension regulation	0.00-0.55	0.00-1.75

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

NOK 1 000	2012	2011
Pension liabilities for defined benefit pension plans	- 211	- 254

Economic assumptions in Norwegian companies at 31 December

	2012	2011
Discount rate	2,20 %	2,60 %
Expected return on pension assets	3,60 %	4,10 %
Expected wage growth	0-3,25%	3,50 %
Future expected pension regulation	1,75 %	1,30 %
Expected regulation of base amount (G)	3,00 %	3,25 %

Interval for the economic assumptions at 31 December

	2012	2011
Discount rate	2.00-4.15	2.50-4.70
Expected return on pension assets	2.75-7.00	2.75-7.00
Expected wage growth	0.00-1.00	0.00-4.00
Future expected pension regulation	0.00-0.55	0.00-1.75

PENSION OBLIGATIONS

Reconciliation of net liability against balance sheet

NOK 1 000	2012	2011
Pension liabilities for defined benefit pension plans	- 211 528	- 254 890
Pension assets for defined benefit pension plans	9 505	15 457
Total defined benefit obligation recognised in the consolidated statement of financial position	- 202 023	- 239 433

DEFINED BENEFIT PLANS

Specification of the recognised liability

NOK 1 000	2012	2011
Present value of unfunded pension liabilities	- 69 469	- 91 456
Present value of wholly or partly funded obligations	- 469 621	- 590 197
Total present value of defined benefit obligations	- 539 091	- 681 653
Fair value of pension assets	337 068	442 220
Total defined benefit obligation recognised in the consolidated statement of financial position	- 202 023	- 239 433

Movements in liabilities for defined benefit pension plans

NOK 1 000	2012	2011
Liability for defined benefit pension plans at 1 January	681 653	713 725
Fair value of current service cost	24 635	29 670
Interest expenses on the pension liability	20 487	38 503
Actuarial (gains) / losses on the pension liabilities	12 768	60 220
Settlement of pension plans	- 17 936	- 209 839
Curtailement of pension schemes	115	- 16 809
Plan changes	- 32 370	
Change in liability due to acquisition/sale of subsidiaries		81 818
Benefits paid	- 128 361	- 24 528
Social security tax	113	
Exchange differences on foreign plans	- 22 015	8 893
Liability for defined benefit pension plans at 31 December	539 091	681 653

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

NOK 1 000	2012	2011
Fair value of pension assets at 1 January	442 221	515 175
Expected return from pension assets	14 725	28 569
Actuarial gains / (losses) on the pension assets	- 14 791	- 21 405
Contributions from employer	22 212	44 506
Administration expenses	- 645	- 1 814
Contributions from employees	2 838	1 982
Increase in pension funds due to the acquisition of subsidiaries		79 421
Settlements		- 178 949
Benefits paid	- 114 239	- 47 153
Exchange difference on foreign plans	- 15 253	21 890
Fair value of pension assets at 31 December	337 068	442 221
Current year actuarial (gains) / losses on liabilities (defined benefit schemes)	12 768	60 220
Current year actuarial (gains) / losses on pension assets (defined benefit schemes)	14 791	21 405
Total actuarial (gains) / losses recognised in comprehensive income (defined benefit schemes)	27 559	81 625

PENSION COSTS

NOK 1 000	2012	2011
Defined benefit plans	- 2 582	5 950
Defined contribution plans	85 028	44 666
Early retirement and other schemes	- 927	1 887
Total pension costs recognised in current year payroll costs	81 520	52 502

DEFINED BENEFIT PLAN PENSION COSTS

Pension costs recognised in income statement

NOK 1 000	2012	2011
Present value of this year's pension earned	24 635	29 670
Contribution from employees	- 2 838	
Curtailment of pension schemes and plan changes	- 32 255	- 36 654
Interest expenses on the pension liability	20 487	38 503
Expected return on pension assets	- 14 725	- 28 570
Social security tax	113	
Administration costs	1 999	3 000
Total pension costs recognised in the Group's income statement	- 2 582	5 950

NOTE 18**INVENTORIES****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
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

2011

NOK 1 000	Raw materials	Work in progress	Finished goods	Total
Cost at 31 December	389 618	213 297	1 022 061	1 624 976
Provision for obsolescence at 1 January	47 698	611	89 017	137 326
Write-down	2 366		34 561	36 927
Reversed write-down	- 1 113	- 611	- 5 129	-6 853
Provision for obsolescence at 31 December	48 951		118 449	167 400
Carrying value at 31 December	340 667	213 297	903 612	1 457 576

NOTE 19**CURRENT ASSETS**

NOK 1 000	2012	2011
Prepayments	85 835	80 968
VAT and tax receivables	111 049	134 026
Current interest-bearing receivables	52 121	41 906
Other current receivables	391 260	164 879
Carrying amount at 31 December	640 265	421 779

NOK 1 000	2012	2011
Accounts receivable, gross	1 020 040	1 156 734
Allowances	- 33 295	- 47 664
Carrying amount at 31 December	986 745	1 109 070

Total current receivables	1 627 010	1 530 849
----------------------------------	------------------	------------------

Overdue accounts receivables by age

NOK 1 000	2012	2011
Up to 30 days	111 522	125 503
30-60 days	30 274	64 062
60-90 days	21 026	38 881
Over 90 days	30 147	56 321
Total	192 970	284 767

NOTE 20**FINANCIAL INSTRUMENTS**

The following is a summary of the carrying value and fair value of the Group's financial instruments and how these have been treated in the accounts. The table is the basis for further information on the Group's financial risk and refers to subsequent notes.

NOK 1 000	Financial instruments measured at amortised cost			Total	Fair value
	Financial instruments measured at fair value through profit and loss	Lending and receivables	Financial obligation		
Non-current assets					
Other financial non-current assets	51 599	233 660		285 259	285 259
Total 2012	51 599	233 660		285 259	285 259
Total 2011	158 917	256 300		415 217	415 217
Current assets					
Short-term receivables		1 627 010		1 627 010	1 627 010
Listed shares	3 476 584			3 476 584	3 476 584
Unlisted shares and investments in other equity instruments	8 699 217			8 699 217	8 699 217
Hedge funds	3 078 721			3 078 721	3 078 721
Investments in debt instruments	133 664			133 664	133 664
Bank deposits		1 683 997		1 683 997	1 683 997
Total 2012	15 388 186	3 311 007		18 699 193	18 699 193
Total 2011	13 476 441	3 164 030		16 640 471	16 640 471
Long-term debt					
Long-term interest-bearing debt			5 283 103	5 283 103	5 283 103
Other long-term debt			350 309	350 309	350 309
Total 2012			5 633 412	5 633 412	5 633 412
Total 2011			5 909 002	5 909 002	5 909 002
Short-term debt					
Short-term interest-bearing debt			362 440	362 440	362 440
Other short-term debt			1 855 693	1 855 693	1 855 693
Total 2012			2 218 133	2 218 133	2 218 133
Total 2011			2 923 114	2 923 114	2 923 114

Fair value hierachy - Financial assets and liabilities

Ferd classifies instruments measured at fair value in the balance sheet by a fair value hierachy. 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 are considered to be level 1 investments.

Level 2: Investments where there are quoted prices, but the markets do not meet the requirements for being characterised as active. In addition, 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. Financial derivatives like interest rate swaps and currency futures are also 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, raw materials and other negotiable derivatives. For such funds the value (NAV) is reported on a continuous basis, and the reported NAV is applied on transactions in the fund.

Level 3: All Ferd's other securities are valued on level 3. 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 where reported NAV need to be adjusted. A reconciliation of the movements of assets on level 3 is shown in a separate table.

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 2012
Assets				
Other financial non-current assets			51 599	51 599
Listed shares	3 476 584			3 476 584
Unlisted shares and investments in other equity instruments		6 448	8 692 769	8 699 217
Hedge funds		1 600 948	1 477 773	3 078 721
Investments in debt instruments		133 664		133 664
Total 2012	3 476 584	1 741 060	10 222 141	15 439 785

NOK 1 000	Level 1	Level 2	Level 3	Total 2011
Assets				
Other financial non-current assets			158 917	158 917
Listed shares	2 895 122			2 895 122
Unlisted shares and investments in other equity instruments	9 042		6 658 405	6 667 447
Hedge funds		1 310 539	1 477 781	2 788 320
Investments in debt instruments		1 125 553		1 125 553
Total 2011	2 904 164	2 436 092	8 295 103	13 635 358

Specification of assets in level 3

NOK 1 000	Opening bal. 1 Jan. 2012	Purchases	Sales	Transfers from level 3	Recognised in P/L 2012	Closing bal. 31 Dec. 2012
Other financial non-current assets	158 917		- 63 578		- 43 740	51 599
Unlisted shares and investments in other equity instruments	6 658 405	186 454	- 347 180	- 120 380	2 315 470	8 692 769
Hedge funds	1 477 781	690 982	- 490 577	- 359 707	159 295	1 477 773
Total	8 295 103	877 436	- 901 335	- 480 087	2 431 025	10 222 142

NOK 1 000	Opening bal. 1 Jan. 2011	Purchases	Sales	Transfers from level 3	Recognised in P/L 2011	Closing bal. 31 Dec. 2011
Other financial non-current assets	91 921	66 996				158 917
Listed shares	6 976			- 6 976		
Unlisted shares and investments in other equity instruments	7 449 579	215 636	- 856 169	- 331 072	180 431	6 658 405
Hedge funds	584 142	1 521 043	- 689 884		62 479	1 477 781
Total	8 132 619	1 803 675	- 1 546 052	- 338 048	242 910	8 295 103

Transfers from level 3 are mainly due to the step-by-step acquisition of Telecomputing in 2011.

Valuation of assets classified in level 3

Valuation of assets classified in level 3

Financial assets in level 3 include investments managed in-house, venture investments, private equity funds and hedge funds. The values at the balance sheet date are shown below.

NOK 1 000	2012	2011
Industrial investments and venture investments	4 191 993	2 915 310
External private equity funds	4 552 375	3 902 012
Hedge funds	1 477 773	1 477 781
Total	10 222 142	8 295 103

Investments in unlisted shares managed in-house are valued on the basis of an earnings multiple, adjusted by a liquidity discount reduction and the addition of a control premium. The corrections are made directly on the multiple. Finally, the equity value is calculated by deducting net interest-bearing debt.

A significant part of venture investments constitutes companies with no positive cash flows. This implies a greater degree of uncertainty in the valuations of the companies. Valuations are based on international guidelines (EVCA guidelines), i.e., the lower of cost and fair value unless a transaction at a higher value has taken place.

The valuation of investments in externally managed private equity and hedge funds is based on value reports received from the funds. The hedge funds in the SI portfolio are adjusted for estimated discount on the funds based on estimates made by brokers.

NOTE 21

RISK MANAGEMENT - INVESTMENT ACTIVITIES

There have been no significant changes concerning the Group's risk management in the area during the period. Risk management concerning operations, primarily Elopak, is accounted for in [note 26](#).

CAPITAL ALLOCATION AND IMPAIRMENT RISK

The capital allocation in Ferd is decided by the Board each year. The allocation of capital is one of the Board's most important responsibilities, as the return and risk to a high degree is determined by the classes of assets Ferd is investing in, and the allocation between these classes. A structured capital allocation secures a conscious relationship to the diversification and use of Ferd's capital base and ability to manage risk. Ferd's management is, on a regular basis, assessing Ferd's available risk capacity and whether the distribution of the funds at all times is in line with the assumptions and requirements that are the basis for the allocation.

Ferd's overall strategic allocation aims at maintaining a balance between industrial and financial investments.

The allocation shall be in line with the owner's willingness and ability to take risk. One measure of this risk willingness is the size of the decline in value in kroner or percent the owner accepts if any of the markets Ferd is exposed to should experience very heavy and quick downfalls. This has an impact on how much equity that can be invested in assets with a high risk of decline in value and is measured and followed up by stress tests.

The loss risk is assessed as a potential total impairment expressed in kroner and as a percentage of equity. Ferd's long-term strategy contributes to the fact that the owner can accept large fluctuations in net asset value.

CATEGORIES OF FINANCIAL RISK

Liquidity risk

Ferd has a strong focus on liquidity and is of the opinion 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 when Ferd's debt is due. The Group 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.

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 ANALYSIS, IMPAIRMENT RISK IN INVESTMENT ACTIVITIES

The stress test is based on a classification of the Group's equity in different asset classes, exposed for impairment as follows:

- The Norwegian stock markets decline by 30 percent
- International stock markets decline by 20 percent
- The market value of property declines by 10 percent
- The interest rate curve shifts by 1 percentage point
- 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 percent in Norway and 20-40 percent abroad).

The impairment risk is presented as an impairment expressed in NOK and as a percentage of equity. The table below shows the estimated impairment risk in 201 and 2012.

NOK 1 000	2012	2011
Price risk: Norwegian shares decline by 30 percent	-4 400 000	-4 100 000
Price risk: International shares decline by 20 percent	-1 100 000	- 700 000
Price risk: The market value of property declines by 10 percent	- 200 000	- 200 000
Interest rate risk: The interest rate curve increases by 1 percentage point		
Currency risk: The Norwegian krone appreciates 10 percent	- 600 000	- 500 000
Total impairment in value-adjusted equity	-6 300 000	-5 500 000
Impairment as a % of net asset value	32 %	34 %

In the sensitivity analyses, Ferd's exposure in Aibel in 2012 is reduced to 49 % compared to 2011, when it amounted to appr. 80 %, as a consequence of the transaction with Ratos made in December 2012. Ferd's exposure in Pronova will not be reduced until 2013, as the sale of shares transaction takes place in the new year.

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

Shareholders as at 31 December 2012:

	Number of shares	Stake
Ferd Holding AS	176 629 907	96,38 %
Dref Lojal AS	2 649 588	1,45 %
Dref Lojal II AS	1 381 898	0,75 %
Dref Lojal III AS	2 244 577	1,22 %
Dref Lojal IV AS	361 660	0,20 %
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 the parent company are available upon request.

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

	Position	Stake
Johan H. Andresen	Chair of the Board	15,14 %
John Giverholt	CEO/board member	0,29 %
Erik Røsness	Board member	0,06 %
Gry Skorpen	Board member	0,05 %

The children of Johan H. Andresen own appr. 85 % 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 2012	Amount in NOK 2012	Amount in NOK 2011
NOK	2 273 899	2 273 899	2 562 972
USD	202 500	1 126 990	1 282 184
EUR	145 855	1 070 757	1 163 261
DKK	380 000	374 905	438 219
GBP	10 000	90 248	102 057
SEK	374 743	321 304	195 247
CHF	4 100	25 000	35 747
Carrying value at 31 December 2012		5 283 103	5 779 687
Other long-term debt		350 309	129 315
Total non-current liabilities		5 633 412	5 909 002

Instalments determined in contracts

NOK 1 000	2012
2014	273 265
2015	2 743 152
2016	179 863
2017	2 437 132
Total	5 633 412

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	2012	2011
Trade payables	755 698	826 359
Public duties etc.	229 784	181 174
Other short-term debt	1 043 002	1 134 390
Total	2 028 484	2 141 923

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

NOK 1 000	2012	2011
Loan facilities	1 418 637	3 218 120
Factoring	19 872	63 638
Total	1 438 509	32 817 586

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	2012	2011
Investment property	1 611 814	953 349
Other tangible assets	142 886	
Inventories	213 678	
Receivables	377 867	696 375
Total	2 346 245	1 649 724
Maximum exposure to the above assets	2 346 245	1 649 724
Issued guarantees		92 005

Guarantees and off-balance sheet liabilities

NOK 1 000	2012	2011
Committed capital to fund investments	993 986	1 402 557
Commitment to provide loans	3 283	18 000
Guarantees without security	665 210	2 005
Clauses on minimum purchases in agreements with supplier	152 408	
Other obligations*	82 044	575 050
Sum	1 896 931	1 997 611

*) Other obligations mainly concern repurchase commitments on sales of machines and investment obligations relating to developing investment property and the building of a manufacturing plant.

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

NOTE 26**RISK MANAGEMENT - OPERATIONS**

Risk 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	Currency	Currency		NOK	
		Purchase	Sale	Purchase	Sale
	CAD	5 818	- 19 829	32 601	- 111 118
	CHF	3 579	- 604	21 822	- 3 681
	EUR	43 155	- 111 091	317 620	- 817 632
	JPY	3 053 200	- 944 710	197 535	- 61 120
	NOK	336 339	- 84 533	336 339	- 84 533
	RUB		- 224 950		- 41 191
	SEK	134 497	- 70 172	115 238	- 60 124
	CZK	10 080		2 956	
	GBP		- 3 661		- 33 039
	DKK		- 16 971		- 16 744
	ILS	5 454		8 153	
	USD	42 695	- 9 683	238 059	- 53 991
Total				1 270 323	-1 283 173

Interest rate risk

Ferd's interest rate risk relates to short-term borrowings and is managed by the Group's internal bank in accordance with separate guidelines. The Group has short-term fixed interest rates on long-term funding. 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.

Interest rate swaps

NOK	Currency	Amount	Receives	Pays	Time remaining to maturity
	DKK	100 000	6M CIBOR	Fixed 2,97% - 4,15%	2,7 - 4,5 years
	EUR	65 000	3M-6M EURIBOR	Fixed 1,25 - 2,88%	1,5 - 5,0 years
	GBP	10 000	6M LIBOR	Fixed 2,46% - 3,12%	0,5 - 4,2 years
	NOK	200 000	1M-6M NIBOR	Fixed 4,91% - 5,72%	1,6 - 3,0 years
	RUB	160 000	3M MOSPRIME		1,0 year
	SEK	50 000	3M STIBOR		4,0 years

The table includes derivatives for hedging.

Credit risk

Credit risk is the risk that a counterparty will default on his/her contractual obligations resulting in financial loss to the Group. Ferd has adopted a policy that the Group only shall be exposed 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				2012				2011
	Interest rate swaps	Currency futures	Commodity derivatives	Total	Interest rate swaps	Currency futures	Commodity derivatives	Total
Opening balance	- 23 938	11 050	- 19 011	- 31 899	- 16 705	13 037	19 721	16 053
Gain/loss on cash flow hedges	11 394	59 593	- 56 202	13 315	- 19 512	14 064	- 22 205	- 27 653
Income/expense recognised in the income statement	- 16 379	- 83 635	80 390	- 19 624	10 527	- 15 661	- 25 623	- 30 757
Deferred tax (note 14)	935	4 510	- 4 537	2 378	1 752	- 390	9 096	10 458
Effect of cash flow hedging in comprehensive income	- 4 051	- 19 532	19 651	- 3 931	- 7 233	- 1 987	- 38 732	- 47 952
Closing balance	- 27 989	- 8 482	640	- 35 830	- 23 938	11 050	- 19 011	- 31 899

Negative amounts represent a liability and a reduction in equity.

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

NOK 1 000	2012	2011
Sales revenue	- 727	2 485
Raw material costs and changes in inventories	8 486	28 801
Other operating expenses	375	10 498
Net financial result	11 490	- 11 027
Total	19 624	30 757

Negative amounts represent income.

Liquidity risk - operations

Liquidity risk concerning operations relates primarily to the risk that Elopak, Telecomputing, Mestergruppen 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.

31.12.12

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*	2 224 295	3 016 418	2 616 994	7 857 707

31.12.11

NOK 1 000	Less than 1 year	1-3 years	3-5 years	Total
Finance institutions	890 131	2 161 922	3 617 765	6 669 818
Accounts payable	826 359			826 359
Other non-current liabilities		129 315		129 315
Other current liabilities	1 315 564			1 315 564
Total*	3 032 054	2 291 237	3 617 765	8 941 056

*) The table does not include lease obligations, guarantees and off-balance sheet liabilities, ref. notes [25](#) and [29](#) respectively.

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

31.12.12

NOK 1 000	Less than 1 year	1-3 years	Over 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

31.12.11

Beløp i NOK 1 000	Less than 1 year	1-3 years	Over 3 years	Total
Net settlement				
Interest rate swaps	- 16 524	- 28 831	- 5 458	- 50 813
Currency futures	22 841			22 841
Commodity derivatives	22 256			22 256
Total	28 573	- 28 831	- 5 458	- 5 716

Credit facilities

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

	2012		2011	
	Used	Unused	Used	Unused
Overdraft:				
Secured	47 078	314 940	318	109 682
Unsecured	54 982	440 696		100 000
Credit facilities:				
Secured	1 604 440	1 567 090	575 922	383 132
Unsecured			3 300 000	1 700 000
Factoring:				
Secured	4 311	15 561	63 638	37 263
Unsecured	391 113	416 599	366 727	376 484
Total secured	1 655 829	1 897 591	639 878	530 077
Total unsecured	446 095	857 295	3 666 727	2 176 484

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 from operating leases	2012	2011
Total variable leases recognised as income	90 229	
Minimum leases (including fixed leases) recognised as income		66 600
Total variable leases recognised as income	90 229	66 600

At the balance sheet date, the Group has contracted the following future minimum leases:	2012	2011
Totally due next year	70 128	61 839
Totally due in 2-5 years	175 879	121 333
Totally due after 5 years	28 075	26 276
Total	274 082	209 448

The amounts have not been discounted.

The Group as lessor, finance leases

Specification of income from finance leases	2012	2011
Total variable leases recognised as income		
Finance income from agreements on finance leasing	1 476	384
Total income from finance leases	1 476	384

Gross investment compared to the present value of outstanding minimum leases:	2012	2011
Gross receivables from leasing agreements	17 714	8 331
Finance income not yet earned	- 2 969	- 1 145
Net investment from finance leases (present value)	14 745	7 186

The Group as lessee, operating leases

Specification of expenses from operating leases	2012	2011
Total variable leases recognised as expenses	184 846	98 676
Minimum leases (including fixed leases) recognised as expense	47 979	58 657
Subleases recognised as cost reductions	- 899	
Total leasing costs	231 926	157 333

Due for payment	2012	2011
Total costs next year	238 682	162 697
Total costs 2-5 years	736 636	508 175
Total costs after 5 years	478 246	340 168
Total	1 453 564	1 011 039

The amounts have not been discounted.

Distribution of the same leasing obligation on leasing objects	2012	2011
Buildings and land	751 031	916 448
Machines and plants	16 839	
Fixtures, vehicles and equipment	685 694	94 591
Total leasing obligations related to operating lease commitments	1 453 564	1 011 039

The Group as lessee, finance leasing

Specification of leasing costs	2012	2011
Total variable leases recognised as expenses	7 263	
Total leasing costs	7 263	

Future minimum leases and corresponding present values, by due dates:	Minimum lease	Calculated interest	Present value
Total due in one year	9 399	7 504	1 895
Total due in year 2-5	7 876	7 580	296
total due after 5 years			
Total leasing obligations related to finance leasing		15 084	2 191

Net carrying value of leased assets, by asset class	2012	2011
Buildings and property		
Machines and plants	3 362	
Fixtures, vehicles and equipment	19 470	1 497
Total carrying value of leased assets	22 832	1 497

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](#).

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 2012, 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 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 2012 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 2012 and its financial performance and cash flows for the year then ended in accordance with 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 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 bookkeeping standards and practices generally accepted in Norway.

Oslo, 26 April 2013
ERNST & YOUNG AS

Erik Mamelund
State Authorised Public Accountant (Norway)

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