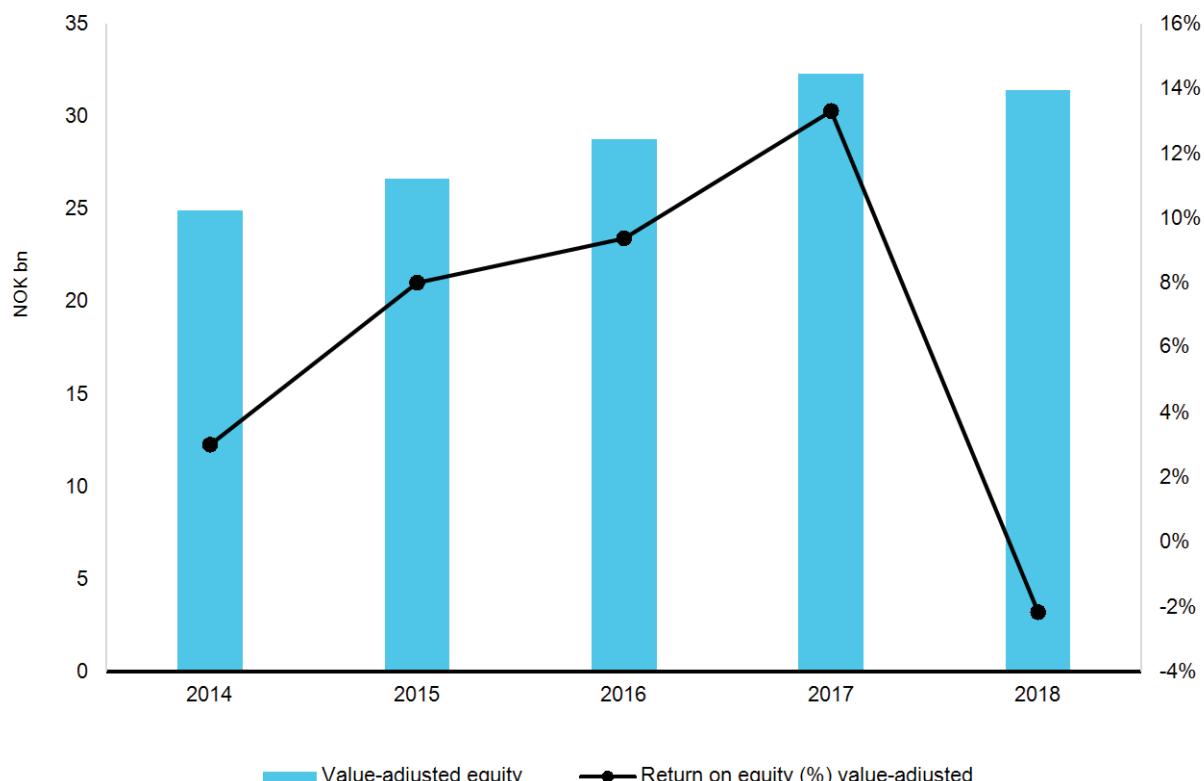

ANNUAL REPORT 2018



- Key figures
- Letter from the CEO
- Financial Statements Ferd Holding AS
- Board of Director's Report
- Financial Statements Ferd AS
- Financial Statements Ferd AS Group

KEY FIGURES

	2014	2015	2016	2017	2018
<i>NOK bn</i>					
Value-adjusted equity					
Value-adjusted equity	24,9	26,6	28,8	32,3	31,4
Return on equity value-adjusted	3%	8%	9%	13%	-2%
Liquidity	10,4	11,9	11,9	11,5	12,1



LETTER FROM THE CEO

At Ferd, we are always working to achieve our vision of *creating enduring value and leaving clear footprints*. For us, this is a question of generating a return at more than just the financial level. We want to develop businesses, investment teams and organisations, and to make changes that contribute to the development of society and individuals. Ferd has been doing this for a long time, both through our work as an active owner and investor and through other initiatives, such as the work we do with social entrepreneurs.

Ferd's long-term approach enables us to develop continually. In 2018 we worked on refining the investment strategies of a number of our business areas, and we clarified our approach in terms of our investment philosophy and industry dimensions. The core of much of what we do is exercising active ownership in relation to our major individual investments. We now increasingly employ our fundamental and long-term approach to ownership in relation to our investments in stock exchange listed companies as well as in private companies. Together with the activities of the other business areas, we make good use of Ferd's flexibility. We are continually on the hunt for attractive companies to which we can contribute through our expertise, whether alone or in partnership with others. We also work actively to identify strategic bolt-on investments and value-creating initiatives capable of strengthening and developing our companies. Fürst's WebMed solution and Interwell's Plug & Abandonment product are good examples of such initiatives, and illustrate how Ferd invests in and drives forward new solutions and technologies.

We are continually on the hunt for attractive companies to which we can contribute through our expertise, whether alone or in partnership with others.

In 2018 we continued our work to enhance our industry expertise, and we have now clearly focused on specific industries. Aquaculture, technology and energy, in addition to real estate, are some of the most obvious. We also broadened our geographic exposure in 2018 and have chosen to invest in some selected Asian markets via equity funds. We have also built up significant positions in a number of European companies through stock exchange investments, for example in the British company Benchmark Holdings and in the Danish company Nilfisk. One of Ferd's ambitions is to further increase its exposure outside Norway in the years ahead.

In 2018 stock markets were characterised by high levels of uncertainty and volatility, which were particularly in evidence in the final quarter of the year. This volatility affected Ferd as well, and we saw a decrease of approximately 2% in total assets over the course of the year. More important than annual fluctuations in value, however, is ensuring that our companies and Ferd as a system become stronger over time. It is pleasing that the majority of our private companies were again able to report earnings growth in 2018, even if the valuation calculated for a number of them decreased due to falls in the stock market valuations of comparable companies. Particularly positive was the progress made at Interwell, Fürst and Mestergruppen. In 2018 Brav continued its journey to

become a leading brand warehouse. The company invested significant resources in developing its digital infrastructure, which will equip it for profitable growth in the years ahead. Of the listed companies in Ferd Capital's portfolio, those that made the greatest contribution were Scatec Solar and PGS, while the Danish company NKT was the worst performer in 2018. Ferd Real Estate was again able to report robust results, with a return of 12% that was driven by the strong performance of some individual projects and the continuing strength of the real estate market. Ferd External Managers reported a positive return for the year, which is particularly pleasing given that the majority of the world's stock markets delivered a negative return in 2018.

It is pleasing that the majority of our private companies were again able to report earnings growth in 2018.

Ferd Real Estate was again able to report robust results, with a return of 12% that was driven by the strong performance of some individual projects and the continuing strength of the real estate market.

Ferd External Managers reported a positive return for the year, which is particularly pleasing given that the majority of the world's stock markets delivered a negative return in 2018.

Ferd Invest's return was disappointing, and was 4.9 percentage points below the Nordic index against which its portfolio is measured. Because we now have multiple business areas that can invest in listed companies, we have adjusted Invest's investment mandate such that the portfolio now concentrates on large companies whose shares are relatively liquid. We have recruited new people to help continue to drive this business area forward in the years ahead.

Ferd Social Entrepreneurs made a number of equity investments in promising social entrepreneurs in 2018. We continued our work to further develop Social StartUp, FSE's tailor-made accelerator for companies seeking to solve social challenges.

2018 marked the tenth anniversary of the Nordic Microfinance Initiative, and it also raised NOK 850 million for its fourth fund. We are proud to have been part of its journey from the start and, as a major investor, we will continue to take an active approach to ownership.

In our overall risk management activities, we are focused on liquidity in order to ensure that we have the capacity to make the investments we think will give a particularly strong basis for long-term value creation. In the first half of 2018, we used the good market conditions to complete significant realisations of real estate, shares and external funds, and our liquidity was further strengthened by the sizeable dividends we received from our portfolio companies. We also refinanced our long-term credit facilities at the group level, increasing our total borrowing capacity to NOK 7 billion and extending its maturity. In the fourth quarter, which was a period in which the level of uncertainty in the markets increased and share prices fell across the board, the level of activity at Ferd was at its highest point for the year. In just a few weeks, we invested over NOK 1 billion in a number of companies and funds, including included NOK 250 million in

Asian funds and significant increases to our ownership interests in several listed companies such as Benchmark Holdings, XXL and Nilfisk. With regard to private companies, in 2018 we invested in Mnemonic, a cyber security company, in partnership with its founders and employees.

In the fourth quarter, which was a period in which the level of uncertainty in the markets increased and share prices fell across the board, the level of activity at Ferd was at its highest point for the year.

In 2018 we also worked on how all parts of our organisation can address sustainability in a more joined-up and systematic way. In order to deliver returns over the long term, we need to understand the opportunities and risks presented by issues around sustainability. We want to use our position to contribute to sustainable development to an even greater extent in future. We are expanding our focus on impact investing, which is to say investing in companies that have solid commercial potential and make a clear contribution to achieving the UN's Sustainable Development Goals. Ferd will particularly focus on companies that have new tech solutions or business models that target climate and environment issues, with our aim being to invest in partnership with others or through funds in Norway and beyond. In addition to the value creation these investments will generate, this focus will be a driving force for Ferd's unified work on sustainability and will complement the activities of Ferd Social Entrepreneurs.

We want to use our position to contribute to sustainable development to an even greater extent in future.

All things considered, I am satisfied with the underlying progress made by the majority of our companies and business areas and with Ferd's development as an organisation. Even if 2018, viewed in isolation, did not provide us with the financial results we target, I am pleased with how we adapted to the more volatile and uncertain market conditions seen during the year. With its current organisation and investment capacity of approximately NOK 9 billion, Ferd is well placed to make the most of the new opportunities that will present themselves in the time ahead.

With its current organisation and investment capacity of approximately NOK 9 billion, Ferd is well placed to make the most of the new opportunities that will present themselves in the time ahead.

**FINANCIAL
STATEMENTS**
FERD HOLDING AS

THE BOARD OF DIRECTORS' REPORT FERD HOLDING

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

The Company's main office is in Bærum municipality.

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

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

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

For comments to Ferd's results, please refer to <https://aarsrapport2018.ferd.no/en/>.

Comments to Ferd Holding AS' financial statements

In connection with an internal reorganization of the Ferd Group in October 2018, the shares in Ferd AS were transferred as a contribution in kind to an existing company. This company then changed its name to Ferd Holding AS. The contribution in kind was appraised at the book value of the equity in Ferd AS as of 31 December 2017.

The shares in Ferd AS have been written down to the book value of the equity in Ferd AS as of 31 December 2018.

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

Lysaker, 8 April 2019

In the Board of Directors for Ferd Holding AS

Signed

Johan H. Andresen
Chair of the Board

Signed

Henrik Brandt
Board member

Signed

Petter Winther Borg
Board member

Signed

Berit Ledel Henriksen
Board member

Signed

Sven Nyman
Board member

Signed

Morten Borge
Group CEO

Income statement 1 January - 31 December

NOK1000	Note	2018	2017
OPERATING INCOME AND EXPENSES			
	<u>7</u>	300 670	-
	<u>4</u>	-1 067 280	-
Salary expenses	<u>3</u>	-	-
Other operating expenses	<u>3</u>	1 873	33
Operating expenses		1 873	33
Operating profit		-768 483	-33
Net financial result	<u>2,7</u>	3	0
Profit before tax		-768 480	-32
Income tax expense	<u>6</u>	-	-8
PROFIT FOR THE YEAR		-768 480	-25

Total comprehensive income 1 January - 31 December

NOK1000	2018	2017
PROFIT FOR THE YEAR	-768 480	-25
TOTAL COMPREHENSIVE INCOME	-768 480	-25

Balance sheet as at 31 December

NOK1000	Note	2018	2017
ASSETS			
Non-current assets			
Investments in subsidiaries			
	<u>4</u>	30 751 891	-
Shares and investments in other companies		10 000	-
Total non-current assets		30 761 891	-
Current assets			
Receivable on group companies	<u>7</u>	306 170	32
Bank deposits		950	4
Total current assets		307 120	36
TOTAL ASSETS		31 069 011	36
EQUITY AND LIABILITIES			
Equity			
Share capital	<u>5</u>	100 000	30
Share premium		30 662 463	
Other paid in equity		-	6
Total equity		30 762 463	36
Current liabilities			
Other current liabilities	<u>7</u>	181	-
Debt to group companies	<u>7</u>	305 468	-
Debt to related parties	<u>7</u>	899	-
Total current liabilities		306 547	-
Total liabilities		306 547	-
TOTAL EQUITY AND LIABILITIES		31 069 011	36

Lysaker, 8 April 2019
In the Board of Directors for Ferd Holding AS

Signed

Johan H. Andresen
Chair of the Board

Signed

Henrik Brandt
Board member

Signed

Petter Winther Borg
Board member

Signed

Berit Ledel Henriksen
Board member

Signed

Sven Nyman
Board member

Signed

Morten Borge
Group CEO

Statement of changes in equity

2018

NOK1000	Share capital (note 5)	Share premium	Other paid in capital	Total paid-in equity	Other equity	Total other equity	Total equity
Equity at 1 January 2018	30	-	6	36	-	-	36
Total compr. income 2018		-768 480			-	-	-768 480
Owner Transactions							
Capital Increase	99 970	31 730 937		-	31 830 907	-	31 830 907
Allocated dividend	-	-299 994		-6	-300 000	-	-300 000
Equity at 31 December 2018	100 000	30 662 463		-	30 762 463	-	30 762 463

2017

NOK1000	Share capital (note 5)	Share premium	Other paid in capital	Total paid-in equity	Other Equity	Total other Equity	Total equity
Equity at 1 January 2017	30	-	6	36	-	-	36
Total compr. income 2017					-	-	-
Equity at 31 December 2017	30	-	6	36	-	-	36

Statement of cash flows 1 January - 31 December

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

NOK100	2018	2017
Operating activities		
Profit before tax	-768 480	-32
Nedskrivning av aksjer i datterselskap	1 067 280	
Change in other receivables	-306 054	9
Change in other current liabilities	6 216	-
Net cash flows from/-used in operating activities	-1 039	-23
Investing activities		
Investment in shares in subsidiaries	-	-
Net cash flows from investing activities	-	-
Financing activities		
Cash proceeds from interest-bearing debt	1 985	-
Net cash flows used in financing activities	1 985	-
Change in bank deposits	947	-23
Bank deposits at 1 January	4	27
Bank deposits at 31 December	950	4

Note 1 General information and accounting principles

General information

Ferd is a family-owned Norwegian investment company committed to value-creating ownership of businesses and investments in financial assets. In addition to the group's purely commercial activities, Ferd has an extensive involvement in social entrepreneurship.

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

The Company's financial statements for 2018 were approved by the Board of Directors on 8 April 2019.

The company changed its name from FE Holding 6 AS to Ferd Holding AS in 2018. In connection with a reorganization in Ferd JHA Group, the shares in Ferd AS were transferred to the holding company through a contribution in kind on 16 October 2018.

Basis for the preparation of the consolidated financial statements

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

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

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

Receivables

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

Current liabilities

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

Dividends

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

Note 2 Finance items

	2018	2017
NOK1000		
Interest income	4	-
Interest income from group companies	-	-
Total financial income	4	-
Interest expenses	1	-
Total financial expenses	1	-
Net finance items	3	-

Note 3 Salaries and remuneration

	2018	2017
NOK1000		
Salaries	-	-
Social taxes	-	-
Other benefits	-	-
Total	-	-

The company has no employees. Salary expenses consist primarily of remuneration to the board members. No payments have been made to the board of directors in 2018. The CEO receives his salary from Ferd AS.

Auditor

Auditor fees constitute (all amounts exclusive of VAT):

	2018	2017
NOK1000		
Statutory audit	40	40
Total auditor fees	40	40

Note 4 Subsidiaries

Subsidiaries are companies where the parent company Ferd Holding AS directly or indirectly has control. The Company has "control" over an investment if Ferd Holding has the decision power over the enterprise in which it has been invested, is exposed to or entitled to a variable return from the enterprise, and at the same time has the opportunity to use this decision power over the enterprise to influence on the variable return.

Subsidiaries are classified as non-current assets in the balance sheet and are measured at cost. Write-downs to fair value are carried out at a fall in value for reasons not considered to be temporary. Write-downs are reversed when the basis for impairment is no longer present. Received dividends and profit distributions are recognised as revenue when the Company has a legal right to the distribution.

NOK1000	Business office	Stake	Book value of the equity		Carrying amount
			Voting right		
Tiedemanns Joh. H. Andresen DA	Bærum	99,9 %	99,9 %	100	78
Ferd AS	Bærum	100,0 %	100,0 %	30 751 813	30 751 813
Total					30 751 891

Note 5 Share capital and shareholder information

The Company's share capital at 31 December 2018 comprises the following classes:

	Number of shares	Nominal value	Carrying amount
A shares	15 204 072	1,00	15 204 072
B shares	84 795 928	1,00	84 795 928
Total	100 000 000		100 000 000

Owner structure

	Ordinary shares	Share class	Stake	Voting right
:				
Ferd JHA AS (100% owned by Johan H. Andresen)	15 204 072	A	15,20%	69,98%
Ferd KGA AS (100 % owned by Katharina G. Andresen)	42 397 964	B	42,40%	15,01%
Ferd AGA AS (100 % owned by Alexandra G. Andresen)	42 397 964	B	42,40%	15,01%
Total	100 000 000		100%	100%

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

Note 6 Income taxes

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

The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period. Deferred tax is calculated on temporary differences between book and tax values of assets and liabilities and the tax effects of losses to carry forward at the balance sheet date.

Deferred tax assets are only recognised in the balance sheet to the extent that it is probable that there will be future taxable profits to utilise the benefits of the tax reducing temporary differences. Deferred tax liabilities and assets are calculated according to the tax rates and regulations ruling at the end of the reporting period and at nominal amounts. Deferred tax liabilities and assets are recognised net when the Company has a legal right to net assets and liabilities. The Company has no temporary differences for the time being.

The income tax expense comprises

NOK1000	2018	2017
Change in deferred tax	-	-8
Tax expense	-	-8

Reconciliation of nominal to effective tax rate

NOK1000	2018	2017
Profit before tax	-768 480	-32
Expected tax expense at the nominal tax rate (23% in 2018 and 24% in 2017)	-176 750	-8
Non-taxable gain/loss and distributions on securities	-69 000	-
Unrealised changes in value of securities	245 474	-
Non-deductible expenses	276	-
Tax expense	-	-8

Effective tax rate	0.0 %	24.0 %
Deferred tax		

NOK1000	2018	2017
The company has no temporary differences as of 31 December 2018		

Note 7 Related parties

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

Transactions and balances with related parties:

NOK1000	2018	2017
Assets		
Current receivable on Ferd JHA AS	5 500	-
Current receivable on Ferd AS	300 670	-
Total	306 170	-
Liabilities		
Short-term debt to Johan H. Andresen	899	-
Allocated dividend to Ferd JHA AS, Ferd KGA AS and Ferd AGA	300 000	-
Short-term debt to Ferd AS	5 468	-
Total	306 367	-
Profit and loss		
Dividend from subsidiary recognised as income	300 000	-
Group contribution recognised as income	670	-
Total	300 670	-



To the General Meeting of Ferd Holding AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ferd Holding AS, which comprise the balance sheet as at 31 December 2018, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisionsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 8 April 2019
PricewaterhouseCoopers AS

Geir Haglund
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

**BOARD OF
DIRECTOR'S
REPORT
FERD AS**

BOARD OF DIRECTOR'S REPORT

2018 was a year of diverging results for Ferd's business areas. Ferd Real Estate delivered a good return, while Ferd Invest produced a weak performance. The return on value-adjusted equity for Ferd as a whole was -2.2%. The Nordic stock market fell 6.1% in 2018 in NOK terms (MSCI Nordic Countries), with all the world's major stock markets also generating negative returns. The return achieved by Ferd in 2018 was acceptable relative to the stock market's performance but was significantly lower than Ferd's long-term ambitions.

The return on value-adjusted equity for Ferd as a whole was -2.2%. The Nordic stock market fell 6.1% in 2018 in NOK terms (MSCI Nordic Countries). Ferd achieved a return of 12.2% on its real estate portfolio.

The return on Ferd Capital's combined portfolio was -2.9% in 2018. Most of the business area's privately owned companies reported stronger earnings in 2018 than in 2017. The price-earnings ratios for many companies that are comparable to the privately owned companies in Ferd Capital's portfolio decreased in 2018, causing the valuations of Ferd's privately owned companies to be lower at 31 December 2018 than at the end of the previous year. Ferd achieved a return of 12.2% on its real estate portfolio. The majority of Ferd Real Estate's projects progressed well. Ferd External Managers reported an aggregate return of 2.4% (in USD terms) on its four investment mandates. Ferd Invest reported a return of -10.8% in 2018.

Ferd invested NOK 2.7 billion in 2018. The two largest investments it made in the year were in Mnemonic, a cyber security company, and in Benchmark Holdings.

Ferd invested NOK 2.7 billion in 2018. The two largest investments it made in the year were in Mnemonic, a cyber security company, and in Benchmark Holdings, a British listed company. Ferd received significant dividend payments from its privately owned portfolio companies and sold down its holdings in Petroleum Geo-Services (PGS). Ferd's fund investments paid out NOK 900 million and fund units totalling NOK 500 million were sold at the start of the year. Ferd realised over NOK 800 million from real estate sales in 2018. In total, Ferd's realisations in 2018 exceeded new investment by NOK 1.8 billion.

Ferd had NOK 12.1 billion of available liquidity at the close of 2018. In addition, Ferd has un-drawn credit facilities totalling NOK 7 billion. At 31 December 2018 Ferd's bank deposits and money market fund investments totalled NOK 2.4 billion, which represents 7.6% of Ferd's value-adjusted equity. The value of Ferd's listed shares, equity fund investments and liquid hedge fund investments was NOK 9.7 billion.

Market environment

There was significant volatility in the financial markets towards the end of 2018, with fears of slowing global growth hitting markets. The American and European stock markets fell by around 15% over the fourth quarter, and this contributed to stock markets delivering a negative return for 2018. Oslo Børs fell 2%, the global stock market index fell 9%, and emerging markets were down 15% in USD terms.

Norway's mainland economy grew by slightly over 2% in 2017 and 2018. The price of oil rose 29% between 1 January 2018 and the start of October but fell sharply in the fourth quarter to end the year 20% down. Oil-related investment spending started to increase, and has become less dependent on a high oil price due to a reduction in the cost base of suppliers to the oil industry. Investment in new residential real estate was weaker in 2018 and fell significantly. In contrast, the Norwegian real estate market made generally good progress in 2018. Centrally located commercial real estate in Oslo increased in value due to higher rental prices. Prices for second-hand residential real estate in Oslo increased by around 6% in 2018 after falling in 2017.

Future prospects

Ferd's investment decisions are based to only a limited extent on the overall outlook for the macroeconomy and market developments. We are, rather, continually on the lookout for high-quality individual investment opportunities in all business areas. A key target for risk management is ensuring that the group has sufficient risk

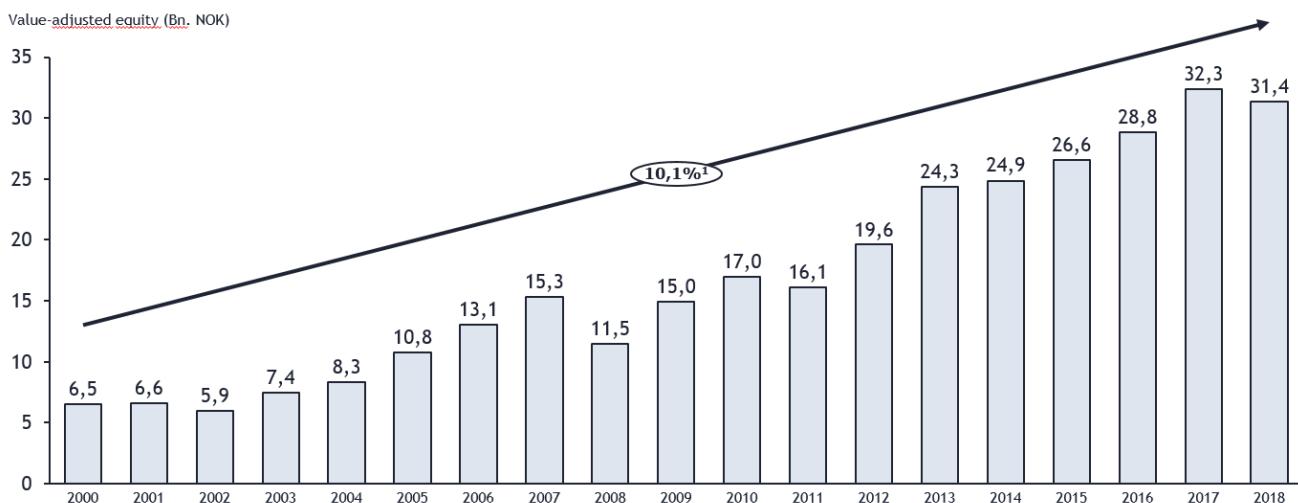
capacity and liquidity to make new investments. It is therefore factors specific to each investment opportunity that play the crucial role when deciding whether or not an investment is an attractive proposition.

The group's value-adjusted equity

At the close of 2018, Ferd's value-adjusted equity was NOK 31.4 billion following a return for the year of NOK -0.7 billion. Ferd holds a diversified portfolio of privately owned and listed equity investments, alternative investments, and real estate. Ferd's equity investments provide good diversification between sectors and geographical markets. Approximately 50% of Ferd's investments are in Norwegian krone, slightly over 20% in US dollar, 20% in euro and around 10% in other currencies. The Norwegian krone weakened against the euro and the US dollar in 2018, and Ferd recognised a currency gain of slightly under NOK 0.2 billion.

Since its launch in the spring of 2001, Ferd has generated a total return of NOK 27.6 billion, equivalent to an annual return of 10.1%. It is important for the returns achieved by Ferd to be assessed in the context of the absolute return achieved over time and how this relates to the level of risk exposure that has been involved.

Ferd's value-adjusted equity since 31 December 2000:



Financial results for Ferd AS

Ferd AS reports an accounting result for the year of NOK -359 million, which is a decrease of NOK 4,060 million from 2017. The negative returns delivered by Ferd Invest and Ferd Capital due to falling stock markets were the most important reasons for this decrease.

For further commentary on Ferd's financial results in 2018, the reader is referred to the separate sections on each business area on the following pages.

Net cash flow for 2018 was made up of NOK 558 million from operating activities and NOK 439 million from investment activities. Ferd's sell-down of its holdings in PGS and the dividends it received from its privately owned portfolio companies were the main reasons for a positive cash flow from investment activities. Cash flow from financing activities was NOK -275 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. We are not aware of any events after the balance sheet date that would affect the figures for the 2018 accounts.

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

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

Operating revenue was NOK 14.2 billion in 2018 as compared to NOK 19.4 billion in 2017. Sales revenue decreased from NOK 18.3 billion in 2017 to NOK 13.9 billion in 2018. Under IFRS rules, Mestergruppen is no

longer able to recognise all its revenue and costs on a gross basis, and this reduced the company's reported sales revenue by NOK 5.3 billion in 2018.

The group's development activities are conducted at its subsidiaries. Development costs of NOK 108 million were expensed in 2018.

The group's tax charge for 2018 was NOK 161 million as compared to a charge of NOK 307 million in 2017. The principal reason for the lower tax charge was the lower earnings achieved by the consolidated portfolio companies.

Net cash flow for 2018 was made up of NOK 1,554 million from operating activities, NOK -884 million from investment activities, and NOK -199 million from financing activities.

Strategy

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

It is Ferd's intention that its allocation of capital should be characterised by a high equity exposure and good risk diversification. With regard to investments in privately owned companies, Ferd's focus is on active and value-adding ownership. Ferd enjoys significant flexibility, and does not have to hold a controlling interest and can take a long-term approach to ownership. This flexibility can give a competitive advantage in comparison with other investment companies that depend on sources of capital with limited time horizons.

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

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

Corporate governance

At Ferd we are committed to corporate governance. We think that good corporate governance leads over time to better decision-making processes and conclusions. There is therefore a clear division of roles between management and Ferd's Board of Directors/owners. The Board of Directors of Ferd Holding AS has substantially the same responsibilities and authority as the board of a public company. The Board of Directors of Ferd Holding held six board meetings in 2018.

Ferd Capital

Ferd Capital is a long-term investor that has an active ownership role in its portfolio companies during Ferd's ownership period to ensure the best possible value creation. The business area has three investment mandates: Privately owned companies, Listed companies and Special Investments. Ferd Capital has investments in nine privately owned companies following its acquisition of a 44% stake in Mnemonic in autumn 2018. Elopak is the largest privately owned company in the Ferd Capital portfolio and is Ferd's largest investment. The privately owned companies in which Ferd Capital has investments are the following:

- Elopak, which is a leading supplier of packaging systems for liquid food products. The company's organisation and collaboration partners sell and market Elopak's products in more than 100 countries.

- Aibel, which is a supplier of services related to oil, gas and renewable energy. The company is one of the largest Norwegian oil service companies that engineers, builds, maintains and modifies oil and gas production facilities for the upstream oil and gas industries.
- Interwell, which is a leading Norwegian provider of high-tech well tools to the oil and gas industry. The company's most important market is the Norwegian continental shelf, but in recent years it has also set up a presence in a number of other important international markets, such as Europe and the Middle East.
- Mestergruppen, which is one of Norway's largest groups in the building materials trade, homebuilding chains for builders, and real estate development.
- Brav, which is a market leader in the sports and outdoor industry and owns some of the most influential brands in its niche markets.
- Servi, which develops and manufactures customer-specific hydraulic systems, cylinders and valves for offshore, maritime and land-based industries.
- Mnemonic, which helps organisations to administer and address their security risks, to protect their data and to respond to internet-based threats.
- Fjord Line, which is a modern shipping company offering safe and environmentally friendly sea transportation and experiences between Norway, Denmark and Sweden.
- Fürst Medisinsk Laboratorium, which is a privately-owned laboratory specialising in medical biochemistry, clinical pharmacology, microbiology and pathology.

Summaries of the results achieved in 2018 by the above portfolio companies are available on Ferd's website by clicking on the following link [Ferd Capital](#)

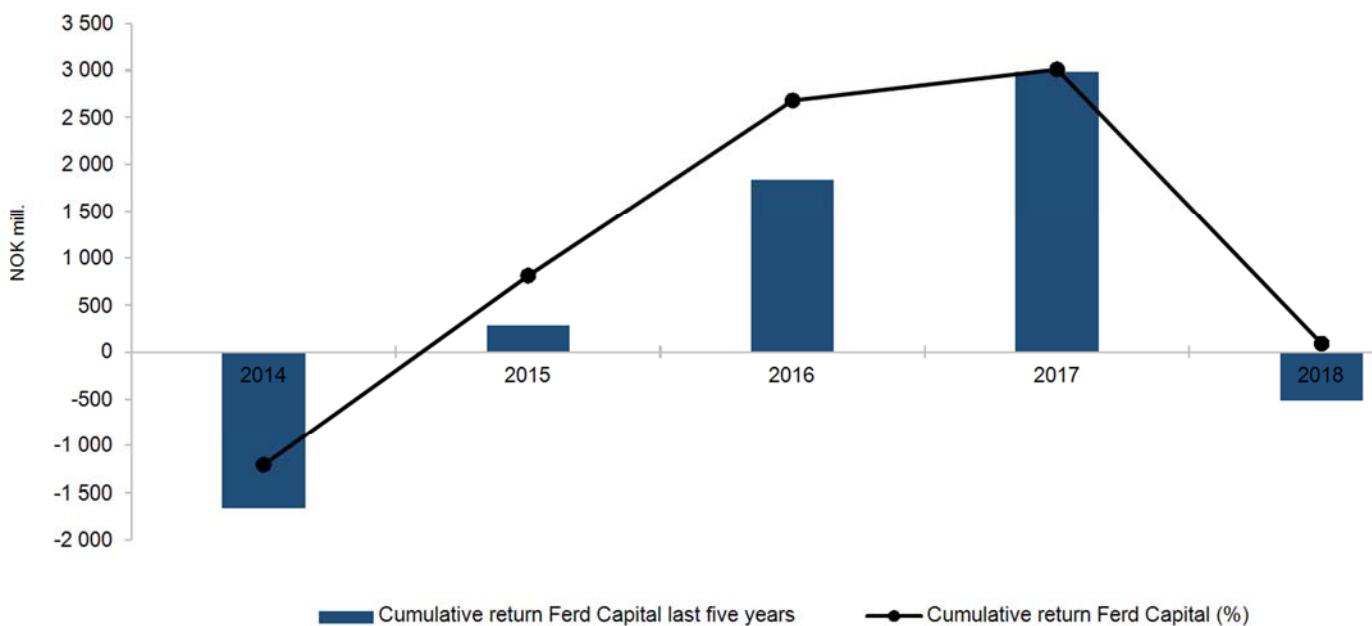
Ferd Capital seeks to actively contribute to the development of the stock exchange listed companies in which it has invested. In 2018 Ferd Capital increased its ownership interests in the stock exchange listed companies Nilfisk and Benchmark Holdings. Ferd Capital sold a significant proportion of the holdings that it had in Petroleum Geo-Services at the start of the year. Ferd Capital's largest listed investments are:

- PGS, which is a leading global player in the seismic industry. The company offers a broad spectrum of products, including both seismic and electromagnetic services, data acquisition and processing, reservoir analysis and interpretation, and multi-client library data.
- Scatec Solar, which is a Norwegian company that develops, builds, owns and operates solar power plants.
- Benchmark Holdings, which helps improve fish health and sustainability in the fish farming industry by selling specialist foods, breeding and genetics products, and medications. Benchmark has a presence in 27 countries and markets its products in more than 70 countries.
- Nilfisk, which is a leading global provider of cleaning equipment and products, primarily for the professional market. The company offers an extensive range of premium products, of which the main product lines are floorcare equipment, vacuum cleaners and high-pressure washers.
- NKT, which is a recognised global provider of turnkey AC/DC cable solutions with cost-effective and technologically advanced production facilities in Europe and sales offices around the world.
- Boozt, which is a leading and fast-growing online retailer of fashionable clothes through its website boozt.com.

Ferd Capital made two new equity investments through its Special Investments mandate in 2018. These investments were both made in partnership with other organisations, with Ferd Capital's partner having the role of monitoring the investments.

The majority of the privately owned companies in which Ferd has invested delivered better earnings in 2018 than in 2017. The price-earnings ratios for many companies that are comparable to the private companies in Ferd Capital's portfolio decreased in 2018, causing the valuations of Ferd's private companies to decrease. The return on Ferd Capital's combined portfolio for 2018 was -2.9%. Ferd Capital's three portfolios were valued at NOK 16.9 billion in total at 31 December 2018.

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



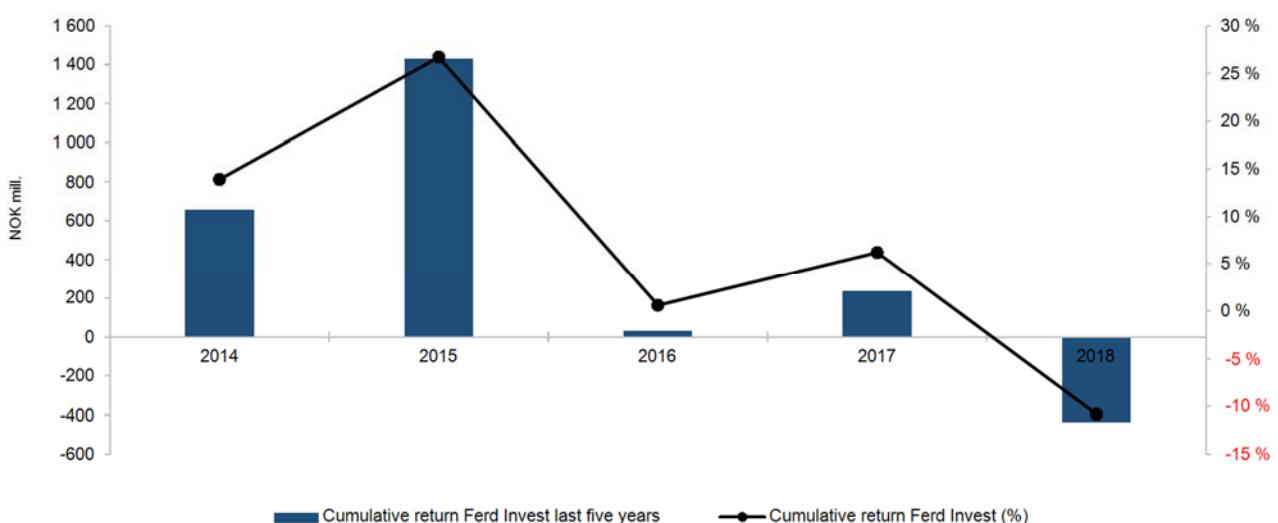
Ferd Invest

Ferd Invest is a financial investor that invests in listed Nordic companies. Its target is to generate a return that is higher than the return on its Nordic benchmark index. Ferd Invest's mandate does not stipulate limits with regard to the allocation of investments between countries or sectors. The portfolio is concentrated, which means that significant variation in relative return must be anticipated from time to time.

2018 was a weak year for the Nordic region's stock markets, all of which were down over the year in local currency terms. Their 2018 return was slightly better when measured in Norwegian krone terms as a result of the Norwegian krone weakening against the euro and the Danish krone. Ferd Invest's benchmark index was down 5.9% in NOK terms.

Ferd Invest generated a return of -10.8% in 2018. This represented underperformance relative to the portfolio's benchmark index of 4.9 percentage points. The business area's investments in Thin Film, Otello and Cxense were the main reason for this underperformance, with these three companies together reducing the portfolio's return by 5.8 percentage points.

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



Ferd Invest's portfolio of stock exchange listed companies has generated a satisfactory absolute return in recent years, but its relative performance has been weak.

The value of Ferd Invest's portfolio at 31 December 2018 was NOK 3.6 billion. The largest investments in the portfolio at the end of 2018 were Novo Nordisk, Norwegian Air Shuttle, Nokian Renkaat, ISS and Essity.

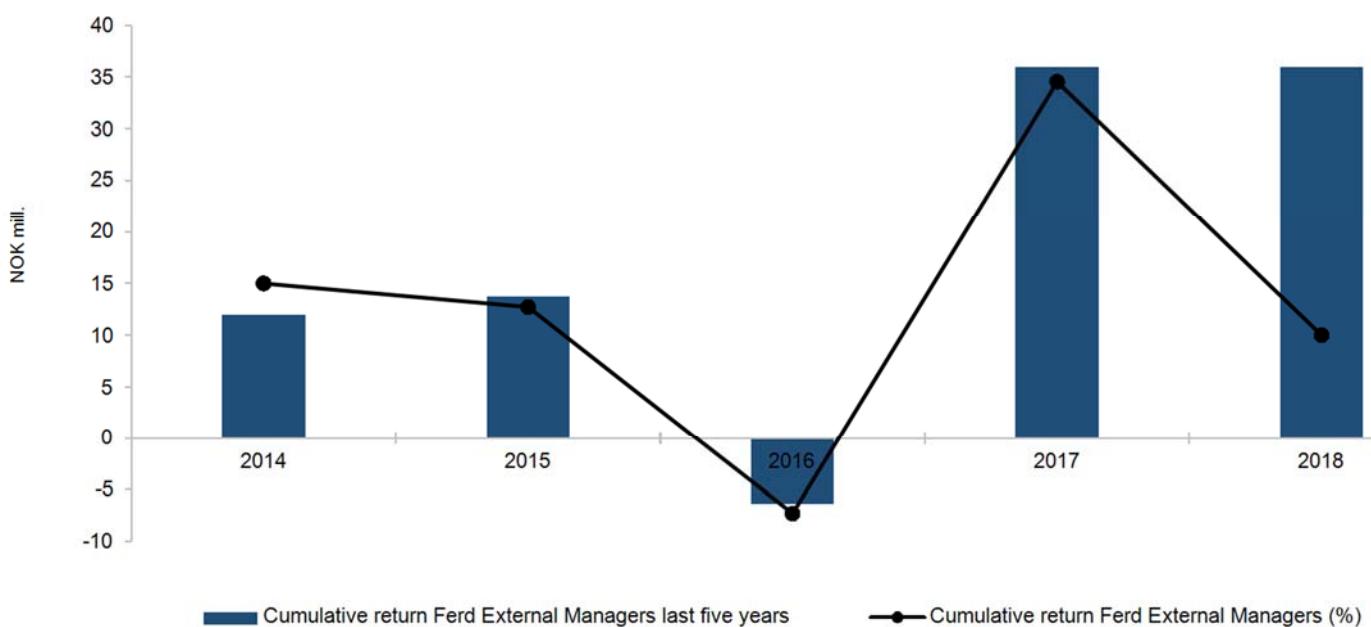
Ferd External Managers

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

The market value of the Ferd External Managers portfolios was NOK 4.3 billion at 31 December 2018. The portfolios, which are accounted for and managed in US dollars, produced a combined return for 2018 of 2.4%.

The portfolios, which are accounted for and managed in US dollars, produced a combined return for 2018 of 2.4%.

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



In absolute terms the best performing portfolio in 2018 was the Macro portfolio with a return of 9.9%. This was 13.8 percentage points better than the benchmark index against which the Macro portfolio is measured. Global Macro comprises three macro funds, and the value of the portfolio at 31 December 2018 was NOK 842 million. The Relative Value portfolio grew 0.4% in the year, which was 1.2 percentage points ahead of the benchmark index against which it is measured. NOK 500 million was allocated out of the Relative Value mandate at the start of 2018. At 31 December 2018, the portfolio had a market value of NOK 1,615 million and comprised six funds.

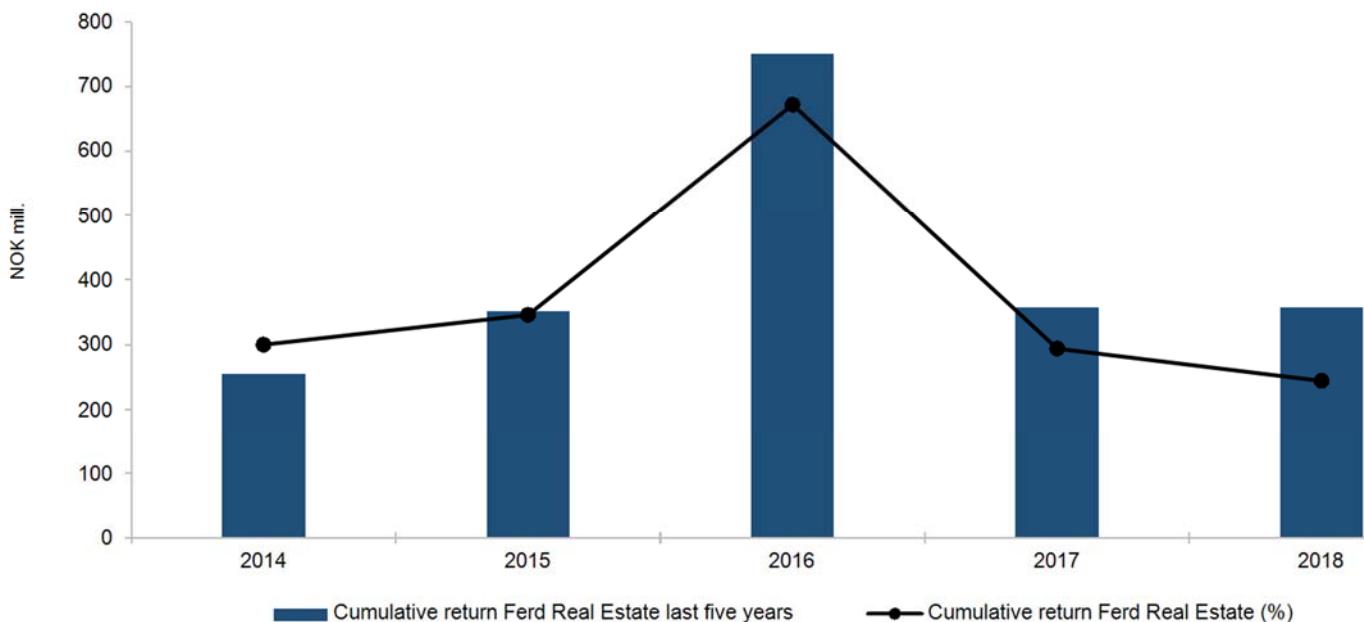
Investments have been made in nine funds through the Global Equity mandate, which also includes equity funds. Ferd invested NOK 250 million in three Asian equity funds during the falls seen in Asian markets in October. The overall market value of this portfolio at the end of 2018 was NOK 957 million. Global Fund Opportunities climbed 4.7% in 2018. Its market value at the end of the year was NOK 915 million, with outstanding investment commitments of NOK 416 million.

Ferd Real Estate

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

2018 was another good year for Ferd Real Estate. Residential real estate prices in Oslo climbed 6% in 2018, and some of the other real estate segments in which the business area has invested saw a reduction in market yields. Ferd Real Estate made good progress at a number of its individual projects and many milestones were achieved. The majority of Ferd Real Estate's investments performed well in 2018. The portfolio generated a return of 12.2% in 2018.

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



Ferd Real Estate's largest residential project is Tiedemannsbyen in Oslo's Ensjø district. The Tiedemannsbyen project is for around 1,600 units and is being carried out over a total period of between 10 and 15 years. In 2017 Ferd Real Estate and Selvaag Bolig decided to expand their collaboration. A total of 700 units will therefore be developed by Tiedemannsfabrikken AS, which is owned 50/50 by Ferd Real Estate and Selvaag Bolig. The remainder of the residential project is owned by Ferd Real Estate. In total 54 residential units were sold in Tiedemannsbyen in 2018, compared to 109 in 2017.

Asker Tek, an office building adjacent to Asker train station, is Ferd Real Estate's largest single investment in commercial real estate. The building was finished in December 2017 and has a total floor area of 16,300 m². Asker Tek is a Breeam-certified environmentally friendly building with an 'A' energy classification. A further two lease contracts for space in this development were signed in 2018, and Ferd Real Estate expects to agree leases for the remaining space over the course of 2019. This real estate investment delivered a very good return in 2018.

Ferd Social Entrepreneurs

Ferd Social Entrepreneurs (FSE) invests in social entrepreneurs that deliver measurable social results. Its focus is on innovative companies with a double bottom line, which is to say companies that seek to deliver social as well as financial results. FSE provides these companies with capital, expertise and networking in an active partnership.

In 2018 FSE strengthened its portfolio through the addition of new innovative companies and the business area's first investment in a fund. The social entrepreneurship market has become more developed and mature in recent years. Companies continue to want FSE's involvement as they develop, not only as a provider of financial support, but also as an owner. There is a trend for both private and institutional investors to want some of their investments to generate a social impact in addition to a financial return. There were 11 companies and one fund investment in FSE's portfolio at the end of 2018. Ferd made two equity investments over the course of the year, namely in Auticon and Motitech. Ferd also invested in a Danish fund, Den Sociale Kapitalfond Invest I. The fund primarily invests in Danish companies that have a clear ambition to deliver a double bottom line. For more information on FSE's portfolio companies, please follow this link: [FSE - portfolio](#)

Social StartUp was run for the first time in 2018. Social StartUp is a tailor-made accelerator program that helps fledgling entrepreneurs with a double or triple bottom line to become financially self-sustaining more quickly. 30 companies were selected from the 125 applicants to take part in a three-day boot camp. Nine companies ultimately completed the six-month accelerator program. The first round of the Social StartUp program was so successful that the next round is already underway.

Ferd made two equity investments over the course of the year, namely in Auticon and Motitech. Ferd also invested in a Danish fund, Den Sociale Kapitalfond Invest I.

Sustainability, the environment, health and safety, and equality

Ferd worked throughout 2018 on the question of how every part of its organisation could take a more joined-up and systematic approach to sustainability work. Recent years have seen an increasing emphasis on environmental issues in industrialised countries. The companies we own seek to operate in a sustainable manner and to demonstrate environmental awareness.

Elopak's customers, the authorities and other stakeholders are increasingly focused on sustainability. Elopak has started a process to update and develop its sustainability strategy. Elopak is involved in the recycling of its cartons in a number of European countries and North America, and going forward it will strengthen this work. Elopak reduced its greenhouse gas emissions by 8% in 2018 relative to 2017, and over the last five years its greenhouse gas emissions have decreased by nearly 78%. Other companies in the group are focusing on limiting their impact on the external environment, including by sorting waste and ensuring the proper disposal of specialist waste created by production processes.

The Ferd group had an average of 4,211 employees in 2018, and after including the employees of Aibel, Fjord Line, Fürst and Mnemonic the number for 2018 was approximately 8,900. The proportion of female employees at the Ferd Group was 23%, and sick leave amounted to 3.4% in 2018. The working environment at Ferd AS is considered to be good. Ferd AS had 42 employees at the close of 2018. The Board of Directors of Ferd AS comprises one female director and four male directors. No serious accidents or injuries took place or were reported at Ferd AS in 2018. For the group as a whole, there were no accidents that led to loss of life, but there were individual cases of injuries at work that resulted in periods of sick leave.

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

Allocation of profit for the year

It is proposed that the loss for the year of NOK 359 million is transferred from other equity.

Lysaker, 8 April 2019

The Board of Directors of Ferd AS

Signed

Signed

Johan H. Andresen
Chairman of the Board

Morten Borge
Board Member, CEO

Signed

Signed

Signed

Tom Erik Myrland
Board Member

Erik Rosness
Board Member

Gry Skorpen
Board Member

**FINANCIAL
STATEMENTS**
FERD AS

Income statement 1 January - 31 December

NOK1000	Note	2018	2017
OPERATING INCOME AND EXPENSES			
Dividend and group contribution from financial investments	<u>4</u>	1 930 857	530 863
Unrealised changes in values on financial investments	<u>4</u>	-2 535 436	2 626 532
Net gain on sales of financial investments	<u>4</u>	454 610	829 387
Other income	<u>3</u>	26 187	38 269
Operating income	<u>3</u>	-123 781	4 025 052
Salary expenses	<u>9,15</u>	56 638	164 050
Depreciation and impairment	<u>12</u>	1 811	1 552
Other operating expenses	<u>10,11</u>	65 603	56 615
Operating expenses	<u>3</u>	124 052	222 217
Operating profit	<u>3</u>	-247 834	3 802 835
Interest income	<u>17, 20</u>	87 703	71 443
Interest expenses	<u>17, 20</u>	-66 984	-58 098
Net other financial items	<u>20</u>	-186 811	66 304
Net financial result	<u>20</u>	-166 091	79 650
Profit before tax		-413 925	3 882 485
Income tax expense	<u>8</u>	-54 665	181 583
PROFIT FOR THE YEAR		-359 260	3 700 901

Total comprehensive income 1 January - 31 December

NOK1000	2018	2017
PROFIT OF THE YEAR	-359 260	3 700 901
Other income and expenses not reclassified to the income statement at a later date:		
Estimate deviation on pensions	<u>15</u>	-
Tax on estimate deviation on pensions	<u>8</u>	-
TOTAL COMPREHENSIVE INCOME	-359 260	3 700 901

Balance sheet as at 31 December

NOK1000	Note	2018	2017
ASSETS			
Non-current assets			
Tangible assets			
Investments in subsidiaries	<u>12</u>	7 434	9 040
Long-term receivables on group companies	<u>3.5.7</u>	15 588 307	16 432 029
Other receivables	<u>5.17</u>	42 868	0
Total non-current assets	<u>5</u>	91 705	131 705
		15 730 314	16 572 774
Current assets			
Short-term receivables on group companies	<u>5.17</u>	518 443	255 658
Other short-term receivables	<u>5</u>	82 642	72 881
Listed shares and bonds	<u>3.5</u>	6 939 497	7 521 566
Unlisted shares and bonds	<u>3.5.7</u>	2 492 626	2 570 200
Hedge funds	<u>3.5</u>	4 646 843	5 089 848
Derivatives	<u>3.5</u>	15 006	22 312
Short-term liquidity fund investments (cash equivalents)	<u>3.5</u>	1 509 306	0
Bank deposits	<u>3.5.13</u>	423 835	335 585
Total current assets		16 628 199	15 868 049
TOTAL ASSETS	<u>3</u>	32 358 513	32 440 823

Balance sheet as at 31 December

NOK1000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Share capital	<u>14</u>	183 268	183 268
Share premium		3 057 406	3 057 406
Other paid-in equity	<u>3</u>	809 905	809 905
Other equity		26 701 235	27 768 515
Total equity		30 751 813	31 819 093
Non-current liabilities			
Pension liabilities	<u>15</u>	33 808	30 472
Deferred tax	<u>8</u>	183 677	317 676
Total non-current liabilities		217 486	348 148
Current liabilities			
Trade payables	<u>5</u>	3 540	6 999
Income tax payable	<u>8</u>	26 268	19 942
Public duties etc.	<u>5</u>	9 702	8 390
Cash pool overdraft	<u>5, 15</u>	913 721	-
Debt to group companies	<u>5, 17</u>	337 916	48 211
Derivatives	<u>5</u>	30 963	66 492
Other current liabilities	<u>5</u>	67 104	123 547
Total current liabilities		1 389 214	273 582
Total liabilities		1 606 700	621 730
TOTAL EQUITY AND LIABILITIES		32 358 513	32 440 823

Lysaker, 8 April 2019

The Board of Directors of Ferd AS

Signed

Signed

Johan H. Andresen
Chairman of the Board

Morten Borge
Board Member, CEO

Signed

Signed

Signed

Tom Erik Myrland
Board Member

Erik Rosness
Board Member

Gry Skorpen
Board Member

Statement of changes in equity

2018	Share capital (note 14)	Share premium	Other paid-in equity	Total paid-in equity	Reserve for Unrealized gains	Other equity	Total other equity	Total equity
NOK1000								
Equity at 1 Jan. 2018	183 268	3 057 406	809 905	4 050 578	13 910 809	13 857 705	27 768 515	31 819 093
Profit for the year					-1 072 590	713 330	-359 260	-359 260
Total comprehensive income					-1 072 590	713 330	-359 260	-359 260
Transactions with owners								
Group contribution						-516	-516	-516
Additional dividend paid *)						-407 504	-407 504	-407 504
Allocated dividend						-300 000	-300 000	-300 000
Total transactions with owners						-708 019	-708 019	-708 019
Equity at 31 Dec. 2018	183 268	3 057 406	809 905	4 050 578	12 838 219	13 863 016	26 701 235	30 751 813
2017	Share capital (note 14)	Share premium	Other paid-in equity	Total paid-in equity	Reserve for Unrealized gains	Other equity	Total other equity	Total equity
NOK1000								
Equity at 1 Jan. 2017	183 268	3 057 406	809 905	4 050 578	10 080 364	14 018 379	24 098 743	28 149 321
Profit for the year					3 830 445	-129 544	3 700 901	3 700 901
Total comprehensive income					3 830 445	-129 544	3 700 901	3 700 901
Transactions with owners								
Group contribution						-3 129	-3 129	-3 129
Additional dividend paid *)						-28 000	-28 000	-28 000
Total transactions with owners						-31 129	-31 129	-31 129
Equity at 31 Dec.	183 268	3 057 406	809 905	4 050 578	13 910 809	13 857 705	27 768 515	31 819 093

*) In November 2017, Ferd AS paid an additional dividend to Ferd Holding AS. The dividend is in its entirety used to settle a balance between the companies.

Statement of cash flows 1 January - 31 December

Cash flow statement

The cash flow statement has been prepared using the direct method, i.e., the statement presents the Company's actual payments and disbursements in order to show the cash flows from ordinary operations, investing and financing activities, respectively.

Cash and cash equivalents

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

NOK1000	Note	2018	2017
Operating activities			
Proceeds from realisations of financial assets	<u>4</u>	4 981 601	5 543 345
Dividends from financial assets	<u>4</u>	406 053	132 502
Purchases of financial assets	<u>4</u>	-4 525 537	-5 404 954
Proceeds and disbursements from realisations of currency futures	<u>4</u>	-136 740	190 411
Salaries and operating expenses	<u>9, 10</u>	-150 947	-131 642
Payments and disbursements of tax	<u>8</u>	-16 645	-62 531
Net cash flows from/ used in (-) operating activities		557 785	267 131
Investing activities			
Payments from subsidiaries	<u>4, 17</u>	969 416	361 933
Disbursements to subsidiaries	<u>17</u>	-530 466	-529 586
Net cash flows used in investing activities		438 950	-167 653
Financing activities			
Transfers to Ferd Holding		-259 300	-249 606
Payments and disbursements from external financing	<u>16</u>	-	-
Interest, financial and foreign currency items		-15 631	11 059
Net cash flows used in (-)/from financing activities		-274 931	-238 547
Effects of exchange rate changes cash and cash equivalents		-37 969	-8 296
Change in bank deposits		683 835	-147 365
Bank deposits at 1 January		335 585	482 949
Bank deposits at 31 December		423 835	335 585
Cash pool overdraft 31.12		-913 721	-
Short-term liquidity fund investments 31.12		1 509 306	-
Total cash and cash equivalents	<u>13</u>	1 019 420	335 585

Note 1 General information and accounting principles

General information

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

Ferd is owned by Johan H. Andresen and his family. Andresen is the Chair of the Board. The Company's financial statements for 2017 were approved by the Board of Directors on 8 April 2019.

Basis for the preparation of the financial statements

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

Investments in subsidiaries

Subsidiaries are companies where the parent company Ferd AS has direct or indirect control. Ferd has control over an investment if Ferd has the decision power over the enterprise in which it has invested, is exposed to or entitled to a variable return from the enterprise, and at the same time has the opportunity to use this decision power over the enterprise to influence on the variable return

Subsidiaries are classified as tangible assets in the balance sheet and measured at fair value. Value changes on subsidiaries, current returns like dividend and gain or loss on the realisation of subsidiaries are recognised as net operating income in the income statement.

Investments in associated companies and joint ventures

Associates are entities over which Ferd has significant influence, but not control. Significant influence implies that Ferd is involved in strategic decisions concerning the company's finances and operations without controlling these decisions.

Significant influence normally exists for investments where Ferd holds between 20 % and 50 % of the voting capital.

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

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

Foreign currency translation

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

Dividend

Dividend and group contribution proposed by the Board is recognised as current liabilities pursuant to the exemption in the regulation to the Norwegian Accounting Act section 3-9.

Note 2 Accounting estimates and judgemental considerations

Management has used estimates and assumptions in the preparation of the financial statements. This applies for assets, liabilities, expenses and disclosures. The underlying estimates and assumptions for valuations are based on historical experience and other factors considered to be relevant for the estimate on the balance sheet date. Estimates can differ from actual results. Changes in accounting estimates are recognised in the period they arise.

The main balances where estimates have a significant impact on disclosed values are mentioned below. The methods for estimating fair value on financial assets are also described below.

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

Determination of the fair value of financial assets

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

Listed shares and bonds

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

Unlisted shares and bonds

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

Hedge funds

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

Liquidity fund investments

The fair value of the liquidity fund investment is measured on the basis of quoted market prices. If market rates are not available, the investment is measured in compliance with pricing models based on the current yield curve and external credit ratings.

Derivatives

The fair value of derivatives is based on quoted market prices.

Determination of the fair value of subsidiaries with properties

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

Future cash flows are based on the following factors:

Existing contracts
Expected future rentals
Expected vacancies

The required rate of return is based on a market-based rate of return for properties with the assumed best location (prime- yield CBD) with the addition of a risk premium for the property.

The risk premium is based on:

Location
Standard
Expected market development
Rent level compared to the rest of the market
The tenant's financial strength
Property specific knowledge

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

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

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

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

Note 3 Segment reporting

Ferd reports business areas in line with IFRS 8. Ferd is an investment company, and management makes decisions, is following up and evaluates the decisions based on the development in value and fair value of the Company's investment. Ferd distinguishes between business areas based on investment type/mandate, capital allocation, resource allocation and risk assessment.

Ferd has four commercial business areas:

Ferd Capital is a long-term investor working actively with the companies during the period of ownership to secure the development in value to be the best possible. Ferd Capital comprises three mandates: Non-listed companies, listed companies and Special Investment.

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

- Elopak (99.9 percent ownership holding) is one of the world's leading manufacturers of packaging systems for fluid food articles. With an organisation and cooperating partners in more than 40 countries, the company's products are sold and marketed in more than 100 countries.
- Aibel (49.4 percent ownership holding) is a leading supplier to the international upstream oil and gas industry concentrating on the Norwegian shelf. The company is engaged in operating, maintaining and modifying offshore and land based plants, and is also supplying complete production and processing installations.
- Interwell (63.6 percent ownership holding) is a preeminent Norwegian supplier of high-tech well tools to the international oil and gas industry. The company's most important market is the Norwegian shelf, but it has in recent years also gained access to several significant markets internationally.
- Swix Sport (100.0 percent ownership holding) is developing, manufacturing and marketing ski wax, ski sticks, accessories and textiles for sporting and active leisure time use. The company has extensive operations in Norway and abroad.
- Mestergruppen (78.0 percent ownership holding) is a prominent actor in the Norwegian building materials market concentrating on the professional part of the market. The company's operations include the sale of building materials and developing land and projects, housing and cottage chains.
- Servi (99.6 percent ownership holding) develops and manufactures customer specific hydraulics systems, cylinders and vents to the offshore, maritime and land based industries.
- Fjord Line (44.6 percent ownership holding) is a modern shipping company offering sea transport between Norway, Denmark and Sweden. In addition to passenger traffic, Fjord Line has adequate capacity for freight of all types of utility vehicles and goods handled by the shipping company's cargo departments in Norway and Denmark.
- Fürst (40.0 percent ownership holding) operates the largest medical laboratory in the Nordics and daily analyses blood samples from more than 10 000 Patients.
- Mnemonic (43.8 percent ownership holding) is one of Europe's largest business within the cybersecurity industry. Mnemonic helps businesses to manage and minimized their security risks, protect their data and defend themselves against internet threats.
- Benchmark Holdings (26.0 percent ownership holding) contributes to improving fish health within fish farming by manufacturing special meal, roe and vaccines.
- Scatec Solar (11.8 percent ownership holding) develops, builds, owns and operates solar energy plants all over the world.
- Nilfisk (>5.0 percent ownership holding) delivers washing equipment to the professional market as well as to consumers.
- NKT (>5.0 percent ownership holding) manufactures and installs underwater and underground high-voltage cables, in addition to cables with medium and low voltage levels.
- Boozt (5.9 percent ownership holding) is a fast growing e-commerce company selling fashion clothes through the web page Boozt.com.
- Petroleum Geo-Services (4.7 percent ownership holding) supplies seismology, electro-magnetic services and reservoir analyses to oil companies engaged in offshore operations all over the world.

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

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

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

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

NOK 1000	Ferd AS	Capital	Invest	External Managers	Real Estate	Other areas
Result 2018						
Sales income						
Sales income	-123 781	-467 919	-430 462	305 771	339 282	129 546
Operating expenses	-124 052	-54 738	-2 637	-11 382	-26 634	-28 661
Operating result	-247 834	-522 656	-433 099	294 389	312 647	100 885

Balance sheet 31 December 2018						
NOK 1000	Ferd AS	Capital	Invest	External Managers	Real Estate	Other areas
Total assets						
Investments in subsidiaries	15 588 307	12 057 956	-	-	3 423 803	106 548
Investments classified as current assets	15 603 279	4 711 294	3 565 584	4 317 928	130	3 008 343
Bank deposits/drawings on group account	423 835	-	-	-	-	423 835
Other assets	743 092	139 867	12 018	8 278	404 785	178 143
Total assets	32 358 513	16 909 117	3 577 602	4 326 206	3 828 718	3 716 870

NOK 1000	Ferd AS	Capital	Invest	External Managers	Real Estate	Other areas
Result 2017						
Sales income	4 025 052	2 984 419	269 542	94 871	482 384	193 835
Operating expenses	-222 217	-69 962	-13 164	-19 840	-31 011	-88 241
Operating result	3 802 835	2 914 458	256 378	75 031	451 374	105 594
Balance sheet 31 December 2017						
Investments in subsidiaries	16 432 029	12 874 117	-	-	3 503 542	54 370
Investments classified as current assets	15 203 926	4 922 493	3 950 890	4 157 436	130	2 172 977
Bank deposits/drawings on group account	335 585	-1 090 865	83 494	39 423	-135 714	1 439 246
Other assets	469 284	138 923	9 651	6 043	1 730	312 937
Total assets	32 440 823	16 844 668	4 044 035	4 202 902	3 369 688	3 979 530

Note 4 Income from financial investments

NOK1000	Dividend and group contributions from financial investments	Unrealised value changes on financial investments	Net gains on sales of financial investments	Total
Investments in subsidiaries	1 267 452	-1 182 297	-	85 155
Listed shares and stakes	89 031	-924 929	235 761	-600 137
Unlisted shares and bonds	-	12 493	3 464	15 958
Hedge funds	574 374	-433 082	198 457	339 750
Liquidity fund investments	-	-7 621	16 927	9 306
Total 2018	1 930 857	-2 535 436	454 610	-149 968

NOK1000	Dividend and group contributions from financial investments	Unrealised value changes on financial investments	Net gains on sales of financial investments	Total
Investments in subsidiaries	383 740	3 014 487	-	3 398 227
Listed shares and stakes	107 583	-603 322	592 942	97 203
Unlisted shares and bonds	18 534	105 164	2 797	126 495
Hedge funds	21 007	110 203	233 648	364 858
Total 2018	530 863	2 626 532	829 387	3 986 782

Note 5 Financial instruments and the use of fair value

Classification of financial instruments

Financial instruments constitute a substantial part of Ferd's balance sheet and are of considerable significance for the Company's financial position and result. Financial assets and liabilities are recognised when the Company becomes a party to the contractual obligations and rights of the instrument.

Financial assets:

- Investments in equity instruments and derivatives are measured at fair value through profit or loss.
- Other financial assets, including accounts receivable, are held with the intention to receive contractual cash flows and are measured at amortized cost. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded 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.
- Derivatives are initially measured at fair value through profit or loss with the exception of derivatives which are held for hedging purposes and meet the requirements for hedge accounting.

Financial liabilities

- Derivatives are measured at fair value through profit or loss with the exception of derivatives held for hedging purposes and meet the requirements for hedge accounting.
- Other financial liabilities are measured at amortized cost. Trade payable and other liabilities are classified as current liabilities if the payments fall due within one year or within the ordinary operating cycle. Debt that has been incurred through the use of Ferd's credit loan facility is presented as long-term debt if Ferd has both the opportunity and intention to repay the debt over a time period of more than 12 months after the end of the reporting period.

Purchases and sales of financial instrument transactions are recognised on the date of the contractual agreement, which is the day the Group commits itself to buy or sell the financial instrument. Financial instruments are derecognised when the contractual rights to receive the cash flows from the investment expire or have been transferred to another party. Correspondingly, financial instruments are derecognised when the Group on the whole has transferred the risks and rewards connected to ownership of the financial asset.

Financial instruments at "fair value over profit and loss" are initially measured at quoted prices at the balance sheet date or estimated on the basis of measurable market information available at the balance sheet date. Transaction costs are recognised in the income statement. In subsequent periods, the financial instruments are measured at fair value based on market values or generally accepted calculation methods. Changes in fair value are recognised in the income statement.

Loans and receivables are initially measured at fair value with the addition of direct transaction costs. In subsequent periods, the assets and liabilities are measured at amortised cost by using the effective interest method, less any decline in value. A provision for a decline in value is made for actual and possible losses on receivables. The Group regularly reviews receivables and prepares estimates for losses, as the basis for the provisions in the financial statements. When preparing the estimate, historical data is used for losses on receivables, which are classified according to the same risk characteristics that are used as a basis within the Group. Based on historical observable default rates, an expectation is made for future losses, for which a provision is recognized. Losses from declines in value are 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 reporting period as incurred. Dividend income is recognised when the Group has the legal right to receive payment. Net income related to financial instruments is classified as operating income and presented as "Income from financial investments" in the income statement.

Hedge accounting

Ferd can apply financial derivatives to reduce the financial loss from exposures to unfavourable changes in exchange rates or interest rates. Derivatives are recognized as financial instruments at fair value through profit or loss. Ferd does not have any hedge accounting in the parent company accounts.

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

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

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

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

Valuation methods

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

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

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

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

The part of the hedge funds portfolio reported under Other areas is acquired in the second-hand market, often at a considerable discount compared to the reported value from the funds (NAV). In the measurement of these hedge funds, estimates from several external brokers are obtained to evaluate at which discount these hedge funds are traded, compared to the most recently reported NAV. Ferd makes an assessment of the broker estimates, makes a best estimate for discount and uses this estimate in the valuation of the hedge funds.

Rental properties are valued by discounting future expected cash flows. The value of properties being part of building projects is valued at an assumed sales value on a continuous basis. There is often a shift in value at achieved milestones. Our calculated values are regularly compared to independent valuations.

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

NOK1000	Financial instruments at fair value over profit and loss	Financial instruments measured at amortised cost:	Total	Fair value
Non-current assets				
Investments in subsidiaries	15 588 307	-	15 588 307	15 588 307
Long-term receivables on group companies	-	42 868	42 868	42 868
Current receivables	-	91 705	91 705	91 705
Total 2018	15 588 307	134 573	15 722 880	15 722 880
Total 2017	16 432 029	131 705	16 563 734	16 563 734
Current assets				
Short-term receivables on group companies	-	518 443	518 443	518 443
Other short-term receivables	-	82 642	82 642	82 642
Listed shares and bonds	6 939 497	-	6 939 497	6 939 497
Unlisted shares and bonds	2 492 626	-	2 492 626	2 492 626
Hedge funds	4 646 843	-	4 646 843	4 646 843
Derivatives	15 006	-	15 006	15 006
Liquidity fund investments	1 509 306	-	1 509 306	1 509 306
Bank deposits	-	423 835	423 835	423 835
Total 2018	15 603 279	1 024 920	16 628 199	16 628 199
Total 2017	15 181 614	664 123	15 845 737	15 845 737
Short-term debt				
Trade accounts payable	-	3 540	3 540	3 540
Public duties etc.	-	9 702	9 702	9 702
Cash pool overdraft	-	913 721	913 721	913 721
Debt to group companies	-	337 916	337 916	337 916
Derivatives	30 963	-	30 963	30 963
Other short-term debt	-	67 104	67 104	67 104
Total 2018	30 963	1 331 983	1 362 946	1 362 946
Total 2017	66 492	187 148	253 639	253 639

Fair value hierarchy - financial assets and liabilities

Ferd classifies assets and liabilities measured at fair value in the balance sheet by a hierarchy based on the underlying object for the valuation. The hierarchy has the following levels:

Level 1: Valuation based on quoted prices in active markets for identical assets without adjustments. An active market is characterised by the fact that the security is traded with adequate frequency and volume in the market. The price information shall be continuously updated and represent expected sales proceeds. Only listed shares are considered to be level 1 investments.

Level 2: Level 2 comprises investments where there are quoted prices, but the markets do not meet the requirements for being characterised as active. Also included are investments where the valuation can be fully derived from the value of other quoted prices, including the value of underlying securities, interest rate level, exchange rate etc. In addition, financial derivatives like interest rate swaps and currency futures are considered to be level 2 investments. Ferd's hedge fund portfolio is assessed to meet the requirements of level 2. These funds comprise composite portfolios of shares, interest securities, raw materials and other negotiable derivatives. For such funds the value (NAV) is reported on a continuous basis, and the reported NAV is applied on transactions in the fund.

Level 3: All Ferd's other securities are valued on level 3. This concerns investments where all or parts of the information about value cannot be observed in the market. Ferd is also applying valuation models for investments where the share has little or no trading. Securities valued on the basis of quoted prices or reported value (NAV), but where significant adjustments are required, are assessed on level 3. For Ferd this concerns all private equity investments and funds investments reported under Other areas, where reported NAV has to be adjusted for discounts. A reconciliation of the movements of assets on level 3 is shown in a separate table.

Ferd allocates each investment to its respective level in the hierarchy at the acquisition. Transfers from one level to another are made only exceptionally and only if there have been changes of significance for the level classification concerning the financial asset. This can be the case when an unlisted share has been listed or correspondingly. A transfer between levels will then take place when Ferd has become aware of the change.

The table shows at what level in the valuation hierarchy the different measurement methods for the Group's financial assets at fair value are considered to be:

NOK1000	Level 1	Level 2	Level 3	Total 2018
Investments in subsidiaries	-	-	15 588 307	15 588 307
Listed shares and bonds	6 939 497	-	-	6 939 497
Unlisted shares and bonds	-	-	2 492 626	2 492 626
Hedge funds	-	4 001 379	645 464	4 646 843
Derivatives	-	15 006	-	15 006
Liquidity fund investments	-	1 509 306	-	1 509 306
Derivatives	-	-30 963	-	-30 963
Total 2018	6 939 497	5 494 729	18 726 397	31 160 623

NOK1000	Level 1	Level 2	Level 3	Total 2017
Investments in subsidiaries	Nivå 1	Nivå 2	Nivå 3	Sum 2017
Listed shares and bonds	-	-	-	-
Unlisted shares and bonds	7 521 566	-	-	7 521 566
Hedge funds	-	-	2 570 200	2 570 200
Investments in interest-bearing debt	-	4 157 436	932 412	5 089 848
Derivatives - assets	-	22 312	-	22 312
Derivatives - liabilities	-	-66 492	-	-66 492
Total 2017	7 521 566	4 113 256	19 934 641	31 569 462

Reconciliation of movements in assets on level 3

NOK1000	OB 1 Jan. 2018	Purchases/ share issues	Sales and proceeds from investments	Unrealised gains and loss, recognised in the result		Gains and loss recognised in the result	CB 31 Dec. 2018
Investments in subsidiaries	16 432 029	338 576	-	-1 182 297	-	-	15 588 307
Unlisted shares and bonds	2 570 200	543 719	-289 229	-392 706	60 642	2 492 626	
Hedge funds	932 412	322	-129 120	-163 868	5 718	645 464	
Total	19 934 641	882 616	-418 349	-1 738 871	66 361	18 726 397	

NOK1000	OB 1 Jan. 2017	Purchases/ share issues	Sales and proceeds from investments	Unrealised gains and loss, recognised in the result		Gains and loss recognised in the result	CB 31 Dec. 2017
Investments in subsidiaries	12 845 826	577 282	-6 202	3 015 123	-	-	16 432 029
Unlisted shares and bonds	2 475 854	294 101	-441 127	170 663	70 709	2 570 200	
Hedge funds	1 138 672	27 591	-354 029	6 954	113 224	932 412	
Total	16 460 352	898 974	-801 358	3 192 740	183 933	19 934 641	

Specification of applied indata and sensitivity analysis

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

NOK1000	Balance sheet value at 31 Dec. 2018	Applied and implicit EBITDA multiples	Value, if the multiple is reduced by 10 %	Value, if the multiple is increased by 10 %	Value, if the interest is increased by 1 discount rate		Value, if the interest is reduced by 1 percentage point
					Applied percentage point	Value, if the interest is increased by 1 percentage point	
Investment in Ferd Eiendom AS	3 423 803	-	-	-	5,8 %	-11,0 %	2 961 103
Other investments in subsidiaries sensitive to multiples							4 090 503
Unlisted shares and bonds sensitive to multiples	11 562 720	6,6 - 14,9	9 901 720	13 223 720	-	-	-
Other subsidiaries and unlisted investments	578 000	9,1	433 000	722 000	-	-	-
	2 516 410	-	-	-	-	-	-

Note 6 Risk management – investing activities

There have been no significant changes related to the Company's risk management in the period.

IMPAIRMENT RISK AND CAPITAL ALLOCATION

Ferd's allocation of capital shall be in line with the owner's risk tolerance. One measure of this risk tolerance is the size of the decline in value in kroner or percent that the owner accepts if any of the markets Ferd is exposed to should experience very heavy and quick downfalls. The impairment risk regulates how large part of equity that can be invested in assets with high risk for impairment. This is measured and followed up by stress tests. The loss risk is assessed as a possible total impairment expressed in kroner and as a percentage of equity. Due to Ferd's long-term approach, the owner can accept significant fluctuations in value-adjusted equity.

CATEGORIES OF FINANCIAL RISK

Liquidity risk

Ferd's current and estimated future liquidity needs are continuously analyzed and assessed. Ferd requires that under normal market conditions at least NOK 4 billion of the financial investments consists of assets that can be realized within the next three months. This is primarily achieved through investments in listed shares and highly liquid hedge fund investments.

Foreign currency risk

Ferd is well aware of foreign currency risks. We assume that Ferd always will have a certain part of equity invested in euro, USD and Swedish kroner, and is therefore normally not hedging the currency exposure to Norwegian kroner.

Ferd has the following outstanding currency derivatives on the parent company level as at 31 December 2018:

NOK1000	Purchases of currency		Disposals of currency	
	Currency	Amount	Currency	Amount
	NOK	1 721 953	USD	-200 000
	NOK	990 548	EUR	-100 000

SENSITIVITY ANALYSIS, IMPAIRMENT RISK IN INVESTMENT ACTIVITIES

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

- The Norwegian stock market declines by 30 percent
- International stock markets decline by 20 percent
- Property declines by 10 percent
- The Norwegian krone appreciates by 10 percent

In order to refine the calculations, it is considered whether Ferd's investments will decline more or less than the market. As an example, it is assumed that the unlisted investments in a stress test scenario have an impairment loss of 1.0-1.3 times the Norwegian market.

NOK1000	2018	2017
Price risk: Norwegian shares declined by 30 percent	-5 300 000	-5 600 000
Price risk: International shares decline by 20 percent	-2 400 000	-2 200 000
Price risk: Property declines by 10 percent	-400 000	-400 000
Currency risk: The Norwegian krone appreciates 10 percent	-1 500 000	-1 900 000
Total impairment in value-adjusted equity	-9 600 000	-10 100 000

Impairment as a percentage of value-adjusted equity	31%	31%
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Note 7 Shares and stakes in other companies with ownerships in excess of 10 %

Subsidiary	Segment	Business office	Stake
Elopak AS	Ferd Capital	Røyken	99,8 %
Brav Norway AS	Ferd Capital	Oslo	100,0 %
FC Well Invest AS - Holdingselskap for investeringen Interwell	Ferd Capital	Bærum	100,0 %
Ferd Aibel Holding AS - Holdingselskap for investeringen Aibel*	Ferd Capital	Bærum	100,0 %
Ferd MG Holding AS - Holdingselskap for investeringen Mestergruppen	Ferd Capital	Bærum	98,3 %
1912 Top Holding AS - Holdingselskap for investeringen Servi	Ferd Capital	Bærum	99,5 %
Ferd Lab Invest AS - Holdingselskap for investeringen Fürst*	Ferd Capital	Bærum	100,0 %
FC Holding II AS - Holdingselskap for investeringen Mnemonic*	Ferd Capital	Bærum	100,0 %
Ferd Eiendom AS - Holdingselskap for Ferds eiendomsinvesteringer	Ferd Real Estate	Bærum	100,0 %
Ferd Malta Holdings Ltd	Other areas	Malta	100,0 %
Ferd Sosiale Entrepenører AS	Other areas	Bærum	100,0 %
Norse Crown Company Ltd. AS	Other areas	Bærum	100,0 %

*) For direkte eierandel i investeringene se note 3

Andre investeringer med eierandel over 10 %

Flere av investeringene har en høy eierandel, men er rene finansielle investeringer. Investeringer blir ikke klassifisert som datterselskaper eller tilknyttede selskaper om vi ikke har kontroll over selskapene, se note 1 for omtale av kontroll.

Noterte aksjer og andeler

Benchmark Holdings plc	Ferd Capital	26,0 %
Scatec Solar ASA	Ferd Capital	11,8 %

Unoterte aksjer og andeler

Fjord Line AS	Ferd Capital	44,6 %
Broodstock Capital Partners AS	Ferd Capital	40,0 %
BC SPV I AS	Ferd Capital	75,8 %
BC SPV II AS	Ferd Capital	93,7 %
BC SPV III AS	Ferd Capital	85,0 %
BC SPV IV AS	Ferd Capital	90,0 %
Credo Invest nr 10 AS	Ferd Capital	91,3 %
Credo Invest nr 14 AS	Ferd Capital	42,5 %
Rolighedsvej, 9990 Skagen ApS	Ferd Capital	50,0 %
SPV Verdane Winds	Ferd Capital	43,6 %
Founders Fund II AS	Other areas	13,5 %
Energy Ventures II AS	Other areas	26,0 %
Energy Ventures II KS	Other areas	22,1 %
Energy Ventures III AS	Other areas	25,0 %
Energy Ventures III GP LP	Other areas	25,0 %
Energy Ventures III LP	Other areas	18,7 %
Herkules Capital I AS	Other areas	40,0 %
Herkules Private Equity Fund II (LP-I) Limited	Other areas	74,5 %
Herkules Private Equity Fund III (LP-I) Limited	Other areas	25,1 %
Intera Fund I	Other areas	12,0 %
Nordic Microfinance Initiative AS	Other areas	14,2 %
Norwegian Microfinance Initiative AS	Other areas	12,5 %
NMI Frontier	Other areas	11,3 %
NMI Fund III	Other areas	15,4 %

Note 8 Income taxes

The income tax expense includes tax payable and changes in deferred tax. Income tax on other income and expense items in other comprehensive income is also recognised in total comprehensive income, and tax on balances related to equity transactions are set off against equity.

The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period. Tax payable for the period is calculated on the tax basis, which deviates from the "Profit before tax" as a consequence of amounts that shall be recognised as income or expense in another period (temporary differences) or income statement amounts never to be subject to tax (permanent differences).

Deferred tax is calculated on temporary differences between book and tax values of assets and liabilities in the financial statements and any tax effects of losses carried forward at the reporting date.

Deferred tax assets are only recognised in the balance sheet to the extent that it is probable that there will be sufficient taxable profits to utilise the benefits of the tax reducing temporary differences. Deferred tax liabilities and assets are calculated according to the tax rates and regulations ruling at the end of the reporting period and at nominal amounts. Deferred tax liabilities and assets are recognised net when the Company has a legal right to net assets and liabilities, and is able to and intend to settle the tax obligation net.

The tax expense comprises:

NOK1000	2018	2017
Income tax payable	74 840	88 536
Change in deferred tax	-133 999	70 901
Tax concerning prior periods	-5 257	10 025
Withholding tax paid	9 751	12 121
Tax expense	-54 665	181 583

Tax payable in balance sheet

NOK1000	2018	2017
Tax payable of the year	74 840	88 536
Group contribution rendered	-48 572	-68 594
Prepaid tax	-	-
Tax payable in balance sheet	26 268	19 942

Reconciliation of nominal to effective tax rate

NOK1000	2018	2017
Profit before tax	-413 925	3 882 485
Expected tax expense according to nominal tax rate (23% in 2018 and 24% in 2017)	-95 203	931 796
Non-taxable gain/loss and return on securities	-396 752	-203 135
Unrealised changes in value of securities	437 940	-554 358
Adjustment of tax from prior periods	-5 257	10 025
Withholding tax paid	9 751	12 121
Effect of change in tax rate	-8 349	-13 812
Tax effect of other permanent differences	3 205	-1 055
Tax expense	-54 665	181 583

Effective tax rate	4.7%	-0.4%
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Deferred tax

NOK1000	2018	2017
Receivables	-13 409	-4 819
Gain and loss account	1 383	1 807
Financial instruments	-1 834	-10 161
Tangible assets	-186	42
Provisions	-3 175	-14 248
Net pensions	-7 438	-7 009
Shares and bonds	208 336	352 063
Balance sheet value at 31 Dec., deferred tax liability	183 677	317 676

Change in net deferred tax recognised in balance sheet

NOK1000

	2018	2017
Balance sheet value at 1 January	317 676	246 775
Charged in period	-133 999	70 901
Tax set-off against total comprehensive income (estimate deviation, pensions)	-	-
Balance sheet value at 31 December	183 677	317 676

Note 9 Salaries and remuneration

NOK1000	2018	2017
Salaries	32 791	142 040
Social security tax	9 847	12 864
Pension costs (note 15)	10 541	4 613
Other benefits	3 458	4 533
Total	56 638	164 050

Average number of man-labour years	40	38
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Salary and remuneration to Group CEO

NOK1000	Salary and bonus	Benefits in kind	Pension
Morten Borge	7 265	266	344

The Group CEO participates in Ferd's annual and long term bonus scheme. Bonus is based on the results achieved in the Group.

The Group CEO participates in Ferd's collective pension schemes for salaries below 12 G. This is a contribution scheme (cf. note 15). The Group CEO also has a benefit scheme for a pension basis higher than 12 G, but with an upper limit of appr. MNOK 2.4, together with an early retirement pension scheme giving him the opportunity to retire at 65 years.

The Group CEO is entitled to 9 months severance pay if he has to resign from his position.

Fees to the Board

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

Note 10 Other operating expenses

NOK1000	2018	2017
Lease of buildings etc.	5 844	5 853
Fees to lawyers, consultants and auditors	36 271	28 496
Travel expenses	4 526	2 414
Loss and change in write-downs of receivables	-	-335
<u>Other expenses</u>	<u>18 962</u>	<u>20 187</u>
Total	65 603	56 615

Note 11 Audit fees charged to the income statement

Specification of fees to the Company's auditors PwC (EY in 2017):

NOK1000	2018	2017
Audit fees EY	761	1 200
Audit fees PwC	500	-
Tax services (PwC in 2018 and EY in 2017)	500	121
<u>Other non-audit services (EY)</u>	<u>1 469</u>	<u>445</u>
Total	3 229	1 766

Other non-audit services mainly comprise due diligence services and assistance in translating the financial statements.

All amounts are exclusive of VAT.

Note 12 Tangible assets

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment. The cost includes expenses directly attributable to the acquisition of the asset. Expenses incurred after the acquisition are recognised as assets when future economic benefits are expected to arise from the asset and can be reliably measured, whereas current maintenance is expensed.

Tangible assets are depreciated systematically over their expected useful lives, normally on a straight-line basis. If indications of impairment exist, the asset is tested for impairment.

Impairment

Tangible assets are considered for impairment when there are indications to the effect that future earnings cannot support the carrying amount.

In the assessment of a decline in value, the first step is to calculate or estimate the assets' recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount that can be achieved at a sale of an asset in a transaction performed at arm's length between well informed and voluntary parties, less costs to sell. The value in use is the present value of future cash flows expected to be generated by an asset or a cash-generating unit.

In the event that the carrying amount exceeds the recoverable amount, the difference is recognised as a write-down. Impairment losses are subsequently reversed when the impairment indicator no longer exists.

2018

NOK1000	Buildings and land	Fixtures and equipment	Total
Cost at 1 January	4 077	19 990	24 066
Additions	108	98	205
Disposals	-	-	-
Cost at 31 December	4 184	20 088	24 272
Accumulated depreciation and impairment at 1 January	15 026	15 026	
Depreciation of the year	1 811	1 811	
Disposal of depreciation	-	-	-
Accumulated depreciation and impairment at 31 December	-	16 837	16 837
Carrying amount at 31 December	4 184	3 250	7 434

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

Annual lease of tangible assets not carried in the balance sheet 6 081

2017

NOK1000	Buildings and land	Fixtures and equipment	Total
Cost at 1 January	3 993	18 346	22 338
Additions	84	2 634	2 718
Disposals	-	-990	-990
Cost at 31 December	4 077	19 990	24 066
Accumulated depreciation and impairment at 1 January	13 999	13 999	
Depreciation of the year	1 552	1 552	
Disposal of depreciation	-525	-525	-525
Accumulated depreciation and impairment at 31 December	-	15 026	15 026
Carrying amount at 31 December	4 077	4 964	9 040

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

Annual lease of tangible assets not carried in the balance sheet 6 047

Note 13 Bank deposits

The following amounts included in bank deposits concern restricted funds:

NOK1000	2018	2017
Employees' tax withheld	5 908	5 944

Note 14 Share capital and shareholder information

The share capital of the Company consists of 183 267 630 shares at nominal value NOK 1,- at 31 December 2018.

Owner structure

The shareholder as at 31 December 2018 was:

	Number of shares	Stake
Ferd Holding AS	183 267 630	100.00 %

Ferd AS is a subsidiary of Ferd Holding AS, being a subsidiary of Ferd JHA AS. Ferd shares offices with Ferd Holding AS and Ferd JHA AS in Lysaker, Bærum. Please contact Ferd for the consolidated financial statements of Ferd JHA AS.

Shares owned indirectly by the board members

of Ferd AS:	Voting rights	Stake
Johan H. Andresen (Ferd JHA AS)	69.98 %	15.21 %

Katharina G. Andresen and Alexandra G. Andresen have a combined indirect ownership holding of 84,8 % of Ferd AS as a result of their share ownership in Ferd Holding AS through their holding companies Ferd KGA AS and Ferd AGA AS.

Note 15 Pension costs and liabilities

FERD'S PENSION PLANS

Defined Contribution scheme

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

Defined benefit plan

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

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

A defined benefit plan is a pension scheme defining the pension payment an employee will receive at the time of retirement. The pension is normally determined as a part of the employee's salary. The Company's net obligation from defined benefit pension plans is calculated separately for each scheme. The obligation is calculated by an actuary and represents an estimate of future retirement benefits that the employees have earned at the balance sheet date as a consequence of their service in the present and former period. The benefits are discounted to present value reduced by the fair value of the pension funds.

The portion of the period's net cost that comprises the current year's pension earnings, curtailment and settlement of pension schemes, plan changes and accrued social security tax is included in payroll costs in the period during which the employees have worked and thereby earned the pension rights. The net interest expense on the pension obligation less expected return on the pension funds is charged to the income statement as finance costs in the same period. Positive and negative estimate deviations are recognised as other income and costs in total comprehensive income in the period when they were identified.

Changes in defined benefit obligations due to changes in pension schemes are recognised over the estimated average remaining service period when the changes are not immediately recognised. Gain or loss on a curtailment or settlement of a plan is recognised in the result when the curtailment or settlement occurs. A curtailment occurs when the Company decides to reduce significantly the number of employees covered by a plan or amends the terms of a defined benefit plan to the effect that a significant part of the current employees' future earnings no longer qualify for benefits or will qualify for reduced benefits only.

Financial assumptions at 31 December

	2018	2017
Discount interest rate	2.00 %	1.90 %
Expected wage growth	2.50 %	2.50 %
Future expected pension regulation	1.75 %	1.75 %
Expected regulation of base amount (G)	2.25 %	2.25 %

DEFINED BENEFIT PLANS

Specification of the recognised liability

	2018	2017
NOK1000		
Present value of unfunded pension liabilities	33 808	30 472
Fair value of pension funds	-	-
Total defined benefit obligation recognised in the balance sheet at 31 Dec.	33 808	30 472

Movement in liabilities for defined benefit pensions plans

Estimate deviation recognised in total comprehensive income

	2018	2017
NOK1000		
Estimate deviation on the pension obligation (benefit schemes) of the year	-	-

Net estimate deviation for benefit schemes recognised in comprehensive income

	2018	2017
NOK1000		
Present value of this year's pension earnings	3 336	-93
Pension costs on contribution schemes	7 205	4 706
Pension costs on defined benefit plan recognised in other comprehensive income	-	-
Total pension costs recognised in the income statement	10 541	4 613

Note 16 Short-term interest-bearing debt

	Loan amount in NOK 2018	Loan amount in NOK 2017
NOK1000		
NOK	-	-
Short-term interest-bearing debt at 31 Dec. at nominal value	-	-
Capitalised drawing costs	-6 967	-7 592
Carrying amount at 31 December	-6 967	-7 592

Ferd AS has a multi-currency group cash pool agreement. Short-term interest-bearing debt at 31 December 2018 is a net overdraft on the group account arrangement for the Company against the other Group companies. The cash pool as a whole has positive net deposits as of 31.12.2018.

Ferd has a total loan facility of NOK 7 billion. Facility usage fees related to the facility are accrued over the term of the facility. As Ferd has not utilised the facility, the capitalised usage fees are classified as other receivables.

Ferd has financial covenants in connection with requirements for 1) Equity ratio, 2) Book equity and 3) Cash and cash equivalents. As of 31 December 2018 Ferd has a good margin for these requirements.

Note 17 Transactions and balances with group companies

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

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

	2018	2017
NOK1000		
Receivables		
Long-term receivables on group companies	42 868	-
Short-term receivables on group companies	518 443	255 658
Total receivables	561 311	255 658
 Debt		
Short-term debt to group companies	337 916	48 211
Total debt	337 916	48 211

All group balances bear an interest of 6 months NIBOR + 1,5 percentage points.

Long-term loans have interest rates at assumed market terms.

	2018	2017
NOK1000		
Dividends and group contribution		
Dividends	1 172 050	333 140
Group contribution	95 402	50 600
Total income from financial investments	1 267 452	383 740
 NOK1000		
Services billed to group companies		
Staff services	2 900	2 150
Property management	19 471	16 476
Total income	22 371	18 626
 Interest income on intercompany loans and balances		
Interest income	5 298	1 253
Interest expense	-	-
Net interest income	5 298	1 253

Note 18 Contingent liabilities and obligations not recognised in balance sheet

Provisions

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

Guarantees and obligations not recognised in the balance sheet

NOK1000	2018	2017
Commitments to supply subsidiaries and other enterprises with equity	175 000	175 000
Other commitments to subsidiaries	350 000	350 000
Not paid, but committed capital to funds investments	725 048	779 944
Total	1 250 048	1 304 944

Contingent obligations and litigation

Ferd AS is presently not involved in any litigation.

Events subsequent to the balance sheet date

There are no known events subsequent to the balance sheet date affecting the 2018 financial statements.

Note 19 New accounting standards according to IFRS

The financial statements have been prepared in accordance with standards approved by the International Accounting Standards Board (IASB) and International Financial Reporting Standards - Interpretations Committee (IFRIC) effective for accounting years starting on 1 January 2018 or earlier.

New and amended standards applied by Ferd effective from the accounting year 2018:

IFRS 9

Ferd has implemented IFRS 9 as of 1 January 2018. Historical figures and equity have not changed. The implementation of the new standard has not resulted in a change in the measurement of Ferd's financial instruments. Ferd recognises all of its investments at fair value, and the fair value changes are recognized in profit or loss. Ferd does not have any hedge accounting. The transition from an "accrued loss model" to an "expected loss model" has not resulted in any significant effect on the assessment of the loss allowance for accounts receivable

IFRS 15

Ferd has implemented IFRS 15 as of 1 January 2018. The standard did not have any effect on Ferd AS.

New and amended standards not implemented by Ferd

IFRS 16 Leases

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

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

Note 20 Specification of financial income and financial

Interest income

Amounts in NOK 1000	2018	2017
Interest income from bank deposits	75 899	60 286
Internal interest income	5 298	1 277
Other interest income	6 506	9 879
Sum	87 703	71 443

Interest expense

Amounts in NOK 1000	2018	2017
Interest expense to banks	-66 983	-57 938
Other interest expense	-1	-159
Sum	-66 984	-58 098

Other net financial items

Amounts in NOK 1000	2018	2017
Currency gains and other financial income	18 964	10 343
Other financial income	17	-
Currency losses	-68 657	-17 610
Other currency costs	-35 923	-26 434
Currency futures	-101 211	100 006
Sum	-186 811	66 304

**CONSOLIDATED
FINANCIAL
STATEMENTS**
**FERD AS
GROUP**

Income statement 1 January - 31 December

NOK1000	Note	2018	2017
OPERATING INCOME AND EXPENSES			
Sales income	<u>3.10</u>	13 932 677	18 278 205
Income from financial investments	<u>3.4</u>	-236 398	312 897
Other income	<u>3.8</u>	546 655	773 000
Operating income	<u>3</u>	14 242 934	19 364 102
Cost of sales		8 190 650	13 109 294
Salary expenses	<u>11.19</u>	3 021 869	3 020 569
Depreciation and write-downs	<u>3.12,13.14</u>	699 247	636 175
Other operating expenses	<u>15.16</u>	1 570 457	1 501 145
Operating expenses		13 482 223	18 267 182
Operating profit	<u>3</u>	760 711	1 096 920
Income on investments accounted for by the equity method	<u>3.17</u>	183 231	70 188
Finance income	<u>18</u>	162 455	221 859
Finance expenses	<u>18</u>	-496 349	-295 938
Net finance items		-150 663	-3 891
Profit before tax		610 048	1 093 029
Income tax expense	<u>9</u>	161 299	306 984
PROFIT FOR THE YEAR		448 750	786 044
Non-controlling interests' share of profit for the year		95 296	74 091
Parent company shareholders' share of profit for the year		353 454	711 953
Total comprehensive income 1 January - 31 December			
NOK1000		2018	2017
PROFIT FOR THE YEAR		448 750	786 044
Other income and expenses that can be reclassified to the income statement at a later date:			
Currency conversion of foreign subsidiaries		2 259	73 170
Effect of cash flow hedging	<u>28</u>	-41 590	-9 379
Tax on cash flow hedging	<u>9.28</u>	11 322	1 716
Other income and expenses that cannot be reclassified to the income statement at a later date:			
Estimate deviation on pensions	<u>19</u>	152	7 603
Tax on estimate deviation on pensions	<u>9</u>	246	25 831
TOTAL COMPREHENSIVE INCOME		421 139	884 986
Non-controlling interests' share of total comprehensive income	<u>23</u>	100 193	73 612
Parent company shareholders' share of total comprehensive income		320 946	811 374

Balance sheet as at 31 December

NOK1000	Note	2018	2017
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax assets	<u>3,12,13</u>	4 317 659	4 258 436
Tangible assets	<u>9</u>	329 950	350 510
Investments accounted for by the equity	<u>3,14</u>	2 581 542	2 340 367
Investment property	<u>3,7,17</u>	617 762	559 055
Pension funds	<u>3,5,8</u>	2 998 100	2 577 200
Other financial assets	<u>19</u>	1 443	1 611
Total non-current assets		7	258 630
		11 105 086	357 295
Current assets			
Inventories	<u>20</u>	3 062 090	3 311 293
Short-term receivables	<u>5,21</u>	3 188 733	3 215 064
Listed shares and bonds	<u>3,5,7</u>	6 939 497	7 521 566
Unlisted shares and bonds	<u>3,5,7</u>	4 218 949	4 185 131
Hedge funds	<u>3,5</u>	4 649 334	5 094 652
Derivatives		14 985	33 654
Liquidity fund investments (cash equivalents)	<u>5</u>	1 509 306	-
Bank deposits		1 413 945	2 098 967
Total current assets		24 996 840	25 460 326
TOTAL ASSETS	<u>3</u>	36 101 926	35 904 800

Balance sheet as at 31 December

NOK1000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	<u>22</u>	4 050 578	4 050 578
Other equity		19 739 233	19 844 897
Non-controlling owner interests	<u>23</u>	974 414	1 031 032
Total equity		24 764 225	24 926 508
Non-current liabilities			
Pension liabilities	<u>19</u>	70 530	158 800
Deferred tax	<u>9</u>	824 951	939 029
Long-term interest-bearing liabilities	<u>24</u>	4 954 273	3 984 006
Other long-term debt	<u>5,24</u>	157 469	258 517
Total non-current liabilities		6 007 223	5 340 351
Current liabilities			
Short-term interest-bearing liabilities		1 252 807	1 243 055
Income tax payable	<u>9</u>	233 132	260 339
Other current liabilities	<u>5,25</u>	3 740 535	4 013 078
Derivatives		104 004	121 470
Total current liabilities		5 330 478	5 637 941
Total liabilities		11 337 701	10 978 292
TOTAL EQUITY AND LIABILITIES		36 101 926	35 904 800

Lysaker, 8 April 2019

The Board of Directors of Ferd AS

Signed

Signed

Johan H. Andresen
Chairman of the Board

Morten Borge
Board Member, CEO

Signed

Signed

Signed

Signed

Tom Erik Myrland
Board Member

Erik Rosness
Board Member

Gry Skorpen
Board Member

Statement of changes in equity

2018 NOK1000	Share capital (note 14)	Share premium	Other paid-in capital	Total paid-in equity	Currency conversion reserve	Cash-flow hedging (note 28)	Retained earnings	Total other equity	Non-controlling owner interests	Total equity
Equity at 1 Jan. 2018	183 268	3 057 406	809 905	4 050 579	33 749	11 632	19 799 516	19 844 898	1 031 032	24 926 508
Profit for the year							353 454	353 454	95 296	448 750
Profit from other income and expenses					-2 855	-30 267	614	-32 508	4 897	-27 611
Total comprehensive income 2018	-	-	-	-	-2 855	-30 267	354 068	320 946	100 193	421 139
Transactions with owners										
Transactions with non-controlling interests	-	-	-	-	-	-	12 022	12 022	-57 671	-45 649
Total transactions with owners	-	-	-	-	-	-	-426 612	-426 612	-156 811	-583 423
Equity at 31 Dec. 2018	183 268	3 057 406	809 905	4 050 579	30 895	-18 635	19 726 973	19 739 233	974 414	24 764 225

*) In September 2018, Ferd AS paid an additional dividend to Ferd Holding AS. This dividend has in its entirety been utilised to settle a balance between the companies.

2017 NOK1000	Share capital (note 14)	Share premium	Other paid-in capital	Total paid-in equity	Currency conversion reserve	Cash-flow hedging (note 28)	Retained earnings	Total other equity	Non-controlling owner interests	Total equity
Equity at 1 Jan. 2017	183 268	3 057 406	809 905	4 050 579	-39 141	19 295	19 095 732	19 075 887	999 059	24 125 524
Profit for the year							711 953	711 953	74 091	786 044
Profit from other income and expenses					72 890	-7 663	34 194	99 421	-479	98 942
Total comprehensive income 2017	-	-	-	-	72 890	-7 663	746 147	811 374	73 612	884 986
Transactions with owners										
Transactions with non-controlling interests	-	-	-	-	-	-	-42 362	-42 362	-41 639	-84 001
Total transactions with owners	-	-	-	-	-	-	-42 362	-42 362	-41 639	-84 001
Equity at 31 Dec. 2017	183 268	3 057 406	809 905	4 050 579	33 749	11 632	19 799 516	19 844 898	1 031 032	24 926 508

Statement of cash flows 1 January - 31 December

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

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term and easily realisable investments that will fall due within 3 months. Restricted funds are also included. Drawings on bank overdraft are presented as current liabilities to credit institutions in the balance sheet. In the statement of cash flows, the overdraft facility is included in cash and cash equivalents.

NOK1000	Note	2018	2017
Operating activities			
Profit before tax and minorities		610 048	1 093 029
Taxes paid	<u>9</u>	-368 215	-175 668
Depreciation and write-downs	<u>12,13,14</u>	699 247	636 175
Value-change on investment property	<u>8</u>	-27 954	-50 062
Income on investments accounted for by the equity method	<u>17</u>	-135 958	-94 752
Pension costs without cash effects	<u>19</u>	-85 190	1 463
Gain and loss on securities, net		836 280	70 370
Net investment in securities		96 923	-269 686
Net investment in investment property	<u>8</u>	-204 861	-388 713
Gain and loss on sale of tangible assets, net		-6 826	-57 397
Change in inventories		288 219	588 140
Change in short-term receivables and other current assets		102 260	-435 768
Change in trade payables and other current liabilities		-243 066	451 427
Change in other long-term debt		-7 020	17 437
Net cash flows from operating activities		1 553 889	1 385 995
Investing activities			
Proceeds from sale of tangible and intangible assets	<u>12,13,14</u>	76 684	97 525
Purchases of tangible and intangible assets	<u>12,13,14</u>	-844 004	-656 894
Dividend received from companies accounted for by the equity method	<u>17</u>	64 669	44 518
Purchase of subsidiaries, net less bank deposits taken-over	<u>13</u>	-286 232	-402 864
Proceeds from sale of subsidiaries, net less bank deposits transferred		-	170 548
Net other investments		105 225	-91 213
Net cash flows used in investing activities		-883 658	-838 379
Financing activities			
Cash inflow from new interest-bearing debt	<u>29</u>	1 566 949	1 123 604
Repayment of interest-bearing debt	<u>29</u>	-793 346	-907 118
Dividend paid		-537 773	-
Net transactions with non-controlling interests		-36 857	-157 224
Net cash flows from investing activities		198 973	59 261
Currency conversion of bank deposits			
Change in bank deposits and liquidity fund investment		824 284	470 454
Bank deposits and liquidity fund investment at 1 January		2 098 967	1 628 513
Bank deposits and liquidity fund at 31 December		2 923 251	2 098 967

Note 1 General information and accounting principles

General information

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

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

The Company's financial statements for 2018 were approved by the Board of Directors on 8 April 2019.

Basis for the preparation of the consolidated financial statements

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

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

Consolidation and consolidated financial statements

The consolidated financial statements show the overall financial results and the overall financial position for the parent company Ferd AS and entities where Ferd has direct or indirect control. Ferd has control over an investment if Ferd has the decision power over the enterprise in which it has been invested, is exposed to or is entitled to a variable return from the enterprise, and at the same time has the opportunity to use this decision power over the enterprise to influence on the variable return.

Non-controlling interests in subsidiaries are disclosed as part of equity, but separated from the equity that can be attributed to the shareholders of Ferd AS. The non-controlling interests are either measured at fair value or at the proportionate share of identified net assets and liabilities. The principle for measuring non-controlling interests is determined separately for each business combination.

Subsidiaries are consolidated from the date when the Group achieves control, and are excluded when such control ceases. Should there be a change in ownership in a subsidiary without any change of control, the change is accounted for as an equity transaction. The difference between the compensation and the carrying value of the non-controlling interests is recognised directly in equity and allocated to the shareholders of Ferd AS. At a loss of control, the subsidiary's assets, liabilities, non-controlling interests and any accumulated currency differences are derecognised. Any remaining owner interests at the date of the loss of control are measured at fair value, and gain or loss is recognised in the income statement.

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

Foreign currency translation

Transactions in foreign currency in the individual Group entities are recognised and measured in the functional currency of the entity at the transaction date. Monetary items in foreign currency are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Gain and loss arising from changes in foreign currency is recognised in the income statement with the exception of currency differences on loans in foreign currencies hedging a net investment, and inter-company balances considered to be part of the net investment. These differences are recognised as other income in total comprehensive income until the investment is disposed of.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency of the parent company. When a subsidiary in foreign currency is consolidated, income and expense items are translated into Norwegian kroner at an average weighted exchange rate throughout the year. For balance sheet items, including excess values and goodwill, the exchange rate prevailing at the balance sheet date is used. Exchange differences arising when consolidating foreign subsidiaries are recognised in total comprehensive income until the subsidiary is disposed of.

Loan expenses

Loan expenses that are directly attributable to the acquisition, manufacturing or production of an asset requiring a long time to be completed before it can be used, are added to the acquisition cost for the asset. For investment properties measured at fair value, Ferd is also capitalising loan expenses incurred in the development period. Ferd is capitalising loan expenses from the starting date for the preparation of the asset for its intended use and the loan expenses begin to incur. The capitalisation continues until these activities have been completed. Should the development be put temporarily on hold, the loan expenses are not capitalised during this period.

Provisions

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

Dividend

Dividend proposed by the Board is classified as equity in the financial statements and recognised as a liability only when it has been approved by the shareholders in a Shareholders' Meeting.

Note 2 Accounting estimates and judgemental considerations

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

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

Determination of the fair value of financial assets

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

Listed shares and bonds

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

Unlisted shares and bonds

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

Hedge funds

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

Liquidity fund investment

The fair value of the liquidity funds is valued on the basis of quoted market prices. If market rates are not available, the funds are valued in compliance with pricing models based on the current yield curve and external credit ratings

Derivatives

The fair value of derivatives is based on quoted market prices.

Determination of the fair value of investment properties

The Ferd Group has several investment properties recognised at fair value. The fair value is based on the discounted value of future cash flows, and the estimate will be impacted by expected future cash flows and the required rate of return. The main principles for determining the cash flows and required rates of return are described below.

Future cash flows are based on the following factors:

Existing contracts
Expected future rentals
Expected vacancies

The required rate of return is based on a market-based rate of return for properties with the assumed best location (prime- yield CBD) with the addition of a risk premium for the property.

The risk premium is based on:

Location
Standard
Expected market development
Rent level compared to the rest of the market
The tenant's financial strength
Property specific knowledge

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

Properties that are part of development projects are valued by applying the same method, but the uncertainty of the estimates is larger. For development projects, the value of the project is increased in line with achieved milestones.

Impairment considerations of goodwill

Goodwill is tested annually for impairment by discounting expected future cash flows of the cash-generating unit to which goodwill is allocated. If the discounted value of future cash flows is lower than the carrying value, goodwill is written down to the recoverable amount. The impairment tests are based on assumptions of future expected cash flows and estimates of the discount interest rate.

Note 13 has details on the impairment considerations for goodwill.

Depreciation and impairment of tangible and intangible assets

Tangible and intangible assets with definite lives are recognised at cost. The acquisition cost less the residual value is depreciated over the expected useful economic life. The carrying values will depend on the Group's estimates on useful lives and residual values. These assumptions are estimated on the basis of experience, history and judgemental considerations. The estimates are adjusted if the expectations change.

Testing for impairment is undertaken when indicators of a permanent decline in value of tangible or intangible assets are identified. These tests are based on estimates and assumptions on future cash flows and discount interest rate.

Pension funds and obligations

The calculation of pension obligations implies the use of judgement and estimates on a number of financial and demographical assumptions. Note 19 has details on the assumptions used. Changes in assumptions can result in significant changes in pension obligations and funds in the balance sheet.

Deferred tax assets

Deferred tax assets of tax losses to carry forward and other tax-reducing differences are recognised in the balance sheet to the extent that it is probable that the deferred tax assets can be utilised against future taxable income. Management is required to use significant judgement to determine the size of the deferred tax assets recognised in the balance sheet. The disclosed value shall be based on expectations of future taxable income, the points in time for utilising the deferred tax asset and future tax planning strategies.

Provision for losses on receivables

The provision for losses on receivables is estimated on the probability for not recovering the outstanding amounts due. The assessment is based on historical experience, the aging of the receivable and the counterparty's financial situation.

Note 3 Segment reporting

Ferd reports segments in line with IFRS 8. Ferd is an investment company, and management makes decisions, is following up and evaluates the decisions based on the development in value and fair value of the Company's investment. Ferd distinguishes between business areas based on investment type/mandate, capital allocation, resource allocation and risk assessment.

Ferd has four commercial business areas:

Ferd Capital is a long-term investor working actively with the companies during the period of ownership to secure the development in value to be the best possible. Ferd Capital comprises three mandates: Private companies, public companies and Special Investments.

Those companies where Ferd Capital has control, are consolidated into the group accounts, and the segment reporting in the consolidated financial statements consequently comprises the consolidated results from these companies, in addition to value changes and management costs on non-consolidated companies and other investments. The value of the investments and the value changes are included in Ferd AS' company accounts, where Ferd Capital reports MNOK 2 910 in operating profit. The value of Ferd Capital's portfolio constitutes MNOK 16 845 at 31 December 2017 and MNOK 13 515 at 31 December 2016 measured at fair value.

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

- Elopak (99.9 percent ownership holding) is one of the world's leading manufacturers of packaging systems for fluid food articles. With an organization and cooperating partners in more than 40 countries, the company's products are sold and marketed in more than 100 countries.
- Aibel (49.4 percent ownership holding) is a leading supplier to the international upstream oil and gas industry concentrating on the Norwegian shelf. The company is engaged in operating, maintaining and modifying offshore and land based plants, and is also supplying complete production and processing installations.
- Interwell (63.6 percent ownership holding) 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.
- Brav (100.0 percent ownership holding) is developing, manufacturing and marketing ski wax, ski sticks, accessories and textiles for sporting and active leisure time use. The company has extensive operations in Norway and abroad.
- Mestergruppen (78.0 percent ownership holding) is a prominent actor in the Norwegian building materials market concentrating on the professional part of the market. The company's operations include the sale of building materials and developing land and projects, housing and cottage chains.
- Servi (99.6 percent ownership holding) develops and manufactures customer specific hydraulics systems, cylinders and vents to the offshore, maritime and land based industries.
- Fjord Line (44.6 percent ownership holding) is a modern shipping company offering sea transport between Norway, Denmark and Sweden. In addition to passenger traffic, Fjord Line has adequate capacity for freight of all types of utility vehicles handled by the shipping company's cargo departments in Norway and Denmark.
- Fürst (40.0 percent ownership holding) operates the largest medical laboratory in the Nordics and daily analyses blood samples from more than 10 000 patients.
- Mnemonic (43.8 percent ownership holding) is one of Europe's largest business within the cybersecurity industry. Mnemonic helps businesses to manage and minimize their security risks, protect their data and defend themselves against internet threats.
- Benchmark Holdings (26.0 percent ownership holding) contributes to improving fish health within fish farming by manufacturing special meal, roe and vaccines.
- Scatec Solar (11.8 percent ownership holding) develops, builds, owns and operates solar energy plants all over the world.
- Nilfisk (>5.0 percent ownership holding) delivers washing equipment to the professional market as well as to consumers.
- NKT (>5.0 percent ownership holding) manufactures and installs underwater and underground high-voltage cables, in addition to cables with medium and low voltage levels.
- Boozt (5.9 percent ownership holding) is a fast growing e-commerce company selling fashion clothes through the web page Boozt.com.
- Petroleum Geo-Services (4.7 percent ownership holding) supplies seismology, electro-magnetic services and reservoir analyses to oil companies engaged in offshore operations all over the world.

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

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

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

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

NOK1000	Ferd AS Group	Capital	Invest	External Managers	Real Estate	Other areas
Result 2018						
Sales income	13 932 677	13 932 602	-	-0	75	-
Income from financial investments	-236 398	-265 604	-430 462	305 771	71 241	82 656
Other income	546 655	105 589	-	-	439 594	1 472
Operating income	14 242 934	13 772 587	-430 462	305 771	510 910	84 128
Operating expenses excl. Depreciation and impairment	12 782 976	12 506 077	2 637	11 382	205 570	57 310
EBITDA	1 459 958	1 266 510	-433 099	294 389	305 340	26 818
Depreciation and impairment	699 247	693 612	-	-	3 860	1 774
Operating profit	760 711	572 898	-433 099	294 389	301 479	25 043
Income on investments accounted for by the equity method	183 231	57 218	-	-	126 013	-
Result before finance items and income tax expense	943 942	630 116	-433 099	294 389	427 493	25 043
Balance sheet as at 31 December 2018						
Intangible assets	4 317 659	4 317 659	-	-	-	-
Tangible assets and investment properties	5 579 642	2 428 039	-	-	3 145 833	5 771
Investments accounted for by the equity method	617 762	396 906	-	-	220 857	-
Investments classified as current assets	17 332 072	6 138 216	3 565 584	4 317 928	274 030	3 036 315
Bank deposits ¹⁾	1 413 945	364 726	29 318	-3 250	1 488 365	-465 213
Other assets	6 840 846	6 325 377	12 061	8 401	290 346	204 661
Total assets	36 101 926	19 970 921	3 606 963	4 323 079	5 419 431	2 781 533

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

NOK1000	Ferd AS Group	Capital	Invest	External Managers	Real Estate	Other areas
Result 2017						
Sales income	18 278 205	18 278 205	-	-	-	-
Income from financial investments	312 897	-424 468	269 542	94 871	95 688	277 264
Other income	773 000	137 747	-	-	633 754	1 500
Operating income	19 364 102	17 991 483	269 542	94 871	729 442	278 763
Operating expenses excl. Depreciation and impairment	17 631 007	16 976 930	13 164	19 840	509 601	111 472
EBITDA	1 733 095	1 014 553	256 378	75 031	219 841	167 291
Depreciation and impairment	636 175	630 780	-	-	3 865	1 529
Operating profit	1 096 920	383 773	256 378	75 031	215 975	165 762
Income on investments accounted for by the equity method	70 188	70 188	-	-	-	-
Result before finance items and income tax expense	1 167 108	453 961	256 378	75 031	215 975	165 762
Balance sheet as at 31 December 2017						
Intangible assets	4 258 436	4 258 436	-	-	-	-
Tangible assets and investment properties	4 917 567	2 237 386	-	-	2 672 842	7 340
Investments accounted for by the equity method	559 055	395 378	-	-	163 676	-
Investments classified as current assets	16 905 352	6 166 497	3 950 890	4 157 436	462 030	2 168 499
Bank deposits ¹⁾	2 098 967	-480 879	83 494	39 423	936 298	1 520 631
Other assets	7 165 422	5 801 037	9 713	6 116	983 927	364 629
Total assets	35 904 800	18 377 856	4 044 097	4 202 975	5 218 773	4 061 098

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

Note 4 Income from financial investments

Income from financial investments by the various asset classes:

NOK1000	2018	2017
Listed shares and bonds	-600 137	110 817
Unlisted shares and bonds	-33 726	11 273
Hedge funds	388 159	190 807
Liquidity fund investments	9 306	-
Total income from financial investments	-236 398	312 897

Note 5 Financial instruments and the use of fair value

Classification of financial instruments

Financial instruments constitute a substantial part of Ferd's consolidated accounts and are of considerable significance for the overall financial standing and result of the Group. Financial assets and liabilities are recognised when the Group becomes a party to the contractual obligations and rights of the instrument.

Financial assets:

- Investments in equity instruments and derivatives are measured at fair value through profit or loss.
- Other financial assets, including accounts receivable, are intended to receive contractual cash flows and are measured at amortized cost. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded 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.
- Derivatives are initially measured at fair value through profit or loss with the exception of derivatives which are held for hedging purposes and meet the requirements for hedge accounting.

Financial liabilities:

- Derivatives are measured at fair value through profit or loss with the exception of derivatives held for hedging purposes and which meet the requirements for hedge accounting.
- Other financial liabilities are measured at amortized cost. Trade payables and other liabilities are classified as current liabilities if the payments falls due within one year or within the ordinary operating cycle. Debt that has been incurred through the use of Ferd's loan facility is presented as long-term debt if Ferd has both the opportunity and intention to postpone repayment of the debt to more than 12 months in the future.

Purchases and sales of financial instrument transactions are recognised on the date of the agreement, which is the date the Group makes the commitment to buy or sell the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or have been transferred to another party. Correspondingly, financial assets are derecognised when the Group on the whole has transferred the risk and reward of the ownership.

Financial instruments at "fair value over profit and loss" are initially measured at quoted prices at the balance sheet date or estimated on the basis of measurable market information available at the balance sheet date. Transaction costs are recognised in the income statement. In subsequent periods, the financial instruments are presented at fair value based on market values or generally accepted calculation methods. Changes in value are recognised in the income statement.

Loans and receivables are initially measured at fair value with the addition of direct transaction costs. In subsequent periods, the assets and liabilities are measured at amortised cost by using the effective interest method, less any decline in value. A provision for a decline in value is made for actual and possible losses on receivables. The Group regularly reviews receivables and prepares estimates for losses, as the basis for the provisions in the financial statements. When preparing the estimate, historical data is used for losses on receivables, which are classified according to the same risk characteristics that are used as a basis within the Group. Based on historical observable default rates, an expectation is made for future losses, for which a provision is recognized. Losses from declines in value are 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 the legal right to receive payment. Net income related to financial instruments is classified as operating income and presented as "Income from financial investments" in the income statement.

Hedge accounting

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

Cash flow hedging is presented by recognising a change in fair value of the derivative designated as the hedging instrument for the cash flow hedge in other income and expenses in total comprehensive income until the underlying transaction has taken place. The ineffective portion of the hedge is recognised immediately in profit or loss.

When the hedging instrument reaches maturity or is disposed of, or when the planned transaction has occurred or when the hedge no longer meets the criteria for hedge accounting, the accumulated effect of the hedge is recognised in the income statement.

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

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

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

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

Valuation methods

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

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

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

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

Rental properties are valued by discounting future expected cash flows. The value of properties being part of building projects is valued at an assumed sales value on a continuous basis. There is often a shift in value at achieved milestones. Our calculated values are regularly compared to independent valuations.

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

NOK1000	Investments at fair value over profit and loss	Investments held for hedging purposes	Financial Instruments measured at amortised cost			Other valuation methods	TOTAL
Non-current assets							
Intangible assets	-	-	-	-	-	4 317 659	4 317 659
Deferred tax assets	-	-	-	-	-	329 950	329 950
Tangible assets	-	-	-	-	-	2 581 542	2 581 542
Investments accounted for by the equity method	-	-	-	-	-	617 762	617 762
Investment property	2 998 100	-	-	-	-	-	2 998 100
Pension funds	-	-	-	-	-	1 443	1 443
Other financial non-current assets	-	-	197 243	61 386	-	258 630	
Total 2018	2 998 100	-	197 243	7 909 743	11 105 086		
Total 2017	2 577 200	-	223 156	7 644 118	10 444 474		
Current assets							
Inventories	-	-	-	-	-	3 062 090	3 062 090
Short-term receivables	-	-	3 188 733	-	-	3 188 733	
Listed shares and bonds	6 939 497	-	-	-	-	6 939 497	
Unlisted shares and bonds	4 215 012	-	-	-	3 937	4 218 949	
Hedge funds	4 649 334	-	-	-	-	4 649 334	
Investment in interest-bearing debt	4 529	10 456	-	-	-	14 985	
Liquidity fund investments	1 509 306	-	-	-	-	1 509 306	
Bank deposits	-	-	1 413 945	-	-	1 413 945	
Total 2018	17 317 679	10 456	4 602 678	3 066 027	24 996 840		
Total 2017	16 804 423	33 654	5 310 957	3 311 293	25 460 326		
Non-current liabilities							
Pension obligation	-	-	-	-	70 530	70 530	
Deferred tax	-	-	-	-	824 951	824 951	
Long-term interest-bearing debt	-	-	4 954 273	-	-	4 954 273	
Other long-term debt	-	-	127 206	30 263	-	157 469	
Total 2018	-	-	5 081 479	925 744	6 007 223		
Total 2017	-	-	4 242 522	1 097 828	5 340 351		
Current liabilities							
Short-term interest-bearing debt	-	-	1 252 807	-	-	1 252 807	
Tax payable	-	-	-	-	233 132	233 132	
Derivatives	32 734	71 270	-	-	-	104 004	
Other short-term debt	-	-	3 740 535	-	-	3 740 535	
Total 2018	32 734	71 270	4 993 342	233 132	5 330 478		

Fair value hierarchy - financial assets and liabilities

Ferd classifies assets and liabilities measured at fair value in the balance sheet by a hierarchy based on the underlying object for the valuation. The hierarchy has the following levels:

Level 1: Valuation based on quoted prices in active markets for identical assets without adjustments. An active market is characterised by the fact that the security is traded with adequate frequency and volume in the market. The price information shall be continuously updated and represent expected sales proceeds. Only listed shares are considered to be level 1 investments.

Level 2: Level 2 comprises investments where there are quoted prices, but the markets do not meet the requirements for being characterised as active. Also included are investments where the valuation can be fully derived from the value of other quoted prices, including the value of underlying securities, interest rate level, exchange rate etc. In addition, financial derivatives like interest rate swaps and currency futures are considered to be level 2 investments. Ferd's hedge fund portfolio is considered to meet the requirements of level 2. These funds comprise composite portfolios of shares, interest securities, raw materials and other negotiable derivatives. For such funds the value (NAV) is reported on a continuous basis, and the reported NAV is applied on transactions in the fund.

Level 3: All Ferd's other securities are valued on level 3. This concerns investments where all or parts of the information about value cannot be observed in the market. Ferd is also applying valuation models for investments where the share has little or no trading. Securities valued on the basis of quoted prices or reported value (NAV), but where significant adjustments are required, are assessed on level 3. For Ferd this concerns all private equity investments and funds investments made in the second-hand market, where reported NAV has to be adjusted for discounts. A reconciliation of the movements of assets on level 3 is shown in a separate table.

Ferd allocates each investment to its respective level in the hierarchy at the acquisition. Transfers from one level to another are made only exceptionally and only if there have been changes of significance for the level classification concerning the financial asset. This can be the case when an unlisted share has been listed or correspondingly. A transfer between levels will then take place when the change has been known to Ferd.

The table shows at what level in the valuation hierarchy the different measurement methods for the Group's financial instruments at fair value is considered to be:

NOK1000	Level 1	Level 2	Level 3	Total 2018
Assets				
Investment property	-	-	2 998 100	2 998 100
Short-term receivables	-	-	-	-
Listed shares and bonds	6 939 497	-	-	6 939 497
Unlisted shares and bonds	-	-	4 215 012	4 215 012
Hedge funds	-	4 001 379	647 955	4 649 334
Liquidity fund investments	-	1 509 306	-	1 509 306
Derivatives - assets	-	14 985	-	14 985
Liabilities				
Derivatives - liabilities	-	-104 004	-	-104 004
Total 2018	6 939 497	5 421 666	7 861 067	20 222 231

NOK1000	Level 1	Level 2	Level 3	Total 2017
Assets				
Investment property	-	-	2 577 200	2 577 200
Short-term receivables	-	33 654	-	33 654
Listed shares and bonds	7 521 566	-	-	7 521 566
Unlisted shares and bonds	-	-	4 185 131	4 185 131
Hedge funds	-	4 157 436	937 215	5 094 652
Liabilities				
Derivatives - liabilities	-	-128 347	-	-128 347
Total 2017	7 521 566	4 062 744	7 699 546	19 283 856

Reconciliation of movements in assets on level 3

	Opening balance on 1 Jan. 2018	Purchases/ share issues	Sales and proceeds from investments*	Reclassified	Unrealised gain and loss, recognised in the result	Gain and loss recognised in the result	Closing balance on 31 Dec. 2018
NOK1000							
Investment property	2 577 200	392 946	-	-	33 054	-	3 003 200
Unlisted shares and bonds	4 185 131	913 220	-525 707	-	-649 415	291 784	4 215 012
Hedge funds	937 215	322	-129 120	-	-166 180	5 718	647 955
Total 2018	7 699 546	1 306 488	-654 827	-	-782 542	297 502	7 866 167

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

Overview of applied input and sensitivity analyses

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

	Balance sheet value at 31 Dec. 2018	Applied and implicit EBITDA multiples	Value, if multiple reduced by 10 %	Value, if multiple increased by 10 %	Applied discount rate	Value, if interest rate increased by 1 percentage point	Value, if interest rate reduced by 1 percentage point
NOK1000							
Investment property	2 998 100	-	-	-	6 % - 11 %	2 535 400	3 664 800
Unlisted shares and bonds sensitive for multiple	1 647 000	8.8 - 10.5	1 236 000	2 058 000	-	-	-
Other unlisted shares and bonds sensitive for multiple	2 568 012	-	-	-	-	-	-

Note 6 Risk management – investing activities

There have been no significant changes related to the Company's risk management in the period.

IMPAIRMENT RISK AND CAPITAL ALLOCATION

Ferd's allocation of capital shall be in line with the owner's risk tolerance. One measure of this risk tolerance is the size of the decline in value in kroner or percent that the owner accepts if any of the markets Ferd is exposed to should experience very heavy and quick downfalls. The impairment risk regulates how large part of equity that can be invested in assets with high risk for impairment. This is measured and followed up by stress tests. The loss risk is assessed as a possible total impairment expressed in kroner og as a percentage of equity. Due to Ferd's long-term approach, the owner can accept significant fluctuations in value-adjusted equity.

CATEGORIES OF FINANCIAL RISK

Liquidity risk

Ferd's current and estimated future liquidity is continuously analyzed and assessed. Ferd requires that under normal market conditions at least NOK 4 billion of their financial investments consist of assets that can be realized within the next quarter. This is done primarily through investments in listed shares and liquid hedge funds. Reference is also made to information on Ferd's loan facilities, including an overview of the maturity structure of the debt in note 24.

Foreign currency risk

Ferd is well aware of foreign currency risks. We assume that Ferd always will have a certain part of equity invested in euro, USD and Swedish kroner, and is therefore normally not hedging the currency exposure to Norwegian kroner.

Ferd has the following outstanding currency derivatives on the parent company level as at 31 December 2018:

NOK1000	Purchases of currency		Disposals of currency	
	Currency	Amount	Currency	Amount
	NOK	1 721 953	USD	-200 000
	NOK	990 548	EUR	-100 000

SENSITIVITY ANALYSIS, IMPAIRMENT RISK IN INVESTMENT ACTIVITIES

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

- The Norwegian stock market declines by 30 percent
- International stock markets decline by 20 percent
- Property declines by 10 percent
- The Norwegian krone appreciates by 10 percent

In order to refine the calculations, it is considered whether Ferd's investments will decline more or less than the market. As an example, it is assumed that the unlisted investments in a stress test scenario have an impairment loss of 1.0 -1.3 times the Norwegian market.

NOK1000	2018	2017
Price risk: Norwegian shares decline by 30 percent	-5 300 000	-5 600 000
Price risk: International shares decline by 20 percent	-2 400 000	-2 200 000
Price risk: Property declines by 10 percent	-400 000	-400 000
Currency risk: The Norwegian krone appreciates 10 percent	-1 500 000	-1 900 000
Total impairment in value-adjusted equity	-9 600 000	-10 100 000

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

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

Subsidiaries	Segment	Business office	Stake	Measurement method
Elopak AS with subsidiaries	Ferd Capital	Røyken	99,8 %	Consolidated
Servi AS with subsidiaries	Ferd Capital	Bærum	99,5 %	Consolidated
Brav Norway with subsidiaries	Ferd Capital	Bærum	100,0 %	Consolidated
Interwell AS with subsidiaries	Ferd Capital	Bærum	64,3 %	Consolidated
Mestergruppen with subsidiaries	Ferd Capital	Bærum	78,0 %	Consolidated
Ferd Eiendom AS with subsidiaries	Ferd Real Estate	Bærum	100,0 %	Consolidated
Ferd Malta Holdings LTD	Other areas	Malta	100,0 %	Consolidated
Ferd Sosiale Entreprenører AS	Other areas	Bærum	100,0 %	Consolidated
Norse Crown Company LTD. AS	Other areas	Bærum	100,0 %	Consolidated

Several of the investments have a high ownership share but are pure financial investments. Investments are not classified as subsidiaries or associates if the Company does not have control of the investment holdings. See note 1 for a discussion of control.

Listed shares and security fund holdings

Benchmark Holdings plc	Ferd Capital	26,0 %	Fair value
Scatec Solar ASA	Ferd Capital	11,8 %	Fair value

Non-listed shares and security fund holdings

Fjord Line AS	Ferd Capital	44,6 %	Fair value
Aibel Holding I AS	Ferd Capital	49,4 %	Fair value
Dr. Fürst Medisinsk Laboratorium AS	Ferd Capital	40,0 %	Fair value
Mnemonic AS	Ferd Capital	44,8 %	Fair value
Broodstock Capital Partners AS	Ferd Capital	40,0 %	Fair value
BC SPV I AS	Ferd Capital	75,8 %	Fair value
BC SPV II AS	Ferd Capital	93,7 %	Fair value
BC SPV III AS	Ferd Capital	85,0 %	Fair value
BC SPV IV AS	Ferd Capital	90,0 %	Fair value
Credo Invest nr 10 AS	Ferd Capital	91,3 %	Fair value
Credo Invest nr 14 AS	Ferd Capital	42,5 %	Fair value
SPV Verdane Winds	Ferd Capital	43,6 %	Fair value
Ellerstad Bostäder Holding AB	Ferd Real Estate	61,8 %	Fair value
Harbert European Real Estate Fund II	Ferd Real Estate	25,9 %	Fair value
Harbert European Real Estate Fund III	Ferd Real Estate	9,8 %	Fair value
SPG Bostad Sverige AB	Ferd Real Estate	58,5 %	Fair value
SPG Bostad Vega AB	Ferd Real Estate	29,4 %	Fair value
SPG Bostad Örebro AB	Ferd Real Estate	17,2 %	Fair value
Energy Ventures II AS	Other areas	26,0 %	Fair value
Energy Ventures II KS	Other areas	22,1 %	Fair value
Energy Ventures III AS	Other areas	25,0 %	Fair value
Energy Ventures III GP LP	Other areas	25,0 %	Fair value
Energy Ventures III LP	Other areas	18,7 %	Fair value
Founders Fund II AS	Other areas	13,5 %	Fair value
Herkules Capital I AS	Other areas	40,0 %	Fair value
Herkules Private Equity Fund II (GP-I) Ltd	Other areas	40,0 %	Fair value
Herkules Private Equity Fund II (GP-II) Ltd	Other areas	40,0 %	Fair value
Herkules Private Equity Fund II (LP-I) Limited	Other areas	74,5 %	Fair value
Herkules Private Equity Fund III (LP-I) Limited	Other areas	25,1 %	Fair value
Intera Fund I	Other areas	12,0 %	Fair value
NMI Frontier	Other areas	11,3 %	Fair value
NMI Fund III	Other areas	15,4 %	Fair value
NMI Global	Other areas	11,3 %	Fair value
Nordic Microfinance Initiative AS	Other areas	14,2 %	Fair value
Norwegian Microfinance Initiative AS	Other areas	12,5 %	Fair value

Investments using the equity method

Impresora del Yaque	Ferd Capital	Dominican Republic	51,0 %	Equity Method
Al-Obeikan Elopak factory for Packaging Co	Ferd Capital	Riyadh, Saudi-Arabia	49,0 %	Equity Method
Lala Elopak S.A. de C.V.	Ferd Capital	Gómez Palacio, Mexico	49,0 %	Equity Method
Boreal GmbH	Ferd Capital	Germany	20,0 %	Equity Method
Bygg1 Produkter AS	Ferd Capital	Ørsta	20,0 %	Equity Method
Hafsrby AS	Ferd Capital	Stavanger	14,5 %	Equity Method
Husjordet AS	Ferd Capital	Oslo	47,5 %	Equity Method
Kirkeveien 137 AS	Ferd Capital	Oslo	35,0 %	Equity Method
Knatterudfjellet Trelast AS	Ferd Capital	Sarpsborg	37,1 %	Equity Method
Krigsvoll AS	Ferd Capital	Trondheim	50,0 %	Equity Method
Madla Byutvikling AS	Ferd Capital	Stavanger	33,3 %	Equity Method
Siriskjær AS	Ferd Capital	Stavanger	50,0 %	Equity Method
Sporafjell Utviklingselskap AS	Ferd Capital	Stavanger	50,0 %	Equity Method
Tastarustå Byutvikling AS	Ferd Capital	Stavanger	33,3 %	Equity Method
XL - Bygg Nordic I/S	Ferd Capital	Brabrand, Denmark	33,3 %	Equity Method
XL - Bygg Stokksund	Ferd Capital	Refsnes	17,3 %	Equity Method
FFV Gardermoen AS	Ferd Real Estate	Oslo	33,3 %	Equity Method
Frogner Næringspark AS	Ferd Real Estate	Trondheim	25,0 %	Equity Method
Tiedemannsbyen DA	Ferd Real Estate	Oslo	50,0 %	Equity Method
Tiedemannsfabrikken AS	Ferd Real Estate	Oslo	50,0 %	Equity Method
Måna Syd AS	Ferd Real Estate	Trondheim	25,0 %	Equity Method
Sanderveien 18 AS	Ferd Real Estate	Ski	50,0 %	Equity Method

Note 8 Investment property

Investment properties are acquired to achieve a long-term return on letting out or an increase in value, or both. Investment properties are measured at cost at the acquisition date, including transaction costs. In subsequent periods, investment properties are measured at their assumed fair value.

Fair value is the price we would have achieved at a sale of the property in a well organised transaction to an external party, carried out on the balance sheet date. Fair value is either based on observable market values, which in reality requires a bid on the property, or a calculation considering rental income from closed lease contracts, an assumption of the future lease level based on the market situation on the balance sheet date and also all available information about the property and the market on which it will be sold, based on market prices. An assumption at the calculation is that the property is utilised in the best possible manner, i.e. in a manner achieving most profit.

Revenue from investment properties includes the period's net change in value of the properties together with rental income of the period less property related costs in the same period. Such revenue is classified as other operating income.

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

Investment property

NOK1000	2018	2017
Balance at 1 January	2 577 200	2 700 500
Acquisitions	166 772	387 360
Acquisitions through improvements	38 089	1 353
Disposals	188 102	-165 374
Reclassifications	-	-396 700
Net change in value of investment property	27 937	50 062
Carrying amount at 31 December	2 998 100	2 577 200

Income from investment property

NOK1000	2018	2017
Rental income from properties	136 948	134 279
Costs directly attributable to properties	-16 802	-15 970
Net change in value of investment property	27 937	50 062
Total	148 083	168 370

Note 9 Income taxes

The income tax expense includes tax payable and changes in deferred tax. Income tax on other income and expenses items in total comprehensive income is also recognised in total comprehensive income, and tax on balances related to equity transactions are set off against equity.

The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period. Tax payable for the period is calculated on the tax basis deviating from profit before tax as a consequence of amounts that shall be recognised as income or expense in another period (temporary differences) or balances never to be subject to tax (permanent differences)

Deferred tax is calculated on temporary differences between book and tax values of assets and liabilities and the tax effects of losses to carry forward in the consolidated financial statements at the reporting date. Deferred tax liabilities associated with the initial recognition of goodwill in business combinations are not carried in the balance sheet, nor is deferred tax recognised in the balance sheet on the initial recognition of the acquisition of investment properties, if the purchase of a subsidiary with an investment property is considered as an acquisition of a separate asset.

Deferred tax assets are only recognised in the balance sheet to the extent that it is probable that there will be future taxable profits to utilise the benefits of the tax reducing temporary differences. Deferred tax liabilities and assets are calculated according to the tax rates and regulations ruling at the end of the reporting period and at nominal amounts. Deferred tax liabilities and assets are recognised net when the Group has a legal right to net assets and liabilities.

Specification of income tax expenses

NOK1000	2018	2017
Tax payable of net profit		
Income tax payable for the year	291 400	376 542
Adjustments of prior periods	19 006	6 508
Total tax payable	310 407	383 051

Deferred tax expense

Change in deferred tax recognised in the income statement	-138 665	-90 515
Effects of changes in tax rates and prior years' taxes	-10 443	14 448
Total deferred tax	-149 108	-76 067

Income tax expense

Income tax expense	161 299	306 984
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Tax payable in the balance sheet

NOK1000	2018	2017
Tax payable of the year	291 400	376 542
Tax liability from prior years	120 461	-52 537
Advance tax paid	-174 450	-67 308
Translation differences	-4 279	3 641
Tax payable	233 132	260 339

Reconciliation of nominal to effective tax rate

NOK1000	2018	2017
Profit before tax	610 048	1 093 029
Estimated income tax expense at nominal tax rate (23% in 2018 and 24% in 2017)	140 311	262 327
Losses and other deductions without any net tax effect	-12 988	89 387
Unrecognised change in deferred tax assets	-29 055	114
Changes from equity method accounting investments	-41 177	-19 324
Non-taxable net income (-) / costs (+) from securities	70 327	42 983
Adjustments of prior periods	8 833	20 957
Tax effect of other permanent differences	25 047	-89 459
Income tax expense	161 299	306 984
Effective tax rate	26,4 %	28,1 %

Tax recognised directly in equity

NOK1000	2018	2017
Actuarial loss on pension obligations (note 19)	246	25 831
Cash flow hedges (note 28)	11 322	1 716
Total tax recognised in total comprehensive income	11 568	27 547

Deferred tax asset and deferred tax liability

NOK1000	2018	2017
Inventories	10 368	-84 491
Receivables	66 266	12 043
Stocks and bonds	-208 064	-355 313
Other differences	-60 854	102 326
Tangible assets	-77 827	-65 624
Investment properties	-147 988	-231 167
Intangible assets	-168 416	-173 850
Net pensions	32 551	26 836
Tax losses to carry forward	117 319	268 132
Total	-436 645	-501 109
Reassessment of deferred tax assets	-58 355	-87 410
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	-495 001	-588 519

Deferred tax assets recognised in balance sheet	329 950	350 510
Deferred tax liabilities recognised in balance sheet	-824 951	-939 029
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	-495 001	-588 519

Gross tax losses to carry forward with expiration years

NOK1000	2018
After 2019	207 242
Without expiration	269 488
Total tax losses to carry forward	476 730

Change in net deferred tax in balance sheet

NOK1000	2018	2017
Net carrying value at 1 January	-588 519	-687 165
Translation differences	2 727	5 644
Acquisition and disposal of subsidiary	-69 885	-10 612
Recognised in income statement during the period	149 108	76 067
Tax recognised in other comprehensive income	11 568	27 547
Net carrying value at 31 December	-495 001	-588 519

Note 10 Geographical allocation of revenue

Ferd has implemented IFRS 15 as of 1 January 2018. The new standard establishes a new set of principles that shall be applied to report information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Group's consolidated sales revenues derive from the sale of a wide range of goods both to other businesses and to private consumers, deliveries of services to the oil sector and deliveries of packaging and systems. Most of the Group's revenue comes from performance obligations delivered over time.

Revenue from sales of goods and services are recognized when control has passed to the customer, defined as when the customer has the ability to manage the use of the asset and receive the benefits of ownership. Contracts for the sale of filling machines and packaging are commercially related and therefore those contracts are combined for the purposes of revenue recognition.

Sales revenues are valued at the fair value of the consideration and are presented net after deductions for discounts, VAT and other types of public taxes. Discounts are allocated proportionally to performance obligations in a contract.

NOK1000	2018	2017
Norway	4 143 834	8 874 688
Germany	1 578 059	1 694 941
Sweden	614 428	587 528
USA	1 396 637	1 336 969
Netherlands	505 128	532 998
Russia	716 064	717 903
Canada	497 903	517 543
Denmark	410 798	380 510
Great Britain	357 260	353 402
Spain	322 130	309 457
Austria	448 306	323 091
Finland	330 207	303 904
France	261 226	215 419
Rest of the world	2 350 698	2 129 852
Total revenue	13 932 677	18 278 205

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

Revenue from contracts with customers	13 932 677
Total revenue	13 932 677

Revenue from performance obligations fulfilled at a point in time	13 475 718
Revenue from performance obligations fulfilled over time	456 959
Total revenue from contracts with customers	13 932 677

Revenue from performance obligations fulfilled over time is generated in the subgroup Mestergruppen, where sales of cabins are continuously recognized as income in line with the percentage of completion.

Note 11 Salaries

NOK1000	2018	2017
Salaries	2 468 667	2 499 508
Social security tax	358 434	332 731
Pension costs	148 096	139 440
Other benefits	46 672	48 890
Total	3 021 869	3 020 569
Average number of man-labour years	4 211	4 040

Salary and remuneration to

Group management	2018			2017		
	Salary bonus	Benefits in kinds	Pension	Salary and bonus	Benefits in kinds	Pension
NOK1000						
Group CEO, Morten Borge	7 265	266	344	5 716	307	335
Other members of Group management	10 064	536	607	8 658	493	590
Total	17 329	802	951	14 374	800	925

The Group CEO participates in Ferd's annual and long-term bonus scheme. Bonus is based on the results achieved in the Group.

The Group CEO participates in Ferd's collective pension schemes for salaries below 12 G. This is a contribution scheme (cf. also note 19). The Group CEO also has a benefit scheme for a pension basis higher than 12 G, but with an upper limit of appr. MNOK 2.4, together with an early retirement pension scheme giving him the opportunity to retire at 65 years.

The Group CEO is entitled to 9 months' severance pay if he has to resign from his position.

Fees to the Board

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

Note 12 Intangible assets

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

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

Impairment

Tangible and intangible assets that are depreciated are considered for impairment when there are indications to the effect that future earnings cannot support the carrying amount. If there are indicators on a possible decline in value, an evaluation of impairment is made. Intangible assets with undefined useful lives and goodwill are not depreciated, but evaluated annually for impairment.

In the assessment of a decline in value, the first step is to calculate or estimate the assets' recoverable amount. Should it not be possible to calculate the recoverable amount for an individual asset, the recoverable amount for the cash-generating unit of which the asset is part, is calculated. A cash-generating unit is the smallest identifiable group of assets generating incoming cash-flows not depending on incoming cash-flows from other assets or groups of assets.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to 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. In the event that the carrying amount exceeds the recoverable amount, the difference is recognised as a write-down. Write-downs are subsequently reversed when the impairment indicator no longer exists.

Research, development and other in-house generated intangible assets

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

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

- 1) The asset can be identified.
- 2) Ferd intends to, and has the ability to, complete the intangible asset, including the fact that Ferd has adequate technical, financial and other resources to finalise the development and to use or sell the intangible asset.
- 3) The technical assumptions for completing the intangible asset are known.
- 4) It is probable that the asset will generate future cash flows.
- 5) The development costs can be reliably measured.

In-house generated intangible assets are amortised over their estimated useful lives from the date when the assets are available for use. When the requirements for capitalisation no longer exist, the expenses are recognised in the income statement as incurred.

NOK1000	2018	2017
Goodwill (note 13)	2 679 348	2 605 380
Other intangible assets	1 638 310	1 653 056
Carrying amount at 31 December	4 317 659	4 258 436

2018		Capitalised					
NOK 1000		Software	Brands	Patents and rights	development costs	Customer relations	Total
Cost at 1 January		670 052	455 413	700 834	519 752	806 068	3 152 118
Ordinary additions		141 137	40 969	16 901	34 865	0	233 873
Disposals		-2 945	-	-	-	-	-2 945
Exchange differences		7 189	-49	1 606	3 719	-	12 465
Cost at 31 December		815 433	496 332	719 341	558 337	806 068	3 395 511
Acc. Amortisation and impairment at 1 January		359 796	-	520 664	186 684	431 919	1 499 063
Additions of amortisations at acquisitions		-490	-2 874	-	-	-	-3 364
Current year depreciation charge		57 526	20	51 924	38 305	80 739	228 514
Current year amortisation charge		-	23 199	-	-	-	23 199
Disposals		-6 128	-	-	-	-	-6 128
Exchange differences		5 665	-	1 555	1 970	-	9 189
Accumulated amortisation at 31 December		416 369	20 345	574 142	226 959	512 659	1 750 473
Accumulated impairment at 31 December		4 268	23 199	1 000	31 778	-	60 245
Carrying amount at 31 December		398 084	470 240	145 199	331 378	293 409	1 638 310

Amortisation method Straight-line Straight-line Straight-line Straight-line Straight-line

2017

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

Amortisation method Straight-line Straight-line Straight-line Straight-line Straight-line

Research and development

Costs expensed to research and development in fiscal year 2018 totalled MNOK 108. The corresponding cost for 2017 was MNOK 25.

Note 13 Goodwill and information on business combinations

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

Goodwill is tested for impairment annually, or more often if there are indications of impairment, and carried at cost less accumulated depreciation. Impairment losses on goodwill are not reversed.

Goodwill arising on the acquisition of a share in an associate is included in the carrying amount of the investment and tested for impairment as part of the carrying amount of the investment. Gain or loss arising from the realisation of a business includes goodwill allocated to the business sold.

For the purpose of impairment testing, goodwill is allocated to the relevant cash-generating units. The allocation is made to the cash-generating units or groups of units expected to benefit from the synergies of the combination.

Business combinations

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

Assets, liabilities and contingent liabilities taken over or incurred are measured at fair value at the acquisition date. Goodwill is recognised as the total of the fair value of the consideration, including the value of the non-controlling interests and the fair value of former owner shares, less net identifiable assets in the business combination. Direct costs connected with the acquisition are recognised in the income statement.

Any contingent consideration from the Group is recognised at fair value at the acquisition date. Changes in the value of the contingent consideration considered to be a financial liability pursuant to IAS 39, are recognised in the income statement when incurred. In step-by-step business combinations, the Group's former stake is measured at fair value at the date of the take-over. Any adjustments in value are recognised in the income statement.

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

2018

NOK1000	Interwell	Servi	Elopak	Mester- gruppen	Other	Total
Cost at 1 January	1 212 016	396 524	579 574	654 434	28 508	2 871 056
Additions	-	721	-	88 465	-	89 186
Disposals	-	-	-	-9 645	-	-9 645
Exchange differences	-	-	-3 020	-	-	-3 020
Cost at 31 December	1 212 016	397 245	576 554	733 253	28 508	2 947 576
Accumulated impairment at 1 January	3 899	200 720	61 177	-	-120	265 676
Write-downs	-	-	-	-	2 000	2 000
Exchange differences	-	-	552	-	-	552
Accumulated impairment at 31 December	3 899	200 720	61 729	-	1 880	268 228
Carrying amount at 31 December	1 208 117	196 525	514 825	733 253	26 628	2 679 348

Changes in 2018

Mestergruppen acquired 100 % of Pretre AS and 100 % of Jæren Treteknikk AS with accounting effect from 15 February 2018 and 31 August 2018, respectively. Goodwill amounting to MNOK 88 was recognized in connection with these transactions. The companies will supply valuable industrial capacity and expertise in order to offer better and more efficient solutions to the market.

The effect on Ferd's consolidated financial statements from Mestergruppen's acquisition constituted income amounting to MNOK 293 and an EBITDA of MNOK 30 in the period from the take-over date until 31 December 2018. Comparative figures for the full fiscal year are an income of MNOK 364 and EBITDA of MNOK 33.

2017

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

Changes in 2017

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

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

Impairment testing for goodwill

Goodwill is allocated to the Group's cash generating units, and is tested for impairment annually or more frequently if there are indications of impairment. Testing for impairment implies determining the recoverable amount of the cash generating unit. The recoverable amount is determined by discounting future expected cash flows, based on the cash generating unit's business plans. The discount rate applied to the future cash flows is based on the Group's weighted average cost of capital (WACC), adjusted to the market's appreciation of the risk factors for each cash generating unit. Growth rates are used to project cash flows beyond the periods covered by the business plans.

Cash generating units:

The goodwill items specified above relate to Ferd Capital's investments in the group companies Elopak, Interwell, Mestergruppen and Servi, in addition to some minor goodwill items.

Cash flows:

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

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

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

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

Discount rates:

Determined cash flows are discounted at a discount interest rate. The discount rate reflects the market's assessment of the risk specific to the cash generating unit. The rate is based on the weighted average cost of capital for the industry. This rate has been further adjusted to reflect the specific risk factors related to the cash generating unit, which has not been reflected in the cash flows. As Elopak's functional currency is euro, the basis has also been a euro interest significantly lower than NOK interest rates.

The rate applied and other assumptions are shown below:

	Discount rate after tax (WACC)		Growth rate 2-5 years		Long-term growth rate	
	2018	2017	2018	2017	2018	2017
Interwell	9.0 %	9.0 %	3.0 %	3.0 %	2.0 %	2.0 %
Servi	6.6 %	6.6 %	6.9 %	7.0 %	1.5 %	2.0 %
Elopak	5.0 %	3.9 %	0.0 %	0.0 %	0.0 %	0.0 %
Mestergruppen	14.1 %	13.0 %	2.5 %	2.4 %	2.5 %	2.5 %

Interwell

The acquisition of Interwell in 2014 resulted in a recognition of goodwill of MNOK 345 for Ferd. In the Interwell group, however, there are an additional MNOK 863 in goodwill from acquisitions carried out by Interwell. This goodwill is allocated to the whole of Interwell as one joint cash-generating unit, which is the level on which Ferd is following up Interwell.

Servi

Goodwill identified at the acquisition of Servi is allocated to Servi in total as the cash generating unit. This is a consequence of Servi's co-ordinated and well integrated activities. The carrying value at 31 December 2018 is MNOK 196 following an impairment of MNOK 200 in 2015.

Elopak

Goodwill concerning Elopak is allocated to the cash generating unit Europa, which consists of Elopak's European markets, including the in-house production and supply organisation. This goodwill has a carrying value of MNOK 515 at 31 December 2018. The rationale for determining Europe as one cash-generating unit is the dynamics of this market. The trend is that customers are merging, and have easy access to the supplies all over Europe. Elopak adapts to its customers by distributing the production of cartons for the various markets according to the optimal production efficiency in Europe. The historical geographical criteria for production and demands from customers are no longer as important. As a consequence of this development, the split of margins along Elopak's value chain will be subject to change from one year to another. Hence, one European business unit will be the best indicator for assessing any impairment of goodwill.

Mestergruppen

Goodwill concerning Mestergruppen is allocated to Mestergruppen as a whole as one cash-generating unit, the level on which Ferd is following up Mestergruppen. In connection with the purchase of Nordek and Byggtorget in 2016, goodwill amounting to MNOK 426 was recognised. In 2017, an additional goodwill of MNOK 228 was recognised as a consequence of the acquisition of Saltdalsbygg. In 2018 goodwill of MNOK 88 has been recognized related to the acquisition of Pretre AS and Jæren Treteknikk AS. Total goodwill related to the Mestergruppen is MNOK 785 at 31 December 2018.

Conclusion

For all the cash-generating units, the calculated recoverable amounts in the impairment tests are positive, and based on these tests, the conclusions are that there is no impairment requiring write-downs in 2018. The uncertainty connected with the assumptions on which the impairment testing is based is illustrated by sensitivity analyses. The conclusions are tested for changes in discount and growth rates.

Note 14 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment. The cost includes expenses directly attributable to the acquisition of the asset, including loan costs. Expenses incurred after the acquisition are recognised as assets when future economic benefits are expected to arise from the asset and can be reliably measured. Current maintenance is expensed.

Tangible assets are depreciated systematically over their expected useful lives, normally on a straight-line basis. When such assets have been capitalised under financial leasing, they are depreciated over the shorter of useful life and agreed lease period. If indications of impairment exist, the asset is tested for impairment.

Impairment

Tangible and intangible assets that are depreciated are considered for impairment when there are indications to the effect that future earnings cannot support the carrying amount. If there are indicators on a possible decline in value, an evaluation of impairment is made. Intangible assets with undefined useful lives and goodwill are not depreciated, but evaluated annually for impairment.

In the assessment of a decline in value, the first step is to calculate or estimate the assets' recoverable amount. Should it not be possible to calculate the recoverable amount for an individual asset, the recoverable amount for the cash-generating unit of which the asset is part, is calculated. A cash-generating unit is the smallest identifiable group of assets generating incoming cash-flows not depending on incoming cash-flows from other assets or groups of assets.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to 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. In the event that the carrying amount exceeds the recoverable amount, the difference is recognised as a write-down. Write-downs are subsequently reversed when the impairment indicator no longer exists.

2018

NOK1000	Buildings and land	Machines and installations	Fixtures and equipment	Total
Cost at 1 January	957 984	5 628 127	492 820	7 078 931
Additions on acquisitions	87 145	70 759	25 252	183 156
Ordinary additions	111 290	443 798	57 961	613 049
Disposals	-16 342	-202 311	-14 104	-232 757
Transfer between asset groups	-	-7 848	7 848	-
Exchange differences	4 794	49 317	1 860	55 971
Cost at 31 December	1 144 870	5 981 843	571 637	7 698 349
Accumulated depreciation and impairment at 1 January	484 874	3 897 324	356 365	4 738 564
Accumulated depreciation on acquisitions	5 878	30 509	18 312	54 699
Depreciation of the year	39 776	345 411	35 505	420 691
Impairment of the year	-	24 831	12	24 843
Derecognised depreciation	-1 651	-164 576	-3 134	-169 361
Exchange differences	4 182	42 610	579	47 371
Accumulated depreciation at 31 December	533 058	4 176 109	407 639	5 116 807
Accumulated impairment at 31 December	1 957	69 162	544	71 664
Carrying amount at 31 December	611 811	1 805 734	163 998	2 581 542
Estimated economic life of depreciable assets	5-50 years	5-15 years	3-13 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	
Land is not depreciated				

2017

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

Estimated economic life of depreciable assets	5-50 years	5-15 years	3-13 years
Depreciation plan	Straight-line	Straight-line	Straight-line
Land is not depreciated			

Note 15 Other operating expenses

NOK1000	2018	2017
Sales and administration costs	303 060	314 658
Lease of buildings etc.	278 428	265 002
Fees to auditors, lawyers, consultants	214 492	200 481
Travel expenses	213 918	197 572
Loss and change in write-downs of receivables	26 439	25 715
Other expenses	534 120	497 716
Total	1 570 457	1 501 145

Note 16 Expensed audit fees

PwC is Ferd's Group auditor. Some Group companies are audited by other audit firms.

NOK1000	Audit fees	Other attestation services	Tax services	Other non-audit services	Total
2018					
PwC	3 507	18	906	1 020	5 451
Others	13 820	1 027	1 757	2 582	19 186
Total	17 327	1 045	2 663	3 602	24 637
2017					
EY	11 182	99	8 779	762	20 822
Others	4 261	853	972	1 150	7 236
Total	15 443	952	9 751	1 912	28 058

Other non-audit services mainly concern due diligence services.

All amounts are exclusive of VAT.

Note 17 Investments accounted for by the equity method

Associates are entities over which the Group has significant influence, but not control. Significant influence implies that the Group is involved in strategic decisions concerning the company's finances and operations without controlling these decisions. Significant influence normally exists for investments where the Group holds between 20 % and 50 % of the voting capital.

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

For associated companies owned directly by the investment company Ferd AS, the exception to the use of the equity method in accordance with IAS 28 is applied as the basis for the presentation of the investments in the Ferd Capital business area. These investments are recognized at fair value through profit and loss and are classified as current assets in the balance sheet.

Associates and joint ventures owned through the consolidated investments are recognized using the equity method and are classified as a non-current asset in the balance sheet.

The equity method means that the Group's percentage share in the year's profit or loss of the investment is presented as a separate line item in the income statement. The carrying amount of the investment is added to Ferd's share in the comprehensive income of the investment. Corrections are made to adapt the accounting policies of the associates to the Group's policies. The carrying amount of investments in associates is classified as "Investments accounted for by the equity method" and includes goodwill identified at the acquisition date, reduced by any subsequent impairment losses.

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

2018 NOK1000	AI-Obeikan Elopak factory for Packaging Co	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Tiede- manns- byen DA	Others	Total
Ownership and voting share	49%	49%	51%	50%		
Cost at 1 January	68 469	193 756	43 297	27 548	185 938	519 008
Share of result at 1 January	29 796	79 834	28 753	51 550	-24 991	164 942
Accumulated impairment of goodwill at 1 January	-	-	-	-	-3 364	-3 364
Transfer from the company	-	-	-	-	5 643	5 643
Recognised directly in equity	-	-	-	-	-	-
Exchange differences/eliminations	-19 936	-92 676	-15 292	-	730	-127 174
Carrying amount at 1 January	78 329	180 914	56 758	79 098	163 956	559 055
Additions of the year	-	-	-	-	5 250	5 250
Share of the result of the year	2 838	34 930	16 736	51 148	77 579	183 231
Transfers from the company	-11 007	-45 160	-8 502	-75 048	-8 008	-147 725
Recognised directly in equity	10	230	-	-	-	240
Exchange differences/eliminations	4 482	11 706	1 522	-	-	17 710
Carrying amount at 31 December	74 652	182 620	66 514	55 199	238 777	617 762

2017 NOK1000	AI-Obeikan Elopak factory for Packaging Co	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Tiede- manns- byen DA	Others	Total
Ownership and voting share	49%	49%	51%	50%		
Cost at 1 January	58 325	165 051	42 253	106 768	157 060	529 457
Share of result at 1 January	115 128	188 440	15 538	29 780	-5 231	343 656
Accumulated impairment of goodwill at 1 January	-12 600	-	-	-	-1 941	-14 541
Transfer from the company	-67 450	-140 743	-5	-37 765	-5 860	-251 823
Recognised directly in equity	-3 550	-	-	-	-	-3 550
Exchange differences/eliminations	1 707	-48 979	-7 788	-	3 179	-51 882
Carrying amount at 1 January	91 559	163 769	49 998	98 783	147 207	551 317
Additions of the year	-	-	-	-	46 541	46 541
Sales during the year	-	-	-	-	-15 042	-15 042
Reclassifications	-	-	-	-	885	885
Share of the result of the year	9 968	42 530	19 720	30 315	-32 345	70 188
Transfers from the company	-19 395	-20 389	-7 183	-50 000	17 831	-79 136
Recognised directly in equity	1 014	-128	-	-	-1 852	-966

Exchange differences/eliminations	-4 817	-4 868	-5 777	-	730	-14 732
Carrying amount at 31 December	78 329	180 914	56 758	79 098	163 955	559 055

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 2017. The figures are unaudited.

NOK 1000	Al-Obeikan Elopak factory for Packaging Co	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Tiede- manns- byen DA
Operating revenue	356 767	629 943	175 083	649 838
Profit after tax and minority	4 769	71 300	32 809	102 296
Total assets	252 784	365 970	150 190	414 983
Total liabilities	141 343	60 226	24 413	304 585

- Al-Obeikan Elopak is a cardboard manufacturer with a plant in Saudi Arabia selling cardboard to customers in the Middle East and North Africa.
- Lala Elopak is a cardboard manufacturer with a plant in Mexico selling cardboard to the market in North and South America.
- Impresora Del Yaque is a cardboard manufacturer with a plant in the Dominican Republic selling cardboard to the market in Mid and South America.
- Tiedemannsbyen DA is owned by Ferd and Skanska engaged in developing residential housing on the old manufacturing site of Tiedemann's tobacco plant on Ensjø.

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

NOK1000	Stake/voting share 2018	Sales from associated companies and joint ventures to Ferd		Ferd's net receivables(payables) to associated companies and joint ventures		Ferd's guarantees for associated companies and joint ventures	
		2018	2017	2018	2017	2018	2017
Al-Obeikan Elopak factory for Packaging Co	49.0 %	-	-	5 019	1 437	-	123 092
Frogner Næringspark AS	25.0 %	-	-	2 682	1 947	-	-
Hafsrby AS	25.0 %	-	-	195	188	-	-
Impresora Del Yaque	51.0 %	1 852	260 286	461	2 873	-	-
Lala Elopak S.A. de C.V.	50.0 %	213 132	-	-3 368	-	-	-
Lofoten Tomteselskap AS	50.0 %	-	-	-	3 507	-	-
Sanderveien 18 AS	50.0 %	-	-	-	3 507	-	-
Total		214 984	260 286	4 989	9 952	-	123 092

Note 18 Specification of finance income and expense

Finance income		2018	2017
NOK1000			
Interest income from bank deposits		96 363	76 723
Interest income from related parties		6 496	8 599
Other interest income		9 319	14 526
Foreign exchange gain and other finance income		50 277	122 012
Total		162 455	221 859
Finance expense		2018	2017
NOK1000			
Interest expense to finance institutions		196 976	154 541
Interest expense to related parties		25 838	29 477
Other interest expense		9 357	13 822
Foreign exchange loss and other finance expenses		264 177	98 099
Total		496 349	295 938

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

Note 19 Pension costs and liabilities

Defined contribution plans

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

Defined benefit plans

The defined benefit pension plans consist of group schemes as well as some additional arrangements, including employees with a retirement basis over 12 G, and AFP. Ferd have defined benefit plans in Norway, USA and Switzerland.

A defined benefit plan is a pension scheme defining the pension payment that an employee will receive at the time of retirement. The pension is normally determined as a part of the employee's salary. The Group's net obligation from defined benefit pension plans is calculated separately for each scheme. The obligation is calculated by an actuary and represents an estimate of future retirement benefits that the employees have earned at the balance sheet date as a consequence of their service in the present and former periods. The benefits are discounted to present value reduced by the fair value of the pension funds.

The portion of the period's net cost that comprises the current year's pension earnings, curtailment and settlement of pension schemes, plan changes and accrued social security tax is included in payroll costs in the period during which the employee has worked and thereby earned the pension rights. The net interest expense on the pension obligation less expected return on the pension funds is charged to the income statement as finance costs in the same period. Positive and negative estimate deviations are recognised as other income and costs in total comprehensive income in the period when they were identified.

Changes in defined benefit obligations due to changes in pension schemes are recognised over the estimated average remaining service period when the changes are not immediately recognised. Gain or loss on a curtailment or settlement of a benefit plan is recognised in the result when the curtailment or settlement occurs. A curtailment occurs when the Group decides to reduce significantly the number of employees covered by a plan or amends the terms of a defined benefit plan to the effect that a significant part of the current employees' future earnings no longer qualify for benefits or will qualify for reduced benefits only.

Ferd has defined benefit plans in several countries with varying economic conditions affecting the assumptions that are the basis for calculating pension obligations. The parameters are adapted to conditions in each country. The discount rate is determined as a weighted average of the yields at the reporting date on at least AA rated corporate bonds, or government bonds in cases where there is no market for AA rated corporate bonds. The government bond interest rate is applied for Norwegian schemes. To the extent that the bond does not have the same maturity as the obligation, the discount rate is adjusted. Actuarial assumptions for demographic factors and retirement are based on generally accepted principles in the insurance business. Future mortality rates are based on statistics and mortality tables (K2013)

Economic assumptions in Norwegian companies at 31 December

	2018	2017
Discount rate	2.00 %	1.90 %
Expected wage growth	2.75 %	2.50 %
Future expected pension regulation	1.75 %	1.75 %
Expected regulation at base amount (G)	2.50 %	2.25 %

Interval for economic assumptions in foreign companies at 31 December

	2018	2017
Discount rate	0.60 - 2.00 %	0.60 - 3.41 %
Expected wage growth	0.00 - 2.50 %	0.00 - 1.00 %
Future expected pension regulation	0.00 - 1.75 %	0.00 - 1.75 %

PENSION OBLIGATIONS

Reconciliation of net liability against balance sheet

NOK1000	2018	2017
Pension liabilities for defined benefit pension plans	-70 530	-158 800
Pension assets for defined benefit pension plans	1 443	1 611
Total defined benefit obligation recognised in the Group's balance sheet	-69 087	-157 189

DEFINED BENEFIT PLANS

Specification of recognised liability

NOK1000	2018	2017
Present value of unfunded pension liabilities	-30 163	-75 623
Present value of wholly or partly funded obligations	-98 086	-302 126
Total present value of defined benefit obligations	-128 249	-377 748
Fair value of pension assets	59 162	220 560
Total defined benefit obligation recognised in the Group's balance sheet	-69 087	-157 189

Movements in liabilities for defined benefit pension plans

NOK1000	2018	2017
Liability for defined benefit pension plans at 1 January	377 738	549 799
Present value of current service cost	5 380	1 818
Interest expenses on the pension liability	5 704	10 947
Demographic estimate deviation on the pension liability	2 136	-6 960
Financial estimate deviation on the pension liability	-1 593	-1 707
Settlement of pension plans	-247 400	-113 054
Curtailment of pension plans	-	-44 842
Change in liability due to acquisition/sale of subsidiaries	-	13 838
Benefits paid	-11 395	-24 442
Social security tax	-306	-391
Exchange differences on foreign plans	-2 014	-7 258
Liability for defined benefit pension plans at 31 December	128 249	377 748

Expected payments of defined pension liabilities

NOK1000	2018
Defined benefit pension expected to fall due year 1-5	30 204
Defined benefit pension expected to fall due year 6-10	28 224
Defined benefit pension expected to fall due year 11-20	67 907
Defined benefit pension expected to fall due year 21-30	1 914
Total benefit pension due	128 249

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

NOK1000	2018	2017
Fair value of pension assets at 1 January	220 560	378 085
Expected return from pension assets	2 560	7 134
Financial estimate deviation on the pension assets	695	-1 064
Contributions from employer	73 720	6 765
Administration expenses	-	-56
Contributions from employees	-	429
Increase in pension funds due to the acquisition of subsidiaries	-	-32 306
Settlements	-161 037	-110 474
Benefits paid	-75 825	-22 836
Exchange difference on foreign plans	-1 510	-5 117
Fair value of pension assets at 31 December	59 162	220 560

Pension assets include the following

NOK1000	Of which active markets:	2018	2017
Equity instruments	-	358	45 964
Government stock	-	8 028	121 931
Corporate stock	-	-	-
Other debt instruments, including structured debt	-	32 526	30 971
Investment funds	-	6 214	5 300
Property investments	4 418	5 820	6 928
Bank deposits	-	70	108
Other assets	-	6 145	9 357
Total pension funds	4 418	59 162	220 560

Actuarial deviations recognised in other comprehensive income

NOK1000	2018	2017
Current year actuarial deviation on pension liabilities (defined benefit schemes)	-543	8 667
Current year actuarial deviation on pension funds (defined benefit schemes)	695	-1 064
Tax effect (note 9)	246	25 831
Net actuarial deviation on defined benefit schemes	398	33 434

PENSION COSTS

NOK1000	2018	2017
Defined benefit plans	4 903	7 041
Defined contribution plans	143 193	132 399
Total pension costs recognised in current year payroll costs	148 096	139 440

DEFINED BENEFIT PLAN PENSION COSTS

Pension costs recognised in income statement

NOK1000	2018	2017
Present value of this year's pension earned	5 380	1 818
Contribution from employees	-	-429
Curtailment of pension schemes and plan changes	-171	5 988
Social security tax	-306	-391
Administration costs	-	56
Total pension costs from benefit schemes recognised in salary costs	4 903	7 041
Interest expense on the pension liability	5 704	10 947
Expected return on pension funds	-2 560	-7 134
Total pension costs from benefit schemes recognised in finance costs	3 144	3 813

Note 20 Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of inventories are determined on a first-in- first-out basis. The cost of finished goods and goods in progress consists of costs related to product design, consumption of materials, direct wages and other direct costs. The net realisable value is the estimated selling price less estimated variable expenses for completion and sale.

2018 NOK1000	Raw materials	Work in progress	Finished goods	Total
Cost at 31 December	624 814	1 089 437	1 497 173	3 211 424
Provisions for obsolescence at 1 January	-16 620	-38 873	-82 468	-137 962
Write-down	-1 327	-17 983	-40 277	-59 588
Reversal of write-down	7 375	17 332	24 415	49 123
Currency translation	110	-300	-716	-906
Provisions for obsolescence at 31 December	-10 462	-39 824	-99 047	-149 334
Carrying value at 31 December	614 351	1 049 612	1 398 126	3 062 090

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

Note 21 Current assets

NOK1000	2018	2017
Trade receivables gross	2 069 453	1 875 004
Loss allowance	-51 937	-52 550
Total trade receivables at 31.12	2 017 516	1 822 453
Non-invoiced revenue	247 376	195 537
Total other trade receivables at 31.12	247 376	195 537
VAT and tax claims	255 670	67 400
Current interest bearing assets	15 484	2 091
Other current receivables	652 686	1 127 582
Total other receivables at 31.12	923 841	1 197 073
Total current assets at 31.12	3 188 733	3 215 064
Overdue accounts receivable by age		
NOK1000	2018	2017
Up to 30 days	363 322	305 356
30-60 days	91 112	48 272
60-90 days	37 082	74 712
Over 90 days	180 727	75 051
Total	672 244	503 391

Note 22 Share capital and shareholder information

The share capital of the Company as at 31 December 2018 consists of 183 267 630 shares at a nominal value of NOK 1.-.

Owner structure

The shareholder as at 31 December 2018 was:

	Number of shares	Stake
Ferd Holding AS	183 267 630	100.00 %
Total number of shares	183 267 630	100.00 %

Ferd AS is a subsidiary of Ferd Holding AS, being a subsidiary of Ferd JHA AS. Ferd shares offices with its parent companies in Lysaker, Bærum. For the consolidated financial statements of Ferd JHA AS, please contact Ferd.

Shares indirectly owned by the board

members in Ferd AS	Position	Voting rights	Stake
Johan H. Andresen (Ferd JHA AS)	Chair of the Board	69.94 %	15.20 %

Katharina G. Andresen and Alexandra G. Andresen have a combined indirect ownership holding of 84,4 % of Ferd AS as a result of their share ownership in Ferd Holding AS through their holding companies Ferd KGA AS and Ferd AGA AS.

Note 23 Non-controlling interests

Subsidiary	Interwell	Mestergruppen	Others	Total
Business office	Stavanger	Oslo		
Ferd's stake and voting share	63.6 %	77.8 %		
Non-controlling share	36.4 %	22.2 %		
NOK1000				
Non-controlling interest 1 January 2018	563 089	433 543	34 400	1 031 032
Dividends and capital changes	-35 408	-62 530	-1 202	-99 140
Transactions with non-controlling interests	-23 037	-13 161	-21 474	-57 672
Other comprehensive income attributable to non-controlling interests	47 413	47 973	-89	95 296
Translation differences	4 708	-	190	4 898
Non-controlling interest at 31 December 2018	556 765	405 824	11 825	974 414

Summary of financial information from subsidiaries

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

Note 24 Non-current liabilities

NOK1000	Loan amount in currency 2018	Loan amount in NOK 2018	Loan amount in NOK 2017
NOK	-	2 419 882	2 234 063
USD	-	-	-
EUR	228 234	2 270 540	1 131 635
DKK	200 000	266 445	528 700
CAD	-	-	98 147
Carrying value of loan expenses		-2 595	-8 535
Carrying value at 31 December		4 954 273	3 984 006
Other long-term debt		157 469	258 517
Total non-current liabilities		5 111 096	4 242 522

Instalments determined in contracts

NOK1000	2018
2018	2 896 825
2019	1 046 234
2020	835 992
2021	94 530
2022 or later	240 109
Total	5 113 691
Carrying value of loan expenses	-2 595
Total balance at 31.12	5 111 096

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

Note 25 Other current liabilities

NOK1000	2018	2017
Trade payables	2 006 801	1 769 862
Public duties etc.	296 170	267 752
Other short-term debt	1 437 564	1 975 464
Total	3 740 535	4 013 078

Note 26 Assets pledged as security, guarantees and contingent liabilities

Secured borrowings

NOK1000	2018	2017
Loan facilities	3 157 134	3 020 722
Factoring	2 795	94 742
Total	3 159 929	3 115 464

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

Carrying amounts of pledged assets

NOK1000	2018	2017
Investment property	2 394 743	1 447 618
Other tangible assets	568 695	483 350
Inventories	1 385 402	1 118 878
Receivables	1 317 395	1 290 975
Other assets	89 326	93 788
Total	5 755 560	4 434 609

Maximum exposure to the above assets

5 755 560	4 434 609
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Guarantees and off-balance sheet liabilities

NOK1000	2018	2017
Committed capital to fund investments	849 672	866 239
Committed equity contributions to company investments	175 000	175 000
Guarantees without security	55 161	163 634
Clauses on minimum purchases in agreements	670 823	243 390
Other obligations ¹⁾	66 455	426 066
Total	1 817 110	1 874 329

¹⁾ Other obligations mainly concern repurchase commitments on sales of machines and investment obligations relating to developing investment property and the building of manufacturing plants.

Note 27 Risk management - operations

Risk management relating to the investment activities of Ferd is described in note 6.

Currency risk

Contracted currency flows from operations are normally secured in their entirety, while projected cash flows are hedged to a certain extent. Interest payments related to the Group's foreign currency loans are mostly secured by corresponding cash flows from the Group's activities. Instruments such as currency forward contracts, currency swaps and options can be used to manage the Group's currency exposure.

Outstanding foreign exchange forward contracts related to operations:

NOK1000	Purchase of currency		Sale of currency	
	Currency	Amount	Currency	Amount
	NOK	1 721 953	USD	-200 000
	NOK	990 548	EUR	-100 000
	USD	4 922	MXN	-96 630
	JPY	4 438 561	EUR	-34 670
	NOK	250 355	EUR	-25 401
	USD	8 259	EUR	-7 037
	EUR	7 037	USD	-8 259
	USD	10 500	NOK	-85 596

All foreign exchange contracts mature during 2019 and 2020.

Interest rate risk

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

Outstanding interest rate swaps

NOK1000	Currency	Amount	Receives	Time remaining to maturity	
				Pays	
	EUR	145 000	3M EURIBOR	Fixed 0.13 - 1.05 %	0.5 - 6.0 years

The table includes derivatives for hedging.

Credit risk

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

Note 28 Hedge accounting - operations

Ferd has cash flow hedges related to the hedging of currency transactions and commodity prices. Hedging related to interest payments was terminated on 1 July 2017. Remaining hedging reserves are transferred to profit in line with interest payments on the loans that had qualified for hedge accounting. The hedging reserve consist of the effective part of the accumulated net changes in the fair value of cash flow hedges related to the hedged transaction which have not yet taken place. Movements in the hedge accounting reserve are described in the table below.

NOK1000	2018			2017		
	Opening balance	Change during the year	Closing balance	Opening balance	Change during the year	Closing balance
Commodity swaps	27 665	-66 215	-38 550	21 715	5 950	27 665
Currency futures	-22 701	19 209	-3 492	-2 408	-20 293	-22 701
Interest rate swaps	-7 524	5 703	-1 821	-13 952	6 428	-7 524
Currency translation	-1 420	-286	-1 706	-1 282	-138	-1 420
Deferred tax	-589	11 322	10 733	-1 034	445	-589
Total	-4 569	-30 267	-34 836	3 039	-7 608	-4 569

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

NOK1000	2018	2017
Commodity costs	-653	-
Commodity costs	1 132	23 547
Other operating expenses	4 568	-2 697
Net finance result	-5 595	-21 708
Total	105	-858

Negative amounts represent income.

Note 29 Liquidity risk

Financing and financial covenants

Ferd AS has a multi-currency cash pool agreement for some subsidiaries that are managed from Lysaker. Most of the subsidiaries of Ferd Eiendom are not included within this agreement. The multi-currency cash pool agreement includes the currencies NOK, USD, EUR, DKK, SEK and CHF and is presented net in the Group financial statements.

Ferd AS has a loan facility of NOK 7 billion. As of 31 December 2018, there has been no draw-down on the loan facility. Ferd has financial covenants with requirements related to 1) Equity ratio, 2) Book equity and 3) Cash and cash equivalents. At 31 December 2018, Ferd had a good margin for these requirements.

All of the subsidiaries / sub-groups that Ferd has invested in have their own banking connections, group accounts and financing. The sub-groups have their own financial covenant requirements adapted to their specific businesses. As of 31 December 2018, none of the companies are in breach of the covenant requirements.

Liquidity risk – operational business

Liquidity risk in the operational business is mainly related to the risk that Elopak, Mestergruppen, Interwell, Servi and Swix will not be able to service their financial obligations on their maturity date. Operational liquidity risk is managed by having sufficient liquidity reserves and available borrowing capacity through bank and credit facilities, as well as by continuous monitoring of expected future and actual cash flows.

The following tables provide an overview of the Group's contractual maturities of financial liabilities after maturity. The tables are prepared based on the earliest date the Group can be required to pay.

31.12.18 NOK1000	Less than 1	1-3 years	3-5 years	Total
Finance institutions	1 252 807	3 884 890	1 071 978	6 209 675
Accounts payable	2 006 801	-	-	2 006 801
Other non-current liabilities	-	58 815	98 654	157 469
Public taxes and other current	1 434 520	-	-	1 434 520
Total¹⁾	4 694 128	3 943 706	1 170 632	9 808 465

31.12.17 NOK1000	Less than 1	1-3 years	3-5 years	Total
Finance institutions	1 243 055	2 308 359	1 684 181	5 235 596
Accounts payable	1 769 862	-	-	1 769 862
Other non-current liabilities	-	117 211	141 306	258 517
Public taxes and other current	1 924 257	-	-	1 924 257
Total¹⁾	4 937 175	2 425 570	1 825 487	9 188 232

¹⁾ The table does not include lease obligations, guarantees and off-balance sheet liabilities, cf. notes 26 and 30 respectively.

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

31.12.18 NOK1000	Less than 1	1-3 years	More than 3	Total
Interest rate swaps	-2 801	-1 844	-12 474	-17 119
Currency futures	-35 509	2 159	-	-33 350
Commodity derivatives	-15 420	-23 130	-	-38 550
Total	-53 730	-22 815	-12 474	-89 019

31.12.17 NOK1000	Less than 1	1-3 years	More than 3	Total
Interest rate swaps	-8 665	-4 728	709	-12 684
Currency futures	-17 835	-9 840	-	-27 676
Commodity derivatives	-12 478	-	-	-12 478
Total	-38 978	-14 568	709	-52 837

Credit facilities

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

	2018	2017
	Used	Unused
Overdraft		

Secured	-	60 000	35 000	295 000
Unsecured	147 249	576 767	168 889	298 840
<u>Credit facilities</u>				
Secured	607 303	103 000	1 108 303	-
Unsecured	2 755 986	1 423 334	2 093 664	2 032 456
<u>Factoring</u>				
Secured	2 795	-	94 742	-
Unsecured	675 480	714 686	374 236	465 023
Total secured	610 098	163 000	1 238 045	295 000
Total unsecured	3 578 715	2 714 787	2 636 789	2 796 319

Change in obligations from financial activities

	Long-term loans	Short-term loans	Leasing obligations	Derivatives	Other	Total
Balance at 1 January 2018	3 984 006	1 243 055	2 381	-22 312	23 558	5 230 688
Changes with effect on cash flows:						
Proceeds from new loans	1 096 427	636 806	-	-2 476	5 499	1 736 256
Repayments	-147 943	-645 403	-1 612	22 235	-	-772 724
Changes without any effect any effect	-	-	-	-	-	-
Reclassifications	-29 712	17 493	8 330	3 890	-	-
Fair value changes	-	-	-	102 667	-	102 667
Currency changes	51 495	856	-33	-	460	52 779
Balance at 31 December 2018	4 954 273	1 252 807	9 066	104 004	29 517	6 349 666

	Long-term loans	Short-term loans	Leasing obligations	Derivatives	Other	Total
Balance at 1 January 2017	3 681 337	1 154 914	145	-10 450	17 836	4 843 783
Changes with effect on cash flows:						
Proceeds from new loans	7 886 488	609 296	2 136	-	10 661	8 508 581
Repayments	-7 899 285	-426 002	-28	12 564	-	-8 312 751
Changes without any effect any effect	-	-	-	-	-	-
Additions from acquisitions	44 770	7 772	-	-	-	52 542
Reclassifications	130 851	-130 449	-	-6 734	-6 641	-12 974
Accrued interest	988	18 279	-	-	-	19 267
Fair value changes	-	-	-	-18 121	-	-18 121
Currency changes	138 856	9 245	128	429	1 701	150 360
Balance at 31 December 2017	3 984 006	1 243 055	2 381	-22 312	23 558	5 230 688

Note 30 Operating and finance leases

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

The object and liability of finance leases with the Group as the lessee is initially recognised at the lower of the object's fair value and the present value of the minimum lease. Lease payments are apportioned between the liability and finance cost in order to achieve a constant rate of interest on the remaining balance of the liability. Variable and contingent lease amounts are recognised as operating costs in the income statement as they incur. Lease objects related to finance lease agreements are depreciated over the shorter of the estimated useful life of the asset and the lease term, provided that the Group will not assume ownership by the end of the lease term.

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

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

The Group as lessor, operating leases

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

Specification of income on operating leases	2018	2017
Total variable leases recognised as income	156 415	193 545
Total	156 415	193 545

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

	2018	2017
Totally due next year	116 109	119 616
Totally due in 2-5 years	225 818	289 859
Totally due after 5 years	24 284	13 245
Total	366 211	422 721

The amounts have not been discounted.

The Group as lessor, finance leases

Specification of income from finance leases	2018	2017
Total variable leases recognised as income	42 310	25 594
Total income from finance leases	42 310	25 594

Gross investment compared to the present value of outstanding minimum leases	2018	2017
Gross receivables on lease agreements	43 862	27 002
Finance income not yet earned	-7 332	-1 584
Net investment from finance leases (present value)	36 530	25 417

The Group as lessee, operating leases

Specification of expenses on operating leases	2018	2017
Total variable leases recognised as expenses	258 970	187 776
Minimum leases (including fixed leases) recognised as expense	73 293	148 710
Subleases recognised as cost reductions	1 199	-1 564
Total leasing costs	333 462	334 922

Due for payment	2018	2017
Total costs next year	341 626	376 970
Total costs 2-5 years	928 614	967 896
Total costs after 5 years	780 778	868 812
Total	2 051 018	2 213 678

The amounts have not been discounted.

The Group as lessee, finance leasing

Specification of leasing costs of the year	2018	2017
Total variable leases recognised as expenses	480	1 199
Total leasing costs	480	1 199

Future minimum leases and corresponding present values, by due dates:	Minimum rent	Calculated interest	Present value
Total due in one year	3 768	309	3 458
Total due in year 2-5	5 911	-1 158	7 070
Total due after 5 years	-	-	-
Total leasing obligations related to finance leasing	9 679	-849	10 528

Net carrying value of leased assets, by asset class	2018	2017
Fixtures, vehicles and equipment	10 528	12 574
Total carrying value of leased assets	10 528	12 574

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

Note 31 Related parties

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

Associated companies and joint ventures

Transactions with associated companies and joint ventures are accounted for in note 17.

The Board and executives

The board members' rights and obligations are determined in the Company's Articles of Association and Norwegian legislation. There are no significant agreements with enterprises where a board member has significant interest. Ownership in Ferd AS by board members is shown in note 22, and information on fees to board members and executives in note 11.

Note 32 Events subsequent to the balance sheet date

We are not aware of any events after the balance sheet date that could influence the 2018 financial statements.

Note 33 New accounting standards according to IFRS

The financial statements have been prepared in accordance with standards issued by the International Accounting Standards Board (IASB) and International Financial Reporting Standards - Interpretations Committee (IFRIC), effective for accounting years starting on 1 January 2018 or earlier.

New and amended standards implemented by Ferd effective from the accounting year 2018.

IFRS 9 Financial instruments

Ferd has implemented the standard from 1 January 2018 using the modified retrospective method. No comparative figures have been restated and there has been no impact on equity as a result of the implementation. IFRS 9 has introduced new rules for the classification of financial instruments. In addition, the standard has introduced new rules for the assessment of impairment and hedge accounting. Ferd already classifies most of its equity instruments at fair value over profit or loss. The new standard does not entail any significant changes in the classification and measurement treatment of Ferd's equity instruments. New rules regarding impairment assessments primarily affect the assessment of provision for losses on receivables, by moving from an accrued loss model to an expected loss model. The new impairment rules have not had any significant effect on the magnitude of the loss allowance for receivables.

IFRS 15 Revenue from Contracts with Customers

Ferd has implemented the standard from 1 January 2018 using the modified retrospective method, which entails no restatement of prior period comparative figures. There are no implementation effects on equity.

IFRS 15 introduces a comprehensive revenue recognition framework. The general guidance requires the reporting entity to identify the separate performance obligations, as well as the transaction price within a contract. Revenue is recognised based on the timing of the delivery to the customer, either at a point in time or over time.

The standard has not led to any significant changes in the recognition of revenue for the Group, with one exception. Mestergruppen, which is part of the segment Ferd Capital, and, in accordance with IFRS 15, under IFRS 15 no longer has the ability opportunity to recognize collect revenue income and expenses on a gross basis on deliveries to the final customer. This is due to an evaluation of the risk profile related to the when to the delivery to the final customer. In accordance with IFRS 15, as a result of assessment around risk on the delivery. According to new standards, recognized revenue will be measured as only represent the net margin related to the of the delivery, which is a reflection of the in order to reflect entity's acutal risk exposure.

As comparative figures have not been restated, the effect of the IFRS 15 changes is presented below:

Financial statement line item	2018 IFRS 15	2018 IAS 18	2017: IAS 18
Revenue	13 932 602	19 219 130	18 278 205
Cost of goods sold	- 8 118 226	-13 404 754	-13 109 294

New and amended standards not yet implemented by Ferd

IFRS 16 Leases

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

The new standard is effective for the accounting year starting on 1 January 2019, and Ferd will apply IFRS 16 when it becomes mandatory. A consequence of implementing the standard is that the present value of operating lease commitments shall be recognised in the balance sheet. Ferd will use the modified retrospective method at the implementation, implying that no restatement of comparable figures is required, and no cumulative effects are recognised against equity. The nominal value of operating lease commitments is NOK 1,8 billion as at 31 December 2018, cf. note 30.



To the General Meeting of Ferd AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ferd AS, which comprise:

- The financial statements of the parent company Ferd AS (the Company), which comprise the balance sheet as at 31 December 2018, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Ferd AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2018, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisionsberetninger>



Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (*ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*), it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 8 April 2019
PricewaterhouseCoopers AS

Geir Haglund
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.