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INTERIM REPORT FOR THE FIRST SIX MONTHS OF 2016

***FERD***

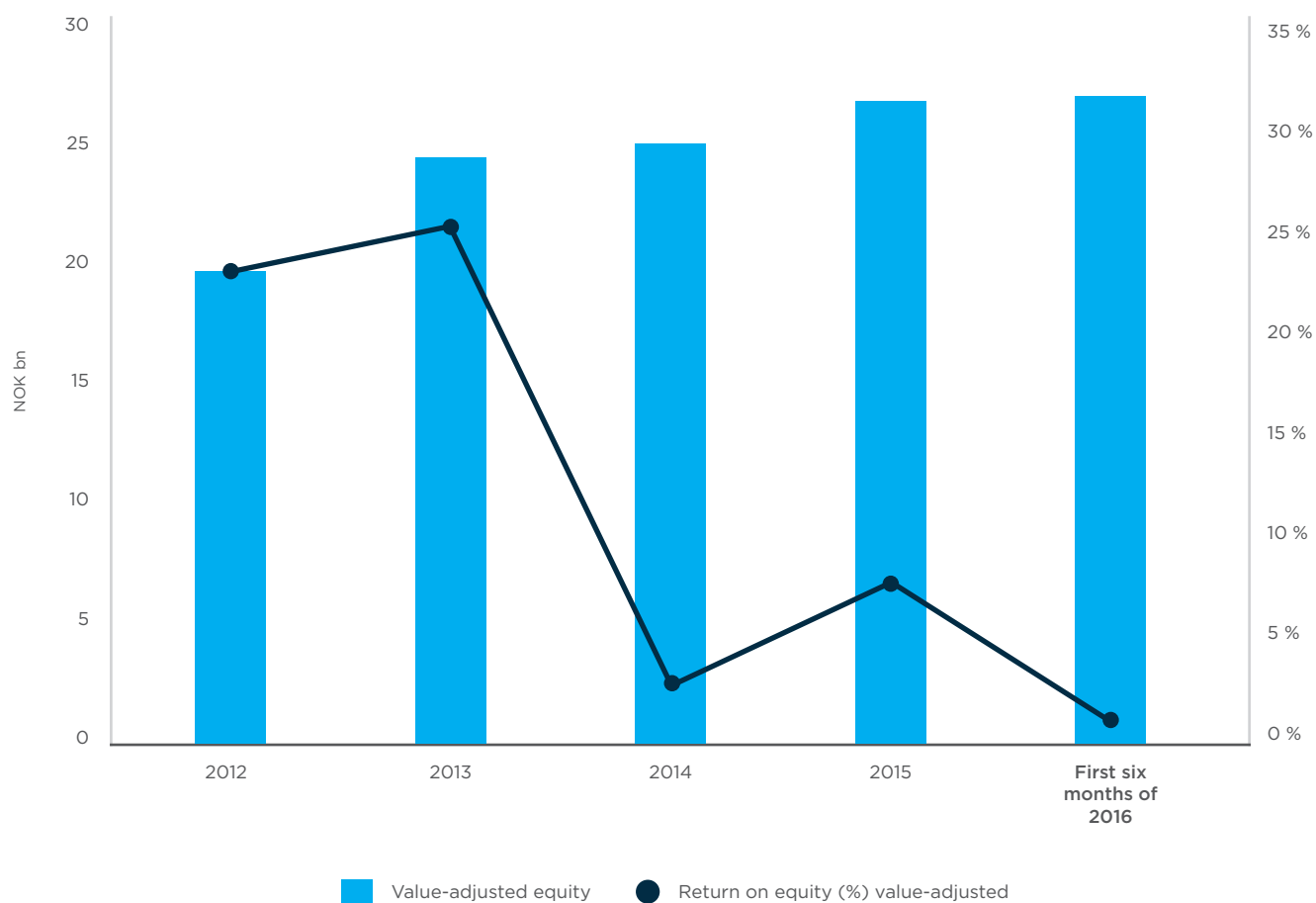
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FURTHER GROWTH TO CREATE ENDURING  
VALUE AND LEAVE CLEAR FOOTPRINTS

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## KEY FIGURES

	FIRST SIX MONTHS OF 2016	2015	2014	2013	2012
<i>NOK bn</i>					
Value-adjusted equity	26,8	26,6	24,9	24,3	19,6
Return on equity value-adjusted	1 %	8 %	3 %	25 %	23 %
Liquidity	7,4	7,3	7,0	5,5	4,4

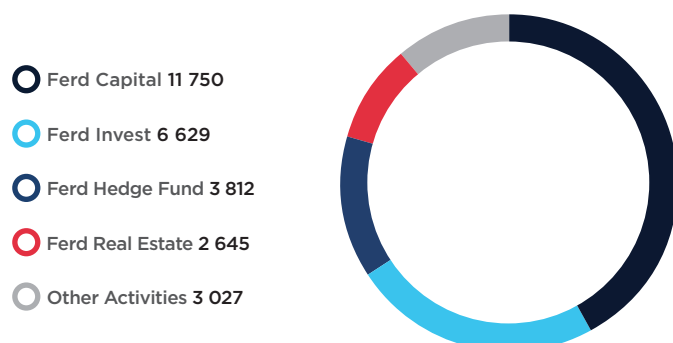


## MANAGEMENT'S COMMENTARY ON THE FIRST SIX MONTHS OF 2016

The group's value-adjusted equity at the end of June totalled NOK 26.8 billion (NOK 26.6 billion at 31 December 2015). After adjusting for a dividend paid to Ferd's owners, the return on value-adjusted equity for the first six months of 2016 was NOK 350 million, equivalent to 1.3%. The Norwegian stock market was down 1.2% over this period, while Nordic stock markets were down by 4.3% in Norwegian krone terms. Ferd Capital generated a return of 5.0% in the first six months of the year. Elopak was the investment that produced the best return for Ferd in the first six months of 2016. Elopak is Ferd's largest investment. The weakest-performing investment in Ferd Capital's portfolio in the first six months of 2016 was Petroleum Geo-Services (PGS), which was down 46%. Ferd achieved a return of 10.3% on its real estate portfolio as a result of strong performance by its residential property development projects. Ferd's portfolio of Nordic stock exchange listed shares generated a return of -1.8% in the first six months, representing outperformance of 2.5% relative to its benchmark index. Ferd's hedge fund portfolio produced a return of -4.1% (in USD terms), while the return for its benchmark index was -1.6% (in USD terms).

Ferd realised a total of NOK 1.6 billion in the first six months of 2016. NOK 1.1 billion of this amount was payment from the sale of TeleComputing while the group received a total of approximately NOK 400 million in payments from its fund investments and dividends from Ferd Capital's portfolio companies. Ferd invested approximately NOK 900 million during the first six months of 2016. Its largest single investment was in Scatec Solar, a stock exchange listed company in which it invested almost NOK 200 million. NOK 300 million was invested in the first six months of 2016 using Ferd Capital's Special Investments mandate, while Ferd Real Estate invested a total of NOK 170 million in two new real estate projects.

The chart below shows the allocation of capital by book value for Ferd AS at 30 June 2016 in NOK million:



### FERD CAPITAL

Ferd Capital is a long-term investor that works actively with private and stock exchange listed companies during its ownership period to ensure the greatest possible value creation. Ferd Capital has three mandates: unlisted companies, stock exchange listed companies and Special Investments. The Special Investments mandate enables Ferd to invest in financial instruments relating to most aspects of corporate capital structure, and its investment decisions are not subject to any requirements in respect of ownership interest or influence. Ferd Capital's largest investments at 30 June 2016 were Elopak, Interwell, Mestergruppen, Swix, Aibel and Fjord Line, as well as the stock exchange listed companies PGS and Scatec Solar.

The portfolio's value-adjusted equity totalled NOK 10.3 billion at 30 June 2016 (NOK 10.2 billion at 31 December 2015). Ferd Capital's investments in oil service companies reported a relatively flat performance over the period with the exception of PGS, which posted a weak performance. The investment that generated the highest return for Ferd Capital in both percentage and Norwegian krone terms was Elopak. The value of Ferd's other investments changed by lesser amounts. After adjusting for dividends, the overall return on Ferd Capital's investments was NOK 486 million.

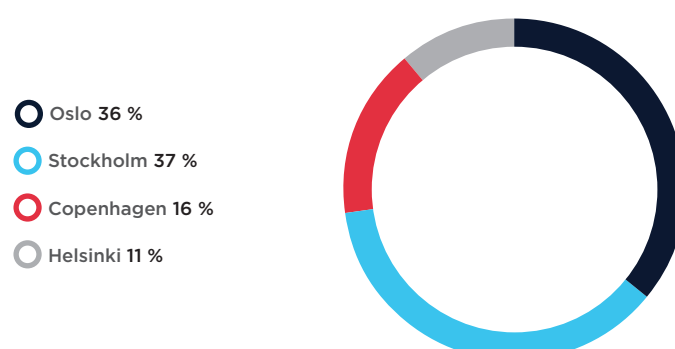
### FERD INVEST

Ferd Invest invests in listed Nordic companies. Its target is to generate a return that is higher than the return on a Nordic share index (the MSCI Nordic Mid Cap Index). Ferd Invest's mandate does not stipulate limits with regard to the allocation of investments between countries and sectors and the portfolio differs significantly from its benchmark index.

The value of Ferd Invest's portfolio at 30 June 2016 was slightly over NOK 6.2 billion (NOK 6.3 billion at 31 December 2015). Ferd Invest produced a return of NOK -114 million in the first six months of 2016, equivalent to -1.8% (13.3% in the same period in 2015).

The largest investments in the portfolio at 30 June 2016 were Opera Software ASA, Novo-Nordisk AS, Hexagon AB and Hennes & Mauritz AB.

The chart below shows the allocation of the portfolio between stock markets at 30 June 2016:



#### **FERD HEDGE FUND**

Ferd's objective for its hedge fund portfolio is to achieve a good risk-adjusted return over time, both relative to the market and in absolute terms. In order to achieve good risk diversification, it is important that the composition of the portfolio features a range of funds which generate returns that are not dependent on the same risk factors.

The market value of the hedge fund portfolio at 30 June 2016 was NOK 3.4 billion (NOK 3.6 billion at 31 December 2015). The hedge fund portfolio produced a return for the first six months of 2016 of NOK -144 million (NOK 70 million in the same period in 2015), representing a return of -4.1% (in USD terms).

#### **FERD REAL ESTATE**

Ferd Real Estate is an active real estate investor. The business area has activities in the development of residential projects, the development and construction of new office buildings, and the development of warehouses/mixed-use buildings. Ferd Real Estate carries out projects both independently and in collaboration with selected partners. It also makes purely financial investments in real estate.

Ferd Real Estate's value-adjusted equity at 30 June 2016 totalled NOK 2.2 billion (NOK 1.9 billion at 31 December 2015). The portfolio produced a return of 10.3%. Ferd Real Estate's operating profit was NOK 214 million for the first six months of 2016 (NOK 199 million for the same period in 2015).

The strong return for the period was principally due to record-high sales of residential units and the performance of the market for undeveloped residential sites.

Ferd Real Estate's largest residential project is Tiedemannsbyen. The project is for around 1,400 residential units and will be carried out over a period of between 10 and 15 years. Two new construction phases have been launched in 2016. 80% of the residential units in these phases were sold in the first six months of 2016.

#### **OTHER ACTIVITIES**

Other Activities principally consists of Ferd's investments in externally managed private equity funds and hedge fund units purchased in the secondary market. Ferd's private equity investments produced a return of -6.5% in the first six months of 2016 (-1.2% in the same period in 2015), while its portfolio of hedge fund units purchased in the secondary market produced a return of 5.0% during the same period (1% in the first six months of 2015). Ferd received payments in excess of NOK 300 million from these two portfolios during the first six months of 2016. The profit or loss arising from the financial instruments used by Ferd to hedge its currency exposure is also reported in Other Activities, which also includes group-level costs.

## FERD AS - CONDENSED INCOME STATEMENT

	01.01. - 06.30.2016	01.01. - 06.30.2015	2015
<i>NOK 1 000</i>			
<b>OPERATING INCOME AND EXPENSES</b>			
Income from financial investments	132 600	1 610 100	2 663 100
Other income	10 700	12 900	21 800
<b>Operating income</b>	<b>143 300</b>	<b>1 623 000</b>	<b>2 684 900</b>
Payroll costs	- 30 000	- 28 500	- 85 600
Other operating expenses	- 32 500	- 25 700	- 35 100
<b>Operating expenses</b>	<b>- 62 500</b>	<b>- 54 200</b>	<b>- 120 700</b>
<b>Operating profit/ -loss</b>	<b>80 800</b>	<b>1 568 800</b>	<b>2 564 200</b>
<b>Net financial items</b>	<b>218 000</b>	<b>29 500</b>	<b>- 539 600</b>
<b>Result before tax</b>	<b>298 800</b>	<b>1 598 300</b>	<b>2 024 600</b>
Income tax expense *)			- 201 900
<b>Profit/ - loss</b>	<b>298 800</b>	<b>1 598 300</b>	<b>1 822 700</b>
<b>CONDENSED TOTAL COMPREHENSIVE INCOME</b>			
	01.01. - 06.30.2016	01.01. - 06.30.2015	2015
<i>NOK 1 000</i>			
Profit/ -loss	298 800	1 598 300	1 822 700
Other income and expenses:			
Actuarial gains/ losses on pensions			- 1 900
Tax on actuarial gains/ losses on pensions			500
<b>TOTAL COMPREHENSIVE INCOME/ -LOSS</b>	<b>298 800</b>	<b>1 598 300</b>	<b>1 821 300</b>

\*) Tax has not been calculated for the 2016 year to date profit.

## FERD AS - CONDENSED STATEMENT OF FINANCIAL POSITION

	06.30.2016	06.30.2015	12.31.2015
<i>NOK 1 000</i>			
Investments in subsidiaries	12 583 000	11 478 100	11 440 600
Other non-current assets	109 700	25 400	110 100
<b>Total non-current assets</b>	<b>12 692 700</b>	<b>11 503 500</b>	<b>11 550 700</b>
Financial instruments	14 613 100	14 327 100	14 740 900
Bank deposits		343 900	3 300
Other current assets	558 000	240 200	405 300
<b>Total current assets</b>	<b>15 171 100</b>	<b>14 911 200</b>	<b>15 149 500</b>
<b>Total assets</b>	<b>27 863 800</b>	<b>26 414 700</b>	<b>26 700 300</b>
<b>Equity</b>	<b>26 424 100</b>	<b>26 079 700</b>	<b>26 126 300</b>
Other long-term liabilities	372 000	247 800	389 900
<b>Total non-current liabilities</b>	<b>372 000</b>	<b>247 800</b>	<b>389 900</b>
Short-term interest bearing liabilities	835 100		
Other current liabilities	232 600	87 100	184 100
<b>Total current liabilities</b>	<b>1 067 700</b>	<b>87 100</b>	<b>184 100</b>
<b>Total liabilities</b>	<b>1 439 700</b>	<b>334 900</b>	<b>574 000</b>
<b>Total equity and liabilities</b>	<b>27 863 800</b>	<b>26 414 700</b>	<b>26 700 300</b>

## FERD AS - SEGMENT INFORMATION

### BUSINESS SEGMENTS 1 JANUARY - 30 JUNE 2016

	FERD AS	FERD CAPITAL	FERD INVEST	FERD HEDGE FUND	FERD REAL ESTATE	OTHER ACTIVITIES
NOK 1 000						
<b>OPERATING PROFIT</b>						
Income from financial investments	132 600	473 200	- 115 400	- 176 900	212 800	- 261 100
Other income	10 700	200			8 400	2 000
<b>Operating income</b>	<b>143 300</b>	<b>473 400</b>	<b>- 115 400</b>	<b>- 176 900</b>	<b>221 200</b>	<b>- 259 100</b>
Operating expense	- 62 500	- 23 500	- 4 400	- 5 000	- 7 200	- 22 400
<b>Operating profit</b>	<b>80 800</b>	<b>449 900</b>	<b>- 119 800</b>	<b>- 181 900</b>	<b>214 000</b>	<b>- 281 500</b>
<b>BALANCE SHEET</b>						
Investments in subsidiaries	12 583 000	9 887 400			2 603 000	92 500
Financial instruments	14 613 100	1 760 700	6 503 900	3 564 500	100	2 783 900
Other assets	667 700	101 800	125 500	247 900	42 200	150 400
<b>Total assets</b>	<b>27 863 800</b>	<b>11 749 800</b>	<b>6 629 400</b>	<b>3 812 300</b>	<b>2 645 300</b>	<b>3 026 800</b>

### BUSINESS SEGMENTS 1 JANUARY - 30 JUNE 2015

	FERD AS	FERD CAPITAL	FERD INVEST	FERD HEDGE FUND	FERD REAL ESTATE	OTHER ACTIVITIES
NOK 1 000						
<b>OPERATING PROFIT</b>						
Income from financial investments	1 610 100	547 900	714 600	92 400	198 900	56 300
Other income	12 900		100		8 200	4 700
<b>Operating income</b>	<b>1 623 000</b>	<b>547 900</b>	<b>714 700</b>	<b>92 400</b>	<b>207 100</b>	<b>61 000</b>
Operating expense	- 54 200	- 11 300	- 4 100	- 4 700	- 8 200	- 25 900
<b>Operating profit</b>	<b>1 568 800</b>	<b>536 600</b>	<b>710 600</b>	<b>87 700</b>	<b>198 900</b>	<b>35 100</b>
<b>BALANCE SHEET</b>						
Investments in subsidiaries	11 478 100	9 057 400			2 329 400	91 200
Financial instruments	14 327 100	928 200	6 042 100	3 348 700	100	4 008 000
Bank deposits	343 900	829 100	29 400	- 10 000	- 440 100	- 64 500
Other assets	265 700	2 700	141 100	49 100	3 700	69 000
<b>Total assets</b>	<b>26 414 700</b>	<b>10 817 300</b>	<b>6 212 600</b>	<b>3 387 900</b>	<b>1 893 200</b>	<b>4 103 700</b>

## FERD AS - SEGMENT INFORMATION

### BUSINESS SEGMENTS 2015

	FERD AS	FERD CAPITAL	FERD INVEST	FERD HEDGE FUND	FERD REAL ESTATE	OTHER ACTIVITIES
NOK 1 000						
<b>OPERATING PROFIT</b>						
Income from financial investments	2 663 100	319 000	1 419 500	144 800	318 500	461 300
Other income	21 800	100	100	- 100	17 500	4 200
<b>Operating income</b>	<b>2 684 900</b>	<b>319 100</b>	<b>1 419 600</b>	<b>144 600</b>	<b>336 000</b>	<b>465 600</b>
Operating expense	- 120 700	- 33 000	- 9 200	- 11 500	- 20 300	- 46 700
<b>Operating profit</b>	<b>2 564 300</b>	<b>286 100</b>	<b>1 410 400</b>	<b>133 100</b>	<b>315 700</b>	<b>418 900</b>
<b>BALANCE SHEET</b>						
Investments in subsidiaries	11 440 600	8 919 400			2 423 000	98 200
Financial instruments	14 740 900	1 573 900	6 218 500	3 887 600	100	3 060 800
Bank deposits	3 300	18 200	53 100	41 400	- 440 000	330 600
Other assets	515 500	104 800	27 100	95 100	63 400	225 000
<b>Total assets</b>	<b>26 700 300</b>	<b>10 616 400</b>	<b>6 298 700</b>	<b>4 024 000</b>	<b>2 046 600</b>	<b>3 714 600</b>



## FERD AS GROUP - CONDENSED CONSOLIDATED INCOME STATEMENT

	01.01. - 06.30.2016	01.01. - 06.30.2015	2015
<i>NOK 1 000</i>			
<b>OPERATING INCOME AND EXPENSES</b>			
Sales revenue	6 971 700	6 028 500	12 912 700
Income from financial investments	-255 100	913 000	1 985 900
Other income	129 800	56 600	315 300
<b>Operating income</b>	<b>6 846 500</b>	<b>6 998 100</b>	<b>15 213 900</b>
Cost of goods sold	-5 087 200	-4 194 600	-8 339 200
Other operating expenses	-1 839 000	-1 703 500	-4 566 700
<b>Operating expenses</b>	<b>-6 926 200</b>	<b>-5 898 100</b>	<b>-12 905 900</b>
<b>Operating profit</b>	<b>-79 700</b>	<b>1 100 000</b>	<b>2 308 000</b>
<b>Net financial intems</b>	<b>134 300</b>	<b>25 100</b>	<b>-680 600</b>
<b>Result before tax and non-controlling interests</b>	<b>54 600</b>	<b>1 125 100</b>	<b>1 627 400</b>
Income tax expense *)	-55 000	-48 200	-318 300
<b>Profit after tax from continued operations</b>	<b>-400</b>	<b>1 076 900</b>	<b>1 309 100</b>
Profit after tax for discontinued operations	16 800	49 500	101 200
<b>Profit for the year</b>	<b>16 400</b>	<b>1 126 400</b>	<b>1 410 300</b>
Non-controlling interests' share of the result	-9 300	13 400	-2 300
Parent company's shareholders' share of the result	25 700	1 113 000	1 412 600
<b>CONDENSED TOTAL COMPREHENSIVE INCOME</b>			
	<b>01.01. - 06.30.2016</b>	<b>01.01. - 06.30.2015</b>	<b>2015</b>
<i>NOK 1 000</i>			
Profit/ -loss	16 400	1 126 400	1 410 300
Other income and expenses than can be reclassified to the income statement at a later date:			
Currency translation of foreign subsidiaries	-48 400	-8 100	113 800
Effect of cash flow hedging	-3 400	54 900	95 300
Tax on cash flow hedging			-21 500
Other income and expenses not reclassified to the income statement at a later date:			
Actuarial gains/ losses on pensions	-1 600		3 300
Tax on actuarial gains/ losses on pensions			-1 000
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-37 000</b>	<b>1 173 200</b>	<b>1 600 200</b>
Non-controlling interests' share of the result	-8 400	15 300	12 700
Parent company's shareholders' share of the result	-28 600	1 157 900	1 587 500

\*) Tax has not been calculated for the 2016 year to date profit. Hence, income tax consists of changes to last year's estimate.

## FERD AS GROUP - CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	06.30.2016	06.30.2015	12.31.2015
<i>NOK 1 000</i>			
Intangible assets	3 200 300	3 261 900	3 153 700
Tangible assets	2 208 000	2 298 300	2 175 400
Investment property	2 248 000	2 086 400	2 235 900
Other non-current assets	1 030 000	928 600	1 001 500
<b>Total non-current assets</b>	<b>8 686 300</b>	<b>8 575 200</b>	<b>8 566 500</b>
Financial instruments	15 537 500	15 278 200	15 652 100
Bank deposits	2 033 200	1 652 400	1 852 700
Other current assets	5 949 400	5 136 700	6 167 500
<b>Total current assets</b>	<b>23 520 100</b>	<b>22 067 300</b>	<b>23 672 300</b>
<b>Total assets</b>	<b>32 206 300</b>	<b>30 642 500</b>	<b>32 238 800</b>
<b>Equity</b>	<b>22 830 600</b>	<b>22 483 400</b>	<b>22 729 800</b>
Long-term interest bearing liabilities	4 296 500	3 942 700	4 015 000
Other long-term liabilities	1 177 100	1 172 900	1 187 600
<b>Total non-current liabilities</b>	<b>5 473 600</b>	<b>5 115 600</b>	<b>5 202 600</b>
Short-term interest bearing liabilities	502 100	403 500	661 200
Other current liabilities	3 400 100	2 640 000	3 645 200
<b>Total current liabilities</b>	<b>3 902 200</b>	<b>3 043 500</b>	<b>4 306 400</b>
<b>Total liabilities</b>	<b>9 375 800</b>	<b>8 159 100</b>	<b>9 509 000</b>
<b>Total equity and liabilities</b>	<b>32 206 300</b>	<b>30 642 500</b>	<b>32 238 800</b>

## **COMMENTARY ON THE INTERIM ACCOUNTS FOR THE FIRST SIX MONTHS OF 2016**

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### **BASIS OF PREPARATION AND MATERIAL ACCOUNTING PRINCIPLES**

The annual accounts of Ferd AS are prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU. The accounting principles applied in the interim accounts for the first half of 2016, which ended on 30 June 2016, are the same as applied in the annual accounts for 2014. The interim report includes the unconsolidated interim accounts for Ferd AS and the consolidated interim accounts, which comprise Ferd AS together with its subsidiaries and associated companies.

The interim report does not include all of the information and disclosures required for the annual accounts, and the interim accounts should be read in conjunction with the annual accounts for 2015. The interim accounts have not been audited. All Ferd Capital's investments are recognised in the unconsolidated accounts of Ferd AS at estimated market value.

### **USE OF ESTIMATES AND ASSUMPTIONS**

In connection with the preparation of the interim report and the application of Ferd's accounting principles, management has exercised its judgement and used estimates and assumptions that affect amounts recognised in the profit and loss account and in the balance sheet. The most important assumptions in respect of future events and other important causes of uncertainty in the estimates made, and which may represent a significant risk of material changes in future accounting periods to amounts recognised in the accounts, are described in the annual accounts for 2015. In preparing the interim report for the first half of 2016, management has exercised its judgement in the same areas.

### **SEGMENT REPORTING**

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

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