

FERD

Interim report for the first six
months of 2010

“Enduring value and
clear footprints over 160 years”



Ferd Interim Accounts for the first six months of 2010

Profit and loss account	1.1.–30.6.2010	1.1.–30.6.2009	Change
<i>NOK million</i>			
Operating revenue	3 675.2	2 949.0	726.2
Cost of goods sold	2 277.2	2 302.3	-25.1
Other operating expenses	829.0	882.2	-53.2
Operating Profit/Loss	569.0	-235.5	804.5
Net financial items	-20.9	-98.2	77.3
Profit/Loss before tax and minority interests	548.1	-333.7	881.8

Balance sheet	30.06.2010	31.12.2009
<i>NOK million</i>		
Fixed assets	3 728	3 459
Current assets	15 704	15 172
Total assets	19 432	18 631
Equity*	11 440	10 866
Interest-bearing liabilities	4 461	3 760
Non interest-bearing liabilities	3 531	4 005
Total equity and liabilities	19 432	18 631

* Tax has not been calculated for the 2010 year to date profit

Ferd Profit and Loss Account by Business Area for the first six months of 2010

Operating revenue	1.1.–30.6.2010	1.1.–30.6.2009	Change
<i>NOK million</i>			
Ferd Capital	417.9	7.8	410.1
Elopak	3 043.8	3 166.3	-122.5
Ferd Invest	-66.3	358.0	-424.3
Ferd External Managers	146.1	-828.5	974.6
Ferd Real Estate	12.8	204.6	-191.8
Other activities	120.9	80.8	40.1
Consolidated	3 675.2	2 989.0	686.2

Operating profit/loss	1.1.–30.6.2010	1.1.–30.6.2009	Change
<i>NOK million</i>			
Ferd Capital	395.3	-8.4	403.7
Elopak	174.7	192.7	-18.0
Ferd Invest	-72.0	353.7	-425.7
Ferd External Managers	142.0	-872.5	1 014.5
Ferd Real Estate	-5.5	175.3	-180.8
Other activities	-65.5	-76.3	10.8
Consolidated	569.0	-235.5	804.5

Commentary on the interim accounts for the first six months of 2010

The consolidated interim accounts of the Ferd group for the first six months have been prepared in accordance with IFRS. Applying IFRS to the Ferd consolidated accounts has caused greater use of market values than was the case for previous interim reports in which the Ferd group reported in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway. The investments managed by Ferd Invest and Ferd External Managers (including investments in Herkules Private Equity Funds I, II & III), Ferd Capital's investments other than those in the consolidated subgroups Elopak and Swix, as well as the cash flow real estate investments managed by Ferd Real Estate, are now recognised in the interim accounts at fair value.

Ferd reports consolidated operating profit of NOK 569 million for the first six months of 2010, which represents a significant improvement from the operating loss of NOK 236 million reported for the same period in 2009. The business areas that reported the largest improvement in operating results for the first half of 2010 relative to the same period in 2009 were Ferd Capital and Ferd External Managers.

Ferd Capital reported a return in the first six months of 2010 on its investment in Aibel of almost NOK 400 million, but Ferd Capital did not have a similar increase in the value of its investments in the same period of 2009. The reason for the increase in value this year is the improvement in EBITDA reported by Aibel over the last 12 months as compared to its EBITDA for 2009. There were only minor changes to the fair value of Ferd Capital's portfolio of venture capital investments in the first six months of this year.

Elopak reported operating revenue of NOK 3,044 million for the first six months of 2010. Operating revenue was NOK 123 million lower than in the same period of 2009. A major part of Elopak's revenues is denominated in Euro. The level of the Euro/Norwegian kroner exchange rate in the first six months of this year caused a reduction in Elopak's reported operating revenue relative to the first half of 2009. Elopak's operating profit after the first six months was NOK 175 million, which was NOK 18 million weaker than in the same period of 2009. Higher raw material prices also played a role in reducing Elopak's operating profit relative to the first six months of 2009.

Ferd External Managers reported an operating profit of NOK 142 million for the first six months. This reflected an operating profit of NOK 151 million for the hedge fund portfolio, while the Special Opportunities portfolio produced an operating profit of NOK 109 million. The hedge fund portfolio produced a negative return of 1.7% measured in USD. The benchmark index for the hedge fund portfolio showed a small increase of 0.2% in USD terms. The main reason for Ferd External Managers to nonetheless report a profit from the hedge fund portfolio for the first six months was the development of the Norwegian kroner/USD exchange rate.

Despite a positive performance by several of the portfolio companies in the Herkules portfolio, a decline in the Pronova share price caused a fall in operating profit. The Pronova share price fell over the first six months from NOK 17.60 to NOK 12.90. This caused a negative return for Ferd's investment in Pronova in excess of NOK 400 million for the first six months. The portfolio companies showing the largest increases in value in the first six months were Handicare and Aibel. Herkules entered into an agreement in June for the sale of Handicare.

June was yet another month of volatility on stock exchanges, but the Nordic exchanges in total closed the month at around the same level as at the start of the month. Ferd Invest reported a negative return of NOK 62 million for the first six months. This represents a negative return in NOK terms of 2.1%. In addition, the return on Ferd Invest's portfolio fell short of the return on its benchmark index. The benchmark index for Ferd Invest showed an improvement of 5.0% for the first six months.

Ferd Real Estate holds a portfolio of cash flow real estate investments. Over the first six months of this year, these properties suffered a fall in value of NOK 11 million. The value of Ferd Real Estate's other real estate projects showed little change in value relative to the valuation at 31 December 2009.

Ferd Capital

Ferd Capital's portfolio at 30 June 2010 comprised the companies Elopak and Swix, as well as interests in Aibel (49%) and the new investment in Telecomputing. Ferd Capital has a 46% interest in Telecomputing.

In addition to the companies mentioned above, Ferd Capital is responsible for the group's investments in venture capital companies. Investments in venture capital companies are carried out both through direct ownership interests in individual portfolio companies and through venture capital funds. The venture capital portfolio as a whole showed little change in value relative to the valuation at 31 December 2009. Ferd Capital sold one of the directly owned companies in the venture capital portfolio in the first half of 2010.

Elopak

Elopak reported operating revenue of NOK 3,044 million for the first six months of 2010 as compared to NOK 3,166 million for the same period last year. Volume growth in Europe was just over 3%, while volumes in the American market grew by over 16% relative to the same period in 2009. The general economic situation continues to be challenging in 2010 in both America and Europe. Despite the general market situation, Elopak achieved higher volumes in all the company's markets, and particularly in the American market. The reason that Elopak nonetheless reported a decline in operating revenue for the first six months of 2010

relative to the first half of last year was the level of the Euro/Norwegian kroner exchange rate.

The prices of the raw materials that Elopak uses for its production were higher in the first half of 2010 than in the same period of 2009. Operating profit for the first six months of 2010 was NOK 18 million lower than in the same period of 2009.

Ferd Invest

At the start of 2010, Ferd Invest combined its three portfolios into a single Nordic portfolio. The new investment mandate allows Ferd Invest to invest in more sectors and to select from a broader company universe. The change to a Nordic focus was implemented at the start of the year. Ferd Invest strives to focus on investments in particular companies, and is less concerned with geographic spread, sectoral allocation or indices.

Ferd Invest reported an operating loss for the first six months of 2010 of NOK 72 million as compared to a profit of NOK 354 million for the same period last year. The value of Ferd Invest's investment portfolio was NOK 2,949 million at the end of the first six months as compared to NOK 3,011 million at the start of the year.

The investment return for the first six months was -2.1%, which was 7.1 percentage points weaker than the benchmark index. The largest investments in the portfolio at 30 June 2010 were Hennes & Mauritz, Telenor, ABB, Modern Times Group and SKF.

Ferd External Managers

The business area is responsible for a hedge fund portfolio, the group's international equity fund investments, a portfolio known as Special Opportunities and a portfolio of holdings in international private equity funds. In addition, the group's investments in Herkules Private Equity Funds I, II & III are held by Ferd External Managers.

Ferd's hedge fund portfolio produced a negative return for the first six months of 2010 of 1.7% measured in USD. By way of comparison, the benchmark index for the hedge fund portfolio showed a positive return of 0.2% in USD terms. However, the return measured in Norwegian kroner terms was 9.8%. The market value of the hedge fund portfolio at 30 June 2010 was NOK 1,610 million.

Ferd External Managers' international equity fund portfolio produced a return of 1.3% in NOK terms in the first six months, while the return on the MSCI World benchmark index was 1.5%. Ferd External Managers has held its entire equity fund portfolio in a single index tracking fund in 2010. This investment provides exposure to international stock markets in a liquid and cost-effective manner. The market value of the international equity fund portfolio at 30 June 2010 was NOK 746 million.

Ferd External Managers has invested a total of NOK 600 million in its Special Opportunities portfolio. The portfolio principally comprises high-yielding bonds, subordinate bonds issued by financial institutions and hedge fund units purchased in the secondary market. The market value of the portfolio at the start of 2010 was NOK 771 million. This represented an annualised return of 78% for 2009. The portfolio again produced a very strong performance in the first six months of 2010, with a further increase in value of NOK 109 million. This brings the accumulated return since the portfolio was established in spring 2009 to NOK 280 million. The total return over the period from the launch of the portfolio to 30 June 2010 was over three times better than would have been the case if Ferd had invested this capital in the Oslo stock exchange over the same period.

Herkules Private Equity Funds I & II did not make any new investments in the first six months of 2010, but Herkules Private Equity Fund III made four new investments in this period. The overall portfolio of Herkules Private Equity Funds I & II was made up of 13 investments at 30 June 2010. Prior to the end of June, Herkules Private Equity Fund I entered into an agreement for the sale of Handicare. The largest investment in terms of value in the Herkules funds is Pronova BioPharma ASA, and the market capitalisation of this company at 30 June 2010 was NOK 3,881 million. Herkules Private Equity Fund I holds 50.01% of this company.

Ferd Real Estate

Ferd Real Estate reported an operating loss of NOK 6 million for the first six months of 2010 as compared to a profit of NOK 175 million for the same period last year.

The first six months of 2009 included the sale of a 50% interest in phases 1 to 4 of the Tiedemanns site to Skanska Bolig. No equivalent sale took place in the first six months of 2010. Marketing of residential units in phase 1 of the Tiedemanns-byen development started in May this year. By the middle of September, 45% of the apartments in the first phase had been sold.

Ferd Real Estate made one new investment in the first six months of 2010, with the purchase of a site close to the railway station in Asker. Work started at the beginning of May on a 23,000 sq.m. office development on this site. The oil services company Aibel has already entered into a lease contract for the entire building.

Ferd Real Estate has further projects under consideration in the market segments of office space, warehousing and logistics developments, and residential developments.

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