

NOTE 1**ACCOUNTING PRINCIPLES**

Infratek ASA's accounts have been prepared in accordance with Norwegian accounting law and generally accepted accounting principles in Norway (NGAAP).

Accrual,classification,and valuation principles**Classification**

Classification of balance sheet items is defined as follows: All assets related to the business cycle, receivables payable within one year, and assets not intended for permanent ownership or use by the business, are classified as current assets. Other assets are classified as fixed assets. Liabilities with time to maturity exceeding one year after expiration of the accounting year are entered as long-term liabilities. Other liabilities are classified as current liabilities.

Valuation principles**Revenues**

Revenue is recognized when it is earned, that is, when demand for compensation arises. This occurs when services are provided, along with the work performed. Revenues are accounted for by the value of the transaction date.

Assets and liabilities denominated in foreign currencies

Monetary items denominated in foreign currencies are translated at balance sheet date.

Leases

Assets which are leased on terms that are transferring financial risk and control of the leased asset to the company (financial leasing) are recognized under fixed assets, and related lease obligations are included as a liability under the interest bearing long term debt to net present value of lease payments. Assets are depreciated according to plan, and liabilities are reduced by lease payments less the effective interest cost. Lease for assets that are leased on terms where the financial risk and control lies with the lessor are expensed continuously on the basis of invoices received from the lessor.

Cash and cash equivalents

Cash and cash equivalents for the company consists of cash holdings, deposits in company specific bank accounts and net holdings on the Group's consolidated Group account system. The difference between the net deposit or draft on the company specific account in the Group's consolidated account system and the net deposit or draft on the consolidated account system for the Group, is presented as Group-internal receivables or debt.

Other receivables

Other receivables are entered at their nominal value less provisions for expected losses. Such loss provisions are made following individual assessment of the receivables in question.

Investments in subsidiaries

Investments in subsidiaries are valued according to the cost method. Dividends received and other profit disbursements from companies are recognized as financial income if the profit disbursement is retained after Infratek ASA bought the shares, if not, then profit disbursement is recognized in deduction of costs of subsidiary shares.

Tax expense, deferred tax, and deferred tax benefit

Tax charges are based on ordinary pre-tax profit. Tax expenses in the profit and loss account consist of taxes payable for the period and any change in deferred taxes/deferred tax benefits. Taxes payable are based on taxable profit for the year. Deferred tax recognized in the balance sheet is calculated using the offset method, with full provision for net tax-increasing temporary differences based on the tax rate on the balance sheet date and nominal sizes. Deferred tax benefits recorded in the balance sheet relating to net tax-reducing temporary differences and carry-forward losses are based on the likelihood of sufficient future earnings or ability to benefit from tax positions that can be offset through Group contributions.

Pensions and pension liabilities

See Note 2.15 to the Group accounts. Infratek ASA has exercised the option of switching to NRS 6A, which refers to IAS 19 regarding the accounting treatment of pension expenses.

Cash flow statement principles

The cash flow statement has been prepared using the indirect method of accounting. The method entails analysis being based on the unit's profit for the year to be able to present cash flows added from ordinary operations, investment activities, and financing activities.

NOTE 2**OPERATING REVENUES**

The operating revenues are specified as follows:

Spesification other operating revenues

| Amounts in thousand NOK | 2012 | 2011 |
|---------------------------------|---------------|---------------|
| External revenues | 3 760 | 2 542 |
| Internal revenues | 9 588 | 10 188 |
| Total operating revenues | 13 348 | 12 730 |

NOTE 3**SALARIES AND OTHER PERSONELL EXPENSES****Spesification of personell expenses**

| Amounts in thousand NOK | 2012 | 2011 |
|---------------------------------|---------------|---------------|
| Salaries and holiday pay | 14 785 | 13 565 |
| Social security contribution | 2 504 | 2 307 |
| Net pension expenses | 1 139 | 1 040 |
| Other personnel expenses | 2 630 | 2 693 |
| Total personnel expenses | 21 058 | 19 605 |

As of 31 December 2012, Infratek ASA had 21 employees.

Specification of remuneration

| Amounts in thousand NOK | 2012 | 2011 |
|--|--------------|--------------|
| Salary and other remuneration to general manager | 3 153 | 3 506 |
| Pension costs | 162 | 185 |
| Other remunerations | 45 | 50 |
| Board remuneration | 1 237 | 1 383 |
| Total remuneration to senior executives | 4 597 | 5 124 |

The CEO has a bonus agreement based on the Group's performance with respect to share price development and group targets. For further information, please see note 21 in the Group accounts.

Loan to general manager

Infratek has extended an interest-free loan to the general manager as part of a car expenses reimbursement program. The loan is written down over a period of 10 years; security is posted for the loan. As of 31 December 2012, the balance on the loan amounted to NOK 258.333. The annual amount written down and the interest-free loan component are reported to the tax authorities as a salary benefit. In case of resignation, any outstanding loans must be paid before the date of resignation.

Specification of auditor's fees

| Amounts in thousand NOK | 2012 | 2011 |
|--------------------------------|-------------|-------------|
| Fee statutory audit | 647 | 454 |
| Fee assurance services | 13 | - |
| Fee tax advisory services | - | - |
| Fee other non-audit services | 103 | 63 |
| Total auditor fee | 763 | 517 |

NOTE 4**PENSION EXPENSES, ASSETS AND LIABILITIES**

Per 31 December 2012 the company had pension plans that covered a total of 4 people in the private plan and 5 people in a public plan. The plans provided rights to defined future benefits. These benefits depend chiefly on the number of years of service and pay level upon reaching retirement age. Pursuant to the law governing mandatory occupational pension, agreements have been established concerning defined contribution schemes for everyone who is not covered by the Group's group pension plans.

Pension liabilities and costs**Amounts in thousand NOK****Liabilities in the balance sheet are arrived at as follows:**

| | 2012 | 2011 |
|--|-------------|-------------|
| Present value of accrued pension liabilities in fund-based plans | 8 099 | 11 677 |
| Fair value of pension assets | (12 342) | (10 291) |

| | | |
|--|----------------|--------------|
| Actual net pension liabilities (assets) for defined benefit plans in fund-based plans | (4 243) | 1 386 |
|--|----------------|--------------|

| | | |
|---|-------|-------|
| Present value of liabilities not in fund-based plans | 1 430 | 1 891 |
| Estimate deviations not recognized in profit and loss | - | - |
| Social security contribution | 202 | 693 |

| | | |
|--|----------------|--------------|
| Net pension liabilities (assets) in the balance sheet as of 31 December | (2 612) | 3 971 |
|--|----------------|--------------|

Net pension expenses are arrived at as follows:

| | | |
|---|-------|-------|
| Present value of the year's pension earnings | (846) | (765) |
| Interest expenses of liability | (352) | (360) |
| Expected yield on pension funds | 435 | 233 |
| Liabilities upon change in plan | - | 24 |
| Recognized estimate changes and estimate deviations | - | - |
| Social security contribution | (118) | (122) |
| Member contributions | 9 | 9 |
| One-time payment | - | - |

| | | |
|--|--------------|--------------|
| Total pension expenses, defined benefit plans | (955) | (854) |
|--|--------------|--------------|

| | | |
|---|-----------|--------------|
| Net financial cost from performance plans | 83 | (127) |
|---|-----------|--------------|

| | | |
|---|--------------|--------------|
| Sum recognized performance-based pension costs | (872) | (981) |
|---|--------------|--------------|

| | | |
|--|-------|-------|
| Total pension expenses, contribution plans | (184) | (186) |
| Adjustment pension premiums | - | - |

| | | |
|---|----------------|----------------|
| Total pension expenses (incl. in personnel expenses) | (1 056) | (1 167) |
|---|----------------|----------------|

Change in liabilities in the balance sheet:

| | | |
|--|---------|---------|
| Balance sheet value as of 1 January | 3 971 | 5 675 |
| Change in employee base due to business transfers | - | - |
| Change in accounting principle | - | - |
| Expenses recognized this year | 871 | 981 |
| Pensions paid and payment of pension premium | (1 597) | (718) |
| Deviation of periods estimate recognized in equity | (5 857) | (2 027) |

| | | |
|--|----------------|--------------|
| Balance sheet value as of 31 December | (2 612) | 3 971 |
|--|----------------|--------------|

The following economic assumptions are used in calculating pension liabilities:

| | 2012 | 2011 |
|---|-----------------|--------------|
| Discount rate | 4.00% | 2.60% |
| Expected yield on pension funds | 4.00% | 4.10% |
| Salary growth | 4.00% | 3.25% |
| G regulation | 4.00% | 3.25% |
| Annual social security pension growth1) | 0.50 % / 2.25 % | 0.10% / 2.5% |

1) Private pensions schemes 0.5 % and public pension schemes 2.25%.

NOTE 5**OTHER OPERATING EXPENSES**

| Amounts in thousand NOK | 2012 | 2011 |
|---------------------------------------|-----------------|----------------|
| Real estate expenses | (7 706) | (4 058) |
| In-sourced services, etc. | 9 824 | 10 741 |
| Office expenses | (10 701) | (10 194) |
| Other operating expenses | (3 381) | (2 854) |
| Total other operating expenses | (11 964) | (6 365) |

NOTE 6 **OTHER FINANCIAL INCOME / GROUP CONTRIBUTIONS**

Other financial income comprises Group contribution from subsidiaries, recognized as financial income of NOK 76.1 million in 2012 and dividend received from subsidiaries, recognized as financial income of NOK 97.5 million in 2011.

NOTE 7**TAX EXPENSE****Amounts in thousand NOK**

| | 2012 | 2011 |
|---|---------------|-----------------|
| Pre-tax profit | 44 591 | 75 611 |
| Permanent differences | (70 415) | (95 671) |
| Non-taxed gain on sales of shares | - | - |
| Non-taxed Group contribution recognized as financial income | 76 074 | - |
| Pension recognized in equity | 5 857 | - |
| Change in temporary differences | (12 439) | (1 704) |
| Tax basis before application of loss carryforward | 43 668 | (21 764) |
| Applied tax loss carryforward | (21 764) | - |
| Taxable income | 21 904 | (21 764) |

Specification of tax expense for the year:

| | | |
|--|-----------------|--------------|
| Tax payable | (6 133) | - |
| Tax on share issue expenses recognized in equity | - | (332) |
| Tax effect of pension recognized in equity | 1 640 | - |
| Change in deferred tax asset (recognized) | (7 937) | 6 184 |
| Ordinary tax expense | (12 430) | 5 852 |
| Taxation rate, 31 December | 28% | 28% |

Amounts in thousands NOK

| | 2012 | 2011 |
|---|----------------|----------------|
| Deferred tax/deferred tax benefit: | | |
| Pension liabilities | (2 611) | 3 971 |
| Temporary differences that affect tax payable: | (2 611) | 3 971 |
| Tax loss carryforward | - | 21 764 |
| Basis, deferred tax/(deferred tax benefit) | (2 611) | 25 735 |
| Deferred tax/(deferred tax benefit) | 731 | (7 206) |

Reconciliation of effective tax rate:**Amounts in thousand NOK**

| | 2012 | 2011 |
|---|-----------------|--------------|
| Pre-tax profit | 44 591 | 75 611 |
| Expected tax expense, 28% nominal taxation rate | (12 485) | (21 171) |
| Incorrect tax cost 2010 | - | (332) |
| Effect of non-taxed Group contribution | - | 27 286 |
| Impact of reversed pension effect recognized in OCI | - | 568 |
| Effect of permanent differences | 55 | (499) |
| Tax expense | (12 430) | 5 852 |

| | | |
|--------------------|--------|-------|
| Effective tax rate | 27,9 % | 7,7 % |
|--------------------|--------|-------|

NOTE 8**BANK AND OTHER GUARANTEES****Amounts in thousand NOK**

| | 2012 | 2011 |
|--|----------------|----------------|
| Bank deposits, Group accounts | 201 544 | 283 997 |
| Bank deposits outside the Group account system | 724 | 741 |
| Total cash and cash equivalents | 202 268 | 284 738 |

See Note 12 to the Group accounts for a presentation of the Group account system.

Restricted bank deposits**Amounts in thousand NOK**

| | 2012 | 2011 |
|---|---------------|---------------|
| Employees tax deduction | - | - |
| Down payment deposits | - | - |
| Total restricted cash and cash equivalents 1) | 17 261 | 16 247 |
| Total restricted cash and cash equivalents | 17 261 | 16 247 |

1) At the date of establishing Infratek Group, the employees received a consideration from Hafslund ASA of NOK 15 million as settlement for loss of rights concerning use of the Hafslund Group's company cabins. These funds are deposited in an account in the name of Infratek ASA. The funds belong to the employees and the yield is earmarked for social purposes benefiting the employees of the Infratek Group. Per 31 December 2012 the deposited amount increased to NOK 17.2 million.

NOTE 9 **INVESTMENTS IN SUBSIDIARIES**

| Amounts in thousand NOK | Registered business adress | Book value | Balance sheet equity | Profit for the year | Ownership voting rights |
|------------------------------------|---------------------------------------|-----------------------|---------------------------------|--------------------------------|------------------------------------|
| Infratek Entreprenør AS | Oslo | 332 173 | 294 729 | 68 641 | 100% |
| Infratek Sverige AB | Stockholm | 254 068 | 119 355 | 8 495 | 100% |
| Infratek Finland OY | Helsinki | 41 942 | 77 271 | 5 454 | 100% |
| Infratek Elssikkerhet AS | Oslo | 21 965 | 36 236 | 12 224 | 100% |
| Infratek Sikkerhet AS | Oslo | 54 540 | 48 613 | 5 137 | 100% |
| Total | | 704 687 | 576 204 | 99 951 | |

NOTE 10**GROUP INTERNAL ACCOUNTS RECEIVABLE AND PAYABLE**

Sale and purchase of goods and services to / from other group companies are based on general market conditions. Administrative services provided to subsidiaries are sold at cost plus basis.

| Amounts in thousand NOK | 2012 | 2011 |
|----------------------------------|----------------|----------------|
| Receivables | | |
| Group internal receivables | 4 928 | 2 815 |
| Receivables, Group contribution | 220 000 | - |
| Earned income, Group | 58 133 | 97 452 |
| Total accounts receivable | 283 061 | 100 267 |

| Amounts in thousand NOK | 2012 | 2011 |
|---------------------------------------|----------------|----------------|
| Payables | | |
| Group Internal payable | 1 130 | 954 |
| Bank accounts in Group account system | 342 579 | 337 000 |
| Other short-term debt | 25 000 | - |
| Incurred costs, Group companies | 257 000 | 257 000 |
| Total accounts payable | 625 709 | 594 954 |

NOTE 11**OTHER LONG TERM RECEIVABLES**

| Amounts in thousand NOK | 2012 | 2011 |
|--|---------------|---------------|
| Loans to employees | 2 450 | 1 469 |
| Paid core-capital, pension fund | 14 079 | 14 079 |
| Subordinated loan, pension fund | 1 939 | 1 939 |
| Total other long-term receivables | 18 467 | 17 487 |

NOTE 12**OTHER SHORT TERM RECEIVABLES**

| Amounts in thousand NOK | 2012 | 2011 |
|---|--------------|--------------|
| Pre-paid expenses | 3 075 | 85 |
| VAT receivable | - | 708 |
| Other short term receivables | 378 | 3 304 |
| Total other short-term receivables | 3 453 | 4 097 |

NOTE 13**PROPERTY, PLANT & EQUIPMENT**

| | Fixtures and fittings |
|--|------------------------------|
| Amounts in thousand NOK | |
| Aquisition costs 1 January | 18 254 |
| Operating investments | - |
| Acuisition costs as of 31 December | 18 254 |
| Accumulated depreciation and impairment charges 1 January | (4 473) |
| Depriciation and impairment charges | (1 969) |
| Accumulated depreciation and impairment charges as of 31 December | (6 442) |
| Book value as of 31 December 2012 | 11 812 |

| | |
|------------------------|----------|
| Expected economic life | 10 years |
| Depreciation | Linear |

Operating leasing obligations

| | Future lease payments | | |
|---|------------------------------|------------------------------|---------------|
| Amounts in thousand NOK | Rent | Machinery / equipment | Total |
| Due within 1 year | 6 060 | 70 | 6 130 |
| Due later than 1 year not later than five years | 24 020 | 105 | 24 125 |
| Due later than 5 years | 6 002 | - | 6 002 |
| Total | 36 082 | 175 | 36 257 |

Recognized costs regarding operating leases for the period

NOTE 14**INTANGIBLE ASSETS****Amounts in thousand NOK****Software & licenses**

| | |
|--|-----------------|
| Aquisition costs 1 January | 54 749 |
| Operating investments | 5 376 |
| Aquisition costs as of 31 December | 60 124 |
| <hr/> | |
| Accumulated depreciation and impairment charges 1 January | (9 973) |
| Depriciation and impairment charges | (5 512) |
| Accumulated depreciation and impairment charges as of 31 December | (15 485) |
| <hr/> | |
| Book value as of 31 December 2012 | 44 639 |
| <hr/> | |
| Expected economic life | 10 years |
| Depreciation | Linear |

NOTE 15

OTHER CURRENT LIABILITIES

| Amounts in thousand NOK | 2012 | 2011 |
|--|--------------|--------------|
| Incurred salaries, holiday pay, employee-related liabilities | 3 045 | 2 676 |
| Personal fund | 826 | 766 |
| Other incurred costs | 653 | 321 |
| Total other current liabilities | 4 524 | 3 763 |

NOTE 16**GUARANTEE LIABILITIES**

The Group purchases bank guarantees as security for certain liabilities. As of the 31 December 2012, these amounted to a total of NOK 1.9 million, of which NOK 1.8 million relates to tax deduction guarantees. In 2011, corresponding guarantees amounted to NOK 1.8 million, of which all was applicable to tax deduction guarantees.

In addition to direct bank guarantees, Infratek ASA had to guarantee an amount of NOK 100 million related to our cash credit in DnB and another NOK 200 million in surety associated with Infrateks subsidiaries, also to DnB.

For other contingencies, see note 28 in the Group financial statement.

NOTE 17**EQUITY**

| Amounts in thousand NOK | Share capital | Share premium fund | Other paid-in equity | Other equity/ uncovered loss | Total equity |
|--|--------------------------|-------------------------------|---------------------------------|---|-------------------------|
| Equity as of 1 January 2012 | 319 316 | 82 458 | 104 205 | 87 769 | 593 748 |
| Accrued dividend 2012 | - | - | - | (95 795) | (95 795) |
| Change in estimate pensions | - | - | - | 4 217 | 4 217 |
| Profit for the year 2012 | - | - | - | 32 161 | 32 161 |
| Equity as of 31 December 2012 | 319 316 | 82 458 | 104 205 | 28 353 | 534 332 |

NOTE 18**SHARE CAPITAL AND SHAREHOLDER MATTERS**

See Note 13 to the Group accounts.

Declaration

The Board of Directors and CEO hereby declare that to the best of their knowledge, the accounts covering the period 1 January through 31 December 2012, including notes to the accounts, have been prepared and presented in accordance with current accounting standards . They further declare that the information in the annual report for 2012 provides a true and fair view of the Group's assets, liabilities, financial position, and results as a whole. The Board and CEO also declare that to the best of their knowledge, the annual report provides a true and fair overview of profit, key events in the accounting period and their influence on the annual accounts, the company's position, and the most important risks and uncertainties facing the company and the Group.