2013

ANNUAL REPORT

Infratek AS

Infratek

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Board of Director's Report

During 2013 Infratek has been through several major changes. Hafslund and Fortum sold their stakes in Infratek, respectively 43.3 percent and 33.0 percent. This completes the process that was initiated when Infratek was established to create a strong independent service provider in the market of building, operating and securing critical infrastructure in the Nordic countries.

During the year an internal reorganisation of the Group has been carried out. Going into 2014 the Group is organised in two business areas, Infrastructure and Security. The merger of the business areas Central Infrastructure and Local Infrastructure will contribute to further refinement of services, improve internal competence sharing, increase cost effectiveness and the flexibility in deliveries. The board has appointed Lars Bangen as the new CEO after Bjørn Frogner.

The investment firm Triton, who are owners of Infratek through the company Infratek Group AS, has during the 1st quarter of 2014 achieved a 100 percent ownership in Infratek. As a consequence Infratek has been delisted from the Oslo Stock Exchange and has changed the legal form of organisation from a public to a limited company.

Result for the year and financial matters
Operating conditions were good throughout most of 2013. Severe cold at the start of the year presented a number of operational challenges, but the organisation was suitably prepared and dealt with the situation satisfactorily.

The Group's operating revenues increased slightly from NOK 2,779 million in 2012 to NOK 2,955 million in 2013, primarily due to rise in activity within central grid projects and within the railway segment. The Group posted a negative operating profit of NOK 53 million (NOK 103 million) and a negative profit after tax of NOK 52 million (NOK 71 million).

The operating margin for the year came in at minus 1.8 per cent in 2013 (3.7 per cent). The Local Infrastructure business area returned an operating margin of 3.4 per cent (5.5 per cent) and Central Infrastructure achieved an operating margin of 0.6 per cent (0.4 per cent) in 2013. The Security business area returned an operating margin of minus 12.6 per cent (7.3 per cent) in 2013.

Operating profit is strongly affected by implemented accounting assessments of assets and liabilities, and restructuring expenses totaling NOK 134 million. Adjusted for special factors underlying operating showed profit of NOK 81 million, a decrease of NOK 22 million compared to 2012.

Reference is made to the individual note for a description of the accounting assessments and operational adjustments.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). There were no material changes in accounting policies during the year.

Solid equity base
The Group has a strong capital structure with a 43.5 percent (47.1 percent) equity-to assetration at year end. Net cash holdings and cash equivalents as of 31 December 2013 amounted to NOK 167 million (NOK 244 million). The Group also has a NOK 100 million overdraft facility with DNB.

Satisfactory Cash flow
The net cash flow from operations amounted to NOK 40 million (NOK 94 million). The reduction is mainly due to increase in net working capital.

NOK 35 million (NOK 39 million) was invested in new operating assets during the year, primarily relating to the purchase of machinery and special vehicles. Standard vehicle are leased. A further NOK 12.6 million was invested in the purchase of 51 per cent of the shares in Plahn Systems A/S in Denmark.

The cash flow from financing activities was primarily attributable to the dividend paid in spring 2012 of NOK 96 million, which equates to 135 per cent of the previous year's post-tax profit.

Infratek's business concept and vision to be continued
Infratek builds, operates and secures critical infrastructure in line with the vision: "Together

we shall deliver and become a leading Nordic player". This strategy will be continued in 2014. Through the Group's core values of presence, job satisfaction and adaptability, Infratek shall create a business culture that contributes to the achievement of the Group's targets and ambitions.

The annual financial statements have been prepared in accordance with the going concern principle. For details of events after the end of the reporting period, please refer to Note 29.

The business areas
Infratek is organised in three business areas: Local Infrastructure, Central Infrastructure and Security based on products and services offered. From January 2014 the business areas Local Infrastructure and Central Infrastrucuture merged into one common business area covering the Group's infrastructure activity. The Group operates in Norway, Sweden, Finland and Denmark where it employs 676 (717), 765 (826), 136 (129) and 20 (0) employees respectively. The Group is headquartered in Oslo.

Local Infrastructure
The Local Infrastructure business area comprises the Group's infrastructure operations in Norway and Sweden which are aimed at the product areas distribution grids, street lighting, fibre-optics/telecoms, district heating and railways.

Local Infrastructure accounted for 66 per cent (67 per cent) of total Group revenues in 2013, and had 1,018 employees (1,054 employees) at the end of the reporting period.

The Local Infrastructure business area achieved the following results in 2013:
- Operating revenues: NOK 1,965 million (NOK 1,894 million)
- Operating profit: NOK 66.3 million (NOK 103.3 million)
- Operating margin: 3.4 per cent (5.5 per cent)

Adjusted for operational adjustments and imparment of fixed assets and goodwill the operating result ended at NOK 99.5 million and an operating margin of 5.3 per cent.The operating profit and operating margin for the year is regarded as satisfactory.

In recent years, Local Infrastructure has focused on establishing strong local representation in order to cater for the needs of the market, and this will remain an extremely important undertaking in the future. In parallel, work has been done on numerous improvement measures aimed at increasing productivity and reducing operating costs, which has started to provide results. The focus for 2014 will be to further refine existing business activities through information exchange and effective systems for implementing best practices throughout the business area.

The main elements of this strategy will include a continued focus on the major Nordic distribution grid companies, heavier investment in the rail market and increased investment in the cities of Stockholm, Oslo, Gothenburg and Öresund to Malmö.

Central Infrastructure
The Central Infrastructure business area comprises the Group's infrastructure operations in Norway, Sweden and Finland, which are aimed at the central transmission system for the transmission of power in the Nordic countries; products and services within the areas of transformer stations, power cables and power lines for higher voltage ranges.

Central Infrastructure accounted for 23 per cent (21 per cent) of total Group revenues in 2013, and had 348 employees (391 employees) at the end of the reporting period.

The Central Infrastructure business area achieved the following results in 2013:
- Operating revenues: NOK 671 million (NOK 591 million)
- Operating profit: NOK 3.9 million (NOK 2.5 million)
- Operating margin: 0.6 per cent (0.4 per cent)

Adjusted for operational adjustements and Adjusted for operational adjustments and imparment of fixed assets and goodwill the operating result ended at NOK 7.8 million and an operating margin of 1.2 per cent. The result for 2013 for the whole business area was unsatisfactory. The main causes for the poor results were losses on projects, primarily on medium-sized projects in the regional grid segment. A number of measures to raise expertise levels within project management have been implemented.

Security
The Security business area comprises the Group's operations within high-security and services aimed at electrical safety. The business area offers its technical services in Norway, Sweden, Finland, and Denmark.

With effect from 10 July 2013, Infratek Sikkerhet AS acquired the remaining shares in Infratek Säkerhet Sverige AB. Infratek Sikkerhet already owned 51 per cent of the shares. Infratek Sikkerhet exercised its purchase option, and in this regard paid NOK 6.4 million for the remaining 49 per cent of the shares.

Infratek entered into an agreement on 10 January 2013 concerning the acquisition of 51 per cent of the shares in the Danish security company, Plahn Systems A/S, whose total revenue for 2012 ended at DKK 29 million. The acquisition agreement includes both a sales option and a purchase option with respect to the remaining 49 per cent of the shares in the company, which fall due in 2018.

With effect from 30 September 2013, Eiendomssikring AS was sold to the Safeguard Group. The profit year to date and the net gain from the sale of shares are included under the item "Profit from discontinued operations" in the consolidated income statement. In 2013 the company had revenues of NOK 21 million and operating profit of NOK 2.3 million.

Security accounted for 11 per cent (10 per cent) of total Group revenues in 2013, and had 205 employees (206 employees) at the end of the reporting period.

The Security business area achieved the following results in 2013:
- Operating revenues: NOK 321 million (NOK 289.5 million)
- Operating profit: NOK -40 million (NOK 21 million)
- Operating margin: -12.6 per cent (7.3 per cent)

Adjusted for impairment of fixed assets and goodwill the operating result ended at NOK 8 million and an operating margin of 2.6 per cent.

The high security segment posted satisfactory results on ongoing operating contracts, but the new project activities are still too low and the competition strong. The Electrical Safety product area achieved satisfactory profitability levels throughout the year. In light of the difficult high security market, the result for the business area as a whole was satisfactory.

The strategy moving forward will be to consolidate Infratek's position as a high security company, and to leverage group-wide economies of scale. Within electrical security Infratek will continue to play an active role in the market for statutory control services.

Other

The Other business area comprises Group administration and expenses relating to group-level functions. This business area employs 26 staff, including 10 employees in the accounting service, which delivers services to the Group's Norwegian companies.

Other posted a negative operating profit of NOK -83.2 million (minus 24.3 million). Adjusted for accruals for losses on rental agreement and impairment of ICT-investments the operating result ended at minus NOK 33.2 million (minus 24.3).The cost increase from 2012 to 2013 is related to strengthen of staff and support functions at the corporate level.

Personnel, working environment and equality

Infratek attaches high importance to promoting its employees' professional and personal development. The Group will continue to retain, develop and attract the market's leading specialists. Continued availability of critical expertise within technical areas when seen in light of future retirements is a challenge. The ability to attract new employees and retain existing core expertise will be essential for Infratek's development over the next five years. These issues have been placed at the top of the Group's personnel policy agenda.

At the end of 2013 the Group employed 1,597 staff, compared with 1,672 employees at the end of the previous year, a year-on-year decrease of 75. Staffing adjustments were made to address the changed market situation in some areas in Norway and the loss of the contingency contract in Sweden. Staff numbers have also been reduced through natural wastage of none critical competence, thus enabling the company to reduce the risk attaching to the industry's natural seasonal fluctuations throughout the year, by using subcontractors in peak periods. The decline in the number of employees will be partially offset by new and intensified activity in urban areas.

The Group's business has a technical bias and has historically been male-dominated. Infratek aims to achieve a more equal gender balance and seeks to employ staff of varied experience, age and interests. At the end of 2012, 8.5 per cent (8.2 per cent) of the company's employees were women. Until conversion of the company from public limited company to

The Group is working actively with targeted and systematic efforts to prevent discrimination based on ethnicity, national origin, ancestry, skin colour, language, religion and beliefs. These activities include recruitment, wages and working conditions, promotion, development opportunities and protection against harassment.

The Group strives to be a workplace where there is no discrimination on grounds of disability. The Group is working actively and making targeted efforts to design and facilitate physical conditions such that the company's various functions can be used by as many people as possible. For employees or applicants with disabilities, the workplace and job responsibilities are adapted to suit the individual on a case-by-case basis.

For the board's statement on executive salaries and other remuneration paid to senior executives, see Note 21, which is deemed an integral part of the Report from the Board of Directors.

Corporate Social Responsibility

Infratek is responsible for any social consequences caused by the Group's operations in terms of impact on the external environment, human rights, working conditions and other social issues. Infratek's work within social responsibility includes our attitude to the environment around us, ethical trading and code of conduct for our employees.

The board has adopted principles for corporate governance in line with the Norwegian Code of Practice for Corporate Governance as of 23 October 2012. The report does not cover the requirements of the Norwegian Accounting Act § 3-3 c. These guidelines are deemed to be part of the Report of the Board of Directors.

Infratek's has a policy of giving customers the opportunity to choose more environmentally friendly solutions, where sound alternatives exist. In addition, employees and the company are encouraged to strive to develop and adopt environmentally friendly practices and solutions. The idea is that the principles of sustainability shall underpin the further development of the Group's business, products and services.

In relation to procurement, Infratek sets ethical standards for its suppliers, who undertake to practise their business in a manner that does not contravene any internationally recognised principles or guidelines relating to human and labour rights, the environment and corruption. Ensuring that their own manufacturers and sub-contractors do not violate the aforementioned principles is also one of the suppliers' obligations. Infratek has established procedures for following up sub-contractors in this area. These procedures aim to ensure that suppliers comply with the obligations that Infratek has towards its customers and partners. Infratek also demands that investment purchases are of a high quality with regard to the environment.

Ethical practices are about having a commitment to a solid foundation of values that each individual has towards themselves, their employer, their colleagues and society as a whole. Infratek puts ethics on the agenda through guidelines for ethical trade and a code of conduct for all employees. The Infratek Code of Conduct is applicable to all employees, employee representatives and directors. The guidelines govern the conduct and actions in connection with business operations and in interactions with customers, partners and employees. The guidelines are considered to be a minimum requirement. All employees must comply with external laws and regulations, industry guidelines on ethics and internal regulations that are applicable to Infratek. The contents of the Group's ethical guidelines should be made known to the staff, and continuous efforts are to make sure all employees act in compliance with the guidelines.

External environment

Sound environmental management is an important part of Infratek's social responsibility initiatives. At the heart of the Group's environment policy is the idea that principles of sustainability shall underpin the further development of its business, products and services. Infratek is certified to the ISO 14001 environmental standard.

Infratek's impact on the external environment primarily relates to management of waste and use of transport means. Within waste management the company has agreements with Norsk Gjenvinning AS in Norway and Stena Recycling in Sweden, which ensure that waste from our activities is collected and treated in the best possible way for the environment. The Group is continuing work to make its vehicle fleet more efficient and renew it with more environmentally friendly vehicles. Infratek shall therefore employ modern vehicles with low CO_2 emissions, and the Group's target is not to use service vehicles older than five years. At Infratek implemented a mandatory environmental e-learning programme for all Group employees. All new Infratek employees will also undergo the same training.

Health, safety and the environment
Employee health, welfare and safety always come first. Infratek signed up to the government's inclusive working life (IA) scheme in spring 2005, and continuously strives to offer training and to raise the awareness of managers with respect to HSE, and to develop the Group's health and safety organisation. In 2013, Infratek had an H-value of 9.1, at the end of 2012, the H-value was 10.4. Although there was a positive trend with regard to injuries in 2013, the injury rate is still too high. During 2013, plans and measures were revised to prevent accidents in the workplace. To develop this further, the Group has developed overarching targets for all managers in the Group geared toward preventive measures to avoid accidents.

The sickness absence rate improved in 2013 and was reduced from 4.6 per cent in 2012 to 3.8 per cent in 2013. This reduction was mainly due to fewer employees on long-term sick leave than before. The absence rate in the individual businesses, companies and countries varied from 1.2 per cent to 5.4 per cent.The various companies work with both public and private health companies to identify and implement measures to reduce sickness absence.

An employee survey was carried out for all staff in the fourth quarter, the results of which revealed high general levels of satisfaction with day-to-day working life and the working environment in all countries where the Group operates. Regular meetings are held with the employee representatives. Close cooperation with employee organisations plays an important role in the further development of the Group's activities.

Risk and internal controls
The Group is exposed to risk along the entire value chain. The board is keen to secure systematic and concerted management of risk in the business, and regards this as critical for long-term value creation. Risk management is an integral part of business processes and is monitored within the respective business areas through procedures for assessing and monitoring risk. The board reviews Infratek's risk exposure based on an annual survey of the risks attaching to the Group's activities.

Infratek has implemented a common management system which defines the Group's shared processes and guidelines intended to secure an effective control environment that meets management's objectives and intentions. The company is endeavouring to reinforce and systemise internal controls on financial reporting in the Group. The system shall secure reliable accounting information in monthly, quarterly and annual reports.

Infratek is primarily exposed to risk factors connected to financial and market conditions, operating activities, project implementation and consequences of changes in political and financial framework conditions.

Market and financial risk
Infratek is exposed to significant competition in all its business areas, and all contracts are obtained through tendering. The Group's ability to compete is therefore important for future development and earnings. Infratek's business is labour-intensive. Consequently, developments in areas such as access to human resources, future salary changes and loss of key staff could affect the Group's results.

Major seasonal fluctuations result in poor capacity utilisation and low operating margins in periods of low activity. A major loss of customers, reduced ability to pay or lower investment levels among Infratek's customers, project delays, operation stoppages or reduced access to goods or services could all result in reduced profitability and affect the Group's reputation.

Credit, liquidity and foreign currency risk
Infratek's activities primarily target the business market and the number of customers is controllable. Historically Infratek's bad debt exposure has been insignificant.

Infratek's interest-bearing debt is very limited. Interest rate risk primarily relates to interest income from the Group's cash holdings and customers' willingness to invest. The Group enjoys sound access to liquid capital, and has positive cash holdings and an unused bank overdraft facility of NOK 100 million. Loan covenants attach to the Group's drawdown facility and bank guarantees. The agreement requires a minimum equity of 25 per cent and a target of a maximum 2.0 for (net debt / EBITDA) for Infratek. Infratek operates in Norway, Sweden

case with regard to operating activities and project implementation. This can result in:
- Injuries to employees
- Damage to the environment
- Damage to company or third-party assets

The company has taken out insurance to cover all material types of damage and injuries. The company manages operational risk through detailed procedures for activities in all operational units and various types of contingency plans. We have an extensive system for recording and reporting hazardous conditions, undesired events and injuries/damage. These are analysed on an ongoing basis in order to prevent and restrict any consequences, and to ensure that we can follow up causal relationships and take appropriate measures.

Regulatory risk
The Group's activities are subject to legislation and statutory regulations governing areas such as health, safety and the environment. Some areas of the Group's activities also require a government licence. Changes in regulatory conditions affecting opportunities or requirements to purchase services from third parties could also affect activities. Construction of new infrastructure and maintenance of existing infrastructure is to some extent regulated by public authorities. Changes in prevailing legislation and regulations could impact demand for and profitability of Infratek's services.

Ownership structure and shareholder issues
At the end of 2013 the Group's share capital totalled NOK 319 million allocated to 63,863,224 shares. At the reporting date Infratek Group AS owned hundred per cent of the shares in Infratek AS. The board is authorised to issue up to 6,386,322 new shares until the date of the annual general meeting in spring 2014.

The work of the board of directors
The board has adopted guidelines governing its own work and evaluates its work on an annual basis. A total of fourteen board meetings were held along with three mail-based board meetings in 2013. The Audit Committee held six meetings during the year.

The board has adopted principles for corporate governance in line with the Norwegian Code of Practice for Corporate Governance as of 23 October 2012. The report does not cover the requirements of the Norwegian Accounting Act § 3-3 b. These guidelines are deemed to be part of the Report of the Board of Directors.

The board has adopted social responsibility and code of conduct and notification procedures pursuant to the Norwegian Act on the Working Environment. It has been agreed not to establish a corporate assembly. The board therefore reports directly to the general meeting.

The board complies with the requirements outlined in the Norwegian Public Limited Liability Companies Act with regard to gender balance until the company was convered from Public Limited Company to Limited Company. As the percentage of female employees in the Group is less than 20 per cent, an exemption relating to gender balance among employee representatives has been sought.

Dividend and allocation of profit for the year in the parent company
Infratek aims to maintain a dividend level of at least 50 per cent of the profit after tax adjusted for non-cash items. Due to the negative profit for the year and the liquidty situation during the year, the board proposes that no dividend is paid for the year 2013.

The board proposes the following appropriation of Infratek ASA's profit for the year:

NOK million	
Transferred from other equity	(27.6)
Proposed dividend	0.0
Total allocated	**(27.6)**

Outlook for 2014

Society is making ever-more stringent demands for stabile and robust solutions for critical infrastructure, which in turn is raising the quality requirements for existing grid and network. In addition, rising consumption requires reinforcement of existing installations and construction of new grid and network. In a parallel development, climate challenges are driving the construction of renewable energy systems including wind farms and district heating plants and associated infrastructure. Public transport in the Nordic region is facing the same challenges with regard to stability, capacity and the climate. Railways and trams will therefore represent important focus areas for the government and municipalities going forward. Behovet for sikring og overvåkning av kristisk infrastruktur øker både som følge av økt terrorfrykt og krav til stablie løsninger.

Taken together these factors will present a number of promising marketing opportunities for Infratek. This view is corroborated by clear indications of higher investment levels among the Group's customers.

Expected market growth will result in a need for increased skills and capacity. In addition an imminent generational shift in many technical environments will present challenges for all companies, in particular in closed markets. Capacity challenges may stimulate use of the open market and lead to the spin-off of executing activities from the grid companies. This will give rise to new opportunities for Infratek through business transfers or acquisitions. These types of processes are often politically governed and require a good understanding of local conditions and patience to get the desired positions.

The total order book for 2014 is satisfactory, but seasonal fluctuations during the year give significant variations in workload from quarter to quarter.

Effective management of project risks is crucial for Infratek's results. This year has been characterised by relatively large losses in some projects. Measures are implemented to ensure better analysis of project risks from tender stage to implementation are expected to give financial results in the future.

The board of directors has an active role in the development of the Group's business strategy.

The Board of Directors of Infratek AS

Oslo, 8 April 2014

Lars Ove Håkansson
Board chairman

Carl Johan Falkenberg
Board member

Mats Jönsson
Board member

Petter Darin
Board member

Roger André Hansen
Board member

Rune Tobiassen
Board member

Olle Strömberg
Board member

Lars Bangen
CEO

Income Statement Group

1 JANUARY - 31 DECEMBER

Amounts in NOK million	**Note**	**2013**	**2012**
Operating revenues	5,8,18	2 955	2 779
Purchased materials	9	(1 371)	(1 279)
Salaries and other personnel expenses	17,20,21	(1 093)	(1 017)
Depreciation and impairment changes	6,7	(96)	(41)
Other operating expenses	19	(448)	(340)
Operating profit		**(53)**	**103**
Net finance	22	(8)	(6)
Pre-tax profit		**(61)**	**96**
Tax expense	23	1	(29)
Profit for the year from continuing operations		**(59)**	**68**
Profit for the year from discontinued operations	5,26	7	3
Profit for the year		**(52)**	**71**
Other comprehensive income			
Items that will be recycled subsequently to profit or loss			
Exchange differences on translating foreign operations		35	(9)
Items that will not be recycled subsequently to profit or loss			
Change in estimate pensions	17	21	343
Tax expense on other comprehensive income	16,17	(6)	(96)
Other comprehensive income for the year		**50**	**238**
Total comprehensive income for the year		**(2)**	**309**
Profit for the year attributable to:			
Parent company shareholders		(52)	71
Total comprehensive income attributable to:			
Parent company shareholders		(2)	309
Earnings per share of profit for the year attributable to parent company shareholders			
Basic and diluted earnings per share, continued operations	13	(0.9)	1.1
Basic and diluted earnings per share, discontinued operations	13	(0.8)	1.1

Notes 1-30 follow the financial statements and are an integral part thereof.

Balance Sheet Group

31 DECEMBER

Amounts in NOK million	**Note**	**2013**	**2012**
Assets			
Non-current assets			
Fixed assets	6	125	158
Intangible assets	7	236	281
Deferred tax assets	16	57	41
Other long-term receivables	3,10	21	20
Total non-current assets		**439**	**500**
Current assets			
Inventory	9	24	35
Accounts receivable and other receivables	8,11	747	700
Cash and cash equivalents	12	167	244
Total current assets		**937**	**979**
Total assets		**1 376**	**1 480**
Equity			
Equity attributable to company shareholders			
Share capital and share premium account	13	365	365
Other paid-in equity		349	349
Retained earnings		(116)	(18)
Total equity allocated to company shareholders		**598**	**697**
Total equity		**598**	**697**
Liabilities			
Non-current liabilities			
Long-term debt	3,15	7	10
Pensions and similar liabilities	17	202	226
Other allocations and liabilities	27,28	20	1
Total non-current liabilities		**230**	**236**
Current liabilities			
Accounts payable and other current liabilities	3,14	549	545
Taxes payable	23	(1)	1
Short-term interest-bearing debt		-	1
Total current liabilities		**548**	**547**
Total liabilities		**778**	**783**
Total equity and liabilities		**1 376**	**1 480**

Notes 1-30 follow the financial statements and are an integral part thereof.

BOARD OF DIRECTORS INFRATEK AS, Oslo 8 April 2014

Lars Ove Håkansson, Chairman

Carl Johan Falkenberg

Mats Jönsson

Petter Darin

Olle Strömberg

Roger André Hansen

Rune Tobiassen

Lars Bangen, CEO

Cash Flow Group

1 JANUARY - 31 DECEMBER

Amounts in NOK million	**Note**	**2013**	**2012**
Cash flow from operating activities	24	**62**	**130**
Interest received/paid		1	-
Taxes paid		(23)	(36)
Net cash flow from operating activities		**40**	**94**
Cash flow from investing activities			
Corporate acquisitions (net of cash acquired)	25	(13)	(17)
Proceeds from sale of subsidiaries (net of cash sold)	26	12	-
Investments in fixed assets	6,7	(35)	(39)
Proceeds from sale of fixed assets		7	5
Net cash flow from investing activities		**(29)**	**(51)**
Cash flow from financing activities			
Change in interest-bearing liabilities		(3)	(3)
Dividend paid		(96)	(96)
Net cash flow from financing activities		**(99)**	**(99)**
Cash flow from discontinued operations		3	5
Change in cash and cash equivalents		**(85)**	**(52)**
Cash and cash equivalents as of 1 January		244	300
Effects on exchange rate changes on the balance of cash held in foreign operations		8	(3)
Cash and cash equivalents as of 31 December	12	**167**	**244**

Notes 1-30 follow the financial statements and are an integral part thereof.

Changes in Equity Group

Amounts in NOK million	Share capital	Share premium account	Other paid-in equity	Retained equity	Accumulated translation differences	Total equity
Equity, 31 December 2011	**319**	**46**	**349**	**(220)**	**(10)**	**484**
Profit for the year	-	-	-	71	-	71
Other comprehensive income	-	-	-	247	(9)	238
Total comprehensive income for the year	**-**	**-**	**-**	**318**	**(9)**	**309**
Transactions with owners						
Dividend paid for 2011	-	-	-	(96)	-	(96)
Total transactions with owners	**-**	**-**		**(96)**	**-**	**(96)**
Equity, 31 December 2012	**319**	**46**	**349**	**2**	**(20)**	**697**
Profit for the year	-	-	-	(52)	-	(52)
Other comprehensive income	-	-	-	15	35	50
Total comprehensive income for the year	**-**	**-**	**-**	**(37)**	**35**	**(2)**
Transactions with owners						
Dividend paid for 2012	-	-	-	(96)	-	(96)
Total transactions with owners	**-**	**-**	**-**	**(96)**	**-**	**(96)**
Equity, 31 December 2013	**319**	**46**	**349**	**(131)**	**15**	**598**

Notes 1-30 follow the financial statements and are an integral part thereof.

See Note 13 regarding the share capital and the share premium account for Infratek AS.

NOTE 1 GENERAL INFORMATION

Infratek AS and its subsidiaries (collectively referred to as the Group) is a leading supplier of technical services for the development,operation and securing of critical infrastructure in Norway, Sweden, Finland and Denmark. The Group's business activities are directed towards the corporate market: primarily grid owners and energy companies, telecom owners, the public sector, the oil and gas sector, real estate owners and retail chains.

The business area Local Infrastructure comprises the Group’s activities related to infrastructure in Norway and Sweden which is geared towards the product areas of distribution network, highway and street lighting, fibre/telecom, district heating and railways.

The business area Central Infrastructure comprises the Group’s activities related to infrastructure in Norway, Sweden and Finland geared towards the central transmission network for power transmission in Scandinavia; products and services related to transformer stations, cables and power lines for higher voltages.

The business area Security delivers technical security solutions to the Nordic countries, such as alarm systems, CCTV, access control facilities, integrated security solutions and electronic anti-theft solutions. In addition, the Security business area’s Electrical Safety unit delivers monitoring and inspection services to grid companies, allowing them to fulfil legally mandated responsibilities (so-called DLE services).

The Group operates its business activities through subsidiaries and has its headquarter in Oslo, Norway. The Company was listed on the Oslo Stock Exchange on 5 December 2007 after the Technical Services business area was spun off from the Hafslund Group - and was later delisted on 20 March 2014.

NOTE 2 SUMMERY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The most important accounting principles used in the preparation of the consolidated accounts are described below. These principles have been applied consistently to all presented reporting periods, unless otherwise stated in the description.

The company is a limited company incorporated and domiciled in Norway with Breivollveien 31, Oslo, as its registered office address. The company was previously listed on the Oslo Stock Exchange but was delisted on 20 March 2014.

2.1 Basis of preparation

The consolidated accounts of Infratek AS have been prepared and presented in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations, as adopted by the EU.

The consolidated accounts are based on a modified historic cost principle. Primarily, the modification relates to value adjustments of financial assets available for sale and financial assets and liabilities (including derivatives), adjustments to fair value are posted over the statement of comprehensive income. These differences have no impact on the Infratek Group's consolidated financial statements for 2013, with the exception of an option value for Infratek Sikkerhed Danmark A/S, see notes 15 and 25. The preparation of accounts according to IFRS requires the use of estimates. Furthermore, the application of the company's accounting principles requires management to exercise judgment and apply assumptions. Areas highly subjected to the exercise of such judgment or with a high degree of complexity, and areas where assumptions and estimates are material to the consolidated accounts, are discussed in Note 4.

The Group's annual financial statements have been prepared in accordance with the going concern principle.

2.1.1 Changes in accounting principles and information

a) New and amended accounting standards adopted by the Group.

The following standards, affecting group accounts, have been implemented for the financial year beginning 1 January 2013:

· IFRS 13 Fair Value Measurement aims at improving consistency and reducing complexity by providing a precise definition of what fair value is. The standard is a common source of information regarding requirements to fair value measurement and disclosure requirements and should be utilised in connection with other standards where the fair value measurement is in use. The standard does not increase the use of fair value but provides guidance on how the measurement should be applied - when fair value measurement is required - or is permitted by other standards.

· IAS 1 Presentation of Financial Statements has been amended relating to items classified under other comprehensive income. Such items should be grouped on the basis of whether they are potentially reclassifiable to profit or loss at a later stage - or not.

· IAS 19 Employee Benefits was revised in June 2011 with effect from 1 January 2013. The change requires that all changes to estimates should be included in other comprehensive income as and when they occur (no corridor). Furthermore, an immediate entry of all expenses related to previous periods' pensions gain - and that interest expenses and expected return on pension plan assets are replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). In 2011, the Group changed its accounting principles regarding pensions and all actuarial gains and losses were booked as other comprehensive income. The implemented change to the calculation method of the net interest amount did not have any significant effect on the 2012 consolidated accounts as the discount rate used was equal to the interest rate. The group adopted the standard early, from 2012.

b) New standards, amendments and interpretations of existing standards issued but not effective for the financial year beginning 1 January 2013 and not early adopted:

· IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010 and November 2013. The standard replaces the sections of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those to be measured at fair value and those to be measured at amortised cost. The determination of category is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the instruments' contractual cash flow characteristics. For financial liabilities, the standard keeps most of the IAS 39 requirements. The main change is that in cases where the fair value option is used for a financial asset, the part of the fair value change relating to the entity's own credit risk is recognised in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 entails several changes and simplifications that will lead to an increased use of hedge accounting. The Group has not yet fully assessed the impact of IFRS 9. Additional parts of IFRS 9 will be assessed when completed. The implementation date for IFRS 9 has not yet been set, however, it will not be earlier than 1 January 2017.

· IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor on whether an entity should be included in the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control in cases where this is difficult to assess. The standard is not expected to have any new effect on the Group consolidated accounts. The standard is effective from 1 January 2014.

· IFRS 11 Joint arrangements will replace IAS 31. IFRS 11 focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The standard is not expected to have a significant effect on the Group consolidated accounts. The standard is effective from 1 January 2014.

· IFRS 12 Disclosures of Interests in Other Entities includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other balance sheet vehicles. The standard is not expected to have a significant effect on the Group consolidated accounts. The standard is effective from 1 January 2014.

· IAS 36 Impairment of assets. Changes relate to disclosures regarding the recoverable amount of non-financial assets. The amendment removed certain disclosures regarding the recoverable amount of CGUs which had been included in IAS 36 at the time of IFRS 13 being issued. The change is effective from 1 January 2014.

· IFRIC 21 Leviesregulates the accounting of liabilities to pay levies. The interpretation levies does not include tax on income. The interpretation provides guidance on when to recognise a liability for a levy imposed. The Group is not liable to pay material levies and the interpretation is not expected to have a significant effect on the Group consolidated accounts.

There are no other IFRSs or IFRIC interpretations that are not yet effective and that would be expected to have a material impact on the Group consolidated accounts.

2.2 Consolidation principles

a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, accompanying a shareholding and more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

If the business combination is achieved in stages, the aquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contigent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contigent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

If the sum of the consideration, capitalised amount of non-controlling shareholders and actual value of previous ownership on the acquisition date surpasses the actual value of identifiable net assets in the acquired company, the difference shall be capitalised as goodwill. If the amount is lower than the acquired company's net asset value, the difference should be expensed to the statement of comprehensive income.

Intra-Group transactions, inter-company balances, and unrealised profit between Group companies have been eliminated. Profit and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting principles of subsidiaries are modified when necessary to achieve conformity with Group accounting principles.

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. In the case of additional purchases, the difference between the consideration paid and the share's relative share of net assets in the subsidiary is booked to the equity attributable to company shareholders. Gains or losses on disposals to non-controlling interests are also recognised in equity.

c) Disposals of subsidiaries

When the Group ceases to have control of any retained interest in the entity, it is remeasured to its fair value when control is lost, with the change in carrying amount booked to profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Segment reporting

Operating segments are reported in the same way as for internal reporting to the company's highest decision-making body. The company's highest decision-making body, which is responsible for allocating resources and assessing the financial performance of the operating segments, is defined as Group management.

2.4 Foreign currency translation

a) Functional currency and presentation currency

Items included in the financial statements of each subsidiary in the Group are recorded in the currency mainly used in the economic area in which the subsidiary operates (its functional currency). Infratek's consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency and the presentation currency of the parent company.

b) Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items (assets and liabilities) denominated in foreign currencies at year-end, are translated at the exchange rate on the balance sheet date, and are recognised in the profit and loss account.

c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

iii) All resulting exchange differences are recognised in the expanded statement of comprehensive income and specified separately in equity.

Goodwill and excess values relating to acquisitions of foreign entities are treated as assets and liabilities in the acquired entities and are translated at the exchange rate in effect on the balance sheet date. Exchange differences arising are recognised in other comprehensive income.

2.5 Profit, plant and equipment

Property, plant, and equipment are recognised at acquisition cost less depreciation. Acquisition cost includes costs directly associated with the acquisition of the operating asset.

Expenses that significantly increase the life of assets and/or increase capacity are added to the balance sheet value of operating assets or recorded separately in the balance sheet, when it is probable that future economic benefits associated with the expense will flow to the Group, and the expense can be reliably estimated. Other repair and maintenance costs are recognised in the profit and loss account for the period in which the expenses are incurred.

Other operating assets that are in use are depreciated according to a straight-line plan, so that the acquisition costs of property, plant, and equipment are depreciated to their residual value at the annual depreciation rates as shown below:

Improvement to leased premises*	10 years
Buildings	30 years
Machinery, furniture, vehicles etc.	3-12 years
IT-equipment (hardware)	3 years

*) Improvements to leased premises are depreciated over the length of the particular premises' leasing contract.

The useful life of each operating asset, along with its residual value, is reassessed each balance sheet date and modified if necessary. When the carrying value of an operating asset exceeds the estimated recoverable amount, the value is written down to that recoverable amount (see Note 2.7).

Gains and losses on the disposal of operating assets are recorded in the profit and loss account at the difference between the sales price and balance sheet value.

2.6 Intangible assets

a) Goodwill

Goodwill is the difference between acquisition cost and the Group's share of net fair value of the identifiable assets at the time of acquisition. Goodwill on the acquisition of subsidiaries is classified as an intangible asset. Goodwill is reviewed annually for impairment, and entered in the balance sheet at acquisition cost less impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the sale of an activity include the goodwill in the balance sheet of the disposed activity.

Following an initial identification of the need to write down goodwill, goodwill at the acquisition date is allocated to the cash-generating units in question. Allocation is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not reversed in subsequent periods.

b) Software and licences

Software and licences comprise investments associated with the Group's ERP system (IFS) which is capitalised at acquisition cost less depreciation, as well as the establishment of an in-house ICT platform. The ICT investments follow a depreciation plan as shown below:

ICT base system investment	10 years
ICT Development of systems and other ICT related investments	3-5 years

2.7 Impairment of non-financial assets

Intangible assets with non-definable useful lives are not depreciated, but are reviewed annually for impairment. Tangible fixed assets and intangible assets that are depreciated or amortised are reviewed for impairment when indications are that future earnings can no longer support the balance sheet value. Impairment charges are recorded in the profit and loss account as the difference between the balance sheet value and the recoverable amount. The recoverable amount is the higher of fair value less sales costs and value-in-use.

At impairment reviews, fixed assets are grouped at the lowest level at which it is possible to distinguish independent cash flows (cash generating units). At each reporting date, evaluations are done as to reversal of previous impairment charges of non-financial assets (with the exception of goodwill).

2.8 Financial assets

The Group only has financial assets in the categories loans and receivables. Loans and receivables are non-derivative financial assets with fixed payments that are not traded in an active market. They are classified as current assets unless they fall due more than 12 months after the balance sheet date. If the latter is the case, they are classified as non-current assets. Financial assets are recognised at the transaction date using the acquisiton price including transaction costs, with a subsequent assessment of the amortised value based on the effective interest method adjusted for any estimated loss.

The Group has financial liabilities in the categories at fair value though the profit and loss and at amortised cost value. Financial liabilities at fair value through the profit and loss is initially booked to the balance sheet at fair value with later changes to the fair value booked through the profit and loss account. Financial liabilities at amortised cost are initially booked to the balance sheet at fair value minus transaction costs with subsequent assessment of amortised cost in accordance with the effective interest method.

2.9 Inventory

Inventories are stated at the lower of acquisition cost or net realizable value. Acquisition cost is determined by the first-in, first-out (FIFO) method.

2.10 Customer receivables

Customer receivables are amounts due from customers for merchandise sold or services performed as part of the ordinary course of Group business. If collection is expected in one year or less they are classified as current assets. If not, they are classified as non-current assets.

Customer receivables are initially measured at fair value and subsequently measured at amortised costs using the effective interest method. Allocations for losses are recognised when there are objective indicators that the Group will not receive settlement according to original terms. Allocations consists of the difference between nominal value and recoverable value, which is the present value of expected cash flows, discounted at the original effective interest rate.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits, and other short-term readily tradable investments with up to three-month initial terms to maturity, and revolving credit facilities. The revolving credit facilities are presented in the balance sheet under short-term debt.

2.12 Accounts payable

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accounts payable are initially measured at fair value. Subsequently, accounts payable is measured at amortisation cost by use of effective interest method.

2.13 Share capital and share premium account

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown in equity as a reduction in proceeds received in equity.

2.14 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity and other comprehensive income. In this case, the tax is also recognised in equity and other comprehensive income. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company’s subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is calculated, using the liability method, on all temporary differences between the tax values and consolidated accounting values of assets and liabilities. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. If the Group purchases an asset or liability in a transaction that is not part of a business combination, deferred tax at the transaction date is not recognised. Deferred tax is determined under taxation rates and tax laws that have been enacted or substantively enacted (expected to be signed into law) at the balance sheet date and that are expected to apply when the deferred tax benefit is realised or when the deferred tax is settled. Deferred tax benefits are entered in the balance sheet to the extent it is probable that future deferred taxable income will be present, and that the temporary differences can be offset from this income.

Deferred tax is calculated on the temporary differences arising from investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary differences, and it is probable that they will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Pension liabilities, bonus programs, and other employee-benefit plans

a) Pension liabilities

Group companies have various retirement schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and contribution plans.

Defined benefit plan

A defined benefit scheme is a retirement benefit scheme that defines the retirement benefits that an employee will receive on retirement. The retirement benefit is normally set as a percentage of the employee’s salary. The liability recognised in the balance sheet which relates to the defined benefit scheme is the present value of the future retirement benefits that have accrued at the balance sheet date, reduced by the fair value of the plan assets and including non-recognised expenses connected with previous periods’ accrued retirement benefits. The present value of future benefits accrued at the balance sheet date is calculated by discounting estimated future payments at a risk-free interest rate stipulated on the basis of the interest rate for high-quality corporate bonds in Norway. The retirement benefit liability is calculated annually by an independent actuary using the linear accruals method.

Actuarial gains and losses attributable to changes in actuarial assumptions or base data are recognised through other comprehensive income on an ongoing basis after provisions for deferred tax. Changes in defined benefit pension liabilities attributable to changes in retirement benefit plans that have retrospective effect, where these rights are not contingent on future service, are recognised directly in the income statement. Changes that are not issued with retrospective effect are recognised in the income statement over the remaining service time.

Net pension fund assets for overfunded schemes are classified as non-current assets and recognised in the balance sheet at fair value. Net retirement benefit liabilities for underfunded schemes and non-funded schemes that are covered by operations are classified as long-term liabilities. The net retirement benefit cost are divided between salaries and other personnel expenses and net finance, where the retirement benefits accrued during the period is classified as salaries and other personnel expenses and the net of interest on the estimated liability and the projected yield on pension fund assets are classified as net finance.

Defined contribution plans

A defined contribution plan is a retirement plan in which the Group pays fixed contributions to a separate legal entity. The Group has no legal or other obligation to pay additional contributions if the unit does not have sufficient assets to pay all employees benefits associated with earnings in present and previous periods. For defined contribution plans, the Group contributes to a publicly or privately managed insurance plan for retirement payments, on a compulsory, agreed-upon, or voluntary basis. The Group has no further payment obligations once these contributions have been paid. Contributions are recognised as salary expenses when they fall due. Pre-paid contributions are recorded in the accounts as an asset to the extent the contribution may be refunded or reduced by future contributions.

Defined contribution pension schemes are recognised in the accounts of Norwegian, Swedish, Finnish and Danish subsidiaries.

b) Severance pay

Severance pay is paid when the Group terminates an employee’s employment before the normal retirement age, or when employees voluntarily terminate employment conditioned on receipt of such compensation. The Group recognises severance pay during the period when it can be proven to have an obligation either to terminate one or more employees pursuant to a formal, detailed, non-rescindable plan, or to provide severance pay as part of an offer to encourage voluntary resignations. Severance pay that falls due more than 12 months after the balance sheet date is discounted to present value.

2.16 Provisions

The Group recognises provisions for restructuring, and legal claims, when: a) the Group has a present obligation, whether legal or constructive, as a result of past events; b) it is more likely than not that the obligation will be settled via a transfer of financial resources; and c) the size of the obligation may be estimated with a sufficient degree of reliability. Allocations for restructuring costs include termination charges on leasing contracts and severance pay to employees. No provisions are made for future operating losses.

In instances where there are multiple commitments of a similar nature, the probability of the liability being settled is determined by assessing the group as a whole. Allocations for the group are recognised even if the probability may be low as to individual settlement outlays associated with individual group elements.

Provisions are recognized at the present value of expected payments to meet the obligation. A before-tax discount rate is used, reflecting current market conditions and risk specific to the obligation. Any increase in the obligation amount arising from changes in the time frame used in calculating the obligation’s present value is recognised as an interest expense.

2.17 Revenue recognition

Revenues are recognised in the profit and loss account as shown below:

a) Sale of goods and services

Revenues from sales of goods and services are valued at the fair value of payments received, less deductions for value-added tax, returns, rebates, and discounts. Intra-Group sales are eliminated. Sales are recognised in the profit and loss account when revenues can be measured reliably and it is likely that the financial benefits associated with the transaction will flow to the Group.

b) Construction contracts

Contract costs are recognised as expenses in the periodin which they are incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliable and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliable measured.

The Group uses the "percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, pre-payments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within ‘trade and other receivables’. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

c) Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

2.18 Leasing agreements

Leasing agreements, in which a significant proportion of the risk and return associated with ownership remains with the lessor, are classified as operational leases. Leasing payments arising from operational leases (less any financial incentives granted by the lessor) are expensed on a straight-line basis over the leasing period.

Leasing contracts that are associated with fixed operating assets, and as to which the Group largely has all risk and control, are classified as financial leasing. Financial leasing is recognised in the balance sheet at the beginning of the lease period at the lower of fair value of the leased operating asset or the present value of the total minimum lease amounts. Each lease payment is allocated between a repayment element and an interest element, in such a way that the balance sheet shows a constant interest expense on outstanding lease commitments. Interest expenses are recognised in the profit and loss account as financial expenses. Lease liabilities are classified as other short-term liabilities or other long-term liabilities. Fixed operating assets acquired through financial lease agreements are depreciated over the expected lifetime or the lease period, whichever is shorter.

2.19 Dividends

Dividend payments to shareholders are classified as current liability as of the time the dividend disbursement has been approved by the general shareholder's meeting.

2.20 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

NOTE 3 FINANCIAL RISK MANAGEMENT

The Group's business activities primarily entail exposure to interest rate risk, liquidity risk, and credit risk. The Group is not exposed to any significant financial price risk.

The Group's risk management procedures support the Group's value creation and ensure a continued solid financial platform by identifying and carefully managing financial and operational risk factors. As a rule, risk management is the responsibility of each business unit's operational management. For a description of other areas of risk to which the Group is exposed, please see the Board of directors' report as well as guidelines for corporate governance.

a) Currency risk

Only to a limited extent, is Infratek operationally influenced by changes in foreign exchange, as the operations are only marginally applying purchases in foreign currency or trade across countries. When a significant foreign exchange risk is present, it is evaluated on a case by case basis and is secured through forward contracts or similar if required.

The Group has operations in Norway, Sweden, Denmark and Finland and is thus exposed financially to exchange rate risk from SEK, DKK and EUR - to NOK. Equity capital in foreign subsidiaries does not have currency hedging and exchange rate fluctuations do affect the Group's equity capital. As of 31 December 2013, the Group had only a minor degree of financial derivates for currency hedging.

Net exchange differences on translating foreign operations to NOK in 2013 was NOK 35 million (-9 million). The below table shows the effect of the Group's loss / gain on exchange rates by plus or minus 10 percent change in SEK, DKK and EUR currency vs. currency used for the financial year 2013. The amount relates to translation differences which is a part of other comprehensive income and does not affect net profit.

Sensitivity analysis translation differences

		Currency rate change	
Amounts in NOK million	**Currency**	**+10%**	**-10%**
Effect on other comprehensive income and equity	SEK	26	(26)
Effect on other comprehensive income and equity	DKK	-	-
Effect on other comprehensive income and equity	EUR	9	(9)
Total effect on other comprehensive income and equity		**36**	**(36)**

b) Interest rate risk

The Group's operating revenues and cash flow from operations are largely unaffected by changes in interest rates. Variations in the interest rate may, however, affect customers' willingness to invest, indirectly affecting the Group's operating revenues and cash flow. As of 31 December 2013, the Group is primarily exposed to interest risk associated with surplus liquidity. At the close of 2013 the Group had net cash holdings of NOK 167 million and had earned NOK 1 million in interest income. Variations in NIBOR, STIBOR and EURIBOR will affect interest on cash reserve as well as the Group's capital costs. NIBOR, for example, changed from 1.67 per cent on 2 January 2013 to 1.56 per cent on 31 December 2013. Given the Group's cash holdings at the end of 2013 this would have resulted in an interest income interval of NOK 2.8 to 2.6 million. The Group's interest income and expenses track general developments in the Norwegian, Swedish, Danish and Finnish money markets respectively. The Group has not made use of interest hedging instruments, and only to a very limited degree of currency hedging instruments.

c) Liquidity risk

Liquidity risk arises from a lack of coherence between cash flow from operations and financial commitments. Infratek's business activities are subject to seasonal variations that may affect cash flow. Historically, Infratek has satisfactorily managed its working capital. As of 31 December 2013 Infratek had net cash holdings of NOK 167 million. Infratek also has an unused NOK 100 million overdraft facility with DNB Bank ASA which runs until terminated by either party at one month's notice. Infratek's borrowing agreement with DNB Bank ASA is conditional upon certain key financial indicators. DNB has an AA rating. The Group's overdraft assumes a 25 per cent equity ratio. The agreement also contains certain restrictions on changes in the company's legal status, e.g. merger/demerger, material acquisition/disposal of assets, changes in capital, as well as limitations relating to sale or pledging of group assets as security for liabilities. The lender undertakes to allow such transactions unless there are reasonable grounds for not doing so. The Group also has a group account system and accounts with short-term credit limits at subsidiary level which draw on the Group's overall cash holdings. The Group's cash flow from operating activities in 2013 was positive as a result of a positive pre-tax profit. Infratek is in compliance with all the requirements stipulated in its borrowing agreement. Overall these resources are deemed to provide solid liquidity for the Group. Per 31 December 2013, the Group has no long-term debt of significance. Due dates on long-term and short-term liabilities are listed below.

Maturity-analysis long-term debt

2012 **Amounts in NOK million**	**1-3 years**	**3-5 years**	**5 years or later**	**Non-due**	**Total**
Other long-term debt	10	-	-	-	10
Total long-term debt	**10**	**-**	**-**	**-**	**10**

2013 **Amounts in NOK million**	**1-3 years**	**3-5 years**	**5 years or later**	**Due date not determined**	**Total**
Other long-term debt	1	6	-	-	7
Total long-term debt	**1**	**6**	**-**	**-**	**7**

Maturity-analysis short-term debt:

2012

Amounts in NOK million	**0-30 days**	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**	**Total**
Accounts payable	171	6	2	1	-	180
Other current liabilities	157	-	130	-	78	365
Total current liabilities	**328**	**6**	**132**	**1**	**78**	**545**

2013

Amounts in NOK million	**0-30 days**	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**	**Total**
Accounts payable	144	31	2	1	1	179
Other current liabilities	168	-	125	-	76	369
Total current liabilities	**312**	**31**	**127**	**1**	**77**	**548**

d) Credit risk

Credit risk is the risk that customers will not settle their accounts. Credit risk is deemed to be part of the Group's overall commercial risk and is followed up as part of its day-to-day operations. Infratek has established procedures for credit assessment of larger customers and suppliers. Historically, losses due to bad debts have been insignificant and today's level of credit risk is considered acceptable. The Group's maximum credit exposure equals the carrying value of receivables and bank deposits.

Maturity-analysis long-term receivables

2012 **Amounts in NOK million**	**1-3 years**	**3-5 years**	**5 years or later**	**Non-due**	**Total**
Paid core-capital, pension fund	-	-	-	18	18
Subordinated loan, pension fund	-	-	-	2	2
Total long-term receivables	**-**	**-**	**-**	**20**	**20**

2013 **Amounts in NOK million**	**1-3 years**	**3-5 years**	**5 years or later**	**Non-due**	**Total**
Paid core-capital, pension fund	-	-	-	19	19
Subordinated loan, pension fund	-	-	-	2	2
Total long-term receivables	**-**	**-**	**-**	**21**	**21**

Maturity-analysis short-term receivables

2012

Amounts in NOK million	**0-30 days**	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**	**Total**
Accounts receivable	437	9	3	4	12	465
Accrued, non invoiced income	209	-	-	-	-	209
Other short term receivables	34	-	-	-	-	34
Total short term receivables	**680**	**9**	**3**	**4**	**12**	**708**

2013

Amounts in NOK million	**0-30 days**	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**	**Total**
Accounts receivable	429	7	3	4	-	443
Accrued, non invoiced income	267	-	-	-	-	267
Other short term receivables	39	-	-	-	-	39
Total short term receivables	**735**	**7**	**3**	**4**	**-**	**749**

All customer receivables in excess of 30 days have fallen due for payment.

Changes in the allowance for doubtful debts

Amounts in NOK million	**2013**	**2012**
Balance at beginning of the year	(8)	(8)
Impairment losses recognised on receivables	(1)	(1)
Amounts written off during the year as uncollectible (confirmed loss)	7	1
Closing balance allowance for doubtful debts	**(2)**	**(8)**

e) Categories of financial instruments

The group’s financial instruments are categorized as follows:

2012

Amounts in NOK million	**Loans and receivables**	**Total**
Assets		
Other long-term receivables	20	20
Accounts receivables and other receivables (not including prepaid costs and incurred, not invoiced revenues) 1)	478	478
Cash and cash equivalents	244	244
Total assets	**742**	**742**

Amounts in NOK million	**Other Financial obligations at amortized cost**	**Total**
Liabilities		
Long-term debt	10	10
Account payable and other short-term debt (not including statutory obligations) 2)	336	336
Total liabilities	**346**	**346**

2013

Amounts in NOK million	**Loans and receivables**	**Total**
Assets		
Other long-term receivables	21	21
Accounts receivables and other receivables (not including prepaid costs and incurred, not invoiced revenues) 1)	462	462
Cash and cash equivalents	167	167
Total assets	**650**	**650**

Amounts in NOK million	Other Financial obligations at amortized cost	Total
Liabilities		
Long-term debt	7	7
Account payable and other short-term debt (not including statutory obligations) 2)	358	358
Total liabilities	**365**	**365**

1) Prepayments and incurred, non-invoiced revenue is omitted from the receivable balance in the statement of financial position, since this is an analysis that is only required for financial instruments.

2) Statutory obligations and pre-paid amounts are omitted from accounts payable and other liabilities in the statement of financial position, since the analysis only is required for financial instruments.

Nominal value less write-downs on sustained losses on accounts receivable and payable is deemed to equal the fair value of an item. Fair value of financial liabilities (calculated for note disclosure) is estimated by discounting future cash flows using the Groups alternative market interest rate for similar financial instruments.

f) Capital management

The Group's capital is managed with the goal of continued going concern, safeguarding and further developing the Group's value and to ensure good credit rating and hence borrowing terms reflecting the operations of the Group. The Group has a solid capital structure and will over time seek a capital structure adapted to the Group's activities to reduce capital costs, for example, through increased dividends, share buybacks, new share-issues or draw up interests-bearing loans to finance purchase of business.

The Group monitors its capital structure by following the developments in its cash and debt ratio, defined as net interest-bearing debt divided by total shareholders' equity and net-interest-bearing debt. The Group's debt ratio should not exceed the group's ability to service a loan which will depend on the group's future earnings and investment levels, as well as the interest rate level the Group can achieve.

Debt ratio

Amounts in NOK million	**2013**	**2012**
Interest-bearing debt	7	10
Cash and cash equivalents	(167)	(244)
Net interest-bearing debt (cash)	**(160)**	**(234)**
Total equity inclusive non-controlling interests	598	697
Total equity and net interest-bearing debt	**438**	**463**
Debt ratio	1.6%	2.2%

NOTE 4 IMPORTANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and assumptions are continuously evaluated, based on historical experience and other factors, including expectations as to future events deemed probable under the current circumstances. The Group prepares estimates and makes assumptions for projection purposes when preparing its accounts. Accounting estimates only rarely accord fully with the final outcome. The differences that arise between estimates and fair value are recognised in the period they become known if they pertain to this period. If the difference pertains to both current and future periods, recognition is distributed over the periods in question.

Estimates and assumptions that can result in a significant risk of material change in the balance sheet value of assets or liabilities in the upcoming accounting year are discussed below.

Revenue recognition

Recognition of income from fixed-price contracts uses the percentage-of-completion method. Current income recognition of projects entails uncertainty, as it is based on estimates and assessments. For projects in progress, there is uncertainty associated with progress on remaining work, disputes, work under guarantees, final projections, and other issues. Thus, the final outcome may deviate from the projected result. For completed projects, there is uncertainty associated with any hidden shortcomings, and possible customer disputes.

Estimated impairment of goodwill

Each year, the Group performs tests to assess possible impairment of goodwill, see note 2.6. In 2013, Infratek has made a write-down of goodwill amounting to NOK 40 million in the segment Security as a result of expected synergies between business areas Security and Infrastructure not coming fully to fruition. The expected growth is therefore reduced. The recoverable amount from cash-generating units is determined by calculating its usable value. These calculations require the use of estimates (see also note 7).

Tax

The Group's earnings are taxed in several countries. Calculating a consolidated tax liability based on the sum of tax payable in each country requires extensive use of estimates and assumptions. For many transactions and calculations, a great deal of uncertainty will apply to the final tax liability. The Group recognises tax liabilities relating to future decisions in tax/other disputes, based on estimates of whether further tax on earnings will accrue. If the final decision in a case deviates from the original provision, the deviation will affect the recognised tax liability and the provision for deferred tax in the period in which the deviation occurs.

Pension obligations

The present value of the pension obligations associated with defined benefit plans depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Some other relevant assumptions used are partly based on regular market terms. For additional information see note 17.

Loss on contract regarding office lease

A provision regarding the office lease agreement at Breivollveien 31 (Oslo) has been made, based on the assumption that the office space that is currently vacant will not be subleased during the remainder of the overall lease period. Later changes to the above mentioned assumption would affect the balance sheet provision and future operating expenses.

Other items

Other items that are affected by estimates are estimated useful life for operating assets, goodwill, pensions, and any utilisation of deferred tax benefit and calculation of the value of options related to a buyout responsibility concerning Infratek Sikkerhed Danmark A/S (see also note 25).

NOTE 5 BUSINESS SEGMENT REPORTING

Group management constitutes the Groups leading authority. Operational segments are based on Group management reporting guidelines when allocating resources and assessing profitability.

The Group's corporate structure consists of three business areas; Local Infrastructure, Central Infrastructure and Security, based on the entity's delivery of products and services. In financial terms, Infratek has reported within the following segments based on products supplied in 2013: Local Infrastructure, Central Infrastructure and Security, in addition to geography.

Segment information is presented for the Group's business areas. The Group's business segments reflect the division into product groups and is based on the Group's in-house reporting structure. Group management assesses the segments' performance on the basis of an adjusted operating profit (EBIT). This method of measurement excludes the effect of non-recurring costs when the costs are the result of an isolated incident which is not expected to be repeated. In the segment table such costs are reported as part of the segment "Other" (Group). Expenses related to a lack of subleasing of the Group's main office have been expensed to Other in 2012 and 2013.

An overview of business segments follows below:

Local Infrastructure: Comprises the Group's infrastructure operations in Norway and Sweden geared towards the product areas distribution network, highway and street lighting, fibre/telecom, district heating and railways. The services within this business area are organised in three regions in Sweden and one region in Norway.

Central Infrastructure: Comprises the Group's infrastructure operations in Norway, Sweden, Denmark and Finland geared towards the central transmission network for power transmission in Scandinavia; products and services related to transformer stations, cables and power lines for higher voltages.

Security: Delivers security technology solutions such as alarm systems, CCTV surveillance, access control facilities, integrated security solutions, and electronic anti-theft solutions. The business area also delivers monitoring and inspection services to grid companies, which allow them to fulfil legally mandated responsibilities (so-called DLE services). The Security business area is established in Norway, Sweden and Finland.

Other (Group): This segment comprises mainly group costs in the form of costs incurred by the parent company Infratek AS in connection with the Board, CEO and Group Finance, day-to-day financial reporting, costs linked with the company's stock market listing as well as shortfall of subleasing revenues from the company's headquarters. Infratek AS is based in Norway.

Eliminations: This is elimination of Group-internal sales.

Segment information

Amounts in NOK million	**Local Infrastructure**	**Central Infrastructure**	**Security**	**Other ***	**Eliminations**	**Group**
2012						
Gross segment operating revenue	1 892	591	287	9	-	2 779
Inter-segment sales	2	1	2	13	(17)	-
Operating revenues	**1 894**	**591**	**290**	**22**	**(17)**	**2 779**
Purchased material	(905)	(282)	(85)	(2)	(5)	(1 279)
Gross profit	**990**	**310**	**204**	**19**	**(23)**	**1 500**
Personell expenses	(615)	(235)	(130)	(40)	-	(1 017)
Other operating costs	(247)	(67)	(50)	5	23	(340)
EBITDA	**128**	**8**	**24**	**(16)**	**-**	**144**
Depreciations	(25)	(6)	(3)	(8)		(41)
EBIT	**103**	**2**	**21**	**(24)**	**-**	**103**
Financial expenses	(2)	(2)	0	(3)	-	(6)
Pre-tax profit	**101**	**0**	**21**	**(27)**	**-**	**96**
Tax	(31)	(0)	(6)	8	-	(29)
Profit from discontinued operations	-	-	3	-	-	3
Profit for the year	**70**	**0**	**19**	**(18)**	**-**	**71**

Amounts in NOK million	Lokal Infrastructure	Central Infrastructure	Security	Other *	Eliminations	Group
2013						
Gross segment operating revenue	1 964	671	315	5	-	2 955
Inter-segment sales	1	1	2	15	(19)	-
Operating revenues	**1 965**	**671**	**318**	**20**	**(19)**	**2 955**
Purchased material	(915)	(345)	(113)	0	1	(1 371)
Gross profit	**1 050**	**327**	**204**	**20**	**(18)**	**1 584**
Personell expenses	(673)	(218)	(142)	(59)	-	(1 093)
Other operating costs	(276)	(96)	(61)	(33)	18	(448)
EBITDA	**101**	**12**	**2**	**(73)**	**-**	**44**
Depreciations	(35)	(8)	(42)	(11)	-	(96)
EBIT	**66**	**4**	**(40)**	**(83)**	**-**	**(53)**
Financial expenses	(2)	(1)	0	(4)	-	(8)
Pre-tax profit	**64**	**2**	**(40)**	**(88)**	**-**	**(61)**
Tax	(18)	(2)	(1)	22	-	1
Profit from discontinued operations	-	-	7	-	-	7
Profit for the year	**46**	**1**	**(34)**	**(65)**	**-**	**(52)**

Working capital as of 31 December and investments during the year:

Amounts in NOK million	Infrastructure	Security	Other *	Group
2012				
Working capital	177	37	(23)	**192**
Investments	32	1	5	**39**

Amounts in NOK million	Infrastructure	Security	Other *	Group
2013				
Working capital	237	21	(37)	**221**
Investments	23	1	10	**35**

Geographical segment information

Amounts in NOK million	Norway	Sweden	Finland	Denmark	Other *	Eliminations	Group
2012							
Gross segment operating revenue	1 254	1 392	129	-	5	-	**2 779**
Operating profit	102	22	6	-	(27)	-	**103**
Profit from discontinued operations	3	-	-	-	-	-	**3**
Profit for the year	**75**	**13**	**4**	**-**	**(21)**	**-**	**71**
Working Capital	90	102	22	-	(23)	-	**192**
Investments	7	24	3	-	5	-	**39**
2013							
Gross segment operating revenue	1 308	1 425	172	46	5	-	**2 955**
Operating profit	44	(18)	(1)	2	(79)	-	**(53)**
Profit from discontinued operations	7	-	-	-	-	-	**7**
Profit for the year	**24**	**(16)**	**(2)**	**1**	**(59)**	**-**	**(52)**
Working Capital	130	120	6	-	(36)	-	**221**
Investments	9	12	3	1	10	-	**35**

* Other consists of the parent company Infratek AS

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK million	Machinery, furniture, vehicles etc.	Total
As of 1 January 2012	**160**	**160**
Assets acquired through acquisition of businesses	8	8
Regular additions	32	32
Depreciation of fixed assets at carrying value	(7)	(7)
Depreciation and impairment charges	(35)	(35)
Book value as of 31 December 2012	**158**	**158**
Acquisition costs as of 31 December 2011	294	294
Accumulated depreciation and impairment charges as of 31 December 2011	(136)	(136)
Book value as of 1 January 2013	**158**	**158**
Assets acquired through acquisition of businesses	3	3
Regular additions	24	24
Depreciation of fixed assets at carrying value	(10)	(10)
Depreciation and impairment charges	(50)	(50)
Book value as of 31 December 2013	**125**	**125**
Acquisition costs as of 31 December 2013	272	263
Accumulated depreciation and impairment charges as of 31 December 2013	(146)	(138)
Book value as of 31 December 2013	**125**	**125**
Depreciation period range	3-30 years	

In 2013, the Group made an overall assessment of the depreciation rates for the individual fixed assets sub-groups. The depreciation period for vehicles in general was reduced from 8 to 6 years, but for lorries/trucks it was reduced from 12 to 8 years. The estimated remaining fixed assets life span was changed from 1 January 2013. The change resulted in an increased depreciation amount for 2013 compared to 2012. The Group is of the opinion that the revised depreciation period ranges give a more accurate view of the fixed assets' economic life span. The financial impact of the above revision is booked as a change in estimates in accordance with IAS 8.

2012

Annual leasing not recorded in the balance sheet under property, plant and equipment:

	Minimum future payments		
Amounts in NOK million	**Premises rental**	**Machinery/ equipment**	**Total**
Due within 1 year	17	38	54
Due later than 1 year not later than 5 years	46	64	109
Due later than 5 years	12	0	12
Total	**75**	**101**	**176**
Recognized as operating lease-cost during year	26	30	56

2013

Annual leasing not recorded in the balance sheet under property, plant and equipment:

	Minimum future payments		
Amounts in NOK million	**Premises rental**	**Machinery/ equipment**	**Total**
Due within 1 year	27	38	65
Due later than 1 year not later than 5 years	76	51	127
Due later than 5 years	-	-	-
Total	**103**	**89**	**192**
Recognized as operating lease-cost during year	30	39	69

NOTE 7 INTANGIBLE ASSETS

Amounts in NOK million	Customer portfolios	Goodwill	Software and licenses	Total intangible assets
Acquisition cost as of 1 January 2012	10	250	60	320
Accumulated amortization and impairment charges as of 1 January 2012	(10)	(28)	(11)	(49)
Book value as of 1 January 2012	**-**	**222**	**49**	**271**
Assets acquired through acquisition of businesses	-	11	-	11
Asset reduction through disposal of businesses	-	-	-	-
Regular additions	-	-	6	6
Depreciation and impairment charges	-	-	(6)	(6)
Book value as of 31 December 2012	**-**	**232**	**49**	**281**
Acquisition cost as of 31 December 2012	10	261	66	337
Accumulated amortization and impairment charges as of 31 December 2012	(10)	(28)	(17)	(55)
Book value as of 1 January 2013	**-**	**232**	**49**	**281**
Assets acquired through acquisition of businesses	-	9	-	9
Asset reduction through disposal of businesses	-	(14)	-	(14)
Regular additions	-	-	12	12
Depreciation and impairment charges	-	(40)	(5)	(45)
Scrapping of assets	-	-	(18)	(18)
Exchange differences on translating foreign operations	-	11	-	11
Book value as of 31 December 2013	**-**	**198**	**38**	**236**
Acquisition cost as of 31 December 2013	10	255	53	318
Accumulated amortization and impairment charges as of 31 December 2012	(10)	(68)	(16)	(94)
Exchange differences on translating foreign operations		11	-	11
Book value as of 31 December 2013	**-**	**198**	**38**	**236**
Rate of depreciation (in %)	20-50%	-	10%	

A change of main IT infrastructure supplier and a major upgrade of the Group's ERP system has lead to the scrapping of some previous investments and system versions. A total scrapping value of NOK 18 million has been booked by 31 december 2013.

Goodwill impairment testing

The recoverable amount is measured by discounting future cash flows, which are based on plans for the business activities (budgets and forecasts) that have been approved by the Board. The following table shows the Group's goodwill by profit centre (cash-generating unit). The Group's cash-generating units are unchanged from the previous year's impairment test. The goodwill relating to Eiendomssikring AS is no longer relevant as the entity was sold in 2013 (see note 26). A new goodwill item has been added as a result of the acquisiton of Infratek Sikkerhed Danmark A/S (see note 25).

Intangible assets with indefinite useful lives

Amounts in NOK million

Kontantgenererende enhet	Segment	Goodwill
Infratek Norge AS	Local / Central	42
Infratek Mätkontroll AB	Local	5
Infratek Sverige AB	Local / Central	74
Infratek Finland AB	Central	7
Infratek Sikkerhet AS	Security	45
Infratek Elsikkerhet AS	Security	-
Infratek Säkerhet Sverige AB	Security	15
Infratek Sikkerhed Danmark A/S	Security	10
Total		**198**

Turnover, margins and investments are based on management budgets for 2014 as well as projections for the interval 2015 to 2017. The terminal value is further based on the cash flow for year 2017, whereas an annual growth rate equivalent to 2.5 percent for the Swedish subsidiaries, 2.3 percent for the Finnish subsidiaries and 2.1 percent for Norwegian subsidiaries are employed. These considerations are in line with the general expected economic growth (inflation) in countries where Infratek is operating. As for the terminal value, the reinvestment corresponds to expected depreciation of the unit`s fixed assets. In order to capture assumed risk, a discount rate of 9.2 percent before taxes is utilised. Based on indications of goodwill value reduction for the Security business area, the Group has booked a goodwill impairment write-down of NOK 40 million. Expected synergies between business areas Infrastructure and Security have not come to full fruition and the expectation to assumed growth has therefore been reduced. The security market within critical infrastructure has so far not showed material growth and it has been challenging to take out sufficient cost synergies between the business areas. Within the segment Infrastructure, there have been no impairment write-downs in 2013. A downward cash flow adjustment of 20 percent in addition to a discount rate based on the Group`s capital structure would not lead to an impairment write-down.

NOTE 8 CONSTRUCTION CONTRACTS

Amounts in NOK million	**2013**	**2012**
Total operating revenues	2 955	2 779
- of which contract revenues	1 350	1 299
Sales of goods and services	**1 605**	**1 511**
Current contracts as of 31 December		
Incurred contract expences for the period	975	1 054
Incurred contract profit for the period	58	83
Progress billings	(959)	(1 098)
Net value contracts in progress 31 December	**74**	**40**
Balance sheet amounts of:		
Incurred, not invoiced	127	104
Pre-invoiced to customer	(53)	(64)
Net value contracts in progress 31 December	**74**	**40**
Remaining production on contracts with estimated loss 1)	9	6

1) Estimated production losses on remaining contracts, are recognised to the fullest in the profit and loss account.

NOTE 9 INVENTORY

Amounts in NOK million	**2013**	**2012**
Raw materials	-	-
Work in Progress	-	-
Purchased good for resale	24	35
Total inventory	**24**	**35**
Write-down of inventory recognized as expense during period	6	1
Total cost of inventories recognized as expense during period	628	738

An assessment of the inventory shows that the Group has a noticeable amount of products and components with an older technology and thus a reduced usability. Such products also showed low sales in 2013. As a result, the inventory has been reduced by NOK 6.4 million. The write-down is in accordance with IAS 2.36 e.

NOTE 10 OTHER NON-CURRENT RECEIVABLES

Amounts in NOK million	**2013**	**2012**
Paid core-capital, pension fund	19	18
Subordinated loan, pension fund	2	2
Total other non-current receivables	**21**	**20**

NOTE 11 ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Amounts in NOK million	2013	2012
Accounts receivable	443	465
Bad debt reserve	(2)	(8)
Net accounts receivable	441	458
Accrued revenues	267	209
Prepaid expenses	20	21
Other receivables	19	13
Total accounts receivable and other receivables	**747**	**700**

NOTE 12 CASH AND CASH EQUIVALENTS

Amounts in NOK million	2013	2012
Bank deposits in Group account system	167	228
Bank deposits outside the Group account	-	16
Total bank deposits	**167**	**244**
Split by currency		
Norwegian Kroner	116	178
Swedish Kroner	(19)	21
Euro	67	44
Danish Kroner	3	-
Total bank deposits	**167**	**244**

The Group has a group bank accounts system with DNB Bank ASA. A group accounts system entails joint and several liability for participating companies. Infratek AS's top level accounts constitute the only accounts connected to the banks whereas deposits and withdrawals concerning the subsidiaries' accounts consist of internal accounts with Infratek AS. Participating companies in the Group accounts system have a joint guarantor liability for any consolidated withdrawals.

The Group has an overdraft limit with DNB Bank of NOK 100 million. The facility may be terminated at one month's notice by either party, and was unused as of 31 December 2013.

As of 31 December 2013 the Group had the following restricted bank deposits:

Restricted cash and cash equivalents

Amounts in NOK million	2013	2012
Employees tax deduction	-	4
Deposits	1	1
Other restricted cash and cash equivalents 1)	16	17
Total restricted cash and cash equivalents	**17**	**22**

1) Explanation to the other restricted cash and cash equivalents is given in note 8 for Infratek AS

NOTE 13 SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND EARNINGS PER SHARE

As of 31 December Infratek's share capital was as follows:

Amounts in NOK million	Type of change	No. of shares	Par value	Share capital	Share premium account	Total
Per 31. December 2012		**63 863 224**	**5,00**	**319**	**46**	**365**
Per 31. December 2013		**63 863 224**	**5,00**	**319**	**46**	**365**

The Board has proposed that there should be no dividend payments for 2013. Earnings per share is calculated by dividing the proportion of profit for the year distributed to the company's shareholders by the weighted average of the number of outstanding ordinary shares through the year. As of 31 December 2013 the company had a total of 63,863,224 shares outstanding.

Earnings per share and average numbers of shares

Amounts in NOK million	2013	2012
Profit for the year from continuing operations attributable to parent company shareholders	(52)	71
Profit for the year from discontinuing operations attributable to parent company shareholders	-	-
Profit for the year attributable to parent company shareholders	**(52)**	**71**
Weighted average number of shares	63 863 224	63 863 224

Overview shareholders

As of 31 December 2013, Infratek AS's largest shareholders were:

	No. of shares	%
Infratek Group AS (Heraldic Holding AS)	50 744 412	79.5%
Odin Nordin	3 275 600	5.1%
Nordstjernan AB	1 964 567	3.1%
OBOS	1 851 915	2.9%
MP Pensjon PK	830 000	1.3%
DnB NOR Bank ASA	608 098	1.0%
Skandinaviska Enskil A/C clients account	600 000	0.9%
VJ Invest AS	597 638	0.9%
Tanja A/S	313 200	0.5%
VPF Nordea Avkastning C/O JPMorgan Europe	312 000	0.5%
Terra Total VPF	266 238	0.4%
VPF Nordea Kapital C/O JPMorgan Europe	249 850	0.4%
Frogner, Bjørn	206 000	0.3%
Verdipapirfondet Nor	154 000	0.2%
VPF Nordea SMB C/O JPMorgan Europe	150 340	0.2%
Polleninvest AS Nil	115 900	0.2%
Bangen, Lars	102 000	0.2%
Retiro AS	100 000	0.2%
Saxo Privatbank	92 706	0.1%
Verdipapirfondet War	77 268	0.1%
Total 20 largest share holders	**62 611 732**	**98.0%**
Remaining shareholders	1 251 492	2.0%
Total	**63 863 224**	**100.0%**
The board of directors and company management	192 000	0.3%

NOTE 14 ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Amounts in NOK million	2013	2012
Accounts payable	179	180
Public duties payable	125	130
Incurred expenses	135	132
Pre-invoiced income	67	79
Other liabilities	44	24
Total accounts payable and other current liabilities	**549**	**545**

NOTE 15 LONG-TERM DEBT

Amounts in NOK million	2013	2012
Other long-term interest-bearing debt	7	10
Total long-term debt	**7**	**10**

Long-term debt consists of a small bank loan in one of the Group's subsidiaries and an option related to a buy-out responsibility concerning Infratek Sikkerhed A/S. See also note 25. The option is measured based on a fair value per 31 December 2013 and the change in value is recognised in the profit and loss account as a financial item. See also note 22, net financial items.

The below table represents the Group's liabilities based on a fair value per 31 December 2013:

Amounts in NOK million	2013	2012
Other long-term debt	5	7
Total liabilities	**5**	**7**

NOTE 16 DEFERRED TAX ASSET

Deferred tax is to be presented net when the Group has a legal right to offset deferred tax benefits in the balance sheet.

Amounts in NOK million	2013	2012
Deferred tax assets that is expected realised in more than 12 months	63	61
Deferred tax assets that is expected realised within 12 months	-	-
Total deferred tax assets	**63**	**61**
Deferred tax that is expected realised in more than 12 months	(5)	(23)
Deferred tax that is expected realised within 12 months	-	-
Total deferred tax	**(5)**	**(23)**
Total deferred tax assets net	**57**	**41**

Amounts in NOK million	2013	2012
Balance sheet value as of 1 January	**41**	**152**
Change in pensions estimate recognized in other comprehensive income	(6)	(96)
Recognized in the period	21	(15)
Balance sheet value as of 31 December	**57**	**41**

Specification deferred tax

Amounts in NOK million	Pensions	Loss carry-forward	Other	Total
Deferred tax assets				
Deferred tax assets as of 31 December 2011	**163**	**6**	**3**	**172**
Change in pensions estimate recognized in other comprehensive income	(96)	-	-	(96)
Recognized in the period	(4)	(6)	(2)	(12)
Deferred tax assets as of 31 december 2012	**63**	**-**	**1**	**64**
Change in pensions estimate recognized in other comprehensive income	(6)	-	-	(6)
Recognized in the period	(3)	-	7	4
Deferred tax assets as of 31 december 2013	**55**	**-**	**8**	**63**

Amounts in NOK million	Operating assets	Profit and loss account	Construction contracts	Total
Deferred tax liability:				
Deferred tax liability as of 31 december 2011	**(7)**	**(5)**	**(8)**	**(20)**
Deferred tax from acquired operations	-	-	-	-
Deferred tax from sold operations	-	-	-	-
Recognized in the period	(1)	1	(3)	(3)
Deferred tax liability as of 31 december 2012	**(8)**	**(4)**	**(11)**	**(23)**
Deferred tax from acquired operations	-	-	-	-
Deferred tax from sold operations	-	-	-	-
Recognized in the period	10	5	3	18
Deferred tax liability as of 31 december 2013	**2**	**1**	**(8)**	**(5)**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

NOTE 17 PENSION EXPENSES, ASSETS AND LIABILITIES

Group companies have different pension plans organised in pension funds and insurance companies. Pension schemes are generally funded through payments made by the companies, determined on the basis of actuarial calculations or as a fixed percentage of the individual employee's salary. The Group has both defined contribution and defined benefit plans.

Pension liabilities and assumptions

Amounts in NOK million	2013	2012
Present value of accrued pension liabilities for defined benefit plans in fund-based plans	667	638
Fair value of pension assets	(574)	(521)
Actual net pension liabilities for defined benefit plans in fund-based plans	**93**	**117**
Present value of liabilities non-fund-based plans	82	80
Social security contribution	27	29
Net pension liabilities in the balance sheet (after social security contribution)	**202**	**226**
Changes in defined-benefit pension liabilities during the year:		
Pension liabilities as of 1 January (excl. social security contribution)	718	954
Present value of pension earnings	17	33
Interest expenses	30	25
Estimate changes	1	(279)
Pension payments	(17)	(13)
Liabilities due to plan changes and acquisitions	-	-
Pension liabilities as of 31 December (exclusive of social security contribution)	**750**	**718**
Change in fair value of pension assets:		
Fair value of pension assets as of 1 January	521	445
Expected yield on pension funds	21	19
Estimate changes	22	22
Total contribution	21	47
Total payments from funds	(12)	(11)
Fair value of pension assets as of 31 December	**574**	**521**
Movement in actuarial gains and losses recognized in other comprehensive income:		
Cumulative amount recognized in comprehensive income 01.01	(34)	297
Recognized in other comprehensive income in the period	(21)	(343)
Cumulative amount recognized in other comprehensive income 31.12	**(55)**	**(46)**
Deferred tax related to actuarial losses recognized inother comprehensive income	(15)	(13)
Cumulative amount recognized in other comprehensive income after tax 31.12	**(40)**	**(34)**

In accordance with IAS 19 the interest rate that is used to discount the pension liability shall be established using high-quality corporate bonds in Norway, if an active market for such high-quality bonds exists. The Group has previously applied the interest rate for government bonds as a discount rate, but now believes there to be an active market for high-quality corporate bonds in Norway. Norway has experienced a change in the underlying economic conditions relating to high-quality bonds. As a result, the Group has chosen to use the discount rate derived from such high-quality bonds instead of the interest rate for government bonds.

Calculations are based on the following assumptions:	**2013**	**2012**
Discount rate	4.10%	4.00%
Expected yield on pension funds	4.10%	4.00%
Salary growth	3.90%	4.00%
Social security base amount (G)	3.90%	4.00%
Annual social security pension growth - Private Funds	0.50%	0.50%
Annual social security pension growth - Public Funds	3.25%	2.25%

Pension effect on profit and loss statement

Total pension expenses recorded in profit and loss account:

Amounts in NOK million	**2013**	**2012**
Defined benefit plans:		
Cost of present period's pension earnings	17	33
Interest expenses	30	25
Expected yield on pension funds	(21)	(19)
Social security contribution	6	7
Members' contributions	(1)	(2)
Employer's contribution to non-capitalized defined benefit schemes in foreign subsidiaries	26	24
Pension costs, defined benefit plans	**57**	**68**
Defined contribution plans:		
Employer's contribution to defind constribution plans	25	26
Total pension expenses	**82**	**94**

Total pension costs are classified as:		
Salaries and other personnel costs	82	94
Net finance	8	6
Total pension costs	**90**	**100**

Specification pension fund assets

Amounts in NOK million		**2013**		**2012**
Equity instruments	172	30%	177	34%
Interest-bearing instruments	372	65%	323	62%
Property	18	3%	16	3%
Other	12	2%	5	1%
Fair value of pension assets	**574**	**100%**	**521**	**100%**

Expected contributions to the post-employment benefit plans for the year ending 31 December 2014 are NOK 30 million.

At 31 December	**2013**	**2012**	**2011**
Present value of defined benefit pension obligation	776	747	1 026
Fair value of plan assets	574	521	445
Deficit in the plan	**202**	**226**	**581**
Experienced adjustments on plan liabilities	**1**	**(322)**	**213**
Experienced adjustments on plan assets	**22**	**22**	**16**

Sensitivity analysis

Infratek has carried out a sensitivity analysis for the net pension liabilities and estimated pension-related costs. The tables below illustrate the effect of a one percentage point change in the discount rate, salary increases and change in the social security base amount (G) on the net pension liability and pension-related costs, given the original assumptions as described in the table above.

Sensitivity analysis for the net pension liability

Amounts in NOK million	Discount rate		Salary growth		Change in G	
Percentage point change	+ 1 %	- 1 %	+ 1 %	- 1 %	+ 1 %	- 1 %
Net pension liabilities	(130)	173	44	(37)	121	(94)
Deferred tax - / tax asset	(35)	47	12	(10)	33	(25)
Effect on equity	96	(126)	(32)	38	(88)	69

Sensitivity analysis for estimated pension-related costs

Amounts in NOK million	Discount rate		Salary growth		Change in G	
Percentage point change	+ 1 %	- 1 %	+ 1 %	- 1 %	+ 1 %	- 1 %
Pension cost	(3)	4	2	(2)	2	(1)
Financial expenses	(5)	7	2	(1)	5	(4)
Total pension cost	(8)	10	4	(3)	6	(5)

The estimates are based on facts and conditions as of 31 December 2013. Actual results could therefore deviate from these estimates to a material extent.

Pensions in Norway

Pursuant to Norway’s law on mandatory service pensions, defined contribution plans have been established in all Norwegian companies. The Group’s mandatory service pension schemes (OTP) for employees in Norway are administered by DNB and Storebrand.

As of 31 December 2013, 329 employees were covered by defined benefit plans, divided between Hafslund Private Pensjonskasse (64), Hafslund Offentlige Pensjonskasse (200), Storebrand (7) and KLP (58). As of 31 December 2013, 132 people were receiving pensions under these schemes, divided between Hafslund Private Pensjonskasse (12), Hafslund Offentlige Pensjonskasse (58) and KLP (62). There are few pensioners receiving benefits under Hafslund’s defined benefits schemes, since all pensioners were transferred to Hafslund ASA prior to the company’s flotation in December 2007. In addition, the Group has defined contribution plans with various insurance companies. The defined benefit plans belonging to the Hafslund Group’s two pension schemes, of which Infratek is a member, were closed with effect from 1 January 2007. This means they were closed to new members. Since January 2007, defined contribution plans were introduced for all new employees and for employees who were not previously included in a pension scheme in the Group’s Norwegian businesses.

In 2011, the Group changed the accounting policy for pensions. The Group changed from recognizing estimate deviations that arise from changes in actuarial assumptions or base data over and above the greater of 10 percent of pension asset value or 10 percent of pension liabilities, in the profit and loss account over a period that corresponds to employees’ expected average remaining terms of employment to recognising actuarial gains and losses attributable to changes in actuarial assumptions or base data through other comprehensive income on an ongoing basis after provisions for deferred tax.

Pension assets are valued at fair value as of the year-end. Pension liabilities (net present value of pension payments earned per the balance sheet date, adjusted for future salary growth) are valued using best estimates based on assumptions as of the balance sheet date. The substantial estimate reduction in 2012 is largely due to an increased discount rate in 2012 compared to 2011. The actuarial estimates of pension liabilities have been prepared by independent actuaries. The assumptions regarding salary growth, increase in pension payments, and change in G are based on historic observations, established tariff agreements, and the relationship between certain assumptions.

In 2011, the Group also changed how the net retirement benefit costs are presented in the consolidated statement of comprehensive income. The Group changed its presentation of net retirement benefit cost from solely being presented as salaries and other personnel expenses - to dividing net retirement benefit cost between salaries and other personnel expenses and net finance. The retirement benefits accrued during the period is classified as salaries and other personnel expenses - and net interest on the estimated liability and the projected yield on pension fund assets are classified as net finance. The Group believes that the changed policy provides more relevant information for the users of the financial statements.

Employees who terminate employment before reaching retirement age receive paid-up policies. Hafslund’s pension funds, in which Infratek participates, manage these paid-up policies, which are associated with earned rights in municipal contribution plans. Infratek has a financial commitment to upwardly adjust these paid-up policies in line with increases in the social security base amount. At such time as paid up policies that have been earned in other contribution plans are issued, Infratek is released from further obligations to the employees to which the policies pertain. Assets and liabilities are valued at the time of issuance of the paid-up policy and are separated from pension assets and liabilities.

As a consequence of Infratek’s acquisition of Fortum’s contracting operations, Hafslund ASA’s shareholding in Infratek AS was reduced from 64.6 percent to 43.3 percent. This led Infratek to apply to leave the defined benefit plans in the Hafslund Group’s pension funds in 2009. A mutual pension fund - following the principles of independent enterprises in Section 7-2 of the Act relating to Insurance Companies, Pension Enterprises etc. (the Insurance Act) no. 44 of 10 June 2005 - has been established.

Other demographic assumptions that have been used in the calculation of Norwegian defined benefit pension liabilities are as follows: for mortality and disability, Norwegian life insurance companies’ table GAP2007. The expected yield on pension assets is based on the interest for high-quality corporate bonds taking into consideration the remaining term, which is the samme discount rate used for pension liabilities. The value-adjusted yield on pension assets was 7.4 percent in 2013 and 7.5 percent in 2012.

Pension assets are invested in equity instruments, real estate, bonds and money market placements. Bonds and money market placements are issued by the Norwegian government, Norwegian municipalities, finance institutions, and corporations. Bonds in foreign currencies are currency hedged. Investments are in Norwegian and foreign shares.

Pensions in Sweden

As of 31 December 2013 a total of 269 “tjänstemän” employed by Infratek’s Swedish subsidiary were members of the ITP (Industrins og handelns tilläggspension) defined benefit plan. All “tjänstemän” also have an ITPK defined contribution plan. “Tjänstemän” with a salary in excess of SEK 566,000 can select an alternative ITP in the chosen insurance company. 6 employees have, for historic reasons, an alternative ITP with higher benefits relating to retirement, family and incapacity pension. For “tjänstemän” in the Swedish company, Infratek has purchased insurance cover from Alecta which manages and administers the ITP pension insurance scheme. In addition, a special tax in accordance with the collective agreement for the additional pension EFA-Sif, "Sveriges Ingenjörer och Ledarna", corresponding to 0.8 percent of salary.

414 “Kollektivänstallda” are covered by the Avtalepension SAF-LO, a defined contribution plan. In addition there is a special charge relating to the collective agreement on supplementary pensions EIO-SEF and EIO-SEF corresponding to 1 percent of salary. The defined contribution plan for “kollektivänstallda” is administered by Fora.

The defined benefits scheme for Infratek’s employees in Sweden, acts as a defined contribution scheme for the Group, with annual premiums being charged as expenses as they accrue. The Group has no pension liabilities apart from payment of annual pension premiums. Employees who leave the company before retirement age receive a paid-up policy. The paid-up policies are managed by the company in which the employee has accrued pension rights. Infratek has no obligations after the employee has received a paid-up policy.

Pensions in Finland

All companies in Finland are obliged to establish a mandatory service pension for their employees. All employees in Finland are covered by the mandatory service pension scheme, which is based on defined contributions. This scheme is insured through Varma Pension Insurance Company.

Before its acquisition by Infratek, 59 employees of the Finnish subsidiary previously had supplementary defined benefits pension plans with Fortum Pension Foundation. This defined benefits scheme provided a defined pension for these employees if the mandatory scheme did not cover this amount. When Infratek Finland Oy was acquired by Infratek this defined benefit agreement was replaced by a supplementary pension agreement with the insurance company Mandatum Life in Finland. This supplementary pension agreement will be funded through annual pension premiums to cover the employees’ accrued pension entitlements. The premiums will be paid by Infratek Finland Oy. The annual premium covers the expected costs associated with the supplementary pension scheme and no further obligations devolve to the company.

For these 59 employees there is also a contingent liability in the event that the employee’s employment contract is terminated by the employer. For more information regarding this contingent liability, see Note 28.

NOTE 18 RELATED PARTY TRANSACTIONS

As of 31 December 2013, the Infratek Group AS owns 79.5 percent of the shares in Infratek AS. During the year, there have been no related party transactions between Infratek AS and Infratek Group AS - or parties related to Infratek Group AS. Until 26 June 2013, Hafslund ASA and Fortum Nordic AB were defined as related parties. The Group sells - and to a lesser degree buys - goods and services to and from the Hafslund and Fortum groups. All transactions with related parties are based on sound market terms.

During the period when the Hafslund Group was defined as a related party in 2013, the total sale of goods and services to the company amounted to NOK 201.8 million. The purchase of goods and services to Hafslund amounted to NOK 7.4 million. For the same period, the total sale of goods and services to the Fortum Group amounted to NOK 224 million - and the purchase of goods and services amounted to NOK 3.7 million.

NOTE 19 OTHER OPERATING EXPENSES

Specification of other operating expenses

Amounts in NOK million	2013	2012
Maintenance	(54)	(54)
Consulting services	(45)	(50)
Rent, electricity, etc.	(89)	(59)
Sales and marketing expenses	(10)	(9)
Office expenses	(18)	(19)
Transportation expenses	(135)	(117)
Other operating expenses	(98)	(32)
Total other operating expenses	**(448)**	**(340)**

Specification of fee to auditor

Amounts in NOK million	2013	2012
Fee statutory audit	(2)	(2)
Fee assurance services	-	-
Fee tax advisory services	-	-
Fee other non-audit services	(1)	(1)
Total auditor fee	**(3)**	**(3)**

NOTE 20 SALARIES AND OTHER PERSONNEL EXPENSES

Specification of personnel expenses

Amounts in NOK million	2013	2012
Salaries and other personnel expenses	(807)	(745)
Social security contribution	(167)	(161)
Pension expenses - defined benefit plans	(57)	(68)
Pension expenses - contribution plans	(25)	(26)
Other benefits	(37)	(17)
Total salaries and other personnel expenses	**(1 093)**	**(1 017)**

Average number of employees

	2013	2012
Norway	700	730
Sweden	803	814
Finland	133	133
Denmark	16	-
Total	**1 653**	**1 677**

NOTE 21 REMUNERATION PAYABLE TO SENIOR COMPANY OFFICERS

The below overview shows remuneration for the period 1 January to 31 December 2013 for top employees in the Infratek Group, defined as board members and Group management.

Remuneration to board members and group management 2013

Amounts in NOK thousand

Name	Position	Salary and remuneration 1), 5)	Bonus 2), 5)	Construction to pension plans 6)	Change in earned pension rights 6)	Loan	Numbers of shares held3)
Board Members							
Mimi K. Berdal	Chairman	244	-	-	-	-	12 000
Lars Ove Håkansson	Board Deputy Chairman	-	-	-	-	-	-
Peter Strannegård	Board Deputy Chairman 7.5 - 26.9	67	-	-	-	-	-
Hans Kristian Rød	Board Deputy Chairman 1.1. - 7.5	104	-	-	-	-	-
Mari Thjømøe	Board member	-	-	-	-	-	-
Thorbjørn Graarud	Board member	-	-	-	-	-	-
Carl Johan Falkenberg, 4)	Board member	-	-	-	-	-	-
Dag Andresen	Board member 1.1. - 26.09	175	-	-	-	-	2 000
Kari Ekelund Thørud	Board member 1.1. - 26.09	145	-	-	-	-	-
Roger Andrè Hansen	Board member (employee representative)	887	21	-	48	246	1 500
Rune Tobiassen	Board member (employee representative)	878	-	10	-	-	1 500
Olle Strömberg	Board member (employee representative)	SEK 596	-	SEK 35	-	-	-
Senior executives							
Lars Bangen	CEO / Group Executive Vice President Local Infrastructure	2 010	150	-	164	393	102 000
Vibecke Skjolde	Group Executive Vice President / CFO	1 777	231	18	-	263	13 500
Alf Engqvist	Group Executive Vice President Central Infrastructure	SEK 1 770	SEK 114	SEK 57	SEK 576	-	8 000
Lars Erik Finne	Group Executive Vice President Security	1 487	119	29	89	357	61 500
Amund Kristiansen	Group Executive Vice President People & Safety	1 282	-	17	-	360	-
Bjørn Frogner	CEO 1.1. - 25.10	4 983	313	31	179	212	206 000

Note:

1) Salary etc. includes fixed salary, non-monetary payments, benefit of interest-free loans, electronic communication, etc in 2013. The principle of extracting bonus earned in previous years has changed and bonuses are now included in the year they are paid out.

2) Paid out in 2013, earned in 2012

3) Including shares owned by related parties. Shares are mainly acquired at market prices. As part of the listing at the Oslo Stock Exchange in December 2007, all employees were offered to purchase up to 1 500 shares at a 20 percent discount.

4) Carl Johan Falkenberg is an adviser for the Triton funds who indirectly owns 50,744,412 shares in Infratek AS per 31 December 2013.

5) Specified amounts also function as a basis for social security contribution, amounting to 14.1 percent in Norway and 31.4 percent in Sweden, respectively.

6) Specified amounts also function as a basis for social security contribution in Norway as well as for payroll taxes in Sweden, amounting to 14,1 percent and 24,26 percent respectively.

Remuneration to board members and group management 2012

Amounts in NOK thousand

Name	Position	Salary and remuneration 1), 6)	Bonus 2), 6)	Construction to pension plans 7)	Change in earned pension rights 7)	Loan	Numbers of shares held3)
Board Members							
Mimi K. Berdal	Chairman	235	-	-	-	-	12 000
Hans Kristian Rød, 4)	Board Deputy Chairman	204	-	-	-	-	-
Tove Elisabeth Pettersen, 5)	Board member	75	-	-	-	-	-
Dag Andresen	Board member	184	-	-	-	-	2 000
Kari Ekelund Thørud, 5)	Board member	78	-	-	-	-	-
Roger Andrè Hansen	Board member (employee representative)	801	21	-	46	71	1 500
Otto Rune Stokke	Board member (employee representative)	657	-	-	84	-	-
Kalle Strandberg	Board member (employee representative)	SEK 477	-	SEK 15	-	-	-
Senior executives							
Bjørn Frogner	CEO	2 786	313	30	162	258	206 000
Vibecke Skjolde	Group Executive Vice President / CFO	1 652	231	18	-	303	13 500
Lars Bangen	Group Executive Vice President Local Infrastructure	1 847	150	-	156	114	102 000
Alf Engqvist	Group Executive Vice President Central Infrastructure	SEK 1 674	SEK 114	SEK 41	SEK 530	-	8 000
Lars Erik Finne	Group Executive Vice President Security	1 439	119	28	83	397	61 500

Note:

1) Salary etc.includes fixed salary, non-monetary payments, benefits of interest of free loans, electronic communication, etc in 2012 deducted by earned bonus in 2012 but paid in 2013

2) Earned bonus in 2012 as paid out in 2013 excluding holiday allowance

3) Including shares owned by related parties. Shares are mainly acquired at market prices. As part of the listing at the Oslo Stock Exchange in December 2007, all employees were offered to purchase up to 1 500 shares at a 20 percent discount.

4) Hans Kristian Rød is employed in the Fortum group, which further holds 21,074,864 shares in Infratek AS.

5) Tove Elisabeth Pettersen resigned subsequent to the general meeting and was replaced by Kari Ekelund Thørud. Thørud is employed in the Hafslund Group, which further holds 27,652,360.

6) Specified amounts also function as a basis for social security contribution, amounting to 14.1 percent in Norway and 31.4 percent in Sweden, respectively.

7) Specified amounts also function as a basis for social security contribution in Norway as well as for payroll taxes in Sweden, amounting to 14,1 percent and 24,26 percent respectively.

Terms and conditions of the CEO and other members of group management

The CEO is entitled to a fixed annual salary of NOK 2.6 million, as well as a bonus amounting to no more than 50 per cent of his fixed annual salary. The bonus is determined annually based on the Group's performance with respect to share price development and group targets, and an individual appraisal based on predefined goals. The CEO has a six-month notice period. In the event that his employment is terminated, he is entitled – upon certain conditions being met – to receive his salary for a period of 18 months in addition to the period of notice. Other members of group management are entitled to a fixed annual salary of between NOK 1.3 million and NOK 1.8 million. Annual bonuses are limited to no more than 35 per cent of fixed annual salary. Bonuses are determined annually. Half of the bonus paid to both the CEO and other members of group management shall be used to buy shares in Infratek AS, with a lock-in period of two years given that the company is not in an insider position. Other members of group management have a six-month notice period and, in the event of termination of their employment, are entitled – upon certain conditions being met – to receive their salary for a period of 12 months in addition to the period of notice.

Group management’s pension rights vary based on the duration and type of position within the former Hafslund Group. CEO Bjørn Frogner and EVP Lars Erik Finne are members of Hafslund Private Pension Fund, while EVP, Lars Bangen, is a member of Hafslund Public Pension Fund.

The pension funds represent performance based pension schemes of between 60 and 70 per cent, with an upper limit set at 12 G (1 G = NOK 85.245). In addition to membership in Hafslund Private Pension Fund, Finne has an annual deposit based pension plan equivalent to 3 per cent; up to 12 G. Vibecke Skjolde and Amund Kristiansen has a deposit based pension plan of 2 per cent of annual income up to 12 G. Group management's pension age is 67. Norwegian members of the Group management have a right to early retirement pursuant to the prevailing AFP agreement.

Alf Engqvist is covered by the performance based pension plan which applies to civil servants in Sweden (the IPT plan). The payment is equivalent to 10 per cent of salaries between SEK 0 and SEK 424 500, 65 per cent of salaries between SEK 424 500 and SEK 1 132 000 and 32.5 per cent of salaries between SEK 1 132 000 and SEK 1 698 000 in 2013. Engquist also has a deposit based pension equivalent to 2 per cent of annual gross income. The pension age is 65.

Members of group management have group life insurance coverage, health insurance and an interest-free car loan of between NOK 400 000 and NOK 500 000, which is written down by a tenth of the original amount of the loan each year. In addition an annual car subsidy is paid. These benefits are included in the column for fixed salary, etc, and the interest benefit is declared for tax purposes. In addition benefits-in-kind such as ADSL (home office), mobile phone and newspapers are offered.

Share-based payment

No agreements have been entered into with respect to share-based payment schemes for employees of the Infratek Group.

Remuneration paid to Infratek AS’s Board of Directors and Audit Committee members

The amount of directors’ fees and audit committee members fees is proposed by the company’s Selection Committee and is voted on by the annual general meeting.

The remuneration paid to the Board of Directors breakes down as follows: chairman of the Board NOK 248 000; deputy chairman of the board, NOK 181 000; and other board members, NOK 160 000. Audit Committee members receives an annual fee of NOK 33 500.

Declaration by the Board of Directors with respect to the salaries and other benefits payable to senior executives

At a meeting held on 6 February 2008 the Board of Directors of Infratek AS issued this declaration with respect to the salaries and other benefits payable to senior executives, defined as the CEO and members of group management.

In accordance with Section 6-16a of the Limited Companies Act, the Board will lay the following guidelines before the annual general meeting for its approval.

Fixed salary: To be based on the contents of the position, its level of responsibility, the competence of the incumbent and their length of tenure in the position. The salary shall be competitive with respect to the degree of responsibility and industrial level.

Benefits-in-kind: For the purpose of car ownership or where other satisfactory security is pledged, an interest-free loan to be written down over 10 years within accepted guidelines, may be granted. Furthermore, a subsidy for car running costs may also be granted. Benefits-in-kind shall otherwise largely be linked to expenses deriving from ADSL (home office), mobile phone and newspapers.

Annual bonus: Any bonus shall be predetermined and paid on the basis of the position’s level and the added value the employee or group of employees has generated. Annual bonuses for the CEO and members of group management shall be capped at 50 per cent of their fixed salaries. This stipulation may be waived by the Board of Directors, with the reasons for the decision being minuted. Bonuses are to be set annually. Group performance goals are determined by the Board.

Share ownership schemes: The CEO and members of group management may be included in share ownership schemes for all employees. In connection with share ownership schemes over and above those extended to all employees, a lock-in period shall be set for all or part of those schemes.

To strengthen the ties between the workforce and the Group, as well as to provide Infratek employees the opportunity to share in the Group’s future value creation, consideration shall be given to whether all employees should be given or have the chance to buy shares in Infratek AS. Such a share scheme shall be evaluated in light of other forms of remuneration and of competitive remuneration within those markets in which the Group operates. Shares shall be granted on the basis of predefined key figures for the Group, as well as the type of position, number of hours worked (if part-time) and length of service. Any offer of shares shall be seen in light of the Group’s overall compensation costs.

Option schemes: The Group does not use option schemes.

Pension: Over and above legacy schemes, the CEO and members of group management may have a defined contribution scheme of up to five per cent of 12G, unless otherwise agreed with the Board. The retirement age for these individual shall, as a rule, be 67. The CEO and members of group management are entitled to retire early in accordance with the regulations governing the AFP early retirement scheme in effect at any given time.

Notice and severance pay: The CEO and members of group management may terminate their employment with a six-months notice period. In certain circumstances, and depending on the position concerned, severance pay of between 12 and 18 months may be granted..

All members of the Infratek's group management receive a remuneration that falls within the terms of the Board's declaration with respect to the salaries and other benefits payable to senior executives.

The guidelines for determining salaries and other benefits were first adopted at a meeting of the Board of Directors on 26 October 2007. The Group will seek to implement these guidelines in the Group, but respect any agreements previously entered into.

NOTE 22 FINANCIAL INCOME/EXPENSE

Net financial income

Amounts in NOK million	**2013**	**2012**
Interest income	1	2
Other financial income	1	1
Interest expenses	(3)	(1)
Other financial expenses	(7)	(9)
Total financial income/-expenses	**(8)**	**(6)**

Net financial items were negatively affected by a change in the options related to buyout obligations for Infratek Sikkerhed A/S by NOK 0.1 million. Net financial items were also negatively affected by net interest costs related to pension obligations as well as calculated yield on pension fund assets, adding up to a total of NOK 8.1 million. See also note 17.

NOTE 23 TAX EXPENSE

Amounts in NOK million	**2013**	**2012**
Tax payable	(20)	(14)
Change in deferred tax	21	(15)
Total tax expense	**1**	**(29)**

Tax payable in the balance sheet

Amounts in NOK million	**2013**	**2012**
Tax payable	(20)	(15)
Prepaid tax	21	14
Tax payable in the balance sheet	**1**	**(1)**

Reconciliation effective tax rate

Tax on the Group's pre-tax profit differs from the amount that would have resulted from the application of the nominal taxation rate. The reconciliation between the nominal tax rate and the effective tax rate is shown below:

Amounts in NOK million	**2013**	**2012**
Pre-tax profit	(61)	96
Expected tax expense, 28% nominal tax rate	17	(27)
Non-deductible expenses	(6)	(2)
Non-deductible goodwill write-down	(11)	-
Variance as a result of different tax rates	(1)	-
Impact of changed tax rate	3	-
Total tax expense	**1**	**(29)**
Effective tax rate	2%	30%

The effective tax rate for 2013 was negatively affected by permanent variances as well as changes in variances which do not provide a basis for the calculation of deferred tax.

NOTE 24 CASH FLOW FROM OPERATIONS

Spesification of cash flow from operations

Amounts in NOK million	**Note**	**2013**	**2012**
Pre-tax profit		**(61)**	**96**
Adjustments for:			
- depreciation and write-downs	6, 7	97	41
- other non-liquid items		19	1
- profit/loss disposal of fixed assets		25	0
- change in pension liabilities	17	(3)	(12)
- financial income/-expenses	22	(1)	1
Change in working capital:			
- inventory		14	2
- accounts receivable and other receivables		(35)	17
- accounts payable and other current debt		(10)	(9)
- other working capital elements		(1)	(4)
Cash flow from operating activities		**44**	**133**
Translation exchange related to working capital		18	(3)
Cash flow from operations before tax and interest		**62**	**130**

NOTE 25 BUSINESS MERGER

Acquisition of shares in Infratek Sikkerhed Danmark A/S (previously Plahn Systems A/S):

On 10 January 2013, Infratek Sikkerhet AS purchased 51 percent of the Danish security company Infratek Sikkerhed Danmark A/S (Plahn Systems A/S). As part of the purchase, a sales-purchase option was agreed relating to the remaining 49 percent of the company - both agreements due in 2018. Based on existing options, and as Infratek does not have any control over whether minority shares will or will not be kept in the future, the purchase is to be treated as a 100 percent acquisition as per IFRS. The 100% purchase is accompanied by a commitment to pay the remaining 49 percent of the shares when due in 2018.

Acquisition analysis related to the purchase of Infratek Sikkerhet Danmark A/S:

Amounts in NOK million	**2013**
Purchase price 51 % of the shares	6
Estimated value option regarding remaining 49%	5
Total consideration	**11**
Fair value net assets	2
Goodwill	**9**

Observable assets and liabilities related to the acquisition per 10 January 2013:

Amounts in NOK million	**Fair value**
Property, plant and equipment	2
Inventory	2
Accounts receivable and other receivables	12
Cash and cash equivalents	2
Accounts payable and other current liabilities	(15)
Long-term loan	(1)
Acquired net assets	**2**

Goodwill related to the acquisition

After assessing actual value related to all identifiable assets and liabilities, the Group is left with a net item which was activated as goodwill. The estimated goodwill was activated in the Group’s balance sheet based on expectations that synergy effects involving the Group’s current operations will provide the Group with opportunities for increased growth in revenues in the future. See also note 7. The goodwill is not tax deductible.

Net cash outlay related to the cost price

Amounts in NOK million	**2013**
The fair value of acquired cash and cash equivalents on acquisition	2
Cash Payment 100 %	(6)
Net cash consideration	**(4)**

Effect of acquired companies on the annual results

The acquisition of Infratek Sikkerhed Danmark A/S was made with effect from 10 January 2013. The company's result included in the Group's profit and loss for 2013 is therefore earned in the period 10 January 2013 - 31 December 2013.

The acquired company has contributed based on the following figures for operating revenue and operating profit as reported in the Group’s annual results for 2013:

Amounts in NOK million	**2013**
Revenues	46
Operating profit	2

Acquisition of Infratek Säkerhet Sverige AB

Infratek Sikkerhet AS has with effect from 10 Juli 2013 exercised the option to buy the remaining 49 percent of Infratek Säkerhet Sverige AB. Infratek Sikkerhet paid NOK 6.4 million for the remaining share of the company. No new goodwill has arisen as a result of the purchase.

Acquisition of shares in WKTS AB (Wigh Kellokumpu Track Service AB):

On 2 February 2012, Infratek Sverige AB aquired 100 per cent of the shares in the Swedish railway company WKTS AB.

Acquisition analysis related to the purchase of WKTS AB:

Amounts in NOK million	**2012**
Purchase price 100 %	13
Total consideration	**13**
Fair value net assets	5
Goodwill	**7**

Observable assets and liabilities related to the acquisition per 2 February 2012:

Amounts in NOK million	**Fair value**
Property, plant and equipment	5
Inventory	1
Accounts receivable and other receivables	7
Cash and cash equivalents	3
Accounts payable and other current liabilities	(8)
Long-term loan	(2)
Acquired net assets	**5**

Goodwill related to the acquisition

After assessing actual value related to all identifiable assets and liabilities, the Group is left with a net item which was activated as goodwill. The estimated goodwill was activated in the Group’s balance sheet based on expectations that synergy effects involving the Group’s current operations will provide the Group with opportunities for increased growth in revenues in the future. See also note 7. The goodwill is not tax deductible.

Net cash outlay related to the cost price

Amounts in NOK million	**2012**
The fair value of acquired cash and cash equivalents on acquisition	3
Cash Payment 100 %	(13)
Net cash consideration	**(10)**

Effect of acquired companies on the annual results

The acquisition of WKTS AB became effective from 2 February 2012. For this reason, the company`s results as included in the Groups overall results of 2012, was earned in the interval between 2 February 2012 and 31 December 2012.

The acquired company has contributed based on the following figures for operating revenue and operating profit as reported in the Group’s annual results for 2012:

Amounts in NOK million	**2012**
Revenues	28
Operating profit	1

Acquisition of shares in Infratek Mätkontroll AB (Emsab AB):

On 6 March 2012, Infratek Sverige AB aquired 100 per cent of the shares in the company Infratek Mätkontroll AB (Emsab AB), an accredited laboratory that calibrates electrical instruments, meters and metering systems.

Acquisition analysis related to the purchase of Infratek Mätkontroll AB:

Amounts in NOK million	**2012**
Purchase price 100 %	4
Total consideration	**4**
Fair value net assets	-
Goodwill	**4**

Observable assets and liabilities related to the acquisition per 6 March 2012:

Amounts in NOK million	**Fair value**
Accounts receivable and other receivables	1
Accounts payable and other current liabilities	(1)
Acquired net assets	**0**

Goodwill related to the acquisition

After assessing actual value related to all identifiable assets and liabilities, the Group is left with a net item which was activated as goodwill. The estimated goodwill was activated in the Group's balance sheet based on expectations that synergy effects involving the Group's current operations will provide the Group with opportunities for increased growth in revenues in the future. See also note 7. The goodwill is not tax deductible.

Net cash outlay related to the cost price

Amounts in NOK million	**2012**
The fair value of acquired cash and cash equivalents on acquisition	-
Cash Payment 100 %	(4)
Net cash consideration	**(4)**

Effect of acquired companies on the annual results

The acquisition of Infratek Mätkontroll AB (Emsab AB) became effective from 6 March 2012. Of this reason, the company`s results as included in the Groups overall results of 2012, was earned in the interval between 6 March 2012 and 31 December 2012.

The acquired company has contributed based on the following figures for operating revenue and operating profit as reported in the Group's annual results for 2012:

Amounts in NOK million	**2012**
Revenues	25
Operating profit	1

NOTE 26 SALE OF SUBSIDIARIES

With effect from 30 September 2013, the subsidiary Eiendomssikring AS was sold for NOK 24.5 million.

The following shows a breakdown on the consolidated balance sheet associated with Eiendomssikring AS at the time of sale:

Book value of assets and liabilities at the time of sale

Amounts in NOK million	**2013**
Deferred tax asset	0
Goodwill	14
Inventories	8
Accounts receivable and other receivables	4
Cash and cash equivalents	3
Accounts payable and other liabilities	(9)
Book value of disposed assets and liabilities	**20**
Selling price inclusive sales cost	25
Loss on disposal of Eiendomssikring AS	**5**

Net cash inflow on disposal of subsidiary Eiendomssikring AS

Amounts in NOK million	**2013**
Selling price *	15
Cash and cash equvalents in Eiendomssikring AS	**(3)**
Net cash inflow on disposal of Eiendomssikring AS	**12**

* At the time of sale per 30 September 2013, Infratek Sikkerhet AS received NOK 15 million. The remaining amount of NOK 9.5 million will be paid 1 March 2014.

Effect of sold company on the annual results

Amounts in NOK million	2013	2012
Revenues	21	31
Operating profit	**3**	**5**
Tax expense	(1)	(2)
Income for the year	**2**	**3**
Gain from sale of Eiendomssikring AS	5	-
Profit for the year from discontinued operations	**7**	**3**

NOTE 27 GUARANTEE COMMITMENTS

Spesification of other allocations and liabilities

Amounts in NOK million	2013	2012
Guarantee commitments	1	1
Accruals for building rent obligations	19	-
Total other allocations and liabilities	**20**	**1**

Total Group guarantee commitments amounts to NOK 1 million per 31 december 2013. Accrued future guarantee commitments are calculated as a best assessment - also using historic experience.

In 2009, the Group entered into a ten year lease for Breivollveien 31 (Oslo). As a result of sold entities and other organisational changes, parts of these premises are now unused. The unused space has been advertised for sublease for the past two years without success - and the vacant office space and related costs are assessed to fulfill the criteria of a loss making contract.

Infratek has since 2010 subleased the 3rd floor of the same premises at Breivollveien 31 (Oslo). As part of a walk-through of the Group's total lease commitments, a revised assessment of the cash flow derived from this sublease agreement has been performed. A revised method for the allocation of property charges means that the Group has a loss related to the overall leasing contract, a contract that runs until the end of 2018. A loss accrual has been made based on contractual obligations and payments for the remaining lease period. There is a low degree of unceretainty regarding the size of the calculated loss. The measurement of the loss accrual meets the demands for a best estimate of the commitment. As a base for the calculation, the SSB long-term prognosis for the Consumer Price Index at 2.2 percent - and a discount rate of 2.07 percent - have been applied.

The best estimate on the loss accrual related to the lease contract for Breivollveien 31 (Oslo) was NOK 24.5 million at the end of 2013, of which NOK 5 million are classified as short-term, and the remaining NOK 19.5 million are classified as a long-term liability.

NOTE 28 CONTINGENT LIABILITIES

Contingent liability regarding Norwegian and Finnish employees

There is a contingent liability with respect to 59 employees of Infratek's Finnish subsidiary Infratek Finland Oy, who were previously members of Fortum Pension Foundation, should they be made redundant by the company. In the event that they are made redundant, Infratek Finland Oy is obligated to compensate for any difference between estimated defined pension benefits according to the defined benefits based supplementary pension agreement and accrued pension entitlement under the mandatory service pension scheme. The size of the amount depends on whether or not the employee continues to accrue pension rights in the mandatory service pension scheme after their redundancy. This contingent liability is estimated at between EUR 6,000 and EUR 7,000 per employee per year. The amount cannot be calculated exactly until the ordinary pension period begins. As of 31 December 2013 the average age of these 59 employees was approximately 58.

Infratek Service AS, which was merged with Infratek Entreprenør AS in 2009, acquired 25 employees from Halden E-verk in 1992. These employees were transferred to KLP in 1992, but have earned pension rights in the Halden Kommunale Pensjonskasse. Since the acquisition, no demands concerning adjustment premiums or similar have been received from Halden Kommunale Pensjonskasse. On this basis, Infratek Entreprenør AS does not consider itself to have any liabilities linked to Halden Kommunale Pensjonskasse.

Bank and group guarantees

The Group purchases bank guarantees as security for certain liabilities. Per 31 December 2013, these bank guarantees amounted to NOK 166.3 million including NOK 30.3 million in tax deduction guarantees and NOK 136.0 million in project guarantees. Corresponding guarantees in 2012 were NOK 30.2 million and NOK 71.5 million, respectively.

Additionally, group guarantees adding up to a total of NOK 61.3 million were made whereas the corresponding amount made last year was NOK 44.2 million.

NOTE 29 EVENTS AFTER THE BALANCE SHEET DATE

Infratek sells its security operation in Finland to Turvatiimi Oyj

14 February 2014, Infratek and its security operation in Finland sold its security customer base to Turvatiimi Oyj. The 6 employees in Infratek Security Finland Oy were all employed by Turvatiimi Oyj.

Infratek has several Nordic security customers with operations in Finland. To properly manage the Finnish security market going forward, Infratek and Turvatiimi Oyj entered into a partner agreement. Turvatiimi Oyj has a country-wide presence in Finland within manual security services - and is listed at the Helsinki Stock Exchange.

Decision on delisting Infratek AS on the Oslo Stock Exchange

18 March 2014, Oslo Stock Exchange decided to delist the shares of Infratek AS. The delisting was executed in accordance with paragraph 25 (1) of the Stock Exchange Act. The last day of trading was 20 March 2014.

Decision to convert Infratek ASA from a public limited company to a limited company

In an Extraordinary general meeting 10 March 2014 it was decided to convert Infratek ASA to a liability company, ref the Norwegian Public Limited Liability Companies Act paragraph 15-1. The resolution passed came into motion as the company's shares were delisted at the Oslo Stock Exchange. The change was registered in the Register of Business Enterprises 28 March 2014.

The Board of directors and company management do not know of any other events after the balance sheet date that could effect the profit and loss, balance sheet, cash flow or equity.

NOTE 30 COMPANIES INCLUDED IN THE CONSOLIDATION OF THE GROUP

Company	Registered business address	Ownership percentage
Infratek AS (parent company)	Oslo, Norway	100
Infratek Norge AS	Oslo, Norway	100
Infratek Sverige AB 1)	Stockholm, Sweden	100
Infratek Finland OY	Helsinki, Finland	100
Infratek Mätkontroll Sverige AB	Storvik, Sweden	100
Infratek Elsikkerhet AS	Oslo, Norway	100
Infratek Sikkerhet AS	Oslo, Norway	100
Infratek Sikkerhed Danmark A/S 2)	Frederiksværk, Denmark	51
Infratek Säkerhet Sverige AB 3)	Stockholm, Sweden	100
Infratek Security Finland Oy	Helsinki, Finland	100

1) Wigh Kellokumpu Track Service AB was merged with Infratek Sverige AB in 2013.

2) 10 January 2013, Infratek acquired 51 percent of the shares in Infratek Sikkerhed Danmark A/S (Plahn Systems A/S). As part of the purchase agreement, there is a sale and purchase option related to the remaining 49 percent. This option leads to the purchase being treated as a 100 percent acquisition.

3) Infratek Sikkerhet AS has with effect from 10 Juli 2013 exercised the option to buy the remaining 49 percent of Infratek Säkerhet Sverige AB.

FINANCIAL STATEMENTS

Infratek AS

Income Statement Infratek AS

1 JANUARY - 31 DECEMBER

Amounts in NOK thousand	**Note**	**2013**	**2012**
Operating revenues	2	13 333	13 348
Total operating revenues		**13 333**	**13 348**
Salaries and other personnel expenses	3	(34 391)	(21 058)
Other operating expenses	5	(48 230)	(11 964)
Depreciation and impairment changes	13,14	(9 843)	(7 480)
Total operating expenses		**(92 464)**	**(40 502)**
Operating profit		**(79 131)**	**(27 154)**
Interest income from Group companies	8	7 335	5 251
Other interest income		13	12
Other financial income	6	45 532	76 367
Interest paid to Group companies		(10 790)	(7 237)
Other interest costs		(57)	(17)
Other financial costs		(568)	(2 631)
Total financial items		**41 465**	**71 745**
Pre-tax profit		**(37 666)**	**44 591**
Tax on pre-tax profit	7	10 059	(12 430)
Profit for the year		**(27 606)**	**32 161**
Transfers			
Dividend allocation	17	-	95 795
Transferred from other equity	17	(27 606)	(63 634)
Total transfers		**(27 606)**	**32 161**

Balance Sheet Infratek AS

31 DECEMBER

Amounts in NOK thousand	Note	2013	2012
Assets			
Deferred tax assets	7	9 290	-
Property, plant & equipment	13	10 255	11 812
Intangible assets	14	35 715	44 639
Investments in subsidiaries	9	704 688	704 688
Net pension funds	4	3 112	2 612
Other long-term receivables	11	18 439	18 467
Total non-current assets		**781 500**	**782 218**
Receivables from Group companies	10	47 753	283 061
Other short-term receivables	12	4 848	3 453
Cash and cash equivalents	8	166 915	202 268
Total current assets		**219 516**	**488 782**
Total assets		**1 001 016**	**1 271 000**
Equity and liabilities			
Paid-in equity	17	401 774	401 774
Earned equity	17	105 048	132 558
Total equity		**506 822**	**534 332**
Deferred tax liabilities	7	-	731
Provision for other liabilities	18	19 500	-
Total allocations for liabilities		**19 500**	**731**
Accounts payable		6 121	3 560
Public duties payable		3 412	216
Dividend	17	-	95 795
Short-term liabilities to Group companies	10	451 475	625 709
Tax payable	7	-	6 133
Other current liabilities	15,18	13 685	4 524
Total current liabilities		**474 693**	**735 937**
Total equity and liabilities		**1 001 016**	**1 271 000**

BOARD OF DIRECTORS INFRATEK AS, Oslo 8 April 2014

Lars Ove Håkansson, Chairman

Carl Johan Falkenberg

Mats Jönsson

Petter Darin

Olle Strömberg

Roger André Hansen

Rune Tobiassen

Lars Bangen, CEO

Cash Flow Statement Infratek AS

1 JANUARY - 31 DECEMBER

Amounts in NOK thousand	**Note**	**2013**	**2012**
Cash flow from operating activities			
Pre-tax profit		**(37 666)**	**44 591**
Tax payable		(6 133)	-
Depreciation and impairment changes	13,14	9 843	7 480
Losses on disposal of intangible assets	6	11 105	-
Group contribution recognized as financial income	6	(43 258)	(76 074)
Changes in accounts payable		2 561	1 036
Changes in inter Group accounts receivable/payable		734	(1 936)
Changes in pension allocations	4	(500)	1 552
Changes in other accruals		10 962	411
Changes in non-cash items (accruals rent)		19 500	-
Net cash flow from operating activities		**(32 851)**	**(22 940)**
Cash flow from investing activities			
Investment in subsidiaries		-	-
Disposal of subsidiaries		-	-
Investment in fixed assets	13,14	(10 467)	(5 376)
Change other long-term receivables	11	28	(980)
Net cash flow from investing activities		**(10 439)**	**(6 356)**
Cash flow from financing activities			
Equity payments received	17	-	-
Dividend paid	17	(95 795)	(95 795)
Dividend received		58 267	37 042
Change in drawing on Group account	10	82 465	5 579
Group contribution received/paid	10	(37 000)	-
Net cash flow from financing activities		**7 937**	**(53 174)**
Net change in cash and cash equivalents		**(35 353)**	**(82 470)**
Cash and cash equivalents as of 1 January		202 268	284 738
Cash and cash equivalents as of 31 December	8	**166 915**	**202 268**

NOTE 1 ACCOUNTING PRINCIPLES

Infratek AS'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 non-current assets. Liabilities with time to maturity exceeding one year after expiration of the accounting year are recognised 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 recognised at the value of the consideration at the transaction date.

Assets and liabilities denominated in foreign currencies

Transactions denominated in foreign currency are translated into NOK using the exchange rate at the transaction date. Currency gains and losses due to payment of such transactions – and from translation of monetary items (assets and liabilities) in foreign currency into NOK at the balance sheet date – are recognised as financial items in the income statement.

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 property, plant and equipment and related lease obligations are included as a liability under the interest bearing long term liabilities at the 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 AS bought the shares, if not,then profit disbursement is recognized in deduction of costs of subsidiary shares.

Tax expense,deferred tax liabilities,and deferred tax assets

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 tax liabilities/deferred tax assets. 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 assets recognised 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 consolidated financial statements. Infratek AS 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 that the analysis is being based on the company'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 operating revenues

Amounts in NOK thousand	**2013**	**2012**
External revenues	3 833	3 760
Internal revenues	9 500	9 588
Total operating revenues	**13 333**	**13 348**

NOTE 3 SALARIES AND OTHER PERSONNEL EXPENSES

Spesification of personnel expenses

Amounts in NOK thousand	**2013**	**2012**
Salaries and holiday pay	26 883	14 785
Social security contribution	3 535	2 504
Net pension expenses	1 061	1 139
Other personnel expenses	2 910	2 630
Total personnel expenses	**34 391**	**21 058**

As of 31 December 2013, Infratek AS had 26 employees.

Specification of remuneration to senior executives

Amounts in NOK thousand	**2013**	**2012**
Salary and other remuneration to general manager	5 246	3 153
Pension costs	210	162
Other remunerations	27	45
Board remuneration	1 179	1 237
Total remuneration to senior executives	**6 662**	**4 597**

The general manager 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 consolidated financial statements.

Due to the general manager leaving on 25 October 2013, Infratek AS has hired an acting general manager in the period from 28 October to 31 December 2013. The expenses related to this hiring are not included in the total remuneration in the table above, and amounts to NOK 166 thousand excluding VAT.

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 2013, the balance on the loan amounted to NOK 212.500. 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 (excluding VAT)

Amounts in NOK thousand	**2013**	**2012**
Fee statutory audit	625	647
Fee assurance services	-	13
Fee tax advisory services	-	-
Fee other non-audit services	52	103
Total auditor fee	**677**	**763**

NOTE 4 PENSION EXPENSES, ASSETS AND LIABILITIES

As of 31 December 2013, the company had defined benefit 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. The pension schemes are organised in separate pension funds, through insurance companies or directly from the company.

Pension liabilities and costs

Amounts in NOK thousand	**2013**	**2012**
Liabilities in the balance sheet are arrived at as follows:		
Present value of accrued pension liabilities in fund-based plans	8 909	8 099
Fair value of pension assets	(13 798)	(12 342)
Actual net pension liabilities (assets) for defined benefit plans in fund-based plans	**(4 889)**	**(4 243)**
Present value of liabilities not in fund-based plans	1 557	1 430
Estimate deviations not recognized in profit and loss	-	-
Social security contribution	220	202
Net pension liabilities (assets) in the balance sheet as of 31 December	**(3 112)**	**(2 612)**
Net pension expenses are arrived at as follows:		
Present value of the year's pension earnings	(538)	(846)
Interest expenses of liability	(385)	(352)
Expected yield on pension funds	516	435
Liabilities upon change in plan	-	-
Recognized estimate changes and estimate deviations	-	-
Social security contribution	(76)	(118)
Member contributions	13	9
Administrative expenses	(95)	-
Total defined benefit pension expenses included in personnel costs	**(697)**	**(955)**
Net financial cost from defined benefit plans	**131**	**83**
Total recognised performance-based pension costs	**(566)**	**(872)**
Total pension expenses, contribution plans	(365)	(184)
Adjustment pension premiums	-	-
Total pension expenses (incl. in personnel expenses)	**(930)**	**(1 056)**
Change in liabilities in the balance sheet:		
Balance sheet value as of 1 January	(2 612)	3 971
Change in employee base due to business transfers	-	-
Change in accounting principle	-	-
Expenses recognized this year	566	871
Pensions paid and payment of pension premium	(934)	(1 597)
Deviation of periods estimate recognized in equity	(132)	(5 857)
Balance sheet value as of 31 December	**(3 112)**	**(2 612)**

The following economic assumptions are used in calculating pension liabilities:

	2013	**2012**
Discount rate	4.10%	4.00%
Expected yield on pension funds	4.10%	4.00%
Annual salary growth	3.90%	4.00%
G regulation	3.90%	4.00%
Annual social security pension growth 1)	0.50 % / 3.25 %	0.50 % / 2.25 %

1) Private pensions schemes 0.5 % and public pension schemes 3.25%.

NOTE 5 OTHER OPERATING EXPENSES

Amounts in NOK thousand	2013	2012
Real estate expenses	(31 645)	(7 706)
In-sourced services, etc.	8 982	9 824
Office expenses	(11 230)	(10 701)
Other operating expenses	(14 337)	(3 381)
Total other operating expenses	**(48 230)**	**(11 964)**

NOTE 6 OTHER FINANCIAL INCOME / GROUP CONTRIBUTIONS

Other financial income includes Group contribution from subsidiaries, recognized as financial income of NOK 43.3 million in 2013 and NOK 76.1 million in 2012.

NOTE 7 TAX EXPENSE

Amounts in NOK thousand	2013	2012
Pre-tax profit	(37 666)	44 591
Permanent differences	(42 748)	(70 415)
Non-taxed gain on sales of shares	-	-
Non-taxed Group contribution recognized as financial income	43 258	76 074
Pension recognized in equity	135	5 857
Change in temporary differences	37 021	(12 439)
Tax basis before application of loss carryforward	**-**	**43 668**
Applied tax loss carryforward	-	(21 764)
Taxable income	**-**	**21 904**

Specification of tax expense for the year:		
Tax payable	-	(6 133)
Tax effect of pension recognized in equity	(38)	1 640
Change in deferred tax asset (recognized)	10 097	(7 937)
Ordinary tax expense	**10 059**	**(12 430)**
Taxation rate, 31 December	**28%**	**28%**

Amounts in NOK thousands	2013	2012
Deferred tax liabilities/deferred tax asset:		
Fixed assets	(21)	-
Pension liabilities	(3 112)	(2 611)
Gain- and loss account	13 042	-
Recognised accruals	24 500	-
Temporary differences that affect tax payable:	**34 409**	**(2 611)**
Tax loss carryforward	-	-
Basis, deferred tax liabilities/(deferred tax assets)	**34 409**	**(2 611)**
Deferred tax liabilities/(deferred tax assets)	**9 290**	**(731)**

Reconciliation of effektive tax rate:

Amounts in NOK thousand	2013	2012
Pre-tax profit	(37 666)	44 591
Expected tax expense, 28% nominal taxation rate	10 546	(12 485)
Effect of change in tax rate	(344)	-
Effect of non-taxed dividend	-	-
Impact of reversed pension effect recognized in OCI	-	-
Effect of non-deductible expenses	(143)	55
Tax expense	**10 059**	**(12 430)**
Effective tax rate	(26.7%)	27.9%

NOTE 8 BANK AND OTHER GUARANTEES

Amounts in NOK thousand	2013	2012
Bank deposits, Group accounts	166 915	201 544
Bank deposits outside the Group account system	-	724
Total cash and cash equivalents	**166 915**	**202 268**

See Note 12 to the consolidated financial statements for a presentation of the Group account system.

Restricted bank deposits

Amounts in NOK thousand	2013	2012
Employees tax deduction	-	-
Down payment deposits	-	-
Total restricted cash and cash equivalents 1)	16 407	17 261
Total restricted cash and cash equivalents	**16 407**	**17 261**

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 AS. The funds belong to the employees and the yield is earmarked for social purposes benefiting the employees of the Infratek Group. As of 31 December 2013 the deposited amount increased to NOK 16.4 million.

Infratek has an unused overdraft facility with DNB Bank ASA of NOK 100 million. The facility may be terminated at one month's notice by either party. The agreement requires a minimum equity of 25 percent and a target of maximum 2.0 net debt/EBITDA for Infratek Group.

NOTE 9 INVESTMENTS IN SUBSIDIARIES

Amounts in NOK thousand	Registered business adress	Book value	Balance sheet equity	Profit for the year	Ownership voting rights
Infratek Norge AS	Oslo	332 173	328 049	50 845	100%
Infratek Sverige AB	Stockholm	254 068	116 520	(14 268)	100%
Infratek Finland OY	Helsinki	41 942	88 156	1 744	100%
Infratek Elsikkerhet AS	Oslo	21 965	45 831	8 307	100%
Infratek Sikkerhet AS	Oslo	54 540	39 947	(8 498)	100%
Total		**704 688**	**618 503**	**38 130**	

NOTE 10 GROUP INTERNAL RECEIVABLES AND PAYABLES

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 NOK thousand	2013	2012
Receivables		
Group internal accounts receivable	4 495	4 928
Receivables, Group contribution	43 258	220 000
Dividends receivable from group companies	-	58 133
Total current receivables from group companies	**47 753**	**283 061**

Amounts in NOK thousand	2013	2012
Liabilities		
Group internal accounts payable	1 189	1 130
Bank accounts in Group account system	425 044	342 579
Other short-term liabilities	25 242	25 000
Group contribution liabilities	-	257 000
Total currant liabilities to group companies	**451 475**	**625 709**

NOTE 11 OTHER NON-CURRENT RECEIVABLES

Amounts in NOK thousand	2013	2012
Loans to employees	2 421	2 450
Paid core-capital, pension fund	14 079	14 079
Subordinated loan, pension fund	1 939	1 939
Total other non-current receivables	**18 439**	**18 467**

NOTE 12 OTHER CURRENT RECEIVABLES

Amounts in NOK thousand	2013	2012
Pre-paid expenses	3 367	3 075
VAT receivable	1 137	-
Other current receivables	343	378
Total other current receivables	**4 848**	**3 453**

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK thousand		Fixtures and fittings
Aquisition costs 1 January		18 253
Operating investments		461
Acuisition costs as of 31 December		**18 714**
Accumulated depreciation and impairment charges 1 January		(6 441)
Depriciation and impairment charges		(2 017)
Accumulated depreciation and impairment charges as of 31 December		**(8 458)**
Book value as of 31 December 2013		**10 255**
Expected economic life	10 years	
Depreciation	Linear	

Operating leasing obligations

Amounts in NOK thousand	Rent	Future lease payments Machinery / equipment	Total
Due within 1 year	6 463	173	6 636
Due later than 1 year not later than five years	25 758	129	25 887
Due later than 5 years	-	-	-
Total	**32 221**	**302**	**32 523**
Recognized costs regarding operating leases for the period	6 061	108	6 169

NOTE 14 INTANGIBLE ASSETS

Amounts in NOK thousand	Software & licenses
Aquisition costs 1 January	60 124
Operating investments	10 006
Operating disposal	(18 071)
Aquisition costs as of 31 December	**52 059**
Accumulated depreciation and impairment charges 1 January	(15 485)
Accumulated depreciations disposed assets	6 966
Impairment charges	(1 936)
Depreciation	(5 889)
Accumulated depreciation and impairment charges as of 31 December	**(16 344)**
Book value as of 31 December 2013	**35 715**
Expected economic life	10 years
Depreciation	Linear

Replacement of the IT infrastructure provider and a major upgrade of the Group's ERP system has led to the scrapping of previous investments and system versions. Total disposals of NOK 11.1 million are recognised for the year 2013.

NOTE 15 OTHER CURRENT LIABILITIES

Amounts in NOK thousand	2013	2012
Incurred salaries, holiday pay, employee-related liabilities	6 714	3 045
Personnel development fund	626	826
Other incurred costs	6 345	653
Total other current liabilities	**13 685**	**4 524**

NOTE 16 ;UARANTEE LIABILITIES

The Group purchases bank guarantees as security for certain liabilities. As of 31 December 2013, these guarantees amounted to a total of NOK 1.8 million, which relates to tax deduction guarantees. In 2012, corresponding guarantees amounted to NOK 1.9 million, of which NOK 1.8 million was applicable to tax deduction guarantees.

In addition to direct bank guarantees, Infratek AS had to guarantee an amount of NOK 100 million related to our cash credit in DnB and another NOK 180 million in surety associated with Infratek's subsidiaries, also to DnB.

The company has also pledged Group guarantees of NOK 61.3 million for 59 of the subsidiaries' customers.

For other contingencies, see note 28 in the consolidated financial statements.

NOTE 17 EQUITY

Amounts in NOK thousand	Share capital	Share premium account	Other paid-in equity	Other equity/ uncovered loss	Total equity
Equity as of 1 January 2013	**319 316**	**82 458**	**104 205**	**28 353**	**534 332**
Accrued dividend 2013	-	-	-	-	-
Change in estimate pensions	-	-	-	97	97
Profit for the year 2013	-	-	-	(27 606)	(27 606)
Equity as of 31 December 2013	**319 316**	**82 458**	**104 205**	**844**	**506 822**

NOTE 18 PROVISION FOR OTHER LIABILITIES

In 2009, the Group entered into a ten year lease for Breivollveien 31 (Oslo). As a result of sale of entities and other organisational changes, parts of these premises are now not in use. The unused space has been advertised for sublease for the past two years without success, - and the vacant office space and related costs are assessed to fulfill the criteria of a loss making contract.

Since 2010, Infratek has subleased the 3rd floor of the same premises at Breivollveien 31 (Oslo). As part of a walk-through of the Group's total commitments, a revised assessment of the cash flow derived from this sublease agreement was performed. A revised method for the allocation of property charges means that the Group has a loss related to the overall leasing contract, a contract that runs until the end of 2018. A loss accrual has been made based on contractual obligations and payments for the remaining lease period. There is a low degree of unceretainty regarding the size of the calculated loss. The measurement of the loss accrual meets the demands for a best estimate of the commitment. As a base for the calculation, the SSB long-term prognosis for the Consumer Price Index at 2.2 percent - and a discount rate based on 5 year long-term risk-free rate of government bonds for the remaining contract period of 2.07 percent – have been applied.

The best estimate on the loss accrual related to the lease contract for Breivollveien 31 (Oslo) was NOK 24.5 million at the end of 2013, of which NOK 5 million are classified as short-term, and the remaining NOK 19.5 million are classified as a non-current liability. As of 31 December 2013, none of these liabilities are due later than 5 years, while NOK 5 million were due later than 5 years as of 31 December 2012.

NOTE 19 SHARE CAPITAL AND SHAREHOLDER MATTERS

See Note 13 to the consolidated financial statements.

NOTE 20 EVENTS AFTER THE BALANCE SHEET DATE

Decision on delisting Infratek AS on the Oslo Stock Exchange

On 18 March 2014, Oslo Stock Exchange decided to delist the shares of Infratek AS. The delisting was executed in accordance with paragraph 25 (1) of the Stock Exchange Act. On this basis, Oslo Stock Exchange made the following decision on 18 March 2014:The last day of trading was 20 March 2014.

The shares of Infratek are delisted from the Oslo Stock Exchange.

Decision to convert Infratek ASA from a public limited company to a limited company

In an Extraordinary general meeting 10 March 2014 it was decided to convert Infratek ASA to a liability company, ref the Norwegian Public Limited Liability Companies Act paragraph 15-1. The resolution passed came into motion as the company's shares were delisted at the Oslo Stock Exchange. The change was registered in the Register of Business Enterprises on 28 March 2014.

The Board of directors and company management of Infratek do not know of any other events after the balance sheet date that could effect the profit and loss, balance sheet, cash flow or equity.

Deckaration

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 2013, 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 2013 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.

BOARD OF DIRECTORS INFRATEK AS, Oslo 8 April 2014

Lars Ove Håkansson, Chairman	Carl Johan Falkenberg	Mats Jönsson
Petter Darin	Olle Strömberg	
Roger André Hansen	Rune Tobiassen	Lars Bangen, CEO

To the Annual Shareholders' Meeting of Infratek ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Infratek ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2013, and the income statement, statement of changes in equity and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2013, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Infratek ASA as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group present fairly, in all material respects, the financial position of the group Infratek ASA as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

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 and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for coverage of the loss 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 2014
PricewaterhouseCoopers AS

Thomas Fraurud
State Authorised Public Accountant (Norway)

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