



CONSOLIDATED INTERIM FINANCIAL REPORT

FIRST HALF 2012

**Njord Gas Infrastructure Group
Njord Gas Infrastructure Holding AS**

Njord Gas Infrastructure Holding AS and consolidated Group

Njord Gas Infrastructure Group

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**CONSOLIDATED INTERIM FINANCIAL REPORT FIRST HALF OF 2012
FOR
NJORD GAS INFRASTRUCTURE HOLDING AS
(‘the Holding Company’ or – together with its subsidiary – ‘the Group’)**

Main figures (Comparable figures for equivalent period previous year in brackets)

Operating revenue for the period amounted to NOK 959 million (NOK 159 million). Net operating income for the period amounted to NOK 576 million (NOK 91 million).

Net financial expense of NOK 172 million (NOK 236 million) mainly relates to cost associated to the Group’s bond issue and associated swaps.

The Group’s tax expense for the period was NOK 412 million (credit of NOK 18 million). The effective tax rate for the period (102%) was higher than the corporate tax rate (28%) plus the petroleum tax rate (50%) of 78% mainly due to relatively more revenue than expense qualifying for the petroleum tax element as well as permanent differences relating to depreciation, partly offset by the uplift.

Net loss for the period amounted to NOK 9 million (loss of NOK 127 million).

At 30 June 2012, total consolidated assets amounted to NOK 6,516 million, of which the investment in the Gassled JV (‘Gassled’) amounted to NOK 4,793 million. Cash and cash equivalents amounted to NOK 691 million.

During the period, the Group repaid principal of NOK 105,335 thousands for shareholder loans.

The differences in comparable figures from the equivalent period in 2011 relate to the acquisition of the 8.036% interest in Gassled which for accounting purposes became effective on 1 June 2011 and to related operational and financial activities.

Regulatory developments

In the end of August, the Group and other owners of Gassled received a letter from the Norwegian Ministry of Petroleum and Energy (the ‘MPE’) informing that a process has been initiated to evaluate the tariff levels in Gassled to ensure optimal resource management on the Norwegian Continental Shelf. The MPE has not yet indicated the timeline for the process. However, the letter states that relevant stakeholders will be included in the process and the Group intends to engage actively in this process.

Outlook

Operation of the Group’s main asset, the investment in Gassled, is running in line with expectations. HSE results and availabilities are in line with targets. The Board is not aware of any additional risk factors facing the Holding Company or the Group other than those outlined in this report and in the Board of Directors’ report for the year ended 31 December 2011.

Njord Gas Infrastructure Holding AS and consolidated Group

NJORD GAS INFRASTRUCTURE GROUP

Consolidated income statement

<i>NOK thousands</i>	Note	Period ended 30 June 2012 (unaudited)	Period ended 30 June 2011 (unaudited)
Transportation and processing revenue		959,139	159,053
<i>Operating expense</i>			
Transportation and processing expense		(229,382)	(31,461)
Depreciation	4	(145,372)	(23,410)
Employee benefit expense		(3,716)	0
Other operating expense		(5,077)	(13,159)
Total operating expense		(383,548)	(68,029)
Net operating income		575,591	91,024
Net financial income/(expense)	2	(172,441)	(236,284)
Net income/(loss) before taxes		403,150	(145,260)
Income tax (expense)/credit	6	(412,160)	18,002
Net income/(loss) for the period		(9,010)	(127,259)

Consolidated statement of comprehensive income

<i>NOK thousands</i>	Period ended 30 June 2012 (unaudited)	Period ended 30 June 2011 (unaudited)
Net income/(loss) for the period	(9,010)	(127,259)
Total comprehensive income/(loss)	(9,010)	(127,259)

Njord Gas Infrastructure Holding AS and consolidated Group

Consolidated statement of financial position

<i>NOK thousands</i>	Note	As at 30 June 2012 (unaudited)	As at 31 December 2011 (audited)
Assets			
<i>Non-current assets</i>			
Gas transportation and processing facilities	4	4,668,416	4,718,391
Buildings	4	124,505	124,939
Construction in progress	4	0	12,630
Other fixtures & equipment	4	357	368
Asset retirement reimbursement		347,053	368,175
Other financial assets	3	399,228	393,127
Total non-current assets		5,539,559	5,617,629
<i>Current assets</i>			
Asset retirement reimbursement, current portion		81,569	30,450
Trade and other receivables		203,046	240,648
Cash and cash equivalents		691,377	551,724
Total current assets		975,992	822,823
Total assets		6,515,551	6,440,452
Equity and liabilities			
<i>Equity</i>			
Share capital		914,525	914,525
Retained earnings		(45,992)	(36,983)
Total equity		868,533	877,542
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
Deferred tax liabilities	6	160,789	103,987
Shareholder loans	5	152,578	259,531
Bond loans	5	4,205,390	4,131,394
Asset retirement obligation		348,935	369,858
Total non-current liabilities		4,867,692	4,864,769
<i>Current liabilities</i>			
Asset retirement obligation, current portion		55,055	30,450
Other financial liabilities	3	55,239	43,212
Bond loans	5	201,470	207,260
Current taxes	6	327,951	298,707
Trade and other payables		139,612	118,512
Total current liabilities		779,327	698,141
Total liabilities		5,647,019	5,562,910
Total equity and liabilities		6,515,551	6,440,452

Njord Gas Infrastructure Holding AS and consolidated Group

Consolidated statement of cash flow

<i>NOK thousands</i>	Note	Period ended 30 June 2012 (unaudited)	Period ended 30 June 2011 (unaudited)
<i>Cash flows from operating activities</i>			
Net income/(loss) before taxes		403,150	(145,260)
Depreciation	4	145,372	23,410
Foreign exchange and other gains and losses	2	72,515	233,309
Changes in trade and other receivables		37,602	(174,853)
Changes in trade and other payables		21,100	113,210
Changes in other long term receivables		(26,315)	0
Tax payments	6	(326,114)	0
Net cash flow used in operating activities		327,310	49,815
<i>Cash flows from investing activities</i>			
Investment costs - acquisition of joint venture	4	0	(4,769,307)
Investment in property plant and equipment	4	(82,322)	0
Net cash flow used in investing activities		(82,322)	(4,769,307)
<i>Cash flows from financing activities</i>			
Proceeds from increase in capital		0	6,000
Proceeds from issue of capital, not registered		0	893,295
Proceeds from issue of bond loans, net of issue costs		0	3,772,090
Proceeds from issue of shareholder loans		0	1,196,461
Repayment of shareholder loans	5	(105,335)	0
Net cash flow used in financing activities		(105,335)	5,867,846
Net change in cash and cash equivalents		139,653	1,148,353
Cash and cash equivalents at the beginning of the period		551,724	187
Cash and cash equivalents at the end of the period		691,377	1,148,540
Interest paid		(105,629)	0

Consolidated statement of equity

<i>NOK thousands</i>	Nominal share capital	Retained earnings	Total equity
Total equity as at 1 January 2011	100	(2,057)	(1,957)
Total comprehensive income/(loss) for the period	0	(127,259)	(127,259)
Increase in share capital	21,130	0	21,130
Total equity as at 30 June 2011	21,230	(129,316)	(108,086)
<i>NOK thousands</i>	Nominal share capital	Retained earnings	Total equity
Total equity as at 1 January 2012	914,525	(36,983)	877,542
Total comprehensive income/(loss) for the year	0	(9,010)	(9,010)
Total equity as at 30 June 2012 ¹⁾	914,525	(45,993)	868,532

(1) The Ordinary General Meeting on 10 May 2012 resolved to reduce the share capital by NOK 457,263 thousands and transfer the capital to other reserves. The transfer was not effective at balance sheet date and consequently not recognised. Reference is also made to Note 8.

Notes to the consolidated accounts

Note 1 – General accounting principles

The Group's main business is long-term investment in gas infrastructure serving the Norwegian continental shelf. Njord Gas Infrastructure Holding AS (the "Holding Company"), which is the parent company in the Njord Gas Infrastructure Group (the "Group"), is a Norwegian private limited liability company headquartered in Stavanger, Norway. The Group's main activities are carried out through its Norwegian subsidiary, Njord Gas Infrastructure AS, which holds an 8.036% interest in Gassled, which owns the Norwegian gas transport infrastructure.

These interim condensed financial statements for the six months ended 30 June 2012 have been prepared in accordance with IAS 34 - Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statement for the year ended 31 December 2011. New and amended standards applicable for the period starting 1 January 2012 do currently not apply to the Group's financial statements.

All amounts in the interim financial statements are stated in Norwegian Kroner ("NOK") thousands unless stated otherwise. The interim financial statements are unaudited.

Note 2 – Financial income and expense

<i>NOK thousands</i>	Period ended 30 June 2012	Period ended 30 June 2011
Interest income	6,414	230
Fair value gain on bond loans at FVTPL	0	72,185
Total finance income	6,414	72,414
Interest expense	15,027	4,974
Net loss on derivative instruments (swaps)	1,915	279,699
Fair value loss on bond loans at FVTPL	161,203	0
Other financial expenses	686	317
Net currency translation effects	24	23,708
Total finance expense	178,855	308,698
Net financial income/(expense)	(172,441)	(236,284)

The majority of the Group's revenues are NOK denominated and subject to annual inflation adjustments. In order to synchronize its debt exposure to its cash flows from operations (ref. Note 5), the Group has entered into three series of swap arrangements (ref. Note 3). Each series of swaps replicate perfectly the three nominal bond series so that the Group effectively

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has swapped all of its nominal bond positions into a NOK denominated inflation linked position.

The management expects that the concept of converting the three nominal bond series into a synthetic NOK denominated inflation linked position provides an effective hedging of the Group's overall cash flow position. However, the synthetic position creates an accounting exposure/mismatch that is distinct and separate from the underlying economic exposure of the Group and that would not arise for a conventional NOK denominated inflation linked bond position recognized at amortized cost.

Market expectations for swap rates have reduced over the period which causes a net adverse impact on the Group's financial statements, although it does not reflect the underlying exposure of the Group's operations overall. This is due to the 'Fair Value Through Profit and Loss' approach ('FVTPL') applied for the recognition of the bonds and swaps which requires the Group to value the financial instruments marked-to-market. The full unrealized change in fair value of the financial instruments is recognized in the income statement immediately. In reality however, those exposures are matched against the operating cash flows which will be recognized in the income statement as incurred.

Note 3 – Other financial assets

As described in Note 2, the Group has entered into a series of swap arrangements that are matched perfectly to each nominal bond tranche (timing, payment structure, maturity) so that the Group effectively has exchanged its economic exposure to local currency denominated nominal debt service for NOK denominated inflation linked debt service. The tables below summarize the contracts and the carrying amounts.

Summary of contracts

Bond loan/swap contracts	Group pays to swap providers	Group receives from swap providers	Maturity
USD 265m nominal	NOK inflation linked interest and principal	USD nominal interest and principal	30 Sept. 2027
GBP 165m nominal	NOK inflation linked interest and principal	GBP nominal interest and principal	30 Sept. 2027
NOK 550m nominal	NOK inflation linked interest and principal	NOK nominal interest and principal	30 Sept. 2027

Carrying amounts

<i>NOK thousands</i>	As at 30 June 2012	As at 31 December 2011
Fair value on derivative financial instruments	170,337	170,537
Loss on derivative instruments at inception	173,653	179,377
Less current portion (a net liability)	55,239	43,212
Other financial assets	399,228	393,127

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The purposes of the swap arrangements

1) Reduce bond currency risk

After taking into account the swaps, the Group is only exposed to debt service in NOK so that its debt service obligations are not impacted by movements in USD and GBP versus the NOK.

2) Match debt service with the NOK inflation linked cash flows of Gassled

Through the Group's investment in Gassled, it receives an inflation adjusted revenue stream that is mainly NOK denominated. By entering into the swap arrangements, the Group has effectively exchanged its nominal bond debt liabilities (NOK nominal bond loan, USD nominal bond loan, GBP nominal bond loan) for NOK denominated inflation linked debt service to match the underlying inflation linked NOK denominated cash from operations.

Loss of derivative instruments at inception

The fair value of the swap contracts has been calculated by valuation techniques that incorporate all factors that market participants would consider in setting a price. At initial recognition the best estimate of a fair value gave rise to a loss at inception of NOK 186,056 thousands. Consistent with IAS 39, this loss is not recognized in the income statement at initial recognition. The loss at inception is capitalized, and will be reflected in the income statement on a linear basis over the duration of the swaps. The remaining balance of the loss at inception was NOK 173,653 thousands at balance sheet date.

The loss reflects credit charges from the swap counterparties and the fact that there is a limited market for such transactions.

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Note 4 – Property, plant and equipment

<i>NOK thousands</i>	Gas transportation and processing facilities	Buildings	Construction in progress	Other fixtures & equipment	Total
<i>Cost</i>					
Cost at 1 January 2011 (1)	14,138	0	0	0	14,138
Acquisition of interest in Gassled	4,797,445	124,758	8,743	0	4,930,946
Additions	67,103	4,388	3,887	373	75,751
Disposals	0	0	0	0	0
Cost at 31 December 2011	4,878,685	129,146	12,630	373	5,020,835
Additions	78,978	3,344	0	0	82,322
Transfer	12,630	0	(12,630)	0	0
Disposals	0	0	0	0	0
Cost at 30 June 2012	4,970,293	132,490	0	373	5,103,157
<i>Depreciation and impairment</i>					
Accumulated at 1 January 2011	0	0	0	0	0
Depreciation for the year	(160,295)	(4,207)	0	(6)	(164,507)
Impairment	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated at 31 December 2011	(160,295)	(4,207)	0	(6)	(164,507)
Depreciation for the period	(141,582)	(3,778)	0	(11)	(145,372)
Impairment	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated at 30 June 2012	(301,877)	(7,985)	0	(17)	(309,879)
Carrying amount at 31 December 2011	4,718,391	124,939	12,630	368	4,856,328
Carrying amount at 30 June 2012	4,668,416	124,505	0	357	4,793,278
Depreciation plan	Linear	Linear	Linear	Linear	
Estimated useful life (years)	17.6 (2)	17.6 (2)	17.6 (2)	17.6 (2)	

(1) As per 1 January 2011, incurred acquisition related cost were capitalized pending the completion of the acquisition.

(2) Assets acquired through the acquisition of the interest in Gassled are depreciated over 17.6 years. At the date of acquisition, 17.6 years was remaining until the end of the current license periods. Assets acquired subsequent to the acquisition are depreciated linearly over the remaining current license period.

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Note 5 – Shareholder loans and bond loans

To finance the acquisition of the interest in Gassled, the Group has entered into several loan agreements. The bond loans were issued on 9 June 2011 and were listed on the Oslo Stock Exchange on 20 June 2011. Interest is paid semi-annually. The tables below summarize the contracts and the carrying amounts.

Summary of contracts

Loan	Nominal amount	Interest rate	Maturity	Category
NOK real bond loan (1)	NOKm 300	4.3000%	30 Sept. 2027	Amortized cost
NOK nominal bond loan (2)	NOKm 550	6.1525%	30 Sept. 2027	FVTPL
GBP nominal bond loan (3)	GBPm 165	5.2410%	30 Sept. 2027	FVTPL
USD nominal bond loan (4)	USDm 265	5.1000%	30 Sept. 2027	FVTPL
NOK shareholder loans	NOKm 152.6	6.0000%	30 Sept. 2028	Amortized cost

(1) Series 1 - NOK Index Linked Bond Issue 2011/2027 - ISIN NO 001 060768.2

(2) Series 2 - NOK Senior Secured Bond Issue 2011/2027 - ISIN NO 001 060769.0

(3) Series 3 - GBP Senior Secured Bond Issue 2011/2027 - ISIN NO 001 061111.4

(4) Series 4 - USD Senior Secured Bond Issue 2011/2027 - ISIN NO 001 061112.2

Carrying amounts

As at 31 December 2011

Financial liabilities	Amortized cost	Fair value through profit or loss	Total carrying amount
Bond loans	306,584	4,032,070	4,338,654
Shareholder loans	259,531	0	259,531
Total	566,115	4,032,070	4,598,185

As at 30 June 2012

Financial liabilities	Amortized cost	Fair value through profit or loss	Total carrying amount
Bond loans	308,407	4,098,454	4,406,861
Shareholder loans	152,578	0	152,578
Total	460,985	4,098,454	4,559,438

NOK 201,470 thousands of the carrying amount of bond loans at balance sheet date was due within the next twelve months and therefore classified as ‘current liabilities’. At 31 December 2011, the current portion of bond loans amounted to NOK 207,260 thousands.

The Group repaid principal of NOK 105,335 thousands for shareholder loans during the period.

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Note 6 – Tax

Income taxes recognized in the income statement

<i>NOK thousands</i>	Period ended 30 June 2012	Period ended 31 December 2011
Tax payable	356,932	355,125
Tax payable, adjustment previous years	(1,575)	0
Change in deferred tax	56,802	103,987
Total income tax expense recognized in the income statement	412,160	459,112

Reconciliation of income tax

<i>NOK thousands</i>	Period ended 30 June 2012	Period ended 31 December 2011
Profit / loss (-) before income tax	403,150	424,187
Expected income tax at nominal tax rate (28%)	112,882	118,772
Expected petroleum tax (50%)	201,575	212,093
Permanent differences	56,729	55,899
Financial items	77,455	130,457
Onshore items	(24,234)	(37,356)
Uplift	(10,673)	(19,897)
Change in valuation allowance and changes related to prior years	(1,575)	(856)
Total income tax expense recognized in the income statement	412,160	459,112
Effective income tax rate	102 %	108 %

Specification of tax effects on temporary differences, tax losses and uplift carried forward

<i>NOK thousands</i>	As at 30 June 2012	As at 31 December 2011
Property, plant and equipment	214,469	137,554
Loans and swap contracts	(41,726)	(24,597)
Asset retirement obligation	(1,468)	(1,313)
Tax losses carried forward	(10,485)	(7,657)
Total deferred tax liabilities / assets (-)	160,789	103,987
Valuation allowance for deferred tax assets	0	0
Total deferred tax assets / liabilities (-) recognized	160,789	103,987

Deferred tax is calculated based on tax rates applicable at balance sheet date. Ordinary income tax is 28%, to which is added a special petroleum tax for oil and gas companies at the rate of 50%, giving a total tax rate of 78%.

Tax payable in balance

<i>NOK thousands</i>	As at 30 June 2012	As at 31 December 2011
Tax payable recognized on acquisitions in 2011 (1)	282,092	282,092
Tax payable recognized in the income statement in 2011	355,125	355,125
Tax paid in 2011	(338,510)	(338,510)
Tax payable recognized in the income statement in 2012	356,932	0
Tax payable recognized in the income statement in 2012, adjustment previous years	(1,575)	0
Tax refund foreign tax	(1,609)	0
Tax paid in 2012	(324,505)	0
Total tax payable in balance	327,951	298,707

(1) The tax payable recognized on acquisition relates to the activity from the investment in Gassled in the period 1 January - 31 May 2011. The effective date for tax purposes for the investment was 1 January 2011, while the effective date for accounting purposes was 1 June 2011.

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Note 7 – Related party disclosure

Transactions with related parties

NOK thousands

Related party	Period ended 30 June 2012	Period ended 30 June 2011
UBS International Infrastructure Fund Holding Coöperatie UA (1)	575	0
CDC Infrastructure SA	432	0
Sandvold Energy AS (100% owned by the Chairman of the Board) (2)	851	1,444

Amounts above are exclusive of VAT

- (1) UBS Limited was one of two banks that were engaged by the Group to be joint lead arrangers on its bond offering in 2011. UBS Limited is a group company to UBS International Infrastructure Fund Holding Coöperatie UA, who owns 82% of the share capital of the Holding Company. Following a successful bond issuance on 9 June 2011, UBS Limited was paid a fee of NOK 13,575 thousands. UBS Limited is also one of two banks that are counterparties to the Group's swaps arrangements.
- (2) NOK 1,444 thousand of the balance paid in the period ended 30 June 2011 relates to one-off payments for consultancy services in relation to the acquisition of the Company's ownership in Gassled.

Balances with related parties

Information regarding loans from related parties is provided in Note 5. Information regarding swap arrangements with related parties is provided in Note 3. Information regarding other balances with related parties is provided below.

NOK thousands

Related party	As at 30 June 2012	As at 31 December 2011
<i>Trade payables</i>		
CDC Infrastructure SA	0	432
Sandvold Energy AS (100% owned by the Chairman of the Board)	0	218

Note 8 – Events after balance sheet date

Share capital reductions

The ordinary General Meeting of the Holding Company on 10 May 2012 resolved to reduce the share capital of the Holding Company by NOK 457,262,500 to NOK 457,262,500 by reduction of par value from NOK 100 to NOK 50. The reduction of the share capital will be allocated to a fund to be used as decided by the General Meeting.

The ordinary General Meeting of the subsidiary, Njord Gas Infrastructure AS, on 10 May 2012, resolved to reduce the share capital by NOK 457,197,500 to NOK 457,197,500 by reduction of par value from NOK 100 to NOK 50. The reduction of the share capital will be allocated to a fund to be used as decided by the General Meeting.

The reductions of share capital shall take effect following notice to the creditors in accordance with the Norwegian Private Limited Liabilities Companies Act section 12-1. By the date of this report, the creditors' notice period has expired and no objections were raised by any creditor. The share capital reductions are expected to be effectuated in the second half of 2012.

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Income statement

<i>NOK thousands</i>	Note	Period ended 30 June 2012 (unaudited)	Period ended 30 June 2011 (unaudited)
Operating income		0	0
<i>Operating expense</i>			
Employee benefit expense		(32)	0
Other operating expense		(113)	(76)
Total operating expense		(145)	(76)
Operating income/(loss)		(145)	(76)
Net financial income/(expense)		(6)	0
Net income/(loss) before taxes		(151)	(76)
Income tax (expense)/credit		42	0
Net income/(loss) for the period		(109)	(76)

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Statement of financial position

<i>NOK thousands</i>	Note	As at 30 June 2012 (unaudited)	As at 31 December 2011 (audited)
Assets			
<i>Non-current assets</i>			
Deferred tax asset		129	87
Investments in subsidiaries		914,395	914,395
Total non-current assets		914,524	914,482
<i>Current assets</i>			
Cash and cash equivalents		15	8
Total current assets		15	8
Total assets		914,539	914,490
Equity and liabilities			
<i>Equity</i>			
Share capital		914,525	914,525
Total paid in capital		914,525	914,525
<i>Retained earnings</i>			
Other equity		(332)	(224)
Total equity	2	914,193	914,301
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
Loan from subsidiary	3	276	110
Total non-current liabilities		276	110
<i>Current liabilities</i>			
Trade and other payables		70	78
Total current liabilities		70	78
Total liabilities		346	188
Total equity and liabilities		914,539	914,490

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Statement of cash flow

<i>NOK thousands</i>	Note	Period ended 30 June 2012 (unaudited)	Period ended 30 June 2011 (unaudited)
<i>Cash flows from operating activities</i>			
Profit/ (Loss) before taxes		(151)	(76)
Interest expenses and finance expenses not paid		6	0
Changes in trade and other payables		(8)	76
Net cash flow from operating activities		(153)	0
<i>Cash flows from investing activities</i>			
Investment in subsidiary		0	(899,295)
Net cash flow from investing activities		0	(899,295)
<i>Cash flows from financing activities</i>			
Loan from subsidiary	3	160	0
Cash from paid in capital		0	899,295
Net cash flow from financing activities		160	899,295
Net change in cash and cash equivalents		7	0
Cash and cash equivalents at the beginning of the period		8	0
Cash and cash equivalents at the end of the period		15	0
Interest paid		0	0

Notes to the accounts

Note 1 – General accounting principles

Njord Gas Infrastructure Holding AS (the “Holding Company”)’s main business is long-term investment in gas infrastructure serving the Norwegian continental shelf. The Holding Company is a Norwegian private limited liability company headquartered in Stavanger, Norway. The Group’s main activities are carried out through its Norwegian subsidiary, Njord Gas Infrastructure AS, which holds an 8.036% interest in Gassled, which owns the Norwegian gas transport infrastructure.

The Holding Company is owned by UBS International Infrastructure Fund Holding Coöperatie U.A. (82%) and CDC Infrastructure SA (18%).

These interim condensed financial statements for the six months ended 30 June 2012 have been prepared in accordance with the provisions of the Norwegian Accounting Act and generally accepted accounting practices in Norway (“N GAAP”). NRS 11 Interim Reporting provides guidelines regarding interim reporting.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2011. The report does not include all the information and disclosure required in the annual financial statement and should be read in conjunction with the Holding Company’s annual report for the year ended 31 December 2011.

All amounts in the financial statements are stated in Norwegian Kroner (“NOK”) thousands unless stated otherwise. The interim financial statements are unaudited.

Note 2 – Reconciliation of equity

<i>NOK thousands</i>	Share capital	Other equity	Total equity
Total equity as at 31 December 2011	914,525	(224)	914,301
Net loss for the period	0	(109)	(109)
Total equity as at 30 June 2012 (1)	914,525	(332)	914,193

(1) The Ordinary General Meeting 10 May 2012 resolved to reduce the share capital by NOK 457,263 thousands and transfer the capital to other reserves. The transfer was not effective at balance sheet date and consequently not recognised. Reference is also made to Note 4.

Note 3 – Related party disclosure

The Holding Company has a loan from its subsidiary with an outstanding balance of NOK 276 thousands at balance sheet date. The final repayment date on the loan is 30 September 2028. There were no loans from related parties on 30 June 2011.

There were no sales or purchases of goods or services with related parties during first six months of 2012 or 2011.

Note 4 – Events after balance sheet date

Share capital reduction

The ordinary General Meeting of the Holding Company on 10 May 2012, resolved to reduce the share capital of the Holding Company by NOK 457,262,500 to NOK 457,262,500 by reduction of par value from NOK 100 to NOK 50. The reduction of the share capital will be allocated to a fund to be used as decided by the General Meeting.

The reduction of share capital shall take effect following notice to the creditors in accordance with the Norwegian Private Limited Liabilities Companies Act section 12-1. By the date of this report, the creditors' notice period has expired and no objections were raised by any creditor. The share capital reduction is expected to be effectuated in the second half of 2012.

Njord Gas Infrastructure Holding AS and consolidated Group

Responsibility statement

We confirm, to the best of our knowledge, that the interim financial statements for the period 1 January to 30 June 2012 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and income statement of the Holding Company and the consolidated Group.

We also confirm, to the best of our knowledge, that the interim financial report includes a true and fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements, a description of the principal risks and uncertainties facing the Holding Company and the Group and major related parties transactions.

Stavanger, 30 June 2012/29 August 2012
The Board of Directors of Njord Gas Infrastructure Holding AS



Tore I. Sandvold
Chairman



Paul J. Moy
Director



Gautier M. J. F. Chatelus
Director



Mark A. Gilligan
Director



Dan-Jarle Flølo
CEO