



CONSOLIDATED INTERIM FINANCIAL REPORT

FIRST HALF 2013

**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 2013
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 973 million (NOK 959 million). Net operating income for the period amounted to NOK 565 million (NOK 576 million).

Net financial expense of NOK 138 million (NOK 172 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 421 million (credit of NOK 412 million). The effective tax rate for the period 99% (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 income for the period amounted to NOK 6 million (loss of NOK 9 million).

At balance sheet date, total consolidated assets amounted to NOK 6,271 million (NOK 6,516 million), of which the investment in the Gassled JV (‘Gassled’) amounted to NOK 4,708 million (NOK 4,793 million). Cash and cash equivalents amounted to NOK 961 million (NOK 691 million).

The Group paid a dividend of NOK 88,306 thousands (nil) to its shareholders in the reporting period. In the comparable period previous year, the Group repaid principal of NOK 105,335 thousands on shareholder loans. The Group did not make any repayments on shareholder loans in the current period.

Regulatory developments

On 27 June 2013, the Ministry of Petroleum and Energy (‘MPE’) announced changes in the Tariff Regulation which became effective on 1 July 2013 (the ‘Amendment’). The Amendment followed from the consultation paper issued by the MPE on 15 January 2013 (the ‘Consultation Paper’) and represented only minor changes to the initial proposal.

In the Amendment, the capital element (‘K’) of the Gassled tariff was reduced by 90% for a majority of the tariff areas. The reduction will only apply for capacity booked after 1 July 2013 for use after 1 October 2016. Tariff for existing bookings are not affected by the Amendment and the operational expense element (‘O’) and the capital investment element (‘I’) of the tariff will remain unchanged.

Significant parts of the Gassled system are already booked for several years to come and so, the implications for the Group are not substantial in the short to medium term, but will

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increase over time. Based on the Group's analysis of the implications of the Amendment, the Group forecasts that it will generate sufficient cash to service all of its debt obligations.

In response to the Amendment, the Group issued a notice of intention to bring legal action (the 'Notice') against the Norwegian State represented by the MPE in accordance with section 5-2 of the Norwegian Dispute Act (Norw: tvisteloven) on 11 July 2013.

In the Notice, the Group explains its views that the MPE's decision is without legal basis and must therefore be declared invalid. On this basis, the Notice contemplates that the Group would claim compensatory damages for the loss suffered as a result of the decision. The Group's views on its legal rights were detailed in its submission to the MPE dated 15 March 2013 which was lodged in response to the Consultation Paper. The full submission is available at www.njordgasinfra.no.

As a measure to limit the State's potential liability in damages, the Group has requested that the MPE takes an initiative to amend the 'Terms and Conditions for Transportation of Gas in Gassled' to include a regulation whereby the shippers are made responsible for paying the difference between the reduced and the original tariffs should the decision to amend the Tariff Regulation be declared invalid.

Implication for bond rating

On 2 May 2013, Standard & Poor's ('S&P') issued a research update where the Njord Gas Infrastructure AS' ('NGI') bond ratings were lowered by one notch, from A- to BBB+ with a CreditWatch negative in response to the proposed reduction in Gassled tariffs. In the ratings review, S&P stated that: "*We are lowering our long-term issue ratings on the bonds issued by NGI due to the continuing lack of transparency in the process launched by the Norwegian Ministry of Petroleum & Energy ('MPE'), and the impact this has on our view of the future stability and predictability of the regulatory regime.*"

S&P further stated: "*The continuing CreditWatch placement reflects our view of the potential impact on the project's financial profile of the proposed reduction in tariffs by the MPE. We aim to resolve the CreditWatch placement following finalization of the tariff structure by the MPE.*"

Following the MPE's announcement of the Amendment, S&P issued a research update on 1 August 2013 where the bond ratings were lowered by four notches from BBB+ to BB in response to the effects on the Group's financial profile as a consequence of the Amendment. The BB rating carries a Stable Outlook and a recovery rating of '1'.

Outlook

Operation of the Group's main asset, the investment in Gassled, is running in line with expectations. Overall HSE results and availabilities are in line with targets.

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However, the Group's long term financial profile has clearly changed as a consequence of the Amendment and the Group is therefore in the process of re-assessing its financial plan and evaluating its options. As part of this process, the Group announced an invitation to purchase own bonds up to a value of NOK 300 million on 9 August 2013. The offer was structured as an 'open market repurchase' and on 22 August 2013, the Group accepted offers to buy back bonds for a nominal value of GBP 28 million at a weighted average price of 94.04 to par.

The Board of Directors expects that the legal action will require significant resources from the Group's executive management and Board of Directors over the next 3-5 years, but believes that the Group's position has a solid legal basis. The Group intends to continue to fulfil all of its obligations as owner in Gassled.

As a consequence of the significant downgrade made by S&P on the rating of the Group's bonds, the carrying value of the Group's borrowings recognized at Fair Value Through Profit and Loss may therefore reduce in the next accounting period (ref. Note 8 for events after balance sheet date). Such reduction in liabilities would have a positive impact on the Group's income statement as it would reverse unrealized losses incurred in prior periods. The Group is currently assessing the potential future accounting implications of the downgrade.

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 2012.

Njord Gas Infrastructure Holding AS and consolidated Group

NJORD GAS INFRASTRUCTURE GROUP

Consolidated income statement

<i>NOK thousands</i>	Note	Period ended 30 June 2013 (unaudited)	Period ended 30 June 2012 (unaudited)
Transportation and processing revenue		972,887	959,139
<i>Operating expense</i>			
Transportation and processing expense		(240,604)	(229,382)
Depreciation	4	(149,921)	(145,372)
Employee benefit expense		(3,897)	(3,716)
Other operating expense		(13,271)	(5,077)
Total operating expense		(407,693)	(383,548)
Net operating income/(loss)		565,194	575,591
Net financial income/(expense)	2	(137,826)	(172,441)
Net income/(loss) before taxes		427,368	403,150
Income tax (expense)/credit	6	(421,401)	(412,160)
Net income/(loss) for the period		5,967	(9,010)

Consolidated statement of comprehensive income

<i>NOK thousands</i>	Period ended 30 June 2013 (unaudited)	Period ended 30 June 2012 (unaudited)
Net income/(loss) for the period	5,967	(9,010)
Total comprehensive income/(loss)	5,967	(9,010)

Njord Gas Infrastructure Holding AS and consolidated Group

Consolidated statement of financial position

<i>NOK thousands</i>	Note	As at 30 June 2013 (unaudited)	As at 31 December 2012 (audited)
Assets			
<i>Non-current assets</i>			
Gas transportation and processing facilities	4	4,582,670	4,611,579
Buildings	4	123,315	121,839
Other fixtures & equipment	4	1,992	346
Asset retirement reimbursement		137,867	124,997
Other financial assets	3	167,826	205,436
Total non-current assets		5,013,670	5,064,196
<i>Current assets</i>			
Asset retirement reimbursement, current portion		34,017	71,576
Trade and other receivables		262,694	264,191
Cash and cash equivalents		960,488	828,853
Total current assets		1,257,199	1,164,620
Total assets		6,270,869	6,228,816
Equity and liabilities			
<i>Equity</i>			
Share capital		457,263	457,263
Other paid in capital		368,957	457,263
Retained earnings		(79,449)	(85,416)
Total equity		746,771	829,109
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
Deferred tax liabilities	6	306,047	207,320
Shareholder loans	5	161,308	156,692
Bond loans	5	4,026,584	4,050,858
Asset retirement obligation		139,688	126,835
Total non-current liabilities		4,633,627	4,541,705
<i>Current liabilities</i>			
Asset retirement obligation, current portion		34,017	71,576
Current taxes	6	416,067	423,414
Other financial liabilities	3	66,350	65,351
Bond loans	5	201,846	192,941
Trade and other payables		172,190	104,720
Total current liabilities		890,471	858,002
Total liabilities		5,524,098	5,399,707
Total equity and liabilities		6,270,869	6,228,816

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Consolidated statement of cash flow

<i>NOK thousands</i>	Note	Period ended 30 June 2013 (unaudited)	Period ended 30 June 2012 (unaudited)
<i>Cash flows from operating activities</i>			
Net income/(loss) before taxes		427,368	403,150
Depreciation	4	149,921	145,372
Interest expenses and finance expenses not paid		6,228	206
Foreign exchange and other gains and losses		41,898	72,309
Changes in trade and other receivables		1,498	37,602
Changes in trade and other payables		67,470	21,100
Changes in other long term receivables		(17)	(26,315)
Tax payments	6	(330,021)	(326,114)
Net cash flow used in operating activities		364,344	327,310
<i>Cash flows from investing activities</i>			
Investment in property plant and equipment	4	(124,134)	(82,322)
Net cash flow used in investing activities		(124,134)	(82,322)
<i>Cash flows from financing activities</i>			
Dividend payment		(88,306)	0
Repayment of shareholder loans	5	0	(105,335)
Repayment of bond loans	5	(1,601)	0
Repayment of principal on swap contracts	3	(18,668)	0
Net cash flow used in financing activities		(108,575)	(105,335)
Net change in cash and cash equivalents		131,635	139,653
Cash and cash equivalents at the beginning of the period		828,853	551,724
Cash and cash equivalents at the end of the period		960,488	691,377
Interest paid		(96,526)	(105,629)

Njord Gas Infrastructure Holding AS and consolidated Group

Consolidated statement of equity

<i>NOK thousands</i>	Nominal share capital	Other paid in capital	Retained earnings	Total equity
Total equity as at 1 January 2013	457,263	457,263	(85,416)	829,109
Total comprehensive income/(loss) for the period	0	0	5,967	5,967
Dividend	0	(88,306)	0	(88,306)
Total equity as at 30 Juni 2013	457,263	368,957	(79,449)	746,770

<i>NOK thousands</i>	Nominal share capital	Other paid in capital	Retained earnings	Total equity
Total equity as at 1 January 2012	914,525	0	(36,983)	877,542
Total comprehensive income/(loss) for the period	0	0	(9,010)	(9,010)
Total equity as at 30 June 2012 (1)	914,525	0	(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.

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 2013 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 2012.

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 2012. New and amended standards applicable for the period starting 1 January 2013 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 2013	Period ended 30 June 2012
Interest income	8,436	6,414
Net gain on derivative instruments (swaps)	0	3,810
Net currency translation effects	345	0
Total finance income	8,781	10,224
Interest expense	12,778	15,027
Net loss on derivative instruments (swaps)	47,042	0
Amortization of day 1 loss	5,725	5,725
Fair value loss on bond loans at FVTPL	79,106	161,203
Other financial expenses	1,956	686
Net currency translation effects	0	24
Total finance expense	146,607	182,665
Net financial income/(expense)	(137,826)	(172,441)

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The majority of the Group's revenues are NOK denominated and subject to annual inflation adjustments. In order to synchronize its debt exposure (ref. Note 5) to its cash flows from operations, 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 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 the long term development in the Norwegian interest rates have continued to reduce since inception of the swaps. In each reporting period since inception, this has caused a net adverse impact on the Group's financial results, 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 and liabilities

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 following tables 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

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Carrying amounts

<i>NOK thousands</i>	As at 30 June 2013	As at 31 December 2012
Fair value on derivative financial instruments	(60,728)	(27,843)
Loss on derivative instruments at inception	162,203	167,928
Less current portion (a net liability)	66,350	65,351
Other financial assets	167,826	205,436

The Group made principal payments of NOK 18,668 thousands to its swap providers in the reporting period. The Group made principal payments to its swap providers of NOK 51,578 thousands in 2012. The Group did not receive any principal payments from its swap providers in the reporting period or in 2012.

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 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 162,203 thousands at balance sheet date.

The loss reflects credit charges from the swap counterparties and 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 2012	4,878,685	129,146	12,630	373	5,020,835
Additions	163,490	4,387	0	0	167,877
Transferred from construction in progress	12,630	0	(12,630)	0	0
Disposals	0	0	0	0	0
Cost at 31 December 2012	5,054,805	133,533	0	373	5,188,712
Additions	117,080	5,370	0	1,684	124,134
Transferred from construction in progress	0	0	0	0	0
Disposals	0	0	0	0	0
Cost at 30 June 2013	5,171,885	138,903	0	2,057	5,312,845
<i>Depreciation and impairment</i>					
Accumulated at 1 January 2012	(160,295)	(4,207)	0	(6)	(164,507)
Depreciation for the year	(282,932)	(7,486)	0	(22)	(290,440)
Impairment	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated at 31 December 2012	(443,226)	(11,693)	0	(28)	(454,947)
Depreciation for the year	(145,989)	(3,894)	0	(38)	(149,921)
Impairment	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated at 30 June 2013	(589,215)	(15,587)	0	(66)	(604,868)
Carrying amount at 31 December 2012	4,611,579	121,839	0	346	4,733,764
Carrying amount at 30 June 2013	4,582,670	123,315	0	1,992	4,707,977

Depreciation plan	Linear	Linear	Linear	Linear
Estimated useful life (years)	17.6 (1)	17.6 (1)	17.6 (1)	17.6 (1)

(1) Depreciation over 17.6 years corresponds to the period from the acquisition of the interest in Gassled to the end of the current license period. Additions in 2013 is depreciated over 15.5 years.

Impairment testing

As outlined in the Board of Directors report of these financial statements, the recent amendment in the Tariff Regulation has reduced the Group's future income potential from the Gas transportation and processing facilities. On the basis of the new Tariff Regulation, the Group has tested its property, plant and equipment for impairment. The calculated recoverable amount is higher than the carrying amount and no impairment has therefore been recognized in the 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 remaining	Interest rate	Maturity	Category
NOK real bond loan (1)	NOKm 294	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 159	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

NOK thousands

As at 30 June 2013

Financial liabilities	Amortized cost	Fair value through profit or loss	Total carrying amount
Bond loans	304,842	3,923,588	4,228,430
Shareholder loans	161,308	0	161,308
Total	466,150	3,923,588	4,389,738

As at 31 December 2012

Financial liabilities	Amortized cost	Fair value through profit or loss	Total carrying amount
Bond loans	304,832	3,938,968	4,243,799
Shareholder loans	156,692	0	156,692
Total	461,524	3,938,968	4,400,491

NOK 201,846 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 2012, the current portion of bond loans amounted to NOK 192,941 thousands.

The Group repaid principal of NOK 105,335 thousands on shareholder loans in 2012. The Group did not make any repayments on shareholder loans in the reporting period.

The Group repaid principal of NOK 1,601 thousands on bond loans in the reporting period. The Group repaid principal of NOK 4,424 thousands on bond loans in 2012.

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Note 6 – Tax

Income taxes recognized in the income statement

<i>NOK thousands</i>	Period ended 30 June 2013	Period ended 31 December 2012
Tax payable	322,653	738,642
Tax payable, adjustment previous years	21	(42,821)
Change in deferred tax	98,727	103,333
Total income tax expense recognized in the income statement	421,401	799,153

Reconciliation of income tax

<i>NOK thousands</i>	Period ended 30 June 2013	Period ended 31 December 2012
Profit/(loss) before income tax	427,369	750,720
Expected income tax at nominal tax rate (28%)	119,663	210,202
Expected petroleum tax (50%)	213,684	375,360
Permanent differences (1)	56,739	113,637
Financial items	66,495	173,428
Onshore items	(26,423)	(45,457)
Uplift	(8,779)	(21,972)
Change in valuation allowance and changes related to prior years	21	(6,043)
Total income tax expense recognized in the income statement	421,401	799,153
Effective income tax rate	98.6 %	106.5 %

(1) Permanent differences mainly relate to depreciation of property, plant and equipment recognized at acquisition of interest in Gassled (section 10 resolution)

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

<i>NOK thousands</i>	As at 30 June 2013	As at 31 December 2012
Property, plant and equipment	356,700	301,697
Loans and swap contracts	(35,121)	(77,253)
Asset retirement obligation	(1,420)	(1,434)
Tax losses carried forward	(14,112)	(15,691)
Total deferred tax liabilities/(assets)	306,047	207,320
Valuation allowance for deferred tax assets	0	0
Total deferred tax liabilities/(assets) recognized	306,047	207,320

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

<i>NOK thousands</i>	As at 30 June 2013	As at 31 December 2012
Tax payable for year 2012	738,642	738,642
Tax paid for year 2012	(669,776)	(341,120)
Tax payable, adjustment previous years not yet assessed	24,549	25,892
Tax payable for year 2013	322,653	0
Total tax payable	416,067	423,414

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Note 7 – Related party disclosure

Purchases from related parties

NOK thousands

Related party	Period ended 30 June 2013	Period ended 30 June 2012
UBS International Infrastructure Fund Holding Coöperatie UA (Shareholder)	253	575
CDC Infrastructure SA (Shareholder)	0	432
Sandvold Energy AS (100% owned by the Chairman of the Board)	966	851

Amounts above are exclusive of VAT and include refunds

Balances with related parties

Information regarding swap arrangements is provided in Note 3. The swap agreements have been entered into with two counterparties, each representing 50% of the total swap arrangement. One of the counterparties, 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. Information regarding loans from related parties is provided in Note 5. Information regarding other balances with related parties is provided in the following table:

NOK thousands

Related party (1)	As at 30 June 2013	As at 31 December 2012
Trade payables		
Sandvold Energy AS (100% owned by the Chairman of the Board)	203	0

Note 8 – Events after balance sheet date

Bond rating

On 1 August 2013 S&P issued a research update where the Njord Gas Infrastructure AS' bond ratings were lowered by four notches from BBB+ to BB in response to the Amendment. The BB rating carries a Stable Outlook and a recovery rating of '1'. As a consequence of the significant downgrade on the rating of the Group's bonds, the carrying value of the Group's borrowings recognized at Fair Value Through Profit and Loss may therefore reduce in the following financial period. Such reduction in liabilities would have a positive impact on the Group's income statement as it would reverse unrealized losses incurred in prior periods. The Group is currently assessing the potential future accounting implications of the downgrade.

Notice of intention to bring legal action against the Norwegian State, represented by the MPE

On 11 July 2013, Njord Gas Infrastructure AS issued a Notice of Intention to Bring Legal Action (the "Notice") against the Norwegian State represented by the MPE in accordance with section 5-2 of the Norwegian Dispute Act (Norw: tvisteloven) in response to the Amendment.

Purchase of bonds

On 9 August 2013, Njord Gas Infrastructure AS announced an invitation to purchase own bonds up to a value of NOK 300 million. On 22 August 2013, the Group accepted offers to buy back bonds for a nominal value of GBP 28 million at a weighted average price of 94.04 to par.

Njord Gas Infrastructure Holding AS and consolidated Group

NJORD GAS INFRASTRUCTURE HOLDING AS

Income statement

<i>NOK thousands</i>	Note	Period ended 30 June 2013 (unaudited)	Period ended 30 June 2012 (unaudited)
Operating income		0	0
<i>Operating expense</i>			
Employee benefit expense		(16)	(32)
Other operating expense	3	(164)	(113)
Total operating expense		(180)	(145)
Operating income/(loss)		(180)	(145)
Net financial income/(expense)		(16)	(6)
Net income/(loss) before taxes		(196)	(151)
Income tax credit/(expense)		55	42
Net income/(loss) for the period		(141)	(109)

Njord Gas Infrastructure Holding AS and consolidated Group

Statement of financial position

<i>NOK thousands</i>	Note	As at 30 June 2013 (unaudited)	As at 31 December 2012 (audited)
Assets			
<i>Non-current assets</i>			
Deferred tax asset		236	181
Investments in subsidiaries		826,089	826,089
Total non-current assets		826,325	826,270
<i>Current assets</i>			
Dividend receivables		0	88,306
Cash and cash equivalents		2	2
Total current assets		2	88,308
Total assets		826,327	914,578
Equity and liabilities			
<i>Equity</i>			
Share capital		457,263	457,263
Other paid in capital		368,957	368,957
Total paid in capital		826,219	826,219
<i>Retained earnings</i>			
Other equity		(606)	(464)
Total equity		825,613	825,755
Liabilities			
<i>Non-current liabilities</i>			
Loan from subsidiary	3	693	476
Total non-current liabilities		693	476
<i>Current liabilities</i>			
Dividend payable		0	88,306
Trade and other payables		20	41
Total current liabilities		20	88,347
Total liabilities		713	88,823
Total equity and liabilities		826,327	914,578

Njord Gas Infrastructure Holding AS and consolidated Group

Statement of cash flow

<i>NOK thousands</i>	Note	Period ended 30 June 2013 (unaudited)	Period ended 30 June 2012 (unaudited)
<i>Cash flows from operating activities</i>			
Net income/(loss) before taxes		(196)	(151)
Interest expenses and finance expenses not paid		16	6
Changes in trade and other payables		(21)	(8)
Net cash flow used in operating activities		(200)	(153)
Net cash flow used in investing activities			
		0	0
<i>Cash flows from financing activities</i>			
Loan from subsidiary		200	160
Dividend received from subsidiary		88,306	0
Dividend paid to shareholders		(88,306)	0
Net cash flow used in financing activities		200	160
Net change in cash and cash equivalents			
		0	7
Cash and cash equivalents at the beginning of the period			
		2	8
Cash and cash equivalents at the end of the period			
		2	15
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 2013 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 2012. 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 2012.

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 paid in capital	Other equity	Total equity
Total equity as at 31 December 2012	457,263	368,957	(464)	825,755
Net loss for the period	0	0	(141)	(141)
Total equity as at 30 June 2013	457,263	368,957	(606)	825,614

Note 3 – Related party disclosure

The Holding Company has a loan from its subsidiary with an outstanding balance of NOK 693 thousands (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 2013.

The subsidiary charged the Holding Company NOK 50 thousands for administrative services, classified as *other operating expense*, in the first half of 2013. There was no other purchase of goods or services from related parties in the first six months of 2013 or in 2012.

Responsibility statement

We confirm, to the best of our knowledge, that the interim financial statements for the period 1 January to 30 June 2013 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 2013/26 August 2013
The Board of Directors of Njord Gas Infrastructure Holding AS



Tore I. Sandvold
Chairman



Mark A. Gilligan
Director



Paul J. Moy
Director



Gautier M. J. F. Chatelus
Director



Hugo J. Kaempfer
Board Member



Dan-Jarle Flølo
CEO