

Half-Yearly Financial Report

Njord Gas Infrastructure AS

For the period 1 January 2011 to 30 June 2011

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Management Report

This half-yearly financial report including the financial statements (the "**Report**") covers the period 1 January 2011 to 30 June 2011 for Njord Gas Infrastructure AS (the "**Company**").

About Njord Gas Infrastructure AS

The Company's main business is investing in gas infrastructure on the Norwegian continental shelf through Gassled – the world's largest offshore gas transmission system. The Company has its main office in Stavanger, Norway. The Company is owned 100% by Njord Gas Infrastructure Holding AS.

Key events for the six months to 30 June 2011

The following key events occurred during the six months to 30 June 2011.

- 2 February 2011 - the Company received all necessary government approvals to acquire ExxonMobil's 8.036% stake in Gassled (the "**ExxonMobil Transaction**").
- 26 May 2011 - the Company entered into swap contracts related to bonds to be issued under its NOK equivalent 10,000,000,000 Secured Note Term Programme ("**Bond Programme**") with Royal Bank of Scotland plc and UBS Limited (see Note 4).
- 9 June 2011 - the Company issued four series of bonds under the Bond Programme ("**June 2011 Bonds**") (see Note 4). The June 2011 Bond proceeds of c. NOK 4 billion were used to partly finance the ExxonMobil Transaction.
- 16 June 2011 - the Company completed the ExxonMobil Transaction and paid the purchase price.
- 20 June 2011 - the June 2011 Bonds were listed on Oslo Børs.

Key events for the six months from 1 July 2011

The following key events have occurred or are expected to occur for the six months from 1 July 2011.

- 12 August 2011 - the Company repaid its US dollar and euro denominated shareholder loans to UBS International Infrastructure Fund Holding Coöperatie UA and CDC Infrastructure SA, the shareholders of Njord Gas Infrastructure Holding AS.
- 1 September 2011 - Mr Dan Jarle Flølo will commence employment as Company chief executive officer.
- 30 September 2011 - this is the first interest payment date on the June 2011 Bonds.

Going Concern

Pursuant to § 3-3 of the Norwegian Accounting Act, we the management of the Company confirm that the conditions for continued operations as a going concern are

present for the Company and that the half-yearly financial statements have been prepared on this basis.

The financial statements

The key events that occurred during six months to 30 June 2011 have now exposed the Company to the risks outlined in section 1 of the registration document issued in respect of the Bond Programme (available on the Oslo Børs website under Njord Gas infrastructure). Those risks are mainly related to the Company's investment in Gassled and to the June 2011 Bonds.

The key events during the six months to 30 June 2011 have also had a fundamental impact upon the Company's financial statements:

- The Company's ownership in Gassled is represented for the first time.
- The Bond Programme and related swaps are also represented for the first time.
- The equity base of the Company was increased significantly to partly fund the ExxonMobil Transaction.

We the management of the Company make the following statements in relation to this Report including the half-yearly financial statements:

- To the best of our knowledge the Report has been prepared in accordance with applicable accounting standards and reflects a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- To the best of our knowledge this management report includes a fair review of the key events that have occurred during the six months to 30 June 2011 and their impact upon the half-yearly financial statements. In addition we have highlighted the principal risks and uncertainties for the six months from 1 July 2011.
- The half-yearly financial statements have not been audited or reviewed by the Company's auditors as only the Company's annual financial statements are so audited or reviewed.

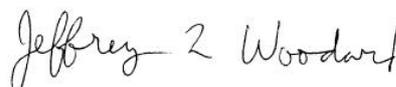
Health, safety and environment and equal opportunity

As the Company now has direct employees, it has now implemented procedures related to work environment and equal opportunity. At present there are no female members of the board of the Company. The Company works actively on measures that can reduce any negative impact on the environment.

Stavanger, 29 August 2011



Mark Andrew Gilligan
Chief Executive Officer



Jeffrey Lance Woodard
Finance Director

Financial Statements

Njord Gas Infrastructure AS

For the period 1 January 2011 to 30 June 2011

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Income statement

	Note	Period ended 30 June 2011 NOK	Period ended 30 June 2010 NOK
Transportation and processing revenue		159,053,355	-
<i>Operating expense</i>			
Transportation and processing expense		31,460,527	-
Depreciation		23,409,655	-
Other operating expense		13,083,841	1,064,104
Total operating expense		67,954,023	1,064,104
Operating income / (loss)		91,099,332	(1,064,104)
<i>Financial income and expense</i>			
Interest income		229,753	-
Other financial income		62,463,900	-
Other gains and losses		(290,746,436)	-
Interest expense	4	(4,881,866)	-
Other financial expense		(3,349,241)	-
Total financial income and expense		(236,283,890)	-
Income / (loss) before taxes		(145,184,559)	(1,064,104)
Income tax expense		(18,001,569)	-
Net income / (loss) for the period		(127,182,990)	(1,064,104)
Ordinary and diluted earnings per share		(15)	(1,064)

Statement of comprehensive income

	Period ended 30 June 2011 NOK	Period ended 30 June 2010 NOK
Total other comprehensive income	-	-
Gain / (loss) for the year	(127,182,990)	(1,064,104)
Total comprehensive gain / (loss)	(127,182,990)	(1,064,104)
Ordinary and diluted total comprehensive income per share	(15)	(1,064)

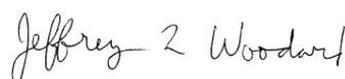
Statement of financial position

	Note	As at 30 June 2011 NOK	As at 31 Dec 2011 NOK
Assets			
<i>Non-current assets</i>			
Deferred tax asset		74,419,948	-
Gassled Infrastructure	5	4,921,112,874	14,138,327
Total non-current assets		4,995,532,822	14,138,327
<i>Current assets</i>			
Other short term receivables		296,098,461	-
Cash and bank deposits		1,148,539,672	187,381
Total current assets		1,444,638,333	187,381
Total assets		6,440,170,955	14,325,708
Equity and liabilities			
<i>Equity</i>			
Share capital	3	21,100,000	100,000
Retained earnings		(129,220,730)	(2,037,741)
Total equity		(108,120,730)	(1,937,741)
Not registered capital	3	893,295,000	15,000,000
Liabilities			
<i>Non-current liabilities</i>			
Loan from parent company		110,660	110,660
Shareholder loans	4	1,198,088,912	-
Bond loans	4	3,664,716,291	-
Other financial liabilities	4	339,283,737	-
Total non-current debt		5,202,199,600	110,660
<i>Current liabilities</i>			
Current tax payable		338,510,274	-
Other current liabilities		96,731,905	-
Trade creditors		17,544,907	1,152,789
Total current liabilities		452,797,085	1,152,789
Total equity and liabilities		6,440,170,955	14,325,708

Stavanger, 29 August 2011



Mark Andrew Gilligan
Chief Executive Officer



Jeffrey Lance Woodard
Finance Director

Statement of changes in equity

	Nominal share capital NOK	Retained earnings NOK	Total equity NOK
Total equity at incorporation as at 25 January 2010	100,000	-	100,000
Total comprehensive loss for the period		(1,064,104)	(1,064,104)
Total equity as at 30 June 2010	100,000	(1,064,104)	(964,104)

	Nominal share capital NOK	Retained earnings NOK	Total equity NOK
Total equity as at 1 January 2011	100,000	(2,037,741)	(1,937,741)
Total comprehensive income for the period		(127,182,990)	(127,182,990)
Increase in share capital	21,000,000		21,000,000
Total equity as at 30 June 2011	21,100,000	(129,220,730)	(108,120,730)

Cash flow statement

	Note	Period ended 30 June 2011 NOK	Period ended 30 June 2010 NOK
<i>Cash flows from operating activities</i>			
Profit / (loss) before taxes		(145,184,559)	(1,064,104)
Depreciation		23,409,655	-
Interest expenses not paid		4,132,400	-
Interest income not received		(229,753)	-
Other gains and losses		290,746,436	-
Changes in other short term asset and liabilities		(174,853,271)	-
Change in trade payables		113,134,022	1,064,104
Foreign exchange effects		(61,340,562)	-
Net cash flow from operating activities		49,814,368	-
<i>Cash flows from investing activities</i>			
Investment costs – acquisition of joint venture	2	(4,769,307,743)	-
Net cash flow from investing activities		(4,769,307,743)	-
<i>Cash flows from financing activities</i>			
Cash in from paid in capital	3	6,000,000	-
Not registered capital increase	3	893,295,000	-
Issue of bond loans	4	3,772,089,626	-
Shareholder loans	4	1,196,461,040	-
Net cash flow from financing activities		5,867,845,666	-
Net change in cash and cash equivalents		1,148,352,291	-
Cash and cash equivalents at the beginning of the period		187,431	100,000
Cash and cash equivalents at the end of the period		1,148,539,672	100,000
Interest paid		-	-

Notes to the accounts

Note 1 General information

The main business of Njord Gas Infrastructure AS (the "**Company**") is investing in gas infrastructure on the Norwegian continental shelf through Gassled – the world's largest offshore gas transmission system. The Company has its main office in Stavanger, Norway. The Company is owned 100% by Njord Gas Infrastructure Holding AS. On 16 June 2011 the Company completed its acquisition of an 8.036% interest in Gassled.

This Report covers the period from 1 January 2011 to 30 June 2011 and has been prepared in accordance with IAS 34 Interim Financial Reporting. The Report does not include all of the information and disclosure required in the annual financial report and should be read in conjunction with the Company's annual report for the year ending 31 December 2010.

The accounting policies adopted in the preparation of this Report are consistent with those followed in the preparation of the Company's annual report for the year ending 31 December 2010 except for those discussed below. New and amended IFRS standards applicable for the period starting 1 January 2011 currently do not apply to the Company's financial statements.

Accounting principles not described in the 2010 financial statements

Financial instruments - derivatives

Derivative instruments, swaps for currency, interest rates and inflation, are classified as financial assets or liabilities at Fair Value Through Profit or Loss ("**FVTPL**"). Financial instruments at FVTPL are stated at fair value in the statement of financial position, with any gains or losses arising on re-measurement recognised in profit or loss.

Financial instruments – bond loans at FVTPL

Three of the four bond series (excepting the NOK real bond loan) in the June 2011 Bonds will be designated at FVTPL upon initial recognition. This has been done because the Company has also entered corresponding swap contracts that exchange its economic exposure to local currency nominal debt service for NOK inflation linked debt service (see Note 4). Given the relationship between the swaps and the bonds in question the Company will apply FVTPL to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise related to the swaps.

The June 2011 Bonds recognised at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest expense on the financial liability and is included in the "other gains and losses" line in the income statement.

Note 2 Acquisition of interest in Gassled

On 16 June 2011 the Company completed its acquisition of an 8.036% interest in Gassled.

As further described in the accounting principles in the Company's annual report for the year ending 31 December 2010, it is assessed that this transaction does not represent a business combination. The consideration and transaction costs have consequently been allocated between identifiable assets acquired and liabilities incurred. This allocation of the consideration and transaction costs is provisional and may be subject to amendment prior to this initial recognition if new information is provided regarding conditions that existed at the transaction date. As of 30 June the acquired non current asset is presented in the balance sheet as Gassled Infrastructure, with the working capital interests in the joint ventures presented as part of the current assets and current liabilities for the Company. Current taxes as of the transaction date have been recorded in the balance sheet.

Note 3 Share capital

	Shares	Ownership
Njord Gas Infrastructure Holding AS	211,000	100%
Total number of shares	211,000	100%

8,932,950 additional shares have been issued as of 30 June 2011. This capital increase has not been formally registered as of 30 June 2011 and is presented as Not registered capital in the equity section of the balance sheet. All of these additional shares are owned by Njord Gas Infrastructure Holding AS.

Note 4 Borrowings

Financial instruments – bond loans and shareholder loans

To finance its acquisition of an interest in Gassled, the Company has entered into several loan agreements. The table below summarises the contracts:

	Nominal amount	Interest rate	Maturity
NOK real bond loan (1)	NOK 300,000,000.00	4.3000%	30 Sept. 2027
NOK nominal bond loan (2)	NOK 550,000,000.00	6.1525%	30 Sept. 2027
GBP nominal bond loan (3)	GBP 165,000,000.00	5.2410%	30 Sept. 2027
USD nominal bond loan (4)	USD 265,000,000.00	5.1000%	30 Sept. 2027
USD shareholder loans from UBS (5)	USD 127,398,636.76	6.0000%	Repaid in Aug 2011
NOK shareholder loan from UBS (5)	NOK 289,962,954.66	6.0000%	30 Sept. 2028
EUR shareholder loan from CDC (5)	EUR 19,773,850.36	6.0000%	Repaid in Aug 2011
NOK shareholder loan from CDC (5)	NOK 63,650,404.68	6.0000%	30 Sept. 2028

(1) Series 1 - 4.3000 % NOK Njord Gas Infrastructure AS Index Linked Bond Issue 2011/2027
ISIN NO 001 060768.2

(2) Series 2 - 6.1525 % Njord Gas Infrastructure AS Senior Secured Bond Issue 2011/2027
ISIN NO 001 060769.0

(3) Series 3 - 5.2410 % GBP Njord Gas Infrastructure AS Senior Secured Bond Issue 2011/2027
ISIN NO 001 061111..

(4) Series 4 - 5.1000 % USD Njord Gas Infrastructure AS Senior Secured Bond Issue 2011/2027
ISIN NO 001 061112.2

(5) Both UBS International Infrastructure Fund Holding Coöperatie UA and CDC Infrastructure SA are shareholders of the Holding Company

The bond loans were issued by the Company on 9 June 2011 and were listed on the Oslo Børs on 20 June 2011. The Company will pay interest semi-annually and will repay the principal in instalments over time with the final instalment on 30 September 2027.

Financial instruments – derivative instruments

The Company has entered into a series of swap contracts with the Royal Bank of Scotland plc and UBS Limited (collectively the “**Swap Providers**”). The swaps are matched exactly to each bond tranche (timing, payment structure, maturity) so that the Company exchanges its economic exposure to local currency nominal debt service for NOK inflation linked debt service (see table below):

	Company pays to Swap Providers	Company receives from Swap Providers	Maturity
USD nominal bond loan / swaps	NOK inflation linked interest and principal	USD nominal interest and principal	30 Sept. 2027
GBP nominal bond loan / swaps	NOK inflation linked interest and principal	GBP nominal interest and principal	30 Sept. 2027
NOK nominal bond loan / swaps	NOK inflation linked interest and principal	NOK nominal interest and principal	30 Sept. 2027

The purpose of these swap contracts is the following:

a) Reduce bond loan currency risk

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

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

Through the Company’s investment in Gassled, Company receives an inflation adjusted NOK revenue stream and pays costs that are predominantly in NOK and inflation adjusted. By executing the swap contracts with the Swap providers, the Company has exchanged local currency nominal bond debt service (NOK nominal bond loan, USD nominal bond loan, GBP nominal bond loan) for NOK inflation linked debt service that matches the underlying inflation linked NOK cash flows that come from its investment in Gassled.

Note 5 Related party disclosures

a) Transactions and balances with related parties

The Company has shareholder loans with related parties described in Note 3 above. The Company also has swap contracts with UBS Limited as described in Note 4 above.

b) Transactions with related parties

The Company has paid NOK 13.5 million to UBS Limited for its role as bond joint lead arranger. Both UBS International Infrastructure Fund Holding Coöperatie UA and CDC Infrastructure SA have incurred travel and entertainment expenses related to the ExxonMobil transaction and to ongoing management of the Company and provisions have been made for these amounts.