



## **CONSOLIDATED INTERIM FINANCIAL REPORT**

**FIRST HALF 2015**

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

## Njord Gas Infrastructure Holding AS and consolidated Group

### Njord Gas Infrastructure Group

	<b>Page</b>
<b>Consolidated interim financial report H1-2015</b>	2
<b>Consolidated income statement</b>	4
<b>Consolidated statement of comprehensive income</b>	4
<b>Consolidated statement of financial position</b>	5
<b>Consolidated statement of cash flow</b>	6
<b>Consolidated statement of changes in equity</b>	7
<b>Notes to the consolidated financial statements</b>	
Note 1 - General accounting principles	8
Note 2 - Financial income and expense	8
Note 3 - Other financial assets and liabilities	10
Note 4 - Property, plant and equipment	12
Note 5 - Shareholder loans and bond loans	13
Note 6 - Tax	14
Note 7 - Related party disclosure	15

### Njord Gas Infrastructure Holding AS

	<b>Page</b>
<b>Income statement</b>	16
<b>Statement of financial position</b>	17
<b>Statement of cash flow</b>	18
<b>Responsibility statement</b>	21
<b>Notes to the financial statements</b>	
Note 1 - General accounting principles	19
Note 2 - Reconciliation of equity	19
Note 3 - Related party disclosure	20

**CONSOLIDATED INTERIM FINANCIAL REPORT FIRST HALF OF 2015  
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 992 million (NOK 1,022 million). Net operating income for the period amounted to NOK 603 million (NOK 629 million).

Net financial expense of NOK 11 million (NOK 230 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 468 million (NOK 427 million). The effective tax rate for the period was 79% (107%).

Net income for the period amounted to NOK 124 million (net loss of NOK 28 million).

At balance sheet date, total consolidated assets amounted to NOK 6,653 million (NOK 5,923 million), of which the investment in the Gassled JV (‘Gassled’) amounted to NOK 4,576 million (NOK 4,648 million). Cash and cash equivalents amounted to NOK 536 million (NOK 468 million).

Net consolidated cash flow for the period was NOK 22 million (NOK 53 million). A detailed cash flow statement is included in the financial statements. The Holding Company paid a dividend of NOK 150 million (NOK 250 million) to its shareholders in the reporting period. The Group also paid net principal payments of NOK 75 million (NOK 26 million) to its swap providers and NOK 13 million (NOK 2 million) in nominal value of the NOK 300 million index linked tranche in accordance with the terms of the agreements.

**Regulatory developments**

On 27 June 2013, the Ministry of Petroleum and Energy (‘MPE’) announced changes in the Tariff Regulation (the ‘Amendment’) which reduces the future income basis for the Group significantly. The implications for the Group are not substantial in the short to medium term, but will increase over time as new bookings at lower tariffs start to account for a higher proportion of the revenue basis.

In response to the Amendment, Njord Gas Infrastructure AS filed a writ of summons to initiate legal proceedings against the MPE on 16 January 2014. In the writ of summons, Njord Gas Infrastructure AS argues that the MPE’s decision to reduce the Gassled tariffs does not have sufficient legal basis and must therefore be ruled invalid and claims compensatory damages for the loss incurred as a result of the decision. The hearing took place in Oslo City Court in April-June 2015. The verdict is expected in September/October 2015.

### **Outlook**

With the exception of the ongoing tariff dispute, operation of the Group's main asset, the investment in Gassled, is running in line with expectations. Deliverability was 99.2% for the period and overall HSE results are good.

However, the Group's long term financial profile has clearly changed as a consequence of the Amendment. The Board of Directors expects that the ongoing legal processes will continue to require significant resources from the executive management and Board of Directors over the next 2-4 years. The Board of Directors views the Group's legal position as solid, but recognizes that there is always uncertainty associated with litigation processes. The final outcome of the court case is therefore considered uncertain. The Group intends to continue to fulfil all of its obligations as owner in Gassled.

The Board is not aware of any additional risk factors facing the Group other than those outlined in this report and in the Board of Directors' report for the year ended 31 December 2014.

**NJORD GAS INFRASTRUCTURE GROUP**

**Consolidated income statement**

<i>NOK thousands</i>	Note	Period ended 30 June 2015 (unaudited)	Period ended 30 June 2014 (unaudited)
<b>Transportation and processing revenue</b>		<b>992,360</b>	<b>1,022,214</b>
<i>Operating expense</i>			
Transportation and processing expense		(201,583)	(218,059)
Depreciation	4	(166,215)	(157,337)
Employee benefit expense		(3,914)	(5,712)
Other operating expense		(17,591)	(12,150)
<b>Total operating expense</b>		<b>(389,304)</b>	<b>(393,258)</b>
<b>Net operating income/(loss)</b>		<b>603,056</b>	<b>628,955</b>
<b>Net financial income/(expense)</b>	2	<b>(10,751)</b>	<b>(229,520)</b>
<b>Net income/(loss) before taxes</b>		<b>592,305</b>	<b>399,435</b>
Income tax (expense)/credit	6	(468,379)	(426,937)
<b>Net income/(loss) for the period</b>		<b>123,927</b>	<b>(27,502)</b>

**Consolidated statement of comprehensive income**

<i>NOK thousands</i>	Period ended 30 June 2015 (unaudited)	Period ended 30 June 2014 (unaudited)
Net income/(loss) for the period	123,927	(27,502)
<b>Total comprehensive income/(loss)</b>	<b>123,927</b>	<b>(27,502)</b>

## Njord Gas Infrastructure Holding AS and consolidated Group

### Consolidated statement of financial position

<i>NOK thousands</i>	Note	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
<b>Assets</b>			
<i>Non-current assets</i>			
Gas transportation and processing facilities	4	4,427,616	4,485,354
Buildings	4	110,198	113,250
Construction in progress	4	37,751	36,008
Other fixtures & equipment	4	747	776
Asset retirement reimbursement		8,920	11,302
Other financial assets	3	1,100,103	888,117
<b>Total non-current assets</b>		<b>5,685,336</b>	<b>5,534,805</b>
<i>Current assets</i>			
Asset retirement reimbursement, current portion		10,768	67,453
Trade and other receivables		300,191	299,507
Other financial assets, current portion	3	121,513	0
Cash and cash equivalents		535,513	513,812
<b>Total current assets</b>		<b>967,985</b>	<b>880,772</b>
<b>Total assets</b>		<b>6,653,321</b>	<b>6,415,577</b>
<b>Equity and liabilities</b>			
<i>Equity</i>			
Share capital		228,631	228,631
Other paid in capital		265,655	265,655
Retained earnings		205,983	232,056
<b>Total equity</b>		<b>700,269</b>	<b>726,342</b>
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
Deferred tax liabilities	6	1,052,192	902,157
Shareholder loans	5	181,479	176,260
Bond loans	5	3,700,919	3,663,179
Asset retirement obligation		10,455	12,923
<b>Total non-current liabilities</b>		<b>4,945,045</b>	<b>4,754,518</b>
<i>Current liabilities</i>			
Asset retirement obligation, current portion		10,768	67,453
Current taxes	6	312,745	276,677
Other financial liabilities	3	0	10,226
Bond loans	5	558,807	422,033
Trade and other payables		125,687	158,328
<b>Total current liabilities</b>		<b>1,008,006</b>	<b>934,717</b>
<b>Total liabilities</b>		<b>5,953,052</b>	<b>5,689,235</b>
<b>Total equity and liabilities</b>		<b>6,653,321</b>	<b>6,415,577</b>

## Njord Gas Infrastructure Holding AS and consolidated Group

### Consolidated statement of cash flow

<i>NOK thousands</i>	Note	Period ended 30 June 2015 (unaudited)	Period ended 30 June 2014 (unaudited)
<b><i>Cash flows from operating activities</i></b>			
Net income/(loss) before taxes		592,305	399,435
Depreciation	4	166,215	157,337
Interest expenses and finance expenses not paid		7,154	9,921
Foreign exchange and other gains and losses		(83,085)	132,284
Changes in trade and other receivables		(684)	(10,962)
Changes in trade and other payables		(32,613)	46,880
Changes in other long term receivables		110	0
Tax payments	6	(282,275)	(277,830)
<b>Net cash flow from/(used in) operating activities</b>		<b>367,127</b>	<b>457,066</b>
<b><i>Cash flows from investing activities</i></b>			
Investment in property plant and equipment	4	(107,365)	(125,792)
<b>Net cash flow used in investing activities</b>		<b>(107,365)</b>	<b>(125,792)</b>
<b><i>Cash flows from financing activities</i></b>			
Dividend payments		(150,000)	(250,000)
Payment of principal bond loans	5	(12,933)	(2,391)
Repayment of principal on swap contracts	5	(75,128)	(25,865)
<b>Net cash flow used in financing activities</b>		<b>(238,061)</b>	<b>(278,256)</b>
<b>Net change in cash and cash equivalents</b>		<b>21,701</b>	<b>53,018</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>513,812</b>	<b>415,314</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>535,513</b>	<b>468,332</b>
Interest paid		(88,386)	(89,918)

## Njord Gas Infrastructure Holding AS and consolidated Group

### Consolidated statement of equity

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<i>NOK thousands</i>	<b>Nominal share capital</b>	<b>Other paid in capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
Total equity as at 1 January 2014	228,631	377,588	238,067	<b>844,287</b>
Total comprehensive income/(loss) for the year	0	0	(27,502)	<b>(27,502)</b>
Dividend	0	(11,933)	(238,067)	<b>(250,000)</b>
<b>Total equity as at 30 June 2014</b>	<b>228,631</b>	<b>365,655</b>	<b>(27,502)</b>	<b>566,784</b>

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<i>NOK thousands</i>	<b>Nominal share capital</b>	<b>Other paid in capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
Total equity as at 1 January 2015	228,631	265,655	232,056	<b>726,342</b>
Total comprehensive income/(loss) for the year	0	0	123,927	<b>123,927</b>
Dividend	0	0	(150,000)	<b>(150,000)</b>
<b>Total equity as at 30 June 2015</b>	<b>228,631</b>	<b>265,655</b>	<b>205,983</b>	<b>700,269</b>

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## **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 2015 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 2014.

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 2014. New and amended standards applicable for the period starting 1 January 2015 do currently not have any effect on 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>	<b>Period ended 30 June 2015</b>	<b>Period ended 30 June 2014</b>
Interest income	3,427	3,972
Net gain on derivative instruments (swaps)	306,407	34,676
Net currency translation effects	(252)	132
<b>Total finance income</b>	<b>309,582</b>	<b>38,780</b>
Interest expense	13,586	16,476
Amortization of day 1 loss	5,217	5,217
Fair value loss on bond loans at FVTPL	301,965	245,118
Other financial expenses	(435)	1,490
<b>Total finance expense</b>	<b>320,333</b>	<b>268,301</b>
<b>Net financial income/(expense)</b>	<b>(10,751)</b>	<b>(229,520)</b>

## Njord Gas Infrastructure Holding AS and consolidated Group

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.

During the first half of 2015 market expectations for future development in the Norwegian interest rates increased for the first reporting period since inception of the swaps. This benefits the Group's financial results for the reporting period by reversal of previous periods' losses and does not reflect the underlying exposure of the Group's operations overall. These effects are 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 thus 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.

### *Critical judgments in measuring fair value*

Assumptions applied for the purpose of estimating the fair value of the Group's nominal bond loan series and related swaps include expectations for future Norwegian interest rate, credit spread and future CPI. For the swapped position of the Group, an increase in a) Norwegian interest rates will have a favorable impact on the Group's income statement and vice versa, b) credit spread will have a favorable impact on the Group's income statement and vice versa, and c) CPI will have an adverse impact on the Group's income statement and vice versa. For example (assuming all other variables kept constant):

*a) If expectations for future Norwegian interest rates at 30 June 2015 had been:*

- 50bps higher, then profit before tax would have been NOK 105.5 million higher
- 50bps lower, then profit before tax would have been NOK 110.2 million lower

Management's estimate of change in credit spread since inception as applied in relation to these financial statements is 325bps.

*b) If the change in credit spread at 30 June 2015 had been:*

- 25bps higher, then profit before tax would have been NOK 47.1 million higher
- 25bps lower, then profit before tax would have been NOK 48.0 million lower

## Njord Gas Infrastructure Holding AS and consolidated Group

- 50bps higher, then profit before tax would have been NOK 93.2 million higher
- 50bps lower, then profit before tax would have been NOK 97.1 million lower

Management's estimate of the long term CPI as applied in relation to these financial statements is 1.75%.

*c) If expectations for future CPI at 30 June 2015 had been:*

- 25bps higher, then profit before tax would have been NOK 50.6 million lower
- 25bps lower, then profit before tax would have been NOK 49.8 million higher
- 50bps higher, then profit before tax would have been NOK 102.0 million lower
- 50bps lower, then profit before tax would have been NOK 98.7 million higher

### 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's effective debt service exposure is NOK denominated inflation linked. The following tables summarize the contracts and the carrying amounts.

#### Summary of contracts

<b>Bond loan/swap contracts</b>	<b>Group pays to swap providers</b>	<b>Group receives from swap providers</b>	<b>Maturity</b>
USD 265m nominal	NOK inflation linked interest and principal	USD nominal interest and principal	30 Sept. 2027
GBP 165m nominal <sup>1)</sup>	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

*1) GBP 28m of the total issued amount of GBP165m is held as treasury bonds following a buy back in 2013. The equivalent swap position was settled in the same year.*

#### Carrying amounts

<i>NOK thousands</i>	<b>As at 30 June 2015</b>	<b>As at 31 December 2014</b>
Fair value on derivative financial instruments	1,094,681	745,740
Loss on derivative instruments at inception	126,935	132,151
Less current portion	(121,513)	10,226
<b>Other financial assets</b>	<b>1,100,103</b>	<b>888,117</b>

## Njord Gas Infrastructure Holding AS and consolidated Group

### *Reconciliation of fair value measurement*

<i>NOK thousands</i>	As at 30 June 2015	As at 31 December 2014
<b>Opening balance fair value derivative financial instruments</b>	<b>745,740</b>	<b>76,001</b>
Payments of principal amounts	75,128	113,620
Net receipt of interest payments	(32,594)	(24,471)
Gain/(loss) from fair value remeasurements recognised in income statement	306,407	580,590
<b>Ending balance fair value derivative instruments</b>	<b>1,094,682</b>	<b>745,740</b>

### *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 flows 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. The loss reflects credit charges from the swap counterparties and a limited market for such transactions. 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 126,935 thousands at balance sheet date (NOK 132,151 thousands as at 31 December 2014).

## Njord Gas Infrastructure Holding AS and consolidated Group

### 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>					
<b>Cost at 1 January 2014</b>	<b>5,279,092</b>	<b>137,854</b>	<b>20,764</b>	<b>687</b>	<b>5,438,397</b>
Additions since acquisition	256,447	2,835	15,244	190	274,715
Disposals	0	0	0	0	0
<b>Cost at 31 December 2014</b>	<b>5,535,539</b>	<b>140,689</b>	<b>36,008</b>	<b>877</b>	<b>5,713,112</b>
Additions	104,373	1,012	1,743	13	107,141
Transferred from construction in progress	0	0	0	0	0
Disposals	0	0	0	0	0
<b>Cost at 30 June 2015</b>	<b>5,639,911</b>	<b>141,701</b>	<b>37,751</b>	<b>890</b>	<b>5,820,253</b>
<i>Depreciation and impairment</i>					
<b>Accumulated at 1 January 2014</b>	<b>(738,671)</b>	<b>(19,447)</b>	<b>0</b>	<b>(59)</b>	<b>(758,177)</b>
Depreciation for the year	(311,514)	(7,991)	0	(42)	(319,547)
Impairment	0	0	0	0	0
Disposals	0	0	0	0	0
<b>Accumulated at 31 December 2014</b>	<b>(1,050,184)</b>	<b>(27,439)</b>	<b>0</b>	<b>(101)</b>	<b>(1,077,724)</b>
Depreciation for the period	(162,111)	(4,063)	0	(40)	(166,215)
Impairment	0	0	0	0	0
Disposals	0	0	0	0	0
<b>Accumulated at 30 June 2015</b>	<b>(1,212,296)</b>	<b>(31,502)</b>	<b>0</b>	<b>(141)</b>	<b>(1,243,939)</b>
Carrying amount at 31 December 2014	4,485,354	113,250	36,008	775	4,635,387
<b>Carrying amount at 30 June 2015</b>	<b>4,427,616</b>	<b>110,198</b>	<b>37,751</b>	<b>747</b>	<b>4,576,314</b>
Depreciation plan	Linear	Linear		Linear	
<b>Estimated useful life (years)</b>	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 2015 is depreciated over 13.5 years.

#### **Impairment testing**

As outlined in the Board of Directors report of these financial statements, an amendment in the Tariff Regulation was effectuated in 2013 which reduced the Group's future income potential from the *Gas transportation and processing facilities*. On the basis of the new Tariff Regulation, the Group latest tested its property, plant and equipment for impairment as at 31 December 2014. The calculated recoverable amount was higher than the carrying amount and no impairment was recognized in the period. There is no new information which would cause any amendment to this assessment as per 30 June 2015.

## Njord Gas Infrastructure Holding AS and consolidated Group

### 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 in June 2011 and are listed on the Oslo Stock Exchange. Interest is paid semi-annually. In August 2013, the Group bought back GBP 28 million of the GBP nominal bond loan. The acquired bonds are held as treasury bonds. The tables below summarize the contracts and the carrying amounts.

#### Summary of contracts

<b>Loan</b>	<b>Nominal amount remaining</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Category</b>
NOK real bond loan (1)	NOKm 273	4.3000%	30 Sept. 2027	Amortized cost
NOK nominal bond loan (2)	NOKm 549	6.1525%	30 Sept. 2027	FVTPL
GBP nominal bond loan (3)	GBPm 137	5.2410%	30 Sept. 2027	FVTPL
USD nominal bond loan (4)	USDm 265	5.1000%	30 Sept. 2027	FVTPL
NOK shareholder loans	NOKm 169	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 (excluding treasury bonds)

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

#### Carrying amounts

NOK thousands

As at 31 December 2014

<b>Financial liabilities</b>	<b>Amortized cost</b>	<b>Fair value through profit or loss</b>	<b>Total carrying amount</b>
Bond loans	300,686	3,784,526	<b>4,085,212</b>
Shareholder loans	176,260	0	<b>176,260</b>
<b>Total</b>	<b>476,946</b>	<b>3,784,526</b>	<b>4,261,472</b>

As at 30 June 2015

<b>Financial liabilities</b>	<b>Amortized cost</b>	<b>Fair value through profit or loss</b>	<b>Total carrying amount</b>
Bond loans	295,009	3,964,717	<b>4,259,726</b>
Shareholder loans	181,479	0	<b>181,479</b>
<b>Total</b>	<b>476,488</b>	<b>3,964,717</b>	<b>4,441,205</b>

NOK 558,807 thousands of the carrying amount of bond loans was due within the next twelve months of balance sheet date and therefore classified as 'current liabilities' (NOK 422,033 thousands as at 31 December 2014). The Group did not make any repayments on shareholder loans in the reporting period (nil in the first half of 2014). The Group repaid principal of NOK 8,529 thousands, GBP 275 thousands and USD 442 thousands on bond loans in the reporting period (NOK 2,391 thousands in the first half of 2014).

## Njord Gas Infrastructure Holding AS and consolidated Group

### Note 6 – Tax

#### Income taxes recognized in the income statement

<i>NOK thousands</i>	Period ended 30 June 2015	Period ended 31 December 2014
Tax payable	318,343	627,710
Tax payable, adjustment previous years	0	702
Change in deferred tax	150,035	349,281
<b>Total income tax expense recognized in the income statement</b>	<b>468,379</b>	<b>977,694</b>

#### Reconciliation of income tax

<i>NOK thousands</i>	Period ended 30 June 2015	Period ended 31 December 2014
<b>Profit/(loss) before income tax</b>	<b>592,305</b>	<b>1,209,750</b>
Expected income tax at nominal tax rate (27%)	159,922	326,632
Expected petroleum tax (51%)	302,076	616,972
Permanent differences (1)	56,196	112,891
Financial items	(4,536)	25,099
Onshore items	(33,859)	(80,943)
Uplift	(11,421)	(22,969)
Change in valuation allowance and changes related to prior years	0	11
<b>Total income tax expense recognized in the income statement</b>	<b>468,379</b>	<b>977,694</b>
<b>Effective income tax rate</b>	<b>79.1 %</b>	<b>80.8 %</b>

(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>	Period ended 30 June 2015	Period ended 31 December 2014
Property, plant and equipment	590,028	549,218
Loans and swap contracts	478,717	369,516
Asset retirement obligation	(1,197)	(1,264)
Tax losses carried forward	(15,357)	(15,313)
Total deferred tax liabilities/(assets)	1,052,192	902,157
<b>Total deferred tax liabilities/(assets) recognized</b>	<b>1,052,192</b>	<b>902,157</b>

Deferred tax is calculated based on tax rates applicable at balance sheet date. Ordinary income tax is 27% , to which is added a special petroleum tax for oil and gas companies at the rate of 51%, giving a total tax rate of 78%.

#### Tax payable

<i>NOK thousands</i>	Period ended 30 June 2015	Period ended 31 December 2014
Tax payable for year 2014	627,710	627,710
Tax paid for year 2014	(666,254)	(383,979)
Tax payable for year 2015	318,343	0
Tax payable, adjustment previous years not yet assessed	32,945	32,945
<b>Total tax payable</b>	<b>312,745</b>	<b>276,677</b>

## Njord Gas Infrastructure Holding AS and consolidated Group

### Note 7 – Related party disclosure

#### *Purchases from related parties*

*NOK thousands*

<b>Related party</b>	<b>Period ended 30 June 2015</b>	<b>Period ended 30 June 2014</b>
UBS International Infrastructure Fund Holding Coöperatie UA (1)	75	84
CDC Infrastructure SA (1)	35	29
Sandvold Energy AS (100% owned by the Chairman of the Board)	1,342	1,068

(1) The purchases relate to rebilling of expenses incurred in relation to the management of Njord Gas Infrastructure AS.

#### *Other balances with related parties*

*NOK thousands*

<b>Related party</b>	<b>Period ended 30 June 2015</b>	<b>Period ended 31 December 2014</b>
<b>Trade payables</b>		
UBS International Infrastructure Fund Holding Coöperatie UA	75	60
CDC Infrastructure SA	35	30
Sandvold Energy AS (100% owned by the Chairman of the Board)	20	210



## Njord Gas Infrastructure Holding AS and consolidated Group

### NJORD GAS INFRASTRUCTURE HOLDING AS

#### Income statement

<i>NOK thousands</i>	Note	Period ended 30 June 2015 (unaudited)	Period ended 30 June 2014 (unaudited)
<b>Operating income</b>		<b>0</b>	<b>0</b>
<i>Operating expense</i>			
Employee benefit expense		(14)	(29)
Other operating expense	3	(108)	(136)
<b>Total operating expense</b>		<b>(122)</b>	<b>(165)</b>
<b>Operating income/(loss)</b>		<b>(122)</b>	<b>(165)</b>
<b>Net financial income/(expense)</b>		<b>(41)</b>	<b>(38)</b>
<b>Net income/(loss) before taxes</b>		<b>(163)</b>	<b>(202)</b>
Income tax (expense)/credit		44	55
<b>Net income/(loss) for the period</b>		<b>(119)</b>	<b>(148)</b>

## Njord Gas Infrastructure Holding AS and consolidated Group

### Statement of financial position

<i>NOK thousands</i>	Note	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
<b>Assets</b>			
<i>Non-current assets</i>			
Deferred tax asset		400	356
Investments in subsidiaries		577,175	577,175
<b>Total non-current assets</b>		<b>577,575</b>	<b>577,531</b>
<i>Current assets</i>			
Dividend receivables		0	150,000
Cash and cash equivalents		115	38
<b>Total current assets</b>		<b>115</b>	<b>150,038</b>
<b>Total assets</b>		<b>577,690</b>	<b>727,569</b>
<b>Equity and liabilities</b>			
<i>Equity</i>			
Share capital		228,631	228,631
Other paid in capital		265,655	265,655
<b>Total paid in capital</b>		<b>494,286</b>	<b>494,286</b>
<i>Retained earnings</i>			
Other equity	2	81,937	82,056
<b>Total equity</b>		<b>576,223</b>	<b>576,342</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Loan from subsidiary		1,439	1,198
<b>Total non-current liabilities</b>		<b>1,439</b>	<b>1,198</b>
<i>Current liabilities</i>			
Dividend payable		0	150,000
Trade and other payables		28	29
<b>Total current liabilities</b>		<b>28</b>	<b>150,029</b>
<b>Total liabilities</b>		<b>1,467</b>	<b>151,227</b>
<b>Total equity and liabilities</b>		<b>577,690</b>	<b>727,569</b>

## Njord Gas Infrastructure Holding AS and consolidated Group

### Statement of cash flow

<i>NOK thousands</i>	Note	Period ended 30 June 2015 (unaudited)	Period ended 30 June 2014 (unaudited)
<b><i>Cash flows from operating activities</i></b>			
Net income/(loss) before taxes		(163)	(202)
Interest expenses and finance expenses not paid		44	55
Changes in trade and other payables		(1)	(1)
<b>Net cash flow used in operating activities</b>		<b>(120)</b>	<b>(149)</b>
<b><i>Cash flows from investing activities</i></b>			
Dividends received		150,000	250,000
<b>Net cash flow used in investing activities</b>		<b>150,000</b>	<b>250,000</b>
<b><i>Cash flows from financing activities</i></b>			
Loan from subsidiary		197	133
Dividend paid to shareholders		(150,000)	(250,000)
<b>Net cash flow used in financing activities</b>		<b>(149,803)</b>	<b>(249,867)</b>
<b>Net change in cash and cash equivalents</b>		<b>77</b>	<b>(16)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>38</b>	<b>96</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>115</b>	<b>80</b>
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 2015 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 2014. 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 2014.

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>	<b>Share capital</b>	<b>Other paid in capital</b>	<b>Other equity</b>	<b>Total equity</b>
<b>Total equity as at 1 January 2014</b>	<b>228,631</b>	<b>365,655</b>	<b>0</b>	<b>594,286</b>
Net loss for the period	0	0	(148)	(148)
<b>Total equity as at 30 June 2014</b>	<b>228,631</b>	<b>365,655</b>	<b>(148)</b>	<b>594,139</b>
<b>Total equity as at 1 January 2015</b>	<b>228,631</b>	<b>265,655</b>	<b>82,056</b>	<b>576,342</b>
Net loss for the period	0	0	(119)	(119)
<b>Total equity as at 30 June 2015</b>	<b>228,631</b>	<b>265,655</b>	<b>81,937</b>	<b>576,223</b>

**Note 3 – Related party disclosure**

The Holding Company has a loan from its subsidiary with an outstanding balance of NOK 1,439 thousands at balance sheet date. (NOK 1,198 thousands as at 31 December 2014). The final repayment date on the loan is 30 September 2028.

The subsidiary charged the Holding Company NOK 50 thousands for administrative services, classified as *other operating expense*, in the first half of 2015 (NOK 50 thousands in the first half of 2014). There was no other purchase of goods or services from other related parties in the first six months of 2015 and 2014.

## 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 2015 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 2015/27 august 2015**

**The Board of Directors of Njord Gas Infrastructure Holding AS**



Tore I. Sandvold  
**Chairman**



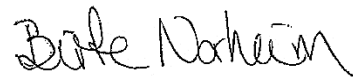
Paul J. Moy  
**Director**



Mark A. Gilligan  
**Director**



Gautier M. J. F Chatelus  
**Director**



Birte Norheim  
**CEO**