INFRATEK GROUP AS

Full Year and fourth quarter 2016

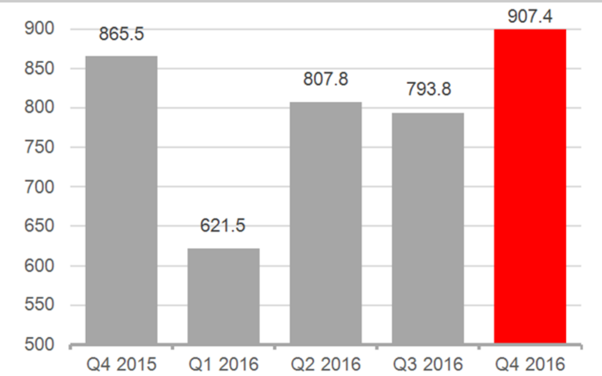
Highlights Fourth quarter

- Operating revenue of NOK 907.4 million (NOK 865.5 million)
- Operating profit of NOK 163.9 million (NOK 80.7 million)
- Adjusted operating profit of NOK 81.4 million (NOK 79.4 million) due to net positive non-recurring items of NOK 82.6 million
- Adjusted operating profit margin of 9.0 percent (9.2 percent)
- Cash flow from operations NOK 66.7 million (NOK 164.6 million)
- Cash Balance of NOK 141.2 million (NOK 357.3 million) due to dividend payment and settlement of loan during second quarter

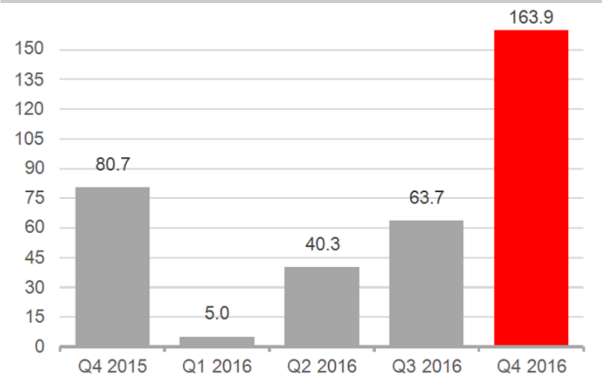
Highlights Full year

- Operating revenue of NOK 3,130.5 million (NOK 2,712.0 million)
- Operating profit of NOK 272.9 million (NOK 161.3 million)
- Adjusted operating profit of NOK 190.3 million (NOK 162.8 million) due to net positive non-recurring items of NOK 82.6 million
- Adjusted operating profit margin of 6.1 percent (6.0 percent)
- Cash flow from operations NOK 73.7 million (NOK 218.9 million)
- Satisfactory order book going into next year

OPERATING REVENUE
NOK million



OPERATING PROFIT
NOK million



KEY FIGURES

Fourth quarter			Year	
2015	**2016**	**PROFIT AND LOSS** (NOK million)	**2016**	**2015**
865.5	**907.4**	Operating revenue	**3,130.5**	2,712.0
92.3	**175.1**	Operating profit before depreciation	**312.3**	199.0
80.7	**163.9**	Operating profit	**272.9**	161.3
79.4	**81.4**	Adjusted operating profit	**190.3**	162.8
-10.0	**-11.2**	Net financial income (expenses)	**-45.0**	-56.7
70.7	**152.7**	Profit (loss) before tax	**228.0**	104.7
43.1	**106.2**	Profit (loss) for the period	**165.4**	70.3
		CAPITAL MATTERS		
1,800.3	**1,713.1**	Total assets	**1,713.1**	1,800.3
24.0 %	**24.9 %**	Equity ratio	**24.9 %**	24.0 %
353.0	**505.4**	Net interest-bearing debt (cash)	**505.4**	353.0
164.6	**66.7**	Cash flow from operating activities	**73.7**	218.9
		KEY FIGURES		
9.3 %	**18.1 %**	Operating profit margin	**8.7 %**	5.9 %
9.2 %	**9.0 %**	Adjusted operating profit margin	**6.1 %**	6.0 %

FULL YEAR 2016

Consolidated revenue came in at NOK 3,130.5 million, an increase of NOK 418.5 million (15.4 percent) compared to the same period last year. Of the total increase, NOK 306.7 million relate to revenue from the Finnish company Pohjolan Werkonrakennus Oy ("PWR") which was acquired with transaction date 7 January 2016. In addition, the Group's consolidated revenue was positively influenced by an overall high market activity in Finland where revenue has increased by 22.7 percent compared to previous year. Revenue in the Norwegian market was down by 0.9 percent mainly due to discontinued operations within the business area Fiber. Infratek Sweden posted revenue 3.5 percent above previous year, mainly as a result of exchange rate differences. Revenue within the distribution grid area is reduced due to discontinuation of the business areas Fiber and Metering, while there was an increase in activity within the regional grid market.

To facilitate comparability, Infratek presents an adjusted operating profit in its financial reporting. The adjusted operating profit includes only income and expenses related to recurring, underlying operations. Infratek defines non-recurring items as items of unusual or non-recurring nature which represent gains or losses, including amongst others expenses arising on the restructuring of activities, reversal of provisions related to non-recurring items occurred in previous years and disposals and impairments on non-current assets.

The Group posted a full year operating profit of NOK 272.9 million, compared to NOK 161.3 million for the prior year. The operating profit for 2016 was positively impacted by non-recurring items totalling NOK 82.6 million. For the corresponding period in 2015 the operating profit was negatively impacted by non-recurring items of net NOK 1.5 million. The main part of this year's non-recurring items is related to pension plan change effects (NOK 95.2 million) caused by the discontinuation of pension earnings within the Norwegian defined benefit plans with effect from 1 January 2017. Reference is made to note 5 for further information. Additionally, non-recurring expenses of NOK 12.6 million were incurred mainly as result to develop and adapt to a new strategy for the period 2017–19. Non-recurring items contain consulting expenses related to market analysis and IT-system development, since the new strategy builds on growth and digitalization. In preparation for the new strategy an asset assessment of IT investments and other assets was carried out leading to impairment of assets.

Below a specification of non-recurring items and adjusted operating profit:

	Year	
NOK million	**2016**	**2015**
Operating profit	**272.9**	161.3
Non-recurring items		
Change in pension plans	**95.2**	-1.5
Impairment assets	**-6.4**	-
Other non-recurring items	**-6.2**	-
Total non-recurring items	**82.6**	-1.5
Adjusted operating profit	**190.3**	162.8
Adjusted operating profit margin	**6.1 %**	6.0 %

Adjusted for non-recurring items, the margin came in at 6.1 percent (6.0 percent) for the full year 2016. The increase in margin is due to close-down of business with poor profitability and improved internal efficiency.

Net financial expenses amounted to NOK 45.0 million, compared to NOK 56.7 million in previous year. The decrease is related to lower interest cost on the bond and the repayment of loan to Triton in April 2016.

The tax expense for the full year was NOK 62.6 million (NOK 34.4 million), based on the positive profit before tax for the period. The Group posted an after-tax profit for the year of NOK 165.4 million, compared to an after-tax profit of NOK 70.3 million for the comparable prior-year period.

The total change in cash and cash equivalents during the period was NOK -232.6 million (NOK 173.8 million), consisting of the following main elements:

(1) A net positive cash flow from operating activities of NOK 73.7 million, (2) a net cash outflow of NOK 50.3 million from investment activities, (3) a net cash outflow of NOK 256.0 million from financing activities.

This year's cash flow statement was significantly affected by a dividend payment of NOK 135 million, repayment of loan amounting to NOK 70.8 million and acquisition of PWR. Additionally, the cash flow from operating activities for 2016 was negatively affected by a building up of working capital in the second half of the year which will be reversed in the beginning of 2017.

We refer to other sections of the Report of the Board of Directors relating to the balance sheet and risk factors as of 31 December 2016.

The boards of directors of Infratek Group AS and any of its subsidiaries may from time to time resolve to distribute funds or purchase bond notes issued by Infratek Group AS, which are listed on the Oslo Stock Exchange, in the market or in any other way. Any purchase of notes will be made in accordance with the notes' terms and conditions and applicable laws and regulations.

FOURTH QUARTER 2016

Consolidated revenue came in at NOK 907.4 million, an increase of NOK 41.9 million compared to the same period previous year. The increase is explained by revenue related to the acquired company PWR, amounting to NOK 81.9 million in the current quarter. The revenue in Norway is slightly down by 0.5 percent, mainly due to reduced activity within regional grid projects and lighting. In Sweden, the decline in revenue (4.6 percent) is mainly explained by Railway which had exceptional high activity in the comparable previous year period. Revenue in Finland is down by 6.7 percent as a result of decreased project volumes in the grid market.

The Group posted a fourth-quarter operating profit of NOK 163.9 million, compared to NOK 80.7 million for the corresponding prior-year period, an increase of NOK 83.2 million. The operating margin has increased by 8.8 percentage points, to 18.1 percent.

The operating profit for the fourth quarter of 2016 is positively impacted by non-recurring items of net NOK 82.6 million, with all non-recurring items being incurred in the fourth quarter. Reference is therefore made to the specification of non-recurring items in the full year section. The comparable quarter in 2015 was positively impacted by NOK 1.3 million related to pension plan changes.

Infratek

Adjusted for non-recurring items, the operating profit for the period came in at NOK 81.4 million (NOK 79.4 million) with an adjusted operating profit margin of 9.0 percent (9.2 percent).

Net financial expenses in the quarter amounted to NOK 11.2 million, compared to NOK 10.0 million in the comparable prior-year period. The main part of net financial expenses for the quarter as well as for the comparable prior-year period is interest charged on bond.

The tax expense for the quarter was NOK 46.5 million, based on the positive profit before tax for the period. Infratek Group posted an after-tax profit for the fourth quarter of NOK 106.2 million, compared to NOK 43.1 million for the comparable prior-year period.

As of 31 December, the total order reserves were NOK 3,672 million, of which NOK 2,159 million relates to 2017. The Group's order book was NOK 458 million higher than the order reserve at the end of the fourth quarter previous year. This year’s order reserves include order reserves of NOK 494 million related to the acquired company PWR.

BALANCE SHEET

Infratek Group’s total assets decreased from NOK 1,800.3 million as of 31 December 2015 to NOK 1,713.1 million at the end of the reporting period. The decrease is primarily attributable to a reduced cash position, net of increase in working capital. The cash position is reduced due to a dividend payment and repayment of loan in April 2016.

As of 31 December 2016, equity amounted to NOK 426.6 million, representing a decrease of NOK 5.6 million compared to 31 December 2015. This corresponds to an equity ratio of 24.9 percent at the end of the reporting period, which is an increase of 0.9 percentage points compared to previous year. During 2016, equity was positively affected by the operating result and an actuarial reduction in pension liability, but reduced by a dividend payment of NOK 135 million in April 2016 and negative exchange rate differences. At the end of the fourth quarter equity was reduced by NOK 45.7 million as a result of exchange differences from SEK and EUR to NOK during 2016.

As of 31 December 2016, the Group’s cash and cash equivalents totalled NOK 141.2 million, compared to NOK 357.3 million at the end of 2015. The decrease in cash position compared to 31 December 2015 is a result of above mentioned dividend payment and repayment of loan to Triton Funds.

Net debt before loan from Triton Funds is NOK 505.4 million (NOK 284.3 million) and consists of:

NOK million	31.12.16	31.12.15
Cash and cash equivalent	-141.2	-357.3
Bond-principal (net of transactions costs)	640.9	637.1
Accrual interest - bond	4.4	4.6
Other interest-bearing liabilities	1.3	-
Net debt	505.4	284.3

CASH FLOW AND FINANCING

Net positive cash flow from operating activities in the fourth quarter of 2016 amounted to NOK 66.7 million. This represents a decrease of NOK 97.9 million compared to the corresponding previous year period. The difference is mainly explained by change in working capital of NOK -4.2 million during the quarter, compared to NOK 105.8 million in fourth quarter 2015. This quarter’s profit before tax was positively influenced by pension-related income of NOK 97.8 million, compared to NOK 31.1 million in previous year’s quarter, which did not have cash flow effect. Although Infratek succeeded to reduce average net working capital in 2016, working capital reductions were mainly seen in the first half year of 2016, while the second half of 2016 showed a negative trend. The Group has implemented a new follow-up process for working capital where results are expected to materialize in the first quarter 2017.

Cash flow from investment activities is positive by NOK 4.2 million compared to a negative cash flow of NOK 0.1 million for the comparable period previous year. This quarter’s numbers were positively influenced by sale of fixed assets of NOK 5.8 million.

Net negative cash flow from financing activities in the fourth quarter of NOK -13.1 million was attributable to payment of interest of NOK 10.1 million and repayment of loan of NOK 3.1 million.

The Group has a NOK 100 million credit facility and a guarantee facility of NOK 300 million with Swedbank – both with duration of 57 months from May 2014. At the reporting date, the Group had bank guarantees of total NOK 161 million and the credit facility was undrawn.

SEGMENT INFORMATION

Infratek reports its business activities in three geographical segments – Norway, Sweden and Finland.

NORWAY

The operation in Norway is organised in the following divisions:

- ✓ *Regional Grids Norway*, which is aimed at the product areas distribution grids, transmission grids, transformer stations, and power cables.
- ✓ *Distribution Grids Norway*, which is aimed at the product area distribution grids for customers located in Oslo and the Østlandet area.
- ✓ *Electrical Safety*, which on behalf of grid companies is providing inspection and monitoring services (so-called DLE services).
- ✓ *Infra Solutions*, which offers services within lighting services, project and metering.

	Fourth quarter		Year	
NOK million	**2016**	**2015**	**2016**	**2015**
Operating revenue	**279.0**	290.0	**1,000.4**	1,009.6
Operating profit before depreciation	**111.6**	37.0	**169.1**	98.1
Operating profit	**109.1**	34.1	**158.8**	85.9
Operating margin	**39.1 %**	11.8 %	**15.9 %**	8.5 %

The business in Norway posted in the fourth quarter a total operating revenue of NOK 279.0 million, 3.8 percent below the corresponding previous year period. The decline is attributable to decreased activity in most of Norway's divisions. However, despite a tough competitive situation, Distribution Grids Norway succeed to strengthen its market position and increased revenue by 4.8 percent compared to the fourth quarter 2015. Electrical Safety succeed to increase revenue by 13.9 percent due to high activity.

Operating profit came in at NOK 109.1 million (NOK 34.1 million). This year's operating profit was positively impacted by NOK 93.3 million, where NOK 92.6 million relates to a change in public pension benefit plans in Norway. Additionally, operating profit was positively affected by the reversal of a litigation accrual.

See table below for non-recurring items and adjusted operating profit:

	Fourth quarter		Year	
NOK million	**2016**	**2015**	**2016**	**2015**
Total non-recurring items	**93.3**	1.3	**93.3**	-1.5
Adjusted operating profit	**15.8**	32.8	**65.5**	87.4
Adjusted operating profit margin	**5.7 %**	11.3 %	**6.5 %**	8.7 %

Adjusted for non-recurring items, fourth quarter operating margin ended at 5.7 percent, compared to an adjusted profit margin of 11.3 percent in 2015. The decrease compared to the corresponding period previous year is mainly due to increased competition within the distribution grid market.

As of the reporting date, the segment had a total order book of NOK 840 million, of which NOK 514 million relates to 2017. Compared to prior year, the order book has improved by NOK 141 million mainly attributable to a new maintenance agreement within lighting. The segment has a satisfactory order book going into 2017.

SWEDEN

The operation in Sweden is organised within the following divisions:

- ✓ *Distribution Grids Svea and Distribution Grids Göta*, which are aimed at the product areas distribution grids, transmission grids, transformer stations, services within street lighting and metering.
- ✓ *Regional Grids Sweden*, which operates as an end-to-end supplier of projects within the high voltage electrical infrastructure.
- ✓ *Railway*, which delivers services to constructors and owners of infrastructure for railways.

	Fourth quarter		Year	
NOK million	2016	2015	2016	2015
Operating revenue	440.7	463.9	1,480.0	1,429.3
Operating profit before depreciation	43.1	47.6	92.6	83.3
Operating profit	41.1	44.1	82.8	71.7
Operating margin	9.3 %	9.5 %	5.6 %	5.0 %

The business in Sweden posted a total operating revenue of NOK 440.7 million, 5.0 percent below the corresponding previous year period. The decrease is mainly attributable to lower activity within Distribution Grids Svea and Railway. Operating revenue for the fourth quarter 2015 within Railway has been exceptionally high due to additional work orders.

The operating profit came in at NOK 41.1 million (NOK 44.1 million). The operating margin was down by 0.2 percentage points compared to previous year. This quarter's operating margin was negatively impacted by non-recurring items of NOK 2.1 million related to the adaptation to the new strategy. The adjusted operating margin was 9.8 percent, an increase of 0.3 percentage points compared to the fourth quarter 2015.

See table below for non-recurring items and adjusted operating profit:

	Fourth quarter		Year	
NOK million	2016	2015	2016	2015
Total non-recurring items	-2.1	-	-2.1	-
Adjusted operating profit	43.2	44.1	84.9	71.7
Adjusted operating profit margin	9.8 %	9.5 %	5.7 %	5.0 %

As of the reporting date, the segment had a total order book of NOK 2,137 million, of which NOK 1,275 million relates to 2017. Main part of Sweden's order reserves relates to framework agreements with large grid owners. Compared to end of December previous year, orders on hand have decreased by NOK 127 million primarily as result of the already produced volumes related to multi-year framework contracts with major customers.

FINLAND

The operations in Finland include products and services within the central transmission grid, especially related to transformer stations.

Through the acquisition of PWR, Infratek is also present in the Finnish distribution grid market.

	Fourth quarter		Year	
NOK million	2016	2015	2016	2015
Operating revenue	186.2	111.8	642.5	273.7
Operating profit before depreciation	14.1	13.8	52.6	32.0
Operating profit	10.4	13.0	43.5	28.9
Operating margin	5.6 %	11.6 %	6.8 %	10.6 %

Revenue in the Finnish market increased by NOK 74.4 million compared to the same period last year. The increase is due to revenue from PWR amounting to NOK 81.9 million. Compared to the corresponding period previous year, project volumes in the Finnish market have decreased.

Finland posted a fourth-quarter operating profit of NOK 10.4 million (NOK 13.0 million). The decrease is attributable to lower volumes in central transmission grid projects. The decrease in operating margin from 11.6 percent in the comparable quarter previous year to 5.6 percent this quarter is mainly due to the acquisition of PWR which operates in the distribution grid market with overall lower margins. Additionally, the operating margin for the quarter was negatively impacted by non-recurring items of NOK 2.9 million, mainly explained by asset impairment expenses. The adjusted operating margin ended at 7.2 percent. The table below contains non-recurring items and adjusted operating profit:

	Fourth quarter		Year	
NOK million	2016	2015	2016	2015
Total non-recurring items	-2.9	-	-2.9	-
Adjusted operating profit	13.3	13.0	46.5	28.9
Adjusted operating profit margin	7.2 %	11.6 %	7.2 %	10.6 %

As of the reporting date, the segment had a total order book of NOK 695 million, of which NOK 370 million relates to 2017. Total orders on hand have increased by NOK 444 million compared to the end of December previous year, mainly attributable to order reserves related to the acquired company PWR.

OTHER

The Other business segment comprises Group administration expenses and expenses related to Group-level functions.

	Fourth quarter		Year	
NOK million	2016	2015	2016	2015
Operating profit	3.4	-10.5	-12.2	-25.2

Group income of NOK 3.4 million was incurred in the quarter, compared to Group expenses of NOK 10.5 million in the comparable previous year period. This year's result was positively impacted by pension plan changes amounting to NOK 3.4 million. However, expenses related to adapt to the new strategy 2017–2019, amongst others market analysis and digitalization, as well as impairment expenses related to existing IT investments, of NOK 9.1 million exceeded the positive pension plan change effect. Find below total non-recurring items and adjusted operating profit:

	Fourth quarter		Year	
NOK million	2016	2015	2016	2015
Total non-recurring items	-5.7	-	-5.7	-
Adjusted operating profit	9.1	-10.5	-6.5	-25.2

The business segment's result for the quarter was positively influenced by the final settlement of distributable support function expenses charged to the other business segments for support functions performed through 2016. The decrease of operating expenses from NOK 25.2 million for the full year 2015 to NOK 12.2 million in 2016 is explained by organizational changes of support functions where support functions are moved from group to segment level.

RISK FACTORS

The following risk factors are deemed the most important for Infratek's business activities in the upcoming accounting period.

Regulatory risk

The group's activities are subject to various laws and regulations, including those governing health, safety, and environment. Group activities entail public authorization. Regulatory changes affecting the group's ability to purchase services from third parties or requirements concerning such purchases can impact Infratek's businesses. To a certain extent, building new infrastructure and maintaining existing infrastructure is regulated by public authorities. Changes in laws, rules, or regulations may affect the demand for and profitability of Infratek's services.

Change in actuarial assumptions related to pension liabilities

The estimated present value of Infratek's pension liabilities depends on both demographic and financial assumptions. Changes in assumptions such as discount rate or salary growth or other assumptions can have material effect on both equity and income. Sensitivity analysis on Infratek pension liabilities is presented in note 17 to the 2015 annual accounts of Infratek Group.

Competition and future contract awards

A significant proportion of the group's operating revenues are derived from contracts awarded under competitive bidding. The Group's competitiveness with regard to price is therefore important to its future earnings.

Seasonal variations, project delays, and increased cost of goods and services

The impact of seasonal differences can cause the Group's operating profit to vary significantly among quarters. In the event that project performance requirements are not met, additional costs can affect profitability and harm the Group's reputation. Increased costs of goods and services – or inadequate access to raw materials and sub-contractors – may result in unanticipated expenses and delayed deliveries.

Salary increases, recruitment difficulties, and loss of key personnel

Infratek's operations are manpower intensive. Access to a competent workforce can affect the group's business activities. Loss of leading executives or other key personnel may adversely affect business performance and profitability.

Dependency on key customers

Several of the Nordic Grid companies are key customers of Infratek. The loss of or changed investment volumes from individual or several customers could have a significant impact on the group's business and profitability.

EMPLOYEES

As of 31 December 2016, the Group had 1,317 employees.

Countries	Number of employees	Number of man-years	Sick-leave rate 4Q16
Norway	531	517	6.6 %
Sweden	517	517	3.9 %
Finland	269	261	3.5 %
Total	**1,317**	**1,295**	**5.0 %**

As of the reporting date, the number of employees was up by 131 compared to the end of December 2015. While the number of employees is reduced with 23 in Norway and 16 in Sweden, Finland has increased its number of employees by 170 mainly due to the 161 employees engaged in the acquired company PWR.

Sickness absence has increased from 4.6 percent in the fourth quarter last year to 5.0 percent this year. Norway and Sweden have increased sick-leave, while sick-leave in Finland has decreased compared to the same period last year. Infratek is working on different measures to reduce the sickness absence - both actively within the company - and in cooperation with public authorities.

OUTLOOK

The market is growing in all the five segments that Infratek engages in, i.e. electrical grids in Norway, Sweden and Finland, Railway and Infra Solution. The overriding aim is to strengthen Infratek's position in our markets for critical infrastructure - through profitability and growth. The board of directors believes that Infratek is well equipped to develop the Group further in this direction, to deliver and become a leading Nordic player.

An increased efficiency in operations has boosted Infratek's competitiveness, while the award of several strategically important and long-term contracts has reinforced the Group's market position. For the coming years, this work will continue, but more attention will be given to growth.

Entrepreneurs that manage to build critical infrastructure in the most effective way will have a competitive advantage. Infratek's Nordic market position and strong financial position, makes Infratek well positioned to meet the challenges facing the Group in the future.

Oslo, 14 February 2017

Infratek Group AS

Board of Directors

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

Fourth quarter			Year	
2015	**2016**	NOK million	**2016**	**2015**
865.5	**907.4**	Operating revenue	**3,130.5**	2,712.0
-438.7	**-485.4**	Purchased materials	**-1,650.3**	-1,275.6
-251.3	**-173.9**	Salaries and other personnel expenses	**-884.9**	-929.4
-11.5	**-11.2**	Depreciation and amortization	**-39.4**	-37.6
-83.2	**-72.9**	Other operating expenses	**-283.1**	-308.0
80.7	**163.9**	**Operating profit**	**272.9**	161.3
0.4	**0.6**	Financial income	**3.4**	0.7
-10.4	**-11.8**	Financial expenses	**-48.3**	-57.4
-10.0	**-11.2**	**Net financial income (expense)**	**-45.0**	-56.7
70.7	**152.7**	**Profit (loss) before tax**	**228.0**	104.7
-27.6	**-46.6**	Tax expense	**-62.6**	-34.4
43.1	**106.2**	**Profit (loss) for the period**	**165.4**	70.3

Other comprehensive income

Fourth quarter			Year	
2015	**2016**	NOK million	**2016**	**2015**
		Items that will be recycled subsequently to profit or loss		
16.3	**7.7**	Exchange differences on translating foreign operations	**-45.7**	43.0
		Items that will not be recycled subsequently to profit or loss		
33.5	**12.9**	Change in actuarial gains and losses pensions	**12.9**	33.5
-9.0	**-3.2**	Tax expense on other comprehensive income	**-3.2**	-9.0
40.8	**17.4**	**Other comprehensive profit for the period**	**-36.1**	67.5
83.9	**123.5**	**Total comprehensive income for the period**	**129.4**	137.8

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

NOK million	31.12.16	31.12.15
Fixed assets	70.7	88.7
Intangible assets	631.2	611.5
Deferred tax assets	-0.0	30.8
Pension fund	71.6	-
Total non-current assets	**773.5**	**731.0**
Inventory	5.1	6.0
Accounts receivables and other receivables	793.4	706.0
Cash and cash equivalents	141.2	357.3
Total current assets	**939.7**	**1,069.2**
Total assets	**1,713.1**	**1,800.3**
Share capital and share premium	253.3	253.2
Other equity	173.3	179.0
Total equity	**426.6**	**432.2**
Bond	640.9	637.1
Other interest-bearing long-term debt	-	68.7
Pension obligations	0.3	51.3
Deferred tax	12.0	4.4
Provisions	34.2	10.0
Total non-current liabilities	**687.4**	**771.6**
Account payable and other current liabilities	578.8	583.2
Tax payable	16.0	8.8
Short-term interest-bearing debt	4.4	4.6
Total current liabilities	**599.2**	**596.5**
Total liabilities	**1,286.5**	**1,368.1**
Total equity and liabilities	**1,713.1**	**1,800.3**

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Fourth quarter		Year	
NOK million	**2016**	**2015**	**2016**	**2015**
Profit before tax	152.8	70.7	228.0	104.7
Depreciation	11.2	11.5	39.4	37.6
Financial income and expenses	11.0	13.3	44.2	54.2
Change in pension liabilities and actuarial adj.	-97.8	-31.1	-109.8	-45.5
Other non-cash items and changes in accruals	-0.6	-1.2	-4.4	-11.6
Change in net working capital	-4.2	105.8	-99.1	91.3
Paid taxes	-5.7	-4.4	-24.6	-11.8
Net cash flow from operating activities	**66.7**	**164.6**	**73.7**	**218.9**
Investments - fixed assets	-1.6	-2.7	-9.2	-9.7
Investments - operations (net of cash acquired)	-	-	-47.5	-
Sales amount - fixed assets	5.8	2.6	6.4	8.0
Cash flow from investment activities	**4.2**	**-0.1**	**-50.3**	**-1.7**
Change interest-bearing liabilities	-3.1	-	-79.1	-
Net received/paid interest rates	-10.1	-10.7	-41.9	-43.4
Dividend, equity issues and other equity changes	-	-	-135.0	-
Cash flow from financing activities	**-13.1**	**-10.7**	**-256.0**	**-43.4**
Change in cash and cash equivalents	**57.8**	**153.8**	**-232.6**	**173.8**
Cash and cash equivalents at beginning of period	82.6	202.0	357.3	175.1
Cash and cash equivalents from acquired company	-	-	21.3	-
Exchange rate differences on cash in foreign curr.	0.8	1.5	-4.8	8.4
Cash and cash equivalents at end of period	**141.2**	**357.3**	**141.2**	**357.3**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Fourth quarter		Year	
NOK million	**2016**	**2015**	**2016**	**2015**
Equity at beginning of reporting period	**303.0**	**348.3**	**432.2**	**294.5**
Profit for the period	106.2	43.1	165.4	70.3
Other comprehensive income for the period	17.4	40.8	-36.1	67.5
Total comprehensive income for the period	**123.5**	**83.9**	**129.4**	**137.8**
Transactions with owners				
Dividend payment	-	-	-135.0	-
Equity increase from majority shareholder	-	-	-	-
Total transactions with owners	**-**	**-**	**-135.0**	**-**
Equity at end of reporting period	**426.6**	**432.3**	**426.6**	**432.3**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1) FRAMEWORK AND KEY ACCOUNTING PRINCIPLES

Infratek (the Group) consists of Infratek Group AS and its subsidiaries. The consolidated financial statements for the year ending 31 December 2015, and the interim consolidated financial statements for the year ending 31 December 2016, have been prepared and presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The interim figures are unaudited.

The Group prepares and presents its interim consolidated financial statements according to IAS 34, Interim Financial Reporting. The information provided by interim financial statements is not as comprehensive as that provided in the annual consolidated financial statements; thus, the interim financial statements should be viewed in conjunction with the annual consolidated financial statements for 2015. The accounting principles applied in the interim financial statements are the same as those described in Note 2 to the annual consolidated financial statements for 2015 of the Infratek Group.

2) SEGMENT REPORTING – Income statement

The Group reports business activities based on the geographical segments *Norway*, *Sweden* and *Finland*, in addition to *Other* and *Group eliminations*.

Norway consists of the Infrastructure business in Norway and Electrical Safety. *Sweden* consists of the Infrastructure business in Sweden. *Finland* consists of the Infrastructure business in Finland. *Other* consists of the parent company Infratek Group AS in addition to Infratek AS. For more detailed segment information, please refer to the Directors' report.

Fourth quarter			Year	
2015	**2016**	NOK million	**2016**	**2015**
290.0	**279.0**	Norway	**1,000.4**	1,009.6
463.9	**440.7**	Sweden	**1,480.0**	1,429.3
111.8	**186.2**	Finland	**642.5**	273.7
10.1	**19.6**	Other	**57.0**	39.6
-10.3	**-18.1**	Eliminations	**-49.4**	-40.2
865.5	**907.4**	**Total revenue**	**3,130.5**	**2,712.0**
34.1	**109.1**	Norway	**158.8**	85.9
44.1	**41.1**	Sweden	**82.8**	71.7
13.0	**10.4**	Finland	**43.5**	28.9
-10.5	**3.4**	Other	**-12.2**	-25.2
-	**-**	Eliminations	**-**	-
80.7	**163.9**	**Operating profit**	**272.9**	**161.3**

3) SEGMENT REPORTING - Balance sheet

NOK million	Norway	Sweden	Finland	Group/ Elimination	Group total
Fixed assets	25.5	22.2	19.6	3.3	70.7
Intangible assets	366.9	145.1	90.2	29.0	631.2
Accounts receivables and other receivables	248.2	468.3	128.6	25.0	870.1
Cash and cash equivalents	246.0	43.6	63.7	-212.1	141.2
Assets	**886.7**	**679.1**	**302.1**	**-154.8**	**1,713.1**
Equity	683.8	390.3	158.2	-805.7	426.6
Bond	-	-	-	640.9	640.9
Other long-term debt	-	-	-	-	-
Pension	0.3	-	-	-	0.3
Other liabilities	16.0	3.8	28.9	-2.5	46.2
Current liabilities	186.7	284.9	115.1	12.5	599.2
Equity and liabilities	**886.7**	**679.1**	**302.1**	**-154.8**	**1,713.1**
Equity share	77.1 %	57.5 %	52.4 %	na	24.9%

4) COMMENTS ON THE SEASONALITY AND CYCLICALITY OF INTERIM OPERATIONS

Infratek’s operations are seasonal in nature. However, all segments have historically tended to post improved revenue and profitability throughout the year, with these figures being strongest in the second half of the year. This seasonality is driven by a number of factors including lower activity levels and higher operating costs at the start of the year as a result of colder weather and high voltage levels. The company’s customers have historically used the start of the year to plan their investment activities for the year.

5) CHANGE IN PENSION PLAN AND SENSITIVITY ANALYIS ON NET PENSION LIABILITY

With effect from 1 January 2017, Infratek has discontinued pension earnings within its Norwegian defined benefit plans. All active members of the defined benefit plans have been transferred to defined contribution plans. Infratek has also discontinued its Norwegian public early-retirement plans (offentlig AFP). All previous members of the public early-retirement plans have entered into the private-sector contractual/early-retirement plan (Fellesordningen for privat AFP). The change in pension plans has been fully implemented in Infrateks actuarial calculations as per 31 December 2016 with a net positive effect on the profit for the year of NOK 95.2 million.

Net pension liability recognised in the balance sheet and impact on deferred tax and equity:

NOK million	31.12.16	31.12.15	Change
Net pension asset/(liability)	71.3	-51.3	122.7
Deferred tax asset/(tax liability)	-17.1	12.8	-30.0
Equity effect of pensions	54.2	-38.5	92.7

The following key economic assumptions have been applied for the calculation of pension liability:

Assumptions	31.12.16	31.12.15
Discount rate	2.80%	2.80%
Expected return on pension assets	2.80%	2.80%
Expected annual salary increase	3.10%	3.10%
Expected annual change in G (National Insurance Scheme's Basic Amount)	3.10%	3.10%

Sensitivity analysis for the net pension liability:
Infratek has carried out a sensitivity analysis for net pension liabilities and the effect on group equity. The tables below illustrate the effect of a one percentage point change in the discount rate, salary increases and change in G on the net pension liability and equity given the original assumptions as described in the above table.

NOK million	Discount rate		Salary growth		Change in G	
Percentage point change	+ 1%	- 1%	+ 1%	- 1%	+ 1%	- 1%
Net pension liabilities	-114.0	154.7	6.3	-5.6	137.4	-103.0
Deferred tax asset/liability	-27.4	37.1	1.5	-1.3	33.0	-24.7
Equity effect	-86.7	117.6	4.8	-4.3	104.4	-78.3

The estimates are based on facts and conditions as of 31 December 2016. Actual results could therefore deviate from these estimates to a material extent.

6) BUSINESS COMBINATIONS - INFRATEK EXPANDS IN FINLAND

With acquisition date 7 January 2016, Infratek Finland Oy acquired 100 per cent of the shares in the Finnish distribution grids company Pohjolan Werkonrakennus Oy ("PWR"). The acquired company had approximately 150 employees at acquisition and operating revenue of EUR 18 million during its last financial year (April 2014 – March 2015).

The sale and purchase agreement includes an earn-out consideration based on the aggregated EBIT of the company for the financial period of 1 January through 31 December 2016 and the financial period of 1 January 2017 through 31 December 2017. Minimum earn-out consideration is EUR 1.0 million. The earn-out consideration will in no event exceed EUR 3.0 million. On the basis of available information as the budget for 2016 and 2017, the earn-out consideration is reflected as part of the purchase price of the shares of PWR and as a contingent consideration liability. At the time of the acquisition, the earn-out consideration was estimated at EUR 3.0 million payable in 2018. The earn-out consideration will be re-measured at fair value at every balance sheet date, with any changes recognized in the income statement. As per 31 December 2016, it is considered that the fair value of the earn-out consideration is EUR 3.0 million. The measurement of the contingent consideration as per period-end is based on expectations on PWR's profitability based on historical data, order reserves and budget numbers.

The purchase analysis for the acquisition of PWR is as follows:

Fair value acquired assets as per transaction date:

NOK million	2016
Purchase price, of which	**48.6**
- paid in cash at transaction date	40.1
- Adjustment amount payable in April	8.5
Estimated earn-out consideration	29.1
Total consideration	**77.7**
Fair value net assets	31.4
Goodwill	**46.3**

The provisional determination of fair value of assets and liabilities in acquisition of 7 January 2016:

NOK million	**2016**
Property, plant and equipment	15.8
Inventory	1.6
Accounts receivable and other current receivables	57.8
Cash and cash equivalents	21.3
Accounts payable and other current liabilities	-54.9
Long-term loans	-10.2
Acquired net assets	**31.4**

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period:

Goodwill at acquisition 7 January 2016	**46.3**
Net exchange rate differences first quarter	-1.4
Impairment losses in the first quarter	-
Goodwill on 31 March 2016	**44.9**
Net exchange rate differences second quarter	-0.5
Impairment losses in the second quarter	-
Goodwill on 30 June 2016	**44.4**
Net exchange rate differences third quarter	-1.5
Impairment losses in the third quarter	-
Goodwill on 30 September 2016	**42.9**
Net exchange rate differences third quarter	0.5
Goodwill on 31 December 2016	**43.4**

Goodwill recognized relates to expected synergies from combining operations of Infratek Finland OY and Pohjolan Werkonrakennus Oy. The acquisition is strategically important as it gives Infratek access to the distribution grid market in Finland.

For practical purpose the acquired company Pohjolan Werkonrakennus Oy is consolidated from 1 January 2016. The amounts of revenue and profit or loss of the acquired company since the acquisition date included in the consolidated statement of comprehensive income for the reporting period are:

NOK million	**1 January - 31 December 2016**
Revenue	306.7
Operating profit	11.1
Profit before tax and discontinued operations	10.9
Profit for the period	9.5
Total comprehensive income for the period	9.5