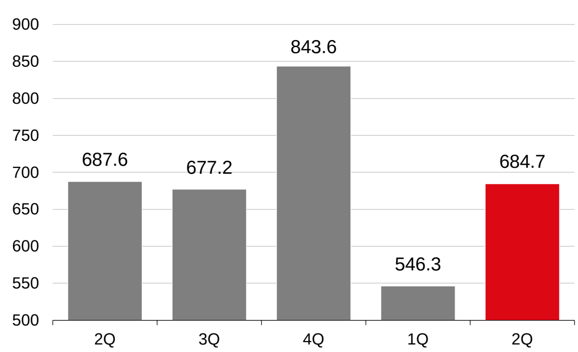
INFRATEK GROUP AS – First half-year and second quarter 2014

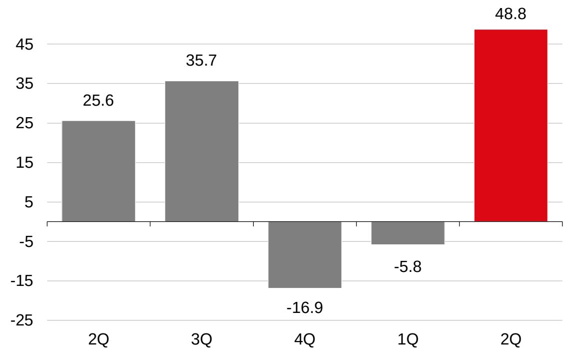
Highlights second quarter

- Operating revenues of NOK 685 million (NOK 688 million)
- Second-quarter operating profit of NOK 48.8 million (NOK 25.6 million)
- Security – Technical Solutions divested
- Satisfactory order book for second half-year
- Refinancing via bond issue of NOK 650 million

OPERATING REVENUES
NOK million



OPERATING PROFIT
NOK million



KEY FIGURES

Second quarter			First half-year		Year
2013*	**2014**	**PROFIT AND LOSS** (NOK million)	**2014**	**2013***	**2013***
687.6	**684.7**	Operating revenue	**1 231.0**	1 191.2	**2 712.1**
35.5	**57.4**	Operating profit before depreciation	**60.5**	18.1	**64.2**
25.6	**48.8**	Operating profit	**43.0**	(1.6)	**17.2**
(2.1)	**(20.6)**	Net financial expenses	**(36.0)**	(3.5)	**(38.4)**
23.5	**28.2**	Profit before tax	**7.0**	(5.1)	**21.1**
2.5	**38.0**	Gain and profit from discontinued operation	**38.3**	0.7	**(4.0)**
19.1	**60.1**	Profit for the period	**44.8**	(4.9)	**(34.1)**
		CAPITAL MATTERS			
1 665.7	**1 551.3**	Total assets	**1 551.3**	1 665.7	**1 744.5**
13 %	**15 %**	Equity ratio	**15 %**	13 %	**21 %**
(56.5)	**567.8**	Net interest-bearing debt (cash)	**567.8**	(56.5)	**363.3**
-	**(32.0)**	Cash flow from operations	**3.6**	-	**94.1**
		KEY FIGURES			
3.7 %	**7.1 %**	Operating profit margin	**3.5 %**	(0.1 %)	**0.6 %**

Note: * Pro forma profit and loss figures for all periods in 2013, figures from the operational group as it is organised per 30 June 2014 are included. Pre-tax profit amounts are excluding Security – Technical Solutions.

FIRST HALF-YEAR 2014

Compared to the corresponding period of 2013, revenues for the first six months of the year were up by NOK 39.8 million (3.3 per cent). The increase in activity is to a significant extent a result of favourable working conditions caused by the mild winter. Revenues in the Norwegian market were down by 8.5 per cent, primarily due to a decrease in the order intake on larger projects. Infratek Sweden posted revenues at 6.5 per cent above the previous year's level, an increase mainly derived from its activity in the fiber sector. In Finland, the overall market activity was significantly higher than in 2013 and revenues rose by 59 per cent.

The Group posted an operating profit of NOK 43.0 million as opposed to a loss of NOK 1.6 million in 2013. The increase is primarily attributable to improved results in the Swedish and Finnish parts of the business. The operating profit is negatively impacted by non-recurring cost of NOK 2.7 million related to organisational changes and divestment of *Security – Technical Solution.* In addition, the result was positively impacted by cost reduction of NOK 7.2 million - related to reduced leasing costs for vehicles in 2013 and prior years.

The operating margin of the Norwegian market decreased from 8.0 per cent to 7.4 per cent, mainly as a result of reduced margins on projects within fiber and complex projects. In Sweden, the operating margin was up from -4.1 per cent to 1.8 per cent – in the main caused by an increased profitability within the railway sector. In Finland, the operating margin improved significantly, from -5.1 per cent to 6.9 per cent, both as a result of the overall increased market activity - and as a result of improved margins on projects awarded.

Net finance expenses ended at NOK 36 million (NOK 3.5 million). The cost increase is mainly related to the interest charged on loans from Triton Funds and on the bond issued during the period. The restructured Infratek Group, including the Norwegian parent company Infratek Group AS, was established in June of last year (2013).

The business area *Security – Technical Solution* was divested as of 30 June 2014, with a gain of NOK 37.9 million.

The post-tax profit was NOK 44.8 million, a significant improvement up on the NOK 4.9

million losses for the corresponding period last year.

The total change in cash and cash equivalents during the period was a net outflow of NOK 40.5 million (inflow of NOK 71.3 million), consisting of the following main elements:

(1) A net positive cash flow from operating activities of NOK 3.6 million, (2) a net cash outflow of NOK 233.7 million following the acquisition of the remaining Infratek AS shares, (3) the divestment of *Security – Technical Solutions*, settled with a non-cash consideration but with a negative effect from cash disposed of NOK 17.2 million, (4) the positive cash flow from financing activities of NOK 193.1 million, mainly a net result of the positive cash flow received from the bond issue of NOK 638.1, reduced by the net repayment of loans (NOK 395.9 million) and interest (NOK 48.6 million) to Triton Funds – and lastly (5) a positive cash flow from discontinued operations (*Security – Technical Solutions*) of NOK 25.2 million.

We refer to other sections of the Report of the Board of Directors relating to the balance sheet and risk factors as of 30 June 2014.

The Report of the Board of Directors and the financial statements for the first half of 2014 are based on non-audited figures.

SECOND QUARTER 2014

The Infratek Group posted a post-tax profit for the second quarter of NOK 60.1 million, compared to a post-tax profit of NOK 19.1 million for the comparable prior-year period. The result includes NOK 38.0 million (NOK 2.5 million) in profit from discontinued operations and NOK 20.6 million (NOK 2.1 million) in financial expenses.

Consolidated revenues came in at NOK 684.7 million and are nearly in line with revenues for the same period last year. Adjusted for change in exchange rates, the reduction is NOK 17 million. There are relatively large differences between product areas. Railway shows a large increase in revenues, while several other areas have reduced revenue levels. The overall business review carried out at the end of 2013 resulted in the close-down of several operations, leading to reduced revenues for all impacted sectors.

The Group posted a second-quarter operating profit of NOK 48.8 million, compared to NOK 25.6 million for the corresponding prior-year period. The operating margin rose by 3.7 percentage points, to 7.1 per cent. Unprofitable business was closed down at the end of 2013 - and further improvement initiatives were taken - to improve efficiency in operations and to reduce losses on projects. As a result of the above mentioned measures, the group is now considered to be operationally stronger and more robust compared to the previous year. Combined with improved operational conditions, such as the mild winter, this has had a positive effect on the operational results and margins. In addition, the result was positively impacted by cost reduction of NOK 7.2 million - related to reduced leasing costs for vehicles in 2013 and prior years. The operating profit is negatively impacted by non-recurring cost of NOK 1.1 million related to divestment of *Security – Technical Solution.*

Net financial expenses in the quarter amounted to NOK 20.6 million, compared to NOK 2.1 million in the comparable prior-year period. The increase is due to the interest charged on loans from Triton Funds and on the bond issued during the period.

The tax expense for the quarter was NOK 6.1 million, based on the positive profit before tax for the period.

As of 30 June, the total order book was NOK 2,474 million, of which NOK 1,192 million relates to 2014, NOK 998 million to 2015 and NOK 284 million to 2016 and later. The Group's order book was NOK 574 million lower than at the end of the second quarter of last year, and decreased by NOK 175 million during the quarter. The decrease in the order reserve is primarily a result of the already produced volumes related to multi-year framework contracts with major customers.

BALANCE SHEET

The Infratek Group's total assets were reduced from NOK 1 665.7 million as of 30 June 2013 to NOK 1 551.3 million at the end of the reporting period. The decrease is primarily attributable to the divestment of *Security - Technical Solutions* with total assets of NOK

149 million. In addition, there are normal fluctuations in working capital elements and cash.

As of 30 June 2014, equity amounted to NOK 238.4 million, representing an increase of NOK 26.8 million compared to 30 June 2013. This corresponds to an equity ratio of 15.4 per cent as of 30 June 2014, which is a 5.6 percentage point reduction from year-end 2013 and an increase of 2.7 percentage points compared to the same period last year. The main reasons for the increase in equity compared to 30 June 2013 are equity increases and a positive profit contribution, offset by a reduction in equity due to transactions with minority interests.

At the end of the second quarter, year-to-date equity was down by NOK 6.1 million as a result of exchange differences from SEK, EUR and DKK to NOK, due to the depreciation of the former currencies against the latter in the first half-year.

As of 30 June 2014, the Group's cash and cash equivalents totalled NOK 129.8 million, compared to NOK 170.3 million at the end of 2013 - and NOK 71.3 million as of 30 June 2013.

The Group's long-term debt is NOK 698.2 million (NOK 15.6 million). The increase is mainly attributable to the bond issue in May 2014, in addition to interest-bearing loans obtained from Triton Funds.

CASH FLOW AND FINANCING

Net negative cash flow from operations in the second quarter of 2014 amounted to NOK -32.0 million. The increase in net working capital, which is attributable to higher activity levels, decreased the cash flow from operations by NOK -81.6 million. However, the positive results for the period boosted the cash flow by NOK 28.2 million. The change in non-liquid items made a positive contribution of NOK 21.4 million.

Net negative cash flow from investments in operations and expansion during the second quarter amounted to NOK -29.2 million, as a result of investments in operating assets and the disposal of *Security – Technical Solutions* during the period.

Net negative cash flow from financing activities in the second quarter of NOK -41.2 million was attributable to the repayment of principal and interest expenses on loans in excess of net proceeds from the bond issue.

The Group entered into an agreement with Swedbank to secure a NOK 100 million revolving credit facility and a guarantee facility of NOK 300 million – both with a duration of 57 months from May 2014. The facility replaces the previous 12-months rolling NOK 100 million overdraft facility and a guarantee facility of NOK 180 million with DNB ASA. The new revolving credit facility, which has not yet been utilised, can be used to fund working capital.

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 four main divisions:

- ✓ Electrical Grid is aimed at the product areas distribution grids, transmission grids, transformer stations, power cables, and district heating.
- ✓ Electrical Safety which on behalf of grid companies is providing inspection and monitoring services (so-called DLE services,) on behalf of grid companies.
- ✓ Projects operate as end-to-end supplier of projects within high voltage electrical infrastructure.
- ✓ Infra Solution offers services within street lighting services, metering and fiber.

	Second quarter		First half-year	
NOK million	**2014**	2013	**2014**	2013
Operating revenues	**257.5**	305.4	**482.7**	528.1
Operating profit before depreciation	**30.4**	39.2	**43.2**	51.0
Operating profit	**26.8**	34.7	**35.8**	42.1
Operating margin	**10.4%**	11.3%	**7.4%**	8.0%

The business in Norway posted total operating revenues of NOK 47.9 million (15.7 per cent) below the corresponding previous year period. The reduction is mainly attributable to reduced activity within Projects (NOK 29 million), due to fewer new contracts awarded. In addition, revenues within Electrical Grid is down by NOK 20 million as result of closing down the line product, reduced activity within district heating and projects within transmission grid. Other areas are in line - or slightly above – the second quarter of the previous year.

The operating profit came in at NOK 26.8 million (NOK 34.7 million), mainly due to a decline in profit within Infra Solutions. In addition, the profit is positively impacted by a one-off reduction of 1.5 million – related to reduced leasing costs for vehicles in 2013 and prior years.

As of the reporting date, the segment had a total order book of NOK 682 million, of which NOK 437 million relates to 2014, NOK 210 million to 2015 and NOK 37 million to 2016 and later. The segment has an overall healthy order book, and it is considered as good for the second half of 2014. Incoming orders in the quarter were slightly lower than the produced volume and orders on hand were down by NOK 66 million. Compared to the end of June last year, the order book was reduced by NOK 335 million, primarily a result of the already produced volumes related to multi-year framework contracts with major customers.,

SWEDEN

The operation in Sweden is organised in the following five divisions:

- ✓ Both Electrical Grid Svea and Electrical Grid Göta are aimed at the product areas distribution grids, transmission grids, transformer stations, (Göta is also for the time being handling the products street lighting and fibre in the western and southern parts of Sweden in cooperation with Infra Solutions in Stockholm)Projects operate as end-to-end supplier of projects within electrical infrastructure.
- ✓ Projects operate as end-to-end supplier of projects within high voltage electrical infrastructure.
- ✓ Railway delivers services to constructors and owners of infrastructure for railways.
- ✓ Infra Solution offers services within street lighting services, metering and fiber.

	Second quarter		First half-year	
NOK million	**2014**	2013	**2014**	2013
Operating revenues	**365.8**	346.4	**647.2**	608.4
Operating profit before depreciation	**24.0**	2.0	**16.8**	(19.2)
Operating profit	**21.4**	(0.9)	**11.6**	(24.9)
Operating margin	**5.9%**	-0.3%	**1.8%**	-4.1%

The business in Sweden posted total operating revenues of NOK 19.4 million (5.6 per cent) above the corresponding previous year period. The increase is mainly attributable to a change in exchange rates during the period that has resulted in an increase of NOK 14 million (SEK is strengthened against NOK). Excluding the exchange rate effect, the revenues are slightly up. Infra Solutions shows a large increase within the fibre segment while Electrical Grid Svea are down due to the close-down of loss making activities.

The operating profit came in at NOK 21.4 million (NOK -0.9 million). The operating margin rose from -0.3 per cent to 5.9 per cent. The improvement is mainly a result of the close-down of non-profitable business Göta and increased profitability within Railway.. In addition, the profit is positively impacted by a one-off reduction of 5.7 million – related to reduced leasing costs for vehicles in 2013 and prior years.

As of the reporting date, the segment had a total order book of NOK 1,621 million, of which NOK 651 million relates to 2014, NOK 734 million to 2015 and NOK 236 million to 2016 and later. Contracts entered into for the quarter were lower than production for the period, and the total order book decreased by NOK 102 million during the second quarter. Compared to end of June last year, orders on hand were down by NOK 254 million, primarily a result of the already produced volumes related to multi-year framework contracts with major customers.

FINLAND

The operation in Finland includes product areas as transmission grids; products and services within transformer stations.

NOK million	Second quarter 2014	Second quarter 2013	First half-year 2014	First half-year 2013
Operating revenues	**64.0**	45.0	**111.1**	70.0
Operating profit before depreciation	**7.9**	(0.2)	**9.0**	(2.3)
Operating profit	**7.2**	(0.9)	**7.6**	(3.6)
Operating margin	**11.2%**	-1.9%	**6.9%**	-5.1%

Revenues in the Finnish market rose by 42 per cent compared to same period last year, mainly due to a beneficial market development and a significant growth in the number of new projects awarded.

Finland posted a second-quarter profit of NOK 7.2 million (NOK -0.9 million). The huge increase is attributable to a higher productivity and higher margins on new contracts compared to the corresponding prior-year period.
As of the reporting date, the segment had a total order book of NOK 170 million, of which NOK 105 million relates to 2014, NOK 55 million to 2015 and NOK 10 million to later periods. Contracts entered into in the quarter were lower than the production for the quarter and total orders on hand were down NOK 8 million. Compared to the end of June last year, orders on hand were up by NOK 14 million.

OTHER

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

NOK million	Second Quarter 2014	Second Quarter 2013	First half-year 2014	First half-year 2013
Operating profit	**(6.6)**	(7.3)	**(12.4)**	(15.2)

Group expenses of NOK 6.6 million were incurred in the quarter, compared to NOK 7.3 million in the previous year. Year to date costs have decreased by NOK 2.8 million. The decrease in net expenses is primarily attributable to reduction in location cost at the group's Headquarters.

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 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

Estimated present value of pension liabilities in Infratek depends on both demographic and financial assumptions. Changes in assumptions such as discount rate or salary growth - or other assumptions - can have a material effect on both equity and income. Sensitivity analysis on pension liabilities in Infratek is presented in note 17 to the 2013 annual accounts of the 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

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

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

The loss of - or changed investment volumes from - individual or several customers could have a significant impact on the group's business and profitability.

EVENTS

Refinancing of loan and guarantee facility

The Group's rolling NOK 100 million overdraft facility with DNB ASA was replaced by a NOK 100 million revolving credit facility with Swedbank in May 2014.

At the same time, a guarantee facility of NOK 300 million was agreed with Swedbank, replacing the previous guarantee facility of NOK 180 million with DNB ASA.

Bond issue NOK 650 million

Infratek Group AS issued a bond of NOK 650 million, with the duration of 5 years and coupon of 3 months NIBOR + 5 per cent. Investors have a share pledge in the operating company Infratek AS. The bond will be listed on the Oslo Stock Exchange during the autumn of 2014.

RELATED PARTIES

Repayment of loan Triton Funds

During the first half-year of 2014, the Group made total loan repayments to Triton Funds of NOK 445 million, of which NOK 396 million was repayment of principal and NOK 49 million payment of accrued interest.

Divestment of Security – Technical Solutions

On 30 June 2014, the Group divested the business area *Security – Technical Solutions* for a consideration of NOK 58.2 million. The Enterprise Value of the divested business area was agreed to be NOK 70 million. The business area was sold to a company controlled by Triton Fund III, the ultimate owners of Infratek Group AS. See note 6 for more information about the disposal.

EMPLOYEES

As of 30 June 2014 the Group had 1 345 employees.

Countries	Number of employees	Number of man-years	Sick-leave rate 2Q14
Norway	580	573	4.8 %
Sweden	643	643	2.9 %
Finland	122	120	4,8 %
Total	**1345**	**1336**	**3,8 %**

As of the reporting date, the number of employees was down by 156 compared to the end of June 2013, mainly attributable to the increased use of subcontractors and expiration of one contingency agreement in Sweden.

Sickness absence has increased from 3.5 per cent in the second quarter last year to 3.8 per cent this year - and is due to an increase in long-term absence. We are working on different measures to reduce the sickness absence - both actively within the company - and in cooperation with public authorities.

OUTLOOK

The overriding aim is to strengthen Infratek's position in the market 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.

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.

Infratek's Nordic market position and strong financial position, including a solid balance sheet and unused credit facilities, means that Infratek is well positioned to meet the challenges facing the Group in the future.

DECLARATION

On 13 August 2014 the Board of Directors and CEO of Infratek adopted this Report of the Board of Directors and Infratek Group AS's abridged consolidated interim financial statements for the six months to 30 June 2014.

The Board of Directors and CEO hereby declare that, to the best of their knowledge, the financial statements covering the period 1 January to 30 June 2014, including the Notes to the financial statements, have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and the supplemental requirements of the Norwegian Securities Trading Act. It is further declared that the information contained in the interim financial statements, including the Notes to this report, provide a true and fair view of the Group's assets, liabilities, financial position, and performance as a whole.

The Board and CEO also declare that, to the best of their knowledge, the half-year Report from the Board of Directors provides a true and fair view of key events in the accounting period and their influence on the financial statements for the first six months of the year, the most important risks and uncertainties facing the business in the next accounting period.

Oslo, 13 August 2014

Infratek Group AS

Board of Directors

CONSOLIDATED INCOME STATEMENT

Second quarter			First half-year		Year *)
2013	2014	NOK million	2014	2013	2013
-	684.7	Operating revenues	1 231.0	-	1 520.0
-	**684.7**	**Total revenues**	**1 231.0**	-	**1 520.0**
-	(314.7)	Purchased materials	(545.8)	-	(735.0)
-	(238.3)	Salaries and other personnel expenses	(475.4)	-	(508.2)
-	(8,6)	Depreciation	(17.5)	-	(27.2)
-	(74.3)	Other operating expenses	(149.3)	-	(231.5)
-	**48.8**	**Operating profit**	**43.0**	-	**18.1**
-	(20.6)	Financial revenues/expenses	(36.0)	-	(34.7)
-	**28.2**	**Profit before tax and discontinued operations**	**7.0**	-	**(16.7)**
-	(6.1)	Tax expense	(0.5)	-	(8.5)
-	38.0	Profit for the period from discontinued operations	38.3	-	(4.1)
-	**60.1**	**Profit for the period**	**44.8**	-	**(29.2)**
	60.1	Majority's share of profit	45.3	-	(36.9)
	-	Minority's share of profit	(0.5)	-	7.7

Other comprehensive income

Second quarter			First half-year		Year *)
2013	2014	NOK million	2014	2013	2013
		Items that will be recycled subsequently to profit or loss			
-	(2.2)	Exchange differences on translating foreign operations	(6.1)	-	11.5
		Items that will not be recycled subsequently to profit or loss			
-	(0.8)	Change in estimate pensions	(0.8)	-	20.6
-	0.2	Tax expense on other comprehensive income	0.2	-	(5.8)
-	**(2.8)**	**Other comprehensive income for the period**	**(6.7)**	-	**26.3**
-	**57.3**	**Total comprehensive income for the period**	**38.1**	-	**(2.9)**
-	-	Majority's share of total comprehensive income	39.2	-	(16.4)
-	-	Minority's share of total comprehensive income	(1.1)	-	13.5

CONSOLIDATED BALANCE SHEET

NOK million	30.06.2014	30.06.2013	31.12.2013 *)
Intangible assets	660.5	674.7	657.9
Fixed assets	114.8	129.1	125.2
Accounts receivable and other receivables	646.2	790.6	791.1
Cash and cash equivalents	129.8	71.3	170.3
Assets	**1 551.3**	1 665.7	1 744.5
Equity	238.4	211.6	365.6
Pension and other liabilities	196.8	238.4	222.3
Bond	631.8	-	-
Other long-term debt	59.9	15.6	534.2
Current liabilities	424.4	1 200.1	622.4
Equity and liabilities	**1 551.3**	1 665.7	1 744.5

CONSOLIDATED CASH FLOW STATEMENT

	Second quarter		First half-year		Year *)
NOK million	**2014**	2013	**2014**	2013	**2013**
Profit before tax and discontinued operations	**28.2**	-	**7.0**	-	**(16.7)**
Items without cash flow effect	21.4	-	24.1	-	57.4
Change in net working capital	(81.6)	-	(27.5)	-	53.4
Net cash flow from operations	**(32.0)**	-	**3.6**	-	**94.1**
Investments - fixed assets	(11.4)	-	(14.7)	-	(18.7)
Investments – operations (net of cash acquired)	(0.5)	71.3	(233.7)	71.3	(641.6)
Sales amount - fixed assets	(0.1)	-	3.7	-	5.1
Sales amount – operations (net of cash disposed)	(17.2)	-	(17.2)	-	(2.9)
Cash flow to investing activities	**(29.2)**	71.3	**(261.9)**	71.3	**(658.1)**
Change interest-bearing liabilities	8.1	-	242.2	-	713.9
Net received/paid interest rates	(49.3)	-	(49.1)	-	0.4
Dividend, equity issues and other equity changes	-	-	-	-	0.3
Cash flow used for financial activities	**(41.2)**	-	**193.1**	-	**714.6**
Cash flow from discontinued operations	**19.1**	-	**25.2**	-	**15.6**
Change in cash and cash equivalents	**(83.3)**	71.3	**(40.0)**	71.3	**166.2**
Cash at beginning of period	212.4	-	170.3	-	-
Effects on exchange rates changes on the balance of cash held in foreign operations	0.7	-	(0.5)	-	4.1
Cash at end of period	**129.8**	71.3	129.8	71.3	**170.3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Second quarter		First half-year		Year *)
NOK million	**2014**	2013	**2014**	2013	**2013**
Equity at beginning of reporting period	**113.2**	**-**	**365.6**	**-**	**-**
Profit for the period	60.1	-	44.8	-	(29.2)
Other comprehensive income for the period	(2.8)	-	(6.7)	-	26.3
Total comprehensive income for the period	**57.3**	**-**	**38.1**	**-**	**(2.9)**
Transactions with owners					
Transactions with minority interests	(0.5)	211.6	(233.7)	211.6	183.6
Equity increase from majority shareholder	68.4	-	68.4	-	184.9
Total transactions with owners	**67.9**	**211.6**	**(165.3)**	**211.6**	**368.5**
Equity at end of reporting period	**238.4**	**211.6**	**238.4**	**211.6**	**365.6**

*) The figures for the year 2013 have been restated compared to the Annual Report for 2013, due to the business area Security – Technical Solutions being recognised as a discontinued operation in addition to adjustments to the June 2013 business combination. See notes 6 and 7 for additional information.

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 2013, and the interim consolidated financial statements for the six months ending 30 June 2014, have been prepared and presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The interim figures are unaudited.

Infratek 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 2013. 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 2013 of the Infratek Group.

2) SEGMENT REPORTING – Income statement

From the second quarter of 2014, the Group has changed the segment structure and now 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 Security. *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.

Group eliminations for the 2013 interim periods mainly consist of adjustments made in the business combination for profit or loss in the period prior to the acquisition date. In addition, excess values from the purchase price allocation were recognised in the income statement for the year 2013.

Second quarter			First half-year		Year *)
2013	**2014**	NOK million	**2014**	2013	**2013**
305.4	**257.5**	Norway	**482.7**	528.1	**1 165.5**
346.4	**365.8**	Sweden	**647.2**	608.4	**1 397.6**
45.0	**64.0**	Finland	**111.1**	70.0	**192.2**
3.2	**7.8**	Other	**16.3**	6.4	**13.3**
(700.0)	**(10.4)**	Group eliminations	**(26.3)**	(1 212.9)	**(1 248.6)**
-	**684.7**	**Total operating revenues**	**1 231.0**	-	**1 520.0**
34.7	**26.8**	Norway	**35.8**	42.1	**87.9**
(0.9)	**21.4**	Sweden	**11.6**	(24.9)	**(12.3)**
(0.9)	**7.2**	Finland	**7.6**	(3.6)	**1.7**
(7.3)	**(6.6)**	Other	**(12.4)**	(15.2)	**(120.7)**
(25.6)	**-**	Group eliminations	**0.4**	1.6	**61.5**
-	**48.8**	**Total operating profit**	**43.0**	-	**18.1**

*) The figures for 2013 have been restated, see note 6.

3) GEOGRAPHIC SEGMENT REPORTING – Balance sheet

NOK million	Norway	Sweden	Finland	Group/ eliminations	Group total
Intangible assets	88.9	107.3	11.5	452.8	660.5
Fixed assets	45.4	42.5	17.7	9.2	114.8
Accounts receivable and other receivables	374.8	314.0	35.2	(77.8)	646.2
Cash and cash equivalents	315.0	18.6	74.5	(278.3)	129.8
Assets	**824.1**	**482.4**	**138.9**	**105.9**	**1 551.3**
Equity	443.9	223.9	106.3	(535.7)	238.4
Pension and other liabilities	184.4	6.0	0.3	6.1	196.8
Bond	-	-	-	631.8	631.8
Other long-term debt	-	75.0	-	(15.1)	59.9
Current liabilities	195.8	177.5	32.3	18.8	424.4
Equity and liabilities	**824.1**	**482.4**	**138.9**	**105.9**	**1 551.3**
Equity share	54 %	46 %	77 %	56 %	15 %

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 revenues 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) RELATED PARTY TRANSACTIONS

During the first half year of 2014, the Group made total loan repayments to Triton Funds of NOK 444.5 million, of which NOK 395.9 million in net repayment of principal and NOK 48.6 million in payment of accrued interest.

On 30 June 2014, the Group disposed of the business area *Security – Technical Solutions* for a consideration of NOK 58.2 million. The business area was sold to a sold to a company controlled by Triton Fund III, the ultimate owners of Infratek Group AS. See note 6 for more information about the disposal.

6) DISCONTINUED OPERATIONS

On 30 June 2014, the Group disposed of the business area *Security – Technical Solutions* for a consideration of NOK 58.2 million. The business area is recognized as a discontinued operation from this date, and comparable income and cash flow figures for 2013 have been restated accordingly. Profit or loss from and gain on disposal of the business area are recognized on the line "Profit for the period from discontinued operations" in the consolidated income statement.

The business area's transactions with other Group companies are eliminated as usual at Group level, and only income and expenses from external transactions have been reclassified to discontinued operations. As a consequence, the line "profit for the period from discontinued operations" will not represent the business area as a stand-alone entity.

The table below shows profit or loss from discontinued operations for the 2013 and 2014 interim periods and for the year 2013. The 2013 figures include Eiendomssikring, which was divested in

September 2013. See disclosures in note 26 to the consolidated financial statements for 2013 for more information on this disposal.

Profit or loss from discontinued operations

Second quarter			First half-year		Year
2013	**2014**	NOK million	**2014**	2013	**2013**
-	**56.9**	Operating revenues	**122.1**	-	**130.7**
-	**(23.5)**	Purchased materials	**(52.4)**	-	**(63.7)**
-	**(21.6)**	Salaries and other personnel expenses	**(46.0)**	-	**(50.3)**
-	**(0.3)**	Depreciation	**(0.7)**	-	**(0.7)**
-	**(11.4)**	Other operating expenses	**(22.4)**	-	**(26.5)**
-	**0.1**	**Operating profit**	**0.6**	-	**(10.5)**
-	**0.1**	Financial revenues/expenses	**-**	-	**0.1**
-	**0.2**	**Profit before tax**	**0.6**	-	**(10.4)**
-	**(0.1)**	Tax expense	**(0.2)**	**-**	**1.6**
-	**0.1**	**Profit for the period**	**0.4**	-	**(8.8)**
-	37.9	Gain on disposal of discontinued operations	37.9	-	4.7
-	**38.0**	**Profit for the period from discontinued operations**	**38.3**	-	**(4.1)**

Carrying amount of assets and liabilities in Security – Technical Solutions at date of disposal

NOK million	30 June 2014
Non-current assets	6.5
Inventory	18.0
Accounts receivable and other receivables	65.1
Cash and cash equivalents	17.2
Pension and other liabilities	(4.5)
Long-term debt	(26.6)
Accounts payable and other current liabilities	(52.2)
Accumulated change in estimate pensions not reclassified to profit or loss on disposal	(0.6)
Carrying amount of disposed assets and liabilities	**22.9**
Total consideration	**58.2**
Accumulated exchange differences reclassified to profit or loss on disposal	2.6
Gain on disposal of discontinued operations	**37.9**

7) BUSINESS COMBINATIONS

On 25 June 2013, Infratek Group AS acquired Infratek AS and a provisional purchase price allocation (PPA) was performed. See note 25 to the consolidated financial statements for the year 2013 for more information on the provisional PPA.

As of the second quarter of 2014, the PPA is final and only the following minor adjustments have been made compared to the provisional PPA:

Net acquired assets increased by NOK 6 million to NOK 325 million. As a consequence of this adjustment, goodwill at the acquisition date has been reduced by NOK 6 million to NOK 568 million. In addition, due to an adjustment of currency effects regarding elimination of recognized goodwill in foreign entities at the acquisition date, the line "exchange differences on translating foreign operations" in other comprehensive income has been reduced by NOK 6 million for the year 2013.

The consolidated balance sheet as of 31 December 2013, the consolidated statement of changes in equity for the year 2013 and other comprehensive income for the year 2013 have been restated compared to the Annual Report for 2013 based on the adjustments above.

8) BOND ISSUE

In May 2014, Infratek Group AS issued a bond of NOK 650 million, with the duration of 5 years and coupon of 3 months' NIBOR + 5 per cent. Initial transaction fees of NOK 18.4 million related to the bond issue have been recognised as part of the carrying amount in the balance sheet.

Investors have a share pledge in the operating company Infratek AS.

Financial covenants in the form of leverage ratio (net interest bearing debt to EBITDA < 3.0x) and interest coverage ratio (interest coverage ratio > 3.0x) apply on an incurrence basis, while there are no maintenance covenants in the bond issue.

The bond will be listed on the Oslo Stock Exchange during the autumn of 2014.