

Annual Report

Umoe Gruppen AS



2011



Umoe Gruppen AS

DIRECTORS' REPORT

Umoe Gruppen AS is owned and controlled by Jens Ulltveit-Moe and members of his family. The Ulltveit-Moe family is one of the largest private investors in Norway. The company's registered office is at 84, Fornebuveien, 1324 Lysaker.

Umoe Gruppen AS has four main business areas: ethanol production in Brazil, offshore and maritime lifesaving equipment, restaurants and transportation of liquid natural gas (LNG). Umoe is also the majority shareholder in several medium-sized companies and manages its surplus liquidity in a financial portfolio.

Umoe exercises its ownership in the companies it controls by appointing representatives to their Boards of Directors and other governing bodies. The senior management of several of these companies have minority shareholdings in them. Umoe emphasizes to have a good, trusting cooperation with management, employee representatives and external shareholders in each subsidiary. Umoe has a strong focus on safety, the environment and business ethics.

Umoe is a relatively large company, with one controlling owner. Still, the board of directors in Umoe has responsibility and authority as if the company had a dispersed ownership. The owner is the CEO of the group, and a board member, but he is not the chair of the board. Three of the five board members are external. The Norwegian code of conduct for corporate governance is not suitable for a family owned company in all areas, but Umoe follows the code when it is relevant and useful. This includes, as an example, the guidelines for equal treatment of shareholders and transactions with related parties.

Umoe Gruppen AS has a small and highly qualified group of employees that exercise ownership. These staff members are formally employed by Umoe AS. Each subsidiary has its own management and is largely financed by its own earnings and balance sheet. There are limited synergies between the individual investments in the portfolio. The value drivers and market conditions for each individual company are different. This leads to flexibility and risk equalization in the portfolio as a whole.

Umoe invests counter-cyclically in companies in mature industries with the aim of active ownership doubling the value over a five-year period. Umoe's strategy allows room for underlying assets to both increase and decrease in value and the group's equity is large enough to be able to both invest during downturns and avoid the enforced sale of assets. Umoe has been involved in maritime industries since it was established in 1984 and has also been involved in Norwegian industries targeting the domestic market since Umoe Restaurant Group AS was bought in 2002. When we cannot create new value through our ownership, we consider selling. During the past years, oil-dependent investments have been sold and been reinvested in renewable energy. The large investment in sugar cane ethanol is the first result of this strategy.

Our investments are mainly recognized at cost and considerable added value has been created for several of the investments compared to the book value. Investments whose value has decreased during the year have been written down to their estimated market value at year-end. Umoe places emphasis on maintaining a good equity/assets ratio. The real equity ratio is significantly higher than the reported value. Umoe Gruppen AS has no external debt.

Research and development, is carried out in the different subsidiaries.

THE OPERATIONS DURING 2011

The Group's revenue was NOK 5 347 million in 2011 (NOK 5 968 million). The operating result before depreciation, amortization and write-downs was NOK 360 million (NOK -122 million). The loss before tax was NOK 92 million (NOK -381 million). Last year's figures are shown in brackets.

The Group's total assets amounted to NOK 5 032 million (NOK 5 591 million). The Group's book equity at year-end came to NOK 1 764 million, equivalent to an equity ratio of 35.1 per cent (34.8 per cent). The cash flow from operating activities was positive also in 2011, NOK 46 million and NOK 201 million for Umoe Gruppen AS and the Umoe Gruppen AS Group respectively. The Board considers the Group's liquidity as good.

OUR MAIN BUSINESS AREAS

Umoe Bioenergy ASA

Umoe Bioenergy ASA (UBE) is an upstream producer of pure and renewable ethanol from sugar cane. The sugar cane is supplied from the cultivation and harvesting of sugar cane from approx. 31 000 hectares owned and leased land in Paranapanema, in the southwest region of the state of São Paulo in Brazil. UBE's goal is to maximize the added value from the various parts of the sugar cane and benefit from the sale of carbon certificates and/or environmentally friendly, quality products. The company has a plant that is currently licensed to crush a total of 2.6 million tons of sugar cane annually. The Group owns and operates its own equipment for harvesting, which is almost fully mechanized. Under normal weather conditions, the company can produce approx. 220 million liters of hydrous ethanol for the Brazilian fuel market. Umoe Bioenergy was listed on NFMFs OTC list until December 2009. The company had outstanding warrants issued in connection with a former bond loan the company took in 2007. These expired in the beginning of June 2012 without being exercised by any of the warrant holders. In 2011, the Umoe Bioenergy Group had a revenue of NOK 675 million (NOK 446 million). Operating result before depreciation, amortization and write-downs amounted to NOK 107 million (NOK -7 million) and the pre-tax loss amounted to NOK 53 million (NOK -163 million).

In 2011, UBE harvested approx. 1.9 million (2.3 million) tons of sugar cane. The harvest was 14% lower than in 2010, partly due to bad weather conditions and partly as a consequence of problems with the planting of cane from previous years, which has affected producers in the whole south and mid parts of Brazil. The crop resulted in a total of 159 million liters of ethanol, 21 million liters less than last year. The loss in volume was offset by higher ethanol prices with an average price of one liter of ethanol of BRL 1,2 (BRL 0,9), (approx. NOK 4,03 and NOK 3,09 respectively). In order to increase the utilization of the plant, which was only 73% in 2011, the planting program has been accelerated during 2011 with almost NOK 100 mill spent on expansion planting and replanting of 5900 (3000) hectares. The increased level of planting will continue in 2012.

In 2011 UBE entered into an agreement to sell major parts of the Narandiba plant (the original plant) for the price of BRL 33 mill. (approximately NOK 110 mill.). BRL 10 million was received as a prepayment in 2011, and the rest is expected to be received in 2012. As a consequence of the sale NOK 50 million of previous years write downs have been reversed. The Narandiba plant is not used in the UBE production.

To complete an investment program that has lasted several years, UBE entered into an agreement at the beginning of 2011 for the construction of an additional cogeneration facility, for combustion of the dry material from the ethanol production (bagasse) at the Sandovalina plant. Production for commercial use is scheduled to start in August 2012, and the new facility will have a capacity of 45 MW. The total investment is BRL 107 mill. (approximately NOK 360 mill), which also includes 19 kilometers of transmission lines. 90% of this is financed with loans from BNDES (the Brazilian development bank). All necessary licenses are in place. UBE has sold 17.5 MW of the production for 20 years to the Brazilian government at the price of NOK 344 per MWh. In the contract UBE has agreed to sell 9 MW from 2014 and 17.5 MW from 2015. The price will be index adjusted on a yearly basis from 2011. Until 2014 the produced electricity will be sold in the free market.

Energy from the cogeneration facility also makes it possible to invest in an “anhydrous filter”, which removes water that is a natural part of the hydrous ethanol. To ensure that up to 40% of the ethanol produced can be anhydrous, which has a higher price than hydrous ethanol, an investment in two new tanks has also been made.

The revenue from the investments made in 2011 and 2012 will increase and stabilize the cash flow of UBE and also reduce the operational risk. At the current production level UBE will be fully invested, and the cash flow from operations can be used for other purposes.

UBE completed an extensive restructuring in 2010, in order to secure future profitability. In connection with this Umoe Bioenergy ASA claimed a tax deductible loss of NOK 1 185 million. Umoe Bioenergy ASA has received a letter from the Central Tax Office for Large Enterprises asking for more information. The administration in Umoe AS is working on the case, and will make sure that the information asked for is provided. Umoe AS believes that the loss will be tax deductible, but it may take some time to resolve the issue.

The future development in the value of UBE is especially dependent on the price of ethanol and the successful completion of the ongoing investment- and cost reduction programs.

Umoe Mandal AS

Umoe Mandal AS and its subsidiary Umoe Advanced Composites AS develop and manufacture advanced composite solutions for the maritime industry, oil and gas sector and the defense sector. Approximately 48 % of the revenue in 2011 has been related to the defense sector. The research and development projects has been carried out both on request of others, through participation in international projects, and as self-financed projects, partly financed by The Research Council of Norway. The development of service vessels for offshore windmills has in addition received financing from the Carbon Trust. Umoe Mandal's concept was one of thirteen winners among 400 concepts in a European competition, where new solutions for wind power were presented.

Umoe Mandal had consolidated revenue of NOK 99 mill. (NOK 171 mill.), an operating loss before depreciation, amortization and write-downs of NOK 22 million (NOK -102 million) and a pre-tax loss of NOK 35 million (NOK -112 million) in 2011.

The work on the construction of five Skjold class missile torpedo boats (MTBs) and the upgrading of the KNM Skjold for the Royal Norwegian Navy has been under way since 2003, and was a main activity also in 2011. The contract was originally of approximately NOK 2 000 million. Two vessels were delivered at the end of 2010, one in 2011, and so far has one been delivered in 2012. The remaining two vessels are expected to be delivered during 2012. In 2011 the project has experienced major problems in the hydraulics system, but these issues have now been solved. These problems are the major contributor to the negative result in Umoe Mandal in 2011. In 2011 an agreement between the consortium that delivers the vessels and the customer was made, which dealt with compensation for penalties and delays that occurred until the summer of 2011. All costs related to this agreement are reflected in the financial statement.

The other projects carried out by Umoe Mandal have had positive margins, and delivered better than expected.

To ensure the activity level after the completion of the MTB project, maintenance and modification activities for military purposes was established as a separate business area with a dedicated management. This business area was in Mars 2011 awarded a new contract with the Royal Norwegian Navy for inspections of Mine Counter Measure Vessels. This contract has contributed with a large portion of the sales to the military market in 2011, and is expected to contribute significantly also in 2012. Work has also been focused towards the U.S. defense market and Umoe Mandal was in 2011 awarded a new contract with the U.S. Navy. In addition another major defense contract is expected to be awarded during 2012. Umoe Mandal could then become a subcontractor if one of Umoe Mandal's partners is awarded the contract.

At the end of 2011 a process to separate the Group's properties into a separate legal unit started. The goal is to establish an industry and technology park at Gismerøya in Mandal. The first external rent agreement has already been signed.

Umoe Schat-Harding Group AS

Umoe Schat-Harding is the global market leader of maritime lifesaving systems and has the industry's largest global service network. The Group is represented in 25 locations around the world with its own service stations and in another 37 locations through service partners. The service network offers maintenance, spare parts, repairs and upgrades of lifeboats globally. The production is located in Europe, Asia and America. Umoe Schat-Harding had a revenue of NOK 723 million (NOK 667 million) in 2011. Operating profit before depreciation, amortization and write-downs amounted to NOK 69 million (NOK 41 million) and the pre-tax profit was NOK 36 million (NOK 5 million).

Despite a challenging shipping market, the Service division had an increase in revenue of 5% in 2011. The IMO regulations have the last years made it possible for others than the original equipment manufacturer to supply lifeboats with one and five years' service programs. This has increased the competition on servicing own products, but at the same time made it possible to offer service on products supplied by other manufacturers. Due to this, the Service division has the last two years worked towards a more sales oriented organization, by building a global sales force and implementing global sales campaigns. After a comprehensive training of the company's service engineers, the division has from 2011 been able to provide service on most of the life boats in the world. As a consequence of increased focus on sales and service of lifeboats produced by others, 22% of all service inspections are now carried out as part of a fleet service agreement, compared to 9% in 2010.

In May 2011 IMO approved new regulations for hooks. Due to these new regulations many lifeboat owners have to replace their hooks during the next years. Umoe Schat-Harding supports the new regulation, as it will decrease the number of accidents and support the company's vision of "Improving safety at sea". On the 23rd of November 2011, Umoe Schat-Harding, as the first company, announced that the company's SeaCure Hooks meet the requirements set by the new regulations.

Also the Equipment division had a positive development in revenue in 2011, with an increase of 18%. After developing the new free-fall lifeboat system FF1200, a free-fall test was successfully carried out in the fourth quarter. Development projects, with FF1200 as the most significant, had a cost of NOK 38 million (NOK 10 million) in 2011. A major part of this was financed by the customers. Based on the future prospected sales of the concept, most of the project costs have been capitalized in the balance sheet.

With the new FF1200 system the company has positioned itself as the leading supplier of life support systems to the Norwegian continental shelf, which has the toughest requirements in the world when it comes to safety. The company's strategy is to continue building on this position and broadening its product range, in order to be well positioned in the global offshore market. The order book has increased to NOK 410 million, which represent near 100% of the capacity at the Norwegian facility. The facilities in the Czech Republic and China are increasingly focusing on the international offshore market.

At the end of 2011 Umoe Schat-Harding Group made an agreement, which made BW Ventures a 50% owner of the CleanHull activity in the first half of 2012. The transaction is important for CleanHull, as it secures capital, knowledge and the basis for further growth.

Umoe Restaurant Group AS

Umoe Restaurant Group AS (URG) is Norway's largest, and a leading Scandinavian, restaurant group. The company owns and runs the following restaurant chains: Peppes Pizza, Blender (which consists of Café Opus, LaBaguette, Fattigmann, airport restaurants, and concept restaurants), Burger King and TGI Friday's. The company also owns 50% of Rail Gourmet Togservice Norge AS. The URG group had a revenue of NOK 2 049 million (NOK 1 944 million) in 2011. The operating profit before depreciations, amortization and write downs was NOK 211 million (NOK 197 million), and the pre-tax profit was NOK 44 million (NOK 22 million).

2011 was another good year for URG, with growth in both revenue and margins. Centrally in URG, work has been done in order to secure quality in all aspects of the organization, and training of staff and its leaders. In addition innovation has been a top priority, and two new concepts with Asian and Italian food will be launched at shopping malls in Norway during 2012.

Also the well-established chains delivered positive results and innovation in 2011. Peppes Pizza launched a new line of Pizza; California Style, which has been well received. The company also increased its market share in a stagnating pizza market. The chain has also developed a new city concept, and some of the Peppes units will be rebuilt during 2012 to fit this concept. Blender improved several of its concepts at Sola airport, and opened a new Beach Club at Gardermoen airport in the spring of 2012. Burger King (King Food AS) opened two new

restaurants during 2011, one of which was in Sweden. They also launched the Whopper Lab. The chain has also in recent years entered into the drive thru market, which is showing high sales and profitability. TGI Fridays also opened a new restaurant in 2011, a large unit near Oslo Central Station. In addition TGI plans to open a new restaurant in Trondheim in 2012.

Umoe Shipping and Energy AS

Umoe Shipping and Energy AS (USE) is the Group's holding company in the shipping sector. The company has ownership interests in a modern fleet of specialized LNG tankers. The vessels are chartered on time-charter contracts to first class energy companies. The vessels are operated by Knutsen OAS Shipping in Haugesund. The company owns between 37.5% and 50% in each of the vessels, and the ownership interests are thus reported in the accounts as "profit from associated companies". The company had a good year in 2011. The LNG operations gave a positive after-tax result of NOK 19 million, compared to NOK -36 million in 2010. The main reason for the negative result in 2010 was additional costs connected to the delivery of the four new-buildings in 2010. In addition, the profit in 2010 was affected by a significant foreign exchange loss totaling of NOK 50 million connected to the refinancing of the loan in Norspan LNG VIII, associated with the delivery of the ship in November 2010. The pre-tax profit for USE was NOK 34 million, compared to NOK 90 million in 2010. There was no unscheduled off hire in 2011.

USE decided in the fall 2011 to merge the 100% owned subsidiary Ulltveit-Moe Rederi AS into USE. Ulltveit Moe Rederi AS was part of the Norwegian shipping tax regime. After the merger the company is no longer qualified to be a part of the shipping tax regime.

The company is influenced by changes in the currency and interest rate markets. Strategies are executed and financial derivatives are used to reduce these risks. The currency risk is significant, as most of the revenue is in USD, while the significant part of the costs is in EUR. Forward contracts are used to reduce this risk. Financing in USD is also a natural hedging strategy. In addition, a significant portion of the debt is hedged through long term hedging contracts.

The market has picked up substantially during 2011. This is considered positive for Norspan LNG VIII, where the vessel is available for a new contract from 2014. The other vessels are chartered on long term contracts.

Other companies

These companies have an estimated market value of NOK 343 million, close to 8% of the estimated total value of the group as a whole. The Umoe Eiendom Group alone stands for NOK 136 million of this value. These companies include Brattvåg Elektro AS, Sønnico AS, Umoe Alu Services AS, Umoe Consulting AS, Umoe Eiendom AS and Umoe Forestry AS (former Umoe Solar AS).

The main common features of these companies are that they are medium-sized niche companies where Umoe has become an owner by spinning them off from other investments. Umoe's goal is to ensure that these companies have competent boards and if necessary, help with financing. In addition Umoe also wants the management to have ownership interests in their own companies, to ensure that the management takes part in the value creation.

During 2011 Offshore Rig Company KS has been liquidated, two of the companies in Canada, which was related to the cancelled polysilicon project, were sold back to the Province of New Brunswick, and the shares in Umoe iTet AS was sold to the management of the company. The liquidation and sale of these units gave a gain of NOK 37 million in 2011. In the fall of 2011 Umoe entered into negotiations with some local investors discussing a partial sale of Brattvåg Elektro AS. These negotiations resulted in a sale in the spring of 2012, where Umoe sold 67% of the shares for NOK 10 million. Brattvåg Elektro AS was de-consolidated from the group accounts with effect from the first quarter of 2012.

The ongoing restructuring of the Sønnico Group was completed in 2011, when two new legal units were established during the year: Sønnico Elektro AS (from 1st of April 2011) and Sønnico Tele AS (from the end of 2011). The purpose of the new entities has been to ensure that the business areas were given the best working conditions in order to secure future profitability. Both companies have a new CEO and CFO. It is expected that the earnings for both companies will develop positively in 2012.

The order situation has improved for Umoe Alu Services, but the earnings are still weak. Actions to improve profitability have been taken.

In 2011 Umoe Consulting started a branch office in Stavanger. The company has also had a legal dispute with the former CEO, who has been convicted for illegal recruitment of Umoe Consulting's employees. The company's earnings have improved during 2011, and it is expected that they will improve further in 2012.

Røyken Sentrumsutvikling AS, a company owned by Umoe Eiendom AS, has made further provisions and write downs in 2011, with a total of NOK 48 million. The other companies owned by Umoe Eiendom AS have delivered as expected in 2011. The outlook for 2012 is positive.

Umoe Forestry AS manages ownership in Fornebu Lumber Company Inc, which had a loss of CAD 2 million in 2011. The company expects improved results in 2012, but the improvement will not be significant until the housing market in the U.S. picks up.

Umoe AS has not contributed liquidity to the companies in this portfolio during 2011.

Securities

At yearend Umoe AS owned 31.8 % in Kverneland ASA. Umoe had accepted a bid from Kubota agreeing to sell all of its shares in the company at a price of NOK 10.50 per share. The book value of the shares was NOK 243 million as of 31st of December 2011, and the bid was NOK 515 million. The sale was finalized in Mars 2012, and the gain of NOK 272 million was then booked.

At yearend Umoe owned, directly and indirectly, 2.6% of the shares in Renewable Energy Corporation ASA. During 2012 Umoe's ownership has been increased to 5.97%.

In 2011 Umoe Gruppen AS had a gain from currency trading of NOK 3 million.

FINANCIAL MARKET RISK

The Group is exposed to various risks such as market risks, credit risks and liquidity risks. Attempts are made to reduce unwanted risks through long-term contracts, advance payments, natural hedging, guarantees and credit lines with recognized banks or through investment of surplus liquidity in various listed companies. For a more detailed overview of the various risks, please refer to note 2 of the annual accounts.

PROFIT/LOSS FOR THE YEAR

The parent company, Umoe Gruppen AS, had an after-tax profit of NOK 211 659 000 in 2011. The Board of Directors proposes the profit to be allocated as follow:

Group contribution receivable	29 307 000
Group contribution payable	-29 307 000
Transferred to other equity	211 659 000
Total transfers and allocations	211 659 000

In accordance with the requirements placed by the Norwegian accounting legislation, the Board of Directors confirms that the accounts have been prepared on the assumption that the Group is a going concern.

PERSONNEL AND ENVIRONMENT

Umoe Gruppen AS has no employees. The Group had 8 281 employees equivalent to 5 443 full time employees (5 554). The overall absence rate due to sickness in the Group was 2.7 % (3.1 %). There were 52 personal injuries during 2011, which is a decrease of 15 from last year. A significant part of these were linked to Umoe Bioenergy ASA's operations in Brazil, where the company is working hard to improve safety, and aims towards a high ethical standard and offer a safe, good and educational working environment.

The Group carried out a working environment survey in several of its Norwegian companies also in 2011. The survey shows good feedback regarding the working environment. There are still areas for improvement in individual companies and these areas are targeted locally in these companies. Corresponding surveys are planned to be carried out in the autumn of 2012.

The Group currently has around 50 different nationalities represented among the 8 281 employees. The Group is committed to treating men and woman equally. This is done through equal pay for equal work, and when hiring

new people competence, experience, and qualifications to meet the requirements of the position is emphasized. The company strives to be an attractive employer to all employees, regardless of gender, disabilities, religion, belief and ethnic origin. 32 % of the Group's employees were female and 68 % were male at the end of 2011. The Board of Directors consists of four men and one woman.

As far as the Board of Directors is aware, the individual Group companies have adapted their operations to comply with the relevant environmental requirements and order in the various sectors in which they operate. These include waste sorting systems, system for returning EE (electrical and electronic products) waste and production licenses for ethanol. In addition to compliance with various orders and requirements issued by the authorities, several of the companies have an additional focus on the environment thanks to their energy efficiency measures, use of environmentally certified products and cooperation with suppliers to reduce their environmental impact.

FUTURE PROSPECTS

It is expected that the Norwegian economy will continue to grow in 2012. Umoe monitors market developments carefully and tries to ensure that its subsidiaries adapt to the economic realities and also that space is created to capitalize on industrial opportunities. The owner's and management's focus is on ensuring that required actions are implemented in a timely fashion in order to safeguard earnings and good financial developments. At the same time, great emphasis is placed on monitoring the various segments carefully so that the Group can participate actively in industrial restructuring and consolidation. After getting through 2011 in a positive way, Umoe will continue to focus on interesting new opportunities, including growth in the core business areas.

Fornebu, 13th of June 2012

Sign.
Johan Fr. Odfjell
Chair of the board

Sign.
Ragnhild Kierulf Ulltveit-Moe

Sign.
Harald Norvik

Sign.
Victor D. Norman

Sign.
Jens Ulltveit-Moe
Board member and CEO

Umoe Gruppen AS

Income Statement

Figures in NOK 1.000

	Notes	Umoe Gruppen AS		Consolidated	
		2011	2010	2011	2010
Revenue		0	0	5 138 404	5 797 653
Other operating income		0	0	208 457	170 979
Total operating income	3	0	0	5 346 861	5 968 632
Cost of goods sold		0	0	-1 957 074	-2 483 156
Payroll and social expenses	4	-456	-447	-1 975 319	-2 358 628
Depreciation of fixed- and intangible assets	6	0	0	-349 544	-417 225
Write down of fixed- and intangible assets	6	0	0	38 945	-43 626
Other operating expenses	5	-1 788	-728	-1 054 463	-1 248 556
Operating profit		-2 244	-1 175	49 406	-582 559
Gain/loss/write-down/dividend subsidiaries	10	198 824	664 814	0	0
Share of profit/loss from associated companies	9,10	0	0	37 806	21 522
Financial income	10	54 366	97 303	61 432	335 130
Financial expenses	10	-34 217	-39 480	-240 623	-154 825
Net financial items		218 973	722 637	-141 385	201 827
Ordinary profit (loss) before tax		216 729	721 462	-91 979	-380 732
Tax income (+)/tax cost (-)	16	-5 070	14 318	32 746	432 353
Net profit (loss) of the year	14	211 659	735 780	-59 233	51 621
Minority's share of the profit/loss				2 584	-8 678
Profit/loss for the year after minority interests				-61 817	60 299
Transfers and allocations					
Group contribution - paid		-40 704	0		
Tax on Group contribution - paid		11 397	0		
Capital injection in daughter companies		0	-2 577		
Group contribution - received		29 307	2 577		
Transfer to (+)/from (-) other equity		-211 659	-735 780		
Total transfers and allocations	14	-211 659	-735 780		

Umoe Gruppen AS

Balance Sheet

Figures in NOK 1.000

	Notes	Umoe Gruppen AS		Consolidated	
		2011	2010	2011	2010
Assets					
Research and development	6	0	0	32 037	6 807
In-house developed software, other rights, etc.	6	0	0	29 816	42 433
Rental contracts	6,7	0	0	117 920	115 748
Deferred tax asset	16	0	0	178 719	192 593
Goodwill	6	0	0	53 028	93 263
Total intangible assets		0	0	411 520	450 844
Grounds, buildings and other real estate		0	0	672 318	669 916
Vessels, rigs and other resources		0	0	1 122 211	915 043
Equipment		0	0	237 555	313 899
Total fixed assets	6	0	0	2 032 084	1 898 858
Investment in subsidiaries	8	2 440 331	2 399 463	0	0
Loans to group companies		692 722	307 294	79 510	0
Investments in associated companies	9	0	0	600 085	463 212
Loans to associated companies		0	0	1 830	127 334
Other shares	11	0	0	46 782	38 141
Other long-term receivables - interest-bearing		3 743	3 738	35 554	10 425
Other long-term receivables - non-interest-bearing		0	0	68 736	35 127
Total financial assets		3 136 796	2 710 495	832 497	674 239
Total non current assets		3 136 796	2 710 495	3 276 101	3 023 941
Inventories					
Inventories	12	0	0	506 403	530 770
Accounts receivable		0	0	525 816	467 600
Construction contracts	13	0	0	172 016	175 151
Short-term intercompany receivables		228 131	391 229	0	12
Other short-term receivables		252	122	117 130	119 470
Total receivables		228 383	391 351	814 962	762 233
Short-term investments		0	0	71 511	504 445
Bonds		0	0	2	0
Other current financial assets		-899	-3 722	1 786	16 578
Cash and cash equivalents - non-restricted		125	73 115	347 653	733 400
Cash and bank equivalents - restricted		190	186	13 960	20 037
Total cash and cash equivalents		-584	69 579	434 912	1 274 460
Total current assets		227 799	460 930	1 756 277	2 567 463
Total assets		3 364 595	3 171 425	5 032 378	5 591 404

Umoe Gruppen AS

Balance Sheet

Figures in NOK 1.000

	Notes	Umoe Gruppen AS		Consolidated	
		2011	2010	2011	2010
Equity and debt					
Share capital		375 000	375 000	375 000	375 000
Share premium fund		250 375	250 375	250 375	250 375
Total paid-in capital	14	625 375	625 375	625 375	625 375
Other equity		1 926 672	1 715 013	1 050 410	1 236 810
Minority interests		0	0	88 430	83 843
Total equity	14	2 552 047	2 340 388	1 764 215	1 946 028
Liabilities					
Pension liabilities	15	0	0	24 677	35 800
Deferred tax	16	28 252	34 580	5 254	47 621
Accrual regarding associated companies	9	0	0	42 557	39 834
Other non-current liabilities		0	0	10 358	9 088
Total non-current liabilities		28 252	34 580	82 846	132 343
Current liabilities					
Bond loan		0	0	0	0
Long-term intercompany debt		300 000	500 000	0	0
Long-term interest-bearing debt		0	0	1 391 968	1 344 150
Other long-term debt		66 839	74 217	70 413	97 296
Total long-term debt	17	366 839	574 217	1 462 381	1 441 446
Short-term interest-bearing debt		0	109 541	431 859	802 403
Accounts payable		0	63	553 965	462 272
Tax payable	16	0	0	7 704	35 791
Provision for public duties		-46	30	155 727	152 512
Dividends	14	0	0	2 189	923
Advance payments from customers		0	0	141 147	101 161
Short-term intercompany interest-bearing debt		416 845	110 143	0	0
Other short-term debt - non-interest-bearing		658	2 463	430 345	516 525
Total current liabilities		417 457	222 240	1 722 936	2 071 587
Total equity and debt		3 364 595	3 171 425	5 032 378	5 591 404

Fornebu, 13th of June 2012

Sign.

Johan Fr. Odfjell
Chair of the board

Sign.

Ragnhild Kierulf Ulltveit-Moe

Sign.

Harald Norvik

Sign.

Victor D. Norman

Sign.

Jens Ulltveit-Moe
Board member and CEO

Umoe Gruppen AS

Cash flow statement

Figures in NOK 1.000

	Noter	Umoe Gruppen AS		Consolidated	
		2011	2010	2011	2010
Cash flow from operational activities					
Profit before taxes		216 729	721 462	-91 979	-380 732
Paid taxes	16	0	0	-26 300	19 490
Share of profit/loss of associated companies/ subsidiaries	10	-198 824	-674 536	-36 751	76 677
Gain/loss from sale of fixed assets and securities		0	0	38 672	-19 733
Depreciation of fixed- and intangible assets	6	0	0	349 544	417 225
Write down of fixed assets and financial items	6	0	9 723	-33 519	-20 794
Effect of currency		0	0	21 965	-7 571
Difference between expensed and net paid pensions		0	0	-11 123	-16 330
Changes to inventory, accounts payable and receivable		-8	-55	60 989	122 926
Other items		28 064	13 394	-70 515	-6 940
Net cash flow from operational activities		45 961	69 988	200 983	184 218
Cash flow from investment activities					
Cash inflow from sale of fixed and intangible assets	6	0	0	55 201	273 587
Cash outflow from purchase of fixed and intangible assets	6	0	0	-641 244	-398 379
Net proceeds from sale of shares and interests in other companies		-40 868	-291 407	-12 184	-136 561
Net proceeds from sale of other investments (+/-)		-104 566	92 208	-93 804	73 998
Net cash flow from investment activities		-145 434	-199 199	-692 031	-187 355
Cash flow from financial activities					
Cash inflow from raising interest-bearing debt	17	71 717	0	338 062	459 807
Cash outflow from repayment of interest-bearing debt	17	-42 407	32 082	-667 383	-558 631
Net payments to/from minority interests	14	0	0	2 003	-8 556
Paid dividend	14	0	0	0	-3 979
Change in equity - majority	14	0	0	-21 182	-5 921
Net cash flow from financing activities		29 310	32 082	-348 500	-117 280
Net change in cash and cash equivalents		-70 163	-97 129	-839 548	-120 417
Cash and cash equivalents as of January 1		69 579	166 708	1 274 460	1 394 877
Cash and cash equivalents as of December 31		-584	69 579	434 912	1 274 460
Unutilized overdraft/credit facility		0	0	209 492	229 048
Liquid reserves		-584	69 579	644 404	1 503 508

Umoe Gruppen AS

Accounting principles

The accounts have been prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian generally accepted accounting practices (NGAAP).

Consolidation principles

The consolidated accounts include Umoe Gruppen AS and all subsidiaries in which Umoe Gruppen AS directly or indirectly owns more than 50 per cent of the voting capital and/or has a controlling interest. The subsidiaries are specified in note 7. All significant intercompany transactions and balances have been eliminated. Acquired companies are consolidated in the accounts using the acquisition method of accounting. The difference between the cost price assigned to the individual assets and the book value of net assets at the time of acquisition is added to/deducted from the assets to which the added value/shortfall in value is linked. Positive differences that cannot be so allocated are recorded as goodwill. Companies acquired during the year are consolidated in the profit and loss account from the date of acquisition. Companies that are sold during the year are consolidated in the profit and loss account through to the date of the divestment. Goodwill is amortized over its economic life.

Minority interests are shown as a separate item under equity in the balance sheet. In the profit and loss account, the minority interests' share of the profit/loss is calculated on the profit/loss after tax.

Stakes in limited liability companies and general and limited partnerships are included in the consolidated accounts at cost if the stake is less than 20 per cent and according to the equity method if the stake is between 20 and 50 per cent. In the company accounts, all ownership interests are recorded using the cost method.

Foreign subsidiaries' balance sheet items are translated at the rate applicable on the balance sheet date, while profit and loss items are translated at the average exchange rate for the year in question. Any differences in rates are recognized directly in equity as translation differences.

Principles governing revenue and cost accounting

Sales of goods and services are recorded as operating revenue at the time of delivery. In the case of long-term manufacturing contracts and construction contracts, revenue is recognized on the basis of current accounts. Costs are recorded in the same period that related income is recognized.

Construction contracts/long-term manufacturing contracts

Earned income on construction contracts is considered as earned rights vis-à-vis the principal and is classified as operating revenue in the profit and loss account. In the case of construction contracts with a long production period, this includes the management's best estimate of the profit on the project commensurate with its progress. Contract bonuses are taken to income only when their size and the fact that the bonus will be achieved can be stated with some degree of certainty. Full provision is made for expected future losses on contracts. Income accrued on construction contracts is classified as trade accounts receivable. Construction contracts in progress are recorded in the balance sheet at their estimated value less any amounts billed to the customer. Payments in excess of the estimated accrued income are recorded as advances from customers. Construction contracts in foreign currencies that are not hedged are recorded at the exchange rate on the balance sheet date.

Fixed assets

Operating equipment is recorded in the balance sheet at historical cost less straight-line depreciation over the expected technical/economic life of the asset. Land and artworks, etc., are not depreciated. Fixed assets are valued at the lower of their book value and fair value unless a fall in value is considered to be of a temporary nature. Gains on the sale of operating equipment are recorded as operating revenue and losses as other operating expenses, while gains and losses on the sale of long-term shareholdings are recorded as financial items.

Inventories

Inventories are recorded at the lowest of fair value and cost. Agricultural inventories are recognized at production cost, which includes planting, fertilization etc. These costs are amortized over the harvest period.

Other current assets

Other current assets, including shares and securities, are recorded at the lower of their fair value and cost. Market-based short-term investments that are part of a trading portfolio/liquid assets are recorded at their fair value.

Receivables and liabilities in foreign currencies

Cash and current and long-term receivables and liabilities denominated in foreign currencies are recorded in the balance sheet at the exchange rate applicable on the date when the accounts are closed. Realized and estimated foreign exchange losses are recorded as financial expenses. When the receivable or liability is hedged by way of a forward contract or other contract, the contract's exchange rate is applied.

Latent liabilities and provisions for warranties

Provisions for estimated losses are made for latent liabilities and conditional outcomes. Provisions are made for warranty obligations and for special circumstances that exist when the accounts are presented. The warranty period is normally one year, but may be up to two years for specific projects.

Leasing

Operating equipment financed by means of a financial lease is capitalized and depreciated. The purchase price, less any advance rent paid, is presented as debt and the rent paid for the lease is treated as interest on and repayment of debt. Lease expenses related to operational leasing agreements, where the risk and return is not transferred, is treated as operating expenses and recognized over the contract period.

Research and development costs

All research, development and prototype costs are expensed directly over the profit and loss account, with the exception of project-specific costs. Production molds are classified as operating equipment and capitalized at their production cost as machinery and equipment.

Public subsidies

Subsidies received are classified as either operating subsidies or investment subsidies. Operating subsidies are recorded in the profit and loss account together with the income they are intended to increase or the costs they are intended to reduce. Investment subsidies are recorded gross in that the asset is stated at its gross cost and depreciated over its economic life. The subsidies are dealt with as deferred income and recorded in the profit and loss account as a correction to the depreciation, in line with the depreciation period.

Pension liabilities

Net pension costs, together with the effect of changes in estimates/assumptions, are in their entirety classified as payroll expenses in the profit and loss account. In the balance sheet, net pension assets in the funded schemes are classified as fixed assets, while net unfunded pension liabilities are classified under provisions for liabilities and charges. The amount for unfunded pension liabilities/net pension assets also includes the employer's national insurance contributions that will accrue/have actually been paid at the prevailing rates.

Deviations between the estimated pension liabilities/ estimated value of pension assets at the end of the previous financial year and the actuarially calculated pension liabilities/actual value of pension assets at the beginning of the year are considered in a corridor, and any deviation in excess of 10 per cent is amortized over the average remaining earnings period.

Taxes

The profit and loss account shows taxes payable and deferred tax together as the tax charge. The balance sheet shows the tax calculated on the basis of the taxable profit for the year as tax payable under current liabilities. Deferred tax/deferred tax assets are calculated on the basis of the temporary differences that exist at the year-end between values for taxation purposes and values for accounting purposes, as well as carry-forward losses for tax purposes. Tax calculated on net positive temporary differences after set-off is shown as deferred tax under long-term liabilities. The remaining part of the deferred tax assets after set-off, to the extent that it also meets the requirements for recognition in the balance sheet, is shown as a deferred tax asset under fixed assets.

Cash flow Statement

The cash flow statement is presented using the indirect method.

Notes

Note 1 Special items

2011

In February 2011 the decision to dissolve Offshore Rig Company KS, a subsidiary of Umoe AS was made. The liquidation was finalized in September 2011.

Umoe AS sold all of its shares in Umoe iTet AS in Mars 2011 for NOK 14 mill.

To ensure focus on the different business areas in Sønnico AS, the electrical operations was in April 2011 placed in a separate company owned by Umoe AS, Sønnico Elektro AS. In December 2011 this process was finished when the telecommunication operations was placed in a new subsidiary of Sønnico AS, Sønnico Tele AS.

Umoe Solar AS sold Umoe Solar New Brunswick Inc and Fornebu Development Corporation in June 2011 for NOK 60 mill, and changed its name to Umoe Forestry AS. Fornebu Lumber Inc in Canada is now the company's only asset.

Umoe Eiendom AS created a new subsidiary, Røyken Næringsbygg AS, which will be responsible for the construction of a new office building centrally situated in Røyken.

A decision of merging Ulltveit-Moe Rederi AS and Umoe Shipping and Energy AS, with Umoe Shipping and Energy AS as the continuing company, was made in October 2011. The merger was finalized in December 2011.

Umoe AS accepted a bid from Kubota in December 2011, agreeing to sell all of Umoe's shares in Kverneland ASA. The shares had a book value of NOK 243 mill. 31.12.2011, which resulted in a gain of NOK 272 mill. in the first quarter of 2012.

Umoe Schat-Harding Inc has made an accrual related to a law suit in the US. The local management in the US have made their best estimate when making the accrual, but the amount is highly uncertain. Due to the fact that this is an ongoing case the information regarding this accrual is limited.

2010

The polysilicium project in Canada was decided to be put on hold in the summer of 2010. As a consequence, Umoe Solar GmbH have been decided to be liquidated.

During the summer of 2010 Umoe IKT AS sold the shares in Tarantell AS. The settlement was made with shares in Making Waves AS, in which Umoe now owns 24,9% .

As an ending to the restructuring of the Umoe Bioenergy ASA group, Christiania Bioenergia Participacoes S.A. merged with Destilaria Paranapanema S.A. with Destilaria Paranapanema S.A. as the only remaining company in Brazil. Destilaria Paranapanema S.A have after this merger changed its name to Umoe Bioenergy S.A.

Umoe AS sold all of its shares in Umoe IKT AS to Atea AS 21 December 2010 for a price of NOK 121 mill. The settlement was made with shares in Atea ASA, in which 1,78 mill shares were received at the time of the sale and 2,22 mill shares will be issued at Atea ASA's shareholders meeting in 2011.

As part of the process of selling Umoe IKT AS, Umoe IKT AS sold its shares in Umoe Consulting AS, Umoe iTet AS and Making Waves AS to Umoe AS. Effects of these internal transactions have been eliminated in the group accounts.

To strengthen the solidity of Sønnico AS, Umoe AS bought the shares in Brattvåg Elektro AS from Sønnico AS. This transaction was made 23 December 2010.

Note 2 Financial market risk

Credit risk:

Umoe Gruppen AS mainly consist of two business areas;
- Strategic and long term investments, through its ownership in Umoe AS (formerly Umoe Industri AS)
- Shipping, through its ownership in Umoe Shipping and Energy AS

Credit risk is mainly related to the activities in Umoe AS.

The Umoe AS Group assumes responsibility for construction contracts of varying duration and scope, mainly relating to the maritime industry and the Norwegian Armed Forces. The Group seeks to reduce its credit risk through agreed payments on account or the use of various types of guarantees.

	Umoe Gruppen AS		Consolidated	
	2011	2010	2011	2010
Gross credit risk	924 848	702 383	1 101 113	1 039 488
of which;				
Accounts receivables	0	0	539 388	480 061
Construction contracts	0	0	172 016	175 151
Loans to group companies and associated companies	920 853	698 523	81 340	127 334
Other short term receivables	252	122	206 544	215 910
Other long term receivables	3 743	3 738	101 825	41 032
Provision for bad debt	0	0	13 572	12 450

Loans to group companies have payment terms that means that these loans may be repaid later than one year, and due to this is classified as long term receivables.

Valutarisiko:

The Umoe AS Group has activities in Norway and abroad that naturally include a foreign exchange risk due to the buying and selling of goods, services and securities.

The Group utilizes the opportunity to obtain natural hedging by borrowing in the same currencies as its revenues.

In addition, the Group utilizes derivatives for hedging purposes and active position-taking.

Umoe uses market values for all its foreign currency positions, with the exception of long-term debt which is hedged through contractually agreed revenues in foreign currencies. In such cases, the part of the loan that is considered to be hedged is recorded at the rate which applied on the date when the loan was raised.

For the Umoe Bioenergy-group, which has its main operative business in Brazil, there is a currency risk between BRL/NOK.

No hedging of this risk has been carried out.

Exchange rates used in the accounts:

	2011	2010
NOK/BRL - average exchange rate	3,3547	3,4374
NOK/EUR - average exchange rate	7,7965	8,0086
NOK/USD - average exchange rate	5,6063	6,0450
NOK/BRL - closing rate	3,2098	3,5148
NOK/EUR - closing rate	7,7590	7,8113
NOK/USD - closing rate	5,9805	5,8331

Renterisiko:

The Group has various interest-rate clauses linked to its loan portfolio, with lock-in periods varying from a floating rate to a fixed rate until the maturity of the loan. Umoe Sterkoder AS have entered into a swap agreement with maturity 11 August 2018, a fixed interest rate of 3,65% and a principal of NOK 25 mill.

Refinancing risk:

The Group had long-term liabilities of NOK 1 462 billion at the end of the year. The agreed repayments are approximately NOK 397 mill in 2012.

Risk relating to the prices of raw materials

Attempts are made to hedge against the risk of fluctuations in the prices of raw materials through long-term purchase contracts and strategic agreements with suppliers and other market players. It is mainly Umoe Bioenergy that is exposed towards the fluctuations in the commodity markets through production of ethanol. Umoe Bioenergy is exposed to risk related to the price of ethanol in Brazil. No hedging of this risk has been carried out. Through the membership in the cooperative Copersucar Umoe is secured a price of esalq (market price).

Note 3

Revenue

	Umoe Gruppen AS		Consolidated	
	2011	2010	2011	2010
Invoiced revenue	0	0	5 034 591	5 934 777
Change work in progress	0	0	103 813	-113 146
Gain from disposals of property, plant and equipment	0	0	69 741	22 547
Other operating income	0	0	138 716	124 454
Total operating income	0	0	5 346 861	5 968 632

Related to;

Ethanol production	0	0	674 989	445 938
Maritime	0	0	821 923	838 415
Restaurants	0	0	2 049 300	1 944 068
Shipping	0	0	0	0
Other	0	0	1 800 649	2 740 212

Consolidated goodwill	Acquisition cost pr 31.12.11	Goodwill pr. 1.1.11	Add/dispo 2011	Dep./Writed. 2011	Goodwill pr. 31.12.11
Brattvåg Elektro AS	10 258	0	0	0	0
CleanHull AS	15 521	870	0	-870	0
Sønnico AS	21 260	606	0	-346	260
Umoe Advanced Composites AS	123	0	0	0	0
Umoe AS	76 411	6 184	23 618	-4 920	24 882
Umoe Bioenergy ASA	3 075	0	0	0	0
Umoe Consulting AS	16 353	7 393	-1 514	-2 265	3 614
Umoe iTet AS	0	26 446	-24 812	-1 634	0
Umoe Restaurant Group AS	202 268	4 259	0	-20 187	-15 928
Umoe Shipping and Energy AS	1 554	0	1 554	-155	1 399
Umoe S.-H. Boatbuilding Qingdao Co Ltd	2 082	0	0	0	0
Umoe Schat-Harding BV	13 873	0	0	0	0
Umoe Schat-Harding F.E.	6 093	3 455	0	-580	2 875
Umoe Schat-Harding Group AS	23 699	19 537	800	-4 724	15 613
Umoe Schat-Harding Ltd.	1 858	0	0	0	0
Umoe Schat-Harding s.r.o	-413	0	0	0	0
Umoe Schat-Harding SL	2 328	390	0	-390	0
Willem Pot BV	36 933	24 023	0	-3 711	20 312
Total goodwill	433 276	93 164	-354	-39 782	53 028

Note 7

Lease agreements

Obligations of financial leases recognized in the balance sheet	Operative equipment	Vessels, rigs and other resources	Land and other real estate	Other	Total
Cost current year	4 103	71	0	0	4 174
Cost nex year	2 409	180	0	0	2 589
Total costs 2-5 years	433	229	0	0	662
Total costs after 5 years	0	0	0	0	0
Total future leasing costs	2 842	409	0	0	3 251
Discounted effect	0	0	0	0	0
Net present value leasing costs	2 842	409	0	0	3 251

Expensed operational leasing

Future minimum payments is as follows:

	Operative equipment	Vessels, rigs and other resources	Land and other real estate	Other	Total
Cost current year	34 351	0	328 390	15 846	378 587
Cost nex year	41 863	0	311 904	16 964	370 731
Total costs 2-5 years	105 210	0	882 326	52 713	1 040 249
Total future minimum leasing costs, 2012-2016	147 073	0	1 194 230	69 677	1 410 980

Note 8

Shares in subsidiaries

Shares in subsidiaries owned by Umoe Gruppen	Registered office	Owner %	Voting share %	Book value
Umoe AS	Bærum	99,2 %	99,2 %	1 942 501
Umoe Shipping and Energy AS	Haugesund	99,4 %	99,4 %	497 730
Umoe Invest AS	Bærum	100,0 %	100,0 %	100
Total shares in subsidiaries owned by Umoe Gruppen				2 440 331

Shares in subsidiaries owned by Group companies:

	Registered office	Owner %	Voting share %	Book value
American Bistro Scandinavia AS	Bærum	100,0 %	100,0 %	143 872
American Bistro Sweden AB	Bærum	100,0 %	100,0 %	42 329
Blender AS	Bærum	100,0 %	100,0 %	195 757
Brattvåg Elektro AS	Brattvåg	100,0 %	100,0 %	15 000
CleanHull AS	Rosendal	100,0 %	100,0 %	4 021
Fornebu Lumber Company Inc	Canada	100,0 %	100,0 %	32 545
King Food AB	Sverige	100,0 %	100,0 %	5 023
King Food AS	Bærum	100,0 %	100,0 %	95 773
Mulder & Rijke Limited	England	100,0 %	100,0 %	9
Peppes Pizza AS	Bærum	100,0 %	100,0 %	699 542
Røyken Næringsbygg AS	Bærum	100,0 %	100,0 %	10 020
Røyken Sentrumsutvikling AS	Bærum	100,0 %	100,0 %	45 500
Sønnico AS	Oslo	100,0 %	100,0 %	56 496
Sønnico Elektro AS	Oslo	95,0 %	95,0 %	9 609
Sønnico Elektro Østfold AS	Fredrikstad	75,0 %	75,0 %	0
Sønnico Installasjon Tele Sverige AB	Sverige	100,0 %	100,0 %	1 435
Sønnico Tele AS	Oslo	100,0 %	100,0 %	14 865
Ulltveit Rederi LNG Holding AS	Haugesund	100,0 %	100,0 %	508 229
Ulltveit Rederi LNG II AS	Haugesund	100,0 %	100,0 %	150 338
Umoe Advanced Composites AS	Mandal	100,0 %	100,0 %	25 290
Umoe Alu Iceland hf	Island	96,0 %	96,0 %	0
Umoe Alu Services AS	Karmøy	80,0 %	80,0 %	9 906
Umoe Bioenergy ASA	Bærum	100,0 %	100,0 %	471 377
Umoe Bioenergy S.A	Brasil	100,0 %	100,0 %	1 148 245
Umoe Consulting AS	Bergen	58,9 %	58,9 %	18 898
Umoe Eiendom AS	Bærum	100,0 %	100,0 %	123 343
Umoe Eiendom Hovedgård AS	Bærum	100,0 %	100,0 %	49 516
Umoe Eiendom Vest AS	Karmøy	100,0 %	100,0 %	76 200
Umoe Forestry AS	Bærum	100,0 %	100,0 %	56 439
Umoe Karmsund AS	Karmøy	100,0 %	100,0 %	9 900
Umoe Konseptrestauranter AS	Bærum	100,0 %	100,0 %	70 071
Umoe Mandal AS	Mandal	100,0 %	100,0 %	67 100
Umoe Mandal Eiendom AS	Mandal	100,0 %	100,0 %	125
Umoe Mandal Eiendom II AS	Bærum	100,0 %	100,0 %	125
Umoe Restaurant Group AS	Bærum	90,1 %	90,1 %	779 485
Umoe Schat-Harding Boatbuilding Qingdao Co Ltd	Kina	100,0 %	100,0 %	15 785
Umoe Schat-Harding BV	Nederland	100,0 %	100,0 %	5 100
Umoe Schat-Harding Do Brasil Servicos Maritimos	Brasil	100,0 %	100,0 %	1 157
Umoe Schat-Harding Eiendom AS	Rosendal	100,0 %	100,0 %	4 424
Umoe Schat-Harding Equipment AS	Rosendal	100,0 %	100,0 %	76 121
Umoe Schat-Harding FE	Singapore	100,0 %	100,0 %	1
Umoe Schat-Harding GmbH	Tyskland	100,0 %	100,0 %	6 433
Umoe Schat-Harding Group AS	Kvinnherad	99,8 %	99,8 %	113 889
Umoe Schat-Harding Hong Kong Ltd	Hong Kong	100,0 %	100,0 %	7
Umoe Schat-Harding Inc	USA	100,0 %	100,0 %	6 184
Umoe Schat-Harding Inc - Canada	Canada	100,0 %	100,0 %	6
Umoe Schat-Harding LSA Service (Shanghai) Co Ltd	Kina	100,0 %	100,0 %	834
Umoe Schat-Harding LTD	England	100,0 %	100,0 %	2 064
Umoe Schat-Harding Panama Inc	Panama	100,0 %	100,0 %	210
Umoe Schat-Harding S.L	Spania	100,0 %	100,0 %	3 126
Umoe Schat-Harding s.r.o	Tsjekkia	100,0 %	100,0 %	26 761
Umoe Schat-Harding Services AS	Bærum	100,0 %	100,0 %	84 059
Umoe Schat-Harding Services Norway AS	Rosendal	100,0 %	100,0 %	125
Umoe Solar Canada Inc	Canada	100,0 %	100,0 %	0
Umoe Solar GmbH	Tyskland	100,0 %	100,0 %	202
Umoe Sterkoder AS	Kristiansund	96,1 %	96,1 %	10 589
Willem Pot BV	Nederland	100,0 %	100,0 %	56 482
William Mills Marine	England	100,0 %	100,0 %	19

Note 9**Shares in associated companies**

Company	Owner/voting share	Opening balance	Translation-diff. etc.	Add/disp 2010	Profit/loss /write-down	Closing balance
Norspan LNG AS og IS	47,5 %	46 157	0	0	14 572	60 729
Norspan LNG II AS og IS	37,5 %	4 811	0	0	5 587	10 398
Norspan LNG III AS og IS	42,5 %	-39 834	0	0	-511	-40 345
Norspan LNG IV AS og IS	42,5 %	2 960	0	0	-5 172	-2 212
Norspan LNG V AS og IS	45,0 %	4 025	-3	36 000	-2 932	37 090
Norspan LNG VI AS og IS	45,0 %	10 564	-4	35 100	-2 919	42 741
Norspan LNG VII AS og IS	45,0 %	9 361	-3	35 100	-1 621	42 837
Norspan LNG VIII AS og IS	50,0 %	133 242	1	0	3 864	137 107
Kverneland ASA	31,8 %	223 581	-7 051	0	26 530	243 060
Making Waves AS	24,9 %	14 571	105	-1 027	1 299	14 948
Rail Gourmet Togservise Norge AS	50,0 %	13 940	-1 874	0	-891	11 175
Total associated companies - consolidated		423 378	-8 829	105 173	37 806	557 528

Total associated companies includes a liability regarding associated companies of NOK 42,6 mill.

Note 10**Financial income and financial expenses**

	Umoe Gruppen AS		Consolidated	
	2011	2010	2011	2010
Group contribution received	198 824	677 265		
Gain/loss from sale of subsidiaries	0	-2 728		
Write-down*)	0	-9 723		
Gain/loss/write-down from subsidiaries	198 824	664 814		
Profit/loss from associated companies	0	0	37 846	-76 677
Gain/loss from sale of associated companies	0	0	-40	33 779
Write-down	0	0	0	64 420
Profit/loss/write-down from associated companies	0	0	37 806	21 522
Interest income - external	1 903	2 263	23 191	41 397
Interest income - intercompany	49 370	29 937	319	0
Net gain (+) from sale of securities	0	0	0	191 624
Dividend	0	0	23 329	0
Bonds	0	0	5 217	15 254
Currency gain (net)	3 093	65 103	0	79 869
Other financial income	0	0	9 375	6 986
Financial income	54 366	97 303	61 432	335 130
Interest expenses – external	-1 873	-1 847	-119 920	-139 903
Interest expenses – intercompany	-32 344	-37 633	0	0
Net loss from sale of securities	0	0	-77 910	0
Write-down of shares	0	0	-5 426	0
Currency loss (net)	0	0	-5 965	0
Other financial expenses	0	0	-31 401	-14 922
Financial expenses	-34 217	-39 480	-240 623	-154 825

*) Write down in 2010 is related to the investment in Umoe Invest AS. Spesification of shares in subsidiaries can be found in note 8.

Note 11**Other shares owned by group companies**

	Registered office	Ownership %	% of votes	Book value
IT Fornebu Holding AS	Bærum	4,51 %	4,51 %	30 827
Copersucar S.A	Brasil	2,00 %	2,00 %	14 759
Barahonda Investors AS	Kristiansand	10,75 %	10,75 %	784
Other				412
Total other shares owned by Umoe Gruppen consolidated				46 782

Note 12**Inventory**

	Umoe Gruppen AS		Consolidated	
	2011	2010	2011	2010
Raw-materials and bought semi-finished goods	0	0	272 273	297 561
Self-produced and acquired finished goods	0	0	170 202	171 634
Prepayments to suppliers for goods	0	0	86 948	96 439
Allocations for old stock	0	0	-23 020	-34 864
Total raw-materials and finished goods	0	0	506 403	530 770

Note 13 Construction contracts	Umoe Gruppen AS		Consolidated	
	2011	2010	2011	2010
Margin - ongoing projects				
Revenue recognized - ongoing projects	0	0	2 735 667	2 733 327
Cost recognized - ongoing projects	0	0	2 689 939	2 718 192
Margin - ongoing projects	0	0	45 728	15 135
Work in progress				
Work in progress to be invoiced, included in accounts receivable	0	0	146 679	135 307
Customer retentions	0	0	0	0
Contract costs to complete unprofitable contracts	0	0	5 971	66 403
Advances received	0	0	195 369	69 527

Note 14

Equity

	Share capital	Share premium fund	Other equity	Total	
Umoe Gruppen AS					
Equity 31. desember 2010	375 000	250 375	1 715 013	2 340 388	
Profit/(loss) of the year	0	0	211 659	211 659	
Group contribution - paid	0	0	-29 307	-29 307	
Group contribution - received	0	0	29 307	29 307	
Equity 31. desember 2011	375 000	250 375	1 926 672	2 552 047	
	Share capital	Share premium fund	Other equity	Minority share	Total
Umoe Gruppen - consolidated					
Equity 31. desember 2010	375 000	250 375	1 236 810	83 843	1 946 028
Profit/(loss) of the year	0	0	-61 817	2 584	-59 233
Dividends, purchase of minority, share issues in subsidiaries, etc	0	0	-21 182	2 003	-19 179
Currency effect of intercompany loans	0	0	-14 660	0	-14 660
Currency translation effects	0	0	-88 741	0	-88 741
Equity 31. desember 2011	375 000	250 375	1 050 410	88 430	1 764 215

Share capital and information about shareowners

The share capital in Umoe Gruppen AS consists of two share classes:

	Post	Own share	A-shares	B-shares	Total
JUM Holding AS v/Jens Ulltveit-Moe	B/CEO	59 %	11 250	210 000	221 250
UM Holding AS v/Ragnhild K. Ulltveit-Moe	B	20 %	0	75 000	75 000
Agnes Holding AS (controlled by Jens Ulltveit-Moe)	B/CEO	20 %	0	75 000	75 000
Hanne Kierulf		1 %	0	3 750	3 750
Total number of shares		100 %	11 250	363 750	375 000
Face value			1 000	1 000	1 000
Share capital			11 250 000	363 750 000	375 000 000

B = Board member

Note 15

Pensions

All of the Umoe Group's Norwegian companies and some of its foreign companies have pension schemes for their employees. Some of these schemes entitle the employees to a defined future benefit, but many of the companies have defined contribution schemes. The defined benefit schemes are mainly based on the pension-earning period, the pay level at retirement age and the size of the benefits payable under the Norwegian National Insurance Scheme (NIS). The company pension schemes are financed by funds built up in insurance companies.

Financial assumptions

	2011	2010
Discount rate	3,9 %	5,00 %
Estimated yield on pension assets	4,8 %	5,60 %
Salary increases	3,8 %	4,25 %
Increase in pensions	0,7 %	1,30 %
Increase in NIS basic amount (G)	3,8 %	4,00 %
Contractually agreed early retirement (AFP) – utilization rate	0,0% - 35,0%	0,0% - 35,0%

This year's pension cost including social security tax	Consolidated	
	2011	2010
Defined contribution pension costs	28 940	34 304
Present value of the year's pension earnings	7 121	26 781
Interest cost on incurred pension liabilities	3 701	11 074
Estimated yield on pension assets	-3 653	-10 265
Estimate deviations and changes to pension plans	1 049	-9 006
Administration costs	759	2 170
This year's pension cost	37 917	55 060

Pension liabilities and pension assets as at 31 December:

Estimated liabilities incurred	67 963	167 846
Estimated value of the pension assets	35 029	124 085
Net pension liabilities	32 934	43 761
Unamortized deviations	-8 257	-12 481
Estimated pension liabilities in the balance sheet	24 677	31 280
Of which schemes with net assets	0	4 520
Of which schemes with net liabilities	24 677	35 800

Note 16

Taxes	Umoe Gruppen AS		Consolidated	
	2011	2010	2011	2010
Tax charge for the year				
Pre-tax profit/loss	216 729	721 462	-91 979	-380 732
Permanent differences	-198 623	-772 598	96 876	-135 690
Tax basis	18 106	-51 136	4 897	-516 422
Tax rate	28,00 %	28,00 %	24,93 %	32,03 %
Tax	5 070	-14 318	1 221	-165 403
Reversed deferred tax assets due to the upper-limit rule	0	0	-36 040	-266 246
Other direct tax cost	0	0	3 802	-336
Other	0	0	-1 729	-368
Total tax income (-)/tax cost (+)	5 070	-14 318	-32 746	-432 353

Tax payable in the balance sheet:

This years tax cost/income	5 070	-14 318	-32 746	-432 353
Changes in and bought/sold deferred tax	6 327	14 318	43 290	460 190
Tax payable on Group contributions paid	-11 397	0	0	0
Provisions made in previous years	0	0	35 791	29 147
Paid and bought/sold tax payable	0	0	-44 100	-21 904
Translation differences etc.	0	0	5 469	711
Total tax payable	0	0	7 704	35 791

Specification of basis for deferred tax:

Total relating to short-term balance sheet items	-899	-3 722	28 970	62 910
Total relating to long-term balance sheet items	101 800	127 221	1 652 958	1 492 651
Loss carried forward maturing within 5 years	0	0	0	0
Loss carried forward maturing after 5 years	0	0	-3 721 258	-3 734 487
Total basis for temporary differences	100 901	123 499	-2 039 330	-2 178 926
Net deferred tax	28 252	34 580	-654 506	-683 796
Deferred tax on shipping tax	0	0	0	40 637
Reversed deferred tax assets due to the upper-limit rule	0	0	481 041	498 187
Net deferred tax in the balance sheet	28 252	34 580	-173 465	-144 972

Christiania Bioenergia Partiacapaoes S.A. merged with Umoe Bioenergy S.A. in 2010. In connection with this transaction Umoe Bioenergy ASA had a loss on intercompany receivables of NOK 1.185. It is assumed that the loss is tax deductible.

Note 17

Long term debt - Umoe Gruppen AS

	Remaining debt 31.12.11	Remaining debt 31.12.10
Loan from Umoe Shipping and Energy AS	300 000	500 000
Loan from related parties and associated companies	66 839	74 217
Total long term debt	366 839	574 217

Debt maturing later then 2016 and 2015, respectively

	0	0
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Long term debt - Umoe Gruppen consolidated

	Remaining debt 31.12.11	Remaining debt 31.12.10
Debt to group companies and related parties	67 871	74 217
Mortgage loan	1 339 814	1 173 615
Other long term debt	54 696	193 614
Total long term debt	1 462 381	1 441 446

Debt maturing later then 2016 and 2015, respectively	126 673	172 597
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Pledges

Book value of assets pledged as security for the company's debt 31.12;

	Umoe Gruppen AS		Consolidated	
	2011	2010	2011	2010
Buildings, land and quays	0	0	351 956	194 599
Machinery and equipment	0	0	223 574	268 859
Construction contracts, trade accounts receivable, inventories, etc.	0	0	934 512	578 969
Securities	0	0	0	1 197
Total pledged assets	0	0	1 510 042	1 043 623

Off balance sheet guarantee and surety obligations	63 750	29 784	439 308	242 530
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Umoe Shipping and Energy has also pledged security and guarantees in relation to the liabilities in the ship-owning companies which is presented in accordance to the net method. The total amount of guarantees was NOK 963 million (NOK 975 million in 2010). The company has also pledged guarantee for 50 percent of an interest rate swap in the amount of EUR 285 million (EUR 292 million in 2010) on behalf of Norspan LNG AS/IS and Norspan LNG II AS/IS. The company has also guaranteed for 50 percent of the interest rate swaps for Norspan LNG V AS/IS, Norspan LNG VI AS/IS and Norspan LNG VII AS/IS, amounting to USD 726 million (USD 620 million in 2010).

To the Annual Shareholders' Meeting of
Umoe Gruppen AS

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Umoe Gruppen AS, comprising the financial statements for the Parent Company and the Group. The financial statements for the Parent Company and the Group comprise the balance sheet as at 31 December 2011, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion

In our opinion, the financial statements of Umoe Gruppen AS have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 December 2011 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Report on other legal and regulatory requirements*Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 13 June 2012

ERNST & YOUNG AS

Bjorne Møller

State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)