

Annual Report

Umoe Gruppen AS



2012



Umoe Gruppen AS

DIRECTORS' REPORT

Umoe Gruppen AS is investing heavily in renewable energy and reducing CO₂ emissions through its large sugarcane-ethanol project in Brazil, investment in REC and its fleet of LNG ships. The company owns Scandinavia's largest restaurant business and is the world leader in marine life-saving systems. Umoe is also the majority owner of several medium-sized companies.

Umoe is a relatively large group, with a single controlling shareholder. Despite this, the Board of Umoe has responsibility and authority as is the case in companies with dispersed ownership. Three of the board's five members are external. Umoe follows the Norwegian Code of Practice for Corporate Governance where it is relevant and useful. This includes, for example, guidelines for equal treatment of shareholders and transactions with related parties. However, not all parts of the Code of Practice are equally relevant to a family owned company like Umoe. The main owner is both CEO and Member of the Board, but not Chairman. Umoe has been active in the design and implement new ethical guidelines in 2012.

Umoe Gruppen AS has a small and highly qualified staff who exercises the ownership. The staff is employed by Umoe AS. The operational companies have their own management and with few exceptions they are also financed by their own earnings and balance independent of the Umoe Group. There are few synergies between the various investments in the portfolio. Value drivers and market conditions for each company are different. This provides flexibility and risk diversification in the portfolio as a whole.

Umoe focuses mainly on counter-cyclical investments in mature industries with the aim of active ownership leading to strong value creation. The Umoe strategy has room for value fluctuations in the underlying assets and the Group's equity is large enough both to invest during downturns and to avoid the forced sale of assets. Umoe has since the start in 1984 been in the maritime industry and since the purchase of Umoe Restaurant Group in 2002 also in Norwegian sheltered industries. When Umoe consider that we no longer are the owner who can add the most value to a company, Umoe will consider an exit. In recent years, oil dependent investments have been sold and the proceeds reinvested in renewable energy. The investments in sugarcane-ethanol in Brazil and in shares in REC are results of this strategy.

Our investments are primarily recorded in the books at the lowest of historical cost and fair market value. For several of the engagements the market value is far in excess of book value. For engagements where the value has decreased during the year, these are recorded at their estimated fair value at year end. Umoe puts emphasis on maintaining a sound capital base. The real financial strength is substantially higher than the book equity. Umoe Gruppen AS has limited external debt at the parent company level.

Research and development takes place in the various operating companies.

THE OPERATIONS DURING 2012

Group turnover in 2012 was NOK 5 335 million (NOK 5 347 million). Operating profit before depreciation and amortization was NOK 287 million (NOK 360 million). Profit before tax was NOK -108 million (NOK -92 million). Last year's figures are in parentheses.

Total assets amounted to NOK 4 714 million (NOK 5 032 million). Equity amounted to NOK 1 213 million as of December 31st, corresponding to an equity ratio of 25.7% (35.1%). Cash flow from operating activities in 2012 was positive, respectively NOK 190 million and NOK 305 million for Umoe Gruppen AS and Umoe Gruppen Group. The Board considers the Group's liquidity to be satisfactory.

OUR MAIN BUSINESS AREAS

Umoe Bioenergy ASA

Umoe Bioenergy ASA (UBE) is an upstream producer of clean, renewable ethanol from sugar cane. The supply of sugarcane comes mainly from the cultivation and harvesting of sugarcane on about 33 000 acres of owned and leased land in the southwest region, Paranapanema, in the state of São Paulo, Brazil. UBE aims to maximize the added value of the various parts of the sugar plant and benefit from the sale of carbon certificates and / or eco-friendly quality products. The company's plant has a crushing capacity of 2.6 million tones within the current licenses. UBE owns and operates its own equipment for harvesting operations that is up to 100% mechanized. The company is designed to produce approximately 220 million liters of ethanol annually for the Brazilian fuel market. UBE Group had a turnover of NOK 601 million (NOK 675 million). Operating profit before depreciation and amortization was NOK -69 million (NOK 107 million) and profit before tax was NOK -309 million (NOK -53 million). When translation to Norwegian kroner some of the decrease in revenues is due to the weakening of the Brazilian currency against the Norwegian kroner from 3.35 NOK / BRL for 2011 to 2.99 NOK / BRL for 2012.

In 2012 UBE harvested 1.9 million (1.9 million) tons of sugar cane. Overall, this resulted in 155 million liters of standard ethanol (159 million liters). Of this, for the first time, 86 million liters was converted through a new installation to 83 million liters of non-water-containing ethanol (anhydrous) that can be blended into gasoline and gives a higher price than regular ethanol. The remaining production of hydrous ethanol was thus 69 million liters (159 million liters). The fact that the expected growth in the production of ethanol from 2011 to 2012 did not materialize, was largely due to excessive rainfall in the second quarter of 2012, which prevented the harvest of sugar cane. UBE stepped up planting in 2012 to reverse this trend, but this will give results first in the 2013 season. The weaker results, combined with the fact that it proved difficult to renew short-term loans from Brazilian banks, led Umoe AS to inject fresh capital into UBE through 2012. The increase in capital has mainly occurred through loans.

Mid 2012 UBE completed the significant investment in the new power plant, as planned. The new system utilizes dry sugarcane (bagasse), which is a byproduct from the production of ethanol, and recovers part of the process steam used in the production of ethanol, to production of electricity for export via the public grid. This resulted in UBE for the first time in the second half of 2012, selling electricity. Beginning in 2013, the company will be able to sell electricity the whole year. UBE has secured sales of 17.5 MW of this power through the signing of a 20-year contract with the Brazilian government. UBE is thus fully invested based on current production levels.

In 2010, UBE made a comprehensive restructuring to ensure future profitable production. In this connection, UBE claimed tax deductions for bad debt by NOK 1.2 billion. UBE received a letter from the Norwegian Central Tax Office for Large Enterprises on December 10th 2012 where the office made notification of possible changes in the taxation for 2010. Based on the desire for a prudent accounting treatment of the issue, the accounts for 2012 have been charged with a tax cost of NOK 340 million. Umoe is still of the opinion that the bad debt was deductible, continues to work on the case and will cooperate with the Central Tax Office to ensure that the issue finds its solution.

The value of UBE is particularly dependent on ethanol prices, how many tons of sugar cane can be harvested and that this is converted into ethanol each season, which in turn is influenced by the weather (rain, drought and frost), cost efficiency in harvesting and up-time at the factory. The ethanol price is a function of the price of gasoline in Brazil, which is politically determined, leading to a significantly lower domestic price than the equivalent price in the world market. In the longer term, the ethanol price should get in line with the world market price of oil and also reflect quota price for reduced CO₂ emissions. Fluctuations in exchange rates between the Brazilian Real and Norwegian kroner play a significant role in the converted value of future cash flows from Brazil.

Umoe Schat-Harding Group AS

Umoe Schat-Harding (USH) is the global leader in life support systems at sea and offers the industry's largest service network. The group has over 850 employees in 25 offices in 14 countries. The Service Network offers maintenance, spare parts, repair and upgrading of lifeboats for our customers globally. Production is carried out in factories in Europe, Asia and America. USH had turnover in 2012 of NOK 830 million (NOK 723 million). Operating profit before depreciation and amortization amounted to NOK 140 million (NOK 69 million) and profit before tax was NOK 96 million (NOK 36 million).

2012 was a year with high activity for USH. This is due to increased sales in Equipment. Equipment revenues increased from NOK 359 million to NOK 435 million in 2012. This is primarily due to the company's strong position on the Norwegian continental shelf with the newly developed FF1200 free-fall system.

For Services revenues were NOK 438 million in 2012, compared with NOK 443 million in 2011. Despite a weak shipping market, the number of inspections in 2012 increased. 2012 was another difficult year for the shipping industry with low shipping rates due to continued high deliveries of new vessels and low fleet utilization, however the awareness of the need for safety at sea remains high with good demand for USH services and products. The offshore market has very high activity for both Services and Equipment. In particular, the strong international offshore market in combination with increasingly strict safety requirements in the North Sea led to a continuing strong market for Equipment. For Service, 2012 was the first year with full commitment to "Multi-brand", i.e. service also on life support equipment produced by other than Umoe Schat-Harding. This strategy has been successful with a strong growth in the number of "multi-brand" inspections. Such inspections now account for approximately 30% of all our inspections carried out, compared to 22% in 2011. Throughout the year there has been a continuing strong focus on positioning USH to exploit the market opportunities the new IMO regulations for hooks represent. Sales of hook-sets increased during the year, and the new regulations represent major business opportunities for the company in the years to come.

Umoe Schat-Harding Group has continued major development projects in Equipment. In 2012, this amounted to approximately NOK 28 million. The company has a solid market position with a good order book as a result of the successful development of the FF1200 lifeboat. Development costs are capitalized in accordance with Norwegian accounting principles. Other research costs have been expensed directly. In 2012, Equipment and Service started the development and implementation of a new ERP system for the overall business. The expenses related to the project amounted to NOK 14 million in 2012.

In 2009 USH delivered four USH KISS 1 000 lifeboat systems to Shell Offshore Inc. for use on the production platform Shell Perdido. Two of the lifeboats were damaged in connection with the mandatory installation tests aboard the Shell Perdido on 9th and 10th of April 2009. In the spring of 2013, negotiations on a settlement with the customer are ongoing. The chances of the parties reaching a settlement that is acceptable to both parties are considered good. In the accounts for 2012 provisions have been made relating to the anticipated settlement.

Umoe Schat-Harding Group entered into an agreement at the end of 2011, which led to BW Ventures in the first half of 2012 became 50% owner of the CleanHull activity through a purchase of assets by CleanHull Ltd from Umoe Schat-Harding CH AS (formerly CleanHull AS). 50% of the shares in CleanHull Ltd. were in March 2013 sold by Umoe Schat-Harding Group AS and acquired by Umoe AS.

Umoe Restaurant Group AS

Umoe Restaurant Group AS (URG) is Norway's largest and Scandinavia's leading restaurant group and has 220 restaurants in Norway and Sweden. The company owns and operates the chains Burger King, Peppes Pizza, TGI Friday's, Starbucks and Blender (the latter owns and operates a total of 38 different concepts which are located at airports and shopping centers, as well as some concept restaurants in the city centers). The company also owns 50% of Rail Gourmet Togservice Norway AS. The group's own restaurants had revenues in 2012 of NOK 2 143 million (NOK 2 049 million). Operating profit before depreciation and amortization was NOK 214 million (NOK 211 million) and profit before tax was NOK 12 million (NOK 44 million).

URG continued the positive trend in 2012, with growth in both sales and margins in existing brands, while further development of new restaurants continues. The basis for continued growth were established through a franchise agreement for Scandinavia for Starbucks, the world's leading brand of coffee, and the takeover of the master franchise for Scandinavia for Burger King. These contracts show URG's strong position in the Scandinavian restaurant market and will lead to a strong growth in both the number of restaurants, turnover and number of guest experiences. The Burger King agreement means that the company from 1.1.2013 got 104 new Burger King restaurants under the umbrella in Sweden and Denmark. The growth is assured through heavy investments in the coming years.

In addition to these two important agreements, Blender established two new concepts in Asian cuisine and Italian cuisine at Strømmen shopping center, airport-serving at Bodø Airport, also a new Burger King opened in Järna in Sweden and a new TGI Friday's opened in Trondheim. Finally, Peppes Pizza is in the implementation phase of a major renovation of the product and concept.

URG continues to focus on ensuring quality in all aspects of the organization and in the development of employees and their managers, since the customers experience will not be able to exceed the employee experience.

URG refinanced its long term debt at the end of 2012 through a new five-year facility, which for the main part of the debt has been entered into a fixed rate agreement in 2013.

Umoe Shipping and Energy AS

Umoe Shipping and Energy AS (USE) is the group's holding company for shipping activities. The company is part owner of a modern fleet of large specialized tankers of liquefied natural gas (LNG). The Group's vessels are chartered on time charter contracts with first class energy companies. Knutsen OAS Shipping in Haugesund is responsible for the operational management of the vessels. Since the ownership interest in the ships varies from 37.5% to 50.0%, they are reported as "profit from associated companies" in the income statement. The company had another good year in 2012. The LNG business resulted in a profit after tax of NOK 16 million (NOK 19 million). Profit before tax was NOK 88 million compared to NOK 34 million in 2011.

The company is affected by fluctuations in currency and interest rate markets. They use active strategies and financial instruments to mitigate this risk. Currency risk is significant, since most of the revenues are in USD, while operating expenses is essentially in Euro. Here forward contracts are used to reduce the currency risk. The long term USD-loans also represents a natural hedge. In addition, a significant portion of the debt is hedged through long-term interest rate contracts.

For LNG VIII, which owns the ship Ribera del Duero Knutsen, an attractive 18-year time charter contract was signed at the end of 2012, which begins immediately after the end of the existing 33 month contract the vessel operates under today. After the signing of the contract, all of the eight vessels are on long term contracts.

Umoe Mandal AS

Umoe Mandal AS and its subsidiary Umoe Advanced Composites AS (UAC) is engaged in research, development and production of advanced composite solutions for maritime, oil and gas and defense sectors. Since 2011, Umoe Mandal AS consists of three business areas, in addition to the MTB project; Engineering, Services and Composite Production. About 46% (48%) of the revenue in 2012 have been related to the defense sector. Research and development projects have been executed both as contract research through participation in international projects and self-funded projects partly funded by The Research Council of Norway. Moreover, the development of the service vessel for offshore wind turbines is supported by the Carbon Trust. Umoe Mandal had a consolidated turnover of NOK 162 million (NOK 99 million), operating profit before depreciation and amortization of NOK 4 million (NOK -22 million) and profit before tax in 2012 of NOK -8 million (NOK -35 million).

The contract to build five corvettes (MTB) vessels in the Skjold class and the upgrading of KNM Skjold for the Navy is expected to end in the first half of 2013. The company is now in a warranty period which is gradually reduced up to January 2014. At delivery of the last vessel in the MTB-project, the order book is good and all the new projects and contracts are expected to be profitable.

In 2012 UAC was characterized by production challenges that have now been resolved. There have been no production problems after May 2012. However, there has been and will continue to be necessary to replace a portion of the products made before the production issues were identified. UAC has made provisions for this in its accounts.

The Group's property portfolio is separated into a separate legal entity under Umoe Mandal AS for establishing an industrial and technology park at Gismerøya in Mandal. The first external rental contract has already been signed.

Other companies

These companies have an estimated market value of NOK 549 million, almost 13% of the estimated total value of the Group as a whole, where the Umoe Eiendom Group (property) alone amounts to NOK 347 million. The companies consist of Sønnico Elektro AS, Sønnico Tele AS, Umoe Alu Services AS, Umoe Consulting AS, Umoe Eiendom AS and Umoe Forestry AS. These 6 groups / companies reported a combined revenue in 2012 of NOK 1 622 million (NOK 1 462 million). Operating profit before depreciation and amortization amounted to NOK 72 million (NOK 60 million) and profit before tax of NOK 13 million (NOK -14 million).

The similarities are mainly that they constitute of midsize niche companies where Umoe has become owner of these through spin offs from other investments. Umoe's goal with the ownership in these companies is to ensure that they have competent boards and have necessary funding. It is also desirable that management has a minority positions in their own companies to ensure that Umoe and the management have common interests and that the management can take part in the value creation achieved.

In 2012, Umoe AS reduced the ownership from 100% to 33% in Brattvaag Electro AS, and earnings from the company from the 1st quarter of 2012 were included in the line for "profit from associated companies".

In the Sønnico-companies, earnings improved significantly from 2010 to 2011 and from 2011 to 2012.

For Umoe Alu Services, the order situation has improved, but the company's earnings are weak. Measures to improve profitability have been initiated.

Umoe Consulting has stabilized the earnings through 2012 and a further improvement is expected for 2013.

In Umoe Eiendom the composition of the portfolio was changed by the sale of Røyken Næringsbygg AS and the purchase of the majority interests in Sandsli Bygg AS and Sandsli Bygg KS. The outlook for 2013 is positive.

Umoe Forestry AS manages the ownership in Fornebu Lumber Company Inc. The housing market in the United States shows clear signs of recovery, which has been reflected in the earnings of the company, where the company had positive earnings in 2012. It is expected that this positive trend will continue in 2013.

Umoe AS has not contributed with funding of the companies in this portfolio during 2012.

Securities

At the beginning of 2012 Umoe AS sold its 31.8% stake in Kverneland ASA after receiving a bid from Kubota to buy all of the shares owned by Umoe at a price of NOK 10.50 per share. The book value of the shares at 31. December 2011 was NOK 243 million, while the bid was NOK 515 million, realizing a gain in March 2012 of NOK 272 million

At the end of 2012 Umoe total owned 12.12% (5.97%) of Renewable Energy Corporation ASA (REC). 55 million of the shares were held on a forward contract, which in March 2013 has been rolled forward to the 17th of June 2013.

Umoe Gruppen AS has had a gain on foreign exchange transactions totaling NOK 16 million in 2012.

FINANCIAL MARKET RISK

The Group is exposed to various risks such as market risk, credit risk and liquidity risk. Unwanted risk is reduced, respectively, by entering into long-term contracts, receiving prepayments, natural hedging, receiving guarantees and credit lines in reputable banks or investing surplus liquidity in various listed companies. For a more detailed overview of the various risks, see note 2 to the accounts.

PROFIT/LOSS FOR THE YEAR

The parent company, Umoe Gruppen AS, had a profit in 2012 of NOK 175 340 000. The Board of Directors proposes the profit to be allocated as follow:

Group contribution - payable	33 313 000
Transferred to Other equity	142 027 000
<u>Total transfers and allocations</u>	<u>175 340 000</u>

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 8 514 employees, 5 745 full-time equivalents (5 443). The absence rate due to sickness for the group was 3.7% (2.7%). There have been 54 injuries in 2012, an increase of 2 compared to last year. Many of the injuries are related to Umoe Bioenergy ASA's operations in Brazil, where the company is focusing on improving safety and had a decline in the number of accidents compared to 2011. The reason that there still is an increase in the number of incidents is mainly due to Umoe Forestry's operations in Canada, which the Board in Umoe Forestry is actively working to improve.

In 2012 the group also conducted a survey of the work environment in a number of the Norwegian companies. The study shows positive feedback. There are still areas for improvement in individual companies, and these efforts are being made locally. A similar survey is planned for the autumn of 2013.

The group has around 50 nationalities represented among the 8 514 employees. The company is focused on non-discrimination between genders. This happens 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 for all employees, regardless of gender, disability, religion, creed, ethnic or national origin. At the end of 2012, the Umoe Group had 26.2% female and 73.8% male employees. The Board consists of four men and one woman.

The Board emphasizes that the various group companies align their operations according to company-specific environmental regulations and directives in the respective sectors they operate. This being waste sorting systems, recycling systems and production licenses for ethanol. In addition to the various regulations from authorities, Umoe Gruppen AS has invested heavily in renewable energy and reduction of CO₂ emissions through its large sugarcane-ethanol project in Brazil, investment in REC and its fleet of LNG ships. In addition, environmental cleanup in the ground at one of the group's properties in Kristiansund has been carried out, and actions to avoid undesirable environmental pollution at one of the properties in Haugesund will be taken in 2013.

FUTURE PROSPECTS

Continued growth in the Norwegian economy is expected in 2013, which is positive for restaurant business and the other Norwegian-based companies in the group. In Brazil, continued growth in the market for flex fuel vehicles, and thus increased demand for ethanol is expected.

Umoe follows the development in the market closely to ensure that our subsidiaries adapt to the economic realities and also allow latitude for industrial opportunities in growth industries. Focus from owners and management is directed to ensure that measures are taken as soon as it is necessary to ensure profitability and a secure financial development. At the same time great importance is placed on following the various segments carefully so that the group can be an active participant in restructuring and industry consolidations.

Fornebu, 15th of April 2013

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

Amount in NOK 1.000

	Notes	Umoe Gruppen AS		Consolidated	
		2012	2011	2012	2011
Revenue		0	0	5 179 902	5 138 404
Other operating income		0	0	154 628	208 457
Revenue	3	0	0	5 334 530	5 346 861
Cost of goods sold		0	0	-1 916 691	-1 957 074
Payroll and social expenses	4	-1 141	-456	-2 011 789	-1 975 319
Depreciation of fixed- and intangible assets	7	0	0	-333 933	-349 544
Write down of fixed- and intangible assets	7	0	0	7 936	38 945
Other operating expenses	5	-2 186	-1 788	-1 118 903	-1 054 463
Operating profit		-3 327	-2 244	-38 850	49 406
Gain/loss/write-down/dividend subsidiaries	11	150 501	198 824	0	0
Share of profit/loss from associated companies	10,11	0	0	292 121	37 806
Financial income	11	69 913	54 366	72 855	61 432
Financial expenses	11	-32 087	-34 217	-433 724	-240 623
Net financial items		188 327	218 973	-68 748	-141 385
Ordinary profit (loss) before tax		185 000	216 729	-107 598	-91 979
Tax income (+)/tax cost (-)	17	-9 660	-5 070	-352 524	32 746
Net profit (loss) of the year	15	175 340	211 659	-460 122	-59 233
Minority's' share of the profit/loss				-3 829	2 584
Profit/loss for the year after minority interests				-456 293	-61 817

Attributable to:

Group contribution - paid		-46 268	-40 704		
Tax on Group contribution - paid		12 955	11 397		
Group contribution - received		0	29 307		
Transfer to (+)/from (-) other equity		-142 027	-211 659		
Total transfers and allocations	15	-175 340	-211 659		

Umoe Gruppen AS

Balance Sheet

Amount in NOK 1.000

	Notes	Umoe Gruppen AS		Consolidated	
		2012	2011	2012	2011
Assets					
Research and development	7	0	0	37 387	32 037
In-house dev. software, trademarks, other rights etc.	7	0	0	34 855	29 816
Deferred tax asset	17	0	0	90 927	178 719
Goodwill	7	0	0	48 549	53 028
Total intangible assets		0	0	211 718	411 520
Grounds, buildings and other real estate		0	0	743 721	672 318
Rental contracts	7,8	0	0	127 272	117 920
Equipment		0	0	1 019 807	1 122 211
Fixtures and fittings, tools, etc.		0	0	222 656	237 555
Total fixed assets	7	0	0	2 113 456	2 032 084
Investments in subsidiaries	9	3 185 341	2 440 331	0	0
Loans to group companies		46 158	692 722	43 310	79 510
Investments in associated companies	10	0	0	312 178	600 085
Loans to associated companies		0	0	1 685	1 830
Other shares	12	0	0	210 339	46 782
Other long-term receivables - interest-bearing		4 000	3 743	62 155	35 554
Other long-term receivables - non-interest-bearing		0	0	31 899	68 736
Total financial assets		3 235 499	3 136 796	661 566	832 497
Total non current assets		3 235 499	3 136 796	2 986 740	3 276 101
Inventories					
Inventories	13	0	0	461 803	506 403
Accounts receivable		0	0	491 252	525 816
Construction contracts	14	0	0	245 408	172 016
Short-term intercompany receivables		0	228 131	0	0
Other short-term receivables		387	252	132 853	117 130
Total receivables		387	228 383	869 513	814 962
Short-term investments		0	0	258	71 511
Bonds		0	0	0	2
Other current financial assets		7 676	-899	7 690	1 786
Cash and cash equivalents - non-restricted		1 976	125	354 064	347 653
Cash and bank equivalents - restricted		55	190	33 738	13 960
Total cash and cash equivalents		9 707	-584	395 750	434 912
Total current assets		10 094	227 799	1 727 066	1 756 277
Total assets		3 245 593	3 364 595	4 713 806	5 032 378

Umoe Gruppen AS

Balance Sheet

Amount in NOK 1000

	Notes	Umoe Gruppen AS		Consolidated	
		2012	2011	2012	2011
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	15	625 375	625 375	625 375	625 375
Other equity		2 102 014	1 926 674	451 583	1 050 410
Minority interests		0	0	135 894	88 430
Total equity	15	2 727 389	2 552 049	1 212 852	1 764 215
Liabilities					
Pension liabilities	16	0	0	18 385	24 677
Deferred tax	17	24 957	28 252	269 548	5 254
Accrual regarding associated companies	10	0	0	6 212	42 557
Other non-current liabilities		0	0	7 999	10 358
Total non-current liabilities		24 957	28 252	302 144	82 846
Long-term debt					
Long-term intercompany debt		280 000	300 000	0	0
Long-term interest-bearing debt		0	0	1 325 885	1 391 968
Other long-term debt		64 059	66 839	67 503	70 413
Total long-term debt	18	344 059	366 839	1 393 388	1 462 381
Short-term debt					
Short-term interest-bearing debt		0	0	459 687	431 859
Accounts payable		488	0	543 205	553 965
Tax payable	17	0	0	6 600	7 704
Provision for public duties		-97	-46	153 277	155 727
Dividends	15	0	0	218	2 189
Advance payments from customers		0	0	124 980	141 147
Short-term intercompany interest-bearing debt		112 588	416 845	0	0
Other short-term debt - non-interest-bearing		36 209	656	517 455	430 345
Total current liabilities		149 188	417 455	1 805 422	1 722 936
Total equity and debt		3 245 593	3 364 595	4 713 806	5 032 378

Fornebu, 15th of April 2013

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

Statement of cash flows

Amount in NOK 1.000

	Notes	Umoe Gruppen AS		Consolidated	
		2012	2011	2012	2011
Cash flow from operating activities					
Profit before taxes		185 000	216 729	-107 598	-91 979
Paid taxes	17	0	0	-17 298	-26 300
Share of profit/loss of associated companies/ subsidiaries	11	-501	-198 824	-268 182	-36 751
Gain/loss from sale of fixed assets and securities		0	0	198 133	38 672
Depreciation of fixed- and intangible assets	7	0	0	333 933	349 544
Write down of fixed assets and financial items	8	0	0	55 188	-33 519
Effect of currency		0	0	74 598	21 965
Difference between expensed and net paid pensions		0	0	-6 291	-11 123
Changes to inventory, accounts payable and receivable		410	-8	-8 321	60 989
Other items		5 533	28 064	50 611	-70 515
Net cash flow from operational activities		190 442	45 961	304 774	200 983
Cash flow from investing activities					
Cash inflow from sale of fixed and intangible assets	7	0	0	105 543	55 201
Cash outflow from purchase of fixed and intangible assets	7	0	0	-569 775	-641 244
Net proceeds from sale of shares and interests in other companies		1 418	-40 868	86 472	-12 184
Net proceeds from sale of other investments (+/-)		-111 016	-104 566	44 267	-93 804
Net cash flow from investment activities		-109 598	-145 434	-333 493	-692 031
Cash flow from financing activities					
Cash inflow from raising interest-bearing debt	18	93 923	71 717	149 598	338 062
Cash outflow from repayment of interest-bearing debt	18	-164 475	-42 407	-173 104	-667 383
Net payments to/from minority interests	15	0	0	3 141	2 003
Change in equity - majority	15	0	0	9 923	-21 182
Net cash flow from financing activities		-70 552	29 310	-10 442	-348 500
Net change in cash and cash equivalents		10 291	-70 163	-39 162	-839 548
Cash and cash equivalents as of January 1		-584	69 579	434 912	1 274 460
Cash and cash equivalents as of 31.12		9 707	-584	395 750	434 912
Unutilized overdraft/credit facility		0	0	216 575	209 492
Liquid reserves		9 707	-584	612 325	644 404

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 for the employer considered as earned rights and is classified as operating revenue in the income statement. The income is allocated to net income proportionally with the project's degree of completion. When the transaction's outcome cannot be estimated reliably, only the income, analogously with the project expenses, will be allocated to net income. When there in one period is identified that a project will give negative result, the estimated loss on that contract will be allocated in its entirety. Bonuses on contracts are entered as income only when the amount is determined with reasonable certainty and when it is determined that the bonus will be obtained.

Construction contracts under execution, are entered in the balance sheet to its calculated value with deduction of invoiced amount. Invoicing beyond calculated earned income is classified as advance from costumers. Construction contracts in currency which is not forward covered, is estimated to 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.

Differences in the rate of exchange, which arises on monetary items as a part of a net investment in a foreign unit, is posted directly to the equity.

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.

Payments regarding contribution-based schemes is booked as expenses continuously or when due.

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.

Statement of cash flow

The cash flow statement is presented using the indirect method.

Notes

Note 1

Special events

2012

The Umoe Shipping and Energy Group changed its functional currency from NOK to USD as of 01.01.2012.

In January 2012, Umoe AS sold 2/3 of its shares in Brattvåg Elektro AS for NOK 10 mill. After this transaction, the remaining holding of shares is classified as investments in associated company according to the equity method, in the consolidated accounts.

In February 2012, Sønnico AS sold 5.5% of its shares in Sønnico Tele AS for NOK 1.2 mill. Sønnico AS now owns 94.5 % of the company's shares.

The sale of Umoe AS' shares in Kverneland ASA was accomplished in March 2012. The shares was booked in the group for NOK 303 mill. as of 31.12.2011, which gave a profit of NOK 272 mill. in the first quarter of 2012.

During the summer 2012, Umoe AS sold all of its shares in Making Waves AS for NOK 22.6 mill.

Umoe AS sold 4.8 % of its shares in Sønnico Elektro for NOK 1.3 mill. in July 2012. Umoe AS now owns 90.2 % of the company's shares.

In July 2012, it was decided to merge American Bistro AB and Sønnico Installasjon AB, where American Bistro AB was the continuing company. The merger was finally implemented in September 2012.

During 2012, Umoe AS has bought an additional number of shares in Renewable Energy Corporation ASA. As of 31.12.12 Umoe AS has ownership of 12.12 %. The classification of the shares has been changed in 2012 from Short-term investments to Other shares (long-term).

In December 2011, Umoe Schat-Harding Group signed an agreement with BW Ventures Ltd about a joint venture regarding the activity concerning Cleanhull. During 2012 the Cleanhull activity was sold to new enterprise, where Umoe Schat-Harding Group AS owns 50 % and BW Ventures Ltd owns 50 %. Umoe Schat-Harding Group AS sold its shares to Umoe AS in March 2013.

Umoe Schat-Harding S.L. established a new enterprise in Italy in August 2012 which was named Umoe Schat-Harding SRL.

Umoe Restaurant Group AS entered into a strategic co-operation with Starbucks Coffee Company in September 2012. As a consequence of this, there was created two new entities: Umoe Restaurants Group Coffee AS in Norway and Umoe Restaurant Group Coffee AB in Sweden.

In October 2012, Umoe Eiendom AS sold all of its shares in Røyken Næringsbygg AS for NOK 15.4 mill. At the same time, Røyken Sentrumsutvikling AS sold its shopping mall in Røyken sentrum.

The liquidation of Umoe Solar GmbH, which was a subsidiary of Umoe Forestry AS, was finalized in October 2012.

In October 2012, it was decided to merge Sønnico AS and Sønnico Elektro Østfold AS, where Sønnico AS was going to be the continuing company. The merger was finalized in December 2012.

Umoe Restaurant Group AS and Burger King Worldwide entered an agreement regarding a master franchise for the Scandinavian market in October 2012.

At 13.12.2012, Umoe AS executed a private placement towards Umoe Gruppen AS. It was issued 1.280.000 new shares with a nominal value of NOK 10. It was paid NOK 582.755 a share, totally NOK 746 mill. The equity issue amount was settled through a debt reduction.

In December 2012, Umoe Eiendom AS bought 60 % of the shares in Sandsli Bygg AS and 54 % of the shares in Sandsli Bygg KS. These securities was bought directly from Umoe AS and indirectly from Kagra Gruppen AS, which is a company owned 100 % by Jens Ulltveit Moe, the majority shareholder in Umoe. The transaction was carried out to market value.

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.

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
- 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 pre-payments or the use of various types of guarantees.

	Umoe Gruppen AS		Consolidated	
	2012	2011	2012	2011
Gross credit risk	50 545	924 848	1 081 422	1 087 542
of which;				
Accounts receivables	0	0	500 936	539 388
Construction contracts	0	0	245 408	172 016
Loans to group companies and associated companies	46 158	920 853	44 995	81 340
Other short term receivables	387	252	206 009	206 545
Other long term receivables	4 000	3 743	93 758	101 825
Provision for bad debt	0	0	-9 684	-13 572

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.

Currency risk:

The Umoe 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:

	2012	2011
NOK/BRL - average exchange rate	2.9892	3.3547
NOK/EUR - average exchange rate	7.4779	7.7965
NOK/USD - average exchange rate	5.8198	5.6063
NOK/BRL - closing rate	2.7189	3.2098
NOK/EUR - closing rate	7.3410	7.7590
NOK/USD - closing rate	5.5664	5.9805

Interest rate risk:

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 1 393 mill. at the end of the year. The agreed repayments are approximately NOK 581 mill. in 2013. This includes NOK 560 mill. in Umoe Restaurant Group AS which in December 2012 entered into a new loan agreement with Nordea Bank Norge ASA with a credit limit of NOK 825 mill.

Risk relating to the prices of raw materials

Attempts are made to hedge 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	
	2012	2011	2012	2011
Invoiced revenue	0	0	5 032 446	5 034 591
Change work in progress	0	0	147 455	103 813
Gain from disposals of property, plant and equipment	0	0	14 480	69 741
Other operating income	0	0	140 148	138 716
Total operating income	0	0	5 334 530	5 346 861

Related to;

Ethanol production	0	0	601 421	674 989
Maritime	0	0	991 925	821 923
Restaurants	0	0	2 142 594	2 049 300
Shipping	0	0	0	0
Other	0	0	1 598 590	1 800 649

The Group's revenue divided into geographical areas:

Norway	0	0	3 716 052	3 806 849
Sweden, Denmark, Iceland and Finland	0	0	217 802	191 791
Rest of Europe	0	0	339 572	278 665
America	0	0	1 137 912	1 145 684
Africa	0	0	3 125	4 758
Asia/Australia	0	0	203 224	206 795
Eliminations	0	0	-283 157	-287 681

Note 4**Payroll costs, no. of work-years, remuneration, loans to employees, etc.**

	Umoe Gruppen AS		Consolidated	
	2012	2011	2012	2011
Salaries	0	0	1 748 440	1 733 227
Employee benefit taxes	141	56	212 470	197 011
Pension cost	0	0	43 563	37 917
Other employee benefit costs	1 000	400	7 316	7 164
Total Payroll and social expenses	1 141	456	2 011 789	1 975 319
Full time employee equivalents	0	0	5 745	5 443

Remuneration to the board and the CEO of Umoe AS (figures in NOK):

	CEO	Board-members
Salaries/remuneration	510 570	1 312 536
Pension	0	7 920
Other benefits	11 369	3 680
Total	521 939	1 324 136

The remuneration to the board reported above, is paid by and recognized in the financial statement of Umoe Gruppen AS.

The rest is paid by and recognized in the financial statement of Umoe AS, the company that manages Umoe Gruppen.

There are no agreements regarding bonuses.

Umoe Gruppen AS has given loan to JUM Holding AS of NOK 43 mill., which is a company owned by the CEO Jens Ulltveit-Moe.

It has not been given loan to any other in the senior management.

Espen Klitzing (senior management) owns through the company NCV Invest AS, 0,16% of the shares in Umoe AS.

The shares are purchased at fair value.

Note 5**Auditor's fee**

	Umoe Gruppen AS		Consolidated	
	2012	2011	2012	2011
Audit fee	346	342	8 026	8 487
Fee for tax services	581	640	1 830	3 144
Other services	558	117	2 686	1 668

Audit fees reported above are mainly exclusive of value added tax.

Note 6**Other operating expenses**

	Umoe Gruppen AS		Consolidated	
	2012	2011	2012	2011
Costs on premises	0	0	381 964	346 161
Maintenance on machines, equipment etc.	0	0	133 811	132 446
Sales and marketing expenses	0	0	94 839	93 735
Costs on franchise and licences	0	0	75 921	73 024
Consulting services	0	0	69 823	115 076
Other operating expenses	2 186	1 788	362 546	294 021
Total	2 186	1 788	1 118 903	1 054 463

Note 7**Property, plant, equipment and goodwill**

Consolidated	Research and development	Software, other rights	Goodwill	Land and other real estate*	Costs re-rented premises	Vessels and other resources	Operative equipment	Total
Acquisition cost 1.1.	43 394	123 254	429 877	1 244 434	274 494	1 569 235	984 212	4 668 901
Additions	13 762	15 619	0	285 906	46 250	441 362	77 805	880 704
Sale/disposals	0	-211	-3 082	-28 253	-1 700	-287 185	5 237	-315 195
Acquisition cost 31.12.	57 157	138 662	426 795	1 502 087	319 044	1 723 411	1 067 254	5 234 410
Accumulated depreciation 1.1.	11 357	93 601	377 987	626 801	156 763	608 182	758 371	2 633 063
Sale/disposals	0	-11	-3 082	24 019	-1 023	13 102	8 098	41 103
Depreciation of the year	8 413	10 213	2 326	119 925	35 879	78 726	78 451	333 933
Write-down	0	4	1 015	-12 380	153	3 595	-322	-7 936
Net carrying value 31.12.	37 387	34 855	48 549	743 721	127 272	1 019 807	222 656	2 234 247
Economic life	7 years	5 - 20 years	5 - 10 years	0-50 years	0-10 years	5-20 years	3-10 years	
Depreciation scheme	Linear	Linear	Linear	Linear	Linear	Linear	Linear	

* 1st year of work on the cultivated land in Umoe Bioenergy is included under "Land and other real estate" with an amount of NOK 270 mill.

Consolidated goodwill	Acquisition cost as of 31.12.12	Goodwill as of 1.1.12	Add./disp. in 2012	Dep./Written. in 2012	Goodwill as of 31.12.12
Sønnico AS	21 260	260	0	-260	0
Umoe Advanced Composites AS	123	0	0	0	0
Umoe AS	76 411	24 882	0	-7 283	17 599
Umoe Bioenergy ASA	3 075	0	0	0	0
Umoe Consulting AS	23 529	3 614	0	-2 498	1 116
Umoe Restaurant Group AS	202 224	-15 928	0	15 928	0
Umoe S.-H. Boatbuilding Qingdao Co Ltd	1 958	0	0	0	0
Umoe Schat-Harding BV	13 126	0	0	0	0
Umoe Schat-Harding CH AS	15 521	0	0	0	0
Umoe Schat-Harding F.E.	6 022	2 852	0	-603	2 249
Umoe Schat-Harding Group AS	23 699	15 613	0	-4 765	10 848
Umoe Schat-Harding Ltd.	1 799	0	0	0	0
Umoe Schat-Harding S.r.o	-397	0	0	0	0
Umoe Schat-Harding SL	2 202	0	0	0	0
Umoe Shipping and Energy AS	1 301	1 315	0	-302	1 014
Willem Pot BV	34 943	19 282	0	-3 559	15 723
Total goodwill	426 796	51 891	0	-3 342	48 549

The goodwill related to Willem Pot BV is depreciated over 10 years, because the investments at the acquisition date was expected to give increased income and positive returns in at least 10 years. Willem Pot BV was well positioned in the locale market and the purchase gave, among others, Umoe Schat-Harding the opportunity to be able to perform services on other products than its own.

Note 8**Lease agreements****Obligations of financial leases recognized in the balance sheet**

	Operative equipment	Vessels, rigs and other resources	Land and other real estate	Sum
Cost current year	960	1 674	0	2 634
Cost next year	676	2 359	0	3 035
Total costs 2-5 years	1 209	2 775	0	3 984
Total costs after 5 years	0	0	0	0
Total future leasing costs	1 885	5 134	0	7 019
Discounted effect	0	0	0	0
Net present value leasing costs	1 885	5 134	0	7 019

The assets associated with these liabilities are included in note 7.

Expensed operational leasing - consolidated

Future minimum payments is as follows:

	Operative equipment	Vessels, rigs and other resources	Land and other real estate	Total
Cost current year	88 797	31	219 916	308 744
Cost next year	77 584	31	214 111	291 726
Total costs 2-5 years	207 120	49	549 042	756 211
Total costs after 5 years	23 005	0	385 183	408 188
Total future minimum leasing costs	307 709	80	1 148 336	1 456 125

Note 9**Shares in subsidiaries**

Shares in subsidiaries owned by Umoe Gruppen	Registered office	Owner %	Voting share %	Book value
Umoe AS	Bærum	99 %	99 %	2 687 511
Umoe Shipping and Energy AS	Haugesund	99 %	99 %	497 730
Umoe Invest AS	Bærum	100 %	100 %	100
Total shares in subsidiaries owned by Umoe Gruppen				3 185 341

Shares in subsidiaries owned by Group companies:

	Registered office	Owner %	Voting share %	Book value
American Bistro Scandinavia AS	Bærum	100 %	100 %	143 872
American Bistro Sweden AB	Sweden	100 %	100 %	42 329
Blender AS	Bærum	100 %	100 %	195 757
Fornebu Lumber Company Inc.	Canada	100 %	100 %	32 545
King Food AB	Sweden	100 %	100 %	5 026
King Food AS	Bærum	100 %	100 %	95 773
King Food AS	Denmark	100 %	100 %	503
Mulder & Rijke Limited	England	100 %	100 %	9
Peppes Pizza AS	Bærum	100 %	100 %	599 542
Røyken Sentrumsutvikling AS	Bærum	100 %	100 %	76 024
Sandsli Bygg AS	Bergen	60 %	60 %	6 561
Sandsli Bygg KS	Bergen	54 %	54 %	65 567
Sønnico AS	Oslo	100 %	100 %	26 464
Sønnico Elektro AS	Oslo	90 %	90 %	9 122
Sønnico Tele AS	Oslo	95 %	95 %	1 752
Ulltveit Rederi LNG Holding AS	Haugesund	100 %	100 %	577 286
Ulltveit Rederi LNG II AS	Haugesund	100 %	100 %	182 194
Umoe Advanced Composites AS	Mandal	100 %	100 %	13 599
Umoe Alu Iceland hf	Iceland	96 %	96 %	0
Umoe Alu Services AS	Karmøy	80 %	80 %	9 906
Umoe Bioenergy ASA	Bærum	100 %	100 %	741 377
Umoe Bioenergy S.A	Brasil	100 %	100 %	1 008 146
Umoe Consulting AS	Bergen	59 %	59 %	18 898
Umoe Eiendom AS	Bærum	100 %	100 %	303 343
Umoe Eiendom Hovedgård AS	Bærum	100 %	100 %	49 516
Umoe Eiendom Vest AS	Karmøy	100 %	100 %	76 200
Umoe Forestry AS	Bærum	100 %	100 %	56 439
Umoe Karmsund AS	Karmøy	100 %	100 %	10 763
Umoe Konseptrestauranter AS	Bærum	100 %	100 %	70 071
Umoe Mandal AS	Mandal	100 %	100 %	148 400
Umoe Mandal Eiendom AS	Mandal	100 %	100 %	125
Umoe Mandal Eiendom II AS	Bærum	100 %	100 %	125
Umoe Restaurant Group AS	Bærum	90 %	90 %	779 485
Umoe Restaurant Group Coffee AB	Sweden	100 %	100 %	44
Umoe Restaurant Group Coffee AS	Bærum	100 %	100 %	45
Umoe Schat-Harding Boatbuilding Qingdao Co Ltd	China	100 %	100 %	15 785
Umoe Schat-Harding BV	Netherlands	100 %	100 %	5 100
Umoe Schat-Harding CH AS	Rosendal	100 %	100 %	8 500
Umoe Schat-Harding Do Brasil Servicos Maritimos	Brazil	100 %	100 %	1 157
Umoe Schat-Harding Eiendom AS	Rosendal	100 %	100 %	4 424
Umoe Schat-Harding Equipment AS	Rosendal	100 %	100 %	115 751
Umoe Schat-Harding FE	Singapore	100 %	100 %	1
Umoe Schat-Harding GmbH	Germany	100 %	100 %	6 433
Umoe Schat-Harding Group AS	Kvinnherad	100 %	100 %	123 889
Umoe Schat-Harding Hong Kong Ltd	Hong Kong	100 %	100 %	7
Umoe Schat-Harding Inc.	USA	100 %	100 %	6 394
Umoe Schat-Harding Inc. - Canada	Canada	100 %	100 %	6
Umoe Schat-Harding LSA Service (Shanghai) Co Ltd	China	100 %	100 %	15 079
Umoe Schat-Harding LTD	England	100 %	100 %	2 064
Umoe Schat-Harding Panama Inc.	Panama	100 %	100 %	205
Umoe Schat-Harding S.L	Spain	100 %	100 %	3 126
Umoe Schat-Harding S.r.o	Czech Rep.	100 %	100 %	26 761
Umoe Schat-Harding Services AS	Bærum	100 %	100 %	84 059
Umoe Schat-Harding Services Norway AS	Rosendal	100 %	100 %	26 325
Umoe Schat-Harding SRL	Italy	100 %	100 %	73
Umoe Solar Canada Inc.	Canada	100 %	100 %	0
Umoe Sterkoder AS	Kristiansund	96 %	96 %	10 589
Willem Pot BV	Netherlands	100 %	100 %	56 482
William Mills Marine	England	100 %	100 %	19

Note 10**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 and IS	47,5 %	60 729	-33305	0	14 555	41 979
Norspan LNG II AS and IS	37,5 %	10 398	-10257	0	3 579	3 720
Norspan LNG III AS and IS	42,5 %	-40 345	565	37 101	6 834	4 155
Norspan LNG IV AS and IS	42,5 %	-2 212	2491	0	-6 491	-6 212
Norspan LNG V AS and IS	45,0 %	37 090	-1439	0	-2 655	32 996
Norspan LNG VI AS and IS	45,0 %	42 741	-9805	0	-7 510	25 426
Norspan LNG VII AS and IS	45,0 %	42 837	-5925	0	-394	36 518
Norspan LNG VIII AS and IS	50,0 %	137 107	3866	0	8 490	149 463
Kverneland ASA	31,8 %	243 060	0	-243 060	0	0
Making Waves AS	24,9 %	14 948	0	-15 444	496	0
Rail Gourmet Togservice Norge AS	50,0 %	11 175	-1 869	0	-474	8 832
Brattvåg Elektro AS	33,3 %	0	3 334	0	617	3 951
CleanHull Limited	50,0 %	0	-5 154	16 033	-5 740	5 139
Total associated companies - consolidated		557 528	-57 499	-205 370	11 307	305 966

Total associated companies includes a liability regarding associated companies of NOK 6.2 mill.

Note 11**Financial income and financial expenses**

	Umoe Gruppen AS		Consolidated	
	2012	2011	2012	2011
Group contribution received	150 000	198 824		
Gain/loss from sale of subsidiaries	501	0		
Gain/loss/write-down from subsidiaries	150 501	198 824		
Profit/loss from associated companies	0	0	11 307	37 846
Gain/loss from sale of associated companies	0	0	280 813	-40
Write-down	0	0	0	0
Profit/loss/write-down from associated companies	0	0	292 121	37 806
Interest income - external	1 838	1 903	13 219	23 191
Interest income - intercompany	51 939	49 370	6 427	319
Net gain (+) from sale of securities	0	0	2 258	0
Dividend	0	0	0	23 329
Bonds	0	0	32	5 217
Currency gain (net)	16 136	3 093	35 010	0
Other financial income	0	0	15 908	9 375
Financial income	69 913	54 366	72 855	61 432
Interest expenses – external	-1 694	-1 873	-116 872	-119 920
Interest expenses – intercompany	-30 393	-32 344	0	0
Net loss from sale of securities	0	0	-197 290	-77 910
Write-down of shares	0	0	-70 345	-5 426
Currency loss (net)	0	0	-30 164	-5 965
Other financial expenses	0	0	-19 051	-31 401
Financial expenses	-32 087	-34 217	-433 724	-240 623

Note 12**Other shares owned by group companies**

	Registered office	Ownership %	% of votes	Book value
Renewable Energy Corporation ASA*	Bærum	12 %	12 %	167 428
IT Fornebu Holding AS	Bærum	5 %	5 %	30 827
Copersucar S.A	Brasil	2 %	2 %	10 886
Barahonda Investors AS	Kristiansand	11 %	11 %	784
Others				414
Total other shares owned by Umoe Gruppen consolidated				210 339

* The holding of shares includes 55 000 000 shares entered on forward contract.

Note 13**Inventory**

	Umoe Gruppen AS		Consolidated	
	2012	2011	2012	2011
Raw-materials and bought semi-finished goods	0	0	254 004	272 273
Self-produced and acquired finished goods	0	0	153 033	170 202
Prepayments to suppliers for goods	0	0	72 860	86 948
Allocations for old stock	0	0	-18 093	-23 020
Total raw-materials and finished goods	0	0	461 803	506 403

Note 14 Construction contracts	Umoe Gruppen AS		Consolidated	
	2012	2011	2012	2011
Margin - on-going projects				
Revenue recognized - on-going projects	0	0	3 158 728	2 755 268
Cost recognized - on-going projects	0	0	2 950 812	2 695 521
Margin - on-going projects	0	0	207 916	59 747
Work in progress				
Work in progress to be invoiced, included in accounts receivable	0	0	37 350	146 679
Customer retentions	0	0	0	0
Contract costs to complete unprofitable contracts	0	0	2 242	5 971
Advances received	0	0	323 479	194 459

Note 15

Equity

	Share capital	Share premium fund	Other equity	Total
Umoe Gruppen AS				
Equity as of 31 December 2011	375 000	250 375	1 926 674	2 552 049
Profit/(loss) of the year	0	0	175 340	175 340
Group contribution - paid	0	0	-33 313	-33 313
Group contribution - received	0	0	33 313	33 313
Equity as of 31 December 2012	375 000	250 375	2 102 014	2 727 389

	Share capital	Share premium fund	Other equity	Minority share	Total
Umoe Gruppen - consolidated					
Equity as of 31 December 2011	375 000	250 375	1 050 410	88 430	1 764 215
Profit/(loss) of the year	0	0	-456 293	-3 829	-460 122
Dividends, purchase of minority, share issues in subsidiaries, etc.	0	0	9 923	51 226	61 149
Currency effect of intercompany loans	0	0	-8 117	0	-8 117
Currency translation effects	0	0	-144 340	67	-144 273
Equity as of 31 December 2012	375 000	250 375	451 583	135 894	1 212 852

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	59,5 %	11 250	211 875	223 125
UM Holding AS v/Ragnhild K. Ulltveit-Moe	B	20,0 %	0	75 000	75 000
Agnes Holding AS (controlled by Jens Ulltveit-Moe)	B/CEO	20,0 %	0	75 000	75 000
Hanne Kierulf		0,5 %	0	1 875	1 875
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 16

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.

All the Norwegian companies in the group with employees, are obliged to have a defined contribution pension scheme for employees according to the Obligated Contribution Pension Act (lov om obligatorisk tjenestepensjon). The companies' pension schemes are in accordance with this Act.

Financial assumptions

	2012	2011
Discount rate	4.2%	3.9%
Estimated yield on pension assets	3.6%	4.8%
Salary increases	3.0%	3.75%
Increase in pensions	3.0%	3.75%
Increase in NIS basic amount (G)	0.0%	0.7%
Contractually agreed early retirement (AFP) – utilization rate	0.0% - 35.0%	0.0% - 35.0%
Number of members - contribution-based arrangement	5 524	6 199
Number of members - earnings-related arrangement	395	465

	Consolidated	
	2012	2011
This year's pension cost including social security tax		
Defined contribution pension costs	38 282	28 940
Present value of the year's pension earnings	3 481	7 121
Interest cost on incurred pension liabilities	1 920	3 701
Estimated yield on pension assets	-1 658	-3 653
Estimate deviations and changes to pension plans	909	1 049
Administration costs	629	759
This year's pension cost	43 563	37 917

Pension liabilities and pension assets as at 31 December:

Estimated liabilities incurred	57 287	67 963
Estimated value of the pension assets	35 088	35 029
Net pension liabilities	22 199	32 934
Unamortized deviations	-3 814	-8 257
Estimated pension liabilities in the balance sheet	18 385	24 677
Of which schemes with net assets	0	0
Of which schemes with net liabilities	18 385	24 677

Note 17

Taxes

	Umoe Gruppen AS		Consolidated	
	2012	2011	2012	2011
Tax charge for the year				
Pre-tax profit/loss	185 000	216 729	-107 598	-91 979
Permanent differences	-150 501	-198 623	24 421	96 876
Tax basis	34 499	18 106	-83 177	4 897
Tax rate	28,00 %	28,00 %	46,94 %	24,93 %
Tax	9 660	5 070	-39 044	1 221
Reversed deferred tax assets due to the upper-limit rule	0	0	390 872	-36 040
Other direct tax cost	0	0	696	3 802
Other	0	0	0	-1 729
Total tax income (-)/tax cost (+)	9 660	5 070	352 524	-32 746

Tax payable in the balance sheet:

This years tax cost/income	9 660	5 070	352 524	-32 746
Changes in and bought/sold deferred tax	3 295	6 327	-327 854	43 290
Tax payable on Group contributions paid	-12 955	-11 397	0	0
Provisions made in previous years	0	0	5 240	35 791
Paid and bought/sold tax payable	0	0	-17 298	-44 100
Tax payable owing - outside the tax group	0	0	297	2 465
Translation differences etc.	0	0	-6 309	3 004
Total tax payable	0	0	6 600	7 704

Specification of basis for deferred tax:

Total relating to short-term balance sheet items	7 676	-899	121	28 970
Total relating to long-term balance sheet items	81 456	101 800	1 920 602	1 652 958
Loss carried forward maturing after 5 years	0	0	-2 429 459	-3 488 829
Loss carried forward maturing after 5 years - disputed tax losses*	0	0	-1 386 816	-232 429
Total basis for temporary differences	89 132	100 901	-1 895 552	-2 039 330
Calculated deferred tax	24 957	28 252	-616 749	-654 506
Reversed deferred tax assets due to the upper-limit rule	0	0	795 370	481 041
Net deferred tax in the balance sheet	24 957	28 252	178 621	-173 465

* There is an on-going dialogue between the Central Tax Office for Large Enterprises (Sentralskattekontoret for storbedrifter) and Umoe Bioenergy ASA (UBE) regarding the tax deduction in the income tax form for UBE in 2010 on NOK 1,2 billion. The Central Tax Office has now notified a change, and based on prudence considerations UBE has decided not to recognise the deferred tax asset in the balance sheet. A final clarification on how far the tax deduction is genuine, is still in trial at the tax authorities.

Note 18

Long term debt - Umoe Gruppen AS

	Remaining debt 31.12.12	Remaining debt 31.12.11
Loan from Umoe Shipping and Energy AS	280 000	300 000
Loan from related parties and associated companies	64 059	66 839
Total long term debt	344 059	366 839

Debt maturing later then 2017 and 2016, respectively

0 0

Long term debt - Umoe Gruppen consolidated

	Remaining debt 31.12.12	Remaining debt 31.12.11
Debt to group companies and related parties	64 825	67 871
Mortgage loan	1 255 795	1 339 814
Other long term debt	72 768	54 696
Total long term debt	1 393 388	1 462 381

Debt maturing later then 2017 and 2016, respectively	358 201	126 673
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Pledges

	Umoe Gruppen AS		Consolidated	
	2012	2011	2012	2011
Book value of assets pledged as security for the company's debt 31.12.;				
Buildings, land and quays	0	0	277 453	351 956
Machinery and equipment	0	0	1 383 617	223 574
Construction contracts, trade accounts receivable, inventories, etc.	0	0	929 484	934 512
Securities	0	0	0	0
Total pledged assets	0	0	2 590 554	1 510 042
Off balance sheet guarantees	60 000	63 750	293 758	439 308

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 864 mill. (NOK 963 mill. in 2011). The company has also pledged guarantee for 50 per cent of an interest rate swap in the amount of EUR 276 mill. (EUR 285 mill. in 2011) on behalf of Norspan LNG AS/IS and Norspan LNG II AS/IS.

Note 19**Transactions with related companies**

Umoe AS delivers accounting services to several of the group companies. Umoe AS also have a number of intercompany deposits.

The loans are priced based on NIBOR with a added margin which takes the risk in consideration.

Umoe Gruppen AS

	2012	2011
Interest income		
Umoe AS	45 511	49 051
JUM Holding AS	6 427	319
Total	51 938	49 370

Interest expenses

Umoe Shipping and Energy AS	-30 393	-32 344
Total	-30 393	-32 344

Umoe Gruppen AS

	31.12.2012	31.12.2011
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Interest bearing loans from Umoe Gruppen AS

Umoe AS	2 848	613 212
JUM Holding AS	43 310	79 510
Total	46 158	692 722

Interest bearing loans to Umoe Gruppen AS

Umoe Shipping and Energy AS	379 633	646 229
Total	379 633	646 229

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, which comprise the balance sheet as at 31 December 2012, 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.

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 Company as at 31 December 2012 and its financial performance and its 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 bookkeeping standards and practices generally accepted in Norway.

Oslo, 15. april 2013
ERNST & YOUNG AS

Finn Kinserdal
State Authorised Public Accountant (Norway)

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