Addressing Future

AF GROUP ANNUAL REPORT 2009

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/09

AF GROUP

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AF GROUP

HIGHLIGHTS 2009

RECORD RESULTS

Profit before tax was NOK 366 million for 2009. This is an improvement of 19 per cent compared with the previous year. In spite of somewhat lower revenue compared with the previous year, AF was successful in making its projects more profitable. This shows that our risk management and cost control efforts are improving our margins.

SEVERAL LARGE CONTRACTS

Several major contracts were awarded to AF throughout the year. Construction of the so-called "T-connection" between Karmøy, Tysvær and Haugesund; removal of the cruiser the "Murmansk" near Hasvik; and the construction of the Risløkka Competence Centre in Oslo and the cultural centre Kilden Kulturhus in Kristiansand are among the prestigious contracts that AF won in 2009.

COMPLETION OF THE ENVIRONMENTAL BASE AT VATS

In the summer of 2009 the reception facility at Vats was completed and commissioned. The facility is Europe's most modern reception facility for recycling decommissioned offshore installations. A total of four installations were landed at the Environmental Base for dismantling and recycling in the summer and autumn of 2009.

NEW SUBSIDIARY IN EAST ASIA

AF established a subsidiary in China in 2009, which is to function as a procurement and logistics centre for the Energy business. The company was established as a result of long-term efforts on the Asian market, and we have studied major project opportunities in East Asia for all of the units in the Energy business area throughout the year.

FOCUS ON OFFSHORE WIND TURBINES

As part of its industrial development of offshore wind turbines, AF established a new company in partnership with Lyse Produksjon AS and Dr.techn. Olav Olsen AS in 2009. The new company, Vici Ventus Technology AS, is to deliver fully assembled wind turbines offshore.

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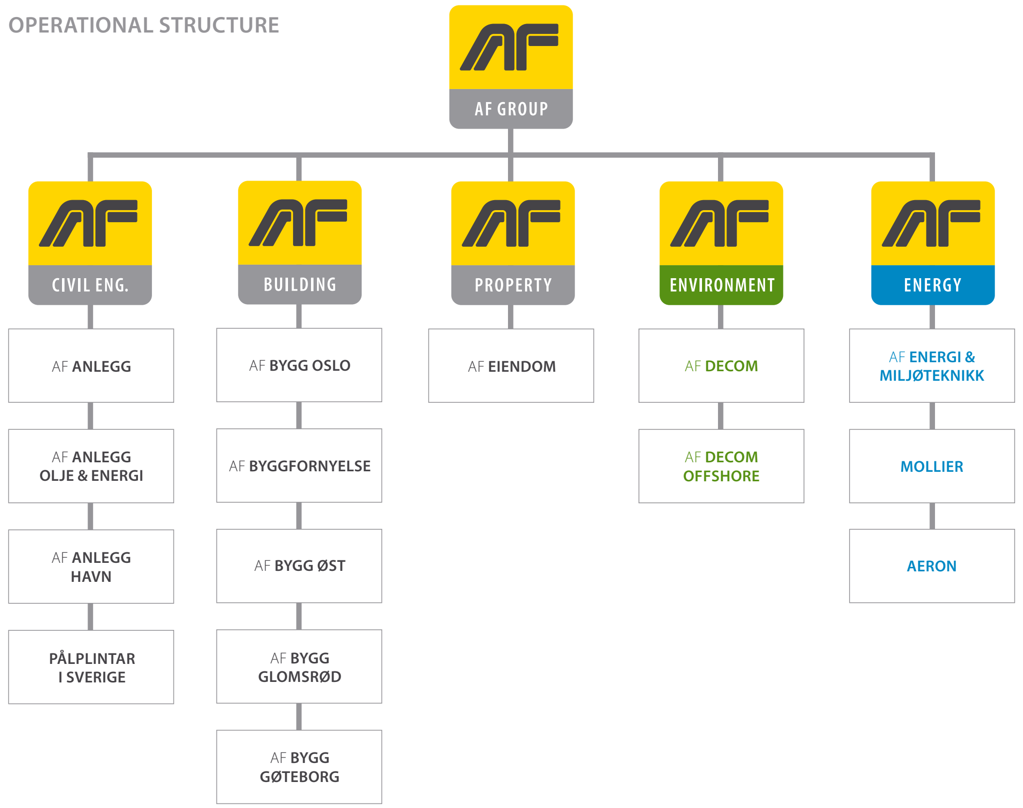
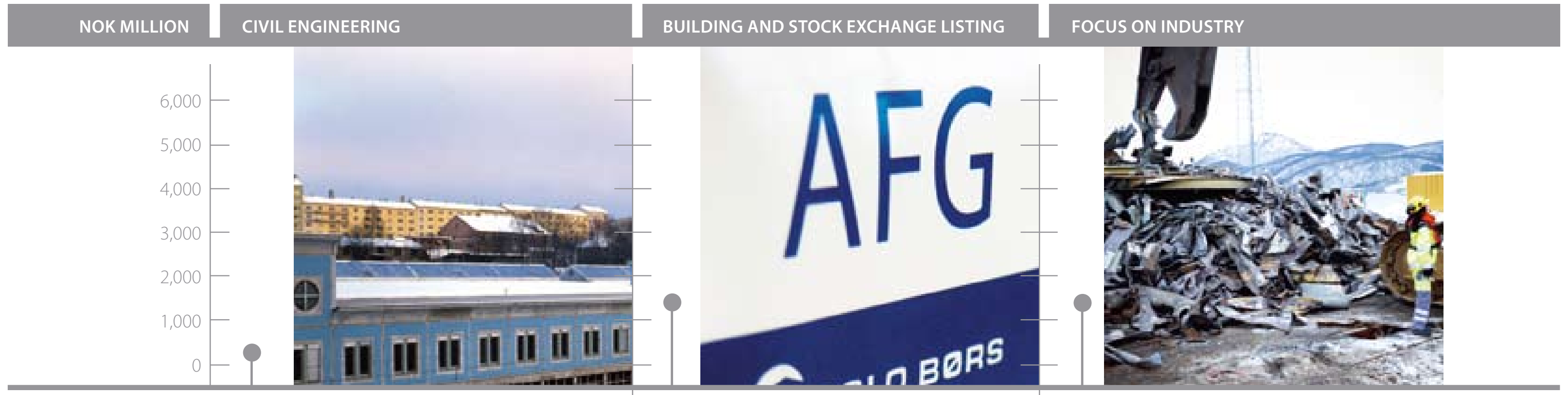
OPERATIONAL STRUCTURE



AF demolishes everything from houses to oil platforms and ensures that steel and other materials are recycled.
AF can document a 98 per cent recycling rate.

REVENUE GROWTH/IMPORTANT HISTORICAL EVENTS



1986

AF was established by a group of colleagues from a joint venture who decided to leave two major Norwegian contracting companies. They wanted a company where there was freedom to cultivate an entrepreneurial spirit and incentives for profitable growth. Two large construction contracts formed the foundation for the company. These were the Dokkfløyvatn Dam and the Lodalen Train Formation Yard.
Consolidated turnover was **NOK 118 million.**

1997

After ten years of successfully completing large complex civil engineering projects, AF decided to get involved in the construction industry. A merger with one of Oslo's largest contracting companies, Ragnar Evensen AS, contributed to roughly a doubling of AF's turnover. AF was listed on the Oslo Stock Exchange in the autumn of 1997 in connection with the merger.
Consolidated turnover was **NOK 1,174 million.**

2000

Industry was established as a new business area for AF. AF gained access to the groundwork and demolition industry through the acquisition of companies such as Pålplintar AB and Graveservice AS. In addition to the acquisition of SRG, AF strengthened thus its grip on the value chain in the building and civil engineering industry.
Consolidated turnover was **NOK 1,426 million.**

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Key figures

YEAR		2009	2008	2007	2006	2005
TURNOVER (NOK 1,000)						
Operating and other revenue		5,400,967	5,916,440	5,538,421	5,357,708	4,174,868
Order backlog		6,032,787	4,911,851	5,861,863	5,177,249	4,339,000
EARNINGS (NOK 1,000)						
Earnings before interest taxes, depreciation and amortisation (EBITDA)		417,490	416,731	310,883	265,629	183,042
Earnings before interest and taxes (EBIT)		334,584	328,424	229,012	191,833	118,312
Depreciation, amortisation and impairment losses		82,906	88,307	81,871	73,796	64,730
Earnings before taxes (EBT)		366,146	307,524	232,210	185,409	126,042
Net profit		269,942	219,359	174,586	134,219	87,753
PROFITABILITY (NOK 1,000)						
EBITDA %	1)	7.7 %	7.0 %	5.6 %	5.0 %	4.4 %
EBIT %	2)	6.2 %	5.6 %	4.1 %	3.6 %	2.8 %
EBT %	3)	6.8 %	5.2 %	4.2 %	3.5 %	3.0 %
Return on equity	4)	33.1 %	33.5 %	31.6 %	27.8 %	21.2 %
Return on average capital employed (ROACE)	5)	35.7 %	33.0 %	29.3 %	25.4 %	19.4 %
Economic Value Added	6)	183,399	153,974	107,391	78,651	37,797
BALANCE SHEET (NOK 1,000)						
Total assets		3,059,012	3,194,083	2,553,479	2,155,489	1,858,213
Equity		914,818	740,847	569,978	534,122	432,690
Capital employed	7)	1,009,445	1,207,491	866,820	921,580	743,400
Average capital employed		1,074,774	1,018,955	864,171	817,182	711,490
Equity ratio	8)	29.9 %	23.2 %	22.3 %	24.8 %	23.3 %
Net interest-bearing receivables (debt)	9)	184,761	-296,711	-124,093	-206,361	-78,126
Debt-to-equity ratio	10)	0.3	-0.3	-0.2	-0.3	-0.2
EBITDA/Net interest-bearing receivables (debt)		2.3	-1.4	-2.5	-1.3	-2.3
Investments in plant and equipment and intangible assets		1,205,873	512,243	131,053	225,621	189,139
SHARES (NOK)						
Share capital as at 31 December		3,524,797	3,467,472	3,442,472	3,442,472	3,442,472
Number of shares as at 31 December *		70,495,940	69,349,440	13,769,888	13,769,888	13,769,888
Par value per share *	11)	0.05	0.05	0.25	0.25	0.25
Basic earnings per share *		3.85	3.16	12.73	9.76	6.55
Diluted earnings per share *	12)	3.85	3.16	12.73	9.76	6.55
Cash flow per share *		4.02	5.83	21.31	18.26	13.72
Dividend per share *		1.60	1.40	6.00	5.00	3.00
PERSONNEL						
Number of salaried employees as at 31 December		977	963	857	736	650
Number of employees paid by the hour as at 31 December		997	1,084	1,033	1,057	874
Total number of employees		1974	2047	1890	1793	1524

* 2008 figures adjusted for share split for comparison

GLOSSARY/DEFINITIONS
Financial ratios

1) **EBITDA %**
(Operating profit+depreciation, amortisation and impairment)/operating revenue

2) **EBIT %**
Operating profit/operating revenue

3) **EBT %**
Earnings before taxes/operating revenue

4) **Return on equity**
Net profit/average shareholders' equity

5) **Return on average capital employed (ROACE)**
(Earnings before taxes+interest expenses)/average capital employed

6) **Economic Value Added (EVA)**
(Return on capital employed)* 0.72–average capital costs after tax)* average capital employed

7) **Capital employed**
Shareholders' equity+interest-bearing liabilities

8) **Equity ratio**
Shareholders' equity/total capital

9) **Net interest-bearing receivables (debt)**
Interest-bearing receivables+liquid assets–interest-bearing liabilities

10) **Debt-to-equity ratio**
Net interest-bearing liabilities/(shareholders' equity+net interest-bearing liabilities)

11) **Basic earnings per share**
Net profit/average number of shares outstanding

12) **Cash flow per share**
(Net profit+depreciation–taxes paid)/average number of shares outstanding

OFFSHORE | ENERGY | ENVIRONMENT | NOK MILLION

2005

AF won the contract to remove the steel structure of the Ekofisk Tank. The "Piece small" demolition method was introduced for the first time in the North Sea. This method enables the demolition of everything from ordinary buildings to large platform installations. Consolidated turnover was **NOK 4,175 million.**

2006

AF focused offensively on energy services for commercial buildings through the acquisition of Energi & Miljøteknikk AS and Holst & Brå AS. AF's focus on energy was subsequently strengthened in relation to the offshore and marine sectors by the acquisitions of Mollier and Aeron. Consolidated turnover was **NOK 5,358 million.**

2009

AF won contracts to decommission additional offshore installations. In 2009 AF strengthened its focus on the environment with an investment of NOK 500 million in the Environmental Base at Vats. The Environmental Base is one of Europe's most modern and environmentally correct reception facilities for decommissioned offshore installations. Consolidated turnover was **NOK 5,401 million.**

Addressing the Future

THIS IS THE **AF GROUP**

AF Gruppen ASA is a leading contracting and industrial group with a turnover of over NOK 5,400 million in 2009 and 1,974 employees in Norway, Sweden, Poland, England and China. The AF Group is listed on the Oslo Stock Exchange (AFG) and consists of five business areas: Civil Engineering, Building, Property, Environment and Energy.

AF has always been independent and proud of its own strength and ability to master complex challenges. Our entrepreneurial spirit is distinguished by a willingness to think Alternatively and to seek better, more Future-oriented ways of generating value.
AF – "Addressing the Future".

Civil Engineering
AF is a turnkey supplier of civil engineering services in Norway. For 25 years, AF has built up the experience and expertise required to carry out all types of civil engineering projects, ranging from small and simple to large and demanding projects. AF's customers include both public sector agencies and large industrial companies.

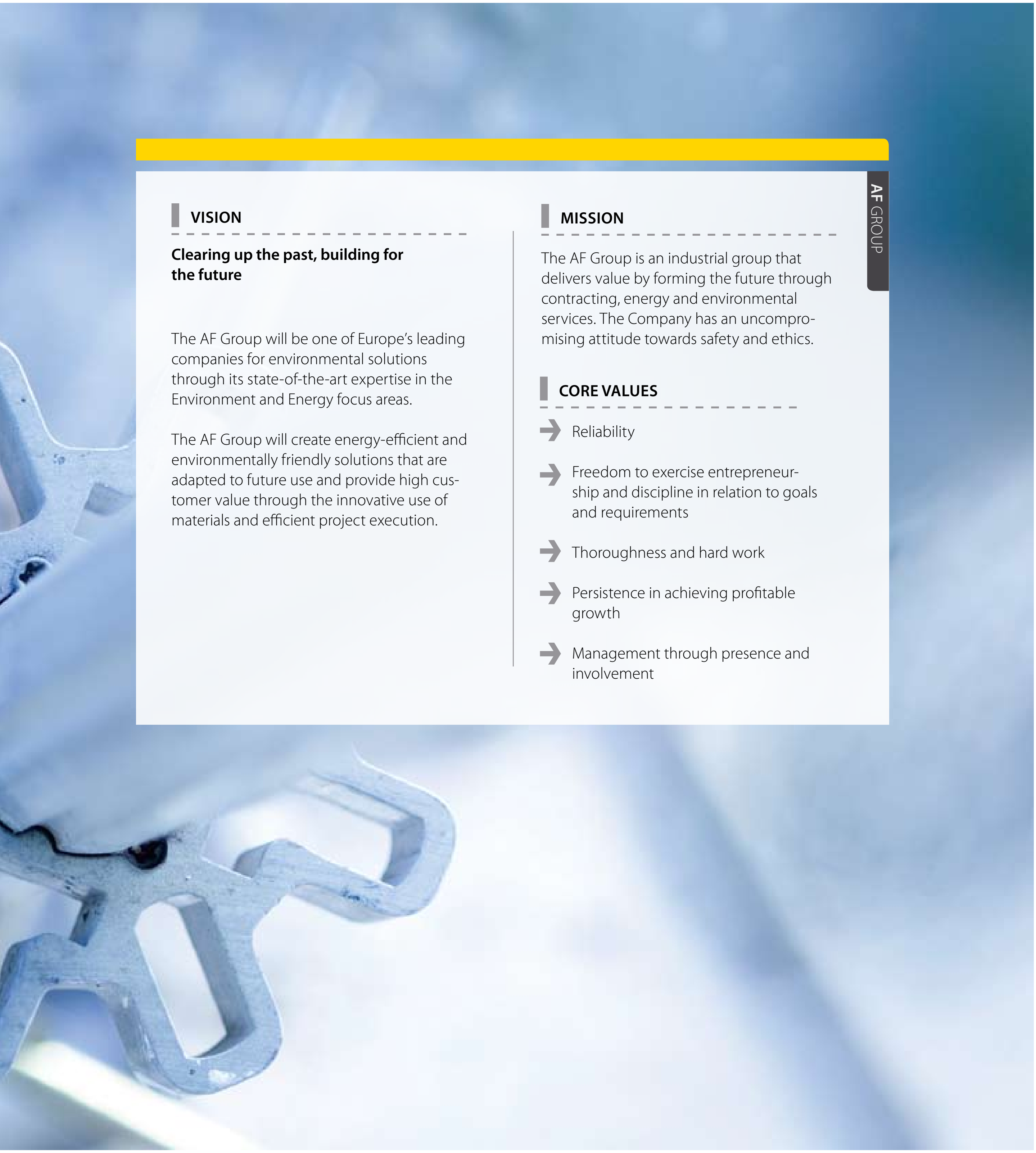
Civil Engineering has state-of-the-art expertise in the market areas of oil and energy, underground construction, infrastructure and harbours.

Building
The Building business area performs all types of building projects for private and public clients, and carries out renovation work in residential and commercial buildings. AF is also one of Norway's largest providers of energy efficiency measures for buildings. AF has a strong position in Oslo and central East Norway, as well as Gothenburg and the south of Sweden.

Property
The Property business area identifies, acquires, develops, sells and executes residential and commercial building projects in areas where AF is engaged in contracting operations. The business area makes its own investments or cooperates with partners.

Environment
Activities in the Environment business area include demolition and environmental clean-up onshore and offshore. AF is Scandinavia's leading demolition contractor for buildings, plants and installations, as well as demolition in connection with rehabilitation jobs. AF is established in Norway, Sweden and Poland. The offshore unit provides preparatory, dismantling and recycling services for petroleum installations. AF has a state-of-the-art reception facility for the environmental decommissioning of offshore structures at Vats near Haugesund and has set itself up in England.

Energy
The Energy business area offers expertise in energy efficiency and energy-related services for buildings, industry, offshore and the marine sector. This business area offers measurable result guarantees based on the analysis and monitoring of the flow of energy in buildings. Energy has a presence in Oslo, Skien, Bergen, Trondheim, Stavanger, Flekkefjord and Shanghai.



VISION

Clearing up the past, building for the future

The AF Group will be one of Europe's leading companies for environmental solutions through its state-of-the-art expertise in the Environment and Energy focus areas.

The AF Group will create energy-efficient and environmentally friendly solutions that are adapted to future use and provide high customer value through the innovative use of materials and efficient project execution.

MISSION

The AF Group is an industrial group that delivers value by forming the future through contracting, energy and environmental services. The Company has an uncompromising attitude towards safety and ethics.

CORE VALUES

- Reliability
- Freedom to exercise entrepreneurship and discipline in relation to goals and requirements
- Thoroughness and hard work
- Persistence in achieving profitable growth
- Management through presence and involvement

CORPORATE MANAGEMENT TEAM

PÅL EGIL RØNN
CEO

Has held various managerial posts at AF. Degree in Civil Engineering from the Norwegian Institute of Technology. PhD from the Norwegian University of Science and Technology. Completed the Advanced Management Programme at INSEAD. Owns 148,275 shares and 70,000 options in AF Gruppen ASA as at 31 December 2009.

SVERRE HÆREM
Executive Vice President/CFO

Previously VP Finance at Dyno ASA and CFO at Fjord Seafood ASA. MSc degree in business administration from BI Norwegian School of Management. Owns 63,500 shares and 60,000 options in AF Gruppen ASA as at 31 December 2009.

TORE FJUKSTAD
Executive Vice President

Responsible for the Energy business area. Managerial experience from several industrial groups. Degrees in engineering and economics from Trondheim and Sør-Trøndelag University College. Has a Master in Energy Management from IFP and ESCP-EAP in Paris and BI Norwegian School of Management. Owns 54,000 shares and 60,000 options in AF Gruppen ASA as at 31 December 2009.

ROBERT HAUGEN
Executive Vice President

Responsible for the Environment business area. Has held various managerial posts at AF. Degrees in engineering and business economics from Buskerud University College. Owns 128,850 shares and 60,000 options in AF Gruppen ASA as at 31 December 2009.

JØRGEN HALS
Executive Vice President

Responsible for the Building and Property business areas. Has held various managerial posts at Skanska, Selmer and Gunnar M. Backe. Degree in Civil Engineering from the Swiss Federal Institute of Technology, Zurich, and degree in business economics from BI Norwegian School of Management. Owns 30,000 shares and 60,000 options in AF Gruppen ASA as at 31 December 2009.

ARILD MOE
Executive Vice President

Responsible for the Civil Engineering business area. Has held various managerial posts at AF. Degree in engineering from Oslo University College and degree in business economics from the University of Agder. Owns 253,320 shares and 30,000 options in AF Gruppen ASA as at 31 December 2009.

FOCUS ON VALUE CREATION

The AF Group achieved the best net profit ever in the history of the Company in 2009. An increase in orders and high job satisfaction among employees provide a good foundation for future value creation.

The AF Group's strategy is long-term and robust. We are to be an industrial group that clears up the past and builds for the future. We are to address the future by developing our five business areas: Civil Engineering, Building, Property, Environment and Energy.

Since its formation, the AF Group has focused on thinking alternatively and finding better, more future-oriented ways to create value. Profitable growth, safety and clear ethical guidelines have, and will continue to be, the pillars of our development. AF is to have a long-term perspective and continue to be a contender. Our strategy is based on an even stronger environmental awareness in industry and the consumer's choice of products and services in the future. Expectations of strong growth in the world's energy consumption have increased the focus on the use of renewable sources of energy and energy conservation services. Challenges associated with climate change will affect us all and place new demands on how buildings and plants are designed, built and managed. The AF Group has chosen to look at the commercial opportunities to influence the choices that will provide the best environmental solutions in our part of the value chain. In addition, the Environment and Energy business areas are good examples of how we create competitiveness and develop our operations in accordance with the resource and environmental requirements dictated by our society.

HSE

The AF Group has high ambitions with respect to health, safety and the environment. We work with HSE in a goal-oriented manner so that it becomes an integral part of our management at all levels of the company. Our ambitions and results in the area of HSE are a prerequisite for deliveries to our customers and creating a good, healthy working environment. With an LTI rate of 3.1 and sickness absence rate of 4 % for the Norwegian operations, the AF Group's employees are healthier than most people. We feel that this is a consequence of our strong focus on HSE and the high level of satisfaction.

Satisfaction and an achievement culture

The AF Group recently conducted an employee satisfaction survey (ESS) that showed that our employees have a high level of satisfaction and view the Company as an attractive employer. In order to create results, it is crucial that all the employees know where we are going. Knowledge of corporate strategies and goals scored high in the survey that was conducted in December 2009. In addition, the survey shows that one of our strong suits is the commitment to core values in our company, not to mention, our great desire to achieve. Strong employee representation on the ownership side is also an important element in the Company's development. Pride, job satisfaction and dedication is a good starting point to give the AF Group a boost in the future.

Despite the very good results in 2009, parts of the markets where the AF Group operates have been marked by uncertainty. In the future we anticipate that the market will still be demanding, but overall we are cautiously optimistic. We will continue to seize opportunities where they present themselves. An increased focus on customers and quality will improve our results further. We will stress the importance of developing a strong and healthy corporate culture based on our core values.

« The AF Group continues to deliver sound earnings, demonstrating an ability to perform over time. We will continue our systematic risk management and have entered 2010 with a healthy order book. We are cautious optimists with a view to the performance of the market. Our core value of profitable growth is strong, and we have expansive thoughts about the future. »

Pål Egil Rønn, CEO, AF Group

Addressing Future

AF'S GOALS FOR **PROFITABLE GROWTH**

The year 2009 was a demanding year for parts of the Group's operations. Nevertheless, the AF Group achieved its best net profit ever. Risk management, cost control and an uncompromising attitude towards safety and ethics are among the most important success factors for achieving the Group's goal of profitable growth and long-term value creation.

PROFITABILITY

OBJECTIVE

AF's objective is to have an operating margin (EBIT) that is better than most comparable companies and a return on capital employed greater than 20 %.

RESULTS IN 2009

AF achieved an operating margin (EBIT) of 6.2 % in 2009. The Company's return on capital employed was 35.7 %.

FINANCIAL STRENGTH

OBJECTIVE

AF's financial strength target is to achieve a minimum equity ratio of 20 % and to have sufficient liquidity to cover the Company's current needs at any given time.

RESULTS IN 2009

AF's equity ratio was 29.9 % at the end of 2009, and the Company had unutilised credit and loan facilities of NOK 900 million as at 31 December 2009.

DIVIDEND

OBJECTIVE
AF's dividend policy is to give shareholders a competitive return in the form of a dividend. The Company assumes that future dividends will be stable and ideally rise in line with the earnings performance.

RESULTS IN 2009
AF paid a dividend of NOK 1.40 per share for the 2009 financial year. The Board of Directors proposes a dividend of NOK 1.60 per share for 2009, which corresponds to 41.6 % of the net profit.

HEALTH, SAFETY AND THE ENVIRONMENT

OBJECTIVE
AF's objective is to perform all our operations without injuries, with an LTI rate of zero and sickness absence rate of less than 3.0 %.

AF's partners are subject to the same requirements as AF itself, and AF includes them in its LTI rate target.

RESULTS IN 2009
AF achieved an LTI rate of 3.1 and a sickness absence rate of 4.0 %. This is on a par with the best safety results in the contractor industry.

RISK MANAGEMENT FOR GREATER PROFITABILITY

Systematic risk management has strengthened the AF Group's competitiveness and increased profitability.

Over the years, the Norwegian building and construction industry has seen a number of huge loss-making projects that can ruin even the most reputable contractor's bottom line. This has also been the case for AF. In hindsight we see that many of these losses could have been avoided by proper risk management. The AF Group has, therefore, managed to do something about this through systematic risk management.

AF started to build up competence in risk management based on well-known and proven methods in 2006. Risk management became an essential part of AF's management system in the subsequent years. One motivator for our focus on risk management has been to avoid loss-making projects and ill-advised important decisions. Effective measures have been implemented at the same time to reduce negative risk, as well as actions to exploit positive risk. We have conducted several hundred risk analyses in recent years. This is carried out consistently in all our tendering processes, in ongoing projects and for the evaluation of uncertainty in all of our project-based activities. Since we started with systematic risk analysis, AF has not had any major new loss-making projects.

Our commitment to risk management, combined with AF's positive profit performance in recent years, is a clear indication that we have successfully managed risk in a good and appropriate manner.

Risk provides opportunities

The year 2009 was a particularly challenging year. Changes in the market and increased competition increase the level of uncertainty and place demands on AF's adaptability. Economic cycles also provide new opportunities for AF at the same time. AF has used 2009 to strengthen its competitiveness by making the right choices, good project execution and monitoring new opportunities. Risk management has been a valuable tool in this connection. During the year risk analyses were conducted in 140 tendering processes. In addition, around 50 risk analyses were conducted for ongoing projects on a quarterly basis. During the year more than 1,000 people have been involved in risk analyses, from the CEO to foremen, including technical experts and advisors – all of which has been led by in-house professional facilitators.

AF wishes to assume risk in order to achieve its goals of value creation and growth. In order for AF to achieve this in a profitable and predictable manner, the risk that AF assumes must be managed correctly. It is, therefore, important that AF assumes risk that it can influence and minimises risk that it cannot influence. Just as important as avoiding loss, risk management is also used to identify and monitor new opportunities with a view to implementing measures to ensure that AF reaches its strategic and financial goals.

Systematic risk management has developed our systems and expertise in risk management. This commitment has given managers at all levels a better basis for making decisions.

The same types of assessments are made in our projects, business units and the Group as a whole. This provides excellent traceability for the risk involved in AF's projects – from the projects, through the management of the business unit, to the Corporate Management Team and Board. In practice, this means that a significant risk factor that is identified in a project will be dealt with in the project itself, by the business unit and by the Corporate Management Team. This ensures that effective measures are implemented at the right level of the organisation. This makes the outcome of our operations more predictable.

Good management in practice

Risk management is good management in practice. This is first and foremost about taking control of the factors affecting the economy of a project at an early stage. Much of the risk is linked to factors that we can influence through proper planning. This makes us more solution and action oriented, for example. Risk management has, therefore, become a good tool for identifying opportunities, prioritising correctly and implementing effective measures to achieve our targets.

Large and complex projects demand good risk management throughout the entire life of a project.

Addressing our Future

Environmental and Social Responsibility

ENVIRONMENTAL AND **SOCIAL RESPONSIBILITY**

AF's mission is to create value by forming the future through contracting, energy and environmental services with an uncompromising attitude towards safety and ethics.

A strong focus on safety and clear ethical guidelines has been, and will continue to be, prerequisites for the development of the AF Group. The same applies to taking environmental and social responsibility into consideration.

Ethical guidelines

Our reputation and attractiveness in the market are important to AF's competitiveness. AF has, therefore, placed importance on building a value-based corporate culture since its establishment. Our core values have roots that go back to the time before the company was established in 1985 and have changed very little since then. The core values of AF are:

- Reliability
- Freedom to exercise entrepreneurship and discipline in relation to goals and requirements
- Thoroughness and hard work
- Persistence in achieving profitable growth
- Management through presence and involvement

The core values are the very bedrock of our operations, and we expect that all our employees are able to identify and comply with these values. The core values are used actively in processes related to recruitment, evaluation and development. The employee satisfaction survey that was conducted in December 2009 shows that the core values are deeply rooted within the company. In addition, a separate Code of Conduct has been prepared that makes it easier for all employees to comply with our core values. The purpose of this is to create a culture in which orderly conduct is recognised, valued and lived up to by all employees.

Suppliers and purchasing

More than 65 % of AF's turnover is from the purchase of goods and services from suppliers and subcontractors. A large portion of AF's purchasing is from international sources. Purchasing from China and other countries in Asia and Eastern Europe is increasing. AF's Code of Conduct establishes the premises for any discussions concerning conduct and the requirements we place on our suppliers. In addition to the Code of Conduct, AF became an official member of the United Nations Global Compact in 2009. This is to ensure better guidance for the selection, contracting and follow-up of foreign suppliers. The United Nations Global Compact is based on ten fundamental principles in the area of safeguarding human rights, working conditions, the environment and anti-corruption measures. In addition to AF supporting these principles, we encourage all our suppliers and subcontractors to follow the same guidelines.

External environment

AF is engaged in operations that may affect the external environment in the form of noise, dust, vibrations, emissions, discharges and other means of pollution. Its activities may also entail encroachments on and changes to the landscape and nature. The AF Group aims to carry out its activities in such way that the impact on resources and the environment is reduced to a level well within what is required by the authorities and clients.

Corporate policy and the associated control systems for the external environment are to prevent or reduce any undesirable environmental impact. The control systems are meant to ensure that we are able to identify and control the most important environmental aspects of each business unit. All business units in AF have control systems that follow the principles in ISO 14001. Large parts of our operations are certified in accordance with this standard. A total of 10 (6) incidents involving an undesirable impact on the external environment were reported in 2009, the majority of which involved small oil or diesel spills from machinery and equipment. AF works systematically to prevent any recurrence and damage to the external environment.

AF seeks to avoid the use of products with substances/chemicals that are hazardous to health or the environment. The Company utilises the Building and Civil Engineering industry's substance information system for risk assessment and the evaluation of substitute products.

Environmentalism as a competitive advantage

Clearing up the past and building for the future is the AF Group's vision and forms the basis for our mission and strategic development. AF has consciously chosen to look at the commercial opportunities to influence the choices that provide the best environmental solutions in our part of the value chain. By identifying and following up the most important environmental impacts that our business represents, AF takes an active responsibility to reduce any negative environmental impact.

The AF Group has focused on finding future-oriented ways of creating value since it was established. The Environment and Energy business areas are good examples of how we create competitiveness and develop our operations in accordance with the resource and environmental requirements dictated by our society.

Environment

AF takes responsibility for removing and recycling buildings and decommissioned offshore installations through the Environment business area. The Environmental Base at Vats has become Europe's most modern facility for the recycling of offshore installations. Currently the steel structures from the Ekofisk field that were built during the first phase of the oil age are being recycled. Our goal is to recycle 98 % of the materials. The Environmental Base at Vats is designed to safeguard the environment with a state-of-the-art treatment plant and strict control of any potential environmental toxins.

Energy

In the Energy business area, AF performs energy optimisation services for commercial buildings, offshore installations and the marine sector. According to forecasts from the International Energy Agency (IEA), the world's demand for energy will increase

In 2009 AF was awarded the removal contract for the Russian cruiser the "Murmansk". AF was chosen because it had the best environmental profile with the least possible risk of spreading the sources of contamination.

AF's new head office at Helsfyr has its own energy centre, heat pumps, heat recovery, cooling and other energy-conserving installations. The new building receives district heating from Klemetsrud. The walls and windows are particularly well heat insulated, and the colour of the facade has heat-reducing properties.

45 % by 2030. In order to meet this demand and limit the increase of CO_2 emissions at the same time, enormous investments in energy optimisation and a political willingness to adopt stricter legislation are required. AF's strategy is to contribute to solving our climate challenges, and energy has become a priority area for the entire Group. In the Energy business area, the AF Group's competitive advantage is the fact that the Company can deliver complete solutions from A to Z. AF helps customers reduce their energy costs and is currently a preferred partner for the reduction of consumption, production of renewable energy and monitoring of energy consumption in the public and private sectors.

Civil Engineering

AF's Civil Engineering activities help improve the infrastructure in our society and clean up after old operations at the same time. Contaminated earth is removed and replaced by clean earth.

The Government would like a quarter of the combined Norwegian power production to be from new renewable energy by 2016. It has not been determined what role wind power will play here, but substantial wind power development will be required if this target is to be achieved. This provides a significant business opportunity. AF's Civil Engineering business area has specialised in the development of wind power plants. AF's goal is to be the preferred supplier when new wind parks are to be built.

Building and Property

The AF Group's strength lies in cooperation and the utilisation of state-of-the-art expertise across the various business units. The Building and Property business areas, in cooperation with the Energy business area, is a good example of this.

The AF Group has established expertise that the rest of the Group can benefit from through focusing on Energy and Environment as separate business areas. For many of our customers, this is of decisive importance when choosing a business partner. AF aims to influence the choice of environmentally correct solutions in the building process as well as the completed building. Important environmental areas that are focused on in the building process include: clean and dry building, energy consumption, use of materials, pollution, noise and waste management. Environmentally correct buildings also include the choice of materials and correct energy solutions that influence the operation and maintenance of the buildings.

The Environmental Base at Vats has been designed with a view to the environmental challenges associated with the demolition and recycling of decommissioned offshore installations. In cooperation with the Norwegian Institute for Water Research (NIVA), AF has taken the initiative to establish a comprehensive and long-term monitoring programme for the environment in and around the fjord near the Environmental Base at Vats. Photo: Terje Størksen

Addressing my Future

People in the AF Group

HIGH **JOB SATISFACTION** AND **CHALLENGING TASKS**

The AF Group benefits from high job satisfaction and makes sure that employees feel secure in their job. AF provides opportunities for positive employees who are willing to think alternatively and have the ability to find better, more future-oriented ways to create value.

AF's employees are more satisfied than employees at most other companies in the industry. This is evident from the employee satisfaction survey that was conducted in December 2009. Employees who are proud, satisfied and dedicated are a good foundation so that AF can achieve its goal of becoming a leading industrial group.

In the course of 25 years, the AF Group's revenue has grown to almost NOK 6 billion. Profitable growth is a core value in the AF Group. Its history of growth says a lot about the company's ability to assume risk. The company has been willing to develop operations in new business areas since it was established. A broad range of services makes the company attractive for those who are seeking exciting challenges and continuous development of their own expertise. AF is involved in everything from the dismantling of oil platforms to major building and civil engineering projects. In addition, AF has built up Scandinavia's largest centre of expertise for energy consumption. Having a presence in different fields means that the Company has many areas of expertise and career opportunities across the Group.

Corporate culture and management

AF is primarily engaged in a project-oriented industry. This means that the Company builds up both technical and management expertise. New organisations are established in connection with almost every project. There are many good examples of young employees who have been given responsibility to manage projects and business units at an early stage. There is a low threshold to ask colleagues for advice. This means that the employees seek new tasks and have a steeper learning curve. In addition, AF has its own AF Academy that offers both technical and management courses.

AF is committed to building a value-based corporate culture and focuses on developing the Company to be an attractive employer. Good management is reflected through a low sickness absence rate and

high employee satisfaction. For AF, it is, therefore, important to develop good managers in order to succeed with our goals and ambitions.

Managers at AF are to achieve results by setting a good example and building a culture in which orderly conduct is recognised, valued and lived up to by our employees. AF has, therefore, been clear about what qualities it values in its managers:

- Observance of AF's code of conduct and core values
- Being business-oriented
- Ability to be decisive and doers
- Being leaders and motivators
- Analytical abilities

These management qualities are used when we recruit, evaluate and train our employees.

Recruitment

AF works systematically to attract qualified people who can contribute to achieving challenging goals. The Company offers competitive pay with attractive bonus schemes and exciting career and development opportunities. AF recruits graduates right from school and experienced individuals with relevant experience, at the same time as it makes provisions for the training of apprentices. In recent years, AF has introduced itself to, and worked actively with, a selection of colleges and universities.

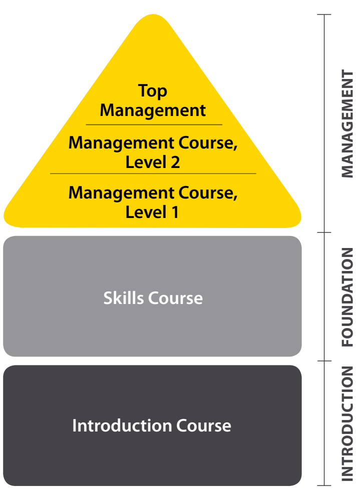
Job ownership

AF has a goal that all employees should have an opportunity to become an owner in the Company. The idea is that as many employees as possible should be able to take part in the appreciation resulting from joint value creation and development.
In recent years AF's employees have been given an opportunity to purchase discounted shares. In addition, all the employees have also been invited to participate in AF's option programme.

Corporate democracy at AF

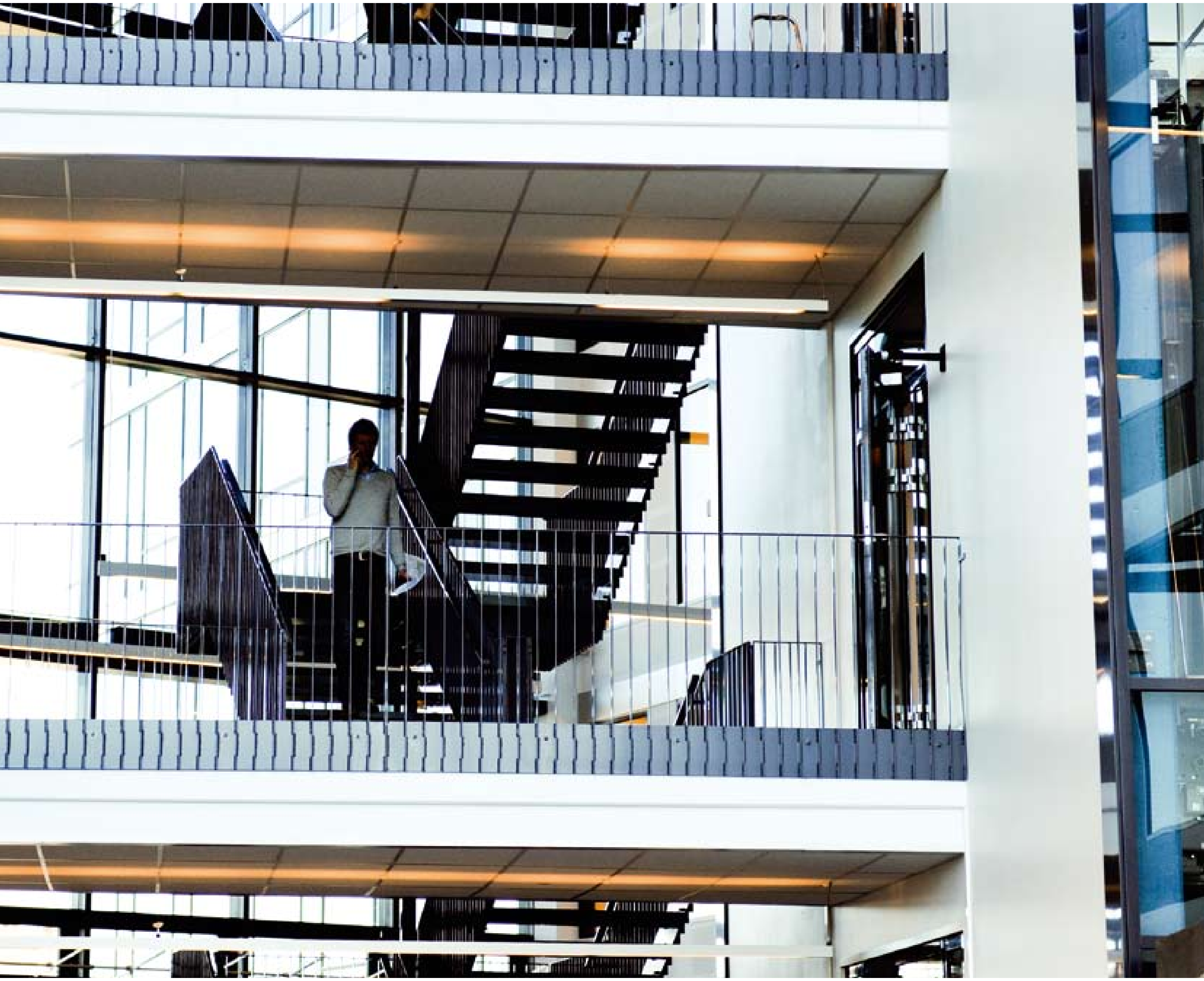
AF has a well-functioning employee representative structure and safety organisation, which enables employees to influence important issues that are addressed in the Group. Close cooperation with the management at the project, business unit and group levels is vital to remain focused on employee well-being through reduced sickness absence rates and fewer injuries.

Course pyramid



Working Environment Committee

Pål Egil Rønn	CEO
Robert Haugen	Executive Vice President
Jørgen Hals	Executive Vice President
Bård Frydenlund	Vice President Human Resources
Henrik Nilsson	Employee representative
Arne Sveen	Employee representative
Tommy Larsen	Employee representative



HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

The Company's HSE culture is one of the aspects that AF is the most proud of. Throughout the years the Company has prioritised HSE work highly, and it is very clear about the fact that this is how it will be in the future as well.

AF's HSE policy is as follows: All planning and execution must be based on a fundamental understanding and acceptance that all injuries and undesired incidents have a cause and can, therefore, be avoided.

Structured and continuous HSE work at AF has given us results, first and foremost in the form of a positive development in the injury frequency over several years. If we are to maintain this level and improve even further, it means that we must also work with HSE in the future. AF has a clear objective and a positive willingness to improve. We are both humble and inspired at the same time with regard to the improvement potential that we see in all parts of the business.

Continuous improvement

In seeking continuous improvement, AF would like to focus on the fact that good HSE work methods are just as important as the targets that have been defined. Good HSE work methods means continuously making use of experience from the past in connection with the management of future risks. It is also about continuously being able to change, adapt and optimise work methods with regard to changes in the organisation and business.

In addition, good HSE work has a close correlation with the organisational culture and attitudes concerning HSE responsibilities. To support this, HSE has always been an integral part of the management at all levels of the organisation. This should be clear in encounters with managers. In addition, it is highly stressed that each individual AF employee is responsible for their own well-being as well as their colleagues.

Comprehensive responsibility for HSE

AF feels that it is important to take responsibility for HSE throughout the entire project phase. AF expects our partners and suppliers to do the same and that all the parties play an active role in ensuring that our shared worksites are safe and environmentally friendly. A substantial proportion of the Company's injuries take place at our partners' sites. It is required, therefore, that the subcontractors are included in the calculations when HSE figures are reported. In addition, all subcontractors must follow AF's guidelines and the managers must acknowledge and verify this.

Sickness absence

The sickness absence rate is an important indicator of the management and the level of satisfaction. AF aims to have a working environment that promotes healthy employees and prevents work-related illnesses. AF's sickness absence rate has been low compared with comparable businesses for a number of years. AF sees this as a sign that the Company has healthy and satisfied employees with good attitudes, and that AF's HSE work has contributed to facilitating a good working environment.

In 2009 many businesses comparable to AF experienced a negative sickness absence trend. For example, the building and civil engineering industry in Norway experienced an average increase in the sickness absence rate of around 20 % from the third quarter of 2008 to the third quarter of 2009. AF experienced a slight decrease during the same period. AF realises, nevertheless, that it still has a way to go before reaching a sickness absence rate of less than 3 %, a target that represents a normal healthy situation for sickness absence without work-related illnesses.

Emergency planning

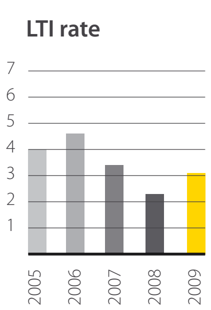
Accidents and crises may occur despite good HSE work. AF must be prepared that they may occur when they are least expected. In an emergency situation, the parties involved seek an overview and control, and to implement measures that can limit the damage, including long-term damage. This can be perceived as very demanding, and AF acknowledged long ago that there is only one thing that can enable us to handle these types of situations in a satisfactory manner: practice.

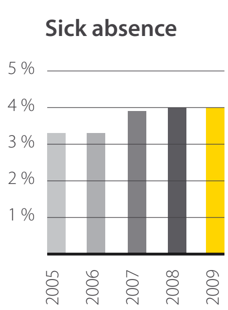
In AF's projects, it is the project organisation that carries out exercises in accordance with the project-specific emergency plan. In order to be prepared for a major crisis situation, exercises are held by AF's central emergency management team. This is an emergency management team that is to provide support, advice, training and relief for the projects in a crisis situation together with a crisis team.

Environment

All activities at AF are based on a fundamental understanding and acceptance that the impact on the external environment must be minimised. This is fulfilled by making the external environment an integral part of AF's HSE systems. In addition, each AF business unit must follow the principles in ISO 14001, the internationally recognised standard for environmental management, by identifying and monitoring the most important environmental impact that their activities represent. The first AF unit was certified in accordance with ISO 14001 already in 1997, and now large parts of our business are certified in accordance with this standard.

AF has also created business opportunities in the Environment business area. AF takes responsibility for removing and recycling buildings and decommissioned offshore installations through this area. In the Energy business area, AF performs energy optimisation services for commercial buildings, offshore installations and the marine sector. AF is proud to be able to contribute to addressing one of our time's greatest challenges, as represented by greenhouse gas emissions and environmental toxins, through these business areas.






CIVIL ENG.

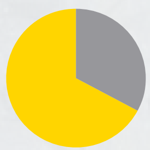
CIVIL ENGINEERING 2009

Despite tougher competition and a lower level of activity, Civil Engineering posted good results for 2009 and has a solid order backlog.

KEY FIGURES

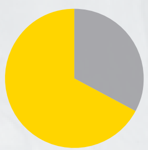
NOK 1,000	2009	2008
Operating revenue	**1,768,387**	**2,044,285**
Operating expenses	-1,655,603	-1,872,140
Depreciation, amortisation and impairment losses	-32,202	-42,176
Profit/loss from investments in associates	1,560	
Operating profit (EBIT)	82,142	129,969
Net financial items	23,005	-8,404
Earnings before taxes (EBT)	**105,147**	**121,565**
EBIT %	4.6 %	6.4 %
EBT %	5.9 %	5.9 %
Capital employed at end of period	220,978	295,892
Average capital employed	166,290	285,604
Return on capital employed	63.3 %	42.8 %
Order backlog	2,175,149	887,984

Number of **employees**



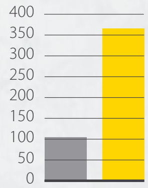
Civil Engineering **650 (33 %)**
AF Group **1,974**

Turnover in NOK million



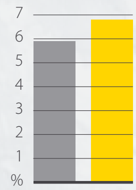
Civil Engineering **1,768 (33 %)**
AF Group **5,401**

Earnings before taxes (EBT) NOK million



Civil Engineering **105 (29 %)**
AF Group **366**

EBT %



Civil Engineering **5.9 %**
AF Group **6.8 %**

CIVIL ENGINEERING – NEW MEASURES FOR FURTHER GROWTH

Civil Engineering has seen a year marked by a lower level of activity and tough competition, but the business area managed nevertheless to post good results.

AF's Civil Engineering business area was restructured in March 2009. AF Anlegg Samferdsel and AF Anlegg Underjord were merged to form a single unit, AF Anlegg. This adaptation to the market makes AF better equipped to accommodate a higher level of activity as a nationwide player in the civil engineering market. The Corporate Management Team was strengthened at the same time by the addition of a dedicated Executive Vice President for Civil Engineering. Civil Engineering achieves thus better utilisation of its capacity and expertise, while the Company improves its adaptation to the national market and our customers.

The Civil Engineering business area consists after this of:
- AF Anlegg
- AF Anlegg Havn
- AF Anlegg Olje & Energi
- Pålplintar AB (Sweden)

2009 in brief

In 2009 Civil Engineering posted a turnover of NOK 1,768 million (2,044). The profit before tax was NOK 105 million (122). This is equivalent to a profit margin of 5.9 % (5.9 %). The year marked a turning point for the Civil Engineering business area. Organisational adaptations and an increased focus on the business area have showed results. The order book is significantly fuller now than at the end of 2008. The Civil Engineering business area was awarded several major contracts in a larger geographic area of the infrastructure market. AF Anlegg Havn and AF Anlegg Olje & Energi have maintained their market position with several new projects, despite the market being something weaker. Pålplintar in Sweden has adapted satisfactorily to a difficult market. The profit margin is somewhat lower than the target for Civil Engineering in the AF Group. The management capacity was strengthened during the year. In combination with an expansion of the market area and a generally good civil engineering market, we are expecting this to pay off in 2010. Good risk management work in our projects and portfolios will continue.

A separate production management programme will be implemented for the business area in 2010.

The Civil Engineering order book stood at NOK 2,175 million (888) at the end of 2009.

Market outlook

An increased level of activity is expected for infrastructure projects, including roads and railways. The harbour market is declining somewhat, but the level of activity in 2010 will be maintained through an expansion in the scope of the market. The market for AF Anlegg Olje & Energi is largely at the mercy of political decisions. The development of new areas for the production of oil and gas, in addition to the government's focus on renewable energy, will be key factors for this market. The AF Group believes that several wind park projects will be realised, which will increase the level of activity for AF Anlegg Olje & Energi in 2010. There was a wait-and-see attitude on the Swedish market for foundation work in 2009. A better market is expected in 2010.

Access roads for the Hardanger Bridge

In February 2009 AF started work on constructing the access roads and tunnels for main roads 7 and 13 in connection with the Hardanger Bridge. The work consists of 2,585 metres of tunnel and 780 metres of open road.

Contract price NOK 309 million

Completion 2013

Client Public Roads Administration

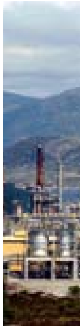
TCM Mongstad Civil 2

In the summer of 2009 AF started construction at the technology centre for carbon capture at Mongstad. This is one of the most future-oriented plants for carbon capture, and it is one of several projects that AF has carried out for Statoil.

Contract price NOK 150 million

Completion 2011

Client Statoil



An 8,950 metre long tunnel between Karmøy, Tysvær and Haugesund is one of Civil Engineering's major projects in Rogaland. This record-breaking tunnel is being built through difficult rock and will link the three municipalities together.

Largest contracts in 2009

Project	Client	Description	Size	Business unit
T-connection	Public Roads Administration	Main road 47, T-connection	NOK 878 million	AF Anlegg
Hardanger Bridge	Public Roads Administration	Access roads for Hardanger Bridge	NOK 309 million	AF Anlegg
Knapstad-Krosby	Public Roads Administration	E18, motorway	NOK 188 million	AF Anlegg
Kårstø	Statoil	Maintenance V&M	NOK 350 million	AF Anlegg Olje & Energi
TCM Mongstad	Statoil	Carbon capture plant	NOK 150 million	AF Anlegg Olje & Energi
Embretsfoss	EB Kraftproduksjon	Hydropower plant	NOK 230 million	AF Anlegg

Embretsfoss Power Plant

The Embretsfoss Power Plant is a demanding and exciting project that AF Anlegg started on in 2010. The construction of hydropower plants is one of our core areas and our ambition is to be a key player in the development of renewable energy.

Contract price NOK 230 million

Completion 2013

Client EB Kraftproduksjon


BUILDING

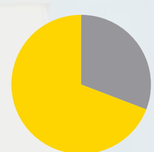
BUILDING 2009

Building is the AF Group's largest business area and posted very good results for 2009.

KEY FIGURES

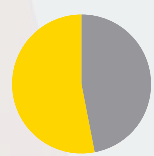
NOK 1,000	2009	2008
Operating revenue	**2,560,804**	**2,881,124**
Operating expenses	-2,340,410	-2,733,362
Depreciation, amortisation and impairment losses	-5,113	-4,132
Profit/loss from investments in associates	2,881	-3,854
Operating profit (EBIT)	218,162	139,776
Net financial items	3,001	16,715
Earnings before taxes (EBT)	**221,162**	**156,491**
EBIT %	8.5 %	4.9 %
EBT %	8.6 %	5.4 %
Capital employed at end of period	305,523	182,415
Average capital employed	135,785	191,158
Return on capital employed	163.5 %	82.3 %
Order backlog	2,323,753	2,382,197

Number of **employees**



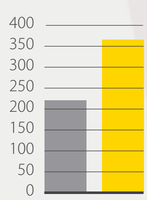
Building **619 (31 %)**
AF Group **1,974**

Turnover in NOK million



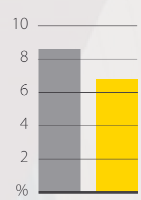
Building **2,561 (47 %)**
AF Group **5,401**

Earnings before taxes (EBT) NOK million



Building **221 (60 %)**
AF Group **366**

EBT %



Building **8.6 %**
AF Group **6.8 %**

BUILDING – HIGH MARGINS IN A CHALLENGING YEAR

Building is the AF Group's largest business area, and it posted a higher profit in 2009 compared with the previous year despite the lower turnover. The strong profit margin for the Building business area is a result of the Company's focus on risk management.

The Building business area is divided into six business units:

- AF Bygg Oslo
- AF Byggfornyelse
- AF Bygg Øst
- AF Bygg Glomsrød
- AF Bygg Gøteborg
- AF Bygg Syd

The Building business area performs traditional building operations with a solid local base. AF has a strong market position in Central East Norway and the Gothenburg-Halmstad region in Sweden. Our customers range from small companies with a simple assignment to large private and public clients with a longstanding relationship.

AF has broad experience in the development, planning and construction of commercial, residential and public buildings. AF can increase the opportunities available to clients for the design of new buildings through technical solutions and the choice of materials. AF is also one of Norway's largest companies for the renovation of buildings.

AF Bygg Gøteborg is AF's largest business unit in Sweden. In addition to building residential and commercial building contracts for outside clients, this business unit also develops projects for own account. AF also has building operations in Halmstad through AF Bygg Syd.

2009 in brief

In 2009 Building posted a turnover of NOK 2,561 million (2,881). The profit before tax was NOK 221 million (156), which corresponds to a profit margin of 8.6 % (5.4 %). The focus on risk management contributed to very good results in 2009.

Building has shown a capacity to adapt their operations according to the prevailing situation, despite a challenging market with fewer projects and tougher competition. We have focused on securing the right projects that are appropriate for AF's competence profile. The units in Oslo and Halden posted good results for 2009. Organisational adaptations in AF Bygg Øst and goal-oriented efforts throughout the year have had a positive effect on the unit's earnings.

The market situation in Sweden has been demanding. AF Bygg Gøteborg has completed several projects that have made a negative contribution to earnings. AF has deliberately focused on smaller contracts in a demanding market situation. The business unit is, nevertheless, ready for larger assignments as soon as the market improves.

The Building order book stood at NOK 2,324 million (2,382) at the end of the year.

Market outlook

It is expected that the market will be challenging in 2010 as well. There is still a low demand for private commercial buildings, but some public projects ensure a certain level of activity. There were positive signals in the last half of 2009 with regard to housing sales, and it looks like the residential housing market will improve in 2010.

Rezidor Park Inn Hotell Gardermoen

AF is building an airport hotel for Oslo Lufthavn Eiendom at Oslo Airport Gardermoen. The 17,500 m^2 hotel, designed by architect Nils Torp, lies within walking distance from the airport and will have 300 rooms when it is completed in the summer of 2010.

Contract price NOK 292 million

Completion 2010

Client Oslo Lufthavn Eiendom AS

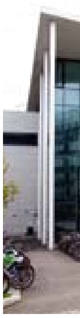
Kirkeparken VGS

The Kirkeparken Upper Secondary School project was completed in the summer of 2009 after extensive renovation, remodelling and extensions. The school, which was operational throughout the construction period, emerges as Østfold's most modern upper secondary school today.

Contract price NOK 148 million

Completion 2009

Client Østfold County Authority



At Rezidor Park Inn Gardermoen 11 m² prefabricated facade elements were lifted into place. This reduced the duration of the facade work at the building site dramatically.

Largest contracts in 2009

Project	Client	Description	Size	Business unit
Risløkka Competence Centre	Undervisningsbygg	School	NOK 623 million	AF Bygg Oslo
Vulkan	Vulkan Eiendom As	Arts centre, hotel, commercial space and residential housing	NOK 300 million	AF Bygg Oslo
NSB Sundland	Rom Eiendom	Railway shed	NOK 200 million	AF Bygg Oslo
Nøkkeland School	Moss Municipality	School, multipurpose hall and pool	NOK 97 million	AF Bygg Øst
UNIL	Brick	Distribution warehouse	NOK 72 million	AF Bygg Glomsrød

Halden Prison

The 27,000 m² prison, which was handed over to the Ministry of Justice in April 2010, will have room for 251 inmates. The AF Group's contract was for 14,000 m², and consisted of a main gate, administration building, kitchen, visitors building, detention cells, garage, etc.

Contract price NOK 217 million

Completion 2010

Client Statsbygg

Photo: Statsbygg


PROPERTY

PROPERTY 2009

A weak property market influenced the results of the Property business area for 2009.

KEY FIGURES

NOK 1,000	2009	2008
Operating revenue	**51,458**	**102,020**
Operating expenses	-62,086	-135,211
Depreciation, amortisation and impairment losses		-19
Profit/loss from investments in associates	822	
Operating profit (EBIT)	-9,806	-33,210
Net financial items	-5,150	-11,293
Earnings before taxes (EBT)	**-14,956**	**-44,503**
EBIT %	-19.1 %	-32.6 %
EBT %	-29.1 %	-43.6 %
Capital employed at end of period	271,204	316,888
Average capital employed	263,454	256,516
Return on capital employed	-3.6 %	-11.6 %
Order backlog	-	8,621

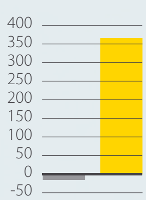
Number of **employees**

Property **8 (0 %)**
AF Group **1,974**

Turnover in NOK million

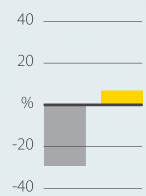
Property **51 (1 %)**
AF Group **5,401**

Earnings before taxes (EBT) NOK million



Property -**15 (-4 %)**
AF Group **366**

EBT %



Property **-29.1 %**
AF Group **6.8 %**

PROPERTY – SIGNS OF RECOVERY

The property market was also marked by the financial crisis in 2009. A low level of activity resulted in weak results for the Property business area, but the market is showing signs of improvement now.

The Property business area comprises the development of residential housing units and commercial buildings for own account in East Norway, where the Company has access to its own contracting services.

Extensive cooperation between AF's property and contracting business areas throughout the years has led to more efficient development processes. This gives AF better control of the value chain, reduces uncertainty in the execution phase and increases profitability for the AF Group as a whole.

AF cooperates closely with other players in the industry. Development projects are often organised by setting up joint development companies with partners to reduce project-specific risk and benefit from each other's expertise.

2009 in brief

In 2009 AF Property posted a turnover of NOK 52 million (102). The loss before tax was NOK -15 million (-45).

Helsfyr Atrium was the most important commercial property project in 2009. The residential housing side showed signs of improvement in the second half of the year with increasing residential housing sales. The development of projects in the portfolio has continued so that the business area will be well-positioned when the market improves. A new phase at Rolfsrud Park in Lørenskog was released for sale in the fourth quarter of 2009, and the sales have met our expectations. An exciting residential housing project at Grefsenkollen in Oslo has also been developed and released for sale in the first quarter of 2010.

Market outlook

It is expected that 2010 will be a challenging year as well, but the positive signals in the residential housing market may result in an increased level of activity. The low start rate for new housing projects in 2009 and an increase in relocation to the Oslo region may lead to increased pressure on the newbuilding market. The interest rate level is currently low, and signals from Norway's central bank indicate that it will remain so for some time. This may also contribute to stimulating the residential housing market in 2010.

Elvesiden

The Elvesiden project is on one of the finest sites along the Aker River. AF has built a total of 100 flats in two buildings in cooperation with OBOS and Eiendomsplan. This housing cooperative enjoys a very sheltered and sunny location without through traffic. The project is sold out and was ready for occupation starting in May 2009.

Lilleborg Terrasse

Lilleborg Terrasse lies in the heart of Jessheim. It is a completed project consisting of 54 housing cooperative flats in two six-floor buildings. The flats enjoy a sunny and very central location with the shopping centre Jessheim Storsenter as its closest neighbour.

Helsfyr Atrium will be one of the most energy-efficient buildings AF has ever built. A large portion of the building will become the AF Group's head office in April 2010.

Rolvsrud Park, Building Q

Rolvsrud Park Building Q is the second to last building phase for the popular Rolvsrud project in Lørenskog. This building phase has 40 freehold flats, the size of which varies from 42 m^2 to 143 m^2. The building, which is to be completed in 2011, is located in an established, good residential environment with nice, airy and green outdoor areas.


AF
ENVIRONMENT

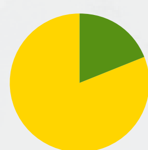
ENVIRONMENT 2009

The results for 2009 are marked by a tougher market and more competition for the onshore operations.

KEY FIGURES

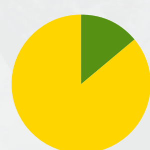
NOK 1,000	2009	2008
Operating revenue	**743,010**	**667,457**
Operating expenses	-675,274	-577,197
Depreciation, amortisation and impairment losses	-33,846	-34,281
Profit/loss from investments in associates	12,249	
Operating profit (EBIT)	46,139	55,979
Net financial items	-3,183	-1,961
Earnings before taxes (EBT)	**42,955**	**54,018**
EBIT %	6.2 %	8.4 %
EBT %	5.8 %	8.1 %
Capital employed at end of period	787,472	403,175
Average capital employed	670,858	247,714
Return on capital employed	7.3 %	22.6 %
Order backlog	1,070,494	1,284,554

Number of **employees**



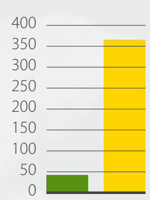
Environment **373 (19 %)**
AF Group **1,974**

Turnover in NOK million



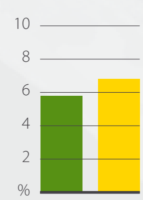
Environment **743 (14 %)**
AF Group **5,401**

Earnings before taxes (EBT) NOK million



Environment **43 (12 %)**
AF Group **366**

EBT %



Environment **5.8 %**
AF Group **6.8 %**

ENVIRONMENT – HIGH EXPECTATIONS FOR THE FUTURE

The Environment business area is a priority area for the AF Group, and the Company has high expectations for the business. The results for 2009 show a higher turnover, but lower margins. This is attributed primarily to a tough market and more competition for the onshore operations.

The Environment business area consists of:
• AF Decom Offshore
• AF Decom Offshore UK
• Miljøbase Vats
• AF Decom
• AF Decom AB
• AF Group Polska
• Palmer Gotheim
• BA Gjenvinning (50 %)
• Vici Ventus (33 %)

AF's Environment business area established the company Vici Ventus in August 2009 in cooperation with Dr. Tech. Olav Olsen and Lyse Energi. The objective of the new company Vici Ventus (Latin for "I conquered the wind") is to deliver ready-mounted wind turbines offshore. Vici Ventus will use the expertise built up over several decades in the North Sea to design, build and install cost-effective foundations for wind turbines.

2009 in brief

In 2009 the Environment business area posted a turnover of NOK 743 million (667). The profit before tax was NOK 43 million (54), which corresponds to a profit margin of 5.8 % (8.1 %).

Offshore activities

After a year of preparations and numerous platform visits by the project team, AF started the removal of four platforms linked to the Ekofisk field in June 2009. After the last platform was delivered to the Environmental Base at Vats in September, the conclusion was that good planning gives better results. All the operations were completed on or ahead of schedule. The demolition of platforms on the Inde Field in the British sector continued at the same time in full force.

Environmental Base at Vats

After a hectic ten-month construction period, the Company could start to use building phase 3 at Vats in the summer of 2009. The Environmental Base at Vats is Europe's most modern reception facility for decommissioned offshore installations. The Environmental Base is located in the Raunes industrial area near Vatsfjord in Vindafjord municipality in Rogaland. The design of the plant is based on the use of double barriers against emissions. This means that all the decks where work is performed have two membranes. All surface and process water is treated in a modern treatment plant equipped with monitoring functions and alarms. The base has a deepwater quay with a depth of 23 metres and length of 182 metres, land area of 65,000 m2, workshops and offices, as well as accommodation and a canteen for 200 persons. The Environmental Base at Vats was designed to meet the current and future environmental challenges associated with the decommissioning of oil installations in the North Sea.

Onshore operations

The market for onshore demolition services has been difficult in 2009. AF Decom's turnover and earnings have been declining. AF has been forced to implement capacity reductions and organisational changes to adapt to the market. In May, AF Decom was awarded a contract to remove the wreck of the Russian cruiser, the "Murmansk". The cruiser broke free while being towed and

The "Murmansk"

On assignment from the Norwegian National Coastal Administration, AF is removing the Russian cruiser the "Murmansk", which broke free while being towed and sank partially off the coast near Sørvær on Sørøya on the Finnmark coast on 24 December 1994. This work will take place in very harsh weather conditions and includes surveying, removing and recycling the vessel.

Contract price NOK 239 million

Completion December 2011

Client Norwegian National Coastal Administration

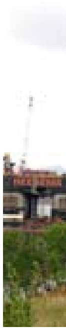
EPRD platforms

AF is cooperating with Heerema Marine Contractors on the removal, environmental decommissioning and recycling of nine Ekofisk platforms with an option for additional platforms. AF is preparing and securing the modules offshore before they are lifted away by the world's largest heavy-lift ship and transported to the Environmental Base at Vats in Rogaland.

Contract price NOK 1,200 million

Completion 2014

Client Heerema Marine Contractors



sank partially off the coast near Sørvær on Sørøya on the Finnmark coast on 24 December 1994. The contract encompasses all the work associated with surveying, removing and recycling the vessel. AF Decom was chosen because it had the best environmental profile with the least possible risk of spreading sources of contamination. The solution is also regarded as the best technical solution for the safe execution of the removal operation.

AF's start-up operations in Sweden (AF Decom AB) and Poland (AF Group Polska) have started to win their first contracts, and a positive development is expected in 2010.

At the end of 2009 the Environment order book stood at NOK 1,070 million (1,285).

Market outlook

An increased level of activity and earnings is anticipated for the onshore activities in 2010. The offshore activities have full order books until 2014. The Inde Field project is scheduled for completion in 2011, while the contract for the Ekofisk EPRD will continue until 2014. The market for environmental services is growing, and we are working on several interesting projects. There is still uncertainty concerning when the various decommissioning plans will be implemented. AF has great expectations for our investment through Vici Ventus, and we hope to realise the first projects already in 2010.

AF demolishes everything from houses to oil platforms and ensures that the materials are recycled. Large portions of old oil platforms are converted into reinforcement rods, for example, which are used in new buildings.

Largest contracts in 2009

Project	Client	Description	Size	Business unit
Murmansk	Norwegian National Coastal Administration	Removal of the cruiser, the "Murmansk"	NOK 239 million	AF Decom
INDE FIELD	Shell UK Ltd.	Removal and recycling of 6 platforms	NOK 230 million	AF Decom Offshore

INDE FIELD

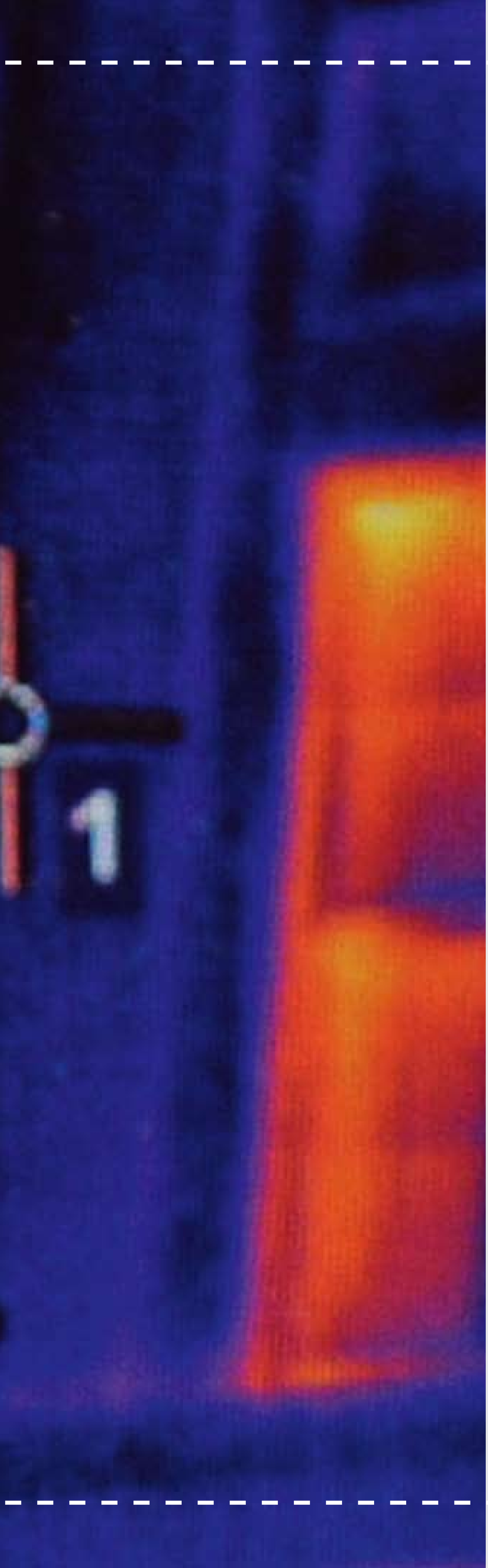
AF has a contract with Shell for the removal, environmental decommissioning and recycling of six platforms on the Indefatigable Field in the British Sector. Parts of the platforms are demolished "piece small" on site, while AF also makes preparations for lifting the remaining modules. These will be transported to the Environmental Base at Vats for further processing and recycling.

Contract price NOK 230 million

Completion 2011

Client Shell U.K. Limited


ENERGY



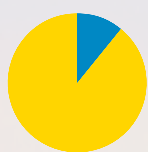
ENERGY 2009

2009 was a challenging year for Energy. The business area used the challenging market situation to optimise the organisation.

KEY FIGURES

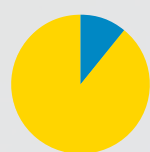
NOK 1,000	2009	2008
Operating revenue	**598,236**	**541,890**
Operating expenses	-565,716	-487,815
Depreciation, amortisation and impairment losses	-9,079	-6,264
Profit/loss from investments in associates	-2,706	
Operating profit (EBIT)	20,736	47,811
Net financial items	-5,135	-1,585
Earnings before taxes (EBT)	**15,601**	**46,226**
EBIT %	3.5 %	8.8 %
EBT %	2.6 %	8.5 %
Capital employed at end of period	366,033	405,283
Average capital employed	368,834	233,241
Return on capital employed	4.5 %	20.5 %
Order backlog	463,391	555,915

Number of **employees**



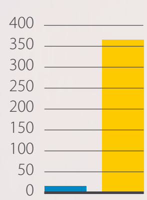
- Energy **222 (19 %)**
- AF Group **1,974**

Turnover in NOK million



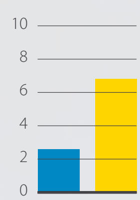
- Energy **598 (11 %)**
- AF Group **5,401**

Earnings before taxes (EBT) NOK million

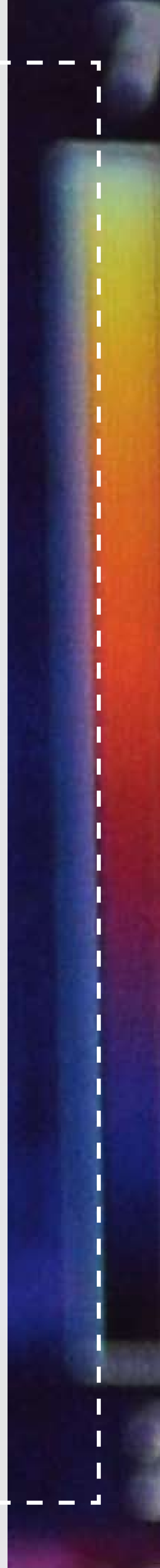


- Energy **16 (4 %)**
- AF Group **366**

EBT %



- Energy **2.6 %**
- AF Group **6.8 %**



ENERGY – POSITIONED FOR GROWTH

In 2009 AF's Energy business area continued to work on building up the organisation. With the expansion of the operations in Trondheim and Stavanger, AF will be better able to exploit the market potential of energy efficiency services for commercial buildings.

AF is one of Scandinavia's largest centres of expertise in energy efficiency for commercial buildings, offshore installations and the marine sector.

Storo Storsenter

A large shopping centre requires cooling and heating – at the same time. AF Energi og Miljøteknikk has built an environmentally friendly energy solution for the shopping centre Storo Storsenter, which exploits precisely this by means of state-of-the-art heat pump solutions.

Completion August 2010

Client Follo Fjernvarme/Thongruppen

Drilling vessel the "Fugro Synergy"

Aeron delivered energy-efficient HVAC systems to the geotechnical drilling vessel the "Fugro Synergy" in the autumn of 2009. The system on board is very comprehensive, with large cooling machines for air conditioning and cooling electronics and other equipment.

Completion October 2009

Client Bergen Group Halsøy

Energy has established a subsidiary in China that will function as a procurement and logistics centre for the Energy business. This is a step that is important to the competitiveness of the Energy business area in the future. The new company in the East is a result of long-term efforts on the Asian market, and we have studied major project opportunities in East Asia for all of the units in the Energy business area throughout the year.

At the end of 2009 Energy also chose to focus on the development of technology, and it acquired the company RCO2 AS at the end of the year. The Energy business area consists of:

- AF Energi & Miljøteknikk
- Aeron
- Mollier
- RCO2

AF Energi & Miljøteknikk works with the market segments building and industry. AF Energi & Miljøteknikk delivers technical systems and solutions that give the customers guaranteed lower energy consumption.

Aeron works with the international marine sector based on the delivery of ventilation, heating and cooling systems (HVAC) for ships.

Mollier works in the offshore market, primarily with the delivery and maintenance of HVAC systems on offshore oil platforms and rigs.

RCO2 develops technology to reduce CO_2 emissions from combustion processes while improving the efficiency at the same time.

2009 in brief

2009 was a challenging year for the Energy business area. Profitable projects with onshore customers were not realised, often due to a lack of financing. The offshore market was characterised by low oil prices and postponed projects. The marine sector was marked by a complete stoppage with respect to newbuildings. In a more challenging market the margins for completed projects have also declined. Despite a difficult year, Energy achieved positive earnings before tax of NOK 16 million (46). However, a profit margin in 2009 of 2.6 % (8.5 %) is not satisfactory. Turnover in 2009 was NOK 598 million (542).

The business area used the challenging market situation to optimise the organisation. The management has been strengthened further and the cost-effectiveness has been improved. This gives Energy a good point of departure for improved margins and further growth in 2010. At the end of 2009 the order book stood at NOK 463 million (556).

Market outlook

Many people are concerned about the climate challenge. Politically motivated regulations as market drivers and the effects of new technical regulations and the energy labelling scheme are expected to give the market a lift in 2010. However, many potential projects that show good profitability for the customers have been postponed, often due to lack of financing and attention by top executives, rather than a lack of regulations and support schemes.

AF sees at the same time a great market potential that can provide opportunities. Generally increasing awareness of energy efficiency, and the fact that more customers are now more or less back to normal operations after the financial crisis, may trigger a considerably greater potential in 2010.

In the offshore sector the market shows that even though the price of oil is increasing now, there are still reservations among the oil companies and the projects are evaluated closely before they are launched. In the marine sector there is little confidence in any improvement in the Norwegian shipyard industry this year, however, AF has positioned a great deal of its business in favour of the shipyards in the East and other growing economies where there are still opportunities.

The market situation has increased the need for outreaching sales activities, and AF has strengthened its sales organisation. The changed market situation has also entailed that each unit has strengthened its expertise in related market areas. In 2010 AF is ready to handle newbuildings and modification/maintenance for both the offshore and marine units.

Combined this will create significantly greater revenue opportunities when the market improves.

Statoil

Statoil has completely renovated kitchens on several of its platforms. In this connection Mollier has been contracted to replace the HVAC systems – which has resulted in more efficient and energy-saving systems with a high HSE factor.

Completion 2009

Client Statoil

Shareholder information

STATEMENT ON **CORPORATE GOVERNANCE** 2009

The Company's activities and objectives

The AF Group (AF) consists of the parent company, AF Gruppen ASA, and the Group's operating subsidiaries. AF has divided the business into five operating segments: Civil Engineering, Building, Property, Environment and Energy.

- Civil Engineering includes the execution of Civil Engineering projects in Norway and foundation services in Sweden.
- Building includes all the activities associated with the execution of building and building renovation projects in Norway and Sweden.
- Property includes property development and the construction of residential housing and commercial buildings in Norway. The projects are carried out for the Company's own account.
- Environment includes services related to demolition, dismantling, cleaning up and recycling of industrial plants, commercial buildings and offshore installations. Onshore operations are carried out in Norway, Sweden and Poland. Offshore operations are carried out in the Norwegian and British sectors of the North Sea.
- Energy includes energy optimisation services onshore and offshore in Norway.

AF Gruppen ASA's current Articles of Association are dated 15 January 2010. As stated in the Articles of Association, AF's objectives include all types of business operations, including participation in other undertakings. The Company finds it important to ensure that all of its business activities are in accordance with the recommended standards and rules. This concerns, for example, the integrity of the Group and its employees, proper market behaviour, consideration for the external environment, a good working environment and a safe workplace for employees. The Company's objective is to achieve a competitive return on the capital employed over time to maximise value creation for the Group and its owners:

- AF is to continuously create value, which will make us attractive to shareholders and investors, and give us freedom of action in our business.
- AF is to have an operating margin and return on capital employed that are higher than the average for listed and comparable companies.
- AF is to seek opportunities, and conduct and organise the business so that the value we create is recognised.

The Company's objectives are described in more detail in the booklet "Purpose, Goals and Values". In addition, all employees and officers at AF must follow the Company's code of conduct. Both booklets have been distributed to employees and Board members and can be downloaded from the Company's website at www.afgruppen.no.

Share capital and dividends

The extraordinary General Meeting of 15 January 2010 approved a 1:5 split of the shares by reducing the par value from NOK 0.25 to NOK 0.05 per share. The Company's share capital is NOK 3,524,797, divided into 70,495,940 shares. The Board feels that the Company has an adequate equity that is adapted to the Company's goals, strategies and risk profile. The Company's dividend policy is to give shareholders a competitive return on capital in the form of dividends. The Company assumes that future dividends will be stable and, preferably, rise. The Board will propose a dividend for the 2009 financial year of NOK 1.60 (1.40) per share to the General Meeting. The General Meeting has granted two powers of attorney to the Board of Directors:

1. Authority to acquire treasury shares. The Board has the authority to acquire the Company's own shares up to the equivalent of 10 % of the share capital. This authority is valid until the 2010 Annual General Meeting, hence not beyond 30 June 2010.
2. Authority to increase the share capital. The Board has the authority to increase the share capital by issuing shares for a maximum of NOK 40,000, equivalent to 800,000 shares, each share with a par value of NOK 0.05.

The power of attorney may only be used to issue shares in connection with the Company's share programme for employees in the

Group. The Board may decide to deviate from the shareholders' pre-emptive right to subscribe for shares under Section 10-4 of the Public Limited Companies Act.

This authority is valid until the 2010 Annual General Meeting, hence not beyond 30 June 2010.

Option scheme for employees

The General Meeting has adopted an option scheme that includes all the employees in the AF Group. The maximum number of options that can be granted is 12,500,000. Each option entitles the holder to purchase a share in AF Gruppen ASA. The option scheme entails an annual allotment of options for 2008, 2009 and 2010, with the allotting starting in 2008 and ending in 2010. The employees must pay NOK 0.60 per option to purchase options.

The exercise price is the market value of the shares as at 31 December 2007, which is NOK 27.00. When options were allotted in 2009, employees subscribed for a total of 505,000 options, and in 2008 they subscribed for 2,520,000 options.

Options must be exercised from 2011 to 2012. An option may only be exercised if the holder is still employed at the company on 31 December 2010.

The Board has been authorised by the General Meeting to draw up detailed guidelines for the scheme within the set framework.

Equal treatment of shareholders and transactions with related parties

AF Gruppen ASA has only one class of shares. Any deviations from the equality principle must be approved by the General Meeting. The authority granted to the Board by the General Meeting is described in the section entitled "Share capital and dividends".

AF's transactions in its own shares, with the exception of sales to employees, take place at market price. In 2009, the Company bought (all figures after the 1:5 split) 278,000 shares on the stock exchange and issued 1,146,500 new shares in connection with the sales of shares to employees. These shares were sold at 80 % of the market price at the time of the sale. In total, the Company sold 1,494,605 treasury shares in 2009. Of these shares, 91,105 were sold at market price in connection with company acquisitions. AF held 250,045 treasury shares as at 31 December 2009. There are no shareholder agreements between the Company's shareholders. One of the Board members represents a company that is a large customer of AF.

Transactions with related parties are conducted on market terms. The Board has guidelines to ensure that senior executives inform the Board if they have a material interest, directly or indirectly, in any agreement entered into by the Company.

Negotiability

The shares are not subject to any voting restrictions and are freely negotiable. Each share represents one vote.

General Meeting

The Annual General Meeting will be held on 28 May 2010 in Oslo. Notice will be sent in the mail at least three weeks in advance to all shareholders to the address registered in the shareholder register of the Norwegian Central Securities Depository. Documents regarding items to be considered at the General Meeting must either be sent as enclosures to the notice or made available to the shareholders on the Company's website at www.afgruppen.no at the time as the notice is sent. A shareholder may nevertheless demand to receive the documents by mail. The Company may not demand any form of remuneration for sending documents to shareholders.

Minutes of General Meetings, powers of attorney granted to the Board by the General Meeting and the current Articles of Association will be published on the Group's website. The website also contains information on procedures for appointing a proxy for the General Meeting, the right of shareholders to put forward a motion at the General Meeting, proxy forms, etc.

Shareholders who would like to attend the 2010 Annual General Meeting must notify the Company by 26 May 2010. Shareholders who are unable to attend the General

Board members

NAME	ELECTED BY SHAREHOLDERS/ EMPLOYEES	NUMBER OF SHARES
Nils-Henrik Pettersson, Chairman of the Board	Shareholders	0
Eli Arnstad	Shareholders	0
Mari Broman	Shareholders	0
Carl Henrik Eriksen [1]	Shareholders	0
Peter Groth [2] (Alternate)	Shareholders	11,500
Tore Thorstensen [3]	Shareholders	11,500
Torstein Lange Larsen	Employees	77,205
Arne Røthe	Employees	0

[1] Represents OBOS Forretningsbygg AS, which owns 9,696,330 shares.

[2] Represents, in addition to his own shares, Aspelin-Ramm Utvikling AS, which owns 4,092,040 shares and the company Ringkjøb Invest, which owns 76,355 shares.

[3] Represents, in addition to his own shares, KB Gruppen Kongsvinger AS, which owns 17,655,235 shares and Tokanso AS, which owns 172,000 shares.

Meeting in person may vote by proxy. The Board of Directors, Nomination Committee and auditor attend the Annual General Meeting.

The election of new members to the Board and Nomination Committee is arranged so that the General Meeting can vote on each candidate. The General Meeting is chaired by the Chairman of the Board.

Nomination Committee

The Company's Nomination Committee has three members, each elected for two years at a time by the Company's General Meeting. No employees or Board members are members of the Nomination Committee.

The duties of the Nomination Committee are as follows:

- Nominate shareholder-elected Board members and alternates for election.

- Propose remuneration for Board members to the General Meeting

- Comment on and, if necessary, make proposals to the General Meeting regarding the Board's size, composition and work methods.

The Nomination Committee currently has the following members:
Per Aftreth
Arne Bauman
Leif Jørgen Moger (Chairman)

Corporate Assembly and Board of Directors – composition and independence
The parent company, AF Gruppen ASA, is a holding company without employees and is not subject to the provisions of the Limited Liabilities Company Act regarding corporate assemblies.

The employees and the Group's largest operating company, AF Gruppen Norge AS, have entered into an agreement stating that AF Gruppen Norge AS is not required to have a Corporate Assembly. In accordance with the group organisation, approved by the Industrial Democracy Committee in 2007, AF Gruppen ASA and AF Gruppen Norge AS have the same Board of Directors.

AF Gruppen ASA has eight Board members, three of whom are elected by the employees. In addition, the Company's Board of Directors has one alternate with the right to attend meetings. Of the Board members elected by the shareholders, there are three men and two women. The Chairman of the Board is elected by the Annual General Meeting. Board members are elected for one year at a time. In 2009, the Company held nine Board meetings.

Board independence

- None of the shareholder-elected Board members are involved in the day-to-day management of the Company.

- Board Member Carl Henrik Eriksen represents one of the principal shareholders, OBOS Forretningsbygg AS, which is a large customer of the Company.

- The Chairman of the Board, Nils-Henrik Pettersson, receives directors' fees. Nils-Henrik Pettersson is employed by the law firm Schjødt & Co, which performs legal services for AF according to account rendered.

- Three of the five Board members elected by the shareholders are independent of the Company's principal shareholders and business associates.

The Board has assessed its independence and believes that it is in accordance with the applicable standards.

Work of the Board of Directors

The members of AF's Board of Directors possess broad professional experience and expertise that is appropriate for the Company. Information regarding the Board members' age, education and professional experience is published on the Company's website. The Board's tasks include the overall management and supervision of the company. The Board prepares an annual plan for its work, emphasising goals, strategies and execution. The Board has stipulated rules of procedure that contain detailed rules and guidelines concerning its work and procedures. The Board assesses its work and expertise on an annual basis. The assessments are available to the Nomination Committee. The Board continuously assesses the need to use Board Committees.

The Board has prepared an authority matrix that describes and clarifies what authority the CEO and management have and define what matters have to be dealt with by the Board. The Board is continuously informed about the Company's financial position, activities, and asset management. As part of the accounts procedure, the CEO and CFO submit a declaration to the Board stating that the annual accounts have been prepared in accordance with the generally accepted accounting principles and that all information is consistent with the Company's actual situation, and that no relevant information or material has been omitted from the accounts.

Risk management and internal controls

The Board reviews the Company's most important risk areas and internal controls at least once a year. The review also covers the Company's core values, ethical guidelines and any relevant risks that can influence achievement of the Company's business goals.

In addition, the Company's Audit Committee reviews the Company's routines for risk management and internal control in more detail. The Committee is made up of two shareholder-elected Board members:
Carl Henrik Eriksen (Chairman)
Mari Broman
Sverre Hærem (CFO) is the Audit Committee's secretary

The purpose of the Audit Committee is to assist the Group Board with management and performance of the Board's supervisory responsibility pursuant to Sections 6-12 and 6-13 of the Public Limited Liability Companies Act. The Audit Committee's mandate is adopted by the Group Board and described in the "Mandate for the Group Board's Audit Committee".

The following tasks are included in the Audit Committee's mandate:

- Assess the Group's financial and account reporting
- Evaluate the auditing, nominate an auditor for election and explain the auditor's fees

broken down by auditing and other services to the Annual General Meeting.

• Assess the Company's internal controls, including:
  – Group's management of risk
  – Group's internal control functions
  – Group's authority matrix
  – Group's cash management
  – Group's ability to perform assessments, improve, execute and follow up investment decisions
  – Organisational matters related to financial reporting and control in the Group

The Audit Committee has held four meetings since the last General Meeting. The Audit Committee has reviewed the following matters:

• Account reporting:
  – Change in the accounting principles of the AF Group
  – Review new reporting in the AF Group and the implementation of new consolidation tools for better consistency and documentation
  – Plan the annual report
  – Review the annual accounts for 2009

• Auditing
  – Review of audit for 2009
  – Assessment of auditor's fees
  – Assessment of auditor's independence

• Internal control
  – Risk management and internal control in the AF Group
  – Group's quality function and internal audits
  – Group's HSE function and HSE audits
  – Policy for the purchase of treasury shares

• Organisation
  – Change in legal structure
  – Organisation of a central financial staff

Directors' fees
For 2009, the Nomination Committee will propose to the General Meeting a remuneration of the Board of Directors totalling NOK 1,210,000 (1,325,000), including NOK 285,000 (275,000) to the Chairman of the Board and NOK 115,000 (115,000) to the other Board members. In addition, committee chairman will receive remuneration of NOK 40,000 (40,000) and committee members will receive NOK 20,000 (20,000). The Board members who are elected by the shareholders do not participate in any incentive or option schemes.

Remuneration of senior executives
The Board appointed a Compensation Committee in 2008. The Compensation Committee is made up of three shareholder-elected Board members.
Eli Arnstad
Peter Groth (Chairman)
Tore Thorstensen

The Compensation Committee determines, in cooperation with the Board, guidelines for senior executive remuneration.

The CEO's salary is set annually at a Board meeting. In 2009 the CEO's salary, including bonus and allowances, was NOK 3,882,000 (3,264,000). The Corporate Management Team was expanded from five to six members. In 2009 the total remuneration of the members of the Corporate Management Team was NOK 17,435,000 (11,688,000).

The Company introduced an option scheme for all employees in 2008. The option scheme is described in more detail under "Option scheme for employees". Shares can be sold to senior executives in accordance with the Board's approval at a 20 % discount on the current market price. The salaries of senior executives are market-based and made up of a fixed salary and a bonus based on the EVA (Economic Value Added) model. EVA is a method of calculating and analysing value creation in the Group and economic units below group level.

Bonuses based on the EVA model are linked to the profit performance of the Company or the economic unit over time. Bonuses are paid to eligible managers on a straight-line basis in proportion to the economic unit's value creation over, and above, an individually set threshold in excess of the weighted average cost of capital (WACC). Eligible managers are obligated to invest some of their net bonus after tax in the Company's shares. Under the bonus scheme, shares are sold at a 20 % discount on the market price at the turn of the year. The lock-in period for the shares is one year. Guidelines for the remuneration of senior executives will be presented to the General Meeting for its information.

Information and communication
A high level of importance is attached to keeping the stock market informed about the Company's profit performance, future prospects and other relevant matters. Information to the Company's shareholders is posted on the Company's website and sent at the same time to the shareholders. All quarterly presentations are available to the public and published on the Internet. Information about the Company is published in Norwegian and English. The Company has drawn up a readiness plan to provide the media with relevant information in case of irregular events or interest by the media.

The Company's website at www.afgruppen.no has undergone significant improvements in recent years. The website is updated continuously with any relevant information. The website is available in Norwegian and English. The Company has been awarded the Oslo Stock Exchange Information Symbol. The Information Symbol is a quality mark indicating that the Company satisfies a number of requirements stipulated by the Oslo Stock Exchange with regard to financial information.

Company takeover
The Board does not have any written guidelines for how to act in the event of a possible takeover bid by another company. Nevertheless, the Board believes that it would follow the recommendation if such a situation were to occur. The Board does not have any written guidelines for how to act in the event of a possible takeover bid for the Company's shares either. The Board believes, nevertheless, that it would not seek to prevent bids for the Company's business or shares without special reason for doing so. The Board would not exercise its authority to issue shares or take other measures to prevent the execution of a bid, without the approval of the General Meeting after the bid was announced.

If a bid is made for the Company's shares, the Board of Directors will issue a statement containing an assessment of the bid and a recommendation to shareholders as to whether they should accept or reject the bid.

As part of this process, the Board will obtain a valuation from an independent expert.

Auditor

AF's auditor is Ernst & Young from 2009. There have never been any qualifications in the auditor's report. The auditor gives the Board an account of his work and assesses the Company's financial reporting and internal controls in connection with the annual accounts. At this meeting, the Board is informed about what additional services that the auditor has provided throughout the year.

The auditor attends the Company's General Meeting and confirms in writing to the Board annually whether the stipulated independence requirements for auditors have been met. The Board has established guidelines for when the management can use the auditor for services other than auditing. The required independence of the auditor indicates that the Company should minimise its use of the elected auditor for services other than the statutory financial audit. However, the auditor is used nevertheless for assignments that are related to the audit, including technical tax return assistance, annual accounts, interpretation of accounting and tax rules and the verification of financial information in various contexts. For 2009 the AF Group has recognised remuneration to the auditor of NOK 4,603,000 (5,157,000), NOK 3,289,000 (3,233,000) of which was fees for auditing.

To ensure the auditor's independence and competitive audit fees, the Board has decided that auditing should be put out to tender on a regular basis. The Audit Committee believes that it is natural to request such tenders every 5-7 years.

THE SHARE

The AF Group's shares are listed on the Oslo Stock Exchange OB-match list and trade under the AFG ticker in blocks of 200 shares. There is only one class of shares and all the shares carry voting rights.

Shareholder structure

The AF Group had 733 (686) shareholders at the end of the year. The shareholder structure is characterised by steadfast, long-term investors, and as at 31 December the ten largest shareholders owned 81 % of the Company's shares. AF's employees owned just under 30 % of the Company's shares at the end of the year.

The buyback of shares will be considered in light of the Company's alternative investment options, financial situation, and need for treasury shares in connection with sales to employees, option schemes, bonus schemes and acquisitions. The AF Group is authorised by the General Meeting to buy up to 10 % of the shares outstanding in the Company.

Share split

At the extraordinary General Meeting of 18 January 2010 a 1:5 split of the shares (1 old share gives 5 new shares) was approved. The reason for this was the Board's desire to facilitate increased trading in the AF Group's shares on the Oslo Stock Exchange. The share price at the time of the share split was NOK 177.00. The share price after the share split was NOK 35.40. Hereinafter, all figures referring to the share will be after the share split.

Return and liquidity

Over time the AF Group will give its shareholders a competitive return on the Company's shares. This return will be a combination of dividends and share price appreciation.

AF shares were priced at NOK 31.80 at the end of the year. This is equivalent to a market capitalisation of NOK 2,242 million. The return in 2009, adjusted for dividends, was 81 %. In comparison, the return on the Oslo Stock Exchange was 65 %. Over the last five years the annual return on AF shares has been 29 %, adjusted for dividends, while the return on the Oslo Stock Exchange during the same period has been 9 %. The liquidity of the share is characterised by the fact that several large, long-term shareholders own a substantial portion of the Company's shares. A total of 1,943,710 (1,616,715) shares, equivalent to 3 % (2 %) of the shares outstanding, were traded in 2009.

In 2009 the AF Group entered into a market-making agreement with the brokerage firm Fondsfinans ASA. The purpose of such an agreement is to promote the liquidity of the Company's shares and decrease the spread between the buy and sell prices when the Company's shares are traded. The agreement entered into force on 1 February 2010.

Share scheme for employees

The AF Group would like all employees to participate in joint value creation by becoming a shareholder in the Company. In addition, the share scheme should contribute to making the AF Group an attractive workplace for existing employees and attract new employees.

AF has, therefore, a share scheme for employees whereby the employees are given an opportunity to buy shares at a discount of 20 % on the current market price. AF has sought to buy shares in the market to cover its needs in connection with the share scheme. The remaining shares were covered by exercising the Board's authority to issue shares. The AF Group issued 1,146,500 shares in 2009 in connection with the Company's share scheme, and the Company's share capital increased thereby by NOK 57,325, since the par value per share is NOK 0.05. The total number of shares outstanding after this issuance of shares was 70,495,940.

Option scheme for employees

The AF Group adopted an option scheme for all the employees in the Group at the Extraordinary General Meeting in January 2008. The option scheme will run for three years

Key figures Shares	2009	2008	2007	2006	2005
Market value (NOK million)	2,242	1,269	1,859	1,549	1,184
Number of shares traded (1,000)	1,945	1,605	3,735	4,800	4,895
Number of shares outstanding as at 31/12	70,495,940	69,349,440	68,849,440	68,849,440	68,849,440
Share price as at 31/12	31.80	18.30	27.00	22.50	17.20
- High	31.80	27.70	27.00	22.80	18.40
- Low	18.20	16.90	22.00	16.60	11.10
Earnings per share	3.85	3.10	2.55	1.95	1.31
Dividend per share	1.60	1.40	1.20	1.00	0.60
Distribution ratio	41.60 %	45.10 %	47.10 %	51.40 %	45.80 %
Direct return	5.00 %	7.70 %	4.40 %	4.40 %	3.50 %
P/E	8.3	5.9	10.6	11.6	13.1

(All figures are adjusted for the share split on 18 January 2010.)

and give employees options to buy shares in the Company.

The purpose of the scheme is to encourage long-term commitment and greater involvement in the Company's activities. The purchase price for the shares is based on their market value as at 31 December 2007 of NOK 27.00, and the option premium is NOK 0.60 per option. Staff must be employed by the AF Group, or one of its subsidiaries, as at 31 December 2010 in order to exercise the options.

AF issued a total of 505,000 options in 2009. A total of 218 employees subscribed for options in the Group. The Company has issued 3,025,000 options to employees in total.

Dividends

Over time the AF Group will give its shareholders a competitive return on the Company's shares. Provided that the underlying development of the AF Group is satisfactory, the Company assumes that dividends will be stable and, preferably, rise in the future.

For the 2009 financial year, the Board proposes to pay a dividend of NOK 1.60 (1.40) per share. The dividends will be paid to shareholders who are registered on the date of the General Meeting, 28 May 2010.

Investor relations

The AF Group's objective is for all investors and other stakeholders to have access to the same financial information on the Company at any given time.

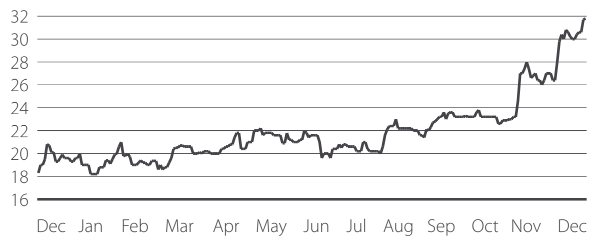
The information provided by the AF Group should ensure that the valuation of the share is as correct as possible. Information that may affect the price of the shares will be disclosed through stock exchange announcements to the Oslo Stock Exchange and on the Company's website. The AF Group assigns high priority to contact with the stock market, and it desires an open dialogue with the players.

The AF Group holds public presentations for its quarterly and annual results. The presentations are transmitted directly via the Internet and are available on the Oslo Stock Exchange's website and AF's own website. In addition, the Company maintains ongoing contact with investors and analysts. The Company's website provides a list of the analysts that follow the AF share.

The Company provides information in Norwegian and English, and it qualifies for the Information Symbol (i) and Liquidity Provider (l) on the Oslo Stock Exchange.

Sverre Hærem, Executive Vice President/CFO, is responsible for investor relations.

AF Gruppen ASA **share price development 2009**



10 largest shareholders as at 31 December 2009

SHAREHOLDER	NUMBER OF SHARES	% OF TOTAL
Shareholders with a stake > 1 %		
KB Gruppen Kongsvinger AS	17,655,235	25.04 %
P O A A/S	10,678,900	15.15 %
OBOS Forretningsbygg AS	9,696,330	13.75 %
LJM A/S	5,513,900	7.82 %
Moger Invest AS	4,731,645	6.71 %
Aspelin-Ramm Gruppen AS	4,092,040	5.80 %
Skogheim, Arne	1,697,720	2.41 %
Staavi, Bjørn	1,471,860	2.09 %
Citibank N.A.	889,000	1.26 %
Evensen, Jon Erik	710,000	1.01 %
Shareholders with a stake > 1 %	**57,136,630**	**81.00 %**
Total other shareholders	**13,359,310**	**19.00 %**
Total outstanding shares	**70,495,940**	**100.00 %**

10 largest shareholders as at 31 December 2009

Financial calendar 2010

11 May 2010	Presentation of results for first quarter of 2010
28 May 2010	Annual General Meeting for AF Gruppen ASA
20 August 2010	Presentation of results for second quarter of 2010
12 November 2010	Presentation of results for third quarter of 2010

The company reserves the right to amend these dates.

BOARD OF DIRECTORS' REPORT

Operations
The AF Group is a leading contracting and industrial group. The AF Group is divided into five business areas: Civil Engineering, Building, Property, Environment and Energy.

Ever since the company was established, AF has relied on its strength and ability to perform complex tasks. The AF Group's entrepreneurial spirit has been characterised by the ability and will to think Alternatively and find better, more Future-oriented ways to create value. AF stands for: "Addressing the Future". We are committed to helping our customers succeed in their business by delivering projects and services in accordance with their needs at the agreed cost. By guiding our organisation towards challenging tasks and goals, we will continue to create value growth for our business, owners, employees, customers, suppliers and society. Our conduct is to be characterised by professionalism and high ethical standards. AF Gruppen ASA, the Group's parent company, is listed on Oslo Stock Exchange. The head office of the AF Group is located in Oslo.

Civil Engineering
AF is a turnkey supplier of civil engineering services in Norway. Civil Engineering also performs foundation work in the Stockholm area through its subsidiary Pålplintar AB. For 24 years, Civil Engineering has built up the experience and expertise required to carry out all types of civil engineering projects, ranging from small and simple to large and demanding projects. Customers include both public sector agencies and large industrial companies. Civil Engineering has state-of-the-art expertise in the market areas of oil and energy, underground construction, infrastructure and harbours.

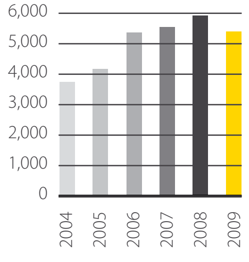
Building
AF Building performs all types of building work for private and public clients. The business area includes the development, engineering and building of commercial, residential and public buildings, as well as rehabilitation projects. AF Building has a solid local base with a strong market position in Oslo and central East Norway, as well as the Gothenburg-Halmstad area in Sweden. AF also has substantial building activity in Kristiansand.

Property
AF Property acquires and develops residential and commercial property for its own account in areas where the AF Group is engaged in contracting operations. Property development is often carried out in cooperation with partners to spread project-specific risk and benefit from each other's expertise.

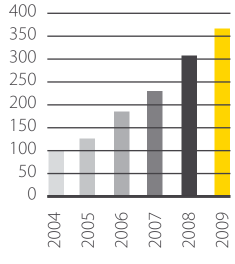
Environment
Activities in the Environment business area include demolition, recycling and environmental clean-up onshore and offshore. AF Environment is Scandinavia's leading demolition contractor for buildings, industrial plants and offshore installations, as well as demolition in connection with onshore rehabilitation jobs. AF has built a state-of-the-art reception facility for the environmental decommissioning of offshore structures at Vats near Haugesund. The offshore unit provides preparatory, dismantling and recycling services for petroleum installations.

Energy
The Energy business area offers expertise in energy efficiency and energy-related services for buildings, industry, offshore and the marine sector. This business area offers measurable result guarantees based on the analysis and monitoring of the flow of energy in buildings. AF Energy has operations in Oslo, Skien, Bergen, Stavanger, Flekkefjord and Trondheim, and a subsidiary has been established in China for more efficient procurement and logistics.

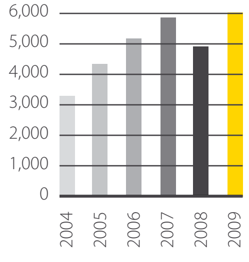
Operating revenue
NOK million



Profit before tax
NOK million



Order book
NOK million



Vision and mission

The AF Group's vision is: Clearing up the past, building for the future.

The AF Group's mission: The AF Group is an industrial group delivering value by clearing up the past and building for the future through contracting, energy and environmental services. The Group has an uncompromising attitude towards safety and ethics.

The AF Group's mission highlights the company's intention to develop its contracting operations within building, civil engineering and property, while increasing its commitment to energy-related and environmental services. The Group's mission is supported by the operative organisation model and the Civil Engineering, Building, Property, Environment and Energy business areas.

EXPLANATION OF THE FINANCIAL STATEMENTS

Introduction

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements for the parent company, AF Gruppen ASA, have been presented in accordance with IFRS and the simplified IFRS provisions for company accounts laid down in Section 3.9, fifth paragraph of special regulations pursuant to the Norwegian Accounting Act. The Board of Directors is of the opinion that the consolidated financial statements provide an accurate and truthful picture of the Group's financial results for 2009 and its financial position as at 31 December 2009. We confirm pursuant to Section 3-3a of the Norwegian Accounting Act that the financial statements for the parent company and the consolidated operations have been prepared on the basis of a going concern assumption. Figures for the previous year appear in brackets.

Highlights

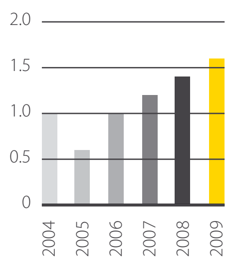
In 2009 the AF Group's operating revenue was NOK 5,401.0 million (5,916.4), and the profit before tax was NOK 366.1 million (307.5). The profit improvement over the previous year is attributed primarily to higher margins in the Building business area. Earnings per share was NOK 3.85 (3.16) in 2009, and the figure has been adjusted for the share split carried out on 18 January 2010. The order book stood at NOK 6,032.8 million (4,911.9) on 31 December 2009. AF's accident frequency and sickness absence rates are on a par level with the best in the industry, with an LTI rate of 3.1 (2.3) and sickness absence of 4.0 % (4.0 %).

The AF Group maintained its commitment to the Environment and Energy business areas in 2009. Several acquisitions were made within these business areas in 2008. In 2009 AF has focused on the integration and development of these companies, and the individual business areas in the Group were streamlined even more.
A substantial legal restructuring of the Group was carried out in 2009. The objective of this restructuring was to create a better correspondence between the legal and operational structure of the Group, and thereby provide for a desired optimisation of the Group's combined operations. The legal changes have streamlined the Group's business areas (Note 31).

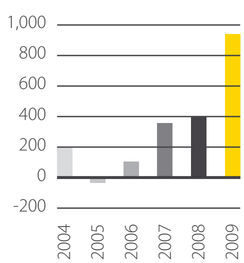
The company Svensk Kross & Återvinning in Uppsala AB was sold on 1 July 2009. AF had an ownership interest of 50 %.

In the Energy business area, AF acquired the remaining shares in the company Mollier AS in accordance with the agreement entered into on the date of acquisition in 2007, which means that the company is wholly owned as at 31 December 2009.

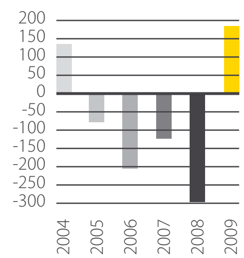
Dividend per share
NOK



Cash flow from operating activities
NOK million



Net interest bearing receivables (debt)
NOK million



AF has correspondingly increased its ownership interest in Stavanger Kulde AS to 100 %. Stavanger Kulde AS will be merged with AF Energi og Miljøteknikk AS effective 1 January 2010.

The AF Group completed several major projects in 2009. In late summer 2009, AF delivered a new administration building and custodial and detention cells to Halden Prison for Statsbygg. Extensive remodelling work on Norges Bank's headquarters was also completed in 2009.
Throughout 2008 and 2009, AF invested more than NOK 500 million in the construction of Europe's most modern reception facility for the decommissioning and recycling of offshore installations at Vats near Haugesund. The Environmental Base at Vats was completed on schedule in July 2009 and activities at the plant started in the second half of the year.

In February 2009, AF signed a contract and started work on building access roads and tunnels for main roads 7 and 13 in connection with the Hardanger Bridge. This work will continue until 2013, and the value of the contract is NOK 309 million, excl. VAT. In June 2009, AF was chosen as the contractor for construction of the new road link, the so-called "T-connection", between Karmøy, Tysvær and Haugesund in Rogaland. This contract has a value of NOK 878 million, excl. VAT, and work on the project started in September 2009.

On 17 February 2009 the AF Group signed a contract with The performing Arts Center "Kilden" to construct a theatre and concert hall in Kristiansand. The contract has a value of NOK 450 million, excl. VAT. In September, AF was awarded the contract to build the Risløkka Competence Centre at Økern in Oslo. The value of this contract is NOK 623 million, excl. VAT.

The construction of the 38,000 square metre Helsfyr Atrium office building continued throughout 2009. The value of this contract is NOK 650 million. The construction process is on schedule and will be completed and ready for occupation as planned in April 2010. The AF Group will lease part of the building as its new headquarters.

AF signed a contract with Shell UK Ltd on 2 February 2009 for the removal and recycling of six platforms on the Indefatigable Field on the British sector in the North Sea. The value of the contract, which will last for three years, is NOK 230 million. In May, AF was awarded a contract for the removal of the Russian cruiser the "Murmansk". The contract encompasses the surveying, removal and recycling of the vessel. The value of the contract is NOK 239 million, excl. VAT.

Income statement

Operating revenue for 2009 was NOK 5,401.0 million (5,916.4), while the operating profit was NOK 334.6 million (328.4). This is equivalent to an operating margin of 6.2 % (5.6 %). EBITDA was NOK 417.5 million (416.7), and profit before tax was NOK 366.1 million (307.5).

The net profit for 2009 was NOK 269.9 million (219.4), which corresponds to earnings per share of NOK 3.85 (3.16).

Balance sheet and liquidity

The balance sheet total as at 31 December 2009 was NOK 3,059.0 million (3,194.1). Net interest-bearing receivables was NOK 184.8 million as at 31 December 2009, compared with net interest-bearing debt of NOK 296.7 million as at 31 December 2008. Cash and cash equivalents were NOK 223.2 million (129.9) as at 31 December 2009. Shareholders' equity at the end of the year was NOK 914.8 million (740.8), which corresponds to an equity ratio of 29.9 % (23.2 %).

Cash flow

Net cash flow from operating activities was NOK 941.3 million (402.2) in 2009 and reflects good earnings throughout the year and a close focus on and monitoring of payments from customers. Net cash flow from investment activities was NOK -363.5 million (-338.0) and is attributed primarily to investments in the construction of the Environmental Base at Vats. Other cash flows are used for the payment of dividends, repayment of debt and bank deposits.

Risk management and financial risk

The AF Group is exposed to various types of market-related, operational and financial risks. A substantial portion of the Group's balance sheet consists of assets and liabilities associated with ongoing projects. Some of the items are subject to estimate uncertainty, and for these items the Corporate Management Team and project managers have exercised judgement and made assumptions based on uniform principles and guidelines. These assumptions are considered realistic.

Situations or changes in market conditions may arise during a project period in many cases, and they may entail changes to the estimates and thus affect the company's assets, liabilities, equity, and earnings. The Group has systems and meticulous routines for the management of risk. The risk management systems include the period from when a tender is evaluated until a project is completed. The risk management systems encompass all levels of the organisation: From projects, through the management of the business units and the Corporate Management Team, to the Board of Directors of AF Gruppen ASA. The purpose of risk management is to limit undesirable financial and production-related consequences through corrective action, both to avoid non-conformities and exploit positive opportunities in the projects.

Through its activities, the AF Group is exposed to various types of financial risk: market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's reporting currency is Norwegian kroner. Most of the Group's revenue and expenses are in Norwegian kroner or Swedish kroner. The Group has a limited exchange rate risk linked to Swedish kroner, since the operations in both Norway and Sweden primarily have revenues and expenses in the local currency. In connection with contracts and the start-up of operations in the UK, the AF Group is also exposed to fluctuations in the British pound and US dollar. The Group seeks to hedge against currency exposure by means of financial instruments. The Group continuously seeks to limit price risk. This is accomplished either by including price and pay adjustments as part of the contracts or by means of a natural hedge through established procurement and subcontractor contracts.

Based on the Group's strong financial position as at 31 December 2009, the Group's credit risk and liquidity risk is low. The Group has stipulated guidelines to safeguard against credit risk in the Group's receivables, and historically the Group has experienced insignificant losses on receivables. The Group's liquidity risk is monitored closely through liquidity management in the individual projects. In addition, the daily liquidity is monitored through the Group's multi-currency cash pooling system.

Distribution of profit for the year
The net profit for AF Gruppen ASA was NOK 43.8 million and the following distribution is proposed:

Transfer from other equity	NOK million	- 68.9
Provision for dividend	NOK million	112.8
Total distributed	NOK million	43.8

The Group's distributable equity as at 31 December 2009 is NOK 147.5 million after the allocations as a result of the proposed, but not yet adopted dividend.

Return, share and dividend
The return on average capital employed was 35.7 % (33.0 %) in 2009. Earnings per share were NOK 3.85 (3.16) and the proposed dividend per share is NOK 1.6 (NOK 1.4). The share price on 31 December 2009 was NOK 31.80 (NOK 159.00 before split).

BUSINESS AREAS
Civil Engineering
Civil Engineering activities are divided into four business units: AF Anlegg (Underground & Infrastructure), AF Anlegg Olje & Energi and AF Anlegg Havn in Norway, as well as Pålplintar AB in Sweden. Civil Engineering's operating revenue for 2009 was NOK 1,768.4 million (2,044.3) and profit before tax was NOK 105.1 million (121.6). The market was tough in 2009 and characterised by a lower level of civil engineering activity, however AF still managed to deliver a good result for the year.

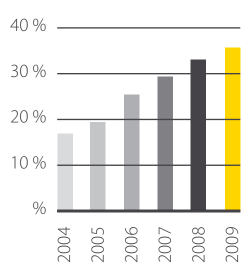
Organisational changes were implemented in AF's Civil Engineering business area in 2009 through the merger of AF Underjord and AF Samferdsel to form AF Anlegg, and through strengthening the corporate management by the addition of an Executive Vice President for Civil Engineering. Organisational changes and a strong focus on improving quality and managing risk provides positive business results. In 2009 the Civil Engineering business area was awarded several major contracts in a larger geographic area of the infrastructure market. Lower activity for portions of the year entails that the profit margin for the business area is somewhat lower than the target for Civil Engineering in the AF Group in 2009. In 2010 AF anticipates to see results of the organisational changes and increased focus, as well as a separate programme for production management.

AF Civil Engineering enters 2010 with a very high combined order backlog of NOK 2,175.0 million (888.0).

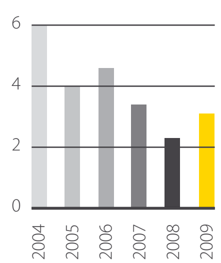
In March 2010, AF signed a contract with the Norwegian Public Roads Administration for the expansion of E6 Øyer – Tretten in the municipality of Øyer. This contract is valued at NOK 680 million, excl. VAT.

Building
Operating revenue for 2009 was NOK 2,560.8 million (2,881.1). The profit before tax was NOK 221.2 million (156.5). The operating margin for 2009 was 8.5 % (4.9 %). The improved operating margin is a result of a targeted focus on risk management throughout the entire business area. The Building business area has worked in a goal-oriented manner in a challenging market in 2009, which was characterised by fewer projects and tougher competition. The units in Norway delivered strong results and profit improvement, while the operations in Sweden are still struggling in a demanding market. A challenging market is also expected in 2010, with a continued low demand for private commercial buildings and a high level of uncertainty in the residential housing market. There is expected to be a substantial offering of public projects. The total order backlog for Building was NOK 2,323.8 million as at 31 December 2009 (NOK 2,382.2).

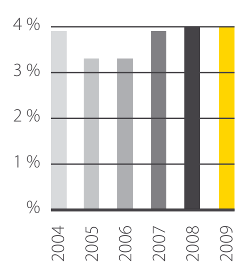
Return on invested capital
Per cent



Accident frequency rate
Incidents per million hours of work



Sick leave
Per cent



Property

The Property business area comprises the development of residential housing units and office buildings for the business area's own account in the region of East Norway. Operating revenue for 2009 was NOK 52.0 million (102.0) and the loss before tax was NOK -15.0 million (-44.5). The AF Group did not start any new residential housing projects in 2009. There are no uncompleted housing units under construction as at 31 December 2009, compared with 34 as at 31 December 2008. Of the 75 (77) completed, but unsold housing units, 43 (15) were leased temporarily at the end of 2009. These statistics apply to the AF Group's share of the projects.

The AF Group owns land and development rights in progress that represent a total number of 644 residential housing units. AF Property is preparing the projects for start-up when market prospects improve.

Helsfyr Atrium was the most important commercial property project in 2009. In the second half of 2009, sales in the residential housing market improved somewhat. It is expected that 2010 will also be a challenging year for the property market.

Environment

The Environment business area includes the AF Group's environmental commitment to demolition and recycling services onshore and offshore. In addition to activities in Norway and Sweden, the business area has set up new operations in Poland and the UK. Operating revenue for 2009 was NOK 743.0 million (667.5) and the loss before tax was NOK 43.0 million (54.0). Environment is showing lower earnings despite a slight increase in operating revenues. This is attributed primarily to a challenging market and hard competition in the onshore operations.

The offshore operations have a stable high level of activity and contributed solid earnings in 2009. Work on dismantling the platforms on the Ekofisk and Inde fields has started up and is progressing according to plan.

The Environmental Base at Vats was completed on schedule and operations started up there in July 2009. This is Europe's most modern reception facility for decommissioned offshore installations. The activities at the facility have been performed according to plan. Four large oil installations have been received for recycling throughout the winter.

The demolition market for onshore services has been very tough in Norway, Sweden and Poland. In 2009 the onshore operations are still not delivering satisfactory results due to low construction activity and low exploitation of the machinery. Organisational changes have been implemented to adapt to the market. In May 2009, AF was awarded a contract to remove the wreck of the Russian cruiser the "Murmansk". This contract has a value of NOK 239 million, excl. VAT.

The combined order backlog for the Environment business area was NOK 1,070.5 million (NOK 1,284.5) as at 31 December 2009. The market for offshore decommissioning and environmental services is large and represents interesting opportunities. The uncertainty in this market is first and foremost linked to the time of execution. A somewhat higher level of activity is expected for onshore operations in 2010.

In August 2009, the company Vici Ventus Technology AS was established, where AF has partnered with Dr.techn. Olav Olsen AS and Lyse Produksjon AS. The company is part of our industrial development of offshore wind turbines.

Energy

The Energy business area comprises the AF Group's services related to energy and environmental engineering for onshore activities, offshore installations and marine structures. Operating revenue for 2009 was NOK 598.2 million (541.9). The profit before tax was NOK 15.6 million (46.2). The weak results are due to a demanding market with pressure on margins.

The onshore operations have an increasing order backlog, but major projects have not materialised and there is pressure on the margins. The offshore market was characterised by low oil prices and postponed projects in 2009. The marine sector market has been very demanding.

A demanding market situation has placed the focus on internal optimisation and organisation. Management has been strengthened further, and there is a strong focus on cost-effectiveness. This gives Energy a good foundation for further earnings improvement. Energy is also looking at several opportunities for more international activity through various types of projects, in regions such as the Far East, for example. At the end of 2009 a new subsidiary was established in China. This subsidiary will function as a procurement and logistics centre for the energy business area.

The Energy business area has an increasing order backlog and the outlook for an increase in the level of activity is good. The market is showing a positive interest in AF's energy concept, and it is expected that improved market conditions will also provide greater access to projects and a greater desire for energy efficiency. Continuation of the low level of activity in the marine sector is expected in the short term. The combined order backlog for the Energy business area was NOK 463.4 million (NOK 555.9) as at 31 December 2009.

INFORMATION ON PERSONNEL, ORGANISATION AND ENVIRONMENT

Personnel and organisation

At the end of 2009 there were 1,974 (2,047) employees in the Group, 977 (963) of which were salaried and 997 (1,084) were paid by the hour. The recruitment and inflow of new employees was satisfactory in 2009. AF Gruppen ASA had no employees at the end of 2009.

The AF Group seeks to be a workplace where there is no discrimination on grounds of race, gender or sexual orientation. The Group works to ensure no discrimination in matters relating to pay, promotion and recruitment.

Of the Group's employees, 8.5 % (8.0 %) are women and 91.5 % (92.0 %) are men. Given the nature of the work and working conditions, the contractor industry has traditionally been dominated by men. For the recruitment of newly qualified engineers and economists, there is a more even balance between men and women than in the Group as a whole.

The percentage of women among salaried staff was 15.5 % (16.3 %) at the end of 2009.

In December 2009 the AF Group conducted an employee satisfaction survey showing a higher level of satisfaction among AF employees than the average in the industry.

In 2009 the Group Council, which is made up of employee representatives, senior safety representatives and management representatives, continued its work on improving cooperation between all parts of the organisation. The object of the Discrimination Act is to promote equality, ensure equal opportunities and rights, and prevent discrimination on the grounds of ethnicity, nationality, heritage, skin colour, language, religion or beliefs.

The AF Group works actively in a goal-oriented and systematic manner to promote the object of the Act in our operations. These activities include recruitment, wage and working conditions, promotion, development opportunities and protection against harassment. The AF Group wants to be a workplace where there is no discrimination on grounds of a reduced functional ability. In the areas of the Group where it is possible based on the nature of the work, provisions are made so that the functions that exist can be used by as many as possible, including those with a reduced functional ability. Individual provisions will be made wherever possible.

Health, safety and environment

The AF Group assumes that all activities should be planned and carried out based on a fundamental understanding and acceptance that all personal injuries and damage to equipment and the external environment can be avoided. The company employs analysis tools in its preventive work to identify risk associated with future activities and define and initiate risk-reducing measures. The reporting, investigation and analysis of hazardous conditions, near misses and accidents are regarded as tools for improvement. The investigation and analysis focus on identifying the underlying causes so that the organisation and management can be improved. The Corporate Management Team is involved in the investigation of all accidents that result in a lost time injury, while the management of the business unit concerned is involved in all investigations of incidents that have the potential to cause serious injury.

The safety of each project is measured primarily through the registration of injuries. The registration of injuries provides the basis for calculating the LTI (lost time injuries) rate. The LTI rate is defined as the number of lost time injuries per million man-hours, and it includes own employees and subcontractors, as well as suppliers who injure themselves at AF workplaces.

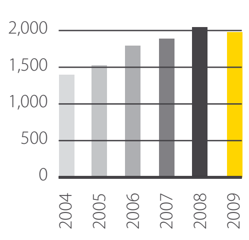
The accident frequency rate and sickness absence rate for the Group's Norwegian operations are on par with the best in the industry, with an LTI rate of 3.1 (2.3) and a sickness absence rate of 4.0 % (4.0 %). The LTI rate is based on a total of 14 (11) lost time injuries, 11 of which involved subcontractors and suppliers. One of these accidents ended in the worst conceivable manner, the death of a subcontractor due to a boulder falling down on an excavator. The remaining lost time injuries included five fractures or broken bones, one amputation (finger), one sprain injury (foot), one stretching injury, one crushing injury, two concussions, one incident of decompression sickness and one incident of nausea caused by electric shock.

AF's operations in Sweden had 6 lost time injuries in 2009 and a sickness absence rate of 3.5 %. The operations in Poland did not have any lost time injuries. The sickness absence rate in Poland was 0.9 %. As part of the Group's focus on continuous improvement in the HSE area, sickness absence committees were established in all the units in 2009. The Group has a well-functioning internal occupational health service, and the Group's working environment can be described as good.

The Group uses control systems that satisfy the requirements in the Norwegian Working Environment Act, the Regulations relating to Systematic Health, Safety and Environment Work in Enterprises (Internal Control Regulations) and the Regulations relating to Safety, Health and Working Environment on Construction Sites (Construction Client Regulations).

The Group's target is to avoid lost time injuries, in other words an LTI rate of 0. The most important improvement area in this connection can be linked to the follow-up of subcontractors and suppliers, as these are involved in almost 80 % of lost time injuries. For sickness absence the Group's target is to avoid work-related illnesses. The target defined for the sickness absence rate is less than 3 %, which, the Group believes, represents a normal sickness rate. AF has high ambitions to reach its HSE targets and will continue the systematic focus, for both Norwegian and foreign operations, for both

Number of employees



own employees and subcontractors/ suppliers.

External environment

The Group is engaged in operations that may affect the external environment in the form of noise, dust, vibrations, emissions, discharges and other means of pollution. Its activities may also entail encroachments on and changes to the landscape and nature. The Group aims to carry out its activities in such way that the impact on resources and the environment is reduced to a level well within what is required by the authorities and clients.

The Group's corporate policy and related control systems include consideration for the external environment and are intended to prevent or reduce any undesirable environmental impact. The control systems are intended to ensure that we are able to identify and control the most important environmental aspects of each business unit. Several of the business units are certified in accordance with ISO 14000 and other environmental standards. A total of 10 (6) incidents involving an undesirable impact on the external environment were reported in 2009, of which the majority involved small oil or diesel spills from machinery and equipment. AF works systematically to prevent any recurrence and damage to the external environment.

Over the past year AF received attention in connection with the Environmental Base at Vats, which is tailor-made to handle the recycling of decommissioned offshore installations. All materials from the installations are delivered to licensed reception facilities, and all hazardous waste is handled properly. Measurements of discharged water at the Environmental Base at Vats show that we are well within the requirements given by the pollution control authorities. Through cooperation with the Norwegian Institute for Water Research (NIVA) and the rural committee in Vats, AF has established a comprehensive environmental monitoring programme that documents the condition of the Vatsfjord by means of a thorough analysis. NIVA's annual inspection of the Vatsfjord shows that there are no significant changes in the concentration of pollutants in relation to previous measurements. This is how it should be in the future as well.

OTHER MATTERS

Acquisition of treasury shares

In 2009, AF Gruppen ASA acquired treasury shares to sell to employees and use as consideration for the acquisition of companies. AF Gruppen ASA purchased 55,600 shares during the year. A total of 51,400 shares were sold to employees, while 18,221 shares were used as consideration for acquisitions. At the end of 2009, AF Gruppen ASA held 50,009 treasury shares. (All figures are before the share split)

OUTLOOK

The results of AF Gruppen ASA and the AF Group for 2009 were in accordance with the Board's expectations. The Group's positive development in 2009 is expected to continue in 2010. At the end of the year, the Group had a solid order backlog of NOK 6,032.8 million and anticipates that the earnings on new and ongoing projects will be good. There are internal variations in the earnings of the individual business areas, and we are continuously seeking measures that can contribute to good earnings in all the business areas. The market conditions for some of the business areas are still challenging. Limited activity is still expected in the Building business area. Both onshore activities in Environment and onshore activities in Energy are impacted to a great extent by a low level of activity in the construction market and a somewhat hesitant attitude in the market. AF believes that the ability to manage risk is an important tool for exploiting commercial opportunities, strengthening our competitive power and improving profitability. In addition, AF's technology in the Energy business area and expertise in the Environment business area have been received positively in the market. AF believes that good risk management and the development of competent employees creates a corporate culture that is also expressed through good financial results.

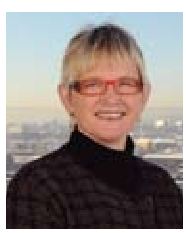
The AF Group's goal is to combine continued growth with improved margins. At the same time as the business units supply services in their respective fields, we can increasingly benefit from sharing expertise across the various units. Currently, AF has several examples of projects where old structures are removed and recycled before they are rebuilt with new, energy-efficient solutions.

In the future, the AF Group will maintain its determination to think Alternatively and find better, more Future-oriented ways to create value.

Oslo, 25 March 2010

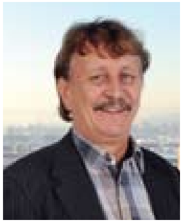
Chairman
Nils-Henrik **Pettersson**

Eli **Arnstad**



Mari **Broman**

Carl Henrik **Eriksen**

Tore **Thorstensen**	Torstein **Lange Larssen**	Arne **Røthe**	Rune **Dale**
			

Rune Dale was a board member throughout 2009. He passed away on 22 March 2010 before the Board of Directors adopted the annual report and accounts.

Annual accounts

AF Group

Consolidated **income statement**

Amounts in NOK 1,000	Note	1 January to 31 December 2009	2008
Operating revenue	3, 4	**5,313,553**	**5,879,654**
Other revenue	3, 4	**87,415**	**36,786**
Total operating and other revenue	4	**5,400,967**	**5,916,440**
Cost of materials		884,364	1,027,882
Subcontractors		2,100,071	2,408,471
Payroll costs	5	1,411,934	1,439,751
Depreciation, amortisation and impairment losses	11, 12	82,906	88,307
Other operating expenses	6	604,322	619,751
Net capital gains		-17,080	-
Profit/loss from investments in associates	15	-133	3,854
Operating expenses		**5,066,384**	**5,588,016**
Operating profit		**334,584**	**328,424**
Net financial items	7	**31,562**	**-20,900**
Profit before tax		**366,146**	**307,524**
Tax expense	8	96,204	88,165
Profit for the year		**269,942**	**219,359**
Attributable to:			
Shareholders in the parent company		269,347	217,725
Minority interests		595	1,634
Total		**269,942**	**219,359**
Basic earnings per share (whole NOK)	10	3.85	3.16
Diluted earnings per share (whole NOK)	10	3.85	3.16
(2009 and 2008 figures adjusted for share split for comparison)			

STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK 1,000	2009	2008
Profit for the year	269,942	219,359
Translation differences	-18,504	11,182
Total comprehensive income for the year	**251,438**	**230,541**
Attributable to:		
Shareholders in the parent company	250,843	229,210
Minority interests	595	1,331
Total comprehensive income for the year	**251,438**	**230,541**

Consolidated **balance sheet** as at 31 December

Amounts in NOK 1,000	Note	2009	2008
ASSETS			
Non-current assets			
Land and buildings	11	562,478	257,942
Machinery and equipment	11	185,875	204,860
Intangible assets	12	457,521	474,771
Investments in associates	15	27,377	31,475
Deferred tax assets	9	-	15,294
Retirement benefit plan assets	23	14,236	10,024
Financial derivatives	28	349	-
Financial assets available for sale	28	1,282	-
Interest-bearing receivables	28	44,304	22,702
Other receivables	28	597	8,495
Total non-current assets		**1,294,018**	**1,025,563**
Current assets			
Inventories	16	75,809	98,981
Projects for own account	17, 34	256,563	377,241
Trade and non-interest-bearing receivables	18, 19, 28, 34	1,187,430	1,548,874
Interest-bearing receivables	28	11,877	12,290
Financial assets at fair value through profit or loss	28	3,000	1,225
Financial derivatives	28	7,107	-
Cash and cash equivalents	20, 28	223,206	129,909
Total current assets		**1,764,994**	**2,168,520**
Total assets		**3,059,012**	**3,194,083**

Consolidated **balance sheet** as at 31 December

Amounts in NOK 1,000	Note	2009	2008
EQUITY AND LIABILITIES			
Equity			
Share capital	21, 22	3,525	3,467
Other equity		911,035	775,000
Total equity attributable to the Company's shareholders		**914,560**	**778,467**
Minority interests	31	258	5,980
Redeemable shares	31	-	-43,600
Total minority interests		**258**	**-37,620**
Total equity		**914,819**	**740,847**
Non-current liabilities			
Interest-bearing loans and credits	24, 28	21,887	110,034
Retirement benefit liabilities	23	1,074	1,924
Provisions	26	-	3,108
Deferred tax liability	9	275,797	205,299
Total non-current liabilities		**298,757**	**320,365**
Current liabilities			
Interest-bearing loans and credits	24, 28	72,740	351,578
Trade payables and other non-interest-bearing debt	27, 28	1,714,795	1,724,683
Provisions	26	52,994	54,182
Income tax payable	8	4,908	2,428
Total current liabilities		**1,845,436**	**2,132,871**
Total liabilities		**2,144,193**	**2,453,236**
Total equity and liabilities		**3,059,012**	**3,194,083**

Oslo, 25 March 2010

Nils-Henrik Pettersson
Chairman of the Board

Pål Egil Rønn
CEO

Mari Broman

Eli Arnstad

Carl Henrik Eriksen

Torstein Lange Larssen
Employee elected

Arne Røthe
Employee elected

Tore Thorstensen

Consolidated statement of **changes in equity**

Amounts in NOK 1,000

		Equity attributable to the Company's shareholders							Minority interests	Total equity
	Note	Share capita	Treasury shares	Share premium account	Other contributed equity	Other unrecognised equity	Retained earnings	TOTAL		
Equity as at 01.01.2008		**3,442**	**-30**	**-**	**-**	**-14,133**	**619,859**	**609,138**	**-39,160**	**569,978**
Other comprehensive income		-	-	-	-	11,182	-	11,182	-	11,182
Profit for the year		-	-	-	-	-	217,725	217,725	1,634	219,359
Total revenue and expenses for the period		**-**	**-**	**-**	**-**	**11,182**	**217,725**	**228,907**	**1,634**	**230,541**
Capital increase		25	-	10,775	-	-	-	10,800	-	10,800
Purchase of treasury shares	22	-	-42	-	-	-	-20,621	-20,663	-	-20,663
Sale of treasury shares	22	-	56	-	-	-	29,188	29,244	-	29,244
Reclassification of gains on sale of treasury shares		-	-	-	8,090	-	-8,090	-	-	-
Dividend paid in 2008		-	-	-	-	-	-83,130	-83,130	-	-83,130
Dividend/received from minority interests		-	-	-	-	-	-	-	-94	-94
Share-based remuneration	5	-	-	-	4,170	-	-	4,170	-	4,170
Equity as at 31.12.2008		**3,467**	**-16**	**10,775**	**12,260**	**-2,951**	**754,931**	**778,467**	**-37,620**	**740,847**
Other comprehensive income		-	-	-	-	-18,504	-	-18,504	-	-18,504
Profit for the year		-	-	-	-	-	269,347	269,347	594	269,942
Total revenue and expenses for the period		**-**	**-**	**-**	**-**	**-18,504**	**269,347**	**250,843**	**594**	**251,438**
Capital increase		58	-	17,281	-	-	-	17,338	-	17,338
Buyback of treasury shares	22	-	-14	-	-	-	-6,767	-6,781	-	-6,781
Sale of treasury shares	22	-	17	-	-	-	6,488	6,505	-	6,505
Dividend paid in 2009		-	-	-	-	-	-98,615	-98,615	-	-98,615
Share-based remuneration	5	-	-	-	4,087	-	-	4,087	-	4,087
Transactions with minority interests		-	-	-	-	-	-37,284	-37,284	37,284	-
Equity as at 31.12.2009		**3,525**	**-13**	**28,056**	**16,347**	**-21,455**	**888,100**	**914,560**	**258**	**914,819**

Consolidated **cash flow statement**

Amounts in NOK 1,000		Note	2009	2008
Cash flow from operating activities				
+	Profit before tax		366,146	307,524
+	Depreciation, amortisation and impairment losses	11, 12	82,906	88,307
+/-	Difference in retirement benefits carried as expense/paid		-5,531	-2,644
+	Share-based remuneration	5	4,087	4,171
-	Gains on sale of non-current assets		-6,179	-7,594
+	Net financial expenses (income)	7	-31,562	20,900
-	(Gains) and losses on financial assets at fair value		-740	-
-	(Gains) on the sale of joint ventures and associates		-6,819	-
-	(Gains)/losses on derivatives at fair value		-3,550	-
-/+	Profit attributable to associates	15	-133	-
-	Income tax paid		-2,428	5,396
=	**Cash flow from operating activities before changes in working capital**		**396,197**	**416,060**
+/-	Change in inventories and projects for own account	16, 17	143,849	91,787
+/-	Change in non-interest-bearing receivables		415,935	-222,267
+/-	Change in trade payables and non-interest-bearing debt		-14,669	116,641
=	**Net cash flow from changes in working capital**		**545,115**	**-13,839**
=	**Net cash flow from operating activities**		**941,312**	**402,221**
Cash flow from investment activities				
-	Acquisition of companies		-8,100	-95,610
-	Purchase of intangible assets	12	-1,754	-1,972
-	Purchase of property, plant and equipment	11	-393,898	-254,335
+	Proceeds from sale of property, plant and equipment		24,435	28,365
+	Proceeds from sale of joint ventures	31	10,008	-
+/-	Payments/proceeds from other investments		-	-14,402
+	Proceeds from sale of financial assets		5,778	-
=	**Net cash flow from investment activities**		**-363,531**	**-337,954**
=	**Net cash flow before financing activities**		**577,781**	**64,267**
Cash flow from financing activities				
+	Proceeds from issuance of shares		17,338	10,800
+	Minority interests and other equity transactions		-6,077	-94
-	Dividends paid to the Company's shareholders		-98,855	-83,130
-	Payments due to change in interest-bearing receivables		-31,189	-15,909
+	Proceeds from interest-bearing debt		-	181,324
-	Repayment of interest-bearing debt		-363,150	-149,193
+	Proceeds from the sale of treasury shares	22	6,502	17,804
-	Purchase of treasury shares	22	-6,781	-20,663
-	Interest and other financial expenses paid		-19,048	-44,629
+	Interest and other financial income received		16,843	33,304
=	**Net cash flow from financing activities**		**-484,417**	**-70,386**
+	**Net change in cash and cash equivalents during the year**		**93,363**	**-6,119**
+	Cash and cash equivalents as at 01.01		129,909	135,638
+/-	Effect of exchange rate fluctuations on cash and cash equivalents		-66	390
=	**Cash and cash equivalents as at 31.12**	20	**223,206**	**129,909**

Notes to the accounts

AF Group

Notes

NOTE 1 ACCOUNTING POLICIES

AF Gruppen ASA is a public limited company registered in Norway and listed on Oslo Stock Exchange (OB Match). The Company's head office is located at Innspurten 15, 0663 Oslo, Norway.

The Group's activities are described in note 3 (segment information). The financial statements were signed by the Board of Directors on 25 March 2010.

1.1 Basis of preparation
The consolidated financial statements of the AF Group for the 2009 financial year have been presented in accordance with the EU-approved IFRS (International Financial Reporting Standards) and the associated interpretations, as well as additional Norwegian disclosure requirements that follow from the Norwegian Accounting Act, Stock Exchange Regulations and Stock Exchange Rules, which are applicable as at 31 December 2009.

The consolidated financial statements are based on the modified historical cost convention. The deviations refer primarily to financial assets available for sale and financial assets and liabilities (including derivatives) at fair value through profit and loss. The preparation of financial statements in accordance with IFRS requires the use of estimates. In addition, the application of the Company's accounting policies requires that the management exercise judgement. Areas with a high degree of discretionary assessments or a high level of complexity, or areas where assumptions and estimates are essential to the accounts, are described in note 2.

Recently published accounting standards and interpretations

(a) New and amended standards implemented by the Group

In 2009 the Group implemented the following new standards and amendments, and the introduction of the standards or the interpretation of the standards has been assessed to have the following impact on the consolidated accounts or the presentation of the consolidated financial statements of the AF Group:

- IFRS 2 Share-based Payment (amended) is related to vesting conditions and cancellations. The amendment clarifies that the vesting conditions are limited to service and performance conditions. Other conditions for share-based payment are not vesting conditions, but they should be included in the fair value on the allotment date for transactions with employees and others who provide similar services, and they should not affect the number of allotments that are expected to be redeemed or the valuation of these after the allotment date. All cancellations, whether they are carried out by the unit or other parties, should be subjected to the same treatment in the accounts.

  This amendment does not have any significant impact on the accounts.

- IFRS 7 Financial Instruments: Disclosures (amended). The amendment requires additional information on the measurement of fair value and the liquidity risk, including information on what valuation methods are used for the measurement of fair value.

  The change affects only the presentation and not the earnings per share.

- IFRS 8 Operating Segment Information. IFRS 8 replaced IAS 14 Segment Reporting from 1 January 2009. The Company has concluded that the division into segments and segment information identified under IFRS 8 is the same as was reported earlier in accordance with IAS 14. The segment information disclosed is used actively by the Group's operative management.

- IAS 1 Presentation of Financial Statements (revised). The revised standard requires that income and expense items that were recognised directly in equity previously should be presented in a statement of comprehensive income now. The equity statement shows transactions with owners and income and expense items separately, both of which are broken down by equity category as before. The comparison figures have been restated so that they are in accordance with the revised standard.

  The change affects only the presentation and not the earnings per share.

- IAS 23 Borrowing Costs (amended). The revised standard requires that all borrowing expenses that are not directly attributable to the purchase, manufacture or production of a qualifying asset shall be included as part of the asset's acquisition cost. Previously the Group capitalised interest on self-produced residential housing unit and plant and equipment manufactured in house.

  This amendment does not have any significant impact on the accounts.

(b) Standards and amendments to and interpretations of existing standards that have been adopted but do not have an impact on the consolidated financial statements of the AF Group:

- IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- IFRIC 9 Remeasurement of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 13 Customer Loyalty Programmes
- IASB Improvement project

(c) Standards and amendments to and interpretations of existing standards that have not entered into force and for which the Group has not chosen early implementation.

In 2010 and the following financial years, the following new standards and amendments to and interpretations of existing standards that have been published will be mandatory. The AF Group has not chosen early implementation of any of these:

- IFRIC 15 Agreements for the Construction of Real Estate. The introduction of IFRIC 15 means that an individual assessment will have to be made of all agreements and contracts that are involved in the sale of property to establish whether the criteria for using IAS 11 Construction

cont. note 1

Contracts or IAS 18 Revenue should be applied. For the AF Group, this will affect the date on which revenue and profit are recognised when residential housing units are sold. The income recognition date will be deferred, and all the revenue (including the related costs) will be recognised on one specific date, normally on completion/delivery. The transition to the new principle must be implemented retroactively, and the comparable figures must be restated. IFRIC 15 is effective from 1 January 2010.

The implementation of IFRIC 15 in the 2010 financial statements is not expected to have any effect on the equity as at 1 January 2010. This is because a limited number of new projects started up in 2009.

- IFRIC 17 Distribution of Non-cash Assets to Owners. The interpretation regulates the recognition of specific distributions in kind to the owners. IFRS 5 has also been amended, and assets that are to be distributed are classified as "held for distribution" when they are available for distribution in their present state and the distribution is highly probable.

  The amendment is not expected to have a significant impact on the consolidated financial statements of the AF Group.

- IAS 27 Consolidated and Separate Financial Statements (revised). In accordance with the revised standard, the effect of all the transactions with non-controlling interests is recognised in equity if there is no change of control. Such transactions will no longer result in goodwill or capital gains or losses. When control ceases, any remaining interests in the unit will be measured at fair value and the gain or loss will be recognised.

- IFRS 3 Business Combinations (revised). The acquisition method of accounting for business combinations has changed significantly. For example, any consideration for the acquisition of a business shall be recognised at fair value on the acquisition date. Contingent consideration is normally classified as a liability, and subsequent changes in value are recognised in the income statement. For each individual acquisition, the Group may choose whether any non-controlling interests in the acquired company are to be measured at fair value or only as the share of net assets, excluding goodwill. All the transaction costs are to be recognised.

  The standard will apply to acquisitions with an acquisition date after 1 January 2010.

- IAS 38 Intangible Assets (amended). The standard has been amended to specify the recognition of intangible assets acquired through business combinations that are closely associated with other assets or refer to multiple closely related intangible assets.

  The amendment does not have any significant impact on the consolidated financial statements of the AF Group.

- IFRS 5 Measurement of Non-current Assets (or Disposal Group) classified as held-for-sale (amended). The amendment specifies requirements for additional information on non-current assets (or disposal groups) held-for-sale or discontinued operations. The standard also points out that the general requirements in IAS 1 still apply, in particular paragraph 15 (fair presentation) and paragraph 125 (sources of estimation uncertainty).

  The amendment is not expected to have a significant impact on the consolidated financial statements of the AF Group.

- IAS 1 Presentation of Financial Statements (revised). The amendment points out that the potential settlement of a liability by the issuance of equity does not have any effect on the classification as a current or non-current liability. The amendment allows a liability to be classified as non-current (provided the enterprise has an unconditional right to defer settlement by the transfer of cash or other assets at least 12 months from the balance sheet date) in spite of the fact that the counterparty may demand that the enterprise settle in shares at any given time.

- IFRS 2 (amended). Group Cash-settled and Share-based Payment Transactions. The amendment incorporates the previous IFRIC 8 and IFRIC 11. In addition, somewhat expanded guidelines are provided for the classification of group disbursements that were not covered by IFRIC 11.

  The amendment is not expected to have a significant impact on the consolidated financial statements of the AF Group.

1.2 Principles of consolidation

Subsidiaries

The consolidated financial statements include AF Gruppen ASA and companies in which AF Gruppen ASA has a controlling influence. A controlling influence is normally achieved if the Group owns more than 50 % of the shares in the company and is able to exercise actual control over it.

Companies that are bought or sold during the year are included in the consolidated financial statements from the date on which control is achieved or ceases. The acquisition method of accounting is used to report business combinations. Assets and liabilities are recognised in the balance sheet at fair value on the acquisition date. The difference between the cost of acquiring an enterprise and the fair value of net identifiable assets on the acquisition date is classified as goodwill. Any negative goodwill (residual value) from acquisitions is recognised immediately in the income statement on the acquisition date. Provision is made for deferred tax on the difference between fair value and book value for all assets and liabilities, with the exception of goodwill.

For step-by-step acquisitions, the AF Group's earlier equity interest shall be remeasured at fair value on the acquisition date. Any associated gains or losses shall be recognised in the income statement. The AF Group may have included changes in the value of its equity interest in the enterprise acquired under other income and expenses in earlier reporting periods. If this is the case, then the amount that was recognised under other income and expenses shall be recognised on the same basis as would be required if the AF Group had controlled the equity interest held earlier directly.

Minority interests are calculated on the basis of the minority's share of net identifiable assets and liabilities. Minority interests are included in the consolidated equity. When a property company is acquired, a concrete assessment is made to establish whether the acquisition concerns the business itself or assets (e.g. land). If the acquisition concerns assets, the full purchase price is allocated to the acquired assets and no goodwill or deferred tax is identified on the acquisition date.

Associates

Associates are business units in which the Group enjoys a significant influence (normally with a stake between 20 % and 50 %), but does not exercise financial or operational control. The consolidated financial statements include the Group's share of profit from associates, which is reported using the equity method from the date on which significant influence is achieved, and until such influence ceases. When the Group's share of losses exceeds the investment in an associate, the Group's book value is reduced to zero and further losses are not recognised unless the Group is obligated to cover the loss.

Joint ventures
Joint ventures are recognised using the gross method from the date on which joint control is achieved and until joint control ceases. The gross method means that the Group's share in joint ventures is included line by line for assets, liabilities, revenues, and expenses. Joint ventures are enterprises in which the Group exercises joint control through a contractual agreement between the parties.

Joint ventures are common in construction and civil engineering projects where two or more parties decide to carry out a joint project/contract and all operational, financial and strategic decisions must be taken unanimously by the parties. The Group is involved in several joint ventures with other contracting firms for particular contracts. Joint ventures take the form of unregistered companies, general partnerships, limited partnerships and limited companies.

Elimination of transactions by consolidation
Intercompany transactions and accounts, including internal profit and unrealised gains and losses, are eliminated. Unrealised gains linked to transactions with associates and joint ventures are eliminated in proportion to the Group's stake in the company/enterprise. Unrealised losses are also eliminated, but only if there are no indications of impairment of assets sold internally.

1.3 Use of estimates in preparation of the financial statements
The management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses, and information on potential liabilities. These estimates apply in particular to recognition of income and valuations linked to long-term manufacturing projects, retirement benefit liabilities, and valuation of goodwill. Future events may lead to changed estimates. Estimates and the underlying assumptions are assessed continuously. Changes in accounting estimates are reported in the period in which they occur. If they also relate to future periods, the effect is spread over present and future periods. See also note 2.

1.4 Classification
Receivables and payables that are related to the construction and civil engineering business areas are classified as current assets and current liabilities. This means that balances with customers and advance invoicing are recognised in the balance sheet as current assets and current liabilities. For all civil engineering contracts, where amounts invoiced on account exceed contract revenue less contract losses, the surplus is included in the balance sheet as "trade payables and non-interest-bearing liabilities". Advances are repaid over the project period as the project progresses. Projects for own account and land for development are recognised as current assets. Other receivables and payables that are due in more than a year are classified as non-current assets and non-current liabilities.

1.5 Foreign currency translation
(a) Functional and presentation currency

The financial statements for the individual units in the Group are measured in the currency primarily used where the unit operates (functional currency). The consolidated financial statements are presented in Norwegian kroner (NOK), which is both the Parent Company's functional currency and the Group's presentation currency.

(b) Transactions and balance sheet items

Transactions in foreign currencies are translated to the functional currency at the transaction exchange rate. Realised foreign exchange gains or losses from the settlement or translation of monetary items in a foreign currency are recognised at the rate prevailing on the balance sheet date. If the foreign currency position is regarded as cash flow hedging or the hedging of a net investment in a foreign enterprise, then the gain or loss will be recognised under other comprehensive income. Foreign exchange gains or losses related to loans, cash and cash equivalents are presented under net financial items in the income statement and specified otherwise in the notes.

The foreign exchange effect on non-monetary items (both assets and liabilities) is included as part of the assessment of fair value. Foreign exchange differences relating to non-monetary items, such as shares at fair value through profit and loss, are recognised as part of a combined gain or loss. Foreign exchange differences relating to shares classified as available for sale are included in the change in value that is recognised under other comprehensive income.

(c) Group companies

The income statement and balance sheet for group companies (none with hyperinflation) with a functional currency other than the presentation currency are translated as follows:

(a) The balance sheet is translated at the rate prevailing on the balance sheet date.
(b) The income statement is translated at the average exchange rate (if the average exchange rate does not give a reasonable overall estimate of the use of the transaction exchange rate, then the transaction exchange rate shall be used).
(c) Translation differences are recognised under other comprehensive income and specified in the equity as a separate item.

Translation differences related to net investments in foreign enterprises and financial instruments designated as hedges for such investments are recognised under other comprehensive income and as a separate item in the equity. Upon the sale of all or any portion of a foreign enterprise, the associated translation difference will be reclassified from other comprehensive income to part of the gain or loss from the sale through profit and loss.

Goodwill and excess value from the acquisition of a foreign unit will be treated as assets and liabilities in the acquired unit and translated at the rate prevailing on the balance sheet date.

1.6 Principles of revenue recognition
Revenue in general
Revenue is recognised as income when it is probable that transactions will generate future economic benefits that will benefit the Company and the size of the amount can be reliably estimated. Sales revenue is presented less value-added tax and discounts.

Projects in general
Revenue from the sale of services and long-term manufacturing projects is recognised in the income statement in line with the project's degree of completion when the result of the transaction can be estimated reliably. Progress is measured on the basis of an assessment of the work carried out. When the result of the transaction cannot be estimated reliably, only revenue equivalent to incurred project costs will be recognised. In the period when it is identified that a project will lead to a negative result, the estimated loss on the contract will be recognised in full in the income statement.

Projects for third-party accounts
The AF Group's business consists mainly of construction and civil engineering activities that are carried out for public and private clients and based on contracts of varying duration. The characteristic feature of such contracts is that they are client financed. The treatment of construction and civil engineering contracts in the financial statements conforms to IAS 11.

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Revenue related to projects is recognised in the income statement as the project progresses. Each project is recognised in the income statement based on the project's degree of completion and the estimated contribution margin at the end of the project (percentage-of-completion method). The degree of completion is mainly calculated on the basis of incurred costs on the balance sheet date as a percentage of estimated total costs or based on a concrete assessment of the physical degree of completion.

In the early stages of a project, a smaller than the proportionate share of the expected profit is normally recognised as income, while in the final stages of a project, a larger share is recognised, since the expected profit can be assessed then with a greater degree of certainty. When the outcome of the project cannot be estimated reliably, only revenue equivalent to the incurred project costs will be recognised. In the period in which it is identified that a project will produce a negative result, the estimated loss on the contract will be fully recognised as an expense, irrespective of the degree of completion.

The recognition of revenue from disputed claims, claims for additional work, change orders, incentive bonuses, etc., starts when it is probable that the customers will approve the claim. Provisions are made for identified and expected warranty work. Contribution margin earned on projects in progress involves a number of assessments. These assessments are made to the management's best estimate. The extent and complexity of the assessments mean that the actual contribution margins at the end of projects may deviate from the assessments made at year end.

Customers are billed monthly in relation to the proportion of the contract price and for additional work carried out and approved in the period. Deviating payment plans can occur, but these arrangements do not affect the accrual of revenue and expenses.

Demolition work is defined under IAS 11 and dealt with by using the same accounting policies as for projects for third-party accounts.

Projects for own account

Some production is carried out for the Group's own account, which means that the projects are self- financed. Projects for own account largely involve the development and construction of residential housing for sale. A residential housing project may consist of many units, and the majority of the units are sold before a project starts. In the case of projects for own account, the revenue recognised is the product of the physical degree of completion, the percentage sold and the expected contribution margin. For example, a project that is 50 % complete, 50 % of which is sold on the reporting date will be reported with a contribution margin of 25 % of the total expected contribution margin.

In 2008, the IFRIC (IASB Financial Reporting Interpretations Committee) published an interpretation on the sale of real property that may affect the reporting of projects for own account. The Company will implement IFRIC 15 from 1 January 2010. In accordance with IFRIC 15, the development and sale of flats in projects for own account will be treated as an ordinary sale of goods in the accounts. This means that revenue is not recognised until the projects for own account have been completed and delivered to the customer. The recognition of revenue from projects for own account is, therefore, deferred compared with successive recognition of revenue. See section 1.1 for an estimation of the consequences of the implementation on the accounts.

Sale of plant and equipment

Gains/losses from sales of plant and equipment are recognised in the income statement once delivery has taken place and most of the risk and control has been transferred.

Other revenue

Revenues from sales of goods are recognised in the income statement once delivery has taken place and most of the risk and control has been transferred.

Financial income

Interest income is recognised based on the effective interest rate method as it is earned. Dividends are recognised as revenue when the shareholders' right to receive a dividend has been established by the General Meeting.

1.7 Segment

For management purposes, the Group is organised in the following five operating segments based on the range of products/services offered:
- Civil Engineering
- Building
- Property
- Environment
- Energy

The operating segments form the basis for primary segment reporting. The operating segments are reported in the same manner as the internal reporting to the Company's highest decision-maker. The Company's highest decision-maker, which is responsible for the allocation of resources to and assessment of earnings in the operating segments, is defined as the Corporate Management Team. In segment reporting, internal profit on sales between the different segments is eliminated.

1.8 Payable and deferred tax

The tax expense consists of current tax payable and deferred tax. Tax is recognised in the income statement except when it is related to items that have been recognised under other comprehensive income or directly in the equity. If this is the case, then the tax is also recognised under other comprehensive income or directly in the equity.

The current tax payable for the period is calculated in accordance with the tax laws and regulations that have, or have essentially, been adopted by the tax authorities on the balance sheet date. It is the legislation in the countries where the Group's subsidiaries or associates operate and generate taxable income that determine how the taxable income is calculated. The management assesses the points of view asserted in the tax returns wherever the tax laws are subject to interpretation. Provisions are allocated for the expected tax charges, as considered necessary, based on the management's evaluations.

Deferred tax is calculated by means of the liability method on all temporary differences between the tax values and consolidated accounting values of assets and liabilities. If deferred tax arises upon the initial recognition of liabilities or assets in a transaction that is not part of a business combination and does not affect either the reported or taxable profit on the transaction date, it will not be recognised in the balance sheet. Deferred tax is determined by means of the tax rates and tax laws that have been adopted or essentially adopted on the balance sheet date, which are assumed to apply when the deferred tax asset is realised or when the deferred tax is settled.

Deferred tax assets are recognised in the balance sheet if it is probable that future taxable income will be generated so that the tax-reducing temporary differences can be utilised.

Deferred tax is calculated based on temporary differences from investments in subsidiaries and associates except when the Group controls the timing for the reversal of the temporary differences, and it is probable that they will not be reversed in the foreseeable future.

Deferred tax assets and deferred tax are to be offset if there is a legally enforceable right to offset assets in respect of the current tax payable against liabilities in respect of the current tax payable, and the deferred tax assets and deferred tax refer to income tax that is imposed by the same tax authority on the same taxable enterprise or different taxable enterprises with the intent to settle liabilities and assets in respect of the current tax payable on a net basis.

1.9 Property, plant and equipment

Property, plant and equipment are measured at cost minus accumulated depreciation and impairment losses. When assets are sold or retired, the book value is deducted and any loss or gain recognised in the income statement.

Acquisition cost includes all expenses that are directly attributable to the purchase or manufacture of the asset. In the case of plant and equipment manufactured in house, a proportion of other attributable costs and loan expenses are also included in the acquisition cost. Expenses that have incurred after the asset has been put to use, such as ongoing maintenance, are recognised in the income statement, while other expenses that are expected to generate future economic benefits are recognised in the balance sheet. The residual value recognised in the balance sheet relating to replaced parts is recognised in the income statement.

Every significant component of property, plant and equipment is depreciated over its estimated useful life. Production-related machinery is mainly depreciated using the reducing balance method, while other property, plant and equipment are depreciated on a straight-line basis.

Plants and equipment that are leased are depreciated over the term of the lease or useful life, whichever is shorter, unless it is reasonably certain that the Group will acquire the asset when the lease expires.
The depreciation period and deprecation method are evaluated annually and the retirement value is estimated at year end. Changes are recognised as a change of estimate.

1.10 Intangible assets

Goodwill

Goodwill is the difference between the cost of acquiring an enterprise and the fair value of the Group's share of the net identifiable assets in the enterprise on the acquisition date. Goodwill from the acquisition of subsidiaries is classified as an intangible asset and not depreciated. Goodwill is tested annually for impairment and carried at cost less impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the sale of an enterprise includes the book value of the goodwill related to the enterprise sold

For subsequent impairment tests the goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition from which the goodwill arose.

Contractual customer relationships

Contractual customer relationships that are acquired separately are recognised in the balance sheet at fair value on the acquisition date. Contractual customer relationships that are acquired in business combinations are recognised in the balance sheet at fair value on the acquisition date. The contractual customer relationships have a limited useful life and are recognised at the acquisition cost less the accumulated depreciation. Depreciation is carried out on a straight-line basis over the expected life of the customer relationship.

Quarrying rights

Quarrying rights that are acquired separately are recognised in the balance sheet at fair value (cost) on the acquisition date. Quarrying rights acquired in business combinations are recognised in the balance sheet at fair value on the acquisition date. Quarrying rights have a limited useful life and are recognised at the acquisition cost less the accumulated depreciation. Depreciation is carried out on a straight-line basis over the expected life of the quarrying rights.

1.11 Impairment of non-financial assets

Intangible assets with an indefinite useful life and goodwill are not depreciated, but tested for impairment annually. Property, plant and equipment and intangible fixed assets that are depreciated are assessed for impairment in value when there are indicators that the future earnings cannot justify the book value of the asset.

The difference between the book value and recoverable amount is recognised in the income statement as an impairment loss. The recoverable amount is the higher of the fair value less selling costs or the utility value. When impairment is assessed, the intangible assets are grouped together at the lowest level it is possible to identify independent cash flows (cash-generating units). The possibility of reversing previous impairment losses on property, plant and equipment and intangible assets that are depreciated is evaluated on each reporting date. The reversal of impairment losses is calculated in the same manner as impairment losses.

1.12 Leases

Leasing arrangements in which the Group acquires most of the risk and return and are associated with ownership of the assets are financial leases. Other leases are treated as operating leases.

Financial leases

The AF Group presents financial leases in the financial statements as assets and liabilities. At the beginning of the term of the lease, financial leases are included at an amount equivalent to fair value or the present value of the minimum payment, whichever is the lower. The implicit interest cost is used to calculate the present value of the lease. Direct costs involved in arranging the lease are added to the cost of the asset.

Leased plant and equipment are depreciated according to the same principles as the Group's other plant and equipment. The annual payment consists of an interest portion, which is recognised in the income statement as an interest expense, and a repayment portion, which reduces the liability. If a "sale and lease-back" transaction results in a financial lease, any gain will be deferred and recognised as revenue over the term of the lease.

Operating leases

Lease payments are classified as operating costs and recognised in the income statement over the term of the contract. If a "sale and lease-back" transaction results in an operating lease, any gain/loss will be recognised in the income statement at fair value on the transaction date. Any overprice/underprice adjusted through future rent will be amortised over the term of the lease so that the financial statements reflect the real leasing cost.

1.13 Financial instruments

Financial assets

The Group has financial assets that are classified in the following categories:

a) At fair value through profit or loss,
b) Loans and receivables
c) Financial assets available for sale

The classifications are based on the purpose of the asset. The classifications take place at acquisition and are reviewed on each reporting date.

1) At fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets that are held for trading. Financial assets are classified in this category if they have been acquired mainly to profit from short-term price fluctuations. The Group's forward

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exchange contracts to hedge future cash flows related to contracts in foreign currencies fall under this category. This hedging does not meet the conditions for hedge accounting.

Financial assets at fair value through profit or loss are reported at fair value on the acquisition date and the transaction costs are recognised in the income statement. The assets are measured on a current basis at fair value with changes in value through profit or loss. All financial assets in this category are presented as current assets and measured at fair value based on observable market data.

2) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Loans and receivables that are included in the Group's ordinary operating cycle, including trade receivables, or are expected to be realised within 12 months of the balance sheet date are classified as current assets. Other loans and receivables are classified as non-current assets.

Loans and receivables are recognised initially in the balance sheet at fair value plus transaction costs. Loans and receivables are measured on a current basis at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when loans and receivables are recognised, written down or amortised. Loans and receivables are written down when there are objective indications that the Group will not receive settlement in accordance with the original terms. Objective indications of impairment are evaluated specifically for each customer and will typically consist of serious financial problems experienced by the other party and late or non-payment. The amount of the write-down is recognised in the income statement. If the cause of the write-down no longer applies in a subsequent period and this can be linked to an event that occurred after the impairment was recognised, the earlier write-down is reversed. The reversal must not result in the book value of the financial asset exceeding what amortised cost would have been if the impairment had not been recognised when the write-down is reversed.

3) Financial assets available for sale
Financial assets available for sale are non-derivative financial assets that are placed in this category by choice or do not fall under any other category. They are classified as non-current assets, provided the investment does not mature or the management does not intend to sell the investment within 12 months from the balance sheet date. Financial assets available for sale are recognised initially at fair value. Financial assets available for sale are assessed subsequently at fair value and changes in fair value are recognised directly in the equity and presented under other comprehensive income, until the asset is sold or assessed to have suffered impairment in value, whereupon accumulated gains or losses recognised in the equity are included in the income statement for the period.

Financial liabilities

1) At fair value through profit or loss
The Group has financial liabilities at fair value through profit or loss in the form of forward exchange contracts entered into to hedge future cash flows related to contracts entered into in foreign currencies. This hedging does not meet the conditions for hedge accounting and is therefore recognised at fair value with changes in value through profit or loss.

Transaction costs are recognised immediately. The contracts are measured at fair value based on observable market data. Financial liabilities that mature within 12 months are presented as current liabilities, and liabilities that mature in more than 12 months are classified as non-current.

2) Other financial liabilities
Financial liabilities that are not recognised at fair value through profit or loss are measured at fair value on initial recognition, less transaction costs. Thereafter financial liabilities are recognised at amortised cost using the effective interest rate method. Any issuing costs, discounts or premiums are taken into account in the calculation of amortised cost.

Financial liabilities that are expected to be settled in the Group's ordinary operating cycle or due for settlement within 12 months of the balance sheet date are classified as current liabilities. Other financial liabilities are classified as non-current liabilities.

1.14 Inventories

Inventories are recognised at cost or net selling price, whichever is the lower. Inventories mainly consist of spare parts, equipment, and materials for use in production. Cost is recognised using the FIFO method and includes expenses incurred in acquiring the goods and the cost of bringing them to their present state and location.

1.15 Projects for own account

Projects for own account are basically manufacturing for inventory. Usually, some or all of the projects are sold during the project period. If this is the case, the project for own account is reclassified from inventory to a construction contract in which the contract costs are compared with earned income. Earned income that has not been settled is regarded as a trade receivable. Land for development and costs incurred for the part of the project that has not been sold/recognised as revenue are included in the balance sheet as projects for own account. Own-account projects are recognised at cost or net selling price, whichever is the lower. Acquisition costs include direct costs, a proportion of indirect costs (based on normal capacity utilisation) and interest accrued during the construction period. The net selling price is an estimated selling price less completion and selling costs.

1.16 Projects for outside account

Projects for third-party accounts are presented in the financial statements using the percentage of completion method in accordance with IAS 11 Construction Contracts. This means that "income earned but not invoiced" is presented as a trade receivable. Payments on account and advances received from a customer in connection with a construction contract reduce the receivable. If payments on account, advances, and any expected losses exceed the earned contract income, the surplus is recognised as an advance from the customer under current liabilities. Provision for expected losses on remaining contractual production is classified as a current liability after the "production carried out but not invoiced" is recognised in the balance sheet and written down. Trade receivables are not offset against advances on different contracts or if other circumstances suggest that it would not be permitted.

1.17 Trade and other current receivables

Trade receivables arise from the sale of goods or services within the ordinary operating cycle. If settlement is expected during the ordinary operating cycle, then the receivables are classified as current assets. If this is not the case, then the receivables are classified as non-current assets. Trade receivables are measured at fair value for the initial recognition in the balance sheet. For subsequent measurement, the trade receivables are recognised at amortised cost using the effective interest method. Current receivables that mature in less than three months are not normally discounted.

Changes in the value of trade receivables related to estimated changes are recognised as an adjustment of the operating revenue. Changes in the value of trade receivables related to estimate changes are recognised as an adjustment of the operating revenue.

1.18 Cash and cash equivalents
Cash and cash equivalents include cash at hand and in bank. Bank overdrafts are included in loans under current liabilities in the balance sheet.

1.19 Equity
Treasury shares
When treasury shares are bought back, the purchase price, including directly attributable costs, are recognised as a deduction from equity. Treasury shares are presented as a reduction in equity. Losses on the sale of treasury shares are recognised under other retained earnings, while gains are recognised under other contributed equity.

Translation differences
Translation differences arise in connection with exchange differences in the consolidation of foreign units.

On disposal of a foreign unit, the accumulated translation difference relating to the unit is reversed and recognised in the income statement in the same period in which the gain or loss on disposal is recognised in the income statement.

Dividend
Dividend is recognised as a liability once it is adopted by the General Meeting. This means that proposed dividends that are not yet adopted are included in equity.

1.20 Minority interests
Minority interests include the minority's share in the book value of subsidiaries, including the share in identified excess values on the acquisition date.

A loss in a consolidated subsidiary that can be attributed to the minority interest may not exceed the minority's share of equity in the consolidated subsidiary. Surplus losses are charged to the majority interest's share in the subsidiary to the extent that the minority is not liable and can take its share of the loss. If the subsidiary starts to run at a profit, the majority's share of the subsidiary's equity is adjusted until the minority interest's share of the earlier loss has been covered.

1.21 Employee benefits
Retirement benefits
Defined-benefit plans
The Group has defined-benefit plans for employees of the Norwegian companies born in or before 1951 who joined the Group prior to 1 January 2003. The plans are financed through funds in insurance companies. The net liability is calculated on the basis of the present value of future retirement benefits that the employees have earned on the balance sheet date less the fair value of plan assets. The calculations are carried out by a qualified actuary. The plan's credit formula is used as the allocation method unless a large proportion of crediting takes place towards the end of the pension-earning period. In this case a linear allocation method is used.

Introducing a new benefit plan or changing a current benefit plan will result in changes in the retirement benefit liabilities. Any change is carried as an expense in a straight line until the effect of the change has been earned. The introduction of new schemes or changes to existing schemes that have retroactive effect so that employees earn unconditional pension rights immediately, are recognised in the income statement at once. Gains or losses relating to restrictions or termination of retirement benefit plans are recognised in the income statement when they take place.

An accumulated impact of estimate changes and changes in financial and actuarial assumptions (actuarial gains or losses) of less than 10 % of the higher of the defined-benefit retirement benefit liabilities or plan assets at the start of the year is not recognised. In the case of deviations in excess of 10 %, the surplus is recognised in the income statement and distributed in a straight line over the assumed average pension-earning period remaining. The net retirement benefit expense for the period is included under payroll costs.

Employees in the Norwegian companies are entitled to an early retirement pension under a collective agreement between the Norwegian Federation of Trade Unions and the Confederation of Norwegian Business and Industry. AFP is a defined-benefit multi-company scheme. Future liabilities associated with this scheme are financed by the operations and are unfunded. The annual cost and future liabilities associated with former employees who are included in this scheme are included in the actuarial calculations. Employees in Sweden are members of two defined-benefit multi-company schemes. Due to the structure of the plans, there is no basis for calculating plan surpluses or deficits or their impact on future premiums. The schemes have therefore been recognised as defined-contribution plans.

Defined-contribution plans
In addition to the defined-benefit plan described above, the Group has a defined-contribution pension scheme for all employees in Norway who are not covered by the scheme mentioned above. The pension premium is recognised as an expense when it incurs, and the Group has no obligations over and above this.

Share discounts
Discounts on private share offerings and the sale of treasury shares to employees are recognised as expenses at fair value on the allotment date. The value of the discounts is calculated using an option pricing model that takes the vesting period into account. The discount is charged to payroll costs and credited to equity.

Share-based pay
The Group has a share option scheme that includes all employees. Options for employees are measured at fair value on the allotment date. Calculated value is recognised under payroll costs and set off under other contributed equity. The expense is distributed over the period until the employee acquires an unconditional right to the options. The estimated number of options expected to be earned is reassessed on every balance sheet date. Any changes are recognised as an expense with a corresponding adjustment of equity.

The social security costs for options are recognised in the income statement over the expected vesting period.

Each option gives entitlement to purchase one share at a predetermined price. The Company does not have an agreed right to settle the value of the options issued in cash.

1.22 Provisions
A provision is recognised when the Group has an obligation (legal or self-imposed) as a consequence of an earlier event and it is probable (more probable than not) that an economic settlement will be made as a consequence of the obligation and the size of the amount can be measured reliably. If the impact is significant, the provisions are calculated by discounting the estimated future cash flows by a discount rate before tax that reflects the market's pricing of the current value of money and, where relevant, risks specifically linked to the liability.

Restructuring provisions are included when the Group has approved a detailed and formal restructuring plan, and the restructuring has either started or been announced. Provisions for guarantees are recognised when the underlying projects and services are sold.

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Provisions are based on historical information on guarantees and a weighting of possible outcomes against the probability of their occurrence. Provisions for loss-making contracts are recognised when the Group's expected revenue from a contract is less than the unavoidable costs incurred in order to fulfil the obligations under the contract.

1.23 Loan expenses

Loan expenses are recognised in the balance sheet to the extent that they are directly attributable to manufacture of an asset that it takes a substantial amount of time to make for use or sale. The AF Group recognises loan expenses that accrue during the production of projects for own account (residential housing) and plant and equipment for own use in the balance sheet. Recognition in the balance sheet ceases when the assets are finished. If a loan is raised specifically for a project, the actual loan expense is used. Otherwise the loan expense is calculated on the basis of the Group's financing costs.

1.24 Contingent liabilities and assets

Contingent liabilities are not recognised in the financial statements. Significant contingent liabilities are disclosed with the exception of contingent liabilities with a low probability. A contingent asset is not recognised in the financial statements, but disclosed if it is probable that it will benefit the Group.

1.25 Events after the balance sheet date

New information concerning the Group's financial position on the balance sheet date that is received after the balance sheet date is considered in the financial statements. Events after the balance sheet date that do not affect the Group's financial position on the balance sheet date, but will affect its financial position in the future, are disclosed if they are significant.

1.26 Cash flow

The cash flow statement has been prepared in accordance with the indirect method and shows cash flows from operating, investing and financing activities, respectively, and it explains the change in "cash and cash equivalents" for the period.

NOTE 2 USE OF ESTIMATES

When preparing the consolidated financial statements in accordance with IFRS, the management have to make assessments, prepare estimates and apply assumptions. The Group's management uses estimates based on their best judgement and assumptions that are considered to be realistic. Situations or changes in the market conditions may arise, and they may entail changes to the estimates and thus affect the Company's assets, liabilities, equity, and earnings.

The accounting principles applied by the AF Group are discussed below. They involve the use of best judgement to a significant degree and can, therefore, significantly influence the accounts if there is a significant change in the assumptions.

Projects

The AF Group's activities are mainly project-based. Revenue from projects is recognised in the income statement in line with the project's degree of completion and final outcome. The ongoing recognition of revenue from projects entails uncertainty, since it is based on estimates and assessments. For projects in progress, there exists uncertainty regarding the progress of remaining work, disputes, warranty work, end results, etc. For completed projects, there exists uncertainty regarding hidden defects or faults, as well as possible disputes with the customer. The estimates used in the accounts are based on uniform policies and are subjected to control procedures that are intended to ensure reliable measurement of project results and progress. The complexity and scope mean, however, that there is an inherent risk that the final results of projects may deviate from the expected results.

Depreciation of plant and equipment

The expected economic life of the Group's plant and equipment is very much affected by the nature and duration of the assignments, as well as the development of technology. Production-related machinery is mainly depreciated using the reducing balance method to the expected residual value at the end of the period of use, while other plant and equipment is depreciated in a straight line over its economic life of 3-10 years.

Impairment of goodwill, property and plant

Goodwill is tested annually for impairment. The Group is affected by market trends, which cause fluctuations in fair value. To evaluate if there has been a reduction in value, the utility value of the cash-generating unit in which goodwill has been allocated is estimated. Calculation of the utility value means that the management estimates future cash flows from the cash-generating unit and a suitable discount rate to calculate the present value. See note 12 for further information. Correspondingly, plant and equipment are tested for impairment if there are indications of a reduction in value.

Business combinations

The AF Group allocates the purchase price for acquired businesses to acquired assets and liabilities based on the estimated fair value. In this connection, the management makes assessments to determine the method of valuation, estimates and assumptions. In addition, best judgement is often used to determine any additional consideration. For large acquisitions, the AF Group uses independent external advisors to assist in determining the fair value.

Retirement benefit liabilities

Net retirement benefit liabilities are determined by using actuarial calculations based on assumptions related to the discount rate, wage inflation, adjustment of retirement benefits, expected return on plan assets, and demographic factors such as disability and mortality, etc. These assumptions are based on observable market prices and historical developments in the Group and society as a whole. Changes in the assumptions may have a significant impact on the calculated retirement benefit liabilities/expenses.

NOTE 3 SEGMENT INFORMATION

Segment information is presented for business areas as the Group's primary reporting units. The operating segments are identified based on the reporting used by the Corporate Management Team when they make assessments of performance and profitability at a strategic level.

Business areas

The Group is engaged in contracting operations in five business areas: Civil Engineering, Building, Property, Environment, and Energy. The majority of the AF Group's operations takes place in Norway and Sweden, but the Group also has operations in other EU countries, and a small portion of the Energy operations are located outside the EU. Ordinary building and construction projects are included in the Building or Civil Engineering business areas. The Group's property portfolio is included in the Property business area. Services related to demolition and recycling, onshore and offshore, are included in the Environment business area. Energy comprises energy optimisation services onshore and offshore. Sales between segments in the Group take place at the market price. Transactions between the various segments are eliminated.

What remains after allocation to the business areas is presented as Other and involves activities in the Parent Company and some general services.

Uniform measurement principles have been used for segment reporting and any remaining financial reporting, and all of the units comply with IFRS for reporting to the Group.

Amounts in NOK 1,000

2009

Income statement	**Civil Engineering**	**Building**	**Property**	**Environ-ment**	**Energy**	**Others**	**Eliminations**	**Total**
External operating and other revenue	1,521,375	2,561,763	51,950	700,352	591,555	-26,027	-	5,400,967
Internal sales within the Group	247,012	-959	-492	42,658	6,681	20,057	-314,958	-
Total operating and other revenue	**1,768,387**	**2,560,804**	**51,458**	**743,010**	**598,236**	**-5,970**	**-314,958**	**5,400,967**
Operating expenses, excl. depreciations	-1,655,603	-2,340,410	-62,086	-675,274	-565,716	-2,844	301,243	-5,000,690
Depreciation and impairment losses on property, plant and equipment	-32,202	-5,113	-	-32,888	-2,124	-3,089	423	-74,993
Amortisation and impairment losses on intangible assets	-	-	-	-958	-6,955	-	-	-7,913
Net gains and profit from investments in associates	1,560	2,881	822	12,249	-2,706	1,752	655	17,213
Earnings before interest and taxes (EBIT)	**82,142**	**218,161**	**-9,806**	**46,139**	**20,736**	**-10,151**	**-12,636**	**334,584**
Interest income	23,773	13,398	1,617	2,505	1,695	32,546	-9,913	65,620
Other financial income and expenses	-612	-9,504	-1,183	327	-6,014	915	-	-16,071
Interest expenses	-156	-893	-5,584	-6,015	-816	-14,436	9,913	-17,987
Net financial items	**23,005**	**3,001**	**-5,150**	**-3,183**	**-5,135**	**19,024**	**-**	**31,562**
Earnings before taxes (EBT)	**105,147**	**221,162**	**-14,956**	**42,955**	**15,601**	**8,873**	**-12,636**	**366,146**
Tax expense	-29,383	-54,226	4,105	-12,541	-4,677	-3,203	3,722	-96,204
Profit for the year	**134,531**	**275,388**	**-19,061**	**55,497**	**20,277**	**12,076**	**-16,357**	**269,942**
Cash flow								
Net cash flow from operating activities	212,534	328,548	36,314	142,835	63,714	-93,914	251,278	941,312
Net cash flow from investment activities	-32,473	-11,068	-4,500	-324,700	-9,116	-2,535	20,862	-363,531
Net cash flow before financing activities	**180,061**	**317,481**	**31,814**	**-181,865**	**54,597**	**-96,449**	**272,138**	**577,781**
Net cash flow from financing activities	-	-	-	-	-	-484,417	-	-484,417
Net change in cash and cash equivalents								**93,363**
Balance sheet								
Assets	794,846	1,091,381	300,499	1,041,515	501,222	484,169	-1,181,998	3,031,635
Investments in associates	-	6,694	19,175	1,476	-	31	-	27,377
Total segment assets	**794,846**	**1,098,075**	**319,674**	**1,042,992**	**501,222**	**484,200**	**-1,181,998**	**3,059,012**
Interest-bearing liabilities	29,980	17,563	165,937	557,456	241,059	150,894	-1,068,263	94,627
Other non-interest-bearing debt	573,868	792,552	48,470	255,520	135,189	336,454	-92,485	2,049,566
Total segment liabilities	**603,848**	**810,115**	**214,407**	**812,976**	**376,248**	**487,347**	**-1,160,748**	**2,144,193**
Equity	190,999	287,960	105,267	230,016	124,974	-3,147	-21,250	914,819
Total equity and liabilities	**794,846**	**1,098,075**	**319,674**	**1,042,992**	**501,222**	**484,200**	**-1,181,998**	**3,059,012**
Investments	**32,473**	**11,068**	**4,500**	**324,700**	**9,116**	**2,535**	**-20,861**	**363,531**
Key figures								
Gross profit margin (EBT %)	5.9 %	8.6 %	-29.1 %	5.8 %	2.6 %	-	4.0 %	6.8 %
Gross operating margin (EBIT %)	4.6 %	8.5 %	-19.1 %	6.2 %	3.5 %	-	4.0 %	6.2 %
Return on capital employed	63.3 %	163.5 %	-3.6 %	7.3 %	4.5 %	-4.4 %	4.3 %	35.7 %
Capital employed at end of period	220,978	305,523	271,204	787,472	366,033	147,747	-1,089,513	1,009,445
Average capital employed	166,290	135,785	263,454	670,858	368,834	-530,446	-530,446	1,074,774
Order backlog	2,175,149	2,323,753	-	1,070,494	463,391	-	-	6,032,787
Number of employees at year end	650	619	8	373	222	102	-	1,974

cont. note 3

Amounts in NOK 1,000

2008 Income statement	Civil Engineering	Building	Property	Environ-ment	Energy	Others	Eliminations	Total
External operating and other revenue	1,907,383	2,771,737	102,020	657,405	477,860	35	-	5,916,440
Internal sales within the Group	136,902	109,387	-	10,052	64,030	-	-320,371	-
Total operating and other revenue	**2,044,285**	**2,881,124**	**102,020**	**667,457**	**541,890**	**35**	**-320,371**	**5,916,440**
Operating expenses, excl. depreciations	-1,872,140	-2,733,362	-135,211	-577,197	-487,815	-2,056	311,926	-5,495,855
Depreciation and impairment losses on property, plant and equipment	-42,176	-4,132	-19	-26,806	-1,088	-	63	-74,158
Amortisation and impairment losses on intangible assets	-	-	-	-7,475	-5,176	-	-1,498	-14,149
Net gains and profit from investments in associates	-	-3,854	-	-	-	-	-	-3,854
Earnings before interest and taxes (EBIT)	**129,969**	**139,776**	**-33,210**	**55,979**	**47,811**	**-2,021**	**-9,880**	**328,424**
Interest income	858	5,197	4,517	3,094	-	719	3,346	17,731
Other financial income and expenses	-8,668	12,376	-1,165	-3,194	-81	-9,575	280	-10,027
Interest expenses	-594	-858	-14,645	-1,861	-1,504	-1,966	-7,176	-28,604
Net financial items	**-8,404**	**16,715**	**-11,293**	**-1,961**	**-1,585**	**-10,822**	**-3,550**	**-20,900**
Earnings before taxes (EBT)	**121,565**	**156,491**	**-44,503**	**54,018**	**46,226**	**-12,843**	**-13,430**	**307,524**
Tax expense	-34,038	-43,817	12,461	-15,125	-12,943	915	4,383	-88,165
Profit for the year	**87,527**	**112,674**	**-32,042**	**38,893**	**33,283**	**-11,928**	**-9,047**	**219,359**
Cash flow								
Net cash flow from operating activities	161,877	62,442	77,771	37,815	52,315	-81,862	80,538	390,896
Net cash flow from investment activities	-2,936	-26,387	3,535	-247,977	-221,243	-31	141,176	-353,863
Net cash flow before financing activities	**158,941**	**36,055**	**81,306**	**-210,162**	**-168,928**	**-81,893**	**221,714**	**37,033**
Net cash flow from financing activities						-75,189	32,037	-43,152
Net change in cash and cash equivalents								**-6,119**
Balance sheet								
Assets	783,214	955,988	380,147	619,930	563,185	374,620	-514,476	3,162,608
Investments in associates	-	13,134	18,088	-	253	-	-	31,475
Total segment assets	**783,214**	**969,122**	**398,235**	**619,930**	**563,438**	**374,620**	**-514,476**	**3,194,083**
Interest-bearing liabilities	3,749	121,135	203,784	21,521	2,310	158,138	-47,101	463,536
Other non-interest-bearing debt	487,322	786,707	81,347	216,755	158,155	332,226	-72,812	1,989,700
Total segment liabilities	**491,071**	**907,842**	**285,131**	**238,276**	**160,465**	**490,364**	**-119,913**	**2,453,236**
Equity								740,847
Total equity and liabilities								**3,194,083**
Investments	**2,936**	**26,387**	**-3,535**	**247,977**	**221,243**	**-31**	**-141,114**	**353,863**
Key figures								
Gross profit margin (EBT %)	5.9 %	5.4 %	-43.6 %	8.1 %	8.5 %	0.0 %	-	5.2 %
Gross operating margin (EBIT %)	6.4 %	4.9 %	-32.6 %	8.4 %	8.8 %	0.0 %	-	5.6 %
Return on capital employed	42.8 %	82.3 %	-11.6 %	22.6 %	20.5 %	-	-	33.0 %
Capital employed at end of period	295,892	182,415	316,888	403,175	405,283	42,394	-441,664	1,204,383
Average capital employed	285,604	191,158	256,516	247,714	233,241	281,163	-476,441	1,018,955
Order backlog	887,984	2,382,197	8,621	1,284,554	555,915	-	-207,420	4,911,851
Number of employees at year end	679	737	14	348	183	86	-	2,047

The amount that is reported to the Corporate Management Team as total assets has been assessed in the same manner as the consolidated annual accounts. The assets are allocated based on the operations in the segment, as well as the physical location of the assets. Certain assets and liabilities are not allocated to the business areas and are reported as Other. This is related to portions of the Group's cash in bank and financing, as well as some of the balance sheet items related to taxes and payroll items.

Revenue of NOK 775,200,000 (490,720,000) is from a single external customer. This revenue is related primarily to Civil Engineering activities and is domiciled in Norway.

cont. note 3

Geographic distribution of revenue and assets

Revenue and assets are broken down in the tables below based on the countries in which the Group operates.

Amounts in NOK 1,000

2009 Geographic distribution of revenue	Civil Engineering	Building	Property	Environ- ment	Energy	Others	Eliminations	Total
Norway	1,656,406	2,129,700	51,458	629,995	598,236	-5,970	-310,384	4,749,441
Sweden	111,981	431,104	-	13,982	-	-	-3,192	553,876
Others	-	-	-	99,032	-	-	-1,382	97,650
Total revenue	**1,768,387**	**2,560,804**	**51,458**	**743,010**	**598,236**	**-5,970**	**-314,958**	**5,400,967**
Geographic distribution of assets								
Norway	641,849	1,059,965	319,674	992,577	498,599	491,227	-1,182,006	2,821,885
Sweden	152,997	38,110	-	5,899	-	-7,026	8	189,988
Others	-	-	-	44,515	2,623	-	-	47,138
Total assets	**794,846**	**1,098,075**	**319,674**	**1,042,992**	**501,222**	**484,200**	**-1,181,998**	**3,059,012**

2008 Geographic distribution of revenue	Civil Engineering	Building	Property	Environ- ment	Energy	Others	Eliminations	Total
Norway	1,867,988	2,246,453	102,020	653,190	541,776	35	-320,371	5,091,091
Sweden	176,297	634,671	-	14,267	114	-	-	825,349
Total revenue	**2,044,285**	**2,881,124**	**102,020**	**667,457**	**541,890**	**35**	**-320,371**	**5,916,440**
Geographic distribution of assets								
Norway	714,129	614,826	398,235	602,915	563,438	374,620	-514,476	2,753,687
Sweden	69,085	354,296	-	17,015	-	-	-	440,396
Total assets	**783,214**	**969,122**	**398,235**	**619,930**	**563,438**	**374,620**	**-514,476**	**3,194,083**

NOTE 4 OPERATING AND OTHER REVENUE

Amounts in NOK 1,000	2009	2008
Contract income	5,186,261	5,549,893
Other sales revenue	17,225	65,889
Revenue from projects for own account	110,067	263,872
Total operating revenue	**5,313,553**	**5,879,654**
Rental income	16,869	7,523
Other revenue	70,546	29,263
Total other revenue	**87,415**	**36,786**
Total operating and other revenue	**5,400,967**	**5,916,440**

NOTE 5 REMUNERATION OF EMPLOYEES AND SENIOR EXECUTIVES

Amounts in NOK 1000	2009	2008
Payroll costs		
Fixed pay	1,142,928	1,117,880
Social security costs	158,686	182,690
Retirement benefit costs (see note 23)	32,651	42,105
Other benefits	77,668	97,076
Total	**1,411,934**	**1,439,751**
Average number of full-time equivalents		
Norway	1,826	1,921
Sweden	191	252
Poland	8	6
China	2	-
Total	**2,027**	**2,179**

Remuneration of senior executives

The salaries of senior executives are made up of a fixed salary and a bonus based on the EVA model. The AF Group uses EVA as a management and control tool. EVA is a method of calculating and analysing value creation in the Group and in economic units below group level. The aim of this analysis is to ensure that every part of the Group works to increase value creation. Incentive systems based on the EVA model have been introduced for executives in large parts of the Group. Senior executives are obligated to invest 25-50 % of their net bonus after tax in shares in the Company. The shares are sold at a 20 % discount based on the prevailing market price at the end of the year. The lock-in period for the shares is 1 year.

The CEO's salary is set at a Board Meeting every year. The Board establishes guidelines for the remuneration of senior executives in consultation with the CEO. There are no agreements with the Corporate Management Team or Chairman of the Board regarding severance pay or early retirement if their employment is terminated or modified. The Corporate Management Team participates in the general retirement benefit scheme for the AF Group's employees as described in note 23 on retirement benefits.

No loans or guarantees have been granted to the Board of Directors or Corporate Management Team.

cont. note 5

Corporate Management Team 2009	Fixed pay	Bonus	Other benefits	Total	Retire-ment benefits
Pål Egil Rønn, CEO	2,286	1,503	91	3,880	31
Sverre Hærem, Executive Vice President/CFO	1,622	1,042	93	2,757	31
Robert Haugen, Executive Vice President	1,655	1,042	93	2,790	31
Tore Fjukstad, Executive Vice President	1,667	1,042	105	2,814	31
Arild Moe, Executive Vice President	1,425	1,040	74	2,539	31
Jørgen Hals, Executive Vice President	1,463	1,042	148	2,653	31
Total remuneration of the Corporate Management Team	**10,118**	**6,711**	**604**	**17,433**	**186**

Corporate Management Team 2008	Fixed pay	Bonus	Other benefits	Total	Retire-ment benefits
Pål Egil Rønn, CEO	1,955	1,139	170	3,264	34
Sverre Hærem, Executive Vice President/CFO	1,365	871	153	2,389	34
Robert Haugen, Executive Vice President	1,669	871	152	2,692	34
Tore Fjukstad, Executive Vice President	1,546	871	121	2,538	34
Jørgen Hals, Executive Vice President from 1 June 2008	748	-	57	805	15
Total remuneration of the Corporate Management Team	**7,283**	**3,752**	**653**	**11,688**	**151**

Board of Directors' fees	2009	2008
Nils-Henrik Pettersson, Chairman of the Board from 10 May 2008	285	-
Eli Arnstad, Board Member from 10 May 2008	135	-
Torstein Lange Larssen, Board Member from 10 May 2008	115	-
Mari Broman, Board Member from 4 January 2008	135	40
Carl Henrik Eriksen, Board Member	155	130
Peter Groth, Board Member from 9 May 2008 (alternate)	155	70
Rune Dale, Board Member	115	110
Arne Røthe, Board Member	115	110
Lars A. Christensen, Chairman of the Board until 9 May 2008	-	275
Leif Jørgen Moger, Board Member until 9 May 2008	-	110
Erik Frogner, Board Member until 23 May 2008	-	110
Leif Andersson, Board Member until 9 May 2008	-	110
Anne Mürer, Board Member until 9 May 2008	-	130
Long Litt Woon, Board Member until 9 May 2008	-	130
Total Board of Directors' fees	**1,210**	**1,325**

Chairman of the Board Nils-Henrik Pettersson is a partner in the law firm Schjødt. NOK 4.5 million (2.9) in fees for legal services from Schjødt was charged to the income statement in 2009.

Shares owned by senior executives and subscribed options are described in note 21.

Share-based payment

Bonus

Part of the senior executives' pay is based on the EVA (Economic Value Added) model. Eligible executives are obligated to invest some of their net bonus after tax in the Company's shares. The shares are sold at a 20 % discount based on the prevailing market price at the end of the year. The lock-in period for the shares is 1 year.

Number of shares/price	2009	2008
Number of bonus shares sold from own holdings	51,400	30,700
Number of bonus shares from new issue - without discount	68,500	-
Market price on date of sale	91.50	135.00
Selling price	73.20	108.00
Impact of bonus shares on the financial statements:		
Payroll costs	1,023	946

Sale of shares to employees

In recent years, the AF group has given all its employees the opportunity to buy shares at a 20 % discount. The discount is calculated as the difference between the average market price during the subscription period and the market price on the date of purchase.

Number of shares/price	2009	2008
Number of shares sold from own holdings	-	100,000
Number of shares from new issue - without discount	160,800	100,000
Market price on date of sale	95.00	135.00
Selling price	76.00	108.00
Impact of sale of shares to employees on the financial statements:		
Payroll costs	90	3,081

cont. note 5

Option scheme

In January 2008, the General Meeting adopted an option scheme for all employees in the AF Group. The maximum number of options that can be granted is 2,500,000. Each option entitles the holder to purchase a share in AF Gruppen ASA. The option scheme entails an annual allotment of options for 2008, 2009 and 2010, with the allotting starting in 2008 and ending in 2010.

The employees must pay NOK 3.00 per option to purchase options. The exercise price has been set at the market value of the shares on 31 December of the previous year, with, however, a minimum price of NOK 135.00. When options were granted in 2009, employees subscribed for a total of 101,000 options (504,000). Total number of outstanding options as at 31 December 2009 was 554,250, adjusted for options subscribed by employees who have left the Group.

Options must be exercised in 2011 and 2012. An option may only be exercised if the holder is still employed at the company on 31 December 2010.

AF has used Merton's model to value the options. The following assumptions were used in the model:

	2009	2008
Expected dividend yield (%)	7.4	4
Historical volatility (%)	43	33
Risk-free interest (%)	3.9	4.7
Expected life of option (years)	2	3
Share price (NOK)	135	135
Payment for option (NOK)	3	3

The expected volatility will be equal to the historical volatility, since this is an option scheme in which the allotment takes place over three years, but the exercise price has been fixed at the share price as at 31 December 2007.

Option scheme's impact on the financial statements:	**Expected 2010**	**2009**	**2008**
Amounts in NOK 1,000			
Payroll costs	12,019	4,087	4,171
Equity	20,277	8,258	4,171
Debt - option premium paid	3,275	1,659	1,512

Reconciliation of options

Number of options as at 31 December 2008	504,000
Options subscribed for in 2009	101,000
Adjusted for employees who have left	-50,750
Number of options as at 31 December 2009	554,250
Expected number as at 31 December 2010	1,091,750

Determination of fixed pay and other remuneration for senior employees

Guidelines for 2009

The Board will submit a statement to the General Meeting in accordance with section 6-16a of the Norwegian Public Limited Companies Act. The contents of the statement are explained below in accordance with section 7-31b, seventh paragraph of the Norwegian Accounting Act:

Guidelines regarding fixed pay and other remuneration for senior executives have been established. The Board establishes guidelines for the remuneration of senior executives in consultation with the CEO. The CEO's fixed pay is set by the Board. Base pay is fixed in line with the market rates. Base pay is adjusted annually on 1 July based on an individual assessment. Senior executives receive payments in kind and participate in the Group's retirement benefit schemes on the same terms as other employees as described in the Group's Personnel Guide. There are no termination payment schemes.

Bonuses for senior executives are based on the EVA (Economic Value Added) model. EVA is a method of calculating and analysing value creation in the Group and in economic units below group level. Bonuses based on the EVA model are linked to the Group's value creation during the financial year. If the performance requirements are met, the bonus payment should represent 5-8 months' pay, without this being the absolute maximum limit. Of the total bonus earned, 25 % must be used to buy shares at a 20 % discount and the remainder is paid in cash.

Shares can be sold to senior executives, subject to the approval of the Board at a 20 % discount on the prevailing market price. Shares are offered to senior executives in the same way as to other employees.

In January 2008, the General Meeting of AF Gruppen ASA adopted an option scheme that includes all the employees in the AF Group. The option scheme has been established by the Board, and it is to provide an incentive for all the employees in the Group. The purpose of the scheme is to encourage long-term commitment and greater involvement in the Group's activities. It is believed that the Group's future objectives will best be achieved if the interests of the Group and its employees coincide. The scheme gives the employees an opportunity to buy shares in AF Gruppen ASA.

The options scheme means that the Group's employees will be given the opportunity to buy options each year in 2008, 2009 and 2010. This will be accomplished by granting the individual employee a certain number of options annually. Employees will be granted a specific number of options each year, all of which must be accepted.

The remuneration of senior executives in 2009 was in accordance with the statement submitted to the General Meeting in 2009.

NOTE 6 OTHER OPERATING EXPENSES

Amounts in NOK 1,000	Note	2009	2008
Other operating expenses			
Rent		57,800	40,646
Other rental expenses		209,329	207,903
Remuneration of auditor		4,603	5,157
Bad debts	19	1,738	2,307
Sundry other operating expenses		330,852	363,738
Total other operating expenses		**604,322**	**619,751**
Remuneration of Ernst & Young and Deloitte*			
Statutory auditing		2,518	2,227
Other verification services		1,042	3
Tax consulting		120	981
Other non-audit services		68	705
Total		**3,747**	**3,916**
Remuneration of other auditors			
Statutory auditing		771	1,006
Assistance		85	235
Total		**856**	**1,241**
Total remuneration of auditor		**4,603**	**5,157**

Value-added tax is not included in the audit fees.

* The Group changed its principal auditor during the year. Remuneration of the Group's principal auditor Ernst & Young is related to statutory auditing and amounted to NOK 752,000 in 2009.

NOTE 7 FINANCIAL INCOME AND EXPENSES

Amounts in NOK 1,000	2009	2008
Financial income		
Interest income	65,620	17,731
Revaluation of liability	-	9,892
Foreign exchange gain	1,280	5,681
Value adjustment of financial assets at fair value through profit or loss	2,081	-
Other financial income	1,223	-
Total financial income	**70,204**	**33,304**
Financial expenses		
Interest expense on loans and overdraft facilities	16,311	23,616
Interest expense on financial leases	1,676	4,988
Impairment of financial investments	10,000	25,368
Foreign exchange losses related to financing	9,595	-
Other financial expenses	1,060	232
Total financial expenses	**38,642**	**54,204**
Net financial items	**31,562**	**-20,900**

Financial income and expenses broken down by financial instrument category:

2009	**Assets at fair value through profit or loss**	**Loans and receivables**	**Total**
Financial income	2,081	68,123	70,204
Financial expenses	-	38,642	38,642
2008			
Financial income	-	33,304	33,304
Financial expenses	9,575	44,629	54,204

NOTE 8 TAX EXPENSE

Amounts in NOK 1,000		2009		2008
Tax expense				
Tax expense for the period				
Income tax payable for the year *		4,802		1,996
Adjustment for previous years		-870		-479
Total tax expense for the period		**3,932**		**1,517**
Deferred tax expense				
Change in temporary differences		92,272		86,648
Total deferred tax expense		**92,272**		**86,648**
Total tax expense		**96,204**		**88,165**
Reconciliation of effective tax rate	**%**		**%**	
Profit before tax		366,146		307,524
Expected income tax at nominal rate	28.0 %	102,521	28.0 %	86,107
Non-deductible expenses	2.9 %	10,709	3.1 %	9,658
Non-taxable income	-2.7 %	-9,832	-3.0 %	-9,200
Change in valuation of deferred tax assets	-1.2 %	-4,509	1.0 %	3,200
Effect of deviant tax rate	0.2 %	189	-	-
Excessive/insufficient provisions in previous years	-0.8 %	-2,874	-0.5 %	-1,600
Effective tax rate/expense	**26.3 %**	**96,204**	**28.7 %**	**88,165**
* Income tax payable in the balance sheet		4,908		2,428

NOTE 9 DEFERRED TAX/DEFERRED TAX ASSETS

Amounts in NOK 1,000 2009	Balance sheet as at 1 January 2009	Recognised in the income statement	Recognised in equity/acquisition of enterprises	Balance sheet as at 31 December 2009
Plant and equipment	10,696	2,638	-	13,334
Intangible assets	-9,772	3,450	-	-6,322
Projects in progress [1]	-229,740	-84,948	-	-314,688
Other assets	-308	1,747	-	1,439
Retirement benefits	-2,268	-1,417	-	-3,685
Provisions	15,008	-5,277	-	9,731
Other	-1,396	2,153	1,136	1,894
Recognised tax value of tax loss carryforward [2]	27,776	-10,618	5,344	22,502
Total	**-190,005**	**-92,272**	**6,480**	**-275,797**

2008	Balance sheet as at 1 January 2009	Recognised in the income statement	Recognised in equity/acquisition of enterprises	Balance sheet as at 31 December 2009
Plant and equipment	11,756	-1,060		10,696
Intangible assets	4,963	-6,345	-8,390	-9,772
Projects in progress [1]	-150,805	-73,135	-5,800	-229,740
Other assets	39	-1,547	1,200	-308
Retirement benefits	1,279	-3,547	-	-2,268
Provisions	7,534	6,274	1,200	15,008
Other	-15,613	14,570	-353	-1,396
Recognised tax value of tax loss carryforward [2]	60,608	-21,858	-10,974	27,776
Total	**-80,240**	**-86,648**	**-23,117**	**-190,005**

1) Projects in progress often have a major impact on the calculation of deferred tax and the current tax payable. Projects in progress are valued at the direct production cost and revenue is not recognised until completion.

2) The tax loss carryforward is not subject to a time limit and totals NOK 75.0 million (99.2) as at 31 December 2009.

Classification in the balance sheet	**2009**	**2008**
Deferred tax assets	-	15,294
Deferred tax liability	-275,797	-205,299
Net deferred tax in the balance sheet	**-275,797**	**-190,005**

NOTE 10 EARNINGS AND DIVIDEND PER SHARE

The company implemented a share spilt on 18 January 2010. The figures for the year and the comparable figures for the number of shares, earnings per share and dividends have been restated in accordance with this share split.

Amounts in whole NOK	2009	2008
Profit for the year per share		
Profit for the year attributable to the Company's shareholders	269,346,721	217,725,000
Number of shares		
Average weighted number of shares [1]	**69,923,185**	**68,860,590**
Dilution effect of options etc. [2]	91,321	-
Average weighted number of diluted shares	**70,014,506**	**68,860,590**
Earnings per share		
Basic earnings per share	3.85	3.16
Diluted earnings per share	3.85	3.16

[1] Weighted average number of issued shares during year less treasury shares. Earnings per share is adjusted for the share split implemented on 18 January 2010.

[2] The AF Group's share scheme (see note 5) entails that externally owned shares may be diluted as a result of the redemption of options. To take into account this future increase in the number of externally owned shares, the diluted earnings per share is calculated in addition to the basic earnings per share. In this calculation the average number of externally owned shares is adjusted to take the dilution effect into account.

Dividend per share

A dividend of NOK 1.40 per share for the 2008 financial year, representing a total of NOK 96.6 million, was paid to shareholders on 28 May 2009.

For the 2009 financial year, the Board of Directors proposes a dividend of NOK 1.60 per share. It is expected that the dividend will be paid to the shareholders on 8 June 2010. The dividend must be approved by the General Meeting, and there is no provision for the liability in the balance sheet. The proposed dividend will be paid to all shareholders registered with the Norwegian Central Securities Depository (VPS) on 2 June 2010. No dividend will be paid on the Company's treasury shares. The total estimated dividend for the 2009 financial year is NOK 112.4 million.

	2009	2008
Total number of shares as at 31 December	70,495,940	69,349,440
Number of treasury shares	-250,045	-320,150
Number of shares dividend will be paid to	70,245,895	69,029,290
Dividend per share	1.60	1.40
Total estimated dividend	**112,393,432**	**96,641,006**

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK 1,000	Land and buildings	Machinery and equipment	Total
As at 1 January 2008			
Acquisition cost	46,029	530,314	576,343
Accumulated depreciation	-725	-291,554	-292,279
Book value as at 1 January 2008	**45,304**	**238,760**	**284,064**
2008 financial year			
Book value as at 1 January 2008	45,304	238,760	284,064
Translation differences	64	326	390
Additions during the year	201,918	52,417	254,335
Additions from acquisition of enterprises	12,000	6,942	18,942
Disposals at cost price	-	-70 404	-70 404
Depreciation on disposals	-	49,699	49,699
Depreciation for the year	-1,344	-72,880	-74,224
Book value as at 31 December 2008	**257,942**	**204,860**	**462,802**
As at 31 December 2008			
Acquisition cost	260,011	519,595	779,606
Accumulated depreciation	-2,069	-314,735	-316,804
Book value as at 31 December 2008	**257,942**	**204,860**	**462,802**
2009 financial year			
Book value as at 1 January 2009	257,942	204,860	462,802
Translation differences at cost	-158	-4,933	-5,091
Depreciation on translation differences	73	3,119	3,192
Additions during the year	315,728	64,971	380,699
Depreciation on disposals	455	61,612	62,067
Disposals at cost price	-917	-79,406	-80,323
Depreciation for the year	-10,646	-64,347	-74,993
Book value as at 31 December 2009	**562,478**	**185,875**	**748,353**
As at 31 December 2009			
Acquisition cost	574,665	500,226	1,074,891
Accumulated depreciation	-12,187	-314,351	-326,538
Book value as at 31 December 2009	**562,478**	**185,875**	**748,353**

	2009	2008
Operating leases (annual rent)	267,129	248,549
Financial leasing (on-balance-sheet leases, machinery and equipment)	34,629	58,707
Plant and equipment in progress [1)]	-	240,289

1) Relates to the construction of the Environmental Base at Vats for the recycling of steel structures etc. in connection with the AF Group's offshore activities. The facility was completed in 2009, and the acquisition cost and accumulated depreciation is included under buildings and property.

The following depreciation rates have been used:

Machinery and equipment	10-33 %
Buildings	2-5 %
Land	0 %

Production-related machinery is normally depreciated using the reducing balance method, while other property, plant and equipment are depreciated on a straight-line basis.

	Capitalised interest		Total amount capitalised after depreciation	
Accumulated capitalised interest	**2009**	**2008**	**2009**	**2008**
Land and buildings				
Development of reception facility at Vats	7,665	2,936	546,894	240,289

NOTE 12 INTANGIBLE ASSETS

Amounts in NOK 1,000	Goodwill	Licences	Customer relationships	Quarrying rights	Total
As at 1 January 2008					
Acquisition cost	230,014		7,456	11,610	249,080
Accumulated depreciation and impairment losses	-4,114		-155	-420	-4,689
Book value as at 1 January 2008	**225,900**		**7,301**	**11,190**	**244,391**
2008 financial year					
Book value as at 1 January 2008	225,900		7,301	11,190	244,391
Translation differences	5,563		-	-	5,563
Additions	-		894	-	-
Additions from acquisition of enterprises	208,108		29,964	-	238,072
Depreciation for the year	-		-6,669	-7,480	-14,149
Book value as at 31 December 2008	**439,571**		**31,490**	**3,710**	**474,771**
As at 31 December 2008					
Acquisition cost	443,685		38,314	11,610	493,609
Accumulated depreciation and impairment losses	-4,114		-6,824	-7,900	-18,838
Book value as at 31 December 2008	**439,571**		**31,490**	**3,710**	**474,771**
2009 financial year					
Book value as at 1 January 2009	439,571	-	31,490	3,710	474,771
Translation differences	-8,685	-	-	-	-8,685
Additions	456	1,298	-	-	1,754
Additions from acquisition of enterprises	-	-	-	-	-
Disposals from sale of enterprises	-2,408	-	-	-	-2,408
Impairment losses	-	-	-	-	-
Depreciation for the year	-	-56	-7,677	-178	-7,911
Book value as at 31 December 2009	**428,934**	**1,242**	**23,813**	**3,532**	**457,521**
As at 31 December 2009					
Acquisition cost	433,048	1,298	38,314	11,610	484,270
Accumulated depreciation and impairment losses	-4,114	-56	-14,501	-8,078	-26,749
Book value as at 31 December 2009	**428,934**	**1,242**	**23,813**	**3,532**	**457,521**

	Licences	Customer relationships	Quarrying rights
Economic life	5 years	5 years	22 years
Depreciation schedule	Straight-line	Straight-line	Straight-line

Specification of goodwill		**2009**	**2008**
Civil Engineering			
Pålplintar i Sverige AB		2,656	2,965
Total Civil Engineering		**2,656**	**2,965**
Environment			
AF Decom		36,628	36,628
Svensk Kross & Återvinning AB	-	2,408	
Total Environment		**36,628**	**39,036**
Energy			
AF Energi & Miljøteknikk AS		55,440	54,984
Mollier AS		29,308	29,308
Aeron AS		186,104	186,104
Total Energy		**270,852**	**270,396**
Building			
AF Bygg Glomsrød AS		33,723	33,723
AF Bygg Øst		13,136	13,136
AF Bygg Göteborg AB		71,939	80,315
Total Building		**118,798**	**127,174**
Book value as at 31 December		**428,934**	**439,571**

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units that are expected to draw synergies from business combinations. The allocation is shown in the above summary. The recoverable amount is fixed based on an assessment of the enterprise's utility value. The utility value is calculated on the basis of discounting the future anticipated cash flows before tax with a relevant discount rate before tax that takes the term and risk into account.

Anticipated cash flows are based on the budget for 2010 approved by the management. Growth of 2.5 % has been assumed after the 2011-2014 budget period. No growth in the cash flows is assumed after 2014. In some cases, especially if the unit has newly established operations, the anticipated cash flows after 2011 are based on the unit's business plan. According to the management, it is reasonable to assume moderate growth in the years 2011-2014 as demand for the Company's services and products remains high. The Group also expects that tough competition will lead to faster development of new products and improved operating efficiency. The Group's strong focus on safety, the environment and control procedures will be well received in the market and be favourable for profitability and growth. The acquisitions made in recent years consolidate the Group's enhanced environmental profile combined with profitability. With regard to other non-current assets and production capacity, the management believes that the Group has no need for special investments over and above what follows from the growth in turnover.

The interest rate used for discounting the cash flows is 12.6 % before tax (WACC). A risk-free interest rate of 4.2 %, plus a risk premium of 5.0 %, has been used to calculate the discount rate.

Sensitivity analysis for key assumptions

The calculated value of the individual cash-generating units exceeds the book value with a relatively good margin at the end of 2009. Based on the existing knowledge, the Company's management believes that moderate changes in the key assumptions for the calculation of recoverable amounts will probably not necessitate the recognition of an impairment loss. A long-lasting economic downturn with little or no growth could possibly necessitate the need for the recognition of an impairment loss in connection with future assessments.

NOTE 13 SUBSIDIARIES

Significant subsidiaries

Company	Date acquired	Business address	Ownership stake	Voting share	Primary activity
AF Gruppen Norge AS	05.09.85	Oslo	100 %	100 %	Civil engineering, building, property development
AF Bygg Göteborg AB	01.07.01	Gothenburg	100 %	100 %	Building and property development
Kilen Brygge AS	15.03.05	Sandefjord	100 %	100 %	Building and property development
AF Brødrene Glomsrød AS	01.09.05	Halden	100 %	100 %	Building and property development
Pålplintar i Sverige AB	14.01.00	Södertälje	100 %	100 %	Foundation work
AF Energi & Miljøteknikk AS	31.05.06	Asker	100 %	100 %	Energy efficiency
Mollier AS [1]	12.10.07	Sandnes	100 %	100 %	Energy efficiency
Aeron AS	01.07.08	Flekkefjord	100 %	100 %	Energy efficiency
AF Decom AS [2]	01.01.09	Oslo	100 %	100 %	Demolition
AF Decom Offshore AS [2]	01.01.09	Oslo	100 %	100 %	Demolition
Palmer Gotheim Skiferbrudd AS	01.01.07	Oppdal	100 %	100 %	Slate quarry

[1] AF Gruppen Norge purchased the remaining 49 % in the company in 2009

[2] The companies were established as separate entities upon the spin-off of the enterprises from AF Gruppen Norge AS, effective 1 January 2009.

NOTE 14 JOINT VENTURES

The Company has the following significant interests in joint ventures:

Company	Acquisition date	Business office	Voting share	Ownership stake
Kjørbokollen Utbygging AS	02.09.99	Bærum	50.0 %	50.0 %
Ørebekkstranda AS	30.01.06	Råde	50.0 %	50.0 %
Karlstadgata Utbygging ANS	29.04.05	Oslo	50.0 %	50.0 %
BA Gjenvinning AS	01.01.03	Oslo	50.0 %	50.0 %
Svensk Kross & Återvinning AB *	17.04.02	Nibble (S)	50.0 %	50.0 %
AFS-PIHL GROUP ANS	10.07.02	Oslo	50.0 %	50.0 %

* The company Svensk Kross & Återvinning AB was sold with effect in the accounts from 1 July 2009.

The AF Group's share of joint ventures is recognised using the gross method with a proportionate share item by item in the enterprises' accounts.

The amounts below have been included in the Group's accounts and adjusted for eliminations:

Amounts in NOK 1,000	**2009**	**2008**
Non-current assets	3,933	11,174
Current assets	7,489	27,935
Non-current liabilities	-2,000	-4,302
Current liabilities	-3,925	-9,634
Net assets	**5,497**	**25,173**
Revenues	17,232	57,202
Expenses	-16,861	-51,580
Profit before tax	**371**	**5,622**

NOTE 15 INVESTMENTS IN ASSOCIATES

Beløp i NOK 1,000

Reconciliation of book value	**Total**
Book value of investments in associates as at 1 January	31,475
Additions	2,040
Reclassification of investments (note 28)	-4,488
Adjustments through profit and loss	1,309
Share of profit for the year	-1,177
Other equity adjustments	4,415
Impairment losses	-4,859
Currency translation differences	-1,339
Investments in associates as at 31 December 2009	**27,377**

The Group's share of profit, assets and liabilities in associates.

Company	Acquisition date	Business office	Ownership stake/ voting share
Romerike Boligutvikling AS	02.11.93	Lillestrøm	40.00 %
Randemjordet AS	10.08.05	Bodø	49.00 %
Sandakerveien 99B AS	20.08.07	Oslo	33.33 %
Sandakerveien 99B KS	20.08.07	Oslo	30.00 %
Grefsenkollvn. 16 AS	09.11.07	Oslo	33.33 %
Grefsenkollvn. 16 KS	09.11.07	Oslo	30.00 %
Vici Ventus Technology AS	26.09.09	Stavanger	33.33 %
Skummeslövsgården AB	01.02.07	Gothenburg	38.00 %
Vestra Sandarna Fastighetsutv.	01.01.08	Gothenburg	25.00 %
Surte Tower AB	01.12.09	Gothenburg	50.00 %

Investment in associates are accounted for in accordance with the equity method. The value of the companies consists primarily of land and project investments. Impairment is assessed on an ongoing basis.

With regard to Sandakerveien 99B KS, there is a contingent liability related to partnership capital of NOK 13,500,000 that has not been called up.

cont. note 15

Amounts in NOK 1,000

Company	Assets	Liabilities	Equity	Revenues	Earnings	Book value
Romerike Boligutvikling AS	9,228	6,894	2,334	26,269	1,197	2,334
Randemjordet AS	8,997	6,703	2,295	445	-112	2,295
Sandakerveien 99B AS	2,098	4	2,093	-	-165	2,093
Sandakerveien 99B KS	54,117	4,943	4,623	1,535	-196	4,623
Grefsenkollvn, 16 AS	2,445	13	2,432	-	48	2,432
Grefsenkollvn, 16 KS	21,156	15,759	5,397	-	-1,259	5,397
Vici Ventus Technology AS	1,619	143	1,476	-	-439	1,476
Skummeslövsgården AB	5,660	26	5,634	7	-251	6,633
Vestra Sandarna Fastighetsutv.	40	20	20	411	-	20
Surte Tower AB	41	-	41	-	-	41
Others	-	-	-	-	-	31
Total	**105,401**	**34,505**	**26,345**	**28,667**	**-1,177**	**27,377**

NOTE 16 INVENTORIES

Amounts in NOK 1,000	2009	2008
Spare parts and project inventories	25,283	54,259
Raw materials	32,856	31,843
Finished products	17,670	12,879
Total inventories	**75,809**	**98,981**

Inventories mainly consist of spare parts, project inventories, and raw materials for use in production. Inventories are valued at cost or fair value on the balance sheet date, whichever is the lower. Inventories were not subject to impairment in 2009 or 2008.

NOTE 17 PROJECTS FOR OWN ACCOUNT

Amounts in NOK 1,000	2009	2008
Projects in progress	11,852	110,743
Residential housing units for sale	152,621	186,685
Impairment of housing units for sale	-	-7,174
Land for development	92,090	86,987
Total projects for own account	**256,563**	**377,241**
Of which capitalised interest	6,971	10,335
Interest rate for capitalised interest	4 %	4 %

Projects in progress represent housing units under construction. A total of 75 (77) completed residential housing units were unsold as at 31 December 2009, and 43 units were leased temporarily at the end of 2009.

Land for development represents sites and building rights for which no decision on development has yet been taken. These sites can be used to build approximately 644 (685) residential housing units and 22,200 m^2 (22,200) of commercial space. Inventories are valued at cost or the expected selling price, whichever is the lower, less the estimated selling costs on the balance sheet date.

NOTE 18 PROJECTS IN PROGRESS

Amounts in NOK 1,000	Note	2009	2008
Contracts in progress at year end			
Unearned revenue invoiced			
Recognised as revenue under projects in progress		3,721,463	3,471,881
Invoiced on projects in progress		-4,260,450	-3,793,944
Total unearned revenue invoiced		**-538,986**	**-322,062**
Distribution in the balance sheet			
Production invoiced in advance included in trade receivables	19	-234,129	-121,805
Production invoiced in advance included in other current liabilities	27	-304,857	-200,257
Total unearned revenue invoiced		**-538,986**	**-322,062**
Earned revenue not invoiced			
Recognised as revenue under projects in progress		2,562,249	1,757,829
Invoiced on projects in progress		-2,348,652	-1,669,521
Total earned revenue not invoiced	19	**213,596**	**88,308**
Credit balances with customers	19	**218,874**	**210,236**
Recognised in the income statement under projects in progress:			
Accumulated revenue		7,279,266	5,229,710
Accumulated project contributions		652,901	398,175
Production outstanding on onerous contracts [1)]		177,903	283,343

[1)] Expected loss on production outstanding on onerous contracts is recognised in the income statement

NOTE 19 TRADE AND NON-INTEREST-BEARING RECEIVABLES

Amounts in NOK 1,000	Note	2009	2008
Trade receivables		933,598	1,311,608
Earned revenue, not invoiced on projects in progress	18	213,596	88,308
Unearned revenue, invoiced on projects in progress	18	-234,129	-121,805
Credit balances with clients	18	218,874	210,236
Tax paid in advance		2,303	-
Value-added tax and other public charges paid in advance		1,735	-
Prepaid expenses		9,781	-
Other current non-interest-bearing receivables		46,310	63,460
Provisions for bad debt		-4,638	-2,933
Total trade and non-interest-bearing receivables	28	**1,187,430**	**1,548,874**
Change in provisions for impairment linked to trade receivables:			
1 January		**-2,933**	**-500**
Bad debts		33	2,307
Reversal of last year's provisions		-	-
Provisions for the year	6	-1,738	-4,740
31 December		**-4,638**	**-2,933**

Provisions for bad debt only covers provisions related to the customers' ability to pay. Other risk related to trade receivables is considered in the assessment of each project. Amounts posted to the provisions account are written off when there is no expectation of collecting additional cash.

NOTE 20 RESTRICTED FUNDS

Restricted funds in liquid reserves as at 31 December 2009 totalled NOK 2,082,000 (2,441,000). The AF Group has provided a bank guarantee of NOK 50 million as security for tax withholding funds in the Group.

NOTE 21 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital consists of:	Number	Par value	Book value
A shares	14,099,188	0.25	3,524,797
A shares after the split (18 January 2010)	70,495,940	0.05	3,524,797

		Number of shares	
Shareholder	**% of total**	**Before split**	**After split**
Shareholders with a stake > 1 %			
KB Gruppen Kongsvinger AS	25.0 %	3,531,047	17,655,235
P O A A/S	15.1 %	2,135,780	10,678,900
OBOS Forretningsbygg AS	13.8 %	1,939,266	9,696,330
LJM A/S	7.8 %	1,102,780	5,513,900
Moger Invest AS	6.7 %	946,329	4,731,645
Aspelin-Ramm Gruppen AS	5.8 %	818,408	4,092,040
Skogheim, Arne	2.4 %	339,544	1,697,720
Staavi, Bjørn	2.1 %	294,372	1,471,860
Citibank N.A.	1.3 %	177,800	889,000
Evensen, Jon Erik	1.0 %	142,000	710,000
Shareholders with a stake > 1 %	**81.0 %**	**11,427,326**	**57,136,630**
Total other shareholders	**19.0 %**	**2,671,862**	**13,359,310**
Total outstanding shares	**100.0 %**	**14,099,188**	**70,495,940**

Shares and options owned by senior executives as at 31 December 2009

		Number of shares	
Board of Directors		**Before split**	**After split**
Peter Groth [1]	Elected by shareholders (alternate member)	2,300	11,500
Carl Henrik Eriksen [2]	Elected by shareholders	-	-
Tore Thorstensen [3]	Elected by shareholders	2,300	11,500
Torstein Lange-Larssen	Elected by employees	15,441	77,205
Total		**20,041**	**100,205**

[1] Represents, in addition to his own shares, Aspelin-Ramm Utvikling AS, which owns 4,092,040 shares and the company Ringkjøb Invest, which owns 76,355 shares.

[2] Represents OBOS Forretningsbygg AS, which owns 9,696,330 shares.

[3] Represents, in addition to his own shares, KB Gruppen Kongsvinger AS, which owns 17,655,235 shares, and the company Tokanso AS which owns 172,000 shares.

		Number of options	Number of options
Board of Directors		**Before split**	**After split**
Rune Dale	Elected by employees	1,500	7,500
Arne Røthe	Elected by employees	750	3,750

		Number of shares	Number of shares
Corporate Management Team		**Before split**	**After split**
Pål Egil Rønn	CEO	29,655	148,275
Sverre Alf Hærem	Executive Vice President/CFO	12,700	63,500
Robert Haugen	Executive Vice President	25,770	128,850
Tore Fjukstad	Executive Vice President	10,800	54,000
Jørgen Hals	Executive Vice President	6,000	30,000
Arild Moe	Executive Vice President	50,664	253,320
Total		**135,589**	**677,945**

		Number of options	Number of options
Corporate Management Team		**Before split**	**After split**
Pål Egil Rønn	CEO	14,000	70,000
Sverre Alf Hærem	Executive Vice President/CFO	12,000	60,000
Robert Haugen	Executive Vice President	12,000	60,000
Tore Fjukstad	Executive Vice President	12,000	60,000
Jørgen Hals	Executive Vice President	12,000	60,000
Arild Moe	Executive Vice President	6,000	30,000
Total		**68,000**	**340,000**

The Board is authorised to acquire up to 10 % of the share capital. This authority is valid until the 2010 Annual General Meeting, which is scheduled for 28 May 2010. An option scheme for all employees of AF Gruppen ASA and subsidiaries was approved at an Extraordinary General Meeting held on 4 January 2008. The maximum number of options that can be granted is 12,500,000 (after the split).

NOTE 22 TREASURY SHARES

Amounts in NOK 1,000

Share transactions	2009	2008
Number acquired	55,600	166,300
Acquisition cost	**6,781**	**20,663**
Number sold to employees	51,400	130,700
Shares forming part of consideration for acquisition of companies (number)	18,221	90,100
Sales proceeds	**6,505**	**29,244**
Number of treasury shares as at 31 December	50,009	64,030
Nominal value of treasury shares (NOK 0.25 each)	13	16

Transactions recognised directly in equity are specified in the "Consolidated statement of changes in equity".

Shares sold in 2009	
Sales to employees (number)	51,400
Acquisition of companies (number)	18,221
Sales proceeds for both categories above	6,505,417
Purchase price for shares sold	7,661,473
Loss on shares sold in 2009	**-1,156,056**

NOTE 23 RETIREMENT BENEFITS

The Norwegian companies in the Group are obligated to have an occupational pension scheme in accordance with the Norwegian Mandatory Occupational Pensions Act. The Group's pension schemes satisfy the requirements of the Act.

Defined-contribution plan

A defined-contribution pension scheme for all employees born in or after 1952 or employed in or after 2003 has been established for the Group's employees in Norway. Up until 30 June 2008 the contributions constituted 3.5 % of pay > 2G < 6G and 7% of pay > 6G < 12G, where G is the National Insurance base amount. With effect from 1 July 2008 the contributions have changed to 4 % of pay > 1G < 6G and 8 % of pay > 6G < 12G, with the employee paying 2 % of pay up to a maximum of half the contribution. Contributions to defined-contribution schemes are recognised in the income statement in the year to which they apply.

Defined-benefit pension plan

The Group has a collective pension scheme for employees born in or before 1951 that is defined as a defined-benefit plan. The scheme only covers retirement pensions. The plan aims to pay benefits of 60 % of the pay level up to 12G (G is National Insurance base amount) at retirement. This benefit level is based on a 30-year qualification period. The retirement age is 67 and there is a 15-year payment period. Parts of the retirement benefit payments are covered by the Norwegian National Insurance Scheme and expected payments from this scheme. The remainder is financed by funds in insurance companies. At the end of 2009 there were 102 (113) active participants in the scheme and 91 (93) pensioners.

All employees in Norway are also entitled to retire with an AFP early retirement pension in accordance with a collective agreement between the Norwegian Federation of Trade Unions (LO) and the Confederation of Norwegian Enterprise (NHO). The pension period is from 62 to 67 years of age and the Group's co-payment is 25 %. Future liabilities associated with this scheme are financed by the operations and are unfunded. At the end of the year the Group had 22 (20) AFP pensioners. The expense for the year and future liabilities associated with this scheme have been included in the statement below.

Employees in Sweden are members of two defined-benefit multi-company schemes that are recognised under the defined-contribution scheme (see note on accounting policies). In 2009 the schemes covered 171 (223) people.

Retirement benefit expense for the year has been calculated as follows:

Amounts in NOK 1,000	**2009**	**2008**
Present value of current year's pension accruals	2,898	3,076
Interest expense on incurred pension liabilities	3,461	3,949
Expected return on pension plan assets	-5,286	-4,052
Social security costs	1,230	419
Actuarial gains/losses recognised in the income statement	566	77
Total	**2,869**	**3,469**
Defined-contribution pension, Norway *	24,220	26,818
Contributions to pension schemes, Sweden *	5,207	4,832
Other retirement benefit costs *	355	6,986
Service cost for the year	**32,651**	**42,105**

* Exclusive of social security costs

The service cost for the year is based on financial assumptions at the start of the year, while the balance sheet status is based on financial assumptions at the end of the year.

cont. note 23

Retirement benefit obligations and plan assets	2009 Funded	2009 Unfunded	2009 Total	2008 Funded	2008 Unfunded	2008 Total
Amounts in NOK 1,000						
Change in gross retirement benefit obligations						
Gross retirement benefit obligations as at 1 January	80,496	2,392	82,888	81,691	2,930	84,621
Present value of current year's accruals	2,898	-	2,898	3,076	-	3,076
Interest expense on retirement benefit obligations	3,381	80	3,461	3,834	115	3,949
Actuarial gains/losses	41	1,680	1,721	-4,464	411	-4,053
Retirement benefit payments, excl. social security costs	-3,513	-1,321	-4,834	-3,641	-1,064	-4,705
Gross retirement benefit obligations as at 31 December	**83,303**	**2,831**	**86,134**	**80,496**	**2,392**	**82,888**
Change in gross plan assets						
Fair value of plan assets as at 1 January	85,728	-	85,728	75,148	-	75,148
Expected return on plan assets	5,286	-	5,286	4,052	-	4,052
Actuarial gains/losses	-392	-	-392	-2,910	-	-2,910
Premium payments	5,630	-	5,630	13,079	-	13,079
Retirement benefit payments	-3,513	-	-3,513	-3,641	-	-3,641
Fair value of plan assets as at 31 December	**92,739**	**-**	**92,739**	**85,728**	**-**	**85,728**
Net retirement benefit obligations	-9,436	2,831	-6,605	-5,232	2,392	-2,840
Social security costs	-	399	399	-	337	337
Deviations from estimates not recognised in the income statement	-4,799	-2,156	-6,955	-4,792	-805	-5,597
Net book retirement benefit obligations (plan assets) as at 31 December	**-14,235**	**1,074**	**-13,161**	**-10,024**	**1,924**	**-8,100**
Actual return on plan assets	4,894	-	4,894	1,142	-	1,142
Expected premium payment for next year	4,473	-	4,473	8,643	-	8,643
Expected benefit payments for next year	-3,559	-1,337	-4,896	-3,714	-1085	-4,799
Changes in obligations						
Net book retirement benefit obligations as at 1 January	-10,024	1,924	-8,100	1,610	2,958	4,568
Retirement benefit expense recognised in the income statement	2,212	657	2,869	3,289	180	3,469
Premium payments, incl. social security costs	-6,423	-	-6,423	-14,923	-	-14,923
Retirement benefit payments, unfunded schemes	-	-1,507	-1,507	-	-1214	-1,214
Net book retirement benefit obligations (plan assets) as at 31 December	**-14,235**	**1,074**	**-13,161**	**-10,024**	**1,924**	**-8,100**
Book retirement benefit obligations as at 31 December	**-**	**1,074**	**1,074**	**-**	**1,924**	**1,924**
Book plan assets as at 31 December	**14,235**	**-**	**14,235**	**10,024**	**-**	**10,024**

Development	2009	2008	2007	2006	2005
Gross retirement benefit obligations as at 31 December	86,134	82,888	84,621	75,887	74,064
Fair value of plan assets as at 31 December	92,739	85,728	75,148	74,083	68,778
Net retirement benefit obligations as at 31 December, excl. social security costs	**-6,605**	**-2,840**	**9,473**	**1,804**	**5,286**
Actuarial gains/losses on retirement benefit obligations	1,721	-4,053	6,698	-143	-4,690
Actuarial gains/losses on plan assets	-392	-2,910	-5,159	1,654	-18,324

cont. note 23

In accordance with the transitional rules relating to the amendment of IAS 19 in December 2004 the above information has been established prospectively from the 2005 financial year.

Assumptions for actuarial calculations	31.12.09	31.12.08/ 01.01.09	31.12.07/ 01.01.08
Discount rate	4.40 %	4.30 %	4.80 %
Return on plan assets *	5.60 %	6.30 %	5.80 %
Pay growth	4.00 %	4.25 %	4.50 %
Adjustment of National Insurance base amount (G)	4.00 %	4.25 %	4.25 %
Adjustment of retirement benefits	1.30 %	2.00 %	2.00 %
Turnover	10.00 %	10.00 %	10.00 %
Disability	**	**	**

* Based on historical return for Norwegian life insurance companies.
** K2005 adjusted for observed development.

	2009		2008	
Life expectancy	**Men**	**Women**	**Men**	**Women**
Age 65	82.60	84.89	82.60	84.89
Age 45	77.10	82.42	77.10	82.42
Age 40	76.76	82.18	76.76	82.18

Distribution of plan assets by investment category

	31.12.09	31.12.08
Equities	7.0 %	6.0 %
Property	21.0 %	23.0 %
Non-current bonds	45.0 %	48.0 %
Current bonds	26.0 %	22.0 %
Other	1.0 %	1.0 %
	100.0 %	**100.0 %**

NOTE 24 INTEREST-BEARING LOANS AND CREDITS

Amounts in NOK 1,000	Effective interest rate	2009	2008
Bank overdraft [1]	3.0 %	-	62,622
Building loans and other bank loans	3.5 %	50,009	145,434
Financial lease liabilities	2.9 %	34,630	58,707
Other liabilities	4.5 %	5,781	6,617
Loans related to acquisition of enterprises	3.5 %	4,207	188,232
Total interest-bearing loans and credits		**94,627**	**461,612**
Current liabilities		**72,740**	**351,578**
Non-current liabilities		**21,887**	**110,034**
Liabilities mature as follows:			
Liabilities maturing within 1 year		72,740	351,578
Liabilities maturing in between 1 and 5 years		21,553	52,555
Liabilities maturing in more than 5 years		334	57,479
Total		**94,627**	**461,612**

[1] At the end of 2009 the Group had an unutilised bank overdraft facility linked to a corporate cash pooling system of NOK 541 million (326). Total unutilised credit lines for bank loans including bank overdraft facilities was NOK 900 million (846) at the end of 2009.

cont. note 24

Financial lease liabilities are due for repayment as follows:

2009	0-1 years	1-5 years	After 5 years	Total
Repayment	16,846	17,450	334	34,630
Interest	760	1,076	5	1,841
Minimum payment	**17,606**	**18,526**	**339**	**36,471**

2008	0-1 years	1-5 years	After 5 years	Total
Repayment	23,452	33,623	1,632	58,707
Interest	3,268	4,277	91	7,636
Minimum payment	**26,720**	**37,900**	**1,722**	**66,343**

See note 28 for further information.

As at 31 December the interest rate for bank overdrafts is the 1-week NIBOR + 1.15 % = 1.85 % + 1.15 % = 3.0 %.

NOTE 25 LEASES

Group as lessee
The Group has entered into various operating leases for machinery, offices and other facilities. The majority of the non-terminable leases have an extension option.

The leases do not contain restrictions regarding the Group's dividend policy or financing options.

The Group has the following future minimum liabilities related to non-terminable operating leases as at 31 December

Amounts in NOK 1,000	2009	2008
Minimum liabilities - operating leases		
Machinery and vehicles		
Leasing of machinery, due in year 1	70,094	55,334
Leasing of machinery, due in years 1-5	171,158	146,256
Leasing of machinery, due after 5 years	15,625	12,917
Total	**256,877**	**214,507**
Office rent, installations and furnishings		
Rent due in year 1	43,798	25,418
Rent due in years 1-5	195,604	160,609
Rent due after 5 years	380,808	356,246
Total	**620,209**	**542,273**
Totalt		
Operating lease liabilities due within 1 year	113,891	80,752
Operating lease liabilities due in 1-5 years	366,762	306,865
Operating lease liabilities due after 5 year	396,432	369,163
Total operating lease liabilities	**877,086**	**756,780**

New offices at Helsfyr, number of square metres	13,000
Rent per square metre (NOK)	1,750
Annual rent (NOK)	22,750,000
Rental period (years)	15
Minimum contractual payment (NOK)	341,250,000

In 2007 a 15-year lease was entered into for new office premises at Helsfyr in Oslo. The lease will run from 2010 to 2025 and covers an area of approximately 13,000 square metres. The total minimum payment under the lease is NOK 341,250,000.

Some of the assets leased under non-terminable operating leases are subleased. The figures for non-terminable leases are shown net of deductions for sublease income. Non-terminable operating leases are agreed for an average period of 5-10 years for offices and 3-5 years for machinery. Lease agreements normally contain a right to extend the term of the lease. For offices leases, the agreements normally contain a clause for renewal at market rent once the minimum term expires.

An expense of NOK 267.1 million (248.5) is recognised in the consolidated income statement for operating leases for 2009, including NOK 57.8 million (40.6) in rent. Operating leases primarily consist of rent under non-terminable leases, machine hire under non-terminable leases, and short-term terminable leases for machinery and equipment.

cont. note 25

Minimum liabilities - financial leases

Machinery and vehicles	2009	2008
Leasing of machinery, due in year 1	18,193	23,452
Leasing of machinery, due in years 1-5	16,324	33,623
Leasing of machinery, due after 5 years	334	1,632
Total liabilities financial leases	34,851	58,707
Future financial expenses on financial leases	222	-
Present value of financial leases	**34,629**	**58,707**

Group as lessor

Revenue of NOK 16.7 million (7.5) is recognised in the consolidated income statement for operating leases in 2009. Lease income consists mainly of the short-term rent for offices. Minimum sublease income is:

Sublease of offices	2009
Sublease rent due in year 1	2,027
Sublease rent due in years 1-5	1,957
Sublease rent due after 5 years	-
Total	**3,984**

NOTE 26 PROVISIONS

	Provisions for warranty work	Other provisions	Rent provisions	Total
As at 1 January 2009	44,872	11,122	1,296	57,290
Reversal of previous provisions	-36,172	-5,788	-1,296	-43,256
Additional provisions/adjustments	34,500	10,900	-	45,400
Used during the year	-6,220	-	-	-6,220
Foreign exchange differences	-220	-	-	-220
As at 31 December 2009	**36,760**	**16,234**	**-**	**52,994**

Classification in the balance sheet	2009	2008
Non-current liabilities	-	3,108
Current liabilities	52,994	54,182
	52,994	**57,290**

Provisions for warranty work represent the management's best estimate of the warranty liability for ordinary building and civil engineering projects and warranty liability under the Housing Construction Act. The warranty period is normally 3-5 years. The provisions include completed projects and are based on experience.

NOTE 27 TRADE PAYABLES AND NON-INTEREST-BEARING LIABILITIES

Amounts in NOK 1,000	Note	2009	2008
Trade payables		685,737	1,056,651
Public liabilities		73,467	123,511
Advances from customers	18	304,857	200,257
Accrued holiday pay, incl. social security costs		131,012	132,974
Other current liabilities and accruals		519,722	211,290
Total trade payables and non-interest-bearing liabilities		**1,714,795**	**1,724,683**

Trade payables and other current liabilities consist primarily of liabilities linked to purchases, advances on construction contracts, employee benefits, value-added tax and other public liabilities.

NOTE 28 FINANCIAL RISK AND FINANCIAL INSTRUMENTS

Financial risk
The Group is exposed to the following risks through the use of financial instruments:

(1) Credit risk
(2) Market risk
  (2.1) Interest rate risk
  (2.2) Currency risk
  (2.3) Other price risks
(3) Liquidity risk

This note provides information on exposure to each of the above risks and the goals, principles and processes for measuring and managing them. Further quantitative information is included elsewhere in the consolidated financial statements.

The Board has the overall responsibility for establishing and supervising the Group's risk management framework. Risk management principles have been established in order to identify and analyse the risk to which the Group is exposed, set limits for acceptable risk and relevant controls, monitor risk, and comply with the limits. Risk management principles and systems are reviewed regularly to reflect changes in activities and the market conditions. Through training, standards and procedures for risk management, the Group aims to develop a disciplined and constructive environment of control, in which every employee understands his/her roles and duties.

The Group uses financial instruments, such as bank loans and settlement agreements, in connection with the acquisition of companies. The purpose of these financial instruments is to raise capital for investments needed for the Group's activities. The Group also has financial instruments such as trade receivables, trade payables, forward exchange contracts, etc., which are directly linked to the day-to-day operation of the business.

(1) Credit risk
Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument does not manage to fulfil his contractual obligations. Credit risk is usually a consequence of the Group's trade receivables.

Trade and other receivables
The management has established guidelines to ensure that granting credit and exposure to credit risk are monitored continuously.

The Group is mainly exposed to credit risk related to trade and other current receivables. The Group's exposure to credit risk is principally affected by individual circumstances relating to a particular customer. Other circumstances, such as the demographics of the customer base, geographical factors, etc. have little affect on the credit risk.

The amounts in the balance sheet are net of provisions for anticipated losses. Provision is made for losses when there is objective evidence that a credit risk can be expected to result in a loss. If a credit risk is identified on the contract date, the Company will ask for a bank guarantee as security for payment in accordance with the contract.

The Group's largest customers are the Norwegian Public Roads Administration, Statoil, and other oil companies on the Norwegian Continental Shelf. These customers are either government agencies or they have high international credit rankings, and the management believes that the credit risk these customer represent is minimal. In accordance with the Norwegian standard for building and construction contracts, the customer must provide security of 15 to 17.5 % of the contract price for fulfilment of his contractual obligations. The contractor is not obligated to start work on a contract before he receives security from the customer.

The remaining credit risk of the Group is spread over a large number of contract partners and homebuyers. Homebuyers always pay a deposit of at least 10% of the purchase price when entering into a purchase contract. The Company has a vendor's fixed charge on sold residential housing units. The credit risk is spread over a large number of homebuyers and is considered low.

Historically, the Group's losses on receivables have been insignificant.

Cash, cash equivalents and money market investments
Investments in money market funds, certificates, etc., are permitted only in the case of liquid securities and only with counterparties with good creditworthiness. The credit risk linked to cash and cash equivalents is limited, as the counterparties are banks with a high credit ranking that is assessed and published by international credit rating institutes such as Moody's and Standard & Poors. The strict creditworthiness requirements mean that counterparties are expected to fulfil their obligations.

cont. note 28

The tables below show the maximum credit exposure. The maximum credit exposure corresponds to book value.

Amounts in NOK 1,000	2009	2008
Financial assets		
Interest-bearing receivables (non-current)	44,304	22,702
Other receivables (non-current)	597	8,495
Trade and non-interest-bearing financial receivables	1,192,068	1,551,807
Interest-bearing receivables	11,877	12,290
Cash and cash equivalents	223,206	129,909
	1,472,052	**1,725,203**

Maximum exposure to credit risk in respect of trade receivables on the balance sheet date according to customer type:

Amounts in NOK 1,000	2009	2008
Trade receivables - customer type		
Projects for clients and other trade receivables	915,687	1,300,479
Projects for own account	17,911	11,129
	933,598	**1,311,608**

Maximum exposure to credit risk in respect of trade receivables on the balance sheet date according to age (impairment loss):

Amounts in NOK 1,000	2008	2008
Trade receivables - age distribution		
1-30 days overdue	99,690	365,939
31-60 days overdue	36,884	20,986
61-90 days overdue	16,363	11,804
91-120 days overdue	10,989	1,312
More than 120 days overdue	168,144	270,191
Total receivables overdue, but not written down	332,070	670,232
Receivables not yet due	601,528	641,376
Total receivables not written down	**933,598**	**1,311,608**

A relatively large proportion of trade receivables are more than 120 days overdue. This is linked to the complexity of the final account for the projects. The final account lists all the work performed under the contract against the contract prices. In addition, the actual work performed will normally include items that are not described in the contract, and the parties have to reach an agreement on how to calculate the price and quantity of such items. This work normally takes several months and, in the case of complex contracts, can take up to a year. Impairment due to unwillingness or inability to pay is rare. Changes in the value of receivables are primarily due to changes in project revenue estimates and are entered as an adjustment to project revenue.

(2) Market risk

(2.1) Interest rate risk

The Group is exposed to interest rate risk for building activities and, especially for, home building for own account, in which the general interest rate level will have an impact on the saleability of completed homes and consequently the Group's tied-up capital. The Group endeavours to minimise this risk by requiring advance sales of housing units and deposits from homebuyers. The AF Group's financing is based on variable interest rates and the Group is, therefore, exposed to interest rate risk. See also the description in note 24.

The Group does not use derivatives to adjust effective interest rate exposure.

cont. note 28

The average effective interest rate for financial instruments at the end of the year was as follows:

Amounts in NOK 1,000	2009 (%)	2008 (%)
Cash and cash equivalents	1.6	3.6
Bank overdraft facilities	3.0	4.4
Building loans	3.5	4.7
Financial leases	2.9	5.4
Other non-current liabilities	3.5-4.5	6.0-11.6

At the end of the year the Group's interest-bearing financial instruments were as follows:

	Book value	
Amounts in NOK 1,000	2009	2008
Variable-rate instruments		
Financial assets	279,387	164,901
Financial liabilities	-94,627	-461,612
Net	**184,761**	**-296,711**

The Group has not entered into any agreements related to fixed-rate financial assets or liabilities.

A change in the interest rate by 10 % before tax on the balance sheet date would have increased/reduced the earnings impact (after tax) by NOK 223,000 or -223,000 after tax. The analysis assumes that other variables remain constant.

(2.2) Currency risk

Changes related to foreign exchange gains and losses
The companies in the AF Group make most of their purchases in their respective functional currencies.

AF Gruppen ASA and AF Gruppen Norge AS have raised loans and have deposits in Euro, GBP and SEK. If the functional currency had weakened/strengthened 10 % against these currencies, the earnings after tax would have been NOK 9.8 million lower/higher in 2009.

Changes linked to translation differences related to equity
If the functional currency had weakened/strengthened 10 % against other currencies, primarily SEK, this would have entailed an increase/reduction in the book equity as at 31 December 2009 by NOK 14.5 million.

Changes related to the translation of the earnings after tax
If the functional currency had weakened/strengthened 10 % against other currencies, primarily SEK, the earnings after tax would have been NOK 0.5 million lower/higher in 2009.

Forward exchange contracts
The AF Group has contract revenue, other revenue and expenses in Swedish kronor, Euros, US dollars and British pounds. To protect itself against foreign currency exposure, the AF Group has entered into forward exchange contracts to reduce the currency risk.

Fair value of forward exchange contracts entered into as at 31 December 2009:

Financial derivatives (assets)	7,458
- Of which current	7,107

The AF Group has no other financial derivatives or hedging instruments as at 31 December 2009.

(2.3) Other price risks

	2009	2008
Financial assets		
Market-based shares (fair value through profit or loss)	3,000	1,225

The shares are recognised At fair value through profit or loss. Impact on earnings is recognised on a current basis.

(3) Liquidity risk

Liquidity risk is the risk that the Group will not be able to service its financial obligations when they are due. The Group's strategy for handling liquidity risk is to have sufficient cash and cash equivalents at all times in order to fulfil its financial obligations when due, in both normal and extraordinary circumstances, without risking unacceptable losses or damaging its reputation. Unused credit facilities are described below. The management monitors cash and cash equivalents on a weekly basis, as well as the liquidity of the projects on a monthly basis.

Surplus liquidity is mainly deposited in the bank.

The following table provides a summary of the maturity structure of the Group's financial liabilities based on undiscounted contractual payments. In cases where the other contracting party can demand early redemption, the amount is included in the earliest period in which payment can be required by the other party. If liabilities are subject to redemption on demand, they have been included in the first column (under 6 months):

Non-derivative liabilities **Remaining period**

Amounts in NOK 1,000

31.12.2009	Book value	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Contractual cash flows
Drawings on the corporate cash pool	-	-	-	-	-	-	-
Building loans and other bank loans	50,009	25,410	23,700	857	1,242	-	51,209
Financial lease liabilities	34,630	8,674	8,993	4,387	14,139	338	36,531
Other non-current liabilities	5,781	5,846	-	-	-	-	5,846
Loans related to acquisition of enterprises	4,207	2,140	-	2,140	-	-	4,280
Trade payables and other financial debt *	1,510,316	1,510,316	-	-	-	-	1,510,316
Total	**1,604,943**	**1,552,386**	**32,693**	**7,384**	**15,381**	**338**	**1,608,182**
31.12.2008							
Drawings on the corporate cash pool	62,622	62,622	-	-	-	-	62,622
Building loans and other bank loans	145,434	40,901	40,007	6,365	24,003	58,744	170,020
Financial lease liabilities	58,707	13,360	13,360	7,580	30,320	1,722	66,343
Other non-current liabilities	6,617	6,617	-	-	-	-	6,617
Loans related to acquisition of enterprises	188,232	188,819	-	2,210	2,210	-	193,239
Trade payables and other financial debt *	1,267,941	1,267,941	-	-	-	-	1,267,941
Total	**1,729,553**	**1,580,260**	**53,367**	**16,155**	**56,533**	**60,466**	**1,766,781**

See note 24 for information on interest-bearing loans and liabilities in respect of financial leases.

*) Trade payables and other financial liabilities consist of ordinary trade payables and other current liabilities. Financial liabilities include value-added tax that is not due, retirement benefits and other personnel-related costs.

Other note information

No financial assets have been reclassified so that the valuation method is changed from amortised cost to fair value or vice versa.

cont. note 28

Determination of fair value		2009		2008	
Assets/(liabilities)		**Book value**	**Fair value**	**Book value**	**Fair value**
Market-based shares	2)	3,000	3,000	1,225	1,225
Financial assets available for sale	2)	1,282	1,282	-	-
Derivatives	2)	7,458	7,458	-	-
Loans and receivables					
Interest-bearing receivables	4)	56,181	56,181	34,992	34,992
Other non-current receivables	4)	597	597	8,495	8,495
Kunder og ikke rentebærende					
Trade and non-interest-bearing financial receivables (note 19)	3)	1,192,068	1,192,068	1,551,807	1,551,807
Cash and cash equivalents	3)	223,206	223,206	129,909	129,909
Bank overdraft facilities	1)	-	-	-62,622	-62,622
Building loans and other bank loans	5)	-50,009	-50,009	-145,434	-145,434
Loans related to acquisition of enterprises	5)	-4,207	-4,207	-188,232	-188,232
Other non-current liabilities	5)	-5,781	-5,781	-6,617	-6,617
Financial lease liabilities	5)	-34,630	-34,630	-58,707	-58,707
Trade payables and current non-interest-bearing financial debt	4)	-1,510,316	-1,510,316	-1,267,941	-1,267,941
Total		**-121,151**	**-121,151**	**-3,125**	**-3,125**

For a description of the terms and conditions related to pledged assets and guarantees, see further details in note 34.

1) The AF Group has a three-year credit facility of NOK 900 million with Handelsbanken that expires in June 2012.

At the end of the year, the Group had deposits of NOK 180.5 million (-62.6) linked to a corporate cash pooling system. In the corporate cash pooling system AF Gruppen ASA has the direct account with the bank. Other accounts in the corporate cash pooling system are regarded as intercompany balances.

The agreement with Handelsbanken contains financial covenants. The most important covenants dictate an equity ratio > 20 % and net interest-bearing debt/EBITDA < 4. All of the conditions of the loan agreement that relate to the overdraft facility were met at the end of 2009 and 2008.

2) Fair value of market-based shares is based on a specific valuation of the shares' value.

Fair value through profit and loss	**Market-based shares**	**Derivatives**	**Financial assets available for sale***	**Total**
Book value as at 1 January 2009	1,225	-	-	1,225
Additions	-	-	4,488	4,488
Disposals	-306	-	-	-306
Impairment due to distributions from the company	-	-	-3,206	-3,206
Changes in value	2,081	7,458	-	9,539
Book value as at 31 December 2009	**3,000**	**7,458**	**1,282**	**11,740**

* The purpose of the ownership interest in the companies and control of the companies changed during the year, and these have been reclassified from associates to non-current assets available for sale. Financial assets available for sale are classified as non-current investments. All the investments consist of unlisted securities.

The following table presents the Group's assets measured at fair value as at 31 December 2009:

	Level 1	**Level 2**	**Level 3**	**Total**
Market-based shares	3,000	-	-	3,000
Financial assets available for sale	-	-	1,282	1,282
Derivatives	-	7,458	-	7,458
Total	**3,000**	**7,458**	**1,282**	**11,740**

The level refers to the level in the valuation hierarchy in IFRS 7. Level 1 is listed prices, level 2 is values derived directly or indirectly from level 1, and level 3 is based on unobservable input.

3) The fair value of cash and cash equivalents, trade receivables, other current receivables, and trade payables is evaluated as equal to book value based on the short time horizon for this type of financial instrument.

4) Long-term receivables with variable (and fixed) interest rates are valued by the Group based on interest rates, market risk, individual credit ratings, and other risk factors linked to each financial instrument. Based on these assessments, possible provisions for bad debts are made. No discrepancies between book value and fair value had been identified as at 31 December 2009.

5) The fair value of bank loans, other payables and financial leasing liabilities have been estimated by using future cash flows that are based on current market interest rates and the remaining term. All interest-bearing liabilities have a variable interest rate. Building loans are raised to finance the development of projects for own account. Projects for own account are not normally started unless 50 % of the residential housing units have been sold. Projects for own account are often organised in the form of development companies in which the Group owns 50 % of the units/shares. The partners in the development companies are jointly responsible for the development companies' liabilities. The development companies have building loan limits for the financing of all commenced projects. The lending rate for building loans and bank loans in 2009 was linked to the 1-month NIBOR + margin. The margin ranged from 0.4 % to 0.7 %. Loans are included at fair value when they are recognised in the balance sheet for the first time.

   Interest-free loans granted by the seller in connection with the acquisition of companies have been discounted to 12.56 % interest, which is equivalent to AF's WACC before tax. The interest rates in the agreement have been used for other interest-bearing loans from sellers. All loans relating to the acquisition of companies are denominated in NOK.

NOTE 29 CAPITAL MANAGEMENT

The main objective of the Group's management of its capital structure is to maintain a good credit rating for the Group in order to obtain reasonable loan terms from lenders that are proportionate to the business conducted.

The Group manages its capital structure and makes the necessary changes based on a continuous assessment of the economic conditions under which the business is conducted, as well as the short and medium term outlook.

The Group's capital structure is managed by adjusting dividends, buying back treasury shares, reducing the share capital or issuing new shares. No changes were made to the guidelines in 2007-2008-2009.

The Group monitors its capital structure by reviewing the debt ratio, which is defined as net interest-bearing debt divided by the shareholders' equity. The Group's policy is to have a debt ratio between 20 % and 50 %.

Net interest-bearing debt is defined as interest-bearing debt including retirement benefit obligations less interest-bearing receivables, including pension plan assets, short-term investments and cash. Shareholders' equity comprises total equity, including minority interests.

Beløp i NOK 1,000	**2009**	**2008**
Interest-bearing liabilities*	94,627	461,612
Interest-bearing liabilities*	-56,181	-34,992
Cash and cash equivalents	-223,206	-129,909
Net interest-bearing liabilities	**-184,761**	**296,711**
Total shareholders' equity, including minority interests	**914,819**	**740,847**
Total shareholders' equity and non-interest-bearing liabilities	**730,057**	**1,037,558**
Debt-to-equity ratio	**-25.3 %**	**28.6 %**

* Interest-bearing liabilities and receivables do not include pension liabilities and assets.

NOTE 30 CONTINGENCIES

The performance of building and civil engineering assignments occasionally leads to disagreements/disputes between the contractor and client regarding how to understand the underlying contract. The Group prefers to resolve such disagreements/disputes through negotiation outside the courts. At the end of 2009, the AF Group is only involved in the following lawsuits of special significance:

Raunes Fiskefarm summoned AF Gruppen Norge in connection with the expansion of the Vats Disposal Yard. On 8 October 2009 the Haugaland District Court delivered its verdict in the case and ordered AF to pay NOK 40 million in compensation. The case has been appealed and a new hearing has been scheduled for the autumn of 2010.

NOTE 31 CHANGES IN THE GROUP'S STRUCTURE

Legal changes in the corporate structure in 2009:
The AF Group's strategy is to cultivate the Civil Engineering, Building, Property, Environment and Energy business areas in separate legal entities. The subsidiary AF Gruppen Norge AS has, therefore, spun off the Energy and Environment business areas into separate companies under AF Gruppen ASA with effect from 1 January 2009 in the accounts. AF Decom AS merged with Hagen & Nygård AS with effect from 1 January 2009 in the accounts in accordance with the group and tax continuity rules.

Acquisition of companies in 2009:

Energy business area
The AF Group acquired 100 % of the shares in RCO2 AS on 21 December 2009. RCO2 was consolidated with the Energy business area from the acquisition date. RCO2 possesses unique CO_2 recycling technology. The Company's principal operations are in Norway.

The management believes primarily that the acquisition of RCO2 will result in operational and market synergies through better positioning in the Energy business area by the ability to offer CO_2 recycling services.

The management believes that the acquisition will have a positive impact on future earnings. No cost provisions have been made with respect to the restructuring.

The acquisition in 2009 had the following effect on the AF Group's consolidated financial statements:

Amounts in NOK 1,000 **RCO2 AS**	**Book value as at 21 December 2009**	**Fair value as at 21 December 2009**	**Total fair value**
Deferred tax assets	4,443	4,443	4,443
Receivables	243	243	243
Cash and cash equivalents	327	327	327
Non-current interest-bearing liabilities	-10,000	-	-
Current interest-bearing liabilities	-660	-428	-428
Trade payables	-4,417	-4,417	-4,417
Net identifiable assets and liabilities	**-10,065**	**167**	**167**
Goodwill from acquisition		-	-
Purchase price		**167**	**167**
Cash consideration in 2009		167	167
Transaction costs		-	-
Purchase price		**167**	**167**
Outgoing cash flow and direct costs related to acquisitions in 2009		167	
Cash and cash equivalents received		-327	
Net cash consideration for the acquisition		**-160**	

Turnover and profit before tax in the acquired company:	**RCO2**	**AF Group**	**Total**
Turnover and profit before tax from 1 January 2009 until the acquisition date			
Turnover	978	5,400,967	5,401,945
Profit before tax	-8,437	366,246	357,809
Turnover and profit before tax in 2008			
Turnover	379	5,916,440	5,916,819
Profit before tax	**-6,950**	**307,524**	**300,574**

In April 2009 the AF Group purchased the remaining 49 % of the shares in Mollier AS for NOK 41.7 million with settlement in cash. The shares were purchased in accordance with the option agreement from October 2007. The liability recognised in the balance sheet of NOK 41.7 million for the purchase of shares was accordingly settled. Redeemable shares of NOK 43.6 million were eliminated by the acquisition and equity increased correspondingly. The minority interests were reduced at the same time by NOK 5.3 million and other equity by NOK 38.3 million.

The company Mollier AS acquired the remaining 40 % of the shares in Stavanger Kulde AS in 2009. This resulted in a reduction of the minority interests by NOK 0.4 million.

Sale of companies in 2009:

Environment business area
The AF Group sold 50 % of the shares in the subsidiary Svensk Kross & Återvinnning AB (SKÅAB) for SEK 12 million which corresponds to NOK 10 million, on 1 July 2009.

Amounts in NOK 1,000	**Book value SKÅAB 1 July 2009**
Book value of goodwill	2,408
Equity of SKÅAB as at 1 January 2009	5,021
Profit for the year for SKÅAB AB until date of sale	142
Translation difference related to equity	-839
Translation difference related to goodwill	-364
Net identifiable assets and liabilities	**6,369**
Cash consideration in 2009	10,008
Transaction costs	-
Gain on disposal of subsidiaries	**3,639**

Acquisition of companies in 2008:

Energy business area
The AF Group acquired 100 % of the shares in Aeron AS on 4 July 2008. Aeron was consolidated with the Energy business area from the acquisition date. Aeron is a leading supplier of HVAC (Heating, Ventilation, Air conditioning and Cooling) systems for the marine industry. The company does most of its business in Norway, but also supplies goods and services to shipyards in other countries in Europe, America and Asia.

The management believes primarily that the acquisition of Aeron will provide operational and market-related synergies through better positioning in the Energy business area by the ability to offer services related to the supply of energy systems in the marine sector.

The management believes that the acquisition will have a positive impact on future earnings. No cost provisions have been made with respect to the restructuring. Excess value has been identified in customer relationships. The acquisition was financed with cash and NOK 10 million in the form of 77,639 shares in AF Gruppen ASA. The value of the shares was based on the last transactions observed on the implementation date.

AF also purchased 100 % of two smaller enterprises in the Energy business area in 2008. Tempero Energitjenester AS and the innards of Klima & Kuldservice AS were acquired in January. Both companies were consolidated with the Energy business area with effect from the acquisition date. The companies provide energy-related consultancy services. Excess value has been identified in customer relationships.
The acquisitions were financed with cash. For the acquisition of Tempero Energitjenester, an additional NOK 1.6 million was paid in the form of 12,461 shares in AF Gruppen ASA. The value of the shares was based on the last transactions observed on the implementation date.

Environment business area
The AF Group acquired 100 % of the shares in Hagen & Nygård AS (HN) on 5 May 2008. HN offers concrete sawing, drilling and internal clean-up in Oslo and Akershus, and its head office is located in Nittedal. HN was consolidated with the Environment business area from the acquisition date. Excess value has been identified in buildings.

cont. note 31

The acquisitions in 2008 had the following effect on the AF Group's consolidated financial statements:

		Book value		Adjustment to fair value		
Amounts in NOK 1,000	Note	Aeron AS as at 4 July 2008	Other companies	Aeron AS as at 4 July 2008	Other companies	Total fair value
Buildings	11	-	8,692	-	3,308	12,000
Machinery	11	1,923	5,019	-	-	6,942
Inventories		3,598	261	-	-	3,859
Trade receivables		58,351	13,548	-	-	71,899
Customer relationships	12	-	-	26,343	3,621	29,964
Cash and cash equivalents		16,782	2,084	-	-	18,866
Interest-bearing liabilities		-4,243	-11,986	-	-	-16,229
Non-interest-bearing liabilities		-44,414	-11,989	-	-	-56,403
Current tax payable		-2,837	-	-	-	-2,837
Deferred tax assets		-5,815	160	-7,376	-1,678	-14,709
Net identifiable assets and liabilities		**23,345**	**5,789**	**18,967**	**5,251**	**53,352**
Goodwill from acquisitions	12			186,104	20,926	207,030
Purchase price				**228,416**	**31,966**	**260,382**
Cash consideration in 2008				90,000	23,628	113,628
Transaction costs				848	-	848
Shares in AF Gruppen ASA (treasury shares used)				10,000	1,600	11,600
Estimated additional consideration / seller credit				127,568	6,738	134,306
Purchase price				**228,416**	**31,966**	**260,382**
Outgoing cash flow and direct costs related to acquisitions in 2008				90,848	23,628	114,476
Cash and cash equivalents received				-16,782	-2,084	-18,866
Net outgoing cash flow in 2008				**74,066**	**21,544**	**95,610**

Turnover and profit before tax in the acquired companies:	**Aeron AS**	**Other companies**	**Total**
Turnover and profit before tax from 1 January 2008 until the acquisition date			
Turnover	123,365	15,355	138,720
Profit before tax	**6,400**	**1,115**	**7,515**
Turnover and profit before tax in 2008			
Turnover	362,992	64,004	426,996
Profit before tax	**40,452**	**5,125**	**45,577**

The value of goodwill includes customer relationships, employees with special skills and the expected synergies with the AF Group's existing operations. These intangible assets do not satisfy the recognition criteria contained in IAS 38 and have, therefore, not been recognised separately in the balance sheet.

NOTE 32 RELATED PARTIES

The Group's related parties consist of associates (note 15), joint ventures (note 14), the Company's shareholders represented by the OBOS Group, the Aspelin-Ramm Group, and members of the Board of Directors and Corporate Management Team.

AF Bygg Oslo and AF Byggfornyelse have ongoing contracts with the OBOS Group and Aspelin-Ramm Group. The contracts were won in competition. Representatives of these companies are members of the Board of Directors of AF Gruppen ASA.

Business transactions with related parties:

Amounts in NOK 1,000	2009	2008
Contract price		
OBOS Group	358,946	407,000
Aspelin-Ramm Group	321,184	62,500
Joint ventures/associates	169,669	398,588
Total	**849,799**	**868,088**
Turnover		
OBOS Group	126,348	187,152
Aspelin-Ramm Group	62,028	15,920
Joint ventures/associates	43,709	196,318
Senior executives and Board of Directors	-	-
Total	**232,085**	**399,390**
Purchase of goods and services		
OBOS Group	12,581	17,435
KB Group	74,786	10,049
Joint ventures/associates	-	-
Senior executives and Board of Directors	4,471	2,917
Total	**91,838**	**30,400**

Chairman of the Board Nils-Henrik Pettersson is a partner in the law firm Schjødt.
NOK 4.5 million (2.9) in fees for services from this company was charged to the income statement.

	2009	2008
Receivables as at 31 December		
OBOS Group	17,904	45,652
Aspelin-Ramm Group		
Joint ventures/associates	242	16,443
Senior executives and Board of Directors	-	-
Total	**21,342**	**66,130**
Loans and guarantees as at 31 December		
OBOS Group	4,338	5,723
KB Group	9,066	2,817
Joint ventures/associates	10,306	16,443
Senior executives and Board of Directors	252	237
	23,962	**25,219**
Leases		
OBOS Group, annual rent (index-linked)	12,581	12,737

Members of the Board of Directors and the management of the Group and their immediate family control 46 % of the shares in AF Gruppen ASA.

Reference is made to note 5 for information on the remuneration of the Board of Directors and management. There are no agreements or transactions with related parties beyond this.

NOTE 33 EVENTS AFTER THE BALANCE SHEET DATE

There have not been any incidences or any new information in 2010 that would have had a significant impact on the financial statements for 2009.

NOTE 34 PLEDGED ASSETS AND GUARANTEES

Amounts in NOK 1,000	2009	2008
Book liabilities secured by pledges	76,995	152,205
Book value of pledged assets		
Land and buildings	-	17,205
Machinery *	36,409	59,311
Trade and non-interest-bearing receivables	50,034	141,760
Projects for own account	71,540	170,534
Inventories	4,340	3,551

* NOK 31.95 million of the liabilities related to leasing liabilities and security are attributed to machinery.

A negative letter of charge has been provided for trade receivables and inventories related to the Group's financing framework.

The unutilised overdraft facility with Handelsbanken (NOK 900 million) is secured in part by a NOK 300 million charge on non-current assets and a NOK 50 million charge on property (note 28).

Group guarantees not recognised in the balance sheet

	2009	2008
Guarantees issued to clients	1,133,098	822,279
Other commercial guarantees	17,272	-
Total	**1,150,370**	**822,279**

The guarantees consist of commercial guarantees that are not included in the AF Group's balance sheet. These are guarantees related to contractual obligations that are primarily issued in favour of clients as tender guarantees, delivery guarantees and payment guarantees. These guarantees are issued on behalf of the parent company, subsidiaries and associates. If any of the contractual obligations are breached, the AF Group may be requested to cover the loss up to the amount of the guarantee.

Annual accounts/ notes to the accounts

AF Gruppen ASA

Income statement

Amounts in NOK 1,000	Note	2009	2008
			Acc. to IFRS
OPERATING EXPENSES			
Other operating expenses	5	2,257	2,021
Operating expenses		**-2,257**	**-2,021**
Operating profit		**-2,257**	**-2,021**
FINANCIAL INCOME AND EXPENSES			
Group contributions received	6	52,626	
Financial income	6	5,515	719
Financial expenses	6	-11,968	-11,541
Net financial items		**46,173**	**-10,822**
Profit before tax		**43,916**	**-12,843**
Tax expense	7	100	-915
Profit for the year		**43,816**	**-11,928**
STATEMENT OF COMPREHENSIVE INCOME			
Profit for the year		43,816	-11,928
Other income and expenses		0	0
Total comprehensive income for the year		**43,816**	**-11,928**

Balance sheet as at 31 December

Amounts in NOK 1,000	Note	2009	2008 Acc. to IFRS
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax assets	7	3,416	3,516
Total intangible assets		**3,416**	**3,516**
Non-current financial assets			
Investments in subsidiaries	8	357,061	356,734
Other financial investments	8	31	31
Interest-bearing non-current receivables	11	23,113	
Total non-current financial assets		**380,205**	**356,765**
Total non-current assets		**383,621**	**360,281**
CURRENT ASSETS			
Receivables			
Receivables from Group companies	10	984,593	207,034
Taxes and public charges receivable	10	8,371	
Total current receivables		**992,964**	**207,034**
Shares held as current assets	9	3,000	1,225
Bank deposits	12	180,005	
Total current assets		**1,175,969**	**208,259**
TOTAL ASSETS		**1,559,590**	**568,540**
EQUITY AND LIABILITIES			
Equity			
Share capital (14,099,188 shares with a par value of NOK 0.25)	13,14	3,525	3,467
Share premium account	14	28,056	10,775
Other contributed equity	14	8,077	8,074
Total contributed equity		**39,658**	**22,316**
Retained earnings			
Other equity	14	99,001	225,926
Profit for the year	14	43,816	-11,928
Total retained earnings		**142,817**	**213,998**
Total equity		**182,475**	**236,314**
Liabilities			
Current liabilities			
Interest-bearing loans and credits	12		62,622
Trade payables and other non-interest-bearing debt	11	3,073	1,664
Taxes and public charges payable	10		35,783
Debt to Group companies	10	1,261,248	135,516
Proposed dividend	14	112,794	96,641
Total current liabilities		**1,377,115**	**332,226**
TOTAL EQUITY AND LIABILITIES		**1,559,590**	**568,540**

Oslo, 25 March 2010

Nils-Henrik Pettersson
Chairman of the Board

Pål Egil Rønn
CEO

Eli Arnstad

Mari Broman

Carl Henrik Eriksen

Torstein Lange Larssen
Employee elected

Arne Røthe
Employee elected

Tore Thorstensen

Cash flow statement

Amounts in NOK 1,000		2009	2008
Cash flow from operating activities			
+	Profit before tax	43,916	-12,793
-	Gains on the sale of shares	-493	
+/-	Change in trade receivables and payables	-250	13,810
+/-	Change in balances with group companies	348,173	-128,222
+/-	Change in accruals	-42,801	45,343
=	**Net cash flow from operating activities**	**348,545**	**-81,862**
Cash flow from investment activities			
-	Acquisition of companies	-327	-31
+/-	Payments/proceeds from other investments	-24,888	
+	Proceeds from the sale of shares	800	
=	**Net cash flow from investment activities**	**-24,415**	**-31**
Cash flow from financing activities			
+	Proceeds from issuance of shares	17,338	10,800
+	Proceeds from the sale of treasury shares	6,505	17,804
-	Purchase of treasury shares	-6,781	-20,663
-	Payment of dividends	-98,565	-83,130
=	**Net cash flow from financing activities**	**-81,503**	**-75,189**
	Net change in cash and cash equivalents during the year	242,627	-157,082
+	Cash and cash equivalents 01.01	-62,622	94,460
=	**Cash and cash equivalents 31.12**	**180,005**	**-62,622**

Notes

NOTE 1 ACCOUNTING POLICIES

General

AF Gruppen ASA is a public limited company registered in Norway. The Company's head office is located at Innspurten 15, 0663 Oslo, Norway.

AF Gruppen ASA is a holding company without any activities other than investing in other companies.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the simplified IFRS provisions for company accounts laid down in Section 3.9, fifth paragraph of special regulations pursuant to the Norwegian Accounting Act. (Regulations relating to the application of international accounting standards, Chapter 4, laid down by the Ministry of Finance on 21 January 2008). These regulations can be used by any entities that are required to keep accounts, both company accounts and consolidated accounts, unless they are required to use the full IFRS.

An account of the accounting principles and changes resulting from simplified IFRS is provided below and in note 2 to the accounts.

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS).

For information on related parties, sale/acquisition of business areas, earnings per share and events after the balance sheet date, reference is made to the relevant notes in the consolidated financial statements.

The financial statements for the Parent Company, AF Gruppen ASA, were approved for publication by the Board of Directors on 25 March 2010.

The accounting principles described for the Group are consistent with those used for the Parent Company. Reference is made to note 1 in the consolidated financial statements for a detailed description of the accounting policies applied. Accounting principles that are only relevant for the Parent Company or deviate from the consolidated financial statements are as follows:

1.1 Shares in subsidiaries

Shares in subsidiaries are accounted for in accordance with the cost method from the 2009 financial year. The accounts for 2008 have been restated to provide comparable figures.

1.2 Dividends and group contributions

Entities that are required to keep accounts and prepare company accounts in accordance with the regulations pursuant to Section 3.9 of the Norwegian Accounting Act may, regardless of other provisions in these regulations, recognise dividends and Group contributions in accordance with the provisions of the Norwegian Accounting Act. This means that dividends and Group contributions received and paid by the parent company will be recognised the year prior to when the receipt or payment is adopted. The same applies to any tax effect of such transactions.

NOTE 2 CONVERSION TO IFRS

BALANCE SHEET Amounts in NOK 1,000	NGAAP 31.12.2007	DIFFERENCES	IFRS 01.01.2008
Deferred tax assets	2,601		2,601
Investments in subsidiaries	458,565	-101,831	356,734
Shares held as current assets	10,800		10,800
Receivables from group companies	120,802		120,802
Other non-interest-bearing receivables	2,370		2,370
Cash and cash equivalents	94,460		94,460
TOTAL ASSETS	**689,598**	**-101,831**	**587,767**
Share capital (13,769,888 shares with a par value of NOK 0.25)	3,442		3,442
Treasury share holdings	-30		-30
Reserve for valuation differences	96,685	-96,685	0
Other equity	327,745	-5,146	322,599
TOTAL EQUITY	427,842	-101,831	326,011
Debt to Group companies	177,505		177,505
Trade payables and other current liabilities	1,632		1,632
Proposed dividend	82,619		82,619
TOTAL EQUITY AND LIABILITIES	**689,598**	**-101,831**	**587,767**

cont. note 2

INCOME STATEMENT	NGAAP		IFRS
Amounts in NOK 1,000	2008	DIFFERENCES	2008
Other operating expenses	2,021		2,021
Operating profit	**-2,021**		**-2,021**
Income from investments in subsidiaries	184,295	-184,295	0
Other financial items	-10,822		-10,822
Net financial items	**173,473**	**-184,295**	**-10,822**
Ordinary profit before tax	171,452	-184,295	-12,843
Tax on ordinary profit	-915	0	-915
Profit for the year	**172,367**	**-184,295**	**-11,928**

BALANCE SHEET	31.12.2008		01.01.2009
Deferred tax assets	3,516		3,516
Investments in subsidiaries	658,244	-301,510	356,734
Investments in associates		31	31
Receivables from Group companies	207,034		207,034
Shares held as current assets	1,225		1,225
Cash and cash equivalents			0
TOTAL ASSETS	**870,019**	**-301,479**	**568,540**
Share capital (13,869,888 shares with a par value of NOK 0.25)	3,467		3,467
Share premium account	10,775		10,775
Other contributed equity	12,245	-4,171	8,074
Reserve for valuation differences	442,175	-442,175	0
Other equity	69,131	144,867	213,998
TOTAL EQUITY	**537,793**	**-301,479**	**236,314**
Interest-bearing loans and credits	62,622		62,622
Trade payables	1,664		1,664
Taxes and public charges payable	35,783		35,783
Debt to Group companies	135,516		135,516
Proposed dividend	96,641		96,641
TOTAL LIABILITIES	**332,226**	**0**	**332,226**
TOTAL EQUITY AND LIABILITIES	**870,019**	**-301,479**	**568,540**

NOTE 3 OPERATING REVENUE

The Company has not had any operating revenue.

NOTE 4 PAYROLL COSTS, LOANS AND FEES

AF Gruppen ASA has no employees and is not required, therefore, to have a pension scheme. The CEO is employed formally by the subsidiary AF Gruppen Norge AS.

Remuneration of the CEO

Amounts in NOK 1,000	2009	2008
Fixed	2,286	1,955
Bonus	1,503	1,139
Other benefits	91	170
Total	**3,879**	**3,264**
Retirement benefits	31	34
Board of Directors' fees	1,210	1,325

Complete information on the pay and remuneration of the CEO, Board of Directors and Corporate Management Team is provided in the consolidated financial statements, and reference is made to note 5 in the consolidated accounts for further information.

NOTE 5 OTHER OPERATING REVENUE

Amounts in NOK 1,000	2009	2008
Audit fees	456	579
Other operating expenses	1,801	1,442
Total other operating expenses	**2,257**	**2,021**

Audit fees	**2009**	**2008**
Proposed fees for statutory auditing for the year		200
Invoiced additional fees for statutory auditing for previous years	140	53
Other verification services	248	
Tax consulting		
Other services beyond auditing	68	326
Total audit fees	**456**	**579**

VAT is not included in the audit fees.

NOTE 6 FINANCIAL INCOME AND EXPENSES

Amounts in NOK 1,000	2009	2008
Financial income		
Interest income	2,940	719
Group contributions received	52,626	
Net gains on the sale of financial assets	494	
Value adjustment of financial assets	2,081	
Total financial income	**58,141**	**719**
Financial expenses		
Interest expenses	1,815	1,920
Foreign exchange losses	153	46
Net losses on the sale (write-down) of financial assets	10,000	9,575
Total financial expenses	**11,968**	**11,541**

NOTE 7 TAX EXPENSE

Amounts in NOK 1,000	2009	2008
The tax expense for the year can be broken down as follows:		
Current tax payable		
Change in deferred tax	100	- 915
Tax expense	**100**	**- 915**
Calculation of the tax base for the year		
Profit before tax	43,916	-12,843
Non-deductible expenses	10,000	9,575
Non-taxable income	-2,575	
3 % of gains on shares	15	
Group contributions received without any tax impact	-51,000	0
Tax base for the year	**356**	**-3,268**
Tax for the year (28 % of the tax base for the year)	100	-915
Summary of temporary differences		
Provisions		1,414
Tax loss carryforward	12,201	11,143
Total	**12,201**	**12,557**
Deferred tax assets	**3,416**	**3,516**

The deferred tax assets are based on future revenue. The tax loss carryforward of NOK 12,201,000 is not subject to a time limit.

Note 8 SUBSIDIARIES AND OTHER INVESTMENTS

Company's name	Date acquired	Business address	Ownership interest	Voiting share
AF Gruppen Norge AS	05.09.85	Oslo	100 %	100 %
AF Entech AS	02.04.09	Oslo	100 %	100 %
AF Miljø AS	15.01.09	Oslo	100 %	100 %
AF Group Polska S.p.z.o.o	03.12.07	Warszaw	0.5 %	0.5 %
AFG Invest 1 AS	08.12.09	Oslo	100 %	100 %
AFG Invest 2 AS	08.12.09	Oslo	100 %	100 %
AFG Invest 3 AS	08.12.09	Oslo	100 %	100 %

Investments by the cost method

Amounts in NOK 1,000	Share capital	Numbers of shares	Book value	Equity	Earnings 2009
AF Gruppen Norge AS	722	9,869	258,561	667,129	220,345
AF Entech AS	10,000	10,000	37,635	71,588	97
AF Miljø AS	10,000	10,000	60,565	62,676	52,518
AF Group Polska S.p.z.o.o (pln)	2,650	53,000	31	0	-4,303
AFG Invest 1 AS	100	100	100	100	0
AFG Invest 2 AS	100	100	100	100	0
AFG Invest 3 AS	100	100	100	100	0

NOTE 9 SHARES HELD AS CURRENT ASSETS

Shares held as current assets are assessed at fair value. The value is based on the book equity and quoted price on the balance sheet date. The amount consists of shares in investment funds that invest in listed shares. The acquisition cost of the investment is NOK 7.8 million. NOK 2.081 million was recognised in the income statement as a value adjustment to fair value in 2009.

Note 10 INTERCOMPANY BALANCES WITH GROUP COMPANIES

Amounts in NOK 1,000

Current receivables	Interest-bearing receivables		Other receivables	
	2009	2008	2009	2008
Subsidiaries	923,026	171,251	61,567	35,783
Total	**923,026**	**171,251**	**61,567**	**35,783**

Current liabilities	Interest-bearing liabilities		Other liabilities	
	2009	2008	2009	2008
Subsidiaries	1,243,936	95,516	17,312	40,000
Total	**1,243,936**	**95,516**	**17,312**	**40,000**

Note 11 NON-CURRENT RECEIVABLES

Receivables that mature in more than one year

Amounts in NOK 1,000	2009	2008
Non-current receivables	33,113	
- Allowance for bad debts	-10,000	
Book value	**23,113**	

Note 12 INTEREST-BEARING LOANS AND CREDITS

Amounts in NOK 1,000

A NOK 50 million corporate guarantee has been furnished for withholding tax.

	Effective interest rate	2009	2008
Corporate cash pooling system	3 %–5 %	180,005	-62,622

AF Gruppen ASA has a three-year credit facility of NOK 900 million with Handelsbanken that expires in June 2012.

At the end of the year, the Group had deposits of NOK 180.5 million (-62.6) linked to a corporate cash pooling system. In the corporate cash pooling system AF Gruppen ASA has the direct account with the bank. Other accounts in the corporate cash pooling system are regarded as intercompany balances.

The agreement with Handelsbanken contains financial covenants that apply to the Group. The most important covenants dictate an equity ratio > 20 % and net interest-bearing debt/EBITDA < 4. All of the conditions of the loan agreement that relate to the overdraft facility were met at the end of 2009 and 2008.

NOTE 13 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital consists of:	**Number**	**Par value**	**Book value**
A shares	14,099,188	0.25	3,524,797
A shares after the split (18 January 2010)	70,495,940	0.05	3,524,797

		Number of shares	
Shareholder	**% of total**	**Before split**	**After split**
Shareholders with a stake > 1 %			
KB Gruppen Kongsvinger AS	25.0 %	3,531,047	17,655,235
P O A A/S	15.1 %	2,135,780	10,678,900
OBOS Forretningsbygg AS	13.8 %	1,939,266	9,696,330
LJM A/S	7.8 %	1,102,780	5,513,900
Moger Invest AS	6.7 %	946,329	4,731,645
Aspelin-Ramm Gruppen AS	5.8 %	818,408	4,092,040
Skogheim, Arne	2.4 %	339,544	1,697,720
Staavi, Bjørn	2.1 %	294,372	1,471,860
Citibank N.A.	1.3 %	177,800	889,000
Evensen, Jon Erik	1.0 %	142,000	710,000
Shareholders with a stake > 1 %	**81.0 %**	**11,427,326**	**57,136,630**
Total other shareholders	**19.0 %**	**2,671,862**	**13,359,310**
Total outstanding shares	**100.0 %**	**14,099,188**	**70,495,940**

Shares and options owned by senior executives as at 31 December 2009

		Number of shares	
Board of Directors		**Before split**	**After split**
Peter Groth [1]	Elected by shareholders (alternate member)	2,300	11,500
Carl Henrik Eriksen [2]	Elected by shareholders	-	-
Tore Thorstensen [3]	Elected by shareholders	2,300	11,500
Torstein Lange-Larssen	Elected by employees	15,441	77,205
Total		**20,041**	**100,205**

[1] Represents, in addition to his own shares, Aspelin-Ramm Utvikling AS, which owns 4,092,040 shares and the company Ringkjøb Invest, which owns 76,355 shares.
[2] Represents OBOS Forretningsbygg AS, which owns 9,696,330 shares.
[3] Represents, in addition to his own shares, KB Gruppen Kongsvinger AS, which owns 17,655,235 shares and the company Tokanso AS, which owns 172,000 shares.

		Number of options	
Board of Directors		**Before split**	**After split**
Rune Dale	Elected by employees	1,500	7,500
Arne Røthe	Elected by employees	750	3 750

		Number of shares	
Corporate Management Team		**Before split**	**After split**
Pål Egil Rønn	CEO	29,655	148,275
Sverre Alf Hærem	Executive Vice President/CFO	12,700	63,500
Robert Haugen	Executive Vice President	25,770	128,850
Tore Fjukstad	Executive Vice President	10,800	54,000
Jørgen Hals	Executive Vice President	6,000	30,000
Arild Moe	Executive Vice President	50,664	253,320
Total		**135,589**	**677,945**

		Number of options	
Corporate Management Team		**Before split**	**After split**
Pål Egil Rønn	CEO	14,000	70,000
Sverre Alf Hærem	Executive Vice President/CFO	12,000	60,000
Robert Haugen	Executive Vice President	12,000	60,000
Tore Fjukstad	Executive Vice President	12,000	60,000
Jørgen Hals	Executive Vice President	12,000	60,000
Arild Moe	Executive Vice President	6,000	30,000
Total		**68,000**	**340,000**

The Board is authorised to acquire up to 10% of the share capital. This authority is valid until the 2010 Annual General Meeting, which is scheduled for 28 May 2010. An option scheme for all employees of AF Gruppen ASA and subsidiaries was approved at an Extraordinary General Meeting held on 4 January 2008. The maximum number of options that can be granted is 12,500,000 (after the split).

NOTE 14 EQUITY

Amounts in NOK 1,000	Share capital	Treasury shares	Share premium account	Other contributed equity	Valuation differences	Other equity	Total
Equity 01.01.08	**3,442**	**-30**			**96,685**	**327,745**	**427,842**
Cost price adjustment					-96,685	-5,146	-101,831
Adjusted OB 01.01.08	3,442	-30				322,599	326,011
Capital increase	25		10,775				10,800
Purchase of treasury shares		-41				-20,622	-20,663
Sale of treasury shares		55				29,189	29,244
Reclassification of gains on sale of treasury shares				8,090		-8,090	0
Profit for the year						-11,928	-11,928
Proposed dividend for 2008						-96,641	-96,641
Dividend paid in 2008 beyond amount set aside in 2007					-509	-509	
Equity 31.12.08	**3,467**	**-16**	**10,775**	**8,090**	**0**	**213,998**	**236,314**
Capital increase	58		17,281				17,339
Purchase of treasury shares		-14				-6,767	-6,781
Sale of treasury shares		17				6,488	6,505
Profit for the year						43,816	43,816
Proposed dividend for 2009						-112,794	-112,794
Dividend paid in 2009 beyond amount set aside in 2008						-1,924	-1,924
Equity 31.12.09	**3,525**	**-13**	**28,056**	**8,090**	**0**	**142,818**	**182,476**

The Company has 50,009 treasury shares with a par value of NOK 0.25 (64,030 treasury shares with a par value of NOK 0.25 in 2008). Treasury shares have been bought to sell to employees and as partial payment for company acquisitions. Shares have not been bought from related parties in 2009.

[1)] Share capital in accordance with Articles of Association: 14,099,188 shares with a par value of NOK 0.25
[2)] Number of paid-up shares issued: 14,099,188 shares with a par value of NOK 0.25

NOTE 15 GUARANTEES AND PLEDGED ASSETS

Amounts in NOK 1,000

	2009	2008
Warranty liability	1,150,370	814,344

In connection with construction contracts entered into, the subsidiaries are subject to the usual contracting obligations and the associated guarantees. AF Gruppen ASA guarantees the warranty liability of its subsidiaries.

See note 35 to the consolidated accounts for further information.

RESPONSIBILITY STATEMENT

With regard to the annual accounts for 2009 for AF Gruppen ASA, we confirm to the best of our knowledge that:

- The consolidated financial statements have been prepared in accordance with IFRS, as adopted by the EU, and the additional disclosure requirements that follow from the Norwegian Accounting Act.
- The financial statements for the Parent Company, AF Gruppen ASA, have been presented in accordance with IFRS and the simplified IFRS provisions for company accounts laid down in Section 3.9, fifth paragraph of the regulations pursuant to the Norwegian Accounting Act.
- The amounts and disclosures in the accounts provide a true and fair view of the Company's and the Group's assets, liabilities, financial positions and results as a whole.
- The amounts and disclosures in the annual report provide a true and fail view of performance, earnings and the position of the Company and Group, along with a description of the most important risk and uncertainty factors the AF Group faces.

Oslo, 25 March 2010

Nils-Henrik Pettersson
Chairman of the Board

Pål Egil Rønn
CEO

Mari Broman

Eli Arnstad

Carl Henrik Eriksen

Torstein Lange Larssen
Employee elected

Arne Røthe
Employee elected

Tore Thorstensen

Auditor's report

ERNST & YOUNG

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
AF Gruppen ASA

Auditor's report for 2009

We have audited the annual financial statements of AF Gruppen ASA as of 31 December 2009, showing a profit of NOK 43 816 000 for the Parent Company and a profit of NOK 269 942 000 for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income, comprehensive income, cash flows and changes in equity as well as the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income, comprehensive income, cash flows and changes in equity as well as the accompanying notes. Simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9 have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Parent Company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2009, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Oslo, 25 March 2010
ERNST & YOUNG AS

Asbjørn Ler
State Authorised Public Accountant (Norway)

Note: The translation to English has been prepared for information purposes only.

Glossary

Financial ratios

EBITDA %
(Operating profit + depreciation, amortisation and impairment)/operating revenue

EBIT %
Operating profit/operating revenue

EBT %
Earnings before taxes/operating revenue

Return on equity
Net profit/average shareholders' equity

Return on capital employed (ROACE)
(Earnings before taxes+interest expenses)/average capital employed

Economic Value Added (EVA)
(Return on capital employed)* 0.72–average capital costs after tax)* average capital employed

Capital employed
Shareholders' equity+interest-bearing liabilities

Equity ratio
Shareholders' equity/total capital

Net interest-bearing receivables (debt)
Interest-bearing receivables+liquid assets–interest-bearing liabilities

Debt-to-equity ratio
Net interest-bearing liabilities/(shareholders' equity+net interest-bearing liabilities)

Basic earnings per share
Net profit/average number of shares outstanding

Cash flow per share
(Net profit+depreciation–taxes paid)/average number of shares outstanding

Definitions

Other definitions

Own account
When AF buys land, develops projects and then sells units for its own account.

LTI-1 rate
Number of lost time injuries per million man-hours

The AF Group includes all subcontractors when calculating the LTI-1 value.

LTI-2 rate
Number of lost time injuries+number of injuries requiring medical treatment+number of injuries resulting in alternative work per million man-hours

The AF Group includes all subcontractors when calculating the LTI-2 value.

HVAC
Heating, ventilation, air conditioning and cooling systems

Addresses

AF Gruppen ASA
AF Gruppen Norge AS
AF Anlegg
AF Anlegg Havn
AF Anlegg Olje & Energi
AF Byggfornyelse
AF Bygg Oslo
AF Eiendom
AF Decom AS
AF Decom Offshore AS
AF Entech AS
AF Energi & Miljøteknikk AS
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