



ANNUAL REPORT
2010



PRESENT AND FUTURE

2010 The year began with the celebration of Kruse Smith's 75th anniversary, a milestone that commands respect and allows us to take pride in describing ourselves as a long-established Group. Even though we embarked on our 76th year of operations in very good financial "shape", we were convinced that this year would bring challenges. The level of uncertainty as to how things would develop in 2010 was greater than it had been for a long time, and the Group was faced with a number of unpleasant surprises that had significant financial consequences. These combined to make 2010 a poor year for Kruse Smith financially speaking. The Group came up against a series of challenges following an acquisition in Oslo, along with the ripple effects of one of our customers going into liquidation, as well as a number of losses and write-downs. At such time it is common to take a short-term view to safeguard values, but keeping one eye on the future is at least equally important. This is the best way to safeguard the Group's long-term development in the next 75 years to come. Kruse Smith has a solid equity base and a substantial project and property portfolio, providing us with a sound basis for positive financial development in 2011 and the years beyond.

OPERATIONS The nature of the construction sector is that there is often a significant time span from when we enter into a contract, to project start-up and ultimately to project completion. This time span varies from project to project, and at the beginning of 2010 we had orders on hand equal to roughly one year's revenue, approximately 60 percent of which were implemented in 2010. Many of the signed contracts from 2009 that had tight margins were completed in 2010. Analyses of the figures for 2010 show that operations went well, and better than budgeted. Our talented and competent employees managed to adapt to and exploit a difficult market, enabling operations to exceed expectations. These good results were unfortunately overshadowed by losses and write-downs necessary in 2010, but the differences in the figures between 2009 and 2010 cannot be explained by differences in operations as Kruse Smith continued to perform well in this respect in 2010.

PROFESSIONALISM The construction sector is comprised of a large number of small and a few large firms, and has always struggled with a few unprofessional firms that make use of undeclared work and social dumping. In addition some of these firms do not take HSE and other laws and regulations sufficiently seriously. At Kruse Smith we work systematically to appear professional, partly because our customers must be able to rely on what we do being correct, and most importantly, because our employees must be confident that we do everything to the best of our ability where HSE is concerned. We therefore actively support sector initiatives that promote professionalism in the industry, and focus strongly on the work we carry out complying with all relevant laws and regulations. We will – in all ways – construct and develop buildings that both our employees and our customers can be proud of!

LONG-TERM VIEW Kruse Smith is a Group that has been built brick (stone) upon brick (stone) that have been through many up- and downturns during these 75 years. In difficult times, as those we have just been through, it is good to know that our Owners take a long-term view of what is happening in the Group. And that they accept that the investments made today do not always achieve a positive impact on results in the short term, but may nevertheless strength the Group in terms of future market and future earnings. The Owners wish to maintain this philosophy and attitude – both with respect to the people who work in the Group, and in relation to financial investments.

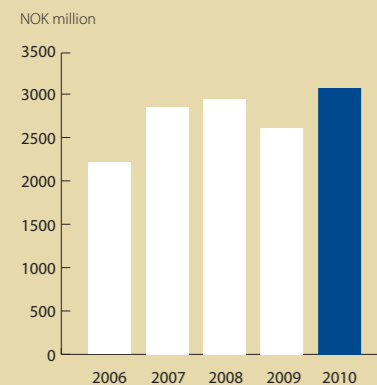
QUALITY AND EXPERTISE Kruse Smith is an expertise-based organization with a strong focus on developing and increasing total expertise in the Group. Our employees are without a doubt our most important resource, and collaboration and knowledge-sharing are crucial to future success. This is why during 2010 the Group increased its investment in the Kruse School, which is a useful means of developing expertise in the Group. We did this to make us even more attractive as an employer, and to make us an even better contractor. The building projects Kruse Smith is working on will be standing for up to 50 years, making quality a key concept. We have increased focus on projects being carried out correctly and in accordance with strict quality criteria. In this connection we have now started an internal project called Quality in Kruse (KIK), which will enable us to gain ISO certification for the entire Group. Kruse Smith has sound finances and talented and motivated employees, and with these we are well equipped to meet the market challenges that await us in 2011 and beyond. I would like to take this opportunity to thank our customers and suppliers for the good cooperation over the last year, and especially pay tribute to all our employees for their fantastic efforts in 2010.

Jan A. Hestås
Group Chief Executive

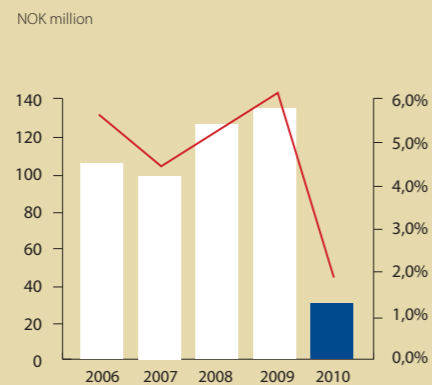
FINANCIAL HIGHLIGHTS KRUSE SMITH

NOK million	2006	2007	2008	2009	2010
Revenue	2.211	2.852	2.945	2.610	3.081
Profit before tax	107,1	100,1	128,0	135,7	31,7
Profit as % of revenue	4,8%	3,5%	4,3%	5,2%	1,0%
Equity	262,6	316,9	356,1	420,4	440,2
Equity ratio (%)	20,1%	19,3%	23,3%	25,4%	23,0%
Return on equity after tax (%)	36,3 %	28,1 %	29,1 %	26,4 %	6,4 %
Net bank balance - interest-bearing debt	-139,1	-188,1	19,9	-117,1	-418,3
Number of employees	696	883	890	867	954
Revenue per employee	3.177	3.229	3.309	3.010	3.230
Orders on hand at 31 December	1.701	2.738	2.194	2.606	2.698

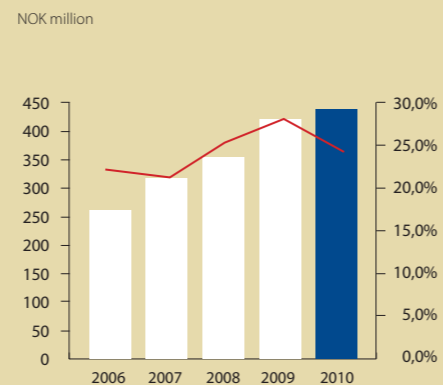
REVENUE



PROFIT



EQUITY





North entrance, Torsnes tunnel

FOCUS 3

We continue to focus on three areas, which are highlighted through action plan initiatives:

- Documentation of risk assessment, Safe Job Analyses (SJA) and reporting of undesired incidents and dangerous situations in projects
- Expertise
- External environment

VISUAL ACTION PLANS

Trends and tendencies from our "Reporting Base Quality/HSE" non-conformance system are used to draw up action plans for all districts. These are drawn up by the Working Environment Committee in each district. In order to bring our HSE work to life, in 2010 we continued producing action plans in the form of large posters with images and a small amount of text. These are displayed at all projects and offices.

INDIVIDUAL MONITORING OF SICKNESS ABSENCE, AND FOCUS ON HEALTH

We have established good procedures for monitoring and systematic work to enable individuals to use their residual working capacity. We have also focused on diet and physical activity for employees, mainly in the form of physical exercise and advice for both groups and individuals. This has had an extremely positive impact on sickness absence, wellbeing and health.

INCLUSIVE WORKING LIFE (IWL)

New IWL agreements for Region West and South, including Eco Bygg, have been signed for the period 2010-2013. The aim is to create a predictable labour situation with secure jobs, reduce sickness absence, and prevent injuries, accidents, and the development of occupational diseases.

EXPERTISE

We have established internal training in HSE. In 2010 we conducted a 40-hour course in "Basic HSE training".

EXTERNAL ENVIRONMENT

The focus on climate, environment, energy, and waste and chemicals handling is extremely important for the Kruse Smith Group, and we have implemented concrete measures to safeguard this. Among other things, the position of "Energy and environmental consultant" was created in 2010.

HSE BONUS

The profit-based HSE bonus scheme was launched as a pilot scheme in 2005. It has been a success, and has been very important in terms of further development and target achievement within both HSE and Quality. We consider the scheme has brought our focus areas to life.

The HSE bonus is based on three equally weighted factors over one year:

1. H-value (number of injuries resulting in absence per million hours worked)
2. Sickness absence percentage
3. Total quality HSE/quality at the building site - unannounced inspections to selected building sites

Feedback on this initiative has been entirely positive. We have noticed concrete improvements at building/construction sites, and the focus on HSE work has become more firmly anchored in all areas of the organisation. In 2010 we praised the list of criteria and grades in which the districts defined their own targets in relation to grade achieved.

The HSE bonus achieved per district is transferred to a welfare fund for the district, a fund that is administered and allocated by employee representatives, union officials and local management. In 2010 Region West went on an HSE bonus trip to Edinburgh.

TEACHING METHOD AND CONTINUOUS IMPROVEMENT

We consider it important that information is provided on serious incidents and that they have a learning effect within our organisation, so this is something we have emphasised. All serious incidents are reviewed and are used for training purposes in the rest of the company. We also arrange our audits accordingly. The Quality and HSE Manager participates in EBA's HSE committee, which sometimes involves exchange of experience among companies.

TARGETS AND RESULTS

The Kruse Smith Group's HSE results for 2010 were extremely good. We can point to a positive trend, and are very proud of the results, which are above the industry average.

The final figure for sickness absence in 2010 was 4.74%, an improvement of half a percentage point on the year before. This takes us close to the Group target of sickness absence of less than 4.3%.

Our H value for 2010 was 2.1, and the target of 0 was achieved in six of the nine departments/ districts, which is very good indeed. For the Kruse Smith Group, this H value corresponds to three injuries resulting in absence. We must mention here the sad incident at our stores in Orstad on 21 January 2010, which is one of those three incidents. A tragic accident involving a lorry crane resulted in the death of a valued colleague. Work that creates a sense of HSE-mindedness, and a particular focus on young employees and risk, will be important focus areas for 2011.

We have also acknowledged that our HSE work has been targeted very much at building/construction sites and not so much at our storage facilities. But HSE work in the storage and hire units is already well under way to rectify this imbalance.

Hilde Waage
Quality and HSE Manager

From KIK to KIK2

What is KIK?

KIK was established as a concept at the beginning of 2006, and is the name of Kruse Smith's quality programme.

Targets for KIK

Quality work and establishment of a strong quality culture in Kruse Smith will result in satisfied customers.

Action plans

KIK action plans for quality are owned by and anchored at regional management level. The Group also has a dedicated Quality and HSE team.

The main keywords for KIK work in 2010

- incorporating risk in quality work when drawing up control plans
- lean theory: inclusive planning in projects
- audit as a tool, carrying out external audits of architects and consultants, subcontractors and suppliers

Implementation in practice

1,370 quality non-conformances were registered in 2010, which is an increase on the previous year (1,117). We see this as positive because it tells us we have taken a small step forward in terms of the culture of openness. This gives us a more secure standpoint from which to implement improvement measures.

KIK2

In autumn 2010 it was decided that Kruse Smith would seek certification of its quality system in accordance with ISO 9001:2008, and the hard work began! The aim was to find the best practice in the Group within our core activity, projects, and to implement this practice in all districts/divisions – "That's how we do it at Kruse Smith".



NATURE OF THE BUSINESS, AND LOCATIONS

The Group is engaged in contract work within building, construction, housing and property development.

The business is run from our head office in Kristiansand with regional offices in Sandnes, Kristiansand and Lillestrøm and district offices in Haugesund, Lyngdal, Arendal and Kragerø.

Eco Bygg AS in Åseral municipality is a wholly owned subsidiary of Kruse Smith Entreprenør

AS. Skutle AS shares premises with Kruse Smith Region East in Lillestrøm, and is also a wholly owned subsidiary of Kruse Smith Entreprenør AS.

COMPANY STRUCTURE

With the exception of individual financial investments, the parent company Kruse Smith AS has not engaged in any business in 2010 other than owning shares in the subsidiaries.

Kruse Smith AS does not have any employees but the CEO of Kruse Smith Entreprenør AS is the Group Chief Executive and General Man-

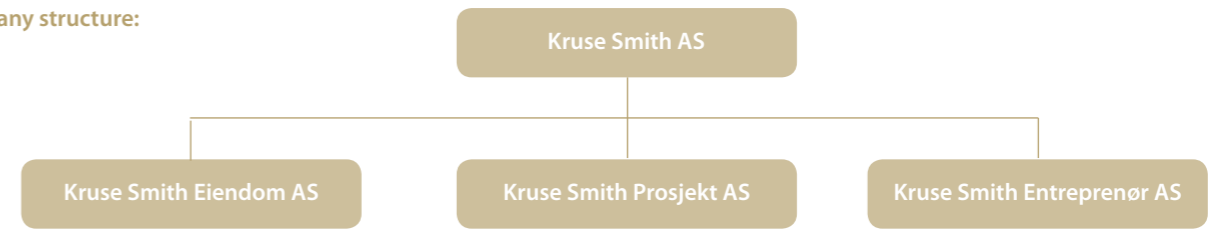
ager of Kruse Smith AS.

The consolidated financial statements include the combined accounting figures for the Kruse Smith Group. The company accounts recognise the share of profit from subsidiaries using the equity method. Read more about this in the notes to the financial statements.

GOING CONCERN

The annual report has been prepared under the going concern assumption, based on the profit forecast for 2011 and the company's

Company structure:



and Group's long-term forecasts for the years ahead. The Board of Directors considers that the company and the Group have a sound economic and financial position.

FINANCIAL RISK

Liquidity risk Liquidity varied significantly during 2010. The Board considers there is a need to improve liquidity in order to increase the Group's financial room for manoeuvre.

The Group has a liquidity reserve of NOK 319 million, NOK 200 million of which is unutilised drawing rights. NOK 29.4 million of the liquidity reserve is held for tax deductions. The liquidity risk is linked to projects and the Board considers the risk in the projects to be moderate.

Market risk The Group has little direct exposure to changes in exchange rates. The Group is exposed to changes in the interest rate level as the company's debt is at floating interest rates. The Group has entered into swap agreements to limit this risk. Moreover, the return on the company's liquid assets is dependent on the interest rate level and developments in the equity and bond markets. The funds are invested at floating interest rates.

Credit risk The risk of counterparties being unable to fulfil their obligations is considered in principle to be low, although one of the Group's customers went into liquidation in 2010. The Group has written down the receivable. Historically, bad debts have been low and contracts are largely secured by bank guarantees in accordance with Norwegian Standards.

Financial targets As part of its strategy, the Group has an equity target of 25% and a profit target of 5%. These targets were not achieved in 2010.

EQUALITY AND DISCRIMINATION

We have several nationalities represented within the Group. We do not consider there is any discrimination against employees, or in connection with employment, on the basis of ethnicity, nationality, orientation, skin colour, language, religion, lifestyle or gender.

The Group aims to be a workplace where there is no discrimination. The Group works actively and purposefully to design and organise the physical aspects of its premises so that as many people as possible can utilise its various facilities. Individual organisation of workplace and work tasks is carried out for employees with disabilities.

The Group aims to be a workplace where this is full equality between women and men. Among other things the Group's staff policy incorporates guidelines on equality, which aim to ensure that there is no gender-based differential treatment/discrimination in connection with salary, promotion and recruitment. We work consciously to increase the number of women in the company. In 2010, 75 of the Group's 954 employees were women (63 of 867 in 2009). There are a total of 65 women among the administrative staff (56 in 2009) and ten among the skilled workers (seven in 2009). Salary differentials within comparable positions are very small.

The Board of Directors comprises three men and one woman.

EMPLOYEES AND WORKING ENVIRONMENT

At year-end 2010 there were 954 employees in the Group, 826 of whom in Kruse Smith Entreprenør AS, one in Kruse Smith Eiendom AS, 39 in Eco Bygg AS and 88 in Skutle AS.

At year-end 2010 the Group had 65 apprentices and 564 skilled workers (hourly paid in production). The Group aims for the number of apprentices to be approx. 10% of the number of skilled workers.

The company and the Group have an active system of representation. The regular cooperation with the employee organisations has been constructive and has made a positive contribution to the running of the company and the Group.

The sickness absence rate was 4.74 %, against 5.25% in 2009. The Group had an internal target of a sickness absence rate of less than 4.3% in 2010.

Efforts to reduce sickness absence are ongoing and further measures will be initiated in 2011. The Group will continue to focus on reporting undesired incidents and implement measures to prevent injuries on an ongoing basis. Efforts to reduce the number of injuries have resulted in a positive development over several years. In 2010 the Group achieved an H value of 2.1. In total there were three injuries resulting in absence in the Group. Regrettably one of the injuries resulted in a fatality in Kruse Smith Entreprenør AS.

The company has a system for assigning lighter duties to employees who have suffered a minor injury of a temporary nature. An HSE bonus will be passed on to all employees in 2011.

The bonus is intended to serve as a motivating factor to reduce sickness absence and injuries resulting in absence and improve the quality of HSE at construction and building sites. The Group has been an "inclusive working life company" (IWL company) since 1 January 2003. See also separate HSE report.

EXTERNAL ENVIRONMENT

The Group takes environmental aspects into consideration when implementing projects, and focuses on the environment at every stage from planning and implementation

to operation, maintenance, sorting of waste and recycling.

The activities of the Group do not pollute the external environment more than is normal for the sector. The Group sorts waste by source and strives to choose environmental solutions.

Impact on the external environmental primarily involves energy consumption, waste, and use of substances and materials that are hazardous to health and the environment.

The Group has good routines in place to ensure that noise, dust, vibrations, transport and emissions are dealt with safely, with respect to both the environment and people living near building and construction sites.

RESEARCH AND DEVELOPMENT

The Group maintained its focus on R&D in 2010.

The mandate for R&D is to keep up-to-date with new methods, processes and materials that can be used to make building projects more efficient. R&D devoted a large proportion of its resources in 2010 to implementing "Lean" in the organisation. Someone has also been appointed within R&D to work on energy and the environment.

THE MARKET

2010 saw a moderate increase in the level of activity compared with 2009. We believe the effect of the financial crisis bottomed out in 2010, and that there is now more optimism in the market. The positive effect was felt first in the housing market, where we experienced a clear improvement, particularly in the major towns in our regional market area. We believe the positive growth we achieved within housing in 2010 will continue in 2011 and spread to the other market areas. We

consider there are clear signs that the market as a whole will increase in the year ahead.

Given that Norway has generally come off better in the financial crisis than many other countries in Europe, we must expect to see more European contractors competing in the Norwegian market.

We believe the government will maintain the level of activity within infrastructure projects in 2011. Kruse Smith will continue its efforts within the construction sector, but we have seen a significant increase in competition in this sector in the last two years.

The maintenance market is expected to sustain its high level of activity in 2011. This market is worth approx. NOK 90 billion and represents almost 50% of the total building market. Kruse Smith is well positioned within this market segment thanks to the Group's focus on building renewal. The fact that public authorities continue to allocate money for upgrading of public buildings is an important element in maintaining the level of activity in this market. Norway has a significant backlog in maintenance assignments within roads and buildings, which, including water and sewage, is estimated at approx. NOK 800 billion (State of the Nation report).

Substantial regional differences in building and construction activity are expected in 2011, with the level of activity highest in the central areas. Although the level of activity is expected to increase, competition is expected to remain stiff and margins squeezed.

Profitability will be a challenge in 2011 as many of the contracts being implemented now were entered into in 2009 and 2010 when competition in the market was fierce. Kruse Smith posted a satisfactory operating profit in 2010. The relatively weak accounting

profit can be attributed to reasons other than "normal operations"; see discussion in the section on revenue and financial results.

As part of our strategic growth ambition, Kruse Smith established a new regional office in Lillestrøm (Region East), which will cover the eastern part of southern Norway.

As a consequence of this growth strategy, Kruse Smith also acquired Entreprenørselskapet Skutle AS in March 2010. We believe the eastern part of southern Norway will be the largest and most important market area in Norway over time, and the acquisition was intended to enable Kruse Smith to enter the market quickly and compete actively for projects. Skutle did not provide the entry to this market we had anticipated, and the acquisition presented the Group with major challenges in 2010.

REVENUE AND FINANCIAL RESULTS

2009 was the Group's best year ever, while 2010 delivered the weakest profit figures for seven years. The Group achieved profit before tax of NOK 31.7 million in 2010, a reduction of more than NOK 100 million on 2009. The Group's Board of Directors and management are not satisfied with the results.

The acquisition of Skutle AS proved costly for the Group, and is a significant factor in the relatively weak results for 2010. Skutle posted a large loss, and also required significant injections of liquidity. Goodwill was also written down by NOK 13.6 million in connection with the acquisition.

It is nevertheless important to be clear that operations for the contracting company went better than expected when adjusted for the development in Skutle. The result from Skutle and write-down of a claim in connection with the making of a winding-up

order regarding one of the Group's customers are the main reasons for the poor results. The total operating loss from these two projects was approx. NOK 70 million.

The Group posted total revenue of NOK 3,081 million in 2010, an increase of NOK 472 million on the year before. A significant part of this increase can be attributed to Skutle (NOK 187 million). The consolidated income statement shows profit before tax of NOK 32 million (NOK 136 million in 2009). The Group's liquid assets at 31 December 2010 totalled NOK 119 million (NOK 246 million in 2009). The Group also has unutilised drawing rights of NOK 200 million. As a result of increased revenue, the loss in Skutle and investments in property projects, liquidity was more squeezed in 2010, and efforts are now under way to improve the Group's liquidity.

The Board of Directors proposes that the profit for the year in Kruse Smith AS is allocated as follows:

Transferred to other equity	NOK 12 585 342
Transferred to revaluation reserve	NOK 10 453 686
Total allocated	NOK 23 039 028

The Group's equity at 31 December 2010 was NOK 440 million, an improvement of NOK 20 million on 2009.

At 31 December 2010 the parent company had distributable reserves of NOK 15.3 million (NOK 2.8 million in 2009). Current liabilities in the Group at 31 December 2010 were NOK 922 million (NOK 733 million in 2009). Of the total debt of NOK 1 476 million, NOK 537 million is interest-bearing debt (NOK 363 million in 2009).

The Group's cash flow in 2010 was negative at NOK 126 million. The Group's cash flow

from operating activities was negative at NOK 94 million, mainly due to an increase in stocks and accounts receivable and a decrease in accounts payable of net NOK -128 million. Net cash flow linked to investments was NOK -143.7 million. The net increase in borrowing represented NOK 164.3 million of net cash flow from financing activities of NOK 111.5 million. Margins will remain squeezed in 2011 but we hope to see the effect of rationalisation projects implemented in 2009/2010 as part of the efforts to boost competitiveness. The aim of the projects is to ensure the Group has the right expertise and resource utilisation in place in relation to the market requirements it will face going forward.

The Group has adopted "Lean" as a tool for project control. The Group is also making increasing use of BIM (Building Information Modelling) in its planning work, although this is still in an introductory phase at Kruse Smith.

OUTLOOK

We can see that there are major geographical differences in the level of activity in the market. The market in the central areas of Rogaland and Vest Agder appears to have significantly higher growth than in the slightly less urban areas. Activity levels in our major towns appear to have picked up in the latter half of 2010. This was particularly noticeable within sales of flats in blocks and within dense low-rise housing (terraced houses/linked one-family houses). We therefore expect a significant increase in sales of flats during 2011. The Housing and Property division is working intensively to complete new projects for sale.

A moderate increase is expected within the non-residential building market segment.

CONSOLIDATED INCOME STATEMENT

Roughly the same level of activity is expected within the market segments building renewal and construction.

Competition is expected to remain tough in 2011, and margins are not expected to improve significantly on 2010 levels.

Although the market outlook for 2011 is more positive than the corresponding situation in 2010, there is still some degree of uncertainty in the market. Much of this can be attributed to events in the world around us and perhaps, in particular, to the financial uncertainty surrounding the solvency of certain European countries. Interest rate changes implemented by Norges Bank could also affect market growth, particularly within the housing market.

The labour market will become tighter in 2011, as it has become more difficult to gain access to qualified labour.

We believe there is a risk of increasing prices for individual input factors in 2011. Much of the industry has adapted to new volumes and there is more balance in the market. A distinctively Norwegian increase in interest rates may mean a stronger Norwegian krone and with it more reasonable imports.


The Group wishes to strengthen its liquidity reserves in order to be able to meet increased revenue growth as well as future investment opportunities. This is a priority area in 2011. At the start of the year the Group had orders on hand worth NOK 2 699 million, an increase of NOK 93 million on the previous year.

During 2010 the Group started an in-depth review of its procedures and is now working to adjust to an ISO 9000 standard. This is demanding work, which is expected to be completed in the spring of 2012.

Based on existing orders on hand and increased focus on cost rationalisation, the Group anticipates a challenging but satisfactory year ahead for Kruse Smith.

The Board of Directors considers that the financial statements provide satisfactory information on the Group's position at the end of 2010. The Board is not aware of any circumstances arising after 31 December 2010 that are significant in assessing the company or the Group.

Kristiansand, 29 April 2011



Tomas Leire
Chairman of the Board
of Directors



Johannes Kambo
Member of the Board
of Directors



Sissel Helgø
Member of the Board
of Directors



Aage P. Danielsen
Member of the Board
of Directors



Jan A. Hestås
Group Chief Executive

Amounts in full NOK 000	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
OPERATING INCOME AND OPERATING EXPENSES				
Operating income				
Net sales	3 072 396	2 607 342	0	0
Other operating income	8 762	2 419	0	0
Total operating income	3 081 158	2 609 762	0	0
Operating expenses				
Project expenses	2 254 507	1 773 097	0	0
Wages and salaries	621 536	590 069	235	221
Depreciation and amortisation	34 666	30 096	0	0
Write-downs	14 033	6 944	0	0
Other operating expenses	133 925	99 738	131	165
Total operating expenses	3 058 668	2 499 945	366	386
OPERATING PROFIT	22 491	109 817	(366)	(386)
FINANCIAL INCOME AND EXPENSES				
Financial income				
Income on investment in subsidiary	0	0	23 690	89 664
Income on investment in associate	11 928	(8 530)	0	0
Other interest received	5 055	7 488	33	125
Other financial income	8 196	37 452	21	138
Total financial income	25 179	36 410	23 743	89 927
Financial expenses				
Write-down of financial assets	78	0	0	0
Interest paid to Group companies	0	0	0	11
Other interest paid	15 317	10 214	426	0
Other financial expenses	552	349	0	0
Total financial expenses	15 947	10 563	426	11
NET FINANCIAL ITEMS	9 232	25 847	23 318	89 916
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	31 723	135 664	22 951	89 529
Tax on profit on ordinary activities	4 037	33 087	(88)	(63)
PROFIT ON ORDINARY ACTIVITIES	27 686	102 577	23 039	89 592
PROFIT FOR THE YEAR BEFORE MINORITY INTERESTS	27 686	102 577	23 039	89 592
Minority interests' share of profit	4 647	8 975	0	0
PROFIT FOR THE YEAR	23 039	93 602	23 039	89 592
TRANSFERS AND ALLOCATIONS				
Transferred to revaluation reserve	0	0	10 454	0
Dividend	0	45 000	0	45 000
Transferred to other equity	0	0	12 585	(30)
Transferred to reserves	23 039	48 602	0	0
TOTAL TRANSFERS AND ALLOCATIONS	23 039	93 602	23 039	44 970

BALANCE SHEET

Amounts in full NOK 000	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Concessions, patents, licences, etc.	6 000	6 000	0	0
Deferred tax asset	2 841	0	48	0
Goodwill	13 983	8 422	0	0
Total intangible assets	22 824	14 422	48	0
Property, plant and equipment				
Land, buildings and other real property	235 530	253 522	0	0
Plant and machinery	103 903	79 701	0	0
Movables, fixtures, tools, office equipment	7 635	4 223	0	0
Total plant, property and equipment	347 068	337 445	0	0
Financial assets				
Investments in subsidiary	0	0	372 332	359 335
Investments in associate	98 923	39 814	0	0
Loan to associate	89 161	64 102	0	0
Investments in equities and units	6 991	7 068	0	0
Bonds and other receivables	51 616	48 727	0	0
Total financial assets	246 691	159 711	372 332	359 335
TOTAL NON-CURRENT ASSETS	616 584	511 578	372 379	359 335
CURRENT ASSETS				
Work in progress/projects on own account	268 720	203 621	0	0
Receivables				
Accounts receivable	854 027	614 307	0	0
Other receivables	57 088	77 909	0	0
Receivables from group companies	0	8	13 236	62 590
Total receivables	911 115	692 224	13 236	62 590
Investments				
Other financial instruments	0	71 169	0	1 886
Total investments	0	71 169	0	1 886
Bank deposits, cash, etc.	119 342	174 381	163	162
TOTAL CURRENT ASSETS	1 299 177	1 141 395	13 399	64 637
TOTAL ASSETS	1 915 760	1 652 973	385 779	423 972

The full annual report is available at: www.kruse-smith.no

BALANCE SHEET

Amounts in full NOK 000	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
EQUITY AND LIABILITIES				
EQUITY				
Paid-up equity				
Share capital	167 200	167 200	167 200	167 200
Share premium reserve	92	92	92	92
Total paid-up equity	167 292	167 292	167 292	167 292
Accrued equity				
Reserves	216 882	193 842	0	0
Revaluation reserve	0	0	201 571	191 118
Other equity	0	0	15 310	2 725
Total accrued equity	216 882	193 842	216 881	193 842
Total equity attributable to shareholders in parent company	384 174	361 134	384 174	361 134
Minority interests	56 041	59 231	0	0
TOTAL EQUITY	440 215	420 366	384 174	361 134
LIABILITIES				
NON-CURRENT LIABILITIES				
Provisions				
Pension commitments	14 892	16 907	0	0
Deferred tax	92 720	98 688	0	40
Other provisions	38 920	36 570	0	0
Total provisions	146 532	152 164	0	40
Other non-current liabilities				
Credit institutions	390 558	330 443	0	0
Other non-current liabilities	16 377	17 529	0	0
Total other non-current liabilities	406 935	347 972	0	0
TOTAL NON-CURRENT LIABILITIES	553 467	500 137	0	40
CURRENT LIABILITIES				
Credit institutions/Building loans	130 674	14 749	0	0
Accounts payable	402 767	226 031	9	6
Tax payable	8 516	37 485	0	17 742
Duty and charges due	94 736	83 095	0	0
Dividend	0	45 000	0	45 000
Current liabilities to group companies	0	0	1 596	0
Other current liabilities	285 384	326 110	0	50
TOTAL CURRENT LIABILITIES	922 078	732 471	1 605	62 798
TOTAL LIABILITIES	1 475 546	1 232 607	1 605	62 838
TOTAL EQUITY AND LIABILITIES	1 915 760	1 652 973	385 779	423 972

Kristiansand, 29 April 2011



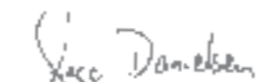
Tomas Leire
Chairman of the Board
of Directors



Johannes Kambo
Member of the Board
of Directors



Sissel Helgø
Member of the Board
of Directors



Arge P. Danielsen
Member of the Board
of Directors



Jan A. Hestås
Group Chief Executive

**Headoffice**

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