KONGSBERG
200

2ND QUARTER-/ FIRST HALF REPORT 2014

KONGSBERG reports operating revenues in Q2 2014 of MNOK 4 263 (MNOK 4 097) and an EBITDA of MNOK 455 (MNOK 513), resulting in an EBITDA margin of 10.7 per cent (12.5 per cent). Kongsberg Maritime and Kongsberg Defence Systems have good results in the quarter, at the same time as Kongsberg Protech Systems had a good influx of new orders. Kongsberg Oil & Gas Technologies had a weak quarter influenced by restructuring costs. Overall, the Group saw a strong influx of new orders again in Q2, i.e. MNOK 5 714 (MNOK 3 773), comparable to a book/bill of 1.34, which gives an all-time high order backlog at the end of the quarter of NOK 21 096 million.

KEY FIRGURES

	1.4. - 30.6.		1.1. - 30.6.		
MNOK	**2014**	2013	**2014**	2013	**2013**
Operating revenues	**4 263**	4 097	**8 204**	8 130	**16 323**
EBITDA	**455**	513	**901**	1 013	**2 142**
EBITDA (%)	**10.7**	12.5	**11.0**	12.5	**13.1**
EBIT	**322**	397	**654**	782	**1 659**
EBIT (%)	**7.6**	9.7	**8.0**	9.6	**10.2**
Earnings before tax	**327**	395	**656**	771	**1 644**
Earnings after tax	**243**	285	**486**	556	**1 225**
EPS (NOK)	**2.01**	2.38	**4.03**	4.65	**10.24**
New orders	**5 714**	3 773	**14 279**	7 658	**15 043**

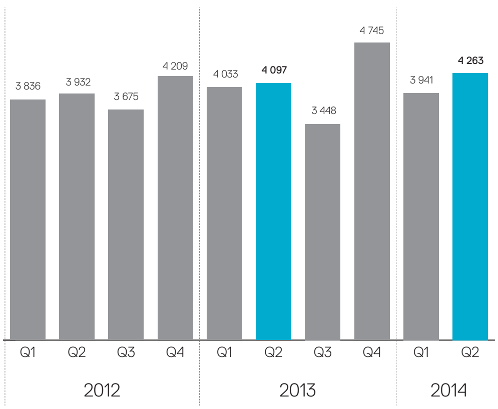
	30.6.	31.3.	31.12.
MNOK	**2014**	2014	2013
Equity ratio (%)	**35.8**	37.6	38.2
Net interest-bearing dept	**(2 934)**	(3 291)	(1 935)
Working capital [1]	**3 620**	4 060	3 319
ROCE (%) [2]	**19.5**	20.4	21.5
Order backlog	**21 096**	19 344	15 687
No. of employees	**7 564**	7 520	7 493

[1] *Current assets – current liabilities and provisions*
[2] *EBIT / average (booked equity + gross interest bearing liabilities), based on last 12 months.*

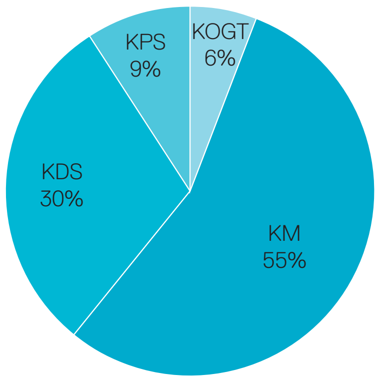
HIGHLIGHTS

- KM have a good quarter with higher margins, growth in sales of 12.0 per cent year-on-year, and a strong influx of new orders.
- KDS have a good margin and a strong volume of new orders. The signing of the JSM phase III development contract had a positive effect on operating revenues and the EBITDA.
- KPS have a strong influx of new orders, but declining operating revenues and margins.
- KOGT have a weak quarter characterised by restructuring costs and slower activity. Measures have been initiated.
- The Group have a good cash flow from operating activities in Q2, i.e. MNOK 361.
- KONGSBERG has a record-high backlog valued at more than NOK 21 billion, after an influx of orders of NOK 5 714 million in Q2.

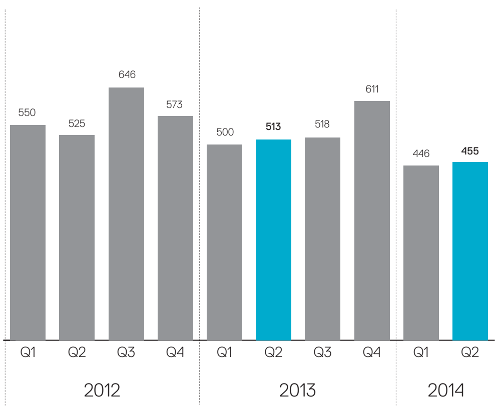
OPERATING REVENUES



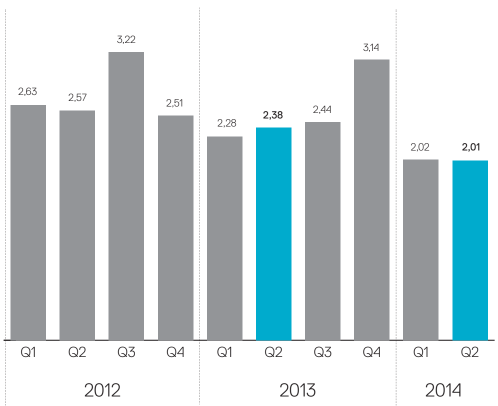
OPERATING REVENUES BY AREA
Q2



EBITDA



EPS



I am very pleased with the strong influx of new orders for the Group in Q2. KM continues on a good, steady course, KPS is building up its order backlog and KDS won the contract for phase III of the development of the Joint Strike Missile. There are still challenges related to KOGT in terms of both volume and expenses, but we have initiated targeted measures to reverse the negative trend.

Walter Qvam, President & CEO

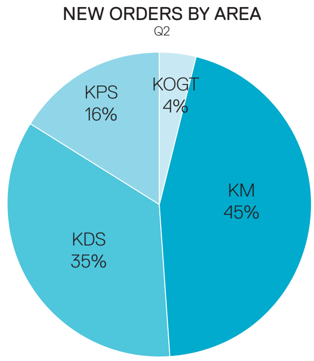
PERFORMANCE AND THE ORDER SITUATION

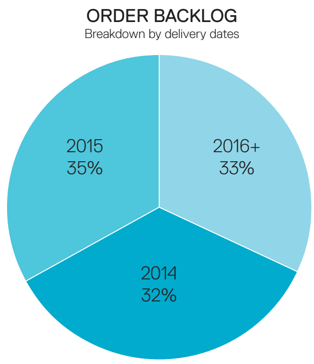
Operating revenues came to MNOK 4 263 (MNOK 4 097) in Q2 2014. The EBITDA totalled MNOK 455 (MNOK 513), resulting in an EBITDA margin of 10.7 per cent (12.5 per cent). KM's operating revenues climbed by 12.0 per cent year-on-year. KDS also reported good growth. KPS and KOGT both experienced a reduction in operating revenues. KM and KDS exerted the most pronounced positive influences on the EBITDA with MNOK 366 (MNOK 293) and MNOK 147 (MNOK 104), respectively, during the quarter. Earnings before tax came to MNOK 327 (MNOK 395) in Q2, while earnings after tax were MNOK 243 (MNOK 285). This led to earnings per share of NOK 2.01 (NOK 2.38/share).

New orders in Q2 2014 added up to MNOK 5 714 (MNOK 3 773), equivalent to a book/bill of 1.34. The new orders are mainly linked to a good influx of orders for KM, the JSM phase III development contract at KDS, and a high volume at KPS from the US CROWS programme. KONGSBERG has a record-high backlog valued at more than NOK 21 billion.

At the end of H1 2014, operating revenues came to MNOK 8 204 (MNOK 8 130) and the EBITDA was MNOK 901 (MNOK 1 013). This leads to an H1 2014 EBITDA margin of 11.0 per cent (12.5 per cent). New orders were very strong in H1, amounting to MNOK 14 279 (MNOK 7 658). This is primarily attributable to the fact that KM and KDS won contracts worth MNOK 6 022 and MNOK 6 703, respectively, in H1.

Since 1 January 2014, the company Kongsberg Satellite Services AS, which is owned 50 per cent by KONGSBERG, has been recognised using the equity method. Previously subject to gross consolidation, the company's profit/loss now appears on the line "Share of the profit/loss in associates". The comparative figures have not been adjusted to reflect this change, see also Note 8.





Order backlog at the end of Q2 2014, MNOK 21.096

CASH FLOW

KONGSBERG saw a net reduction in bank deposits and cash equivalents of MNOK 843 in Q2. During the quarter, the Group redeemed a bond loan of MNOK 500 and paid MNOK 630 in dividends to the shareholders. The net cash flow from operating activities in Q2 was MNOK 369 (MNOK 1 019). The cash flow from operations was good and no large advance payments were received from customers during the quarter. The cash flow can sometimes fluctuate quite significantly between quarters as a result of customers' terms of payment and, generally speaking, due to the amount of capital tied up in projects.

In H1 2014, KONGSBERG saw a net increase in bank deposits and cash equivalents of MNOK 503 (MNOK 121). The net cash flow from operating activities was MNOK 1 868 (MNOK 1 096). The strong cash flow from operations was in response to a generally good cash flow throughout the entire group, and to large advance payments from customers in Q1 2014.

	1.4. - 30.6.		1.1. - 30.6.		
MNOK	**2014**	2013	**2014**	2013	2013
EBITDA	**455**	513	**901**	1 013	2 142
Change in net current assets and other operating related items	**(86)**	506	**967**	83	(159)
Net cash flow from operating activities	**369**	**1 019**	**1 868**	**1 096**	**1 983**
Net cash flow from investing activities	**(163)**	(111)	**(267)**	(522)	(775)
Net cash flow used in financing activities [1]	**(1 071)**	(431)	**(1 110)**	(475)	(480)
Effect of changes in exchange rates on cash and short-term deposits	**22**	9	**12**	22	35
Net change in cash and short-term deposits	**(843)**	**486**	**503**	**121**	**763**

[1] *Included paid dividend*

BALANCE SHEET

At the end of Q2 2014, the Group had net interest-bearing liabilities of MNOK - 2 934, compared with MNOK -3 291 at the end of Q1 2014 and MNOK -1 935 at the end of 2013. The Group's bank deposits and cash equivalents totalled MNOK 3 775 at end quarter, compared with MNOK 4 618 at the end of Q1 and MNOK 3 272 at the end of 2013. KONGSBERG's equity came to MNOK 6 644 (35.8 per cent), compared with MNOK 7 015 (37.6 per cent) at the end of Q1 and MNOK 6 657 (38.2 per cent) at year-end 2013.

In April, KONGSBERG opened a credit facility of NOK 1.5 billion with a syndicate consisting of five banks. The new credit facility has a term of five years with two additional one-year options. The line of credit is currently undrawn.

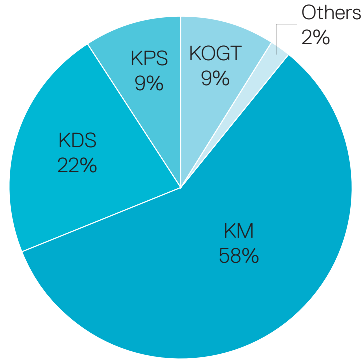
	30.6.	31.3.	31.12.
MNOK	**2014**	2014	2013
Equity	**6 644**	7 015	6 657
Equity ratio(%)	**35.8**	37.6	38.2
Total assets	**18 556**	18 664	17 435
Working capital	**3 620**	4 060	3 319
Gross interest-bearing liabilities	**841**	1 327	1 337
Gross bank deposits and cash equivalents	**3 775**	4 618	3 272
Net interest-bearing liabilities	**(2 934)**	(3 291)	(1 935)

HUMAN RESOURCES

KONGSBERG had 7 564 employees at the end of Q2 2014, an increase of 44 employees during the quarter. The increase is mainly at KM as a result of a higher level of activity, primarily linked to KM's companies abroad. The number of employees at KOGT has been reduced to adapt capacity to the market. At the end of H1, 38 per cent of KONGSBERG's employees worked outside of Norway.

NUMBER OF EMPLOYEES BY AREA

Q2



OTHER MATTERS

The charge of corruption in Romania

In February 2014, a charge was filed against Kongsberg Gruppen ASA, Kongsberg Defence & Aerospace AS and an employee of Kongsberg Defence & Aerospace, alleging corruption in conjunction with deliveries of communications equipment to Romania from 2003 to 2008 KONGSBERG is cooperating closely with the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway to determine what actually happened, but it is expected that it will take time before the case is closed See also the paragraph entitled "Risk factors and risk management" in the Directors' Report in the Annual Report for 2013. Q2 has not brought to light any new factors that would change the Board's assessment of the case.

Rolls-Royce Marine AS v Kongsberg Evotec AS

KONGSBERG has received a writ of summons from Rolls-Royce Marine AS. Based on the information currently available, KONGSBERG and independent advisers have reviewed the case and concluded that the claims have not been established as probable. The main hearing is scheduled to start on 25 November 2014. See also Note 35 to the financial statements for 2013.

OTHER ACTIVITIES

"Other activities" consists mainly of eliminations and external operating revenues for Property Operations. Costs for the DeltaOne improvement programme, as well as costs associated with the ongoing investigation at KONGSBERG, have been charged against the EBITDA for "Other activities" in Q2.

KEY FIGURES

	1.4. - 30.6.		1.1. - 30.6.		
MNOK	**2014**	2013	**2014**	2013	2013
Revenues	**2 359**	2 105	**4 724**	4 113	8 264
EBITDA	**366**	293	**707**	577	1 179
EBITDA (%)	**15.5**	13.9	**15.0**	14.0	14.3
New orders	**2 594**	2 431	**6 022**	5 095	8 455

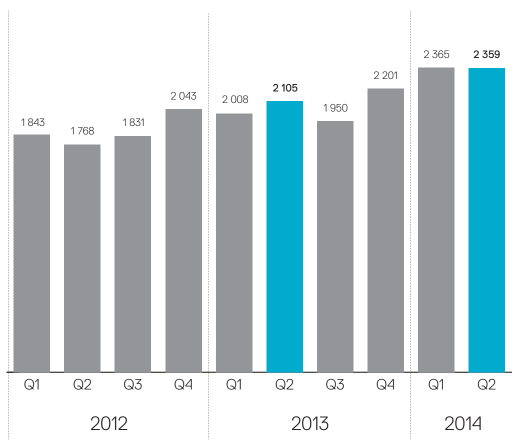
	30.6.	31.3.	31.12.
MNOK	**2014**	2014	2013
Order backlog	**8 121**	7 615	6 529
No. of employees	**4 459**	4 370	4 260

PERFORMANCE

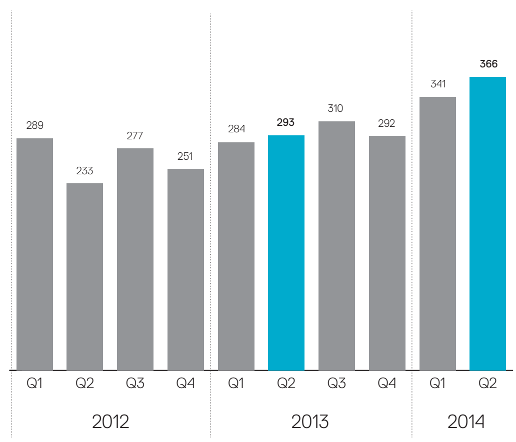
KM’s record-high level of activity continues. All divisions reported good operating revenues and solid EBITDA margins. Revenues added up to MNOK 2 359 (MNOK 2 105) in Q2 2014. The EBITDA was MNOK 366 (MNOK 293), resulting in an EBITA margin of 15.5 per cent (13.9 per cent).

In H1 2014, KM generated cumulative operating revenues of MNOK 4 724 (MNOK 4 113) and EBITDA of MNOK 707 (MNOK 577), comparable to an EBITA margin of 15.0 per cent (14.0 per cent).

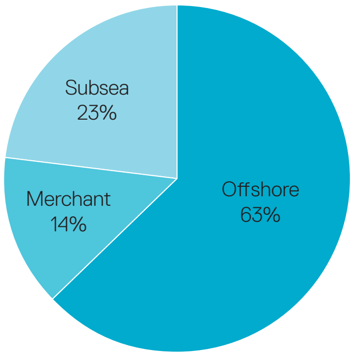
OPERATING REVENUES



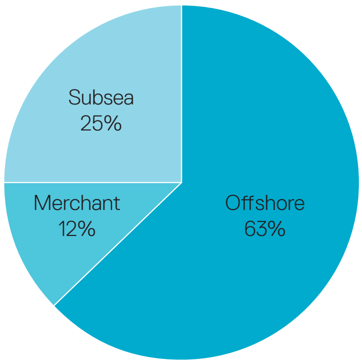
EBITDA



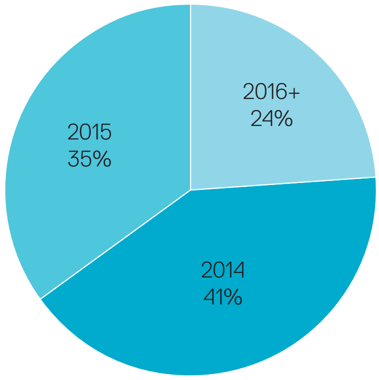
OPERATING REVENUES YTD 2014



OPERATING REVENUES YTD 2013

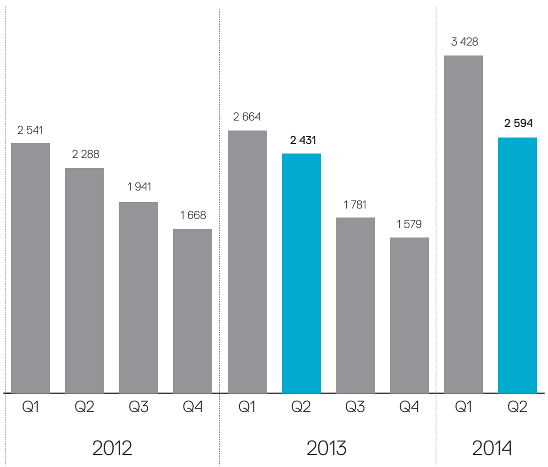


ORDER BACKLOG
Breakdown by delivery dates



Orderbacklog at the end of Q2 2014, MNOK 8.121

NEW ORDERS



MARKETS AND NEW ORDERS

New orders signed in Q2 2014 were valued at MNOK 2 594 (MNOK 2 431). KM had a record-high backlog of orders valued at MNOK 8 121 at end quarter. This gives a good platform for the business area which operates in several cyclical markets. The year-to-date value of new orders came to MNOK 6 022 (MNOK 5 095) in H1. All divisions had a strong influx of new orders, especially Merchant Marine and Subsea, which saw increases of about 90 per cent and about 45 per cent, respectively, compared with H1 2013.

KM has a strong market position in the offshore industry, and increases the influx of new orders in a highly competitive market. This has resulted in significant contracts, including a project-specific FEED agreement for the delivery of safety and automation systems for Statoil's four platforms on the Johan Sverdrup field. Platform supply vessels and offshore construction vessels alike had a positive impact on new orders. At mid-year 2014, the division had won contracts valued at more than NOK 3 billion.

In H1 2014, the Merchant Marine Division had an increase in new orders of roughly MNOK 450, year-on-year. In May, KM announced contracts valued at MNOK 145 for a series of 14 crude oil and product tank ships ordered by BP Shipping from STX Offshore and Shipbuilding Co. Ltd. Influx of new orders has also been good for deliveries to gas and chemical carriers.

KM's subsea business saw a strong influx of new orders during the quarter and year-to-date in 2014. New orders for the offshore segment are also reflected in the Subsea Division, including contracts for underwater navigation and acoustic blow-out preventer (BOP) systems. These systems are sold both as an integral part of control systems for offshore vessels (Full Picture Systems), and as separate deliveries. The market for seabed surveying is making progress. The division has seen an increase in new orders for subsea mapping systems from the surveying industry and national players. Seabed surveying is crucial in connection with safe navigation, resource utilisation and the assertion of sovereignty. The surveying of domestic waters, the Continental Shelf and Arctic areas is a strategic activity for many nations.

KONGSBERG DEFENCE SYSTEMS

KEY FIGURES

	1.4. - 30.6.		1.1. - 30.6.		
MNOK	**2014**	2013	**2014**	2013	2013
Revenues	**1 291**	1 063	**2 175**	2 051	4 554
EBITDA	**147**	104	**220**	173	520
EBITDA (%)	**11.4**	9.8	**10.1**	8.4	11.4
New orders	**2 019**	651	**6 703**	1 351	3 232

	30.6.	31.3.	31.12.
MNOK	**2014**	2014	2013
Order backlog	**9 203**	8 460	5 489
No. of employees	**1 664**	1 681	1 761

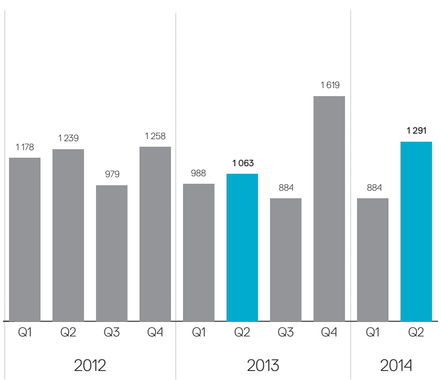
PERFORMANCE

Q2 operating revenues ended at MNOK 1 291 (MNOK 1 063). The EBITDA was MNOK 147 (MNOK 104), resulting in an EBITA margin of 11.4 per cent (9.8 per cent). Operating revenues and the result during the quarter were positively influenced by the signing of a contract for the development of JSM phase III. The delivery programmes are on schedule.

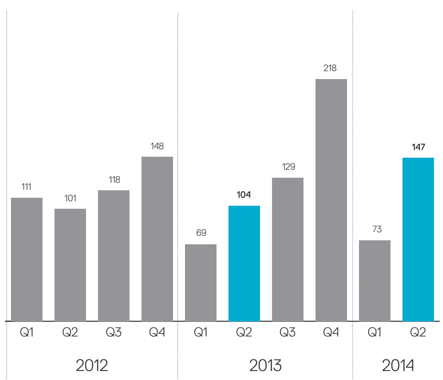
In H1 2014, KDS earned aggregate operating revenues of MNOK 2 175 (MNOK 2 051). The EBITDA was MNOK 220 (MNOK 173), resulting in an EBITA margin of 10.1 per cent.

Since 1 January 2014, the company Kongsberg Satellite Services AS, which is owned 50 per cent by KONGSBERG, has been recognised using the equity method. Previously subject to gross consolidation, the company's profit/loss now appears on the line "Share of the profit/loss in associates". The comparative figures have not been adjusted to reflect this change, see also Note 8.

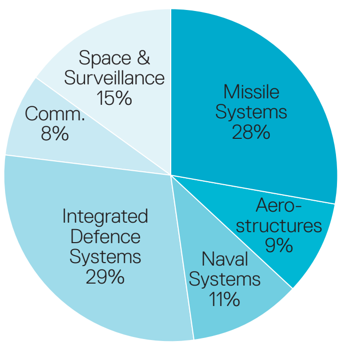
OPERATING REVENUES



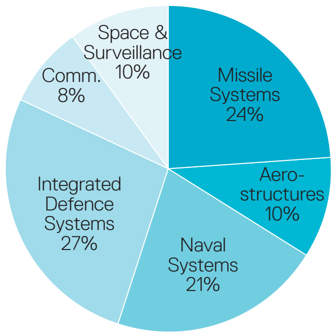
EBITDA



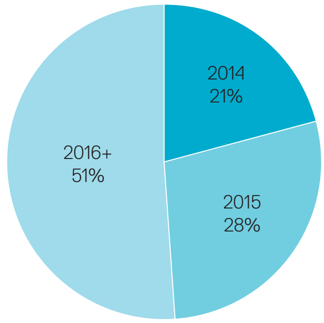
OPERATING REVENUES YTD 2014



OPERATING REVENUES YTD 2013



ORDER BACKLOG
Breakdown by delivery dates



Order backlog at the end of Q2 2014, MNOK 9.203

MARKETS AND NEW ORDERS

New orders totalled MNOK 2 019 (MNOK 651) in Q2. The largest contract during the quarter was the development contract for JSM phase III with the Norwegian Armed Forces. Later in July, the contract was enlarged by adding a part two valued at MNOK 280. The main contract is for the completion of the missile, and for clearing it for integration on the F-35 Lightning II (Joint Strike Fighter – JSF). Part two covers the production of test missiles, support equipment and missile testing from the F-16 from 2015 to 2017. A contract valued at MNOK 160 was signed with Lockheed Martin for the delivery of rudder components for the LRIP 8 of the F-35 programme.

New orders in H1 2014 added up to MNOK 6 703 (MNOK 1 351), bringing the backlog of orders at the end of H1 to some NOK 9 billion. The two largest contracts in the early half of the year were the anti-aircraft contract with Oman valued at NOK 3.7 billion, and the JSM phase III development contract.

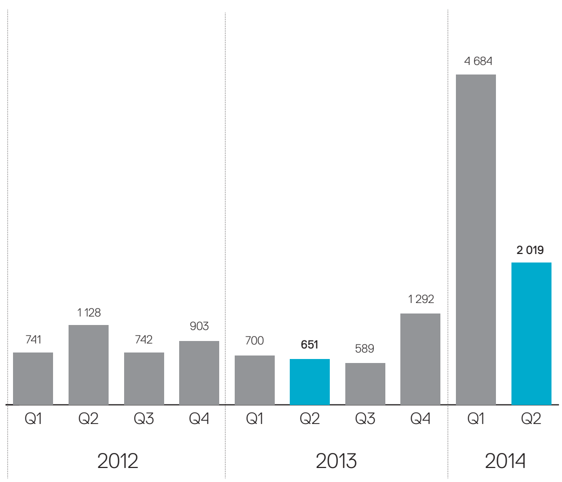
Fluctuations in new orders are normal in the defence market, which is marked by relatively few but large-scale contracts. This can be seen clearly when comparing new orders in H1 2014 with the same six months of 2013. There is still uncertainty attached to the defence budgets of several nations. This can also affect KONGSBERG. However, KDS appears to have a product portfolio that is well positioned to meet future needs in many countries. There is a great deal of international interest in missiles and air defence systems. The business area's communications solutions and submarine systems are well established at the international level. KONGSBERG has firm delivery contracts and framework agreements for the delivery of components for the F-35 fighter craft. Moreover, long-term, robust customer relations have been established for the Division's satellite activities.

Collaboration agreement with Raytheon and letter of intent with AgustaWestland

In July, KONGSBERG concluded a collaboration agreement with Raytheon of the US regarding marketing and deliveries of anti-ship missiles to the USA and the international market. The cooperation agreement enhances KONGSBERG's chances of success on the US market. KONGSBERG has had successful international collaboration with Raytheon revolving around the ground-based NASAMS anti-aircraft system since 1996.

During the summer, KONGSBERG also signed a letter of intent with AgustaWestland regarding extended cooperation on helicopter maintenance. The agreement outlines intentions to make KONGSBERG a "Centre of Excellence" for maintenance, repair and overhauls of dynamic components in Northern Europe. It could potentially generate a turnover of EUR 20-25 annually for the next 25 years.

NEW ORDERS



KONGSBERG PROTECH SYSTEMS

KEY FIGURES

	1.4. - 30.6.		1.1. - 30.6.		
MNOK	**2014**	2013	**2014**	2013	2013
Revenues	**365**	660	**799**	1 447	2 420
EBITDA	**39**	115	**118**	263	419
EBITDA (%)	**10.7**	17.4	**14.8**	18.2	17.3
New orders	**899**	438	**1 077**	622	2 005

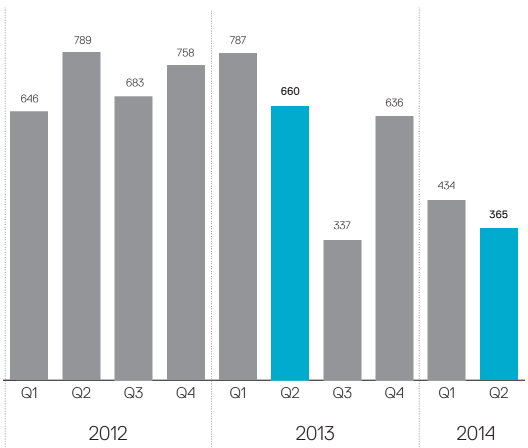
	30.6.	31.3.	31.12.
MNOK	**2014**	2014	2013
Order backlog	**3 088**	2 555	2 805
No. of employees	**642**	640	644

PERFORMANCE

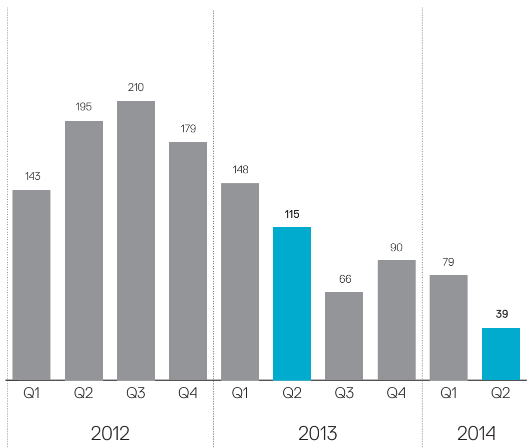
Q2 operating revenues amounted to MNOK 365 (MNOK 660). The EBITDA was MNOK 39 (MNOK 115), resulting in an EBITA margin of 10.7 per cent (17.4 per cent). KPS has maintained its market position as a global leader, but has had diminishing operating revenues over the past three years. This is mainly a result of reduced demand on the part of the largest customer, the US Army.

In H1 2014, KPS earned aggregate operating revenues of MNOK 799 (MNOK 1 447). The EBITDA was MNOK 118 (MNOK 263), resulting in an EBITA margin of 14.8 per cent. In H1 2014, EBITDA saw a positive effect of roughly MNOK 54 relating to the reversal of provisions and customer clarifications regarding previous deliveries.

OPERATING REVENUES



EBITDA



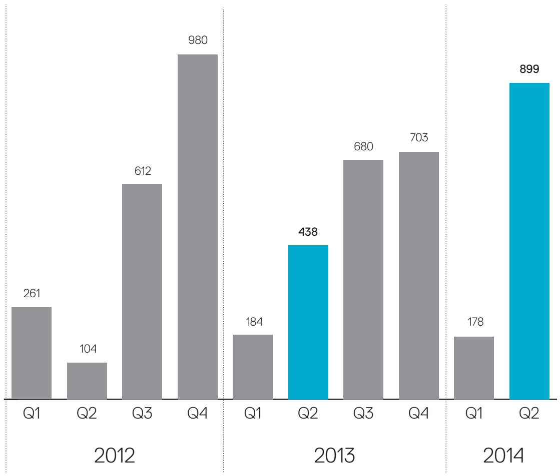
MARKETS AND NEW ORDERS

New orders in Q2 totalled MNOK 899 (MNOK 438). This is the second highest influx of new orders in a single quarter since 2011. New orders are largely dominated by orders from the US CROWS III programme and are for new systems, as well as for the upgrading and maintenance of systems delivered previously. At the end of H1, total orders under CROWS III have accounted for about NOK 1.9 billion since the contract was signed in August 2012, including about 600 new systems. In late July 2014, yet another CROWS III contract worth MNOK 333 was signed.

During H1, new orders for a value of MNOK 1 077 (MNOK 622) were signed. This results in a book/bill of 1.35. There is a shift from deliveries of new systems dominating operating revenues to a larger percentage of operating revenues coming from spare parts and upgrades. In H1, a total of 264 new weapons stations were delivered to customers. This includes the final 75 stations under the CROWS II contract that was delivered up until April. The remaining stations are mainly for the Norwegian/Swedish Nordic project, France, GDLS (Stryker) and CROWS III.

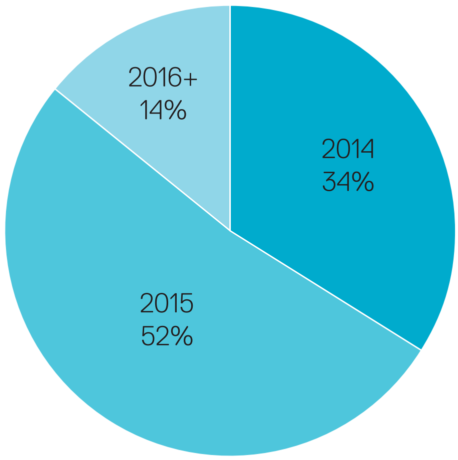
There is still formidable interest in the business area's current and new products. There are ample opportunities for several contracts under existing framework contracts and under new delivery contracts. There is considerable interest in the business area's new products, the Medium Caliber Remote Weapon Station. There are several marketing campaigns in process and the system appears to be close to its first contract, although that may still take some time.

NEW ORDERS



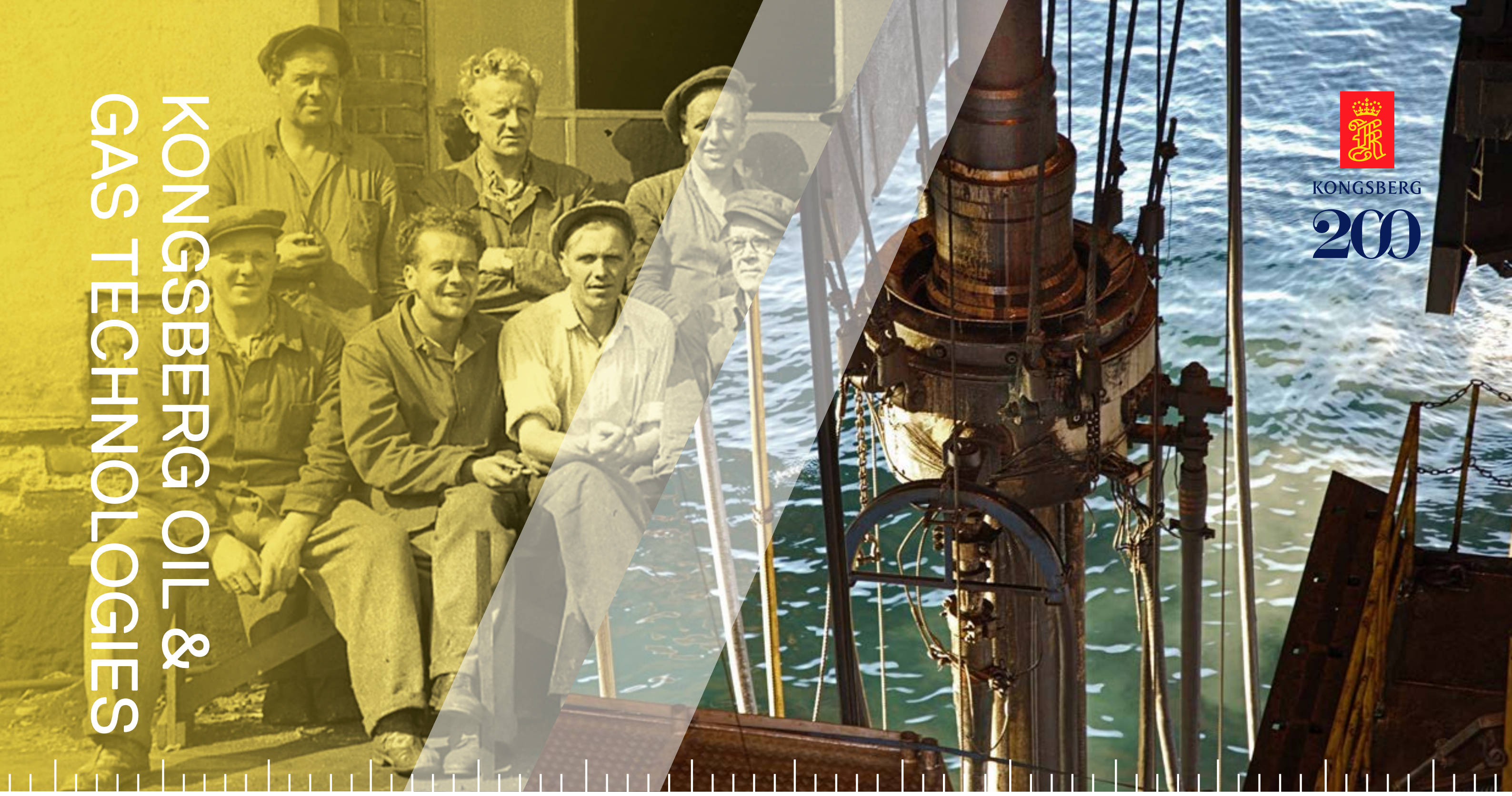
ORDER BACKLOG

Breakdown by delivery dates



Order backlog at the end of Q2 2014, MNOK 3.088 millioner

KONGSBERG OIL & GAS TECHNOLOGIES



KEY FIGURES

	1.4. - 30.6.		1.1. - 30.6.		
MNOK	**2014**	2013	**2014**	2013	2013
Revenues	**247**	277	**518**	516	1 077
EBITDA	**(42)**	8	**(60)**	6	49
EBITDA (%)	**(17.0)**	2.9	**(11.6)**	1.2	4.5
New orders	**198**	299	**483**	594	1 385

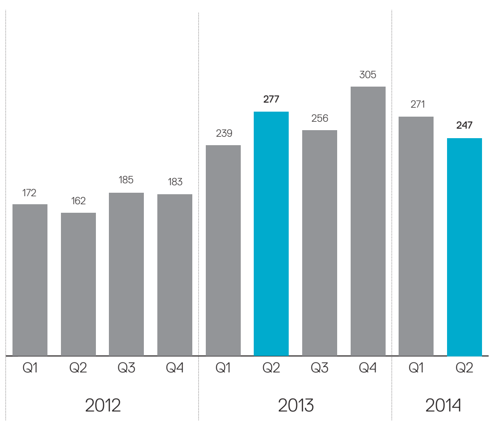
	30.6.	31.3.	31.12.
MNOK	**2014**	2014	2013
Order backlog	**514**	537	734
No. of employees	**682**	709	709

PERFORMANCE

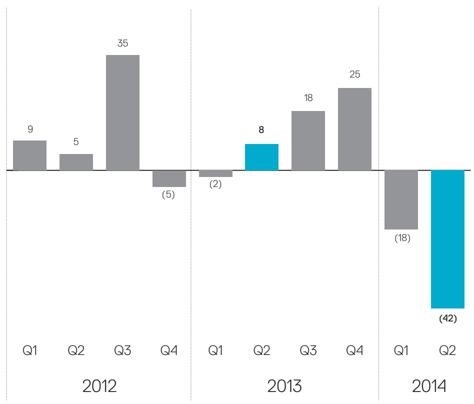
Q2 operating revenues amounted to MNOK 247 (MNOK 277). The company had a weak operating profit in Q2 as a result of low volume. The business area has excess capacity due to cancellation and postponement of projects. EBITDA is MNOK -42 (MNOK 8). In Q2, one-offs and non-operating costs of MNOK 19 related to restructuring and being located in the same place, were charged against the profit/loss. During the quarter, several measures will be taken to increase profitability. The measures are related to organisation and capacity adjustments. The results are expected to improve in the latter half of 2014 in response to measures that have been introduced.

Revenues in H1 aggregated MNOK 518 (MNOK 516) and EBITDA was MNOK -60 (MNOK 6).

OPERATING REVENUES



EBITDA



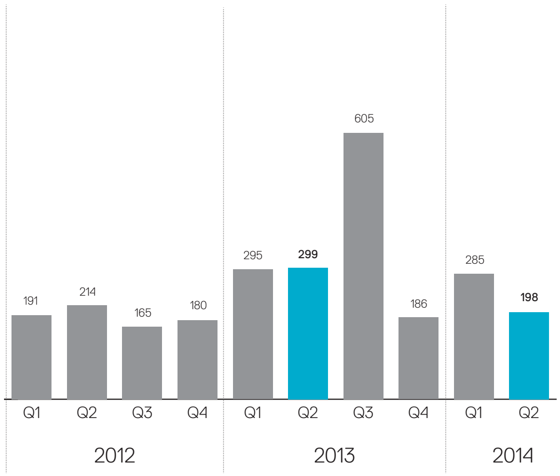
MARKETS AND NEW ORDERS

New orders in Q2 totalled MNOK 198 (MNOK 299). Due to generally more uncertainty in the oil companies' exploration and development programs, several projects have been postponed or stopped. This affects the business area's subsea business in particular. Despite this, Subsea has been very actively engaged in tendering activities during the quarter.

The business area's order backlog is roughly at the same level as at 30 June 2013. This is true despite the fact that some MNOK 200 of the backlog was cancelled in H1 2014. The bulk of this is related to the Polarled contract with Statoil. New orders aggregated MNOK 483 (MNOK 594) in H1, and the breakdown between software and subsea-related orders was roughly 60/40. Software-related orders were down about 8 per cent relative to the same time last year, while subsea-related orders were reduced by about 30 per cent.

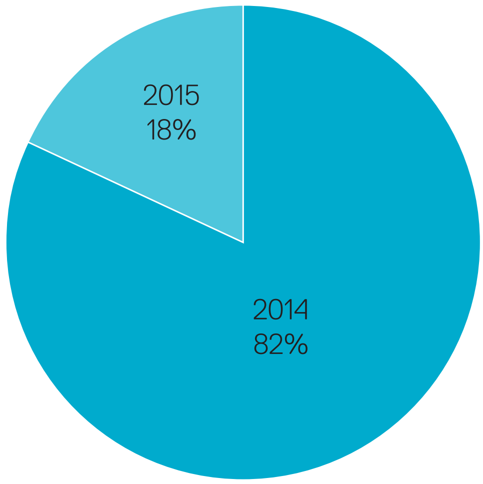
KOGT is an area under development where positions are being built for further development. The business area's earnings will fluctuate as a result of the progress made on certain larger projects and a higher share of licenced sales of software systems. A higher volume is one of several prerequisites for achieving stabilised profitability at a satisfactory level. The business area has had commercial success with several of its solutions based on the core products SiteCom, K-Spice and LedaFlow, and the products will be an important part of the growth base in future as well. The company is also well positioned in several segments of the subsea market, thanks to strong technology and good products/solutions.

NEW ORDERS



ORDER BACKLOG

Breakdown by delivery dates



Order backlog at the end of Q2 2014, MNOK 514

PROSPECTS FOR THE FUTURE

Kongsberg Maritime expects a continued high level of activity in both the Offshore and Subsea Divisions in 2014. The Merchant Marine market has booked a growing number of new orders over the past year, impacting Merchant Marine in a positive direction. Further focus on the global after-market and customer support will continue to be important in 2014. Along with the strong backlog of orders, this also adds up to a sound platform for the business area's level of activity in the latter half of 2014.

Kongsberg Defence Systems is in the final phase of several major delivery programmes. In January 2014, KDS concluded a new, very large agreement for the delivery of the NASAMS anti-aircraft system, and the development contract for JSM phase III has now been signed. There will be several important long-term opportunities for sales and the further development of missiles, air defence, submarine systems, and communications in the years ahead. These circumstances, along with a good order backlog, provide a sound platform for the business area's level of activity.

Kongsberg Protech Systems has maintained a globally leading position in remotely controlled weapons systems and continues to expand its product portfolio. KPS is considered to be well positioned for meeting anticipated future demand. The business area is, however, exposed to generally less demand in its markets, especially in the USA. Activity is therefore expected to be slower in 2014 compared with 2013, and margins from ordinary operations are expected to be lower compared with 2013.

Kongsberg Oil & Gas Technologies' development trend was not satisfactory in H1.
Stricter efficiency standards in the drilling and production phase will open important opportunities for the business area's products over time. The business area is well positioned relative to several important fields in the oil and gas industry, but has currently lower order intake. Measures that have been implemented are expected to improve performance in the latter half of the year.

Kongsberg, 13 August 2014

The Board of Directors of Kongsberg Gruppen ASA

KEY FIGURES BY QUARTER

KM	2014			2013					2012				
MNOK	**2014**	Q2	Q1	**2013**	Q4	Q3	Q2	Q1	**2012**	Q4	Q3	Q2	Q1
Revenues	**4 724**	2 359	2 365	**8 264**	2 201	1 950	2 105	2 008	**7 485**	2 043	1 831	1 768	1 843
EBITDA	**707**	366	341	**1 179**	292	310	293	284	**1 050**	251	277	233	289
EBITDA %	**15.0**	15.5	14.4	**14.3**	13.3	15.9	13.9	14.1	**14.0**	12.3	15.1	13.2	15.7
New orders	**6 022**	2 594	3 428	**8 455**	1 579	1 781	2 431	2 664	**8 438**	1 668	1 941	2 288	2 541
Order backlog	**8 121**	8 121	7 615	**6 529**	6 529	7 125	7 219	6 893	**6 042**	6 042	6 477	6 443	5 769
EBITA	**626**	324	302	**1 018**	252	268	253	245	**908**	207	241	200	260
EBITA %	**13.3**	13.7	12.8	**12.3**	11.4	13.7	12.0	12.2	**12.1**	10.1	13.2	11.3	14.1

KDS	2014			2013					2012				
MNOK	**2014**	Q2	Q1	**2013**	Q4	Q3	Q2	Q1	**2012**	Q4	Q3	Q2	Q1
Revenues	**2 175**	1 291	884	**4 554**	1 619	884	1 063	988	**4 654**	1 258	979	1 239	1 178
EBITDA	**220**	147	73	**520**	218	129	104	69	**478**	148	118	101	111
EBITDA %	**10.1**	11.4	8.3	**11.4**	13.5	14.6	9.8	7.0	**10.3**	11.8	12.1	8.2	9.4
New orders	**6 703**	2 019	4 684	**3 232**	1 292	589	651	700	**3 514**	903	742	1 128	741
Order backlog	**9 203**	9 203	8 460	**5 489**	5 489	5 816	6 112	6 534	**6 817**	6 817	7 170	7 418	7 504
EBITA	**173**	123	50	**407**	186	101	77	43	**372**	120	92	75	85
EBITA %	**8.0**	9.5	5.7	**8.9**	11.5	11.4	7.2	4.4	**8.0**	9.5	9.4	6.1	7.2

KPS	2014			2013					2012				
MNOK	**2014**	Q2	Q1	**2013**	Q4	Q3	Q2	Q1	**2012**	Q4	Q3	Q2	Q1
Revenues	**799**	365	434	**2 420**	636	337	660	787	**2 876**	758	683	789	646
EBITDA	**118**	39	79	**419**	90	66	115	148	**727**	179	210	195	143
EBITDA %	**14.8**	10.7	18.2	**17.3**	14.2	19.6	17.4	18.8	**25.3**	23.6	30.7	24.7	22.1
New orders	**1 077**	899	178	**2 005**	703	680	438	184	**1 957**	980	612	104	261
Order backlog	**3 088**	3 088	2 555	**2 805**	2 805	2 739	2 396	2 617	**3 218**	3 218	2 997	3 069	3 753
EBITA	**92**	27	65	**362**	76	52	102	132	**654**	155	193	179	127
EBITA %	**11.5**	7.4	15.0	**15.0**	11.9	15.4	15.5	16.8	**22.7**	20.4	28.3	22.7	19.7

KOGT	2014			2013					2012				
MNOK	**2014**	Q2	Q1	**2013**	Q4	Q3	Q2	Q1	**2012**	Q4	Q3	Q2	Q1
Revenues	**518**	247	271	**1 077**	305	256	277	239	**702**	183	185	162	172
EBITDA	**(60)**	(42)	(18)	**49**	25	18	8	(2)	**44**	(5)	35	5	9
EBITDA %	**(11.6)**	(17.0)	(6.6)	**4.5**	8.2	7.0	2.9	(0.8)	**6.3**	(2.7)	18.9	3.1	5.2
New orders	**483**	198	285	**1 385**	186	605	299	295	**750**	180	165	214	191
Order backlog	**514**	514	537	**734**	734	855	505	484	**293**	293	303	560	498
EBITA	**(70)**	(47)	(23)	**34**	15	17	6	(4)	**39**	(6)	33	5	7
EBITA %	**(13.5)**	(19.0)	(8.5)	**3.2**	4.9	6.6	2.2	(1.7)	**5.6**	(3.3)	17.8	3.1	4.1

KONGSBERG	2014			2013					2012				
MNOK	**2014**	Q2	Q1	**2013**	Q4	Q3	Q2	Q1	**2012**	Q4	Q3	Q2	Q1
Revenues	**8 204**	4 263	3 941	**16 323**	4 745	3 448	4 097	4 033	**15 652**	4 209	3 675	3 932	3 836
EBITDA	**901**	455	446	**2 142**	611	518	513	500	**2 294**	573	646	525	550
EBITDA %	**11.0**	10.7	11.3	**13.1**	12.9	15.0	12.5	12.4	**14.7**	13.6	17.6	13.4	14.3
New orders	**14 279**	5 714	8 565	**15 043**	3 697	3 688	3 773	3 885	**14 605**	3 717	3 495	3 669	3 724
Order backlog	**21 096**	21 096	19 344	**15 687**	15 687	16 711	16 398	16 733	**16 523**	16 523	17 084	17 587	17 667
EBITA	**739**	373	366	**1 797**	515	434	430	418	**1 971**	477	566	450	478
EBITA %	**9.0**	8.7	9.3	**11.0**	10.9	12.6	10.5	10.4	**12.6**	11.3	15.4	11.4	12.5

CONDENSED INCOME STATEMENT FOR THE PERIOD

		1.4. - 30.6.		1.1. - 30.6.		1.1 - 31.12.
MNOK	Note	**2014**	2013	**2014**	2013	2013
Revenues	1	**4 263**	4 097	**8 204**	8 130	16 323
Operating expenses		**(3 824)**	(3 584)	**(7 330)**	(7 117)	(14 181)
Share of net income from Joint arrangements and associated companies		**16**	-	**27**	-	-
EBITDA		**455**	**513**	**901**	**1 013**	**2 142**
Depreciation		**(82)**	(83)	**(162)**	(165)	(345)
EBITA	**1**	**373**	**430**	**739**	**848**	**1 797**
Amortisation		**(35)**	(33)	**(69)**	(66)	(138)
Impairment		**(16)**		**(16)**		
EBIT		**322**	**397**	**654**	**782**	**1 659**
Net financial items	8	**5**	(2)	**2**	(11)	(15)
Earnings before tax (EBT)		**327**	**395**	**656**	**771**	**1 644**
Income tax	10	**(84)**	(110)	**(170)**	(215)	(419)
Earnings after tax		**243**	**285**	**486**	**556**	**1 225**
Attributable to:						
Non-controlling interests		**2**	-	**3**	(2)	(3)
Equity holders of the parent		**241**	285	**483**	558	1 228
Earnings per share (EPS). NOK		**2.01**	2.38	**4.03**	4.65	10.24
Earnings per share. diluted NOK		**2.01**	2.38	**4.03**	4.65	10.24

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

		1.4. - 30.6.		1.1. - 30.6.		1.1 - 31.12.
MNOK	Note	**2014**	2013	**2014**	2013	2013
Earnings after tax		**243**	285	**486**	556	1 225
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Change. fair value of financial instr. and hedge instr. for cash flow hedges:	5					
- Change. cash flow hedges and int. rate swap agreements		**3**	(9)	**3**	(4)	(7)
- Change. available-for-sale investments		**(174)**	(202)	**108**	(331)	(461)
Tax effect. cash flow hedges and int. rate swap agreements		**47**	57	**(31)**	93	129
Translation differences, foreign currency		**74**	36	**42**	77	123
Net items that may be reclassified subsequently to profit or loss		**(50)**	**(118)**	**122**	**(165)**	**(216)**
Items that will not be reclassified to profit or loss:						
Actuarial gains/losses pensions		**-**	-	**-**	-	(239)
Tax on items recognised against statement of comprehensive income		**-**	-	**-**	-	67
Net items that will not be reclassified to profit or loss		**-**	**-**	**-**	**-**	**(172)**
Comprehensive income		**193**	**167**	**608**	**391**	**837**

CONDENSED STATEMENT OF FINANCIAL STATUS

MNOK	Note	30.6. 2014	31.3. 2014	31.12. 2013
Property, plant and equipment		**2 498**	2 467	2 655
Intangible assets	4	**3 109**	3 118	3 137
Other non-current assets	5	**311**	268	295
Total non-current assets		**5 918**	**5 853**	**6 087**
Inventories		**2 836**	2 827	2 943
Trade receivables		**2 170**	2 130	2 238
Construction contracts under constructions, asset		**2 623**	2 043	1 963
Other current assets		**1 234**	1 193	932
Cash and short-term deposits		**3 775**	4 618	3 272
Total current assets		**12 638**	**12 811**	**11 348**
Total assets		**18 556**	**18 664**	**17 435**
Paid-in equity		**982**	982	982
Retained earnings		**5 694**	5 942	5 799
Fair value of financial instruments		**(52)**	72	(132)
Non-controlling interests		**20**	19	8
Total equity		**6 644**	**7 015**	**6 657**
Long-term interest-bearing debt	5	**841**	826	811
Other non-current liabilities and provisions	9	**2 053**	2 072	1 938
Total non-current liabilities and provisions		**2 894**	**2 898**	**2 749**
Construction contracts under construction, liabilities		**3 914**	3 688	2 548
Short term interest bearing debt.	5	**-**	501	526
Other current liabilities and provisions	3	**5 104**	4 562	4 955
Total current liabilities and provisions		**9 018**	**8 751**	**8 029**
Total equity, liabilities and provisions		**18 556**	**18 664**	**17 435**
Equity ratio(%)		**35.8**	37.6	38.2
Net interest-bearing liabilities		**(2 934)**	(3 291)	(1 935)
Net interest-bearing debt/EBITDA(%)		**n/a**	n/a	n/a

CONDENSED STATEMENT OF CHANGES IN EQUITY

MNOK	30.6. 2014	31.3. 2014	31.12. 2013
Equity opening balance	**6 657**	6 657	6 274
Comprehensive income	**608**	415	837
Dividends	**(630)**	-	(450)
Treasury shares	**10**	(57)	(3)
Acquisition / disposals non-controlling interests	**-**	-	-
Dividends non-controlling interests	**(1)**	-	(2)
Change in non-controlling interests	**-**	-	1
Equity, closing balance	**6 644**	**7 015**	**6 657**

CONDENSED CASH FLOW STATEMENT

	1.4. - 30.6.		1.1. - 30.6.		1.1 - 31.12.
MNOK	**2014**	2013	**2014**	2013	2013
Earnings before interest, tax, depreciation and amortisation	**455**	513	**901**	1 013	2 142
Change in net current assets and other operating related items	**(86)**	506	**967**	83	(159)
Net cash flow from operating activities	**369**	**1 019**	**1 868**	**1 096**	**1 983**
Acquisition of property, plant and equipment	**(94)**	(99)	**(170)**	(165)	(346)
Acquisition of subsidiaries and non-controlling interests	**(46)**	-	**(46)**	(329)	(346)
Net payment of loans and acquisition/sale of shares	**-**	-	**-**	-	-
Other investing activities	**(23)**	(12)	**(51)**	(28)	(83)
Net cash flow from investing activities	**(163)**	**(111)**	**(267)**	**(522)**	**(775)**
New loans raised and repayment	**(501)**	(2)	**(486)**	-	-
Net interest received (paid)	**8**	(3)	**11**	(7)	(11)
Net payments for the purchase/sale of treasury shares	**50**	24	**(7)**	(18)	(17)
Transactions with non-controlling interests	**-**	-	**-**	-	(2)
Dividends paid to equity holders of the parent	**(630)**	(450)	**(630)**	(450)	(450)
Of which, dividends from treasury shares	**2**	-	**2**	-	-
Net cash flow used in financing activities	**(1 071)**	**(431)**	**(1 110)**	**(475)**	**(480)**
Effect of changes in exchange rates on cash and short-term deposits	**22**	9	**12**	22	35
Net change in cash and short-term deposits	**(843)**	**486**	**503**	**121**	**763**
Cash and short-term deposits opening balance	**4 618**	**2 144**	**3 272**	**2 509**	**2 509**
Cash and short-term deposits, closing balance	**3 775**	**2 630**	**3 775**	**2 630**	**3 272**

NOTES TO THE QUARTERLY ACCOUNTS

NOTE 1 – INFORMATION BY SEGMENT

	REVENUES					EBITDA					EBITA				
	1.4. - 30.6.		1.1. - 30.6.			1.4. - 30.6.		1.1. - 30.6.			1.4. - 30.6.		1.1. - 30.6.		
MNOK	**2014**	2013	**2014**	2013	2013	**2014**	2013	**2014**	2013	2013	**2014**	2013	**2014**	2013	2013
KM	**2 359**	2 105	**4 724**	4 113	8 264	**366**	293	**707**	577	1 179	**324**	253	**626**	498	1 018
KDS	**1 291**	1 063	**2 175**	2 051	4 554	**147**	104	**220**	173	520	**123**	77	**173**	120	407
KPS	**365**	660	**799**	1 447	2 420	**39**	115	**118**	263	419	**27**	102	**92**	234	362
KOGT	**247**	277	**518**	516	1 077	**(42)**	8	**(60)**	6	49	**(47)**	6	**(70)**	2	34
OTHERS	**1**	(8)	**(12)**	3	8	**(55)**	(7)	**(84)**	(6)	(25)	**(54)**	(8)	**(82)**	(6)	(24)
THE GROUP	**4 263**	4 097	**8 204**	8 130	16 323	**455**	513	**901**	1 013	2 142	**373**	430	**739**	848	1 797

NOTE 2 – GENERAL INFORMATION AND PRINCIPLES

The consolidated accounts for Q2 (the interim accounts) cover Kongsberg Gruppen ASA, its subsidiaries and jointly controlled schemes, as well as the Group's stakes in associates, which have been consolidated using the equity method.

The interim accounts have been drawn up in accordance with IAS 34 for interim reporting, the Stock Exchange regulations and the supplementary requirements in Norway's Securities Trading Act. The interim accounts do not include all the information required for a full financial statement and should therefore be read in the light of the consolidated accounts for 2013. The consolidated accounts for 2013 comply with the rules in the Norwegian Accounting Act and with international financial reporting standards, as laid down by the EU. KONGSBERG has applied the same accounting policies as are described in the consolidated accounts for 2013, with the exception of factors mentioned in Note 8 - Policy changes pursuant to IFRS 11.

The consolidated accounts for 2013 are available upon request from the Group's headquarters in Kongsberg or at www.kongsberg.com.

The interim accounts have not been audited.

NOTE 3 – ESTIMATES

The preparation of the interim accounts entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognised as assets and liabilities, income and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same as for the consolidated accounts for 2013.

NOTE 4 – EQUITY-FINANCED DEVELOPMENT

Development costs of MNOK 181 (MNOK 196) were charged against income in Q2 2014. In addition, MNOK 23 (MNOK 11) in equity-financed development was capitalised in Q2. Similarly, during the period from 1 Jan. -30 Jun. 2014, MNOK 386 (MNOK 389) was charged against income and MNOK 51 (MNOK 27) was capitalised.

NOTES TO THE QUARTERLY ACCOUNTS

NOTE 5 – FINANCIAL INSTRUMENTS

Credit facilities
KONGSBERG has undrawn overdraft facilities of MNOK 1 500.

Other non-current assets
The value of shares available-for-sale have an added value of MNOK 12 at Q2. This is an increase of MNOK 3 from 1 January 2014.

Currency futures, options and interest swap agreements
Holdings classified as cash flow hedges (prognosis hedges) increased by MNOK 1082) before tax from 1 January 2014. Of that amount, the change in the capitalised value of currency futures accounted for a decrease of MNOK 84 during the same period. Currency exchange rates on the spot market at end quarter were NOK 6.17/USD 1 and NOK 8.42/EUR 1.

MNOK (before tax)	Falling due in 2014: Value based on agreed exchange rates	Falling due in 2014: Net excess value at 30 June 14	Falling due in 2015 or later: Value based on agreed exchange rates	Falling due in 2015 or later: Net excess value at 30 June 14	Total: Value based on agreed exchange rates	Total: Change in excess value from 31 Dec 13	Total: Net excess value at 30 June 14
EUR	518	(19)	700	(19)	1 218	11	(38)
USD	2 696	(64)	2 606	(18)	5 302	(95)	(82)
Deferred gain [1]	-	13	-	29	42	203	42
Total	**3 214**	**(70)**	**3 306**	**(8)**	**6 562**	**119** [2]	**(78)**

[1] The gain arises when the prognosis hedges mature and new hedges are secured for the projects. Any gains/losses that arise are deferred and realised proportional to the progress of the project.
[2] The difference between these two figures is due to a change in holdings of interest swap agreements that is not reflected in the currency list.

NOTE 6 – RELATED PARTIES

The Board is not aware of any changes or transactions with close associates in first half of the year that would have a material impact on the Group's financial position or profit during the quarter.

NOTE 7 – KEY RISK AND UNCERTAINTY FACTORS

No significant new risk or uncertainty factors were discovered during the quarter beyond the events discussed in Note 35 to the Annual Report for 2013, "Events subsequent to the balance sheet date". The Group's assessment of potential financial effects is the same as at when the financial statements for 2013 were presented.

For a description of how the Group deals with different types of risk, please refer to the Annual Report for 2013.

NOTE 8 – POLICY CHANGE AS A RESULT OF THE IMPLEMENTATION OF IFRS 11 JOINT ARRANGEMENTS

IFRS 11 Joint Arrangements was implemented as from 1 January 2014. For KONGSBERG, this implies that Kongsberg Satellite Services AS, 50 per cent of which is owned by KONGSBERG, is now recognised using the equity method rather than by gross consolidation. The P/L element after tax is included along with similar items from other investments on the line "Share of net income from Joint arrangements and associated companies". As the change is not considered to have any material effect on the assessment of the Group's financial statements, the comparable figures have not been restated. Reference is made to Note 32 of the 2013 Annual Report for information about Kongsberg Satellite Services AS' key figures for 2013. The table below indicates the figures for the Group as they would have appeared, had IFRS 11 been applied as from 1 January 2013.

KONGSBERG	2013 reported					2013 adjusted				
NOK millioner	**2013**	Q4	Q3	Q2	Q1	**2013**	Q4	Q3	Q2	Q1
Revenues	**16 323**	4 745	3 448	4 097	4 033	**16 082**	4 683	3 384	4 040	3 975
EBITDA	**2 142**	611	518	513	500	**2 100**	598	508	502	492
EBITDA %	**13.1**	12.9	15.0	12.5	12.4	**13.1**	12.9	15.0	12.5	12.4
Earnings after tax	**1 225**	375	294	285	271	**1 225**	375	294	285	271
Non-current assets	**6 087**	6 087	6 027	6 061	6 032	**5 877**	5 877	5 809	5 840	6 246

STATEMENT FROM THE BOARD OF DIRECTORS AND THE CEO

We hereby confirm that, to the best of our conviction, the H1 accounts for 1 January to 30 June 2014 have been drawn up in compliance with IAS 34 - Interim Reporting, and that the information disclosed in the H1 accounts gives an accurate picture of the Group's assets, liabilities, financial position and performance as a whole, and gives an accurate picture of the information mentioned in §5-6 fourth subsection of Norway's Securities Trading Act.

Kongsberg, 13 August 2014

Finn Jebsen
Chairman

Anne-Lise Aukner
Deputy chairman

Irene Waage Basili
Director

Roar Flåthen
Director

Morten Henriksen
Director

Magnar Hovde
Director

Helge Lintvedt
Director

Roar Marthiniussen
Director

Walter Qvam
President and CEO

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