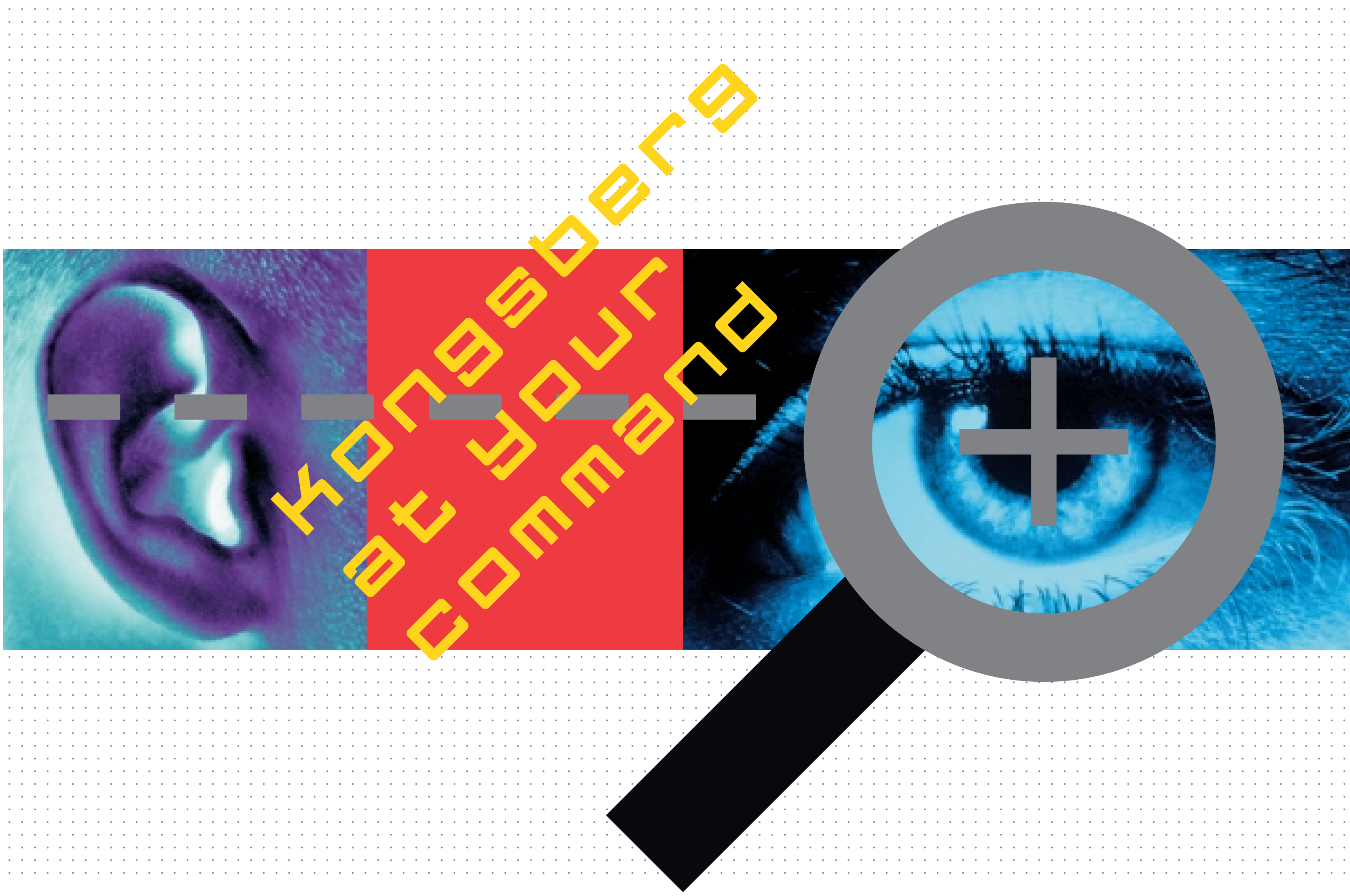
Kongsberg Gruppen - Annual Report 2001

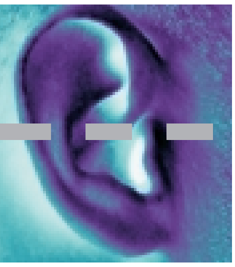


KONGSBERG

Innhold

The importance of listening.....

For Kongsberg Gruppen, market proximity is a prerequisite for developing attractive products and solutions. A wide variety of often somewhat diffuse market forces impacts our competitiveness. As a result, we have learned the importance of listening, discussing and ensuring the exchange of expertise and creativity in an open and constructive dialogue with our customers.



The importance of exchanging opinions.....

The capacity, design and price of high-technology products change constantly at an ever increasing pace. Consequently, Kongsberg Gruppen seeks to add value and make its solutions unique. This is why dialogue, i.e. exchanging opinions with the customer, is crucial to how a solution will eventually turn out. A balance invariably has to be struck between professional requirements and constraints on the one hand, and the desire to find the ideal solution on the other. Given this challenge, we find that person-to-person contact and constructive collaboration spawn innovation, leading to undreamt of opportunities.

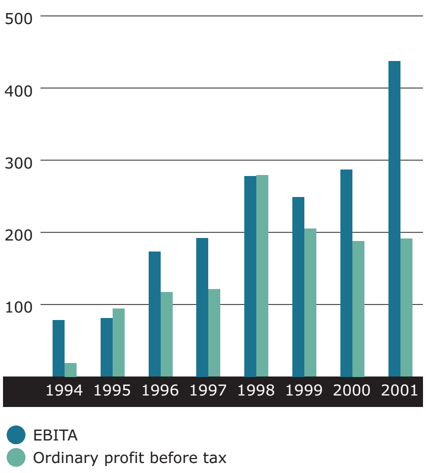
There's more to success than just a good idea

Key figures

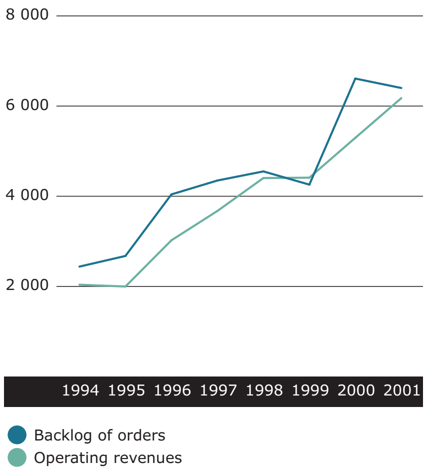
Amounts in MNOK		**2001**	2000	1999	1998	1997	1996
Operations:							
Operating revenues		6 176	5 296	4 412	4 404	3 674	3 023
Operating revenues, civilian	%	63	64	73	71	71	61
Operating revenues outside Norway	%	74	74	62	62	55	51
Earnings before interest, tax and amortisation (EBITA)		437	287	249	278	192	173
Operating profit		328	225	213	189	157	140
Ordinary profit before tax		191	188	205	279	121	117
Net profit/(loss)		122	(54)	233	169	73	69
Order backlog		6 401	6 610	4 258	4 551	4 349	4 044
Profitability:							
EBITA margin	%	7.1	5.4	5.6	6.3	5.2	5.7
Operating margin	%	5.3	4.2	4.8	4.3	4.3	4.6
Return on total assets	%	6	5	6	9	6	6
Return on equity	%	13	13	16	26	12	12
Equity	%	27	26	37	28	31	30
Equity		1 538	1 406	1 490	1 106	1 042	975
Owners' values:							
Earnings per share		4.18	(1.86)	8.84	7.04	3.04	2.95
P/E		23.09	-	16.22	10.79	24.99	19.60
Number of employees		4 012	3 765	3 382	3 333	3 262	3 212

Definitions, see page 45

Profit (MNOK)



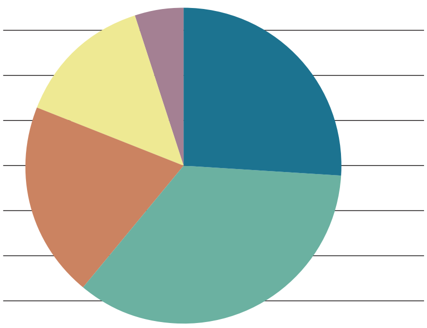
Corporate Development (MNOK)



Key figures by business segment

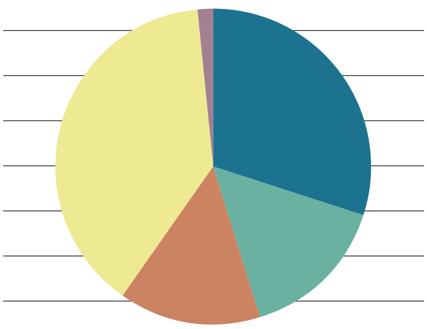
Amounts in MNOK	Operating revenues			EBITA			Operating profit/(loss)		
	2001	*2000*	*1999*	*2001*	*2000*	*1999*	*2001*	*2000*	*1999*
Kongsberg Maritime	3 619	2 983	2 809	303	195	271	236	139	235
Offshore & Subsea	1 852	1 509	1 534	220	163	207	183	135	184
Yachting & Fishery	940	909	827	34	46	49	22	35	38
Merchant Marine	897	637	541	49	(14)	15	31	(31)	13
Kongsberg Defence & Aerospace	2 388	1 943	1 268	138	85	13	131	81	13
Other activities	270	515	406	(11)	9	(16)	(46)	7	(16)
Elimination	(101)	(145)	(71)	7	(2)	(19)	7	(2)	(19)
The Group	**6 176**	**5 296**	**4 412**	**437**	**287**	**249**	**328**	**225**	**213**

Operating revenues by geographical area



Norway 26 %
Europe 35 %
USA/Canada 20 %
Asia 14 %
Other 5 %

Operating revenues by area of activity



Offshore & Subsea 30 %
Yachting & Fishery 15 %
Merchant Marine 14 %
Defence & Aerospace 39 %
Other 2 %

This is Kongsberg Gruppen

Kongsberg Gruppen intends to:

- **be a technology supplier in the maritime and defence market**
- **be a world leader in its market niches**
- **take advantage of knowledge as its most important competitive edge**
- **grow organically and through acquisitions**

Kongsberg Gruppen is an international technology corporation; a world leader in several product areas. Maritime activities in the defence and civilian markets account for no less than 80 per cent of the Group's overall sales.

The Group has 4 012 employees and is represented in more than 20 countries. Roughly 20 per cent of the employees work outside Norway. In 2001, operating revenues came to MNOK 6 176, of which MNOK 4 556 was earned outside Norway.

KONGSBERG's expertise is applied in a number of areas governed by very stringent standards in respect of functionality and technology. The Group's products range from equipment for seabed surveying at ocean depths of 3 000 metres to sophisticated equipment for communications satellites orbiting through outer space 36 000 kilometres above the Earth's surface. Both main business areas possess an exceptionally strong component of technological expertise and specialise in commercialising technical innovations for and in collaboration with customers. Both main business areas have exceptional expertise in signal processing, engineering cybernetics, systems integration and software development.

KONGSBERG attaches great importance to continued growth and enhanced profitability.

The Group is listed on the Oslo Stock Exchange and headquartered in Kongsberg. The principal shareholder is the Norwegian state, which has a 50.001 % stake.

The two main business areas are:

- Kongsberg Maritime
- Kongsberg Defence & Aerospace

Kongsberg Maritime is the Group's largest business area, with operating revenues of MNOK 3 619 and 2 373 employees. In 2001, the company accounted for 59 per cent of the Group's aggregate operating revenues.

Kongsberg Maritime consists of three main segments:

- Offshore & Subsea
- Merchant Marine
- Yachting & Fishery

The main segments encompass a number of companies which have built up considerable independent expertise and strong market positions in maritime information technology.

Kongsberg Defence & Aerospace is the other main business area. The company is Norway's premier supplier of defence products and is a niche supplier to the international market, with special emphasis on anti-ship missiles, command and control systems, and communications.

Kongsberg Defence & Aerospace has 1 499 employees and operating revenues of MNOK 2 388.

Co-operation with the Norwegian Armed Forces on the development of new weapon systems has resulted in significant export growth in recent years. In 2001, 74 per cent of all new orders were for export.

Alliances with major international defence enterprises are a key part of the business area's international market strategy.



Top left to right:

Jan Erik Korssjøen
Chief Executive Officer

Arne Solberg
Executive Vice President and
Chief Financial Officer

Even Aas
Executive Vice President
Corporate Communications

Tom Gerhardsen
President
Kongsberg Defence & Aerospace AS

Torfinn Kildal
President
Kongsberg Maritime AS

Stig Trondvold
Executive Vice President
Business Development

Kongsberg Gruppen ASA

Finance/Accounting•Information•General Counsel•Human Resources•Business Development•Property

Kongsberg Maritime AS

Offshore & Subsea
Merchant Marine
Yachting & Fishery
Information Technology

Kongsberg Defence & Aerospace AS

Missiles & Space
Naval Systems
Land Systems & Communications
Aircraft & Air Defence Systems
Dynamic Systems

GREEN DP

Dynamic positioning (DP) systems are designed to automatically control vessels' relative positions. Their main function is to keep a vessel in position, ensuring that it maintains a pre-defined route or stays in a pre-defined area.
Green DP is a new concept for dynamic positioning made possible by sophisticated new engineering cybernetics and today's ultra-fast processors. The advantage of this concept is that it is easier to predict and calculate the forces affecting a vessel, and to compensate for them early on. This results in faster, more gentle adjustments that save fuel, reduce emissions (hence the name green DP) and cause less strain on the screw and thrusters.

Customer relations are a matter of chemistry

District Offshore ASA:
"We've been dealing with Kongsberg Simrad for 20 years. We believe such stable long-term relationships are imperative. The people at Kongsberg have always been good at incorporating our experience as users into the further development of products like dynamic positioning".

Left to right:

Oddvar Stangeland
Managing Director,
District Offshore ASA

Bjørn J. Trosthoel
Sales and Marketing Manager for Norway and Brazil,
Kongsberg Simrad AS

Kongsberg Gruppen:
"Long-term customer satisfaction is one of our most important objectives. Understanding our customers' needs and working together to further develop system solutions are a pre-requisite for survival in the offshore community. District Offshore is a company that has invariably been willing to help us test new solutions, Green Dynamic Positioning, for instance".

Kongsberg - at your command

Jan Erik Korssjøen – *CEO*

KONGSBERG's vision is WORLD CLASS – through people, technology and dedication. Being World Class is a goal achieved only when perceived as such by the world around us. Technology enterprises can easily succumb to the temptation to strive to achieve their own goals, that is, to be world champions in their own eyes. To translate our vision into reality, however, we must constantly be responsive to the world around us, especially to our customers' needs. KONGSBERG aspires to be known as a corporation that is innovative, vigilant and highly responsive to customers' needs: "Kongsberg - at your command".

Over the years, we have demonstrated the importance of this for us. I would, in fact, argue that this is one of the main reasons for the Group's progress (growth of 17 % last year). We excel at translating customers' needs into useful products.

- KONGSBERG's co-operation with the Norwegian Armed Forces and the Norwegian Defence Research Establishment has resulted in some of the world's most sophisticated weapons systems, e.g. the new anti-ship missile (NSM) being developed for the Norwegian Navy.
- Through the development of Norway's offshore industry, the Group has contributed seminal technological solutions for the Continental Shelf, one of the world's most demanding areas for exploration and production.
- Thanks to its staff's expertise in navigation and control systems, KONGSBERG is familiar with the needs of the merchant marine.
- KONGSBERG is proud to be in the vanguard of maritime e-learning.
- Simrad has been at the forefront of international fisheries technology for many years because Norwegian fisheries customers consistently require the best.
- Thanks to long experience of boats and the coastal culture, the Group has presented a long list of innovations for the yachting market.

The Group's product development has traditionally been based on strong Norwegian user groups, as well as on employees' expertise and willingness to go the extra mile. This has resulted in products that are world leaders in several fields.

Although we have made considerable progress, many goals remain. New technology must be transformed into products, as new generations of users have new needs and requirements. The pace of change is accelerating. The ability to adapt to and incorporate change will be key in future. This requires that we recognise signals, transform ideas into products rapidly and have the courage to take a place in the forefront of innovation.

And that is precisely where we can best serve our customers – "Kongsberg - at your command".

Jan Erik Korssjøen
Chief Executive Officer

Highlights in 2001

Results

- The Group's core activities demonstrated growth and favourable profit trends. The year was characterised by a strong influx of new orders. The downturn in the international economy and the events of 11 September in the US did not have a strong impact on the results, with the exception of the Yachting & Fishery segment, which saw a decline in profits. Before tax MNOK 136 were booked in winding up costs for Davis.

Organisation

- Merchant Marine made great strides in 2001 following the merger of the companies Autronica in Trondheim, and Kongsberg Norcontrol AS and Kongsberg Norcontrol Simulation AS in Horten.
- Some properties in Kongsberg were sold for MNOK 265, enhancing the Group's ability to focus on its core areas.

The market

- The high level of activity in the offshore market continued in 2001. The Offshore & Subsea segment received a stable strong influx of new orders, resulting in a growing backlog of orders. The drop in oil prices late in the year did not affect the influx of new orders. Sales outside the offshore market are growing, thanks not least to several large orders for LNG (Liquefied Natural Gas) carriers.
- Shipbuilding is seeing a boom in the Far East, an important market for the Merchant Marine segment. The international economic downturn did not filter through to the order books in 2001. The market for e-learning for maritime personnel is growing, and new products were launched in 2001.
- Simrad experienced a declining market for equipment for yachts, especially in the aftermath of events on 11 September in the US.
- The defence market is distinguished by few clients and large-scale contracts. Mergers and alliance-building are making their mark on the supply side of the market. In addition to selling its own products, KONGSBERG's strategy is to enter into alliances and co-operation agreements with larger players and thus to subcontract on major contracts. Several important contracts were signed in 2001.

Major contracts

Defence & Aerospace

- A framework contract valued at NOK 2.0 billion for weapons control systems for armoured personnel carriers for the US Army.
- A contract for new communications systems for the police and border patrols with the Romanian Ministry of the Interior. The contract is worth MNOK 278.
- New contracts related to Penguin missiles with Turkey and US Navy, valued at approximately MNOK 150.
- The Storting (the Norwegian parliament) decided to build a total of five missile torpedo boats (MTBs) of the new Skjold Class, entailing contract opportunities worth NOK 1 to 1.5 billion.
- MNOK 254 contract for the development and delivery of a smaller hand held version, designated the MRR Handheld, for the Norwegian Army Materiel Command.
- Contract with Boeing for deliveries to Boeing's new generation of Airborne Early Warning and Control System. Valued at MNOK 50, the contract is considered an important step in the Group's long-term collaboration with Boeing.

Offshore & Subsea

- Contract with Statoil worth about MNOK 30 for upgrading the control and safety systems on the Heidrun platform as part of the Group's long-term collaboration with Statoil.
- Contract with the Keppel Hitachi Zosen shipyard in Singapore valued at about MNOK 45 for an integrated control and monitoring system featuring dynamic positioning. The contract is for the last four of a total of six cable-laying vessels.
- MNOK 100 contract with the Santa Fe International Corporation of Dallas, Texas, USA, for the delivery of complete control and monitoring systems for two drilling rigs.
- Altogether, four major contracts for process and control systems for LNG carriers. Signed in November and referring to four vessels to be built in South Korea, the most recent contract is valued at about MNOK 90. Merchant Marine won a contract to supply integrated bridge navigation systems to the same vessels.

Merchant Marine

- Contract worth about MNOK 30 for control and automation equipment with Admiralty Shipyards of St. Petersburg for two oil tankers. This is an important strategic breakthrough, indicating that the efforts to become a total supplier of ships' systems have been successful.
- Automation systems for 40 new merchant vessels to be built in South Korea. The contracts are worth approximately MNOK 30.
- Delivery of integrated navigation systems for seven LNG tankers being built by the three largest shipyards in Korea (Hyundai, Samsung and Daewoo). Moreover, orders for deliveries to two LPG tankers for Hyundai. The contracts are worth approximately MNOK 33.
- MNOK 25 contract with the Canadian Navy. The order includes a newly developed PC-based training system that combines e-learning, the use of simulators and the Internet.

Vision

WORLD CLASS – through people, technology and dedication.

Main objectives

Kongsberg Gruppen intends to:

- Enhance the value of its shareholders' investments;
- Grow and achieve an EBITA (Earnings Before Interest, Tax and Amortisation of goodwill) of 10 per cent;
- Focus on its core business areas: Maritime and Defence;
- Project an image and maintain a reputation that ensure influence, recruitment, and the retention of key employees, while inspiring confidence on the equity market.

Strategy

To realise its profitability and growth goal, KONGSBERG has devised a strategy based on:

Human resources development
Knowledge and expertise are KONGSBERG's most valuable competitive assets. Offering all employees comprehensive human resources development opportunities is crucial to positive performance trends, making it a high priority. Recruitment is also imperative. The Group has an active recruitment programme for recent graduates and more experienced individuals alike.

To recruit and retain personnel, a company must offer attractive, challenging jobs. The demands placed on employees today extend far beyond their formal qualifications, and emphasis is attached to facilitating training and raising awareness of the value of smooth, efficient interpersonal relations, in addition to providing career development opportunities. KONGSBERG also attaches great importance to offering employees the opportunity to buy shares in the company. Such ownership interests increase interest in the Group's profitability and development.

The Group attaches great importance to management development. The Group has introduced performance-based wages and an options programme for managers.

WORLD CLASS – through people, technology and dedication

10

Acquisitions
Making further acquisitions within the core business areas is key to the corporate growth strategy. The idea is to increase corporate profitability by taking advantage of shared technology and market synergies. The strategy is also motivated by the desire to increase the range of products offered, and to gain admission to new markets and access to specialised technology.

Technological development
KONGSBERG generally spends about 10 per cent of its annual operating income on product development. The intention is to maintain this high level of R&D, as it is considered a prerequisite for continued profitable growth. Part of KONGSBERG's product development costs will generally be covered by customers. Product development activities focus on new solutions and applications in the core areas, and are based on familiarity with and insight into end-user needs. KONGSBERG's products are largely based on the areas of outstanding corporate expertise: software development, engineering cybernetics, systems integration and signal processing.

Adding value and focusing on the strategic business areas.
The business areas are continuously reviewed to identify activities which do not occupy a natural place there, or which might better be developed under the auspices of other industrial constellations. The Group makes a thorough assessment when it looks as though a sale may be the right solution, ensuring the assets remain intact insofar as possible. Accordingly, it is sometimes prudent to prolong a business activity for a period of time to maximise the protection and conservation of assets. Once such situations are identified, these business activities are organised under Business Development.

Pro-active efforts are being made to identify potential candidates for acquisition. At the corporate and business area levels alike, more human and technical resources have been made available to Business Development to fortify efforts in this area.

Financial strategy
KONGSBERG's management attaches importance to having the financial strength needed to ensure freedom of action. Growth will primarily be funded through earnings and by freeing up tied-up capital.

All external financing is to have a long-term perspective compatible with the Group's commercial strategy.

Setting new standards of excellence

Kongsberg Gruppen:
"The New Norwegian Frigate Program is the most important programme for the Naval Systems Group at Kongsberg Defence & Aerospace. Our co-operation with Lockheed Martin really puts us to the test. We are convinced that this collaboration will give us experience and open opportunities that are vital for our future growth".

Left to right:

Nils-Oddvar Hagen
Vice President,
Kongsberg Defence & Aerospace

Robert F. Davis
Director, Norwegian Frigate Program,
Lockheed Martin

THE FRIGATE PROGRAM

Kongsberg Defence & Aerospace develops and manufactures important components for the integrated weapons system to be deployed on the new Norwegian "Fridjof Nansen Class" frigates. The systems will enable the frigates to perform their anti-submarine and anti-surface warfare missions and help navigate and operate the vessels. This integrated weapons system is also available on the international market through Lockheed Martin. The frigate project is also a good example of close co-operation within the corporation. The bridge and navigation system for the frigates is based on Kongsberg Maritime Ship Systems' civilian bridge systems, and essential parts of the sonar system are based on Simrad's sonar technology.

Lockheed Martin:
"Kongsberg Defence & Aerospace is our partner on the Integrated Weapon System for the new Norwegian Frigates (NF). Our companies have complementary experience and products, and we have close, constructive co-operation on the NF. We represent a strong team, working together to approach the inter national market with our products".

Directors' Report 2001

Both Kongsberg Gruppen's main business areas experienced growth and improved performance in 2001. Operating revenues increased by 17 per cent, from MNOK 5 296 to MNOK 6 176. The EBITA increased to MNOK 437, a rise of 52 per cent. The profit per share was NOK 4.18, as opposed to NOK -1.86 the year before.

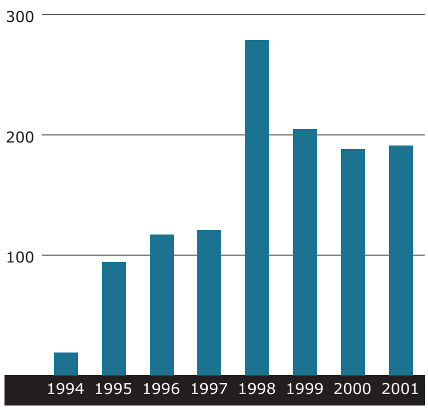
The Board considers Kongsberg Gruppen well equipped for further initiatives in its core areas.

Given the capital required for the Group's growth strategy, the Board recommends that no dividend be paid for 2001.

Having placed a financial strain on the Group for several years, Davis AS has been wound up. The winding up costs are reflected in the results for 2001. The Group does not expect to incur any further winding up expenses.

More property was sold in December. Altogether, the sale covered 35 000 square metres of space. The Group's remaining real property is generally used for the Group's own activities.

Ordinary profit before tax (MNOK)



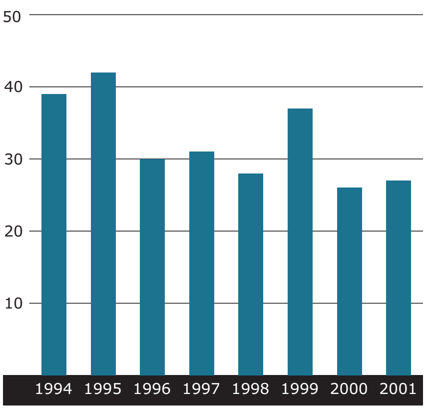
Growth and improved performance are the results of systematic efforts to improve the Group's competitive position. Strategic acquisitions have facilitated a broader range of products and more market access. The Group maintains a high level of product renewal, with more than 10 per cent of its operating revenues being spent on product development. The Group's international presence has been enhanced by the establishment of new businesses in several countries and by contracts in new markets.

Measures have been implemented to enhance productivity and cut costs. Acquisition synergies have begun to yield benefits, and measures have been implemented to improve product development, production and distribution.

Market-oriented product development

Kongsberg Gruppen aspires to be a world leader in the niches in which it operates. Considerable resources are invested in research and development, and the corporation has no plans to reduce these spending levels. Corporate diversity presents opportunities for exploiting the Group's technologies in a broader range of product and market areas. One of the corporate goals is that product development be market-oriented. This offers considerable long-term potential for enhanced profitability and growth.

Equity ratio (%)



International growth

The Norwegian market is limited, meaning international activities are a prerequisite for further expansion. Priority will be given to cross-border alliances and to further strengthening the international marketing system. This has translated into favourable results in the past. Kongsberg's sales outside Norway are growing continuously. To maintain and reinforce this trend, the Board deems it necessary to continue pursuing the Group's strategy for international growth.

The export of defence technology

The Norwegian Armed Forces is in a phase of comprehensive restructuring. This is expected to impact the Armed Forces' need for investments. In recent years, the Norwegian Armed Forces have signed several major contracts with a high development content. Exports have also been increasingly successful. In this context, Norwegian solutions have proved attractive on the international market. Predictability is therefore crucial when it comes to export regulations and the way in which the authorities practise them.

Repurchasing through national procurements is an established practice in international circles. It is of the utmost importance to the Group that the rules for repurchasing also be followed in Norway.

Income statement and balance sheet

The annual accounts have been prepared on the going concern assumption, and the Board confirms that this assumption is correct.

Consolidated operating revenues came to MNOK 6 176 (MNOK 5 296), a rise of 17 per cent. The EBITA increased to MNOK 437 (MNOK 287), up 52 per cent. The EBITA margin was 7.1 (5.4) per cent. The operating profit came to MNOK 328 (MNOK 225), including a MNOK 33 provision for losses on a lawsuit.

Net financial items, including associated companies, came to MNOK -137 (MNOK -37). The net financial items include expenses of MNOK 22 in connection with associated companies and the writing down of shares in other companies.

The ordinary result before tax was MNOK 191 (MNOK 188).

The wind up of Davis AS has had an adverse impact of MNOK 98 on the consolidated result, after tax, while gains on the sale of property amounted to MNOK 143. Both items are presented separately as “Other items” on the income statement.

Tax is estimated at MNOK 113 (MNOK 88). The effective tax rate is 38 per cent, including tax associated with the activity being wound up.

The backlog of orders was valued at MNOK 6 401, compared with MNOK 6 610 on 31 December 2000.

The Group’s total assets aggregated MNOK 5 629, as opposed to MNOK 5 371 a year earlier. Equity amounted to MNOK 1 538 (27.3 per cent). At 31 December 2001, net interest-bearing debt added up to MNOK 776 (MNOK 1 029), down MNOK 253 on the year.

Pursuant to authorisations granted at the 1999, 2000 and 2001 AGMs, Kongsberg Gruppen ASA has acquired 667 917 of its own shares for its employee share programmes. The share portfolio represents 2.2 per cent of the shares outstanding.

The Group’s central financing scheme consists of MNOK 1 093 in loans, of which MNOK 200 is a syndicated credit facility and MNOK 450 Norwegian certificate loans. Moreover, the Group has a mortgage of MNOK 385, and other long-term liabilities of MNOK 58, mainly incurred by Kongsberg Maritime Ltd.

The cash flows consisted of MNOK 321 in funds generated from operations, MNOK -88 from investment activities and MNOK -100 from financial activities. Total consolidated cash and cash equivalents added up to MNOK 315 at 31 December 2001.

The profit per share came to NOK 4.18 (NOK -1.86) and is based on 29.2 million shares.

Operations and markets

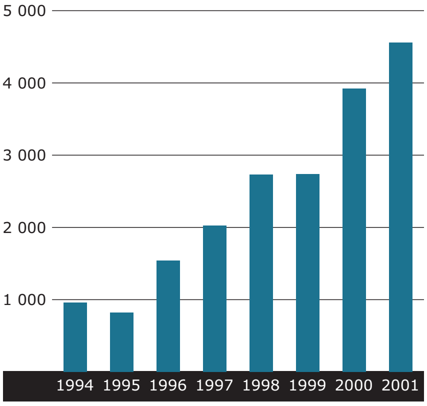
Kongsberg Gruppen’s two main business areas, Kongsberg Maritime and Kongsberg Defence & Aerospace, earned operating revenues of MNOK 3 619 and MNOK 2 388, respectively, accounting for 59 and 39 per cent of aggregate consolidated operating revenues.

Kongsberg Maritime

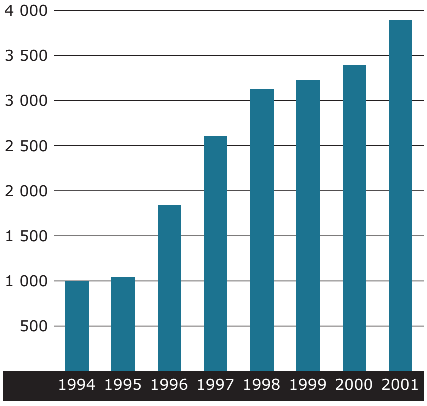
The business area Kongsberg Maritime is divided into three segments: Offshore & Subsea, Yachting & Fishery and Merchant Marine. The business area reported operating revenues of MNOK 3 619 (MNOK 2 983) in 2001. Of the total revenues, the segments accounted for approximately 51, 25 and 24 per cent, respectively. Kongsberg Maritime is working systematically to exploit technology and marketing channels in all the three main segments.

The EBITA increased to MNOK 303 (MNOK 195), and the EBT came to MNOK 118 (MNOK 80).

Operating revenues outside Norway (MNOK)



Operating revenues, civilian (MNOK)



Offshore & Subsea
The EBITA increased to MNOK 220 (MNOK 163), and the operating revenues came to MNOK 1 852 (MNOK 1 509).

MNOK 1 873 (MNOK 1 660) worth of new orders were booked in 2001, resulting in a backlog of orders valued at MNOK 668 (MNOK 647) at 31 December 2001. The influx of new orders maintained a stable high level in 2001. The segment maintained its market position in dynamic positioning and underwater acoustics.

Product development initiatives met with success, satisfying growth expectations for 2001. Efforts to find new niches for the company's technology continue, and the segment has consolidated its position as an important supplier of steering and control systems for LNG (Liquefied Natural Gas) tankers. Altogether, contracts were signed for deliveries to eight new vessels in 2001. The vessels are scheduled for delivery over the next 30 months. Launched in 2001, Green DP is a new concept for dynamic positioning which saves fuel and causes less strain on screws and thrusters. The concept has been well received on the market, and several contracts have already been signed for the new system.

The order placed by the Santa Fe International Corporation of Dallas, Texas, for integrated control and monitoring systems for two drilling rigs is important for maintaining the company's market position in heavy offshore vessels. The order carries a price tag of MNOK 110.

Offshore & Subsea landed two major orders in January 2002. The segment will be supplying automation systems for the Kristin platform, and control, monitoring and automation systems for the Crazy Horse platform in the Gulf of Mexico.

In August, the activities located in Kongsberg moved into a modern new building, boosting efficiency further.

Offshore & Subsea occupies a strong position in its main markets. In future, importance will be attached to maintaining this strong profitability and market position. Continued focus will be placed on product development, new areas of application and more international activities. The business' strong, customer-centric technical environment will play a key role in this context.

Yachting & Fishery
The segment earned operating revenues of MNOK 940 (MNOK 909). The EBITA was MNOK 34 (MNOK 46).

The market for electronic yachting instrumentation has been marked by the general downturn in the economy, especially in the USA, which has in turn led to keener competition and greater pressure on prices (diminishing margins). The market was also impacted by the events in the USA on 11 September. Cost-cutting measures were instituted in 2001. The market for commercial vessels remained stable, but demonstrated regional variations. Yachting & Fishery saw a favourable trend in this market in 2001.

Thanks to a comprehensive development programme in recent years, the segment offers a number of competitive new products. Measures were also instituted to reinforce the international distribution network, providing a sound platform for strong development and growth in the years ahead.

Through dedicated efforts, SIMRAD has built up an international brand name and is a major player on the market for electronics for yachts and commercial vessels. In future, this segment will focus more intently on the North American and southern European markets. More attention will be devoted to boat builders and the coastal fleet, which constitute a relatively small part of the business' current income base.

Merchant Marine
The EBITA increased to MNOK 49 (MNOK -14). Operating revenues totalled MNOK 897 (MNOK 637).
New orders added up to MNOK 1 007 (MNOK 798) in 2001. At year end, the backlog of orders amounted to MNOK 624.

During 2001, market shares increased in the Far East. This applied to alarm, monitoring and navigation systems in particular. The segment maintained its competitiveness on the other markets as well and, in co-operation with Offshore & Subsea, signed contracts for deliveries to LNG tankers to be built in South Korea.
In the field of cargo monitoring and control, the segment won important contracts for deliveries to gas tankers. More sensors are being delivered to manufacturers of ships' engines, and new wireless sensors are being launched, broadening activities in this area.

The integration process in the wake of the acquisition of Navia is on schedule.

The segment's investment in Hyundai Kongsberg Maritime Co. Ltd. in South Korea has been successful, contributing to Merchant Marine's profits.

The market for marine training systems is changing. The demand for e-learning and onboard training is in rapid expansion. The segment has prepared for this trend by developing new, future-oriented solutions. These solutions supplement maritime training simulators and help see to it that Merchant Marine offers the market's most comprehensive selection of maritime training equipment.

Shipyards in the Far East still have full order books, offering security for the Group's operations in 2002. However, there is uncertainty ahead when it comes to global economic trends and the demand for new vessels. Merchant Marine is still working to achieve cost synergies and smoother integration following the acquisition of Navia in 2000. Systematic efforts are being directed at the new product concept "From sensors to systems" and on enhancing the Group's presence in the Far East.

Kongsberg Defence & Aerospace (KDA)

The business area reported operating revenues of MNOK 2 388 (MNOK 1 943), up 23 %. The EBITA increased to MNOK 138 (MNOK 85), and the EBT climbed to MNOK 150 (MNOK 113).

The activities of Kongsberg Defence & Aerospace are distinguished by long-term projects entailing a large product development component. In recent years, Kongsberg Defence & Aerospace has won contracts in the face of keen international competition, resulting in a backlog of orders worth MNOK 4 852 (MNOK 5 218) at year end. A total of 74 per cent of the contracts signed in 2001 were with customers outside Norway. KDA is a niche supplier that focuses on international alliances. Significant contract opportunities have been identified in Norway and abroad. KDA is in an expansive phase.

In May, a MNOK 360 contract was signed with General Motors Defense and General Dynamics Land Systems for the delivery of weapons control systems to the first 298 new armoured personnel carriers for the US Army. This is the first part of a framework contract worth about NOK 2 billion over the next 5 or 6 years.

New Penguin-related contracts were signed in 2001. Turkey ordered a number of new missiles worth a total of MNOK 80, and the US Navy signed an upgrading agreement valued at MNOK 66.

The NSM project (new NSM anti-ship missile) is proceeding at a satisfactory pace. The NSM project is moving into a phase of testing a larger range of functionalities.

During the year, the Storting (Norwegian parliament) voted to build five new Skjold Class missile torpedo boats (MTBs). If, in co-operation with DCNI of France, Kongsberg Gruppen were to be entrusted with the main responsibility for developing command and control systems, systems integration and weapons delivery systems onboard the MTBs, the Storting's decision would entail contract opportunities worth approximately NOK 1.5 billion. This figure includes new anti-ship missiles (NSMs), which will be the main weapon deployed on the MTBs.

Development was completed on the MRR (Multi Role Radio) in 2001, and deliveries began. Development of the new light multi-functional radio (LFR) has commenced. The formal contract with the Norwegian Armed Forces was signed in December. Covering development and production, the contract has a scope of MNOK 254. In December, a MNOK 278 contract was signed with the Romanian Ministry of the Interior for new communications systems for police and border checkpoints.

Kongsberg Defence & Aerospace AS acquired Geco Defence AS of Knarvik, adding to its capacity in marine mine clearance (Mine Counter Measures).

A MNOK 64 framework contract was signed for the delivery of attachment and separation mechanisms for 20 Ariane 5 launches.

KDA is working to boost volumes, especially with a view to export contracts, as they offer higher margins and verify competitiveness. KDA develops products in close co-operation with its customers and has access to markets both directly and through alliances.

Research and development

Kongsberg Gruppen invested more than 10 per cent of its operating revenues in R&D in 2001, financing MNOK 282 from equity. Externally funded projects entail permanent commercial rights. Kongsberg Gruppen will continue to take a pro-active approach to product development and expects to maintain today's level in the years ahead. It is important that activities be aimed at the Group's core areas.

Health, safety and the environment (HES)

Kongsberg Gruppen has a well-developed system for safety efforts, and no serious mishaps or on-the-job accidents were reported during the year under review. The directors are eager to prevent job-related injuries and illnesses. Enthusiasm and accountability at all levels of the organisation are essential for achieving this goal. Environmental efforts are handled by the individual areas of activity to comply with the requirements that apply to that particular activity.

The Group's different working environment committees met on a regular basis during the year. The committees dealt with several specific issues, and improvements were made on an ongoing basis.

Average absence due to illness was 2.7 per cent. Importance is attached to the psycho-social working environment, among other things, to help employees deal with change. The annual Working Environment Survey was performed to chart working environment and organisational development conditions. The survey conducted in 2001 showed that the improvement processes are bringing results.

In 2001, importance was also attached to instituting environmental measures in connection with the buildings. Kongsberg Gruppen has a licence for the distribution of electricity and also offers heating, compressed air and cooling. Over the past few years, substantial investments have been made in energy conservation measures in the premises occupied by the Group. In this context, it is vital to exploit the technology available to optimise energy consumption and minimise emissions. These measures are considered profitable for the corporation.

Kongsberg Gruppen's activities are mainly based on software development and systems integration. Traditional production now accounts for a more modest share of activities. The handling of liquids and substances covered by environmental safety standards is done in compliance with the enterprise's procedures, and the Group performs continuous follow-up through established routines. In this context, environmental risk is considered minimal. The Group's surface treatment business has been transferred to Reime Prosess Notodden AS. The Board is not aware of any corporate activities which pollute the outdoor environment.

Human resources development

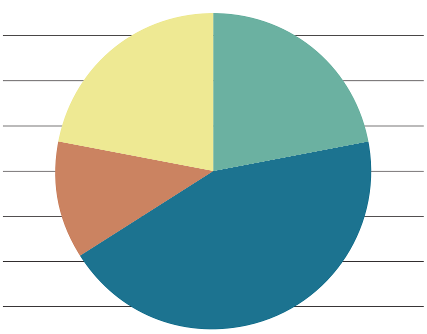
At 31 December 2001, the Group had 4 012 employees, 799 of whom worked outside Norway. At year end, the parent company had 30 employees. At 31 December 2000, the Group had 3 765 employees.

The way in which Kongsberg Gruppen uses and develops its human resources is an essential element of long-term success. Efforts are made to stimulate and actively encourage the exchange of knowledge among the business areas, and considerable importance is placed on systematic human resources development of staff and managers alike. The Kongsberg School is an important policy instrument in this respect. It was designed to facilitate, streamline and co-ordinate courses and training activities throughout the corporation. In addition, a joint resource group was appointed to stimulate and help identify and develop qualified management talent throughout the Group. This is accomplished, *inter alia,* through a series of tailor-made management development programmes, based on Kongsberg Gruppen's values, management principles and business-related challenges. Offering excellent development opportunities for skilled workers and managers is another important policy instrument for recruiting and retaining employees.

Efforts have been put into various types of measures to ensure the recruitment of adequate, appropriate human resources to Kongsberg Gruppen.

Co-operation is good with the trade unions through the established co-operation and co-determination schemes, providing invaluable contributions to the development of the individual companies and the corporation as a whole.

Distribution of employees by level of education (4 012)



- Graduate engineers 22 % (881)
- Engineers/technicians 44 % (1 752)
- Operators 12 % (491)
- Other personnel 22 % (888)

For the fifth consecutive year, Kongsberg Gruppen conducted an employee share programme in the spring. 687 employees participated.

Other matters

Kongsberg Gruppen decided in 2001 to wind up the company Davis AS. Including winding up expenses, Davis' operations are reflected in a loss for the group of MNOK -136 before tax and MNOK -98 after tax in 2001.

In December, Kongsberg Gruppen sold some pieces of property in the Kongsberg Industrial Park for MNOK 265. At the same time, a long-term lease was signed with the buyer. About 38 per cent of the area is used for Group activities, while the remaining 62 per cent is occupied by external tenants. The sale of the property resulted in gains of MNOK 143.

Board of Directors

A new Board of Directors was elected by the ordinary AGM on 10 May 2001. Benedicte Berg Schilbred and Jens Ulltveit-Moe were elected to the Board, succeeding Marianne Lie Harg and Kristian Rambjør. The other six directors were re-elected.

Nine Board meetings were held in 2001, in addition to a Board seminar.

Shares and shareholder relations

Kongsberg Gruppen's ordinary Annual General Meeting on 10 May 2001 authorised the Board to buy shares in Kongsberg Gruppen. Limited to 5 per cent of the share capital, the authorisation is valid until the next ordinary AGM. At 31 December 2001, Kongsberg Gruppen owned a total of 667 917 shares, or 2.2 per cent of the total number of shares in the Group. The shares were purchased for the employee option and share programmes.

The fifth employee share programme was implemented in 2001. 687 employees subscribed a total of 186 459 shares. Bonus options were attached to their purchases, granting each buyer about half the number of options as shares purchased. The options can be exercised after two years.

It is estimated that the 2001 adjustment on the tax-related incoming value of shares (RISK) will be NOK 0.41 per share for the shareholders in Kongsberg Gruppen ASA. The RISK trend for fiscal 2000 was fixed at NOK -0.59 per share and will go to those who were shareholders on 1 January 2001.

Fiscal prognoses for 2002

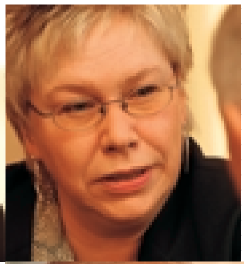
In 2002, the Group will further strengthen its focus on productivity and profitability-enhancing activities. Unrest in the world economy is expected to affect some of the Group's markets. Notwithstanding, the Board expects improved performance in 2002.

Net profit and allocations

The parent company Kongsberg Gruppen ASA incurred a loss of MNOK -26 in 2001. The Board proposes the deficit be covered by other equity.

At 31 December 2001, distributable reserves totalled MNOK 343.

Kongsberg, 5 March 2002



Vidar Lande
Member of the Board

Berit Ågren Aas
Member of the Board

Christian Brinch
Chairman of the Board

Roar Flåthen
Deputy Chairman of the Board

Jens Ulltveit-Moe
Member of the Board

Benedicte Berg Schilbred
Member of the Board

Roar Marthiniussen
Member of the Board

Torolf Rein
Member of the Board

Jan Erik Korssjøen
Chief Executive Officer

Income Statement 1 January - 31 December

Kongsberg Gruppen - The Group

Amounts in MNOK	Note	**2001**	2000	1999
Operating revenues	4	**6 176**	**5 296**	**4 412**
Raw materials and consumables		(2 766)	(2 222)	(1 712)
Personnel expenses	5, 18	(1 876)	(1 670)	(1 469)
Other operating expenses	6	(906)	(939)	(831)
Depreciation on fixed assets	17	(191)	(178)	(151)
EBITA and litigation expenses		**437**	**287**	**249**
Amortisation of goodwill	16	(76)	(62)	(36)
Litigation expenses	3	(33)	-	-
Operating profit		**328**	**225**	**213**
Share of profit/(loss) in associated companies	19	(6)	2	19
Net financial items	7	(131)	(39)	(27)
Ordinary profit before tax (EBT)		**191**	**188**	**205**
Gains on sale of properties	9	143	-	149
Loss on the discontinued operation, net after tax	8	(98)	(156)	(7)
Tax expense	20	(113)	(88)	(114)
Net profit/(loss) for the year		**123**	**(56)**	**233**
Minority share		1	(2)	-
Majority share		122	(54)	233
Basic/diluted earnings per share in NOK	22	4.18	-1.86	8.84

Balance Sheet at 31 December

Kongsberg Gruppen - The Group

Amounts in MNOK	Note	2001	2000	1999
Deferred tax asset	20	10	4	10
Goodwill	16	1 187	1 249	501
Fixed assets	17	1 090	1 030	889
Financial fixed assets	10, 18, 19	331	255	192
• **Total fixed assets**		**2 618**	**2 538**	**1 592**
Inventory	11	677	643	480
Receiveables	12, 13	2 017	1 998	1 610
Investments		2	10	191
Bank deposits and cash equivalents		315	182	139
• **Total current assets**		**3 011**	**2 833**	**2 420**
• **TOTAL ASSETS**		**5 629**	**5 371**	**4 012**
• **EQUITY AND LIABILITIES**				
Share capital	23	150	150	150
Treasury shares		(3)	(5)	(3)
Share premium reserve		832	832	832
• **Total paid-in equity**		**979**	**977**	**979**
Other equity		544	412	508
Minority interests		15	17	3
• **Total equity**	**21**	**1 538**	**1 406**	**1 490**
Deferred tax liabilities	20	347	285	276
Other provisions	9	100	30	30
• **Total provisions**		**447**	**315**	**306**
Liabilities to credit institutions	14	1 093	1 221	-
• **Total long-term liabilities**		**1 093**	**1 221**	**-**
Pre-payments from customers		1 028	957	858
Other short-term liabilities	15	1 523	1 472	1 358
• **Total short-term liabilities**		**2 551**	**2 429**	**2 216**
• **Total liabilities**		**4 091**	**3 965**	**2 522**
• **TOTAL EQUITY AND LIABILITIES**		**5 629**	**5 371**	**4 012**

Kongsberg, 5 March 2002

Christian Brinch
Chairman of the Board

Roar Flåthen
Deputy Chairman of the Board

Berit Ågren Aas
Member of the Board

Benedicte Berg Schilbred
Member of the Board

Jens Ulltveit-Moe
Member of the Board

Torolf Rein
Member of the Board

Vidar Lande
Member of the Board

Roar Marthiniussen
Member of the Board

Jan Erik Korssjøen
Chief Executive Officer

Statement of Cash Flows

Kongsberg Gruppen - The Group

Amounts in MNOK	2001	2000	1999
Earnings before tax (EBT)	191	188	205
Other items before tax	7	(216)	139
Taxes paid	(10)	(54)	(18)
(Profit)/loss on sale of non-financial fixed assets	(143)	-	(152)
Depreciation and amortisation	267	248	205
Write-down of goodwill	-	118	-
Share of (profit)/loss in associated companies	6	(2)	(19)
Change in pension plan assets and pension liabilities	(38)	(33)	(32)
Change in shares and bonds	8	(3)	(27)
Change in short-term receivables	190	(483)	18
Change in projects and inventories	(242)	291	(45)
Change in trade creditors	(43)	148	(92)
Change in prepayments from customers	71	99	306
Change in other accruals	57	(255)	(79)
• **Net cash flow from operations**	**321**	**46**	**409**
Payments for the acquisition of fixed assets	(339)	(307)	(305)
Payments for the acquisition of shares	(41)	(717)	(8)
Receipts from the sale of fixed assets	292	12	350
Net payments/disbursements on financial investments	-	-	(9)
Net payments/disbursements on long-term receivables and shares	-	5	12
• **Net cash flow from investment activities**	**(88)**	**(1 007)**	**40**
Receipts from raising interest-bearing debt	-	1 115	-
Down payment of interest-bearing debt	(128)	-	(605)
Payments on equity	-	-	292
Receipts for purchase of treasury shares	-	(62)	(92)
Payments upon sales of treasury shares	28	17	23
Payments of dividends	-	(66)	(48)
• **Net cash flow from financial activities**	**(100)**	**1 004**	**(430)**
Net change in cash and cash equivalents	133	43	19
Cash and cash equivalents at 1 January	182	139	120
• **Cash and cash equivalents at 31 December**	**315**	**182**	**139**

Accounting Principles

The annual accounts are presented in compliance with the Norwegian Accounting Act of 1998, and have been prepared in accordance with generally accepted Norwegian accounting standards.

Consolidation of subsidiaries
The consolidated accounts include the companies in which Kongsberg Gruppen ASA directly or indirectly owns more than 50 per cent of the shares and has a controlling interest. The most significant companies included in the consolidated accounts are listed in Note 1 to the parent company's accounts. The consolidated accounts show the Group's financial position and results when all units are considered as a whole.

Shares in subsidiaries are eliminated in accordance with the acquisition method of accounting. Excess value that cannot be assigned to identifiable assets is classified as goodwill. New subsidiaries are included in the consolidated accounts from the date of acquisition. For successive share purchases, identifiable assets are restated to fair values at the time the Group obtains a controlling interest. Excess value due to goodwill is calculated on each individual acquisition.

Subsidiaries sold during the year are included on the income statement up to the date of disposal. Inter-company revenues, costs and balances have been eliminated.

Translation - foreign subsidiaries
The accounts of the foreign subsidiaries are included in the income statement at average exchange rates for the year. Balance sheet items are translated at the rates that applied on 31 December.

Translation differences are booked against the Group's shareholders' equity.

Valuation and classification of assets and liabilities
The classification of items during the fiscal year is based on the assumption that assets associated with transaction flows, claims to be settled within one year and "assets not intended for permanent ownership or use" are current assets. Other assets are classified as fixed assets.

Commercial papers are classified as long-term liabilities because it is possible to convert them into long-term bank loans.

Current assets are valued at cost or their net market value, whichever is lower.

Fixed assets are valued at cost less business depreciation, if any. Fixed assets are written down if their market value is lower than their book value and the difference is considered to be of a permanent nature.

Foreign currency
Receivables and liabilities are translated at the exchange rate applicable on the balance sheet date.

Intangible assets
Goodwill is amortised on the basis of the earnings estimates made at the time of acquisition of each individual company. The value of remaining goodwill is reviewed at the close of each fiscal year and, if necessary, it is written down or its amortisation rate is adjusted.

All costs related to equity-financed research and development have been charged to the income statement.

Fixed assets
Fixed assets are generally depreciated over the expected useful life of the asset.

Depreciation is generally distributed on a straight line basis over the expected useful life of the asset.

Ownership interests in associated companies and subsidiaries

Associated companies are defined as those in which the Kongsberg Group has significant influence. Interests in associated companies are valued in the consolidated accounts in accordance with the equity method of accounting. In the parent company accounts, ownership interests refer to shares in associated companies valued on the basis of the cost method of accounting.

Other long-term shareholdings and other ownership interests
Long-term shareholdings and units in which Kongsberg Gruppen does not exercise significant influence are recognised at cost. The investments are written down to their actual value if any decline in value is not of a temporary nature. Dividends and other allocations of profit from the companies are reported under "Other financial income".

Short-term investments in other companies (short-term shareholdings)
Other short-term investments are valued at average cost price or actual value on the date of balance sheet recognition, whichever is lower.

Inventory
Inventory is valued at average cost price or net realisable value, whichever is lower. The net realisable value of raw materials and work in progress is calculated as the sales value of the finished products less remaining production and sales costs.

Revenue recognition principles
The Group's main activity is to develop and manufacture products and systems based on orders received. The processed value of the work in progress is booked as operating revenue. Uninvoiced work in progress is reported on the balance sheet under "Projects in progress". Work in progress is stipulated as incurred production costs plus a proportional share of the estimated contract profit.

Production costs includes direct wages, direct materials and a proportional share of the individual business areas' indirect costs, while general development costs, sales costs, corporate administrative costs and interest are not included in production costs. Accrued contract profit includes the interest income on prepayments from customers that exceeds the capital tied up in the individual projects. The estimated accrued contract profit shall not exceed a proportional share of the estimated total contract profit. The proportional share of the contract profit is based on the degree of completion of the individual contract, which is largely determined on the basis of the costs incurred compared with the anticipated overall costs at the time of valuation.

Contract profit is not recognised as income until a project's final result can be estimated with a reasonable degree of certainty. Any anticipated loss on the remainder of a project shall be expensed in full immediately.

Estimates of contract profits for projects can involve a number of variables. Such estimates are based on the best judgement of management. However, owing to the scope and complexity of the estimates, the final results upon completion of the contract may deviate from the estimates made at the time of closing the accounts.

Receivables
Trade debts and other debts are valued on the balance sheet at their nominal value less provisions for anticipated losses on bad debts. Provisions for losses are based on individual assessments regarding the collectability of each receivable. In addition, a general provision is made to cover potential losses on other receivables.

Financial instruments
Kongsberg Gruppen uses financial instruments to manage foreign exchange and interest rate exposure. Most forward foreign exchange contracts are used to hedge future cash flows and balance sheet items in foreign currency.

Gains and losses on foreign exchange contracts which satisfy the criteria for hedging are reported and evaluated in tandem with the hedged item. Gains and losses on foreign exchange contracts which satisfy the criteria for the hedging of future transactions are recorded together with the underlying transaction.

Foreign exchange contracts not classified as hedges are reported collectively as a portfolio and assessed at market value. Net losses and gains are recognised as "Financial items".

Interest instruments not classified as hedges are reported collectively as a portfolio and assessed at market value. Net losses and gains are recognised as "Financial items".

Amounts received or paid in connection with interest rate swaps which satisfy the criteria for hedging interest-bearing assets or liabilities are recorded over the term of the contract.

Gains and losses on hedging instruments rolled over prior to their expiry are recognised on the balance sheet and income statement over time along with the underlying hedged item.

Pensions
The parent company and subsidiaries have collective pension schemes which entitle employees to certain future pension benefits in accordance with net benefit plans. Pension benefits depend on the individual employee's number of years of service and salary level upon reaching retirement age. To ensure uniform calculation of Kongsberg Gruppen's pension commitments, all corporate units use the same actuary. The Group's legal obligations are not affected by their treatment in the accounts.

In the income statement, the year's net pension expenses, after a deduction for the anticipated return on the pension plan assets, have been recorded as "Personnel expenses". In the balance sheet, net pension plan assets, including social security expenses, are reported as "Financial fixed assets". Differences estimated between the pension obligations and the pension plan assets are amortised over the assumed average years remaining until retirement age if net differences exceed 10 per cent of the gross pension obligations or pension plan assets, whichever is higher. Changes in the pension plan are distributed over the average number of years remaining until retirement age.

Tax
Tax expenses in the income statement include payable taxes and the change in deferred taxes. The change in deferred taxes reflects the future payable taxes resulting from the current year's activities. Deferred taxes are based on accumulated profit, but they fall due in subsequent accounting periods.

Deferred taxes are calculated on net tax-increasing differences between the balance sheet items used for accounting purposes and those used for taxation purposes, adjusted for temporary tax-decreasing differences and tax losses carried forward according to the liability method.

Income from long-term production contracts is not recognised for tax purposes until an individual contract has been completed. Due to Kongsberg Gruppen's volume of large, long-term contracts, there are therefore considerable temporary tax-increasing differences.

Notes

The Group

1 CHANGES IN GROUP STRUCTURE

Kongsberg Defence Communications

In 2000, Kongsberg Gruppen acquired 100 % of Kongsberg Ericsson Communications ANS by purchasing Ericsson AS' 50 % stake for MNOK 57.5. Kongsberg Gruppen had owned 50 % of Kongsberg Ericsson Communications ANS since 1990. Fifty per cent of the company was included in the consolidated accounts up until the date of acquisition (30 June 2000). At 1 July 2000, the company's business activities were transferred to the private company Kongsberg Defence Communications AS. At acquisition, goodwill came to MNOK 78, and will be amortised over 15 years. The amortisation period is based on the long-term nature of the activities, and the company's technology completes the Group's core technologies in the defence market.

Navia

Kongsberg Gruppen took over the majority of the shares in Navia ASA in May 2000, subsequently acquiring all outstanding shares in the company. The aggregate cost of the shares was MNOK 842, of which MNOK 804 was paid as a cash settlement in 2000. Navia ASA was incorporated into the consolidated accounts as from 1 May 2000, at which time Navia's assets and liabilities were included at their net realisable value.

Davis

Kongsberg Gruppen decided in 2000 to dispose of Davis. In that connection, goodwill and assets on Davis' balance sheet related to earlier market investments, receivables and inventories were written down. In 2001, the Group abandoned its attempt to dispose of Davis, instituting a controlled wind up. All revenues and expenses related to Davis are presented net after tax as loss from the discontinued operation.

2 FINANCIAL MARKET RISK

Interest rate risk

The Group's policy is to avoid interest risk.

At 1 January 2002, Kongsberg Gruppen had gross interest-bearing liabilities of MNOK 1 093, of which MNOK 1 035 was covered by the Group's central funding programme while the remainder comprised external loans made by subsidiaries.

Kongsberg Gruppen has hedged its loans through fixed rates of interest and interest swap agreements. Financial expenses associated with existing loans will not be significantly impacted by interest rate fluctuations in 2002.

Foreign currency risk

While most of Kongsberg Gruppen's production takes place in Norway, roughly 70 % of its output is sold abroad. The Group's competitors are located in Europe, the USA and Japan. This translates into considerable foreign currency exposure for the Group. The USD is pre-dominant foreign currency for revenues, and more than 20 per cent of the Group's operating revenues are earned in USD.

Kongsberg Gruppen's policy is to limit currency risk while actively assessing various currencies' importance as a competitive parameter. Accordingly, all contractual foreign currency flows are hedged. Budgeted currency flows and foreign currency bids for major contracts are also hedged. The hedging of budgeted currency flows is based on the individual company's market and competitive situation.

At 31 December 2001, the Group had hedged a total of MNOK 4 100 in future foreign currency revenues. The hedges are evaluated on an ongoing basis in the light of the situation in the currency market as well as in the Group's markets.

Since the Group has hedged budgeted currency flows and signed contracts in foreign currencies, corporate operating revenues and profits in 2002 are not expected to be influenced much by fluctuations in currency exchange rates.

3 LITIGATION EXPENSES

Kongsberg Gruppen was ordered by the Borgarting Court of Appeals to pay MNOK 17.2 in damages, plus court costs and interest. Altogether, MNOK 33 was booked to cover costs.

The case refers to a dispute the former Norsk Forsvarsteknologi AS had with the company BTT Info Sign AS of Drammen in the early 1990s about the production of LCD panels for BN Bombardier of the Belgium.

4 OPERATING REVENUES

By geographical area

Amounts in MNOK	*2001*	*2000*	*1999*
Norway	1 620	1 381	1 601
Scandinavia	306	304	342
Europe	1 866	1 811	1 211
USA/Canada	1 199	912	662
Asia	879	614	493
Other	306	274	103
Total	**6 176**	**5 296**	**4 412**

Key figures by business segment

Inter-Group sales are priced at stipulated market values.

Amounts in MNOK	*Operating revenues*	*Operating expenses*	*EBITA*	*Deprecation of goodwill etc.*)*	*Operating profit/(loss)*	*Tied-up capital **)*	*Non-interest-bearing debt*	*Investments*	*Deprecation and write-downs*
1999									
Offshore & Subsea	1 534	1 327	207	23	184	916	640	68	31
Yachting & Fishery	827	778	49	11	38	946	281	72	40
Merchant Marine	541	526	15	2	13	578	380	46	21
Defence & Aerospace	1 268	1 255	13	-	13	791	1 407	79	42
Other/elimination	242	277	(35)	-	(35)	451	(186)	40	17
Total	**4 412**	**4 163**	**249**	**36**	**213**	**3 682**	**2 522**	**305**	**151**
2000									
Offshore & Subsea	1 509	1 346	163	28	135	1 416	765	622	47
Yachting & Fishery	909	863	46	11	35	979	191	49	41
Merchant Marine	637	651	(14)	17	(31)	1 038	584	362	18
Defence & Aerospace	1 943	1 858	85	4	81	1 425	1 527	185	52
Other/elimination	298	291	7	2	5	321	(323)	17	20
Total	**5 296**	**5 009**	**287**	**62**	**225**	**5 179**	**2 744**	**1 235**	**178**
2001									
Offshore & Subsea	1 852	1 632	220	37	183	1 884	676	171	51
Yachting & Fishery	940	906	34	12	22	996	317	44	38
Merchant Marine	897	848	49	18	31	934	362	14	21
Defence & Aerospace	2 388	2 250	138	7	131	1 406	1 748	92	72
Other/elimination	99	103	(4)	35	(39)	92	(105)	18	9
Total	**6 176**	**5 739**	**437**	**109**	**328**	**5 312**	**2 998**	**339**	**191**

*) Includes litigation expenses under Other/elimination in 2001

**) Capital employed comprises total assets less current investments, bank deposits and cash equivalents.

5 PERSONNEL EXPENSES, NUMBER OF EMPLOYEES AND REMUNERATION

Personnel expenses

Amounts in MNOK	*2001*	*2000*	*1999*
Wages and salaries	1 549	1 378	1 212
Social secutity expenses	209	188	162
Pension expenses	47	44	31
Other benefits	71	60	64
Total	**1 876**	**1 670**	**1 469**

The company had an average of 3 888 employees during the fiscal year.

The CEO has six months' reciprocal notice of resignation/termination. Apart from the notification period, under certain circumstances, the CEO may be entitled to wages for up to one year after severance. The other members of corporate management may be entitled to full wages for up to one year after severance. Members of corporate management have an early retirement agreement and performance-related pay of up to 1.25 times their monthly wage.

Remuneration to the CEO

Salary	1 675 808
Pension premium for the CEO	679 938
Other remuneration	113 677

Directors´ fees

Directors´ fees	939 998
Consultancy fee to the Chairman of the Board separate from his fee as Director	188 700

Auditing fees

Auditing fees came to NOK 475 000 for ordinary auditing of the parent company and NOK 3 237 500 for ordinary auditing of the subsidiaries in Norway that are audited by Arthur Anders & Co. Additional services purchased from the same auditing company added up to NOK 310 000 for the parent company and NOK 566 500 for the other companies.

6 OTHER OPERATING EXPENSES

Amounts in MNOK	*2001*	*2000*	*1999*
Sales, advertising, etc.	87	61	79
Contracted services	215	229	211
Operations and maintenance	49	54	92
Rent-related expenses	86	93	48
Travel and per diem expenses	205	216	175
Procurements related to operations	139	154	83
Other	125	132	143
Total	**906**	**939**	**831**

7 NET FINANCIAL ITEMS

Amounts in MNOK	*2001*	*2000*	*1999*
Interest income	4	24	11
Interest expenses	(111)	(73)	(49)
Change in valuation of current investments	(16)	4	11
Other financial expenses	(8)	-	-
Gain on sale of shares	-	6	-
Total	**(131)**	**(39)**	**(27)**

8 LOSS ON THE DISCONTINUED OPERATION

The activity being wound up is Davis AS and its subsidiaries. The wind up was for the most part implemented in 2001.

The following net result elements are presented:

Amounts in MNOK	*2001*	*2000*	*1999*
Operating revenues	283	351	384
Total operating revenues	**283**	**351**	**384**
Cost of materials and consumables	(307)	(328)	(289)
Personnel expenses	(38)	(37)	(32)
Depreciation	(2)	(3)	(3)
Other operating expenses	(67)	(64)	(49)
Earnings before interest, tax and amortisation	**(131)**	**(81)**	**11**
Amortisation and write-down of goodwill	-	(123)	(15)
Operating profit/(loss)	**(131)**	**(204)**	**(4)**
Net financial items	(5)	(12)	(6)
Ordinary profit before tax (EBT)	**(136)**	**(216)**	**(10)**
Tax	38	60	3
Profit/loss after tax	**(98)**	**(156)**	**(7)**

The recorded balance sheet value of assets and liabilities constitutes:

Current assets	71
Current liabilities	64

9 SALE AND LEASEBACK OF PROPERTY

In 1999 and 2001, the subsidiary Kongsberg Næringseiendom AS sold some real estate located in Kongsberg Industrial Park. The properties have been leased back on long-term leases that will apply until 2014 and 2018, respectively. The leaseback is considered an operational leasing agreement.

In addition to the rent, Kongsberg Næringseiendom is responsible for certain expenses associated with fees on and the maintenance of the properties. Of the properties sold, 13 369 square metres are rented to Group companies and 51 759 square metres are rented to external tenants on leases running from 3 months to 11 years.

The gains earned on the sale of the properties are booked separately as "Other items" on the income statement. The figures for 1999 were classified accordingly. The gains appear after provisions for commitments Kongsberg Næringseiendom has undertaken to cover the leaseback costs, fees and maintenance beyond what is expected to be covered by the rents received from the tenants. The estimated commitments add up to MNOK 100 (MNOK 30 in 1999).

In connection with the sale of property in 2001, Kongsberg Næringseiendom extended an interest-bearing seller's credit of MNOK 20 which is listed under "Other long-term trade debts". Kongsberg Næringseiendom has options to buy back the properties sold in 2001 at their market value upon expiry of the lease.

10 FINANCIAL FIXED ASSETS

Amounts in MNOK	*2001*	*2000*	*1999*
Investments in associated companies	112	34	103
Other shareholdings	16	84	10
Net pension funds	128	90	56
Loans to employees	9	9	6
Other long-term trade debts	66	38	17
Total	**331**	**255**	**192**

11 INVENTORY

Amounts in MNOK.	*2001*	*2000*	*1999*
Raw materials	360	338	202
Finished products	317	305	278
Total	**677**	**643**	**480**

12 RECEIVABLES

Amounts in MNOK	*2001*	*2000*	*1999*
Accounts receivable	1116	1141	941
Projects in progress	678	470	520
Other receivables	104	204	120
Prepayments to suppliers	119	183	29
Total	**2 017**	**1 998**	**1 610**

13 LONG-TERM CONSTRUCTION CONTRACTS

Kongsberg Defence & Aerospace is the most project-oriented part of the Group. At 31 December 2001, the largest construction contracts in the various product areas were:

Amounts in MNOK	*Aggregate orders*	*Operating rev. 2001*	*Residual operating revenues*	*Completion*
Missile and aerospace products	3 543	775	1 213	2005
Naval defence products	2 313	320	1 092	2007
Anti-aircraft, trainers and simulators	1 186	270	683	2004
Weapons control systems	555	139	413	2007
Military communications	2 176	302	703	2006

14 LONG-TERM DEBT TO CREDIT INSTITUTIONS

Amounts in MNOK	*2001*	*2000*	*1999*
Mortgages	385	405	-
Certificate loans/syndicated credit facility	650	750	-
Other long-term liabilities	58	66	-
Total	**1 093**	**1 221**	**-**

The loan of MNOK 650 consists of a bank loan (syndicated credit facility) for MNOK 200 and a certificate loan of MNOK 450. The syndicated credit facility was set up in 1999 and extends until 2004 with a total framework of MNOK 800. Established in 2000, the MNOK 385 mortgage has a term of 20 years. Other long-term liabilities mainly consist of loans incurred by the subsidiary Kongsberg Maritime Ltd. (UK). Kongsberg Gruppen has hedged its loans by contracting fixed rates of interest and interest swaps. Financial expenses related to existing loans will not be significantly impacted by interest rate fluctuations in 2002.

...continued ➜

The syndicated credit facility entails the following covenants related to key financial figures:
a) the Group's consolidated equity must be at least NOK 1.2 billion
b) the Group's consolidated equity in % must be at least 25 per cent
c) the result before interest and tax must be twice as high as payable interest, measured on a continuous basis over four consecutive quarters
d) the largest subsidiaries shall account for no less than 80% of total assets or consolidated revenues
e) net interest-bearing liabilities shall not exceed 3 times the EBITDA (Earnings Before Interest, Tax, Depreciation and the Amortisation of goodwill).

The provision associated with the winding up of Davis resulted in a breach of covenant c) in Q2. Kongsberg Gruppen received confirmation from all involved banks, stating that the "Davis effect" can be excluded from the calculation of key figures. All covenants were fulfilled at year end.

15 OTHER CURRENT LIABILITIES

Amounts in MNOK	*2001*	*2000*	*1999*
Accounts payable	564	607	422
Withholding tax, social security, VAT, etc.	140	119	117
Tax payable	9	-	54
Provision for dividends	-	-	66
Other current liabilities	810	746	699
Total	**1 523**	**1 472**	**1 358**

"Other current liabilities" include allocations and accruals related to projects, provisions for warranties, and accruals for holiday pay.

16 INTANGIBLE ASSETS

Amounts in MNOK	*Simrad*	*Navico*	*Norcontrol IT*	*Norcontrol Skipsautomasjon*	*Navia*	*Kongsberg Defence Comm.*	*Geco Defence*	*Total Goodwill*
Cost price at 31 December	433	77	12	36	838	78	-	1 474
Additions	3	-	-	-	-	-	14	17
Cost price at 31 December	**436**	**77**	**12**	**36**	**838**	**78**	**14**	**1 491**
Accumulated amortisation at 31 December	(185)	(13)	(4)	(20)	(71)	(10)	(1)	(304)
Book value 31 December 2001	**251**	**64**	**8**	**16**	**767**	**68**	**13**	**1 187**
Amortisation for the year	**19**	**4**	**2**	**2**	**42**	**6**	**1**	**76**

Goodwill is amortised on the basis of estimated gains expected in conjunction with the acquisition of an individual company. Amortisation rates vary from 5 to 20 per cent. At each closing of the accounts, the value of remaining goodwill is estimated and changes, if any, are made in write-downs or amortisation periods.
MNOK 282 in costs related to equity-financed research and development have been expensed on the income statement. The costs are not considered to fulfil the criteria for balance sheet recognition.

17 FIXED ASSETS

Amounts in MNOK	*Machinery and equipment*	*Technical facilities*	*Land/buildings and other real property*	*Total*
Cost price at 31 December 2000	412	700	856	1 968
Exchange rate differences	(1)	(1)	-	(2)
Additions	56	135	131	322
Disposals	(27)	(27)	(130)	(184)
Cost price at 31 December 2001	**440**	**807**	**857**	**2 104**
Accumulated depreciation at 31 December 2001	(289)	(560)	(165)	(1 014)
Book value at 31 December 2001	**151**	**247**	**692**	**1 090**
Ordinary depreciation for the year	45	115	31	191
Annual rent for operating leases not recognised on the balance sheet	6	9	110	125

The Group employs the straight line method of depreciation for all fixed assets.
The estimated useful life of fixed assets:

* Machinery and equipment	12 - 33%
* Technical facilities	12 - 33%
* Buildings and other real property	2 - 10%
* Land	0 %

18 PENSION EXPENSES, FUNDS AND OBLIGATIONS

At 31 December 2001, 3 213 Norwegian employees were covered by the Group's pension plans. The schemes are treated as benefit plans. Pension benefits are based on the number of years of earned pension rights and salary level at retirement.

The calculation of future pension obligations is based on the following assumptions:

	2001	*2000*	*1999*
Discount rate	7.0 %	7.0 %	7.0 %
Anticipated rate of return	8.0 %	8.0 %	8.0 %
Salary adjustment	3.0 %	3.0 %	3.0 %
Pension base level adjustment	3.0 %	3.0 %	3.0 %
Pension adjustment	2.0 %	2.0 %	2.0 %
Turnover	2.0 %	2.0 %	2.0 %

The year's pension costs were calculated as follows:

Amounts in MNOK	*2001*	*2000*	*1999*
Service cost	39	39	31
Interest cost on pension obligations	40	34	23
Estimated return on pension plan assets	(47)	(43)	(28)
Amortisation of gains and losses	3	2	1
Accrued social security expenses	5	5	4
Total net pension expenses	**40**	**37**	**31**
Expenses related to pension subsidy plans outside Norway	7	7	-

Amounts inMNOK	*2001*	*2000*	*1999*
Gross pension obligations	(654)	(572)	(388)
Gross pension plan assets	683	596	408
Net pension plan assets/(obligations)	**29**	**24**	**20**
Unrecognised gains and losses and plan changes	82	53	28
Accrued social security expenses	17	13	8
Net pre-paid pension	**128**	**90**	**56**

The age limit for an early retirement pension (AFP) is 62. The Group's extended pension obligations are included in the accounts in accordance with actuarial standards based on a lower ordinary retirement age, 25 % signing propensity, 20 % employer financing and otherwise the same assumptions as apply to ordinary pensions. Changes in actual signing propensity as well as final funding can lead to changes in the final pension obligations.

Overfunding falls within the Total Benefit Obligation (TBO). The accounts reflect the assumption that all overfunding can be used, based on known future commitments and the continuous development taking place in the Group's business activities and organisation.

19 SHARES IN ASSOCIATED COMPANIES, ETC.

Amounts in MNOK	*Kitron ASA*	*Kongsberg Lockheed Martin Space Data Services AS*	*CCIS House AS*	*Teknologisk Institutt Laboratiore-tjenester AS*	*Hyundai Kongsberg Maritime Co. Ltd.*	*Sensit AS*	*Total*
Year of acquisition	1998	1998	1998	1999	1999	2001	
Business office	Hisøy	Tromsø	Asker	Ågotnes	Korea	Trondheim	
Ownership and voting stake	21.1 %	50.0 %	42.5 %	25.0 %	35.0 %	32.0 %	
Cost of acquisition	45	3	2	3	20	10	
Opening balance at 1 January 2001	**-**	**(2)**	**2**	**6**	**28**	**-**	34
Additions	74	-	-	-	-	14	88
Dividends	-	-	-	-	(1)	-	(1)
Translation differences	-	-	-	-	(2)	-	(2)
Share of current year's profit/loss	(11)	(2)	-	-	5	(1)	(9)
Depreciation attributable to excess/negative values	-	2	-	-	-	-	2
Closing balance at 31 December 2001	**63**	**(2)**	**2**	**6**	**30**	**13**	**112**
-of which, undepreciated excess/negative values	-	(3)	-	-	-	-	(3)

Kitron ASA has been treated like an associated company as from Q4 2001 because Kongsberg Gruppen's stake increased from 18.7 % to 21.1 % in connection with a share issue in September 2001.The stake in Kitron ASA was booked using the cost method from April 2000 until September 2001. Any share of the profit/loss during that period was booked directly against the value of the stake.

Additions related to the stake in Kitron consist of (MNOK):

Original value of stake in Kitron	66
Additions upon share issue	27
Adjustments to earlier periods' share of the profit/loss	(19)
Net additions	74

20 TAX

Deferred tax/deferred tax assets have been calculated on temporary differences and tax losses carried forward related to:

Amounts in MNOK	*2001*	*2000*	*1999*
Fixed assets/non-current liabilities	43	47	73
Current assets/current liabilities	1 224	1 161	885
Tax loss carried forward	(65)	(203)	(8)
Temporary differences and tax loss carried forward	**1 202**	**1 005**	**950**
Deferred tax	347	285	276
Deferred tax assets abroad	(10)	(4)	(10)
Net deferred tax	**337**	**281**	**266**

Amounts in MNOK	*2001*	*2000*	*1999*
Tax effect of items charged directly against equity	-	-	5
Tax effects of activities being wound up	38	60	3
Change in deferred tax in Norway and abroad	56	15	36
Tax payable in Norway and abroad	19	13	70
Tax expense	**113**	**88**	**114**

Reconciliation of effective and nominal tax rates:

28% of the profit before tax and gains on the sale of properties	94	52	99
Amortisation of goodwill at Group level	3	23	11
Tax benefits not previously taken into account in Norway	-	-	(3)
Effect of foreign tax rate differences and unrecognised tax losses carried forward	12	11	7
Other permanent differences	4	2	-
Tax expense	**113**	**88**	**114**

21 EQUIY

Amounts in MNOK	*Share capital*	*Treasury shares*	*Share premium reserve*	*Other equity*	*Total, parent company*	*Group companies*	*Total, Group*
Equity at 1 January 2001	150	(5)	832	375	1 352	54	1 406
Treasury shares	-	2	-	30	32	-	32
Net profit	-	-	-	(26)	(26)	149	123
Translation differences	-	-	-	-	-	(1)	(1)
Adjustment for prior periods' results, Kitron	-	-	-	-	-	(19)	(19)
New minority interests	-	-	-	-	-	(3)	(3)
Total equity at 31 December 2001	**150**	**(3)**	**832**	**379**	**1 358**	**180**	**1 538**

22 BASIC/DILUTED EARNINGS PER SHARE

The basic/diluted profit per share has been calculated by dividing the profit for the year by the weighted average number ordinary shares outstanding in the period from 1 January 2001 to 31 December 2001. Ordinary shares issued in connection with capital increase and shares bought back during the period under review are weighted proportionate to the length of time they have been outstanding during the reporting period.

	2001	*2000*	*1999*
Majority share of the profit for the year (MNOK)	122	(54)	233
Share capital (million shares)	30.0	30.0	30.0
Weighted no. of shares outstanding (million shares)	29.2	29.1	26.4
Basic/diluted earnings per share in NOK	4.18	(1.86)	8.84

23 SHARE CAPITAL AND SHAREHOLDER INFORMATION

At 31 December 2001, the Group's share capital consisted of 30 000 000 shares with a nominal value of NOK 5 per share.

The largest shareholders at 31 December 2001 were:

Name	*Number*	*%-share*
The Norwegian State as repr. by the Ministry of Trade and Industry	15 000 400	50.0 %
Umoe Invest AS	3 236 596	10.8 %
The National Insurance Fund	1 350 000	4.5 %
Fidelity Funds, Luxembourg	931 400	3.1 %
JP Morgan Chase Bank Clients, UK	788 600	2.6 %
Kongsberg Gruppen ASA	667 917	2.2 %
Tine Pensjonskasse	608 000	2.0 %
Ferd Invest	500 000	1.7 %
Aksjefondet Gambak	400 000	1.3 %
Verdipapirfondet Skagen Vekst	370 255	1.2 %
Total	**23 853 168**	**79.5 %**
Other (stake < 1 %)	6 146 832	20.5 %
Total number of shares	**30 000 000**	**100.0 %**

Treasury shares
Kongsberg Gruppen holds 667 917 of its own shares for use in the employee share programme. The shares have been purchased in accordance with the authorisations issued by the Annual General Meetings on 27 April 1999, 5 May 2000 and 10 May 2001, which allow for the repurchase of up to 5 per cent of the shares outstanding.

	Number	*Amount in MNOK*
Holding of own shares 31 December 2001	989 157	106
Own shares conveyed to employees	(321 240)	(32)
Holding of own shares	**667 917**	**74**

A total of 766 058 options have been issued to employees. 581 471 share options refer to a programme for a group of key executives, which was set up in 1999. The programme applies for three years, and 39 individuals bought options on a total of 474 000 shares. The options apply for three years, and the exercise price in August 2002 will be NOK 120.90. The options were priced at NOK 3 each. In autumn 2001, options were granted to a further 14 individuals. The options are on a total of 107 471 shares. The options mature in August 2002 and will have an exercise price of NOK 111 per share. The options were granted with an option premium of NOK 1 per option.

...continued ➜

Shares and options owned by members of the Board, corporate management and other insiders:

Name	Number of shares	Number of options
CORPORATE MANAGEMENT:		
Jan Erik Korssjøen, CEO	4 440	31 500
Torfinn Kildal, President, Kongsberg Maritime	5 654	20 000
Arne Solberg, CFO	4 982	20 000
Tom Gerhardsen, President, Kongsberg Defence & Aerospace	4 102	20 000
Even Aas, Executive Vice President, Corporate Communications	882	20 000
Stig Trondvold, Executive Vice President, Business Development	619	16 111
THE BOARD:		
Umoe Invest AS (owned by Jens Ulltveit-Moe, Member of the Board)	3 236 596	-
Jens Ulltveit-Moe, Member of the Board	100 000	-
Roar Marthiniussen, Member of the Board	2 175	-
Berit Ågren Aas, Member of the Board	1 252	-
Vidar Lande, Member of the Board	930	-

Distribution of shareholders by size of holding:

	Number of owners	Holding
1-100	395	0.08
101-1 000	1 768	2.68
1 001 - 10 000	423	3.30
10 001 - 100 000	71	8.88
100 001 - 1 000 000	17	19.77
Over 1 000 000	3	65.29
Total	**2 677**	**100.00**

Of the 2 677 owners at 31 December 2001, 254 were foreigners and owned a total of 8.5 per cent of the shares.

24 ASSETS PLEDGED AS SECURITY/ GUARANTEES ETC.

Assets pledged as security

Amounts in MNOK	*2001*	*2000*
The following loans are secured by collateral:		
Loans against collateral in buildings, including operating equipment	385	405
Book value of assets pledged as security:		
Buildings, machinery, fittings, etc.	533	377

Guarantee liabilities

Amounts in MNOK	*2001*	*2000*
Guarantee liabilities, employees	2	2

Income Statement, Balance Sheet and Statement of Cash Flows

Kongsberg Gruppen ASA (The Parent Company)

Amounts in MNOK	2001	2000
INCOME STATEMENT		
1 January - 31 December		
Operating revenues	**51**	**64**
Payroll expenses	29	26
Depreciation	3	2
Litigation expenses	33	-
Other operating expenses	38	29
Total operating expenses	**103**	**57**
Operating profit/(loss)	**(52)**	**7**
Interest from Group companies	161	121
Other interest income	3	3
Dividends received	6	6
Gains on sale of shares	-	6
Change in the value of short-term shareholdings	(16)	4
Trading gains/(losses)	5	(19)
Write-down on shares	(11)	(52)
Interest to Group companies	(140)	(114)
Other interest expenses	(93)	(60)
Net Group contribution	100	-
Net financial items	**15**	**(105)**
Ordinary profit/(loss) before tax	**(37)**	**(98)**
Tax	11	23
Profit for the year	**(26)**	**(75)**
Distributable reserves and equity transfers:		
Group contribution paid	-	22
STATEMENT OF CASH FLOWS		
Net cash flow from operations	(79)	(29)
Net cash flow from investment activities	(41)	(856)
Net cash flow from financial activities	120	779
Net change in cash and cash equivalents	-	(106)
Cash and cash equivalents at 1 January	-	106
Cash and cash equivalents at 31 December	**-**	**-**

Amounts in MNOK	Note	2001	2000
BALANCE SHEET AT 31 December			
ASSETS			
Deferred tax assets		33	21
Fixed assets		12	9
Shares in subsidiaries	1	2 222	2 215
Other shareholdings		67	50
Net pension funds		9	5
Long-term claims on subsidiaries		2 017	1 223
Other long-term trade debts		4	4
Total fixed assets		**4 364**	**3 527**
Claims on subsidiaries		136	29
Other short-term trade debts		15	18
Shares		2	10
Total current assets		**153**	**57**
Total assets		**4 517**	**3 584**
EQUITY AND LIABILITIES			
Share capital		150	150
Own shares		(3)	(5)
Share premium reserve		832	832
Total paid-in capital		**979**	**977**
Other equity		379	375
Total retained earnings		**379**	**375**
Total shareholders' equity		**1 358**	**1 352**
Long-term debt to subsidiaries		2 220	1 213
Liabilities to credit institutions		650	750
Total long-term liabilities		**2 870**	**1 963**
Other short-term liabilities		72	30
Overdraft facilities		217	239
Total short-term liabilities		**289**	**269**
Total equity and liabilities		**4 517**	**3 584**

Notes

Kongsberg Gruppen ASA (The Parent Company)

1 SHARES IN SUBSIDIARIES

Amounts in MNOK	Year of acquisition	Main office	Stake/ voting percentage	Book value 31 Dec. 2000
Kongsberg Defence & Aerospace AS	1997	Kongsberg	100	255
Kongsberg Protech AS	1999	Kongsberg	100	22
Kongsberg Næringspark AS	1987	Kongsberg	100	5
Kongsberg Holding AS	1987	Kongsberg	100	0
Kongsberg Basetec AS	1992	Kongsberg	100	106
Kongsberg Maritime AS *)	1992	Horten	72.5	788
Kongsberg Forsvar AS	1995	Kongsberg	100	0
Kongsberg NFT AS	1995	Kongsberg	100	0
Norsk Forsvarsteknologi AS	1987	Kongsberg	100	0
Kongsberg Næringseiendom AS	1997	Kongsberg	100	172
Davis AS	1998	Drammen	100	25
Navia ASA	2000	Trondheim	100	842
Kongsberg Reinsurance LTD	2001	Dublin	100	3
Predata Professional AS (soon to be Predata Presentation Design AS)	2001	Drammen	100	4
Total				**2 222**

*) The remaining 27.5 % of the shares in Kongsberg Maritime AS are owned by Kongsberg Basetec AS.

2 GUARANTEE LIABILITIES

Amounts in MNOK	*2001*	*2000*
Prepayments and performance guarantees in respect of customers	2 475	1 944

Kongsberg Gruppen ASA has framework agreements for guarantees, entailing covenants with banks and insurance companies (see Note 14 to the consolidated accounts). No collateral has been furnished for the guaranteed amounts. The parent company has guaranteed Kongsberg Næringseiendom's payments for the lease-back of properties that have been sold. Rent totalled MNOK 57 in 2002. The rents are subject to annual adjustment and the leases are valid for up to 17 years.

Auditor's Report

To the Annual Shareholders' Meeting of Kongsberg Gruppen ASA

We have audited the annual financial statements of Kongsberg Gruppen ASA as of 31 December 2001, showing a loss of NOK 26 000 000 for the parent company and a profit of NOK 123 000 000 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 appropriation of the loss. The financial statements comprise the Balance Sheet, the Statements of Income and Cash Flows, the accompanying notes and the consolidated accounts. These financial statements 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 the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices 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 have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of 31 December 2001, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the loss is consistent with the financial statements and comply with law and regulations.

ARTHUR ANDERSEN & CO.

Olve Gravråk
State Authorised Public Accountant (Norway)

Oslo, 5 March 2002

From sensors to systems

Daewoo Shipbuilding & Marine Engineering Co. Ltd.:
"Daewoo Shipbuilding & Marine Engineering Co. Ltd. is one of the largest shipbuilders in the world. To continue growing and keeping our customers happy, we depend on suppliers that deliver quality equipment based on state of the art technology. For many years, Kongsberg Maritime Ship Systems has been a reliable supplier of high-quality products, making a large contribution to our success".

Left to right:

B.H. Han
Vice President,
Daewoo Shipbuilding & Marine Engineering Co. Ltd.

Petter Mangelrød
Sales Manager, Korea Office,
Kongsberg Maritime Ship Systems

SHIP AUTOMATION

Kongsberg Maritime Ship Systems (KMSS) enjoys a leading position in automation and integrated navigation systems in the Korean shipbuilding market. The company's long-term market presence and local value added to deliveries have been instrumental for the strong position KMSS has with Korea's three leading shipyards: Hyundai, Daewoo and Samsung.

In 2001, KMSS landed orders for "one-man bridge" navigation (IBS - Integrated Bridge Systems) and voyage data recorders (MBB - Maritime Black Boxes) for a series of LNG tankers being built by Daewoo. This highly efficient shipyard relies on having full confidence in its subcontractors. Daewoo's long experience of KMSS' automation and navigation systems was decisive to the customer's choice.

Kongsberg Gruppen:

"As a builder and supplier of a variety of commercial vessels with various degrees of complexity, Daewoo Shipbuilding & Marine Engineering Co. Ltd. is an important customer for Kongsberg Maritime Ship Systems. Thanks to deliveries to Daewoo Shipbuilding & Marine Engineering Co. Ltd. for the past 15 years, we have had knowledge of all the varieties and complexities of the vessel. It is customers like this who inspire us to go the extra mile when it comes to the technology needed to develop and supply the best products".

Shares and shareholder relations

Shareholder policy
Kongsberg Gruppen´s paramount objective is to enhance the value of its shareholders' investments. The Group's primary focus will be on its two main business areas: Maritime and Defence. The Group's goal is to enhance profits and increase operating revenues.

Kongsberg Gruppen plans to grow organically and through acquisitions in selected strategic market segments. The corporation aspires to be a world leader in its international target areas.

Kongsberg Gruppen also aspires to project an image that ensures credibility and predictability on the equity market. The Group strives to ensure a long-term competitive return on shareholders' investments which is commensurate with the risk involved. The Group furnishes the equity market with relevant, comprehensive information as the basis for a balanced, correct valuation of the share.

The Group will ordinary endeavour to provide annual dividends which are at least on a par with the average for comparable companies quoted on the Oslo Stock Exchange. Given the amount of capital needed to finance the Group's growth strategy, the Directors propose that earnings be retained and no dividend be paid for 2001.

Investor relations
Kongsberg Gruppen is a high-technology enterprise that operates in a number of markets. The Group attaches importance to maintaining an open dialogue with the equity market and media through stock exchange bulletins, press releases and other media initiatives, as well as through presentations for analysts and investors.

Kongsberg Gruppen's website features a special section on investor information, featuring all consolidated annual reports, quarterly reports and presentation material.

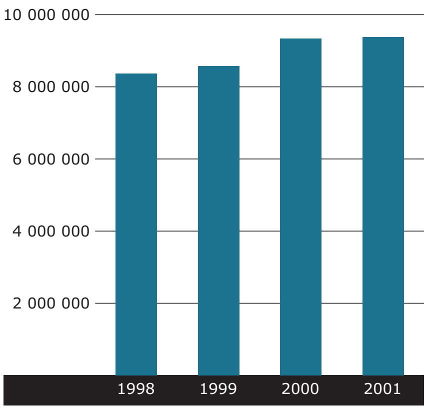
Importance is attached to attracting more foreign interest in the share.

Dividends and earnings per share
Kongsberg Gruppen has seen the following trends in dividends and earnings per share in recent years:

NOK	*2001*	*2000*	*1999*	*1998*	*1997*	*1996*
Dividend	0	0	2.25	2.00	1.00	0.88
Earnings per share	4.18	-1.86	8.84	7.04	3.04	2.95
P/E*)	23.1	-	16.2	10.8	25.0	19.6

*) Price/earnings ratio per share, based on the share value on the last day of trading in 2001.

Number of shares traded

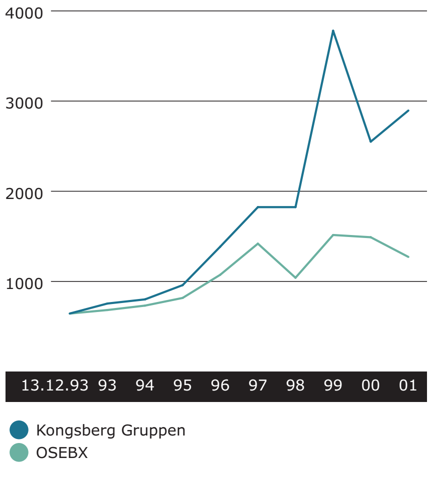


Share price 2001 (NOK)

Market capitalisation

Market capitalisation increased during the year from MNOK 2 550 to MNOK 2 895, a 13.5 per cent rise. The Group was launched on the Oslo Stock Exchange in December 1993 with a market capitalisation of MNOK 643. Adjusted for a share issue of MNOK 300 in 1999, the Group's market capitalisation has increased by 403 per cent since the share was initially introduced. During the same years, the Oslo Stock Exchange's Benchmark Index (OSEBX) has risen by 216 per cent.

Share price trend/market capitalisation (MNOK)



Share price trends and turnover in 2001

The share experienced relatively strong expansion during the year, compared with other listed shares. The price of the share closed at NOK 96.50, up 13.5 per cent from the end of 2000. The OSEBX saw a decline of 14.6 per cent during same period.

	2001	*2000*	*1999*	*1998*
Number of shares traded	9 378 681	9 329 214	8 579 047	8 368 991
As a % of shares in circulation	63%	62 %	64%	70 %

*) Exluding the Norwegian State´s 50 per cent stake. The number of shares was increased from 24 million to 30 million in July 1999.

Share and option programmes for employees

The Group´s annual employee share programme was conducted in spring 2001. This was the fifth time employees were given the opportunity to buy shares in the Group at a 20 per cent discount. Roughly 700 individuals bought shares under the 2001 programme, which had a ceiling of about NOK 25 000. Bonus options were attached to their purchases, granting each buyer about half the number of options as shares purchased. The options are redeemable after two years.

In 1999, Kongsberg Gruppen set up a three-year option programme for leading employees. Thirty-nine executives bought options on a total of 474 000 shares. After three years, the options will have a redemption price of NOK 120.90 in August 2002. The options were priced at NOK 3 each. In the autumn of 2001, options were allocated to another 14 executives. The options are on a total of 107 471 shares. They mature in August 2002 and will have a redemption price of NOK 111 per share. The options were allocated with an option premium of NOK 1 per option.

Number of shares and nominal value

Kongsberg Gruppen ASA has 30 million shares, each with a nominal value of NOK 5.

When originally listed on the Oslo Stock Exchange on 13 December 1993, the company had 5 850 000 shares with a nominal value of NOK 20 per share. The number of shares was increased to 6 000 0000 in 1996 in connection with a rights issue for the employee share programme.

In May 1997, the share was split into four, increasing the number of shares to 24 000 000 with a nominal value of NOK 5 per share. All key figures for 1997 and earlier years have been adjusted accordingly.

In July 1999, 6 000 000 new shares were issued, bringing the number up to the current level of 30 000 000 shares.

Own shares

Kongsberg Gruppen's ordinary Annual General Meeting on 10 May 2001 authorised the Board to buy shares in Kongsberg Gruppen. Limited to 5 per cent of the share capital, the authorisation is valid until the next ordinary AGM. At 31 December 2001, Kongsberg Gruppen owned a total of 667 917 or 2.2 per cent of its own shares. The shares were purchased for the employee option and share programmes.

Ownership structure

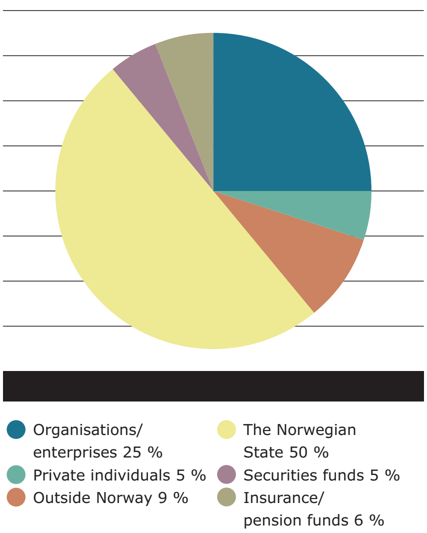
The composition of shareholders changed during the year as Umoe Invest AS increased its stake to more than 10 per cent. The two foreign owners on the list also increased their stakes during the year. Norwegian life insurance companies, unit trusts and pension funds rank high on the list of major owners.

The percentage of shares in foreign hands increased from 6.6 per cent to 8.5 per cent.

Major shareholders at 27 February 2002:

Name	Number of shares	%-share
The Norwegian State AS repr. by the Ministry of Trade and Industry	15 000 400	50.00
Umoe Invest ASA	3 236 596	10.79
The National Insurance Fund	1 350 000	4.50
Fidelity Funds	931 400	3.10
JP Morgan Chase Bank Clients Treaty Acc.	852 582	2.84
Kongsberg Gruppen ASA	667 917	2.23
Tine Pensjonskasse	608 000	2.03
Ferd Invest	500 000	1.67
Aksjefondet Gambak	500 000	1.67
Verdipapirfondet Skagen	370 255	1.23
Sparebankenes Sikringsfond	252 655	0.84
Brown Brothers Harriman	225 000	0.75
Den Norske Krigsfors. Skib	185 000	0.62
Verdipapirfondet Fondsfinans	177 300	0.59
Vital Forsikring ASA	169 100	0.56
Sig. Bergesen d.y. og Almennyttige Stift.	162 645	0.54
Terra Aksjefond	146 809	0.49
Verdipapirfondet Fondsfinans	133 300	0.44
SIS Segaintersettle	108 280	0.36
Nistad Einar	104 699	0.35

Ownership structure



Breakdown of shareholders by size of holding:

	Number of shares	Number of owners	Holding in per cent	
	2001	**2000**	**2001**	**2000**
1 –100	395	361	0.1	0.1
101 – 1 000	1 768	1 941	2.7	2.9
1 001 – 10 000	423	428	3.3	3.6
10 001 – 100 000	71	101	8.9	12.4
100 001 – 1 000 000	17	21	19.8	23.1
Over 1 000 000	3	3	65.2	57.9
Total	**2 677**	**2 855**	**100.0**	**100.0**

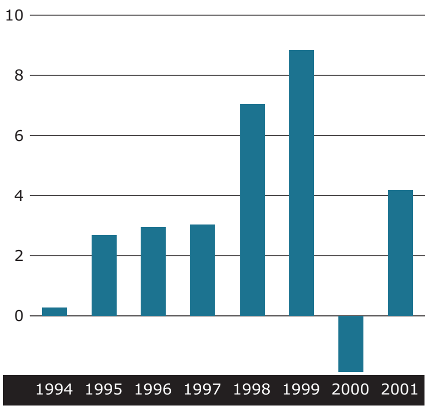
R I S K adjustment

The 2001 adjustment on the tax-related incoming value of shares (RISK) will ultimately be stipulated by the tax authorities. The company estimates the RISK adjustment for 2001 will be NOK 0.41 per share. The RISK has been as follows (in NOK):

1993	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*est. 2001*
−0.18	−0.25	−0.69	−0.81	−0.95	−1.90	2.13	−0.59	0.41

The figures for 1993 to 1996 have been divided by four to facilitate comparison with 1997-2001.

Earnings per share (NOK)



Analytical data

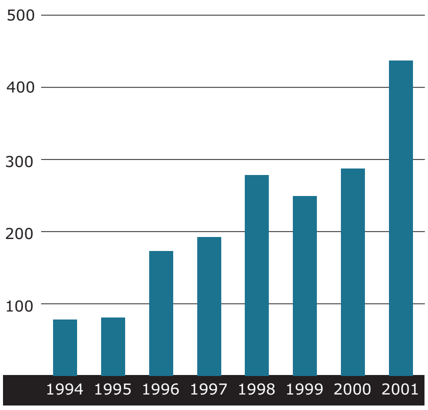
Key figures

	Amounts in MNOK	**2001**	2000	1999	1998	1997	1996	1995	1994	1993
• **Operations**	Operating revenues	6 176	5 296	4 412	4 404	3 674	3 023	1 998	2 038	2 185
	- Of which, civilian	63 %	64 %	73 %	71 %	71 %	61 %	52 %	49 %	44 %
	- Of which, outside Norway	74 %	74 %	62 %	62 %	55 %	51 %	41 %	47 %	57 %
	Earnings before interest, tax and amortisation (EBITA)	437	287	249	278	192	173	81	78	99
	Operating profit	328	225	213	189	157	140	64	45	69
	Ordinary profit before tax	191	188	205	279	121	117	94	19	92
	Net profit/(loss)	122	(54)	233	169	73	69	63	6	62
	Effective tax rate	38 %	-	32 %	33 %	40 %	36 %	33 %	74 %	32 %
	Net cash flow from operations	321	46	409	423	358	190	121	130	213
	EBITA margin	7.1 %	5.4 %	5.6 %	6.3 %	5.2 %	5.7 %	4.1 %	3.8 %	4.5 %
	Operating margin	5.3 %	4.2 %	4.8 %	4.3 %	4.3 %	4.6 %	3.2 %	2.2 %	3.2 %
	Profit margin	3.1 %	3.5 %	4.6 %	6.3 %	3.3 %	3.9 %	4.7 %	0.9 %	4.2 %
	New orders	5 967	7 648	4 123	4 604	3 952	3 955	2 291	1 590	1 947
	Backlog of orders	6 401	6 610	4 258	4 551	4 349	4 041	2 676	2 440	2 819
	Equity-financed development	282	184	185	172	146	142	74	77	56
	% of operating revenues	5 %	3 %	4 %	4 %	4 %	5 %	4 %	4 %	3 %
• **Capital**	Total assets	5 629	5 371	4 012	3 949	3 412	3 221	2 171	2 216	2 207
	Tied-up capital	3 078	2 942	1 796	1 959	1 798	1 888	1 254	1 319	1 385
	Prepayments from customers	1 028	957	858	552	555	376	217	361	289
	Net interest-bearing debt	776	1 029	(330)	456	126	298	(255)	(330)	(333)
	Equity	1 538	1 406	1 490	1 106	1 042	975	917	871	891
	Equity (%)	27 %	26 %	37 %	28 %	31 %	30 %	42 %	39 %	40 %
	Return on total assets	6 %	5 %	6 %	9 %	6 %	6 %	5 %	4 %	7 %
	Return on tied-up assets	11 %	11 %	13 %	18 %	10 %	11 %	9 %	7 %	11 %
	Return on equity	13 %	13 %	16 %	26 %	12 %	12 %	11 %	2 %	10 %
	Investments	339	1 235	305	574	216	715	112	84	70
	Depreciation	267	240	187	228	149	133	87	108	122
• **Employees**	Number of employees	4 012	3 765	3 382	3 333	3 262	3 212	2 049	2 131	2 214
	Graduate engineers/engineers	2 633	2 294	2 106	1 990	1 901	1 901	706	773	800
	Wage share	30 %	32 %	32 %	30 %	33 %	33 %	37 %	36 %	35 %
• **Owners´ values**	Market capitalisation	2 895	2 550	3 780	1 824	1 824	1 386	959	801	755
	Annual share price trend	14 %	(33 %)	107 %	0 %	32 %	45 %	20 %	6 %	17 %
	Earnings per share	4.18	(1.86)	8.84	7.04	3.04	2.95	2.69	0.28	2.65
	P/E	23.09	-	16.20	10.80	25.00	19.60	15.20	124.50	12.20
	Dividend	0.00	0.00	2.25	2.00	1.00	0.88	0.69	0.26	0.64
	RISK adjustment	0.41	(0.59)	2.13	(1.90)	(0.95)	(0.81)	(0.69)	(0.25)	(0.18)

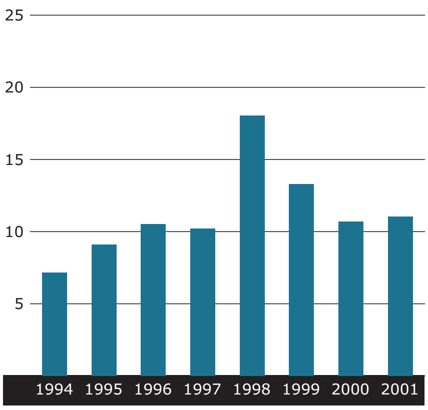
Definitions

EBITA	Earnings Before Interest, Tax and Amortisation.
Effective tax rate	Tax as a % of the profit/loss before tax.
Net cash flow	Please see the Statement of Cash Flows on page 22.
Operating margin	Operating profit as a % of operating revenues.
Profit margin	Profit/before tax as a % of operating revenues.
Tied-up capital	Total assets less short-term interest-free liabilities.
Return on total assets	Operating profit plus financial income as a % of average total.
Return on tied-up capital	Operating profit plus financial income as a % of average tied-up capital.
Return on equity	Profit/loss before tax as a % of average equity.
Annual share price trend	Change in share price compared with previous year. For 1993, from the time of the launch on the Stock Exchange on 13 December 1993.
Wage share	Wages and social security expenses as a % of operating revenues.
Earnings per share	Net profit after tax divided by a weighted average number of shares.
P/E	Price/Earnings Market price at 31 December divided by the earnings per share.
RISK	This year's adjustment on the tax-related incoming value of shares.

EBITA (MNOK)



Return on tied-up capital (%)



Analytical data

The market and other general parameters

Offshore & Subsea
Investment remained brisk in the offshore sector in 2001, and new orders remained at a stable high level throughout the year. The company maintained its position as a leading supplier of dynamic positioning and hydroacoustic systems. To maintain and further strengthen the company's position, considerable efforts have been invested in product improvements (e.g. Green DP) and in expanding the areas of application (e.g. LNG vessels).

The price of oil is a crucial parameter in this context. High oil prices in 2000 and early 2001 boosted the offshore sector's propensity to invest. Although oil prices dropped somewhat in the latter half of the year, the influx of new orders did not diminish significantly. It is assumed that the production cuts adopted by OPEC and non-OPEC countries will have a stabilising effect on the price of oil. At year end, the price was at a level expected to support buoyant market activity.

Offshore & Subsea has a backlog of orders sufficient to ensure its revenue-generating capacity throughout large parts of 2002.

Merchant Marine
Kongsberg Maritime Ship Systems (KMSS) was established in 2000 as a result of a merger between Kongsberg Norcontrol, Kongsberg Norcontrol Simulations and Autronica. The company has developed favourably, winning a stronger market position than the companies enjoyed separately. The company has launched the concept "from sensors to systems" and is the world's most complete total supplier of ships systems today. The company has also earned a strong position in e-learning, a field with considerable growth potential. Staff cuts in early 2001 reduced the level of expenditure.

This segment is influenced by market trends for shipbuilding, especially in the Far East. Shipbuilding has seen a boom recently, which has had a positive impact on the segment's business activities. Towards year-end 2001, the downturn in the world economy led to a decline in contracts for new vessels, but the order books are still full for KMSS' largest clients, especially in Korea and China where KMSS has its most important markets.

Yachting & Fishery
Simrad's position in the yachting and fishery market has improved thanks to several years of product development and marketing efforts. The range of products is more complete than ever before, and the company has grown steadily in recent years.

Simrad's position in the "medium to high-end" of the yachting market remains strong, especially for motor boats, and market shares are on the rise in the boatbuilding market. As regards fisheries, intense efforts have been invested in revitalising the product range lately. Simrad now offers a more state-of-the-art product line than its main competitors. Simrad is a leading international brand name.

The yachting market is strongly influenced by the general economic situation as well as by private consumption. The highly expansive consumption in the US and Europe in recent years helped boost the demand for yachts and equipment. This trend came to a halt in 2001 as a result of the general decline in the world economy and was further exacerbated by the events in the US on 11 September. The market is expected to experience slow growth and pressures on profits in 2002.

USD exchange rates also have an impact on this segment, given its high level of activity in the USA and the fact that it competes with US companies in other parts of the world.

Defence & Aerospace
Kongsberg Defence & Aerospace (KDA) has a large backlog of orders, paving the way for strong earnings in the years ahead. Exports are on the rise, and KDA's R&D programmes are pro-active and future-oriented. The framework agreement with the US Armed Forces for the delivery of weapons control systems worth more than MNOK 2 000 over a 5-year period proves that KDA is competitive on the international market.

It is important for KDA to have access to qualified employees. It is essential to retain key personnel while ensuring new recruitment and training. Recruitment efforts have been successful thus far.

The competitive situation is changing as a result of restructuring in the European defence industry. Competitors are growing fewer and larger. KDA has entered into alliances with several of the largest players in its niches, e.g. Raytheon, Lockheed Martin and Aerospatiale.

The Norwegian Armed Forces' level of investment is expected to be affected by the current restructuring. The international market for advanced defence systems is expansive, and Kongsberg Defence & Aerospace has enjoyed growing success on this market in recent years.

Foreign currency

While most of the Group's activities are located in Norway, 74 per cent of the corporate output was in 2001 sold outside Norway. The Group's competitors are located in Europe, the USA and Japan. This translates into considerable foreign currency exposure for the Group. USD is the pre-dominant currency for revenues. More than 20 % of the Group's operating revenues are in USD.

Kongsberg Gruppen's policy is to limit currency risk while actively assessing various currencies' importance as a competitive parameter. Accordingly, all contractual foreign currency flows are hedged. Budgeted currency flows and foreign currency bids for major contracts are also hedged. The hedging of budgeted currency flows is based on the individual company's market and competitive situation. At 31 December 2001, the Group had hedged a total of MNOK 4 100 in future foreign currency revenues. The hedges are evaluated on an ongoing basis in the light of the situation in the currency market as well as in product markets.

Since the Group has hedged budgeted currency flows and signed contracts in foreign currencies, corporate operating revenues and profits in 2002 are not expected to be influenced much by fluctuations in currency exchange rates. At 31 December 2001, the Group had no foreign currency loans.

Interest rates

At the beginning of 2002, Kongsberg Gruppen had MNOK 1 093 in gross interest-bearing liabilities, of which MNOK 1 035 is part of the Group's central financing programme and the remainder is external loans on the part of subsidiaries. The Group's central loans are distributed as follows:

Mortgages	MNOK	385
Norwegian commercial papers	MNOK	400
Sterling Acceptance	MNOK	40
Bank loans (syndicated credit facility)	MNOK	200

Kongsberg Gruppen has hedged its loans by contracting fixed rates of interest and interest swaps. Any fluctuations in interest rates in 2002 will have little impact on financial expenses related to existing loans.

Liquidity/financing

Kongsberg Gruppen's funding is based on a syndicated loan facility of MNOK 800 which will run until 2004, and a 20-year mortgage of MNOK 385. Financial and liquidity management are co-ordinated by Kongsberg Financial Services, the Group's corporate financial unit.

The Group's loan parameters will be expanded to keep pace with its growth strategy.

Net interest-bearing debt showed a marked decline in Q4 2001 as a result of a healthy cash flow and the sale of property.

At year end, Kongsberg Gruppen had MNOK 315 in bank deposits and MNOK 600 in unused lines of credit.

The Kongsberg Advantage gives our customers a competitive edge

Kongsberg Gruppen:
"Our strength lies in working closely enough with the shipyards to understand the challenges facing them during the building process. In addition, we try to understand what a shipowner will need to run the vessel for the next 20 years, and then we adjust our product accordingly. Our goal is to give BP a product made for the future, that is, a vessel equipped to meet any challenges that might arise during its useful economic life".

BP Shipping:
"These newbuilding LNG projects are the first joint ventures between BP Shipping and Kongsberg Simrad. The vessel design demanded a high technology-redundant integrated automation system and Kongsberg Simrad is our vendor of choice for this critical system. We are confident that Kongsberg Simrad's experience with and ability to implement complex vessel control systems will ensure a successful outcome to this project".

Samsung Heavy Industries:
"For many years, Kongsberg and SHI have worked together closely on the development of complex high-technology control applications. LNG carriers represent another sophisticated market area that is very well suited to our existing relationship".

THE LNG PROJECT

Trading in and the transport of liquefied methane were traditionally Asian activities. This was also true of the building, outfitting and operation of LNG (Liquefied Natural Gas) carriers. During transport, the cargo on LNG carriers is initially cooled to minus 163 degrees Celsius. Although there will still be a certain amount of evaporation, the Kongsberg system uses the waste gas to power the vessel. First, it is run through compressors and heat exchangers, then burned in the boilers, producing steam for the turbines that power the screws. Sophisticated automation systems are required to control these complex processes on an LNG vessel. Kongsberg Simrad's reputation as a reliable supplier of such systems for other sophisticated applications has been decisive to its success on the LNG market.

Left to right:

Y.S. Song
Project Manager,
Samsung Heavy Industries
South Korea

Finn Søberg
Sales and marketing/LNG applications,
Kongsberg Simrad – Norway

Tony Spence
Technical Superintendant,
Control & Automation,
BP Shipping Ltd.

Cato Franck
Sales and marketing/LNG applications,
Kongsberg Simrad – Norway

Kongsberg Maritime

- **Offshore & Subsea**
- **Yachting & Fishery**
- **Merchant Marine**
- **Information Technology**

	2001	2000	1999
Operating revenues	3 619	2 983	2 809
EBITA	303	195	271
Operating profit	236	139	235
Ordinary profit before tax (EBT)	118	80	219
Number of employees	2 373	2 290	1 996

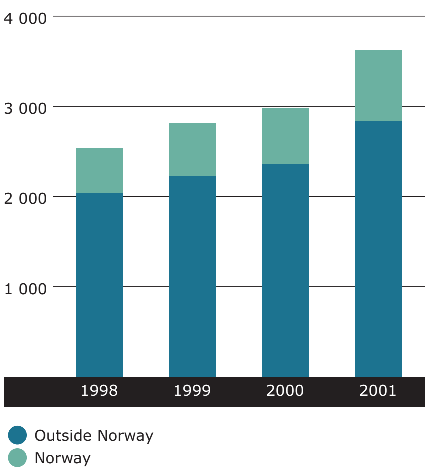
Kongsberg Maritime is one of the world's leading suppliers of marine technology products and systems, thanks to 2 373 employees in 20 countries. Kongsberg Maritime is comprised of three segments: Offshore & Subsea, Merchant Marine and Yachting & Fishery. Over the past year, Kongsberg Maritime improved its market positions in most main segments.

Kongsberg Maritime's activities accounted for 59 per cent of Kongsberg Gruppen's total operating revenues in 2001.

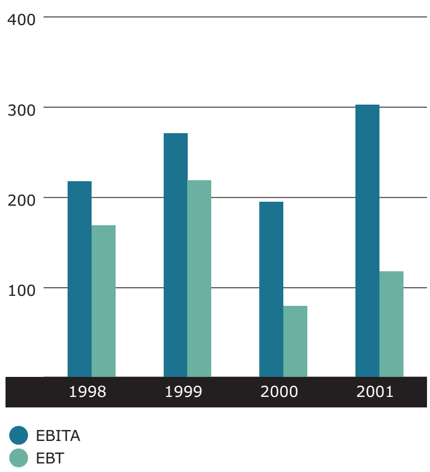
Offshore & Subsea and Merchant Marine experienced positive trends in 2001, while Yachting & Fishery saw a setback in terms of results, due largely to the general decline in the US yachting market, a tendency exacerbated by the events of 11 September.

Kongsberg Maritime's total operating revenues climbed from MNOK 2 983 in 2000 to MNOK 3 619 in 2001, of which MNOK 2 832 was generated outside Norway. The corresponding figure for 2000 was MNOK 2 354. The EBT increased from MNOK 80 to MNOK 118.

Operating revenues (MNOK)



Profit (MNOK)



Offshore & Subsea is Kongsberg Maritime's largest business activity, accounting for 51 per cent of its operating revenues. At year end, the segment had 979 employees, 302 of whom worked abroad.

Offshore & Subsea is comprised of companies in the USA, Canada, the UK, Italy and Singapore as well as in Norway.

Offshore & Subsea develops products and solutions based on cutting edge expertise in three fields in particular:

Dynamic Positioning. Sophisticated engineering cybernetics are used to keep vessels and floating installations in place, regardless of weather conditions. The segment has been under constant development since its inception in 1974, and Offshore & Subsea is the world's leading company in this field.

Process Automation. The company has been developing proprietary technology in this field since 1987, building up Norway's largest automation hub. The majority of the deliveries involve process automation for oil and gas-related vessels and platforms, as well as equipment for general vessel automation and onshore industry.

Hydroacoustics. Applied hydroacoustics has been the foundation for many products and applications for more than 50 years. This technology, in tandem with modern computer technology, constitutes the basis for the development and production of systems for underwater navigation and seabed surveying.

Offshore & Subsea earned operating revenues of MNOK 1 852 in 2001, compared with MNOK 1 509 in 2000. Earnings before interest, tax and amortisation (EBITA) came to MNOK 220, compared with MNOK 163 the year before. New orders aggregated MNOK 1 873, compared with MNOK 1 660 in 2000.

The market

The offshore market for the company's products and services remained stable and high in 2001. The company's position as the world's leading supplier of dynamic positioning was enhanced further during the year. In connection with initiatives related to new applications for its offshore technology, in 2001 the company consolidated its position as a major supplier of steering and control systems for LNG (Liquefied Natural Gas) tankers.

The company is engaged in numerous offshore and special applications, and its products and systems are used in most phases of petroleum field development. This means Offshore & Subsea is not overly reliant on any particular application or geographical area.

Highlights

- Continued success in the LNG market, which was previously dominated by Japanese suppliers. The company supplies total systems for management and control onboard sophisticated LNG carriers. Altogether, contracts were signed for deliveries to eight new vessels in 2001. Deliveries are scheduled to take place over the next 30 months.
- Launch of Green DP. This is a new concept for dynamic positioning, made possible by the application of sophisticated new engineering cybernetics and state-of-the-art ultra-fast processors. The advantage of the system is more efficient regulation, which saves fuel and places less strain on the screw and thrusters. The concept has been very well received on the market, and more than 15 contracts have already been signed for this new system.
- Major contracts for integrated control and monitoring systems for two drilling rigs to be built in Singapore. The order has a total value of MNOK 110 and was placed by the US company Santa Fe International of Dallas, Texas.
- Major contract with Statoil for upgrading and replacing control and safety systems on the Heidrun platform. With the exception of the control logic, all replacements will be made while the facility is in operation.
- In autumn 2001, Kongsberg Simrad moved into modern new premises in Kongsberg. As a result, 440 employees who previously worked in three different locations in Kongsberg are now all gathered under the same roof.

Offshore & Subsea has been awarded a contract with Statoil to upgrade and replace the control and safety systems on the Heidrun platform.

Products in this segment are marketed under the SIMRAD name, one of the world's leading brands of advanced instrumentation for yachts and fishing vessels. Yachting & Fishery develops, manufactures and sells navigation, automatic steering, communications and fish-finding systems. Yachting & Fishery companies have 733 employees, 322 of whom work in Norway. Production takes place in Norway, Denmark and England, and the products are sold the world over. Yachting & Fishery has its own distribution companies in all main markets.

Considerable efforts have been invested in building up and strengthening SIMRAD as a leading international brand name in marine electronics for commercial vessels and yachts. Yachting & Fishery is represented in 50 countries, and has established its own subsidiaries in its largest markets. The products are sold to end-users through a world-wide network of more than 1 500 dealers.

The segment earned operating revenues of MNOK 940 in 2001, compared with MNOK 909 in 2000. Earnings before interest, tax and amortisation (EBITA) came to MNOK 34, compared with MNOK 46 the year before.

The market

The market for yachting electronics is distinguished by seasonal fluctuations and frequent changes of models. The market was generally weaker in 2001 than the year before owing to the general downturn in the economy, especially in the US. This has led to keener competition, more pressure on prices and narrower margins. The market was further eroded as a result of the terrorist attack in the US on 11 September. The market is expected to remain weak as a result of uncertainty in the world economy.

The market for fishing fleet electronics is largely governed by the income situation in the fisheries industry. Globally, the market is expected to remain stable. There will, however, be large regional and national fluctuations.

Thanks to its extensive R&D programme, a number of competitive new products has been developed over the past few years. The introduction of new echosounders and sonars in 2001 has paved the way for a favourable business trend and growth in the years ahead.

Highlights

- New sonars for the fishing fleet. Over the past two years, Simrad has developed a new series of sonars for the world's commercial fishing fleet. These are high-performance sonars for commercial fishing of mackerel, herring, capelin and white fish. In Q4, Simrad also introduced a new sonar that has been specially developed for the tuna market in the Mediterranean and the Pacific.
- A new catch control system introduced for smaller-scale coastal fishing vessels and adapted for seining and trawling, nationally and internationally.
- Introduction of a new VHF radio with DSC (Digital Selective Calling) for yachts. DSC is part of the Global Maritime Distress and Safety System (GMDSS), and will have an impact on how safety at sea will be co-ordinated in future. The product has been well received by the market.
- The first company to offer a sophisticated transflective screen. The new technology gives sharper images and better contrast the more sunlight there is, making it especially suitable for use in open vessels and boats with a fly bridge. The products employing this technology are sold under the SunView trademark.

The Norwegian Society for Sea Rescue's RS Simrad Buholmen is the second Simrad Class vessel largely funded by Kongsberg Gruppen. The boat is equipped with sophisticated technology and instrumentation from Simrad.

Offering a new clarity of vision

Left to right:

Arial Pared
President, SeaVee Boats, Inc.,
Fort Lauderdale

David Parkinson
National Sales Manager,
Simrad Inc.

SeaVee Boats Inc.:
"The new changes have made a fantastic difference to this fishfinder. Even at 35 mph I can print down to 1400 feet. Simrad sure got this one right".

Kongsberg Gruppen:
"Working on a day-to-day basis with quality boat builders like SeaVee makes every day interesting. Their customers are extremely demanding with a wiew to the performance and quality of the boats they buy, and the electronics they put into them. You have to remain on the "cutting edge" of technology to incorporate innovations and thus deliver a high-quality product. We've managed to do this with SunView".

SUNVIEW

Simrad's new product SunView was developed for use in applications where direct sunlight amplifies the effect and clarity of the screen image. Using new "transflective technology", Simrad has made a display for chartplotters, radar and echosounders whose clarity and brightness is enhanced in direct sunlight. This is particularly important in waters where there is a lot of sun and strong light. Now sports fishermen can put their important navigation and fish-finding equipment on the sunny fly-bridge, and still see crystal clear displays of their radar, echosounder and map images. All this, thanks to Simrad.

Merchant Marine has the following spheres of activity:

- Automation and navigation systems
- Sensors and systems for cargo management and safety systems
- Maritime simulators and training systems.

Most of this segment's operations are handled by the company Kongsberg Maritime Ship Systems AS (KMSS). There are 564 employees in the Merchant Marine segment, 527 of whom work in Norway. The products are developed and manufactured at proprietary facilities in Horten and Trondheim in Norway, as well as in Korea and the USA. The products are sold world-wide through the company's sales offices and distribution companies, as well as through a comprehensive network of agents.

In 2001, the segment earned operating revenues of MNOK 897, as against MNOK 637 in 2000. Earnings before interest, tax and amortisation (EBITA) came to MNOK 49, compared with MNOK -14 the year before. Operations are currently beeing revamped.

The market

In 2001, the company built up its market shares among the leading shipbuilders in the Far East, espesially with a view to propulsion control, engine room monitoring and integrated navigation systems.

In Europe, 2001 was distinguished by a drop in contracting within the EEA area, while Croatia and Poland experienced growth. The company has maintained its competitiveness in these markets.

As for cargo monitoring and control, the company won important contracts for deliveries to gas tankers. There was a rise in orders for sensors from manufacturers of ships' engines. The launch of the new cordless sensors attracted considerable attention, opening up new opportunities.

The market for marine training systems is in flux. The demand for traditional ship simulators appears to have stagnated, while solutions for e-learning and onboard training are expanding rapidly. The company is well prepared for this change, and has signed contracts for its first deliveries in these growth industries.

KMSS personnel beside a tank radar on the Berge Danuta.

Highlights

- Important navigation orders from Korean shipyards.
- The new wireless temperature sensor Sentry has been launched on the market, attracting considerable attention.
- A fire detection contract for 135 vessels owned by the world's largest shipowner Nippon Yusen Kalsha (NYK) in Japan. The installation of fire prevention systems on several cruise ships.
- A breakthrough year for the newly developed automation system DataChief C-20. A large influx of new orders for sophisticated chemical carriers, gas tankers and passenger ships. Further, AutoChief engine control systems were delivered for the world's first large-scale diesel engine without a camshaft (the Sulzer RT-flex), and for the world's largest diesel engine (the MAN B&W 12K98MC-C), which boasts 100 000 horsepower.
- All engine and cargo management simulators are now accessible in the Windows platform. In the field of navigation, more focus is being devoted to desktops with emulated panels. A number of naval contracts were won, e.g. from the Naval College in Bergen.
- The world-wide portal maritime-ecampus.com has been set up, offering reliable, user-friendly solutions. All maritime simulator models will eventually be available as real-time models, facilitating "Any Time – Anywhere" training using the portal.

Marine Information Technology was recently made into a separate sphere of activity at Kongsberg Maritime. The segment has 89 employees, divided among activities in Norway, Singapore, India, and the UK. Thus far, the core business has been software products and systems for harbours and activities have been handled by the company Norcontrol IT AS, which Kongsberg Maritime owns jointly with key management personnel.

Existing marine software activities will be consolidated and further developed by a dedicated organisation - the Marine IT Company. The business will focus on software for information management and decision-support. Kongsberg has considerable expertise in information retrieval from various onboard sources for use onboard and onshore. The company will develop suites of software aimed at maritime operations onboard, with onshore support.

The market

The market for marine information management is expected to grow. The growth is being led by expansion in information volume and content, and by demands for more efficient, less expensive communication between ship and shore. This trend applies to all main segments. Marine IT software packages will accompany other deliveries made by Kongsberg Maritime, in addition to being marketed independently.

Left to right:

Tore Storm Ørebeck
Sub-project Manager, NSM,
Kongsberg Defence & Aerospace

Gerd-Anne Tetlie
Lieutenant Commander, FLO/SJØ
NSMP Project,

Kongsberg Gruppen:
"The close co-operation between the Royal Norwegian Navy Materiel Command and Kongsberg Defence & Aerospace will ensure that the NSM missile will meet the Navy's stringent requirements for weapons designed for Norwegian and international use, and make both parties proud".

NEW ANTI-SHIP MISSILES (NSM)

Being developed for the Royal Norwegian Navy, the NSM is scheduled for completion in 2004. The missile has a sophisticated, newly developed image-forming infrared seeker, featuring special characteristics to detect, distinguish and identify its target. The seeker will also be highly resistant to decoy systems. The special design, the use of special composite materials and its excellent manoeuvrability make the missile exceptionally difficult to discover and follow. The missile has a sophisticated, exceptionally accurate navigation and steering system. These features make the NSM a highly effective weapons systems with a high level of accuracy in hitting selected targets.

At your command – and willing to go the extra mile

The Royal Norwegian Navy:
"I have had the pleasure of working closely with Kongsberg Defence & Aerospace during the development of a new high-technology weapon, the NSM missile. It has been both extremely interesting and deeply rewarding to take part in the creation of one of the weapons that will be deployed on the Navy's new MTBs and frigates".

Kongsberg Defence & Aerospace

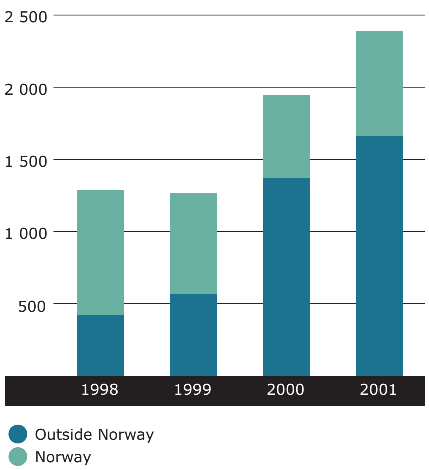
- **Missiles & Space**
- **Naval Systems**
- **Land Systems & Communications**
- **Aircraft & Air Defence Systems**
- **Dynamic Systems**

	2001	*2000*	*1999*
Operating revenues	2 388	1 943	1 268
EBITA	138	85	13
Operating profit	131	81	13
Ordinary profit before tax (EBT)	150	113	64
Number of employees	1 499	1 132	1 023

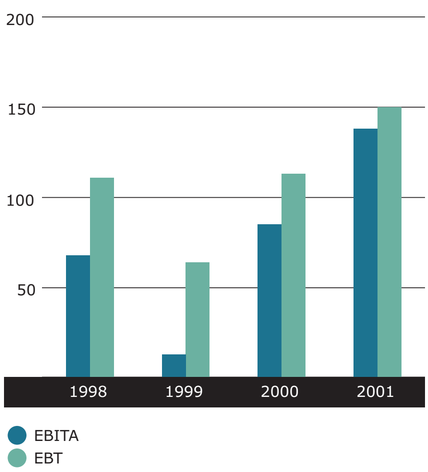
Kongsberg Defence & Aerospace has long traditions of developing sophisticated systems in close collaboration with the Norwegian Armed Forces. The company's anti-ship missiles, command and weapons control systems and communications systems have also proven competitive on the export market. Alliances with major foreign defence enterprises are a key part of the business area's international market strategy.

Kongsberg Defence & Aerospace earned operating revenues of MNOK 2 388 in 2001, compared with MNOK 1 943 in 2000. The ordinary profit before tax was MNOK 150, up MNOK 37 from 2000. The business area had a backlog of orders worth MNOK 4 852 at year-end 2001, compared with MNOK 5 218 at 31 December 2000. Of the new orders received in 2001, 74 per cent is destined for the export market. The number of employees increased by 367 in 2001, to a total of 1 499.

Operating revenues (MNOK)



Profit (MNOK)



The market

Kongsberg Defence & Aerospace is largely project-oriented. Through procurements for the Norwegian Armed Forces, the company has secured orders either for the sale of its own proprietary products or as a subcontractor for foreign suppliers. It is important for Kongsberg Defence & Aerospace that Norway´s purchases of defence materiel from foreign contractors also benefit Norwegian industry. Kongsberg Defence & Aerospace subcontracts with more than 1 200 large and small Norwegian enterprises.

The business area will continue promoting individual products by plying strategically important alliances with major foreign defence contractors. Co-operation agreements have been established through large-scale projects for the Norwegian Armed Forces. In most countries, the choice of defence supplier is a question of industrial policy, with considerations related to domestic industry and human resources frequently appearing to outweigh performance and price. In consequence, Kongsberg Defence & Aerospace targets markets in which competitiveness is a decisive factor. In recent years, Kongsberg Defence & Aerospace has won contracts in the face of keen international competition, resulting in a large backlog of orders at year-end 2001.

Highlights

- Framework contract valued at NOK 2 billion for the delivery of weapons control systems for 1734 armoured personnel carriers for the US Army. The first contract under the framework agreement was awarded in May.
- New contracts associated with the Penguin missile. Turkey ordered a number of new missiles worth a total of MNOK 80, and the US Navy signed an upgrading contract valued at MNOK 66.
- The Storting (Norwegian parliament) voted to build five new Skjold Class missile torpedo boats (MTBs), opening contract opportunities worth MNOK 1 to 1.5 billion, including new anti-ship missiles (NSMs), which will be the main weapon deployed on the MTBs.
- Development of the MRR (Multi Role Radio) field radio was completed in 2001, and deliveries began. Development of the new light multi-functional radio (LFR) has commenced. The formal contract with a scope of MNOK 254 was signed with the Norwegian Armed Forces in December.
- Contract valued at MNOK 278 for new communications systems for police and border patrols signed with the Romanian Ministry of the Interior.
- Kongsberg Defence & Aerospace AS acquired Geco Defence AS of Knarvik, expanding its capacity in marine mine clearance (Mine Counter Measures – MCM). In 2000, Geco Defence AS had 23 employees and a turnover of MNOK 26.
- Contract for equipment for 10 Ariane-5 launchers, with an option for the delivery of 10 more launchers. Total contract value: MNOK 62.
- Delivery of optical receiving equipment for Earth observation satellites, as well as mechanisms for commercial and institutional satellites.

Kongsberg Defence & Aerospace develops and manufactures anti-ship missiles. The Penguin missile is one of the main weapons of the Royal Norwegian Navy and has been exported to a total of six countries in recent years.

In 1996, a contract was signed with the Norwegian Navy for the development of a new anti-ship missile (NSM). The development programme is on schedule and should be completed in 2004. Made of composites, the new NSM will be the most sophisticated of its kind. The surface and shape of the missile will make it hard to detect by radar. Its imaging infrared seeker employs the world’s most advanced seeker technology.

As regards NSMs, partners EADS/Aerospatiale Matra Missiles of France are in charge of the turbo-jet engine, while EADS/TDW of Germany is responsible for developing a new warhead.

The Norwegian Navy plans to deploy NSMs on its new frigates and high-speed vessels. The new NH90 helicopter for the Coast Guard and frigates will be equipped to carry NSMs. The new NSMs are attracting considerable interest, and international marketing efforts have commenced in several countries.

The Penguin continued to gain market momentum in 2001, and is now the leading anti-ship missile for deployment on naval helicopters. Penguin deliveries to Turkey and Spain have begun and are on schedule. The first Penguin missile for the Australian Navy was formally delivered in Australia on 10 October.

Most customers have contractual options to purchase more missiles, a market segment now being addressed pro-actively. In 2001, Turkey exercised its option to order more Penguin missiles.

Aerospace activities are divided between Kongsberg and Tromsø. The activities at Kongsberg are based on commercial civilian applications for advanced technology developed under the defence programme. The Tromsø-based subsidiary Kongsberg Spacetec AS focuses on equipment for downloading and processing data from observation satellites.

Kongsberg Defence & Aerospace is Norway's largest supplier to ESA, the European Space Agency. Kongsberg Defence & Aerospace has also carved out a role for itself as a supplier for commercial satellites in Europe and the US, and as a supplier of sophisticated mechanisms for the Ariane 5 carrier rocket.

Kongsberg Satellite Services AS was established on 1 January 2002 as a new joint venture company owned equally by Kongsberg Defence & Aerospace and the Norwegian Space Centre. Located in Tromsø, the company serves satellites, including Earth observation satellites, from Svalbard and Tromsø.

Naval Systems makes systems for submarines and surface vessels. Mine hunting vessels are a new target area. The segment's main products are command and weapons control systems.

The segment's largest programme involves a contract signed in 2000 with US Lockheed Martin for the development and delivery of crucial sub-systems for the command and weapons control system for the new Norwegian frigates. Currently in the development phase, the first complete system is scheduled for delivery in 2004. The companies are working together to win export orders for similar systems. Expectations are especially high regarding the export of the subsystem for anti-submarine warfare.

A command and weapons control system has been developed and delivered for Norway's Ula Class submarines. The same system will be deployed on the German and Italian submarines currently under construction.

Norway, Sweden and Denmark are considering jointly developing and manufacturing the next generation of submarines. A new company has been established towards this end: the Viking Submarine Corporation HB. Kongsberg Defence & Aerospace owns 1/3 of this company.

The command and weapons control system for Norway's Hauk Class missile torpedo boats (MTBs) is being developed and manufactured in collaboration with DCNI of France. This system will also serve as the basis for deliveries to Norway's new Skjold Class MTBs, where a contract is expected, based on the Storting's decision to build five new MTBs.

The segment has developed and sold to the Norwegian Navy a product called "the Minesniper" for the destruction of marine mines. Negotiations are currently underway with a foreign client for the delivery of this product.

KDA has delivered the command and control systems for Norway's Ula Class submarines.

Land Systems & Communications

This segment's communications activities focus on national and international product niches for encryption and tactical radio and communications systems. These operations are handled by the subsidiary Kongsberg Defence Communications AS of Asker. The segment also has a contract with the Armed Forces to develop a command, control and information system for the Norwegian Army.

Following the acquisition of Ericsson's share of Kongsberg Defence Communications in 2000, measures were instituted to co-ordinate the use of products and technology throughout the Group. This will strengthen the segment's market position in Norway and abroad.

An encrypted GSM telephone has been developed for the Armed Forces and other clients requiring secure communications. The product has been launched on the international market, and delivered to international clients for testing.

Development was completed on the Armed Forces' new tactical radio MRR (Multi Role Radio). Armed Forces' testing has shown that the MRR meets users' expectations. A contract for a smaller hand-held, designated the LFR (Light Multi Role Radio) was signed with the Armed Forces. The MRR and LFR are designed to meet different needs in users' organisations, and both types are needed to service the international market. Specific international market initiatives are in progress.
The tactical communication segment operates exclusively on the export market, and inevitably in competition with large international companies. Considerable funds are invested in developing new product solutions.

Co-operation with Thales Communications and Ericsson Radar on the development of a command, control and information system for the Norwegian Army is on schedule. Worth MNOK 200, the contract was signed in 2000. The development of the first phase of the Army's new command and control system is scheduled for completion in 2002. This collaboration was established in 1997 to take full advantage of the staff's collective expertise in data and communications for military purposes.

The development of the Armed Forces' new tactical MRR (multi-role radio) has been completed.

Aircraft & Air Defence Systems

This segment includes air defence systems, simulation and training systems and information systems for aircraft.

In collaboration with the Royal Norwegian Air Force, Kongsberg Defence & Aerospace has developed a mobile air defence system called NASAMS (National Advanced Surface to Air Missile System), a highly effective and competitive solution for the international market.

In 2001, the company signed a contract with the Norwegian Air Force to make a preproduction unit for a command and control centre. GBADOC (Ground Based Air Defence Operation Centre) will be used to co-ordinate Norwegian and allied air defence units. GBADOC is an important part of Kongsberg's international initiatives in respect of air defence, command and control solutions. The tactical control element of GBADOC is sold on the international market in co-operation with Raytheon of the US. Several nations have already alerted Kongsberg of their interest in this product.

Kongsberg Defence & Aerospace enjoys strategic air defence collaboration with the US company Raytheon. Kongsberg's most important contribution to this is its software-based command and control solutions. In 2001, Raytheon and Kongsberg landed a development project for the US Marine Corps involving air defence solutions.

The GBADOC command and control centre will be used to co-ordinate Norwegian and Allied anti-aircraft units.

Cutbacks in Armed Forces' operating budgets and the use of increasingly more sophisticated weapons systems has amplified the need for sophisticated systems for training troops. Since the early 1980s, Kongsberg Defence & Aerospace has developed and manufactured simulators for defence forces in Norway and abroad. The simulators are based on established Kongsberg products and adapted to customer specifications to provide the best possible emulation of operative reality to train personnel in operations, skills, communications, and tactical command and control.

Kongsberg Defence & Aerospace has supplied simulators and trainers to the Norwegian Navy's training centre, the RNoN Tordenskjold at Haakonsvern Naval Base near Bergen, and the Army's Tactical Training Centre at Rena. Contracts worth more than MNOK 100 were signed in 2001, including one for the upgrading of two trainers for the Army's air defence systems, and a new tactical trainer for the KNM Tordenskjold. The segment has entered into strategic collaboration with SAAB Training for Norwegian and international delivery of the WinExcon product for tactical training centres (CMTC).

Kongsberg Defence & Aerospace has signed a contract with Boeing to develop software for the 737 AEW&C (Airborne Early Warning & Control), a sophisticated system designed to present complex information to operators onboard the aircraft. This contract is the point of departure for a strategic partnership agreement with Boeing for exports to countries the world over. The first delivery will be to Australia.

Kongsberg Defence & Aerospace has organised all its dynamic systems products into the Dynamic Systems segment. The main products are currently: IDG (Integrated Director Group), a subsystem of the weapons control system for the new Norwegian frigates, the launch component of air defence systems currently being manufactured for the Spanish Air Force, and weapons control systems for personnel carriers.

Weapons control systems for personnel carriers are the main product. The unit also offers services such as the fabrication of special tools, engineering and maintenance. The segment's markets are in the defence, aerospace and offshore industries. Kongsberg Protech AS is the hub of these activities.

In 2001, a framework agreement was signed for the development and delivery of weapons control systems for personnel carriers for the US Army. The framework agreement has a potential scope of NOK 2.0 billion. The company received MNOK 450 worth of orders under this contract in 2001.

Testing weapons control systems for deployment on the armoured personnel carriers destined for the US Army.

Translating feedback into further improvements

Left to right:

Tom Gerhardsen
President,
Kongsberg Defence & Aerospace AS

Tore Sannes
Executive Vice President, Marketing
Kongsberg Defence & Aerospace AS

Knut Nordstrand
Executive Vice President, Finance
Kongsberg Defence & Aerospace AS

Tom Gerhardsen
President,
Kongsberg Defence & Aerospace AS:
"Constructive feedback from customers and partners gives me a chance to review my own impressions of our routine operations".

Tore Sannes
Executive Vice President, Marketing,
Kongsberg Defence & Aerospace AS:
"Our industry serves large and small customers alike. Their evaluations help us continue to develop, improving customer relations even further".

Knut Nordstrand
Executive Vice President, Finance,
Kongsberg Defence & Aerospace AS:
"Measuring the financial results we achieve against the feedback we get from customers and partners helps me make comprehensive assessments of our business units".

Aviation Week

Aviation Week & Space Techology is a weekly journal published in the US. The publication conducts a comprehensive analysis annually to rank the companies operating in the fields of Aerospace & Defence. In 2001, Kongsberg ranked at the top of the list for medium-sized enterprises. Kongsberg got the best cumulative score in the following areas: growth in operating revenues, return on capital, productivity growth and financial strength.

Business Development

Business Development explores and develops new strategic opportunities for Kongsberg Gruppen, in addition to handling business development activities for the two main business areas: Kongsberg Maritime and Kongsberg Defence & Aerospace.

Business Development is also involved in the efforts to establish an innovation company in the Kongsberg region. Among other things, an innovation company could be used to initiate business activities based on Kongsberg Gruppen's technology, but aimed at completely new market areas. The establishment of such an innovation company would engender opportunities to experiment with new methods of innovation and form the basis for an effective innovation network at the national level.

Moreover, Business Development is responsible for the companies and activities within Kongsberg Gruppen that are not directly linked to the Group's two main business areas: Kongsberg Maritime and Kongsberg Defence & Aerospace. This refers to companies the Group has decided to sell, or companies it would like to develop, both operationally and strategically.

Property

Kongsberg Næringseiendom AS and Kongsberg Næringspark AS are responsible for the operation, management and development of all Kongsberg Gruppen's real estate in Norway.

Kongsberg Næringseiendom AS
In December, the company sold off several pieces of real estate in Kongsberg for MNOK 265. The properties were leased back for 17 years and currently enjoy full occupancy.

As of year-end 2001, Kongsberg Gruppen owned about 118 300 m2 of floor space, divided between offices and production facilities in Kongsberg, Horten and Egersund. In addition, Kongsberg Næringseiendom leases 80 300 m2 of floor space. 41% of the properties are leased to tenants outside Kongsberg Gruppen, and the average time remaining on current leases is 7 years. The occupancy rate at the industrial park in Kongsberg remained high throughout the year, and was 99 % at year end. Annual rental revenues aggregated MNOK 135 at year end, compared with MNOK 121 the year before.

Kongsberg Simrad AS moved into a new building in September. Covering 17 000 m^2 of floor space, the building has a "green" image, including a high degree of energy efficiency. The building was planned to accommodate 550 employees and offers considerable versatility.

Kongsberg Næringspark AS
This company has the interdisciplinary expertise needed to service, operate and manage the Group's real estate. Security services, including security guards, perimeter security and the corporate safety and working environment programme, ensure tenants' safety and security. These services were further improved during the year. Project and building management accounts for a considerable share of the technical department's work and is particularly important to tenants in connection with new buildings and major renovation projects.

Considerable efforts are invested in minimising energy and telecommunications costs, and all tenants benefit from the economies of scale achieved. Testing was initiated on an IP-based telephone system which, combined with a broadband network, will open up new opportunities for tenants in future. The company has a local licence for the operation, maintenance and development of the high-voltage and district heating plants in Kongsberg, and has been granted a permit for the sale of electrical power.

The district heating grid has been expanded to improve the reliability of supply to new buildings and existing facilities alike. The new central air conditioning system has worked exceptionally well, and cooling water from the Numedal River was used for large parts of the warm season.

Kongsberg Simrad's new Carpus Building.

Data on the Directors

Christian Brinch (55)
Chairman of the Board
Number of years on the Board: 11
Number of KOG shares: 0
Position: Self-employed

Roar Flåthen (52)
Deputy Chairman of the Board:
Number of years on the Board: 9
Number of KOG shares: 0
Position: Vice President, Norwegian Confederation of Trade Unions (LO)

Torolf Rein (67)
Director
Number of years on the Board: 7
Number of KOG shares: 0
Position: Former Chief of Defence, Norway; Chairman of the Board of the Norwegian Defence Research Establishment

Jens Ulltveit-Moe (59)
Director
Number of years on the Board: 1
Number of KOG shares:
Owns 100 000 personally and controls 3 236 596 through Umoe Invest AS
Position: CEO, Umoe Group
President, Confederation of Norwegian Business and Industry

Benedicte Berg Schilbred (55)
Director
Number of years on the Board: 1
Number of KOG shares: 0
Position: Executive Chairman of the Board, Odd Berg Group

Vidar Lande (40)
Director (Employee Representative)
Number of years on the Board: 5
Number of KOG shares: 930
Position; Chief Shop Steward, Kongsberg Protech

Berit Ågren Aas (41)
Director (Employee Representative)
Number of years on the Board: 5
Number of KOG shares: 1 252
Position: Secretary, Kongsberg Defence & Aerospace

Roar Marthiniussen (45)
Director (Employee Representative)
Number of years on the Board: 3
Number of KOG shares: 2 175
Position: Sales Manager, Kongsberg Simrad

Addresses

Kongsberg Gruppen ASA

Kongsberg Maritime

HEADQUARTERS

Kongsberg Gruppen ASA
Kirkegårdsveien 45
P.O. Box 1000
3601 KONGSBERG, Norway
Telephone: 47 32 28 82 00
Telefax: 47 32 28 82 01
Internet: http://www.kongsberg.com
E-mail: office@kongsberg.com

Corporate management:
Chief Executive Officer
Jan Erik Korssjøen
Chief Financial Officer
Arne Solberg
Executive Vice President
Corporate Communications
Even Aas
Executive Vice President
Business Development
Stig Trondvold
President Tom Gerhardsen
(Kongsberg Defence & Aerospace AS)
President Torfinn Kildal
(Kongsberg Maritime AS)

Corporate functions:
Tom Røren, *Vice President,*
Corporate Communications
Jan Westbye, *Vice President,*
General Counsel
Kåre Hjalland, *Vice President,*
Human Resources
Trond Bakke Nielsen,
Vice President, Corporate Finance
Hilde Øygarden, *Vice President,*
Corporate Accounting

Other companies:

Aentera Network AS
Kirkegårdsveien. 45
P.O. Box 250
3603 Kongsberg, Norway
Telephone: 47 32 28 82 65
Telefax: 47 32 28 93 47
E-mail: admin@aentera.com

Predata Professional AS
(soon to bee Predata Presentation
Design AS)
Tollbugt. 115 A
P.O. Box 2379 Strømsø
3003 Drammen, Norway
Telephone: 47 32 88 24 50
Telefax: 47 32 88 24 51
E-mail: post@predata.no

Kongsberg Næringseiendom AS
P.O. Box 1001
3601 Kongsberg, Norway
Telephone: 47 32 28 82 50
Telefax: 47 32 28 83 00
E-mail: firmapost@knp.no

Kongsberg Næringspark AS
P.O. Box 1001
3601 Kongsberg, Norway
Telephone: 47 32 28 82 50
Telefax: 47 32 28 83 00
E-mail: firmapost@knp.no

KONGSBERG MARITIME

Kongsberg Maritime AS
Strandpromenaden 50
P.O. Box 111
3191 Horten, Norway
Torfinn Kildal, President
Telephone: 47 33 03 41 00
Telefax: 47 33 04 44 24
E-mail: office@kongsberg-maritime.no

Yachting & Fishery

Simrad AS
Strandpromenaden 50
P.O. Box 111
3191 Horten, Norway
Jan Berner, President
Telephone: 47 33 03 40 00
Telefax: 47 33 04 44 24
E-mail: info@simrad.com

Simrad Marine AS
Joh. Berentsensvei 109
5161 Laksevåg
P.O. Box 53 Laksevåg
5847 Bergen, Norway
Telephone: 47 55 94 10 00
Telefax: 47 55 94 10 05

Simrad AS
Marketing Department
P.O. Box 55
4379 Egersund, Norway
Telephone: 47 51 46 20 00
Telefax: 47 51 46 20 01

Simrad Egersund AS
Nyåskaien
P.O. Box 55
4379 Egersund, Norway
Telephone: 47 51 46 20 00
Telefax: 47 51 46 20 01

Simrad Støvring AS
Østre Alle 6
9530 Støvring, Denmark
Telephone: 45 98 37 34 99
Telefax: 45 98 37 38 07

Simrad AS (DK)
Naverland 22
DK-2600 Glostrup, Denmark
Telephone: 45 43 44 49 00
Telefax: 45 43 44 48 99

Simrad AS
Havnegade 1
9850 Hirtshals, Denmark
Telephone: 45 98 94 23 23

Simrad AS
Nordsøkaj 51
DK-7680 Thyborøn, Denmark
Telephone: 45 97 83 25 15
Telefax: 45 97 83 25 16

Simrad AB
Svalortsgatan 14
42668 Västra Frölunda, Sweden
Telephone: 46 31 695 100
Telefax: 46 31 695 120

Simrad Ltd.
Unit 810, Fareham Reach
166 Fareham Road, Gosport
Hampshire P013 0FW, U.K.
Telephone: 44 1 329 245 100
Telefax: 44 1 329 245 111

Simrad Ltd.
Fishmarket Quay
Commercial Road
Buckie, Banffshire
AB56 1UQ, Scotland
Telephone: 44 1 542 834 888
Telefax: 44 1 542 839 005

Simrad Ltd.
Star Lane
Margate
Kent CT9 4NP, U.K.
Telephone: 44 1 843 290 290
Telefax: 44 1 843 290 471

Simrad Sarl
Parc D'activites Ragon
23 Avenue Pasteur
44 119 Treillieres, France
Telephone: 33 2 28 01 23 01
Telefax: 33 2 28 01 21 43

Simrad SRL.
Viale Odone Belluzi 45/61
00128 Rome, Italy
Telephone: 39 06 655 7579
Telefax: 39 06 655 7859

Simrad GmbH & Co. KG
Dithmarscher Strasse 13
26723 Emden, Germany
Telephone: 49 49 21 96 86 0
Telefax: 49 49 21 96 86 77

Simrad Gmbh & Co. KG
Sales Office Hamburg
Hellgrundweg 109
22525 Hamburg, Germany
Telephone: 49 40 547 346 33
Telefax: 49 40 547 346 99

Simrad Spain, S.L.
C/Alicante, 23
Ed.Nou Pla, Esc.6
03570 Villajoyosa (Alicante)
Spain
Telephone: 34 96 681 0149
Telefax: 34 96 685 2304

Simrad Spain SA
Partida Torres No. 38
Nave 8 Y 9
03570 Villajoyosa (Alicante)
Spain
Telephone: 34 96 681 0149
Telefax: 34 96 685 2304

Simrad Galicia
C/Garcia Olloqui 4
36201 Vigo (Pontevedra)
Spain
Telephone: 34 986 225 533
Telefax: 34 986 220 135

Simrad Spain, S.L.
C/Churruca 48, bajos
12100 Grao de Castellon
Castallon de la Plana, Spain
Telephone: 34 984 284 873
Telefax: 34 984 286 485

Simrad Spain S.L.
C/Ginzo de Limia 62, 5∞A
28029 Madrid, Spain
Telephone: 34 913 782 319

Simrad NW Africa
22, Rue Faidi Khalifa
Ex. Rue Lafayette
Casablanca
Morocco, Africa
Telephone: 212 22 54 15 35
Telefax: 212 22 54 17 37

Simrad Inc.
19210 33rd Avenue W, Suite A
Lynnwood WA 98036 4707
USA
Telephone: 1 425 778 8821
Telefax: 1 425 771 7211

Simrad Inc.
16 Curry Street
New Orleans, LA 70003, USA
Telephone: 1 504 461 5494
Telefax: 1 504 461 5495

Simrad Inc.
1500 NW 1st Street
Suite 1-E
Dania, Florida 33004, USA
Telephone: 1 954 922 7700
Telefax: 1 954 922 0707

Simrad Inc.
14355 Larkspur Lane
Wellington FL 33414, USA
Telephone: 1 561 793 0101
Telefax: 1 561 793 0102

Simrad Inc.
4690 –14TH Street NE
St. Petersburg, FL 33703, USA
Telephone: 1 727 528 9882
Telefax: 1 727 528 9885

Simrad Inc.
104 Canyon Run
Cary, NC 27513, USA
Telephone: 1 919 380 0306
Telefax: 1 919 380 9952

Simrad Inc.
4646 Monongahela Street
San Diego, CA 92117, USA
Telephone: 1 858 272 9963
Telefax: 1 858 272 9964

Simrad Inc.
50 Shore Road
Hampton Bays, NY 11946, USA
Telephone: 1 631 728 5784
Telefax: 1 631 723 1644

Simrad S.A.
Casilla 19012
Correo 19
Vitacura, Santiago, Chile
Telephone: 56 220 73 059
Telefax: 56 220 72 695

Simrad S.A.
Calle Los Topacios 266-268
Urb. San Antonio
Bellavista, Callao, Peru
Telephone: (511) 453 7477
/453 6997/469 0096
Telefax: (511) 453 7325

Simrad S.A.
Gomez Carreno 3189
Talcahuano, Chile
Telephone: 56 41 57 74 80
Telefax: 56 41 57 74 79

Offshore & Subsea

Kongsberg Simrad AS
Kirkegårdsveien 45
P.O. Box 483
3601 Kongsberg, Norway
Steinar Aabelvik, President
Telephone: 47 32 28 50 00
Telefax 47 32 73 59 87
E-mail: office@kongsberg-simrad.com

Kongsberg Simrad AS
Strandpromenaden 50
P.O. Box 111
3191 Horten, Norway
Telephone: 47 33 03 44 00
Telefax: 47 33 04 44 24

Kongsberg Simrad AS
Nyåskaien
P.O. Box 55
4379 Egersund, Norway
Telephone: 47 51 46 20 00
Telefax: 47 51 46 20 01

Seaflex AS
Solbråveien 45
P.O. Box 451
1373 Asker, Norway
Telephone: 66 76 16 66
Telefax: 66 76 16 30

Kongsberg Seatex AS
Pirsenteret
7462 Trondheim, Norway
Telephone: 47 73 54 55 00
Telefax: 47 73 51 50 20

Kongsberg Simrad Ltd. U.K.
Campus 1, Aberdeen Science &
Technology Park
Balgownie Road, Bridge of Don
Aberdeen AB22 8GT
Scotland
Telephone: 44 1 224 226 500
Telefax: 44 1 224 226 501

Kongsberg Simrad Ltd.
14 The Briars
Waterberry Drive
Waterlooville
Hampshire, PO7 7YH, U.K.
Telephone: 44 2 392 247 800
Telefax: 44 2 392 247 808

Kongsberg Simrad Ltd. U.K.
Airport Industrial Estate
Wick
Caithness KW1 4QR
Scotland
Telephone: 44 1 955 603 606
Telefax: 44 1 955 607 520

Kongsberg Simrad SRL.
Via Carlo Veneziani n. 58
00148 Rome, Italy
Telephone: 39 06 65 57 579
/498/840/ 55 821
Telefax: 39 06 65 57 859

Kongsberg Simrad Pte. Ltd.
29 International Business Park
#01-02 Acer Building Tower B
Singapore 609923
Telephone: 65 899 5800
Telefax: 65 899 1225

Kongsberg Simrad Inc.
7250 Langtry Street
Houston TX 77040-6625
USA
Telephone: 1 713 934 8885
Telefax: 1 713 934 8886

Kongsberg Simrad Inc.
19210 33rd Avenue W, Suite A
Lynnwood WA 98036-4707
USA
Telephone: 1 425 778 8821
Telefax: 1 425 712 1197

Kongsberg Simrad Mesotech Ltd.
1598 Kebet Way
Port Coquitlam B.C. V3C 5M5
Canada
Telephone: 1 604 464 8144
Telefax: 1 604 941 5423

Kongsberg Simrad Mesotech Ltd.
261 Brownlow Avenue
Dartmouth Nova Scotia
B3B 2B6, Canada
Telephone: 1 902 468 22 68
Telefax: 1 902 468 22 17

Kongsberg Gruppen Middle East
Branch Office
P.O. Box 5250 (Murror Road)
Abu Dhabi
United Arab Emirates
Telephone: 852 2915 5148
Telefax: 862 2548 0227

Merchant Marine

Kongsberg Maritime Ship Systems AS
Bekkajordet 8A
P.O. Box 1009
3194 Horten, Norway
Per Branstad, President
Telephone: 47 33 03 20 00
Telefax: 47 33 03 26 60
E-mail: info@kmss.no

Kongsberg Maritime Ships Systems AS
Bekkajordet 6
P.O. Box 1009
3194 Horten, Norway
Aksel D. Nordholm, President
Telephone: 47 33 03 20 00
Telefax: 47 33 04 22 50

Kongsberg Maritime Ship Systems AS
Haakon VII's gt. 4
7005 Trondheim, Norway
Dag P. Pettersen, President
Telephone: 47 73 58 10 00
Telefax: 47 73 58 10 02

Autronica Sverige AB
Fältspäsvegen 8
421 30 Vestre Frölunda, Sweden
Telephone: 46 31 89 25 80
Telefax: 46 31 89 25 99

Kongsberg Maritime Ship Systems BV
Malledijk 7B
3208 La Spijkenisse
P.O. Box 890
3200 AV Spijkenisse
The Netherlands
Telephone: 31 181 623 611
Telefax: 31 181 625 013

Kongsberg Maritime Ship Systems Inc.
70 Essex Street
P.O. Box 180
West Mystic
CT 06388, USA
Telephone: 1 860 536 1254
Telefax: 1 860 536 0923

Kongsberg Maritime Ship Systems Inc.
46-48 Hennessey's Line
P.O. Box 488, STN 'C'
A1C 5K4 Canada
Telephone: 1 709 368 4458
Telefax: 1 709 368 4881

Kongsberg Maritime Ship Systems Ltd.
Kolon Bldg. 7th Floor
36-7, Namcheon-Dong
Suyoung-Gu, Pusan
Republic of Korea
Telephone: 82 51 611 5516
Telefax: 82 51 611 5519

A/O Marine Bridge & Navigation Systems
19, Promyshlennaya Str.
St. Petersburg, 198099
Russia
Telephone: 7 812 186 37 70
8263
3653
Telefax: 7 812 186 32 98

Information Technology

Kongsberg Marine IT AS
Bromsvn. 17, Inngang 4
P.O. Box 251
3192 Horten, Norway
Telephone: 330 83 560
Telefax: 330 83 561

Norcontrol IT AS
Bromsveien 17
P.O. Box 1024
3194 Horten, Norway
Telephone: 47 33 08 48 00
Telefax: 47 33 04 57 35

Kongsberg Norcontrol Ltd.
12 High Street
Winterbourne
Bristol BS17 1JN, U.K.
Telephone: 44 1 454 774 466/
Service telephone after office hours
Telefax: 44 1 454 774 488

Control IT (India) Pte. Ltd.
11-12 STPI, Link Rd., Sadar
Nagpur 440 001, India
Telephone: 91 712 562 836/562 033
Telefax: 91 712 520 921

Control IT Pte. Ltd.
No. 3 Loyang Way
Singapore 508719
Telephone: 65 545 7375
Telefax: 65 545 7379

Nanjing Norcontrol Electro-Mec. Co. (Nanjing)
Room 603
18 Gu Ping Gang
210013 China
Telephone: 86 25 370 2104
Telefax: 86 25 370 3034
Service telephone after office hours:
86 25 628 9296

DEFENCE & AEROSPACE

Kongsberg Defence & Aerospace AS
Kirkegårdsveien 45
P.O. Box 1003
3601 Kongsberg, Norway
Tom Gerhardsen, President
Telephone: 47 32 28 82 00
Telefax: 47 32 28 86 20
E-mail: office.defence-aerospace@kongsberg.com

Kongsberg Defence & Aerospace AS
Dept. Kjeller
P.O. Box 26
2027 Kjeller, Norway
Telephone: 47 64 84 42 00
Telefax: 47 63 81 77 22

Kongsberg Defence & Aerospace AS
Dept. Stjørdal
P.O. Box 55
7501 Stjørdal, Norway
Telephone: 47 74 83 34 00
Telefax: 47 74 83 34 25

Kongsberg Defence & Aerospace AS
Naval Systems/Bergen
Kvassnesveien 27
5914 Isdalstø, Norway
Telephone: 47 56 35 47 00
Telefax: 47 56 35 47 01

Kongsberg Defence Communications AS
P.O. Box 87
1375 Billingstad, Norway
Telephone: 47 66 84 24 00
Telefax: 47 66 84 82 30
E-mail: sales@kdefence.com

Kongsberg Protech AS
Kirkegårdsveien 45
P.O. Box 1008
3601 Kongsberg, Norway
Telephone: 47 32 28 78 00
Telefax: 47 32 28 88 00
E-mail: office@kongsberg-protech.no

Kongsberg Spacetec AS
9292 Tromsø, Norway
Telephone: 47 77 66 08 00
Telefax: 47 77 65 58 59
E-mail: marketing@spacetec.no

Kongsberg Satellite Services AS
Prestvannveien 38
9011 Tromsø, Norway
Telephone: 47 77 60 02 50
Telefax: 47 77 60 02 99

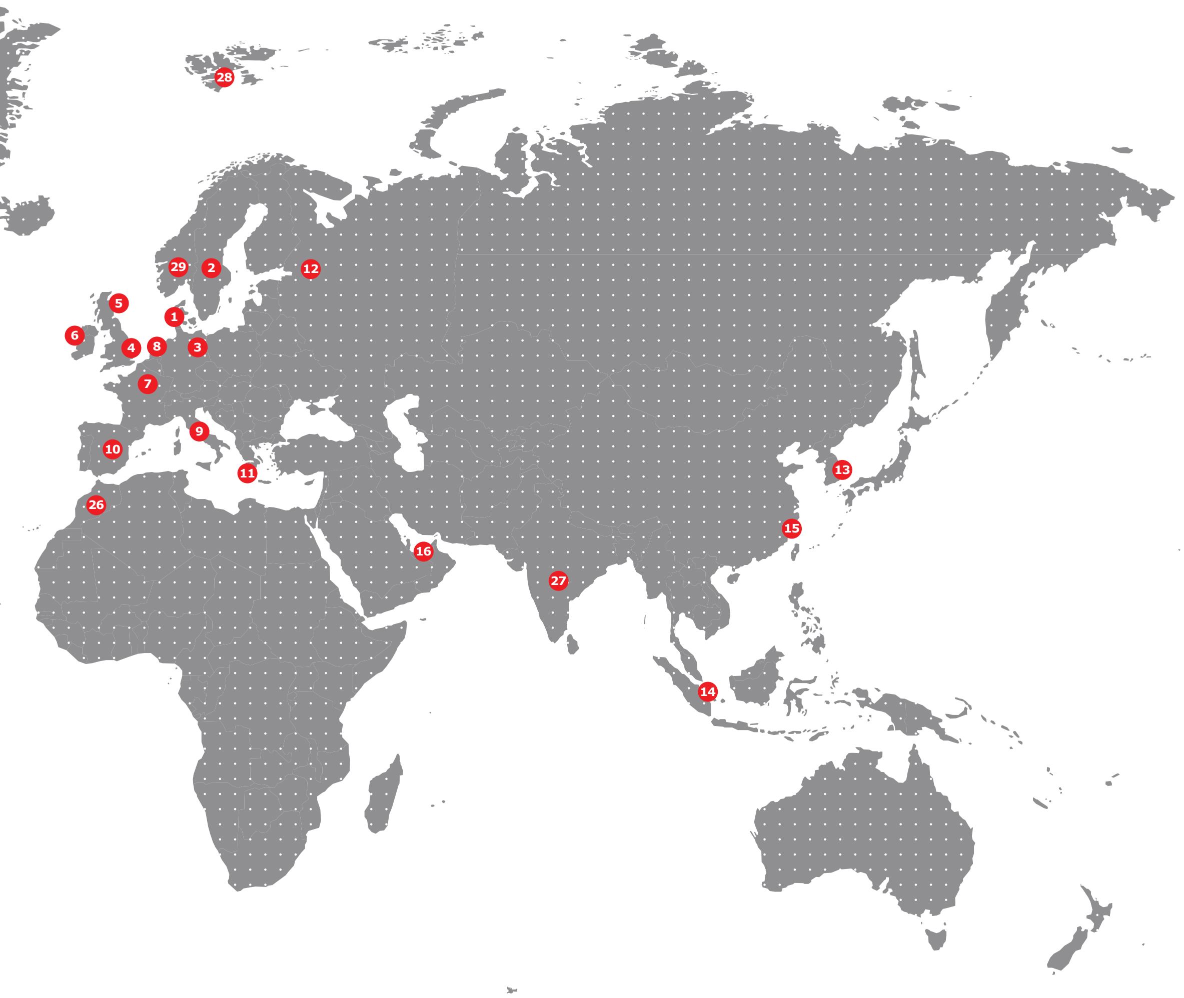
Kongsberg Gruppen ASA
Hellenic Branch Office
20 Kanary Street
Athens 106 74, Greece
Telephone: 30 1 361 4553
Telefax: 30 1 36 1 6287
E-mail: wijsgre@otenet.gr

Kongsberg Verbindungsbüro Deutschland
Friedensplatz 9
5311 Bonn, Germany
Telephone: 49 22 86 95 99 6
Telefax: 49 22 86 95 99 8
E-mail: kongsberg-Gmbh@t-online.de

Kongsberg´s world-wide locations

Kongsberg Gruppen has approximately 800 employees outside Norway, stationed in nearly 30 different locations in more than 20 countries/states.

1. Denmark
2. Sweden
3. Germany
4. England
5. Scotland
6. Ireland
7. France
8. The Netherlands
9. Italy
10. Spain
11. Greece
12. Russia
13. South Korea
14. Singapore
15. China
16. The United Arab Emirates
17. Connecticut (USA)
18. Washington (USA)
19. Texas (USA)
20. Florida (USA)
21. Vancouver (Canada)
22. St. John (Canada)
23. Halifax (Canada)
24. Peru
25. Chile
26. Marocco
27. India
28. Svalbard
29. Norway
    Kongsberg
    Horten
    Oslo
    Drammen
    Billingstad
    Egersund
    Bergen
    Stjørdal
    Trondheim
    Tromsø


28
29
2
12
5
1
6
4
8
3
7
9
10
11
26
13
15
16
27
14

Financial Calendar

Annual General Meeting:

The ordinary Annual General Meeting will be held on Monday, 13 May, at 2 p.m.
at the Auditorium of the new Carpus Building in Kongsberg Industrial Park, Kongsberg.

Presentation of the quarterly results in 2002:

Q1	3 May
Q2	20 August
Q3	29 October

Text:
Kongsberg Gruppen

Photos:
Jørn Grønlund, Tor Lindseth, Tor Aas-Haug,
Photodisc, Image Bank, Stone, NPS, MegaPix

Design:
Anisdahl, Sand & Partnere

English translation:
Linda Sivesind, Informatic Translations

Printing:
RK Grafisk AS

Kongsberg Gruppen ASA
P.O. Box 1000
N-3601 KONGSBERG
Norway
Telephone: (+47) 32 28 82 00
Telefax: (+47) 32 28 82 01
Internet website: http://www.kongsberg.com
E-mail: office@kongsberg.com