KONGSBERG

200

1ST QUARTER REPORT 2014

KONGSBERG reports operating revenues in Q1 2014 of MNOK 3 941 (MNOK 4 033) and EBITDA of MNOK 446 (MNOK 500), resulting in an EBITDA margin of 11.3 per cent (12.4 per cent). Kongsberg Maritime and Kongsberg Defence Systems have higher EBITDAs than in Q1 2013, while Kongsberg Protech Systems and Kongsberg Oil & Gas Technologies have seen a reduction. New orders for the Group were very high in Q1, adding up to MNOK 8 565 (MNOK 3 885), comparable to a book/bill of 2.17.

HIGHLIGHTS

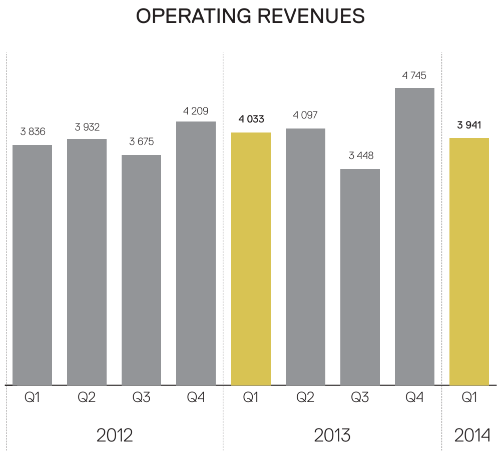
- Strong quarter for KM with a higher margin, 17.8 per cent growth in sales year-on-year and a very strong influx of new orders
- Good quarter with good underlying operations, as well as a very high influx of new orders at KDS.
- Lower operating revenues at KPS. Margins still at a good level but expected to be reduced for the rest of 2014.
- Weak quarter for KOGT. Delays and lower level of activity lead to negative result. Initiatives implemented.
- Strong cash flow from operations in Q1, MNOK 1 499 (MNOK 77).
- Charges filed by the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim) in February 2014.

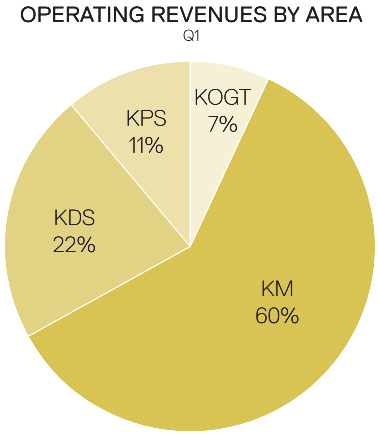
KEY FIGURES

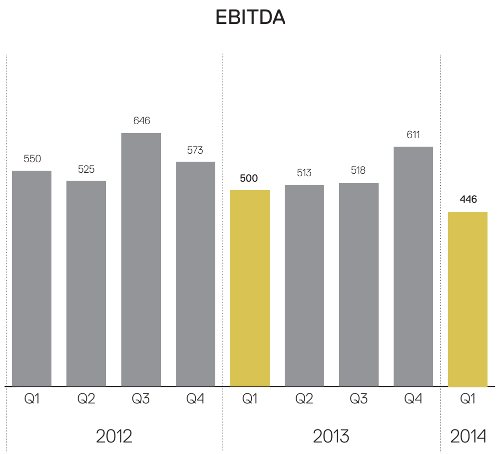
	1.1 - 31.3		
MNOK	**2014**	2013	**2013**
Operating revenues	**3 941**	4 033	**16 323**
EBITDA	**446**	500	**2 142**
EBITDA (%)	**11.3**	12.4	**13.1**
EBIT	**332**	385	**1 659**
EBIT (%)	**8,4**	9,5	**10,2**
Earnings before tax	**329**	376	**1 644**
Earnings after tax	**243**	271	**1 225**
EPS (NOK)	**2.02**	2.28	**10.24**
New orders	**8 565**	3 885	**15 043**

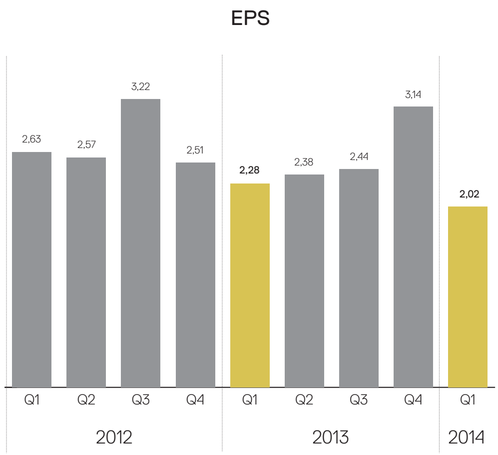
	31.3.	31.12.
MNOK	**2014**	2013
Equity ratio (%)	**37,6**	38,2
Net interest-bearing dept	**(3 291)**	(1 935)
Working capital [1]	**4 060**	3 319
ROCE (%) [2]	**20,4**	21,5
Order backlog	**19 344**	15 687
No. of employees	**7 520**	7 493

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









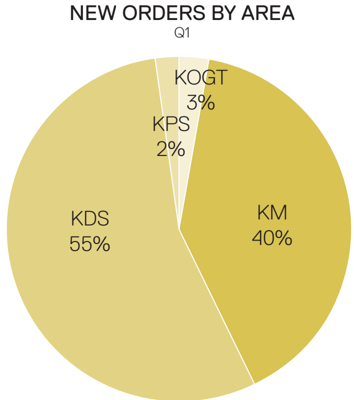
We have been through a quarter featuring both positive and challenging events. KM delivered a very strong quarter and KDS had good underlying operations. KPS continues to deliver well in a demanding market in 2014, while KOGT is experiencing challenges related to volume as well as costs.

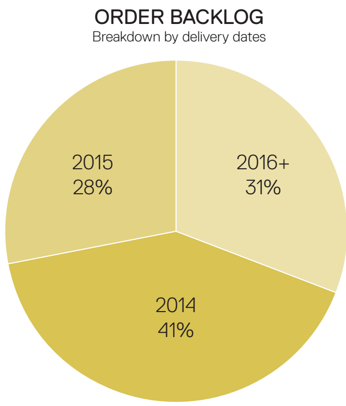
Walter Qvam, President & CEO

PERFORMANCE AND THE ORDER SITUATION

Q1 operating revenues came to MNOK 3 941 (MNOK 4 033). EBITDA was MNOK 446 (MNOK 500), resulting in an EBITDA margin of 11.3 per cent (12.4 per cent). KM had a 17.8 per cent improvement in operating revenues compared with Q1 2013. KPS and KDS saw declines in operating revenues. KDS' operating revenues and operating profit were adversely influenced by the development of JSM Phase III being equity-funded in the quarter, pending a contract. KM is the strongest contributor reporting EBITDA of MNOK 341 for the quarter (MNOK 284). Earnings before tax came to MNOK 329 (NOK 376 million) in Q1, and the net profit after tax was MNOK 243 (MNOK 271), bringing earnings per share to NOK 2.02 (NOK 2.28/share). New orders in Q1 2014 totalled MNOK 8 565 (MNOK 3 885), translating into a book/bill of 2.17. New orders were mainly driven by a generally strong influx of orders at KM as well as by KDS' air defence contract with Oman, signed in January 2014.

As a consequence of the implementation of IFRS 11, from 1 January 2014, the company Kongsberg Satellite Services AS, 50 per cent of which is owned by KONGSBERG, has been consolidated using the equity method. Gross consolidation was previously used to recognise the company, but its P/L now appears on the line "Share of net income from Joint arrangements and associated companies". The comparable figures have not been restated in the light of this change; see also section regarding KDS on page 8, and Note 8.





Order backlog at the end of Q1 2014, MNOK 19 344

CASH FLOW

KONGSBERG saw a net increase in bank deposits and cash equivalents of MNOK 1 346 in Q1. The net cash flow from operating activities in Q1 was MNOK 1 499 (MNOK 77). There was generally a good cash flow throughout the entire Group in Q1. The Group booked sizeable advance payments from customers in Q1. The cash flow can fluctuate, sometimes greatly, between quarters due to customers' terms of payment and the general amount of capital tied up in projects. In Q2, the cash flow will be influenced by the Group redeeming a bond for MNOK 500 in April and by the payment of dividends totalling MNOK 630 in May.

	1.1. - 31.3.		
MNOK	**2014**	2013	2013
EBITDA	**446**	500	2 142
Change in net current assets and other operating related items	**1 053**	(423)	(159)
Net cash flow from operating activities	**1 499**	**77**	**1 983**
Net cash flow from investing activities	**(104)**	(411)	(775)
Net cash flow used in financing activities	**(39)**	(44)	(480)
Effect of changes in exchange rates on cash and short-term deposits	**(10)**	13	35
Net change in cash and short-term deposits	**1 346**	**(365)**	**763**

BALANCE SHEET

At the end of Q1 2014, the Group had net interest-bearing liabilities of MNOK -3 291 (net cash position), compared with MNOK -1 935 at the end of 2013. Consolidated bank deposits and cash equivalents totalled MNOK 4 618 at end quarter, compared with MNOK 3 272 at the end of 2013. KONGSBERG's equity aggregated MNOK 7 015 (37.6 per cent), compared with MNOK 6 657 (38.2 per cent) at the end of 2013.

In April, KONGSBERG signed a NOK 1.5 billion credit facility with a syndicate consisting of five banks: DNB, Danske Bank, J.P. Morgan, Nordea and Skandinaviska Enskilda Banken. The new credit facility has a term of five years, with options for two one-year extensions. The new credit facility, intended for general corporate purposes, replaces an existing syndicated credit facility of NOK 1 billion due in June 2015, which KONGSBERG has had since 2007. The line of credit is undrawn.

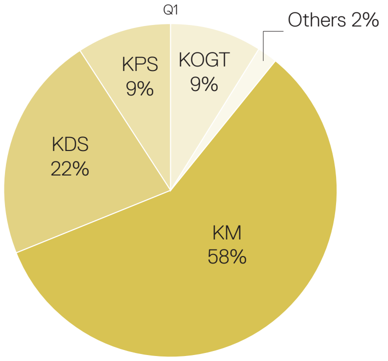
	31.3.	31.12.
MNOK	**2014**	2013
Equity	**7 015**	6 657
Equity ratio(%)	**37,6**	38,2
Total assets	**18 664**	17 435
Working capital	**4 060**	3 319
Gross interest-bearing liabilities	**1 327**	1 337
Gross bank deposits and cash equivalents	**4 618**	3 272
Net interest-bearing liabilities	**(3 291)**	(1 935)

HUMAN RESOURCES

KONGSBERG had 7 520 employees at the end of Q1 2014, marking an increase of 27 employees during the quarter. The increase in the number of employees at KM was primarily in KM's companies abroad. At KDS, the number of employees was reduced due to the change in the way Kongsberg Satellite Services AS is reported, ref. Note 8. KPS had a slight decline in the number of employees, while KOGT and Other activities were at the same level as at year end. KONGSBERG had 2 830 employees outside Norway at the end of Q1 2014.

NUMBER OF EMPLOYEES BY BUSINESS AREA

Q1



CORRUPTION CHARGES ROMANIA

In February 2014, charges were taken out against Kongsberg Gruppen ASA, Kongsberg Defence & Aerospace AS and an employee of Kongsberg Defence & Aerospace AS with allegations of serious corruption related to deliveries of communication equipment to Romania from 2003 to 2008. KONGSBERG is cooperating with The Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM) to clarify the actual circumstances, but it must be expected to take time before the case can be closed.

KONGSBERG has zero-tolerance for corruption, and high ethical standards are an integrated part of our business. KONGSBERG has over several years established and further developed compliance guidelines and functions at group level and in the business areas. The current anti-corruption system is considered to be at a good international level, and has also been assessed by external parties to constitute a solid and robust system. Reference is also made to the section: "Risk factors and risk management" in the Board of Directors' Report.

At this point in time, it is not possible to estimate the result of Økokrim's investigation or other effects of the charge and the circumstances on which is has been based. Accordingly, it is not possible to estimate any possible financial effects for KONGSBERG.

OTHER ACTIVITIES

Other activities mainly consist of eliminations and external operating revenues for Property Operations.

KEY FIGURES

	1.1. - 31.3.		
MNOK	**2014**	2013	2013
Revenues	**2 365**	2 008	8 264
EBITDA	**341**	284	1 179
EBITDA (%)	**14.4**	14.1	14.3
New orders	**3 428**	2 664	8 455

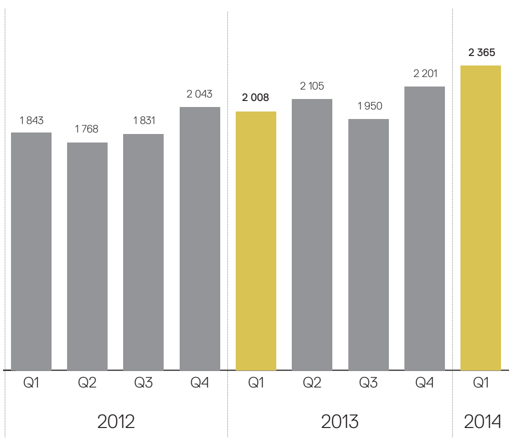
	31.3.	31.12.
MNOK	**2014**	2013
Order backlog	**7 615**	6 529
No. of employees	**4 370**	4 260

PERFORMANCE

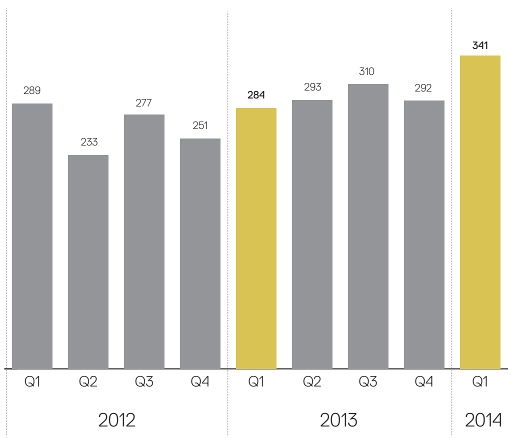
A record-high level of activity at KM has resulted in good results in Q1 2014. Deliveries from the Offshore and Merchant Marine divisions led to an increase in operating revenues of more than 20 per cent Y/Y. The Subsea Division is also following up with a steep rise in operating revenues.

Higher earnings and strong operations for the divisions have resulted in higher margins for KM compared with last year. Operating revenues came to MNOK 2 365 during the quarter (MNOK 2 008). EBITDA was MNOK 341 (MNOK 284), resulting in an EBITDA margin of 14.4 per cent (14.1 per cent).

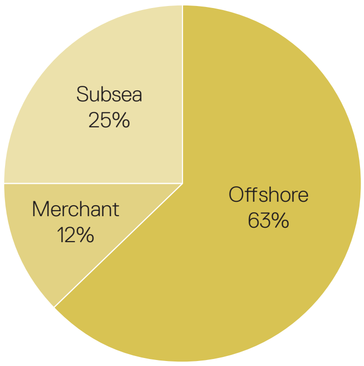
OPERATING REVENUES



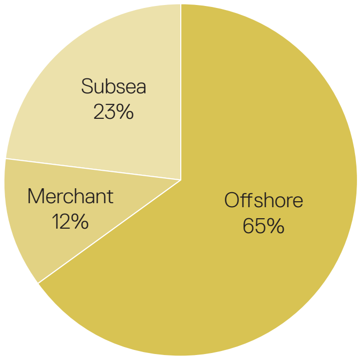
EBITDA



OPERATING REVENUES YTD 2014

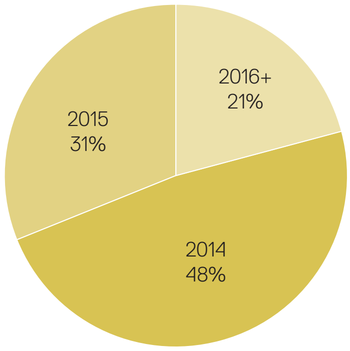


OPERATING REVENUES YTD 2013



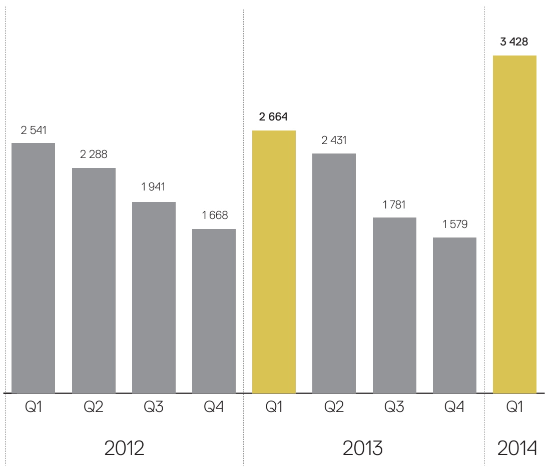
ORDER BACKLOG

Breakdown by delivery dates



Order backlog at the end of Q1 2014, MNOK 7 615

NEW ORDERS



MARKETS AND NEW ORDERS

In Q1 2014, new orders added up to a value of MNOK 3 428 (MNOK 2 664), bringing the total backlog to MNOK 7 615 at end quarter. The strong backlog of orders brings good operational predictability going forward.

The strong influx of new orders is reflected throughout the organisation and all divisions reported rapid growth in new orders. New orders for offshore-related vessels are good, with improved market shares for offshore supply vessels as well as strong market shares for heavy construction and purpose-built vessels.

In the offshore industry, KM enjoys a strong market position which has resulted in significant contracts in new areas such as electrical, instrumentation and telecommunications (EIT) for Petrofac's new JSD 6000 deep-water pipelaying vessel. The contract also includes substantial engineering content and deliveries of equipment with a total value of more than MNOK 230. EIT is a target area for KM.

The Merchant Marine Division has experienced growth of more than 60 per cent in new orders Y/Y. The upturn is largely ascribable to growing market shares, especially in the bulk carrier and container segments. In November 2013, KONGSBERG won a contract for deliveries to what will be the world's largest and among the most advanced container vessels ever built. The vessels were ordered by the United Arab Shipping Company (UASC). In Q1, UASC elected to exercise contract options, bringing the total scope of the series to 17 container vessels.

KM's subsea activities booked new orders in Q1 2014 that are nearly twice as high as in Q1 2013. New orders in the offshore segment are also reflected in the Subsea Division, including contracts for underwater navigation and acoustic blow-out preventer (BOP) systems sold separately or as an integral part of control systems for offshore vessels (Full Picture Systems).

The market for autonomous underwater vehicles (AUVs) is growing. KM has positioned itself as the leading player in this market, offering a strong portfolio of vessels adapted to various tasks and market segments. The product family consists of the Hugin, Munin, Remus and Seaglider vessels, with appropriate instrumentation.

KONGSBERG DEFENCE SYSTEMS

KEY FIGURES

	1.1. - 31.3.		
MNOK	**2014**	2013	2013
Revenues	**884**	988	4 554
EBITDA	**73**	69	520
EBITDA (%)	**8.3**	7.0	11.4
New orders	**4 684**	700	3 232

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

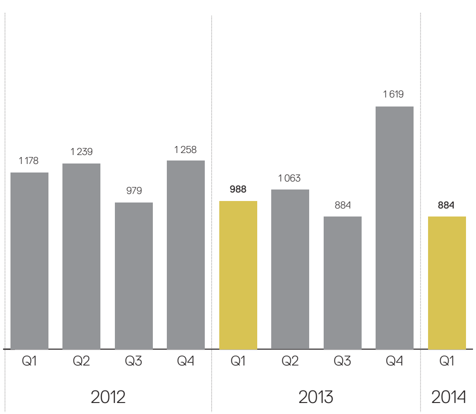
As a result of the implementation of IFRS 11, Kongsberg Satellite Services AS, 50 per cent of which is owned by KONGSBERG, is consolidated using the equity method. Had the previous accounting policies been applied, operating revenues in Q1 2014 would have been MNOK 58 and EBITDA MNOK 10 higher. See also note 8.

PERFORMANCE

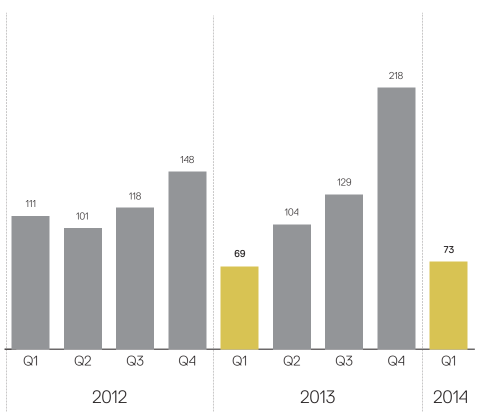
Q1 operating revenues aggregated MNOK 884 (MNOK 988). EBITDA was MNOK 73 (MNOK 69), resulting in an EBITDA margin of 8.3 per cent (7.0 per cent). Q1 operating revenues and profits were influenced by the JSM Phase III being equity funded by KONGSBERG again for a period of time. With ordinary customer credit, operating revenues would have been approximately MNOK 130 higher. Underlying operations are good.

As from 1 January 2014, Kongsberg Satellite Services AS, 50 per cent of which is owned by KONGSBERG, has been consolidated using the equity method. The company was previously subject to gross consolidation, while its P/L will now appear on the line "Share of net income from Joint arrangements and associated companies", note 8.

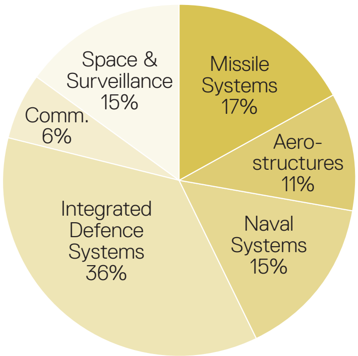
OPERATING REVENUES



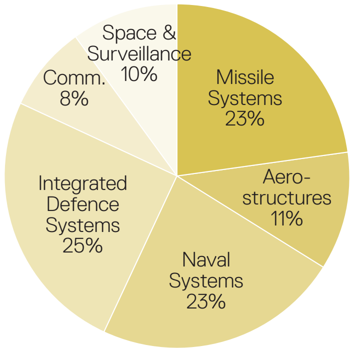
EBITDA



OPERATING REVENUES YTD 2014

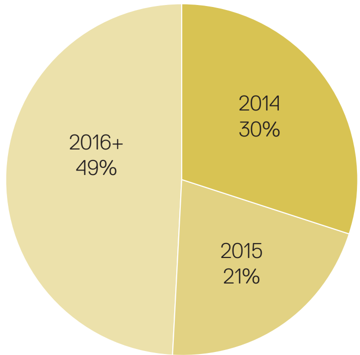


OPERATING REVENUES YTD 2013



ORDER BACKLOG

Breakdown by delivery dates



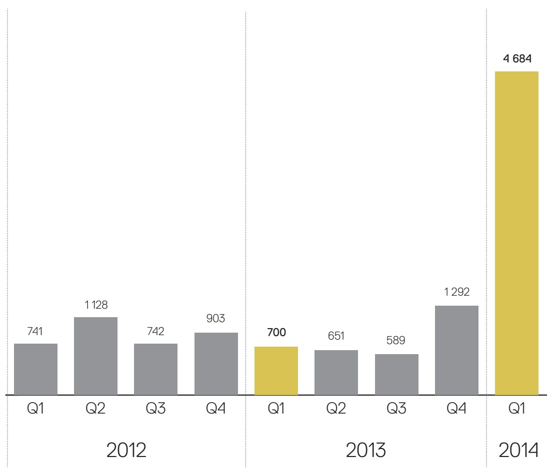
Order backlog at the end of Q1 2014, MNOK 8 460

MARKETS AND NEW ORDERS

New orders in Q1 aggregated MNOK 4 684 (MNOK 700). In January, KONGSBERG's strategic US partner for many years, Raytheon, signed a NASAMS (National Advanced Surface-to-Air Missile System) air defence contract with Oman. KONGSBERG is a subcontractor to Raytheon for elements of NASAMS; the contract's scope for KONGSBERG is NOK 3.7 billion. This is the business area's largest single delivery contract thus far. The contract will make positive contributions to KDS' operations for several years to come. The majority of value creation will take place from 2015 to 2017. In addition to the Oman contract, there was a strong influx of new orders related to communications solutions and surveillance during the quarter.

It is normal to have fluctuations in new orders in the defence market, which is marked by relatively few but large-scale contracts. Several key nations have cut their defence budgets in recent years. This can also impact KONGSBERG. Many defence analysts are of the opinion that the global defence budgets will increase again from 2015 after the reductions of recent years. KDS has a product portfolio that is well suited to meet future needs in many countries. There is considerable international interest in missiles as well as in air defence systems. The business area's communications solutions and submarine systems are well established at the international level. KONGSBERG has concrete delivery contracts and framework agreements for the delivery of components for the F-35 fighter craft. Moreover, long-term, robust customer relations have been established for the business area's satellite activities.

NEW ORDERS



KONGSBERG PROTECH SYSTEMS

KEY FIGURES

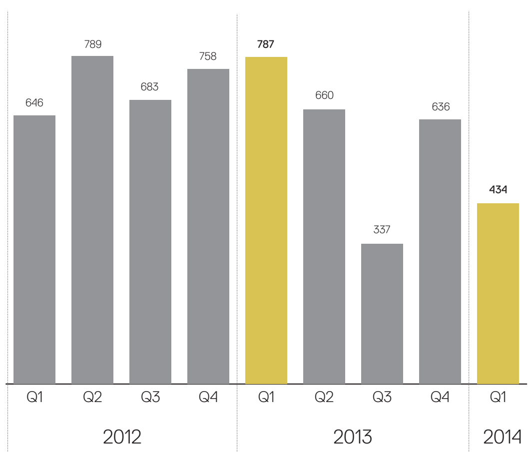
	1.1. - 31.3.		
MNOK	**2014**	2013	2013
Revenues	**434**	787	2 420
EBITDA	**79**	148	419
EBITDA (%)	**18.2**	18.8	17.3
New orders	**178**	184	2 005

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

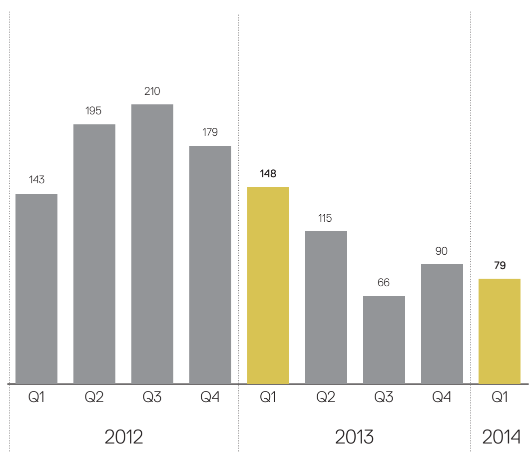
PERFORMANCE

KPS has experienced declining operating revenues over the past three years. This is mainly in response to reduced delivery volumes to its largest customer, the US Army. There is also a shift from deliveries of new systems to a larger percentage of operating revenues coming from spare parts and upgrades. This picture continues to be clear in Q1 2014. Q1 operating revenues aggregated MNOK 434 (MNOK 787). EBITDA was MNOK 79 (MNOK 148), resulting in an EBITDA margin of 18.2 per cent (18.8 per cent). EBITDA saw a positive effect of roughly MNOK 30 relating to the reversal of provisions and customer clarifications regarding previous deliveries.

OPERATING REVENUES



EBITDA



MARKETS AND NEW ORDERS

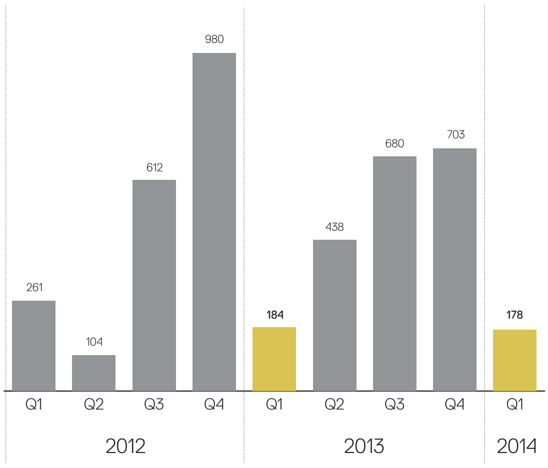
New orders in Q1 aggregated MNOK 178 (MNOK 184). New orders are made up of a combination of several smaller contracts, including contracts under the US CROWS programme. The orders signed under the CROWS III contract from August 2012 are mainly related to spare parts, upgrades, maintenance and product development. At 31 March 2014, total orders under CROWS III account for about NOK 1.1 billion, which include some 200 new systems.

There is still great interest in the business area's existing and new products, and new orders are expected to pick up later in the year. There are good opportunities for more contracts under existing framework contracts and under new delivery contracts. The business area's new product, the Medium Caliber Remote Weapon Station, also seems to be getting closer to its first contract, although this may still take some time. There is considerable interest in the system and several campaigns are in progress.

CROWS II – a success story for KONGSBERG

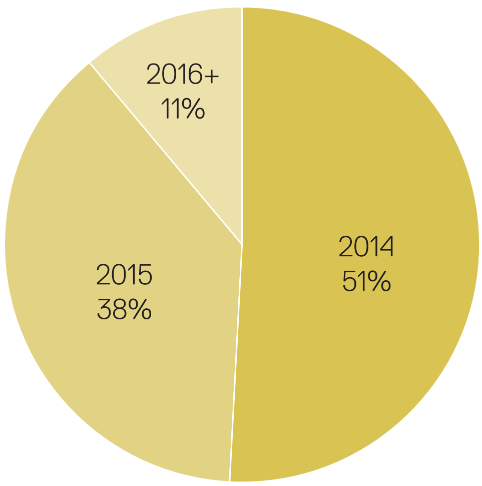
KONGSBERG won the CROWS II contract in August 2007. The contract was a framework contract for 6 500 systems to be supplied over the next five years. The system was a huge success for both KONGSBERG and the customer, and it was expanded several times. The last weapon station under the CROWS II contract was delivered in April 2014. Altogether, 11 698 systems were delivered under the contract, which has generated about NOK 15 billion in operating revenues for KONGSBERG since 2007.

NEW ORDERS



ORDER BACKLOG

Breakdown by delivery dates



Order backlog at the end of Q1 2014, MNOK 2.555

KONGSBERG OIL & GAS TECHNOLOGIES

KEY FIGURES

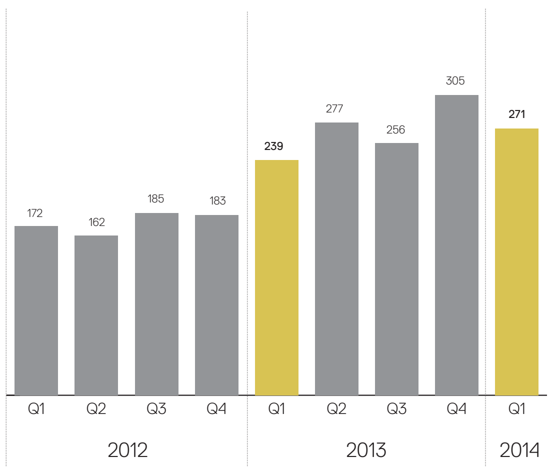
	1.1. - 31.3.		
MNOK	**2014**	2013	2013
Revenues	**271**	239	1 077
EBITDA	**(18)**	(2)	49
EBITDA (%)	**(6.6)**	(0.8)	4.5
New orders	**285**	295	1 385

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

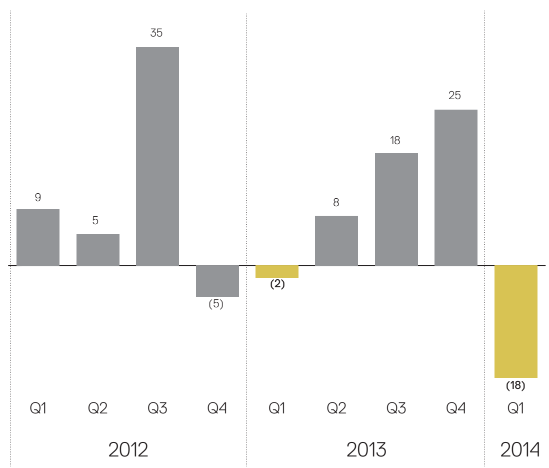
PERFORMANCE

Q1 operating revenues amounted to MNOK 271 (MNOK 239). EBITDA was MNOK -18 (MNOK -2). The weak operating earnings are a result of low volumes, which has given excess capacity after cancellation and postponement of projects. Specific measures have been implemented in the business area to improve the situation, including capacity adjustments.

OPERATING REVENUES



EBITDA

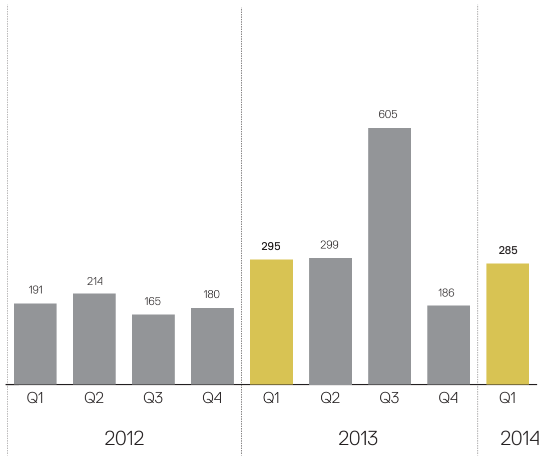


MARKETS AND NEW ORDERS

New orders in Q1 aggregated MNOK 285 (MNOK 295). KOGT has had a difficult start to 2014 for several reasons. Owing to delayed projects and general reduction in oil companies' exploration and development budgets, several projects have been postponed or put on hold. Consequently, parts of the business area's Polarled contract with Statoil were cancelled at the beginning of the year, reducing the income base in 2014 and 2015 by about MNOK 100 per year. This amount has been deducted from the backlog of orders in Q1 2014. In addition, several other projects have been put on hold. The Software Division has made some changes in its product/ project mix.

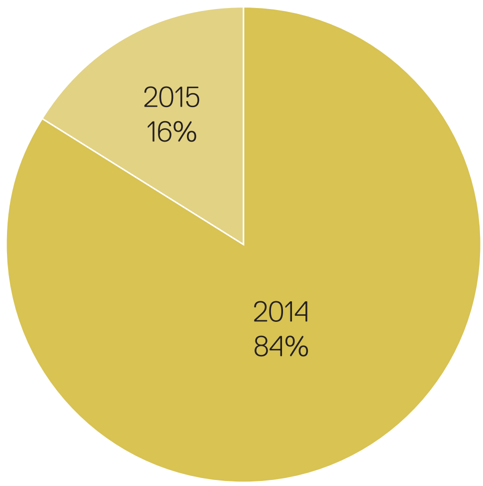
KOGT is a business area where positions are being built up for further growth. The business area's earnings will vary based on the progress of larger individual projects and major sales of licences for software systems. Higher volumes are a prerequisite for being able to stabilise profitability at a good level. The business area has had commercial success with several solutions based on the software core products SiteCom, K-Spice and LedaFlow, and these products will be an important part of the growth platform in future as well. The company is also well positioned in several subsea segments, thanks to strong technology and good products/solutions.

NEW ORDERS



ORDER BACKLOG

Breakdown by delivery dates



Order backlog at the end of Q1 2014, MNOK 537

PROSPECTS FOR THE FUTURE

Kongsberg Maritime expects a continued high level of activity for the Offshore and Subsea divisions in 2014. The Merchant Marine market has shown positive signs over the past year, and this has positive impact on our Merchant Marine division. Further focus on the global after market and customer support will also be important in 2014. Along with the strong influx of new orders in recent years, this adds up to a sound platform for the business area's level of activities in 2014.

Kongsberg Defence Systems is in the final phase of several major delivery programmes. In January 2014, KDS concluded a new, very important agreement for the delivery of the NASAMS air defence system. There are several important long-term opportunities for sales and further development of missiles, air defence systems, submarine systems, and communication systems in the years ahead. This, combined with a good backlog, furnishes a robust platform for the business area's level of activity.

Kongsberg Protech Systems has maintained a leading global position in remotely controlled weapons systems and has an increasingly broader product portfolio. KPS is thus considered to be well positioned for dealing with anticipated future demand. The business area is, however, exposed to generally lower demand in its markets, especially in the US, and customers' procurement decisions are taking longer than before. Activities in 2014 are therefore expected to be somewhat slower than in 2013 and margins from ordinary operations are expected to decline compared with 2013. This will become more apparent going forward in 2014.

Kongsberg Oil & Gas Technologies has a firm position in several important fields in the oil and gas industry, but is currently experiencing some delays in new orders. This will have a negative impact in 2014. The business area under development, and a niche supplier to the Norwegian and international oil and oil services industries. Over time, more stringent efficiency standards in the drilling and production phase are opening important opportunities for the business area's products.

Kongsberg, 12 May 2014

The Board of Directors of Kongsberg Gruppen ASA

KEY FIGURES BY QUARTER

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

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

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

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

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

CONDENSED INCOME STATEMENT FOR THE PERIOD

		1.1. - 31.3.		1.1 - 31.12.
MNOK	Note	**2014**	2013	2013
Revenues	1	**3 941**	4 033	16 323
Operating expenses		**(3 506)**	(3 533)	(14 181)
Share of net income from Joint arrangements and associated companies	8	**11**	-	-
EBITDA		**446**	**500**	**2 142**
Depreciation		**(80)**	(82)	(345)
EBITA	**1**	**366**	**418**	**1 797**
Amortisation		**(34)**	(33)	(138)
EBIT		**332**	**385**	**1 659**
Net financial items		**(3)**	(9)	(15)
Earnings before tax (EBT)		**329**	**376**	**1 644**
Income tax		**(86)**	(105)	(419)
Earnings after tax		**243**	**271**	**1 225**
Attributable to:				
Non-controlling interests		**1**	(2)	(3)
Equity holders of the parent		**242**	273	1 228
Earnings per share (EPS). NOK		**2.02**	2.28	10.24
Earnings per share. diluted NOK		**2.02**	2.28	10.24

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

		1.1. - 31.3.		1.1 - 31.12.
MNOK	Note	**2014**	2013	2013
Earnings after tax		**243**	271	1 225
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Change. fair value of financial instr. and hedge instr. for cash flow hedges:	5			
- Change. cash flow hedges and int. rate swap agreements		**-**	5	(7)
- Change. available-for-sale investments		**282**	(129)	(461)
Tax effect. cash flow hedges and int. rate swap agreements		**(78)**	36	129
Translation differences, foreign currency		**(32)**	41	123
Net items that may be reclassified subsequently to profit or loss		**172**	**(47)**	**(216)**
Items that will not be reclassified to profit or loss:				
Actuarial gains/losses pensions		**-**	-	(239)
Tax on items recognised against statement of comprehensive income		**-**	-	67
Net items that will not be reclassified to profit or loss		**-**	**-**	**(172)**
Comprehensive income		**415**	**224**	**837**

CONDENSED STATEMENT OF FINANCIAL STATUS

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

	31.3.	31.12.
MNOK	**2014**	2012
Equity opening balance	**6 657**	6 274
Comprehensive income	**415**	837
Dividends	**-**	(450)
Treasury shares	**(57)**	(3)
Acquisition / disposals non-controlling interests	**-**	-
Dividends non-controlling interests	**-**	(2)
Change in non-controlling interests	**-**	1
Equity, closing balance	**7 015**	**6 657**

CONDENSED CASH FLOW STATEMENT

	1.1. - 31.3.		1.1 - 31.12.
MNOK	**2014**	2013	2013
Earnings before interest, tax, depreciation and amortisation	**446**	500	2 142
Change in net current assets and other operating related items	**1 053**	(423)	(159)
Net cash flow from operating activities	**1 499**	**77**	**1 983**
Acquisition of property, plant and equipment	**(76)**	(66)	(346)
Acquisition of subsidiaries and non-controlling interests	**-**	(329)	(346)
Net payment of loans and acquisition/sale of shares	**-**	-	-
Other investing activities	**(28)**	(16)	(83)
Net cash flow from investing activities	**(104)**	**(411)**	**(775)**
New loans raised and repayment	**15**	2	-
Net interest received (paid)	**3**	(4)	(11)
Net payments for the purchase/sale of treasury shares	**(57)**	(42)	(17)
Transactions with non-controlling interests	**-**	-	(2)
Dividends paid to equity holders of the parent	**-**	-	(450)
Net cash flow used in financing activities	**(39)**	**(44)**	**(480)**
Effect of changes in exchange rates on cash and short-term deposits	**(10)**	13	35
Net change in cash and short-term deposits	**1 346**	**(365)**	**763**
Cash and short-term deposits opening balance	**3 272**	**2 509**	**2 509**
Cash and short-term deposits, closing balance	**4 618**	**2 144**	**3 272**

NOTES TO THE QUARTERLY ACCOUNTS

NOTE 1 – INFORMATION BY SEGMENT

	REVENUES			EBITDA			EBITA		
	1.1. - 31.3.			1.1. - 31.3.			1.1. - 31.3.		
MNOK	**2014**	2013	2013	**2014**	2013	2013	**2014**	2013	2013
Kongsberg Maritime	**2 365**	2 008	8 264	**341**	284	1 179	**302**	245	1 018
Kongsberg Defence Systems	**884**	988	4 554	**73**	69	520	**50**	43	407
Kongsberg Protech Systems	**434**	787	2 420	**79**	148	419	**65**	132	362
Kongsberg Oil & Gas Technologies	**271**	239	1 077	**(18)**	(2)	49	**(23)**	(4)	34
Other	**(13)**	11	8	**(29)**	1	(25)	**(28)**	2	(24)
THE GROUP	**3 941**	4 033	16 323	**446**	500	2 142	**366**	418	1 797

NOTE 2 – GENERAL INFORMATION AND PRINCIPLES
The consolidated accounts for Q1 (the interim accounts) cover Kongsberg Gruppen ASA, its subsidiaries and jointly controlled schemes, as well as the Group's stakes in associates, which have been consolidated using the equity method.

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

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

The interim accounts have not been audited.

NOTE 3 – ESTIMATES
The preparation of the interim accounts entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognised as assets and liabilities, income and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same as for the consolidated accounts for 2013.

NOTE 4 – EQUITY-FINANCED DEVELOPMENT
Development costs of MNOK 205 (MNOK 193) were charged against income in Q1 2014. In addition, MNOK 28 (MNOK 16) in equity-financed development was capitalised in Q1.

NOTES TO THE QUARTERLY ACCOUNTS

NOTE 5 – FINANCIAL INSTRUMENTS

First-year instalments on long-term loans
The first-year instalments on long-term loans, NOK 500 million, were reclassified as short-term interest-bearing loans.

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

Other non-current assets
The value of available-for-sale shares remained unchanged from 1 January 2014.

Currency futures, options and interest swap agreements
Holdings classified as cash flow hedges (prognosis hedges) increased by MNOK 282[2)] before tax in Q1 2014. Of that amount, the change in the capitalised value of currency futures accounted for an increase of MNOK 89 during the period. Currency exchange rates on the spot market at end quarter were NOK 5.99/USD 1 and NOK 8.26/EUR 1.

	Falling due in 2014		Falling due in 2015 or later		Total		
MNOK (before tax)	Value based on agreed exchange rates	Net excess value at 31 March 14	Value based on agreed exchange rates	Net excess value at 31 March 14	Value based on agreed exchange rates	Change in excess value from 31 Dec 13	Net excess value at 31 March 14
EUR	632	(10)	571	(10)	1 203	29	(20)
USD	3 441	41	1 850	32	5 291	60	73
Deferred gain [1)]	-	12	-	17	-	190	29
Total	**4 073**	**43**	**2 421**	**39**	**6 494**	**279 [2)]**	**82**

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

NOTE 6 – RELATED PARTIES

The Board is not aware of any changes or transactions with close associates in Q1 that would have a material impact on the Group's financial position or profit during the quarter.

NOTE 7 – KEY RISK AND UNCERTAINTY FACTORS

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

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

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

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

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

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