

## CONTINUED GROWTH AND IMPROVED MARGINS

KONGSBERG is continuing to grow, posting an EBITA of MNOK 563 (MNOK 371<sup>\*)</sup> in Q3. Operating revenues totalled MNOK 3 786, up 13 per cent from Q3 2009. This resulted in an EBITA margin of 14.9 per cent (11.1 per cent). Earnings before tax (EBT) came to MNOK 522 (MNOK 310). New orders totalled MNOK 3 339 in Q3 (MNOK 5 065). At 30 September, the Group had a backlog valued at MNOK 18 279. Earnings per share (EPS) came to NOK 3.03 (NOK 1.80) in Q3. The YTD earnings per share were NOK 8.01 (NOK 4.25) at 30 September.

KONGSBERG saw a strong quarter, with a high level of activity and improved profit margins. The Group has maintained or improved its positions in most areas and its delivery programmes are on schedule. The Group continues to give high priority to product development. YTD development efforts add up to nearly NOK 1 billion, provided by a number of customer- and equity-financed programmes. The Group's business areas (BA) have made headway, reporting a higher EBITA and improved margins. Kongsberg Maritime and Kongsberg Protech Systems both reported EBITA margins of nearly 17 per cent during the quarter, driven by high after-sales and spare parts sales, as well as efficient operations. Kongsberg Defence Systems has seen a positive trend in its margin profile, i.e. a 7.5 per cent EBITA margin, up from 5.6 per cent in Q3 2009. For the first time since Q1 2009, the backlog of orders is increasing at Kongsberg Maritime.

At the end of Q3 2010, the Group had net cash reserves of MNOK 693, up MNOK 59 since year-end 2009. At Q3, KONGSBERG had an equity ratio of 33.4 per cent, compared with 30.1 per cent at year end.

*\* Figures in brackets relate to corresponding period previous year*

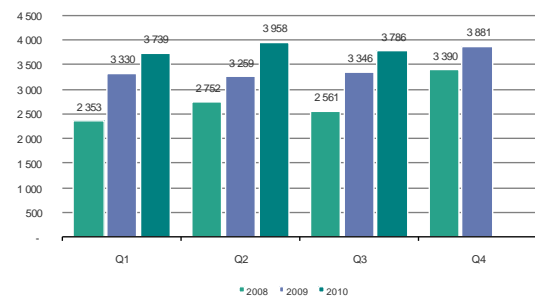
### Key figures

MNOK	1.7. - 30.9.		1.1. - 30.9.		2009
	2010	2009	2010	2009	
Driftsinntekter / Op. revenues	3 786	3 346	11 483	9 935	13 816
EBITA	563	371	1 472*	903	1 376
EBITA margin (%)	14,9	11,1	12,8	9,1	10,0
Ordreinnang / New orders	3 339	5 065	10 257	14 458	17 605
EPS (NOK)	3,03	1,80	8,01	4,25	6,83

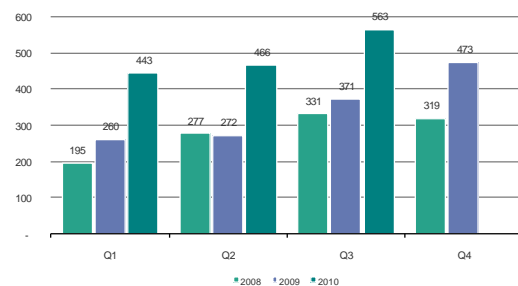
<sup>\*)</sup> Herav engangsposter (AFP) på 39 mill. kr. /  
Of which non-recurring item (AFP) of 39 mill.kr.

MNOK	30.9. 2010	30.06. 2010	31.12. 2009
Egenkap.andel / Equity ratio (%)	33,4	30,1	30,1
Netto rentebærende gjeld (Netto kontantbeh.) / Net interest-bearing debt (Net cash reserves)	(693)	(747)	(634)
Netto rentebærende gjeld/ EBITDA / Net interest-bearing debt / EBITDA	neg.	neg.	neg.
Ordresreserve / Order backlog	18 279	18 884	19 892
Ant. ansatte / No. of employees	5 591	5 531	5 423

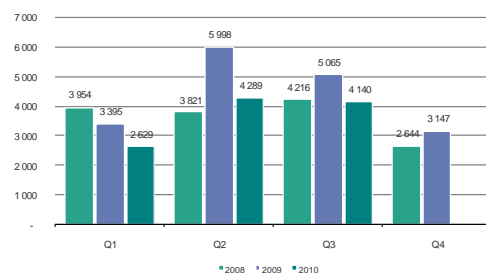
### Operating revenues



### EBITA



### New Orders



**Performance**

Operating revenues in Q3 added up to MNOK 3 786, up 13 per cent from Q3 2009. EBITA was MNOK 563 (MNOK 371). The EBITA margin for the quarter was 14.9 per cent (11.1 per cent).

Net other financial items came to MNOK -15 (MNOK -30) in Q3, and earnings before tax were MNOK 522 (MNOK 310).

Performance and the margin trends are discussed in more detail under the sections on the individual business areas.

**Balance sheet**

At the end of Q3 2010, the Group had total assets of MNOK 13 099, a decline of MNOK 52 during the quarter. At 30 September 2010, equity totalled MNOK 4 376, which is equivalent to an equity ratio of 33.4 per cent. The equity ratio was 30.1 per cent at the end of Q2, the same as at year-end 2009. The increase in the equity ratio in Q3 was mainly due to good earnings and an increase in the excess value on financial instruments of MNOK 127.

The Group entered 2010 with net cash reserves of MNOK 634. At the end of Q3, net cash reserves had increased to MNOK 693. Long-term interest-bearing liabilities aggregated MNOK 828 YTD, against MNOK 829 at year-end 2009. The average term to maturity for drawn loans is 2.75 years. In addition, KONGSBERG has undrawn revolving credit facilities of NOK 1 billion.

**Cash flow**

The EBITDA was MNOK 633, while net current assets and other operations-related balance sheet items increased by MNOK 464. The cash flow from operating activities was MNOK 169 in Q3. The net outgoing cash flow from investing activities was MNOK 175 during the quarter. The net outgoing cash flow from financing activities was MNOK 11 during the quarter.

**New orders and the backlog of orders**

New orders totalled MNOK 3 339 (MNOK 5 065) in Q3. The backlog at end quarter was valued at MNOK 18 279, compared with MNOK 19 892 at year-end 2009, and MNOK 18 884 at 30 June 2010.

During the quarter, Kongsberg Maritime's backlog increased by MNOK 104 to MNOK 4 164. Kongsberg Defence Systems' order backlog was reduced by MNOK 140 to MNOK 7 672, and Kongsberg Protech Systems saw a reduction of MNOK 564 to MNOK 6 399. Fluctuations in new orders from quarter to quarter are normal in the defence industry.

**Human resources**

KONGSBERG had 5 591 employees at the end of September 2010. This is an increase of 60 employees during the quarter. Kongsberg Maritime had 3 099 employees, Kongsberg Defence Systems had 1 489, and Kongsberg Protech Systems had 653 employees. At the end of Q3, 30 per cent of the Group's employees worked outside Norway.

**Other activities**

Other activities mainly consist of Kongsberg Oil & Gas Technologies, external sales related to property operations and the elimination of intra-Group sales.

In Q3, the Group acquired the shares in Odfjell Consulting AS. The company changed its name to Kongsberg Drilling Management Solutions AS and is now a wholly-owned subsidiary of Kongsberg Oil & Gas Technologies.

## Kongsberg Maritime

MNOK	1.7. - 30.9.		1.1. - 30.9.		2009
	2010	2009	2010	2009	
Driftsinnt. / Op. revenues	1 438	1 591	4 682	4 996	6 657
EBITA	240	214	648*	598	831
EBITA margin (%)	16,7	13,5	13,8	12,0	12,5
Ordreingang / New orders	1 694	1 132	4 143	4 425	5 476

\*) Herav engangsposter (AFP) på 22 mill. kr. /  
Of which non-recurring item (AFP) of 22 mill.kr.

MNOK	30.9. 2010	30.06. 2010	31.12. 2009
Ordrereserve / Order backlog	4 164	4 060	5 087

## Performance

Q3 revenues amounted to MNOK 1 438 (MNOK 1 591). EBITA was MNOK 240 (MNOK 214). The EBITA margin was 16.7 per cent (13.5 per cent). The BA has had a high level of activity, especially in after-sales and offshore. In the offshore segment, many projects are currently in the installation and ramp-up phase, providing a favourable contribution to the margin profile.

## Markets and orders

New orders in Q3 added up to MNOK 1 694 (MNOK 1 132). This is the third consecutive quarter in which new orders have increased from the preceding quarter, and it is the first quarter since Q1 2009 to see an increase in the backlog. The backlog was valued at on MNOK 4 164 at the end of the Q3, an increase of MNOK 104 in Q3 and a reduction of MNOK 923 YTD.

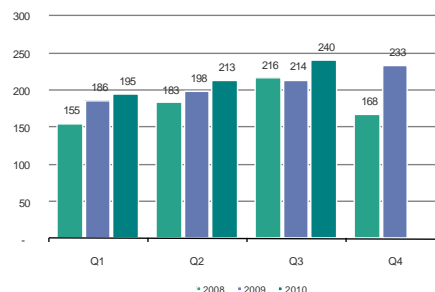
The influx of orders is described as good for all units and Kongsberg Maritime has strengthened its position in several areas during the year. In August, the BA signed a contract with BW Offshore regarding Kangean Energy Indonesia Gas FPSO for about MNOK 120. In September, Kongsberg Maritime's subsidiary Hydroid Inc. signed a framework agreement worth MNOK 480 for the US programme "Littoral Battlespace Sensing". The first order under the framework, valued at about MNOK 52, was signed at the same time. The contract reaffirms Kongsberg Maritime's position as the leading player in the market for Autonomous Underwater Vehicles (AUV). The shipyards, especially in north-east Asia, still have good backlogs, and their new orders have picked up in the past few months. Combined with stronger marketing activities, this has contributed to the positive trend in new orders throughout 2010. Postponements in delivery times and further cancellations could have a negative impact on the scope of deliveries for Kongsberg Maritime.

Less than half of Kongsberg Maritime's revenues are driven by newbuilding activities at the shipyards. Seabed surveying, inspection, oceanography and fisheries activities, along with growing after-sales, have only to a limited extent been impacted by the pace of contracting at the shipyards. The global economic recession has caused a shift towards upgrading and refit of the existing fleet. Kongsberg Maritime's systems are often installed late in the building process. These factors have enabled Kongsberg Maritime to maintain a high level of activity and a fairly strong influx of new orders despite low contracting rates at the shipyards in the past 18 months.

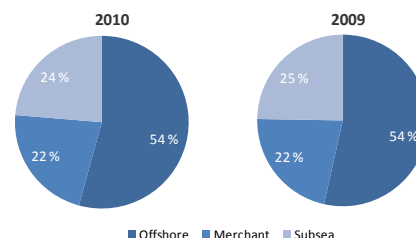
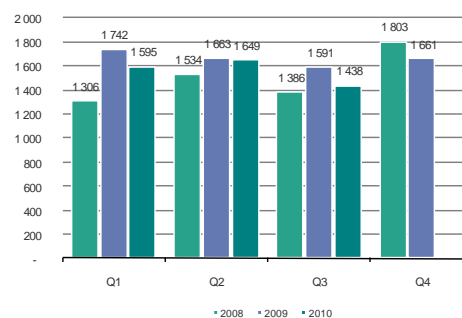
## New president of the business area

On 1 October, Geir Håøy (44) took over the helm as president of Kongsberg Maritime. Håøy has worked for KONGSBERG since June 1993, holding various management positions since 1996. He succeeds Torfinn Kildal, president of the BA since 1999.

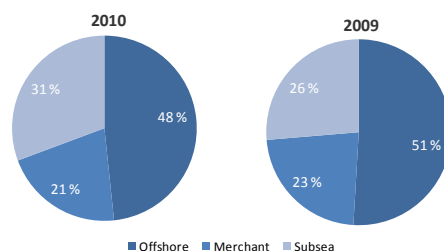
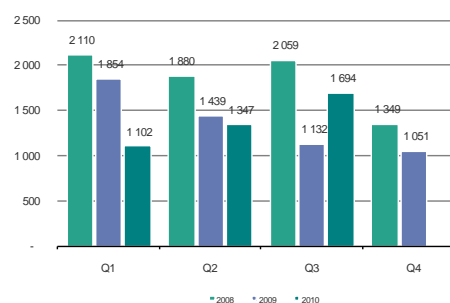
## EBITA



## Operating revenues



## New orders



**Kongsberg Defence Systems**

MNOK	1.7. - 30.9.		1.1. - 30.9.		2009
	2010	2009	2010	2009	
Driftsinnt. / Op. revenues	734	693	2 385	1 817	2 734
EBITA	55	39	173*	46	144
EBITA margin (%)	7,5	5,6	7,3	2,5	5,3
Ordreinngang / New orders	599	429	1 587	5 207	5 725
*) Herav engangsposter (AFP) på 10 mill. kr. / Of which non-recurring item (AFP) of 10 mill.kr.					
MNOK			30.9. 2010	30.06. 2010	31.12. 2009
Ordrereserve / Order backlog			7 672	7 812	8 465

**Performance**

Q3 operating revenues totalled MNOK 734, up 6 per cent compared with Q3 2009. EBITA was MNOK 55 (MNOK 39). The EBITA margin was 7.5 per cent (5.6 per cent).

The BA's operating activities are good and the profit trend during the year has become more even due to that several major projects are in the engineering and production phase.

**Markets and orders**

New orders aggregated MNOK 599 (MNOK 429) in Q3. In July, a contract worth MNOK 217 was signed with the Norwegian Defence Logistics Organisation (NDLO) for the delivery of radio equipment for tactical communication. In August, a contract was signed with the armed forces of Norway (NDLO) and Sweden (FMV) to further develop and deliver a common fire control system for artillery based on KONGSBERG's ODIN system. The total scope of delivery under the agreement is MNOK 96. In August, a new contract was signed with Lockheed Martin for further deliveries to the F-35 programme. The scope of the contract is MNOK 270 for deliveries of the aircraft carrier version for 62 aircraft. The backlog of orders was valued at MNOK 7 672 at the end of Q3, a reduction of MNOK 140 in Q3 and MNOK 793 YTD.

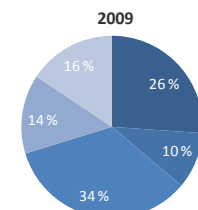
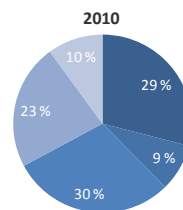
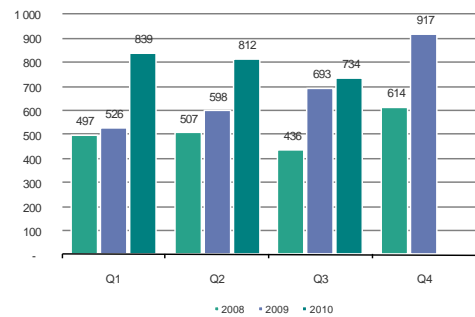
Kongsberg Defence System has a very modern product portfolio, featuring many recently developed systems that are in an early phase of their life cycle. The BA operates in and is well-positioned in, niches which are not heavily affected by the cutbacks seen in international defence budgets thus far. As a result, combined with the marketing campaigns being conducted, there is a good platform for growth in the years to come.

Kongsberg Defence Systems is in the engineering and production phase of several major, resource-intensive projects such as the coastal artillery system for Poland, the Naval Strike Missile (NSM) for Norway and air defence (NASAMS) for Finland. The projects are on schedule and have reached the first milestones.

**EBITA**

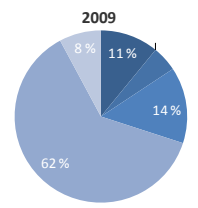
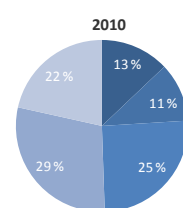
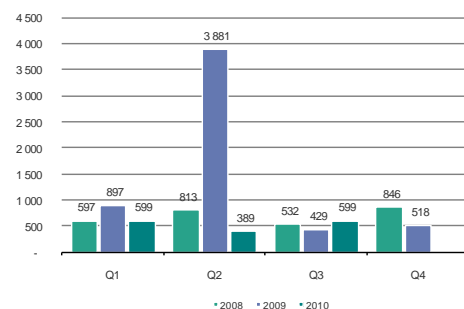


**Operating revenues**



■ Missile Systems ■ Aerostructures ■ Naval Systems ■ Integrated Defence Systems ■ Communications

**New orders**



■ Missile Systems ■ Aerostructures ■ Naval Systems ■ Integrated Defence Systems ■ Communications

**Kongsberg Protech Systems**

MNOK	1.7. - 30.9.		1.1. - 30.9.		2009
	2010	2009	2010	2009	
Driftsinnt. / Op. revenues	1 573	996	4 324	2 886	4 123
EBITA	266	113	662*	300	442
EBITA margin (%)	16,9	11,3	15,3	10,4	10,7
Ordreinnang / New orders	1 009	3 506	4 378	4 675	6 196

\*) Herav engangsposter (AFP) på 4 mill. kr. /  
Of which non-recurring item (AFP) of 4 mill.kr.

MNOK	30.9. 2010	30.06. 2010	31.12. 2009
Ordrereserve / Order backlog	6 399	6 963	6 345

**Performance**

Q3 operating revenues totalled MNOK 1 573, up 58 per cent compared with Q3 2009. EBITA was MNOK 266 (MNOK 113). The EBITA margin was 16.9 per cent (11.3 per cent). The robust Q3 margin is ascribable to cost cutting both internal and related to subcontractors, in addition to productivity improvements as well as a more favourable product and project mix than earlier expected. The BA has managed to keep its overheads down during a period of substantial growth.

**Markets and orders**

New orders aggregated MNOK 1 009 (MNOK 3 506) in Q3. The backlog of orders was valued at MNOK 6 399 at the end of Q3, on a par with year-end 2009.

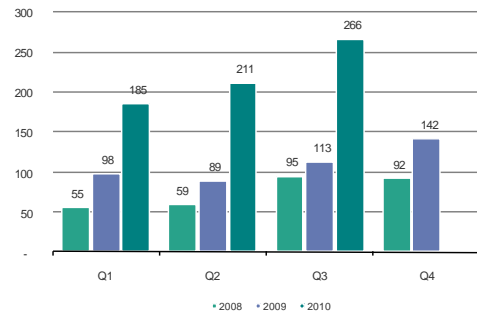
Three major contracts were signed during the quarter, in addition to the order worth MNOK 515 under the CROWS (Common Remotely Operated Weapon Station) programme. The contracts were with General Dynamics (Stryker programme), Renault of France and Croatia. This is further confirmation of KONGSBERG's position as the leading supplier of remotely operated weapon control systems.

The next phase of the CROWS programme is currently the BA's greatest potential opportunity. KONGSBERG is working in a goal-oriented manner to position for this. The situation with regard to the next phase of CROWS remains unchanged from Q2. CROWS is a joint procurement programme for weapon stations for the US Army's vehicle programmes. A common solution will result in substantial efficiency dividends for protection, training, support and further development.

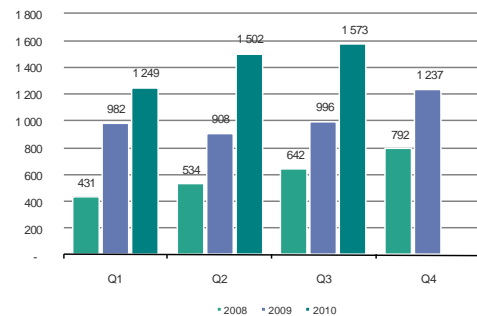
**Updates**

In mid-October, KONGSBERG and Rheinmetall (Germany) signed a framework agreement that forms a platform for cooperation on remote weapons systems (RWS). The agreement implies a common marketing of KONGSBERG's Protector weapon stations, as well as increased integration between the companies' products. This cooperative venture is described as exciting for both parties as it opens opportunities for offering high-technology solutions on new as well as existing markets.

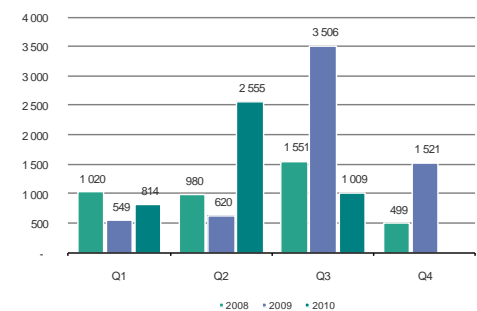
**EBITA**



**Operating revenues**



**New orders**



**Outlook for the remainder of 2010**

Kongsberg Maritime's markets are strongly affected by trends in world trade and the demand for energy. There may still be cancellations and postponements of existing contracts. Contracting activities at the shipyards have picked up in the past few months but they continue to be at a relatively low level. Kongsberg Maritime is expected to maintain its good market positions. The improvement in global after-sales and customer support has given, and will continue to bring positive results. In the Board's opinion, the workload will be lower in Q4 compared with 2009. Throughout 2010, Kongsberg Maritime has initiated and implemented different initiatives to adapt capacity and reduce risk.

Kongsberg Defence Systems expects continued high activity levels. Several major long-term delivery programmes are in the engineering and production phase. This has made earnings more even in 2010, compared with previous years. The focus on advanced composite components for the aviation industry continues, and significant marketing efforts are being made to prepare the ground for sales and the further development of missiles, submarine systems and air defence.

Kongsberg Protech Systems has posted good results YTD. This is expected to continue during the rest of 2010. The market prospects are good and many new and existing customers are being addressed proactively in countries in which the BA already has contracts, e.g. the next phase of the CROWS programme, as well as in new countries. Major vehicle programmes have been adopted or are in the pipeline in the US and Europe. These programmes offer significant potential for several of the BA's products.

The NOK/USD and NOK/EUR exchange rates are of great importance to the Group. Initiatives are being put into place on an ongoing basis to reduce foreign exchange exposure. Besides hedging all signed contracts, the Group hedges a percentage of anticipated new orders.

Generally speaking, KONGSBERG has good positions in the shipping/offshore and defence markets, and has a high backlog of orders. KONGSBERG has a robust platform for operations and profitability for the remainder of 2010. The Group expects good results in Q4 as well.

Kongsberg, 3 November 2010

The Board of Directors of Kongsberg Gruppen ASA

## Performance

MNOK	Note	1.7. - 30.9. 2010	2009	1.1. - 30.9. 2010	2009	2009
Driftsinntekter / Operating revenues	1	3 786	3 346	11 483	9 935	13 816
Driftskostnader / Operating expenses	7	(3 153)	(2 918)	(9 817)	(8 856)	(12 197)
<b>EBITDA</b> <sup>1</sup>		<b>633</b>	<b>428</b>	<b>1 666</b>	<b>1 079</b>	<b>1 619</b>
Avskrivninger / Depreciation		(70)	(57)	(194)	(176)	(243)
<b>EBITA</b> <sup>2</sup>	1	<b>563</b>	<b>371</b>	<b>1 472</b>	<b>903</b>	<b>1 376</b>
Amortisering / Amortisation		(26)	(31)	(75)	(78)	(113)
<b>EBIT</b> <sup>3</sup>		<b>537</b>	<b>340</b>	<b>1 397</b>	<b>825</b>	<b>1 263</b>
Netto nedskrivning/tap/gevinst på finansielle eiendeler / Net impairment/loss/gain on financial assets		-	-	-	5	5
Netto andre finansposter / Net other financial items		(15)	(30)	(18)	(91)	(99)
<b>Resultat før skatt / Earnings before tax (EBT)</b>		<b>522</b>	<b>310</b>	<b>1 379</b>	<b>739</b>	<b>1 169</b>
Skattekostnad / Income tax expense		(157)	(92)	(414)	(222)	(341)
<b>Resultat etter skatt / Earnings after tax</b>		<b>365</b>	<b>218</b>	<b>965</b>	<b>517</b>	<b>828</b>
<i>Henførbart til / Attributable to:</i>						
Ikke-kontrollerende interesser / Non-controlling interests		2	2	4	7	8
Aksjonærene i morselskapet / Equity holders of the parent		363	216	961	510	820
Resultat pr. aksje / Earnings per share (EPS), NOK		3,03	1,80	8,01	4,25	6,83
Resultat pr. aksje, utvannet / Earnings per share, diluted NOK		3,03	1,80	8,01	4,25	6,83

1) Resultat før finansposter, skatt, avskrivninger og amortiseringer /  
Earnings before interest, tax, depreciation and amortisation (EBITDA)

2) Resultat før finansposter, skatt og amortiseringer /  
Earnings before interest, tax and amortisation (EBITA)

3) Resultat før finansposter og skatt /  
Earnings before interest and tax (EBIT)

## Balance sheet

MNOK	Note	30.9. 2010	30.06. 2010	31.12. 2009
Eiendom, anlegg og utstyr / Property, plant and equipment		2 130	2 143	2 029
Immaterielle eiendeler / Intangible assets	4, 8	2 404	2 298	2 209
Andre langsiktige eiendeler / Other non-current assets	5	244	201	226
<b>Sum anleggsmidler / Total non-current assets</b>		<b>4 778</b>	<b>4 642</b>	<b>4 464</b>
Varelager / inventories		2 949	2 863	2 587
Kundefordringer / Trade receivables		1 695	1 314	1 428
Andre omløpsmidler / Other current assets		2 156	2 754	2 424
Betalingsmidler / Cash and short-term deposits		1 521	1 578	1 463
<b>Sum omløpsmidler / Total current assets</b>		<b>8 321</b>	<b>8 509</b>	<b>7 902</b>
<b>Sum eiendeler / Total assets</b>		<b>13 099</b>	<b>13 151</b>	<b>12 366</b>
Innskutt egenkapital / Paid-in equity		982	982	982
Opptjent egenkapital / Retained earnings		3 062	2 768	2 323
Mer-/mindreverdi verdi finansielle instrumenter / fair value of financial instruments		314	187	399
Ikke-kontrollerende interesser / Non-controlling interests		18	25	22
<b>Sum egenkapital / Total equity</b>		<b>4 376</b>	<b>3 962</b>	<b>3 726</b>
Langsiktig rentebærende lån / Long-term interest-bearing debt		828	831	829
Andre langsiktige forpliktelser og avsetninger / Other non-current liabilities and provisions		1 517	1 224	1 092
<b>Sum langsiktige forpliktelser og avsetninger / Total non-current liabilities and provisions</b>		<b>2 345</b>	<b>2 055</b>	<b>1 921</b>
Forskudd fra kunder / Prepayments from customers		1 581	1 795	2 116
Andre kortsiktige forpliktelser og avsetninger / Other current liabilities and provisions	3	4 797	5 339	4 603
<b>Sum kortsiktige forpliktelser og avsetninger / Total current liabilities and provisions</b>		<b>6 378</b>	<b>7 134</b>	<b>6 719</b>
<b>Sum egenkapital, forpliktelser og avsetninger / Total equity, liabilities and provisions</b>		<b>13 099</b>	<b>13 151</b>	<b>12 366</b>
Egenkapitalandel (%) / Equity ratio (%)		33,4	30,1	30,1
Netto rentebærende gjeld / Net interest-bearing liabilities		(693)	(747)	(634)
Netto rentebærende gjeld/EBITDA (%) / Net interest-bearing debt/EBITDA (%)		neg.	neg.	neg.

## Statement of comprehensive income

MNOK	Note	1.7. - 30.9. 2010	2009	1.1. - 30.9. 2010	2009	
Resultat etter skatt / Earnings after tax		365	218	965	517	828
Endring i virkelig verdi fin. instr. og sikringsinstr. ved kontantstrømsikring / Change, fair value of financial instr. and hedge instr. for cash flow hedges:	5					
- Endring, kontantstrømsikringer og rentebytteavtaler / Change, cash flow hedges and int. rate swap agreements		175	667	(61)	1 821	1 814
- Endring, tilgjengelig for salg inv. / Change, available-for-sale inv.		3	(2)	(40)	(13)	32
Estimatavvik pensjoner / Actuarial gains/losses pensions		-	-	-	-	(107)
Omregningsdifferanser, valuta / Translation differences, foreign currency		(69)	(52)	20	(102)	(101)
Skatt på poster innregnet i oppstilling over totalresultatet / Tax on items recognised against statement of comprehensive income		(49)	(187)	17	(510)	(478)
<b>Totalresultat for perioden / Comprehensive income</b>		<b>425</b>	<b>644</b>	<b>901</b>	<b>1 713</b>	<b>1 988</b>

## Cash flow statement

MNOK	1.7-30.9		1.1-30.9		2009
	2010	2009	2010	2009	
Driftsresultat før renter, skatt, avskrivninger og amortiseringer / Earnings before interest, tax, depreciation and amortisation	633	428	1 666	1 079	1 619
Endring i netto omløpsmidler og andre driftsrelaterte poster / Change in net current assets and other operating related items	(464)	1 047	(931)	832	1 050
<b>Netto kontantstrøm fra driftsaktiviteter / Net cash flow from operating activities</b>	<b>169</b>	<b>1 475</b>	<b>735</b>	<b>1 911</b>	<b>2 669</b>
Kjøp av eiendom, anlegg og utstyr / Acquisition of property, plant and equipment	(99)	(92)	(281)	(322)	(451)
Kjøp av datterselskaper og ikke-kontrollerende interesser / Acquisition of subsidiaries and non-controlling interests	(102)	-	(102)	(19)	(37)
Netto betaling ved utlån og kjøp/salg av aksjer / Net payment of loans and acquisition/sale of shares	56	-	56	210	210
Andre investeringsaktiviteter / Other investing activities	(30)	(20)	(89)	(26)	(54)
<b>Netto kontantstrøm fra investeringsaktiviteter / Net cash flow from investing activities</b>	<b>(175)</b>	<b>(112)</b>	<b>(416)</b>	<b>(157)</b>	<b>(332)</b>
Opptak og nedbetaling av lån / New loans raised and repayment	(3)	(1 006)	(1)	(897)	(893)
Netto mottatte (betalte) renter / Net interest received (paid)	(8)	(10)	(20)	(49)	(44)
Netto utbetaling av kjøp/salg av egne aksjer / Net payments for the purchase/sale of treasury shares	-	-	(9)	11	11
Utbytte betalt til aksjonærene i morselskapet / Dividends paid to equity holders of the parent	-	-	(240)	(165)	(165)
<b>Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow used in financing activities</b>	<b>(11)</b>	<b>(1 016)</b>	<b>(270)</b>	<b>(1 100)</b>	<b>(1 091)</b>
Effekt av valutakursendringer på betalingsmidler / Effect of changes in exchange rates on cash and short-term deposits	(40)	(33)	9	(64)	(66)
<b>Netto endring betalingsmidler / Net change in cash and short-term deposits</b>	<b>(57)</b>	<b>314</b>	<b>58</b>	<b>590</b>	<b>1 180</b>
Betalingsmidler IB / Cash and short-term deposits opening balance	1 578	559	1 463	283	283
<b>Betalingsmidler UB / Cash and short-term deposits, closing balance</b>	<b>1 521</b>	<b>873</b>	<b>1 521</b>	<b>873</b>	<b>1 463</b>

Net current assets on the balance sheet showed an increase of MNOK 702 from 31 December to 30 September 2010, while the cash flow statement showed an increase of MNOK 931. The difference is primarily attributable to changes in fair value associated with financial instruments and translation differences.

## Statement of changes in equity

MNOK	1.7. - 30.9.		1.1 - 30.9.	
	2010	2010	2009	2009
Egenkapital IB / Equity opening balance	3 962	3 726	1 894	1 894
Totalresultat for perioden / Comprehensive income	425	901	1 713	1 988
Utbytte / Dividends	-	(240)	(165)	(165)
Egne aksjer / Treasury shares	-	-	11	11
Kjøp ikke-kontrollerende interesser / Acquisition non-controlling interests	(3)	(3)	-	-
Utbytte ikke-kontrollerende interesser / Dividends non-controlling interests	(3)	(3)	-	-
Endring ikke-kontrollerende interesser / Change in non-controlling interests	(5)	(5)	(3)	(2)
<b>Egenkapital UB / Equity, closing balance</b>	<b>4 376</b>	<b>4 376</b>	<b>3 450</b>	<b>3 726</b>



## Notes to the quarterly accounts

## Note 1 – Information by segment

MNOK	Driftsinntekter/ Operating revenues				Driftsresultat før amortisering (EBITA)/ Operating profit before amortisation (EBITA)					
	1.7. - 30.9.		1.1. - 30.9.		1.7. - 30.9.		1.1. - 30.9.		2009	
	2010	2009	2010	2009	2009	2010	2009	2010	2009	
Kongsberg Maritime	1 438	1 591	4 682	4 996	6 657	240	214	648	598	831
Kongsberg Defence Systems	734	693	2 385	1 817	2 734	55	39	173	46	144
Kongsberg Protech Systems	1 573	996	4 324	2 886	4 123	266	113	662	300	442
Øvrig, elim. / Other elimination	41	66	92	236	302	2	5	(11)	(41)	(41)
<b>KONSERN / THE GROUP</b>	<b>3 786</b>	<b>3 346</b>	<b>11 483</b>	<b>9 935</b>	<b>13 816</b>	<b>563</b>	<b>371</b>	<b>1 472</b>	<b>903</b>	<b>1 376</b>

## Note 2 - General information and principles

The consolidated Q3 2010 accounts encompass Kongsberg Gruppen ASA, its subsidiaries and the Group's stakes in associates.

The consolidated accounts comply 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 2009. The consolidated accounts for 2009 are in compliance with the rules in the Norwegian Accounting Act and international standards for financial reporting, as laid down by the EU. KONGSBERG has applied the same accounting principles as were described in the consolidated accounts for 2009, except that KONGSBERG has implemented the changes from IFRS 3 (Business Combinations) and IAS 27 (Consolidated Financial Statements and Accounting for Investment in Subsidiaries) in 2010.

The consolidated accounts are available upon request from the Group's headquarters in Kongsberg or at [www.kongsberg.com](http://www.kongsberg.com).

## Note 3 - Estimates

The preparation of the interim accounts entails the use of valuations, estimates and assumptions that affect the application of the accounting policy 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 policy and the main sources of uncertainty are the same as for the consolidated accounts for 2009.

In 2003, KONGSBERG concluded a contract with the Hungarian armed forces for the delivery of military radios. Since the Hungarian armed forces now have less need for radios, negotiations were initiated with a view to reducing the volume of the contract. The negotiations failed, so KONGSBERG has filed an arbitration action against the Hungarian Ministry of Defence. There is still uncertainty associated with the outcome of the action.

## Note 4 – Equity-financed development

Equity-financed development costs came to MNOK 111 (MNOK 141) in Q3 2010. In addition, MNOK 30 (MNOK 20) in equity-financed development was capitalised in Q3 2010.

## Note 5 – Financial instruments

## Credit facilities

KONGSBERG has undrawn revolving credit facilities of MNOK 1 000.

## Other non-current assets

Shares available for sale are recognised as an unrealised gain of MNOK 16, which makes a year-to-date reduction of MNOK 40.

## Currency futures, options and interest swap agreements

The fair value of currency futures, currency options and interest swap agreements, which are classified as prognosis hedges (cash flow hedges), has declined by MNOK 61 before tax since year end. The change in fair value associated with currency futures and options accounts for a reduction of MNOK 62 during the same period.

	Forfaller i 2010 / Falling due in 2010		Forfaller i 2011 eller senere / Falling due in 2011 or later		Totalt / Total		
	Verdi basert på avtalte kurser / Value based on agreed exchange rates	Merverdi pr. 30.09.10 / Net excess value at 30 Sep 10	Verdi basert på avtalte kurser / Value based on agreed exchange rates	Merverdi pr. 30.09.10 / Net excess value at 30 Sep 10	Verdi basert på avtalte kurser / Value based on agreed exchange rates	Endring merverdi fra 31.12.09 / Change in excess value from 31 Dec 09	Merverdi pr. 30.09.10 / Net excess value at 30 Sep 10
MNOK (før skatt) / MNOK (before tax)							
EUR	562	1	846	87	1 408	35	88
USD	436	71	1 626	137	2 062	(96)	208
Utsatt gevinst <sup>1)</sup> / deferred gain <sup>1)</sup>		24		95		(42)	119
<b>Totalt / Total</b>	<b>998</b>	<b>96</b>	<b>2 472</b>	<b>319</b>	<b>3 470</b>	<b>(103)</b>	<b>415</b>

<sup>1)</sup> Gevinsten oppstår når terminene til prognosesikringene blir realisert og nye terminer inngås for prosjektene. Eventuell gevinst/tap som oppstår, blir utsatt og realiseres i takt med fremdriften i prosjektene. /  
The gain arise 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.

## Note 6 – Close associates

Note 28 in the Annual Report for 2009 lists the details of transactions with close associates. There were no changes or transactions in Q3 in conjunction with close associates that had any material impact on the Group's financial position or on the profit or loss for the period.

**Note 7 - Contractual early retirement (AFP)**

Contractual early retirement (AFP) – the Act related to the funding of early retirement was adopted on 19 February 2010. The previous early retirement scheme was recognised as a defined benefit pension plan. The new early retirement scheme will be recognised as a deposit-based scheme. KONGSBERG complies with the guidelines issued by the Norwegian Accounting Foundation on this change. In Q1 2010, KONGSBERG recognised as revenue part of its pension liabilities for employees born after 1948. This resulted in an increase in the EBITA of MNOK 39. The amount includes a provision for underfunding the old scheme. The pension liabilities on the balance sheet are also to cover the co-payment for pensioners who have already taken early retirement, as well as the co-payment for pensioners the enterprise expects will take early retirement under the old scheme in 2010.

**Note 8 - Acquisition of subsidiaries**

On 19 August 2010, KONGSBERG concluded an agreement to acquire 100 per cent of the shares in Odfjell Consulting AS. The company is part of the business area Kongsberg Oil & Gas Technologies, which reports under "Other activities". Odfjell Consulting AS offers integrated rig technology and consultancy services. The acquisition of the company brings more strategic and operational expertise to KONGSBERG's products and services. As a result of the acquisition, KONGSBERG will be able to offer customers a complete range of services to optimise their upstream activities. Since the acquisition, the company's name has been changed to Kongsberg Drilling Management Solutions AS.

The acquisition was concluded on 16 September 2010 for an estimated price of MNOK 150. The cost of the acquisition consists of a cash consideration and estimated additional remuneration triggered by the fulfilment of certain criteria associated with the company's profitability and market trends in 2011 and 2012. The maximum supplement to the estimated acquisition cost, providing all criteria are fulfilled, has a net present value of MNOK 53.

**Preliminary purchase price allocation:**

	Innregnede verdier ved overtagelse / Recognised values at acquisition	Justering av virkelig verdi / Adjustments of fair value	Bokført verdi før oppkjøp / Carrying amount prior to acquisition
MNOK			
Teknologi / Technology	44	42	2
Kunderrelasjoner / Customer relations	32	32	
Andre eiendler / Other Assets	15		15
Gjeld / Liabilities	(32)	(21)	(11)
<b>Netto identifiserbare eiendeler og forpliktelser / Net identifiable assets and liabilities</b>	<b>59</b>	<b>53</b>	<b>6</b>
Goodwill ved kjøp / goodwill upon acquisition	91		
<b>Totalt vederlag inkludert kontantvederlag og estimert tilleggsvederlag/ Total remuneration incl. cash payment and estimated additional remuneration</b>	<b>150</b>		
Estimert tilleggsvederlag / estimated additional remuneration	(61)		
Kontanter overtatt / Cash money acquired	(10)		
<b>Netto utgående kontantstrøm / Net closing cashflow</b>	<b>79</b>		

Goodwill that arises from the preliminary purchase price allocation is mainly related to competency, capacity and synergies.

Pro forma figures have not been drawn up for the period from 1 January 2010 and up to the date of acquisition 16 September 2010, as the figures are considered insignificant in the context of the consolidated accounts. The figures from the date of acquisition (1 September 2010) and up to the date of the settlement of the accounts (30 September 2010) are also considered insignificant.