Strong quarter and good results for KONGSBERG

Kongsberg, 18 February 2010 - KONGSBERG continues to grow, reporting an EBITA of MNOK 473 in Q4 (MNOK 319). Operating revenues came to MNOK 3 881, up 14 per cent year-on-year. New orders aggregated some NOK 3 billion during the quarter (NOK 2.6 billion). Q4 2009 earnings per share came to NOK 2.58 (NOK 1.55).

In 2009, KONGSBERG had operating revenues of MNOK 13 816, an increase of 25 per cent from 2008. The EBITA totalled MNOK 1 376, a rise of MNOK 254 from 2008. New orders were valued at MNOK 17 605, up nearly NOK 3 billion compared with 2008. By year-end 2009, the backlog of orders totalled NOK 19.9 billion (NOK 16.7 billion). Earnings per share were NOK 6.83 (NOK 4.86) in 2009. The Board of Directors will propose to the General Meeting that dividends for 2009 will be set at NOK 2.00 (NOK 1.375) per share, in line with the Group's dividend policy.

KONGSBERG is reporting a strong year, with growth in operating revenues, profits and orders and has strengthened its market-related, technological and financial positions. The company won major contracts and achieved deeper market penetration on the defence side. The markets for offshore and maritime vessels were weak in 2009. Despite this, the maritime operations gained momentum and improved the performance. KONGSBERG also launched a number of new products and technological solutions during the year. The platform for continued progress was strengthened in 2009.

At the end of 2009, the Group had net cash reserves of MNOK 634, marking an improvement of MNOK 586 since Q3 and MNOK 2 073 since year-end 2008. KONGSBERG ended 2009 with an equity ratio of 30.1 per cent, compared with 28.4 per cent at the end of Q3 and 15.2 per cent at the end of 2008.

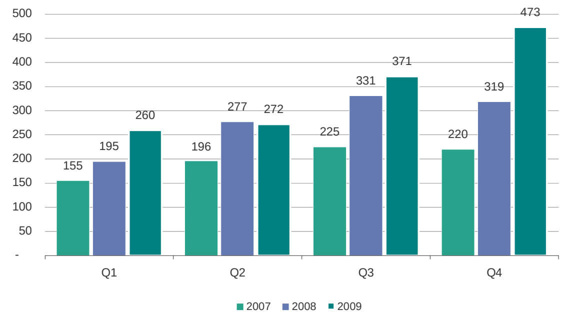
The US Army has placed substantial orders under the CROWS II framework contract. Call-offs now account for nearly the full amount of the NOK 8 billion framework contract signed in August 2007. In late December, the framework was enlarged by 3 849 systems to a total of 10 349 systems. KONGSBERG's position as the market leader in this type of weapon control systems was thereby further reaffirmed.

Key figures

	1.10. - 31.12.		1.1. - 31.12.	
MNOK	**2009**	2008	**2009**	2008
Driftsinntekter / Op. Revenues	**3 881**	3 390	**13 816**	11 056
EBITA	**473**	319	**1 376**	1 122
EBITA margin (%)	**12,2**	9,4	**10,0**	10,1
Ordreinngang / New orders	**3 147**	2 644	**17 605**	14 635
EPS (NOK)	**2,58**	1,55	**6,83**	4,86

MNOK	**31.12. 2009**	30.9. 2009	31.12. 2008
Egenkap.andel / Equity ratio (%)	**30,1**	28,4	15,2
Netto rentebærende gjeld/ Net interest-bearing debt	**(634)**	(48)	1 439
Netto rentebærende gjeld/ EBITDA / Net interest-bearing debt / EBITDA	**neg.**	neg	1,09
Ordrereserve / Order backlog	**19 892**	20 770	16 692
Ant. ansatte / No. of employees	**5 423**	5 371	5 243

EBITA



New orders

Operating revenues

Performance
Q4 2009 revenues came to MNOK 3 881, up 14 per cent compared with Q4 2008. The EBITA was MNOK 473 (MNOK 319). The EBITA margin for the quarter was 12.2 per cent (9.4 per cent). The Group had operating revenues of MNOK 13 816 (MNOK 11 056), an EBITA of MNOK 1 376 (MNOK 1 122) and an EBITA margin of 10.0 per cent (10.1 per cent).

Net other financial items added up to MNOK -8 (MNOK -21) in Q4 and MNOK -99 (MNOK -39) in 2009 as a whole. Earnings before tax were MNOK 430 (MNOK 245) during the quarter and MNOK 1 169 (MNOK 861) in 2009.

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

Balance sheet
Total assets at year end amounted to MNOK 12 366, i.e. an increase of MNOK 215 compared with 30 September 2009. Equity was MNOK 3 726 at 31 December 2009, corresponding to an equity ratio of 30.1 per cent. The equity ratio was 28.4 per cent at 30 September 2009 and 15.2 per cent at year-end 2008. The increase in equity in Q4 was primarily due to good earnings.

The Group embarked on 2009 with net interest-bearing liabilities of MNOK 1 439. At year end, KONGSBERG had net cash reserves of MNOK 634, an improvement of MNOK 586 since Q3 and MNOK 2 073 since year-end 2008. The Group had long term interest-bearing liabilities of MNOK 829 at year-end 2009 (MNOK 1 722). KONGSBERG also has an undrawn credit facility of NOK 1 billion. Drawn loans have an average term to maturity of 3.5 years.

Cash flow
The cash flow from operating activities was MNOK 758 in Q4. The EBITDA totalled MNOK 540, while net current assets and other operations-related balance sheet items were reduced by MNOK 218. The cash flow from operating activities was MNOK 2 669 in 2009. The net cash flow from investing activities was negative, i.e. MNOK -175 in Q4. The acquisitions of Havtroll AS and Havtroll Teknikk AS represent a total of MNOK 18. The net cash flow from investing activities was negative, i.e. a total of MNOK -332 in 2009.

The net cash flow from financing activities was positive, MNOK 9, in Q4, but negative, MNOK - 1 091, for 2009 as a whole.

New orders and the backlog of orders
New orders aggregated MNOK 3 147 (MNOK 2 644) in Q4. Total new orders in 2009 had a value of MNOK 17 605 (MNOK 14 635), a record volume for the Group in a single year. The backlog of orders at the end of 2009 added up to NOK 19 892, an increase of 19 per cent year-on-year.

In 2009, Kongsberg Defence Systems' backlog increased by MNOK 3 107 to MNOK 8 465, and Kongsberg Protech Systems' backlog was up by MNOK 2 074 to MNOK 6 345, while Kongsberg Maritime's order backlog dropped by MNOK 1 888 to MNOK 5 087.

Human resources
KONGSBERG had 5 423 employees year-end 2009. This was an increase of 180 employees during the year. Kongsberg Maritime had 3 113 employees, while Kongsberg Defence Systems had 1 406 and Kongsberg Protech Systems had 568. By year-end 2009, 1 586 persons were employed outside Norway (1 443).

Other activities
Kongsberg Oil & Gas Technologies is being reported during 'Other activities' as from Q4. The figures for earlier periods have been adjusted to facilitate comparison.

The item 'Other activities' mainly consists of the elimination of intra-Group sales, external property sales, and Kongsberg Oil & Gas Technologies. The MNOK 272 reduction in sales for 'Other activities' is primarily due to more elimination of intra-Group sales.

The oil and oil service companies tended to reduce their investment levels in 2009. This led to a slow down in the markets in which Kongsberg Oil & Gas Technologies operates. During the year, restructuring has had an impact on the unit's results. In 2009, Kongsberg Oil & Gas Technologies improved its position as a supplier of software for real-time drilling operations.

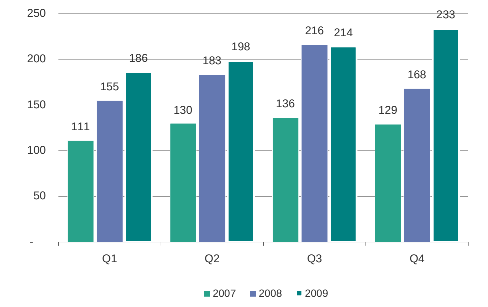
Kongsberg Maritime

Key figures

MNOK	1.10. - 31.12. 2009	1.10. - 31.12. 2008	1.1. - 31.12. 2009	1.1. - 31.12. 2008
Driftsinnt. / Op. Revenues	**1 661**	1 803	**6 657**	6 029
EBITA	**233**	168	**831**	722
EBITA margin (%)	**14,0**	9,3	**12,5**	12,0
Ordreinngang / New orders	**1 051**	1 349	**5 476**	7 398

MNOK	**31.12. 2009**	30.9. 2009	31.12. 2008
Ordrereserve / Order backlog	**5 087**	5 692	6 975

EBITA



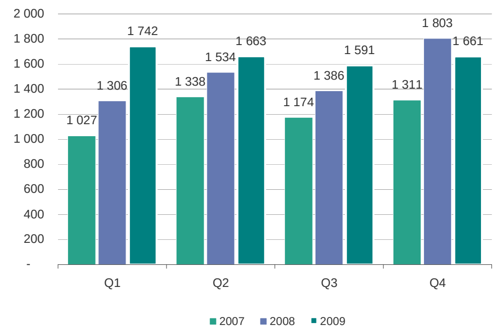
Performance
Q4 operating revenues totalled MNOK 1 661, down 8 per cent from Q4 2008. The EBITA was MNOK 233 (MNOK 168). The EBITA margin was 14.0 per cent (9.3 per cent). In 2009, operating revenues and the EBITA came to MNOK 6 657 (MNOK 6 029) and MNOK 831 (MNOK 722), respectively. The EBITA margin was 12.5 per cent in 2009 (12.0 per cent).

Markets and orders
New orders added up to MNOK 5 476 in 2009 (MNOK 7 398). The backlog of orders was valued at MNOK 5 087 year-end 2009, down MNOK 1 888 compared with 31 December 2008. The backlog has been adjusted for cancellations. Contracts valued at roughly MNOK 355 were cancelled in 2009.

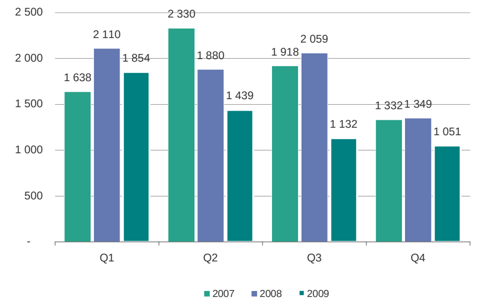
The business area (BA) has a buoyant level of activity. The backlog is still relatively satisfactory, but shifts in delivery times and cancellations can affect the scope of deliveries in 2010.

Despite low contracting in 2009, shipyards in Asia have good order backlogs, so there is a great deal that remains to be delivered in the year ahead. Kongsberg Maritime delivers systems that are often installed late in the building process. Combined with substantial after-sales, the BA's level of activity should stay high in 2010 despite the very slow rate of contracting new vessels the past year.

Operating revenues



New orders



Kongsberg Defence Systems

Key figures

MNOK	1.10. - 31.12. 2009	2008	1.1. - 31.12. 2009	2008
Driftsinnt. / Op. Revenues	**917**	614	**2 734**	2 054
EBITA	**98**	54	**144**	115
EBITA margin (%)	**10,7**	8,8	**5,3**	5,6
Ordreinngang / New orders	**518**	846	**5 725**	2 788

MNOK	31.12. 2009	30.9. 2009	31.12. 2008
Ordrereserve / Order backlog	**8 465**	9 014	5 358

Performance

Q4 operating revenues totalled MNOK 917, up 49 per cent from Q4 2008. The EBITA came to MNOK 98 (MNOK 54). The EBITA margin was 10.7 per cent (8.8 per cent). In 2009, operating revenues and the EBITA came to MNOK 2 734 (MNOK 2 054) and MNOK 144 (MNOK 115), respectively. The EBITA margin was 5.3 per cent (5.6 per cent) in 2009.

Although underlying operations were good, profitability was adversely impacted by the start-up of composite activities in 2009. In addition, losses were charged against income on certain projects in 2009.

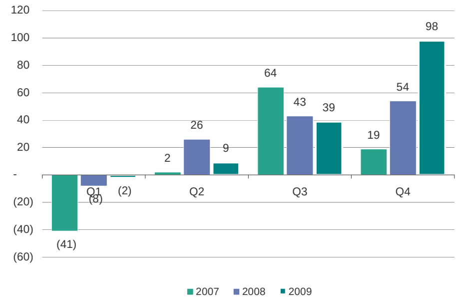
Markets and orders in 2009

New orders added up to MNOK 5 725 in 2009 (MNOK 2 788). The backlog of orders was worth MNOK 8 465 at the end of Q4, a rise of MNOK 3 107 from year-end 2008.

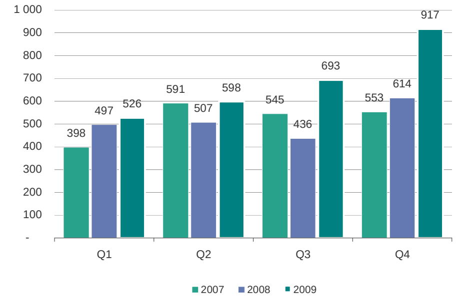
The business area (BA) signed many important contracts in 2009. The largest single contract was an air defence contract with Finland valued at NOK 3 billion. The contract reaffirms KONGSBERG's strong position in the market for air defence systems. The Group's position as regards the F-35 fighter craft programme was also clarified during the year, and the first parts have now been qualified and delivered. In summer 2009, a framework agreement was signed with the Northrop Grumman Corporation for composite parts for the F-35 fighter craft. The Joint Strike Missile is currently being developed for integration into the F-35. In April, KONGSBERG signed a development contract for this missile with the Norwegian Defence Logistics Organisation.

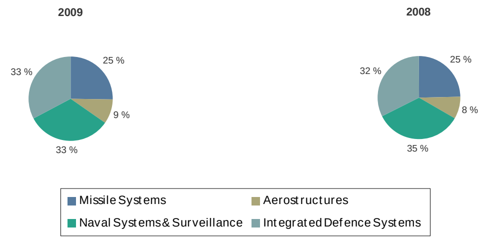
The projects for the coastal artillery system for Poland and NASAMS for Finland have started and are on schedule.

EBITA

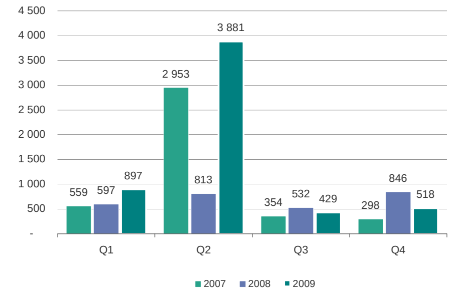


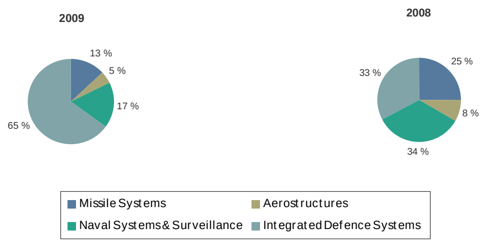
Operating revenues





New orders





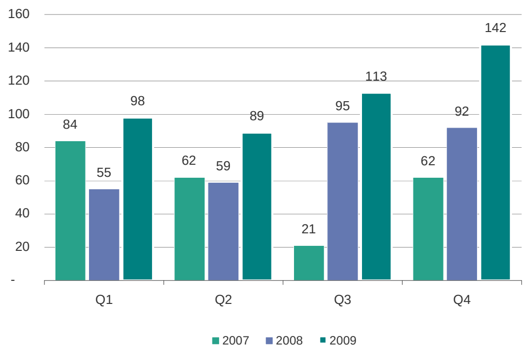
Kongsberg Protech Systems

Key figures

MNOK	1.10. - 31.12. 2009	2008	1.1. - 31.12. 2009	2008
Driftsinnt. / Op. Revenues	**1 237**	792	**4 123**	2 399
EBITA	**142**	92	**442**	301
EBITA margin (%)	**11,5**	11,6	**10,7**	12,5
Ordreinngang / New orders	**1 521**	499	**6 196**	4 050

MNOK	31.12. 2009	30.9. 2009	31.12. 2008
Ordrereserve / Order backlog	**6 345**	6 061	4 271

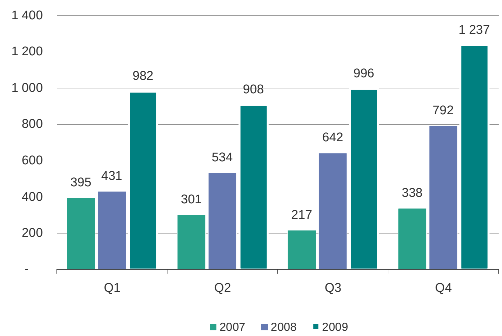
EBITA



Performance
Q4 operating revenues totalled MNOK 1 237, up 56 per cent from Q4 2008. The EBITA came to MNOK 142 (MNOK 92). The EBITA margin was 11.5 per cent (11.6 per cent). In 2009, operating revenues and EBITA came to MNOK 4 123 (MNOK 2 399) and MNOK 442 (MNOK 301), respectively. The EBITA margin was 10.7 per cent in 2009 (12.5 per cent).

The reduction in 2009 is ascribable to changes in the project mix compared with last year.

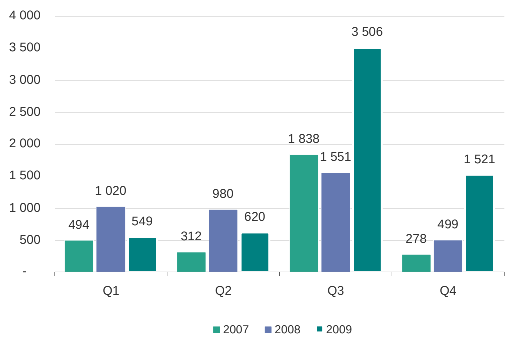
Operating revenues



Markets and orders in 2009
New orders added up to MNOK 6 196 in 2009 (MNOK 4 050). The backlog of orders was worth MNOK 6 345 at the end of Q4, a rise of MNOK 2 074 from year-end 2008.

The market prospects are good, and pro-active efforts are being made to reach many new customers, both in countries where the BA already has contracts and in new countries. Kongsberg Protech Systems has developed a family of Protector weapons control system products, where CROWS II for the US Army now accounts for the largest production volume. A new product in the RWS family, the Medium Calibre RWS, was launched in the USA in autumn 2009.

New orders



The CROWS programme
Call-off orders under the CROWS II Framework Agreement totalled MNOK 5 168 in 2009, including MNOK 950 associated with the expansion of the framework agreement. As regards framework agreements, KONGSBERG's policy is to count only the call-off orders placed under the framework agreement in its backlog of orders. 95 per cent of the framework of the original CROWS II contract for 6 500 systems has now been called off. In December, the framework agreement was expanded from 6 500 to 10 349 systems. This confirms that the weapon control systems the business area delivers are market leaders and that the US market has a growing need for this type of products. Orders under the new framework presuppose an immediate need on the part of the customer. The customer is now initiating a call for applications for a new framework agreement. Although the time frame has not yet been announced, KONGSBERG has begun positioning itself for the competition.

Prospects for the future

Kongsberg Maritime's markets are strongly affected by trends in world trade and the demand for energy. There may be more cancellations and postponements in respect of existing contracts. The slow pace of contracting new vessels at the shipyards is expected to continue. Kongsberg Maritime is expected to maintain its good market positions in the offshore- and the maritime segment in 2010. The strengthening of global after-sales and customer support will give positive results. The Board expects the workload to be slightly less in 2010 than in 2009. Trends are being followed closely and initiatives are being taken to adapt capacity and reduce risk.

Kongsberg Defence Systems still expects good and rising levels of activity. Several major delivery programmes are in the ramp-up phase. The focus on advanced composite components for the aviation industry continues, and significant efforts are being made for marketing and further developing missiles.

Kongsberg Protech Systems is expected to grow further in 2010. There are many new opportunities in the weapon systems market with a view to existing as well as new customers.

The NOK/USD and NOK/EUR exchange rates are of great importance to the Group. Initiatives are being taken continuously to reduce the Group's foreign exchange exposure. Besides hedging all signed contracts, the Group hedges a percentage of anticipated new orders.

KONGSBERG enjoys good positions in the shipping, offshore and defence markets, and has a good backlog of orders. This offers a firm platform for future operations and profitability. However, the economic situation is uncertain and, over time, a setback could have an adverse impact on the Group's operations.

Kongsberg, 18 February 2010

The Board of Directors of Kongsberg Gruppen ASA

Income statement

MNOK	Note	1.10. - 31.12. 2009	1.10. - 31.12. 2008	1.1. - 31.12. 2009	1.1. - 31.12. 2008
Driftsinntekter / Operating revenues	1	**3 881**	3 390	**13 816**	11 056
Driftskostnader/ Operating expenses		**(3 341)**	(3 006)	**(12 197)**	(9 737)
EBITDA [1]		**540**	384	**1 619**	1 319
Avskrivninger/ Depreciation		**(67)**	(65)	**(243)**	(197)
Driftsresultat (EBITA)/ Operating profit (EBITA)	1	**473**	319	**1 376**	1 122
Amortisering/ Amortisation		**(35)**	(29)	**(113)**	(84)
EBIT [2]		**438**	290	**1 263**	1 038
Netto nedskrivning/tap/gevinst på finansielle eiendeler/ Net impairment/loss/gain on financial assets		**-**	(24)	**5**	(138)
Netto andre finansposter/ Net other financial items		**(8)**	(21)	**(99)**	(39)
Resultat før skatt/ Earnings before tax (EBT)		**430**	245	**1 169**	861
Skattekostnad/ Income tax expense		**(119)**	(57)	**(341)**	(274)
Resultat etter skatt/ Earnings after tax		**311**	188	**828**	587
Minoritetsinteresser/ Minority interests		**1**	2	**8**	4
Majoritetsinteresser/ Equity holders of the parent		**310**	186	**820**	583
Resultat pr. aksje/ Earnings per share (NOK)		**2,58**	1,55	**6,83**	4,86
Resultat pr. aksje, utvannet/ Earnings per share, diluted (NOK)		**2,58**	1,55	**6,83**	4,86

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

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

Statement of comprehensive income

MNOK	Note	1.10. - 31.12. 2009	1.10. - 31.12. 2008	1.1. - 31.12. 2009	1.1. - 31.12. 2008
Resultat etter skatt / Earnings after tax		**311**	188	**828**	587
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/ rentebytteavtaler / Change, cash flow hedges/ int. Rate swap agreements		**(7)**	(1 372)	**1 814**	(1 732)
- Endring, tilgjengelig for salg inv. / Change, available-for-sale inv.		**45**	5	**32**	(66)
Estimatavvik pensjoner/ Actuarial gains/losses pensions		**(107)**	-	**(107)**	(112)
Omregningsdifferanser, valuta/ Translation differences, foreign currency		**1**	84	**(101)**	92
Skatt på poster innregnet direkte mot egenkapitalen / Tax on items recognised against equity/		**32**	415	**(478)**	516
Totalresultat for perioden/ Comprehensive income		**275**	**(680)**	**1 988**	**(715)**

Balance sheet

MNOK	Note	31.12. 2009	30.9. 2009	31.12. 2008
Eiendom, anlegg og utstyr/ Property, plant and equipment		**2 029**	1 974	1 863
Immaterielle eiendeler/ Intangible assets	4	**2 209**	2 221	2 379
Andre langsiktige eiendeler/ Other non-current assets	5	**226**	198	421
Sum anleggsmidler/ Total non-current assets		**4 464**	4 393	4 663
Varelager/ inventories		**2 587**	2 725	2 693
Kundefordringer/ Trade receivables		**1 428**	1 540	2 097
Andre omløpsmidler/ Other current assets		**2 424**	2 620	2 714
Betalingsmidler/ Cash and short-term deposits		**1 463**	873	283
Sum omløpsmidler/ Total current assets		**7 902**	7 758	7 787
Sum eiendeler/ Total assets		**12 366**	12 151	12 450
Innskutt egenkapital/ Paid-in equity		**982**	982	982
Opptjent egenkapital/ Retained earnings		**2 323**	2 089	1 835
Mer-/mindreverdi verdi finansielle instrumenter/ fair value of financial instruments		**399**	359	(939)
Minoritetsinteresser/ Minority interests		**22**	20	16
Sum egenkapital/ Total equity		**3 726**	3 450	1 894
Langsiktig rentebærende lån/ Long-term interest-bearing debt		**829**	825	1 722
Andre langsiktige forpliktelser og avsetninger/ Other non-current liabilities and provisions		**1 092**	1 548	830
Sum langsiktige forpliktelser og avsetninger/ Total non-current liabilities and provisions		**1 921**	2 373	2 552
Forskudd fra kunder/ Prepayments from customers		**2 116**	2 051	900
Andre kortsiktige forpliktelser og avsetninger/ Other current liabilities and provisions		**4 603**	4 277	7 104
Sum kortsiktige forpliktelser og avsetninger/ Total current liabilities and provisions		**6 719**	6 328	8 004
Sum egenkapital, forpliktelser og avsetninger/ Total equity, liabilities and provisions		**12 366**	12 151	12 450
Egenkapitalandel (%)/ Equity ratio (%)		**30,1**	28,4	15,2
Netto rentebærende gjeld/ Net interest-bearing liabilities		**(634)**	(48)	1 439
Netto rentebærende gjeld / EBITDA (%)/ Net interest-bearing debt / EBITDA (%)		**neg.**	neg.	1,09

Cash flow

MNOK	1.10-31.12 2009	1.1-31.12 2009	2008
Driftsresultat før renter, skatt, avskrivninger, amortiseringer og engangsposter/ Earnings before interest, tax, depr., amortisation and non-recurring items	540	1 619	1 319
Endring i netto omløpsmidler og andre driftsrelaterte poster / Change in net current assets and other operating related items	218	1 050	(1 345)
Netto kontantstrøm fra driftsaktiviteter / Net cash flow from operating activities	**758**	**2 669**	(26)
Kjøp av eiendom, anlegg og utstyr / Acquisition of property, plant and equipment	(129)	(451)	(816)
Kjøp av datterselskaper og minoritet / Acquisition of subsidiaries and minority	(18)	(37)	(544)
Netto betaling ved utlån og kjøp/salg av aksjer / Net payment of loans and acquisition/sale of shares	-	210	(74)
Andre investeringsaktiviteter / Other investing activities	(28)	(54)	(50)
Netto kontantstrøm fra investeringsaktiviteter / Net cahs flow from investing activities	**(175)**	**(332)**	(1 484)
Opptak og nedbetaling av lån / New loans raised and repayment	4	(893)	1 017
Netto mottatte (betalte) renter / Net interest received (paid)	5	(44)	(40)
Netto utbetaling av kjøp/salg av egne aksjer / Net payments for the purchase/sale of treasury shares	-	11	(14)
Utbytte betalt til majoritetsinteresser / Dividends paid to equity holders of the parent	-	(165)	(150)
Netto kontantstrøm fra finansieringsaktiviter / Net cash flow used in financing activities	**9**	**(1 091)**	813
Effekt av valutakursendringer på betalingsmidler/ Effect of changes in exchange rates on cash and short-term deposits	**(2)**	**(66)**	33
Netto endring betalingsmidler / Net change in cash and short-term deposits	**590**	**1 180**	(664)
Betalingsmidler IB / Cash and short-term deposits opning balance	559	283	947
Betalingsmidler UB / Cash and short-term deposits, closing balance	**1 149**	**1 463**	283

Net current assets on the balance sheet showed a reduction of MNOK 837 in Q4, while the cash flow statement showed a reduction of MNOK 218. The difference is primarily attributable to the reclassification of tax-related items from 'deferred tax' to 'tax payable' and actuarial gains/losses associated with pensions.

Net current assets on the balance sheet showed an increase of MNOK 220 in 2009 as a whole, while the cash flow statement showed a reduction of MNOK 1 050. The difference is primarily due to changes in fair value associated with financial instruments, in addition to the items commented on for Q4.

Statement of changes in Equity

MNOK	1.10 - 31.12 2009	1.1 - 31.12. 2009	2008
Egenkapital IB / Equity opening balance	3 450	1 894	2 758
Totalresultat for perioden / Comprehensive income	275	1 988	(715)
Utbytte / Dividends	-	(165)	(150)
Egne aksjer / Treasury shares	-	11	-
Endring minoritetsinteresser / Change in minority interests	1	(2)	1
Egenkapital UB / Equity, closing balance	**3 726**	**3 726**	**1 894**

Notes to the interim report

Note 1 – Information by segment

	Driftsinntekter/ Operating revenues				Driftsresultat (EBITA)/ Operating profit (EBITA)			
	1.10. - 31.12.		1.1. - 31.12.		1.10. - 31.12.		1.1. - 31.12.	
MNOK	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Kongsberg Maritime	**1 661**	1 803	**6 657**	6 029	**233**	168	**831**	722
Kongsberg Defence Systems	**917**	614	**2 734**	2 054	**98**	54	**144**	115
Kongsberg Protech Systems	**1 237**	792	**4 123**	2 399	**142**	92	**442**	301
Øvrig, elim. / Other elimination	**66**	181	**302**	574	**0**	5	**(41)**	(16)
KONSERN / THE GROUP	**3 881**	3 390	**13 816**	11 056	**473**	319	**1 376**	1 122

Note 2 - General information and principles

The consolidated Q4 2009 accounts encompass Kongsberg Gruppen ASA, its subsidiaries and the Group's stakes in associates. The consolidated accounts are available upon request from the Group's headquarters in Kongsberg or at www.kongsberg.com.

The consolidated 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 2008. Group's financial statements for 2008 were drawn up in accordance 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 2008.

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 for the interim accounts as for the consolidated accounts for 2008.

In 2003, KONGSBERG concluded a contract with the Hungarian Armed Forces for the delivery of military radios. Since the Hungarian Armed Forces now requires fewer radios, negotiations have been initiated to reduce the volume of the contract. There is still uncertainty associated with the outcome of these negotiations.

Note 4 – Equity-financed development

In Q4 2009, equity-financed development costs came to MNOK 102 (MNOK 118). In addition, the Group capitalised MNOK 28 (MNOK 10) in development costs in Q4. Similarly, from 1 January - 31 December 2009, the Group expensed MNOK 520 (MNOK 464) and capitalised MNOK 54 (MNOK 55) in equity-financed development.

Note 5 – Financial instruments

Borrowing facilities

KONGSBERG has undrawn overdraft facilities of MNOK 1 000.

Other non-current assets

Shares available for sale were booked with an excess value of MNOK 55, an increase of MNOK 45 in Q4 and MNOK 32 year-on-year.

Currency futures, options and interest swap agreements
The fair value of currency futures, currency options and interest swap agreements, which are classified as cash flow hedges, decreased by MNOK 7 in Q4 and increased by MNOK 1 814 before tax from year-end 2008. The change in fair value associated with currency futures and options accounts for a reduction of MNOK 35 for Q4 and MNOK 1 838 for the year. Changes in fair value are recognised against equity.

	Forfaller i 2010 / Falling due in 2010		**Forfaller i 2011 eller senere / Falling due in 2011 or later**		**Totalt / Total**		
MNOK (før skatt) / MNOK (before tax)	Verdi basert på avtalte kurser / Value based on agreed exchange rates	Mer/-mindreverdi pr. 31.12.09 / Net excess/ negative value at 30 Dec 09	Verdi basert på avtalte kurser / Value based on agreed exchange rates	Mer/-mindreverdi pr. 31.12.09 / Net excess/ negative value at 30 Dec 09	Verdi basert på avtalte kurser / Value based on agreed exchange rates	Endring mer/-mindreverdi fra 31.12.08 / Change in excess/ negative value from 31 Dec 08	Mer/-mindreverdi pr. 31.12.09 / Net excess/ negative value at 30 Dec 09
EUR	1 105	14	1 132	39	2 237	949	53
USD	2 557	193	1 525	111	4 082	889	304
Utsatt gevinst [1]/ deferred gain[1]		85		76		42	161
Totalt / Total	**3 662**	**292**	**2 657**	**226**	**6 319**	**1 880**	**518**

1) 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 31 in the Annual Report for 2008 lists the details of transactions with close associates. In Q4, there were no changes or transactions in conjunction with close associates that had a material impact on the Group's financial position or profit or loss for the period.