

## 3rd quarter results 2006

## Strong performance

The third quarter marks another period with improved results for Aker Kvaerner. The NOK 822 million EBITDA for the third quarter is an increase of 53 percent compared to the third quarter of 2005. The award of major new contracts and growth in existing contracts, resulted in a NOK 24.6 billion order intake and order backlog of NOK 68.3 billion. Refinancing of the Group is initiated to reduce interest costs and obtain dividend flexibility.

Consolidated operating revenues in the third quarter totalled NOK 13 400 million, an increase of 33 percent compared with the same quarter last year. This reflects strong markets and high activity in all reporting segments.

EBITDA for the third quarter was NOK 822 million, an increase of 53 percent from NOK 539 million in the third quarter 2005. The quarterly EBITDA margin was 6.1 percent compared to 5.4 percent in the third quarter last year. Year to date EBITDA of NOK 2 265 million increased by 67 percent from NOK 1 356 million in the corresponding period last year. Year to date EBITDA margin is 5.8 percent.

The all-time high third quarter order intake was NOK 24.6 billion, which brings the order backlog to a solid NOK 68.3 billion.

Cashflow from operating activities was NOK 587 million in the third quarter, reflecting a NOK 196 million decrease in net current operating assets. Cash and bank deposits at the end of September amounted to NOK 6.8 billion. The liquidity buffer, including undrawn credit facilities of NOK 2.2 billion, was a comfortable NOK 9 billion.

Today Aker Kværner is announcing an overall refinancing plan. A group of Nordic and international banks have underwritten the total financing requirement of EUR 850 million. The new financing is expected to be in place as of 1 December 2006. Through this refinancing, the gross debt will be reduced by approximately NOK 1 billion. The refinancing will increase the financial flexibility of the company substantially. Going forward, interest costs will be reduced by approximately NOK 180 million per year, and there will be no dividend restrictions.

With the high capacity utilisation in the industry, the focus for Aker Kvaerner will continue to be selecting and executing the right projects successfully. The market is still expected to be strong with attractive opportunities.

Metso's application for the clearance of its acquisition of Aker Kvaerner's Pulping and Power businesses is currently subject to phase II review under the EU merger regulation. Aker Kvaerner expects closing to take place in the fourth quarter.

## Consolidated key figures (pro forma)

(in NOK million)	3Q05	4Q05	1Q06	2Q06	3Q06	YTD05	YTD06	2005
Operating revenues	10 073	13 274	11 588	13 998	13 400	28 189	38 986	41 463
Operating expenses	-9 534	-12 485	-10 878	-13 265	-12 578	-26 833	-36 721	-39 318
<b>EBITDA</b>	<b>539</b>	<b>789<sup>1</sup></b>	<b>710<sup>2</sup></b>	<b>733</b>	<b>822</b>	<b>1 356</b>	<b>2 265<sup>2</sup></b>	<b>2 145<sup>1</sup></b>
Depreciation	-94	-109	-92	-97	-89	-247	-278	-356
<b>Earnings before interest and tax (EBIT)</b>	<b>445</b>	<b>680</b>	<b>618</b>	<b>636</b>	<b>733</b>	<b>1 109</b>	<b>1 987</b>	<b>1 789</b>
Net financial items	-80	-102	-87	-70	-86	-273	-243	-375
Foreign exchange on disqualified hedging instruments	-20	-195	151	87	-52	-201	186	-396
<b>Profit after financial items</b>	<b>345</b>	<b>383</b>	<b>682</b>	<b>653</b>	<b>595</b>	<b>635</b>	<b>1 930</b>	<b>1 018</b>
Tax	-101	419	-181	-187	-181	-192	-549	227
<b>Net profit</b>	<b>244</b>	<b>802</b>	<b>501</b>	<b>466</b>	<b>414</b>	<b>443</b>	<b>1 381</b>	<b>1 245</b>
Net profit per share	4.45	14.48	9.00	8.32	7.07	7.85	24.39	22.33
Total assets	20 479	26 295	27 444	28 190	29 529			
Equity	3 459	4 327	4 553	5 429	5 561			
Equity ratio (%)	16.9	16.5	16.6	19.3	18.8			
Combined ratio including subordinated debt (%)	31.7	28.5	28.2	30.4	29.9			
Net interest-bearing liabilities (-)/receivables (+)	1 656	5 163	5 214	4 756	5 203			
Cash and bank deposits	3 170	6 746	6 723	6 225	6 763			
Total net current operating assets	-197	-3 327	-3 116	-1 851	-2 047			
<b>Cash flow from operating activities</b>	<b>704</b>	<b>3 580</b>	<b>447</b>	<b>-169</b>	<b>587</b>	<b>94</b>	<b>865</b>	<b>3 674</b>
Order intake	11 795	19 652	13 874	15 184	24 625	38 096	53 683	57 748
Order backlog	46 401	53 341	55 637	55 978	68 326			

1) Inclusive sales gain of NOK 80 million

2) Inclusive sales gain of NOK 87 million

As a contract to sell the Pulping and Power businesses has been signed, the Pulping and Power segment is treated as "discontinued operations" in the accounts from 1 January 2006. Pro forma accounts showing Pulping and Power as an integrated part of the group have been prepared as well (re. page 7). All comments in this report refer to the pro forma accounts unless explicitly stated otherwise.

# Status operations

## Health, Safety and Environment

Tragically, four people were killed in an airplane accident 10 October. Two Aker Kvaerner Elektro employees, one subcontractor employee, and one crew member died when an Atlantic Airways plane slid off the landing strip at Stord Airport and caught fire.

Aker Kvaerner is doing its best to follow up those that lost their loved ones, the survivors and their families, making sure that they receive any support that we can provide for them at this difficult time. We are, of course, offering to take care of transport and accommodations for them to the accident site, and the hospital, as well as any other practical assistance that they might need.

Aker Kvaerner has employees on hundreds of flights worldwide every day, and we want to be confident that both the airlines and the airplanes used are safe. We do not compromise when it comes to safety. Part of the broad evaluation we did before engaging the services of Atlantic Airways in 2004 was focused on safety. In addition to the evaluations we performed ourselves, external aviation specialists were also contracted for the review process. After the accident on 10 October, we have received reassurance from both the Norwegian and Danish Civil Aviation Authorities that it is safe to continue to fly with Atlantic and its planes. Aker Kvaerner is closely following the investigations now being undertaken by the The Norwegian Accident Investigation Board.

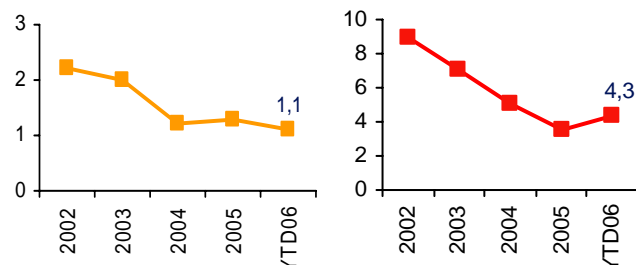
Aker Kvaerner's strong focus and efforts within Health, Safety and Environment (HSE) continue with Just Care™ as a symbol of the HSE culture and as an umbrella for the HSE programmes.

Training has a particular focus. More than 600 leaders have attended the HSE leadership programme by now, and over 4000 employees have completed the new Just Care™ e-learning programme in the third quarter.

An increasing and dynamic subcontractor workforce has brought with it an injury rate that has contributed to a plateau we see in the Lost Time Incidents per million hours (LTIF) and Total Recordable Incidents per million hours (TRIF) below.

Our counter measures include extensive induction training programs as well as improved processes for qualifying and developing our subcontractors.

**Lost Time Incidents per million hours (LTIF)**      **Total Recordable Incidents per million hours (TRIF)**



## Field Development (FD)

(in NOK million)	3Q05	3Q06	YTD05	YTD06	2005
Op revenues	2 476	4 215	7 350	11 952	10 620
EBITDA	161	252	419	749	632
Order intake	1 145	11 775	10 544	16 225	19 060
Order backlog	14 904	24 344	14 904	24 344	20 265
Employees	4 203	5 017	4 203	5 017	4 039

FD reported 70 percent higher operating revenues in the third quarter of 2006 compared to the same period last year. There have been high activity levels at Snøhvit, Ormen Lange and other large projects like the LNG terminals. A flexible resource base has been successfully secured. EBITDA for the third quarter increased by 57 percent compared to the corresponding quarter in 2005. The EBITDA margin in the third quarter was 6.0 percent.

The high revenue level and strong third quarter result reflects good progress and performance on key projects.

Aker Kvaerner and BP, for and on behalf of their partners, have agreed to a final settlement after the delivery of the Valhall water injection platform in 2003. The parties have agreed not to disclose any details in the agreement.

The main markets for FD, which are the North Sea, Canada, Russia, the Caspian Sea and the deepwater Gulf of Mexico are positive. These markets in general are very buoyant and there are several new prospects in the Norwegian market. Winning the Ingleside Energy Center LNG project confirms Aker Kvaerner's strong position in the LNG market.

Growth in existing contracts and some new major contracts booked during the quarter resulted in an all

time high order intake of NOK 11.8 billion and a record high NOK 24.3 billion order backlog. A large number of bids and prequalifications are ongoing. Some important contracts awarded in the third quarter include:

- Hydro awarded Aker Kvaerner a total contract which could be worth up to NOK 850 million for the Subsea Compression Pilot for Ormen Lange. This is a world first project of this kind. The project is executed in cooperation with Subsea.
- Aker Kvaerner in joint venture (50/50) with Ishikawajima-Harima Heavy Industries (IHI) was awarded a contract for the engineering, procurement and construction of the Ingleside Energy Center regasification terminal in Ingleside, Texas, USA. The contract value for the Aker Kvaerner and IHI joint venture is USD 665 million.
- Statoil and Aker Kvaerner signed a memorandum of understanding for the contract for the semisubmersible platform to be located at the Gjøa field, offshore Norway. The estimated contract value is NOK 8 billion. The project is executed in cooperation with MMO.

## Maintenance, Modifications and Operations (MMO)

(in NOK million)	3Q05	3Q06	YTD05	YTD06	2005
Op revenues	2 083	2 343	5 197	6 875	7 452
EBITDA	89	113	199	342	290
Order intake	1 410	5 202	5 763	8 237	9 875
Order backlog	10 314	13 392	10 314	13 392	12 061
Employees	5 131	5 198	5 131	5 198	4 705

MMO had high activity in the third quarter due to execution of the Snøhvit, Statfjord Late Life and Ormen Lange projects. Aker Kvaerner Elektro reports high activity and good results in the quarter. Operating revenues were 12 percent higher in the third quarter this year compared to the same period last year. EBITDA was 27 percent higher compared to third quarter 2005. The EBITDA margin in the third quarter was 4.8 percent.

The North Sea market is active with many opportunities. Aker Kvaerner is well positioned for new activities in Canada, and a new business has been established in Houston to pursue opportunities in the Gulf of Mexico.

In addition to growth in existing contracts, some important contracts were awarded to MMO in the third quarter:

- Statoil released a two year option for maintenance and modification work on its Norwegian offshore installations in the Tampen area to Aker Kvaerner Offshore Partner AS, and on the Halten/Nordland area to Aker Reinertsen AS (50 percent owned by Aker Kvaerner). The contract values are NOK 2 billion and NOK 800 million respectively.
- As mentioned in the FD section, MMO is cooperating with FD on the Gjøa project.

## Subsea, Products & Technologies (SPT)

(in NOK million)	3Q05	3Q06	YTD05	YTD06	2005
Op revenues	2 446	3 390	6 857	9 418	9 854
EBITDA	177	287	430	685	654
Order intake	3 856	5 720	9 860	18 630	15 445
Order backlog	8 576	20 489	8 576	20 489	11 269
Employees	3 482	4 371	3 482	4 371	3 586

The revenues in SPT in the third quarter increased 39 percent compared to the third quarter 2005. The operational and financial performance is developing positively. The activity is high in all product segments and regions.

The third quarter EBITDA was 62 percent higher than in the corresponding period in 2005. The EBITDA margin for the third quarter was 8.5 percent.

It is a generally strong and robust market for all SPT businesses. New opportunities are emerging from a buoyant floating production market. There are still many new build rig opportunities, and a growing installed base provides after-sale potential. The markets for well service activities and marine operations are positive. A strong new build market continues to positively influence the marine installation business. There is also a strong market for umbilicals, controls and risers, and subsea boosting is gaining acceptance. Aker Kvaerner has become a leading supplier of drilling risers in a market enjoying record high volumes. Opportunities for subsea EPC contracts are growing, and Aker Kvaerner has strengthened its position in Brazil and the Asian markets.

Investments in the high tech manufacturing centers in Malaysia and Norway are progressing as planned and will strengthen the competitive position of the business. The first delivery from the Malaysian factory is expected to take place in the fourth quarter.

Additional subsea and drilling equipment contracts have been secured in the quarter resulting in an all time high order backlog of NOK 20.5 billion. The order intake in the three-month period was 48 percent higher than what was achieved in the third quarter 2005.

A strong market resulted in the announcement of several contracts during the quarter:

- Aker Kvaerner signed a contract with MPF Corp Ltd. for delivery of drilling equipment to the Multi Purpose Floater (MPF) drillship. The total contract value is approximately NOK 450 million.
- Aker Kvaerner was awarded a contract with Daewoo Shipbuilding & Marine Engineering Co Ltd in South Korea for delivery of drilling facilities for an ultra deepwater semi submersible drilling rig ordered by an international drilling contractor. The contract value is approximately USD 86 million.
- As mentioned in the FD section, Subsea is cooperating with FD on the Subsea Compression Pilot for Ormen Lange.
- Frigstad Discoverer Invest Ltd awarded Aker Kvaerner a contract for delivery of Clip Connector marine drilling risers. The contract value is approximately USD 44 million. This will be Aker Kvaerner Subsea's first marine drilling riser contract in the Asian market.
- Aker Kvaerner was awarded a two year frame agreement to supply subsea christmas trees to Brazil's national oil company, Petrobras. The contract has a value of approximately USD 84 million. The scope of work comprises 30 subsea christmas trees with associated tools.

## Process (PRO)

(in NOK million)	3Q05	3Q06	YTD05	YTD06	2005
Op revenues	2 236	2 568	6 177	8 216	9 625
EBITDA	50	142	135	303	224
Order intake	4 324	2 175	8 640	7 561	10 453
Order backlog	9 560	7 494	9 560	7 494	8 174
Employees	4 593	6 140	4 593	6 140	4 965

The third quarter revenues in PRO were 15 percent higher compared to the same quarter last year. EBITDA increased more than two times in the third quarter 2006, compared to the same period last year. The EBITDA margin in the third quarter was 5.5 percent. The EBITDA improvement in the quarter is a result of restructuring and improved operational efficiency.

The financial performance in AK Engineering Services is still weak, but improving. The restructuring of the company is still ongoing and is expected to be finalized in the fourth quarter.

The chemical market is buoyant with several new prospects in China and the Middle East. Saudi Arabia remains an active market for EPC opportunities. Opportunities for Bio-ethanol plants in Europe are being developed with Praj, our selected technology provider. The mining and metals global market continues to be attractive. The service business is also growing.

A number of small and medium sized orders were booked in the third quarter. Order intake for the quarter was lower than in the same period in 2005. The order backlog was at the same level as it was at the end of second quarter 2006.

## Pulping & Power (P&P)

(in NOK million)	3Q05	3Q06	YTD05	YTD06	2005
Op revenues	1 049	1 341	3 173	3 698	4 523
EBITDA	76	61	220	179	329
Order intake	1 320	989	3 737	4 211	5 811
Order backlog	3 897	5 639	3 897	5 639	4 819
Employees	2 025	2 180	2 025	2 180	2 079

P&P reported 28 percent higher revenues in the third quarter compared with third quarter last year. This reflects high activity in Power which continues to grow a high quality backlog. The EBITDA in the quarter decreased 20 percent from the same period last year as Pulping experiences lower activity than expected. This is due to seasonal fluctuations in the

service market and delayed new contract awards. The EBITDA-margin in the third quarter was 4.5 percent.

Prospects for capital projects within Power remain positive. There is expected to be growth in Power generation, using alternative fuels as a result of high oil and gas prices. The pulping market remains strong in Asia, China and Brazil, and with opportunities in Russia and Australia. Clients however continue to delay placing major awards.

Aker Kvaerner and Metso signed the Final Sale and Purchase Agreement in April for Metso to acquire Aker Kvaerner's Pulping and Power business. The closing of the transaction is subject to the approval of the relevant regulatory authorities. Metso's application for the clearance of its acquisition of Aker Kvaerner's Pulping and Power businesses is currently subject to phase II review under the EU merger regulation. It is anticipated that closing can take place during fourth quarter 2006.

Order intake was low, but still at a satisfactory level. Order backlog at the end of the third quarter was high and in-line with the second quarter level:

- Aker Kvaerner has secured a boiler contract in Asia, and a letter of intent to provide three power boilers to a separate customer in France. The combined orders are worth approximately EUR 100 million.

## Group financials

Third quarter consolidated revenues amounted to NOK 13 400 million this year compared with NOK 10 073 million for the same period last year. Consolidated revenues for the first nine months increased by 38 percent to NOK 38 986 million compared with NOK 28 189 for the same period last year, reflecting strong markets and high activity in all reporting segments

EBITDA in the third quarter of 2006 was NOK 822 million compared to NOK 539 million in the third quarter of 2005 - an increase of 53 percent. Year to date EBITDA rose by 67 percent to NOK 2 265 million compared with NOK 1 356 million in the same period last year. The current results reflect improved operational performance and a high activity. This is a record high operating result.

Net financial expenses for the third quarter of 2006 were NOK 86 million, including NOK 62 million in non-cash accrued interest expenses on the subordinated debt.

Fluctuations in the fair value of hedging transactions represented an accounting loss under financial items of NOK 52 million in the third quarter. Reported EBITDA was negatively affected by NOK 1 million in the same period.

The tax expense for the third quarter was NOK 181 million, or 30 percent of profit before tax.

The profit after financial items for the third quarter 2006 was NOK 595 million, a significant growth compared to the third quarter 2005 profit of NOK 345 million. Net profit per share for the third quarter was NOK 7.07.

The cash position at the end of the quarter was NOK 6.8 billion. Undrawn committed long-term bank revolving credit facilities amounted to NOK 1.2 billion and NOK 1 billion in the oil & gas and the engineering & construction businesses respectively, representing a total liquidity buffer of NOK 9 billion.

Long-term interest bearing debt amounted to NOK 2.2 billion at the end of third quarter 2006. In addition, the subordinated loan, which is interest-free until the fourth quarter 2006, is booked in the balance sheet at a value of NOK 3.3 billion. Net interest bearing receivables is a positive NOK 5.2 billion.

The equity ratio at the end of the third quarter was 18.8 percent, a decrease of 0.5 percentage points in the quarter, reflecting an 4.7 percent increase in the gross balance sheet in the quarter. The increased balance sheet is due to a significant increase of work in progress, reflecting the high activity level. The subordinated debt and equity yielded a combined ratio of 29.9 percent at the end of the third quarter.

The agreement with the company TH Global to secure UK personnel resources announced 26 April 2006, was closed 16 October 2006.

## Group refinancing

Today Aker Kværner is announcing an overall refinancing plan. A group of Nordic and international banks have underwritten the total financing requirement of EUR 850 million. The new financing is expected to be in place as of 1 December 2006. Through this refinancing, the gross debt of Aker Kvaerner will be reduced by approximately NOK 1 billion

Of the EUR 850 million, EUR 600 million is a revolving bank facility with up to seven year maturity (five year plus two 1-year extensions). Aker Kvaerner

intends to draw EUR 350 million of this facility upon closing of the refinancing, whereas EUR 250 million will remain undrawn as a liquidity reserve.

The remaining EUR 250 million revolving bridge-to-bond facility has 18 month maturity. In this period, Aker Kvaerner intends to issue bonds in the Norwegian or international capital markets for approximately NOK 2 billion (EUR 250 million) to replace this facility.

The above refinancing is executed on a negative pledge basis with no dividend restrictions, thus providing for substantial improved financial flexibility, in particular in terms of ability to pay dividend and more efficient treasury operations. The ringfencing of the oil & gas entities will be removed and enables simplification of the legal structure and will reduce accounting and tax complexity.

Furthermore, Aker Kvaerner sees substantial lower annual financing cost going forward. Yearly annual savings is expected to be approximately NOK 180 million, of which cash effect is NOK 80 million. This underlines the improved performance and increased credit-worthiness Aker Kvaerner has gained over the last year.

A bondholder's meeting of the subordinated debt is called to be held 9 November 2006 to vote in favour of giving Aker Kværner the option to redeem the debt in full at 101.2% to par at 1 December 2006. The redemption price is based on accumulated interests and back end fee as of this date. Aker Kvaerner has obtained power of attorney from investors holding more than the 2/3 votes required to make such a decision.

Furthermore, Aker Kvaerner intends to make a satisfaction and discharge of the existing EUR 260 million second priority Note as of 1 December, effectively defeasing the loan from that date to its first optional call date of 15 June 2007. Under this satisfaction and discharge, Aker Kvaerner will be released from all material obligations under the loan, however the loan and the cash collateral will be included in the balance sheet until 15 June 2007.

The refinancing also triggers a one-off negative accounting effect of approx NOK 660 million in Q4

2006. Approximately 60 percent of this cost relates to the redemption of the subordinated debt, as the book value of that debt, in accordance with IFRS, is lower than the redemption price. The remaining effect is primarily related to the early redemption of the EUR 260 million second priority note at a call premium of 8.375 percent in accordance with the agreement.

## Outlook

Aker Kvaerner's markets continue to be driven by growth in international energy demand and depletion of existing oil and gas fields. High commodity prices and new technology development for increased oil recovery, such as boosting, subsea compression and well intervention, have increased the investments to prolong the life of existing fields. At the same time, the market for new field development continues to be strong. High activity levels within international trade and a strong Chinese market have kept prices of commodities high within several of the industries served by Aker Kvaerner, such as metals and chemicals.

The strong markets cause there to be a strain on resources and capacity for suppliers and contractors globally. Together with the execution of existing backlog, Aker Kvaerner continues to focus on selecting and winning the right projects where improved operational results may be achieved.

Aker Kvaerner's strategy is to be the preferred partner. The company's position as a leading and reliable supplier within its core niches, as well as the international market conditions in general, provide a positive outlook.

As in previous years, Aker Kvaerner expects quarterly fluctuations, mainly due to the phasing of major projects.

The overall strategy and the target of an EBITDA margin of 6.5 - 7.0 percent by the end of 2007 remains firm.

*Oslo, 23 October 2006  
The Board of Directors*

**AKER KVAERNER GROUP IN FIGURES <sup>1)</sup>**
**PROFIT AND LOSS ACCOUNT**
**Group summary:**

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Operating revenues	11 588	13 998	13 400	10 073	38 986	28 189	41 463
Operating expenses	-10 878	-13 265	-12 578	-9 534	-36 721	-26 833	-39 318
<b>EBITDA</b>	<b>710</b>	<b>733</b>	<b>822</b>	<b>539</b>	<b>2 265</b>	<b>1 356</b>	<b>2 145</b>
Depreciation	- 92	- 97	- 89	- 94	-278	- 247	- 356
<b>Operating profit</b>	<b>618</b>	<b>636</b>	<b>733</b>	<b>445</b>	<b>1 987</b>	<b>1 109</b>	<b>1 789</b>
Financial items	- 87	- 70	- 86	- 80	-243	- 273	- 375
Foreign exchange on disqualified hedging instruments	151	87	- 52	- 20	186	- 201	- 396
<b>Profit/loss before tax</b>	<b>682</b>	<b>653</b>	<b>595</b>	<b>345</b>	<b>1 930</b>	<b>635</b>	<b>1 018</b>
Taxation	- 181	- 187	- 181	- 101	-549	- 192	- 227
<b>Net profit/loss</b>	<b>501</b>	<b>466</b>	<b>414</b>	<b>244</b>	<b>1 381</b>	<b>443</b>	<b>1 245</b>
<b>Attributable to:</b>							
Minority interests	6	8	25	- 1	39	11	16
Equity holders of the parent company	495	458	389	245	1 342	432	1 229
<b>Basic earnings per share (NOK)</b>	<b>9,00</b>	<b>8,32</b>	<b>7,07</b>	<b>4,45</b>	<b>24,39</b>	<b>7,85</b>	<b>22,33</b>
<b>Diluted earnings per share (NOK)</b>	<b>9,00</b>	<b>8,32</b>	<b>7,07</b>	<b>4,45</b>	<b>24,39</b>	<b>7,85</b>	<b>22,33</b>

**BALANCE SHEET**

Amounts in NOK million	31.3	30.6	30.9	30.9	31.12	
	2006	2006	2006	2005	2006	2005
Deferred tax asset	864	633	567	518		851
Goodwill, patents etc	4 710	4 683	4 763	4 529		4 581
Property, plant and equipment	1 602	1 688	1 812	1 510		1 549
Other operating assets	4	5	41	67		7
Investments	108	119	122	148		135
Interest-bearing non-current receivables	132	132	131	142		141
Income tax receivables	33	67	82	-		34
Current operating assets	12 785	14 140	14 748	10 008		11 863
Interest-bearing current receivables	483	498	500	387		388
Cash and bank deposits	6 723	6 225	6 763	3 170		6 746
<b>Total assets</b>	<b>27 444</b>	<b>28 190</b>	<b>29 529</b>	<b>20 479</b>		<b>26 295</b>
Equity	4 424	5 297	5 409	3 398		4 262
Minority interests	129	132	152	61		65
Deferred tax	144	30	48	159		46
Subordinated debt	3 197	3 145	3 275	3 033		3 167
Other non-current liabilities	1 401	1 383	1 459	1 487		1 401
Interest-bearing non-current debt	2 095	2 098	2 190	2 043		2 112
Taxes payable	124	113	200	93		52
Other current operating liabilities	15 901	15 991	16 795	10 205		15 190
Interest-bearing current liabilities	29	1	1	-		-
<b>Total liabilities and equity</b>	<b>27 444</b>	<b>28 190</b>	<b>29 529</b>	<b>20 479</b>		<b>26 295</b>

**STATEMENT OF CASH FLOW**

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Net cashflow from operating activities	447	- 169	587	704	865	94	3 674
Net cashflow from investing activities	- 184	- 244	- 212	- 138	- 640	- 389	- 443
Net cashflow from financing activities	- 275	-	-	-	- 275	- 338	- 306
Translation adjustments	- 11	- 85	163	- 25	67	100	118
<b>Net decrease (-) / increase (+) in cash and bank deposits</b>	<b>- 23</b>	<b>- 498</b>	<b>538</b>	<b>541</b>	<b>17</b>	<b>- 533</b>	<b>3 043</b>
Cash and bank deposits as at the beginning of the period	6 746	6 723	6 225	2 629	6 746	3 703	3 703
<b>Cash and bank deposits as at the end of the period</b>	<b>6 723</b>	<b>6 225</b>	<b>6 763</b>	<b>3 170</b>	<b>6 763</b>	<b>3 170</b>	<b>6 746</b>

**CHANGE IN EQUITY**

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Equity as at the beginning of the period	4 262	4 424	5 297	3 157	4 262	2 889	2 889
Net profit/loss	495	458	389	245	1 342	432	1 229
Dividends	- 275	-	-	-	- 275	-	-
Foreign currency hedging	- 29	465	- 519	-	- 83	-	-
Translation differences	- 29	- 50	242	- 4	163	77	144
<b>Equity as at the end of the period</b>	<b>4 424</b>	<b>5 297</b>	<b>5 409</b>	<b>3 398</b>	<b>5 409</b>	<b>3 398</b>	<b>4 262</b>

PRO FORMA 1) All figures include discontinued operations (Pulping and Power)

**Segments:**
**REVENUE BY SEGMENT**

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Field Development	3 681	4 056	4 215	2 476	11 952	7 350	10 620
MMO	1 985	2 547	2 343	2 083	6 875	5 197	7 452
Subsea, Products & Technologies	2 671	3 357	3 390	2 446	9 418	6 857	9 854
Process	2 775	2 873	2 568	2 236	8 216	6 177	9 625
Pulping & Power	1 041	1 316	1 341	1 049	3 698	3 173	4 523
Other	- 565	- 151	- 457	- 217	- 1 173	- 565	- 611
<b>Total Group</b>	<b>11 588</b>	<b>13 998</b>	<b>13 400</b>	<b>10 073</b>	<b>38 986</b>	<b>28 189</b>	<b>41 463</b>

**EBITDA BY SEGMENT**

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Field Development	234	263	252	161	749	419	632
MMO	108	121	113	89	342	199	290
Subsea, Products & Technologies	173	225	287	177	685	430	654
Process	75	86	142	50	303	135	224
Pulping & Power	61	57	61	76	179	220	329
Other	59	- 19	- 33	- 14	7	- 47	16
<b>Total Group</b>	<b>710</b>	<b>733</b>	<b>822</b>	<b>539</b>	<b>2 265</b>	<b>1 356</b>	<b>2 145</b>

**EBIT BY SEGMENT**

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Field Development	218	249	236	147	703	377	575
MMO	106	120	111	87	337	191	277
Subsea, Products & Technologies	134	179	251	138	564	331	503
Process	72	81	140	44	293	119	204
Pulping & Power	48	45	47	61	140	183	279
Other	40	- 38	- 52	- 33	- 50	- 93	- 49
<b>Total Group</b>	<b>618</b>	<b>636</b>	<b>733</b>	<b>444</b>	<b>1 987</b>	<b>1 108</b>	<b>1 789</b>

**NET CURRENT OPERATING ASSETS BY SEGMENT**

Amounts in NOK million	31.3	30.6	30.9	30.9	31.12	
	2006	2006	2006	2005	2006	2005
Field Development	- 3 484	- 3 146	- 2 831	- 1 035	- 3 911	- 3 911
MMO	184	142	282	182	7	7
Subsea, Products & Technologies	1 179	1 428	1 010	1 167	1 454	1 454
Process	- 236	135	- 182	88	- 38	- 38
Pulping & Power	- 527	- 552	- 497	- 473	- 477	- 477
Other	- 232	142	171	- 126	- 362	- 362
<b>Total Group</b>	<b>- 3 116</b>	<b>- 1 851</b>	<b>- 2 047</b>	<b>- 197</b>	<b>- 3 327</b>	<b>- 3 327</b>

**NET OPERATING ASSETS BY SEGMENT**

Amounts in NOK million	31.3	30.6	30.9	30.9	31.12	
	2006	2006	2006	2005	2006	2005
Field Development	- 2 060	- 1 911	- 1 590	168	- 2 704	- 2 704
MMO	1 284	1 297	1 428	1 271	1 103	1 103
Subsea, Products & Technologies	2 355	2 667	2 336	2 360	2 639	2 639
Process	741	1 089	753	939	853	853
Pulping & Power	- 91	- 112	- 1	- 117	- 85	- 85
Other	- 430	110	182	- 199	- 397	- 397
<b>Total Group</b>	<b>1 799</b>	<b>3 140</b>	<b>3 108</b>	<b>4 422</b>	<b>1 409</b>	<b>1 409</b>

**AKER KVAERNER GROUP IN FIGURES <sup>1)</sup>**
**PROFIT AND LOSS ACCOUNT**
**Group summary:**

Amounts in NOK million	Note	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
		2006	2006	2006	2005	2006	2005	2005
Operating revenues		10 547	12 682	12 059	9 024	35 288	25 016	36 940
Operating expenses		-9 898	-12 006	-11 298	-8 561	-33 202	-23 880	-35 124
<b>EBITDA</b>		649	676	761	463	2 086	1 136	1 816
Depreciation		-79	-85	-75	-80	-239	-211	-306
<b>Operating profit</b>		570	591	686	383	1 847	925	1 510
Financial items		-84	-62	-106	-85	-252	-292	-374
Foreign exchange on disqualified hedging instruments		151	87	-52	-20	186	-201	-396
<b>Profit/loss before tax</b>		637	616	528	278	1 781	432	740
Taxation		-170	-184	-158	-81	-512	-134	312
<b>Net profit/loss from continuing operations</b>		467	432	370	197	1 269	298	1 052
<b>Discontinued operations</b>								
Profit for the period from discontinued operations	3	34	34	44	47	112	145	193
Profit for the period		501	466	414	244	1 381	443	1 245
<b>Attributable to:</b>								
Minority interests		6	8	25	-1	39	11	16
Equity holders of the parent company		495	458	389	245	1 342	432	1 229
<b>Basic and diluted earnings per share continuing operations (NOK)</b>		8,41	7,71	6,26	3,60	22,35	5,22	18,83
<b>Basic and diluted earnings per share (NOK)</b>		9,00	8,32	7,07	4,45	24,39	7,85	22,33

**BALANCE SHEET**

Amounts in NOK million	Note	31.3	30.6	30.9	30.9	31.12	
		2006	2006	2006	2005	2006	2005
Deferred tax asset		841	615	550	518		851
Goodwill, patents etc		4 401	4 373	4 432	4 529		4 581
Property, plant and equipment		1 365	1 450	1 562	1 510		1 549
Other operating assets		-	1	7	67		7
Investments		102	113	116	148		135
Interest-bearing non-current receivables		132	132	131	142		141
Income tax receivables		33	67	82	-		34
Current operating assets		11 060	12 270	12 583	10 008		11 863
Interest-bearing current receivables		483	498	500	387		388
Cash and bank deposits		6 723	6 225	6 763	3 170		6 746
Non-current assets classified as held for sale	3	2 304	2 446	2 803	-		-
<b>Total assets</b>		27 444	28 190	29 529	20 479		26 295
Equity		4 424	5 297	5 409	3 398		4 262
Minority interests		129	132	152	61		65
Deferred tax		133	19	33	159		46
Subordinated debt		3 197	3 145	3 275	3 033		3 167
Other non-current liabilities		1 287	1 270	1 340	1 487		1 401
Interest-bearing non-current debt		2 095	2 098	2 190	2 043		2 112
Taxes payable		90	110	191	93		52
Other current operating liabilities		13 648	13 570	14 133	10 205		15 190
Interest-bearing current liabilities		29	1	1	-		-
Liabilities directly associated with non-current assets classified as held for sale	3	2 412	2 548	2 805	-		-
<b>Total liabilities and equity</b>		27 444	28 190	29 529	20 479		26 295

<sup>1)</sup> In the accounts the Pulping and Power businesses are presented as discontinuing operations. Pro forma accounts are included on page 7.

**STATEMENT OF CASH FLOW**

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Net cashflow from operating activities	447	- 169	587	704	865	94	3 674
Net cashflow from investing activities	- 184	- 244	- 212	- 138	- 640	- 389	- 443
Net cashflow from financing activities	- 275	-	-	-	- 275	- 338	- 306
Translation adjustments	- 11	- 85	163	- 25	67	100	118
<b>Net decrease (-) / increase (+) in cash and bank deposits</b>	- 23	- 498	538	541	17	- 533	3 043
Cash and bank deposits as at the beginning of the period	6 746	6 723	6 225	2 629	6 746	3 703	3 703
<b>Cash and bank deposits as at the end of the period</b>	6 723	6 225	6 763	3 170	6 763	3 170	6 746

**CHANGE IN EQUITY**

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Equity as at the beginning of the period	4 262	4 424	5 297	3 157	4 262	2 889	2 889
Net profit/loss	495	458	389	245	1 342	432	1 229
Dividends	- 275	-	-	-	- 275	-	-
Foreign currency hedging	- 29	465	- 519	-	- 83	-	-
Translation differences	- 29	- 50	242	- 4	163	77	144
<b>Equity as at the end of the period</b>	4 424	5 297	5 409	3 398	5 409	3 398	4 262

**Segments:**
**REVENUE BY SEGMENT**

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Field Development	3 681	4 056	4 215	2 476	11 952	7 350	10 620
MMO	1 985	2 547	2 343	2 083	6 875	5 197	7 452
Subsea, Products & Technologies	2 671	3 357	3 390	2 446	9 418	6 857	9 854
Process	2 775	2 873	2 568	2 236	8 216	6 177	9 625
Other	- 565	- 151	- 457	- 217	- 1 173	- 565	- 611
<b>Total Group</b>	<b>10 547</b>	<b>12 682</b>	<b>12 059</b>	<b>9 024</b>	<b>35 288</b>	<b>25 016</b>	<b>36 940</b>

**EBITDA BY SEGMENT**

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Field Development	234	263	252	161	749	419	632
MMO	108	121	113	89	342	199	290
Subsea, Products & Technologies	173	225	287	177	685	430	654
Process	75	86	142	50	303	135	224
Other	59	- 19	- 33	- 14	7	- 47	16
<b>Total Group</b>	<b>649</b>	<b>676</b>	<b>761</b>	<b>463</b>	<b>2 086</b>	<b>1 136</b>	<b>1 816</b>

**EBIT BY SEGMENT**

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Field Development	218	249	236	147	703	377	575
MMO	106	120	111	87	337	191	277
Subsea, Products & Technologies	134	179	251	138	564	331	503
Process	72	81	140	44	293	119	204
Other	40	- 38	- 52	- 33	- 50	- 93	- 49
<b>Total Group</b>	<b>570</b>	<b>591</b>	<b>686</b>	<b>383</b>	<b>1 847</b>	<b>925</b>	<b>1 510</b>

**NET CURRENT OPERATING ASSETS BY SEGMENT**

Amounts in NOK million	31.3	30.6	30.9	30.9	31.12	
	2006	2006	2006	2005	2006	2005
Field Development	-3 484	-3 146	-2 831	-1 035	-3 911	-3 911
MMO	184	142	282	182	7	7
Subsea, Products & Technologies	1 179	1 428	1 010	1 167	1 454	1 454
Process	- 236	135	- 182	88	- 38	- 38
Other	- 232	140	171	- 126	- 362	- 362
<b>Total Group</b>	<b>-2 589</b>	<b>-1 301</b>	<b>-1 550</b>	<b>276</b>	<b>-2 850</b>	<b>-2 850</b>

**NET OPERATING ASSETS BY SEGMENT**

Amounts in NOK million	31.3	30.6	30.9	30.9	31.12	
	2006	2006	2006	2005	2006	2005
Field Development	-2 060	-1 911	-1 590	168	-2 704	-2 704
MMO	1 284	1 297	1 428	1 271	1 103	1 103
Subsea, Products & Technologies	2 355	2 667	2 336	2 360	2 639	2 639
Process	741	1 089	753	939	853	853
Other	- 430	110	182	- 199	- 397	- 397
<b>Total Group</b>	<b>1 890</b>	<b>3 252</b>	<b>3 109</b>	<b>4 539</b>	<b>1 494</b>	<b>1 494</b>

**Notes**

Aker Kværner ASA (the company) is a company domiciled in Norway. The consolidated financial statements of Aker Kværner ASA comprise the company and its subsidiaries (together referred to as the group) and the group's interests in associates and jointly controlled entities and assets.

**Statement of compliance**

Aker Kværner's financial reporting is carried out in accordance with International Financial Reporting Standards (IFRS). The condensed consolidated interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. It does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the group for 2005.

The annual report for 2005 is available on [www.akerkvaerner.com](http://www.akerkvaerner.com)

**Accounting policies**

The accounting policies applied in the interim financial statements are the same as those described in the annual report 2005 for Aker Kværner.

*Employee benefits*
*Defined benefit plans*

Calculation of pension cost and liability is done annually by actuaries. In the interim financial reporting, pension costs and liability are based on the actuarial forecasts.

*Tax*

Income tax expense is recognised in each interim period based on the best estimate of the expected annual income tax rate.

**Note 1 Judgements, estimates and assumptions**

In applying the accounting policies, management makes judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

The estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these interim financial statement, the significant judgements made by management in applying the group's accounting policies and the key sources of uncertainty in the estimates were the same as those applied to the consolidated financial statements as at and for the period ended 31 December 2005.

**Note 2 Acquisitions and disposals**
*Acquisitions*

Aker Kværner announced in February that its ownership in Aker Kværner Powergas India would increase from 49% to 64%. Control over the entity was obtained in Q1.

Aker Kværner Powergas India was earlier reported as an associate, but is consolidated from the date that control commenced. Aker Kværner Powergas India gives access to approximately 1000 highly qualified engineers.

In November 2005 Kvaerner Power OY agreed to buy 60% of the shares in the Finnish company Noviter OY. The transaction price was NOK 38 million.

The company is a supplier of power generation plants based on natural gas, oil and biomass. The transaction was closed in the first quarter this year.

In April Aker Kværner announced that it would secure UK resources by taking over 1300 specialists in the UK from TH Global. The transaction was closed on 16 October.

*Disposals*

In the first quarter Aker Kværner Power and Automation Systems as was sold to the Finnish group, Wärtsilä, for NOK 110 million. A sales gain of NOK 87 million is booked in Corporate. AKPAS supplies power and automation systems to the marine market, the oil and gas market and segments of the industrial market. The two year old company has 135 employees.

For information about P&P see Note 3 below.

**Note 3 Discontinued operations - Pulping and Power**

Metso and Aker Kværner signed the final agreement in April. Following the successful completion of the due diligence process, the agreed transaction price of approximately NOK 3 billion remains unchanged. Metso Paper and Aker Kværner's Pulping and Power business continue to act as separate and independent companies, competing with each other until the closing of the transaction. After all the approvals have been received, the transaction is closed, and the integration of the businesses will commence. In the accounts above the Pulping and Power business is presented as discontinued operations.

**Financial data Pulping and Power:**

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Operating revenues	1 041	1 316	1 341	1 049	3 698	3 173	4 523
Operating expenses	- 980	- 1 259	- 1 280	- 973	- 3 519	- 2 953	- 4 194
<b>EBITDA</b>	61	57	61	76	179	220	329
Depreciation	- 13	- 12	- 14	- 15	- 39	- 37	- 50
<b>Operating profit</b>	48	45	47	61	140	183	279
Financial items	- 3	- 7	19	5	9	19	- 1
<b>Profit/loss before tax</b>	45	38	66	66	149	202	278
Taxation	- 11	- 4	- 23	- 19	- 38	- 57	- 85
<b>Net profit/loss</b>	34	34	43	47	111	145	193

Amounts in NOK million	31.3	30.6	30.9
	2006	2006	2006
Non-current operating assets	579	576	638
Current operating assets	1 725	1 870	2 165
<b>Total operating assets</b>	<b>2 304</b>	<b>2 446</b>	<b>2 803</b>
Non-current operating liabilities	125	124	134
Current operating liabilities	2 287	2 424	2 671
<b>Total operating liabilities</b>	<b>2 412</b>	<b>2 548</b>	<b>2 805</b>

Amounts in NOK million	Q1	Q2	Q3	Q3	1.1-30.9		1.1 - 31.12
	2006	2006	2006	2005	2006	2005	2005
Net cashflow from operating activities	157	3	- 86	214	74	137	158
Net cashflow from investing activities	- 36	- 18	- 50	- 19	- 104	- 62	- 104
Net cashflow from financing activities	60	153	189	- 243	402	- 65	67
Translation adjustments	9	- 32	41	3	18	2	13
<b>Net decrease (-) / increase (+) in cash and bank deposits</b>	190	106	94	- 45	390	12	134
Cash and bank deposits as at the beginning of the period	508	698	804	431	508	374	374
<b>Cash and bank deposits as at the end of the period</b>	<b>698</b>	<b>804</b>	<b>898</b>	<b>386</b>	<b>898</b>	<b>386</b>	<b>508</b>

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**Career opportunities:**

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**AKER KVÆRNER ASA**, through its subsidiaries and affiliates ("Aker Kvaerner"), is a leading global provider of engineering and construction services, technology products and integrated solutions. The business within Aker Kvaerner comprises several industries, including Oil & Gas, Refining & Chemicals, Mining & Metals, Power Generation and Pulp & Paper. The Aker Kvaerner group is organised into two principal business streams, namely Oil & Gas and E&C, each consisting of a number of separate legal entities. Aker Kvaerner is used as the common brand/trademark for most of these entities.

The parent company in the group is Aker Kværner ASA. Aker Kvaerner has aggregated annual revenues of approximately NOK 41.4 billion and employs approximately 24 000 people in more than 30 countries.

Aker Kvaerner is part of the Aker Group ([www.akerasa.com](http://www.akerasa.com)), a leading multi-industry powerhouse with more than 50 000 employees and NOK 80 billion revenues. Aker owns 50.01 per cent of Aker Kvaerner, and the group is also a major European shipbuilder and a significant participant in the fisheries industry.

This press release may include forward-looking information or statements and is subject to our [disclaimer](#), see our web-pages [www.akerkvaerner.com](http://www.akerkvaerner.com)