

KVÆRNER™

Second quarter and half year results 2015

16 July 2015



KVÆRNER ASA – SECOND QUARTER AND HALF YEAR RESULTS 2015

HIGHLIGHTS

- Kvaerner-KBR JV awarded contract for delivery of Sverdrup ULQ topside
- Edvard Grieg topside delivered on time and installed offshore
- Turn around at Nyhamna successfully completed
- Construction of Sverdrup riser platform jacket started as planned
- Capacity and cost reductions on-going
- Semi-annual dividend of NOK 0.67 per share paid 24 April

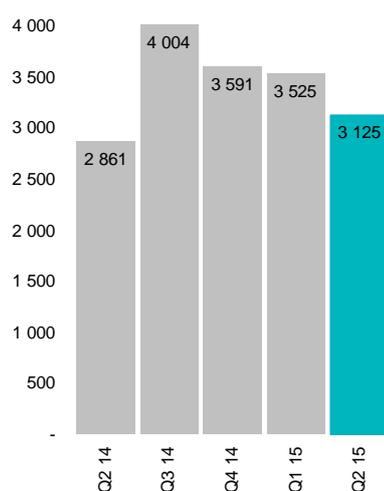
SUBSEQUENT EVENTS

- New dividend policy
- Semi-annual dividend of NOK 0.15 per share proposed by the Board of Directors
- Refinancing of long term credit facilities concluded

FINANCIAL HIGHLIGHTS

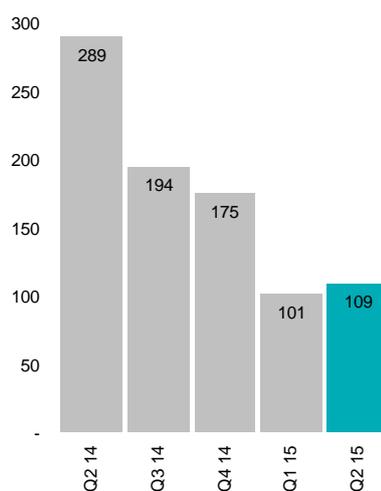
Operating revenue¹

NOK million



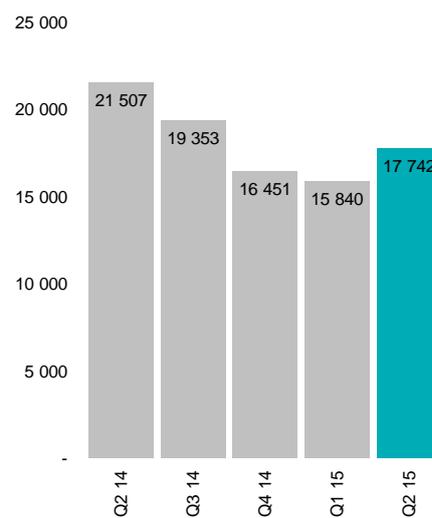
EBITDA

NOK million



Order backlog²

NOK million



¹ Excluding scope of work of jointly controlled entities closely related to Kvaerner's operating activities.

² Including scope of work of jointly controlled entities closely related to Kvaerner's operating activities.

FINANCIAL KEY FIGURES

Amounts in NOK million	Q2 2015	Q2 2014	YTD 2015	YTD 2014	FY 2014
Total revenue and other income ¹	3 125	2 861	6 650	6 350	13 945
EBITDA ²	109	289	210	459	828
EBITDA margin	3.5 %	10.1 %	3.2 %	7.2 %	5.9 %
EBIT	90	272	173	427	492
Net profit - continuing operations	62	123	115	218	27
Basic and diluted earnings per share - continuing operations	0.23	0.46	0.43	0.81	0.10
Order intake ³	5 674	5 360	9 284	6 643	10 718
Order backlog ³	17 742	21 507	17 742	21 507	16 451
Net current operating assets (NCOA)	(483)	(624)	(483)	(624)	(922)
Net interest bearing deposits and loans	550	493	550	493	722

¹ Excluding scope of work of jointly controlled entities closely related to Kvaerner's operating activities.

² EBITDA definition: Earnings before Interest (net financial items), Taxes, Depreciation, Amortisation and Impairment.

³ Including scope of work of jointly controlled entities closely related to Kvaerner's operating activities.

FINANCIAL REVIEW

Income statement

Operating revenues in second quarter 2015 amounted to NOK 3 125 million, compared with NOK 2 861 million for second quarter 2014. Increased revenues are due to increase within business area Onshore mainly offset by lower activity within business area Topsides, where larger projects are recently finalised or in their final phase. Kvaerner reported operating revenues of NOK 6 650 million for the first six months of 2015, compared with NOK 6 350 million for the same period in 2014.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) for the quarter were NOK 109 million, compared to NOK 289 million in the same period last year. EBITDA margin for second quarter 2015 was 3.5 percent, a reduction from 10.1 percent in corresponding period in 2014. The reduction in EBITDA and margin reflects projects with a relatively wide margin range, international business development costs, low capacity utilisation in Jackets and restructuring costs, putting pressure on margins. Further, second quarter 2014 was positively impacted by recognition of accumulated profit in project passing 20 percent progress and effect from final close out of a historic completed project. EBITDA for the first six months of 2015 was NOK 210 million, compared to NOK 459 million for the same period in 2014.

Net financial expense for the quarter was NOK 2 million, including net interest expense of NOK 16 million, profit on foreign currency forward contracts of NOK 12 million, foreign exchange gain of NOK 1 million and other financial income of NOK 1 million. Net financial expense for the same period in 2014 was NOK 16 million of which net interest expense amounted to NOK 11 million and loss on foreign currency forward contracts to NOK 11 million. Increase in net interest expense is due to write off of remaining prepaid fees on previous loan facility. Net financial expense for the first six months was NOK 7 million, compared to NOK 36 million in 2014.

Net result from associated companies and jointly controlled entities presented below EBITDA was NOK nil million for both second quarter and first half year 2015, compared to negative NOK 58 million for equivalent periods in 2014.

Profit before tax for second quarter 2015 of NOK 88 million compared to NOK 198 million for the same period last year. For the first six months of 2015, profit before tax was NOK 165 million compared to NOK 333 million for the same period in 2014.

Total income tax expense in the quarter was NOK 25 million compared to NOK 75 million for the same quarter previous year. First half year tax expense amounted to NOK 50 million, compared to NOK 115 million in 2014. The tax expense reflects an effective tax rate of 30 percent for first half year 2015 compared to 35 percent in 2014. An effective tax rate at these levels, compared to the Norwegian statutory tax rate of 27 percent, mainly reflects paid withholding taxes, deferred tax assets not recognised in some jurisdictions and higher tax rate in some jurisdictions in which the group operates.

Profit from continuing operations was NOK 62 million and NOK 115 million for second quarter and first half year 2015 respectively, compared to NOK 123 million and NOK 218 million in equivalent periods in 2014. Basic and diluted earnings per share for continuing operations were NOK 0.23 for second quarter, compared to NOK 0.46

in second quarter 2014 and NOK 0.43 for the first six months of 2015 compared to NOK 0.81 for the first six months of 2014.

Discontinued operations reported a loss of NOK 26 million for second quarter 2015, compared to a loss of NOK 27 million in same period last year. First half year result from discontinued operations was a profit of NOK 58 million compared to loss of NOK 59 million in 2014. The result for first half year 2015 was positively impacted by a foreign exchange accounting effect of NOK 129 million on repayment of capital, recognised in first quarter. Basic and diluted earnings per share for discontinued operations were negative NOK 0.10 for both second quarter 2015 and 2014, and NOK 0.22 for first half year 2015 compared to negative NOK 0.22 for first half year 2014.

Net profit total operations in second quarter 2015 was NOK 36 million compared to NOK 96 million in the corresponding quarter last year. Basic and diluted earnings per share for total operations for second quarter 2015 were NOK 0.13 compared to NOK 0.36 in second quarter 2014. Net profit for the first six months of 2015 was NOK 173 million compared to NOK 159 million last year. Basic and diluted earnings per share for total operations for the first half year were NOK 0.64 and NOK 0.59 for 2015 for 2014 respectively.

Cash flow

Net cash outflow from operating activities was NOK 12 million in second quarter 2015 compared to cash outflow of NOK 212 million in the same period last year. Customer pre-payments were NOK 82 million at the end of second quarter compared to NOK 21 million at the end of the previous quarter. Net cash inflow from operating activities for first half year 2015, was NOK 86 million, compared to cash outflow of NOK 274 million in first half of 2014. Year to date, negative NCOA development within continuing operations is offset by Longview settlement of USD 48 million in discontinued operations, received in first quarter 2015.

Net cash outflow from investing activities in second quarter 2015 was NOK 21 million compared to an outflow of NOK 75 million in the same quarter last year. Year to date cash outflow from investing activities amounted to NOK 35 million compared to NOK 118 million in 2014. Capital expenditure in the quarter and year to date amounted to NOK 20 million and NOK 37 million respectively, and is mainly capitalised expenses related to intangible assets.

Net cash outflow from financing activities was NOK 202 million in the quarter and NOK 212 million year to date compared with outflows of NOK 172 million and NOK 181 million for the same periods in 2014. The outflows mainly relate to dividend payments of NOK 180 million in 2015 and NOK 164 million in 2014.

Net decrease in cash and bank deposits during the quarter amounted to NOK 236 million, resulting in cash and bank deposits at the end of the quarter of NOK 1 048 million. The group has refinanced its long-term credit facilities, see Subsequent events section on page 7.

Balance sheet

Net current operating assets (NCOA) were negative NOK 483 million at quarter end, compared to negative NOK 541 million at the end of previous quarter. Following refinancing of long term credit facilities, term loan of NOK 500 million is classified as current as per 30 June 2015. Drawn amounts under the new facility will be classified as non-current as from third quarter 2015 reporting. Equity ratio at 30 June 2015 was 35.5 percent, up from 33.6 percent at 31 March 2015.

Order intake and backlog

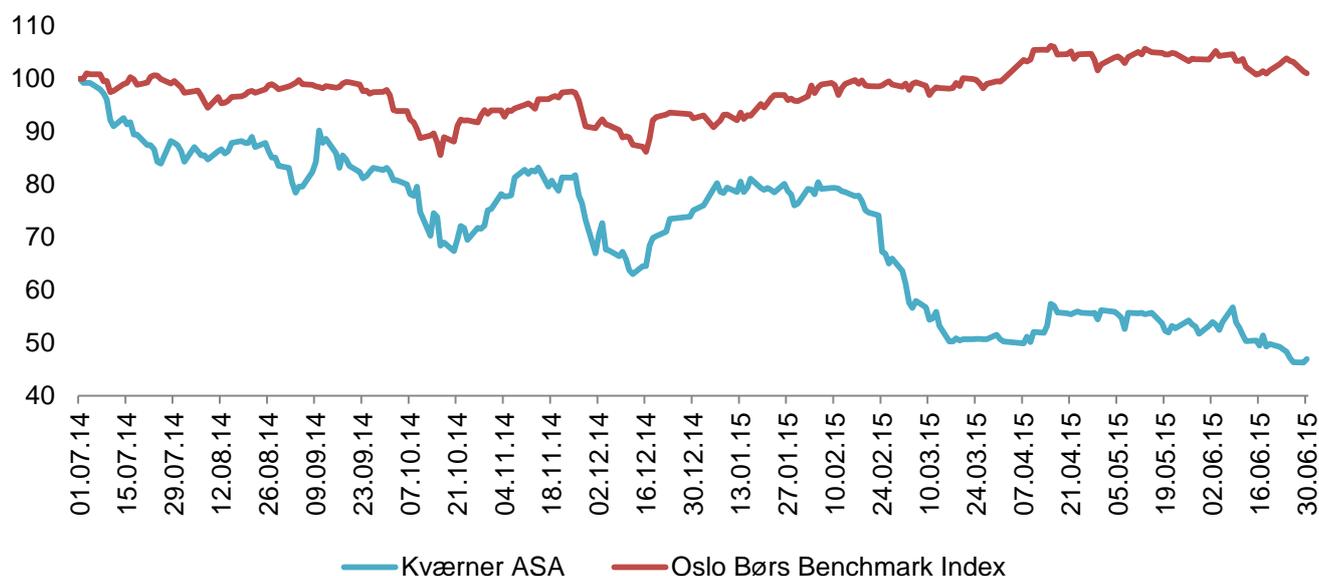
Order intake in second quarter totalled NOK 5 674 million, including scope of work of jointly controlled entities, compared to NOK 5 360 million in the same quarter last year. As of 30 June 2015, order backlog, including scope of work of jointly controlled entities, amounted to NOK 17 742 million. Estimated scheduling of the order backlog is approximately 35 percent for execution in 2015, approximately 45 percent for execution in 2016 and remaining 20 percent for execution in 2017 and later.

Transactions in treasury shares

In connection with the company's variable pay programme for executives, Kvaerner has acquired 1 864 644 shares in the open market during the quarter. At the end of second quarter Kvaerner owned 1 864 644 treasury shares, or 0.69 percent of the 269 000 000 shares issued.

The Kvaerner share

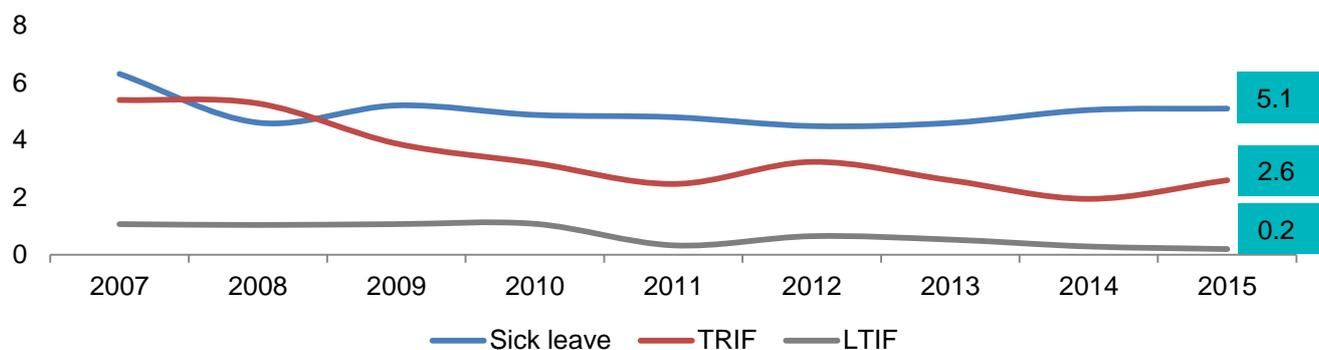
Indexed share price development last 12 months



The share price decreased from NOK 6.00 at the end of first quarter 2015 to NOK 4.93 at the end of second quarter 2015. The highest traded share price during second quarter was NOK 6.30, the lowest traded share price was NOK 4.69 and the average share price during the quarter was NOK 5.60. Average daily turnover during second quarter was 1 377 411 shares compared to 1 055 873 shares during first quarter 2015. The market capitalisation was NOK 1.326 billion at the end of second quarter 2015 compared to NOK 1.614 billion at the end of first quarter 2015.

OPERATIONAL REVIEW

Health, Safety, Security and Environment (HSSE)



Status

During second quarter Kvaerner had no lost time incidents, seven serious or serious near miss incidents and eight medical treatments. For the Hebron project, 16.9 million hours are worked without lost time incidents and more than 220 days without medical treatment with strong HSSE focus in securing “nobody gets hurt”. Sick leave numbers are behind target of 4.5 percent. Sick-leave is followed up and closely monitored. The group performed more than 4.6 million work hours in the quarter. A total of 19 395 risk observations, including positive observations, were documented in the period, down from 21 316 observations in prior quarter.

Reporting segments

Following sale of Kvaerner's onshore construction business in North America in December 2013, Kvaerner only has one reportable segment; Upstream. Up until year end 2014, the Upstream segment included the business areas Contractors Norway, Jackets, Concrete Solutions and Contractors International.

As from 1 January 2015 a new corporate organisational structure has been implemented comprising the business areas Topsides, Onshore, Jackets and Concrete Solutions. Contractors International has mainly been integrated as part of business area Topsides. These changes have not changed the group's segment reporting.

Upstream segment¹

Amounts in NOK million	Q2 2015	Q2 2014	YTD 2015	YTD 2014	FY 2014
Total revenue and other income	3 794	3 812	7 967	7 965	17 531
EBITDA	125	312	245	499	911
EBITDA margin	3.3 %	8.2 %	3.1 %	6.3 %	5.2 %
Net current operating assets	(335)	(613)	(335)	(613)	(839)
Order intake	5 703	5 372	9 323	6 663	10 727
Order backlog	17 745	21 512	17 745	21 512	16 451
Employees	2 877	2 895	2 877	2 895	3 002

¹The Upstream segment reporting includes Kvaerner's share (proportionate consolidation) of jointly controlled entities closely related to Kvaerner's operating activities.

Operating revenue from the Upstream segment totalled NOK 3 794 million in second quarter 2015, compared to NOK 3 812 million in second quarter 2014. Increased revenues from business area Onshore is mainly offset by lower activity within business area Topsides, where larger projects are recently finalised or in their final phase. EBITDA amounted to NOK 125 million, resulting in an EBITDA margin for the quarter of 3.3 percent, compared to EBITDA of NOK 312 million and 8.2 percent EBITDA margin in second quarter 2014. EBITDA in the quarter reflects projects with a relatively wide margin range, international business development costs, low capacity utilisation in Jackets and restructuring costs, putting pressure on margins. Recently awarded projects are yet not recognising margin. Based on this, 2015 continues to be challenging with results on the low side of what has been delivered historically.

NCOA at the end of second quarter 2015 was negative NOK 335 million, an increase of NOK 25 million during the quarter. The disputed Nordsee Ost project is still tying up working capital until the arbitration is resolved.

In June 2015, the joint venture between Kvaerner (51 percent) and KBR (49 percent) signed a contract with Statoil for the complete delivery of the utility and living quarter platform topside to the Johan Sverdrup field development. The agreement has an estimated total value for the Kvaerner-KBR partnership of approximately NOK 6.7 billion. In addition to Kvaerner's share of the Johan Sverdrup topside contract, order intake in the quarter totalling NOK 5 703 million, includes growth in existing contracts as well as smaller orders. Order backlog was NOK 17 745 million at the end of the quarter, including scope of work of jointly controlled entities.

Operations

In business area Topsides, the Edvard Grieg topside was delivered on time 15 April 2015 and all three modules have been towed to the field and lifted on to the jacket. Kvaerner will assist Lundin with offshore hook-up and commissioning of the topside with around 1 000 people in rotation.

The Nyhamna onshore project is progressing well and the activity is now shifting from offsite to onsite. The turnaround during shut down of the Nyhamna plant was successfully completed end of June. The ramp up of fabrication on site is going according to plan. For Topsides and Onshore combined, about 5 100 people were on rotation for the on-going projects at quarter end.

The Hebron gravity based structure (GBS) project is progressing at the Bull Arm Fabrication Site. After the successful slip form operation last fall, the construction activities at the Bull Arm deep water site are continuing with mechanical outfitting activities in the storage cells and centre shaft. In addition, solid ballast operations are ongoing and the preparation activities for the pour of the roof slab on the top of the storage cells (71m) that will take place later this year.

In the Jacket business, the three compressor modules for Nyhamna are in the final phase, and will be completed in July and August. For the Johan Sverdrup riser platform jacket, engineering and procurement have been main activities until now. The first steel cutting marking the start of construction was performed late June.

Competitiveness and market

Cost reductions and improvements continue and are being implemented in on-going projects and new tenders. Reductions in both internal costs and from re-negotiated prices from suppliers are being combined with a further development of competitive delivery models in cooperation with partners and subcontractors. The award of the Johan Sverdrup ULQ topside confirms that Kvaerner has re-established its competitiveness. Feedback from customers shows that oil companies emphasise the combination of Kvaerner's significant cost improvements and the company's documented ability to deliver as committed.

Kvaerner shares the view of external market analysts of a long term demand for new offshore platform and onshore plant projects well fit for Kvaerner's expertise. One example of this is Statoil, who in June announced that 50 percent of their production in Norway in 2025 will have to come from new field developments. Also other operators indicate the need to replace depleted fields. However, the current downturn means that there are only some few topsides, completion and steel jacket prospects in the short term expected to proceed to contract awards. There is also significant uncertainty in estimating how the markets will develop. Kvaerner continues to see opportunities in the short term, and is already involved in front end work both for unmanned well head platforms, Subsea on a stick®, near shore LNG and other solutions for the Arctic. Timing of international prospects is however uncertain.

Downstream & Industrials segment

In December 2013, Kvaerner sold its onshore construction business in North America. Following the sale, Kvaerner retained the assets and liabilities related to the contract with Longview Power LLC, including any financial effects of the arbitration.

Early January 2015, settlement agreements were reached with Longview Power, LLC and others. Kvaerner received the settlement amount of USD 48 million in February 2015. The main financial effect of the settlement was a reduction of retained assets in the group's balance sheet of USD 48 million. Kvaerner North American Construction Inc. has continued the arbitration proceedings against Amec Foster Wheeler North America Corp. Refer to note 6 for more information on the remaining claim and note 8 for Summary of financial data.

Unallocated costs

Unallocated costs, which are net corporate costs not directly attributable to the individual segments, amounted to NOK 16 million in second quarter 2015, down from NOK 19 million in first quarter 2015. It is expected that the recurring level of net corporate costs will be approximately NOK 70-80 million annually.

OTHER

Kvaerner-KBR JV awarded Johan Sverdrup platform contract

8 June 2015, Kvaerner in a joint venture with KBR signed a contract with Statoil for the complete delivery of the utility and living quarter (ULQ) platform topside to the Johan Sverdrup field development. The agreement has an estimated total value for the Kvaerner-KBR partnership of approximately NOK 6.7 billion. The platform topside is scheduled to be delivered in the first quarter of 2019. At peak in 2017, a total of 1 500 to 2 000 people will be involved in the project execution.

Capacity reductions and restructuring costs

Kvaerner continues to drive cost reductions and measures to strengthen competitiveness, including aiming at a leaner organisational structure. The first round of staff reductions was started before the summer and will reduce the work force by about 100 employees, including natural turnover. In addition, there are both temporary lay-offs and notices of temporary lay-offs within Topsides and Jackets. Restructuring costs of NOK 14 million have been expensed in second quarter 2015.

It is expected that additional restructuring costs will be recognised in second half of the year. The level of redundancies and restructuring costs will depend on the outcome of tender activities. As communicated in March, Kvaerner still expects to reduce capacity with 250 to 500 employees.

SUBSEQUENT EVENTS

New dividend policy

As indicated in the Board of Directors' report for 2014, the dividend policy has been re-assessed. The Board has decided to revise the company's dividend policy to reflect the developments in Kvaerner's long term markets and outlook. The Board has concluded the following dividend policy, which will be implemented immediately:

Kvaerner ASA's dividend policy is based on semi-annual dividend payments. Decisions as to dividend payments depend on outlook, liquidity and considerations such as alternative use of cash and strengthening of the company's financial structure. In periods of weak economic conditions, the dividend can be paid out as long as the group's capital structure permits.

The Board approves interim dividends based on an authorisation from the General Meeting, while the Annual General Meeting approves the final (and total annual) dividend based on a proposal from the Board of Directors.

The Board of Directors propose dividend of NOK 0.15 per share

The Board of Directors has in line with the company's amended dividend policy and pursuant to the power of attorney to approve the distribution of dividend granted to the Board by the Annual General Meeting on 9 April 2015, resolved to propose a semi-annual dividend of NOK 0.15 per share. The dividend payment is expected to take place on 23 October 2015 to shareholders of record as per 12 October. The shares will be traded exclusive dividend from and including 13 October 2015.

Refinancing concluded

The credit facility of NOK 3.0 billion maturing in May 2016 has been refinanced per 8 July 2015. The outstanding term-loan under the facility was repaid in full in early July and the facility has been cancelled. The new syndicated Revolving Credit Facility of NOK 2.0 billion will mature July 2020. The interest terms are NIBOR plus a margin of 2.1-3.5 percent depending on gearing and utilisation, and a commitment fee of approximately 1 percent of undrawn amount. Up-front fees and costs of approximately NOK 20 million will be amortised over five years. Financial covenants are unchanged.

PRINCIPAL RISKS AND UNCERTAINTIES

Operational risk is the ability to deliver existing contracts at the agreed time, quality, functionality and cost. Delivering projects and equipment in accordance with contract terms and anticipated cost framework represents a substantial risk element, and is the most significant factor affecting Kvaerner's financial performance. Results also depend on costs, both Kvaerner's own and those charged by suppliers, and on interest expenses, exchange rates and customers' ability to pay. For an overview of major current legal disputes, see note 6 to the interim accounts.

Kvaerner has established guidelines and systems to manage its exposure in the financial markets. These systems cover currency, interest rate, counterparty and liquidity risks. Kvaerner works systematically with risk management in all its business areas, and has extensive systems and procedures in place. Other relevant risk factors are further described in the annual report for 2014.

OUTLOOK

Kvaerner's order book provides a good foundation for continued reductions in both internal costs as well as further development of competitive delivery models in cooperation with partners and subcontractors. The market development is however still challenging to estimate. For 2015, Kvaerner estimate revenue levels of NOK 13-14 billion (including revenues from jointly controlled entities), an increase from first quarter due to adjustments to project phasing and contributions from new contracts.

Fornebu, 15 July 2015

The Board of Directors and President & CEO

Kvaerner ASA

DECLARATION BY THE BOARD OF DIRECTORS AND PRESIDENT & CEO

The Board of Directors and the President of Kværner ASA have today considered and approved the condensed financial statements as at 30 June 2015 and for the six-month period ended 30 June 2015. The half year report has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU and additional Norwegian regulations.

We confirm to the best of our knowledge that:

- the condensed financial statements for the six months ending 30 June 2015 have been prepared in accordance with applicable financial reporting standards
- the information provided in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and result for the period
- the financial review includes a fair review of significant events during the first six months of the year and their impact on the financial statements, any major related party transactions, and a description of the principal risk and uncertainties for the remaining six months of the year

Fornebu, 15 July 2015

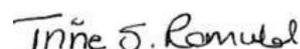
The Board of Directors and the President & CEO of Kværner ASA



Leif-Arne Langøy
Chairman



Tore Torvund
Deputy Chairman



Trine S. Romuld
Director



Vibeke Hammer Madsen
Director



Kjell Inge Røkke
Director



Birgit Nørgaard
Director



Rune Rafdal
Director



Ståle Knoff Johansen
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Bernt Harald Kilnes
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Jan Arve Haugan
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About Kvaerner:

Kvaerner is a leading provider of engineering, procurement and construction (EPC) services, and delivers offshore installations and onshore plants for upstream oil and gas production around the world. Kvaerner ASA, through its subsidiaries and affiliates ("Kvaerner"), is an international contractor and preferred partner for oil and gas operators and other engineering and fabrication contractors. Kvaerner and its approximately 2 900 HSSE-focused and experienced employees are recognised for delivering some of the world's most amazing and demanding projects.

In 2014, the Kvaerner group had consolidated annual revenues of approximately NOK 14 billion and the company reported an order backlog at 30 June 2015 of NOK 17.7 billion. Kvaerner is publicly listed with the ticker "KVAER" at the Oslo Stock Exchange. For further information, please visit www.kvaerner.com.

FINANCIAL CALENDAR 2015

Third quarter results 2015

6 November 2015

The dates may be subject to change.

FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Amounts in NOK million	Q2 2015	Q2 2014	YTD 2015	YTD 2014	FY 2014
Total revenue and other income	3 125	2 861	6 650	6 350	13 945
Operating expenses	(3 017)	(2 571)	(6 440)	(5 890)	(13 117)
EBITDA	109	289	210	459	828
Depreciation and amortisation	(19)	(17)	(37)	(32)	(70)
Goodwill impairment	-	-	-	-	(266)
Operating profit	90	272	173	427	492
Net financial income/(expense)	(2)	(16)	(7)	(36)	(105)
Profit/(loss) from equity accounted investees, including impairments	(0)	(58)	(0)	(58)	(59)
Profit before tax	88	198	165	333	329
Income tax expense	(25)	(75)	(50)	(115)	(301)
Profit from continuing operations	62	123	115	218	27
Profit/(loss) from discontinued operations	(26)	(27)	58	(59)	(96)
Net profit/(loss)	36	96	173	159	(69)
<i>Attributable to:</i>					
Equity holders of the parent company - Kværner ASA	36	96	173	159	(69)
Earnings per share (NOK)					
Basic and diluted EPS continuing operations	0.23	0.46	0.43	0.81	0.10
Basic and diluted EPS discontinued operations	(0.10)	(0.10)	0.22	(0.22)	(0.36)
Basic and diluted EPS total operations	0.13	0.36	0.64	0.59	(0.26)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK million	Q2 2015	Q2 2014	YTD 2015	YTD 2014	FY 2014
Net profit/(loss) for the period	36	96	173	159	(69)
Items that may be reclassified to profit or loss in subsequent periods:					
Cash flow hedges, net of tax					
- Fair value adjustment recognised in equity	(6)	3	(9)	1	(2)
- Reclassified to profit or loss	-	(0)	-	(1)	(1)
Translation differences, foreign operations	(12)	30	91	6	261
Reclassification of translation differences on repayment of capital	-	-	(129)	-	-
Items that may be reclassified to profit or loss in subsequent periods	(18)	33	(47)	6	258
Items not to be reclassified to profit or loss in subsequent periods:					
Actuarial gains/(losses) on defined benefit pension plans, net of tax	-	-	-	-	(27)
Items not to be reclassified to profit or loss in subsequent periods	-	-	-	-	(27)
Total other comprehensive income/(loss), net of tax	(18)	33	(47)	6	232
Total comprehensive income	18	128	126	164	163
<i>Attributable to</i>					
Equity holders of the parent company - Kværner ASA	18	128	126	164	163

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

<i>Amounts in NOK million</i>	30.06.2015	30.06.2014	31.12.2014
Assets			
<i>Non-current assets</i>			
Property plant and equipment	711	748	736
Intangible assets	874	1 089	850
Deferred tax assets	81	154	123
Investments in associates and jointly controlled entities	210	110	288
Interest bearing receivables	2	3	2
Other non-current assets	9	32	11
Total non-current assets	1 888	2 137	2 010
<i>Current assets</i>			
Trade and other receivables	2 819	2 363	3 268
Prepaid company tax	84	60	31
Total cash and bank	1 048	972	1 208
Retained assets of business sold	565	744	906
Total current assets	4 515	4 139	5 414
Total assets	6 403	6 275	7 424
Equity and liabilities			
<i>Equity</i>			
Share capital	91	91	91
Share premium	729	729	729
Retained earnings	1 291	1 709	1 309
Other reserves	161	(18)	208
Total equity	2 272	2 511	2 337
<i>Non-current liabilities</i>			
Interest-bearing loans	-	483	487
Employee benefit liabilities	201	184	176
Total non-current liabilities	201	667	664
<i>Current liabilities</i>			
Trade and other payables	3 124	2 712	4 109
Tax liabilities	92	61	182
Provisions	178	274	81
Interest bearing liabilities	500	0	(0)
Retained liabilities of business sold	36	50	51
Total current liabilities	3 930	3 098	4 423
Total equity and liabilities	6 403	6 275	7 424

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

<i>Amounts in NOK million</i>	Total paid in capital	Retained earnings	Other reserves	Total equity
Equity as of 31 December 2013	820	1 715	(24)	2 511
Profit for the period 1 January to 30 June 2014	-	159	-	159
Other comprehensive income	-	-	6	6
Total comprehensive income	-	159	6	164
Dividend	-	(164)	-	(164)
Equity as of 30 June 2014	820	1 709	(18)	2 511
Profit/(loss) for the period 1 July to 31 December 2014	-	(227)	-	(227)
Other comprehensive income	-	-	226	226
Total comprehensive income	-	(227)	226	(1)
Dividend	-	(172)	-	(172)
Equity as of 31 December 2014	820	1 309	208	2 337
Profit for the period	-	173	-	173
Other comprehensive income/(loss)	-	-	(47)	(47)
Total comprehensive income	-	173	(47)	126
Employee share purchase programme	-	(11)	-	(11)
Dividend	-	(180)	-	(180)
Equity as of 30 June 2015	820	1 291	161	2 272

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in NOK million</i>	Q2 2015	Q2 2014	YTD 2015	YTD 2014	FY 2014
Net profit/(loss)	36	96	173	159	(69)
Adjusted for:					
Income tax expense, including discontinued operations	25	63	51	103	280
Net financial expense	2	16	7	36	105
Depreciation, amortisation and impairment	19	17	37	32	336
Taxes (paid)/refund	(30)	16	(146)	(29)	(16)
Changes in other operating assets and liabilities	(64)	(419)	(37)	(574)	(444)
Cash flow from operating activities	(12)	(212)	86	(274)	193
Capital expenditure	(20)	(64)	(37)	(105)	(157)
Cash flow from other investing activities	(0)	(12)	2	(13)	(13)
Cash flow from investing activities	(21)	(75)	(35)	(118)	(171)
Dividends	(180)	(164)	(180)	(164)	(336)
Cash flow from other financing activities	(22)	(8)	(32)	(17)	(34)
Cash flow from financing activities	(202)	(172)	(212)	(181)	(370)
Translation adjustments	(1)	2	2	(0)	11
Net increase/(decrease) in cash and bank deposits	(236)	(457)	(160)	(573)	(337)
Cash at the beginning of the period	1 284	1 430	1 208	1 545	1 545
Cash at the end of the period	1 048	972	1 048	972	1 208

SEGMENT INFORMATION

Following the sale of Kvaerner's onshore construction business in North America in December 2013, remaining legacies within the segment are presented as discontinued operations in the group's financial statements.

Consequently, Kvaerner only have one reportable segment; Upstream. Up until year-end 2014, the Upstream segment included the business areas Contractors Norway, Jackets, Concrete Solutions and Contractors International. As from 2015, the Upstream segment includes the business areas Topsides, Onshore, Jackets and Concrete Solutions. Previous business area Contractors International has mainly been integrated as part of business area Topsides. The Upstream segment reporting includes Kvaerner's share (proportionate consolidation) of jointly controlled entities closely related to Kvaerner's operating activities.

	Upstream		Group activities and eliminations		Consolidated	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
<i>Amounts in NOK million</i>						
External revenue and other income	3 759	3 803	(634)	(943)	3 125	2 861
Internal revenue	35	8	(35)	(8)	-	-
Total revenue and other income	3 794	3 812	(669)	(951)	3 125	2 861
EBITDA	125	312	(16)	(22)	109	289
Depreciation and amortisation	(19)	(17)	(0)	0	(19)	(17)
EBIT	106	295	(16)	(22)	90	272
Net current operating assets	(335)	(613)	(148)	(11)	(483)	(624)

	Upstream		Group activities and eliminations		Consolidated	
	YTD 2015	YTD 2014	YTD 2015	YTD 2014	YTD 2015	YTD 2014
<i>Amounts in NOK million</i>						
External revenue and other income	7 927	7 950	(1 277)	(1 600)	6 650	6 350
Internal revenue	41	15	(41)	(15)	-	-
Total revenue and other income	7 967	7 965	(1 317)	(1 615)	6 650	6 350
EBITDA	245	499	(35)	(40)	210	459
Depreciation and amortisation	(37)	(32)	0	0	(37)	(32)
EBIT	208	467	(35)	(40)	173	427

	Upstream		Group activities and eliminations		Consolidated	
	FY 2014		FY 2014		FY 2014	
<i>Amounts in NOK million</i>						
External revenue	17 522		(3 577)		13 945	
Internal revenue	9		(9)		-	
Total revenue and other income	17 531		(3 586)		13 945	
EBITDA	911		(83)		828	
Depreciation, amortisation and impairment	(336)		0		(336)	
EBIT	575		(83)		492	
Net current operating assets	(839)		(83)		(922)	

NOTES

Note 1 General

Kværner ASA (the company) is a company domiciled in Norway. The Kvaerner group consists of Kværner ASA and its subsidiaries.

Note 2 Basis for preparation

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IAS 34 Interim Financial Reporting for interim reporting as adopted by the European Union and additional Norwegian regulations.

Accounting principles

The accounting principles applied in these condensed consolidated interim financial statements are the same as those applied in the Annual accounts 2014.

The interim financial statements are condensed and do not include all the information required by IFRS for a complete set of financial statements and should be read in conjunction with the full year consolidated financial statements for Kværner ASA. The consolidated 2014 financial statements for Kvaerner are available upon request from the company's office at Oksenøyveien 10, Fornebu, Norway or at www.kvaerner.com.

The interim financial statements have not been subject to audit. The functional currency of the entities within Kvaerner is determined based on the nature of the economic environment in which they operate. The functional currency and presentation currency of Kværner ASA is NOK. Numbers are rounded to the nearest million, unless otherwise stated. As a result of rounding differences, numbers or percentages may not add up to the total.

The condensed consolidated interim financial statements reflect all adjustments, consisting only of normal, recurring adjustments that, in the opinion of Kvaerner's management, are necessary for a fair presentation of the results of operations for the periods presented. Operating results for the periods presented are not necessarily indicative of the results that may be expected for any subsequent interim period or annual accounts.

Note 3 Judgments, estimates and assumptions

In applying the accounting policies, management makes judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and judgments 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 condensed consolidated interim financial statements, significant judgements made by management in applying the group's accounting policies and key sources of uncertainty in the estimates were consistent with those applied for the period ended 31 December 2014.

Note 4 Financial items

<i>Amounts in NOK million</i>	Q2 2015	Q2 2014	YTD 2015	YTD 2014	FY 2014
Net interest income/(expense)	(16)	(11)	(28)	(23)	(46)
Profit/(loss) on foreign currency contracts	12	(11)	14	(11)	(25)
Net foreign exchange gain/(loss)	1	1	6	(6)	(34)
Other financial items, net	1	5	(0)	5	0
Net financial income/(expense)	(2)	(16)	(7)	(36)	(105)

Profit on foreign currency contracts in the quarter and year to date is related to portfolio of hedging instruments not qualifying for hedge accounting and embedded derivatives effects.

Note 5 Share capital and equity

Kvaerner ASA has 269 000 000 shares issued each with a nominal value of NOK 0.34.

Kvaerner currently has no share-based compensation that results in a dilutive effect on earnings per share. Basic and diluted earnings per share have been calculated based on the following number of average shares:

<i>Numbers in thousand</i>	Q2 2015	Q2 2014	YTD 2015	YTD 2014	FY 2014
Shares issued	269 000	269 000	269 000	269 000	269 000
Effect of own shares held	(1 002)	-	(504)	-	-
Average number of outstanding shares	267 998	269 000	268 496	269 000	269 000

Note 6 Contingent events

Given the scope of the group's worldwide operations, group companies are inevitably involved in legal disputes in the course of their activities. Provisions have been recognised based on expected outcome of any disputes and litigation proceedings in accordance with applicable accounting rules. Such provisions are based on management's best evaluations and estimates of a likely outcome of the dispute. However, the final outcome of such disputes and litigation proceedings will always be subject to uncertainties, and resulting liabilities may exceed recognised provisions. The disputes and litigation proceedings are continuously monitored and reviewed, and recognised provisions are adjusted to reflect management's best assessment of most recent facts and circumstances. Litigation and arbitration costs are recognised as they occur.

Significant, current disputes

Longview project

In 2011, arbitration was initiated against Longview and Foster Wheeler North America Corp. related to the Longview project delivered in 2011. Kvaerner's claim is substantial and intended to recover excess construction costs and other damages incurred by Kvaerner North American Construction, Inc. in execution of the project. In first quarter 2015, Kvaerner North American Construction Inc. (a subsidiary of Kvaerner) executed agreements with each of Longview Power, LLC, Siemens Energy Inc. and others regarding the disputes between them in both the arbitration proceedings concerning the Longview Project and the subsequent bankruptcy cases of Longview Power, LLC and received USD 48 million from various parties in first quarter 2015. In consideration, Kvaerner North American Construction Inc. has settled certain claims, released the mechanics' liens filed against the Longview power plant properties in Madsville, West Virginia and has waived all objections in the ongoing Longview Power, LLC bankruptcy proceedings. Kvaerner North American Construction Inc. has continued the arbitration proceedings against Amec Foster Wheeler North America Corp. This process is expected to continue through 2015.

Nordsee Ost project

In 2012, arbitration related to the Nordsee Ost project was filed. The last wind jackets for the project were delivered in October 2013. The arbitration process for the project will take time due to high complexity. It is currently not possible to estimate when the arbitration will be finalised.

Tax audit in foreign jurisdiction

A foreign branch of Kvaerner has been subject to tax audit in Kazakhstan since June 2012, related to a completed project, with report from tax authorities received in January 2014. The tax authorities' findings are disputed by Kvaerner and are currently being adjudicated through the court system.

There are still substantial uncertainties with respect to the final financial outcome of the above projects and tax audit, and to avoid prejudicing Kvaerner's position, no estimate of the expected final outcome is disclosed.

Note 7 Related parties

The largest shareholder of Kvaerner ASA, Aker Kvaerner Holding AS, is controlled by Aker ASA (70 percent) which in turn is controlled by Kjell Inge Røkke and his family through TRG Holding AS and The Resource Group AS. In accordance with IAS 24, all entities controlled by Aker ASA, associated companies and joint ventures of Kvaerner and certain other related parties are reported as related parties to Kvaerner.

Kvaerner believes that all transactions with related parties have been based on arm's length terms. The table below gives an overview of aggregated transactions and balances with related parties.

Amounts in NOK million	YTD 2015	YTD 2014	FY 2014
Revenue	184	215	480
Operating expenses	(1 026)	(1 031)	(2 904)
Net interest income/(expense)	-	(0)	(0)
Interest bearing loans	-	1	-
Trade and other receivables	76	64	79
Trade and other payables	223	140	302

Transactions and balances include discontinued operations.

Note 8 Discontinued operations – summary of financial data

Following the sale of Kvaerner's onshore construction business in North America in December 2013, remaining legacies within the segment are presented as discontinued operations in the group's financial statements.

The results for the discontinued business are reported separately under the heading Result from discontinued operations in the group's income statement. In the balance sheet, retained assets and liabilities are presented on separate lines.

Amounts in NOK million	Q2 2015	Q2 2014	YTD 2015	YTD 2014	FY 2014
Total revenue and other income	(0)	0	-	1	4
Administrative and legal expenses	(26)	(40)	(70)	(73)	(121)
EBIT	(26)	(39)	(70)	(71)	(117)
Net financial income/(expense)	(0)	0	129	0	(0)
Profit/(loss) before tax	(26)	(39)	59	(71)	(117)
Income tax income/(expense)	0	12	(1)	12	21
Net profit/(loss) from discontinued operations	(26)	(27)	58	(59)	(96)
Basic and diluted earnings/(losses) per share (NOK)	(0.10)	(0.10)	0.22	(0.22)	(0.36)
Net assets	528	694	528	694	855

Financial income of NOK 129 million year to date is related to foreign exchange accounting effect on repayment of capital in first quarter 2015 with no impact on group equity.

Cash flows from discontinued operations are as follows:

Amounts in NOK million	Q2 2015	Q2 2014	YTD 2015	YTD 2014	FY 2014
Cash flow from operating activities	(40)	18	297	(102)	(154)
Cash flow from financing activities ¹	52	(22)	(263)	65	117
Translation adjustments	(1)	(0)	2	(0)	6
Net increase/(decrease) in cash and bank deposits	11	(4)	35	(37)	(32)
Cash at the beginning of the period	48	23	24	56	56
Cash at the end of the period	60	19	60	19	24

¹ Related to movements in intercompany loans and equity

Note 9 Quarterly historical information – continuing operations

<i>Amounts in NOK million</i>	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Total revenue and other income	3 125	3 525	3 591	4 004	2 861	3 489
Upstream	3 794	4 173	4 585	4 981	3 812	4 153
EBITDA	109	101	175	194	289	170
Upstream	125	120	200	212	312	187
EBITDA margin	3.5 %	2.9 %	4.9 %	4.8 %	10.1 %	4.9 %
Upstream	3.3 %	2.9 %	4.4 %	4.3 %	8.2 %	4.5 %
Net profit/(loss) - continuing operations	62	53	(302)	112	123	95
Basic and diluted EPS continuing operations	0.23	0.20	(1.12)	0.42	0.46	0.35
Order intake ¹	5 674	3 610	1 274	2 801	5 360	1 283
Upstream	5 703	3 620	1 255	2 809	5 372	1 291
Order backlog ¹	17 742	15 840	16 451	19 353	21 507	19 696
Upstream	17 745	15 845	16 451	19 358	21 512	19 698
NCOA	(483)	(541)	(922)	(515)	(624)	(1 162)
Upstream	(335)	(360)	(839)	(416)	(613)	(1 078)
Net interest bearing deposits and loans	550	796	722	563	493	953

¹ Including scope of work of jointly controlled entities closely related to Kvaerner's operating activities.