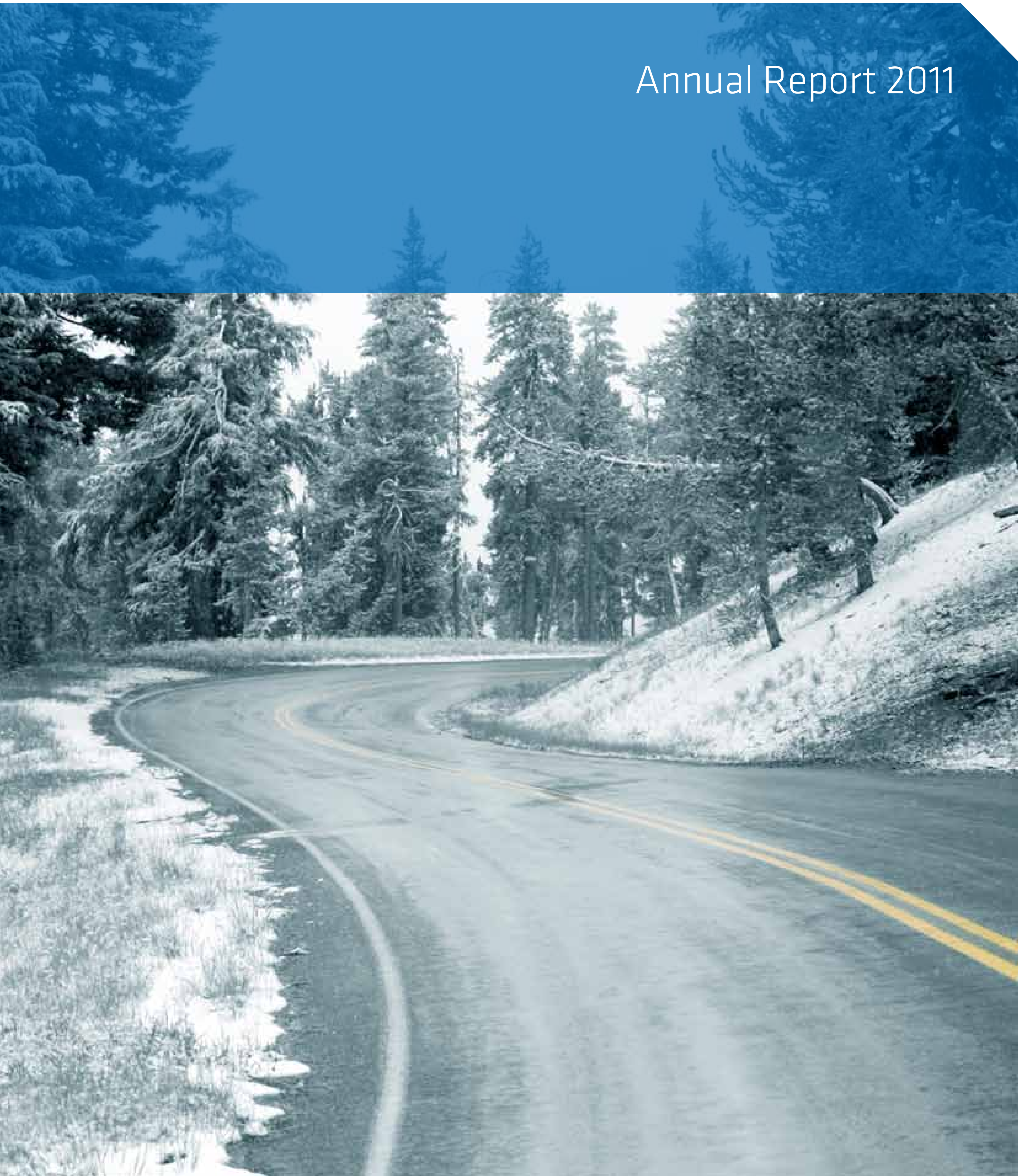
KONGSBERG
AUTOMOTIVE

Annual Report 2011



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OUR business

Kongsberg Automotive provides world-class products to the global vehicle industry. Our products enhance the driving experience, making it safer, more comfortable and sustainable.

Kongsberg Automotive's business has a global presence. With revenues of close to EUR 1.0 billion and approximately 11,000 employees in 20 countries (2011), Kongsberg Automotive is truly a global supplier. The company is headquartered in Kongsberg, Norway, and has 32 production facilities worldwide

OUR products

The product portfolio includes seat comfort systems, driver and motion-control systems, fluid assemblies, and industrial driver-interface products developed for global vehicle manufacturers.

OUR vision

- Enhancing the driving experience

OUR values

- Passionate
- Accountable
- Prepared

OUR mission

Kongsberg Automotive provides world-class products to the global vehicle industry. Our products enhance the driving experience, making it safer, more comfortable and sustainable.

We secure growth and create stakeholder value by:

- Making the health and safety of our employees and the quality of our products a top priority.
- Developing unique solutions for growing market segments, while continuously focusing on improving our processes.
- Having the most passionate, accountable and prepared people, striving to be the best possible partner for our customers and suppliers, creating a company that we're proud to work for.

OUR business areas

The Kongsberg Automotive Group consists of five segment-specific business areas with a clear customer and product focus:

Actuation and Chassis

Actuation and Chassis is a global developer and manufacturer of operator-control systems for commercial and industrial vehicle markets, offering a robust product portfolio of clutch actuation systems, gearshift systems, vehicle dynamics and steering columns.

Driveline

Driveline is a global Tier 1 supplier of driver controls in the automotive market. The portfolio includes complete shift systems including shifter modules, shift cables, custom-engineered cable controls and shift towers.

Fluid Transfer

Fluid Transfer designs and manufactures fluid-handling systems for both the automotive and commercial vehicle markets, as well as coupling systems for compressed-air circuits on heavy trucks. The business area also specializes in manufacturing tube and hose assemblies for difficult environments.

Interior

Interior is a global leader in the design, development and manufacture of seat-comfort systems and mechanical and electro-mechanical, light-duty motion control to Tier 1 and OEM customers. The product range includes seat adjusters, seat cables, side bolsters, lumbar support, seat heating, ventilation and massage systems, arm rests and head restraints.

Power Products

Power Products is one of the global leaders in the design, manufacture and supply of vehicle-control systems, providing quality-engineered pedal systems, steering systems, electronic displays and cable controls to the world's foremost manufacturers of industrial, agricultural and construction vehicles.

OUR world

Kongsberg Automotive has a strong global presence, with more than 40 sites covering the most important automotive markets in the world. We serve and support our customers where they are located in combination with strong regional hubs.

North and South America

Approximately 4,500 employees work at our 15 sites in North and South America. Mexico has the largest number of KA employees, with close to 2,900 people on the payroll.

Europe

Our largest market is served by approximately 5,000 employees working at 23 sites spread throughout Europe. Pruzkow in Poland and Vrable in Slovakia are our two largest European production sites, with more than 1,000 employees each.

Asia

In this important emerging market, Kongsberg Automotive has more than 1,300 employees working out of 7 sites. China is by far the largest Asian market for KA, with 3 plants and more than 1,100 employees.

CLOSE TO

11,000 EMPLOYEES

in 20 countries worldwide

MORE THAN

1,100 EMPLOYEES in CHINA

OUR people

"A strong corporate culture bound together by shared values"

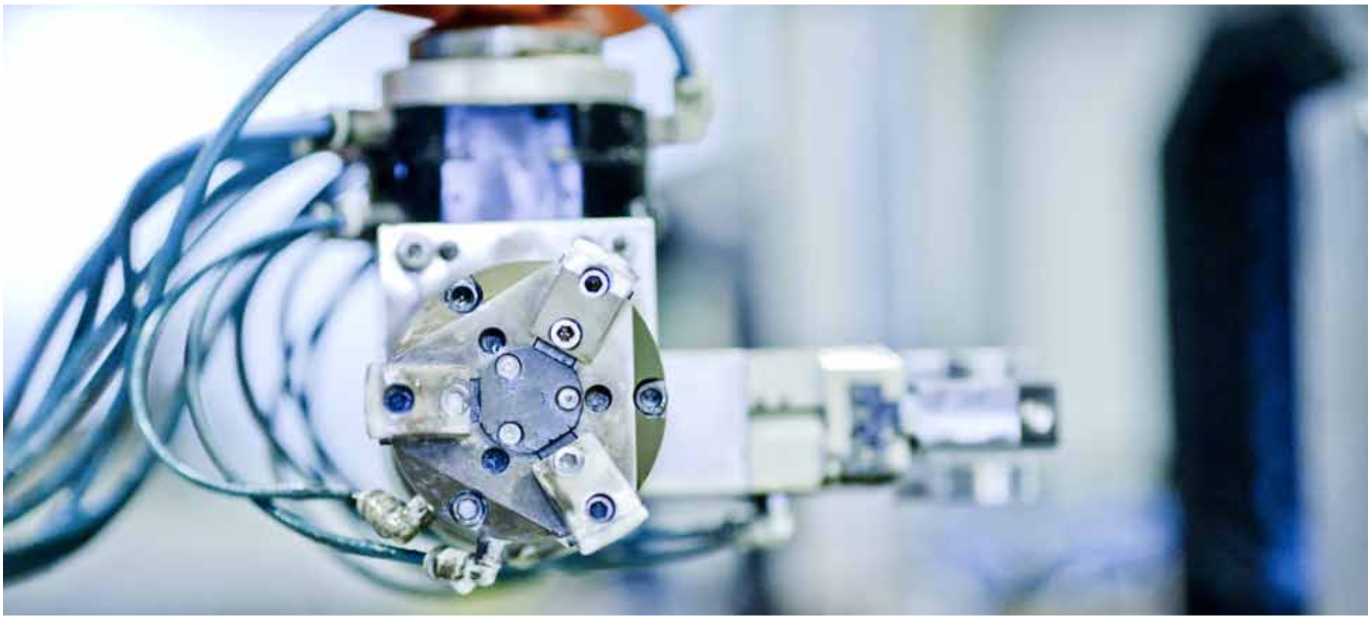
Our people come from all over the world, with a broad diversity of educational and professional backgrounds. As a result our corporate culture thrives on diversity. At the same time we share a number of essential values. Our teams understand the importance of being passionate about what we do, accountable for our results and prepared for all the challenges we meet.

Our workforce is exceptionally diverse. Our close-knit teams bring together a rich variety of skills, experiences and perspectives, enabling us to create value for our customers and other stakeholders.

Passionate people creating value for our stakeholders

QUARTERLY highlights

FINANCIAL EVENTS	Q1	Q2	Q3	Q4
	‣ Revenues in Q1 ended at MEUR 267.4 up 35 % YoY ‣ Kongsberg Automotive's revenue growth continue to be stronger than the growth in the global vehicle production volumes ‣ EBITDA in Q1 2011 at MEUR 29.8 (11.1 %) versus MEUR 13.3 (6.7 %) in Q1 2010 ‣ Strong quarter with double digit EBITDA margin in line with the roadmap presented in February ‣ Net profit improved from break even Q1 2010 to MEUR 14.3 in Q1 2011 ‣ Launch of a Joint Venture with QRTECH AB within hybrid and electric drivelines	‣ Revenues in Q2 ended at MEUR 256.6 up 13 % YoY. Adjusted for negative currency effects of MEUR 9.3, revenues were MEUR 265.9 up 17 % ‣ EBITDA in the second quarter ended at MEUR 22.6, including a restructuring effect of MEUR 1.8 ‣ For the first half year the EBITDA was MEUR 52.4, at same level as for the full year 2010. EBITDA margin at 10 % ‣ Net profit for the first half year improved from break even 1H 2010 to MEUR 16.1 1H 2011 ‣ The transfer of production from our UK plant to our Polish plant is ahead of plan and will close in August	‣ Revenues in Q3 ended at MEUR 229.6 up 9 % YoY ‣ Kongsberg Automotive's revenue growth continues to be stronger than the market volumes ‣ EBITDA in Q3 at MEUR 15.4 (6.6 %) representing a 20.3 % growth versus same period last year ‣ Q3 includes restructuring cost of MEUR 1.3 ‣ Net profit year to date more than doubled versus same period 2010	‣ Fourth quarter revenue was 246.1 million (+8 %), with EBITDA at 14.2 million (+73 %) including EUR 4.0 million in restructuring costs ‣ Revenue increased 16 % to EUR 1 billion in 2011, with EBITDA up 44 % to EUR 82.0 million ‣ Net profit increased to EUR 7.8 million in 2011 from EUR -9.2 million in 2010 ‣ The market outlook for 2012 indicates revenues of EUR 1 billion



CEO outlook

"2011 was also an important year in bringing us closer together as one global team with the launch of our new corporate vision; **Enhancing the driving experience**"

Dear reader
As CEO of Kongsberg Automotive, I'm pleased that in 2011 we grew back to the revenue levels we saw before the financial turmoil, and continued our steady recovery from net loss into positive figures on the bottom line. At the same time, I also have to admit that we are not yet fulfilling our own ambitions and delivering the results we have promised. For this reason we need to focus and accelerate our improvement journey in 2012.

In 2011 we initiated two important restructuring initiatives within the Interior and Driveline business areas. The Interior initiative was completed as planned and started to generate strengthened margins at the end of Q4. The Driveline initiative has, however, been delayed and proved more costly than anticipated. Here we have not yet achieved the gains we'd planned from restructuring. This will need continuous focus in 2012 and is a key element in bringing KA back to expected profitability levels.

On the sales and marketing side 2011 was a positive year, with our good customer relations and strong legacy with clients resulting in a very high level of new business won. We see this as a result of our global footprint and ability to mix worldwide reach with local and tailored customer support.

Further, we continued our focus on emerging markets. In China we consolidated and strengthened our team, while in India we moved one of our two plants into new and modern facilities close to Delhi. This prepares us for the growth we know will come in these markets.

2011 was also an important year in bringing us closer together as one global team with the launch of our new corporate vision; "Enhancing the driving experience", accompanied by a new set of core values urging our employees to be *passionate, accountable* and *prepared,* irrespective of position or location around the world. This has given us one common corporate identity. Implemented with commitment, it will ultimately improve performance, strengthen our relationships with stakeholders and drive growth.

One year ago, I said that our combined efforts should restore us to profitability in 2011. Together we delivered on that promise, but the journey doesn't stop there. In 2012 we will continue to pursue every opportunity to improve faster and more significantly than we managed in 2011. I want 2012 to be a year where we not only mark 25 years as an independent company, but also make a healthy financial contribution to the overall KA Group, a contribution that we can be proud of.

Hans P. Havdal

Hans Peter Havdal
President & CEO

REPORT OF THE BOARD OF DIRECTORS AND THE CEO

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Since producing our first component in 1957, the story of Kongsberg Automotive has been one of creating sustainable business against all odds. Originating from a defense and weaponry company, in a country without an automotive industry tradition, the company and its employees have shown true grit and innovation to become a global player in one of the most competitive markets in the world. The company is listed on the Oslo Stock exchange, with headquarter in Kongsberg.

Our mission is to provide world class products to the global vehicle industry. Our products enhance the driving experience, making it safer, more comfortable and sustainable.

We meet our customer's demands, secure growth and create stakeholder value by:

- Making the health and safety of our employees and the quality of our products a top priority.
- Developing unique solutions for growing market segments, while continuously focusing on improving our processes.
- Having the most passionate, accountable and prepared people, striving to be the best possible partner for our customers and suppliers, creating a company that we're proud to work for.

Markets

In 2011 Kongsberg Automotive signed new contracts worth a total of EUR 153.2 million in annual turnover. Among these contracts were several larger strategic contracts, demonstrating strong customer relations and the ability of KA's footprint to serve global vehicle platforms with deliveries from multiple KA locations.

An example of this was the contract signed in Q4 for the supply of a gear selector system to be mounted on the gear box of a major global vehicle OEM. The gearbox will be installed in several different cars (Entry, B & C segment cars), sold both in Europe, and in the growing Asian market under several globally recognized brands. Design and project leadership will be based in Europe, while production will take place in three different KA facilities in France, India and China.

In 2011 Kongsberg Automotive was once again able to outgrow the underlying automotive markets growth. The KA Year-on-Year (YoY) revenue growth was 16 % versus underlying production volume growth in the passenger car market of 3.3 % and 3.7 % in the market for medium and heavy duty trucks (global YoY growth). This was driven by increased market share, favorable geographical positioning and our strong position with the winning OEMs in the market.

For medium and heavy duty trucks we saw production globally of approximately 2.9 M units in 2011, versus approximately 2.8 M units in 2010.

Within the passenger car segment, North America went from a total vehicle production of approximately 11.8 M units in 2010 to approximately 12.9 M units in 2011. In the Chinese market we saw the market flattening from a strong 2010, with approximately 16.9 M units produced in 2011 versus approximately 16.7 M units in 2010. In Europe the market was up with production volumes going from approximately 19.2 M units in 2010 to approximately 20.5 M units in 2011. The global production of passenger cars in 2011 was approximately 77 M units.

Asia

Our organization in the Asian region was strengthened in 2011 through a consolidation of our Chinese production capabilities, strengthening of our Asian sales teams and through moving much of our Indian production into a new facility in Gurgaon near Delhi. KA had 1169 employees in China and 116 employees in India at the end of 2011.

R&D

Our R&D efforts are kept at 4.5 % of sales, with an R&D team of about 450 highly skilled people.

KA organizes its R&D with a combination of strong local engineering support close to the customer and five global tech centers. The tech centers are situated in USA (Detroit), China (Wuxi), Germany (Munich), Sweden (Mullsjö) and Norway (Kongsberg). This strategy enables the Group to have resources near the main customers that drive technology shifts in the industry.

KA has research and development capability from concept to production ready systems with full in-house prototype, test and validation capability.

In 2011 KA initiated an internal project dedicated to bringing forward more innovations to the market. Resources from all five business areas are participating and we believe we will see strong results from this initiative in the coming years in terms of new product innovations that meet customer demand.

KA continued its focus on new business opportunities within the segment of hybrid and electrical drivelines in 2011, with the highlight being the establishment of the separate company e-Power Nordic AB in Sweden. This is a company that will focus on developing power electronics for this growing segment.

Operations

Our focus on lean operations and transition into further low cost area production continued in 2011. The Burton facility in the UK was closed and production moved into our facility in Pruszkow, Poland. The close down of our Dassel plant in Germany continued and this closure is expected to be finalized within Q3 in 2012. This production will then be fully up and running in Vrable, Slovakia. During 2012 the majority of our production of components for passenger cars will be located in low cost countries.

Going concern

According to section 3–3 of the Norwegian Accounting Act, we confirm that the consolidated financial statements and the financial statements of the parent company have been prepare based on the going concern assumption, and that it is appropriate to make that assumption.

Operational risk

Kongsberg Automotive supplies products that are safety critical. Suppliers in the automotive industry face the possibility of substantial financial responsibility for warranty cases related to potential product or delivery failures, and Kongsberg Automotive is no exception. This responsibility represents a potential risk. Work methods and qualifying procedures implemented by the company are designed to minimize this risk. The Company is usually contracted as a supplier with a long-term commitment. The commitment is usually based on the model platforms. Even if present commitments are cost reimbursable they can be adversely affected by many factors and short term variances including shortages of materials, equipment and work force, political risk, customer default, labor conflicts, accidents, environmental pollution, the prices of raw materials, unforeseen problems, changes in circumstances that may lead to cancellations and other factors beyond the control of the Company. For more information regarding operational risk, see note 17.

Financial risk

The Group's activities are exposed to different types of financial risk. Some of the most important factors are foreign exchange rates, interest rates, raw material prices and credit risks, as well as liquidity risk.

Currency risk

As the consolidation currency for the Group is EUR, there will always be ongoing exposure associated with the reporting of consolidated profit and loss statements and balance sheets.

Interest risk

Interest risk is linked to long term debt and the interest development in EUR and USD rates. For details about interest swap, see note 10 and 11 to the accounts.

Credit risk
In today's automotive market, the credit risk is still higher than normal. Kongsberg Automotive is exposed to all major OEMs. The company keeps high focus on outstanding amounts due from these, as well as other customers, and rapidly implements actions if receivables become overdue. Sound routines have been established for following up receivables. The company has concentrated on debt collection and customer creditworthiness. Losses in this area have been minimal in the past.

Liquidity risk
Cash flow forecasting is performed by all operating entities of the group on a weekly basis. The Group monitors these forecasts and a 5 quarter rolling forecasts for the group to keep track of the group's liquidity requirements to ensure the right level of cash to meet the company liquidity needs.

The responsibility for the Group's financial risk management is centralized and risk exposure is constantly monitored. The Group constantly evaluates and potentially uses derivatives in order to minimize risks relating to currency, interests and raw-material prices. As the Company operates in many countries, it is vulnerable to currency risk. The greatest currency exposure is associated with EUR and USD, while raw material exposure is greatest in copper, zinc, aluminum, polymer components and steel.

For further risk analysis, see note 17 to the accounts.

Review of accounts
Group
Operating revenues for the Group in 2011 amounted to MEUR 999.7 (864.4) an increase of 15.7 %.

For the Group in total the operating result was MEUR 38.5 (10.2). This gave an operating margin of 3.9 % (1.2 %). The increase in revenues from 2010 to 2011 reflects the improved market conditions in the automotive industry in general in addition to the company's market share development and customer mix. All major markets have experienced positive development across all business areas during 2011. The higher sales combined with managing the fixed cost has been the main contributor to the improved profitability for the Group. The operating margin for the Group has improved from 2010 to 2011.

Segments
The Interior revenues were up MEUR 27.4 (12.4 %) in 2011 compared to 2010. The effect of higher sales was more than offset by product launch cost, negative margin mix due to relatively more revenue from NA versus EU, and non-recurring costs related to the closure of the plant in Burton UK. EBITDA ended at EUR 18.6 down MEUR 4.4.

The Driveline revenues were up by MEUR 37.8 (13.1 %). The increased sales combined with improvement projects brought the business area from a loss of MEUR 1.2 in 2010 to a positive EBITDA of MEUR 6.5 in 2011.

The Fluid Transfer revenues were up MEUR 38.3 (28.9 %). EBITDA for Fluid Transfer was MEUR 27.4, which is MEUR 11.7 above last year reflecting the higher sales and operational improvements.

The Actuation & Chassis revenues were up MEUR 51.7 (45.2 %), reflecting a strong recovery in the commercial vehicle segments. The increased revenues give an EBITDA improvement of MEUR 7.1 to MEUR 25.7 in 2011. The effect of higher sales is mainly offset by operational gaps in the Norwegian facilities.

The Power Products revenues were down MEUR 1.6 (- 1.2 %). EBITDA improved by MEUR 11.5 compared to 2010. Several improvement actions across the BA were lifting the general profitability for the business area.

Net financial items
Net financial items amounted to MEUR -30.4 in 2011 (-12.1). Interest expenses were reduced from MEUR 22.2 in 2010 to 20.0 in 2011 reflecting a lower debt level. Unrealized currency effects contributed negatively with MEUR 21.0 comparing 2011 to 2010.

Net profit
Net profit for the year was MEUR 7.8 compared with a loss of MEUR -9.2 in 2010.

Capital
The Group's long term interest-bearing bank debt amounted to MEUR 326.9 (370.5) as of 31st December 2011. Short term interest bearing debt was MEUR 71.4 (30.8).

For more information, see note 16 and 17 to the accounts.

As of 31st December 2011, the Group's book equity amounted to MEUR 185.2 (174.6). The equity ratio was 23.3 % (22.3 %).

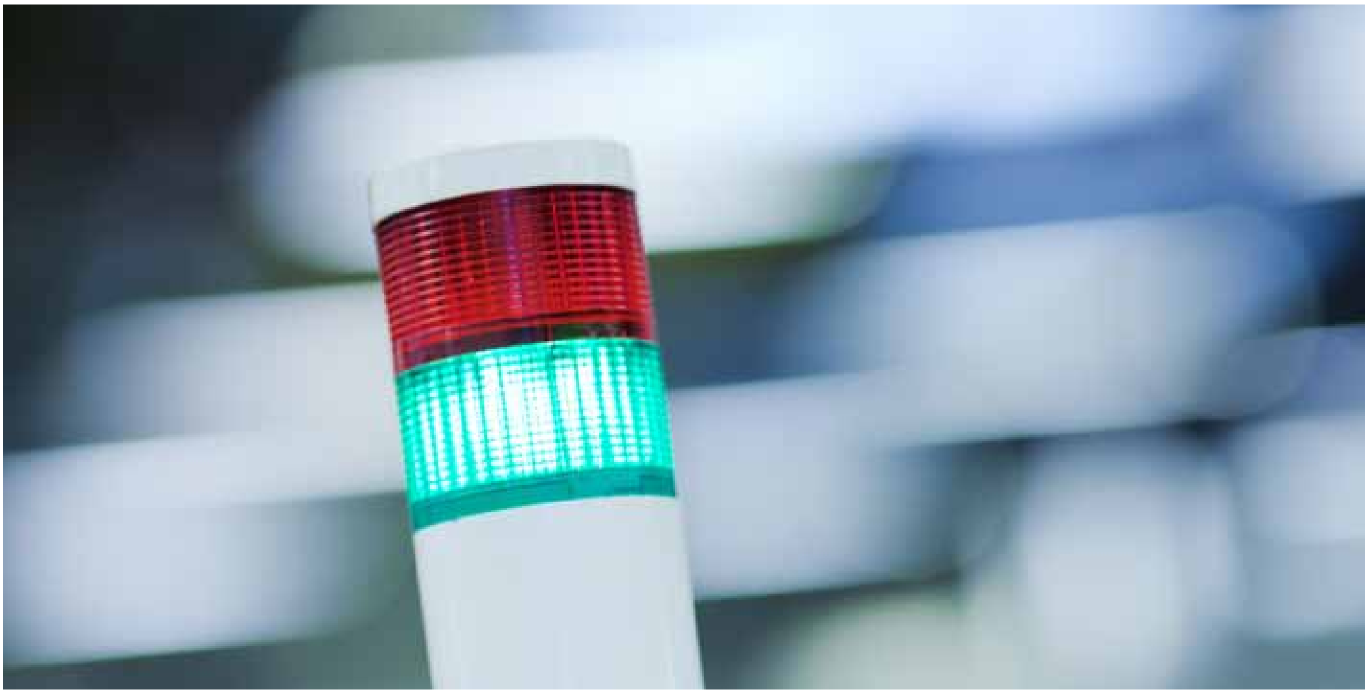
Liquidity
In total, Kongsberg Automotive had liquidity reserves in cash and overdraft facilities of 125.8 MEUR.

Cash flow
The Group had a positive cash flow from operations in 2011 of MEUR 41.2 compared to MEUR 43.9 in 2010. The Group invested MEUR 35.1 in property, plant and equipment and intangible assets, which was an increase of MEUR 11.4 from 2010. The net change in cash and bank overdraft during 2011 was MEUR -48.6.

Impairment
At the year end close, the company performed an impairment test in accordance with the requirement in IAS 36. Based on the result, no need for write-downs was identified. See note 2.3 and 5.2 for further details.

Kongsberg Automotive Holding ASA – The parent company
In 2011, the parent company earned total operating revenues of MEUR 38.5 (33.2) with a corresponding operating result of MEUR 17.2 (15.6). The parent company had net financial items of MEUR 16.4 in 2011 (25.1). The net result after tax for the year amounted to MEUR 23.3 (31.2). As of 31 December 2011, the parent company's book equity was MEUR 312.2 (286.3). The company had MEUR 69.4 in distributable equity.

Appropriations
The Board of Directors will propose to the Annual General Assembly that no dividend be paid for 2011. The Board of Directors proposes



that Kongsberg Automotive Holding ASA's net result of MEUR 23.3 is allocated as follows:

Transferred to other equity: MEUR 23.3

Corporate Governance
The Board of Directors of Kongsberg Automotive Holding ASA (KA) has drawn up a set of general principles and guidelines for corporate governance. These principles cover the Board's responsibility for determining the Group's risk profile, approving the organisation of the business, allocating responsibility and authority, as well as requirements with respect to reporting lines and information, risk management and internal control. The tasks and responsibilities of the Board of Directors and CEO are laid out in separate directives covering the Board and CEO respectively.

KA's Board of Directors has issued directives to the Group's subsidiaries that should ensure they adopt and comply with the Group's principles and guidelines for corporate governance. The Group's guidelines for corporate social responsibility summarise how work in this area is to be integrated into the Group's corporate governance processes for investments, product development, procurement and staff follow-up. The Board determines the Group's objectives in the field of corporate social responsibility. Its performance is audited by the Group's external auditor.

Guidelines for investor relations should ensure that investors, lenders and other stakeholders in the securities market are provided with reliable, timely and identical information.

As an extension of the general principles and guidelines, a Code of Conduct has been adopted that applies to all group employees and elected officers. Uniform regulations for risk management and internal control, financial reporting, handling insider information and primary insiders' own trading activities have also been adopted. Furthermore, guidelines and information are provided with respect to information security, contingency plans and financial crime.

Kongsberg Automotive's Board of Directors has decided to comply with the latest version of Norwegian Code of Practice for corporate governance. Kongsberg Automotive's compliance with the requirements of each of the 15 main principles of the Norwegian Code of Practice for corporate governance and the requirements in the accounting act section 3-3b is further detailed in the section "Corporate Governance in Kongsberg Automotive" in the annual report, and this information is also available on the company's web pages.

Employees
At the end of 2011, KA had 10 950 employees, a net increase of 414 people compared to the same period in 2010. The increase reflects the recovery of the global automotive market and the revenue growth for the company.

Overall, the main growth in employees within the company has been in Eastern Europe with Poland (304) and Slovakia (260).

Kongsberg Automotive is committed to ensuring and benefiting from the diversity of our work force.

This commitment is reflected in Kongsberg Automotive's focus on diversity in recruitment processes and management development programs. The company also recognizes that a good balance between work and private life is becoming increasingly important for today's employees, regardless of gender.

Of the total workforce 48 % is comprised of women. The Company aims at increasing the number of females at Corporate and Divisional Management positions. To reach this goal, the company aims at inviting women to interview for all new positions. In order to secure a better gender balance, our succession planning will specifically focus on internal female and minority candidates for executive positions.

The Board of Kongsberg Automotive Holding ASA consists of three (37.5 %) women and five (62.5 %) men. Among the shareholder elected members 40 % are women. Kongsberg Automotive recognizes the importance of attracting and retaining skilled and motivated employees, including managers, with a strong commitment to the business in line with KA's ethical guidelines and values.

In 2011 Kongsberg Automotive introduced a new managerial program, KAspire. The program aims at preparing and developing engaged and high-performing professionals to take larger roles and responsibilities in our company. KAspire runs over 18 months, and a new class is planned to start up annually. This is a new addition to the other KA management training programs.

Health, Safety and Environment (HSE)
Kongsberg Automotive gives the highest priority to Health, Safety and Environment (HSE). The authorities in countries where KA operates set HSE standards in the form of legislation, general regulations and specific requirements. To the Boards knowledge, all KA units comply with general and specific requirements alike. Additionally, 32 manufacturing locations have implemented Environmental Management Systems in accordance with ISO 14001 Standards. Certification assures that units consider the environmental impacts of their work and set targets for improved performance. As a supplier, KA also complies with standards set by its customers.

In early 2011, objectives and plans for improved HSE performance were set. Performance was tracked on an ongoing basis. Details provided in the 2011 Health, Safety and Environment Report have been collected as part of the company's annual review of its HSE performance.

KA considers the safety of its workers as top priority. In 2011, by increasing awareness and incorporating good working methods into safety efforts, the company demonstrated real progress. The overall number of accidents reported was reduced by 10% and seven locations reported zero accidents. The Group's Incident Rate decreased by 19%. In 2011, the Group averaged 4.6 accidents for every one million man hours worked. In 2010, the Incident Rate was 5.7 accidents for every one million man hours worked. We view this as significant progress considering that as man-hours increased in 2011, the accidents reported went down. The H-value remained unchanged. The KA Group H-value average was 3.9. When Group H-value average is adjusted for comparison to the leading external benchmark, we find our performance is better than average for the manufacturing sector. Absences due to personal illnesses are tracked by the company. When considering all KA employees, the Group's sick leave average was 2.9% in 2011 compared to 3.0 % for 2010, a 4% reduction.

Energy consumption data for electricity and burning of fossil fuels needed for production activities was collected. Relative to total product sales; the result came out on the positive side. Energy use was up less than 1% and the energy intensity also decreased. Energy Intensity is measured as kilowatt hour used in production for every euro in total product sales. In 2010 the company used 156kWh/1000€ and in 2011 the energy intensity decreased to 137kWh/1000€, resulting in a 12% reduction.

Using *UN Greenhouse Gas Calculators*, the 2011 CO_2 emissions are calculated at 46637 metric tons. The CO_2 Emissions Intensity decreased in 2011 to 43 metric ton CO_2/1000€ of total product sales, a 6% reduction.

Pollution control is important to KA and the communities in which it operates. KA's aim is to minimize the amount sent to landfills and the toxicity of waste requiring special treatment and disposal. All units sought opportunities to reuse and recycle. We reduced our Waste Index by 23%. Absolute waste generated was reduced by 9 %. Details of these efforts are provided in the full Health, Safety and Environmental Report.

KA had two small fires in 2011 with little or no damage to property. No employees were injured. All locations continue to look at potential fire risks and enact plans to control and mitigate such risks.

No spills or unauthorized releases to the environment were reported in 2011 nor were there any external complaints related to HSE reported during the year.

Subsequent events

Kongsberg Automotive Holding ASA has together with DNB and Nordea reached an agreement on head terms for a new loan facility to refinance its total interest bearing bank debt. The agreement is a 5 year revolving credit facility in excess of MEUR 400 ending in 2017, extending the maturity by 4 years. The new facility will lift the covenant related to near term earnings and will establish a new margin structure depending on the net gearing ratio. The refinancing will be done through a revolving credit facility consisting of the following tranches:

- One MUSD 195 tranche
- One MEUR 231 tranche
- One overdraft tranche of MEUR 35

Future outlook

The Board of Directors wishes to emphasize that all assessments involving future conditions are uncertain. They are subject to developments which to a large degree are beyond the company's control.

The company has a global footprint and through that exposure to all key markets. The market outlook for 2012 gives reason to expect revenues of EUR 1 billion. The US market indicates a positive trend for both cars and trucks, while the outlook for the European market is more uncertain, in particular for heavy truck. The Chinese market is mixed with passenger car market up and truck market down. The following elements will be instrumental in strengthening the margins in 2012. The closure of the Burton (UK) plant is expected to improve margins in the Interior business area, whereas the ongoing turnaround of the Driveline business will remain a key focus area also in 2012. The company has a strong focus on continuous improvements and reduction of its cost of purchased material. The margin development for the Group will also depend on the market mix between the passenger car segments and the commercial vehicle segments in 2012.

The outlook is based and dependent on the current market assumptions.

Magnus Jonsson   Tone Bjørnov   Thomas Falck   Ulla-Britt Fräjdin-Hellqvist   Halvor Stenstadvold   Eivind A. Holvik   Tonje Sivesindtajet   Kjell A. Kristiansen

Board members of Kongsberg Automotive Holding ASA
Kongsberg, 21. March 2012

Ulla-Britt Fräjdin-Hellqvist
Chairwoman
(Sign.)

Tone Bjørnov
(Sign.)

Thomas Falck
(Sign.)

Magnus Jonsson
(Sign.)

Halvor Stenstadvold
(Sign.)

Tonje Sivesindtajet
(Sign.)

Eivind A. Holvik
(Sign.)

Kjell A. Kristiansen
(Sign.)

Hans Petter Havdal
President and CEO
(Sign.)

FINANCIAL STATEMENTS

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Statement of Financial Position

Kongsberg Automotive Holding ASA				Kongsberg Automotive Group	
31.12.11	31.12.10	MEUR	Note	31.12.11	31.12.10
		ASSETS			
		Non-current assets			
0.0	4.8	Deferred tax assets	14	50.6	39.9
0.7	0.6	Intangible assets	5	242.9	253.4
0.0	0.2	Property, plant and equipment	6	132.6	131.9
213.8	88.3	Investments in subsidiaries	3	0.0	0.0
413.0	505.3	Loans to subsidiaries	9	0.0	0.0
0.3	0.3	Financial non-current assets		3.2	3.2
627.8	**599.5**	**Total non-current assets**		**429.3**	**428.4**
		Current assets			
0.0	0.0	Inventories	7	94.4	83.4
49.0	55.2	Trade and other receivables	8, 9, 10, 11	187.6	164.3
23.0	43.3	Cash and cash equivalents	10, 12	82.5	106.9
72.0	**98.5**	**Total current assets**		**364.6**	**354.6**
699.8	**698.1**	**Total assets**		**793.9**	**783.0**
		EQUITY AND LIABILITIES			
		Equity			
26.2	26.1	Share capital	13	26.2	26.1
(0.4)	(0.5)	Treasury shares		(0.4)	(0.5)
217.5	215.8	Share premium		217.5	215.8
(1.3)	(2.1)	Other reserves		(16.3)	(16.8)
70.2	46.9	Retained earnings		(48.3)	(56.2)
312.2	**286.3**	**Attributable to equity holders**		**178.6**	**168.4**
0.0	0.0	Non-controlling interests		6.6	6.2
312.2	**286.3**	**Total equity**		**185.2**	**174.6**
		Non-current liabilities			
5.3	0.0	Deferred tax liabilities	14	19.7	13.6
1.6	1.8	Retirement benefit obligations	15	13.6	14.5
326.8	370.4	Interest-bearing loans and borrowings	10, 16, 17	326.9	370.5
0.1	0.0	Other non-current liabilities		0.9	1.4
333.8	**372.2**	**Total non-current liabilities**		**361.1**	**400.0**
		Current liabilities			
4.7	0.3	Bank overdraft	10, 16	30.2	5.9
40.0	23.7	Other current interest-bearing liabilities	10, 16	41.2	24.9
0.0	0.0	Current income tax liabilities	14	4.3	1.1
9.0	15.6	Trade and other payables	9, 10, 18	171.8	176.6
53.8	**39.6**	**Total current liabilities**		**247.5**	**208.4**
387.6	**411.8**	**Total liabilities**		**608.6**	**608.4**
699.8	**698.1**	**Total equity and liabilities**		**793.9**	**783.0**

Statement of Comprehensive Income

Kongsberg Automotive Holding ASA				Kongsberg Automotive Group	
31.12.11	31.12.10	MEUR	Note	31.12.11	31.12.10
38.5	**33.2**	**Operating revenues**	4, 9	**999.7**	**864.4**
		Operating expenses			
0.0	0.0	Raw materials consumed		(647.5)	(557.1)
0.0	0.0	Change in inventories	7	11.0	16.9
(4.8)	(5.0)	Salaries and social expenses	21	(258.3)	(209.2)
(15.9)	(12.0)	Other operating expenses		(22.9)	(57.9)
(0.2)	(0.2)	Depreciation	6	(29.0)	(30.1)
(0.4)	(0.4)	Amortization	5	(14.4)	(16.8)
(21.2)	**(17.6)**	**Total operating expenses**		**(961.2)**	**(854.2)**
17.2	**15.6**	**Operating (loss) / profit**		**38.5**	**10.2**
		Financial items			
39.6	47.5	Financial income	22	2.0	14.4
(23.2)	(22.4)	Financial expenses	22	(32.4)	(26.5)
16.4	**25.1**	**Net financial items**		**(30.4)**	**(12.1)**
33.6	**40.7**	**(Loss) / profit before income tax**		**8.2**	**(1.9)**
(10.3)	(9.5)	Income tax	14	(0.4)	(7.3)
23.3	**31.2**	**(Loss) / profit for the year**		**7.8**	**(9.2)**
		Other comprehensive income			
0.0	0.0	Translation differences		6.5	11.2
0.0	0.0	Tax on translation differences		(3.7)	(0.1)
0.0	**0.0**	**Other comprehensive income**		**2.8**	**11.1**
23.3	**31.2**	**Total comprehensive income for the year**		**10.5**	**1.9**
		Profit attributable to:			
23.3	31.2	Equity holders (parent company)		7.5	(9.8)
0.0	0.0	Non-controlling interests		0.3	0.6
23.3	**31.2**	**Total**		**7.8**	**(9.2)**
		Total comprehensive income attributable to:			
23.3	31.2	Equity holders (parent company)		10.2	1.1
0.0	0.0	Non-controlling interests		0.3	0.8
23.3	**31.2**	**Total**		**10.5**	**1.9**
		Earnings per share			
		Basic earnings per share, Euros	23	0.02	(0.02)
		Diluted earnings per share, Euros	23	0.02	(0.02)

The Board of Directors of Kongsberg Automotive Holding ASA
Kongsberg, 21 March 2012

Ulla-Britt Fräjdin-Hellqvist
Chairwoman
(Sign.)

Tone Bjørnov
(Sign.)

Thomas Falck
(Sign.)

Magnus Jonsson
(Sign.)

Kjell A. Kristiansen
(Sign.)

Tonje Sivesindtajet
(Sign.)

Eivind A. Holvik
(Sign.)

Halvor Stenstadvold
(Sign.)

Hans Petter Havdal
President and CEO
(Sign.)

Statement of Changes in Equity

Kongsberg Automotive Group MEUR	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Sub-total	Non-controlling interest *	Total equity
Equity 01.01.10	**24.5**	**(0.1)**	**202.8**	**(11.2)**	**(43.6)**	**172.4**	**6.5**	**178.9**
Acquisition of treasury shares		(0.4)		(3.9)		(4.3)		(4.3)
Value of share options charged to income statement				0.8		0.8		0.8
Changes in non-controlling interests				0.3		0.3	(1.7)	(1.4)
Other changes in equity				(1.4)		(1.4)		(1.4)
Total comprehensive income for the year								
(Loss) for the year					(9.8)	(9.8)	0.6	(9.2)
Other comprehensive income:								
Translation differences	1.6		13.0	(1.4)	(2.8)	10.4	0.8	11.2
Tax on translation differences				(0.1)		(0.1)		(0.1)
Equity 31.12.10 / 01.01.11	**26.1**	**(0.5)**	**215.8**	**(16.8)**	**(56.2)**	**168.4**	**6.2**	**174.6**
Sale of treasury shares		0.1				0.1		0.1
Value of share options charged to income statement				0.8		0.8		0.8
Changes in non-controlling interests							(0.5)	(0.5)
Other changes in equity				(0.3)		(0.3)		(0.3)
Total comprehensive income for the year								
Profit for the year					7.5	7.5	0.3	7.8
Other comprehensive income:								
Translation differences	0.1		1.7		4.1	5.9	0.6	6.5
Tax on translation differences					(3.7)	(3.7)		(3.7)
Equity 31.12.11	**26.2**	**(0.4)**	**217.5**	**(16.3)**	**(48.3)**	**178.6**	**6.6**	**185.2**

* *Non-controlling interest:* External shareholders in Shanghai Kongsberg Automotive Dong Feng Morse Co Ltd and e-Power Nordic AB.

Dividend	**2011**	**2010**
Dividend per share in Euros - paid	0.0	0.0
Dividend per share in Euros - proposed	0.0	0.0

Kongsberg Automotive Holding ASA (parent company) MEUR	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
Equity 01.01.10	**24.5**	**(0.1)**	**202.8**	**0.9**	**14.3**	**242.4**
Foreign currency translation	1.6		13.0	0.1	1.5	16.2
Acquisition of treasury shares		(0.4)		(3.9)		(4.3)
Value of share options charged to income statement				0.8		0.8
Profit for the year					31.2	31.2
Equity 31.12.10 / 01.01.11	**26.1**	**(0.5)**	**215.8**	**(2.1)**	**46.9**	**286.3**
Foreign currency translation	0.1		1.7		(0.1)	1.7
Sale of treasury shares		0.1				0.1
Value of share options charged to income statement				0.8		0.8
Profit for the year					23.3	23.3
Equity 31.12.11	**26.2**	**(0.4)**	**217.5**	**(1.3)**	**70.2**	**312.2**

Specification of constituent elements of equity

Share capital: par value for shares in issue

Treasury shares: par value for own shares

Share premium: premium over par value for shares in issue

Other reserves: translation differences, premium treasury shares, warrants, share options and other comprehensive income

Retained earnings: accumulated retained profits and losses

Non-controlling interests: non-controlling interests' share of equity in group companies

Shares	**2011**	**2010**
Number of shares in issue at 01.01.	406 768 131	406 768 131
New shares issued	0	0
Number of shares in issue at 31.12.	**406 768 131**	**406 768 131**
Of these, treasury shares	7 046 302	7 292 407

Warrants

DnB NOR ASA and Nordea Bank ASA (split 50/50) have 36 130 478 independent warrants. A warrant gives the bearer the right to subscribe for one share in the company at a future point in time. One half of the warrants gives the right to buy shares at NOK 6.00 and the second half at NOK 8.00 per share. The par value of the shares to be issued is NOK 0.50 per share. Each warrant may be execised up to and including 29.12.13. No warrants have been exercised in 2011.

Treasury shares

The company holds 7 046 302 treasury shares. 1 000 000 shares were acquired in August 2006 at an average price of NOK 48.24 per share. 6 500 000 shares were aquired in February 2010 at an average price of NOK 5.24 per share. The shares were purchased for future allocations of share options within the group's share option programmes (see note 13). 246 105 of the shares were sold in the program in 2011. Excercise price was NOK 3.00.

Statement of Cash Flows

Kongsberg Automotive Holding ASA | **Kongsberg Automotive Group**

31.12.11	31.12.10	MEUR	Note	31.12.11	31.12.10
		Operating activities			
33.6	40.7	(Loss) / profit before taxes		8.2	(1.9)
0.2	0.2	Depreciation	6	29.0	30.1
0.4	0.4	Amortization	5	14.4	16.8
(30.4)	(25.6)	Interest income	22	(0.5)	(0.8)
19.2	21.9	Interest expenses	22	20.0	22.2
0.0	0.0	Taxes paid		(2.0)	(6.6)
3.8	0.0	(Gain) / loss on sale of non-current assets		(0.2)	3.7
(9.2)	(11.9)	Changes in Accounts receivables		(18.1)	(16.0)
0.0	0.0	Changes in Inventory		(10.1)	(12.2)
(0.8)	(1.1)	Changes in Accounts payables		(2.4)	25.8
(5.2)	(7.7)	Currency differences over P/L	22	8.9	(7.7)
(2.6)	(4.2)	Changes in value of financial derivatives	22	(1.5)	(5.9)
(0.2)	(7.9)	Changes in other items		(4.5)	(3.6)
8.9	**4.8**	**Cash flow from operating activities**		**41.2**	**43.9**
		Investing activities			
(0.5)	(0.1)	Capital expenditures, including intangible assets	5, 6	(35.1)	(23.7)
0.0	0.0	Proceeds from sale of fixed assets		0.0	3.7
0.0	0.0	Proceeds from sale and liquidation of subsidiaries		0.0	1.5
(1.5)	(10.1)	Investment in subsidiaries	25	(0.1)	(1.0)
30.4	0.7	Interest received		0.5	0.8
1.5	9.9	Dividends received		0.0	0.0
29.9	**0.4**	**Cash flow from investing activities**		**(34.7)**	**(18.8)**
		Financing activities			
0.0	(4.3)	Purchase of treasury shares		0.0	(4.3)
0.1	0.1	Proceeds from sale of treasury shares [1]		0.1	0.1
(32.3)	(1.9)	Repayment of external loans	16	(32.3)	(1.9)
6.1	19.8	Proceeds from group loans		0.0	0.0
(13.4)	(10.6)	Issue of new group loans		0.0	0.0
(0.3)	(2.5)	Repayment of group loans		0.0	0.0
(19.3)	(21.9)	Interest paid		(19.1)	(21.9)
0.0	0.0	Dividends paid [2]		(0.5)	0.0
(0.6)	(0.4)	Other financial charges		(3.5)	(0.4)
(59.8)	**(21.7)**	**Cash flow from financing activities**		**(55.3)**	**(28.4)**
(3.7)	**3.7**	**Currency effects on cash**		**0.1**	**0.9**
(24.7)	(12.8)	Net change in cash		(48.6)	(2.5)
43.0	55.8	Net cash at 01.01 (including bank overdraft)		101.0	103.5
18.3	**43.0**	**Net cash at 31.12 (including bank overdraft)**		**52.3**	**101.0**
0.2	0.2	Of this, restricted cash	12	3.1	1.5

1) Comprises the sale of 246 thousand treasury shares (see "Statement of Changes in Equity").

2) Comprises dividend paid from Shanghai Kongsberg Automotive Dong Feng Morse Co. Ltd (China) to external shareholders (see "Statement of Changes in Equity").

Notes

Note 1 – General information

Kongsberg Automotive Holding ASA ("the company") and its subsidiaries (together "the group") develop, manufacture and sell products to the automotive industry worldwide. The company is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Dyrmyrgata 48, NO-3601 Kongsberg, Norway. The company is listed on the Oslo Stock Exchange. The group consolidated financial statements were authorised for issue by the Board of Directors on 21 March 2012.

Note 2 – Summary of significant accounting policies

2.1) Statement of compliance
The group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as endorsed by EU. The parent company's financial statements are perpared in accordance with simplified IFRS according to the Norwegian accounting act § 3-9. The parent is following the same accounting policies as of the group.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical acounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Group financial statements are prepared on a going concern basis.

2.1.1) Changes in accounting policy and disclosures in 2011

(a) New and amended standards adopted by the group

IAS 24 (revised), "Related party disclosures", issued in November 2009. It supersedes IAS 24, "Related party disclosures", issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Among others the revised standard clarifies and simplifies the definition of a related party. The impact for KA is related to additional disclosure requirements. The 2011 effect is shown in note 9.

There are no other new or revised IFRSs and IFRIC interpretations entry into force of the 2011 financial statements that are considered to have or expected to have a significant impact on the Group.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2011 but not currently relevant to the group (although they may affect the accounting for future transactions and events)

IFRIC 14 (amendment) "Prepayments of a minimum funding requirement". The amendments correct an unintended consequence of IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction". Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011 or later. The effect is assumed to be limited for KA.

IAS 32 (amendment) "Classification of rights issues", issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors". The effect is assumed to be limited for KA.

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted by the group

The Group has not early adopted any new or modified IFRSs and IFRIC interpretations.

IAS 19 "Employee Benefits" was changed in June 2011. The change means that all actuarial gains and losses recognized in comprehensive income as they arise (no corridor), an immediate recognition of all costs past service and that it replaces interest costs and expected return on plan assets with a net amount of interest that calculated using the discount rate on net pension obligation (asset). The Group has not yet completed the analysis of the consequences of the amendments to IAS 19, but the effect will probably be limited.

IFRS 9 "Financial Instruments" regulates the classification, measurement and accounting for financial assets and financial liabilities. IFRS 9 was released in November 2009 and October 2010, and replace the parts of IAS 39 which deals with accounting, classification and measurement of financial instruments. Under IFRS 9, the financial assets are divided into into two categories based on the measurement method: they are measured at fair value and those measured at amortized cost. Classification assessment done by initial recognition. The classification will depend on the company's business model to deal with its financial instruments and characteristics of the contractual cash flows from the instrument. For financial liabilities, the requirements generally equal IAS 39. The main change, in cases where you have elected the fair value of financial liabilities, is that the part of a change in fair value due to changes in the company's own credit risk are recognized in the comprehensive income rather than the income statement, if this does not involve a timing errors in the performance measurement. The group plans to apply IFRS 9 when the standard takes effect and is approved by the EU. The standard comes into effective for accounting periods beginning 1 January 2013 or later, but the IASB has circulated a proposal for deferred entry into force of accounting periods beginning 1 January 2015 or later.

IFRS 10 "Consolidated Financial Statements" are based on current principles to use control concept as the key criterion to determine whether a company should be included in the consolidated statements of the parent company. The standard provides enhanced guidance for assessing whether control is present in those cases where this is difficult. The Group has not considered all the possible consequences of IFRS 10. The Group plans to apply the standard for accounting periods beginning 1. January 2013 and later.

IFRS 12 "Disclosures of Interest in Other Entities" contains disclosure requirements for financial interests in subsidiaries, joint ventures, associated companies, companies special purpose "SPE" and other non-capitalized companies. The Group has not considered the full impact of IFRS 12. The Group plans to apply the standard for accounting periods beginning 1. January 2013 and later.

IFRS 13 "Fair Value Measurement" defines what is meant by fair value when the term is used in IFRS, provides a unified description of how fair value should be determined by IFRS, and define the additional information to be provided when fair value is used. The standard does not expand the scope of accounting at fair value but does guidance on the application method in which the use is already required or allowed in other IFRSs. The Group uses fair value measurement criteria for certain assets and liabilities. The Group has not assessed the full impact of IFRS 13. The Group plans to (early) apply IFRS 13 for accounting periods beginning 1 January 2012 and later.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income
The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012. The amendment will be considered if relevant.

IAS 12 Income Taxes – Recovery of Underlying Assets
The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012. The amendment is not relevant for KA since the group has no investment properties.

IAS 27 Separate Financial Statements (as revised in 2011)
As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The KA does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The amendment will be considered if relevant.

Otherwise, no other IFRSs and IFRIC interpretations that are not the entry into force is expected to have a significant impact on the financial statements.

2.2) Basis of consolidation
The consolidated financial statements comprise the financial statements of Kongsberg Automotive Holding ASA and its subsidiaries as of 31 December each year. The financial statements of subsidiaries are prepared for the same reporting periods as the parent company, using consistent accounting principles.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Investments in subsidiaries are recorded at cost in the parent company's financial statements.

2.3) Critical judgments and key sources of estimation uncertainty
The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of estimates and assumptions by management. The estimates are based on past experiences and assumptions that the management believes are fair and reasonable. The estimates and the judgment behind them affect the reported amounts of assets and liabilities, as well as income and expenses in the financial statements presented. Actual outcome can later, to some extent, differ from the estimates and the assumptions made.

Certain accounting policies are considered to be particularly important to the financial position of KA, since they require management to make complex or subjective judgments and estimates, the majority of which relate to matters that are inherently uncertain. These critical judgments and estimates are in particular associated with:

- the impairment testing of Goodwill and other relevant assets
- expected useful lifetime - intangible assets and Property, Plant & Equipment
- the deferred tax assets (and losses carried forward)
- the actuarial calculations of pension liabilities

Impairment testing
Goodwill and other relevant assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. This consists of an analysis to assess whether the carrying amount of e.g. goodwill is fully recoverable. The determination of recoverable amount involves establishing the Value in use (VIU), measured as the present value of the cash flows expected from the cash-generating unit, to which the goodwill has been allocated. The cash-generating units in KA are the five business areas (Driveline, Interior, Actuation & Chassis, Fluid Transfer and Power Products).

The forecasts of future cash flows are based on the group's best estimates of future revenues and expenses for the cash-generating units to which goodwill has been allocated. A number of assumptions and estimates can have significant effects on these calculations and include parameters such as macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these parameters, following changes in the market conditions, competition, strategy or other factors, affect the forecasted cash flows and may result in impairment of goodwill.
See Note 5.2 - Impairment testing

Expected useful lifetime - intangible assets and Property, Plant & Equipment
The useful lives of *intangible assets* are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The residual values, useful lives and methods of depreciation of the *property, plant & equipment* are reviewed at each financial year end and adjusted prospectively, if appropriate. Impairment testing is used when relevant (see above).

Deferred tax assets
Deferred income tax assets are recognized for tax losses carried forward only to the extent that realisation of the related benefit is probable. Several subsidiaries have losses carried forward on which they have recognized deferred tax assets. The probability of their realisation is determined by applying a professional judgment to forecast cash flows. These cash flows are based on assumptions and estimates and, accordingly, changes to the forecasts may result in changes to deferred tax assets and tax positions.
See Note 14 - Taxes.

Actuarial calculations of pension liabilities related to employees
The Projected Benefit Pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. A number of actuarial and financial parameters are used as bases for these calculations. The most important financial parameter is the discount rate. Other parameters such as assumptions as to salary increases and inflation are determined based on the expected long-term development. The fixing of these parameters at the year end is disclosed in Note 15 - Retirement benefit obligations.

2.4) Functional currency and presentation currency
The group presents its consolidated financial statements in Euros. The group has subsidiaries with functional currencies other than Euros. For consolidation the balance sheet amounts for subsidiaries with different functional currencies are translated at the rates applicable at the balance sheet date and the income statements are translated at the average rates for each month of the period. Exchange differences on translation are recognized in equity.
The presentation currency of the parent company is Euro, whilst its functional currency is Norwegian Kroner. The reason for the use of Euros is to enable all amounts in the published financial statements of both the group and the company to be presented in the same currency.
Transactions in foreign currencies are translated at the exchange rate applicable on the transaction date. Exchange gains and losses that arise as a result of changes in the exchange rate between the transaction date and the settlement date are recognized in the income statement as financial income or expenses.

Main exchange rates per 31.12.2011:
- 1 EUR: NOK 7.754 (end of period)
- 1 USD: NOK 5.993 (end of period)

2.5) Segment information
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group's Executive Committee (led by CEO).

2.6) Revenue recognition
Revenue is recognized at the point at which it is probable that future economic benefits will accrue to the group and then only when the amount can be reliably estimated. Sales revenues are presented net of value added tax and discounts.

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed and the group has transferred to the buyer the significant risks and rewards of ownership of the goods. Revenue from other income streams, such as tooling, prototype parts and engineering services is recognized upon notification of formal customer acceptance.

The parent company has only group internal revenues. Most of the revenues are Management fees to cover the groups common expenses.

2.7) Intangible assets
Goodwill
Goodwill represents the excess of cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included within intangible assets.

Goodwill arising from the acquisition of a foreign entity is treated as an asset in the foreign entity and is translated at the exchange rate applicable at the balance sheet date.

For the purpose of impairment testing, goodwill is allocated to the relevant cash-generating unit (CGU). The allocation is made to those units that are expected to benefit from the acquisition. The group allocates goodwill to each operating segment.

Goodwill is stated net of any impairment losses. Impairment is tested annually (or changes in circumstances indicate that it might be impaired). Impairment losses are regarded as permanent in nature and are not reversed.

Other intangible assets
Intangible assets are recognized in the balance sheet if it can be proven that there are probable future economic benefits that can be attributed to the assets and if the assets cost price can be reliably estimated. Intangible assets with a finite useful life are amortized and due consideration is given to any need for recognition of impairment losses. Amortization is charged using the straight-line method over the estimated useful life of the asset. The amortization estimate and the method are subject to annual assessment based on the pattern of consumption of future economic benefits.

Customer relationships: Customer relationships acquired are amortized over 10 years. Assessments are performed when acquiring new businesses.

Patents: Patents are amortized over their lifetimes, which generally are between three and 21 years. 75 % of the net book value relates to patents with a lifetime of 11 years or more.

Research and development costs: Research costs are expensed as incurred. Intangible assets arising from development costs on specific projects are recognized only when the group can demonstrate:
- the technical feasibility of completing the intangible asset so that it will be available for use or for sale
- its intention to exercise the right to use or to sell the asset
- how the asset will generate future economic benefits
- the ability of resources to complete the project
- the ability to reliably measure the expenditure incurred

Development costs are amortized over the period of expected future sales of the developed product from the time that deliveries commence. When the sales period is uncertain or is longer than five years, the amortization period is limited to five years.

Software: Costs associated with maintaining computer software are expensed as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets when the following criteria are met:
- it is technically feasible to complete the software product so that it will be available for use
- management intends to complete the software product and use or sell it
- it can be demonstrated how the software product will generate probable future economic benefits

- adequate technical, financial and other resources to complete the development and to use or sell the software product are available
- the expenditure attributable to the software product during its development can be reliably measured

Directly attributable costs that are capitalized as part of the software product include employee costs and an appropriate proportion of relevant overheads. Development expenses that do not meet these criteria are expensed as incurred and are not recognized as an asset in a subsequent accounting period.

Software costs are amortized over their estimated useful lives, which do not exceed three years.

2.8) Property, Plant & Equipment (PP&E)
PP&E are carried at cost less accumulated depreciation and impairment losses. The assets are depreciated over their useful economic lives using the straight-line method.

Cost includes duties, taxes, installation and commissioning costs relating to making the non-current asset available for use. Subsequent costs, such as repair and maintenance costs, are normally expensed when incurred. Whenever increased future economic benefits arising as a result of repair and maintenance work can be proven, such costs are recognized in the Statement of Financial Position as additions to non-current assets. Each part of an item of PP&E is depreciated separately.

Straight-line depreciation is calculated at the following rates:

Land	Not depreciated
Buildings	3–4 %
Production machinery and tooling	10–25 %
Computer equipment	33 %

Whenever non-current assets are sold or scrapped, the gross carrying amount and the accumulated depreciation are reversed. The gain or loss on disposal or scrapping is recognized in the income statement.

PP&E assets are tested annually for impairment. Assets are grouped at cash generating unit levels and are written down to their recoverable amounts if their carrying values are greater than their estimated recoverable amounts.

2.9) Inventories
Inventories are measured using the FIFO (First In - First Out) principle and are valued at the lower of cost and net realisable value. Raw materials are valued at purchase price, including freight, forwarding charges and import duties. Work in progress and finished goods include variable production costs and fixed costs allocated on normal capacity. Interest costs are not included. Provision for slow moving and obsolete inventory is deducted.

2.10) Trade receivables
Trade receivables are carried at original invoice amounts, less an allowance for any uncollectable amounts.

2.11) Cash and cash equivalents
Cash and cash equivalents comprise cash at banks and in hand, together with short-term deposits having a maturity of three months or less. Bank overdrafts appear in the Statement of Financial Position within current liabilities.

2.12) Taxes payable and deferred taxes
The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries in which the company's subsidiaries operate. Management periodically evaluates positions taken in tax returns and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred income tax asset is realized or the deferred income tax liability settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax positions are netted within the same tax entity. As this was not done in the 2010 statutory accounts, numbers in 2010 column are recalculated accordingly.

2.13) Retirement benefit obligations
The parent company Kongsberg Automotive Holding ASA and its Norwegian subsidiary Kongsberg Automotive AS have defined benefit and defined contribution pension plans. The plans were changed from defined benefit to defined contribution in 2004. The defined benefit plan was continued for employees who had already retired. The other defined benefit plan still in operation is an early retirement plan for the CEO.

Defined benefit pension plans also exist in two subsidiaries in Germany and in subsidiaries in Italy, Netherlands and France.

The subsidiaries in Sweden, the UK and the USA have defined contribution pension plans for employees.

Defined benefit plans: The pension assets and liabilities are valued by actuaries each year using a linear accrual formula, which regards the employees' accrued pension rights during the period as the pension cost for the year. Gains or losses linked to reductions in or terminations of pension plans are recognized in the income statement when they arise.

Actuarial gains / losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10 % of the higher of the defined benefit obligation and the fair value of the plan assets at that date. These gains and losses are recognized over the expected average remaining working lives of the employees participating in the plans. The pension commitments are calculated on the basis of the net present value of future cash flows.

Defined contribution plans: The companies' contributions to the plans are recognized in the income statement for the year for which the contributions apply.

Multiemployer plan (AFP) - Norway
The former early retirement arrangement in Norway was replaced commencing 01.01.2011. Financing of the early retirement arrangement is now done by an annual fee which represents the final cost for the companies included. All employees in KAH ASA and KA AS (subsidiary) are included in the AFP scheme.

Top hat pension - Norway
The defined contribution plans have legislative limitations when it comes to maximum salary as calulation basis for tax deductibility. Employees in KAH ASA and KA AS (subsidiary) with salaries that exceed this limit, will be granted an addition to the pension that is based on the salary above the maximum limit. This obligation will only materialize if the person is employed in KA at the time of retirement. The calculated obligation is accrued in the Statement of Financial Position as Other non-current liabilities.

2.14) Interest-bearing loans and borrowings
All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Repayments of long-term debt due within twelve months of the balance sheet date are shown as current liabilities.

Foreign exchange gain/loss in local books on long-term intercompany loans, that are classified as investements loans, are reversed in P&L on Group level, and posted against equity.

2.15) Financial derivative instruments

The group uses financial derivative instruments such as forward currency and metal contracts to reduce risks associated with foreign currency and metal price fluctuations. These derivatives are not designated hedging instruments. The derivatives are measured at fair value. Changes in fair value are recognized in the income statement as financial income or expenses, depending upon whether they represent gains or losses. They are disclosed on the line "Changes in value of financial derivatives" within Note 22 - Financial Items.

2.16) Leases

Operational lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Financial lease

The group leases certain property, plant & equipment. Leases of property, plant & equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant & equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.17) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience.

Restructuring provisions

Restructuring provisions are recognised only when general recognition criteria for provisions are fulfilled. Additionally, the Group follows a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and appropriate timeline. The employees affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

2.18) Share options

The group operates a number of equity-settled, share-based compensation plans under which the group receives services from employees as consideration for equity instruments (options) of the group. The fair value of the services the group has received from employees as a return service for granted options is recognised as an expense. The total amount to be expensed over the contribution time is calculated based on the fair value of the granted options. The group carries out a re-evaluation of its estimates of the number of options likely to be exercised at each balance sheet date.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.19) Treasury shares

Whenever any group company purchases the company's equity share capital as treasury shares the consideration paid, including any directly attributable incremental costs and net of income taxes is deducted from equity attributable to the company's equity shareholders until the shares are cancelled or re-issued. Where such shares are subsequently reissued any consideration received, net of any directly attributable transaction costs and the related income tax effects, is included in equity attributable to the company's equity shareholders.

2.20) Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period between dividends are approved by the company's shareholders and paid.

2.21) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquire's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Note 3 – Subsidiaries

Company name	Country/State of incorporation	Ownership %	Companies owned by parent
Kongsberg Automotive Ltda	Brazil	100 %	x
Kongsberg Inc	Canada	100 %	
Kongsberg Automotive (Shanghai) Co Ltd	China	100 %	
Kongsberg Automotive (Wuxi) Ltd	China	100 %	x
Shanghai Kongsberg Automotive Dong Feng Morse Co Ltd	China	51 %	
Shanghai Lone Star Cable Co Ltd	China	100 %	
Kongsberg Automotive SARL	France	100 %	x
Kongsberg Driveline Systems SAS	France	100 %	
Kongsberg SAS	France	100 %	
Kongsberg Raufoss Distribution SAS	France	100 %	
SCI Immobilière La Clusienne	France	100 %	
Kongsberg 1 GmbH	Germany	100 %	
Kongsberg Actuation Systems GmbH	Germany	100 %	
Kongsberg Automotive GmbH	Germany	100 %	x
Kongsberg Driveline Systems GmbH	Germany	100 %	
Kongsberg Actuation Systems Ltd	Great Britain	100 %	
Kongsberg Automotive Ltd	Great Britain	100 %	
Kongsberg Holding Ltd	Great Britain	100 %	
CTEX Seat Comfort (Holding) Ltd	Great Britain	100 %	x
Kongsberg Interior Systems Ltd	Great Britain	100 %	
Kongsberg Power Products Systems Ltd	Great Britain	100 %	
Kongsberg Automotive Hong Kong Ltd	Hong Kong	100 %	
Kongsberg Automotive Holding Kft	Hungary	100 %	
Kongsberg Interior Systems Kft	Hungary	100 %	
Kongsberg Automotive (India) Private Ltd	India	100 %	x
Kongsberg Automotive Driveline System India Ltd	India	100 %	x
Kongsberg Power Products Systems Srl	Italy	100 %	
Kongsberg Automotive Ltd	Korea	100 %	x
Kongsberg Automotive S. de RL de CV	Mexico	100 %	
Kongsberg Driveline Systems S. de RL de CV	Mexico	100 %	
Kongsberg Interior Systems S. de RL de CV	Mexico	100 %	
Kongsberg Actuation Systems BV	Netherlands	100 %	
Kongsberg Automotive AS	Norway	100 %	x
Kongsberg Automotive Holding 2 AS	Norway	100 %	x
Kongsberg Automotive Sp. z.o.o.	Poland	100 %	x
Kongsberg Automotive s.r.o	Slovakia	100 %	
Kongsberg Actuation Systems SL	Spain	100 %	
Kongsberg Automotive AB	Sweden	100 %	x
Kongsberg Power Products Systems AB	Sweden	100 %	
e-Power Nordic AB	Sweden	51 %	x
Kongsberg Driveline Systems I Inc	USA	100 %	
Kongsberg Actuation Systems II Inc	USA	100 %	
Kongsberg Holding III Inc	USA	100 %	
Kongsberg Interior Systems II Inc	USA	100 %	
Kongsberg Automotive Inc	USA	100 %	
Kongsberg Power Products Systems I Inc	USA	100 %	
Kongsberg Automotive Japan KK	Japan	100 %	x

The most significant changes in the Group's legal structure in 2011:

USA
The following legal restructuring was commenced under Kongsberg Holding III Inc. (all intra-group transactions):

- Kongsberg Driveline Systems II Corp, Teleflex Automotive Partnership and Kongsberg Holding II LLP were merged into Kongsberg Driveline Systems I, Inc.
- Kongsberg Actuation Systems I Inc and Kongsberg Actuation Systems III Inc were merged into Kongsberg Actuation Systems II Inc
- Kongsberg Interior Systems I Inc was merged into Kongsberg Interior Systems II Inc
- Kongsberg Power Products Systems V Inc, Capro LP LLC and Capro GP LLC were merged into Kongsberg Power Products Systems I Inc
- Kongsberg Automotive Inc was aquired from Kongsberg Automotive Holding ASA

Sweden
e-Power Nordic AB was established (see note 25)

Japan
Kongsberg Automotive Japan KK was established (see note 25)

Australia
Kongsberg Interior Systems Pty Ltd was liquidated.

The most significant changes among companies owned by parent in 2011:

Norway
Capital increase in Kongsberg Automotive Holding 2 AS (KAH 2 AS). The parent company converted a loan receivable of MNOK 1000 to share investment in KAH2 AS. The same amount was converted from debt to equity in KAH 2 AS. The share capital was increased by KNOK 100 to KNOK 200. Par value is NOK 100 per share (2000 shares). MNOK 999.9 was registered as share premium.

Note 4 – Segment reporting

Operating segments
The group has 5 reportable segments, which are the strategic business areas (BA): Driveline Systems, Interior Systems, Power Products Systems, Actuation & Chassis and Fluid Transfer Systems. There are no significant changes in operational structure in 2011.

The strategic business areas (segments) offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's risks and rates of return are affected predominantly by differences in the products manufactured. The 5 segments have different risk profiles in the short-term perspective, but over a long-term perspective the profiles are considered to be the same. The group's Executive Committee (led by CEO) reviews the internal management reports from all strategic business areas on a monthly basis. The following summary describes the operations of each of the group's reportable segments:

- **Driveline Systems:** is a global supplier of gear shift systems in the light vehicle market. The BA is a Tier 1 supplier of custom engineered cable controls and complete gear shift systems, comprising shifter modules, knobs, boots, shift cables, and shift towers. KA is a strong leader in both control cables and manual and automatic shifter systems worldwide.
- **Interior Systems:** is a global leader in the design, development and manufacture of seat comfort systems and mechanical-/electro-mechanical light duty motion control systems to automotive Tier 1 and OEM customers. The BA's product range includes seat adjusters, seat cables, side bolsters and lumbar support, seat heating, ventilation and massage systems, arm rests and head restraints. KA is the only global supplier in the world currently offering a complete range of seat comfort products.
- **Actuation & Chassis:** is a developer and manufacturer of operator control systems for heavy vehicles, offering a robust product portfolio of clutch actuation systems, gearshift systems, stabilising rods and steering columns.
- **Fluid Transfer Systems:** designs and manufactures fluid handling systems for both the automotive and commercial vehicle sectors, as well as coupling systems for compressed air circuits heavy trucks. The BA is also specialised in manufacturing tube and hose assemblies for challenging environments.
- **Power Products Systems:** is a global leader in the design and manufacture of vehicle control systems, providing engineered pedal systems, steering systems, electronic displays and cable controls to manufacturers of industrial, agricultural and construction vehicles.

Sales transactions and cost allocations between the business units are based on the arms' length principle. The results for each segment and the capital allocation elements comprise both items that are directly related to and recorded within the segment, as well as items that are allocated based on reasonable allocation keys.

Information regarding the results of each reportable segment is included below. Performance is measured on EBITDA and EBIT as included in the internal management reports issued on monthly basis. Segment EBIT is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments (also relative to other entities that operate within these industries).

4.1) OPERATING REPORTABLE SEGMENTS

2011 MEUR	Driveline Systems	Interior Systems	Actuation & Chassis	Fluid Transfer Systems	Power Products Systems	Eliminations & other	KA Group
Operating revenues	327.3	247.9	166.0	170.9	133.3	(45.7)	999.7
EBITDA	**6.5**	**18.6**	**25.7**	**27.4**	**18.5**	**(14.6)**	**82.0**
Depreciation	(9.9)	(6.3)	(4.7)	(6.3)	(1.7)	(0.2)	(29.0)
Amortization	(3.3)	(2.3)	(1.9)	(3.3)	(3.0)	(0.5)	(14.4)
Operating (loss) / profit (EBIT)	**(6.7)**	**10.0**	**19.1**	**17.7**	**13.8**	**(15.4)**	**38.5**
Assets and liabilities							
Goodwill	6.2	71.2	26.7	48.5	8.0	0.0	160.6
Other intangible assets	17.4	12.3	12.7	20.6	18.6	0.7	82.3
Property, plant & equipment	38.6	28.8	24.8	29.8	10.0	0.5	132.6
Inventories	34.9	14.1	13.3	14.9	17.8	(0.6)	94.4
Trade receivables	42.4	45.0	21.5	22.7	13.9	0.1	145.6
Segment assets	**139.6**	**171.4**	**99.1**	**136.6**	**68.2**	**0.7**	**615.6**
Unallocated assets						178.3	178.3
Total assets	**139.6**	**171.4**	**99.1**	**136.6**	**68.2**	**179.0**	**793.9**
Trade payables	35.2	21.7	19.1	18.8	14.3	0.4	109.4
Unallocated liabilities						499.3	499.3
Total liabilities	**35.2**	**21.7**	**19.1**	**18.8**	**14.3**	**499.6**	**608.6**
Capital expenditure	8.9	9.5	5.1	5.3	2.5	0.0	31.3

The column 'Elimination & other' includes:

Revenues: elimination of intercompany sales.

Assets and liabilities: balance sheet elements from Kongsberg Automotive Holding ASA (parent) and journal entries, which are considered insignificant amounts, and unallocated assets and - liabilities, see paragraph 4.2 for a specification.

2010 MEUR	Driveline Systems	Interior Systems	Actuation & Chassis	Fluid Transfer Systems	Power Products Systems	Eliminations & other	KA Group
Operating revenues	289.5	220.5	114.3	132.6	134.9	(27.4)	864.4
EBITDA	**(1.2)**	**23.0**	**18.6**	**15.7**	**7.0**	**(6.0)**	**57.1**
Depreciation	(9.4)	(6.6)	(4.6)	(6.4)	(2.8)	(0.2)	(30.1)
Amortization	(3.2)	(2.9)	(2.1)	(4.1)	(3.9)	(0.4)	(16.8)
Operating (loss) / profit (EBIT)	**(13.9)**	**13.5**	**11.8**	**5.2**	**0.3**	**(6.6)**	**10.2**
Assets and liabilities							
Goodwill	6.2	73.6	20.3	47.4	14.0	(0.1)	161.3
Other intangible assets	19.0	14.8	11.1	23.3	23.1	0.6	92.1
Property, plant & equipment	40.9	25.8	22.1	31.5	10.9	0.7	131.9
Inventories	27.3	12.2	10.3	16.3	17.7	(0.5)	83.4
Trade receivables	36.5	36.3	12.7	20.5	20.6	0.0	126.6
Segment assets	**129.9**	**162.7**	**76.6**	**139.0**	**86.3**	**0.7**	**595.3**
Unallocated assets						187.8	187.8
Total assets	**129.8**	**162.7**	**76.6**	**139.0**	**86.3**	**188.6**	**783.0**
Trade payables	37.9	22.7	13.2	20.0	16.1	0.3	110.3
Unallocated liabilities						498.2	498.2
Total liabilities	**37.9**	**22.7**	**13.2**	**20.0**	**16.1**	**498.5**	**608.4**
Capital expenditure	5.2	9.0	3.0	2.9	1.0	0.9	22.1

4.2) RECONCILIATION OF REPORTABLE SEGMENTS ASSETS AND LIABILITIES

Reportable segments' assets are reconciled to total assets as follows (MEUR):	2011	2010
Segment assets of reportable segments	614.8	594.6
Eliminations & other	0.7	0.7
Unallocated assets include:		
Deferred tax assets	50.6	39.9
Financial non-current assets	3.2	3.2
Cash and cash equivalents	82.5	106.9
Other receivables (excluded: trade receivables)	42.0	37.6
Total assets as of the Statement of Financial Position	**793.9**	**783.0**

Reportable segments' liabilities are reconciled to total liabilities as follows (MEUR):	2011	2010
Trade payables of reportable segments	109.0	110.0
Eliminations & other	0.4	0.3
Unallocated liabilities include:		
Deferred tax liabilities	19.7	13.6
Retirement benefit obligations	13.6	14.5
Interest-bearing loans and borrowings	326.9	370.5
Other non-current liabilities	0.9	1.4
Bank overdrafts	30.2	5.9
Other current interest-bearing liabilities	41.2	24.9
Current income tax liabilities	4.3	1.1
Other payables (excluded: trade payables)	62.4	66.4
Total liabilities as of the Statement of Financial Position	**608.6**	**608.4**

4.3) SEGMENTS – GEOGRAPHICAL LOCATION

The group's geographical segments for sales to external customers are based on the geographical locations of the customers. The group's geographical segments for non-current assets are based on the geographical locations of its subsidiaries.

4.3.1) Sales to external customers by geographical location

	2011		2010	
MEUR	Jan–Dec	%	Jan–Dec	%
Sweden	100.2	10.0 %	82.2	9.5 %
Germany	124.3	12.4 %	114.1	13.2 %
France	85.2	8.5 %	78.1	9.0 %
Other EU	216.0	21.6 %	170.3	19.7 %
Total EU	**525.8**	**52.6 %**	**444.6**	**51.4 %**
USA	230.8	23.1 %	202.3	23.4 %
NA other	93.1	9.3 %	80.7	9.3 %
Total NA	**323.9**	**32.4 %**	**283.0**	**32.7 %**
China	66.8	6.7 %	65.4	7.6 %
Asia Other	41.4	4.1 %	31.7	3.7 %
Total Asia	**108.2**	**10.8 %**	**97.1**	**11.2 %**
Other	41.8	4.2 %	39.7	4.6 %
Total operating revenues	**999.7**	**100 %**	**864.4**	**100 %**

4.3.2) Non-current assets by geographical location

	2011		2010	
MEUR	Jan–Dec	%	Jan–Dec	%
USA	143.0	38.1 %	143.8	37.3 %
UK	15.9	4.2 %	44.3	11.5 %
Norway	32.3	8.6 %	33.9	8.8 %
Germany	28.0	7.5 %	32.0	8.3 %
Sweden	31.8	8.5 %	31.3	8.1 %
Other	124.5	33.1 %	100.1	26.0 %
Total assets	**375.5**	**100.0 %**	**385.3**	**100.0 %**

Non-current assets comprise intangible assets (including goodwill) and property, plant & equipment.

4.4) SIGNIFICANT CUSTOMERS

The group has no single customers accounting for more than 10 % of total revenues.

Note 5 – Intangible assets

KAH ASA		KA Group				
Software	MEUR	Goodwill	Customer relationships	Patents and R&D	Software and other	Total
2.0	Cost	154.1	74.5	42.7	22.4	293.6
(1.1)	Accumulated amortization	0.0	(8.0)	(12.2)	(17.8)	(38.0)
0.9	**Book value at 01.01.2010**	**154.1**	**66.5**	**30.5**	**4.5**	**255.6**
2.0	Cost 1/1-2010	154.1	74.5	42.7	22.4	293.6
0.1	Additions	0.0	0.0	1.7	0.2	1.9
0.0	Disposals accumulated cost	(1.7)	(0.2)	0.1	0.0	(1.8)
0.1	Translation differences	9.0	14.0	(0.4)	(5.6)	17.0
2.2	**Acquisition costs at 31.12.2010**	**161.4**	**88.3**	**44.1**	**16.9**	**310.7**
(1.1)	Accumulated amortization 1/1-2010	0.0	(8.0)	(12.2)	(17.8)	(38.0)
(0.4)	Amortization	0.0	(8.5)	(4.8)	(3.5)	(16.8)
0.0	Disposals accumulated amortization	0.0	0.0	0.0	0.0	0.0
(0.1)	Translation differences	0.0	(10.6)	(0.3)	8.4	(2.5)
(1.6)	**Accumulated amortization at 31.12.2010**	**0.0**	**(27.1)**	**(17.3)**	**(12.9)**	**(57.3)**
2.2	Cost	161.4	88.3	44.1	16.9	310.7
(1.6)	Accumulated amortization	0.0	(27.1)	(17.3)	(12.9)	(57.3)
0.6	**Book value 31.12.2010**	**161.4**	**61.2**	**26.8**	**4.0**	**253.4**
2.2	Cost 1/1-2011	161.4	88.3	44.1	16.9	310.7
0.5	Additions	0.0	0.0	2.7	1.0	3.7
0.0	Disposals accumulated cost	(0.1)	0.0	(3.2)	0.0	(3.3)
0.0	Translation differences	(0.7)	(2.0)	(1.3)	3.6	(0.4)
2.7	**Acquisition costs at 31.12.2011**	**160.6**	**86.3**	**42.3**	**21.5**	**310.7**
(1.6)	Accumulated amortization 1/1-2011	0.0	(27.1)	(17.3)	(12.9)	(57.3)
(0.4)	Amortization	(0.1)	(7.9)	(4.7)	(1.7)	(14.4)
0.0	Disposals accumulated amortization	0.1	0.0	3.2	0.0	3.3
0.0	Translation differences	0.0	(1.8)	1.5	0.9	0.6
(2.0)	**Accumulated amortization at 31.12.2011**	**0.0**	**(36.8)**	**(17.3)**	**(13.7)**	**(67.8)**
2.7	Cost	160.6	86.3	42.3	21.5	310.7
(2.0)	Accumulated amortization	0.0	(36.8)	(17.3)	(13.7)	(67.8)
0.7	**Book value 31.12.2011**	**160.6**	**49.5**	**25.0**	**7.8**	**242.9**

5.1) Internally developed intangible assets

The internally developed intangible assets include capitalized costs related to development of new products. These assets are included in the post "Patents and R&D" above.

MEUR	2011	2010
Per 31.12 internally developed intangible assets	9.2	8.5
Additions during the year	2.7	1.7

Recognized R&D cost in the reporting period (P/L): 9.4 MEUR (not capitalized) (2010: 14.7).

5.2) Impairment testing of goodwill and other assets

The group has performed impairment tests on the carrying values of all intangible assets (including goodwill), Property, Plant & Equipment, and net working capital in accordance with the requirements of IAS 36. Value in use (VIU) was recognized as recoverable amount. The tests comprised NPV (net present value) analyses of forecasted future cash flows by CGUs (cash generating units). The five Business Areas; Driveline, Interior, Actuation&Chassis, Fluid Transfer and Power Products, were identified as the respective CGUs.

Cash flow model

The model was based on a 5 year forecast of discounted cash flow plus a terminal value (calculated by Gordons model). The net discounted cash flows were calculated before tax. The NPV-model included the following assumptions:

Business case

A business case was used for each CGU as the basis for the cash flow estimates which covered the period 2012 to 2016. The business cases were based on the group's strategic five year plan, adjusted for recent changes in internal rolling forecasts and relevant market data. Both the five year plan and the rolling forecasts were "bottom-up-models" where all input data had been produced by respective entities in the Group.

The input data in the business cases were gathered from renowned external sources such as CSM and JD Power in addition to all relevant internal information such as changes in orders, customer portfolio, fitment rate for products, geographical development, market shares etc. The compounded annual growth rate (CAGR) per CGU was Interior 6.0 %, Driveline -1.0 %, Actuation&Chassis 7.3 %, Fluid 8.3 % and PPS 5.1 % for the period 2012 to 2016. The annual growth rate in the terminal value was estimated to 2 % for each of the CGUs.

WACC (Weighted average cost of capital)

The required rate of return was calculated by use of the WACC methodology. The input data of the WACC was chosen by an individual assessment of each parameter. Information from representative sources, peer groups etc. was used to determine the best estimate. The WACC was calculated to 11.7 % pre tax. The same WACC was used for all CGUs, the reason being that the long-term risk profiles of the five CGUs are not considered to be significantly different. The following parametes were applied:

- *Risk free interest rate:* Based on 10 year governmental bond rate.
- *Beta:* 2.9. Based on an estimated unlevered beta for the automotive industry adjusted for KA's capital structure.
- *Market Risk Premium:* 5 % (post tax). Based on market sources.
- *Cost of Debt:* Based on the risk free rate plus a risk component to reflect a probable rate of default (300 basis points).
- *Capital structure:* Based on the Group's long term target for equity ratio of 33 % (interest bearing debt 67 %).

Sensitivity analyzis

The following sensitivity analyzis were carried out to test whether changes in relevant parameters would influence the conclusion;

1. Change in cash flows: The analyzis showed that a decline in free cash flow of 40 % per CGU for each year in the business plan (including the terminal value) was neccesary to change conclusion. The result indicated that there had to be a significant decline in the market situation to trigger impairment.
2. Change in discount rates: The analyzis showed the following headroom in discount rates per CGU to change conclusion; Driveline + 8.6 %, Interior + 7.4 %, Actuation&Chassis + 22.1 %, Fluid + 14.6 % and PPS + 17.5 %. The results indicated that the test was robust in terms of the level of discount rates.

We have not found any reasons to test combinations of relevant sensitivities.

Test results: Value in use (VIU) versus carrying amount by CGU

The table shows the outcome of the impairment test as at 31.12.2011:

MEUR	Driveline Systems	Interior Systems	Actuation & Chassis	Fluid Transfer Systems	Power Products Systems	Total
Carrying amounts:						
Goodwill	6.2	71.1	26.7	48.5	8.0	160.6
Other intangible assets	17.4	12.3	12.7	20.6	18.6	81.6
Property, plant & equipment	38.6	28.8	24.8	29.8	10.0	132.1
Net working capital	42.2	37.4	15.7	18.9	17.4	131.5
Total carrying amount (TCA)	**104.5**	**149.6**	**80.0**	**117.8**	**53.8**	**505.9**
Value in use (VIU) from the test model	**194.3**	**259.3**	**272.5**	**297.1**	**148.7**	**1 171.8**
VIU – TCA (headroom)	**89.9**	**109.7**	**192.5**	**179.3**	**94.8**	**665.9**

The impairment test indicated no requirement for write down.

Note 6 – Property, plant & equipments

KAH ASA		KA Group			
Equipment	MEUR	Land	Buildings	Equipment	Total
0.8	Cost	7.7	50.2	330.3	388.2
(0.4)	Accumulated depreciation	0.0	(23.6)	(223.8)	(247.5)
0.4	**Book value at 01.01.2010**	**7.7**	**26.6**	**106.5**	**140.7**
0.8	Cost 1/1-2010	7.7	50.2	330.3	388.2
0.0	Additions	0.0	0.6	21.6	22.1
0.0	Disposals accumulated cost	(1.5)	(4.0)	(12.1)	(17.6)
0.0	Translation differences	0.2	2.8	31.7	34.8
0.8	**Acquisition costs at 31.12.2010**	**6.4**	**49.6**	**371.5**	**427.5**
(0.4)	Accumulated depreciation 1/1-2010	0.0	(23.6)	(223.8)	(247.5)
(0.2)	Depreciation	0.0	(2.2)	(27.9)	(30.1)
0.0	Disposals accumulated depreciation	0.1	0.4	8.1	8.5
0.0	Translation differences	0.0	(1.3)	(25.3)	(26.6)
(0.6)	**Accumulated depreciations at 31.12.2010**	**0.0**	**(26.7)**	**(268.9)**	**(295.6)**
0.8	Cost	6.4	49.6	371.5	427.5
(0.6)	Accumulated depreciation	0.0	(26.7)	(268.9)	(295.6)
0.2	**Book value 31.12.2010**	**6.4**	**22.9**	**102.6**	**131.9**
0.8	Cost 1/1-2011	6.4	49.6	371.5	427.5
0.0	Additions	0.0	1.2	30.1	31.3
0.0	Disposals accumulated cost	(0.6)	0.0	(9.6)	(10.2)
0.0	Translation differences	0.0	0.5	(2.1)	(1.6)
0.8	**Acquisition costs at 31.12.2011**	**5.8**	**51.3**	**389.9**	**447.0**
(0.6)	Accumulated depreciation 1/1-2011	0.0	(26.7)	(268.9)	(295.6)
(0.2)	Depreciation	(0.6)	(3.1)	(25.3)	(29.0)
0.0	Disposals accumulated depreciation	0.6	0.0	8.1	8.7
0.0	Translation differences	0.0	(0.3)	1.8	1.5
(0.8)	**Accumulated depreciations at 31.12.2011**	**0.0**	**(30.1)**	**(284.3)**	**(314.4)**
0.8	Cost	5.8	51.3	389.9	447.0
(0.8)	Accumulated depreciation	0.0	(30.1)	(284.3)	(314.4)
0.0	**Book value 31.12.2011**	**5.8**	**21.2**	**105.6**	**132.6**

Security for debt

See note 16 regarding use of PP&E as security for debt.

Impairment testing

See note 5 for the impairment testing on PP&E. The test results indicated no requirement for write down.

Operating and finance leases

The Group is a lessee under *operating lease*. The total group cost for operating leases was MEUR 11.3 in 2011 (2010: 4.4). Operating leases are mostly used for the rental of office equipment. Maturity schedule for operational leases KA group:

Maturity	MEUR	As % of total
2012	10.2	28 %
2013	7.7	21 %
2014	4.4	12 %
2015	4.1	11 %
2016	3.9	11 %
Thereafter	5.8	16 %
Total	**36.1**	

The Group is a lessee under *financial lease*, but the group has only a limited number of financial lease contracts and the total amount is considered insignificant.

Note 7 – Inventories

KAH ASA			KA Group	
2011	2010	MEUR	2011	2010
0.0	0.0	Raw materials	59.6	56.3
0.0	0.0	Work in progress	14.0	11.9
0.0	0.0	Finished goods	20.8	15.2
0.0	**0.0**	**Total**	**94.4**	**83.4**

Provision for slow moving and obsolete inventory

Book value at 31.12.2010	**(6.5)**
Write-down	(3.6)
Products sold (previously written down)	0.4
Reversal	0.7
Foreign currency translation	0.2
Book value at 31.12.2011	**(8.7)**

Note 8 – Trade and other receivables

KAH ASA			KA Group	
2011	2010	MEUR	2011	2010
0.1	0.0	Trade receivables	145.6	126.6
48.2	55.0	Short-term group receivables	0.0	0.0
0.7	0.2	Other short-term receivables	32.2	27.8
0.0	0.0	Financial derivative instruments	0.0	1.1
0.1	0.1	Prepayments	9.8	8.7
49.0	**55.2**	**Total**	**187.6**	**164.3**

The carrying amounts of trade and other receivables are denominated in the following currencies:

KAH ASA			KA Group	
2011	2010	MEUR	2011	2010
0.0	0.0	EUR	42.1	35.1
0.0	0.0	USD	45.1	40.4
49.0	55.2	NOK	13.2	13.0
0.0	0.0	GBP	10.2	10.0
0.0	0.0	Other	77.0	65.7
49.0	**55.2**	**Total**	**187.6**	**164.3**

Trade receivables

The Group trade receivables (external customers) have the following maturity structure at 31.12.2011 (MEUR):

	2011		2010	
Maturity	Dec	%	Dec	%
Not overdue	132.5	89 %	115.7	90 %
Overdue 1-20 days	9.2	6 %	6.3	5 %
Overdue 21-40 days	2.5	2 %	3.1	2 %
Overdue 41-80 days	1.8	1 %	1.5	1 %
Overdue 81-100 days	0.8	1 %	0.4	0 %
Overdue > 100 days	1.3	1 %	2.2	2 %
Gross trade receivables	**148.1**		**129.2**	
Total provision for bad debt	(2.5)	2 %	(2.6)	2 %
Net trade receivables	**145.6**		**126.6**	

The provision for bad debt is reduced by MEUR 0.1 compared to YTD 2010 (MEUR 2.6). Trade receivables are subject to constant monitoring. Impaired receivables are reflected through provision for bad debt. Monthly assessments of loss risk are performed and corresponding provisions are made on entity level. The provision for bad debt reflects the total loss risk on groups trade receivables. The eldest trade receivables, overdue > 100 days, represents the highest risk level. Most of the impaired trade receivables are included in that category. Actual losses on trade receivables are considered not significant.
The risk for losses on other receivables than trade receivables is assessed to be insignificant.
For credit risk and currency exchange risk, see note 17.

Note 9 – Related-party transactions

Kongsberg Automotive group is listed on Oslo Stock Exchange. The group's ultimate parent is Kongsberg Automotive Holding ASA.
The following transactions were carried out with related parties:

a) Key management- and BOD compensations

See note 19 - includes remuneration for management and Board of Directors.

b) Specification of Revenues – parent company

Revenues – type of services

MEUR	2011	2010
Group benefits fee to subsidiaries *	31.8	25.6
Information Systems & Technology	5.5	4.7
Other	1.2	2.9
Operating revenues	**38.5**	**33.2**

* The Kongsberg Automotive group has a Norway-based Head Office (Kongsberg Automotive Holding ASA) which is staffed with group management and other highly experienced personnel, and has therefore been established as a central unit to provide and coordinate a variety of important and beneficial Group Benefits to its subsidiaries. This by drawing on its own resources as well as on those available from third parties. All subsidiaries have a need for the provision of group know-how, management expertise and other intellectual property, as well as advice, support and assistance in several areas (e.g. Finance/Treasury, Legal).

Revenues by geographical location

MEUR	2011	2010
Norway	4.8	3.9
USA	4.7	4.6
Sweden	4.5	3.3
China	4.2	4.3
Mexico	3.5	2.9
Other countries	16.7	14.2
Total	**38.5**	**33.2**

c) Outstanding accounts between parent company and other group companies

KAH ASA

		Non-current assets	
Loans to other group companies	MEUR	2011	2010
Kongsberg Automotive Inc		0.0	18.4
Kongsberg Automotive Hong Kong Ltd		29.8	28.9
Kongsberg Automotive Holding 2 AS		345.3	436.8
Kongsberg Automotive s.r.o.		12.1	0.0
Other group companies		25.8	21.3
Total		**413.0**	**505.3**

		Current assets	
Short-term group receivables	MEUR	2011	2010
Kongsberg Actuation Systems SL		0.5	6.2
Kongsberg Automotive s.r.o		1.1	5.4
Kongsberg Driveline Systems SAS		1.5	4.9
Kongsberg Driveline Systems GmbH		7.8	3.2
Kongsberg Driveline Systems I, Inc		2.5	2.2
Kongsberg Automotive (Shanghai) Co Ltd.		5.8	4.7
Kongsberg Automotive Inc.		5.8	3.0
Kongsberg Automotive Holding 2 AS		10.1	0.0
Kongsberg Automotive (Wuxi) Ltd.		6.6	2.9
Other group companies		6.4	22.5
Total		**48.2**	**55.0**

		Current liabilities	
Short-term group liabilities	MEUR	2011	2010
Group companies		5.2	8.6
Total		**5.2**	**8.6**

Current assets and - liabilities have due dates within 1 year.
The parent company's loans to group companies have due dates exceeding 1 year.
The outstanding accounts are repayable on demand based on available liquidity in the respective subsidiary.
The majority of the inter company loans have a 5 % margin on top of the respective marked reference rates.

Note 10 – Classification of financial instruments

The following principles have been used to measure the financial instruments in the balance sheet after initial recognition (MEUR):

KA Group
2011

Assets	Financial assets at fair value through profit and loss	Total
Trade receivables	145.6	145.6
Cash and cash equivalents	82.5	82.5
Total	**228.1**	**228.1**

Liabilities	Financial liabilities at amortized cost	Financial liabilities at fair value through profit and loss	Total
Interest-bearing loans and borrowings	326.9		326.9
Interest rate swap		1.7	1.7
Bank overdraft		30.2	30.2
Other current interest-bearing liabilities	41.2		41.2
Trade payables		109.4	109.4
Total	**368.1**	**141.3**	**509.4**

The Group has no financial assets available for sale or financial assets held for trading.

A part of the group's loans to subsidiaries are classified as a net investment in the relevant subsidiaries. The fair value of such loans in the parent company as at 31.12.11 was MEUR 345 (2010: 437). The effect of currency translation has been recognised as a translation difference within the equity.

KA Group
2010

Assets	Financial assets at fair value through profit and loss	Total
Trade receivables	126.6	126.6
Financial derivative instruments	1.1	1.1
Cash and cash equivalents	106.9	106.9
Total	**234.6**	**234.6**

Liabilities	Financial liabilities at amortized cost	Financial liabilities at fair value through profit and loss	Total
Interest-bearing loans and borrowings	370.5		370.5
Interest rate swap		4.3	4.3
Bank overdraft		5.9	5.9
Other current interest-bearing liabilities	24.9		24.9
Trade payables		110.3	110.3
Total	**395.4**	**120.5**	**515.9**

Financial derivative instruments – Forward contracts

KAH ASA			KA Group	
2011	2010	MEUR	2011	2010
		Currency		
0.0	0.0	Forward contracts (liabilities) / assets	0.0	1.1
0.0	**0.0**	**Total**	**0.0**	**1.1**
		Nominal value of currency contracts		
0.0	0.0	EUR / NOK (Amount in MEUR)	0.0	18.0
		Maturity schedule for financial derivative instruments		
n/a	0.0	2011	n/a	1.1
0.0	0.0	2012	0.0	0.0
0.0	**0.0**	**Total**	**0.0**	**1.1**

Financial derivate instruments comprise foreign currency contracts for which prices are quoted in an active market.
Market values at 31.12. have been used to determine the fair values of the financial derivate instruments. The Group has no commodity forwards per 31.12.11.

Interest rate swaps

KAH ASA			KA Group	
2011	2010	MEUR	2011	2010
1.7	4.3	Interest rate swap (liabilities)	1.7	4.3
1.7	**4.3**	**Total**	**1.7**	**4.3**

The company entered into interest rate swap agreements of MUSD 50 and MEUR 50 in February and March 2011 respectively.
The USD swap runs from September 2011 and the EUR swap from December 2011, both terminates 30.09.13.
Interest payments are performed quarterly. Market-to-market values have been used at balance sheet date.

Note 11 – Financial instruments – measured in the Statement of Financial Position at fair value

The financial instruments that are measured in the Statement of Financial Position at fair value, require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the group's assets and liabilities that are measured at fair value at 31 December (MEUR).

2011	Level 1	Level 2	Level 3	Total
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Interest rate swap		1.7		1.7
Total liabilities	**0.0**	**1.7**	**0.0**	**1.7**

2010	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss:				
- Financial derivatives instruments		1.1		1.1
Total assets	**0.0**	**1.1**	**0.0**	**1.1**
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Interest rate swap		4.3		4.3
Total liabilities	0.0	**4.3**	0.0	**4.3**

The fair value calculation of the forward contracts (ref above) is performed by Nordea Bank ASA and the Interest rate swaps by DnB Nor and Nordea Bank Finland.

Note 12 – Cash and cash equivalents

KAH ASA			**KA Group**	
2011	2010	MEUR	2011	2010
0.2	0.2	Restricted bank deposits	3.1	1.5
22.8	43.1	Non-restricted bank deposits and cash	79.4	105.4
23.0	**43.3**	**Total**	**82.5**	**106.9**

Note 13 – Share capital

The share capital of the company is NOK 203 384 066, comprising 406 768 131 ordinary shares with a par value of NOK 0.50. The company holds 7 046 302 shares as treasury shares. For more information see "Statement of Changes in Equity".

The share is listed on the Oslo Stock Exchange. The ticker code is KOA.

The twenty largest shareholders in the company as at 31.12.11 were as follows:

Shareholder	No of shares	%	Country
DNB Bank ASA	26 281 878	6.5 %	Norway
Verdipapirfondet Handelsbanken	15 300 000	3.8 %	Norway
Holberg Norge	12 285 800	3.0 %	Norway
MP Pensjon PK	11 485 050	2.8 %	Norway
Orkla ASA	10 500 000	2.6 %	Norway
Skagen Vekst	10 125 644	2.5 %	Norway
SHB Stockholm Clients Account	8 894 055	2.2 %	Norway
Kongsberg Automotive Holding ASA	7 046 302	1.7 %	Norway
VPF Nordea Kapital	6 873 824	1.7 %	Norway
KLP Aksje Norge VPF	6 702 548	1.6 %	Norway
Holberg Norden	5 848 614	1.4 %	Norway
Holta Invest AS	5 000 000	1.2 %	Norway
Kommunal Landspensjonskasse	4 404 756	1.1 %	Norway
VPF Nordea Avkastning	4 323 800	1.1 %	Norway
JP Morgan Chase Bank	4 254 700	1.0 %	UK
Bank of New York Mellon SA/NV	3 784 747	0.9 %	Belgium
Bank of New York Mellon SA/NV	3 323 701	0.8 %	Belgium
VPF Nordea SMB	3 046 918	0.7 %	Norway
EBITEC Invest AS	2 775 000	0.7 %	Sweden
KLP Aksje Norge Indeks VPF	2 564 122	0.6 %	Norway
Total number of shares in issue	**154 821 459**	**38.1 %**	
Other shareholders	251 946 672	61.9 %	
Total number of shares in issue	**406 768 131**	**100.0 %**	
Number of shareholders	7 368		
Foreign ownership	12.54 %		

Share options

Share options are granted to management and to selected employees. An option entitles participants to purchase one share per option. Options are offered and granted during the first quarter of the year. The exercise price is the average trading price for the company's share during the first ten calendar days immediately after publication of fourth quarter results. Offer to be granted options is presented immediately thereafter. Participants in the share option programme are required to hold a number of the company's share at least equivalent to 10 % of the number of options granted.

One third of the options at exercise price NOK 5, NOK 20, NOK 4.5 and NOK 3 are exercisable after one, two and three years respectively after the date of grant.

Options at NOK 5 expire after five years, and options at NOK 20, NOK 4.5 and NOK 3 expire ten years after the date of grant.

The company has no legal or constructive obligation to repurchase or settle the options in cash.

Number of options and their exercise dates for the programme adopted by the General Assembly in 2011 in respect of options to be granted during the first quarter of 2012:

	Options vesting and potentially exercisable in			
	2013	2014	2015	Last possible exercise 2019
By year	1 333 333	1 333 333	1 333 333	
Cumulative	1 333 333	2 666 667	4 000 000	4 000 000

Movements in share options and their related weighted average exercise prices are as follows (NOK):

	2011		2010	
	Average exercise price	Options	Average exercise price	Options
Options at 01.01	7.48	8 937 159	11.08	5 950 539
Granted	4.50	3 936 015	5.00	3 727 855
Forfeited	6.62	(1 661 834)	19.58	(217 685)
Expired	36.96	(344 975)	25.59	(383 639)
Exercised	3.00	(246 105)	3.00	(207 593)
Adjustment of 2009 error				67 682
Options at 31.12	**5.66**	**10 620 261**	**7.48**	**8 937 159**

Outstanding options at the end of the year have the following expiry dates and exercise prices (NOK):

	2011		2010	
Expiry date	Exercise price	Options	Exercise price	Options
13.05.2011			37.00	345 490
13.05.2011			32.00	2 832
31.03.2015	5.00	2 985 642	5.00	3 727 855
31.03.2018	20.00	989 134	20.00	1 223 116
31.03.2018	4.50	3 642 430		
31.03.2019	3.00	3 003 055	3.00	3 637 867
Options at 31.12		**10 620 261**		**8 937 159**

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was NOK 1.88 per option (2010: 1.97).
The significant inputs to the model were the share trading price of NOK 4.38 at the date of grant, exercise prices (NOK 4.50) shown above, a weighted average volatility of 77.96 %, an expected option life of three, four and five years and a weighted average annual risk-free interest rate of 3.15 %.

Note 14 – Taxes

14.1) Statement of Comprehensive Income – Income tax

The major components of income tax expence for the years ended 31 December 2011 and 2010 are:

KAH ASA 2011	KAH ASA 2010	MEUR	KA Group 2011	KA Group 2010
0.0	0.0	Current tax on profits for the year	(7.8)	(7.4)
0.0	0.0	Adjustments in respect of prior years	(0.8)	1.2
0.0	**0.0**	**Total current tax**	**(8.6)**	**(6.2)**
(10.2)	(8.9)	Current year deferred tax	5.9	2.8
0.0	0.0	Impact of changes in tax rates	0.0	2.4
(0.1)	(0.6)	Adjustments in respect of prior years	2.3	(6.3)
(10.3)	**(9.5)**	**Total deferred tax**	**8.2**	**(1.1)**
(10.3)	**(9.5)**	**Income tax (expense) / credit**	**(0.4)**	**(7.3)**

Taxable income differs from net (loss) / profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expence that are taxable or deductible in future years (temporary differences). It also excludes items that are never taxable or deductible (permanent differences). The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by balance sheet date.

33.6	**40.7**	**(Loss) / profit before income tax**	**8.2**	**(1.9)**
(9.4)	(11.4)	Expected tax calculated at Norwegian tax rate	(2.3)	0.5
		Tax effect of permanent differences:		
(0.1)	2.8	- Dividends	(0.1)	0.0
(0.9)	(0.3)	- Other permanent differences / currency	(0.6)	(1.0)
0.0	0.0	Effect of different tax rates	0.8	3.5
0.0	0.0	Losses not recognised as deferred tax assets	0.3	(5.1)
0.2	(0.6)	Adjustments in respect of prior years	1.5	(5.2)
(10.3)	**(9.5)**	**Income tax (expense) / credit**	**(0.4)**	**(7.3)**
31 %	23 %	Average effective tax rate	5 %	-384 %

The tax (expense) / credit relating to components of other comprehensive income is as follows:

0.0	0.0	Translation differences before tax	6.5	11.2
0.0	0.0	Tax (expense) / credit	(3.7)	(0.1)
0.0	**0.0**	**Translation differences after tax**	**2.8**	**11.1**

14.2) Statement of Financial Position – Deferred tax and current tax liability

Current tax liability

KAH ASA 2011	KAH ASA 2010	MEUR	KA Group 2011	KA Group 2010
0.0	0.0	Current income tax liabilities	4.3	1.1
0.0	**0.0**	**Total**	**4.3**	**1.1**

Specification of Deferred Tax Assets / (Liabilities)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of derferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its asset and liabilities.

Kongsberg Automotive Group

2011

MEUR	Opening balance	Charged to income	Changes in tax rate	OCI	Exchange differences	Closing balance
Property, plant & equipment	(6.2)	2.8	0.0	0.0	0.0	(3.3)
Intangible assets	(21.8)	1.9	0.0	0.0	(0.2)	(20.1)
Retirement benefits obligations	1.5	0.0	0.0	0.0	0.0	1.5
Losses	41.3	5.4	0.0	0.0	0.2	46.8
Acc.receivables	0.4	0.0	0.0	0.0	0.0	0.4
Accrued expenses	2.0	(0.5)	0.0	0.0	0.0	1.5
Accrued interest	10.7	2.9	0.0	0.0	0.5	14.1
Restructuring reserves	0.2	(1.3)	0.0	0.0	0.0	(1.1)
Unrealized fx on long term rec / pay	(7.7)	(0.7)	0.0	0.0	0.0	(8.4)
Other temporary diff	6.0	(2.9)	0.0	(3.7)	0.2	(0.5)
Net deferred tax asset/(liability)	**26.3**	**7.6**	**0.0**	**(3.7)**	**0.7**	**30.9**

Kongsberg Automotive Holding ASA (parent company)

2011

MEUR	Opening balance	Charged to income	Changes in tax rate	OCI	Exchange differences	Closing balance
Property, plant & equipment	0.2	0.0	0.0	0.0	0.0	0.2
Retirement benefits obligations	0.5	0.0	0.0	0.0	0.0	0.5
Losses	9.4	(8.7)	0.0	0.0	0.0	0.7
Unrealized fx on long term rec / pay	(7.7)	(0.7)	0.0	0.0	0.0	(8.4)
Other temporary diff	2.4	(0.9)	0.0	0.0	0.0	1.7
Net deferred tax asset/(liability)	**4.8**	**(10.3)**	**0.0**	**0.0**	**0.0**	**(5.3)**

Deferred tax

KAH ASA			KA Group	
2011	2010	MEUR	2011	2010
0.0	4.8	Deferred tax asset	50.6	39.9
(5.3)	0.0	Deferred tax liability	(19.7)	(13.6)
(5.3)	**4.8**	**Total**	**30.9**	**26.3**

Deferred tax positions are netted within the same tax entity. As this was not done in the 2010 statutory accounts, numbers in 2010 column are recalculated accordingly.

Unrecognized deductible temporary differences (unused tax losses and unused tax credits)

KAH ASA			KA Group	
2011	2010	MEUR	2011	2010
0.0	0.0	Tax losses carried forward	4.2	4.5
0.0	**0.0**	**Total**	**4.2**	**4.5**

Description of terms for recognition of deferred tax

Deferred income tax assets on tax losses carried forward are recognised only to the extent that realisation of the related benefit is probable. The group's future profit is dependent on future sales of new vehicles. The group has conducted comprehensive analyses of future cash flows and the positive net present values indicate that future taxable profits will be available against which the tax losses will be able to be utilized, but not before 2017 at the earliest. The remaining lifetime of the group's tax losses is as shown below:

Lifetime	Amount (MEUR)
Less than five years	15.5
5 - 10 years	3.8
10 - 15 years	0.0
15 - 20 years	8.7
Without time limit	110.1
Tax losses recognised as at 31.12	**138.1**

The group's subsidiaries are located in different countries, so there will always be risks arising from local tax jurisdictions' assessments of the respective tax positions. Local differences could lead to different opinions about the probability of realisation and to limitations to the utilisation of losses carried forward. Local tax decisions could therefore influence the carrying value of the group's consolidated deferred tax asset.

Note 15 – Retirement benefit obligations

The parent company Kongsberg Automotive Holding ASA and its Norwegian subsidiary Kongsberg Automotive AS have defined benefit and defined contribution pension plans. The plans were changed from defined benefit to defined contribution in 2004. The defined benefit plan was continued for employees who had already retired. The other defined benefit plan is an early retirement plan for the CEO.
Defined benefit pension plans also exist in two subsidiaries in Germany and in subsidiaries in the Netherlands, Italy and France.
The German- and Norwegian subsidiaries represented 92 % of the groups Net benefit obligation (German: 74 %, Norwegian: 18 %) in 2011.

The subsidiaries in Sweden, the UK and the USA have defined contribution plans for employees.

Top hat pension - Norway

The defined contribution plans has legislative limitations when it comes to maximum salary as calulation basis for tax deductibility. Employees in KAH ASA and KA AS (subsidiary) with salaries that exceed this limit, will be granted an addition to the pension that is based on the salary above the maximum limit. This obligation will only materialize if the person is employed in KA at the time of retirement. The calculated obligation is accrued in the Statement of Financial Position as Other non-current liabilities.

Multiemployer plan (AFP) - Norway

The earlier early retirement arrangement in Norway was replaced commencing 01.01.2011. Financing of the early retirement arrangement is now done by an annual fee which represents the final cost for the companies included. All employees in KAH ASA and KA AS (subsidiary) are included in the AFP scheme.
There are some pensionaires under the old scheme, out of which the latest will expire in 2015. Pension obligations connected to these pensionaires are considered not significant and are not included in the Statement of Financial position.

15.1) Defined benefit schemes

The following actuarial assumptions have been applied when estimating future pension benefits:

KAH ASA			**KA Group**	
2011	2010		2011	2010
2.6 %	3.9 %	Discount rate	4.6 %	5.0 %
4.1 %	5.3 %	Rate of return on plan assets	4.4 %	4.7 %
3.5 %	4.0 %	Salary increases	2.3 %	2.5 %
3.3 %	3.8 %	Increase in basic government pension amount	2.2 %	2.4 %
0.1 %	1.2 %	Pension increase	0.7 %	0.8 %

The assumptions for KA group is presented as a weighted average of the assuptions reported from respective subsidiaries.

15.2) Net periodic pension cost

KAH ASA 2011	KAH ASA 2010	MEUR	KA Group 2011	KA Group 2010
0.1	0.0	Service cost	0.3	0.2
0.1	0.1	Interest on benefit obligations	0.8	0.8
0.0	0.0	Expected return on pension assets	(0.1)	(0.1)
0.0	0.0	Amortization of estimate differences	0.0	1.4
0.0	0.0	Effect of curtailment	(0.3)	0.0
0.0	0.0	Social security taxes	0.0	0.0
0.0	(0.1)	AFP adjustment	0.0	(2.8)
0.1	**0.0**	**Net periodic pension cost**	**0.7**	**(0.6)**
0.0 %	0.0 %	Actual return on plan assets	4.6 %	5.9 %

15.3) Net pension liability

KAH ASA 2011	KAH ASA 2010	MEUR	KA Group 2011	KA Group 2010
		Pension liabilities and assets		
1.7	1.6	Projected benefit obligation (PBO)	14.9	14.8
0.0	0.0	Fair value of pension assets	(0.6)	(0.6)
1.7	**1.6**	**Pension liability in excess of assets**	**14.3**	**14.2**
		Unrecognized effect of changes in estimates and differences between actual and expected return on pension assets		
(0.3)	0.0		(1.3)	(0.2)
1.4	**1.6**	**Net pension liability before social security taxes**	**13.0**	**14.0**
0.2	0.2	Social security taxes	0.5	0.4
1.6	**1.8**	**Net pension liability**	**13.5**	**14.4**

Specification of carrying value of net pension liability (MEUR):	2011	2010
Retirement benefit obligation	13.6	14.5
Retirement benefit asset	(0.1)	(0.1)
Net pension liability	**13.5**	**14.4**

15.4) Changes in net pension liabilities

KAH ASA 2011	KAH ASA 2010	MEUR	KA Group 2011	KA Group 2010
1.8	2.0	Net pension liability 01.01	14.4	16.0
0.2	0.0	Pension cost for the year	0.7	(0.6)
(0.4)	(0.3)	Paid pensions	(1.5)	(1.3)
0.0	0.1	Translation differences	0.0	0.2
1.6	**1.8**	**Net pension liability 31.12**	**13.5**	**14.4**

15.5) Average expected lifetimes

Average expected lifetime at the balance sheet date for a person retiring on reaching age 65:

- Male employee 19 years
- Female employee 21 years

Average expected lifetime 20 years after the balance sheet date for a person retiring on reaching age 65:

- Male employee 23 years
- Female employee 26 years

15.6) Defined contribution pension plans

Norway, Sweden, the UK and the USA have defined contribution pension plans for employees. The pension plans are regulated under the tax rules of each country. The subsidiaries in each country is required to pay the annual contributions to the plan. The expense charged to the income statement in respect of defined contribution pension plans is disclosed in note 21 to the financial statements.

15.7) Expected pension payment

We expect the pension payment of 2012 to be in line with the 2011 payment.

Note 16 – Interest-bearing loans and borrowings

KAH ASA			KA Group	
2011	2010	MEUR	2011	2010
		Non-current liabilities		
326.8	370.4	Bank loans	326.9	370.5
		Current liabilities		
4.7	0.3	Bank overdrafts	30.2	5.9
40.0	23.7	Other current interest-bearing liabilities	41.2	24.9
371.5	**394.4**	**Total interest-bearing liabilities**	**398.3**	**401.2**

Non-current liabilities

The group has outstanding financing facilities as follows (in local currencies, million):

	Facility Amount as of 31.12.2011	Currency	Maturity Date	Interest Rate (incl margin)
DNB / Nordea Facility				
Tranche in EUR	211.4	EUR	29.12.13	4.10 % - 4.39 %
Tranche in USD	195.1	USD	29.12.13	3.30 % - 3.58 %
Nordea Revolving Facility	250.0	NOK	29.12.13	1.20 % - 5.96 %
DNB Overdraft Facility	250.0	NOK	29.12.13	0.50 % - 5.90 %
Innovasjon Norge	130.5	NOK	10.12.21	4.90 % - 6.09 %

The total un-drawn amount is MEUR 12.2 on the DNB/Nordea facility.
The financing facilities bear interest at rates based on a market based reference rate plus an applicable margin. MUSD 50 and MEUR 50 have been hedged through FRAs contracts until Q4 2013. See also note 10.
In January 2012, the Group obtained a 5 year MEUR 400 bank commitment to refinance the existing corporate debt held by DNB and Nordea. The Group expects to finalise the loan agreement by Q1 2012. See note 27 for more information.

Other current interest-bearing liabilities

These comprise accrued interest and capital repayments on long-term loans payable within twelve months of the balance sheet date, as well certain other short-term interest-bearing liabilities.

Liquidity reserve

The liquidity reserve of KA group consists of: cash & cash equivalents + undrawn credit facilities.

MEUR	2011	2010
Total (before use)	156.1	170.9
Used (Bankoverdraft)	(30.2)	(5.9)
Unused liquidity reserve	**125.8**	**165.0**

Borrowings by currency were as below:

KAH ASA			KA Group	
2011	2010	MEUR	2011	2010
203.5	221.4	EUR	218.3	226.2
146.4	156.1	USD	151.5	156.8
20.6	17.0	NOK	22.9	17.0
1.0	0.0	Other currencies	5.6	1.2
371.5	**394.4**	**Total interest-bearing liabilities**	**398.3**	**401.2**

See Note 17 for an assessment of currency risk.

The carrying amounts and fair values of non-current borrowings are as follows:

KAH ASA			KA Group	
2011	2010	MEUR	2011	2010
326.8	370.4	Carrying amounts	326.9	370.5
326.8	370.4	Fair values	326.9	370.5

The carrying amount (amortised cost) is equal to the fair value of the loans. The interest rate represents the market's interest rate as at the balance sheet date.

Non-current liabilities

The maturity schedule for non-current borrowings is as follows (in local currencies, million):

Year	EUR	USD	NOK
Repayable during 2012	40.0		
Repayable during 2013	171.4	195.1	14.5
Repayable during 2014			29.0
Repayable during 2015			29.0
Repayable during 2016			29.0
Repayable during 2017 (and later)			29.0
Total	**211.4**	**195.1**	**130.5**

Current liabilities

The maturity schedule for other current interest-bearing liabilities (incl Bank overdrafts) is as follows (in local currencies, million):
The table contains accrued liabilities to be paid within 12 months (2012).

As at 31.12.11	EUR	USD	NOK	Other currencies
Repayable 0-3 months after year end				
Repayable 3-6 months after year end	20.0			
Repayable 6-9 months after year end				
Repayable 9-12 months after year end	39.8	6.8	3.8	1.0
Total	**59.8**	**6.8**	**3.8**	**1.0**

Covenants

The group's banking covenant requirements comprise:

- *Nominal equity:* Minimum MEUR 50
- *Minimum liquidity:* Minimum MEUR 50
- *Gearing ratio (Net Int. Bearing Debt to EBITDA)* The required gearing ratio level has decreased quarterly since March 2011. From a starting point of 7.40 it will decrease to 3.00 per Q3 2012 and then stays on that level untill termination date (29.12.13).
- *Capital expenditures:* Maximum 4 % of consolidated turnover. No restrictions, if below a Gearing ratio of 3.00.
- *Dividend restrictions:* The Gearing ratio can not be higher than 3.00.

The covenants are tested quarterly. The group is in complience with the covenants as at 31.12.11. Both the liquidity and equity levels are significantly above the covenant levels. In addition the capital expenditure (in percentage of revenue) is below the maximum permitted level.

Security for the loan agreement

All lenders are ranked pari passu with first priority security over all material shares and assets of the group.

Note 17 – Financial risk

FINANCIAL RISK MANAGEMENT

Financial risk factors

The group's activities expose it to a variety of financial risks:

a) Market risk (including currency risk, interest rate risk and operational risks)
b) Credit risk
c) Liquidity risk.

The group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance. The group exploits derivative financial instruments for potential hedging of certain risk exposures, however the current usage of such instruments is limited.

(a) Market risk

(i) Foreign exchange risk

Kongsberg Automotive operates internationally in a number of countries and is exposed to foreign exchange risk arising from various currency exposures. The primary exposures are EUR and USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. As the Company reports its financial results in EUR, changes in the relative strength of EUR to the currencies in which the Company conduct business can adversely affect the Company's financial development. Historically changes in currency rates have had an effect on the top line development, however it has not had a significant impact on operating profit since the costs usually off set the effects from the top line.

Management is monitoring the currency exposure on a Group level. The Group treasury uses the debt structure and profile to balance some of the net exposure of the cash flow from operations. The group treasury regularly evaluates the use of hedging instruments but has currently a low usage of such instruments.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is partially managed through borrowings denominated in the relevant foreign currencies.

Sensitivity

At 31 December 2011, if the currency USD had weakened/strengthened by 5 % against the EUR with all other variables held constant, revenues would vary by around +/- 1.3 % or MEUR +/- 13. Operating profit would not have been significantly changed.

A change in EUR and USD of +/- 5 % versus the NOK would have influenced the conversion of the long term debt and hence influenced the financial items with approximately MEUR +/- 20. These changes would also have generated changes in currency conversion in the equity, hence the equity change would have been less significant.

(ii) Operational risks

Operation and investment risks and uncertainties

The Company is usually contracted as a supplier with a long-term commitment. The commitment is usually based on the model platforms, which for passenger cars are typically 3 to 5 years, while on commercial vehicles it is typically 5-7 years and in some cases even longer. Purchase orders are achieved on a competitive bidding basis for either a specific time-period or indefinite time. Even if present commitments are cost reimbursable they can be adversely affected by many factors and short term variances including shortages of materials, equipment and work force, political risk, customer default, labor conflicts, accidents, environmental pollution, the prices of raw materials, unforeseen problems, changes in circumstances that may lead to cancellations and other factors beyond the control of the Company. In addition, some of the Company's customer contracts may be reduced, suspended or terminated by the customer at any time upon the giving of notice. Customer contracts also permit the customer to vary the scope of work under the contract. As a result, the Company may be required to renegotiate the terms or scope of such contracts at any time, which may result in the imposition of terms less favorable than the previous terms.

Competition

The Company has significant competitors in each of its business areas and across the geographical markets in which the Company operates. The Company believes that competition in the business areas in which Kongsberg Automotive operates will continue in the future.

Volatility in prices of input factors

The Company's financial condition is dependent on prices of input factors, i.e. raw materials and different semi-finished components with a varying degree of processing, used in the production of the various automotive parts. Some of the major raw materials are:

- Steel including rod and sheet metal, cast iron and machined steel components
- Polymer components of rubber, foam, plastic components and plastic raw materials
- Copper
- Zinc
- Aluminium

Because of the raw material exposure, a change in the prices of these raw materials will have an effect on the Company. The steel, copper, zinc, aluminium and polymer prices have reached historically high levels over the last years, being subject to large fluctuations in response to relatively minor changes in supply and demand and a variety of additional factors beyond the control of the Company, including government regulation, capacity, and general economic conditions.

A substantial part of the Company's steel and brass (copper and zinc) based products is sold to truck manufacturers. Business practice in the truck industry allows the Company to some extent to pass increases in steel, aluminium and brass prices over to its customers. However, there is a time lag of three to six months before the Company can adjust the price of its products to reflect fluctuations in the mentioned raw material prices, and a sudden change in market conditions could therefore impact the Company's financial position, revenues, profits and cash flow. When the market prices go down the adverse affect will occur. For products sold to passenger car applications, the Company does not have the same opportunity to pass increases in raw materials prices.

Uninsured losses
The Company maintains a number of separate insurance policies to protect its core businesses against loss and/or liability to third parties. Risks insured include general liability, business interruption, workers' compensation and employee liability, professional indemnity and material damage.

(iii) Interest rate risk
The group's interest rate risk arises from long-term borrowings. The Group's debt is mainly drawn up in EUR and USD with the corresponding interest rates. The group analyses its interest rate exposure on a running basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on the various scenarios, the group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift.

Sensitivity
Based on the simulations performed per 31.12.2011, the impact on pre tax profit of a +/- 0.5 % shift in both the EUR and USD interest would be a maximum increase or decrease of MEUR 1.8.

(b) Credit risk
Credit risk is managed on group basis. Credit risk arises mainly from trade with customers and outstanding receivables. The level of receivables and overdue are monitored on a weekly basis. Historically the Group have had very limited loss on receivables.

The automotive industry consist of a limited number of vehicle manufacturers, hence the 5 biggest customers will be in the around 35 % of total sales. The company have a very diversified customer base, where no individual customer represents more than 10 % of the Group's revenues. It is the company's opinion that concentration risks is not present, however due to the number of vehicle manufacturer and hence customers it could be viewed to exist a concentration risk.

(c) Liquidity risk
Cash flow forecasting is performed by each operating entity of the group on a weekly basis for the next 12 weeks. Group finance monitors these forecasts and the 5 quarter rolling forecasts for the group to keep track of the group's liquidity requirements and to ensure there are sufficient cash to meet both operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants on any of its borrowing facilities. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury.
For unused liquidity reserve, see note 16.

CAPITAL RISK MANAGEMENT
The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and balance the risk profile.

The group monitors capital on the basis of the gearing ratio and the level of equity. These ratios are calculated as net debt divided by EBITDA and Equity divided by total balance. The Group has a treasury policy regulating the levels on these key ratios.

Note 18 – Trade and other payables

KAH ASA			KA Group	
2011	2010	MEUR	2011	2010
0.3	0.3	Trade payables	109.4	110.3
5.2	8.6	Short-term group liabilities	0.0	0.0
1.3	1.9	Accrued expenses	52.2	56.6
2.2	4.7	Other short-term liabilities	10.2	9.7
9.0	**15.6**	**Total**	**171.8**	**176.6**

Trade payables

The Group trade payables (external) have the following maturity structure at 31.12.2011 (MEUR):

	2011		2010	
Maturity	Dec	%	Dec	%
Repayable 0-3 months after year end	106.0	96.9 %	102.8	93.2 %
Repayable 3-6 months after year end	2.9	2.6 %	6.7	6.1 %
Repayable 6-9 months after year end	0.0	0.0 %	0.4	0.4 %
Repayable 9-12 months after year end	0.5	0.4 %	0.4	0.3 %
Total	**109.4**		**110.3**	

Accrued expenses and Other short-term liabilities

The Group Accrued expenses and Other short-term liabilities have the following maturity structure at 31.12.2011 (MEUR):

Maturity	Accrued expences	Other short-term liabilities
6 months or less	35.7	7.5
6-12 months	16.5	2.7
Total	**52.2**	**10.2**

The Group total provision for restructuring cost is MEUR 2.5 per 31.12.11 (2010: 3.9).

Note 19 – Remuneration and fees for management, Board of Directors and auditor

The following amounts of remuneration and fees have been expensed in the income statement (KEUR)

	2011	2010
Total remuneration of the Board of Directors	228.4	170.1
Salary of the CEO	385.1	411.0
Other remuneration of the CEO	204.3	15.6
Pension costs of the CEO	27.7	228.4
Management salaries other than to the CEO	1 924.5	1 784.3
Other remuneration of management other than the CEO	1 071.8	70.9
Pension costs of management other than the CEO	88.2	48.6
Total	**3 930.0**	**2 728.8**

Spesification of remuneration to Board of Directors (KEUR)

Name	Position	2011	2010
Ulla-Britt Fräjdin-Hellqvist	Chairwoman	60.3	40.5
Tone Bjørnov		43.3	35.4
Thomas Falck		39.1	17.4
Halvor Stenstadvold		18.3	0.0
Magnus Jonsson		16.0	0.0
Kjell A. Kristiansen		14.8	7.6
Tonje Sivesindtajet		10.3	7.6
Eivind A. Holvik		10.3	10.7
Others (replaced Board members)		16.0	50.9
Total - Board of Directors		**228.4**	**170.1**

Name	Compensation committee	Audit committee	BOD meetings	Total 2011
Ulla-Britt Fräjdin-Hellqvis	6.4		53.9	60.3
Tone Bjørnov	2.2	9.0	32.1	43.3
Thomas Falck		7.1	32.1	39.1
Halvor Stenstadvold	2.2		16.0	18.3
Magnus Jonsson			16.0	16.0
Kjell A. Kristiansen	4.5		10.3	14.8
Tonje Sivesindtajet			10.3	10.3
Eivind A. Holvik			10.3	10.3
Others (replaced Board members)			16.0	16.0
Total - Board of Directors	**15.3**	**16.1**	**197.0**	**228.4**

Spesification of remuneration to Nomination Committee (KEUR)

Name	2011
Tor Himberg Larsen	11.5
Johan Aasen	5.8
Anne Stärk Johansen	5.1
Total - Nomination Committee	**22.4**

Spesification of remuneration to management other than the CEO (KEUR)

2011

Name	Position	Salary	Pension	Other
Trond Stabekk	Executive Vice President, CFO	225.5	28.4	134.8
Bent Wessel-Aas	Executive Vice President, Business Development	169.1	19.5	94.4
Joachim Magnusson	Executive Vice President, Driveline Systems	191.4	0.0	69.5
Scott Paquette	Executive Vice President, Interior Systems	177.7	5.3	99.9
Jonathan Day	Executive Vice President, Fluid Transfer Systems	139.5	4.8	60.7
Trond Fiskum	Executive Vice President, Actuation & Chassis Systems	215.0	16.0	107.0
James G Ryan	Executive Vice President, Power Products Systems	182.1	4.8	109.4
Anders Nyström	Executive Vice President, Purchase	26.9	0.0	0.5
Other (previous members of Group Management)		597.2	9.3	395.7
Total – management other than CEO		**1 924.5**	**88.2**	**1 071.8**

2010

Name	Position	Salary	Pension	Other
Hans Peter Havdal	President & CEO	70.5	3.3	3.1
Bård Klungseth	Executive Vice President, COO	274.1	6.5	13.0
Trond Stabekk	Executive Vice President, CFO	202.2	6.5	13.0
Bent Wessel-Aas	Executive Vice President, Business Development	162.0	6.5	13.0
Joachim Magnusson	Executive Vice President, Driveline Systems	193.4	0.0	2.4
Raymond Bomya	Executive Vice President, Interior Systems	211.1	1.9	16.9
Scott Paquette	Executive Vice President, Fluid Transfer Systems	171.1	4.7	0.0
Trond Fiskum	Executive Vice President, Actuation & Chassis Systems	190.7	14.3	0.0
James G Ryan	Executive Vice President, Power Products Systems	185.3	4.9	9.1
Niklas Berntsson	Executive Vice President, Purchase	124.0	0.0	0.5
Total – management other than CEO		**1 784.3**	**48.6**	**70.9**

The Group Management participates in a bonus scheme based on the Group's achievement of return on capital employed. Target bonus for management is maximum 50 % of base salary. A total of MEUR 1.9 is accrued for bonus earned in 2011 (2010: MEUR 5.0). The management's share is approximately 25 % of total bonus.

The Chief Executive Officer has an agreement covering early retirement benefits. Benefits according to this agreement are included in the pension obligations disclosure in note 15. The employment of the Chief Executive Officer is terminable by the company at 12 months' notice. The notice period for other members of the management group is six months.

Spesification of share options granted to management

	2011 Scheme No of options	2010 Scheme No of options	2009 Scheme No of options	2008 Scheme No of options
Hans Peter Havdal	317 000	315 000	215 394	157 465
Trond Stabekk	217 000	165 000	215 394	143 516
Bent Wessel-Aas	117 000	115 000	102 029	56 928
Joachim Magnusson	117 000	115 000	102 029	17 971
Jonathan Day	60 000			
Scott Paquette	117 000	115 000	102 029	13 012
Trond Fiskum	117 000	115 000	45 346	16 265
James G Ryan	117 000	115 000	136 038	
Total options	**1 179 000**	**1 055 000**	**918 259**	**405 157**

For more details about the share option plan see note 13.

Spesification of fees paid to the auditor (KEUR)

	2011	2010
Statutory audit services to the parent company (Deloitte)	87.3	70.8
Statutory audit services to subsidiaries (Deloitte)	479.2	126.0
Statutory audit services to subsidiaries (Other)	63.9	549.7
Further assurance services (Other)	102.0	34.4
Other non-audit services (Other)	76.0	207.5
Total	**808.5**	**988.4**

Note 20 – Shares owned by management and Board of Directors as at 31.12.11

Board of Directors	No of shares
Ulla-Britt Fräjdin-Hellqvist	32 800
Tone Bjørnov	0
Thomas Falck	750 000
Halvor Stenstadvold	100 000
Magnus Jonsson	20 000
Kjell A. Kristiansen	20 180
Tonje Sivesindtajet	63 000
Eivind A. Holvik	0
Total number of shares	**985 980**

Group management	No of shares
Hans Peter Havdal	397 025
Trond Stabekk	103 080
Bent Wessel-Aas	415 004
Joachim Magnusson	83 693
Jonathan Day	37 250
Scott Paquette	90 800
Trond Fiskum	263 346
James G Ryan	158 400
Anders Nyström	12 000
Total number of shares	**1 560 598**

Note 21 – Salaries and social expenses

KAH ASA			**KA Group**	
2011	2010	MEUR	2011	2010
3.8	2.9	Wages and salaries	187.7	154.1
0.6	0.4	Social security tax	42.3	28.3
0.1	0.0	Pension cost (defined benefit plans)	0.7	5.5
0.2	(0.2)	Pension cost (defined contribution plans)	3.9	3.4
0.1	1.8	Other payments	23.7	18.0
4.8	5.0	Total	258.3	209.2

As at 31.12.11 the group had 10.950 employees and the parent company 18 employees.

Note 22 – Financial items

KAH ASA			KA Group	
2011	2010	MEUR	2011	2010
31.6	35.0	Financial income	0.0	0.0
5.2	7.7	Net foreign currency gains	0.0	7.7
2.6	4.2	Changes in value of financial derivatives	1.5	5.9
0.2	0.6	Interest income	0.5	0.8
39.6	**47.5**	**Total financial income**	**2.0**	**14.4**
(19.2)	(21.9)	Interest expense	(20.0)	(22.2)
0.0	0.0	Net foreign currency losses	(8.9)	0.0
(4.0)	(0.5)	Other items	(3.5)	(4.3)
(23.2)	**(22.4)**	**Total financial expenses**	**(32.4)**	**(26.5)**
16.4	**25.1**	**Net financial items**	**(30.4)**	**(12.1)**

Note 23 – Earnings per share

Earnings per share is calculated by dividing the net profit attributable to equity shareholders by the weighted average number of shares in issue.

	2011	2010
Net (loss) / profit attributable to equity shareholders (MEUR)	7.5	(9.8)
Weighted average number of shares in issue (millions)	399.6	399.9
Basic earnings per share, Euros	**0.02**	**(0.02)**
Diluted earnings per share, Euros	**0.02**	**(0.02)**

The diluted earnings per share is equal to basic earnings per share per 31.12.2011. The reason is that the market price of the companies shares is lower than the exercise price of the warrants (anti-dilutive effect).

Note 24 – Dividend per share

No dividend was proposed for 2011. For dividend restrictions, see Covenants note 16.

Note 25 – Investments in subsidiaries

Investment in new company (establishment) – e-Power Nordic AB
Kongsberg Automotive Holding ASA (KA) and QRTECH AB have invested in a company focusing on systems for electrical and hybrid vehicles (development and design of electro-and electromechanical components and systems for vehicles with electric or hybrid drivelines).

KA owns 51 percent (51 KSEK invested) and QRTECH 49 percent (49 KSEK) of the company, which is named e-Power Nordic AB. The company has been operating from April 2011. The company is treated as a subsidiary in the consolidated accounts of KA Group.

Investment in new company (establishment) – Kongsberg Automotive Japan KK
Kongsberg Automotive Holding ASA (KA) has established a daughter company in Tokyo, Japan. The company is a sales office mainly serving the Asian market for the relevant Business Areas.

KA owns 100 percent and KJPY 9.010 is invested in the company. The company is named Kongsberg Automotive Japan KK. The company has been operating from the beginning of 2011.

Note 26 – Contingent liabilites and contingent assets

Kongsberg Automotive Holding ASA (Parent company)
Some subsidiaries require a financial support guarantee from parent to satisfy the Going concern assumption. In 2011 the number of guarantees were low.

Kongsberg Automotive Group
Spartz, Bowers and other claimants vs BRP, Teleflex, Kongsberg Inc (Canada) and other defendants
Claimants have raised claims on basis of product liability against KA for damages due to personal injury inflicted by accidents which have occurred when driving BRP Can-Am Spyders; a three wheeled vehicle ("The Spyder") manufactured by Bombardier Recreational Products ("BRP").

The Canadian KA entity (previously a Teleflex company) manufactured and supplied electronic steering units ("DPS") to BRP for subsequent installation on the Spyder.
The DPS was however designed by a Teleflex company not taken over by KA.
The financial exposure is assumed to be insignificant for the group.

Claims are subject to process in various jurisdictions in US.

Bombardier Recreational Products vs Kongsberg Automotive
See the Spyder case above. BRP initiated court proceedings claiming that KA and Teleflex should;
a) indemnify BRP for all third party product liability claims, the Spyder claims and
b) cover recall costs and repair costs for the BRP Spyders. The claim for recall costs was settled in September 2011.
The financial exposure is assumed to be insignificant for the group.

The court proceedings are suspended until the end of 2012.

Kongsberg Automotive Holding ASA vs Teleflex Inc
KAH acquired the GMS assets from Teleflex in 2007/2008. KAH raised a number of claims against Teleflex mainly due to breach of warranty obligations of the sales and purchase agreement. All actual claims were settled in November 2011 with exception for KA's claim that Teleflex shall indemnify KA for any amount awarded to Teleflex and the plaintiffs in the Spyder cases, see the above two cases.
The financial exposure is assumed to be insignificant for the group.

Proceedings stayed until June 2012.

Note 27 – Subsequent events

Kongsberg Automotive Holding ASA has together with DNB and Nordea reached an agreement on head terms for a new loan facility to refinance its total interest bearing bank debt. The agreement is a 5 year revolving credit facility in excess of MEUR 400 ending in 2017, extending the maturity by 4 years.

The new facility will lift the covenant related to near term earnings and will establish a new margin structure depending on the net gearing ratio. The refinancing will be done through a revolving credit facility consisting of the following tranches:

- One MUSD 195 tranche
- One MEUR 231 tranche
- One overdraft tranche of MEUR 35

Note 28 – Statement of remuneration of management

This statement of remuneration is valid for work performed by leading employees in Kongsberg Automotive Group. The group should have managers who are able at all times to secure shareholders' and other stakeholders' interests in the best possible manner. One element to achieve this is to offer each leader a competitive compensation package.

28.1) Principles for base salary
Leading employees shall be given competitive salaries that reflect each individual's responsibility and results.

28.2) Principles for variable compensation and incentive schemes
Leading employees can receive variable salaries based on result achievement for the group or for the unit in which the person is employed. In addition to this, the realization of goals established for the leader should be taken into consideration. These criteria will be decided by the Board of Directors for the CEO and by the CEO for leading employees. The company has made a bonus provision for 2011 (see note 19).

The Board of Directors has established share option programmes for leading employees that have been approved by shareholders in General Meeting. It is the company's judgement that it is positive for long-term value creation in the group that leading employees hold shares or have share options in Kongsberg Automotive.

The Board of Directors can offer share options to leading employees when shareholders have given authority to run options programmes. The exercise price of the options shall be the average trading price of the KA share the first 10 days after presentation of the 4th quarter results. The exercise period shall typically be five to ten years. Profit from exercise of options any calendar year shall not exceed the employee's base salary the proceeding year.

28.3) Principles for services with non-cash compensation
Leading employees can be offered different arrangements such as company cars, insurance, pensions, etc. Payment in kind will primarily be free broadband, IP phone and mobile telephone in order to ensure that leading employees are accessible to the company.

As for all other employees, leading employees are eligible to participate in a defined contribution pension plan. The conditions in individual pension schemes can vary.

28.4) Redundancy payments
At the year end no employee had any agreement for redundancy payment. The CEO has a 12 months termination period, 6 months if he resigns. The termination periods from the rest of the management are 6 months.

28.5) Information about preparation and decision processes
The Board of Directors considers annually the compensation of the CEO based on prior consideration and recommendation by the group's compensation committee.

Report of the Auditors

Deloitte.

Deloitte AS
Karenslyst allé 20
Postboks 347 Skøyen
NO-0213 Oslo
Norway

Tel: +47 23 27 90 00
Fax: +47 23 27 90 01
www.deloitte.no

To the Annual Shareholders' Meeting of Kongsberg Automotive Holding ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Kongsberg Automotive Holding ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements for the parent company comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the President and CEO's Responsibility for the Financial Statements

The Board of Directors and the President and CEO are responsible for the preparation and fair presentation of these financial statements in accordance with simplified application of international accounting standards according to the Norwegian accounting act § 3-9 for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as The Board of Directors and the President and CEO determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Deloitte.

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Kongsberg Automotive Holding ASA as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to the Norwegian accounting act § 3-9.

Opinion on the financial statements for the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Kongsberg Automotive Holding ASA as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the allocation of the profit

Based on our audit of the financial statements as described above, it is our opinion that the information concerning the financial statements presented in the Board of Directors report and the statement of corporate governance principles and practices, the going concern assumption, and the proposal for the allocation of the profit complies with the law and regulations and that the information is consistent with the financial statements.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 21 March 2012
Deloitte AS

Ingebret G. Hisdal
State Authorised Public Accountant (Norway)

Declaration to the Annual Report 2011

Responsibility Statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2011 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the Company's and the Group's assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the management report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principle risks and uncertainties facing the entity and the group.

Kongsberg, 21 March 2012
Board of Directors in Kongsberg Automotive Holding ASA

Ulla-Britt Fräjdin-Hellqvist
Chairwoman
(Sign.)

Tone Bjørnov
(Sign.)

Thomas Falck
(Sign.)

Halvor Stenstadvold
(Sign.)

Magnus Jonsson
(Sign.)

Tonje Sivesindtajet
(Sign.)

Eivind A. Holvik
(Sign.)

Kjell Kristiansen
(Sign.)

Hans Petter Havdal
President and CEO
(Sign.)

Key Financial Data

Kongsberg Automotive Group

			2011	2010	2009	2008	2007
Operations and profit							
1	Operating revenues	(MEUR)	999.7	864.4	622.8	905.9	398.8
2	Depreciation and amortization	(MEUR)	43.4	46.9	46.8	46.9	14.7
3	Operating (loss) / profit	(MEUR)	38.5	10.2	(46.3)	(1.1)	26.4
4	(Loss) / profit before taxes	(MEUR)	8.2	(1.9)	(28.2)	(142.2)	21.3
5	Net profit	(MEUR)	7.8	(9.2)	(27.5)	(94.3)	15.6
6	Cash flow from operating activities	(MEUR)	41.2	43.9	22.6	77.2	24.1
7	Investment in Property, Plant & Equipment	(MEUR)	31.3	22.1	12.8	39.3	26.6
8	R&D expenses, gross	(MEUR)	44.8	40.9	47.2	45.5	20.7
9	R&D expenses, net	(MEUR)	39.1	34.5	43.2	41.5	17.8
Profitability							
10	EBITDA margin	%	8.2	6.6	0.1	5.1	10.3
11	Operating margin	%	3.9	1.2	(7.4)	(0.1)	6.6
12	Net profit margin	%	0.8	(1.1)	(4.4)	(10.4)	3.9
13	Return on total assets	%	4.9	1.3	(1.3)	(0.4)	2.9
14	Return on capital employed (ROCE)	%	6.6	1.8	(8.1)	(8.2)	7.0
15	Return on equity	%	4.3	(5.2)	(20.4)	(1.2)	0.2
Capital as at 31.12							
16	Total assets	(MEUR)	793.9	783.0	763.2	749.5	827.2
17	Capital employed	(MEUR)	583.5	575.8	571.8	574.3	826.8
18	Equity	(MEUR)	185.2	174.6	178.9	90.7	68.5
19	Equity ratio	%	23.3	22.3	23.4	12.1	8.3
20	Cash reserve	(MEUR)	125.8	165.0	162.6	76.7	88.2
21	Interest-bearing debt	(MEUR)	398.3	401.2	392.8	481.0	526.6
22	Interest coverage ratio		1.2	0.4	0.2	0.0	4.7
23	Current ratio (Banker's ratio)		1.5	1.7	2.1	1.4	0.9
Personnel							
Number of employees at 31.12			10 950	10 538	8 868	8 888	3 329

Definitions

5 Profit after tax
9 Gross expenses - Payments from customers
10 (Operating profit + Depreciation and Amortisation) / Operating revenues
11 Operating profit / Operating revenues
12 Net profit / Operating revenues
13 Operating profit / Average total assets
14 Operating profit / Average Capital Employed
15 Net profit / Average equity
17 Total assets - Non interest bearing debt
20 Free cash + Unutilised credit facilities and loan approvals
22 Operating profit / Financial expenses
23 Current assets / Current liabilities

HEALTH, SAFETY & ENVIRONMENTAL REPORT

CONTENTS

Kongsberg Automotive, and all of its operating units, subscribe to the following policies.

Health and Safety Policy

Kongsberg Automotive gives the highest priority to the health, safety and well-being of all employees and those who may be affected by our work activities. This is a consequence of applying our core values and will serve as the basis for goods and services we provide and the foundation on which to achieve our business objectives.

We are committed to achieving the highest industry standards by;

- Assessing the nature and scale of risk through a program of continuous improvement.
- Setting objectives and targets to gain improvements in overall health and safety performance.

- Complying with applicable legislation and other relevant requirements.
- Providing necessary information, instruction and training.
- Putting into place preventative, then protective, measures to eliminate, reduce and control potential to cause injury, harm or loss.
- Tracking health and safety performance through internal evaluation and reporting.
- Emphasizing to all employees, suppliers, contractors, and others working on our behalf, their responsibility and accountability for safe performance.

Statement for working knowledge:
"Put safety first". "Identify any safety or health hazards so preventative action can be taken before an incident occurs."

Environmental Policy
Kongsberg Automotive is committed to take responsibility for the environment. We strive to improve our environmental performance as this is essential in meeting our business objectives and customer demands. We respect the concerns of the communities where we operate and value the input of interested parties, especially our employees.

We assure our commitment by:
- Assessing the scale of our environmental aspects and impacts through a program of continuous improvement.
- Executing specific plans of action with measurable targets.
- Complying with all legal and other relevant requirements.
- Evaluating our processes and products to optimize the use of resources and where practicable reusing, recycling and recovering material to minimize waste.
- Providing necessary information, instruction and training.
- Tracking our performance through internal evaluation and reporting.
- Reviewing our performance and sharing our results with interested parties.
- Requiring commitment of suppliers and other partners to apply these same principles.

Statement for working knowledge:
KA is committed to *"protecting the environment, now and for the future"* through continual environmental improvement, the prevention of pollution and environmental compliance.

Management
The Group assigns high priority to its obligations and programs regarding Health, Safety and the Environment (HSE). The authorities in the countries where KA is present set HSE standards in the form of legislation, general

Sick Leave Average (%)	2011	2010	% Change
KA Group	**2.9**	**3.0**	**-4 %**
Driveline	3.0	2.8	9 %
Power Product Systems	2.6	4.1	-37 %
Interior	2.2	2.5	-12 %
Actuation & Chassis	3.3	4.5	-25 %
Fluid Transfer	5.2	5.0	4 %
Asia	**1.1**	**1.4**	**-26 %**
China	1.2	1.3	-13 %
South Korea	0.6	3.6	-83 %
India	1.6	1.6	0 %
Europe	**4.3**	**4.2**	**2.3 %**
France	3.7	2.1	74 %
Germany	6.5	5.1	29 %
Hungary	2.2	2.9	-24 %
Italy	3.2	3.2	0 %
Norway	6.4	6.6	-3 %
Poland	4.4	5.9	-25 %
Slovakia	4.1	3.0	37 %
Spain	7.9	6.0	32 %
Sweden	3.3	3.1	4 %
UK	3.3	3.5	-7 %
Americas	**1.9**	**2.4**	**-22 %**
Brazil	3.3	3.1	7 %
Canada	4.3	8.8	-51 %
Mexico	1.5	1.7	-11 %
USA	1.9	2.2	-13 %

regulations and specific requirements. All KA units comply with general and specific requirements alike. Additionally 32 locations have implemented Environmental Management Systems in accordance with ISO 14001 Standards. Certification assures that the units consider the environmental impacts of their work and set targets for improved performance. As a supplier, KA also conforms to standards set by their customers.

Responsibility

The management takes full responsibility to ensure that HSE requirements are met and environmental and safety management systems are regularly evaluated and improved. Report routines have been implemented and the units' HSE leaders have an important role in this work. The HSE work is integrated into ordinary business activities to ensure that HSE management becomes a natural part of the daily routines.

Work environment

Kongsberg Automotive gives priority to the health, safety and well-being of its employees. Tracking health and safety performance is of prime importance to management. We look for potential hazards through internal auditing and inspection. We identify root causes of unsafe conditions and implement corrective action. We seek to minimize risk by adopting safe work practices and applying lean efficiency tools. We promote employee involvement as the basis of a *"put safety first"* work place culture. As a result of these efforts, we report positive trends in our safety performance.

Sick Leave

Absences due to personal illnesses are tracked by the company. The Sick Leave data are reported below as an average % of short and long term absences per total number employees for the Business Area or Country noted. When considering all KA employees, the Group's sick leave average was 2.9 % in 2011 compared to 3.0 % for 2010, a 4 % reduction.

Region	Total Accidents Reported in 2011	Average H-value		Average Incident Rate	
		2011	2010	2011	2010
Asia	**8**	**1.9**	**2.8**	**2.7**	**3.5**
China	7	2	3	3	4
India	1	4	4	4	4
South Korea	0	0	0	0	0
Europe	**61**	**5.7**	**5.6**	**6.3**	**6.4**
France	11	18	10	18	14
Germany	0	0	8	0	8
Hungary	5	6	3	6	3
Italy	1	10	0	10	0
Norway	10	9	3	13	6
Poland	7	4	2	4	4
Slovakia	2	1	2	1	2
Spain	9	22	55	22	55
Sweden	8	5	2	18	2
UK	8	4	3	4	3
Americas	**32**	**2.2**	**2.2**	**3.5**	**5.6**
Brazil	5	11	5	14	5
Canada	7	6	12	6	15
Mexico	3	0	1	0	1
USA	17	3	3	9	18
Group Total	**101**				

All Accidents Reported (Average per Plant)	Average 2011	Average 2010	% Change
KA Group	**2.9**	**3.2**	**– 10 %**
Actuation & Chassis	1.1	1.3	-11 %
Power Product Systems	2.7	3.4	- 20 %
Interior	3.0	3.3	- 10 %
Driveline	3.3	2.6	27 %
Fluid Transfer	4.3	5.8	-26 %
Incident Rate			
KA Group	**4.6**	**5.7**	**–19 %**
Interior	2.7	3.6	-27 %
Driveline	3.7	2.8	33 %
Power Product Systems	4.6	7.5	-38 %
Actuation & Chassis	6.7	7.0	-4 %
Fluid Transfer	15.3	24.2	-37 %
KA Group adjusted*	0.9	1.1	
External Benchmark*	4.4	4.4	
H-value			
KA Group	**3.9**	**3.9**	**0 %**
Interior	2.2	2.2	0 %
Power Product Systems	3.2	2.8	14 %
Driveline	3.2	2.5	29 %
Actuation & Chassis	6.6	7.0	-4 %
Fluid Transfer	13.5	18.0	-25 %
KA Group adjusted**	0.8	0.8	
External Benchmark**	1.1	1.1	

*External benchmark used for 2011 and 2010 is the US BLS 2010 data for Total recordable cases (Incident Rate) and Cases with days away from work (H-value) for Manufacturing Sector. BLS uses 100 equivalent workers or 200,000 man- hours. KA uses 1 Million man hours so numbers were divided by 5 so comparisons could be made.

Safety

Work related injuries should not occur, and KA works systematically to reduce the number of accidents and injuries affecting employees. All work related injuries are reported and tracked. Reasons for injuries are analyzed and corrective actions are implemented.

In 2011, KA Group set an aggressive reduction target of 30 % for Total Accidents reported. We increased the scope of our safety awareness programs and sought to improve workplace conditions. While we didn't meet the target, Total Accidents reported were reduced by 10 %.

Notably, the Group's Incident Rate decreased by 19 %. In 2011, the Group averaged 4.6 accidents for every one million man hours worked. In 2010, the Incident Rate was 5.7 accidents for every one million man hours worked. We view this as significant progress considering that as man hours increased in 2011, the accidents reported went down. Furthermore, the Group's Incident Rate average is considerably better than external benchmarks.

H-value relates to severity of accidents, or those causing time away from work. KA's H-value is a measure of injuries resulting in lost time relative to one million man hours worked. In 2011, the average H-value for the Group remained 3.9, unchanged from previous year. However, when benchmarking our H-value performance, we still find ourselves performing better than average for the manufacturing sector.

The external environment

Energy consumption and Energy Intensity

Energy consumption data collected in 2011 includes electricity use and burning of fossil fuels needed to support production activities. The target for 2011 was to decrease energy consumption by 1.5 % relative to total product sales; the result came out on the positive side. Even though production increased globally, energy use, in absolute terms, increased less than 1 % in 2011. While weather impacts

Total Energy (absolute)	2011 (Million kWh)	2010 (Million kWh)	% Change
KA Group	**150**	**149**	**< 1 %**

Energy Intensity	kWh/1000€	kWh/1000€	% Change
KA Group	**137**	**156**	**-12 %**
Actuation & Chassis	194	215	-10 %
Fluid Transfer	152	160	-5 %
Driveline	149	174	-14 %
Interior	115	127	-9 %
Power Product Systems	65	98	-33 %
By Region			
Americas	166	182	-9 %
Europe	129	155	-17 %
Asia	83	115	-27 %
By Country			
Mexico	237	242	-2 %
Norway	230	295	-22 %
Germany	214	182	17 %
India	211	208	1 %
USA	157	172	-9 %
Italy	130	117	11 %
South Korea	128	144	-12 %
Sweden	128	177	-32 %
Slovakia	114	129	-12 %
Spain	108	99	-9 %
Hungary	106	101	5 %
UK	99	128	-23 %
China	74	108	-31 %
France	66	79	-17 %
Canada	62	95	-35 %
Brazil	54	67	-19 %
Poland	42	39	-9 %

our energy consumption as we cool and heat our factories, a milder winter season in Europe was likely offset by the extreme summer heat in USA and Mexico. Effects of weather are appreciated however we believe minimal increase in energy use, despite the bigger jump in output, is attributed to energy savings projects undertaken at many of our plants. We are starting to see impacts from conservation activities implemented over the last several years. In 2012 sites will continue to work diligently to find opportunities to use energy more efficiently.

Energy Intensity is measured as kilowatt hour used in production for every euro of total product sales. In 2010 the company used 156 kWh/1000€ and in 2011 the energy intensity decreased to 137 kWh/1000€ resulting in a 12 % reduction.

Energy Use and CO_2 Emissions

Total kilograms of CO_2 emitted as a result of our energy use, has been calculated using The Greenhouse Gas Protocol, a Corporate Reporting and Accounting Standard, revised edition and UN Greenhouse Gas Calculators. For our operational inventory, Kongsberg Automotive follows the control approach and includes Greenhouse House Gas (GHG) emissions, specifically CO_2 from sources over which it has operational control. The inventory considers Scope 1, direct GHG emissions from sources

that are company owned or controlled, and Scope 2, indirect emissions associated with purchased electricity. For 2011, we calculate 46,637 metric tons of CO_2 were emitted as a result of direct and indirect (purchased electricity) energy use at 34 manufacturing sites.

The CO_2 Emissions Intensity decreased in 2011 to 43 metric ton CO_2/1000€ of total product sales, a 6 % reduction.

Waste

Pollution control is important both to KA and the societies where it operates. KA aims is to minimize the toxicity of its' waste and the volume of waste sent to landfills. All units seek opportunities to reduce, reuse and recycle. Data regarding volume of Regulated Waste (waste requiring special treatment) and waste sent to landfill was collected from all units. Even though production increased globally, waste generated, in absolute terms, was reduced by 9 % in 2011. This waste data is also compared to total product sales, a metric known as the Waste Index. The goal was to reduce the Group's Waste Index (kg related to € sales) by 1.5 % in 2011; we exceeded our goal and reached a 23 % reduction. To reduce Regulated Waste sites looked at opportunities to eliminate and reduce the use of hazardous materials in process. To reduce waste sent to landfill, plants implemented programs to better segregate waste streams; opportunities to reuse and recycle segregated material where pursued when possible. Also, efficiency programs reduced volume of scrap materials produced and thus the waste sent to landfills.

Fire or near fires

In 2011, two small, equipment related fires were reported. There was little or no damage to property. All locations continue to look at potential fire risks and enact plans to control. Each location is expected to conduct an annual fire drill and make regular checks of their fire safety equipment.

Complaints

No spills or unauthorized releases to environment were reported in 2011 nor were any external complaints related to HSE reported during the year.

CO_2 Emissions (absolute)	**2011 Total CO_2** (metric tons)	**2010 Total CO_2** (metric tons)	**% Change**
KA Group	**46637**	**42426**	**10%**

CO_2 Emissions Intensity (Metric ton CO_2/€ of total product sales)	**2011 CO_2/1000€**	**2010 CO_2/1000€**	**% Change**
KA Group	**43**	**45**	**-6 %**
Interior	55	63	-14 %
Fluid Transfer	50	44	15 %
Driveline	48	48	0 %
Power Product Systems	24	38	-35 %
Actuation & Chassis	18	17	10 %
By Region			
Americas	77	80	-4 %
Asia	53	42	25 %
Europe	21	25	-18 %
By Country			
Mexico	121	124	-2 %
India	104	99	4 %
USA	73	69	6 %
Germany	55	45	21 %
South Korea	53	60	-12 %
China	51	37	39 %
UK	41	50	-18 %
Italy	39	37	7 %
Spain	38	42	-9 %
Hungary	30	28	9 %
Poland	26	28	-8 %
Slovakia	25	28	-11 %
Canada	10	19	-48 %
France	8	10	-22 %
Sweden	6	8	-31 %
Brazil	5	5	6 %
Norway	5	9	-47 %

Highlights of HSE improvement measures in 2011

All units were challenged with the following performance improvement targets for 2011 relative to 2010 outcome.

- Target: Reduce total number of accidents by 30 %.
  We reduced total number of accidents by 10 % and Incident Rate (accidents per 1M man hours) was reduced by 16 %. The Incident Rate is considered better than external benchmark.
- Target: Reduce H-value, or accidents resulting in lost time, by 30 %.
  The H-value remained unchanged; however, our H-value continues to measure better than external benchmark.
- Target: Decrease energy consumption by 1.5 % (related to total product sales).
  We reduced Energy Index by 12 %. Additionally, absolute energy use remained relatively unchanged.
- Target: Decrease amount of waste sent for special treatment or to landfill by 1.5 % (related to total product sales).
  We reduced Waste Index by 23 %. Absolute waste generated was reduced by 9 %.

Total Waste (absolute)	2011 (metric tons)	2010 (metric tons)	% Change
KA Group	**2661**	**2908**	**-9 %**

Total Waste Index (KG/100€)	2011 (kg/1000€)	2010 (kg/1000€)	% Change
KA Group	**2.45**	**3.17**	**-23 %**
Power Product Systems	2.88	4.14	-31 %
Interior	2.54	4.07	-38 %
Fluid Transfer	2.29	3.08	-26 %
Driveline	2.31	2.81	-18 %
Actuation & Chassis	2.44	1.47	65 %
By Region			
Americas	3.23	4.47	-28 %
Europe	2.44	2.98	-18 %
Asia	0.55	0.67	-18 %
By Country			
USA	4.60	7.68	-40 %
Slovakia	4.49	5.80	-23 %
Norway	3.01	2.17	39 %
Germany	2.46	3.49	-30 %
UK	2.43	2.92	-17 %
Mexico	2.24	2.03	10 %
Sweden	1.81	2.95	-39 %
Canada	1.34	1.88	-29 %
Poland	0.76	0.82	-7 %
Hungary	0.69	0.84	-18 %
China	0.61	0.70	-14 %
Italy	0.54	0.92	-30 %
Spain	0.27	0.69	-61 %
Brazil	0.12	0.82	-85 %
France	0.12	0.15	-19 %
South Korea	0.11	0.12	-10 %

Notable achievements

- The Yangsan City, Basildon, Dassel, Heiligenhaus, Ljungsarp, Pickens and Shanghai facilities all reported zero accidents in 2011. Additionally, the Yangsan City facility in Korea reported seven years with no lost time accidents.
- Epila, Suffield, Milan, Swainsboro, Wuxi, Reynosa, Vrable, Burton, Benton and Basildon reported, at minimum, 50 % less accidents in 2011.
- All plants introduced the concept of "Put Safety First" using corporate wide training program. All plants promoted a culture where employees are involved in identifying and avoiding potential safety hazards.
- 24 facilities reduced their Energy Intensity in 2011.
- Waste minimization programs were implemented at most units. Efficiency programs targeted reduction at the source. Facilities carefully tracked and segregated waste streams and sought opportunities to reuse and recycle. Facilities carefully tracked and segregated waste streams and sought opportunities to reuse and recycle.
- To save energy, many facilities looked at compressed air usage, optimized and balanced their systems and repaired leaks in the distribution system.

Group Targets & Expectations for 2012

All units are challenged to contribute to the following performance objectives for 2012, relative to the 2011 outcome;

- Reduce total number of accidents by 30 %.
- Reduce H-value (accidents resulting in lost time) by 20 %.
- Decrease energy consumption by 1.5 %.
- Decrease amount of waste sent for special treatment or to landfill by 1.5 %.

Each unit will set specific goals to their meet Business Area's objectives which are derived from Group expectations noted above. Additionally facilities will set objectives and targets that consider significant environmental aspects and legal & other requirements as detailed in their Environmental Management System. Site progress, tracked as e-KPIs, is required to be monitored and reported to senior management on a monthly basis.

CORPORATE GOVERNANCE in Kongsberg Automotive Holding ASA

1) Implementation of the Principles for Corporate Governance
KA's guidelines for Corporate Governance conform with the Norwegian Code of Practice For Corporate Governance of 21st October 2010 with amendment of 20th October 2011.

The Board of Directors has defined the Company's core values which are reflected in the document Code of Conduct. The Code of Conduct includes ethical guidelines and guidelines for corporate social responsibility, hereunder a ban on corruption and facilitation payments, prohibition of unlawful discrimination and prohibition of forced and child labor. All suppliers to the company are required to confirm their adherence to these principles by signing a particular certificate. The Company has further clear policies on environmental issues and health and safety. The policies are available on the Company's web pages.

2) Definition of KA's business
The objective is defined in the Articles of Association for the Company article 2:
"The company's objective is to engage in engineering industry and other activities naturally related thereto, and the company shall emphasize development, marketing and manufacturing of products to the car industry. The company shall be managed in accordance with general business practice. The company may co-operate with, establish and participate in other companies."

Article 2 provides a clear description of the actual business of the Company at present. The Annual report contains a description of the Company's objectives and principal strategies.

3) Equity and dividends
The Company shall have an equity capital which over a period of time is at an appropriate level for its objective, strategy and risk profile. According to the Dividends Policy of the Company, returns to shareholders should be a combination of changes in share price and dividends. Dividends should reflect the results of the Company, while recognizing opportunities for new, profitable investments. Over time, the returns to shareholders should come more from an increased share price rather than through dividend distributions. The Board of Directors of KA considers that dividends over a period should average roughly 35 percent of the Company's net income.

The current loan agreement with the Banks sets restrictions on the Company's ability to pay out dividend. This is related to the gearing level of the Company. See notes in the annual report.

The General Meeting 9th June 2011 has granted a mandate to the Board of Directors to purchase up to 40,676,812 of its own shares.

The General Meeting 9th June 2011 further granted a mandate to the Board of Directors to increase the share capital by up to NOK 20,338,406. The mandate to increase the share capital is limited to defined purposes.

The Board of Directors has also by resolution of the General Meeting 9th June 2011 been authorized to obtain loans with a maximum of NOK 200,000,000 with a right to have the loan converted into shares by increasing the share capital by NOK 20,338,406.

The above mandates expire at the earlier of the next ordinary General Meeting or 30 June 2012.

4) Equal treatment of shareholders and transactions with related parties
KA has only one class of shares and all shareholders in KA enjoy equal rights.

Transactions in own shares are in general carried out through the stock exchanges or at prevailing stock exchange prices. Possible buy backs, will be carried out at market prices.

In the event of transactions between the Company and its shareholders, board directors or members of the executive management, or parties closely associated with such parties, independent valuation will be obtained if such transactions are not immaterial, provided that the transactions are not to be approved by the General Meeting according to law. Independent valuation will also be obtained for transactions within the same group of companies even if such companies involved have minority shareholdings.

5) Freely negotiable shares
The shares in KA are freely negotiable and there are no restrictions on negotiability in the Company's articles of association.

6) General Meetings
The notice of calling the General Meeting will be published on the Company's web pages; www.kongsbergautomotive.com no later than 21 days prior to the meeting. The notice will further be sent to all known shareholders within the same date. Supporting information, such as proposals for resolutions to be considered by the General Meeting and recommendations by the Nomination Committee shall be made available on the web pages at the same time. The supporting material shall be sufficiently detailed and comprehensive to allow all shareholders to form a view on all matters to be considered at the General Meeting. Documents that according to law shall be distributed to the shareholders may according to the articles of association be made available on the Company's web pages.

Shareholders who wish to attend the General Meeting shall notify the Company or its announced representative no later than 5 days prior to the General Meeting.

The notice calling the General Meeting will provide information on procedures the shareholders must observe at the General Meeting including the procedure for representation by proxy.

Shareholders who can not attend the General Meeting may vote by proxy. Forms for the granting of proxies are enclosed with the summons to the General Meetings and available on the web pages. The form of proxy includes provisions that allows for instructions on the voting on each agenda item. The Company will nominate a person who will be available to vote on behalf of the shareholders as their proxy.

To the extent possible, members of the Board of Directors, the Nomination Committee and the Auditor will be present at the General Meeting.

The General Meetings is usually opened by the Chairman of the Board of Directors. The shareholders are encouraged to propose candidates to chair the General Meeting.

The Company's web pages will further provide information regarding the right of the shareholders to propose matters to be considered by the General Meeting.

The Board of Directors and the chairman of the General Meeting shall in the event of elections ensure that the General Meeting is given the opportunity to vote separately for each candidate nominated for election to the Company's corporate bodies.

Kongsberg Automotive has no statutes that differ from the Public Limited Companies Act, Chapter 5, which adresses the General Assembly.

7) The Nomination Committee
The duties of the Nomination Committee are to propose candidates to the Board of Directors and to propose remuneration to be paid to the Directors.

It follows from the Articles of Association for the Company § 5 that the Company shall have a Nomination Committee consisting of 3 members elected by the General Meeting for 3 years at a time, unless the General Meeting resolves otherwise. The members of the Nomination Committee may not have other functions in the Company. The General Meeting has adopted an instruction for the Nomination Committee which was revised in 2011. The instruction is available on the Company's web pages. Prior to each election of directors to the Board, the Board of Directors shall notify the Nomination Committee and the latter shall find eligible candidates for directorship to be elected by the General Meeting. The Nomination Committee's nominations shall be enclosed with the summons for the General Meeting.

Information about the Nomination Committee and the deadlines for submitting proposals to the Nomination Committee will be made available on the Company's web pages.

8) Board of Directors, composition and independence
The Board of Directors shall according to the Articles of Association of the Company consist of 3 – 9 members of whom up to 5 members shall be elected by the General Meeting. The Board of Directors consists at present of five directors elected by the shareholders and three directors elected by the employees. Further information about the board directors is found in the annual report

All Directors to the Board elected by the General Meeting are independent of the executive management and material business contacts of the Company.

The term of office for the Directors to the Board is up to 2 years. The members can be reelected.

Information about the Directors to the Board is available on the Company's web pages.

9) The work of the Board of Directors
The Board of Directors has issued Rules of Procedure for the Board of Directors as well as instructions for the Chief Executive Officer of the Company with the aim of establishing clear internal allocation of responsibilities and duties. Said procedure and instructions are available on the Company's web pages.
The Board of Directors has appointed a Compensation Committee and an Auditing Committee. The members of said committees are independent of the executive management. The Board of Directors evaluates its performance and expertise annually by a self assessment.

10) Risk management, internal control and financial reporting

10.1) Risk management and internal control
Risk assessment is a management responsibility within the organization. Its objective is to identify, evaluate and manage risks that could reduce the individual unit's ability to reach its goals.

Developments in the automotive industry represent a material risk factor for the Group's performance. Analyses are performed in order to estimate the impact of different development scenarios within the automotive industry on the Group's future performance and financial strength. This provides important input to the Board's overall discussions of risk appetite and risk allocation.

Assessment of operational risk is linked to the unit's ability to reach goals and implement plans. The process covers risks deriving from losses and failing profitability associated with economic cycles, altered framework conditions, changed customer behavior, etc, and the risk of losses resulting from inadequate or failing internal processes, systems, human error or external events.

The Board's involvement in the Group's strategy development is secured through an annual strategy seminar and as a recurring agenda item at Board meetings. The Board's policy guidelines with respect to the business areas' annual planning process are summarized in the form of challenges to Group Management. The end result is a five-year plan for the Group, which is discussed and approved by the Board, and contains targets and action plans, financial forecasts, and an overall assessment of the risks.

The assessment and handling of risk is integrated into the Group's value-based management system. The management system is intended to ensure that there is a correlation between objectives and actions at all levels of the Group, and the general principle of value creation for KA's stakeholders. The system is based on a KPI structure where the overall KPIs are cascaded down through the organization., reflecting both short-term and long-term value creation within the Group.

Personnel follow-up of KA's entire workforce is integrated into the value-based management system, and is intended to ensure the implementation of the adopted strategy.

The Group has not established a separate, independent internal auditing unit, but has implemented and undertakes a uniform internal auditing program, under which audits are performed by members of the group accounting team. Audit reports are sent to Group Management following each internal audit. Members of the Group Management are represented on the Board of the Group's subsidiaries. The Group's Board of Directors, including the Audit Committee, are kept informed on current status and approves the auditing program.

10.2) Financial reporting

The Kongsberg Automotive Group publishes four quarterly financial statements annually, in addition to the Annual report. Internal reports are produced monthly and quarterly, in which the performance of each business area and product segment is analyzed and evaluated against forecasts. KA's consolidated financial statements are prepared by the group accounting team, which reports to the Group CFO.

Prior to discussions with by the Board the Audit Committee performs a preliminary review of the quarterly financial statements and annual report with particular emphasis on subjective valuations and estimates that have been made. The external auditor attends all Audit Committee meetings.

A number of risk assessment and control measures are established in connection with the publication of the financial statements. Internal meetings are held with the business areas and subsidiaries, as well as a meeting with the external auditor, to identify risk factors and measures associated with material accounting items or other circumstances.

Similar meetings are also held quarterly with various professional environments within the Group, with particular focus on any market changes, specific circumstances relating to individual investments, transactions and operating conditions, etc.

The Group addresses frequently occurring items affecting the accounting record keeping, internal accounting controls and financial reporting within the consolidated group through the KA Financial Manual. The document contains the most relevant accountancy- and reporting related issues for all reporting units and set presidency for a distinctive reporting throughout the Group. The KA reporting process follows a standard schedule applicable for all reporting units. The company uses Oracle Hyperion Financial Management as its global financial consolidation, reporting and analysis tool.

Key members of the group accounting team receive a fixed annual compensation that is not affected by the Group's financial performance. The segregation of duties in the preparation of the financial statements is such that the group accounting team shall not itself carry out asset valuations, but shall perform a control to ensure compliance with the group companies' accounting processes.

11) Remuneration of the Directors of the Board

The remuneration paid to each Board member is specified in the notes to the annual accounts. The Directors hold no other assignment in the Company than the directorships to the Board and memberships to subcommittees to the Board.

12) Remuneration to the Executive Management

The Board of Directors has established guidelines for the remuneration to the executive management. The guidelines are available on the Company's web pages and are communicated to the annual General meeting. Information about the remuneration paid to the executive management of the Company is included herein in notes to the annual accounts. Performance related remunerations such as bonuses and share option programs are subject to absolute limits.

13) Information and Communication

The Board of Directors has established guidelines for the Company's reporting of financial and other information based on openness and taking into account the require-ment for equal treatment of all participants in the securities market. A financial calendar for the Company is available on the Company's web pages.

All information distributed to the shareholders will be made available simultaneously on the Company's web pages.

14) Take-overs

The Board of Directors has established guiding principles for how it will act in the event of a take over bid. These are in compliance with article 14 of the Code of Practice. The main elements of these principles are included in the Rules of Procedures for the Board of Directors and available on the Company's web pages.

There are no defense mechanisms in the Articles of Association for the Company or any underlying documents, nor are there implemented any measures to limit the opportunity to acquire shares in the Company.

15) Auditor

The Auditor participates in the meetings with the Audit Committee and in the Board meeting that approves the financial statements and meets with the Board without the management of the Company present at least once a year. The Company has established guidelines for the Auditor's and associated persons' non-auditing work. Compensation to the Auditor is disclosed in a note to the Annual Accounts hereto and is also reported and approved by the General Meeting.

KONGSBERG
AUTOMOTIVE

Kongsberg Automotive Holding ASA
Dyrmyrgata 48
Postboks 62
3601 Kongsberg
Norway
Telephone: +47 32 77 05 00
Telefax: +47 32 77 05 05
E-mail: ir@ka-group.com

If you have questions related to this report, please contact
Hans Jørgen Mørland, Director of Corporate Communications at Kongsberg Automotive: hans.morland@ka-group.com
www.kongsbergautomotive.com