



AF GRUPPEN – 2. QUARTER 2006

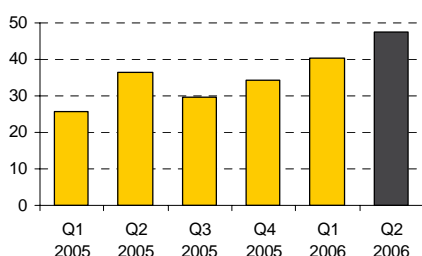
SUMMARY FIRST SIX MONTHS 2006

- Earnings pr. share at 30.06.06 was NOK 4.55 (3.42).
- Profit before tax in the first six months was NOK 87.8 million (62.3).
- Return on average invested capital at 30.06.06 was 24.2% (19.1%).
- Cash flow from operating activities in the first six months was NOK 28.9 million (106.6).
- The order backlog increased with 6% to NOK 5 001 million (4 728) compared to 30.06.05.
- Order bookings were NOK 3 312 million (3 300) in the first six months.

COMMENTS

AF Gruppen achieved its highest ever half-year profit in the first six months of 2006. Profit before tax in the first six months of 2006 was NOK 87.8 million (62.3), an increase of 41% compared to last year. Second quarter profits before tax was NOK 47.4 million (36.6), an increase of 30%.

Profit before tax pr. quarter (NOKm)

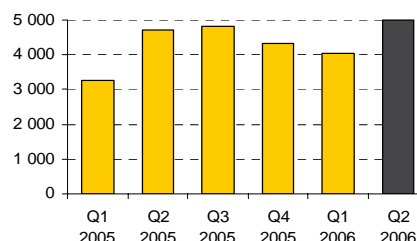


The Group's operating revenue at 30.06.06 increased by 43% and totalled NOK 2.6 billion. Operating revenue in the second quarter totalled NOK 1.3 billion, an increase of 30% compared to last year.

It was primarily AF Gruppen's service business which increased its profits in the first six months. The business area *Services*, which among other things consists of decommissioning offshore and onshore, more than tripled its profits while its revenues substantially increased. The Group's business entities within *Construction* experienced a strong increase in both profits and revenue. The increase in profits is mainly due to the building business in Østfold and Sweden.

AF Gruppen's order backlog has increased with 6% since 30.06.05. Order bookings increased with NOK 3.3 billion in the first six months of 2006. AF's order backlog is at an all time high.

Ordre reserve (NOKm)



We are satisfied with our results in the first six months of 2006 and are proud to show an increase in profits of 41% compared to the same period last year. The positive outlook for the building and civil engineering business looks to continue for some time. This gives us a good basis for continued profitable growth, says CEO Per Aftreth.

BUSINESS AREAS

AF reports results from three business areas. All activities related to building and civil engineering in Norway and Sweden are reported in *Construction*. AF is also a major supplier of services in related areas, from demolition and removal of decommissioned oil installations to the operation and maintenance of buildings. These activities are reported *Services*. AF's property development activities in Norway and Sweden are reported in *Property development*.

Construction

The business area *Construction* includes all AF's business entities related to building and civil engineering in Norway and Sweden.

Operating revenue in *Construction* was NOK 2 214 (1 575) million in the first six months of 2006, an increase of 41% compared to the same period in 2005. Based on today's order backlog, a substantial increase in activity is expected in 2006, compared to 2005.

Profits before tax was NOK 43.5 million (37.0). Gross profit margin was 2.0% (2.3).

AF's civil engineering business experiences a high level of activity and is represented in many of the country's largest civil engineering projects. AF has a large amount of resources employed in connection with the oil companies' development of Snøhvit and Ormen Lange. Work related to Saudautbyggingen and E18 Bjørvikaprosjektet started in the second half of 2005 and will continue for several years.

The civil engineering business has entered into several new contracts in the second quarter. Among these is a contract with Trondheim Energiverk related to the building of New Leirfossen power station. The contract has a value of NOK 140 million. In addition, the civil engineering business has entered into a contract with Statkraft regarding the rehabilitation of the transmission mechanism between Bleikvatn – Røssvatn in Nordland. The contract has a value of NOK 110 million. Furthermore, the contract with Statoil regarding the development of Snøhvit has been extended once again in the second quarter. The new contract has a value of NOK 75 million (AF's share).

AF's building business in Norway performed unsatisfactory in 2005. A range of measures have been implemented in order to increase profits. Among these measures are changes in the organisational structure. The initiatives have made a positive impact on parts of the business, but work is continuing in order to improve the building business in Norway.

The building business in Sweden continues its stable development with profitable growth and a record high order backlog.

AF's building business in Norway has entered into several new contracts during the second quarter. In Oslo, contracts with Fri Eiendom and Karlstadgata Utbygging are concluded regarding the building of apartments in Konows Tårn and Sofies Hage, respectively. The contracts have a combined value of approx. NOK 160 million. The building business has also entered into a contract with Bertel O. Steen regarding the building of a new head office for a value of approx. NOK 300 million. Furthermore, a contract with Omsorgsbygg Oslo KF is concluded for the building of Stovnerhjemmet, a new nursing home, for a total value of approx. NOK 200 mill.

The building business in Sweden has continued its growth and has entered into contracts for more than SEK 600 million in the second quarter. One of the projects is the construction of a new police station in Gothenburg for a total value of SEK 450 million.

Construction has a total order backlog of NOK 4 193 million at 30.06.2006. This represents an increase of 2% compared to the same period last year. This year's orders bookings amount to NOK 2 756 (3 029).

Since the end of the quarter, AF has entered into contracts with Østfold Fylkeskommune and Fredrikstad Kommune regarding a new high school in Moss and a new nursing home in Gressvik. The contracts have a total value of more than NOK 200 million.

Property development

The business area *Property development* includes development of apartments and office buildings on own

account in the eastern region of Norway and the area around Gothenburg in Sweden.

The business area had operating revenues of NOK 215 million (153) in the first six months. The operating revenue was NOK 101 million (88) in the second quarter.

Profit before tax at 30.06.06 was NOK 12.7 million (12.6) which equals a gross operating margin of 5.9% (8.2). Return on invested capital was 9.8% (10.3). Profit before tax equalled NOK 6.2 mill (4.2) in the second quarter.

The demand for housing in AF's main markets is still strong. Of 223 apartments under construction, 54 are not sold. None of the unsold apartments are completed. During the first six months, AF has sold 46 apartments in new projects where construction is yet to start (AF's share).

In addition, AF has land and development rights in progress, which in total amount to 1 360 apartments and 61 200 m² of office buildings. These projects are not included in the order backlog.

Services

The business area *Services* includes AF's business entities within demolition, recycling, groundwork and operation & maintenance (property and industry). AF's service business has activities in both Norway and Sweden.

Services had operating revenues of NOK 324 million (152) in the first six months. Operating revenue in the second quarter was 188 million (87).

Profit before tax at 30.06.06 was NOK 39.8 million (12.8), which equals a gross profit margin of 12.3% (8.4). Return on invested capital was 49.8% (22.6). Profits before tax in the second quarter amounted to NOK 26.8 million (7.1).

AF's offshore based entities are effectuating the demolition of Ekofisktanken 2/4T in the North Sea. Work started in 2005 and is due to be finished medio 2007. Approx. 40% of the work was completed at the end of the second quarter. AF's reception plant will receive and process materials from the demolition operations in the North Sea. The plant is upgraded to meet the anticipated market growth during the next years.

The onshore demolition activities in AF have grown substantially during the last 12 months and today represent a major part of the profits generated by the business area.

The acquisitions of Energi & Miljøteknikk AS and Holst & Brå AS in June are the basis for AF's targeting

of the operation and maintenance business, with a focus on energy efficiency. These acquisitions give AF a leading position in a market which is very interesting. Based on the two companies, AF's aim is to supply energy efficiency services to office buildings and industry in all parts of Norway.

The *Service* business area has a total order backlog at 30.06.06 of NOK 562 million (468). Total order bookings was NOK 413 million (180) in the second quarter.

FINANCIAL MATTERS

<i>Cash flow statement at 30.06</i>	<i>2006</i>	<i>2005</i>
Cash flow from operating activities	121,2	84,4
Decrease/(increase) in net working capital	(92,4)	22,2
Net cash flow from operating activities	28,8	106,6
Cash flow from investing activities	(90,6)	(66,4)
Payment of dividend	(41,3)	(67,0)
(Increase)/decrease in net interest bearing liabilities	(103,1)	(26,8)
Net interest bearing liabilities as of 01.01.06	(80,8)	131,9
Net interest bearing liabilities as of 30.06.06	(183,9)	105,1

Cash flow from operating activities was NOK 28.8 million (106.6) at the end of the second quarter. Working capital increased by NOK 92.4 in the same period.

Net interest bearing liabilities were NOK 183.9 million (-105.1) at the end of the second quarter.

The Group's total assets at 30.06.06 was 2 043 million (1 602). The Group's equity was NOK 452 million (367), after reducing equity with stock of own shares. The equity ratio was 22.1 % (22.9).

AF Gruppen ASA has entered an agreement with Handelsbanken concerning a three year draft facility of NOK 900 million. The agreement will take place from 01.07.06 until 30.06.09. The agreement secures AF Gruppen's need for financing through bank overdraft and draft rights for financing of production machinery, property development and acquisition of land.

The draft facility is based on a negative security on receivables and mortgage on construction machinery and property projects. The agreement specifics certain minimum requirements regarding equity ratio and presales in property developments. The interest margin is significantly improved compared to existing loan facilities. The agreement will consolidate most of the Group's deposits and loans in Handelsbanken, and will reduce invested capital. The improved interest margin, together with the reduction in invested capital, will lead to a significant reduction in net financing costs over time.

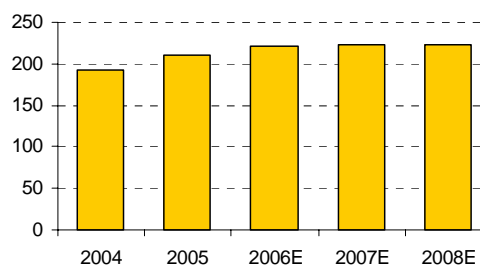
HEALTH, SAFETY AND ENVIRONMENT

The Group's H-value at 30.06.06 increased from 4.1 to 6.4 compared to the same period in 2005. Total absence is reduced from 3.5% to 3.2%. During the last five years, the Group's H-value has been reduced from 12.5 to 6.4, while total absence is reduced from 5.9% to 3.2%. The considerable improvement shows that resources have been employed to good effect to improve the HSE routines.

MARKET OUTLOOK

The level of activity in the Norwegian building and civil engineering market is still record high. Investment has increased by nearly 20% since 2004, and is expected to increase in 2006, followed by a gradual flattening during the next years.

Investments B & C E Norway (NOK billion)



The housing market is dependent on the business cycles and has been very positive during the boom that Norway has experienced in the last few years. The market has been characterised by high prices and a stable flow of new property developments in 2005 and the first six months of 2006. The marked growth looks likely to decrease somewhat during the second part of 2006, but this will partly be offset by an increase in the market for non-residential housing. A stable growth of new construction projects are expected in this market in the last part of 2006.

The civil engineering market is less dependent on business cycles than the building market. The activity level in this market is very much decided by government subsidies and large on-off projects. The civil engineering market has experienced solid growth since 2001, and the outlook for the future is good. Several large infrastructure projects are planned, especially investments in some of the main regional roads. These projects partly explain why the activity level is expected to high in the next few years.

THE SHARE AND OWNERSHIP

AF Gruppen's share is listed on Oslo Stock Exchange's OB-match list and is traded under the ticker AFG in batches of 100 shares. AF Gruppen is a holder of the Oslo Stock Exchange Information Symbol and has set

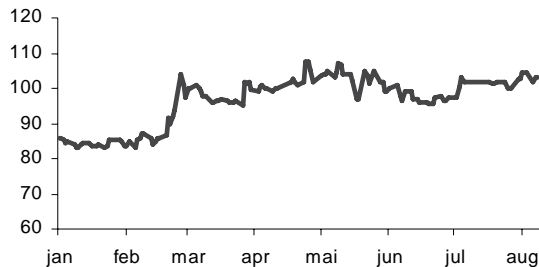
up a guarantee agreement which ensures the liquidity of the share. The share price at 17. August 2006 was NOK 103.50, which equals an increase of 20.4% since the beginning of the year. The OBX-index has increased by approx. 13% during the same period.

Internet: www.afgruppen.no

Next presentation:

13.11.06 3. quarter 2006

AFG - Share price 2006



At the end of the second quarter, AF Gruppen had approx. 650 shareholders. The ten largest shareholders held 84.1% of the shares. Employees in the Group held approx. 48% of the shares in the company. Work related to increase the employees ownership of the company is viewed as a positive element in the continued evolution of the company.

Largest shareholders at 10.08.06

Name	Shares	% share
KB Gruppen Kongsvinger	3 268 747	23,7 %
Moger Invest AS	2 218 009	16,1 %
POA AS	2 173 120	15,8 %
Obos Forretningsbygg AS	1 963 566	14,3 %
Aspelin-Ramm Utvikling	834 408	6,1 %
Arne Skogheim	336 244	2,4 %
Bjørn Staavi	291 672	2,1 %
Citibank, N.A.	240 000	1,7 %
Jon Erik Evensen	142 000	1,0 %
Espen A. Riddervold	112 000	0,8 %
Ten largest	11 579 766	84,1 %
Total outstanding shares	13 769 888	100,0 %

Oslo, 2005-08-18

The Board of AF Gruppen ASA

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CONSOLIDATED PROFIT & LOSS ACCOUNTS AND BALANCE SHEET

Amounts in NOK 1 000

Profit & Loss accounts	Jan-June	Jan-June	April-June	April-June	2005	2004
	2006	2005	2006	2005		
Operating revenue	2 649 616	1 858 856	1 314 468	1 008 904	4 174 868	3 780 746
Materials	-475 467	-381 031	-213 631	-216 888	-790 971	-607 549
Subcontractors	-1 265 267	-834 545	-644 794	-477 450	-1 962 294	-1 895 493
Wages, salaries and social security expenses	-553 896	-411 287	-267 165	-203 732	-899 890	-796 876
Other operating expenses	-227 613	-139 306	-118 734	-58 601	-338 671	-310 833
Depreciation expense	-33 837	-27 421	-16 562	-14 465	-64 107	-58 710
Write downs					-623	-4 113
Operating profit	93 536	65 266	53 582	37 768	118 312	107 172
Interest income	1 137	3 993	813	2 353	13 085	7 712
Interest expenses	-7 121	-6 403	-3 537	-2 970	-11 832	-15 045
Other financial (expenses) / income	218	-574	-3 415	-556	6 477	-103
Net financial items	-5 766	-2 984	-6 139	-1 173	7 730	-7 436
Profit before tax	87 770	62 282	47 443	36 595	126 042	99 736
Tax expense	-25 135	-16 487	-13 703	-9 227	-29 287	-29 287
Net profit	62 635	45 795	33 740	27 368	96 755	70 449

Balance sheet	30.06.2006	30.06.2005	31.12.2005	31.12.2004
Land, buildings and machinery	256 901	222 862	255 991	180 984
Goodwill	152 958	81 824	107 934	79 558
Interest bearing non current receivables	6 600	6 249	11 642	18 129
Deferred tax assets	0	22 932	10 888	40 272
Other non current assets	18 931	13 786	8 985	14 567
Inventories	67 935	12 158	51 473	32 361
Projects on own account held for sale	444 108	270 693	356 351	319 412
Trade and non interest bearing receivables	925 850	633 770	843 307	590 297
Shares held as current assets	11 152	13 000	11 152	13 230
Cash and cash equivalents	158 266	324 866	200 490	451 225
Total assets	2 042 701	1 602 140	1 858 213	1 740 035
Contributed equity	12 279	3 442	12 779	3 348
Retained earnings	439 245	363 140	419 911	390 218
Total equity	451 524	366 582	432 690	393 566
Non current interest bearing loans	202 586	193 323	194 836	202 124
Retirement benefit obligation	6 521	6 605	10 331	11 864
Deferred tax liability	15 464			
Current interest bearing loans	150 765	39 088	95 279	132 713
Trade payables and non interest bearing liabilities	1 196 610	984 477	1 100 253	980 960
Provisions	19 231	12 065	24 824	18 808
Total equity and liabilities	2 042 701	1 602 140	1 858 213	1 740 035

BUSINESS AREAS

Amounts in NOK 1 000

Business area	Construction		Services		Property		Unallocated/Elim		Group	
	Jan-June	Jan-June	Jan-June	Jan-June	Jan-June	Jan-June	Jan-June	Jan-June	Jan-June	Jan-June
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Operating revenue	2 214 340	1 574 513	323 519	152 121	214 570	153 261	-102 813	-21 039	2 649 616	1 858 856
Operating expenses less depreciation	-2 153 935	-1 521 205	-265 054	-129 061	-196 163	-136 369	92 910	20 467	-2 522 242	-1 766 168
Depreciation expense	-16 761	-17 864	-17 064	-9 557	-12				-33 837	-27 421
Write down goodwill										
Operating profit (EBIT)	43 644	35 444	41 401	13 503	18 395	16 892	-9 903	-572	93 537	65 267
Interest income	2 121	2 599	291	176	21	536	-1 296	682	1 137	3 993
Interest expense	-2 469	-515	-1 946	-887	-5 740	-4 838	3 033	-163	-7 122	-6 403
Other financial items	151	-529	67			2		-47	218	-574
Net financial item	-197	1 555	-1 588	-711	-5 719	-4 300	1 737	472	-5 767	-2 984
Profit before tax (EBT%)	43 447	36 999	39 813	12 792	12 676	12 592	-8 166	-100	87 770	62 283
Tax expense									-25 135	-16 487
Net profit									62 635	45 796

Forretningsområder	Construction		Services		Property		Unallocated/Elim		Group	
	Q2 2006	Q2 2005	Q2 2006	Q2 2005	Q2 2006	Q2 2005	Q2 2006	Q2 2005	Q2 2006	Q2 2005
	Operating revenue	1 086 308	855 224	187 537	87 014	100 661	87 705	-60 038	-21 039	1 314 468
Operating expenses less depreciation	-1 054 593	-822 436	-151 055	-74 635	-91 378	-81 898	52 703	22 098	-1 244 323	-956 871
Depreciation expense	-7 621	-9 339	-8 930	-4 926	-11				-16 562	-14 265
Write down goodwill										
Operating profit (EBIT)	24 094	23 449	27 552	7 453	9 272	5 807	-7 335	1 059	53 583	37 768
Interest income	1 283	1 413	164	100	21	526	-726	314	742	2 353
Interest expense	-1 158	-225	-1 114	-497	-3 060	-2 135	1 794	-113	-3 538	-2 970
Other financial items	183	-556	174		-1		-3 700		-3 344	-556
Net financial item	308	632	-776	-397	-3 040	-1 609	-2 632	201	-6 140	-1 173
Profit before tax (EBT%)	24 402	24 081	26 776	7 056	6 232	4 198	-9 967	1 260	47 443	36 595
Tax expense									-13 703	-9 227
Net profit									33 740	27 368

Key figures January - June

Gross profit margin (EBT%)	2,0 %	2,3 %	12,3 %	8,4 %	5,9 %	8,2 %			3,3 %	3,4 %
Operating margin (EBIT%)	2,0 %	2,3 %	12,8 %	8,9 %	8,6 %	11,0 %			3,5 %	3,5 %
Return on invested capital (RoIC)	58,2 %	33,2 %	49,8 %	22,6 %	9,8 %	10,3 %			24,1 %	19,1 %
Invested capital at end of period	85 378	182 890	237 556	108 784	435 518	311 185			815 510	605 598
Average invested capital	157 652	226 316	167 668	121 242	377 112	339 222			785 971	717 396
Order backlog	4 192 943	4 105 300	562 300	468 000	428 800	154 700	-182 800		5 001 243	4 728 000
Order bookings Jan - June	2 756 083	3 028 704	412 819	180 121	367 261	112 070	-224 304	-21 039	3 311 859	3 299 856

Key figures Q2

Gross profit margin (EBT%)	2,2 %	2,8 %	14,3 %	8,1 %	6,2 %	4,8 %			3,6 %	3,6 %
Operating margin (EBIT%)	2,2 %	2,7 %	14,7 %	8,6 %	9,2 %	6,6 %			4,1 %	3,7 %
Order bookings	1 793 037	2 367 159	326 319	99 014	278 752	39 770	-107 397	-21 239	2 290 711	2 484 704

KEY FIGURES*FINANCIAL*

Amounts in NOK 1000

Key figures	30.06.2006	30.06.2005	31.12.2005
Earnings pr. share NOK	4,55	3,42	6,55
Diluted earnings pr. share NOK	4,55	3,42	6,55
Return on invested capital 1)	24,2 %	19,1 %	19,4 %
Economic Value Added 6) 7)	34 412	18 438	30 112
Return on equity	28,3 %	48,2 %	19,5 %
Operating margin (EBIT%)	3,5 %	3,5 %	2,8 %
Gross profit margin (EBT%)	3,3 %	3,4 %	3,0 %
Invested capital at end of period 2)	811 396	605 598	740 266
Average invested capital 3)	784 942	717 936	711 490
Net financial assets 4)	-183 854	105 099	-77 162
Net debt ratio 8)	0,41	-0,29	0,18
Equity ratio	22,1 %	22,9 %	23,3 %
Working capital requirement 5)	222 052	-79 921	126 054
Order backlog	5 001 243	4 728 000	4 339 000
Order bookings	3 311 859	3 320 895	5 226 868

1) Return on invested capital = profit before tax + interest expenses + depreciation goodwill / average invested capital

2) Invested capital = equity + interest bearing debt + accumulated depreciation of goodwill at end of period

3) Average invested capital = Average invested capital in the last 12 months

4) Net financial assets = cash and cash equivalents + financial current assets + interest bearing receivables - interest bearing liabilities

5) Working capital requirement = Net operating capital less financial items

6) EVA = (return on invested capital - average cost of capital before tax) * average invested capital * 0,72

7) The Groups average cost of capital (WACC) in 2006 is estimated to 12,0% before tax and (12,0) and 8,6% (8,6) after tax

8) Net debt ratio = Net interest bearing debt / Shareholders' equity

HEALTH, SAFETY AND ENVIRONMENT

Business area	Property		Construction		Services		Group	
	2006	2005	2006	2005	2006	2005	2006	2005
Accumulated pr. 2. quarter								
H-value	0	0	6,8	4,6	3,9	0	6,4	4,4
H2-value	0	0	17,5	15,4	11,8	0	16,7	13,7
Illness	4,5	0,1	3,5	4,3	1,7	0,9	3,2	3,5

CONSOLIDATED CASH FLOW

Amounts in NOK 1 000	January - June		
	2006	2005	2005
Cash flow from operating activities	121 228	84 388	152 927
Net change in working capital	-92 375	22 222	-187 320
Net cash flow from operating activities	28 853	106 610	-34 393
Net cash flow from investing activities	-90 611	-66 431	-113 355
Increase/ (decrease) interest bearing liabilities	59 426	-107 685	-44 722
(Increase)/ decrease interest bearing assets	1 418	7 890	6 630
(Increase)/ decrease in financial current assets		230	2 078
Payment of dividend	-41 310	-66 973	-66 973
Net cash flow from financial activities	19 534	-166 538	-102 987
Net change in cash and cash equivalents in the period	-42 224	-126 359	-250 735
Cash position at start of period	200 490	451 225	451 225
Cash position at end of period	158 266	324 866	200 490

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK 1 000	January - June		
	2006	2005	2005
Equity at start of period	327 297	327 297	322 361
Profit for the period	62 635	45 795	87 753
Dividend	-41 310	-66 973	-66 973
Sale of own shares	10 169	363	25 670
Purchase of own shares	-11 065		
Currency conversion	-1 595	-6 168	-7 325
Equity at end of period	451 524	366 582	432 690

NOTES

1. *Generally*

AF Gruppen is a publicly traded company listed in Norway. The company's head office is located at Vitaminveien 1 A, Oslo. AG Gruppen undertakes contracting operations. The Group consists of the parent company AF Gruppen ASA, subsidiaries and shares in related and jointly owned companies.

2. *Accounting principles*

AF Gruppen uses International Financial Reporting Standards (IFRS) in its financial reporting. The interim report been prepared in accordance with IAS 34 using the same accounting principles as in the Annual Report.

3. *Estimates*

Revenue is recognised as income when it is probable that transactions will generate future economic benefits which will flow to the company and the size of the amount can be reliably estimated. Contributed margin earned on projects in progress entails a number of judgements. These judgements are made to the management's best estimate. The extent and complexity of the judgement mean that the actual contribution margins at the end of the projects may deviate from the judgement made at the period end.

4. *Acquisitions*

The Group has acquired two companies in its business area *Services* in 2006, Energi og Miljøteknikk AS and Holst & Brå AS. Both transactions took place at 01.06.2006 and both companies are part of the consolidation from this date. The price for the two companies amounted to NOK 54.9 million. Net outgoing cash flow from the transactions were NOK 38.5 million, due to a deduction of NOK 16.4 million in cash and cash equivalents. Goodwill related to the acquisitions amount to NOK 40.8 million. If the acquisitions had taken place at 01.01.2006, operating revenue for the Group would have increased by NOK 14.6 million to NOK 2 664.2 million and profits before tax would have increased by NOK 3.0 million to NOK 90.8 million.

5. *Dividend*

A total dividend of NOK 41.3 million was paid to the shareholders in May 2006. Dividend pr. share was NOK 3.00 (5.00).

6. *Events after the balance sheet date*

No events or new information have occurred after the balance sheet date that would significantly influence the quarterly report.