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AF GRUPPEN - 1. QUARTER 2007

Oslo, 14 May 2007

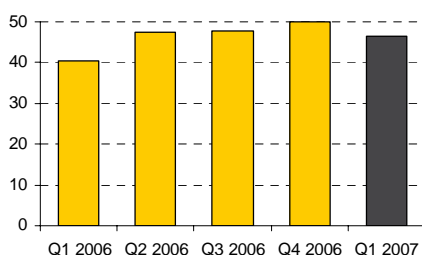
SUMMARY 31 MARCH 2007

- Earnings per share at 31.03.07 were NOK 2.44 (2.10).
- Profit before tax was NOK 46.6 million (40.3).
- Return on average invested capital at 31.03.07 was 25.1% (24.1%).
- Net cash flow from operating activities was NOK 103.0 million (18.1) in the first quarter.
- The order backlog has increased by 22% to NOK 4,919 million (4,025) since first quarter 2006.
- Order bookings in first quarter were NOK 1,089 million (1,021).

COMMENTS

AF continues its improvement in the first quarter with profits before tax at 31.03 of NOK 46.6 million (40.3), an increase of 16% compared to the same period last year.

Profits before tax pr. quarter (NOKm)



The Group's operating revenues increased by 1% compared to the same period last year and was approximately NOK 1,350 million. This is in line with the company's strategy of focusing on profit improvements instead of high revenue growth.

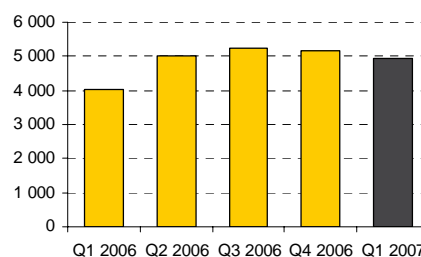
As in 2006, AF's service business accounts for a significant part of the profit in the first quarter. The business area *Services*, which consists mainly of decommissioning offshore and onshore work as well as energy and environmental services, has for the last few years achieved a profit margin above 10%. First quarter profit before tax was NOK 21.9 million (13.0).

The Group's business entities in the *Construction* business segment did not deliver satisfactory profits in 2006. The main reasons for the poor results were three loss making projects. Profits have improved slightly in first quarter 2007, and a further gradual improvement is expected during 2007. Profit before tax in the first quarter was NOK 25.9 million (19.0).

The business area *Property Development* had a profit of NOK 0.7 (6.4) million in the first quarter. The demand in AF's main markets is still good, and the percentage sold is high in most projects. The decrease in profit compared to 2006 is partly due to a write-down of one development project.

AF's order backlog is still high and was NOK 4,919 million (4,025) by the end of the first quarter. Order bookings in the first quarter were NOK 1,089 million (1,021).

Order backlog (NOKm)



"We are satisfied with our results and have never had a better first quarter. Profit in the service business remains very good, and we work with many exciting, new opportunities in this business area. Although profit has improved slightly in the building business in the first quarter, we still have a lot of work to do before we reach our profit targets. We work persistently in order to achieve our profit targets during 2007, and we are cautiously optimistic. Demand is still high and a good working environment 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 business 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 in *Services*.

AF's property development activities in Norway and Sweden are reported in *Property development*.

Construction

Operating revenue in *Construction* was NOK 1,095 million (1,128) in the first quarter of 2007, a reduction of 3% compared to the same period in 2006. In 2006, the business area had an increase of 19%, but profit was well below target. Therefore, in 2007, focus will be on risk management and improved productivity instead of high growth in operating revenue. Today's order

backlog does indicate some growth in operating revenues in 2007.

Profit before tax in first quarter was NOK 25.9 million (19.0).

AF's civil engineering business continues its high level of activity and is represented in many of the country's largest civil engineering projects. The construction work on Snøhvit and Ormen Lange will be concluded in 2007, while other major projects like Saudautbyggingen and E18 Bjørvika will continue for several years. In addition, AF has several large contracts related to hydroelectric power plants, tunnelling- and quay activities spread around Norway.

There is still a high level of activity in the building market in Norway. AF's building business in Oslo has among others entered into a contract with Norconsult AS in first quarter 2007. The project has a value of NOK 40 million.

AF purchased the outstanding 32.4% of the shares in JK Bygg i Göteborg AB on 3 January, and now owns all shares in the company. From 2 April the company will change its name to AF Bygg Göteborg AB. The building business in Sweden continues its growth and has among others entered into a contract regarding building of a new hotell in Gothenburg. The contract has a value of SEK 88 million.

Total order backlog in *Construction* was NOK 4,019 million (2,593) at 31.03.07, which represents an increase of 55% compared to the same period last year. Order received in the first quarter was NOK 784 million (662).

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.

Operating revenue in the first quarter was NOK 137 million (114). Profit before tax at 31.03.07 was NOK 0.7 mill (6.4). The decrease in profit compared to 2006 is partly due to a write-down of one development project with high building activity and low sales. Gross profit margin was 0.5% (5.7) at 31.03.07. Return on invested capital was 2.0% (11.5).

The demand for housing in Norway is still high and the percentage sold is good. Of 246 apartments under construction, 66 are unsold. None of the unsold apartments is completed. AF has in the first quarter sold 21 apartments in new projects where construction has not yet started. The figures above account for AF's share of the projects.

AF established a property development business in the Gothenburg region in 2006. By the end of the first quarter, AF in Sweden had 65 apartments under construction. All of the apartments are sold.

In addition, AF has land and development rights in progress, which in total amount to 1 200 residential housing units and about 52 200 m² of office buildings. These projects are not included in the order backlog.

The *Property Development* business area has a total order backlog of NOK 681 million (203) at 31 March 2007.

Services

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

The business area *Services'* operating revenue was NOK 173 million (136) in the first quarter. Profit before tax was NOK 21.9 million (13.0), an increase of 68% compared to first quarter 2006. Gross profit margin in *Services* was 12.7% (9.6%). Return on invested capital was 35.5% (44.5).

Decommissioning of the Ekofisktank 2/4T in the North Sea started in 2005 and was nearly completed by the end of the first quarter. AF's onshore decommissioning plant will receive and process materials from the demolition operations in the North Sea. The plant has been significantly upgraded to meet the anticipated market growth during the next years.

The onshore demolition activities in AF have grown substantially during 2006 and today represent a major part of the profits generated in the business area.

The *Services* business area has a total order backlog of NOK 219 million (456) at 31 March 2007. Total order bookings were NOK 100 million (81) in 2006.

FINANCIAL INFORMATION

<i>Cash flow statement at 31.03</i>	2007	2006
Cash flow from operating activities	56,7	57,1
Decrease/(increase) in net working capital	46,3	(38,9)
Net cash flow from operating activities	103,0	18,2
Cash flow from investing activities	(12,6)	(28,5)
Net purchase of own shares	(28,3)	
Payment of dividend		
(Increase)/decrease in net interest bearing liabilities	62,1	(10,3)
Net interest bearing liabilities as of 01.01.06	(197,1)	(77,2)
Net interest bearing liabilities as of 30.09.06	(135,0)	(87,5)

Net cash flow from operating activities was NOK 103.0 million (18.2) in the first quarter after a reduction of NOK 46.3 million in net working capital.

Net interest bearing debt was NOK 135.0 million (87.5) by the end of first quarter.

The Group's total assets at 31.03.07 were 2,033 million (1,998). The company's equity was NOK 532 million (460), which equal an equity ratio of 26.6% (23.0).

AF Gruppen has a combined loan and overdraft facility of NOK 900 with Handelsbanken. The agreement runs until 30.06.09. The loan agreement secures AF Gruppen's financing need for financing of production machinery, property development and land acquisition.

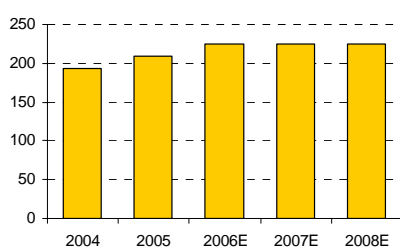
HEALTH, SAFETY AND ENVIRONMENT

The Group's H-value at 31.03.07 decreased from 5.5 to 3.2 compared to the same period in 2006. Total absence has increased from 3.3% to 3.8%. During the last five years, the Group's H-value has been reduced from 12.5 to a stable level below 5, while total absence is reduced from 5.9% to 3.8%. 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 remained at a record high level in 2006. This led to large price increases for important input factors and a shortage of labour. Growth in the next few years will probably slow down as a consequence of higher production costs, but activities are expected to stabilise at a record high level.

Investments B & C E Norway (NOKm)



The housing market has been very good in Norway in the last few years and has followed the upturn in the economy. The market has been characterised by high prices and a stable flow of new housing projects in 2005 and 2006. The market growth is likely to decrease somewhat in 2007, but the decrease is likely to be partly offset by an increase in the market for commercial buildings and other non-residential buildings. A stable flow of new projects is expected in this market in 2007.

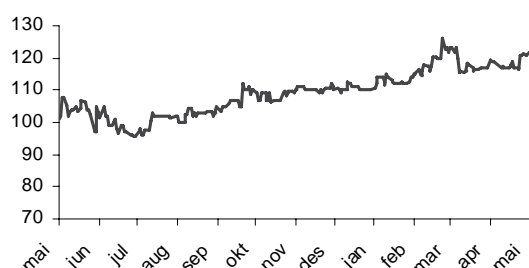
The civil engineering market is less dependent on business cycles than the building market. The activity level in this market is very much steered by government subsidies and large one-off projects. The civil engineering market has experienced solid growth since 2001, and the market outlook is good. Several large

infrastructure projects are planned, especially investments in some of the main regional roads and railways. These projects partly explain why the activity level is expected to be 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 entered into a liquidity guarantee agreement with a third party to ensure liquidity of the share. The share price at 11 May 2007 was NOK 121, which equals an increase of 8% since the beginning of the year. The OBX-index increased by approximately 6% during the same period.

AFG - Share price last 12 months



AF had approximately 760 shareholders at the beginning of May 2007. The ten largest shareholders hold 81.4% of the shares.

Largest shareholders at 04.05.07

Name	Shares	% share
KB Gruppen Kongsvinger AS	3 238 547	23,5 %
P O A AS	2 131 420	15,5 %
OBOS Forretningsbygg AS	1 939 266	14,1 %
LJM AS	1 102 780	8,0 %
Moger Invest AS	986 329	7,2 %
Aspelin-Ramm Utvikling	818 408	5,9 %
Skogheim, Arne	337 544	2,5 %
Staavi, Bjørn	292 972	2,1 %
Citibank N.A.	213 400	1,5 %
Evensen, Jon Erik	142 000	1,0 %
Ten largest	11 202 666	81,4 %
Other shareholders	2 567 222	18,6 %
Total outstanding shares	13 769 888	100,0 %

Employees in the Group hold approximately 47% 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.

Oslo, 2007-05-11

The Board of Directors in AF Gruppen ASA

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Next presentation:
20.08.07 Presentation 2. quarter 2007

CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT AS OF MARCH 31

AF Gruppen Key figures

Amounts in NOK 1 000

Profit & Loss accounts	Jan-March 2007	Jan-March 2006	Change 12 months	2006
Operating revenue	1 346 594	1 335 148	11 446	5 357 708
Materials	-432 855	-261 836	-171 019	-1 033 508
Subcontractors	-366 250	-620 473	254 223	-2 573 041
Wages, salaries and social security expenses	-338 180	-286 731	-51 449	-1 083 283
Other operating expenses	-140 103	-108 879	-31 224	-402 247
Depreciation expense	-18 765	-17 275	-1 490	-73 796
Write downs				
Operating profit	50 441	39 954	10 487	191 833
Interest income	655	324	-3 668	9 989
Investments in related companies			-3 582	
Interest expenses	-4 153	-3 584	-6 466	-21 890
Other financial (expenses) / income	-364	3 633	-439	5 477
Net financial items	-3 862	373	-14 155	-6 424
Profit before tax	46 579	40 327	-3 668	185 409
Tax expense	-13 042	-11 432	-13 159	-51 190
Net profit	33 537	28 895	4 642	134 219

Balance sheet	31.03.2007	31.03.2006	Change 12 months	31.12.2006
Land, buildings and machinery	288 321	257 781	30 540	294 909
Goodwill	190 710	107 612	83 098	194 327
Interest bearing non current receivables	23 802	6 644	17 158	24 241
Deferred tax assets				
Other non current assets	12 186	18 808	-6 622	8 121
Total non current assets	515 019	390 845	124 174	521 598
Inventories	29 090	40 107	-11 017	39 277
Projects on own account held for sale	311 389	387 348	-75 959	316 217
Trade and non interest bearing receivables	1 085 218	882 616	202 602	1 111 289
Shares held as current assets	14 400	14 852	-452	17 030
Cash and cash equivalents	78 279	282 494	-204 215	150 078
Total current assets	1 518 376	1 607 417	-89 041	1 633 891
Total assets	2 033 395	1 998 262	35 133	2 155 489
Contributed equity	12 188	3 442	8 746	12 188
Retained earnings	519 391	456 292	63 099	521 934
Total equity	531 579	459 734	71 845	534 122
Non current interest bearing loans	176 326	188 584	-12 258	165 615
Retirement benefit obligation	6 378	6 521	-143	7 746
Deferred tax liability	35 263	1 990	33 273	23 136
Total long term liabilities	217 967	197 095	20 872	196 497
Current interest bearing loans	68 803	196 414	-127 611	214 097
Trade payables and non interest bearing liabilities	1 202 719	1 125 788	76 931	1 176 685
Provisions	12 327	19 231	-6 904	34 088
Taxes payable				
Total short term liabilities	1 283 849	1 341 433	-57 584	1 424 870
Total liabilities	1 501 816	1 538 528	-36 712	1 621 367
Total equity and liabilities	2 033 395	1 998 262	35 133	2 155 489

BUSINESS AREAS

AF Gruppen

Amounts in NOK 1 000

Business area	Construction		Services		Property		Unallocated/Elim		Group	
	Jan-Mar 2007	Jan-Mar 2006	Jan-Mar 2007	Jan-Mar 2006	Jan-Mar 2007	Jan-Mar 2006	Jan-Mar 2007	Jan-Mar 2006	Jan-Mar 2007	Jan-Mar 2006
Operating revenue	1 094 894	1 128 032	172 525	135 982	137 311	113 909	-58 137	-42 775	1 346 593	1 335 148
Operating expenses less depreciation	-1 058 256	-1 099 342	-141 699	-113 999	-135 424	-104 785	55 728	40 207	-1 279 651	-1 277 919
Depreciation expense	-8 290	-9 140	-8 134	-8 134	-77	-1			-16 501	-17 275
Write down goodwill										
Operating profit (EBIT)	28 348	19 550	22 692	13 849	1 810	9 123	-2 409	-2 568	50 441	39 954
Interest income	83	838	192	127			380	-570	655	395
Interest expense	-2 468	-1 311	-986	-832	-1 080	-2 680	381	1 239	-4 153	-3 584
Other financial items	-28	-32	1	-107		1	-337	3 700	-364	3 562
Net financial item	-2 413	-505	-793	-812	-1 080	-2 679	424	4 369	-3 862	373
Profit before tax (EBT%)	25 935	19 045	21 899	13 037	730	6 444	-1 985	1 801	46 579	40 327
Tax expense									-13 042	-11 432
Net profit									33 537	28 895

Key figures

Return on invested capital (RoIC)	54,4 %	31,4 %	35,5 %	44,5 %	2,0 %	11,5 %			25,1 %	24,1 %
Economic Value Added	15 941	9 056	10 910	7 293	-6 663	-306			19 055	13 885
Gross profit margin (EBT%)	2,4 %	1,7 %	12,7 %	9,6 %	0,5 %	5,7 %			3,5 %	3,0 %
Operating margin (EBIT%)	2,6 %	1,7 %	13,2 %	10,2 %	1,3 %	8,0 %			3,7 %	3,0 %
Invested capital at end of period	345 948	161 846	255 236	162 923	360 732	412 136			783 086	851 253
Average invested capital	208 771	259 256	257 718	124 680	368 792	318 285			808 883	729 667
Order backlog	4 019 464	2 593 365	219 177	456 000	680 581	202 635			4 919 222	4 025 000
Order bookings Jan - March	783 659	661 545	100 152	81 107	267 892	72 300			1 088 566	1 021 148

KEY FIGURES*Business*

	31.03.2007	31.03.2006	Change 12 months	2006
Earnings pr. share NOK	2,44	2,10	0,34	9,75
Return on invested capital (RoIC) ¹⁾	25,1 %	24,1 %	1,0 %	24,9 %
Economic Value Added ^{2) 3)}	19 055	15 855	3 200	76 039
Return on equity	25,2 %	25,9 %	-0,7 %	50,3 %
Operating margin (EBIT%)	3,7 %	3,0 %	0,7 %	3,6 %
Gross profit margin (EBT%)	3,5 %	3,0 %	0,5 %	3,5 %
Invested capital at end of period ⁴⁾	783 086	851 253	-68 167	921 580
Average invested capital ⁵⁾	808 883	729 667	79 216	817 471
Net financial assets ⁶⁾	-135 026	-87 529	-47 497	-197 077
Net debt ratio ⁷⁾	0,3	0,2	0,1	0,4
Equity ratio	26,6 %	23,0 %	3,6 %	25,1 %
Working capital requirement ⁸⁾	210 651	165 052	45 599	256 978
Order backlog	4 919 222	4 025 000	894 222	5 177 249
Order bookings	1 088 566	1 021 148	67 418	6 032 443

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

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

3) 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

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

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

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

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

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

Health, safety and environment

Business area	Property		Construction		Services		Group	
	2007	2006	2007	2006	2007	2006	2007	2006
Accumulated pr. 1st quarter								
H-value	0	0	1,6	5,2	13,5	8,0	3,2	5,5
H2-value	0	0	20,7	20,1	27,1	8,0	20,8	18,4
Illness	5,3	5,8	4,4	3,7	2,0	1,3	3,8	3,3

CONSOLIDATED CASH FLOW

Amounts in NOK 1 000	January - March		
	2007	2006	2006
Cash flow from operating activities	56 650	57 067	224 664
Net change in working capital	46 327	-38 999	-142 530
Net cash flow from operating activities	102 977	18 068	82 134
Net cash flow from investing activities	-12 625	-28 435	-159 276
Increase/ (decrease) interest bearing liabilities	-135 951	91 073	89 596
(Increase)/ decrease interest bearing assets	-529	4 998	-5 896
(Increase)/ decrease in financial current assets	2 630	-3 700	-5 878
Net purchase of own shares	-28 301		-9 782
Payment of dividend			-41 310
Net cash flow from financial activities	-162 151	92 371	26 730
Net change in cash and cash equivalents in the period	-71 799	82 004	-50 412
Cash position at start of period	150 078	200 490	200 490
Cash position at end of period	78 279	282 494	150 078

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK 1 000	January - March		
	2007	2006	2006
Equity at start of period	534 122	432 690	432 690
Profit for the period	33 537	28 895	134 219
Dividend	0	0	-41 310
Sale of own shares	0	131	-12 247
Purchase of own shares	-28 301		11 080
Currency conversion	-7 779	-1 981	9 690
Equity at end of period	531 579	459 735	534 122

NOTES

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.

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 2006 Annual Report.

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.

Dividend

For the 2006 financial year the Board is proposing to pay a dividend of NOK 5.00. The dividend will be paid on 23 May 2006. Dividend per share was NOK 3.00 for the 2005 financial year.

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.