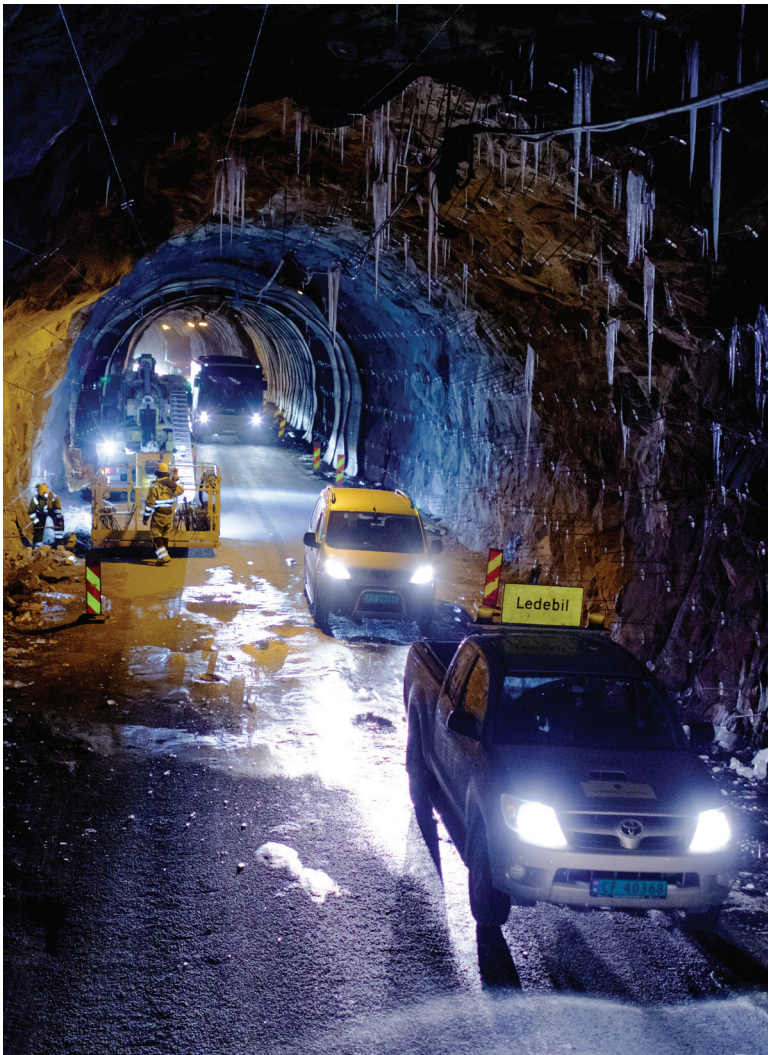


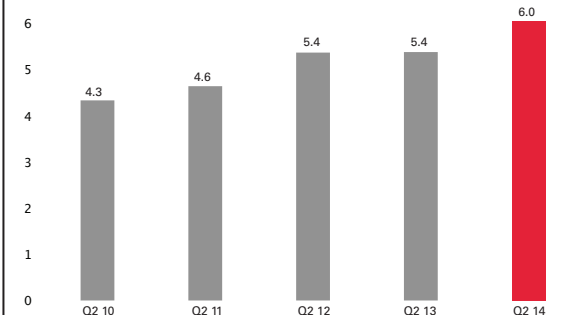
HIGHLIGHTS, SECOND QUARTER

- Operating revenues NOK 6,040 million
- Profit before tax NOK 225 million
- Order backlog NOK 18.8 billion
- Net interest-bearing debt NOK 748 million
- Earnings per share NOK 1.4 (IFRS)

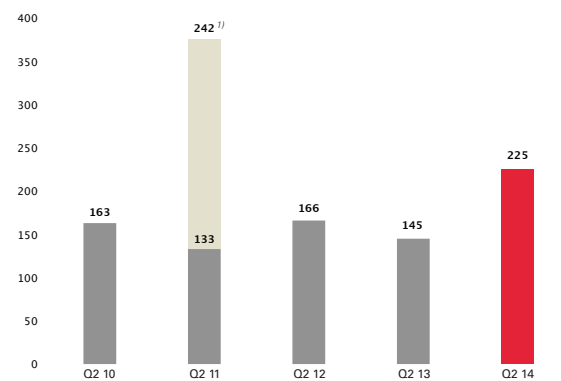


The Midnes tunnel, Årdal

OPERATING REVENUES
NOK billion



EARNINGS BEFORE TAX
NOK million



¹⁾ Bouwfonds and sale of Veidekke Gjenvinning

Revenue growth 12 %

Earnings before tax NOK 225 million



**FROM
THE PRESIDENT AND CEO**

Arne Giske



It is with pleasure that we are able to present Q2 figures that show solid growth in both revenues and earnings. Most of our units have performed well and show improved profitability. However, some units are still behind their targets, and improving their profitability will be a priority in the period ahead.

The order backlog is at a historically high level, and Veidekke's financial position has improved by NOK 1 billion in the last 12 months. With good market prospects in most areas and many competent employees on the team, we are well equipped for continuing success for Veidekke in the future.



Project M17 – Majorstua

BOARD OF DIRECTORS' REPORT FOR Q2 2014

KEY FIGURES

					NOK million
	Q2 2014	Q2 2013	1.1-30.6 2014	1.1-30.6 2013	2013
Operating revenues segment ¹⁾	6 039.5	5 371.8	11 267.1	9 420.9	21 190.8
Earnings before tax segment	225.4	144.9	229.1	82.0	775.8
Earnings per share segment	1.3	0.8	1.3	0.5	4.5
Profit margin (%) segment	3.7	2.7	2.0	0.9	3.7
Operating revenues IFRS	6 218.3	5 453.1	11 524.5	9 687.3	21 780.9
EBITDA. IFRS	316.0	160.1	425.2	149.0	1 012.8
Profit before tax. IFRS	247.5	94.4	287.1	18.6	718.3
Earnings per share. IFRS (NOK) ²⁾	1.4	0.5	1.7	0.1	4.1
Net interest-bearing position	-748	-1 766	-748	-1 766	-396
Change in net interest-bearing position	-352	-408	-353	-261	1 110
Total order backlog	18 761	18 279	18 761	18 279	18 273

1) The comments under highlights and segment reporting relate to figures taken from the segment accounts

2) No dilutive effect.

Q2 HIGHLIGHTS QUARTER

Veidekke has continued its earnings growth in the second quarter. The improvement is primarily attributable to industrial operations, although construction operations in Norway also showed solid growth compared with Q2 the previous year. Operating revenues increased to NOK 6,040 million from NOK 5,372 million in Q2 2013, while profit before tax increased to NOK 225.4 million, compared with NOK 144.9 million in the same quarter the previous year.

The production season for asphalt started early and there was high demand, efficient operation and a clearly improved earnings trend in Veidekke's industrial operations in Q2.

Overall construction operations showed improved profitability and the profit margin increased to 2.4% from 2.0% in Q2 2013. This was despite the fact that the infrastructure project at Minnesund, part of the joint road-rail E6-Dovrebanen project, was written down by NOK 60 million in the quarter. Disputes with the client over changes and additional work, as well as cost overruns mean that the project is expected to run at a loss. The Norwegian and Swedish construction operations have equal shares in the project.

In Veidekke's property development operations, residential sales increased significantly from the previous quarter, and construction of several new residential projects was initiated both in Norway and Sweden.

The Group's order backlog increased by 3% in the quarter. The overall order book is considered satisfactory in most units, and the order backlog is of good quality.

During the quarter, Veidekke purchased 70% of the shares in the Swedish concrete element factory AB Recess, which manufactures concrete elements and modules. The company has worked closely with Veidekke in Sweden on the development of modules that give higher efficiency and lower costs in residential projects.

Net interest-bearing debt was NOK 748 million at the end of Q2, an increase of NOK 396 million from year-end. However, net interest-bearing debt has decreased by NOK 1 billion over the last year. A dividend payment of NOK 401 million affected cash flow in the quarter. Otherwise, generally good project liquidity in construction operations and delivery of residential projects made a positive contribution in Q2.

Profit before tax according to IFRS was NOK 247.5 million, which is better than profit before tax in the segment accounts. This is an effect of the handover of several large residential projects during the quarter.

VEIDEKKE IN THE FIRST HALF OF 2014

Veidekke showed strong revenue and earnings growth in the first half of 2014. The improvement is primarily attributable to industrial operations, property development in Sweden and construction operations in Norway and Denmark. The year's production season for asphalt operations in the Industry business area started earlier than in the previous year, and the operations were marked by high activity and efficient operation. In property development, the residential market in Sweden is good and there has been a considerable increase in sales of new homes compared with the previous year. In construction operations, project margins have been consistently good in both Norway and Denmark, while the Swedish operations have shown low profitability in the first half of the year.

Profit before tax for the first half of 2014 was NOK 229.1 million, compared with NOK 82.0 million at the same point the previous year. Operating revenues were NOK 11 267 million, an increase of 20% from NOK 9,421 million in the same period the previous year.

High activity in the Swedish residential market and the sale of 50% of the shares in the Svea Fanfar 2 residential project in Stockholm in Q1 resulted in revenue growth of 150% for the Swedish property development operations. Earnings for the operations also increased significantly due to a higher level of activity and project sale contributions.

Industry reported revenue growth of 27% for the first half of the year compared with the same period the previous year. High revenues contributed to a strong improvement in earnings compared with the same period the previous year. With a very large order backlog in Asphalt, the main challenge is to ensure good production with high capacity utilisation in 2014.

Veidekke has a good financial position at the end of the first half of the year. Cash flow is seasonally negative as a result of low activity in industrial operations in Q1 and dividend payments in Q2.

Profit before tax according to IFRS was NOK 287.1 million, up from NOK 18.6 million in Q2 2013. Profit according to IFRS was NOK 58.0 million higher than the corresponding figure in the segment reporting and this is a result of the handover of several large residential projects in the first half of 2014.

BUSINESS AREAS, SECOND QUARTER

CONSTRUCTION OPERATIONS

	NOK million		
CONSTRUCTION	Q2 2014	Q2 2013	2013
Operating revenues	4 747.4	4 284.8	16 967.5
Earnings before tax	115.9	86.7	445.6
Profit margin (%)	2.4	2.0	2.6
Order backlog	16 487	16 536	16 728

In Norway and Denmark, Veidekke is engaged in nationwide construction and civil engineering operations, while activity in Sweden is concentrated in Skåne and the regions around Stockholm and Gothenburg.

Construction operations showed revenue growth of 11% in Q2, with the growth coming from Sweden and Denmark. In Norway, operating revenue was slightly down compared with Q2 2013, and this was largely due to lower activity in construction operations in Eastern Norway.

The infrastructure project at Minnesund, part of the joint road-rail E6-Dovrebanen project, was written down by NOK 60 million (Veidekke's share) as a result of disputes with the client over changes and additional work, as well as project cost overruns. The project, which is being implemented in collaboration between Veidekke Entreprenør AS (30%), Veidekke Entreprenad AB (30 %) and the German construction company Hochtief Solutions AG (40%), has an initial contract value of NOK 1.6 billion.

Despite the project write-down, construction operations showed growth in earnings, increasing to NOK 116 million from NOK 87 million in Q2 the previous year. The profit margin increased to 2.4 % from 2.0% in the same period the previous year. The growth is attributable to the Norwegian and Danish operations, which showed consistently higher project margins. In Sweden, earnings were strongly affected by the project write-down and the operations ended Q2 with a loss.

Construction operations in Norway

	NOK million		
CONSTRUCTION NORWAY	Q2 2014	Q2 2013	2013
Operating revenues	3 033.1	3 113.9	12 131.7
Earnings before tax	103.7	82.5	359.9
Profit margin (%)	3.4	2.7	3.0
Order backlog	10 427	12 245	10 769

Q2 operating revenues amounted to NOK 3,033 million, a decline of 3% from NOK 3,114 million in Q2 2013. The decline was attributable to construction operations and was largely due to lower activity in the residential market.

Profit before tax increased by 26% to NOK 103.7 million from NOK 82.5 million in the same quarter the previous year, which meant that the profit margin increased to 3.4% from 2.7% in Q2 2013. The company has achieved gradually increasing project margins over time, with construction operations being the main contributor to the improvement. Despite the write-down in the joint road-rail E6-Dovrebanen project in Q2, earnings for civil engineering operations were at the same level as the previous year, largely as a result of high revenue recognition for civil engineering projects in the final stages.

The overall construction and civil engineering market in Norway still has a high level of activity, but with regional and market variations. The high activity in the civil engineering market was mainly due to large public infrastructure investments. The overall activity level for construction operations is satisfactory, although the availability of new projects differs from region to region.

The order intake in the quarter was NOK 3.6 billion, compared with NOK 4.3 billion in Q2 2013, and consisted mainly of public and private commercial buildings. Major contracts awarded in the quarter included:

- Jessheim college and Rykkin school, PPP contracts with Akershus County Council and Bærum Municipality, (total contract value NOK 950 million).
- Prinsens gt. 26, Oslo, for Parliament's administration (contract value NOK 372 million).

- Expansion and upgrading of the Kilden shopping centre in Stavanger for Sektor Gruppen (contract value NOK 160 million).
- An office and workshop building in Sola Municipality for Ringholm 1 AS (contract value NOK 147 million).

At the end of the quarter, the operations had an order backlog of NOK 10.4 billion, compared with NOK 10.8 billion at year-end and NOK 12.2 billion in Q2 2013.

Construction Sweden

CONSTRUCTION SWEDEN	Q2 2014	Q2 2013	NOK million 2013
Operating revenues	1 266.7	866.4	3 499.4
Earnings before tax	-9.4	-6.7	11.4
Profit margin (%)	-0.7	-0.8	0.3
Order backlog	4 457	3 063	4 250

Q2 operating revenues amounted to NOK 1,267 million, compared with NOK 866 million for Q2 2013.

This was a 40% increase measured in local currency, and was attributable to the acquisition of the Arcona construction operations in Stockholm in Q4 2013, as well as a high level of civil engineering activity.

Profit/loss before tax was NOK -9.4 million, compared with NOK -6.7 million in the same period the previous year. The Q2 profit margin was -0.7%, compared with -0.8% for the same quarter in 2013.

Earnings were affected by a write-down in the joint road-rail E6-Dovrebanen project, which meant that tunnel operations ran at a considerable loss in the quarter. However, other civil engineering operations showed good profitability, although profitability in construction is still too low.

There is positive growth in the market in Sweden, with increasing demand for homes, growth in the commercial building market and also moderate growth in the civil engineering market.

The order intake in the quarter was NOK 1,578 million, compared with NOK 882 million in Q2 2013, and consisted mainly of private commercial buildings and public service buildings. Major contracts awarded in Q2 included:

- The Medicinaren project in Stockholm for TKV Fastighet AB (contract value NOK 289 million).
- RTR New Facility, production facilities and offices for Rosemount Tank Rider (contract value 173 million).
- Sportsbyn, rental apartments for HSB in Malmö (contract value NOK 124 million).
- An industrial plant in Luleå for LKAB (contract value NOK 117 million).

At the end of the quarter, Swedish construction operations had an order backlog of NOK 4.5 billion, compared with NOK 4.3 billion at year-end and NOK 3.1 billion at the same point the previous year.

In Q2, Veidekke bought 70% of the shares in the concrete element factory AB Recess in Sala. The company, which manufactures concrete elements and modules in fibre-reinforced concrete, reported revenues of NOK 20 million in 2013. Veidekke Entreprenad AB has a close collaboration with the company, with initiatives including development of the VeidekkeMAX concept, which will contribute to increased efficiency and lower costs in residential projects.

Construction Denmark

CONSTRUCTION DENMARK	Q2 2014	Q2 2013	NOK million 2013
Operating revenues	447.5	304.5	1 336.5
Earnings before tax	21.6	10.8	74.3
Profit margin (%)	4.8	3.5	5.6
Order backlog	1 603	1 228	1 709

Veidekke's Danish construction operations, Hoffmann A/S, reported Q2 operating revenues of NOK 448 million, compared with NOK 305 million for Q2 2013. The increase is largely due to a few large commercial building projects.

Profit before tax was NOK 21.6 million, compared with NOK 10.8 million in Q2 2013, which resulted in a profit margin of 4.8%, compared with 3.5% in Q2 2013. The growth is attributable to higher activity and generally higher project margins in the portfolio.

The Danish economy is in a positive phase, and growth is expected in both public and private commercial buildings during 2015. The residential market is improving, although the growth is mainly concentrated on the Copenhagen area.

The order intake for the quarter was NOK 358 million, compared with NOK 541 million for Q2 2013, and consists of a number of small and medium-sized projects. At the end of the quarter, Hoffmann had an order backlog of NOK 1.6 billion, compared with NOK 1.7 billion at year-end and NOK 1.2 billion in Q2 2013.

PROPERTY DEVELOPMENT

PROPERTY	Q2 2014	Q2 2013	NOK million 2013
Operating revenues	421.9	426.0	1 782.6
Earnings before tax	49.6	40.0	220.5
Number of apartments under construction ¹⁾	1 079	1 300	1 469
Number of apartments sold ¹⁾	237	219	694

¹⁾ Veidekke's share

Veidekke's property development operations encompass the development of residential buildings, mainly apartment blocks, and activities are concentrated in and around the largest cities in Norway and Sweden.

Property development reported stable Q2 operating revenues, which amounted to NOK 422 million, compared with NOK 426 million for Q2 2013. Profit before tax increased to NOK 49.6 million, compared with NOK 40.0 million in the same quarter the previous year. The increase was attributable to the Norwegian operations, which had high revenue recognition for final-stage projects and a positive earnings contribution from some small project sales.

A total of 284 residential units, including jointly-owned projects, were sold in Q2, which is a decline from 304 in Q2 2013, but a strong increase from 130 units in Q1. Veidekke's share of homes sold was 237 units, compared with 219 units in Q2 2013 and 42 units in Q1 2014.

At the end of the quarter, there were 1,453 units under construction Veidekke's share was 1,079, compared with 1,300 at the end of Q2 2013. The portfolio sales ratio was stable at 74%. At the end of the quarter, the Group had a total site portfolio of 13,400 residential units, of which Veidekke's share was 10,900 units.

Capital invested in property development operations was NOK 2.9 billion at 30 June 2014. The return on invested capital ended the quarter at 11.8%, on a 12-month rolling basis, compared with 9.5% in Q2 the previous year. The return is adjusted for tax expenses in associated companies and jointly-controlled entities.

Property Development Norway

PROPERTY NORWAY	Q2 2014	Q2 2013	2013
Operating revenues	198.1	235.0	1 069.8
Earnings before tax	37.7	25.1	170.1
Number of apartments under construction ¹⁾	456	814	749
Number of apartments sold ¹⁾	73	106	307

NOK million

¹⁾ Veidekke's share

Q2 operating revenues for Norwegian property development operations were NOK 198 million, which is a 16% decline compared with NOK 235 million in Q2 2013.

The decline was due to an increased proportion of projects in jointly-owned operations, which do not give accounting revenues, and lower residential production. Profit before tax was NOK 37.7 million, compared with NOK 25.1 million in the same quarter the previous year. Profit consisted of contributions from residential projects under construction and some minor project sales.

The number of homes under construction was 456 (Veidekke's share) at the end of Q2, compared with 814 in Q2 2013. The decline is due to a more cautious residential market, lower sales and fewer construction starts in the previous quarters. Construction in four projects started in the quarter, all in Eastern Norway, comprising a total of 75 residential units.

The new homes market in Norway continues to be characterised by uncertainty, but demand for new homes is increasing compared with the end of 2013.

Q2 property development sales in Norway amounted to 118 homes, including jointly-owned projects. This is a decline from 157 units in Q2 2013, but a significant improvement from 68 units in the previous quarter. Veidekke's share of sales was 73 units, compared with 106 units in Q2 2013 and 42 units in Q1 2014. The sales ratio for homes under construction was 67%.

At the end of the quarter, the project portfolio contained 6,100 residential units, of which Veidekke's share was 3,900 units.

Invested capital ended the quarter at NOK 1.7 billion, compared with NOK 2.0 billion in Q2 the previous year. At the end of the quarter, the return on invested capital on a 12-month rolling basis was 12.9%, adjusted for tax expenses in associated companies and jointly-controlled entities, which is a slight decrease from 13.1% at the end of Q2 2013.

Property Development Sweden

PROPERTY SWEDEN	Q2 2014	Q2 2013	2013
Operating revenues	223,8	191,1	712,8
Earnings before tax	12,0	14,9	50,5
Number of apartments under construction ¹⁾	623	486	720
Number of apartments sold ¹⁾	164	113	387

NOK million

¹⁾ Veidekke's share

Q2 operating revenues were NOK 224 million, compared with NOK 191 million for Q2 2013. The residential market in Sweden has stabilised at a higher level, and the market is good in all Veidekke's regions.

Q2 profit before tax was NOK 12.0 million, compared with 14.9 million in Q2 2013. The decline was due to the fact that projects under construction are largely in the start phase, and revenue recognition is therefore cautious.

At the end of the quarter, there were 623 homes under construction (Veidekke's share), compared with 486 at the same point the previous year. In Q2, construction started in three new projects (total 72 units), one in Stockholm and two in the Gothenburg area.

Q2 residential sales amounted to 166 homes (Veidekke's share 164), which is an increase from 147 units (Veidekke's share 113) in Q2 2013 and 62 units (Veidekke's share 58) in Q1 2014. The increase in sales is primarily attributable to an increase in advance sales of homes. Sales are stable at a good level in all Veidekke's regions, and the focus has been on preparing new projects. The sales ratio for projects under construction was 80%. The site portfolio contained 7,300 units (Veidekke's share 7,000) at the end of the quarter.

Invested capital was NOK 1.0 billion at the end of the quarter, compared with NOK 0.9 billion at the end of Q2 2013. The return on invested capital increased to 11.9%, on a 12-month rolling basis, compared with 4.5% in Q2 2013.

INDUSTRY

INDUSTRY	Q2 2014	Q2 2013	2013
Operating revenues	1 109.9	899.9	3 475.9
Earnings before tax	81.8	36.3	158.2
Earnings before tax (12 months rolling)	203.2	31.4	158.2
Order backlog	2 273	1 743	1 545

NOK million

Veidekke Industry conducts nationwide operations in Norway within the business areas Asphalt, Aggregates and Road Maintenance.

The first quarter was marked by high activity and strong earnings growth compared with Q2 2013. Operating revenues were NOK 1,110 million, compared with NOK 900 million the previous year.

Profit before tax was NOK 81.8 million, compared with NOK 36.3 million in Q2 2013, while the profit margin increased to 7.4% from 4.0% in the same period the previous year. The revenue and earnings growth was mainly attributable to the asphalt operations, which experienced increased activity as a result of high demand and cost-efficient operation. The increase in activity was related to re-asphalting of the road network and new road projects.

Road Maintenance and Aggregates continued their positive growth in Q2, with both operating revenues and profit higher than in Q2 2013.

At the end of Q2 2014, the total order backlog was NOK 2,273 million for the next 18 months, compared with NOK 1 743 million at the end of the same quarter the previous year. Both Road Maintenance and Asphalt showed an increase in the order backlog.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

As mentioned in the Q1 report, the construction operations in Norway suffered a fatality in April.

The most important measures for accident and injury prevention that have been implemented are the inclusion of all construction site workers in safety efforts, a safety approach at every stage from planning to implementation, basic OHS training for all employees and more stringent requirements on the use of safety equipment.

The LTI rate has been stable in recent quarters, but the level is still too high in relation to Veidekke's target.

<i>LTI rate ¹⁾</i>			
Own employees 12-month rolling	At Q2 2014	At Q1 2014	At Q2 2013
Norway	5.9	5.5	5.7
Denmark	12.2	12.5	10.9
Sweden	2.6	2.8	4.0
Veidekke	6.7	6.3	6.4

¹⁾ Lost-time injuries per million hours worked, own employees

Sickness absence in the Group is stable. This applies to both short-term absences and long-term sick leave. The majority of long-term sick leave was due to musculoskeletal disorders.

Sickness absence, % 12-month rolling	At Q2 2014	At Q1 2014	At Q2 2013
Norway	4.4	4.7	5.0
Denmark	3.4	4.4	3.4
Sweden	1.2	1.1	1.5

FINANCIAL SITUATION

The Group's cash flow for the quarter was NOK -352 million and included a dividend payment of NOK 401 million. Net interest-bearing debt ended the quarter at NOK 748 million, which is NOK 1 billion lower than for the same quarter the previous year. The handover of several major property projects and consistently good project liquidity in construction operations contributed positively during the quarter.

Veidekke's financial position is considered good, and the Group has considerable financial capacity. The Company has a borrowing facility of NOK 3.1 billion with DNB. NOK 835 million of this facility had been utilised at 30 June 2014. In addition, the company has completed a bond issue of NOK 750 million. Veidekke also issues short-term commercial papers to reduce borrowing costs. At the end of the quarter, Veidekke had outstanding commercial papers totalling NOK 450 million, resulting in a corresponding reduction in the available borrowing facility with DNB.

Capital tied up in property operations in the quarter amounted to NOK 3.7 billion. NOK 1.4 billion of this amount related to residential projects under construction and NOK 2.3 billion to the site portfolio. Invested capital amounted to NOK 2.9 billion at the end of the quarter.

RELATED PARTY TRANSACTIONS

Veidekke has ongoing transactions with related parties during the course of its ordinary operations, including contracts for the development of specific projects. There were no significant related party transactions in the second quarter of 2014 other than these. Note 34 to the 2013 annual financial statements provides further information on the sizes and types of transactions during the previous year.

SHAREHOLDER INFORMATION

Largest shareholders at 30 June 2014	Ownership share %
Obos Invest AS	23.0
IF Skadeförsäkring AB	9.1
Folketrygdfondet	8.8
Skandinaviska Enskilda Banken (Nom)	3.5
MP Pensjon PK	2.2
JP Morgan Chase Bank (Nom)	2.0
Must Invest AS	1.9
Verdipapirfondet DNB Norge (IV)	1.6
Odin Norge	1.1
Danske Invest Norske Instit. II	1.0
Foreign shareholders	29.5
Employees, total ownership	17.4

A total of 14.2 million Veidekke shares were traded in Q2 2014. On 3 June, Veidekke's largest shareholder, Obos Invest AS, sold 6.7 million shares at a price of NOK 66.0, thereby reducing its holding from 28% to 23%. Foreign ownership increased from 26.1% to 29.5% during the quarter. The share price ranged from NOK 62.75 to NOK 70.00 during the quarter. At 30 June 2014, the share price was NOK 69.00.

RISKS

Veidekke faces two main types of risk: operational risk and financial risk. Operational risk relates to the business areas, and is managed and controlled through internal control systems and procedures.

Veidekke's operations are based on the implementation of individual projects. The projects vary greatly in terms of complexity, size, duration and risk. Consequently, systematic risk management in all parts of the business is of crucial importance. Veidekke conducts a risk analysis as early as in the tendering stage, and continues efficient and professional risk management during the implementation phase.

Proper expertise is a critical success factor for good operational efficiency and project implementation. In periods when the labour market is tight, it is a challenge to gain access to relevant expertise. With this in mind, Veidekke works continuously on recruitment and development throughout the Group.

The residential market is cyclical, and property development earnings are highly related to new project start-ups. Cautious housing customers and limited access to financing for Veidekke's customers may affect the future development of property projects for Veidekke's own account. As a general principle, Veidekke will not initiate new residential projects until a sales rate of 50% is achieved. Consequently, lower housing sales may delay residential projects.

Veidekke is primarily exposed to financial risks associated with financial instruments such as trade receivables, liquidity and interest-bearing liabilities. These risks are classified as credit, market and liquidity risks. For a more detailed description of the company's financial risk, see note 29 in Veidekke's 2013 annual report.

MARKET OUTLOOK

Norway

Positive development within the construction market is expected over the next 12 months. Both sales and new housing starts stabilised during the quarter after falling sharply in the previous four quarters. Growth in the resale homes market in spring 2014 gives reason to expect that new housing starts will also pick up again. The market for commercial buildings shows stable and positive growth and this is expected to continue during 2014 and 2015. However, lower activity in the oil sector in Western Norway may contribute to a weaker market for buildings in this region.

The civil engineering market is expected to continue to experience high and increasing demand driven by large public infrastructure investments. Investments in the power sector are expected to remain high both this year and next year, while the expected growth in industrial plants appears likely to be delayed.

Veidekke Industry's business areas are closely tied in with developments in the civil engineering market in general and the transport market in particular. In this market, activity in both new investments and maintenance is expected to remain high over the next two years

Sweden

In construction, there is strong growth in the residential segment, with a sharp increase in demand for new apartments. The residential construction market is also expected to remain strong in the future. There is also good growth for commercial buildings, which is mainly driven by the public sector. An improvement in the market for private commercial buildings is expected for the rest of 2014 and in 2015.

The civil engineering market is in a phase of moderate growth in 2014, despite the decline in public sector infrastructure investments. Uncertainty about the coming years is greatest in Stockholm, where the start of work on the Stockholm bypass will provide a significant boost in 2015. The parliamentary elections in September are expected to provide final clarifications. The private civil engineering market is expected to increase in both 2014 and 2015, with the power sector as a major driver.

Denmark

The Danish economy is showing a positive trend, with estimated GDP growth of about 1.5% in 2014 and 2015. Growth is strongest in the capital region, where house prices have grown significantly over the last year. As a result of an improved economic climate and an increased willingness to invest in industry, the market for private commercial buildings is expected to show good growth from a low level in 2015.

Oslo, 13 August 2014
Board of VEIDEKKE ASA

Martin Mæland
Chairman

Per Otto Dyb
Deputy Chairman

Gro Bakstad

Annika Billström

Ann Christin Gjerdseth

Hans von Uthmann

Odd Andre Olsen

Inge Ramsdal

Lars Skaare

Arne Giske
President and CEO



E41 – Angered, Sweden

CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

- A. Financial statements fourth quarter**
- B. Business segments**
- C. Statement of changes in equity**
- D. Notes to the interim financial statements**

DECLARATION BY THE BOARD OF DIRECTORS AND PRESIDENT AND CEO

The Board and CEO have today reviewed and approved the condensed consolidated financial statements and Board of Directors' report for the six-month period ended 30 June 2014. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and the additional disclosure requirements of the Norwegian Securities Trading Act.

To the best of our knowledge, the interim financial statements give a true and fair view of the Group's assets, liabilities, financial position and performance, while the interim management report provides a true and fair overview of important events in the reporting period and their impact on the financial statements, describes the principal risks and uncertainties associated with the next reporting period and describes related party transactions.

Oslo, 13 August 2014
Board of VEIDEKKE ASA

Martin Mæland
Chairman

Per Otto Dyb
Deputy Chairman

Gro Bakstad

Annika Billström

Ann Christin Gjerdseth

Hans von Uthmann

Odd Andre Olsen

Inge Ramsdal

Lars Skaare

Arne Giske
President and CEO

A. FINANCIAL ACCOUNTS FOR SECOND QUARTER 2014

NOK million

PROFIT AND LOSS	Q2 2014	Q2 2013	1.1-30.6 2014	1.1-30.6 2013	2013
Operating revenues	6 218.3	5 453.1	11 524.5	9 687.3	21 780.9
Operating expenses	-5 957.8	-5 305.8	-11 176.4	-9 553.3	-20 833.3
Result from investments in associated companies and joint ventures	55.5	12.7	77.1	15.1	65.2
Operating profit before depreciation (EBITDA)	316.0	160.1	425.2	149.0	1 012.8
Impairment of non-current assets	1.2	-	-	-	-11.3
Depreciation	-80.1	-75.0	-160.2	-148.2	-309.8
Operating profit (EBIT)	237.1	85.1	265.0	0.8	691.7
Financial income	15.9	20.2	38.7	37.2	80.8
Financial expenses	-5.6	-10.9	-16.7	-19.4	-54.2
Earnings before tax	247.5	94.4	287.1	18.6	718.3
Income tax expense	-48.5	-21.3	-57.4	-4.2	-162.6
Earnings after tax	199.0	73.1	229.6	14.4	555.8
of which non-controlling interests	6.4	3.4	8.1	-0.2	12.1
Earnings per share (NOK) ¹⁾	1.4	0.5	1.7	0.1	4.1

¹⁾ No dilutive effect.**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Earnings after tax	199.0	73.1	229.6	14.4	555.8
Revaluation of pensions	-	-	-	-	-3.9
Total items that will not be reclassified to income later	-	-	-		-3.9
Currency conversion differences	-0.6	14.6	-19.7	43.9	90.7
Fair value adjustment of financial assets	0.4	-1.6	-4.8	-4.9	4.1
Total items that will be reclassified to income later	-0.2	13.0	-24.5	39.1	94.8
Total comprehensive income	198.8	86.1	205.1	53.5	646.7
of which non-controlling interests	6.5	3.3	7.7	1.1	14.8

STATEMENT OF CASH FLOWS

Earnings before tax	247.5	94.4	287.1	18.6	718.3
Tax paid	-23.4	1.0	-31.5	-5.5	-18.2
Depreciation/impairment	78.9	75.0	160.2	148.2	321.1
Other operational items	-137.4	-160.0	-16.4	54.8	626.6
Cash flow from operating activities	165.6	10.4	399.4	216.1	1 647.8
Purchase/sale of tangible non-current assets	-157.6	-75.6	-229.6	-110.5	-136.9
Other investment activities	-7.0	11.6	-152.3	-5.2	33.1
Change in interest-bearing receivables	-68.2	-17.8	-702.5	25.9	45.3
Cash flow from investment activities	-232.8	-81.8	-1 084.4	-89.8	-58.5
Change in interest-bearing debt	414.2	405.6	504.5	147.5	-597.2
Dividend paid	-401.1	-334.3	-401.1	-334.3	-334.3
Purchases own shares	-	-	-	-	-
Change other long-term liabilities	79.4	-1.7	83.4	-1.7	-709.3
Other financial items	-30.1	-18.6	-47.9	-30.4	598.0
Cash flow from financing activities	62.4	51.0	138.8	-218.9	-1 042.7
Change in cash and cash equivalents	-4.8	-20.4	-546.2	-92.6	546.6
Cash and cash equivalents, start of period	218.8	138.5	763.6	205.5	205.5
Exchange rate adjustment foreign cash balances	-1.0	0.2	-4.5	5.4	11.5
Cash and cash equivalents, end of period	212.9	118.3	212.9	118.3	763.6

NOK million

NET INTEREST-BEARING POSITION	As at 30.06 2014	As at 30.06 2013	As at 31.12 2013
Cash and cash equivalents	212.9	118.3	763.6
Financial assets (short-term)	650.0	-	-
Interest-bearing assets (long-term)	369.0	336.0	316.6
Interest-bearing liabilities	-1 980.3	-2 220.5	-1 475.8
Net interest-bearing position	-748.4	-1 766.2	-395.7
Change in net interest-bearing position (from 1 January)	-352.7	-260.6	1 109.9
OTHER KEY FIGURES			
Order backlog (NOK million)	18 761	18 279	18 273
Equity ratio (%)	18.6	15.8	21.1
Number of employees	6 616	6 454	6 286
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Non-current assets			
Goodwill	784.1	645.6	775.2
Other intangible assets	96.6	45.2	104.5
Deferred tax assets	55.5	62.4	55.5
Buildings/land	507.6	512.4	499.5
Machinery etc.	1 353.8	1 222.2	1 229.6
Investments in associated companies and joint ventures	1 012.9	778.5	908.3
Financial assets	466.4	429.7	417.4
Total non-current assets	4 276.8	3 696.1	3 990.0
Current assets			
Non-residential and residential projects	2 598.2	3 440.6	3 147.7
Inventories	265.2	417.5	307.9
Accounts receivable and other receivables	3 936.9	4 246.9	3 457.2
Financial assets	650.0	-	-
Cash and cash equivalents	212.9	118.3	763.6
Total current assets	7 663.3	8 223.2	7 676.3
Total assets	11 940.1	11 919.3	11 666.4
EQUITY AND LIABILITIES			
Equity			
Share capital	66.9	66.9	66.9
Other equity	2 086.7	1 765.0	2 337.5
Non-controlling interests	66.9	45.6	62.0
Total equity	2 220.4	1 877.5	2 466.4
Non-current liabilities			
Pension liability and deferred tax	559.9	449.2	557.6
Bonds	750.0	500.0	750.0
Debt to credit institutions etc.	762.7	1 004.5	53.4
Other non-current liabilities	135.5	26.4	36.5
Total non-current liabilities	2 208.1	1 980.1	1 397.5
Current liabilities			
Commercial papers and debt to credit institutions	467.6	716.0	672.4
Trade payables and warranty provisions	3 921.6	4 099.5	3 769.1
Public duties and tax payable	799.8	620.0	669.5
Other current liabilities	2 322.5	2 626.2	2 691.4
Total current liabilities	7 511.6	8 061.7	7 802.4
Total equity and liabilities	11 940.1	11 919.3	11 666.4

NOK million

B. BUSINESS SEGMENTS

	Q2 2014	Q2 2013	1.1-30.6 2014	1.1-30.6 2013	2013
CONSTRUCTION <i>(specification page 14)</i>					
Operating revenues	4 747.4	4 284.8	9 065.8	7 875.2	16 967.5
Operating expenses	-4 602.5	-4 167.8	-8 807.1	-7 683.3	-16 389.3
Profit/loss from associated companies and joint ventures	1.5	0.5	1.0	-0.8	3.1
Depreciation/impairment	-46.7	-40.0	-92.6	-78.2	-169.0
Operating profit (EBIT)	99.6	77.5	167.1	112.9	412.3
Net financial items	16.3	9.2	35.4	19.7	33.3
Earnings before tax (EBT)	115.9	86.7	202.6	132.6	445.6
Total assets, segment	7 321.1	6 586.0	7 321.1	6 586.0	7 365.3
PROPERTY <i>(specification page 15)</i>					
Operating revenues	421.9	426.0	1 172.0	831.6	1 782.6
Operating expenses	-402.9	-399.4	-1 099.5	-787.7	-1 657.4
Profit/loss from associated companies and joint ventures	25.6	19.6	53.6	46.5	97.2
Depreciation/impairment	0.9	-1.0	-0.6	-1.9	-7.8
Operating profit (EBIT)	45.6	45.2	125.5	88.6	214.5
Net financial items	4.1	-5.2	1.1	-3.7	6.0
Earnings before tax (EBT)	49.6	40.0	126.6	84.9	220.5
Total assets, segment	3 717.3	4 118.9	3 717.3	4 118.9	4 141.6
INDUSTRY					
Operating revenues	1 109.9	899.9	1 513.3	1 187.4	3 475.9
Operating expenses	-989.6	-829.5	-1 490.7	-1 213.9	-3 172.8
Profit/loss from associated companies and joint ventures	5.2	5.6	2.2	1.2	18.8
Depreciation/impairment	-33.1	-33.9	-66.8	-67.9	-143.9
Operating profit (EBIT)	92.4	42.1	-42.1	-93.2	178.0
Net financial items	-10.6	-5.7	-17.1	-10.9	-19.8
Earnings before tax (EBT)	81.8	36.3	-59.1	-104.1	158.2
Total assets, segment	2 055.4	1 986.2	2 055.4	1 986.2	1 574.2
OTHER OPERATIONS ¹⁾					
Operating revenues	0.3	-	0.4	0.3	0.8
Operating expenses	-23.9	-29.5	-46.6	-47.4	-69.0
Profit/loss from associated companies and joint ventures	3.2	3.3	6.8	6.2	12.8
Depreciation/impairment	-0.1	-0.1	-0.2	-0.2	-0.4
Operating profit (EBIT)	-20.5	-26.3	-39.6	-41.1	-55.8
Net financial items	7.6	11.2	9.6	12.6	7.2
Earnings before tax (EBT)	-12.9	-15.1	-29.9	-28.4	-48.6
¹⁾ Other operations include the Group's net financial items, and central unassigned costs.					
GROUP ELIMINATIONS					
Operating revenues	-240.0	-239.0	-484.3	-473.7	-1 035.9
Operating expenses	238.0	236.0	480.3	470.7	1 036.0
Profit/loss from associated companies and joint ventures	-	-	-	-	-
Depreciation/impairment	-	-	-	-	-
Operating profit (EBIT)	-2.0	-3.0	-4.0	-3.0	0.1
Net financial items	-7.0	-	-7.0	-	-
Earnings before tax (EBT)	-9.0	-3.0	-11.0	-3.0	0.1
TOTAL VEIDEKKE GROUP SEGMENT ACCOUNTS					
Operating revenues	6 039.5	5 371.8	11 267.1	9 420.9	21 190.8
Operating expenses	-5 781.0	-5 190.2	-10 963.5	-9 261.7	-20 252.5
Profit/loss from associated companies and joint ventures	35.6	29.0	63.6	53.2	131.9
Depreciation/impairment	-78.9	-75.0	-160.2	-148.2	-321.1
Operating profit (EBIT)	215.1	135.5	207.0	64.2	749.2
Net financial items	10.4	9.4	22.1	17.8	26.6
Earnings before tax (EBT)	225.4	144.9	229.1	82.0	775.8
Total assets, segment	11 586.3	11 444.5	11 586.3	11 444.5	11 377.8

RECONCILIATION OF SEGMENT ACCOUNTS AND FINANCIAL ACCOUNTS

NOK million

	Q2 2014	Q2 2013	1.1-30.6 2014	1.1-30.6 2013	2013
TOTAL VEIDEKKE GROUP SEGMENT ACCOUNTS					
Operating revenues	6 039.5	5 371.8	11 267.1	9 420.9	21 190.8
Operating expenses	-5 781.0	-5 190.2	-10 963.5	-9 261.7	-20 252.5
Profit/loss from associated companies and joint ventures	35.6	29.0	63.6	53.2	131.9
Depreciation/impairment	-78.9	-75.0	-160.2	-148.2	-321.1
Operating profit (EBIT)	215.1	135.5	207.0	64.2	749.2
Net financial items	10.4	9.4	22.1	17.8	26.6
Earnings before tax (EBT)	225.4	144.9	229.1	82.0	775.8
Total assets, segment	11 586.3	11 444.5	11 586.3	11 444.5	11 377.8
IFRIC 15 ADJUSTMENTS ^{1) 2)}					
Operating revenues	178.9	81.3	257.4	266.4	590.1
Operating expenses	-176.8	-115.6	-212.9	-291.7	-580.8
Profit/loss from associated companies and joint ventures	20.0	-16.2	13.4	-38.1	-66.7
Depreciation/impairment	-	-	-	-	-
Operating profit (EBIT)	22.0	-50.5	58.0	-63.4	-57.4
Net financial items	-	-	0.0	-	-
Earnings before tax (EBT)	22.0	-50.5	58.0	-63.4	-57.4
Total assets, segment	353.8	474.8	353.8	474.8	288.5

¹⁾ Under IFRS, income and earnings for completed residential units are not recognised until the date on which the apartment is delivered to the buyer. In the internal monitoring of residential projects, the reporting is on a percentage of completion basis, which means that revenue and expenses are recognised by reference to the project's estimated final outcome x stage of completion x sales rate.

²⁾ See also the accompanying notes, item 2 Accounting policies.

NOK million

	Q2 2014	Q2 2013	1.1-30.6 2014	1.1-30.6 2013	2013
TOTAL VEIDEKKE GROUP					
Operating revenues	6 218.3	5 453.1	11 524.5	9 687.3	21 780.9
Operating expenses	-5 957.8	-5 305.8	-11 176.4	-9 553.3	-20 833.3
Profit/loss from associated companies and joint ventures	55.5	12.7	77.1	15.1	65.2
Depreciation/impairment	-78.9	-75.0	-160.2	-148.2	-321.1
Operating profit (EBIT)	237.1	85.1	265.0	0.8	691.7
Net financial items	10.4	9.4	22.1	17.8	26.6
Earnings before tax (EBT)	247.5	94.4	287.1	18.6	718.3
Total assets, segment	11 940.1	11 919.3	11 940.1	11 919.3	11 666.4

Construction operations by country

NOK million

	Q2 2014	Q2 2013	1.1-30.6 2014	1.1-30.6 2013	2013
CONSTRUCTION NORWAY					
Operating revenues	3 033.1	3 113.9	5 839.1	5 686.5	12 131.7
Operating expenses	-2 915.8	-3 011.4	-5 643.9	-5 514.4	-11 677.8
Profit/loss from associated companies and joint ventures	-	-0.1	-	-0.1	2.1
Depreciation/impairment	-31.4	-28.4	-62.3	-56.0	-122.1
Operating profit (EBIT)	85.9	74.1	132.9	116.0	333.8
Net financial items	17.8	8.5	34.6	16.8	26.0
Earnings before tax (EBT)	103.7	82.5	167.5	132.8	359.9
Total assets, segment	5 052.1	4 903.1	5 052.1	4 903.1	5 125.9
CONSTRUCTION SWEDEN					
Operating revenues	1 266.7	866.4	2 359.8	1 601.4	3 499.4
Operating expenses	-1 260.0	-863.1	-2 333.5	-1 600.2	-3 447.4
Profit/loss from associated companies and joint ventures	1.5	0.6	1.0	-0.7	1.1
Depreciation/impairment	-13.6	-10.0	-26.8	-19.1	-40.2
Operating profit (EBIT)	-5.4	-6.1	0.5	-18.7	12.8
Net financial items	-4.0	-0.6	-4.0	0.4	-1.4
Earnings before tax (EBT)	-9.4	-6.7	-3.5	-18.3	11.4
Total assets, segment	1 480.8	926.6	1 480.8	926.6	1 379.3
CONSTRUCTION DENMARK					
Operating revenues	447.5	304.5	866.9	587.3	1 336.5
Operating expenses	-426.7	-293.4	-829.6	-568.7	-1 264.1
Profit/loss from associated companies and joint ventures	-	-	-	-	-
Depreciation/impairment	-1.7	-1.6	-3.5	-3.1	-6.7
Operating profit (EBIT)	19.1	9.5	33.7	15.6	65.7
Net financial items	2.5	1.2	4.8	2.5	8.6
Earnings before tax (EBT)	21.6	10.8	38.5	18.1	74.3
Total assets, segment	788.2	756.4	788.2	756.4	860.1
TOTAL CONSTRUCTION					
Operating revenues	4 747.4	4 284.8	9 065.8	7 875.2	16 967.5
Operating expenses	-4 602.5	-4 167.8	-8 807.1	-7 683.3	-16 389.3
Profit/loss from associated companies and joint ventures	1.5	0.5	1.0	-0.8	3.1
Depreciation/impairment	-46.7	-40.0	-92.6	-78.2	-169.0
Operating profit (EBIT)	99.6	77.5	167.1	112.9	412.3
Net financial items	16.3	9.2	35.4	19.7	33.3
Earnings before tax (EBT)	115.9	86.7	202.6	132.6	445.6
Total assets, segment	7 321.1	6 586.0	7 321.1	6 586.0	7 365.3

Property development by country

	NOK million				
	Q2 2014	Q2 2013	1.1-30.6 2014	1.1-30.6 2013	2013
PROPERTY DEVELOPMENT NORWAY					
Operating revenues	198.1	235.0	408.9	525.1	1 069.8
Operating expenses	-183.6	-222.7	-384.2	-493.8	-974.2
Profit/loss from associated companies and joint ventures	21.9	16.1	45.6	39.4	71.4
Depreciation/impairment	1.1	-0.8	-0.4	-1.6	-7.0
Operating profit (EBIT)	37.5	27.5	70.1	69.1	160.0
Net financial items	0.2	-2.4	0.7	2.4	10.0
Earnings before tax (EBT)	37.7	25.1	70.7	71.5	170.1
Total assets, segment	1 985.4	2 297.2	1 985.4	2 297.2	2 265.1
PROPERTY DEVELOPMENT SWEDEN					
Operating revenues	223.8	191.1	763.1	306.6	712.8
Operating expenses	-219.3	-176.7	-715.3	-293.9	-683.3
Profit/loss from associated companies and joint ventures	3.8	3.5	8.0	7.0	25.8
Depreciation/impairment	-0.1	-0.2	-0.3	-0.3	-0.8
Operating profit (EBIT)	8.1	17.7	55.5	19.4	54.5
Net financial items	3.9	-2.8	0.4	-6.0	-4.0
Earnings before tax (EBT)	12.0	14.9	55.8	13.4	50.5
Total assets, segment	1 731.9	1 821.6	1 731.9	1 821.6	1 876.5
TOTAL PROPERTY DEVELOPMENT					
Operating revenues	421.9	426.0	1 172.0	831.6	1 782.6
Operating expenses	-402.9	-399.4	-1 099.5	-787.7	-1 657.4
Profit/loss from associated companies and joint ventures	25.6	19.6	53.6	46.5	97.2
Depreciation/impairment	0.9	-1.0	-0.6	-1.9	-7.8
Operating profit (EBIT)	45.6	45.2	125.5	88.6	214.5
Net financial items	4.1	-5.2	1.1	-3.7	6.0
Earnings before tax (EBT)	49.6	40.0	126.6	84.9	220.5
Total assets, segment	3 717.3	4 118.9	3 717.3	4 118.9	4 141.6

C. STATEMENT OF CHANGES IN EQUITY**Equity holders of Veidekke ASA**

NOK million

	Share capital	Other paid-in capital ¹⁾	Currency translation differences	Other retained earnings	Fair value adjustment ²⁾	Total	Non-controlling interests	Total
Equity at 01 January 2013	66.9	304.8	-105.0	1 939.4	-87.9	2 118.1	64.5	2 182.6
Profit for the period				14.7		14.7	-0.2	14.4
Other comprehensive income			42.6		-4.9	37.7	1.3	39.1
IFRS 2 - share-based transactions (employees)				-6.5		-6.5		-6.5
Transactions with non-controlling interests				2.0		2.0	-10.3	-8.2
Change in non-controlling interests							-0.3	-0.3
Dividend				-334.3		-334.3	-9.4	-343.7
Equity at 30 June 2013	66.9	304.8	-62.4	1 615.3	-92.8	1 831.8	45.6	1 877.5
Equity at 01 January 2014	66.9	304.8	-17.1	2 133.6	-83.8	2 404.4	62.0	2 466.4
Profit for the period				221.5		221.5	8.1	229.6
Other comprehensive income			-19.3		-4.8	-24.1	-0.4	-24.5
IFRS 2 - share-based transactions (employees)				-6.9		-6.9		-6.9
Options - non-controlling interests				-40.3		-40.3		-40.3
Changes in non-controlling interests							5.6	5.6
Dividend				-401.1		-401.1	-8.4	-409.5
Equity at 30 June 2014	66.9	304.8	-36.3	1 906.9	-88.6	2 153.6	66.9	2 220.4

¹⁾ Paid-in capital over and above nominal value of shares.

²⁾ Change in fair value of available-for-sale shares and hedging instruments that qualify for hedge accounting.

There were no purchases of own shares in the 2nd quarter of 2014.

D. NOTES TO THE INTERIM ACCOUNTS**1. General information**

Veidekke is a Scandinavian construction and property development company headquartered in Oslo. The consolidated accounts for the second quarter of 2014 include Veidekke ASA and its subsidiaries and the Group's investments in associates and joint ventures. At the end of the second quarter 2014, the Group essentially consisted of the same entities as described in the 2013 annual report. Details of business combinations in 2014 can be found in note 8. The interim financial statements are unaudited.

2. Accounting policies

The Group presents its financial reports in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The quarterly accounts have been prepared in accordance with IAS 34 Interim Financial Reporting and are in line with the Stock Exchange Rules.

With effect from 1 January 2014, Veidekke has implemented IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and amendments to IAS 28 Investments in Associates and Joint Ventures. The implementation of these standards has had little effect on Veidekke's accounts, and in other respects the interim report has been prepared in accordance with the same accounting policies used for the 2013 annual report.

The interpretation IFRIC 15 deals with the sale of completed residential units and plays a significant role in clarifying the Group's accounting. There are no changes in the accounting treatment of this area compared with previous years. The interpretation clarifies whether an arrangement comes under the scope of construction contracts (IAS 11) or sale of goods (IAS 18). The interpretation also clarifies when revenue and earnings from property development projects are recognised in the accounts. This means that revenue and earnings from the sale of completed residential units are recognised when a unit is contractually delivered to the buyer.

In its segment reporting, Veidekke recognises revenue on a percentage of completion basis, by reference to the project's estimated final outcome, stage of completion and sales rate. This is done to provide as correct a picture as possible of current value creation in housing development and to ensure conformity with the Group's internal management reporting.

The interim financial statements do not include all the disclosures required in a full annual report and should therefore be read in conjunction with the Group's 2013 annual report, which can be obtained from the company or online at www.veidekke.com.

3. Segment reporting

The Group consists of three segments: Construction, Property Development and Industry. The segment results for the second quarter of 2014 are presented in the table on page 12.

4. Estimates

Construction and property development projects represent a large part of Veidekke's operations. Accounting for project activities is largely based on estimates. Significant judgements used in applying the Group's accounting policies and the main sources of estimate uncertainty at the end of the second quarter of 2014 are unchanged from those in the 2013 annual report.

5. Operations with significant seasonal fluctuations

The Group's asphalt and aggregate operations are subject to seasonal fluctuations as a result of climatic conditions. Most production takes place between May and October, and the majority of the revenues from operations accrue during these months. However, expenses associated with operation and maintenance of production equipment and depreciation are accrued over the full year. This means that there will normally be significant fluctuations in the quarterly accounts for the Industry division.

	12 months rolling as at 30.6.2014	12 months rolling as at 30.6.2013	NOK million 2013
INDUSTRY ¹⁾			
Turnover	3 801.8	3 166.7	3 475.9
Earnings before tax	203.2	31.4	158.2
GROUP ¹⁾			
Turnover	23 037.0	20 221.2	21 190.8
Earnings before tax	922.8	648.2	775.8

6. Non-current assets

PROPERTY, OTHER INTANGIBLE ASSETS, PLANT, ETC.	Q2 2014	Q2 2013	1.1.-30.6 2014	1.1.-30.6 2013	NOK million 2013
Book value at start of period	1 834.5	1 768.7	1 833.6	1 792.5	1 792.5
Additions	168.4	88.9	266.8	132.1	267.2
Additions from acquisition of operations	56.4	-	56.4	-	142.6
Depreciation	-78.9	-75.0	-160.2	-148.2	-309.8
Currency translation differences, etc.	-0.8	4.7	-8.0	16.2	32.6
Disposals non-current assets/sale of operations	-21.6	-7.5	-30.7	-12.8	-91.5
Book value at end of period	1 957.9	1 779.8	1 957.9	1 779.8	1 833.6
Other intangible assets	96.6	45.2	96.6	45.2	104.5
Property	507.6	512.4	507.6	512.4	499.5
Plant, etc.	1 353.8	1 222.2	1 353.8	1 222.2	1 229.6
Book value at end of period	1 957.9	1 779.8	1 957.9	1 779.8	1 833.6

GOODWILL	Q2 2014	Q2 2013	As at 30.06. 2014	As at 30.06 2013	NOK million 2013
Book value at start of period	762.4	641.2	775.2	631.0	631.0
Additions	42.0	-	42.0	-	125.5
Impairment	-	-	-	-	-11.3
Currency translation differences	2.4	4.4	-10.5	14.7	30.1
Disposals	-22.7	-	-22.7	-	-
Book value at end of period	784.1	645.6	784.1	645.6	775.2

7. Non-residential and residential projects

	Q2 2014	Q2 2013	2013
Units under production	795.2	1 428.1	1 733.9
Completed units for sale	40.6	56.5	50.2
Residential sites for development	1 706.9	1 873.2	1 757.9
Non-residential projects	55.5	82.7	81.9
Total non-residential and residential projects	2 598.2	3 440.6	3 623.9
Residential projects in joint ventures	813.1	523.2	694.0
Units under production ¹⁾	1 079	1 300	1 469
Sale rate, units under construction ¹⁾	74%	77%	74%
Unsold, completed units ¹⁾	48	25	23

¹⁾ Veidekke's share

8. Acquisitions, sales of operations

On 31 December 2013, Veidekke purchased the Stockholm-based contractor Arcona AB. Arcona AB and its subsidiaries reported revenues of NOK 990 million and profit before tax of NOK 25 million in 2013. The purchase consideration was NOK 165 million, and was paid in the first quarter of 2014. At the acquisition date, the acquired operations had bank deposits of NOK 74 million. The net cash effect of the purchase was NOK -91 million. The acquisition generated excess value of NOK 131 million, with NOK 120 million of this amount attributable to goodwill, NOK 19 million to trademarks, NOK -5 million to guarantee provisions and NOK -3 million to deferred tax. The acquisition analysis is preliminary.

The acquisition of Arcona AB also included the wholly-owned subsidiary BSK Arkitekter AB. On 30 June 2014, Veidekke sold 49% of the company to the employees. Following the sale, BSK Arkitekter AB is regarded as a jointly-controlled entity. This means that BSK Arkitekter AB is deconsolidated from 30 June 2014, with a downward adjustment of the goodwill from Arcona AB. The book value of goodwill arising from the acquisition of Arcona was NOK 94 million at 30 June 2014. A gain of NOK 0.9 million on the sale of the shares in BSK Arkitekter AB was recognised.

On 27 June 2014, Veidekke acquired 70% of the shares in the Swedish concrete element factory Recess V-Prefab AB. The factory is located outside Stockholm and manufactures prefabricated concrete elements and modules. Veidekke has worked closely with Recess to develop modules that will provide higher efficiency and lower costs in residential projects. The purchase price was NOK 52 million. NOK 20 million has been allocated to equipment and buildings, NOK 41 million to goodwill, NOK -4 million to deferred tax and -NOK 5 million to non-controlling interests. The acquisition analysis is preliminary.

9. Special items

Property Sweden sold 50% of the Svea Fanfar project, phase 2, in the first quarter. The transaction is included in the financial statements for the first quarter, contributing NOK 202 million to operating revenues and NOK 28.0 million to profit before tax.

10. Financial instruments

There were no significant changes relating to financial risk or the Group's use of financial instruments during the period. Further details can be found in the 2013 Annual Report.

Veidekke had NOK 650 million invested in a diversified low-risk bond fund as at Q2 2014.

11. Dividend

A dividend of NOK 3.0 per share, totalling NOK 401.1 million, was paid for the 2013 financial year. The dividend was adopted by the Annual General Meeting on 7 May 2014 and was therefore recognised in Q2 2014.

12. Covenants associated with loan agreements

Veidekke has available credit facilities of NOK 3.1 billion, which expire on 2 November 2015. At 30 June 2014, unutilised credit amounted to NOK 1,815 million. The following covenants are associated with the loan agreement with DNB Bank ASA:

1. Net interest-bearing debt divided by EBITDA for the previous four quarters shall not exceed 3.0, with the exception of Q2 and Q3 of each year, when the ratio shall not exceed 3.5. At 30 June 2014, the ratio was 0.6.

2. The Group's own-account exposure shall not exceed 60% of the Group's book equity. At 30 June 2014, own-account exposure was 23%.

Definitions:

Net interest-bearing debt is the Group's current and non-current interest-bearing liabilities minus the Group's cash and cash equivalents and interest-bearing receivables.

EBITDA is the Group's operating profit plus depreciation and impairment.

Own-account exposure is the value of started, unsold homes and commercial buildings in projects implemented under the control of the borrower or another Group company, and is calculated based on the expected sales price, with a minimum cost price.

13. Events after the reporting date

No events have occurred after the reporting date that would have any significant effect on the submitted accounts.

14. Deferred revenue recognition in accounting for sales of completed homes under IFRIC 15

The interpretation IFRIC 15, Agreements for the Construction of Real Estate, does not allow entities to recognise revenues and earnings from the sale of completed homes until the property has been contractually delivered to the buyer. In its internal monitoring, Veidekke recognises revenue for these projects on a percentage of completion basis by reference to the project's estimated final outcome, stage of completion and sales rate. Segment reporting follows these principles.

Summary of operating revenues and earnings before tax recognized in segment reporting:

NOK million

OPERATING REVENUES	Q2 2014	Q2 2013	As at 30 June 2014	As at 30 June 2013	2013
Accumulated operating revenues from non-delivered projects at start of period	1 009.3	1 485.2	1 103.4	1 644.6	1 644.6
+ Operating revenues from non-delivered projects during the period	252.4	381.6	651.4	753.2	1 495.5
- Operating revenues from delivered projects during the period	-431.3	-462.9	-908.9	-1 019.6	-2 085.6
Net IFRIC 15 adjustments to operating revenues	-178.9	-81.3	-257.4	-266.4	-590.1
+/- Currency translation differences	0.4	0.4	-15.2	26.1	48.8
Accumulated operating revenues from non-delivered projects at end of period	830.8	1 404.3	830.8	1 404.3	1 103.4

NOK million

PROFIT BEFORE TAX	Q2 2014	Q2 2013	As at 30 June 2014	As at 30 June 2013	2013
Accumulated earnings before tax from non-delivered projects at start of period	265.3	262.6	304.1	246.8	246.8
+/- Additions/disposals on purchase/sale of companies	-	-9.0	-	-9.0	-9.0
+ Earnings before tax from non-delivered projects during the period	124.0	85.0	209.2	174.5	383.7
- Earnings before tax from delivered projects during the period	-146.0	-34.5	-267.2	-111.1	-326.2
Net IFRIC 15 adjustments to earnings before tax	-22.0	50.5	-58.0	63.4	57.4
+/- Currency translation differences	-1.3	1.0	-4.0	3.8	8.8
Accumulated earnings before tax from non-delivered projects at end of period	242.1	305.1	242.1	305.1	304.1

At 30 June 2014, revenues of NOK 831 million and profit before tax of NOK 242 million had accrued on sales of homes under construction. These amounts are recognised as revenue in the segment reporting, but cannot be recognised under IFRS, as these standards do not allow revenue to be recognised in the financial statements until the individual sold homes are handed over.

15. Calculation of return on capital invested in property development, 12 months rolling

NOK million

30.06 2013 – 30.06 2014

At 30.06.2013

	Average invested capital	Earnings before tax	Financial costs	Taxes in joint ventures/associate	12 month return	Return
Norway	1 951	169	54	29	12.9 %	13.1 %
Sweden	982	99	18	-	11.9 %	4.5 %
Denmark	178	-6	4	-	-1.2 %	-0.5 %
Total Property	3 111	262	75	29	11.8 %	9.5 %

INFORMATION ABOUT THE COMPANY

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Head office: Skabos vei 4, Skøyen, 0278 Oslo

The Company's articles of association and corporate governance policy are available at:
http://en.veidekke.com/investor-relations/corporate_governance/

The Board of Directors consists of:

Martin Mæland (Chairman)
Per Otto Dyb (Deputy Chairman)
Gro Bakstad
Annika Billström
Ann Christin Gjerdseth
Hans von Uthmann
Odd Andre Olsen, employee representative
Inge Ramsdal, employee representative
Lars Skaare, employee representative

Executive Management consists of:

Arne Giske	President and CEO
Dag Andresen	Executive Vice President, responsible for construction operations in Norway
Per-Ingemar Persson	Executive Vice President, responsible for construction operations in Sweden and Denmark
Jørgen Wiese Porsmyr	Executive Vice President, responsible for Industry and Property Norway.
Terje Larsen,	CFO and Executive Vice President, responsible for Economy & Finance, IT, Procurement and Strategy
Hege Schøyen Dillner	Executive Vice President, responsible for HR, HSE, Environment, Communications and Legal

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