

DEMERGER PLAN

for the demerger of

AGR Group ASA

business registration number 986 922 113

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DEMERGER PLAN

1 REASON FOR THE DEMERGER

The Board of Directors of AGR Group ASA proposes that AGR Group ASA, business registration number 986 922 113, Smålonane 12-14, 5353 Straume, Fjell municipality, Norway, split its business into two companies by way of a demerger.

Currently, AGR Group ASA has two main business areas, the Petroleum Services business and Drilling Services business.

The Petroleum Services business includes services for reservoir evaluations, well planning, well operations and integrated field management to the upstream oil and gas industry. The Petroleum Services business is organised as a sub-group of AGR Group ASA, with AGR Petroleum Services Holdings AS as the parent company for the sub-group. AGR Group ASA owns 97% of the shares in AGR Petroleum Services Holdings AS.

The Drilling Services business includes services and development of technology within drilling operations. The Drilling Services business is organised as a sub-group of AGR Group ASA with AGR EDS and T&T Holdings AS as the parent company of the sub-group. AGR Group ASA owns 93.1% of the shares in AGR EDS and T&T Holdings AS. In addition, AGR CannSeal AS, where AGR Group ASA owns 95% of the shares, form part of the company's Drilling Services business.

The Board of Directors considers it to be beneficial for the development of the Company's two business areas that these businesses are developed separately, whereby the Petroleum Services business will be continued and focused on within the framework of the currently listed AGR Group ASA, and the Drilling Services business will be developed within the framework of a non-listed company. Thus, the purpose of the demerger is to separate the Petroleum Services and Drilling Services by spinning of the Drilling Services business into a new independent private limited company, EDS Group AS.

2 DEMERGER METHOD AND COMPENSATION/DISTRIBUTION OF SHARES

The demerger shall be carried out in accordance with the provisions set out in chapter 14, including the special provisions in section 14-11a concerning symmetrical demergers, of the Norwegian Public Limited Liability Companies Act, by transferring the Drilling Services business with related assets and liabilities (as described in section 8 below) to a newly established private limited company, EDS Group AS. The remaining assets and liabilities with related businesses will retain in AGR Group ASA.

In accordance with the provisions in section 11-8 (1) of the Norwegian Taxation Act, the nominal and paid up share capital of AGR Group ASA is allocated between AGR Group ASA and EDS Group AS in the same ratio as the net value of AGR Group ASA, i.e. with 56% on AGR Group ASA and with 44% on EDS Group AS (the "**Conversion Ratio**").

As per the date of the demerger plan, AGR Group ASA owns 1,745,915 own shares for which it will not be issued consideration shares in EDS Group AS. Thus, it is proposed that the company's share capital prior to the implementation of the demerger is reduced with NOK 3,491,830, from NOK 251,796,616 to NOK 248,304,786, by cancellation of AGR Group ASA's 1,745,915 own shares.

As part of the demerger, the share capital of AGR Group ASA will be reduced with NOK 109,254,105.84 from NOK 248,304,786 to NOK 139,050,680.16, by reducing the par value of each share with NOK 0.88 from NOK 2 to NOK 1.12. At the same time, EDS Group AS will be incorporated with a share capital of NOK 109,254,105.84, divided into 124,152,393 shares, each with a par value of NOK 0.88, issued as consideration to the shareholders in AGR Group ASA, and distributed to the shareholders in AGR Group ASA in the same ratio as the shares held by them in AGR Group ASA. One share in AGR Group ASA will give the right to receive one share in EDS Group AS. This reflects the distribution of actual value between the companies, see section 8 below.

In connection with the demerger, the Board of Directors will also propose that AGR Group ASA's registered office is to be relocated to the municipality of Oslo, Norway.

3 FURTHER DETAILS ON CONVERSION RATIO/VALUATION CONCLUSIONS

The Conversion Ratio is calculated by estimating the actual value of the Drilling Services business that will be spun out and the Petroleum Services business that will be continued within AGR Group ASA.

The valuation is mainly based on the discounted cash flow method (DCF-method). This involves an estimation of future operating cash flows adjusted for capital expenditures, changes in working capital and tax based on current budgets and estimated results.

The DFC-method reflects the market value of a business based on the cash flow the business is expected to generate in the future. These cash flows are then discounted by a discount rate (cost of capital) that reflects the time value of cash and risks related to the cash flows.

The valuation is undertaken based on an "as-is" or "stand-alone"-basis, and does not include an assumption based on hypothetical future financing from external investors. In addition, it is assumed that the Drilling Services and Petroleum Services business are to continue to operate as a "going concern" and under its current management.

4 ENTRY INTO FORCE PURSUANT TO THE COMPANY LAW

The demerger shall enter into force when the conditions set out in section 15 below have been satisfied and the notification of completion of the demerger is registered with the Norwegian Register of Business Enterprises, cf. section 14-8 of the Norwegian Public Limited Liability Companies Act ("**Time of Completion**"). At the Time of Completion, the following becomes effective:

- a) The share capital of AGR Group ASA is decreased.
- b) EDS Group AS is incorporated.
- c) Assets, rights and obligations are transferred from AGR Group ASA to EDS Group AS.
- d) The shares in AGR Group ASA are exchanged (reduction of the par value) for the shares in EDS Group AS.
- e) The Articles of Association of AGR Group ASA is amended in accordance with the proposals in the demerger plan.

5 TIME FOR THE ALLOCATION OF ASSETS, RIGHTS, OBLIGATIONS AND TRANSACTIONS

The demerger shall be implemented with effect from 1 January 2013 (the “**Division Date**”). From the Division Date, EDS Group AS shall be deemed to have acquired the assets, rights and obligations etc which EDS Group AS shall acquire pursuant to section 8 below. From the same time, all transactions, incomes and expenses associated with what EDS Group AS shall acquire, will be charged to EDS Group AS.

6 IMPLEMENTATION FOR ACCOUNTING PURPOSES

For accounting purposes, the demerger shall be implemented with effect from the Division Date.

The demerger shall be implemented with accounting continuity.

EDS Group AS shall publish financial accounts for the first time for the financial year 2013.

7 TAX IMPLEMENTATION

For tax purposes, the demerger shall be implemented with effect from the Time of Completion, cf. section 11-10 (3) of the Norwegian Taxation Act.

However, the demerger is carried out from the Division Date, i.e. all transactions, income and expenses associated with what EDS Group AS shall acquire will, for tax purposes, be allocated to EDS Group AS from the Division Date.

AGR Group ASA and EDS Group AS provide separate tax returns for the demerger year.

The demerger is implemented with tax continuity. Thus, EDS Group AS acquires the tax basis associated with the acquired assets on AGR Group ASA's hand.

In accordance with the Norwegian Taxation Act section 11-8 (1), the nominal and paid up share capital shall be allocated between the companies in the same ratio as the net value of AGR Group ASA.

8 DISTRIBUTION BETWEEN THE COMPANIES

8.1 Allocation of known assets, rights and obligations

The business of AGR Group ASA shall be allocated between AGR Group ASA and EDS Group AS as follows:

- (i) AGR Group ASA's shareholding in AGR EDS and T&T Holdings AS (93.1%), AGR CannSeal AS (95%) and AGR Marine Engineering AS (100%) shall be allocated to EDS Group AS.
- (ii) AGR Group ASA's shareholding in AGR Petroleum Services Holdings AS (97%), AGR Deepwater Technologies Inc (100%) and AGR Group – Abu Dhabi (branch) shall continue to be owned by AGR Group ASA.
- (iii) Intercompany debt shall be allocated as described in section 8.7 below.
- (iv) NOK 10,066,958 of the company's net cash balances shall be allocated to AGR Group ASA, and the remaining of the net cash balances shall be allocated to EDS group AS (a total amount preliminary estimated to NOK 0 in the opening balance sheet).

- (v) Other business with related assets and obligations shall be allocated to AGR Group ASA, with the exceptions as described in section 8.2 and 8.3 below.

A detailed specification of AGR Group ASA's known assets, rights and obligations at the Division Date, including the allocation between the companies, are set out in the demerger balance sheet included as [Appendix 1](#).

8.2 Allocation of new assets, rights and/or obligations

Any new assets, rights and/or obligations that arise during the period up to the completion of the demerger, shall in its entirety be allocated to EDS Group AS if such assets, rights and/or obligations are related to the Drilling Services business. Similarly, any new assets, rights and/or obligations shall in its entirety be allocated to AGR Group ASA if such assets, rights and/or obligations are related to the Petroleum Services business. Any new assets, rights and/or obligations which may not be allocated in accordance with these principles, shall be allocated in accordance with the Conversion Ratio.

8.3 Unknown/omitted assets and rights

If it turns out that AGR Group ASA, as per the Division Date, had assets or rights that were not included into [Appendix 1](#), and were also not taken into consideration when preparing [Appendix 1](#), the value of the assets/rights shall be allocated in the same manner as the Conversion Ratio.

8.4 Unknown/omitted obligations

If it turns out that AGR Group ASA, as per the Division Date, had any debt or other obligations that were not included into [Appendix 1](#), and also not taken into consideration when preparing [Appendix 1](#), this debt/obligation shall be allocated in accordance with the Conversion Ratio. This also includes claims which are made after the Division Date due to previous circumstances, including among other things claims for damages, taxes and charges.

8.5 Guarantee commitments etc

8.5.1 Guarantee commitments and securities

The previous financing of the Drilling Services business (AGR EDS and T&T Holdings AS and its subsidiaries) and the Petroleum Services business (AGR Petroleum Services Holdings AS and its subsidiaries) under a certain loan facilities agreement pursuant to which DNB Bank ASA was acting as the agent for and on behalf of a bank syndicate, was on 13 March 2013 refinanced. In connection with the new financing the Drilling Services business and the Petroleum Services business have been financed separately by two separate loan agreements with DNB Bank ASA as the sole lender under each loan agreement and by a bond agreement issued by AGR Petroleum Services Holdings AS.

AGR Group ASA has in relation to the new financing of the Petroleum Services business provided Norsk Tillitsmann ASA (as security agent under the new loan agreement and the bond agreement) with a parent guarantee in respect of AGR Petroleum Holdings AS' obligations under the new facility agreement and the Bond Agreement and security over its shares in AGR Petroleum Services Holdings AS. AGR Group ASA has also provided DNB Bank ASA with security over its shares in AGR EDS and T&T Holdings AS in relation to the financing of the Drilling Services business.

In connection with the de-merger, the part of AGR Group ASA being demerged will no longer be a guarantor under the parent guarantee provided in relation to the financing of the Petroleum Services business, pursuant to a guarantee agreement entered into with Norsk Tillitsmann ASA (as security agent).

As a consequence of the refinancing of the company in March 2013 there are no longer any cross guarantees and cross-securities between AGR Petroleum Services Holdings Ltd (and its subsidiaries) and AGR EDS and T&T Holdings Ltd (and its subsidiaries).

8.5.2 Other guarantees and obligations of performance etc

The demerger includes a transfer of the guarantee portfolio related to the Drilling Services business, consisting of the parent company guarantees and rights and obligations in connection with bank guarantees provided for the benefit of the companies which is a part of the Drilling Services business, to EDS Group AS. Within the framework of ordinary activities, the guarantee portfolio will be object to changes from the Division Date and up to the implementation of the demerger.

To the extent that AGR Group ASA after completion of the demerger still is liable for guarantee liabilities related to the Drilling Services business, AGR Group ASA shall be compensated for any expenses, including bank expenses, related to the maintenance of these guarantees.

Any assets, rights and obligations related to previous businesses that no longer are a part of AGR Group ASA, shall be allocated between the companies in accordance with Conversion Ratio.

8.6 Intellectual property rights

The right of ownership to the name "AGR" shall belong to AGR Group ASA. The same applies to the AGR-logo, domain name and registered trademarks or applications for such trademarks.

AGR Group ASA and EDS Group AS will enter into an agreement concerning EDS Group AS' right to use the name "AGR".

8.7 Intercompany debt

The allocation of intercompany debt is set out in [Appendix 2](#).

8.8 Tax positions

For tax purposes, the demerger shall be implemented with tax continuity pursuant to the rules on tax-free demergers. Therefore, EDS Group AS acquires the tax basis that the acquired assets have on AGR Group ASA's hand.

8.9 Preparation of the consolidated financial accounts for 2013

After the Time of Completion, EDS Group AS shall be obligated to contribute to the preparation of AGR Group ASA's consolidated financial accounts for 2013.

8.10 Documents, archival materials, accounting materials etc

Documents, archival materials and accounting materials etc shall follow the operations, assets or obligations which they relate to. The other company only has the right to retain such materials if the company is obligated to do this pursuant to law or regulation. In such an event, copies shall be handed over.

8.11 Allocation which may not be able to be carried out

If the distribution specified in the [Appendix 1](#) may not be carried out in full, compensation shall be paid between the companies in cash if the matter has financial significance.

9 CORPORATE DECISIONS

9.1 Approval of the demerger plan

The demerger plan dated 17 April 2013 for the demerger of AGR Group ASA is to be approved.

9.2 Cancellation of own shares

As per the date of the demerger plan, AGR Group ASA owns 1,745,915 own shares for which it will not be issued consideration shares in EDS Group AS. Thus, it is proposed that the company's share capital prior to the implementation of the demerger is reduced with NOK 3,491,830, from NOK 251,796,616 to NOK 248,304,786, by cancellation of AGR Group ASA's 1,745,915 own shares. Section 4 of AGR Group ASA's Articles of Association is to be amended as follows:

"The company's share capital is NOK 248,304,786, divided into 124,152,393 shares, each with a par value of NOK 2."

9.3 Share capital reduction as a result of the demerger

As a result of the demerger, the share capital of AGR Group ASA is to be reduced with NOK 109,254,105.84, from NOK 248,304,786 to NOK 139,050,680.16, by reducing the par value of each share with NOK 0.88, from NOK 2 to NOK 1.12.

With effect from the implementation of the demerger, the Articles of Association is to be amended as follows:

"The company's share capital is NOK 139,050,680.16, divided into 124,152,393 shares, each with a par value of NOK 1.12."

9.4 Relocation of AGR Group ASA's registered office

In connection with the demerger, AGR Group ASA's registered office is to be relocated to the municipality of Oslo, Norway.

With effect from the implementation of the demerger, the Articles of Association is to be amended to read as follows:

"The company's registered office is in Oslo municipality".

10 INCORPORATION OF EDS GROUP AS

EDS Group AS shall be incorporated with a share capital of NOK 109,254,105.84 divided into 124,152,393 shares, each with a par value of NOK 0.88. The resolution at the General Meeting of AGR Group ASA for the approval of the demerger plan has the effect of subscribing for the shares in EDS Group AS.

The share in EDS Group AS shall be paid through the transfer of the assets, rights and obligations which EDS Group AS shall acquire pursuant to section 8 above.

The Memorandum of Incorporation for EDS Group AS shall be in accordance with Appendix 6 – 8 of this demerger plan.

11 DEMERGER EXPENSES

Any expenses related to the demerger are to be divided between AGR Group ASA and EDS Group AS in accordance with the Conversion Ratio. Stamp duty, registration fees, fees to the Norwegian

Register of Business Enterprises and remuneration to AGR Group ASA's auditor and lawyer are to be considered as demerger expenses.

12 DRAFT OF THE OPENING BALANCE SHEET

Draft of the opening balance sheet for EDS Group AS as per 31 March 2013 are included as Appendix 9 to this demerger plan and are to be considered as part of this demerger plan. The statement of the auditor that the opening balance sheet has been settled in accordance with applicable accounting regulations has been enclosed in Appendix 10.

13 CHANGES TO THE DEMERGER PLAN

After the General Meeting has approved the demerger plan, the Board of Directors of AGR Group ASA may, on behalf of the General Meeting, implement minor changes to the demerger plan and to the enclosed Memorandum of Incorporation if this is deemed to be necessary or desirable and will not be to the detriment of or to the disadvantage of the company's shareholders. The general manager of AGR Group ASA may make the changes to the merger plan and to the Memorandums of Incorporation which the Register of Business Enterprises may require if the changes are formal or technical in nature and will not have financial consequences.

14 THE CONSEQUENCES OF THE DEMERGER FOR THE EMPLOYEES AND THE ORGANISATION

The group's employees are mainly employed in the subsidiaries of the group. It is considered that the demerger does not have any impact to the group's employees.

From the date of the merger with AGR Business Partner AS on 10 December 2012, AGR Group ASA has been offering inter alia consolidation services for the Drilling Services business and Petroleum Services business, treasury services etc. AGR Group ASA will, for a transitional period, enter into agreements with the demerged Drilling Services business for the support of some services relating to consolidation, accounting, salary etc.

15 CONDITIONS FOR THE COMPLETION OF THE DEMERGER

The completion of the demerger is conditional upon that:

- (i) The shares in AGR Group ASA are not delisted from the Oslo Stock Exchange.
- (ii) The creditor notice period pursuant to section 14-7 cf. sections 13-14 and 13-16, of the Norwegian Public Limited Liability Companies Act has expired and the relation to the creditors who have raised objections are clarified, or that the District Court has decided that the demerger in any case can be implemented and notice sent to the Norwegian Register of Business Enterprises.

16 CONDITIONS FOR EXERCISING SHAREHOLDER RIGHTS IN EDS GROUP AS

The shareholders to acquire shares in EDS Group AS shall be registered as shareholders in the shareholder register of EDS Group AS as soon as possible after the Time of Completion. The shareholders will receive full shareholder rights in EDS Group AS from the date of registration in the shareholder register. The condition for registration in the shareholder register of EDS Group AS is that the shareholder is entered in the shareholder register of AGR Group ASA at the Time of Completion.

17 DUTY OF CONFIDENTIALITY

Each of the companies and their representatives shall have a duty of confidentiality regarding all information they have of the other company's business, assets, rights and obligations. Exempted from this duty of confidentiality is only information which is subsequently been made publicly available from other sources, information to courts of law or other public authorities that must be provided despite this duty of confidentiality, and information that is obviously not of a confidential nature.

Information subject to this duty of confidentiality may neither be used in the businesses of the company that are subject to this duty of confidentiality. This prohibition shall also apply to the shareholders of the company and for businesses where the shareholders or the company have any financial interest in.

* * *

Oslo, 17 April 2013

Board of Directors of AGR Group ASA

Eivind Reiten
Chairman of the Board of Directors

Hugo Maurstad
Board member

Tove Magnussen
Board member

Thomas Nilsson
Board member

Reynir Kjær Indahl
Board member

Maria Tallaksen
Board member

Celeste Mackie
Board member

Demerger Balance per 31.03.2013
AGR Group
EDS Group AS
Balance
Fixed assets

Deffered tax asset	46 502 454	-
Machinery and other equipment	1 902 293	-
Investments in subsidiaries	272 259 499	402 883 811
Loan to Group Companies	106 000 000	80 857 271
Other fixed assets	13 870 972	18 020 915
Total Fixed assets	440 535 218	501 761 997

-

Current assets

Trade receivables	1 408 294	-
Group receivables	5 117 736	10 122 147
Other receivables	3 726 639	-
Cash and cash equivalents	10 066 958	-
Total current assets	20 319 627	10 122 147

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Total Assets	460 854 845	511 884 144
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Equity

Share capital	139 050 680	109 254 106
Total paid-in equity	139 050 680	109 254 106
Other equity	279 170 069	365 634 376
Total other equity	279 170 069	365 634 376

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Total equity	418 220 749	474 888 482
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Long-term liabilities

Loan to Group Companies	-	35 500 000
Total long-term liabilities	-	35 500 000

Short-term liabilities

Debt to credit institutions	-	-
Trade payables	5 391 483	-
Tax payable	-	-
Group Payables	12 218 777	1 495 662
Public charges	1 113 190	-
Other short term liabilities	23 910 646	-
Total short-term liabilities	42 634 096	1 495 662

-

Total liabilities	42 634 096	36 995 662
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Total equity and liabilities	460 854 845	511 884 144
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-0

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	Group receivable short term	Group payable short term	Loan to Group Companies	Loan from Group Companies
AGR Subsea AS	3 965 160	-174 134		
AGR WellServices AS	43 530			
AGR Petroleum Services AS	156 393	-250 068		
AGR PS Holdings AS	1 768 136	-13 409	106 000 000	
AGR Cannseal AS	-	-269 903	80 703 290	
AGR Subsea Ltd	486 254			
AGR Marine Engineering AS	3 151	-27 410	153 981	
AGR DS Holdings AS		-1 024 215		
FJ Brown Inc	197 971			
AGR PS Middle East	1 892 175	-11 209 553		
AGR DS Holdings AS	89 388			
AGR Tracs Ltd	539 694	-745 747		
AGR Drilling Services Pty	280 074			
AGR Drilling Services do Brazil	53 376			
AGR Tracs Consultancy	11 391			
AGR Cleanup AS	43 531			
AGR Consultancy Ltd	223 102			
AGR Seabed Ltd	131 080			
AGR EDS and T&T Holdings AS	5 026 604			-35 500 000
AGR Solution Systems Ltd	11 035			
AGR Well Management ltd	317 839			
Total Intercompany	15 239 883	-13 714 439	186 857 271	-35 500 000
	0	0	-	-
AGR Group	5 117 736	-12 218 777	106 000 000	
EDS Group	10 122 147	-1 495 662	80 857 271	-35 500 000
Total Intercompany	15 239 883	-13 714 439	186 857 271	-35 500 000
	-	-	-	-

Articles of Association

for

AGR Group ASA

(being effective upon completion of the demerger)

Section 1 – Company name

The company's name is AGR Group ASA. The company is a public limited liability company.

Section 2 – Registered office

The company's registered office is in Oslo municipality.

Section 3 – Company's business

The company's objective is to operate its business within trade, industry and property investments and in businesses in connection with this, including participation in other companies operating within similar businesses and investments in real estate, securities and other assets.

Section 4 – Share capital

The company's share capital is NOK 139,050,680.16, divided into 124,152,393 shares, each with a par value of NOK 1.12.

Section 5 – Board of Directors

The company's Board of Directors shall consist of 3 to 9 members, as decided upon by the General Meeting. The Chairman of the Board of Directors is elected by the General Meeting.

Section 6 – Nomination Committee

The company shall have a Nomination Committee consisting of 3 members. The members of the committee are elected by the General Meeting, which also elects the Chairman of the committee. The Nomination Committee shall submit recommendation to the General Meeting regarding election of members of the Board of Directors, and shall also propose the remuneration to the members of the Board of Directors. The General Meeting may adopt instructions for the Nomination Committee's work.

Section 7 – Signature

The Chairman of the Board of Directors alone or two Board members jointly may sign for and on behalf of the company.

Section 8 – General Meeting

In the Annual General Meeting, the following issues shall be discussed and resolved:

- Approval of the Annual Accounts and the Annual Report, including distribution of dividend.
- Other issues which according to law or the Articles of Association falls under the responsibility of the General Meeting.

Documents regarding matters to be discussed on the General Meeting, including documents which pursuant to law must be included with the notice of the General Meeting, are not required to be sent the shareholders if these documents are available on the company's website. A shareholder may, however, request for such documents to be sent.

Section 9 – Consent to transfer

Transfer of shares does not require consent by the company, and the shareholders do not have the right of first refusal.

Statsautoriserte revisorer

Ernst & Young AS

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Medlemmer av Den norske Revisorforening

To the general meeting of AGR Group ASA

Confirmation of coverage for restricted equity at capital reduction

We have verified that there is coverage for the remaining share capital and other undistributable equity in connection with the capital reduction in AGR Group ASA.

The Board's responsibility

The Board is responsible for ensuring that the capital reduction is not in excess of leaving full coverage for the company's undistributable equity pursuant to the Public Limited Liabilities Act § 12-2.

Auditor's responsibility

Our responsibility is to make a statement on whether there is full coverage of the company's restricted equity pursuant to the Public Limited Liabilities Act § 12-2.

We conducted our review and issue our statement in accordance with the Norwegian standard SA 3802-1 "The auditor's statements and reports pursuant to Norwegian company legislation". The standard requires that we plan and perform our review to obtain reasonable assurance for the fact that there is coverage for the remaining share capital and other undistributable equity having considered events subsequent to the balance sheet date and any loss that can be expected to occur. The work includes a review of the valuation of the calculations for which the Board is responsible and an assessment of whether events subsequent to the balance sheet date that can result in an inadequate coverage, have been sufficiently considered.

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

Opinion

In our opinion, there is coverage for the remaining share capital and other undistributable equity subsequent to the capital reduction of NOK 3 491 830, from NOK 251 796 616 to NOK 248 304 786.

Bergen, 24 may 2013

ERNST & YOUNG AS

Eirik Moe

State Authorised Public Accountant

This is a translation of the original official Norwegian document and is provided for information purposes only.

Statsautoriserte revisorer

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Medlemmer av Den norske Revisorforening

To the general meeting of AGR Group ASA

Statement on coverage for undistributable equity at capital reduction in connection with a demerger in target company not to be liquidated (AGR Group ASA)

We have reviewed whether there is coverage for the remaining share capital and other undistributable equity in connection with the capital reduction at the demerger in AGR Group ASA.

The Board of Directors' responsibility

The Board is responsible for ensuring that the capital reduction is not in excess of leaving full coverage for the company's undistributable equity pursuant to the Norwegian Public Limited Liabilities Companies Act section 12-2.

Auditor's responsibility

Our responsibility is to make a statement on this based on our review.

We conducted our review and issue our statement in accordance with the Norwegian standard SA 3802-1 "The auditor's statements and reports pursuant to Norwegian company legislation". The standard requires that we plan and perform our review to obtain reasonable assurance for the fact that there is coverage for the remaining share capital and other undistributable equity, having duly considered events subsequent to the balance sheet date and any loss that can be expected to occur. The work includes a review of the calculations for which the Board is responsible and an assessment of whether events subsequent to the balance sheet date that can result in an inadequate coverage have been sufficiently considered.

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

Opinion

In our opinion, there is coverage for the remaining share capital and other undistributable equity subsequent to the capital reduction at the demerger in AGR Group ASA of NOK 109 254 105,84, from NOK 248 304 786 to NOK 139 050 680,16 in accordance with the regulations of the Norwegian Public Limited Liabilities Companies Act.

Bergen, 24 May 2013

ERNST & YOUNG AS

Eirik Moe

State Authorised Public Accountant (Norway)

This is a translation of the original official Norwegian document and is provided for information purposes only.

MEMORANDUM OF INCORPORATION

OF

EDS GROUP AS

17 April 2013

1 THE COMPANY'S ARTICLES OF ASSOCIATION

The Company's Articles of Association shall be:

Section 1 – Company name

The company's name is EDS Group AS.

Section 2 – Registered office

The company's registered office is in Fjell municipality. The company may hold General Meetings in Oslo and Bergen municipality.

Section 3 – Company's business

The company's objective is to operate its business within trade, industry and property investments and in businesses in connection with this, including participation in other companies operating within similar businesses and investments in real estate, securities and other assets.

Section 4 – Share capital

The company's share capital is NOK 109,254,105.84, divided into 124,152,393 shares, each with a par value of NOK 0.88. The shares of the company shall be registered with a register of securities.

Section 5 – Board of Directors

The company's Board of Directors shall consist of 3 to 9 members, as decided upon by the General Meeting. The Chairman of the Board of Directors is elected by the General Meeting.

Section 6 – Signature

The Chairman of the Board of Directors alone or two Board members jointly may sign for and on behalf of the company.

Section 7 – General Meeting

In the Annual General Meeting, the following issues shall be discussed and resolved:

- Approval of the Annual Accounts and the Annual Report, including distribution of dividend.
- Other issues which according to law or the Articles of Association falls under the responsibility of the General Meeting.

Documents regarding matters to be discussed on the General Meeting, including documents which pursuant to law must be included with the notice of the General Meeting, are not required to be sent the shareholders if these documents are available on the company's website. A shareholder may, however, request for such documents to be sent.

Section 8 – Consent to transfer

Transfer of shares does not require consent by the company, and the shareholders do not have the right of first refusal.

* * *

2 PROMOTER, DISTRIBUTION OF SHARES AND PAID-UP SHARES

EDS Group AS is incorporated by AGR Group ASA, business registration number 986 922 113, Smålonane 12-14, 5353 Straume, Fjell municipality, Norway, as part of the demerger of AGR Group ASA. The shares in EDS Group AS are to be divided between the shareholders of AGR Group ASA in the same proportion as the shares held by them in AGR Group ASA. The shares are considered subscribed for when the demerger plan is adopted by the General Meeting of AGR Group ASA, cf. sections 14-6 and 13-3 of the Norwegian Public Limited Liability Companies Act.

As the share capital contribution, EDS Group AS shall assume the assets, rights and obligations from AGR Group ASA as set out in the demerger plan. The demerger is undertaken in accordance with the provisions set out in chapter 14, including the special provisions in section 14-11a concerning symmetrical demergers, of the Norwegian Public Limited Liability Companies Act, by transferring the Drilling Services business with related assets and liabilities (as described in section 8 of the demerger plan) to EDS Group AS. The remaining assets and liabilities with related business are retained in AGR Group ASA. As consideration to the shareholders in AGR Group ASA, EDS Group AS will issue 124,152,393 shares with a par value of NOK 0.88 per share, and the shares are to be divided between the shareholders in AGR Group ASA in proportion to the shares held by them in AGR Group ASA, so that one share in AGR Group ASA gives the right to receive one share in EDS Group AS. It is paid approximately NOK 3.83 per share in EDS Group AS. The amount is a result of dividing the equity in the opening balance sheet on the number of shares in the company.

3 BOARD OF DIRECTORS AND AUDITOR

The Company's Board of Directors shall from the incorporation of the Company consist of:

- Eivind Kristofer Reiten (Chairman of the Board of Directors)
- Hugo Lund Maurstad (Board member)
- Tove Magnussen (Board member)
- Thomas Nils Robert Nilsson (Board member)
- Reynir Kjær Indahl (Board member)
- Maria Tallaksen (Board member)
- Celeste Annette Mackie (Board member)

From the date of the incorporation of the Company, Ernst & Young AS, org no 976 389 387, Thormøhlens gate 53 D, 5006 Bergen, shall be its auditor.

4 COVERAGE OF INCORPORATION FEES

The Company shall cover the following fees by the incorporation:

- Registration fee to the Norwegian Register of Business Enterprises of NOK 6,797.

Oslo, 17 April 2013

Board of Directors of AGR Group ASA

Eivind Reiten

Chairman of the Board of Directors

Hugo Maurstad

Board member

Tove Magnussen

Board member

Thomas Nilsson

Board member

Reynir Kjær Indahl

Board member

Maria Tallaksen

Board member

Celeste Mackie

Board member

Articles of Association

for

EDS Group AS

(being effective upon completion of the demerger)

Section 1 – Company name

The company's name is EDS Group AS.

Section 2 – Registered office

The company's registered office is in Fjell municipality. The company may hold General Meetings in Oslo and Bergen municipality.

Section 3 – Company's business

The company's objective is to operate its business within trade, industry and property investments and in businesses in connection with this, including participation in other companies operating within similar businesses and investments in real estate, securities and other assets.

Section 4 – Share capital

The company's share capital is NOK 109,254,105.84, divided into 124,152,393 shares, each with a par value of NOK 0.88. The shares of the company shall be registered with a register of securities.

Section 5 – Board of Directors

The company's Board of Directors shall consist of 3 to 9 members, as decided upon by the General Meeting. The Chairman of the Board of Directors is elected by the General Meeting.

Section 6 – Signature

The Chairman of the Board of Directors alone or two Board members jointly may sign for and on behalf of the company.

Section 7 – General Meeting

In the Annual General Meeting, the following issues shall be discussed and resolved:

- Approval of the Annual Accounts and the Annual Report, including distribution of dividend.
- Other issues which according to law or the Articles of Association falls under the responsibility of the General Meeting.

Documents regarding matters to be discussed on the General Meeting, including documents which pursuant to law must be included with the notice of the General Meeting, are not required to be sent the shareholders if these documents are available on the company's website. A shareholder may, however, request for such documents to be sent.

Section 8 – Consent to transfer

Transfer of shares does not require consent by the company, and the shareholders do not have the right of first refusal.

To the founders of EDS Group AS

Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, NO-5008 Bergen
Postboks 6163 Bedriftssenter, NO-5892 Bergen
Foretaksregisteret: NO 976 389 387 MVA
Tlf.: +47 55 21 30 00
Fax: +47 55 21 30 01
www.ey.no

Medlemmer av Den norske Revisorforening

Report on capital increase at the date of formation

As independent experts, we report in accordance with the Norwegian Public Limited Liability Companies Act section 2-6 on instructions from the founders.

The founders' responsibility

The founders are responsible for the valuations that are the basis for the consideration.

The independent expert's responsibility

Our responsibility is to prepare a report on the agreement on the non-cash share capital contribution from the promoters at a consideration of shares in EDS Group AS and to give an opinion on whether the value of the assets to be taken over by the company at the formation at least equals the consideration.

The remaining report is divided into two parts. The first part is a presentation of information in accordance with the requirements of the Norwegian Public Limited Liability Companies Act section 2-6 first par. no. 1 to 4. The second part is our opinion on whether the value of the assets to be taken over by the company at least equals the consideration.

Part 1: Information about the contribution

The assets to be taken over by the company at the formation are included in the opening balance sheet dated 31 March 2013 and comprise the following:

- AGR Group ASA's shareholding in AGR EDS and T&T Holdings AS (93.1%), AGR CannSeal AS (95%) and AGR Marine Engineering AS (100%) shall be allocated to EDS Group AS. The Drilling Services business includes services and development of technology within drilling operations. The shares are valued at fair value as of 31 March 2013, and the valuation is mainly based on the discounted cash flow method (DCF-method). This involves an estimation of future operating cash flows adjusted for capital expenditures, changes in working capital and tax based on current budgets and estimated results.
- AGR Group ASA's financial statements, directors' reports and auditor's reports for the last three financial years are attached to the demerger plan.

Part 2: The independent expert's report

We conducted our review and issue our statement in accordance with the Norwegian standard SA 3802-1 "The auditor's statements and reports pursuant to Norwegian company legislation". The standard requires that we plan and perform our review to obtain reasonable assurance for the fact that the value of the assets to be taken over by the company at least equals the agreed consideration. The work includes a review of the valuation of the contribution including the

assessment principles. We have also assessed the valuation methods applied and the assumptions being the basis for the valuation.

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

Opinion

In our opinion, the assets to be taken over by the company at the formation are valued in accordance with the described principles and have a value at least equivalent to the agreed consideration of shares in EDS Group AS at a nominal value of NOK 109 254 105,84.

Bergen, 17 April 2013
ERNST & YOUNG AS

Eirik Moe
State Authorized Public Accountant (Norway)

Note: The translation into English has been prepared for information purposes only.

Draft of demerger Balance per 31.03.2013 (unaudited)

AGR DS Group

Balance	
Fixed assets	
Deffered tax asset	-
Investments in subsidiaries	402 883 811
Loan to Group Companies	80 857 271
Other fixed assets	18 020 915
Total Fixed assets	501 761 997
-	-
Current assets	
Group receivables	10 122 147
Total current assets	10 122 147
-	-
Total Assets	511 884 144
-	-
Equity	
Share capital	109 254 106
Total paid-in equity	109 254 106
Other equity	365 634 376
Total other equity	365 634 376
-	-
Total equity	474 888 482
Long-term liabilities	
Loan to Group Companies	35 500 000
Total long-term liabilities	35 500 000
-	-
Short-term liabilities	
Group Payables	1 495 662
Total short-term liabilities	1 495 662
-	-
Total liabilities	36 995 662
-	-
Total equity and liabilities	511 884 144

Oslo, 17.04.2013

Eivind Reiten
ChairmanHugo Lund Maurstad
Board memberThomas Nilsson
Board memberCeleste Annette Mackie
Board memberTove Magnussen
Board MemberReynir Kjær Indahl
Board memberMaria Tallaksen
Board memberÅge Landro
CEO**Note 1**

The demerger has been booked as continuity where the positions of AGR Group ASA have been continued. Presentation and classification is in accordance with the accounting principles presented in the annual report of AGR Group ASA. The balance sheet as of 28.02.2013 has been used as a basis to create the opening balance as of 31.03.2013 and the result for the period 28.02. to 31.03. has been estimated. The result for the period, adjusted for calculated tax cost has been booked against equity.

Note 2

The company will not issue consideration shares for the 1,745,915 shares AGR Group ASA holds as treasury shares as of the date of the demerger plan. These shares are to be cancelled prior to the demerger by a reduction of AGR Group ASA's share capital with NOK 3,491,830 from NOK 251,796,616 to NOK 248,304,786, by cancellation of AGR Group ASA's 1,745,915 treasury shares.

To the founders of EDS Group AS

Statement on the opening balance sheet at the date of formation

We have reviewed the opening balance sheet dated 31 March 2013 for EDS Group AS showing a share capital of NOK 109 254 106.

The founders' responsibility

The founders are responsible for the opening balance, disclosing the assets and liabilities to be taken over by the company in connection with the formation.

Auditor's responsibility

Our responsibility is to make a statement on the classification and presentation of the opening balance sheet based on our review.

We conducted our review and issue our statement in accordance with the Norwegian standard SA 3802-1 "The auditor's statements and reports pursuant to Norwegian company legislation". The standard requires that we plan and perform our review to obtain reasonable assurance for the fact that the information in the opening balance sheet is classified and presented in accordance with the requirements of the Norwegian Accounting Act.

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

Opinion

In our opinion, the classification and presentation of the opening balance sheet dated 31 March 2013 for EDS Group AS is in accordance with the requirements of the Norwegian Accounting Act and the principles described in note.

Bergen, 17 April 2013
ERNST & YOUNG AS

Eirik Moe
State Authorised Public Accountant

This is a translation of the original official Norwegian document and is provided for information purposes only.

Appendix 11 – AGR Group ASA’s financial statements, director’s reports and auditor’s reports for the financial years 2009-2012

Financial statements, director’s reports and auditor’s reports for the financial years 2009-2011 are included as appendix to the demerger plan by being made available together with and at the same place as the demerger plan.

In addition, the financial statement, director’s report and auditor’s report for the financial year 2012 - to be approved by the annual general meeting on 24 May 2013 - are included as appendix to the demerger plan by being made available together with and at the same place as the demerger plan.

The annual reports of the company for the years 2009, 2010, 2011 and 2012 are available for download at the following pages:

<http://www.agr.com/about-us/investor-relations/financial-reports>

Articles of Association

for

AGR Group ASA

(last amended 4 September 2009)

Section 1 – Company name

The company's name is AGR Group ASA. The company is a public limited liability company.

Section 2 – Registered office

The company's registered office is in Fjell municipality. The company may hold General Meetings in Oslo and Bergen municipality.

Section 3 – Company's business

The company's objective is to operate its business within trade, industry and property investments and in businesses in connection with this, including participation in other companies operating within similar businesses and investments in real estate, securities and other assets.

Section 4 – Share capital

The company's share capital is NOK 251,796,616, divided into 125,898,308 shares, each with a par value of NOK 2.

Section 5 – Board of Directors

The company's Board of Directors shall consist of 3 to 9 members, as decided upon by the General Meeting. The Chairman of the Board of Directors is elected by the General Meeting.

Section 6 – Nomination Committee

The company shall have a Nomination Committee consisting of 3 members. The members of the committee are elected by the General Meeting, which also elects the Chairman of the committee. The Nomination Committee shall submit recommendation to the General Meeting regarding election of members of the Board of Directors, and shall also propose the remuneration to the members of the Board of Directors. The General Meeting may adopt instructions for the Nomination Committee's work.

Section 7 – Signature

The Chairman of the Board of Directors alone or two Board members jointly may sign for and on behalf of the company.

Section 8 – General Meeting

In the Annual General Meeting, the following issues shall be discussed and resolved:

- Approval of the Annual Accounts and the Annual Report, including distribution of dividend.
- Other issues which according to law or the Articles of Association falls under the responsibility of the General Meeting.

Documents regarding matters to be discussed on the General Meeting, including documents which pursuant to law must be included with the notice of the General Meeting, are not required to be sent the shareholders if these documents are available on the company's website. A shareholder may, however, request for such documents to be sent.

Section 9 – Consent to transfer

Transfer of shares does not require consent by the company, and the shareholders do not have the right of first refusal.