

## Appendix 1: Valuation Summary and Proforma Balance

Valuation summary				
	AGR Group ASA	PSH Group	Newco Group	PSH (E&P)
Shareholder Loan		142	142,1	
Intercompany Loan			-32,8	32,8
Bond	550	550	550,0	
Debt	550	692	659,3	32,8
<b>NIBD *</b>	<b>488</b>	<b>647</b>	<b>659,3</b>	<b>-5,0</b>
Enterprise Value (excluding NCI)	1.038	1.038	1.037,3	8,0
Market cap (equity value)	550	391	378,0	13,0
<b>Market value of equity**</b>	<b>550</b>	<b>391</b>	<b>378,0</b>	<b>13,0</b>
<b>Conversion ratio</b>		<b>100 %</b>	<b>96,7 %</b>	<b>3,3 %</b>

\* At 31 October 2013

\*\* Market value of AGR PS 4 December 2013

AGR Group ASA end of day share price at 4th December 2013 was NOK 4.43, valuing the company's total equity to NOK 550 million<sup>1</sup>. The valuation of AGR Petroleum Services Group (PSH Group) is derived from the market value of the Parent company's, adjusted for PSH Group's Net Interest Bearing Debt (NIBD). The NIBD is derived from PSH Group's latest available balance sheet which is 31 October 2013.

The E&P business equity is valued to NOK 13 million of which NOK 8 million is the value of the company's 44% shareholding in AGR Energy AS, and the remaining 5 million is cash deposits net of debt to Newco (the Issuer).

Consequently, NOK 378 million (96.7%) of the market equity value of PSH Group is allocated to Newco Group, and the remaining NOK 13 million (3.3 %) is allocated to the E&P business. However note that according to the proforma balance sheet presented below, the book value of the demerged entity's equity is NOK 244.3 million, hence NOK 133.7 lower than the total market value. The book value of PSH (E&P) is set equal to the market value of the equity which is NOK 13 million, while the remaining NOK 244.3 is allocated to Newco. This implies that the conversion ratio based on the book value of equity is 94.9% and 5.1% for Newco and PSH E&P respectively.

<sup>1</sup> For comparison; Market value at 15th January 2014 (COB) was 544 MNOK

## Proforma Balance Sheet

<b>Proforma opening Balance (MNOK)</b>	<b>PSH (E&amp;P)</b>	<b>Newco</b>
Deferred tax assets		21,9
Machinery & equipment		0,5
Investments in subsidiaries		713,6
Shares in AGR Energy	8,0	
Loan to Group companies		452,5
Loan to Group companies (PSH E&P)		19,2
Other fixed assets		0,7
<b>Total Fixed Assets</b>	<b>8,0</b>	<b>1208,5</b>
Trade Receivables/other receivables	0,7	1,9
Cash external	25,3	
Cash Pool	16,2	-284,6
<b>Total Current Assets</b>	<b>42,1</b>	<b>-282,7</b>
<b>Total Assets</b>	<b>50,2</b>	<b>925,8</b>
<b>Equity</b>	<b>13,0</b>	<b>244,3</b>
Debt to credit institutions**		523,8
Group Loans		143,1
Loan from PSH (Newco)	19,2	
Other long term liabilities		1,5
<b>Total long-term liabilities</b>	<b>19,2</b>	<b>668,4</b>
Group payables	13,5	1,7
Trade payables	4,4	0,1
Other short term liabilities		11,3
Loss provision Pelagic		
<b>Total current liabilities</b>	<b>17,9</b>	<b>13,1</b>
<b>Total Liabilities</b>	<b>37,2</b>	<b>681,5</b>
<b>Total Equity and Liabilities</b>	<b>50,2</b>	<b>925,8</b>
<i>Cash net of debt and net working capital</i>	<i>5,0</i>	

\* Debt to bondholders 550 MNOK net of capitalized arrangement fees MNOK 26.2

The proforma demerger balance sheet presented above is an estimate of Newco and PSH (E&P) opening balance at 1 January 2014, and is based on the Issuer's balance sheet at 31<sup>st</sup> October 2013, with some adjustments. PSH (E&P) cash deposits (NOK 41 million in total) will be applied partly to repay the company's debt to Newco (NOK 33 million in total) and trade payables. The remaining NOK 5 million will be used to finance running business.

Note that the intention is, subject to acceptance from the bond trustee pursuant to section 6 of the notice to the bondholders, to carry out the demerger with effect from 1<sup>st</sup> January 2014. This implies that the final demerger balance sheet could deviate from the proforma demerger balance sheet presented above. The equity of the E&P business, which is to be demerged from the business of Newco and its subsidiaries, will however most likely be the same as presented above (NOK 13 million).