



REVIEW APRIL – JUNE 2007

AGR Group continued to increase presence internationally. Second quarter operating income (actual) from outside of Norway represented 60% of the total, compared with 16% for the same quarter last year. Petroleum Services contracted one new rig for a drilling campaign in the UK with an expected start-up in Q3 2007. Drilling Services, with its Riserless Mud Recovery (RMR) technology, enjoyed continued strong demand for its services. During the second quarter of 2007, AGR was awarded another contract to provide RMR equipment and services to Hydro on the Norwegian Continental Shelf. Field Operations also experienced high utilisation of equipment and personnel

- Pro forma operating income for Q2 2007 amounted to NOK 603 million compared with NOK 420 million for the same period last year
- Pro forma earnings before interest, taxes, depreciation and amortization (EBITDA) in the second quarter 2007 amounted to NOK 70 million as against NOK 84 million in the same period in 2006. These pro forma figures correspond to EBITDA margins of 12 per cent and 20 per cent respectively.
- EBITDA for Petroleum Services in Q2 2007 was negatively impacted by delays related to the Bredford Dolphin, Transocean Prospect and Byford Dolphin drilling rigs (estimated at NOK 17 million for Q2 2007) as well as investments in integration and business development.
- EBITDA for Drilling Services in Q2 2007 was negatively impacted by slower ramp up than expected in production of drill pipes at the Mongstad factory.
- Pro forma financial expenses for the second quarter of 2007 were NOK 18 million versus NOK 20 million for the same period last year. Interest expense on senior bank debt was NOK 13 million, while NOK 4 million stemmed from net losses on interest rate swaps and currency changes. NOK 1 million relates to bank fees for the funding of the F.J. Brown acquisition.
- Capex for the second quarter of 2007 totalled NOK 100 million, primarily due to increased number of RMRs. By the end of 2007, AGR anticipate having 20 RMR systems available for operations. Additionally, in June 2007, another 5 RMRs were ordered for delivery in by Q2 2008. The decision, reflecting the increase in demand for RMR equipment and services, will bring the number of available units by mid-2008 to 30.
- On 12 June, AGR finalised the sale of 100% of the shares of the outstanding shares in AGR Consultants AS with subsidiaries for an enterprise value of NOK 220 million.
- The Group had a total net cash-flow of NOK 99 million for the second quarter of 2007 compared with NOK 122 million for the same period last year. Cash-flow from operating activities in the second quarter amounted to NOK 15 million as against NOK 80 million in the same period 2006. The main reason for the difference between EBITDA and cash flow from operations in the second quarter 2007 was an increase in net working capital and tax paid.
- Net interest-bearing debt for the group was NOK 953 million at the end of the 2nd quarter 2007 compared with NOK 713 million (excluding funding for the Upstream acquisition of NOK 212 million) at the end of 2006. In June, the average interest rate was 5.41 per cent.
- As at 30 June 2007 the Group's equity was NOK 989 million compared with NOK 902 million at the year-end 2006. The equity-to-assets ratio was 31 percent.

The commitment of our staff is reflected in the low level of absenteeism. Employee presence for Q2 2007 was 98.9 per cent compared with an industry average of 96.9 per cent.

Sverre Skogen
Group Chief Executive Officer
30 July 2007