AGR Group ASA

Interim Report
2nd quarter and 1st half year of 2008

Highlights and events

AGR Group consists of three business units with global reach, aligned with the trends in the global oil & gas services industry:

- Petroleum Services
- Drilling Services
- Field Operations

To take the company into the next phase of development, the organisation has been strengthened with the appointments of Tom Hasler as Executive Vice President of Drilling Services and Sjur B. Talstad as Executive Vice President of Petroleum Services.

As previously announced, the AGR Group has been renegotiating its loan facility with DnBNOR/Nordea and a new loan facility was in place by the end of June.

As part of the strategy to build on the ability of offering integrated services across the entire petroleum exploration and development value chain, AGR Group acquired TRACS International Consultancy Ltd on 3 July 2008. The acquisition was financed with loan and equity through a successful private placement at the end of June.

In February the AGR Group advised the Oslo Stock Exchange that customer AED Oil Limited owed the subsidiary Peak Group Asia Pacific Pty Ltd an amount of AUD 41,5 million. 95% of this was paid in June and AGR has no reason not to expect full payment of the remaining amount.

On the 26th of August it was announced that AGR Field Operations had signed an agreement with Reliance Industries Limited for the provision of advisory services for Subsea Operations, Inspection, Maintenance and Repair (OIMR) services for the challenging KG-D6 gas project on the east coast of India. The contract is for a period of three years with an estimated base value of AUD 47 million.

In order to create a stronger focus on the possibilities and challenges in each of the business areas, the AGR Group is currently working towards a listing of Petroleum Services as a separate company by the end of 2008. In addition, Drilling Services and Field Operations will be managed as stand-alone businesses and the corporate center will be gradually reduced and eventually removed when non-core businesses are sold. To facilitate listing of Petroleum Services the Board has proposed a demerger plan of the company that was approved by an Extraordinary General Meeting 12 August 2008.

Second quarter financial highlights

Primary segment reporting Q2 2008 only (NOK 1.000)						
Virksomhetsområder / Business segments	**Petroleum Services**	**Drilling Services**	**Field Operations**	**Group**	**Elimin.**	**Total**
Driftsinnt., ekst. / Operating revenue, external	280 907	101 158	241 938	592	-	624 595
Driftsinnt., int. / Operating revenue, internal	42 383	53 785	10 057	(5 560)	(100 664)	1
Driftskost. f. avskr. / Op. ex. before depr. *	(274 896)	(157 172)	(219 697)	(32 395)	100 664	(583 496)
EBITDA	**48 394**	**(2 229)**	**32 298**	**(37 363)**	**-**	**41 100**
Avskrivninger / Depreciation **	(8 050)	(16 296)	(13 225)	(2 415)	-	(39 986)
Nedskr. og avsetn./ Write downs and provisions	-	(6 061)	-	(15 562)	-	(21 623)
EBIT	**40 344**	**(24 586)**	**19 073**	**(55 340)**	**-**	**(20 509)**

Primary segment reporting Q2 2007 only (NOK 1.000)						
Virksomhetsområder / Business segments	**Petroleum Services**	**Drilling Services**	**Field Operations**	**Group**	**Elimin.**	**Total**
Driftsinnt., ekst. / Operating revenue, external	327 826	53 559	222 264	739	(124)	604 263
Driftsinnt., int. / Operating revenue, internal	6 118	24 207	4 005	6 542	(40 871)	-
Driftskost. f. avskr. / Op. ex. before depr.	(294 053)	(45 048)	(202 896)	(34 345)	41 879	(534 464)
EBITDA	**39 891**	**32 717**	**23 372**	**(27 064)**	**884**	**69 800**
Avskrivninger / Depreciation	(14 089)	(6 479)	(13 199)	(1 364)	-	(35 131)
Nedskr. og avsetn./ Write downs and provisions	-	-	-	-	-	-
EBIT	**25 802**	**26 238**	**10 173**	**(28 428)**	**884**	**34 669**

EBITDA: Earnings before interest, tax, depreciation and amortisation, excluding inventory/asset write downs
* Holding costs and shared services is reported within Group. As stand-alone businesses some build-up of corporate functions in the three business areas is necessary.
** Depreciation includes amortization

- Operating revenue for Q2 2008 grew by 4% to NOK 625 million compared to NOK 604 million in Q2 2007. Q2 2008 EBITDA amounted to NOK 41 million (7%) compared to NOK 70 million (12%) for 2007.

- All businesses within *Petroleum Services* are performing very well, delivering a Q2 EBITDA of NOK 48 million compared to 40 MNOK in Q2 2007, implying an EBITDA-margin growth from 12% in Q2 2007 to 17% in Q2 2008.

- *Field Operations* is delivering 9% top-line growth to NOK 242 million compared to Q2 2007. The EBITDA increased from NOK 23 million in Q2 2007 to NOK 32 million in 2008. The European business is continuing to deliver solid growth and after the implementation of several measures to improve performance in the Australian business (Upstream) this operation also shows positive figures in Q2 2008.

- Within *Drilling Services*, the Well Services business continues to deliver strong results. Operationally the excavation business is doing well. Although the market potential for the RMR business is considered to be substantial, major investments in R&D, expanding the RMR fleet and cost associated with building a forceful organisation has led the business to perform below expectations in Q2. A review of the balance sheet and a claim settlement has led to non-cash write downs of a total of NOK 12 million of which NOK 6 million affect EBITDA. In total the business area was delivering an EBITDA of negative NOK 2 million compared to NOK 33 million in Q2 2007.

- Write-downs: In Drilling Services inventory related to the RMR/CTS operation has been written down with NOK 6 million. Due to a change in strategy for the Drill Pipe Assembly Line (DPAL) at Mongstad from refurbishing of used pipes to new pipe production, the custom-built equipment related to the original strategy has been written down with an effect of NOK 10 million in Q2. In addition inventory has been written down by NOK 5 million.

H1 INTERIM MANAGEMENT REPORT

After increasing its shareholding in AGR Group to over 40%, Altor Oil Service Invest AS launched a mandatory bid on 6 March 2008 for all outstanding shares of AGR Group as required under the listing rules of the Oslo Børs. At the close of the mandatory offer on 3 April 2008 Altor Oil Service Invest AS had increased their shareholding in AGR Group to 53 877 099 shares in AGR, representing 76.58% of the issued and outstanding shares in the company.

As part of the revised strategy for the AGR Group, Drilling Services and Field Operations will be managed as stand-alone businesses and preparations for a listing of Petroleum Services as a separate company by the end of 2008 has been initiated.

Demerger

In accordance with the proposed separate listing of the Petroleum Services division the AGR Group will undertake a demerger pursuant to which its Petroleum Services division will be transferred to a new holding company; AGR Petroleum Services ASA. The demerger plan proposed by the Board was approved by an Extraordinary General Meeting 12 August 2008.

The demerger is part of the restructuring of the Group whereby the legal structure is amended to be more in line with the operational structure and more autonomy is given to each business unit. By focusing on each of the three different business areas, clearer responsibility, improved cost control and improved execution is expected.

Petroleum Services is in all material aspects already a separate business area within field development and asset management which is well suited for further development as a separate company. A separate listing will strengthen its ability to grow and seize opportunities in its market, and investors will have the opportunity to more easily identify value in the business as a single investment opportunity in a highly attractive oil service business. After the demerger AGR will consist of Field Operations and Drilling Services, both of which have initiated significant steps in improving their profitability and are enjoying strong growth.

Completion of the demerger is expected to occur after the two month notice period for creditors' objections under Norwegian law has elapsed and all other necessary conditions to completion set forth in the Demerger Plan have been satisfied. The creditor notice period will elapse medio October 2008. Upon completion of the demerger, the shares in Petroleum Services ASA will be split by the shareholders in AGR in the same ration as their shareholding in AGR. Further, shareholders in AGR Group ASA will receive 1 share of AGR Petroleum Services ASA for each share that they own in AGR Group ASA.

For more information please refer to the Demerger Information Memorandum dated 25 July 2008 available on the Oslo Stock Exchange.

Acquisition of TRACS International Consultancy Ltd (TRACS)

As part of the strategy to build on the ability of offering integrated services across the entire petroleum exploration and development value chain AGR Group, through its wholly owned subsidiary AGR PEAK Group (Holdings) Limited, completed the acquisition of TRACS on 3 July 2008.

The total cash consideration was NOK 204 million (GBP 20 million). The initial consideration was financed by NOK 125 million of loans and a share issue of NOK 34 million. There will be an earn-out structure of maximum NOK 45 million. The earn-out amount will be payable to the sellers 30 months after the closing date of the transaction, contingent upon the former shareholders remaining in employment with AGR for 30 months after closing and that the company continues its growth of 15% per annum.

Also see the divisional report for Petroleum Services and Note 5.

Divisional Reports

AGR reports segmented information on the following business units: *Petroleum Services, Drilling Services and Field Operations.*

According to the revised strategic direction for the AGR Group, the corporate overhead will be reduced as part of its costs saving exercise and some build-up of corporate functions in the three areas will be necessary. In this transition period the shared services expenditure will be reported within Group financials. Historical information is adjusted accordingly.

Divisional Report – Petroleum Services

EBITDA for Petroleum Services for the second quarter of 2008 was NOK 48 million, compared to NOK 40 million for the same period last year. The first six months of the year the business areas' EBITDA was NOK 130 million compared to NOK 67 million for the same period in 2007. In Q1 2008 the provision for AED outstanding amount made at year end 2007 was reversed with a positive effect of NOK 18 million.

Petroleum Services has been operating 4 rigs in the UK, 1 in Norway, 1 in Tunisia and 1 in Australia in the period of Q2 2008. A total of 16 wells were drilled (or commenced drilling) in Q2 2008 compared to 5 wells in Q2 2007. During the first six months of the year Petroleum Services has drilled (or commenced drilling) 44 wells compared to 6 wells for the same period in 2007.

Petroleum Services is increasing the provision of integrated services within reservoir, well and field development. The company is also increasing its reservoir projects outside of Norway through more international projects for current reservoir entity and the acquisition of TRACS International (www.tracs.com) completed in July 2008. The acquisition represents another important step as Petroleum Services builds its capability to offer integrated services, and adds significant depth to its ability to provide current and future clients a skill set capable of delivering expertise and value at all stages of investment decision making in the upstream oil and gas industry, from gaining entry to a region, through exploration, appraisal, development planning, production and reservoir management. The Aberdeen office of TRACS will co-locate with AGR Petroleum Services` office in the second half of 2008, allowing AGR Petroleum Services to offer integrated drilling and management services from bases in Aberdeen, London, Oslo, Stavanger, Moscow, Kazakhstan, Perth and Houston.

Proforma figures for TRACS are included in Note 5.

Divisional Report – Drilling Services

EBITDA for Drilling Services for the second quarter of 2008 was negative NOK 2 million, compared to NOK 33 million for the same period last year. In Q2 the EBITDA has been charged with NOK 6 million in non-cash items due to non-recurring bonus agreement for AGR personnel and development costs, and a claim settlement in the excavation business. Furthermore, a write-down of NOK 6 million related to inventory in the RMR business has been necessary. For the first six months the EBITDA was NOK 10 million compared to NOK 60 million for the first six months in 2007.

In the first six months of the year a total number of 10 wells have been drilled with RMR equipment and the business has suffered from delays from client side. When compared to the significant market potential and client feedback for the cost-saving, drilling-enabling and environmentally friendly equipment, this is clearly behind expectations for conventional RMR work. Management will therefore have a strong focus on sales and marketing going forward to increase utilisation of existing assets. Other important elements to improve the results include strengthening of the operational management and service quality across the business as well as aligning the organisation to the current business volume. As a part of this it has been decided to postpone the investment program in new RMRs so that the number of complete RMRs at year end will be 20. The AGR Group is still very confident in the technology and that its prospects of continuing to make inroads into the petroleum industry are very good in the longer term.

The expansion of the RMR technology into deep water utilisation is being trialled through a joint industry project (JIP) with BP and Shell. The preparation for the trail is proceeding according to plan and the trail is expected to be undertaken during Q3.

The well maintenance services and products supplied by the Well Services business continue to show good results. The desander and junk trapper are in high demand and the well bore cleanout tool experiences increased demand as a result of more activity in Saudi Arabia.

The Claycutter X has proved to be very efficient for seabed preparation in extreme terrain and the exceptional operational performance on the Ormen Lange excavation project places the Subsea Excavation business of AGR as the undisputed leader in the field of deepwater pipeline route preparation. However, the financial result of the project has not been in line with expectations mainly as a consequence of the design of the contract. Going forward more effort will be put in designing contracts that better reflect the value proposition the equipment represents for the clients.

Divisional Report – Field Operations

EBITDA for Field Operations for the second quarter of 2008 was NOK 32 million compared to NOK 23 million for the same period last year. On a year to date basis the EBITDA was NOK 46 million compared to NOK 58 million in 2007. The European operations continue to deliver solid results, but a turnaround of the Upstream business has been necessary.

As previously announced the acquired Australian Upstream Petroleum business is now operationally and financially included in the Field Operations business area. The company is now successfully integrated enabling a more cost efficient operation. The main variance in the results for Field Operations for the first six months of 2008 compared to the first six months of 2007 is due to a shortfall in the results from this company. However, the actions taken to improve results in this business are showing good results and further improvements are expected in the second half of the year.

The maintenance management group has over the past year developed into a leading provider of maintenance services to the energy industry in Europe and is also enjoying strong growth in the Asia Pacific region. The business announced an important contract extension with StatoilHydro at the end of June through the release of an option in the current framework agreement. The value of the extension is NOK 40 million and the contract encompasses maintenance engineering services on several offshore installations over the next two years.

Field Operations SOLV offering is continuing to show good results and has a solid pipeline of work for 2008. There is a high demand for the AGR Technology Design products resulting in strong results for this area. The Pipeline inspection business has experienced some delays in start up of inspection contracts in the first six months, but a solid pipeline of work is expected over the remainder of 2008 and into 2009. The first Neptune project is expected to be executed in Q3.

Divisional Report – Group/other (DPAL)

DPAL

The efforts to streamline the production process have continued in the first six months of the year and will be completed by September. The target is still to reach a production of 400 pipes per week, but due to the delays this is not expected before H1 2009. With efficient technical solutions in place management will change focus to sales and marketing for the second half of the year.

Due to a change in strategy from refurbishing of used pipes to new pipe production, the custom-built equipment related to the original strategy has been written down to net realisable value with an effect of NOK 10 million in Q2. In addition a write down of NOK 5 million has been made on inventory after a reevaluation of obtainable market price for the finished products in stock. EBITDA expectations for 2008 have been modified downwards.

Financial Information

Funding
As previously announced, AGR Group has been renegotiating its loan facility with DnBNOR / Nordea. On 30 June 2008, the conditions were met in order for the new loan to be released. The loan structure consists of a 1 700 MNOK term loan facility maturing over five years, a 250 MNOK revolving credit facility and a bonding facility of 375 MNOK. The financial covenants include gearing ratio, interest cover ratio, equity ratio and capital expenditure.

The Board of Directors of AGR Group ASA exercised the authority granted to the Board by the Annual General Meeting on 20 May 2008 and successfully carried out a private placement of 855,000 new shares after the closing of Oslo Stock Exchange on 26 June 2008. The price per share in the private placement was set to NOK 40. The placement represents approximately 1.2% of the outstanding shares in the company prior to the placement. Total proceeds from the share issue amount to 34,2 MNOK. The purpose of the private placement was to finance the acquisition of the shares in TRACS. The share capital of AGR Group ASA was increased by NOK 1,710,000, and will after the registration of the share issue consist of NOK 142,421,616 corresponding to a total of 71,210,808 shares, each with a nominal value of NOK 2.

Other financial information
EBITDA for the second quarter 2008 was NOK 41 million down from NOK 54 million in the first quarter 2008. Net loss for the second quarter 2008 was NOK 29 million compared to a loss of NOK 17 million for the first quarter 2008. As mentioned above the second quarter 2008 financials were significantly impacted by non-cash financial charges in Drilling Services of NOK 6 million and write downs of assets and inventory of a total of NOK 22 million.

The Group had total assets of NOK 3 600 million at the end of June 2008 which is a reduction from NOK 3 736 million at year end 2007. At the end of the second quarter 2008, the equity ratio was 27% which represents a slight reduction from 28% at year end 2007.

The AGR Group received a payment of AUD 41,5 million from AED Oil Limited in June which represents 95% of the outstanding amount. This has led to a significant decrease in working capital compared to Q1. The Group had a total net cash flow of NOK 147 million in the first six months of 2008 compared to a negative NOK 23 million for the same period in 2007. Cash flow from operations amounted to negative NOK 89 million and investment activities, mainly related to the RMR business, to a negative NOK 185 million. This has been financed with an increase of NOK 421 million in interest-bearing debt. On June30 2008, cash and cash equivalents amounted to NOK 286 million.

Net interest-bearing debt for the Group was NOK 1 319 million at the end of Q2 2008 compared with NOK 1 040 million at the end of 2007. At the end of June 2008, NOK 481 million of interest bearing debt is fixed through interest swaps constituting 30% of total interest bearing debt.

The operating income from outside Norway has increased from MNOK 640 in the first six months of 2007 to MNOK 837 the first six months in 2008. This represents an increase from 60% to 70% of total operating income. The increase stems from acquisitions completed during 2007, the sale of RC Consultants and organic international growth. Reference is made to Note 3.

Earnings per share for the first six months of 2008 were negative NOK 0.65 compared with NOK 0.37 for the same period in 2007.

Risks and uncertainties

General
Note 2 in the company's 2007 Annual Report Note and section 3 in the Information Memorandum regarding the Demerger details certain inherent risk and uncertainties in investing in the company.

Financial risk
The main financial risks are related to oil and gas prices, currency rates, interest rates and compliance with debt covenants. Financial risk management is carried out by group treasury under policies approved by the Board of Directors as described in the Annual Report 2007 Note 2.

Turnkey Drilling
During 2008 AGR Petroleum Services launched the turnkey drilling services and the first wells are expected to be drilled in the second half of the year. The business model implies that the company will drill a well for a client on a guaranteed fixed-price basis while assuming some risks of getting the well drilled to its objective depth. Turnkey drilling provides higher risk adjusted return per well compared to regular drilling services performed by the company. AGR Petroleum Services would usually be liable for any delays, damages or added costs in connection with:

1. accidental personal injury and property damage
2. weather related delays (non hurricanes)
3. mechanical problems (stuck pipe, contractor/subcontractor equipment failures)
4. cost overruns (other than those for which well owner is liable above)
5. well control problems

These risks are reduced by purchasing insurance coverage for the risks assumed and negotiate provisions into the contract which reduce the risk or shift all or part of it to other parties.

Demerger
The completion of the Demerger is subject to certain conditions, including the consent of the Group's financing banks. Failure to obtain such consents may result in the demerger being delayed or not being completed. Further, it is the Group's intention to apply for a separate listing of Petroleum Services on Oslo Børs. Although the company expects that such a listing will be obtained, there can be no assurance of such a listing and the timing thereof.

Deepwater RMR
As previously mentioned the preparation for the trail of the deepwater RMR is proceeding according to plan and the trail is expected to be undertaken during Q3. Although the preparations are proceeding according to plan, there can be no guarantee as to the success of the trial. A successful trial will be a valuable step noting the global expansion into deeper and more challenging exploration.

Operational performance
The operational performance in the first six months has been behind expectations. This is being addressed and measures to improve operational performance have been put in place. AGR expect to see results of these activities in the second half of 2008. A particular focus will be on the utilisation of the RMR's in Drilling Services and completion of the production facilities and sales activities in DPAL.

If, for whatever reason, the operational results do not improve as a consequence of the initiated measures or other factors, there is a risk that intangible assets may be partly impaired and should be written down.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condenced set of financial statements for the period 1 January to 30 June 2008 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the Group's assets, liabilities, financial position and profit and loss as whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related party transactions.

Oslo, 29 August 2008

Board of Directors and Chief Executive Officer
AGR Group ASA

sign.
Hugo Maurstad
Chairman of the Board

sign.
Reynir Indahl

sign.
Tove Magnussen

sign.
Fiona Walker

sign.
Sjur Talstad

sign.
Per Inge Remmen

sign.
Thomas Nilsson

sign.
Maria Tallaksen

sign.
Sverre Skogen
Chief Executive Officer

Financial consolidated information and notes

Basis of Preparation and Accounting Principles

This condensed consolidated interim financial information for the six months ended 30 June has been prepared in accordance with IAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statement for the year ended 31 December 2007, which has been prepared in accordance with IFRS. This condensed consolidated interim information has not been audited.

Income statement

Income Statement	Actual	Actual	Actual	Actual
NOK 1.000	**01.04 - 30.06 2008**	**01.04 - 30.06 2007**	**01.01 - 30.06 2008**	**01.01 - 30.06 2007**
Driftsinntekter/ Operating revenue Note 3	624 594	604 265	1 203 496	1 072 715
Driftskostnader før avskrivninger/ Operating expenses before depreciation	(583 496)	(534 464)	(1 108 347)	(932 478)
Driftsresultat ex. avskr./ Operating profit before depreciation (EBITDA)	**41 098**	**69 801**	**95 149**	**140 237**
Avskrivninger/ Depreciation	(39 986)	(35 131)	(76 946)	(71 429)
Nedskrivninger og avsetn./ Write downs and provisions	(21 623)	-	(21 623)	-
Driftsresultat/ Operating profit (EBIT)	**(20 511)**	**34 670**	**(3 420)**	**68 808**
Netto finansposter/ Net financial items	(22 474)	(14 779)	(63 421)	(33 023)
Resultat før skatt/ Profit before taxes	**(42 985)**	**19 891**	**(66 841)**	**35 785**
Skatt/ Taxes	13 755	(5 569)	21 389	(10 020)
Resultat etter skatt/ Profit after taxes (PAT)	**(29 230)**	**14 322**	**(45 452)**	**25 765**

Nøkkeltall / Key figures	Faktisk/Actual	Faktisk/Actual
	01.01 - 30.06 2008	**01.01 - 30.06 2007**
Resultat pr. aksje (*) / Earnings per share/Diluted EPS	(0,65)	0,37

Balance Sheet

Balance Sheet		Actual	Actual
NOK 1.000		**30.06.2008**	**31.12.2007**
Fixed assets			
Deferred tax asset		60 759	6 176
Patents, research and development		411 731	382 025
Goodwill		1 089 098	1 105 570
Land and buildings		36 992	37 094
Machinery and other equipment		571 537	538 137
Financial fixed assets		34 524	21 323
Total fixed assets		**2 204 641**	**2 090 325**
Current assets			
Inventory		38 001	40 225
Accounts receivable		860 143	1 365 356
Other receivables		209 324	98 089
Shares held for trading purposes		1 607	3 473
Cash and cash equivalents		285 896	138 634
Total current assets		**1 394 971**	**1 645 777**
Total assets		**3 599 612**	**3 736 102**
Equity			
Paid in capital		899 224	899 225
Other equity		75 193	153 907
Total equity		**974 417**	**1 053 132**
Long-term liabilities			
Provisions		48 808	100 496
Deffered tax liability		62 796	61 591
Other longterm liability	Note 1	5 261	2 175
Liabilities to financial institutions	Note 1	1 552 957	936 369
Total long-term liabilities		**1 669 821**	**1 100 631**
Short-term liabilities			
Short-term liabilities	Note 1	955 374	1 582 339
Total short-term liabilities		**955 374**	**1 582 339**
Total liabilities		**2 625 195**	**2 682 970**
Total equity and liabilities		**3 599 612**	**3 736 102**

Cash Flow Statement

Kontantstrømsoppstilling / Cash-flow analysis		
NOK 1.000	01.01 - 30.06 2008	01.01 - 30.06 2007
Netto kontantstrøm fra operasjonelle aktiviteter / Net cash-flow from operational activities	(88 998)	23 883
Netto kontantstrøm fra investeringsaktiviteter / Net cash-flow from investment activities	(185 212)	(502 361)
Netto kontantstrøm fra finansieringsaktiviteter / Net cash-flow from financing activities	421 471	455 570
Netto endring i betalingsmidler / Net changes in cash and cash equivalents	147 261	(22 908)
Betalingsmidler ved periodens begynnelse / Cash and cash equivalents at start of period	138 634	147 726
Betalingsmidler ved periodens slutt / Cash and cash equivalents at end of period	285 895	124 818

Equity reconciliation

Egenkapitaloppstilling / Equity reconciliation			
NOK 1.000	01.01 - 30.06 2008	01.01 - 30.06 2007	01.01 - 31.12 2007
Egenkapital ved periodens begynnelse / Equity at opening balance	**1 053 131**	**901 837**	**899 989**
Konsernets resultat i perioden / Profit after taxes	(45 452)	97 464	142 134
Exchange differences	(43 553)	(9 860)	(73 716)
Minority intrest	10 292	-	12 531
Emisjon / Share issue	-	-	72 192
Egenkapital ved periodens slutt / Equity at period end	**974 418**	**989 440**	**1 053 130**

Note 1 – Interest bearing debt

Netto rentebærende gjeld / Net interest-bearing debt	Faktisk/Actual	Faktisk/Actual	Faktisk/Actual
NOK 1.000	30.06.2008	30.06.2007	31.12.2007
Konvertible lån / Convertible loans			2 175
Langsiktig gjeld til finansinstitusjoner / Long term debt to credit institutions	1 558 218	986 624	936 369
1. års avdrag langs. renteb. gjeld / Installments next 12 months on interest-bearing debt (short term)	47 059	91 000	240 000
Sum rentebærende gjeld / Total interest-bearing debt	**1 605 277**	**1 077 624**	**1 178 544**
Likvide midler / Cash and cash equivalents	285 896	124 818	138 634
Netto rentebærende gjeld / Net interest-bearing debt	**1 319 381**	**952 806**	**1 039 910**

Note 2 – Segment Information

AGR reports segmented information on the following business units: *Petroleum Services, Drilling Services and Field Operations. Group* consists of DPAL, special projects and smaller businesses as well as holding costs and shared services.

As stand-alone businesses some build-up of corporate functions in the three business areas is necessary.

Historical figures for Field Operations are excluding RC Consultants. The historic figures for the acquired Australian Upstream Petroleum business have been divided to the various business segments according to the relative share of related business. The majority of the company is related to Field Operations.

Primary segment reporting per. 30.06.2008 (NOK 1.000)

Virksomhetsområder / Business segments	Petroleum Services	Drilling Services	Field Operations	Group	Elimin.	Total
Driftsinnt., ekst. / Operating revenue, external	559 141	172 322	467 500	4 534		1 203 497
Driftsinnt., int. / Operating revenue, internal	94 651	70 031	25 597	15 907	(206 185)	1
Driftskost. f. avskr. / Op. ex. before depr. *	(523 547)	(232 644)	(446 602)	(111 739)	206 185	(1 108 347)
EBITDA	**130 245**	**9 709**	**46 495**	**(91 298)**	**-**	**95 151**
Avskrivninger / Depreciation **	(15 547)	(30 570)	(26 343)	(4 486)	-	(76 946)
Nedskr. og avsetn./ Write downs and provisions	-	(6 061)		(15 562)	-	(21 623)
EBIT	**114 698**	**(26 922)**	**20 152**	**(111 346)**	**-**	**(3 418)**
Netto finansposter / Net financial items	(5 705)	(21 221)	(7 468)	(29 028)		(63 422)
Resultat før skatt / Profit before taxes	**108 993**	**(48 143)**	**12 684**	**(140 374)**	**-**	**(66 840)**
Skattekostnad / Taxes	(34 878)	15 406	(4 059)	44 920		21 389
Konsernets resultat / Profit after taxes	**74 115**	**(32 737)**	**8 625**	**(95 454)**	**-**	**(45 451)**

* Holding costs and shared services is reported within Group. As stand-alone businesses some build-up of corporate functions in the three business areas is necessary.
** Depreciation includes amortization

Primary segment reporting per. 30.06.2007 (NOK 1.000)

Virksomhetsområder / Business segments	Petroleum Services	Drilling Services	Field Operations	Group	Elimin.	Total
Driftsinnt., ekst. / Operating revenue, external	516 903	111 754	443 153	567	339	1 072 714
Driftsinnt., int. / Operating revenue, internal	11 663	30 388	20 779	12 151	(74 980)	-
Driftskost. f. avskr. / Op. ex. before depr.	(461 970)	(82 525)	(406 245)	(56 718)	74 980	(932 478)
EBITDA	**66 596**	**59 616**	**57 686**	**(44 000)**	**339**	**140 237**
Avskrivninger / Depreciation	(16 529)	(18 083)	(27 916)	(8 901)	-	(71 429)
Nedskr. og avsetn./ Write downs and provisions	-	-	-	-	-	-
EBIT	**50 066**	**41 533**	**29 771**	**(52 901)**	**339**	**68 808**
Netto finansposter / Net financial items	(4 337)	(5 388)	(1 855)	(21 444)		(33 023)
Resultat før skatt / Profit before taxes	**45 730**	**36 145**	**27 916**	**(74 345)**	**339**	**35 784**
Skattekostnad / Taxes	(12 804)	(10 121)	(7 816)	20 817	(95)	(10 020)
Konsernets resultat / Profit after taxes	**32 925**	**26 024**	**20 100**	**(53 529)**	**244**	**25 765**

* The figures for Q2 2007 is changed compared to the Q2 2007 report due to i) based on a ruling from the Norwegian FSA the purchase price allocation in relation to the acquisitions of Reservoir Evaluation Services AS and the Peak Group has been revised and, ii) the sale of the RC Group (reference is made to Information Memorandum dated 15 June 2007 regarding the sale of 100% of the shares in RC Consultants)

Note 3 – Geographical Distribution of Operating Income

Secundary segment reporting (NOK 1.000)		
Geografisk fordeling av driftsinntekter / Geographical distribution of operating income	**01.01 - 30.06 2008**	**01.01 - 30.06 2007**
Norge / Norway	364 519	432 580
Europa ekskl. Norge / Europe ex. Norway	222 518	227 492
Asia / Australia	452 485	341 603
Amerika / America	77 402	71 040
Afrika/Africa	85 378	
Sum / Total	**1 202 302**	**1 072 715**

Note 4 - Financial Key Figures

Nøkkeltall / Key figures	Faktisk/Actual	Faktisk/Actual	Faktisk/Actual
NOK 1.000	**01.01 - 30.06 2008**	**01.01 - 30.06 2007**	**01.01 - 31.12 2007**
Gjennomsnittlig antall aksjer / Average number of shares	70 355 808	68 773 845	69 736 779
Resultat pr. aksje (*) / Earnings per share/Diluted EPS	(0,65)	0,37	(0,06)
EBITDA-margin	7,9 %	13,1 %	14,3 %
EBIT-margin	-0,3 %	6,4 %	4,1 %
Egenkapitalandel / Equity ratio	27,1 %	31,1 %	28,2 %
Netto rentebærende gjeld / Net interest bearing debt	1 319 381	952 806	1 039 910

Note 5 – Major Acquisitions and Unaudited Pro Forma Information

On 3 July 2008, the group acquired 100% of the share capital of Tracs Ltd for an initial cash consideration of £14.692.815. The preliminary purchase price consideration is as shown below:

Details of net assets acquired and goodwill are as follows (tnok):	
Purchase consideration:	
- Cash paid	148 118
- Estimated earn-out	45 084
- direct costs relating to the acquisition	1 278
Total purchase consideration	194 481
- provisional fair value of net identifiable assets acquired (see below)	99 914
Provisional goodwill	**94 567**

The goodwill is attributable to TRACS' strong position and profitability in its market and the significant synergies expected to arise after its acquisition by the group. The goodwill is attributable to the Petroleum Services business area.

If the acquisition had occurred on 1 January 2008, consolidated revenue and consolidated EBITDA for the six months ended 30 June 2008 would have been as shown in the below table:

Proforma figures business combinations 01.01.-30.06 2008				
Company	**TRACS**	**AGR**	**Elim**	**Proforma**
Operating revenue, external	70 616	1 203 496		1 274 112
Operating cost. ex. before depresiation.	(57 974)	(1 108 347)		(1 166 321)
EBITDA	**12 642**	**95 149**	**-**	**107 791**
Depreciation	(586)	(76 946)	(8 276)	(85 807)
Write downs and provisions	(625)	(21 623)		(22 248)
EBIT	**11 431**	**(3 420)**	**(8 276)**	**(264)**
Net financial items	306	(63 421)	(6 743)	(69 857)
Resultat før skatt / Profit before taxes	**11 738**	**(66 841)**	**(15 018)**	**(70 122)**
Taxes	(3 756)	21 389	4 806	22 439
Konsernets resultat / Profit after taxes	**7 982**	**(45 452)**	**(10 213)**	**(47 683)**

Note 6 – Related party transactions

There are no significant transactions that affect the company's financial position.

Note 7 – Events occurring after balance sheet date

On 3 July 2008, the AGR Group acquired 100% of the share capital of Tracs Ltd and on 12 August 2008 an Extraordinary General Meeting approved the demerger plan proposed by the Board. For more information about these events see paragraphs "Acquisition of TRACS International Consultancy Ltd (TRACS)" and "Demerger".