AGR Group ASA

Interim Report
2nd quarter and 1st half year of 2009

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

- AGR Petroleum Services delivers reservoir, well, and integrated field management services to the upstream oil and gas industry.

- AGR Drilling Services supplies equipment and services for drilling, well operations and underwater trenching and excavation in the global offshore industry.

- AGR Field Operations is a leading provider of global services and technologies to the oil and gas industry, and serves local industries including power utilities, nuclear, marine, and food processing.

Q2 highlights

- Final negotiations were completed between AGR and Chevron for the engineering services portion of the Dual Gradient Drilling project where AGR is lead contractor.

- In early July, AGR and Halliburton have signed and closed a transaction whereby Halliburton acquires all rights to the software NETool.

- In February AGR entered into an agreement to sell AGR Dpal AS. However, the parties were not able to agree on the final terms, and the agreement was therefore cancelled in May. Subsequently a decision to close the company has been made.

- As previously announced, AGR has been in technical breach with covenants and in discussions with its banks to adjust the capital structure. As a consequence all debt to credit institutions has been classified as short-term in the accounts for Q2 2009 according to IFRS (IAS 1.65). However, on July 20th, these discussions were successfully concluded, resulting in an amended and restated loan facility agreement. Covenants have been reset and AGR is now in compliance with these. Going forward the debt will therefore be classified as long-term. As part of the agreement AGR will raise minimum NOK 175 million in a rights issue in September 2009.

- The announced demerger was completed and registered in the Norwegian Business Register in June, and management has now completed the separation of AGR into three distinct business units, legally as well as operationally. As the business areas have been turned into autonomous entities with their own administrative functions and some limited sharing of services where this is cost efficient or practical, the cost for business area related administrative and shared costs is now included in the business areas. Historic information has been adjusted accordingly.

Second quarter financial highlights

Primary segment reporting Q2 2009 only (NOK 1.000)						
Business segments	**Petroleum Services**	**Drilling Services**	**Field Operations**	**Group**	**Elimin.**	**Total**
Operating revenue, external	258.063	61.224	283.939	4.192	(3.420)	603.997
Operating revenue, internal	2.204	1.019	1.217	(15.589)	11.149	(0)
Op. ex. before depr.	(235.919)	(57.065)	(257.041)	11.316	(7.729)	(546.436)
EBITDA	**24.349**	**5.178**	**28.115**	**(81)**	**-**	**57.561**
Depreciation and amortization	(18.388)	(18.983)	(13.344)	(356)	-	(51.071)
Write downs and provisions	-	(199.732)	-	-	-	(199.732)
EBIT	**5.960**	**(213.537)**	**14.771**	**(437)**	**-**	**(193.244)**

Primary segment reporting Q2 2008 only (NOK 1.000)						
Business segments	**Petroleum Services**	**Drilling Services**	**Field Operations**	**Group**	**Elimin.**	**Total**
Operating revenue, external	306.127	101.158	211.088	588	-	618.961
Operating revenue, internal	42.456	53.846	5.175	5.160	(106.637)	-
Op. ex. before depr.	(271.002)	(161.825)	(195.276)	(18.881)	106.637	(540.346)
EBITDA	**77.581**	**(6.821)**	**20.987**	**(13.133)**	**-**	**78.615**
Depreciation and amortization	(8.050)	(16.296)	(12.548)	(192)	-	(37.086)
Write downs and provisions	-	(6.061)	-	-	-	(6.061)
EBIT	**69.531**	**(29.178)**	**8.439**	**(13.325)**	**-**	**35.468**

EBITDA: Earnings before interest, tax, depreciation and amortisation, excluding inventory/asset write downs

- Operating revenue for Q2 2009 was in line with Q2 2008. Q2 2009 EBITDA amounted to NOK 58 million (10%) compared to NOK 79 million (13%) for 2008.

- As previously announced, in Q1 2009 AGR expensed the remaining part of the initial investment in the Group's Share Investment Program (EBC) as *Group* costs. In Q2 2009 this cost has been allocated to the various business areas with a cost effect of NOK 6 million in *Petroleum Services*, NOK 1 million in *Drilling Services* and NOK 3 million in *Field Operations* and a corresponding positive effect in *Group*.

- Within *Petroleum Services* the second quarter showed some improvement within reservoir management and consultancy. However, the division is still affected by the slowdown in drilling activity, especially in the UK sector. Further, the EBC costs and final calculation of bonuses for 2008 led to an additional charge in Q2 of NOK 9 million. In total the area delivered a Q2 EBITDA of NOK 24 million compared to 78 MNOK in Q2 2008.

- *Field Operations* had high utilisation of personnel and equipment in Q2. The Australian business performed very well, especially within Subsea and Alternative energy, and the European business is continuing to deliver good results. In Q2 additional charges of NOK 8 million has been made for the EBC costs and a final calculation of bonuses for 2008. The area delivered a strong 34 percent top-line growth to NOK 284 million compared to Q2 2008, and the EBITDA increased from NOK 21 million in Q2 2008 to NOK 28 million in Q2 2009.

- During Q2 *Drilling Services* was impacted by the global reduction in offshore drilling and subsea activity. Parts of the Well Services business experienced low capacity utilisation. The performance within the RMR business was steady with focus on increasing the utilisation through systematic sales efforts. However, the business area delivered an EBITDA of NOK 5 million compared to negative NOK 7 million in Q2 2008.

- Write-downs: Due to the economic downturn and difficult market conditions, management has according to IFRS performed a test for impairment of indefinite lived assets and for finite lived assets at the end of Q2. The result of this review is an impairment charge of NOK 200 million related to Drilling Services. For more information about the impairment testing, please refer to the Financial consolidated information and notes section of this report.

H1 2009 MANAGEMENT REPORT

Divisional Reports

Primary segment reporting per. 30.06.2009 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Field Operations	Group	Elimin.	Total
Operating revenue, external	518.678	136.072	474.236	11.165	(3.420)	1.136.731
Operating revenue, internal	6.362	1.317	10.220	(14.147)	(3.752)	(0)
Op. ex. before depr.	(475.182)	(123.699)	(439.480)	(14.830)	7.172	(1.046.018)
EBITDA	**49.859**	**13.690**	**44.976**	**(17.812)**	**-**	**90.713**
Depreciation and amortization	(31.296)	(37.978)	(26.220)	(672)	-	(96.166)
Write downs and provisions	-	(199.732)	-	-	-	(199.732)
EBIT	**18.562**	**(224.020)**	**18.756**	**(18.484)**	**-**	**(205.186)**

Primary segment reporting per. 30.06.2008 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Field Operations	Group	Elimin.	Total
Operating revenue, external	584.361	172.322	407.441	4.530		1.168.654
Operating revenue, internal	94.651	70.031	16.370	25.512	(206.564)	-
Op. ex. before depr.	(523.266)	(240.422)	(394.534)	(64.478)	206.564	(1.016.136)
EBITDA	**155.746**	**1.931**	**29.277**	**(34.436)**	**-**	**152.518**
Depreciation and amortization	(15.547)	(30.570)	(25.218)	(339)	-	(71.674)
Write downs and provisions	-	(6.061)	-	-	-	(6.061)
EBIT	**140.199**	**(34.700)**	**4.059**	**(34.775)**	**-**	**74.783**

Divisional Report – Petroleum Services

EBITDA for Petroleum Services for the first half year of 2009 was NOK 50 million compared to NOK 156 million for the same period last year. In the first half of 2009 winding up costs of the Turnkey operation amounted to NOK 9 million and costs related to EBC and final calculation of bonuses for 2008 led to an additional charge of NOK 9 million. In Q1 2008 the provision for AED outstanding amount made at year end 2007 was reversed with a positive effect of NOK 18 million.

The Well Management division has in particular been affected by the slowdown in drilling activity, especially in the UK sector. In the first six months Well Management has been operating 8 wells from three rigs, one in the UK, one in Norway and one in Australia. In addition to this the organization has been performing project studies and well design work in preparation for 2009 and 2010 drilling activity.

A number of contracts within Well Management have been awarded in the period. In March, Petroleum Services secured a contract for a drilling programme with Serica Energy that was completed according to plan in June. In Q2, Petroleum Services secured a contract for a drilling program with OMV and an extension of the Bredford Dolphin campaign. Further, the Middle East operation was awarded an onshore well management agreement and worked during Q2 with procurement of a rig for these operations.

Furthermore, Petroleum Services was awarded several frame agreements including GazDeFrance (reservoir and well management), Bayerngas Norge (well management and subsurface technical expertise), Petoro (consultancy services within engineering support, risk assessments, concept evaluations, cost evaluations and related work within drilling and well technology) and StatoilHydro 3 year agreement (drilling and well consultancy services worldwide).

The activity in Reservoir Management has continued to grow during Q2. In April a contract with Premier Oil was signed, providing them with subsurface teams managing their newly acquired UK assets. The Consultancy division has also experienced increased activity in the Norwegian market in the second quarter as a result of the Statoil frame agreement.

The cutting edge-edge software P1™ allows operators to maximize performance and significantly reduce the time involved during well construction phases. A new release combined with additional focus on marketing has resulted in several contract renewals and interest in new purchases from several clients in 2009. Contracts with NEXEN, Fairfield Energy, Petro-Canada and Sonangol were announced in June.

The Petroleum Services' US subsidiary FJ Brown has experienced continued good activity through 2009 with a larger part of the operations outside of the US.

In early July, AGR and Halliburton signed and closed a transaction whereby Halliburton acquires all rights to the software NETool. NETool is a steady-state completion hydraulics and near-wellbore numerical simulator for accurate calculation of well performance that is filling the gap between conventional reservoir simulators and well hydraulics software.

Divisional Report – Drilling Services

EBITDA for Drilling Services for the first half of 2009 was NOK 14 million compared to NOK 2 million for the same period last year. The division demonstrated steady profitable performance through this period of significant downturn for the offshore drilling and subsea industries.

RMR activity was consistent throughout the first half of 2009 with operations undertaken in Norway, UK, Australia and Russia. A total of 14 wells were completed in the period. The new sales and marketing approach started to deliver results with several frame contracts signed with operators and the start of lump sum provision of RMR systems in the North Sea. A two year continuous contract was also awarded by the Korean National Oil Company for use of an RMR at Sakhalin Island. The high value managed pressure drilling operations for BP in the Caspian were postponed due to market conditions and are now expected to commence in Q4.

Within Well Services, business has remained steady with both the downhole tool business and the de-sander services growth somewhat restricted by the global downturn in offshore activity. The downhole tool geographical expansion plans have started to deliver greater market breadth with tools now located in North Africa, Australia and South East Asia in addition to the mature Norwegian and Saudi Arabia markets. The de-sander technology was utilised by Schlumberger for the first time in a relationship that is expected to grow when activity levels resume.

The Trenching and Excavation business completed successful projects in Australia and Indonesia, and was also awarded a frame contract by marine contractor Heerema. This is viewed as a significant breakthrough into the platform decommissioning market and has commenced with provision of dredging services to support the removal of the Ekofisk platform.

AGR has strengthened its position as the leader in Dual Gradient Drilling (DGD) activity with two significant R&D projects in this field, Chevron's DGD project where AGR is lead contractor and the Controlled Mud Pressure (CMP) joint industry project. The Chevron project will develop and commercialise a unique subsea pumping system that Chevron believe will become an enabling technology for certain deep water assets within their global portfolio. The CMP project will utilise the existing RMR pump technologies in managed pressure drilling. The joint industry project participants StatoilHydro, BG and BP are all committed fully to fund this AGR led R&D project and the project team was set up in AGR's Houston office.

In response to the challenging market the division has focused on sales and marketing, and cost reductions in all areas.

Divisional Report – Field Operations

Year to date EBITDA for Field Operations was NOK 45 million compared to NOK 29 million for the same period last year. In Q2 additional charges of NOK 8 million has been made for the EBC costs and a final calculation of bonuses for 2008. The activity level has been good, especially in the second quarter, where it has been record high with good utilization of resources. The performance in the European units has been satisfying and according to plan. The Australian operations have continued their positive development and delivered a strong EBITDA margin of more than 8 percent in the second quarter.

AGR Field Operations Asia Pacific successfully completed its first ever offshore FPSO production process strip down and decontamination program for ENI/AFM which is a significant step forward with its Darwin base support function. The project scope was awarded to AGR early June 2009 with the complete scope completed on time at the end of July 2009. AGR Field Operations was also awarded a similar major scope of work to disassemble and decontaminate four 70 tonne subsea heat exchangers for MODEC in July 2009.

Further, AGR Field Operations Asia Pacific was awarded scope of work to manage, engineer and execute subsea completion for a new oil and gas major in Australia - PTT Exploration and Production Public Company Limited (PTTEP) which was PTTEP's first ever subsea completion in Australia. The scope of work was executed on time, on budget and without injury. In addition, the global product line within Alternative Energy is experiencing growth in projects and contracts.

In order to take advantage of the market potential outside Europe, Field Operations opened a new permanent office in Houston early in 2009 and can now offer internal pipeline inspection and subsea inspection technology locally in the US, as well as high end automated inspection services to the US refinery and chemical industry. Further, the business area will introduce its unique inspection technology to the Brazilian market. In the second quarter the legal setup in Brazil was completed and the business area was awarded its first project in Brazil. AGR Field Operations will provide Maintenance Engineering services to Statoil on their Peregrino field.

AGR Field Operations secured an extension on its contract with Statoil to inspect and certify its non-complex lifting equipment across Statoil's North Sea operations, from Sleipner in the South to Snøhvit in the North. The contract covers 30 offshore installations and 4 onshore facilities. The duration of the extension is 2 years, with 2 additional options, each 2 year with an estimated contract value of NOK 32 million. Including the options, the total contract value is estimated to be NOK 96 million.

After the successful completion of the reference project on the UKCS in Q1 2009, the Neptune External Subsea Inspection unit has been in continuous operation. The Neptune technology is the first of its kind and enables high resolution wall thickness mapping inspection and extends operating depths to the maximum range of a ROV. Due to the high demand for these services Field Operations will now increase capacity by building additional units.

Group

As previously stated, the Board has given a guarantee to the employees participating in the Share Investment Program (EBC)[1], that when the Program is dissolved AGR will pay the difference between the proceeds from the Program and the employee's initial investment. According to IFRS 2 AGR has in Q1 expensed the remaining part of the Group's initial investment in the Share Investment Program with NOK 14 million. In Q2 2009 this cost has been correctly allocated to the various business areas with a corresponding positive effect in *Group* of NOK 10 million.

The majority of the cost in the first six months is related to the EBC and the guarantee. Other group costs are partly offset by an unrealized gain on FX forward contracts of NOK 6 million and a realized gain on FX forward contracts of NOK 1 million.

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[1] Refer to Note 25 in the Annual Report 2008 for more information about the Share Investment Program.

As part of the demerger process and reorganisation of the Group, the development of the product CannSeal has been transferred to a separate company, AGR CannSeal AS. CannSeal is a tool that prevents infiltration of surface water and contaminants into open hole completed wells. Modifications and reengineering in 2008 caused some delays, but module testing and system testing is now complete. The next step in the development process is a field trial during autumn. The CannSeal tool will, if successful, provide a solution to one of the key challenges to reservoir management on the Norwegian continental shelf and internationally.

Discontinued operations

Due to the cancellation of the conditional agreement regarding the sale of AGR Dpal AS and the very difficult market conditions within this sector, it has been decided to unwind the company. The efforts to find new owners for the FPSO Shiraz and Liquegas will continue.

Financial Information

Funding

The AGR Group has been in discussions with its lenders DnBNOR / Nordea to adjust the Group's capital structure. In July 2009 the parties agreed and signed an amended and restated loan agreement. The loan structure consists of a NOK 1 615 million term loan facility, a NOK 250 million revolving credit facility and a bonding facility of USD 58 million. In order to meet the lender's requirement to the Group's equity, a rights offering raising gross proceeds of minimum NOK 175 million has been proposed and will be resolved at the extraordinary general meeting 4 September 2009. The proceeds from the share issue and an additional NOK 100 million will be prepaid on the term loans in Q3 2009 according to specified terms in the agreement. The remaining part of the term loans, NOK 1 340 million, are maturing over four years. The financial covenants have been reset and include gearing ratio, interest cover ratio, equity ratio and capital expenditure.

It is expected that the subscription period for the rights offering shall commence on 14 September 2009 and end on 28 September 2009. Further, it is expected that the Board shall determine and publish the final size of the share capital increase and the subscription price at the latest on 7 September 2009. Refer to the Notice of extraordinary General Meeting for more information.

Other financial information

EBITDA for the first six months of 2009 was NOK 91 million compared to NOK 153 million for the same period in 2008. The impairment testing at Q2 2009 resulted in impairment charges of NOK 200 million, predominantly of goodwill in Drilling Services. With these charges the net loss before discontinued operations for first half year of 2009 was NOK 258 million compared to a profit of NOK 17 million for the same period of 2008.

The Group had total assets of NOK 3 042 million at the end of June 2009 which is a reduction from NOK 3 711 million at year end 2008. The main reasons for the reduction are the impairment charges and reduced receivables and payables. At the end of Q2 2009, the equity ratio was 19 percent.

The Group had a total net cash flow of negative NOK 334 million in the first half of 2009 compared to a negative NOK 147 million for the first half of 2008. Mainly due to the development in the result and an expected increase in working capital from a low level at year end 2008, cash flow from operations amounted to negative NOK 261 million. Investment activities has been significantly reduced in Q2, and amounted to a negative NOK 74 million for the first six months of 2009. Net cash flow from financing activities was zero, and, accordingly, the cash and cash equivalents amounted to NOK 59 million at the end of the second quarter of 2009.

Net interest-bearing debt for the Group was NOK 1 590 million at the end of Q2 2009 compared with NOK 1 246 million at the end of 2008. At the end of June 2009, NOK 666 million of interest bearing debt is fixed through interest swaps constituting 40% of total interest bearing debt.

Earnings per share for the first six months of 2009 were negative NOK 3.63 compared with NOK 0.24 for the same period in 2008.

Risks and uncertainties

General
Note 2 in the company's 2008 Annual Report Note 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 2008 Note 2.

<u>Credit risk</u>
AGR Dpal has been involved in a dispute with a supplier. In July 2009, AGR Dpal was awarded a settlement of NOK 15 million plus interest of a total claim of NOK 25 million after a court ruling. After the court ruling the defendant experienced financial difficulties and is currently in receivership. Consequently there is a risk that the assets will not cover the full payment of the settlement claim. A provision for bad debt was made in 2008 and current net value of the receivable is NOK 5 million. AGR Dpal is reported under discontinued operations.

CannSeal Field Trial
As previously mentioned the preparation for the field trail of the CannSeal tool is proceeding according to plan and the trail is expected to be undertaken during autumn. Although the preparations are proceeding according to plan, there can be no guarantee as to the timing of, and the success, of the trial. A successful trial will be a valuable step towards commercialisation of this tool that can solve one of the key challenges to reservoir management.

Operational performance
Partly due to the economic downturn, the operational performance in the first six months has been behind expectations. Although there are now some signs that the downturn may be leveling out, it will still take time before the world economy fully recovers. For AGR in particular, there is uncertainty as to when the drilling activity will be back to normal levels. This will affect the timing of the expected pick up for rig campaigns and the utilization of RMR's, which are both important value drivers in AGR.

Lack of satisfying results going forward will increase the risk that intangible assets may be partly impaired and should be written down and/or that the company will not be in compliance with debt covenants.

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 2009 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, 27 August 2009

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.
Eivind Reiten

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 three and 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 2008, which has been prepared in accordance with IFRS. This condensed consolidated interim information has not been audited.

AGR has not prepared pro forma financial statements for Q2 2009, but information about the effects of the acquisition of TRACS in July 2008 is included in Note 5.

The accounting principle for contribution from joint industry project-partners will as of 2009 not be recognised as income, but will be recognised as a part of the capitalised R&D. This is according to IFRIC D24 that is expected to be implemented during 2009.

The Board is committed to a plan to find new owners for a number of smaller businesses and an active plan in this regard has been initiated. These businesses include Liquigas Pty and FPSO Shiraz Pty. Further, it has been decided to close AGR DPAL AS. According to IFRS these operations have therefore been classified as discontinued operations and will be presented separately in the income statement and balance sheet.

Income statement

Income Statement	Actual	Actual	Actual	Actual
NOK 1.000	**01.04 - 30.06 2009**	**01.04 - 30.06 2008**	**01.01 - 30.06 2009**	**01.01 - 30.06 2008**
Operating revenue	603.997	618.961	1.136.731	1.168.654
Operating expenses before depreciation	(546.436)	(540.346)	(1.046.018)	(1.016.136)
Operating profit before depreciation (EBITDA)	**57.561**	**78.615**	**90.713**	**152.518**
Depreciation and amortisation	(51.073)	(37.086)	(96.167)	(71.674)
Write downs and provisions	(199.732)	(6.061)	(199.732)	(6.061)
Operating profit (EBIT)	**(193.244)**	**35.468**	**(205.186)**	**74.783**
Net financial items	(71.573)	(14.765)	(110.058)	(53.532)
Profit before taxes	**(264.817)**	**20.703**	**(315.244)**	**21.251**
Taxes	40.673	(10.373)	56.810	(4.605)
Profit after taxes (PAT)	**(224.144)**	**10.330**	**(258.434)**	**16.646**
Profit after tax from discontinued operations	(2.844)	(15.140)	(5.077)	(38.156)
Gain from sale of discontinued operations	-	-	-	-
Result from discontinued operations	**(2.844)**	**(15.140)**	**(5.077)**	**(38.156)**
Profit/(loss) for the year	**(226.988)**	**(4.810)**	**(263.511)**	**(21.510)**

Nøkkeltall / Key figures	Actual	Actual
	01.01 - 30.06 2009	**01.01 - 30.06 2008**
Earnings per share/Diluted EPS	(3,63)	0,24

Balance Sheet

Balance Sheet	Actual	Actual	Actual
NOK 1.000	**30.06.2009**	**31.12.2008**	
Fixed assets			
Deferred tax asset	94.345	32.412	
Patents, research and development	409.105	431.304	
Goodwill	964.068	1.081.435	
Land and buildings	49	56	
Machinery and other equipment	541.820	599.531	
Financial fixed assets	606	707	
Total fixed assets	**2.009.993**	**2.145.445**	-
Current assets			
Inventory	5.375	17.055	
Accounts receivable	780.984	1.024.802	
Other receivables	143.760	91.919	
Shares held for trading purposes	470	571	
Assets of disposal group classified as held for sale	41.645	37.865	
Cash and cash equivalents	59.280	393.508	
Total current assets	**1.031.514**	**1.565.720**	-
Total assets	**3.041.507**	**3.711.165**	-
Equity			
Paid in capital	933.024	933.024	
Other equity	(364.792)	(144.470)	
Minority interest	17.243	16.957	
Total equity	**585.475**	**805.511**	-
Long-term liabilities			
Provisions	58.776	85.786	
Deffered tax liability	66.888	66.757	
Other longterm liability	-	7.568	
Liabilities to financial institutions Note 1	-	-	
Total long-term liabilities	**125.664**	**160.111**	-
Short-term liabilities			
Liabilities of disposal group classified as held for sale	766	5.679	
Short-term liabilities Note 1	2.329.602	2.739.864	
Total short-term liabilities	**2.330.368**	**2.745.543**	-
Total liabilities	**2.456.032**	**2.905.654**	-
Total equity and liabilities	**3.041.507**	**3.711.165**	-

Cash Flow Statement

Cash-flow analysis		
NOK 1.000	01.01 - 30.06 2009	01.01 - 30.06 2008
Net cash-flow from operational activities	(260.714)	(88.998)
Net cash-flow from investment activities	(73.514)	(185.212)
Net cash-flow from financing activities	-	421.471
Net changes in cash and cash equivalents	(334.228)	147.261
Cash and cash equivalents at start of period	393.508	138.634
Cash and cash equivalents at end of period	59.280	285.895

Equity reconciliation

Equity reconciliation			
NOK 1.000	01.01 - 30.06 2009	01.01 - 30.06 2008	01.01 - 31.12 2008
Equity at opening balance	**805.511**	**1.053.132**	**1.053.132**
Profit after taxes	(263.511)	(21.510)	(315.380)
Exchange differences	43.189	(43.567)	26.207
Minority intrest	286	10.292	7.752
Share issue	-	-	33.800
Equity at period end	**585.475**	**998.346**	**805.511**

Note 1 – Interest bearing debt

Net interest-bearing debt	Actual	Actual	Actual
NOK 1.000	30.06.2009	30.06.2008	31.12.2008
Long term debt to credit institutions	0	1.558.218	0
Short term debt to credit institutions	1.649.186	47.059	1.639.748
Total interest-bearing debt	**1.649.186**	**1.605.277**	**1.639.748**
Cash and cash equivalents	59.280	285.896	393.508
Net interest-bearing debt	**1.589.906**	**1.319.381**	**1.246.240**

Note 2 – Segment Information

AGR reports segmented information on the following business units: *Petroleum Services, Drilling Services and Field Operations. Group* consists of corporate administration and special projects.

Primary segment reporting per. 30.06.2009 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Field Operations	Group	Elimin.	Total
Operating revenue, external	518.678	136.072	474.236	11.165	(3.420)	1.136.731
Operating revenue, internal	6.362	1.317	10.220	(14.147)	(3.752)	(0)
Op. ex. before depr.	(475.182)	(123.699)	(439.480)	(14.830)	7.172	(1.046.018)
EBITDA	**49.859**	**13.690**	**44.976**	**(17.812)**	**-**	**90.713**
Depreciation and amortization	(31.296)	(37.978)	(26.220)	(672)	-	(96.166)
Write downs and provisions	-	(199.732)	-	-	-	(199.732)
EBIT	**18.562**	**(224.020)**	**18.756**	**(18.484)**	**-**	**(205.186)**
Net financial items	(62.551)	(35.816)	(24.653)	12.962	(0)	(110.058)
Profit before taxes	**(43.989)**	**(259.836)**	**(5.897)**	**(5.522)**	**(0)**	**(315.244)**
Taxes	14.076	39.080	1.887	1.767	0	56.810
Profit after taxes	**(29.912)**	**(220.756)**	**(4.010)**	**(3.755)**	**(0)**	**(258.433)**
Profit after tax from discontinued operations				(5.077)	-	(5.077)
Profit/(loss) for the year	**(29.912)**	**(220.756)**	**(4.010)**	**(8.832)**	**(0)**	**(263.510)**

* * According to the revised strategic direction for the AGR Group, the corporate overhead has now been reduced and some build-up of administrative functions in the three business areas has been made to enable these to function autonomously. Consequently, going forward administrative shared services is included in the business areas. Historic information for 2008 has been adjusted accordingly.

Primary segment reporting per. 30.06.2008 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Field Operations	Group	Elimin.	Total
Operating revenue, external	584.361	172.322	407.441	4.530		1.168.654
Operating revenue, internal	94.651	70.031	16.370	25.512	(206.564)	-
Op. ex. before depr.	(523.266)	(240.422)	(394.534)	(64.478)	206.564	(1.016.136)
EBITDA	**155.746**	**1.931**	**29.277**	**(34.436)**	**-**	**152.518**
Depreciation and amortization	(15.547)	(30.570)	(25.218)	(339)	-	(71.674)
Write downs and provisions	-	(6.061)	-	-	-	(6.061)
EBIT	**140.199**	**(34.700)**	**4.059**	**(34.775)**	**-**	**74.783**
Net financial items	(5.704)	(21.221)	(7.596)	(19.011)	-	(53.532)
Profit before taxes	**134.495**	**(55.921)**	**(3.537)**	**(53.786)**	**-**	**21.251**
Taxes	(43.038)	17.895	1.132	19.407	-	(4.605)
Profit after taxes	**91.457**	**(38.026)**	**(2.405)**	**(34.379)**	**-**	**16.646**
Profit after tax from discontinued operations			**5.741**	(43.897)	-	(38.156)
Profit/(loss) for the year	**91.457**	**(38.026)**	**3.336**	**(78.276)**	**-**	**(21.510)**

Note 3 – Geographical Distribution of Operating Income

Secondary segment reporting (NOK 1.000)		
Geographical distribution of operating income	01.01 - 30.06 2009	01.01 - 30.06 2008
Norway	404.323	305.650
Europe ex. Norway	172.930	247.739
Australia	340.527	452.485
America	111.518	77.402
Africa	107.432	85.378
Total	**1.136.731**	**1.168.654**

Note 4 - Financial Key Figures

Key figures	Actual	Actual	Actual
	01.01 - 30.06 2009	01.01 - 30.06 2008	01.01 - 31.12 2008
Average number of shares	71.210.808	70.355.808	70.783.308
Earnings per share/Diluted EPS	-3,63	0,24	-2,18
EBITDA-margin	8,0 %	13,1 %	11,4 %
EBIT-margin	-18,1 %	6,4 %	-0,1 %
Equity ratio	19,2 %		21,7 %
Net interest bearing debt	1.589.906	1.319.381	1.246.240

Note 5 – Business Combinations

On 1 July 2008, the AGR Group acquired 100% of the share capital of TRACS International Consultancy Ltd, a leading worldwide provider of integrated services and training within geology and petroleum engineering with offices in Aberdeen, London and Moscow. If the acquisition had occurred on 1 January 2008, group revenue would have been NOK 1 239 million for year-to-date 2008 and net profit for continued operations would have been NOK 12 million.

These amounts have been calculated using the group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2008, together with the consequential tax effects.

Note 6 – Statement of Comprehensive Income

Statement of comprehensive income	Six months ended 30 June	
	2009	2008
Profit for the period	**(263.511)**	**(21.510)**
Other comprehensive income		
Fair value gains on available-for-sale financial assets, net of tax		
Cash flow hedges, net of tax		
Currency translation differences	43.189	(43.567)
Other comprehensive income for the period, net of tax		
Total comprehensive income for the period	**(220.322)**	**(65.077)**
Profit attributable to:		
- owners of the company	(262.149)	(20.171)
- minority interest	(1.362)	(1.339)

Note 7 – Impairment testing

Due to the economic downturn and challenging market conditions, including delays in market penetration for the RMR system, the AGR management has undertaken an impairment test at Q2 2009. For the purpose of the impairment test goodwill was allocated to the operating segments. The operating segment is the lowest level at which goodwill is monitored for internal management purposes. The recoverable amount was determined as the fair value of the goodwill less cost to sell. To calculate fair value of cost to sell, the discounted cash flow method was applied. The discounted cash flow method was applied with the following assumptions:

Cash flows were projected based on actual operating results and an updated 3-year business plan. For year 4 and year 5, an annual growth rate consistent with the average growth rate for the industry was applied. For the residual value the growth rate was set equal to inflation (2,5 percent). A post-tax weighted average cost of capital (WACC) of 11,0-14,3 percent was applied, depending on the segment, for determining the recoverable amount. The WACC was estimated based on a comparable group of companies with a debt leveraging of 21 percent and a market interest rate of 6,7 percent.

Based on these valuations it was concluded that an impairment charge of NOK 200 million, predominantly goodwill, would be made in Drilling Services in Q2 2009. The values in the other business areas should remain unchanged.

Note 8 – Related party transactions

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

Note 9 – Events occurring after balance sheet date

- On July 20th, an amended and restated loan facility agreement was signed with DnBNOR/Nordea.
- In mid July 2009, AGR and Halliburton have signed and closed a transaction whereby Halliburton acquires all rights to the software NETool.
- AGR Dpal has been involved in a dispute with a supplier and in July 2009, AGR Dpal was awarded a settlement of NOK 15 million plus interest of a total claim of NOK 25 million after a court ruling.
- A decision to close AGR Dpal was made in July.