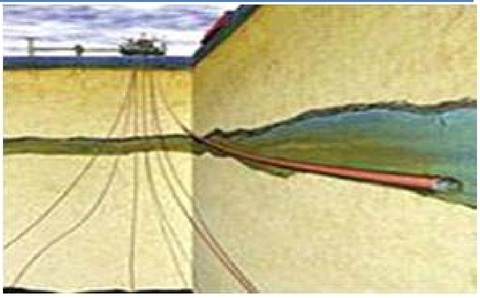
AGR Group ASA

1st quarter 2011

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

Petroleum Services



AGR Petroleum Services delivers a broad service offering within reservoir evaluations, well-planning and management as well as integrated field management to the upstream oil and gas industry. Its core competencies include geology, geophysics, petrophysics, reservoir and petroleum engineering, well construction, drilling management, completion design and installation, field development planning, risk and economics evaluation. The business unit also delivers a broad training portfolio.

Drilling Services

AGR Drilling Services develops and supplies leading edge technologies and services. The division is investing substantially in R&D for enhanced drilling solutions (EDS). This is technology to improve safety- and environmental control, enable drilling of difficult wells and improve drilling performance significantly. The technology has been successfully deployed on 450 wells for the top hole section. 2011 is expected to be a milestone year for EDS as the technology is expected to be deployed for drilling the full well (post BOP) for the first time.

Field Operations

AGR Field Operations offers a variety of products and services within field development, operations and operational support of oil and gas infrastructures through the entire life of a field. The services are organized under the product lines Integrity & Inspection, Maintenance Management, Operations & Maintenance, Subsea Services and Alternative Energy.

FIRST QUARTER 2011 FINANCIAL HIGHLIGHTS

Primary segment reporting per. 31.03.2011 (NOK 1.000)						
Business segments	**Petroleum Services**	**Drilling Services**	**Field Operations**	**Group**	**Elimin.**	**Total**
Operating revenue, external	274.394	92.072	252.035	388	283	619.172
Operating revenue, internal	3.247	0	5.909	2.692	(11.848)	(0)
Operating expenses before depreciation	(244.273)	(83.391)	(235.041)	(9.724)	11.565	(560.863)
EBITDA	**33.368**	**8.681**	**22.904**	**(6.643)**	**-**	**58.309**
Depreciation and amortization	(7.703)	(17.196)	(15.641)	(183)	-	(40.724)
Write downs and provisions	-	-	-	-	-	-
EBIT	**25.665**	**(8.515)**	**7.262**	**(6.826)**	**-**	**17.585**

Primary segment reporting per. 31.03.2010 (NOK 1.000)						
Business segments	**Petroleum Services**	**Drilling Services**	**Field Operations**	**Group**	**Elimin.**	**Total**
Operating revenue, external	248.645	74.387	266.243	284	-	589.559
Operating revenue, internal	7.060	5.228	3.491	2.803	(18.582)	-
Operating expenses before depreciation	(228.279)	(68.210)	(252.999)	(8.066)	18.582	(538.972)
EBITDA	**27.426**	**11.405**	**16.735**	**(4.979)**	**-**	**50.587**
Depreciation and amortization	(10.524)	(17.826)	(14.014)	(223)		(42.588)
Write downs and provisions	-	-			-	-
EBIT	**16.902**	**(6.421)**	**2.721**	**(5.202)**	**-**	**7.999**

EBITDA: Earnings before interest, tax, depreciation and amortisation, excluding inventory/asset write downs
Cost related to the Share Investment Program (EBC) has been moved from the divisions into Group.

- The activity level increased and the operating revenue for the first quarter of 2011 ended on NOK 619 million, up from NOK 590 million in the same quarter previous year. EBITDA was NOK 58 million compared to NOK 51 million in the first quarter of 2010.

- The market continues to improve and EBITDA in *Petroleum Services* was NOK 33 million in the first quarter of 2011. This represents a good improvement compared to NOK 27 million in the same quarter in 2010.

- Steady development in *Drilling Services* that delivered an EBITDA of NOK 9 million compared to the NOK 11 million in the first quarter of 2010.

- *Field Operations* delivered a strong EBITDA growth of 35% to NOK 23 million compared to the same quarter in 2010 as a consequence of positive effects from a number of successful contract awards in 2010, and some non-recurring events during the first quarter of 2010. Revenues were slightly reduced due to less pass-through revenue.

Divisional Reports

AGR Petroleum Services

The overall market for AGR Petroleum Services continues to strengthen and the division delivered an EBITDA of NOK 33 million compared to NOK 27 million in the same quarter in 2010.

The activity level in Well Management in the first quarter of 2011 was high in Norway, UK, APAC and US. During the quarter the division managed twelve rigs, one in Norway, one out of UK, eight in Americas and two out of APAC, and spudded a total of six wells.

During the first quarter Bredford Dolphin has been drilling for Lundin in Norwegian waters and Premier Oil Norge has signed up for one well on the Bredford Dolphin expected to spud in the third quarter of 2011. Further, RWE has committed to drill one well on the West Alpha with full Well Management provided by AGR Petroleum Services, with an expected spud date in last quarter of 2011. The operation in the South Atlantic Ocean on behalf of Desire Petroleum and Rockhopper Exploration has been successful and will continue during 2011. The Leiv Eriksson rig will also commence drilling towards the end of the year in deeper waters in the same region for Borders and Southern.

The planning for the first wells on the Borgland Dolphin three year campaign in Norway is well under way and expected start up for the consortium is in June 2011. Planning is also well underway in UK for the multi-well, multi-client WilPheonix drilling campaign starting in the second quarter of 2011. The first well will be for Faroe Petroleum followed by wells for Hurricane and Antrim. More wells are being promoted on this rig. Planning is also ongoing for drilling in Guinea for Hyperdynamics in 2011.

The Consultancy activities and number of consultants have been stable during Q1 with steady performance and high activity in the market. Reservoir Management in UK and Russia are showing stable and good performance, but the market is Norway is taking longer to recover than expected. The market interest in Field Development evaluation activities has picked up both in the UK and Norway and integrated studies and evaluations are ongoing in both regions.

The interest in Petroleum Services P1™ proprietary software is steady with a contract with Petronas as the largest of the recently won contracts.

AGR Drilling Services

The business area delivered an EBITDA of NOK 9 million compared to NOK 11 million in Q1 2010. The main contributor to this year’s result was the RMR product line.

During Q1 2011 the RMR technology was used to drill 4 wells compared to 7 wells in the first quarter of 2010. Despite some delays from customers, revenues are on the same level as the first quarter in 2010 due to more extended scopes for the RMR on each well. The division has incurred some up-front costs associated with the establishment in Brazil to serve the new RMR contract with Petrobras, awarded in December 2010. It has been necessary to fast-track the establishment to be aligned with an accelerated drilling program.

The RMR technology continues to gain acknowledgement in the market and AGR Drilling Services experiences high interest in this technology. In January the division signed a 12-month contract with BP for provision of RMR services in the Caspian Sea with an estimated value of NOK 110 million.

Based on the proprietary subsea pump and mud recovery systems that are used around the world on top-hole sections of subsea wells, AGR Drilling Services continues to be the leading provider of solutions within the field of Managed Pressure Drilling offshore. During Q1, AGR Drilling Services continued to actively develop and implement step change technologies for the industry, including MPC (Managed Pressure Cementing), CMP (Controlled Mud pressure) and EC-Drill.

In Well Services, the Wellbore Cleanout product is still experiencing reduced activity. Due to a change in the drilling program, the utilisation of the Dynamic Desander in Saudi Arabia was lower than anticipated, but higher activity is expected going forward.

Trenching and Excavation was awarded two important new contracts in the first quarter. First, for the provision of excavation & trenching technology for seabed levelling and pre-lay trenching of the Ormen Lange field, Europe's third-largest gas field. The estimated contract value is NOK 84 million. Second, for the provision of excavation services to Polish 'LOTOS Petrobaltic's jack-up rig Baltic Beta with an estimated value of NOK 9 million. With these contracts and the ongoing Gorgon project, the activity level will remain at an all time high during the first two quarters of 2011.

AGR Field Operations

In the first quarter of 2011 AGR Field Operations had an EBITDA of NOK 23 million compared to NOK 17 million for the same quarter in 2010. As usual the activity level and billable rate was lower in the first quarter, but the EBITDA improved significantly due to a number of successful contract awards in 2010, as well as some non-recurring events during first quarter 2010.

During the quarter AGR Field Operations secured a number of important contracts within several business lines. The most significant contract was for verification of the material on the body on a large number of offshore wind mills in Western Europe. The project will start in the second quarter of 2011 and will involve multiple Trident Subsea Inspection units that are modified to be operated by ROVs. This contract represents a breakthrough for AGR Field Operations unique subsea inspection tool within the Alternative Energy sector in Europe. In addition to several Trident systems in operation in Western Europe, a contract for use of the technology was secured in Colombia with execution during the second quarter.

In March a new contract for use of the SOLV concept was secured with a new client on the Norwegian Continental Shelf (NCS). With this additional client in the portfolio, AGR Field Operations is providing corrosion management services and its SOLV methodology to four large operators on the NCS. In addition to the significant increase in number of clients in the home market, a contract for implementation of SOLV on four offshore installations was recently awarded by a large North American operator.

In the Americas region the business is experiencing a significant breakthrough and has secured a large number of in-line inspection projects in both North- and South America. The demand for the specialized technology is good and a continued strong growth in the American market is expected. At present all resources, both tools and personnel, are fully utilized. A process to increase the capacity to enable further growth for the pipeline integrity business globally is progress, and it is expected that the base of tools will be increased by close to 20% by third quarter 2011. Personnel are in training and dedicated project teams will be available in North America from May 2011.

During the last two years the Maintenance Engineering business has experienced a strong development in Europe and Asia Pacific. This development has continued in the first quarter and is expected to continue going forward with more high-end engineering services and advisory services included in the services offered to clients. In addition to the development in these regions the Maintenance Engineering team secured an important contract with a large shale gas operator in North America. AGR Field Operations will develop and implement the maintenance system for their operating plant by using the well proven AGR Field Operations methodology and the Kamfer software system..

Within Operations & Maintenance the completion of the Basker Manta Gummy project progresses according to plan, and the project is expected to be completed by end of the second quarter.

AGR Field Operations has recently recruited a large number of personnel within the Asset Integrity Management area, and has incurred significant training costs. The cost related to training of personnel will be reduced from the second quarter.

Financial Information

Funding

In March 2011 the Group entered into a new Multicurrency Revolving Credit, Term loans and Guarantee Facilities agreement provided by a bank syndicate comprising DnB NOR and Nordea. The loan amortization structure was adjusted and the financial covenants were reset. According to the Group's long term strategy for the various business units, the three divisions are to be financed individually. As a first step, the financing has been split in two whereby AGR Field Operations has been financed separately under a new loan agreement.

Other financial information

Turnover for the Group was NOK 619 million in Q1 2011 compared to NOK 590 million in Q1 2010. EBITDA for the Group was NOK 58 million compared to NOK 51 million in Q1 2010. Profit after tax for the first quarter of 2011 was negative NOK 4 million compared to negative NOK 13 million for the same period in 2010. For more information about the results, please refer to the divisional reports section.

The Group had total assets of NOK 2 565 million at the end of Q1 2011 which is a reduction from NOK 2 676 million at year end 2010. The main reasons for the reduction are reduced receivables and payables. At the end of Q1 2011, the equity ratio was 26 percent.

Accumulated cash flow from the Group's operational activities was negative NOK 48 million due to increased working capital from a low level at year end 2010. Net investments for the Group were NOK 14 million and were mainly related to equipment within AGR Drilling Services, AGR Field Operations and CannSeal. Interest bearing debt increased with NOK 55 million and in total the Group had a negative net cash flow of NOK 6 million in Q1 2011 compared to positive NOK 1 million in Q1 2010.

Net interest-bearing debt for the Group was NOK 1 171 million at the end of the first quarter of 2011 compared with NOK 1 108 million at the end of 2010. At the end of Q1 2011, NOK 769 million of interest bearing debt is fixed through interest swaps constituting 63% of total gross interest bearing debt.

Earnings per share for Q1 2011 were negative NOK 0.04 compared to negative NOK 0.11 for the same period in 2010.

Oslo, 31 May 2011

Board of AGR Group ASA

Financial consolidated information and notes

Basis of Preparation and Accounting Principles

This condensed consolidated interim financial information for the three months ended 31 March 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 2010, which has been prepared in accordance with IFRS. This condensed consolidated interim information has not been audited.

Condensed consolidated income statement

Income Statement	Actual	Actual	Actual
NOK 1.000	**01.01 - 31.03 2011**	**01.01 - 31.03 2010**	**01.01 - 31.12 2010**
Operating revenue	619.172	589.559	2.485.474
Operating expenses before depreciation	(560.863)	(538.972)	(2.181.332)
Operating profit before depreciation (EBITDA)	**58.309**	**50.587**	**304.141**
Depreciation and amortisation	(40.724)	(42.588)	(172.045)
Write downs and provisions	-	-	-
Operating profit (EBIT)	**17.585**	**7.999**	**132.096**
Net financial items	(24.118)	(27.527)	(115.654)
Profit before taxes	**(6.533)**	**(19.528)**	**16.442**
Taxes	2.090	6.249	(12.055)
Profit after taxes	**(4.443)**	**(13.279)**	**4.387**
Profit after tax from discontinued operations	-	(1.492)	(138)
Gain from sale of discontinued operations		-	-
Result from discountinued operations	**-**	**(1.492)**	**(138)**
Profit/(loss) for the year	**(4.443)**	**(14.771)**	**4.249**

Key figures	Actual	Actual	Actual
	01.01 - 31.03 2011	**01.01 - 31.03 2010**	**01.01 - 31.12 2010**
Earnings per share/Diluted EPS	(0,04)	(0,11)	0,03

Condensed consolidated balance sheet

Balance Sheet	Actual	Actual
NOK 1.000	**31.03.2011**	**31.12.2010**
Fixed assets		
Deferred tax asset	180.042	173.291
Patents, research and development	170.564	183.214
Goodwill	908.244	921.887
Land and buildings	30	33
Machinery and other equipment	450.953	467.621
Financial fixed assets	30.247	31.097
Total fixed assets	**1.740.080**	**1.777.143**
Current assets		
Inventory	18.390	13.266
Accounts receivable	681.422	727.270
Other receivables	85.831	112.349
Shares held for trading purposes	92	93
Assets of disposal group classified as held for sale	6	6
Cash and cash equivalents	39.109	45.519
Total current assets	**824.850**	**898.503**
Total assets	**2.564.930**	**2.675.646**
Equity		
Paid in capital	1.075.709	1.075.709
Other equity	(439.456)	(420.371)
Non-controlling interests	25.121	23.820
Total equity	**661.374**	**679.158**
Long-term liabilities		
Provisions	18.307	18.429
Deffered tax liability	17.049	13.038
Other longterm liability	-	-
Liabilities to financial institutions Note 1	841.733	877.949
Total long-term liabilities	**877.089**	**909.416**
Short-term liabilities		
Liabilities of disposal group classified as held for sale	-	-
Short-term liabilities Note 1	1.026.467	1.087.072
Total short-term liabilities	**1.026.467**	**1.087.072**
Total liabilities	**1.903.556**	**1.996.488**
Total equity and liabilities	**2.564.930**	**2.675.646**

Condensed consolidated statement of comprehensive Income

Statement of comprehensive income	Actual	Actual	Actual
NOK 1.000	**Three months ended 31 March**		**Year ended 31 December**
	2011	**2010**	**2010**
Profit for the period	**(4.443)**	**(14.771)**	**4.251**
Other comprehensive income	-	-	-
Fair value gains on available-for-sale financial assets, net of tax	-	-	-
Cash flow hedges, net of tax	-	-	-
Currency translation differences	(14.642)	3.557	34.175
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	**(19.085)**	**(11.214)**	**38.426**
Profit attributable to:			
- owners of the company	(3.506)	(12.639)	5.811
- non-controllin interest	(937)	(2.132)	(1.559)

Condensed consolidated statement of cash flow

Cash-flow Statement			
NOK 1.000	**01.01 - 31.03**	**01.01 - 31.03**	**01.01 - 31.12**
	2011	**2010**	**2010**
Ordinary profit(loss) before taxes	**(4.443)**	**(21.722)**	**16.306**
Adjustment			
Taxes paid	(5.276)	(19.529)	(48.712)
Depreciation and amortization of tangible assets	40.724	42.588	172.045
Share of loss/profitt from associates	-	2.209	122
Financial items without cash-impact	6.252	-	-
Change in inventory	(5.124)	4.054	(2.592)
Change in trade receivables	45.848	91.432	(93.213)
Change in trade payables	(175.608)	42.674	199.042
Change in pension liabilities	-	-	1.247
Change in other accruals	49.715	(17.240)	33.959
Net cash-flow from operating activities	**(47.912)**	**124.467**	**278.204**
Cash inflows from sale of property, plant and equipment and other assets	-	-	1.713
Cash outflows for additions to property, plant and equipment and intangible assets	(13.753)	(17.999)	(112.213)
Cash outflows for investments in associated companies	-	-	(260)
Net cash-flow from investment activities	**(13.753)**	**(17.999)**	**(110.760)**
Issuance of debt	55.255	(105.844)	(146.821)
Issuance of shares	-	-	(6.749)
Net cash-flow from financing activities	**55.255**	**(105.844)**	**(153.570)**
Net changes in cash and cash equivalents	**(6.410)**	**624**	**13.874**
Cash and cash equivalents at period start	**45.519**	**31.645**	**31.645**
Cash and cash equivalents at period end	**39.109**	**32.269**	**45.519**

Condensed consolidated statement of changes in equity

Equity reconciliation			
NOK 1.000	**01.01 - 31.03 2011**	**01.01 - 31.03 2010**	**01.01 - 31.12 2010**
Equity at period start	**679.158**	**619.300**	**619.300**
Profit after taxes	(4.443)	(14.771)	4.251
Exchange differences	(14.643)	3.557	34.175
Change/capital contribution from non-controlling interests	1.302	-	43.411
Treasury shares	-	-	(21.979)
Equity at period end	**661.374**	**608.086**	**679.158**

Note 1 – Interest bearing debt

Net interest-bearing debt	Actual	Actual	Actual
NOK 1.000	**31.03.2011**	**31.03.2010**	**31.12.2010**
Long term debt to credit institutions	841.733	1.034.720	877.847
Short term debt to credit institutions	368.215	134.318	275.175
Total interest-bearing debt	**1.209.948**	**1.169.038**	**1.153.022**
Cash and cash equivalents	39.109	32.269	45.519
Net interest-bearing debt	**1.170.839**	**1.136.769**	**1.107.503**

- According to IFRS the capitalized arrangement fee is deducted from the total interest-bearing debt in the above table and balance sheet

Note 2 – Segment Information

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

Primary segment reporting per. 31.03.2011 (NOK 1.000)						
Business segments	**Petroleum Services**	**Drilling Services**	**Field Operations**	**Group**	**Elimin.**	**Total**
Operating revenue, external	274.394	92.072	252.035	388	283	619.172
Operating revenue, internal	3.247	0	5.909	2.692	(11.848)	(0)
Operating expenses before depreciation	(244.273)	(83.391)	(235.041)	(9.724)	11.565	(560.863)
EBITDA	**33.368**	**8.681**	**22.904**	**(6.643)**	**-**	**58.309**
Depreciation and amortization	(7.703)	(17.196)	(15.641)	(183)	-	(40.724)
Write downs and provisions	-	-	-	-	-	-
EBIT	**25.665**	**(8.515)**	**7.262**	**(6.826)**	**-**	**17.585**
Net financial items	(1.200)	(11.831)	(9.324)	(1.763)	-	(24.118)
Profit before taxes	**24.465**	**(20.346)**	**(2.061)**	**(8.589)**	**-**	**(6.533)**
Taxes	(7.829)	6.511	660	2.749	-	2.090
Profit after taxes	**16.636**	**(13.835)**	**(1.402)**	**(5.841)**	**-**	**(4.443)**
Profit after tax from discontinued operations	-	-	-	-	-	-
Profit/(loss) for the year	**16.636**	**(13.835)**	**(1.402)**	**(5.841)**	**-**	**(4.443)**

Primary segment reporting per. 31.03.2010 (NOK 1.000)						
Business segments	**Petroleum Services**	**Drilling Services**	**Field Operations**	**Group**	**Elimin.**	**Total**
Operating revenue, external	248.645	74.387	266.243	284	-	589.559
Operating revenue, internal	7.060	5.228	3.491	2.803	(18.582)	-
Operating expenses before depreciation	(228.279)	(68.210)	(252.999)	(8.066)	18.582	(538.972)
EBITDA	**27.426**	**11.405**	**16.735**	**(4.979)**	**-**	**50.587**
Depreciation and amortization	(10.524)	(17.826)	(14.014)	(223)		(42.588)
Write downs and provisions	-	-			-	-
EBIT	**16.902**	**(6.421)**	**2.721**	**(5.202)**	**-**	**7.999**
Net financial items	(19.835)	(11.078)	(1.463)	4.850		(27.527)
Profit before taxes	**(2.933)**	**(17.499)**	**1.258**	**(352)**	**-**	**(19.528)**
Taxes	939	5.600	(403)	113		6.249
Profit after taxes	**(1.995)**	**(11.899)**	**855**	**(239)**	**-**	**(13.279)**
Profit after tax from discontinued operations				(1.492)	-	(1.492)
Profit/(loss) for the year	**(1.995)**	**(11.899)**	**855**	**(1.731)**	**-**	**(14.771)**

Note 3 – Geographical Distribution of Operating Income

Secondary segment reporting (NOK 1.000)		
Geographical distribution of operating income	01.01 - 31.03 2011	01.01 - 31.03 2010
Norway	206.510	223.402
Europe ex. Norway	84.047	75.617
Australia	148.909	173.450
America	76.745	33.441
Asia	63.707	50.480
Africa	39.255	33.168
Total	**619.172**	**589.559**

Note 4 - Financial Key Figures

Key figures	Actual	Actual	Actual
	01.01 - 31.03 2011	01.01 - 31.03 2010	01.01 - 31.12 2010
Average number of shares	125.898.308	125.898.308	125.898.308
Earnings per share/Diluted EPS	(0,04)	(0,11)	0,03
EBITDA-margin	9,4 %	8,6 %	12,2 %
EBIT-margin	2,8 %	1,4 %	5,3 %
Equity ratio	25,8 %	25,0 %	25,4 %
Net interest bearing debt	1.170.839	1.136.769	1.107.503

Note 5 – Related party transactions

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

Note 6 – Subsequent events

In May 2011 AGR Group introduced a new co-investment program in AGR Petroleum Services. The program is equivalent to the co-investment programs that were implemented in AGR Drilling Services and AGR Field Operations in September 2010. For further information please refer to the AGR annual report 2010 Note 37.