AGR Group ASA

Interim Report

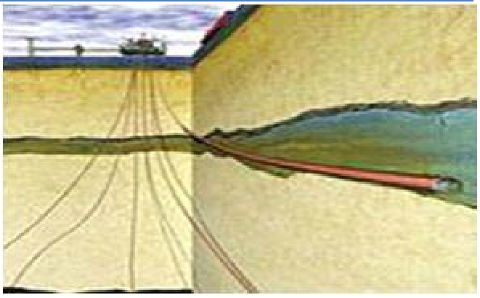
2nd quarter and 1st half year of 2011

Petroleum Services | **Drilling Services** | **Field Operations**



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.

Q2 MANAGEMENT REPORT

Primary segment reporting Q2 2011 only (NOK 1.000)						
Business segments	**Petroleum Services**	**Drilling Services**	**Field Operations**	**Group**	**Elimin.**	**Total**
Operating revenue, external	272,594	233,417	289,248	484	(567)	795,176
Operating revenue, internal	3,061	(0)	4,725	2,553	(10,341)	0
Operating expenses before depreciation	(244,461)	(180,774)	(264,120)	(9,190)	10,908	(687,638)
EBITDA	**31,194**	**52,643**	**29,853**	**(6,152)**	**-**	**107,539**
Depreciation and amortization	(5,952)	(17,086)	(13,763)	(146)	-	(36,946)
Write downs and provisions	-	-	-	-	-	-
EBIT	**25,242**	**35,557**	**16,090**	**(6,298)**	**-**	**70,593**

Primary segment reporting Q2 2010 only (NOK 1.000)						
Business segments	**Petroleum Services**	**Drilling Services**	**Field Operations**	**Group**	**Elimin.**	**Total**
Operating revenue, external	277.204	84.302	277.313	373	-	639.194
Operating revenue, internal	(5.906)	1.054	5.788	2.732	(3.668)	0
Op. ex. before depr.	(232.139)	(72.195)	(245.403)	(9.146)	3.668	(555.215)
EBITDA	**39.159**	**13.161**	**37.699**	**(6.041)**	**-**	**83.979**
Depreciation and amortization	(11.411)	(17.049)	(14.539)	(265)	-	(43.263)
Write downs and provisions	(1.371)	-	-	-	-	(1.371)
EBIT	**26.377**	**(3.888)**	**23.159**	**(6.305)**	**-**	**39.345**

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

AGR Group

Operating revenue for the Group for the second quarter of 2011 increased by 24% compared to the same quarter previous year. EBITDA increased by 28% to NOK 108 million compared to NOK 84 million in the second quarter of 2010.

Divisional Reports

AGR Petroleum Services

The overall market for AGR Petroleum Services is good and tendering activity is high. Profits within several regions and business lines have been steady from Q1 but were somewhat behind Q2 2010 mainly due to a slowdown within Reservoir Management Norway and negative foreign exchange effects on UK earnings due to weakening of GBP. EBITDA for the quarter ended at NOK 31 million compared to NOK 39 million in Q2 2010.

During Q2 the division managed ten rigs of which two in Norway, one in U.K., six in Americas and one in the Middle East. The total number of spudded wells was 4.

During the second quarter Petroleum Services had two campaigns running. Both the Ocean Guardian in the Falkland Islands and the Bredford Dolphin in the North Sea have been running steadily through the quarter. The division is currently preparing for one more well on the Bredford Dolphin expected to commence in September and one well on the West Alpha with a projected start up in Q4 2011. In addition the Borgland Dolphin campaign started in the end of June. The first well on the WilPhoenix campaign in the UK for Faroe Petroleum has started and will be followed by wells for Hurricane

Exploration and Antrim Energy. Operations in Guinea for Hyperdynamics with the Jasper Explorer are expected to commence in Q3 2011.

Within Consultancy the activity level and number of consultants have increased during Q2 ending with 282 consultants placed worldwide.

The market for Reservoir Management improved in both UK and Norway compared to Q1 2011 and activity within Field Management is high.

AGR Drilling Services

The second quarter of 2011 showed a significant improvement compared to the same period last year. The business area delivered EBITDA of NOK 53 million, up from NOK 13 million in Q2 2010. The Trenching & Excavation and Riserless Mud recovery (RMR) product lines were the main contributors.

During Q2 the AGR pumping system, used for RMR and Cutting Transportation Systems (CTS), was used on 10 wells. The first RMR well in Brazil was drilled in June, ensuring zero emissions during the drilling of the top section of the well. During the operation, the RMR was also used to manage the bottom hole pressure. The well marked the commencement of AGR's two year contract with Petrobras. In Q2, Statoil and AGR signed a two year contract for the RMR system, to be applied on rigs on the Norwegian Continental Shelf. The contract included two optional extension periods of two years. In addition, Statoil has signed an agreement for AGR's RMRs for two deep-water rigs in the Gulf of Mexico.

During Q2, 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 activity level within the Wellbore Cleanout product line has been low.

Trenching and Excavation experienced high activity in Q2 due to existing commitment for Chevron on Gorgon and the on-going seabed levelling and pre-laying trenching of the Ormen Lange field for Shell. AGR's work on Gorgon experienced some operational difficulties and was completed in the second quarter. On Ormen Lange, the scope has been substantially increased and was extended until 20th July with further options to 20th August.

AGR Field Operations

EBITDA for AGR Field Operations for the second quarter of 2011 was NOK 30 million compared to NOK 38 million for the same period last year. It has been decided to make bonus accruals of NOK 3 million while there were no bonus accruals in the same period in 2010. Q2 2011 EBITDA also included accrual of NOK 6 million for a potential loss on accounts receivable in AGR Marine Engineering, a company which is about to be transferred from AGR Field Operations to AGR Group ASA, and an accrual of NOK 3 million related to a dispute with a client in Australia for work conducted in 2010. Hence the comparable normalized EBITDA for second quarter 2011 was NOK 42 million. This represents an all-time high quarterly operational EBITDA.

During the second quarter AGR Field Operations was awarded a number of important contracts and contract extensions. Statoil awarded two contract extensions worth in excess of NOK 100 million. One contract involves management services for facility maintenance by use of AGR Field Operations' proprietary software concept SOLV on all of Statoil's on- and offshore assets in Norway and on the Norwegian Continental shelf. Statoil also awarded an extension of a contract for provision of testing and certification of cranes and lifting equipment. The contract covers 30 offshore installations and 4 onshore facilities. Furthermore the division had a very important break-through for SOLV in the Americas region, being awarded a contract with Enbridge for management of facility maintenance and applying the SOLV concept to their assets.

H1 MANAGEMENT REPORT

Primary segment reporting per. 30.06.2011 (NOK 1.000)						
Business segments	Petroleum Services	Drilling Services	Field Operations	Group	Elimin.	Total
Operating revenue, external	546,988	325,489	541,283	872	(284)	1,414,348
Operating revenue, internal	6,309	(0)	10,634	5,245	(22,188)	(1)
Operating expenses before depreciation	(488,734)	(264,165)	(499,161)	(18,913)	22,472	(1,248,501)
EBITDA	**64,562**	**61,324**	**52,756**	**(12,796)**	**-**	**165,847**
Depreciation and amortization	(13,655)	(34,282)	(29,404)	(328)	-	(77,670)
Write downs and provisions	-	-	-	-	-	-
EBIT	**50,907**	**27,042**	**23,352**	**(13,124)**	**-**	**88,177**

Primary segment reporting per. 30.06.2010 (NOK 1.000)						
Business segments	Petroleum Services	Drilling Services	Field Operations	Group	Elimin.	Total
Operating revenue, external	525.849	158.689	543.556	657		1.228.753
Operating revenue, internal	1.154	6.282	9.279	5.535	(22.250)	0
Op. ex. before depr.	(460.418)	(140.405)	(498.402)	(17.212)	22.250	(1.094.187)
EBITDA	**66.585**	**24.566**	**54.434**	**(11.020)**	**-**	**134.567**
Depreciation and amortization	(21.935)	(34.875)	(28.553)	(488)		(85.851)
Write downs and provisions	(1.371)					(1.371)
EBIT	**43.279**	**(10.309)**	**25.880**	**(11.507)**	**-**	**47.344**

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.

AGR Group

Operating revenue for the Group grew by 15 % from NOK 1 229 million in the first six months of 2010 to NOK 1 414 million for the same period in 2011. All business areas performed well in the first half year and in particular Drilling Services that showed a significant increase in revenues and earnings. EBITDA for the Group was NOK 166 million compared to NOK 135 million for the first half of 2010.

Divisional Reports

AGR Petroleum Services

AGR Petroleum Services performance in the first six months of 2011 has been steady and ended with EBITDA of NOK 65 million compared to NOK 67 million in first half of 2010.

The Well Management department experienced a stronger market in the beginning of 2011, particularly in Americas, Asia Pacific and the Norwegian sector, all showing a healthy growth.

The Ocean Guardian campaign with Rockhopper in the South Pacific Ocean has been growing steadily. Hyperdynamics has signed up for drilling with the drillship Jasper Explorer in Equatorial Guinea with and expected operation start-up in October.

In Norway the Bredford Dolphin finished two wells for RWE DEA and is currently drilling the second of two wells for Lundin. The planning for Premier, who has a slot on the Bredford Dolphin following Lundin, started in June, and the operations are expected to commence in Q3 2011. Planning for RWE DEA on the West Alpha has also started, and operations are expected to commence in Q4 2011. The Borgland Dolphin campaign started up at the end of June.

Within Consultancy the activity level and number of consultants have increased during the first half of 2011 ending with 282 consultants placed worldwide.

Overall the market and activity level within Reservoir and Field management has improved over the course of the first six months of 2011, following a slow start in Norway. In Norway, Reservoir Management has been awarded the contract for doing Core descriptions for Det norske oljeselskap and Field Development Audit for RWE DEA. Asset evaluations for different operators have also increased.

AGR Drilling Services

The first half of 2011 showed a significant improvement compared to the same period in 2010. EBITDA for the period ended at NOK 61 million, up from NOK 25 million last year.

Key services within the division are the Riserless Mud Recovery (RMR) and Cuttings Transportation System (CTS), both utilizing pumping technology developed within AGR. The RMR improves drilling operations by reducing the risk and cost of drilling top-hole sections in offshore wells. The system also allows for recovery and recycling of material discharged from the well during drilling, such as cuttings and mud, ensuring zero discharge to the environment.

During first half of 2011, AGR's pumping system was employed on 19 wells, down from 24 during the same period last year. Revenues and results were however significantly improved due to increased scope on each well. The activity in the Caspian region continued at a high level, mostly due to BP's wide use of the RMR for Managed Pressure Cementing (MPC) applications in the challenging formations found offshore Azerbaijan.

During the period, AGR Drilling Services has continued to see an increase in the number of clients using AGR's technologies in their development of strategies to reduce well construction cost and improve recovery factors. Such strategies include the use of Managed Pressure Drilling applications, where conventional drilling practices are not sufficient to reach the reservoir.

Trenching & Excavation (T&E), undertakes seabed excavation and trenching of subsea pipelines. After the award of both the Gorgon project for Chevron in Australia and the Ormen Lange project for Shell in Norway, T&E has had all-time high activity during the first half of 2011. The level is expected to remain high through Q3 2011, mainly due to increased scope on Ormen Lange.

AGR Field Operations

EBITDA for AGR Field Operations for the first half of 2011 was NOK 53 million compared to NOK 55 million for the same period last year. It has been decided to make bonus accruals of NOK 3 million while there were no bonus accruals in the same period in 2010. H1 2011 EBITDA also included accrual of NOK 6 million for a potential loss on accounts receivable in AGR Marine Engineering, a company which is about to be transferred from AGR Field Operations to AGR Group ASA, and an accrual of NOK 3 million related to a dispute with a client in Australia for work conducted in 2010. Hence the comparable normalized EBITDA for H1 2011 was NOK 65 million.

During the first half of 2011, AGR Field Operations was awarded a number of important contracts and contract extensions. The most significant contract won awarded during the first quarter was for verification of the material on the body on a large number of offshore wind mills in Western Europe. In the second quarter Statoil awarded two contract extensions worth a total of more than NOK 100 million. Furthermore the division had a very important break-through for SOLV in the Americas region, being awarded a contract with Enbridge for management of facility maintenance and applying the SOLV concept to their assets.

The business has also had interesting discussions regarding operations contracts for three new clients in the Asia Pacific region. AGR Field Operations has also started a field development study for a client in South East Asia. The intention is for AGR Field Operations to develop the field and operate it on behalf of the client.

During the first half of 2011, Operations for ROC Oil on the Basker Manta Gummy field was completed successfully.

Other

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.

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

Profit after tax for the first six months of 2011 was positive NOK 14 million compared to negative NOK 15 million for the same period in 2010. For more information about the results, see the divisional reports section.

The Group had total assets of NOK 2 775 million at the end of the second quarter of 2011, up from NOK 2 676 million at year end 2010. This is mainly due to increased receivables. At the end of the second quarter 2011, the equity ratio was 24%.

The accumulated cash flow from the Group’s operational activities was negative NOK 30 million due to increased working capital. Net investments for the Group were NOK 43 million. The capital expenditure was mainly related to AGR Drilling Services and AGR Field Operations equipment, positioning AGR for future growth, and development projects such as CannSeal. The Group had a total net cash flow of negative NOK 1 million in the first half year of 2011 compared to positive NOK 75 million for the same period in 2010.

Net interest-bearing debt for the Group was NOK 1 168 million at the end of Q2 2011 compared to NOK 1 108 million at the end of 2010. At the end of Q2 2011, NOK 718 million of interest bearing debt is fixed through interest swaps/options constituting 59 % of total interest bearing debt.

Earnings per share for the first six months of 2011 were positive NOK 0.11 compared to negative NOK 0.12 for the same period in 2010.

Risks and uncertainties

General
Note 2 in the company's 2010 Annual Report Note details certain inherent risk and uncertainties in investing in the company.

Financial risk
The main financial risks are currency risk, interest rate risk, credit risk and fluctuation in oil and gas prices. Financial risk management is carried out by group treasury under policies approved by the Board of Directors as described in the Annual Report 2010 Note 2.

Research and development
The AGR Group has a number of new technologies in development. The AGR Drilling Services product development department is consequently involved in an increasing number of projects that will extend the use of the technologies associated with the mud pump principle into the entire drilling phase of a well. This includes the further development and implementation of EC-Drill, Dual Gradient Drilling (DGD) and Riserless drilling Systems (RDS). Some of these projects will go into an operational phase during 2011.

Another product under development is CannSeal. This is a tool for sealing off water and gas inflow into the wells, which is a key challenge to reservoir management on the Norwegian continental shelf and internationally.

Technology development is a core part of AGR Group's business, and the group has extensive experience with research and development projects. However, although the current R&D projects are mainly progressing according to plan, there will be uncertainty in relation to the timing of, and the commercial success, of these products.

Operational performance
The AGR Group was affected by the world-wide economic downturn in 2008 and 2009, but has recovered with high activity and steady growth. However the world economy is currently showing signs of weakening. This may lead to lower oil prices and decreased activity in the rig market, which in turn will affect the activity for rig campaigns and utilization of RMR´s which are both important value drivers in AGR.

Financial covenants
Lack of satisfying results going forward will increase the risk that intangible assets may be partly impaired and should be written down, that the company will not be in compliance with debt covenants and will also have a negative effect on the cash situation.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2011 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, 30 August 2011

Board of Directors and Chief Executive Officer
AGR Group ASA

sign.
Eivind Reiten
Chairman of the Board

sign.
Reynir Indahl

sign.
Tove Magnussen

sign.
Celeste Mackie

sign.
Hugo Maurstad

sign.
Maria Tallaksen

sign.
Thomas Nilsson

sign.
Sverre Skogen
CEO

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 2010, which has been prepared in accordance with IFRS. This condensed consolidated interim information has not been audited.

Condensed consolidated income statement

Income Statement				
NOK 1.000	**01.04 - 30.06 2011**	**01.04 - 30.06 2010**	**01.01 - 30.06 2011**	**01.01 - 30.06 2010**
Operating revenue	795,176	639,194	1,414,348	1,228,753
Operating expenses before depreciation	(687,638)	(555,215)	(1,248,501)	(1,094,187)
Operating profit before depreciation (EBITDA)	**107,538**	**83,979**	**165,847**	**134,566**
Depreciation and amortisation	(36,946)	(43,264)	(77,670)	(85,851)
Write downs and provisions	-	(1,371)	-	(1,371)
Operating profit (EBIT)	**70,592**	**39,344**	**88,177**	**47,344**
Net financial items	(43,981)	(41,698)	(68,099)	(69,224)
Profit before taxes	**26,612**	**(2,354)**	**20,079**	**(21,880)**
Taxes	(8,516)	753	(6,425)	7,002
Profit after taxes	**18,096**	**(1,601)**	**13,654**	**(14,878)**
Profit after tax from discontinued operations	(208)	229	(208)	(1,263)
Gain from sale of discontinued operations		-	-	-
Result from discountinued operations	**(208)**	**229**	**(208)**	**(1,263)**
Profit/(loss) for the year	**17,889**	**(1,372)**	**13,446**	**(16,141)**

Key figures		
	01.01 - 30.06 2011	**01.01 - 30.06 2010**
Earnings per share/Diluted EPS	0.11	(0.12)

Condensed consolidated balance sheet

Balance Sheet			
NOK 1.000	**30.06.11**	**30.06.10**	**31.12.10**
Fixed assets			
Deferred tax asset	175,259	144,972	173,291
Patents, research and development	170,762	173,187	183,214
Goodwill	896,699	927,735	921,887
Land and buildings	27	38	33
Machinery and other equipment	441,451	485,042	467,621
Financial fixed assets	39,414	3,873	31,097
Total fixed assets	**1,723,612**	**1,734,847**	**1,777,143**
Current assets			
Inventory	20,164	27,571	13,266
Accounts receivable	851,514	679,284	727,270
Other receivables	135,448	130,987	112,349
Shares held for trading purposes	88	-	93
Assets of disposal group classified as held for sale	6	8,940	6
Cash and cash equivalents	44,956	107,090	45,519
Total current assets	**1,052,176**	**953,872**	**898,503**
Total assets	**2,775,788**	**2,688,719**	**2,675,646**
Equity			
Paid in capital	1,075,709	1,097,688	1,075,709
Other equity	(423,815)	(465,148)	(420,371)
Non-controlling interests	25,466	50	23,820
Total equity	**677,360**	**632,590**	**679,158**
Long-term liabilities			
Provisions	18,499	16,692	18,429
Deffered tax liability	15,389	27,102	13,038
Other longterm liability		-	-
Liabilities to financial institutions Note 1	965,365	1,015,679	877,949
Total long-term liabilities	**999,253**	**1,059,473**	**909,416**
Short-term liabilities			
Liabilities of disposal group classified as held for sale	-	77	-
Short-term liabilities Note 1	1,099,175	996,579	1,087,072
Total short-term liabilities	**1,099,175**	**996,656**	**1,087,072**
Total liabilities	**2,098,428**	**2,056,129**	**1,996,488**
Total equity and liabilities	**2,775,788**	**2,688,719**	**2,675,646**

Condensed consolidated statement of comprehensive income

Statement of comprehensive income			
NOK 1.000	**Six months ended 30 June**		**Year ended 31 December**
	2011	**2010**	**2010**
Profit for the period	**13,446**	**(16,142)**	**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	(27,878)	29,382	34,175
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	**(14,432)**	**13,240**	**38,426**
Profit attributable to:			
- owners of the company	14,383	(14,010)	5,811
- non-controllin interest	(937)	(2,132)	(1,559)

Condensed consolidated statement of cash flow

Cash-flow Statement			
NOK 1.000	**01.01 - 30.06**	**01.01 - 30.06**	**01.01 - 31.12**
	2011	**2010**	**2010**
Ordinary profit(loss) before taxes	**15,724**	**(23,738)**	**16,306**
Adjustment			
Taxes paid	9,277	(17,864)	(48,712)
Depreciation and amortization of tangible assets	77,670	87,222	172,045
Share of loss/profitt from associates	208	2,203	122
Financial items without cash-impact	(17,556)	-	-
Change in inventory	(52,578)	(16,897)	(2,592)
Change in trade receivables	(78,564)	(45,227)	(93,213)
Change in trade payables	(57,860)	252,436	199,042
Change in pension liabilities	-	-	1,247
Change in other accruals	73,388	(48,136)	33,959
Net cash-flow from operating activities	**(30,291)**	**190,000**	**278,204**
Cash inflows from sale of property, plant and equipment and other assets	800	-	1,713
Cash outflows for additions to property, plant and equipment and intangible assets	(42,937)	(34,536)	(112,213)
Cash outflows for investments in associated companies	-	-	(260)
Net cash-flow from investment activities	**(42,137)**	**(34,536)**	**(110,760)**
Issuance of debt	67,309	(80,019)	(146,821)
Proceeds from share sales	4,556	-	-
Issuance of shares	-	-	(6,749)
Net cash-flow from financing activities	**71,865**	**(80,019)**	**(153,570)**
Net changes in cash and cash equivalents	**(563)**	**75,445**	**13,874**
Cash and cash equivalents at period start	**45,519**	**31,645**	**31,645**
Cash and cash equivalents at period end	**44,956**	**107,090**	**45,519**

Condensed consolidated statement of changes in equity

Equity reconciliation			
NOK 1.000	**01.01 - 30.06 2011**	**01.01 - 30.06 2010**	**01.01 - 31.12 2010**
Equity at period start	**679,158**	**619,300**	**619,300**
Profit after taxes	13,446	(16,142)	4,251
Exchange differences	(27,878)	29,382	34,175
Change/capital contribution from non-controlling interests	12,634	50	43,411
Treasury shares		-	(21,979)
Equity at period end	**677,360**	**632,590**	**679,158**

Note 1 – Interest bearing debt

Net interest-bearing debt	Actual	Actual	Actual
NOK 1.000	**30/06/2011**	**30/06/2010**	**31/12/2010**
Long term debt to credit institutions	965,365	1,015,679	877,847
Short term debt to credit institutions	247,375	211,151	275,175
Total interest-bearing debt	**1,212,740**	**1,226,830**	**1,153,022**
Cash and cash equivalents	44,956	107,090	45,519
Net interest-bearing debt	**1,167,784**	**1,119,740**	**1,107,503**

According to IFRS the capitalized arrangement fee is deducted from the total net 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. 30.06.2011 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Field Operations	Group	Elimin.	Total
Operating revenue, external	546,988	325,489	541,283	872	(284)	1,414,348
Operating revenue, internal	6,309	(0)	10,634	5,245	(22,188)	(1)
Operating expenses before depreciation	(488,734)	(264,165)	(499,161)	(18,913)	22,472	(1,248,501)
EBITDA	**64,562**	**61,324**	**52,756**	**(12,796)**	**-**	**165,847**
Depreciation and amortization	(13,655)	(34,282)	(29,404)	(328)	-	(77,670)
Write downs and provisions	-	-	-	-	-	-
EBIT	**50,907**	**27,042**	**23,352**	**(13,124)**	**-**	**88,177**
Net financial items	(14,026)	(29,482)	(21,137)	3,748	(7,203)	(68,099)
Profit before taxes	**36,881**	**(2,439)**	**2,215**	**(9,375)**	**(7,203)**	**20,078**
Taxes	(11,802)	781	(709)	3,000	2,305	(6,425)
Profit after taxes	**25,079**	**(1,659)**	**1,506**	**(6,375)**	**(4,898)**	**13,653**
Profit after tax from discontinued operat	-	-	-	(208)	-	(208)
Profit/(loss) for the year	**25,079**	**(1,659)**	**1,506**	**(6,583)**	**(4,898)**	**13,446**

Primary segment reporting per. 30.06.2010 (NOK 1.000)						
Business segments	**Petroleum Services**	**Drilling Services**	**Field Operations**	**Group**	**Elimin.**	**Total**
Operating revenue, external	525.849	158.689	543.556	657		1.228.753
Operating revenue, internal	1.154	6.282	9.279	5.535	(22.250)	0
Op. ex. before depr.	(460.418)	(140.405)	(498.402)	(17.212)	22.250	(1.094.187)
EBITDA	**66.585**	**24.566**	**54.434**	**(11.020)**	**-**	**134.567**
Depreciation and amortization	(21.935)	(34.875)	(28.553)	(488)		(85.851)
Write downs and provisions	(1.371)					(1.371)
EBIT	**43.279**	**(10.309)**	**25.880**	**(11.507)**	**-**	**47.344**
Net financial items	(48.861)	(18.696)	(17.152)	15.486		(69.224)
Profit before taxes	**(5.581)**	**(29.005)**	**8.728**	**3.979**	**-**	**(21.880)**
Taxes	1.786	9.282	(2.793)	(1.273)	-	7.002
Profit after taxes	**(3.795)**	**(19.723)**	**5.935**	**2.706**	**-**	**(14.878)**
Profit after tax from discontinued operations				(1.263)	-	(1.263)
Profit/(loss) for the year	**(3.795)**	**(19.723)**	**5.935**	**1.442**	**-**	**(16.142)**

Note 3 – Geographical Distribution of Operating Income

Secondary segment reporting (NOK 1.000)		
Geographical distribution of operating income	**01.01 - 30.06 2011**	**01.01 - 30.06 2010**
Norway	576,988	459,269
Europe ex. Norway	178,172	167,571
Australia	314,536	328,679
America	157,035	107,555
Asia	121,596	101,275
Africa	66,021	64,404
Total	**1,414,348**	**1,228,753**

Note 4 - Financial Key Figures

Key figures					Actual
	01.04 - 30.06 2011	**01.04 - 30.06 2010**	**01.01 - 30.06 2011**	**01.01 - 30.06 2010**	**01.01 - 31.12 2010**
Average number of shares	125,898,308	125,898,308	125,898,308	125,898,308	125,898,308
Earnings per share/Diluted EPS	0.14	(0.01)	0.11	(0.12)	0.03
EBITDA-margin	13.5 %	13.1 %	11.7 %	11.0 %	12.2 %
EBIT-margin	8.9 %	6.2 %	6.2 %	3.9 %	5.3 %
Equity ratio	24.4 %	23.5 %	24.4 %	23.5 %	25.4 %
Net interest bearing debt	1,167,784	1,119,740	1,167,784	1,119,740	1,107,503

Note 5 – Related party transactions

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

Note 6 – Subsequent events

On August 22 2011 it was announced that AGR Group has initiated a process to evaluate strategic opportunities for AGR Field Operations, and has engaged Arctic Securities ASA as its financial advisor to support this process.