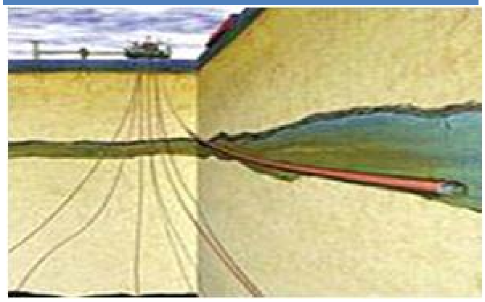
AGR Group ASA

Interim Report
2nd quarter and 1st half year of 2012

Petroleum Services	Drilling Services


AGR Group consists of two 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 market leading 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 more than 500 wells for the top hole section. In addition, the division has during 2011 introduced EC-drill, taking the technology post the BOP.

Q2 2012 FINANCIAL HIGHLIGHTS

Primary segment reporting Q2 2012 only (NOK 1.000)					
Business segments	**Petroleum Services**	**Drilling Services**	**Group**	**Elimin.**	**Total**
Operating revenue, external	291.683	155.217	7.714	(433)	454.182
Operating revenue, internal	5.706	514	1.277	(7.498)	(0)
Operating expenses before depreciation	(264.261)	(121.236)	(12.914)	7.931	(390.480)
EBITDA	**33.129**	**34.495**	**(3.922)**	**-**	**63.701**
Depreciation and amortization	(5.270)	(21.400)	(791)	-	(27.461)
Write downs and provisions	-	-	(5.102)	-	(5.102)
EBIT	**27.859**	**13.095**	**(9.815)**	**-**	**31.138**

Primary segment reporting Q2 2011 only (NOK 1.000)					
Business segments	**Petroleum Services**	**Drilling Services**	**Group**	**Elimin.**	**Total**
Operating revenue, external	272.594	233.417	2.042	(567)	507.486
Operating revenue, internal	3.062	(0)	2.567	(5.629)	-
Operating expenses before depreciation	(244.461)	(180.774)	(17.057)	6.196	(436.097)
EBITDA	**31.194**	**52.643**	**(12.448)**	**-**	**71.389**
Depreciation and amortization	(5.952)	(17.086)	(868)	-	(23.906)
Write downs and provisions	-	-	-	-	-
EBIT	**25.242**	**35.557**	**(13.316)**	**-**	**47.483**

EBITDA: Earnings before interest, tax, depreciation and amortisation

AGR Group

- The Group´s operating revenue in Q2 2012 ended on NOK 454 million, down from NOK 507 million in Q2 2011. EBITDA ended at NOK 64 million compared to NOK 71 million in the second quarter of 2011.

- *Petroleum Services* Q2 2012 EBITDA ended at NOK 33 million compared to NOK 31 million in the second quarter of 2011.

- *Drilling Services,* which is split into the sub-divisions EDS and T&T, experienced lower activity compared to the same quarter last year, with Q2 2012 EBITDA ending at NOK 34 million compared to NOK 53 million in Q2 2011. The reduction in revenue and earnings relates to T&T, while the EDS business experienced continued growth.

Divisional Reports

AGR Petroleum Services

The activity during the 2nd quarter was high and operating revenue increased from NOK 276 million in Q2 2011 to NOK 297 million in the second quarter of 2012, and EBITDA increased from NOK 31 million on Q2 2011 to NOK 33 million in Q2 2012.

Well Management operations in Norway continued the Borgland Dolphin campaign for Wintershall and Total and operations for Faroe Petroleum with Maersk Guardian. Operations for RWE DEA with West Alpha ended successfully in the second quarter. In addition, planning of one new well for Lundin was initiated. The UK office continued on the Leiv Eriksson rig for Borders and Southern and well planning for Falkland Oil and Gas started. Planning work in Israel for Pelagic, Adira and Modiin continued. In West Africa work has been initiated for 2 wells for Starc and White Rose. Americas operations show steady performance, however experienced some slowdown in the domestic market in the second quarter.

In Q2 2012 AGR acquired 80% of the shares in Steinsvik & Co AS. The Stavanger based company primarily delivers Safety Coaches and ICO (Internal Control Officers) to drilling rigs on the Norwegian market. In addition, Steinsvik holds safety related courses for oil companies and performs safety inspections on rigs both on the Norwegian sector and internationally. Please refer to note 3 for proforma figures including Steinsvik.

Reservoir Management in Norway with Russia and UK has shown steady performance throughout the second quarter while activity in APAC is slower. Norway's **Field Management** business has performed well and showing steady growth.

Consultancy activities continue to be high both in UK and Norway during the second quarter,

Energy's planning of wells is going forward and preparations for the first well spud for Modiin in Q1 13 has started.

AGR Drilling Services

Drilling Services´s activity in the second quarter was slower compared to the same quarter last year, and EBITDA ended at NOK 35 million, down from NOK 53 million last year.

Drilling Services consists of 2 sub-divisions; Enhanced Drilling Services (EDS) and Tools & Technology (T&T). Details of EDS and T&T financial performance is shown in note 2 below.

EDS improved by 15% compared to the same period last year, with EBITDA ending at NOK 37 million, up from NOK 34 million in Q2 2011. CTS™, RMR™ and EC-Drill™, all contributed to the increase. During Q2, 2 EC-Drill, 10 CTS and 6 RMR wells were drilled. The first EC-Drill deep water well was completed in Q2, followed by the second well that continues to be drilled into Q3. In Q2 AGR signed a Master Well Services Contract and a Service Order with Chevron U.S.A. Inc. Chevron DGD development is a world's first. AGR have led the engineering management phase together with Chevron and will deliver the Offshore Operations and Maintenance phase over the next years.

T&T revenue was significantly lower during the 2nd quarter of 2012 compared to the same period in 2011. The decrease in activity was due to the very large Ormen Lange project within Seabed Intervention that took place mainly during Q2 2011. Earnings ended at negative NOK 3 million compared to positive 19 million in Q2 2011. In Well Services, steady activity in Saudi Arabia only partly offset low activity in the North Sea, resulting in an activity level below that of the same quarter last year.
Cleanup, with the Dynamic Desander (DDS) as its main product, continued to see high activities during this quarter. The DDS continued to be used successfully on Gullfaks C for Statoil in the North Sea combined with steady utilisation of units in Saudi Arabia.

Group / Other

AGR Group consists of corporate administration, CannSeal and Marine Engineering.

CannSeal continued development & testing of its unique tool and sealing compound. The previously flagged first field test in the US is due to take place during Q3. AGR Marine Engineering was discontinued in Q2.

H1 2012 FINANCIAL HIGHLIGHTS

Primary segment reporting per. 30.06.2012 (NOK 1.000)					
Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	603.306	272.691	9.358	(433)	884.923
Operating revenue, internal	9.043	1.053	2.541	(12.637)	(0)
Operating expenses before depreciation	(542.885)	(227.469)	(25.729)	13.070	(783.014)
EBITDA	**69.464**	**46.275**	**(13.829)**	**-**	**101.909**
Depreciation and amortization	(10.324)	(42.236)	(1.619)	-	(54.179)
Write downs and provisions	-	-	(5.102)	-	(5.102)
EBIT	**59.141**	**4.039**	**(20.550)**	**-**	**42.628**

Primary segment reporting per. 30.06.2011 (NOK 1.000)					
Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	546.988	325.489	4.951	(284)	877.144
Operating revenue, internal	6.309	(0)	5.352	(11.661)	-
Operating expenses before depreciation	(488.734)	(264.165)	(29.461)	11.945	(770.416)
EBITDA	**64.562**	**61.324**	**(19.158)**	**-**	**106.729**
Depreciation and amortization	(13.655)	(34.282)	(1.787)	-	(49.724)
Write downs and provisions	-	-	-	-	-
EBIT	**50.907**	**27.042**	**(20.944)**	**-**	**57.004**

EBITDA: Earnings before interest, tax, depreciation and amortisation

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AGR Group

- The Group´s operating revenue in the first half of 2012 ended on NOK 885 million, up from NOK 877 million in H1 2011. EBITDA ended at NOK 102 million compared to NOK 107 million in the first half of 2011.

- *Petroleum Services* H1 2012 EBITDA ended at NOK 69 million compared to NOK 65 million in the first half of 2011.

- *Drilling Services,* which is split into the sub-divisions EDS and T&T, had lower activity compared to the same period last year, and H1 2012 EBITDA ended at NOK 46 million compared to NOK 61 million in H1 2011. The reduction in revenue and earnings relates to T&T, while the EDS business experienced continued growth.

Divisional Reports

AGR Petroleum Services

AGR Petroleum Services performance was steady in the first half year of 2012. EBITDA ended at NOK 69 million compared to NOK 65 million at in the first half of 2011.

Well Management experienced some slowdown in Norway and Asia Pacific, while activity in the UK was high. The Middle East region showed growth after securing contracts for two wells. The UK office continued to focus on international markets. In January the campaign with the WilPhoenix and the successful campaign outside the Falkland Islands with the Ocean Guardian came to an end. In Norway the Borgland Dolphin campaign continued its operations. One well drilled with the West Alpha for RWE DEA was finished successfully and also operations for Faroe Petroleum with the Maersk Guardian closed out. Planning for an exploration well for Lundin on Maersk Guardian was initiated with ongoing planning of well for Statoil, RWE DEA and AGR Energy. Americas experienced a slowdown of drilling activities in the domestic US market in the first half of 2012, mainly caused by low gas prices and slower approval process for offshore drilling. The domestic slowdown is to some extent replaced by increased activity in Latin America and West Africa.

In June AGR acquired 80% of the shares in Steinsvik & Co AS a Stavanger based company that primarily delivers Safety Coaches and ICO (Internal Control Officers) to drilling rigs on the Norwegian market. Please refer to note 3 for proforma figures including Steinsvik.

Reservoir Management in the UK experienced a solid first half of 2012. Staff utilization remained high and recruitment has been successful, with several new professionals joining.

Consultancy activity was high during H1 2012, with currently 280 consultants working for various clients.

Energy continued to prepare well designs for operations in Israel for a number of licenses. An Israeli branch has been established and manpower has been recruited to support a multi-well campaign using the deep water semi-submersible rig Noble Homer Ferrington.

AGR Drilling Services

Drilling Services activity in the first half year was slower compared to the same period last year and EBITDA ended at NOK 46 million, down from NOK 61 million last year.

Drilling Services consists of 2 sub-divisions; Enhanced Drilling Services (EDS) and Tools & Technology (T&T). Details of EDS and T&T financial performance is shown in note 2 below.

Enhanced Drilling Solutions showed a significant improvement of 36% in the first half of 2012 as EBITDA ended at NOK 52 million, up from NOK 40 million compared to last year.

In addition to EC-Drill (for floaters) that was launched in Q1, EDS´ key services are the Riserless Mud Recovery (RMR) and Cuttings Transportation System (CTS). All three 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. EC-Drill™ is a step-change technology which solves the long-standing challenge of drilling in narrow pressure windows in deep-water wells. Drilling with EC-Drill™, the level of mud in the riser can be finely manipulated, allowing BHP to be maintained just above pore pressure or just below fracture pressure as required. During first half of 2012, AGR's pumping system was employed on 23 wells, up from 19 during the same period last year. Revenues and results also improved due to increased scope on several wells. 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.

T&T saw activity that was lower than the same period in 2011. This was mainly due to the extraordinary Seabed Intervention project Ormen Lange that was executed during H1 2011. EBITDA ended at negative NOK 6 million compared to positive NOK 21 million H1 2011.

Seabed Intervention (SI) undertakes seabed excavation and trenching. The main project during H1 2012 was the extended excavation work for Petrobaltic in Poland.

AGR Cleanup consists of the Dynamic Desander, furnished with technology that removes solids from well fluids more efficiently and cost effectively than any other product in the market. With high activity both in Saudi Arabia and in the North Sea, the utilisation of equipment and people during H1 was high.

Group/Other

AGR Group consists of corporate administration, CannSeal and Marine Engineering.

CannSeal is a unique tool for sealing off water and gas inflow into oil wells. Through the first half of 2012, AGR CannSeal continued to develop its unique annular isolation tool with associated sealing compound; leading up to a client sponsored field test in the US scheduled for Q3. In addition to the existing 4.4” tool set, a client has sponsored the engineering and manufacturing of a 3.3” tool set.

AGR Marine Engineering was discontinued in May 2012.

Financial Information

Other financial information

Profit after tax in the first six months of 2012 was NOK 18 million compared to NOK 13 million in the same period in 2011. For more information about the results, see the divisional reports section.

The Group had total assets of NOK 2 356 million at the end of the first half of 2012, down from NOK 2 791 million at year end 2011. The reduction is mainly due to payment of dividend proceeds to shareholders of NOK 700 million in Q2 2012. The equity ratio ended at 31%.

The accumulated cash flow from the Group’s operational activities was negative NOK 33 million due to increased working capital compared to year end 2011. Net investments for the Group, including acquisition of Steinsvik & Co AS, were NOK 66 million. The capital expenditure was mainly related to AGR Drilling Services equipment, positioning AGR for future growth, and development projects such as CannSeal. Due to the payment of dividend proceeds of NOK 700 million, the Group had a total net cash flow of negative NOK 650 million in the first half year of 2012 compared to positive NOK 19 million in the same period in 2011.

Net interest-bearing debt for the Group was NOK 733 million at the end of H1 2012 compared to negative NOK 93 million at the end of 2011. All interest bearing debt has been accounted for as short-term as the Group´s Credit Facility Agreement expires 30 June 2013.

Earnings per share for the first six months of 2012 were NOK 0.14 compared to NOK 0.11 for the same period in 2011.

Risks and uncertainties

General
Note 2 in the company’s 2011 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 liquidity risk. Financial risk management is carried out by group treasury under policies approved by the Board of Directors as described in the Annual Report 2011 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). EC-Drill has already been applied into an operational phase during 2012.

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 2012 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 2012

Board of AGR Group ASA

Financial consolidated information and notes

Basis of Preparation and Accounting Principles

This condensed consolidated interim financial information for the six months ended 30 June 2012 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 2011, which has been prepared in accordance with IFRS. This condensed consolidated interim information has not been audited.

If a significant part of the Group’s operations is divested or a decision has been made to divest it, this business is presented as “Discontinued operations” on a separate line of the income statement, balance sheet and cash flow statement. The earnings on internal sales to other companies in the Group are retained in the Group. The comparative figures for the discontinued operations in the income statement are restated and presented on a single line. Comparative figures in the balance sheet and cash flow statement are not correspondingly restated.

Condensed consolidated income statement

Income Statement	Actual	Actual	Actual	Actual
NOK 1.000	**01.04.-30.06 2012**	**01.04.-30.06 2011**	**01.01 - 30.06 2012**	**01.01 - 30.06 2011**
Operating revenue	454.182	507.486	884.923	877.144
Operating expenses before depreciation	(390.480)	(436.097)	(783.014)	(770.416)
Operating profit before depreciation (EBITDA)	**63.701**	**71.389**	**101.909**	**106.728**
Depreciation and amortisation	(27.461)	(23.906)	(54.179)	(49.724)
Write downs and provisions	(5.102)	-	(5.102)	-
Operating profit (EBIT)	**31.139**	**47.483**	**42.628**	**57.004**
Net financial items	6.542	(32.488)	(16.385)	(47.610)
Profit before taxes	**37.681**	**14.995**	**26.244**	**9.394**
Taxes	(12.194)	(4.799)	(8.534)	(3.006)
Profit after taxes PAT	**25.487**	**10.195**	**17.710**	**6.387**
Profit after tax from discontinued operations	-	7.692	-	7.058
Gain from sale of discontinued operations	-	-	-	-
Result from discountinued operations	**-**	**7.692**	**-**	**7.058**
		-		
Profit/(loss) for the year	**25.487**	**17.887**	**17.710**	**13.445**

Key figures	Actual	Actual	Actual	Actual
	01.04.-30.06 2012	**01.04.-30.06 2011**	**01.01 - 30.06 2012**	**01.01 - 30.06 2011**
Average number of shares	125.898.308	125.898.308	125.898.308	125.898.308
Earnings per share	0,20	0,14	0,14	0,11

Condensed consolidated balance sheet

Balance Sheet		Actual	Actual	Actual
NOK 1.000		**30-06-2012**	**30-06-2011**	**31-12-2011**
Fixed assets				
Deferred tax asset		175.398	175.259	176.838
Patents, research and development		177.130	170.762	166.757
Goodwill		606.272	896.699	581.627
Land and buildings		-	27	-
Machinery and other equipment		317.170	441.451	345.169
Financial fixed assets		30.044	39.414	40.886
Total fixed assets		**1.306.014**	**1.723.612**	**1.311.278**
Current assets				
Inventory		23.280	20.164	20.535
Accounts receivable		841.956	851.514	521.410
Other receivables		125.815	135.448	116.437
Shares held for trading purposes		96	88	95
Assets classified as held for sale		-	6	-
Cash and cash equivalents		59.091	44.956	820.984
Total current assets		**1.050.238**	**1.052.176**	**1.479.461**
Total assets		**2.356.252**	**2.775.788**	**2.790.739**
Equity				
Paid in capital*		248.305	1.075.709	248.165
Other equity		462.985	(423.815)	1.138.746
Non-controlling interests		26.128	25.466	24.558
Total equity		**737.418**	**677.360**	**1.411.469**
Long-term liabilities				
Provisions		10.881	18.499	9.304
Deffered tax liability		15.319	15.389	5.457
Other longterm liability		-	-	-
Liabilities to financial institutions	Note 1	-	965.365	651.067
Total long-term liabilities		**26.200**	**999.253**	**665.828**
Short-term liabilities				
Liabilities classified as held for sale		-	-	-
Short-term liabilities	Note 1	1.592.634	1.099.175	713.442
Total short-term liabilities		**1.592.634**	**1.099.175**	**713.442**
Total liabilities		**1.618.834**	**2.098.428**	**1.379.270**
Total equity and liabilities		**2.356.252**	**2.775.788**	**2.790.739**

Condensed consolidated statement of comprehensive

Statement of comprehensive income	Actual	Actual	Actual
NOK 1.000	**Six months ended 30 June**		**Year ended 31 Dec.**
	2012	**2011**	**2011**
Profit for the period	**17.710**	**13.444**	**754.598**
Other comprehensive income	-	-	-
Fair value gains on available-for-sale financial assets, net of tax	-	-	-
Cash flow hedges, net of tax	-	-	-
Currency translation differences	6.888	(14.092)	(20.228)
Currency translation differences discontinued operations			
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	**24.598**	**(648)**	**734.370**
Profit attributable to:			
- owners of the company	17.038	14.381	745.269
- non-controllin interest	672	(937)	9.330

Condensed consolidated statement of cash flow

	NOK 1.000	01.01 - 30.06 2012	01.01 - 30.06 2011	01.01. - 31.12. 2011
	Operating activities			
	Profit/(loss) before taxes from continuing operations	26.244	9.394	55.639
	Ordinary profit/(loss) before taxes from discontinued operations	-	7.058	725.197
	Profit before tax	**26.244**	**16.452**	**780.836**
	Non-cash adjustments to reconcile profit before tax to net cash flows			
	Depreciation,amortisation and impairment of tangible and intangible assets	59.280	49.724	106.728
	Loss/(gain) on disposal of discontinued operations	-	-	(701.197)
	Finance income	(164.137)	(156.028)	(277.733)
	Finance costs	180.503	203.639	362.549
	Other operating income	-	-	(5.026)
	Share of loss/(profit) from associates	-	-	-
	Pension	-	-	(605)
1)	**Working capital adjustments:**			
	Increase in trade and other receivables and prepayments	(329.924)	(78.564)	(53.337)
	Increase in inventory	(2.745)	(52.578)	(10.557)
	Decrease (increase) in trade and other payables	170.993	(57.860)	(57.583)
	Decrease(increase) in other provisions	30.363	83.636	(63.549)
		(29.423)	**8.421**	**80.526**
	Interest received	5.177	151	3.116
	Income tax paid	(9.139)	9.277	(13.201)
	Net cash flow from operational activities	**(33.385)**	**17.849**	**70.441**
	Investing activities			
	Proceeds from sale of property, plant and equipment and intangible assets	-	800	-
	Capital expenditure for property, plant and equipment and intangible assets	(38.491)	(42.937)	(85.804)
	Purchase of financial instruments	-	-	(1.542)
	Proceeds from sale of financial instruments	-	4.556	1.224
	Final earn-out payment former acquisition of subsidiary	-	-	(25.297)
2)	Net inflow from sale of subsidiary, net of cash disposed	-	-	986.134
	Receipt of government grant	-	-	1.394
	Acquisition of subsidiary, net of cash acquired	(27.243)	-	-
	Net cash flows used in investing activities	**(65.734)**	**(37.581)**	**876.109**
	Financing activities			
	Proceeds from borrowings	100.000	67.309	-
	Repayment of borrowings	(39.928)	-	(76.383)
	Interest paid	(22.868)	(48.140)	(78.076)
	Dividends paid to equity holders of the parent	(700.219)	-	-
	Net cash flow from (used) in financing activities	**(663.015)**	**19.169**	**(154.459)**
	Net increase in cash and cash equivalents	(762.134)	(563)	792.091
	Net foreign exchange differences	241	-	(737)
	Cash and cash equivalents at start of period	820.984	45.519	29.630
	Cash and cash equivalents at end of period	**59.091**	**44.956**	**820.984**

1) Amounts are exclusive discontinued operations

2) Total inflow from sale is amounted to TNOK 1 030 026, and cash disposed is amounted to TNOK 43 892, net of TNOK 986 134.

Condensed consolidated statement of changes in equity

Equity reconciliation			
NOK 1.000	01.01 - 30.06 2012	01.01 - 30.06 2011	01.01 - 31.12 2011
Equity at period start	**1.411.469**	**665.372**	**665.372**
Profit after taxes	17.710	13.446	754.598
Exchange differences	6.888	(14.092)	(20.228)
Change/capital contribution from non-controlling interests	1.570	12.634	11.727
Exchange differences discontinued operations	-		
Dividend payments	(700.219)		-
Equity at period end	**737.418**	**677.360**	**1.411.469**

Note 1 – Interest bearing debt

Net interest-bearing debt	Actual	Actual	Actual
NOK 1.000	30-06-2012	30-06-2011	31-12-2011
Long term debt to credit institutions	0	965.365	651.067
Short term debt to credit institutions	791.719	189.505	77.398
Total interest-bearing debt	**791.719**	**1.154.870**	**728.465**
Cash and cash equivalents	59.091	44.956	820.984
Net interest-bearing debt	**732.628**	**1.109.914**	**-92.519**

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

The company's debt expires June 2013 which is less than 12 months, and is therefore booked as short-term in accordance with IFRS.

Note 2 – Segment Information

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

Primary segment reporting per. 30.06.2012 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	603.306	272.691	9.358	(433)	884.923
Operating revenue, internal	9.043	1.053	2.541	(12.637)	(0)
Operating expenses before depreciation	(542.885)	(227.469)	(25.729)	13.070	(783.014)
EBITDA	**69.464**	**46.275**	**(13.829)**	**-**	**101.909**
Depreciation and amortization	(10.324)	(42.236)	(1.619)	-	(54.179)
Write downs and provisions	-	-	(5.102)	-	(5.102)
EBIT	**59.141**	**4.039**	**(20.550)**	**-**	**42.628**
Net financial items	(12.531)	(10.874)	7.021	-	(16.385)
Profit before taxes	**46.609**	**(6.836)**	**(13.529)**	**-**	**26.243**
Taxes	(15.051)	2.187	4.329	-	(8.534)
Profit after taxes	**31.558**	**(4.648)**	**(9.200)**	**-**	**17.709**
Profit after tax from discontinued operat	-	-	-	-	-
Profit/(loss) for the year	**31.558**	**(4.648)**	**(9.200)**	**-**	**17.709**

Primary segment reporting per. 30.06.2011 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	546.988	325.489	4.951	(284)	877.144
Operating revenue, internal	6.309	(0)	5.352	(11.661)	-
Operating expenses before depreciation	(488.734)	(264.165)	(29.461)	11.945	(770.416)
EBITDA	**64.562**	**61.324**	**(19.158)**	**-**	**106.729**
Depreciation and amortization	(13.655)	(34.282)	(1.787)	-	(49.724)
Write downs and provisions	-	-	-	-	-
EBIT	**50.907**	**27.042**	**(20.944)**	**-**	**57.004**
Net financial items	(14.026)	(29.482)	(4.103)	-	(47.610)
Profit before taxes	**36.882**	**(2.438)**	**(25.047)**	**-**	**9.394**
Taxes	(11.802)	781	8.015	-	(3.006)
Profit after taxes	**25.080**	**(1.658)**	**(17.032)**	**-**	**6.387**
Profit after tax from discontinued operat	-	-	7.058	-	7.058
Profit/(loss) for the year	**25.080**	**(1.658)**	**(9.975)**	**-**	**13.444**

Drilling Services consist of the sub-divisions **EDS and T&T**:

Q2 2012 only (NOK 1.000)				
Business segments	**EDS**	**T&T**	**Elim DS**	**Total**
Operating revenue, external	138.222	16.995	-	155.217
Operating revenue, internal	3.542	1.650	(4.678)	514
Operating expenses before depreciation	(104.406)	(21.508)	4.678	(121.236)
EBITDA	**37.357**	**(2.863)**	**-**	**34.495**
Depreciation and amortization	(18.704)	(2.696)	-	(21.400)
Write downs and provisions	-	-	-	-
EBIT	**18.653**	**(5.559)**	**-**	**13.095**
Net financial items	452	836	-	1.288
Profit before taxes	**19.105**	**(4.723)**	**-**	**14.382**
Skattekostnad / Taxes	(6.114)	1.511	-	(4.603)
Profit after taxes	**12.992**	**(3.212)**	**-**	**9.780**
Profit after tax from discontinued operations	-	-	-	-
Profit/(loss) for the year	**12.992**	**(3.212)**	**-**	**9.780**

Q2 2011 only (NOK 1.000)				
Business segments	**EDS**	**T&T**	**Elim DS**	**Total**
Operating revenue, external	108.892	124.464	62	233.418
Operating revenue, internal	13.669	5.550	(19.218)	(0)
Operating expenses before depreciation	(88.648)	(111.284)	19.157	(180.775)
EBITDA	**33.913**	**18.730**	**-**	**52.643**
Depreciation and amortization	(15.436)	(1.650)	-	(17.086)
Write downs and provisions	-	-	-	-
EBIT	**18.478**	**17.080**	**-**	**35.557**
Net financial items	(17.327)	(324)	-	(17.651)
Profit before taxes	**1.151**	**16.756**	**-**	**17.907**
Skattekostnad / Taxes	(369)	(5.362)	-	(5.730)
Profit after taxes	**782**	**11.394**	**-**	**12.176**
Profit after tax from discontinued operations	-	-	-	-
Profit/(loss) for the year	**782**	**11.394**	**-**	**12.176**

Per. 30.06.2012 (NOK 1.000)

Business segments	EDS	T&T	Elim DS	Total
Operating revenue, external	227.324	45.367	-	272.691
Operating revenue, internal	8.178	2.656	(9.781)	1.053
Operating expenses before depreciation	(183.188)	(54.062)	9.781	(227.469)
EBITDA	**52.313**	**(6.039)**	**-**	**46.275**
Depreciation and amortization	(37.401)	(4.835)	-	(42.236)
Write downs and provisions	-	-	-	-
EBIT	**14.912**	**(10.874)**	**-**	**4.039**
Net financial items	(10.688)	(186)	-	(10.874)
Profit before taxes	**4.224**	**(11.060)**	**-**	**(6.836)**
Skattekostnad / Taxes	(1.352)	3.539	-	2.187
Profit after taxes	**2.873**	**(7.521)**	**-**	**(4.648)**
Profit after tax from discontinued operations	-	-	-	-
Profit/(loss) for the year	**2.873**	**(7.521)**	**-**	**(4.648)**

Per. 30.06.2011 (NOK 1.000)

Business segments	EDS	T&T	Elim DS	Total
Operating revenue, external	192.192	133.418	(121)	325.489
Operating revenue, internal	17.601	12.180	(29.780)	(0)
Operating expenses before depreciation	(169.847)	(124.220)	29.902	(264.165)
EBITDA	**39.946**	**21.378**	**-**	**61.324**
Depreciation and amortization	(30.888)	(3.394)	-	(34.282)
Write downs and provisions	-	-	-	-
EBIT	**9.059**	**17.984**	**-**	**27.042**
Net financial items	(27.988)	(1.494)	-	(29.482)
Profit before taxes	**(18.928)**	**16.491**	**-**	**(2.438)**
Taxes	6.057	(5.277)	-	781
Profit after taxes	**(12.871)**	**11.214**	**-**	**(1.658)**
Profit after tax from discontinued operations	-	-	-	-
Profit/(loss) for the year	**(12.871)**	**11.214**	**-**	**(1.658)**

Note 3 – Effects from Acquisition

In Q2 2012 AGR acquired 80% of the shares in Steinsvik & Co AS for a total cash consideration of NOK 29 million. The Stavanger based company primarily delivers Safety Coaches and ICO (Internal Control Officers) to drilling rigs on the Norwegian market. In addition, Steinsvik holds safety related courses for oil companies and performs safety inspections on rigs both on the Norwegian sector and internationally.

The fair value of the company`s identifiable assets net of liabilities amounts to NOK 5 million, and AGR´s 80% share of net assets is NOK 4 million. The remaining NOK 25 million of the purchase price has been allocated to goodwill[1], as Steinsvik´s major asset is highly competent personnel which is not accounted for as assets in the balance sheet. The goodwill arising from the acquisition relates to expected future earnings of the acquired company, which is supported by synergies expected to be achieved by combining AGR´s and Steinsvik´s businesses.

Fair value of assets, liabilities and goodwill for Steinsvik & Co. AS

NOK (1.000)	01-06-2012
Fixed assets	84
Total fixed assets	**84**
Receivables	13.660
Cash	1.861
Total current assets	**15.521**
Total assets	**15.605**
Short-term liabilities	10.133
Total short-term liabilities	**10.133**
Fair value of net identifiable assets	**5.472**
Purchase price for of the shares (80 %)	29.104
Fair value of identifiable assets (80 %)	(12.484)
Fair value of identified liabilities (80 %)	8.107
Goodwill from acquisition	**24.726**

The company´s earnings, assets and liabilities are incorporated in the consolidated accounts as from 1 June 2012. EBITDA in June included in actual figures is negative NOK 1 million, while H1 2012 proforma figures includes positive EBITDA of NOK 2 million. The Group´s proforma revenues and earnings including Steinsvik H1 2012 and H1 2011 are presented below.

[1] The purchase price allocation is preliminary as of 30th June 2012, and is subject to changes before year end 2012

Proforma segment reporting per. 30.06.2012 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	623.358	272.691	9.358	(433)	904.975
Operating revenue, internal	9.043	1.053	2.541	(12.637)	(0)
Operating expenses before depreciation	(559.489)	(227.469)	(25.729)	13.070	(799.617)
EBITDA	**72.913**	**46.275**	**(13.829)**	**-**	**105.357**
Depreciation and amortization	(10.335)	(42.236)	(1.619)	-	(54.190)
Write downs and provisions	-	-	(5.102)	-	(5.102)
EBIT	**62.577**	**4.039**	**(20.550)**	**-**	**46.065**
Net financial items	(12.571)	(10.874)	7.021	-	(16.424)
Profit before taxes	**50.006**	**(6.836)**	**(13.529)**	**-**	**29.641**
Taxes	(16.002)	2.187	4.329	-	(9.485)
Profit after taxes	**34.004**	**(4.648)**	**(9.200)**	**-**	**20.155**

Proforma segment reporting per. 30.06.2011 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	569.957	325.489	4.951	(284)	900.113
Operating revenue, internal	6.309	(0)	5.352	(11.661)	-
Operating expenses before depreciation	(507.210)	(264.165)	(29.461)	11.945	(788.891)
EBITDA	**69.055**	**61.324**	**(19.158)**	**-**	**111.222**
Depreciation and amortization	(13.666)	(34.282)	(1.787)	-	(49.735)
Write downs and provisions	-	-	-	-	-
EBIT	**55.389**	**27.042**	**(20.945)**	**-**	**61.486**
Net financial items	(14.053)	(29.482)	(4.103)	-	(47.637)
Profit before taxes	**41.336**	**(2.439)**	**(25.048)**	**-**	**13.849**
Taxes	(13.049)	781	8.015	-	(4.254)
Profit after taxes	**28.287**	**(1.659)**	**(17.033)**	**-**	**9.595**

Note 4 – Geographical Distribution of Operating Income

Secondary segment reporting (NOK 1.000)		
Geographical distribution of operating income	01.01 - 30.06 2012	01.01 - 30.06 2011
Norway	221.702	389.282
Europe ex. Norway	212.925	156.777
Australia	39.628	51.707
America	162.102	134.170
Asia	175.200	79.268
Africa	73.366	65.941
Total	**884.923**	**877.144**

Note 5 - Financial Key Figures

Key figures	Actual	Actual	Actual	Actual
	01.04.-30.06 2012	01.04.-30.06 2011	01.01 - 30.06 2012	01.01 - 30.06 2011
Average number of shares	125.898.308	125.898.308	125.898.308	125.898.308
Earnings per share continued operations	0,20	0,08	0,14	0,05
Earnings per share	0,20	0,14	0,14	0,11
EBITDA-margin	14,0 %	14,1 %	11,5 %	12,2 %
EBIT-margin	6,9 %	9,4 %	4,8 %	6,5 %
Equity ratio	31,3 %	24,4 %	31,3 %	24,4 %
Net interest bearing debt	732.628	1.109.914	732.628	1.109.914

Key figures	Proforma	Proforma	Proforma	Proforma
	01.04.-30.06 2012	01.04.-30.06 2011	01.01 - 30.06 2012	01.01 - 30.06 2011
Average number of shares	125.898.308	125.898.308	125.898.308	125.898.308
Earnings per share	0,22	0,10	0,16	0,08
EBITDA-margin	14,4 %	14,4 %	11,6 %	12,4 %
EBIT-margin	7,4 %	9,8 %	5,1 %	6,8 %

Note 6 – Related party transactions

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

Note 7 – Subsequent events

On 16th July 2012 it was announced that AGR Group signed an agreement to purchase 100% of the shares in Ocean Riser Systems AS (ORS). The acquired company has developed technology and Intellectual property complementary to AGR's EDS services.

The transaction, which is subject to several conditions such as financing and board approvals, will be settled by issuing shares in Drilling Services Holdings AS. This holding company will, upon closing, own 100% of the relevant AGR companies offering Enhanced Drilling Solutions (EDS) services, while the companies related to AGR's T&T-businesses will be transferred to another holding company under AGR. ORS shareholders will, following completion of the transaction hold 17.5% of the shares in Drilling Services Holdings AS and AGR will hold the remaining 82.5%.