



AGR Group ASA

3rd quarter 2012

Petroleum Services

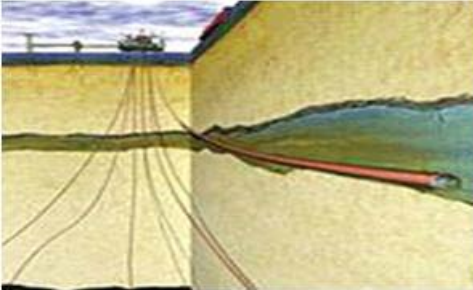


Drilling Services



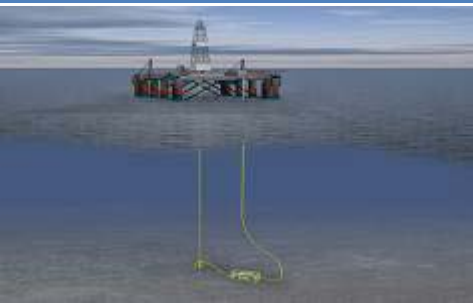
AGR Group consists of two business units with global reach, aligned with the trends in the global oil and gas services industry:

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 introduced EC-drill, taking the technology post the BOP.

Q3 2012 FINANCIAL HIGHLIGHTS

Primary segment reporting Q3 2012 only (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	303.347	124.870	1.623	436	430.276
Operating revenue, internal	5.678	895	1.230	(7.802)	0
Operating expenses before depreciation	(272.769)	(93.591)	(9.694)	7.366	(368.687)
EBITDA	36.256	32.174	(6.840)	-	61.590
Depreciation and amortization	(4.352)	(20.881)	(156)	-	(25.389)
Write downs and provisions	-	-	-	-	-
EBIT	31.904	11.293	(6.997)	-	36.201

Primary segment reporting Q3 2011 only (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	285.629	280.402	2.099	568	568.698
Operating revenue, internal	3.629	77	3.451	(7.157)	1
Operating expenses before depreciation	(242.956)	(218.247)	(9.446)	6.589	(464.060)
EBITDA	46.303	62.232	(3.895)	-	104.639
Depreciation and amortization	(5.208)	(16.950)	(872)	-	(23.031)
Write downs and provisions	-	-	-	-	-
EBIT	41.094	45.281	(4.768)	-	81.608

EBITDA: Earnings before interest, tax, depreciation and amortisation

AGR Group

- The Group's operating revenue in Q3 2012 was NOK 430 million, down from NOK 569 million in Q3 2011. EBITDA ended at NOK 62 million compared to NOK 105 million in the third quarter of 2011.
- *Petroleum Services* Q3 2012 EBITDA ended at NOK 36 million, slightly above the results in the previous two quarters.
- *Drilling Services*, which is split into the sub-divisions EDS and T&T, experienced lower activity compared to the same quarter last year, with Q3 2012 EBITDA ending at NOK 32 million compared to NOK 62 million in Q3 2011. The reduction in earnings relates to T&T, while the EDS business experienced continued growth. Compared to the previous two quarters, Drilling Services EBITDA has improved significantly.

Divisional Reports

AGR Petroleum Services

The activity during the 3rd quarter was high and operating revenue increased from NOK 289 million in Q3 2011 to NOK 309 million in the third quarter of 2012, mainly due to increased activity in Consultancy and the acquisition of Steinsvik & Co AS in June 2012¹. Q3 2012 EBITDA ended at NOK 36 million which is slightly above the results in the previous two quarters, but behind Q3 2011 due to lower activity in Well Management, where historically the best margins have been achieved.

¹ Please refer to note 3 for proforma figures.

Well Management operations in Norway continued with the Borgland Dolphin campaign for Wintershall and Total. Operations for Faroe Petroleum with Maersk Guardian were completed successfully in the third quarter. Planning commenced for OMV and Statoil. UK continued operations on the Leiv Eiriksson rig for two wells for operator Falkland Oil and Gas. Planning work in Israel for Pelagic continued. In West Africa work has been initiated for 2 wells for Starc and White Rose. The US operations progressed at a steady pace through the 3rd quarter, about equally split between domestic and international work. Asia Pacific has seen no change in activity levels in 2012 and it continues to be a challenging market.

Reservoir Management in Norway with Russia and UK has performed well in the third quarter. Reservoir Management APAC has secured contracts with several customers as part of the strategy to build the reservoir management offering in this region. The activity within Norway's **Field Management** business was steady in the 3rd quarter.

Consultancy performed well as demand continued to be high both in UK and Norway during the third quarter. Asia Pacific established Master Service Agreements with several clients in a very competitive market.

Energy prepared for the first well spud for Pelagic in Q4 2012.

AGR Drilling Services

Drilling Services' activity in Q3 2012 was slower than the same quarter last year and EBITDA ended at NOK 32 million, down from NOK 62 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 activity in the third quarter was higher than the same quarter last year, with revenues at NOK 120 million compared to NOK 114 million in the previous year. EBITDA ended at NOK 33 million, up from NOK 18 million last year. CTS™, RMR™ and EC-Drill™, all contributed to the improved performance. During Q3, 1 EC-Drill, 1 CTS and 5 RMR wells were drilled in addition to the services performed under the Master Well Services Contract with Chevron U.S.A. Inc.

In September, the merger between Ocean Riser Systems AS and the EDS division was completed. ORS' technology, patent portfolio and technology development capabilities will augment EDS' position in the marketplace for dual gradient drilling and enhanced drilling solutions.

T&T revenue was significantly down during the 3rd quarter compared to the same period in 2011. This reflects the extraordinary project executed by Seabed Intervention on Ormen Lange in 2011. EBITDA ended at negative NOK 1 million compared to positive NOK 44 million in Q3 2011. Well Services continued to see business in Saudi Arabia, in addition to increased ad-hoc activity in Europe. However, the absence of contracted projects in the North Sea resulted in lower activity compared to the same period last year. Cleanup, with its unique Dynamic Desander, had some long term contracted work in Saudi Arabia during the quarter, while the work associated with Coiled Tubing cleanup campaigns in the Norwegian sector of the North Sea is scheduled to recommence during Q1 2013.

Group / Other

AGR Group consists of corporate administration and CannSeal.

CannSeal commenced planning of its first field test on live land wells in the US. It marks a milestone toward the path of commercialisation of this unique tool and sealing compound.

YTD Q3 2012 FINANCIAL HIGHLIGHTS

Primary segment reporting per. 30.09.2012 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	906.653	397.561	10.982	3	1.315.199
Operating revenue, internal	14.721	1.947	3.772	(20.440)	-
Operating expenses before depreciation	(815.654)	(321.060)	(35.423)	20.437	(1.151.700)
EBITDA	105.720	78.449	(20.670)	-	163.499
Depreciation and amortization	(14.675)	(63.117)	(1.775)	-	(79.567)
Write downs and provisions	-	-	(5.102)	-	(5.102)
EBIT	91.045	15.332	(27.547)	-	78.830

Primary segment reporting per. 30.09.2011 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	832.617	605.891	7.050	284	1.445.842
Operating revenue, internal	9.938	77	8.803	(18.818)	(0)
Operating expenses before depreciation	(731.690)	(482.412)	(38.907)	18.534	(1.234.474)
EBITDA	110.865	123.556	(23.054)	-	211.367
Depreciation and amortization	(18.863)	(51.232)	(2.660)	-	(72.756)
Write downs and provisions	-	-	-	-	-
EBIT	92.002	72.324	(25.712)	-	138.612

EBITDA: Earnings before interest, tax, depreciation and amortisation

AGR Group

- The Group's operating revenue in the first three quarters of 2012 ended on NOK 1 315 million, down from NOK 1 446 million in the same period of 2011. EBITDA ended at NOK 163 million compared to NOK 211 million in the first three quarters of 2011.
- *Petroleum Services* EBITDA ended at NOK 106 million compared to NOK 111 million in the first three quarters 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 EBITDA ended at NOK 78 million compared to NOK 124 million in the first three quarters of 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 first three quarters' revenue of NOK 921 million grew compared to the previous year's revenue of NOK 842 million, mainly due to increased activity in Consultancy and the acquisition of Steinsvik AS & Co AS in June 2012². EBITDA for the first 9 months of the year ended at

² Please refer to note 3 for proforma figures.

NOK 106 million compared to NOK 111 million in the same period 2011. The decrease in EBITDA compared to last year is due to somewhat lower activity in Well Management, where historically the highest margins have been achieved.

Well Management activity in Norway was high, with continued operations on the Borgland Dolphin campaign and high well planning activities. 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. UK continued to develop its international market portfolio. In Q1 campaigns with the Will Phoenix (UKCS) and Jasper Explorer (W Africa) and the two year programme offshore Falkland Islands with the Ocean Guardian came to an end. Early in the year a new drilling programme commenced replacing the previous Falklands based campaign on the Leiv Eiriksson which has been running to date for two clients. Planning work has continued throughout 2012 for programmes in Israel Q4 2012 and West Africa 2013. 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.

AGR acquired 80% of the shares in Steinsvik & Co AS in June 2012. The Stavanger based company 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 and further improvements in Q3. Staff utilization remained high and recruitment has been successful, with several new professionals joining. Norway has shown steady growth. After a slow start **Field Management** has improved and showing good performance in Norway.

Consultancy activity continued to be high in the first three quarters of 2012, with currently 265 consultants working for various clients globally.

Energy. 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. Final planning conducted for anticipated drilling start in November 2012.

AGR Drilling Services

Drilling Services activity in the first three quarters of 2012 was slower than the same period last year and EBITDA ended at NOK 78 million, down from NOK 124 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 activity in the first nine months of the year was high with revenues at NOK 355 million compared to 323 million in the previous year. EBITDA ended at NOK 85 million, up from NOK 58 million last year.

EDS' key services over the last years have been Riserless Mud Recovery (RMR) and Cuttings Transportation System (CTS). In addition the EC-Drill technology was launched in 2012. EC-Drill™ is a step-change technology which solves the long-standing challenge of drilling in narrow pressure windows in deep-water wells or in depleted reservoirs. Three wells have been drilled in 2012. A contract with Statoil was awarded in July for the development of the next generation EC-Drill technology for use on the NCS.

In September, the merger between Ocean Riser Systems AS and the EDS division was completed. EDS proforma P&L including Ocean Riser Systems AS is shown in note 3.

T&T activity was lower during the first 3 quarters in 2012 compared to the same period in 2011, with the positive impact of the very large Ormen Lange project for Seabed Intervention in 2011 being the main reason. EBITDA ended at negative NOK 7 million compared to positive NOK 66 million in the first 3 quarters of 2011.

Seabed Intervention (SI) offers seabed excavation and trenching. Preparing for larger project in the pipeline, SI has spent most of its resources developing the E-vator, a versatile subsea mass-flow tool with unmatched specifications and characteristics.

Putting more unique Dynamic Desanders (DDS) to work than ever before, AGR Cleanup serviced Saudi Arabia and the Norwegian North Sea with technology that delivers unmatched efficiency for removing solids from produced well fluids.

Group/Other

AGR Group consists of corporate administration and CannSeal.

CannSeal is a unique tool for sealing off water and gas inflow into oil wells. Planning of the first field test with the 4.4" tool set on live land commenced in Q3, with expected completion in Q4. The product portfolio is being expanded to include several 3.3" tools funded by clients, with extended features and capabilities.

Financial Information

Other financial information

Profit after tax in the first 9 months of 2012 was NOK 25 million compared to NOK 47 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 2 437 million at the end of Q3 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 33.5%.

The accumulated cash flow from the Group's operational activities was positive NOK 127 million. Net investments for the Group including acquisitions were NOK 95 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 697 million in the first 9 months of 2012 compared to negative NOK 29 million in the same period in 2011.

Net interest-bearing debt for the Group ended at NOK 609 million at the end of Q3 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 9 months of 2012 were NOK 0.20 compared to NOK 0.38 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 September 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 nine 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 three months of the financial year, and major related party transactions.

Oslo, 30 November 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 nine months ended 30 September 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	01.07.-30.09 2012	01.07.-30.09 2011	01.01 - 30.09 2012	01.01 - 30.09 2011
Operating revenue	430.276	568.698	1.315.199	1.445.842
Operating expenses before depreciation	(368.687)	(464.060)	(1.151.700)	(1.234.474)
Operating profit before depreciation (EBIIDA)	61.589	104.639	163.499	211.367
Depreciation and amortisation	(25.389)	(23.031)	(79.567)	(72.756)
Write downs and provisions	-	-	(5.102)	-
Operating profit (EBIT)	36.201	81.607	78.830	138.612
Net financial items	(25.849)	(21.185)	(42.234)	(68.795)
Profit before taxes	10.351	60.423	36.596	69.817
Taxes	(3.313)	(19.335)	(11.847)	(22.341)
Profit after taxes PAT	7.039	41.088	24.749	47.476
Profit after tax from discontinued operations	-	13.579	-	20.636
Gain from sale of discontinued operations	-	-	-	-
Result from discontinued operations	-	13.579	-	20.636
		-		
Profit/(loss) for the year	7.039	54.666	24.749	68.112

Key figures	Actual	Actual	Actual	Actual
	01.07.-30.09 2012	01.07.-30.09 2011	01.01 - 30.09 2012	01.01 - 30.09 2011
Average number of shares	125.898.308	125.898.308	125.898.308	125.898.308
Earnings per share continued operations	0,06	0,33	0,20	0,38

Condensed consolidated balance sheet

Balance Sheet	Actual	Actual	Actual
NOK 1.000	30-09-2012	30-09-2011	31-12-2011
Fixed assets			
Deferred tax asset	177.977	153.568	176.838
Patents, research and development	194.566	155.630	166.757
Goodwill	656.845	574.488	581.627
Land and buildings	-	-	-
Machinery and other equipment	305.650	366.612	345.169
Financial fixed assets	31.316	40.308	40.886
Total fixed assets	1.366.353	1.290.606	1.311.278
Current assets			
Inventory	27.983	16.596	20.535
Accounts receivable	771.558	615.575	521.410
Other receivables	114.482	186.446	116.437
Shares held for trading purposes	95	93	95
Assets classified as held for sale	-	739.441	-
Cash and cash equivalents	156.715	140.953	820.984
Total current assets	1.070.833	1.699.104	1.479.461
Total assets	2.437.186	2.989.710	2.790.739
Equity			
Paid in capital*	248.305	1.075.709	248.165
Other equity	466.029	(353.523)	1.138.746
Non-controlling interests	103.068	25.392	24.558
Total equity	817.402	747.578	1.411.469
Long-term liabilities			
Provisions	10.650	9.927	9.304
Deffered tax liability	19.796	17.291	5.457
Other longterm liability	-	-	-
Liabilities to financial institutions	Note 1	668.246	651.067
Total long-term liabilities	30.446	695.464	665.828
Short-term liabilities			
Liabilities classified as held for sale	-	523.811	-
Short-term liabilities	Note 1	1.022.857	713.442
Total short-term liabilities	1.589.338	1.546.669	713.442
Total liabilities	1.619.784	2.242.133	1.379.270
Total equity and liabilities	2.437.186	2.989.710	2.790.739

Condensed consolidated statement of comprehensive income

Statement of comprehensive income	Actual	Actual	Actual
NOK 1.000	Nine months ended 30 September		Year ended 31 Dec.
	2012	2011	2011
Profit for the period	24.749	68.111	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	2.893	1.534	(20.228)
Currency translation differences discontinued operations	-	-	-
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	27.642	69.645	734.370
Profit attributable to:			
- owners of the company	18.167	69.407	745.269
- non-controlling interest	6.582	(1.296)	9.330

Condensed consolidated statement of cash flow

Cash-flow Statement			
NOK 1.000	01.01 - 30.09 2012	01.01 - 30.09 2011	01.01. - 31.12. 2011
Operating activities			
Profit/(loss) before taxes from continuing operations	36 596	69 817	55 639
Ordinary profit/(loss) before taxes from discontinued operations	-	20 636	725 197
Profit before tax	36 596	90 453	780 836
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortisation and impairment of tangible and intangible assets	84 669	72 756	106 728
Loss/(gain) on disposal of discontinued operations	-	-	(701 197)
Finance income	(232 565)	(250 794)	(277 733)
Finance costs	274 799	319 590	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	(248 193)	(134 797)	(53 337)
Increase in inventory	(7 448)	(6 618)	(10 557)
Decrease (increase) in trade and other payables	201 815	102 352	(57 583)
Decrease(increase) in other provisions	25 860	21 574	(63 549)
	135 533	214 516	80 526
Interest received	7 411	930	3 116
Income tax paid	(16 291)	(15 466)	(13 201)
Net cash flow from operational activities	126 653	199 980	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	(67 994)	(50 980)	(85 804)
Purchase of financial instruments	-	-	(1 542)
Proceeds from sale of financial instruments	-	(9 467)	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	(95 237)	(59 647)	876 109
Financing activities			
Proceeds from borrowings	100 000	40 277	-
Repayment of borrowings	(59 905)	-	(76 383)
Interest paid	(36 717)	(69 287)	(78 076)
Dividends paid to equity holders of the parent	(700 219)	-	-
Net cash flow from (used) in financing activities	(696 841)	(29 010)	(154 459)
Net increase in cash and cash equivalents	(665 425)	111 323	792 091
Net foreign exchange differences	1 156	-	(737)
Cash and cash equivalents at start of period	820 984	29 630	29 630
Cash and cash equivalents at end of period	156 715	140 953	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 - 30.09 2012	01.01 - 30.09 2011	01.01 - 31.12 2011
Equity at period start	1.411.469	665.372	665.372
Profit after taxes	24.749	68.112	754.598
Exchange differences	2.893	1.534	(20.228)
Change/capital contribution from non-controlling interests	78.510	12.560	11.727
Exchange differences discontinued operations	-		
Dividend payments	(700.219)		-
Equity at period end	817.402	747.578	1.411.469

Note 1 – Interest bearing debt

Net interest-bearing debt	Actual	Actual	Actual
NOK 1.000	30-09-2012	30-09-2011	31-12-2011
Long term debt to credit institutions	0	668.246	651.067
Short term debt to credit institutions	766.112	175.258	77.398
Total interest-bearing debt	766.112	843.504	728.465
Cash and cash equivalents	156.715	140.953	820.984
Net interest-bearing debt	609.397	702.551	-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 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. 30.09.2012 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	906.653	397.561	10.982	3	1.315.199
Operating revenue, internal	14.721	1.947	3.772	(20.440)	-
Operating expenses before depreciation	(815.654)	(321.060)	(35.423)	20.437	(1.151.700)
EBITDA	105.720	78.449	(20.670)	-	163.499
Depreciation and amortization	(14.675)	(63.117)	(1.775)	-	(79.567)
Write downs and provisions	-	-	(5.102)	-	(5.102)
EBIT	91.045	15.332	(27.547)	-	78.830
Net financial items	(23.123)	(25.391)	6.280	-	(42.234)
Profit before taxes	67.922	(10.059)	(21.267)	-	36.596
Taxes	(21.871)	3.219	6.805	-	(11.847)
Profit after taxes	46.051	(6.840)	(14.462)	-	24.749
Profit after tax from discontinued operations	-	-	-	-	-
Profit/(loss) for the year	46.051	(6.840)	(14.462)	-	24.749

Primary segment reporting per. 30.09.2011 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	832.617	605.891	7.050	284	1.445.842
Operating revenue, internal	9.938	77	8.803	(18.818)	(0)
Operating expenses before depreciation	(731.690)	(482.412)	(38.907)	18.534	(1.234.474)
EBITDA	110.865	123.556	(23.054)	-	211.367
Depreciation and amortization	(18.863)	(51.232)	(2.660)	-	(72.756)
Write downs and provisions	-	-	-	-	-
EBIT	92.002	72.324	(25.713)	-	138.612
Net financial items	(35.672)	(27.128)	1.208	(7.203)	(68.795)
Profit before taxes	56.330	45.195	(24.505)	(7.203)	69.817
Taxes	(18.026)	(14.462)	7.842	2.305	(22.341)
Profit after taxes	38.304	30.733	(16.664)	(4.898)	47.476
Profit after tax from discontinued operations	-	-	20.636	-	20.636
Profit/(loss) for the year	38.304	30.733	3.973	(4.898)	68.112

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

Q3 2012 only (NOK 1.000)

Business segments	EDS	T&T	Elim DS	Total
Operating revenue, external	117.882	6.989	-	124.870
Operating revenue, internal	1.727	373	(1.205)	895
Operating expenses before depreciation	(86.541)	(8.255)	1.205	(93.591)
EBITDA	33.068	(894)	-	32.174
Depreciation and amortization	(18.738)	(2.142)	-	(20.881)
Write downs and provisions	-	-	-	-
EBIT	14.330	(3.036)	-	11.293
Net financial items	(12.887)	(1.629)	-	(14.517)
Profit before taxes	1.442	(4.666)	-	(3.223)
Taxes	(462)	1.493	-	1.032
Profit after taxes	981	(3.173)	-	(2.192)

Q3 2011 only (NOK 1.000)

Business segments	EDS	T&T	Elim DS	Total
Operating revenue, external	97.589	182.833	(21)	280.401
Operating revenue, internal	15.990	1.440	(17.353)	77
Operating expenses before depreciation	(95.815)	(139.807)	17.374	(218.246)
EBITDA	17.765	44.467	-	62.232
Depreciation and amortization	(15.420)	(1.531)	-	(16.950)
Write downs and provisions	-	-	-	-
EBIT	2.345	42.936	-	45.281
Net financial items	3.096	(743)	-	2.353
Profit before taxes	5.441	42.193	-	47.634
Taxes	(1.741)	(13.502)	-	(15.243)
Profit after taxes	3.700	28.691	-	32.391

Per. 30.09.2012 (NOK 1.000)

Business segments	EDS	T&T	Elim DS	Total
Operating revenue, external	345.206	52.356	-	397.561
Operating revenue, internal	9.904	3.029	(10.986)	1.947
Operating expenses before depreciation	(269.729)	(62.318)	10.986	(321.060)
EBITDA	85.381	(6.933)	-	78.449
Depreciation and amortization	(56.139)	(6.977)	-	(63.117)
Write downs and provisions	-	-	-	-
EBIT	29.242	(13.910)	-	15.332
Net financial items	(23.575)	(1.816)	-	(25.391)
Profit before taxes	5.667	(15.726)	-	(10.059)
Taxes	(1.813)	5.032	-	3.219
Profit after taxes	3.853	(10.694)	-	(6.840)

Per. 30.09.2011 (NOK 1.000)

Business segments	EDS	T&T	Elim DS	Total
Operating revenue, external	289.782	316.252	(142)	605.891
Operating revenue, internal	33.591	13.620	(47.134)	77
Operating expenses before depreciation	(265.662)	(264.026)	47.276	(482.412)
EBITDA	57.711	65.845	-	123.556
Depreciation and amortization	(46.307)	(4.925)	-	(51.232)
Write downs and provisions	-	-	-	-
EBIT	11.404	60.920	-	72.324
Net financial items	(24.892)	(2.237)	-	(27.128)
Profit before taxes	(13.488)	58.683	-	45.195
Taxes	4.316	(18.779)	-	(14.462)
Profit after taxes	(9.172)	39.905	-	30.733

Note 3 – Effects from acquisitions

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 Internal Control Officers (ICO) 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 goodwill³, 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

In Q3 2012 AGR acquired 100% of the shares in Ocean Riser Systems AS (ORS) for a total consideration of NOK 70 million. ORS has developed technology and Intellectual property complementary to AGR's EDS services. The transaction was settled by issuing 17.5% of the shares in AGR Drilling Services Holdings AS to the shareholders in ORS. Consequently AGR holds the remaining 82.5% of the shares in AGR Drilling Services Holdings.

The fair value of the company's identifiable assets net of liabilities amounts to NOK 13 million. The remaining NOK 57 million of the purchase price has been allocated to goodwill⁴, 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 ORS businesses.

³ The purchase price allocation is preliminary as of 30th September 2012, and is subject to changes before year end 2012

Fair value of assets, liabilities and goodwill for Ocean Riser Systems AS

NOK (1.000)	01-09-2012
Intangible assets	3.242
Fixed assets	82
Total fixed assets	3.324
Receivables	9.719
Cash	2.055
Total current assets	11.774
Total assets	15.098
Short-term liabilities	2.011
Total short-term liabilities	2.011
Fair value of net identifiable assets	13.087
Purchase price for of the shares (100 %)	70.000
Fair value of identifiable assets (100 %)	(15.098)
Fair value of identified liabilities (100 %)	2.011
Goodwill from acquisition	56.913

Steinsvik & Co AS earnings, assets and liabilities are incorporated in the consolidated accounts as from 1 June 2012. Ocean Riser Systems AS earnings, assets and liabilities are incorporated in the consolidated accounts as from 1 September 2012. The Group's proforma revenues and earnings for the first three quarters of 2012 and 2011 are presented below.

Proforma segment reporting per. 30.09.2012 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	926.705	407.412	10.982	3	1.345.102
Operating revenue, internal	14.721	1.947	3.772	(20.440)	-
Operating expenses before depreciation	(832.257)	(343.222)	(35.423)	20.437	(1.190.465)
EBITDA	109.169	66.138	(20.670)	-	154.637
Depreciation and amortization	(14.687)	(63.154)	(1.775)	-	(79.616)
Write downs and provisions	-	-	(5.102)	-	(5.102)
EBIT	94.482	2.984	(27.547)	-	69.919
Net financial items	(23.163)	(25.397)	6.280	-	(42.280)
Profit before taxes	71.319	(22.413)	(21.267)	-	27.639
Taxes	(22.822)	6.678	6.805	-	(9.339)
Profit after taxes	48.497	(15.735)	(14.462)	-	18.300

Proforma segment reporting per. 30.09.2011 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	869.547	606.889	7.050	284	1.483.770
Operating revenue, internal	9.938	77	8.803	(18.818)	1
Operating expenses before depreciation	(761.561)	(504.860)	(38.907)	18.534	(1.286.794)
EBITDA	117.924	102.106	(23.054)	-	196.977
Depreciation and amortization	(18.880)	(51.270)	(2.660)	-	(72.810)
Write downs and provisions	-	-	-	-	-
EBIT	99.044	50.837	(25.713)	-	124.167
Net financial items	(35.717)	(27.133)	1.208	(7.203)	(68.846)
Profit before taxes	63.326	23.703	(24.505)	(7.203)	55.321
Taxes	(20.264)	(7.585)	7.842	2.305	(17.703)
Profit after taxes	43.062	16.118	(16.664)	(4.898)	37.619

Note 4 – Geographical Distribution of Operating Income

Secondary segment reporting (NOK 1.000)

Geographical distribution of operating income	01.01 - 30.09 2012	01.01 - 30.09 2011
Norway	421.268	654.795
Europe ex. Norway	306.110	251.389
Australia	61.376	75.503
America	247.413	227.393
Asia	159.897	146.361
Africa	119.136	90.401
Total	1.315.199	1.445.842

Note 5 - Financial Key Figures

Key figures	Actual	Actual	Actual	Actual
	01.07.-30.09 2012	01.07.-30.09 2011	01.01 - 30.09 2012	01.01 - 30.09 2011
Average number of shares	125.898.308	125.898.308	125.898.308	125.898.308
Earnings per share continued operations	0,06	0,33	0,20	0,38
Earnings per share	0,06	0,43	0,20	0,54
EBITDA-margin	14,3 %	18,4 %	12,4 %	14,6 %
EBIT-margin	8,4 %	14,3 %	6,0 %	9,6 %
Equity ratio	33,5 %	25,0 %	33,5 %	25,0 %
Net interest bearing debt	609.397	702.551	609.397	702.551

Key figures	Proforma	Proforma	Proforma	Proforma
	01.07.-30.09 2012	01.07.-30.09 2011	01.01 - 30.09 2012	01.01 - 30.09 2011
Average number of shares	125.898.308	125.898.308	125.898.308	125.898.308
Earnings per share	0,07	0,34	0,15	0,30
EBITDA-margin	14,7 %	18,6 %	11,5 %	13,3 %
EBIT-margin	9,0 %	14,6 %	5,2 %	8,4 %

Note 6 – Related party transactions

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