



AGR Group ASA

Interim Report 4th quarter and 2012

Petroleum Services

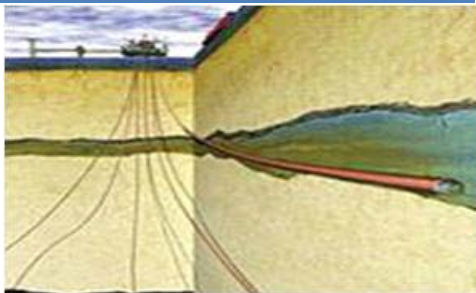


Drilling Services



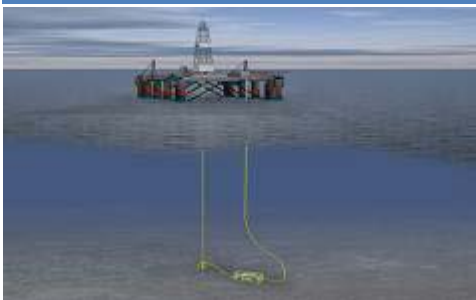
AGR Group consists of two business units with global reach, aligned with the trends in the global oil and gas services industry:

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.

Q4 FINANCIAL HIGHLIGHTS

Primary segment reporting Q4 2012 only (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	339.510	121.570	1.776	(141)	462.714
Operating revenue, internal	7.117	817	11.107	(19.040)	1
Operating expenses before depreciation	(323.723)	(154.251)	(12.593)	19.181	(471.385)
EBITDA	22.904	(31.863)	290	-	(8.670)
Depreciation and amortisation	(4.097)	(20.635)	(157)	-	(24.888)
Write downs and provisions	(2.124)	-	0	-	(2.124)
EBIT	16.683	(52.498)	133	-	(35.682)

Primary segment reporting Q4 2011 only (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	336.809	104.439	2.802	(21.978)	422.071
Operating revenue, internal	3.194	129	2.775	(6.098)	(0)
Operating expenses before depreciation	(300.362)	(88.037)	(25.934)	28.076	(386.257)
EBITDA	39.641	16.531	(20.357)	-	35.814
Depreciation and amortisation	(5.766)	(27.353)	(854)	-	(33.972)
Write downs and provisions	-	-	-	-	-
EBIT	33.875	(10.821)	(21.212)	-	1.842

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

AGR Group

- Operating revenue for the Group in Q4 2012 increased by NOK 41 million compared to Q4 2011. EBITDA was negative NOK 9 million compared to positive NOK 36 million in the last quarter of 2011.
- *Petroleum Services* Q4 2012 EBITDA ended at NOK 23 million compared to NOK 40 million in Q4 2011. Due to a change in group cost allocation principle, the Q4 2012 result includes 8 MNOK costs charged by AGR Group ASA, which was not included in the same period last year.
- *Drilling Services*, which is split into the sub-divisions EDS and T&T, experienced lower activity compared to the same quarter last year, with Q4 2012 EBITDA ending at negative NOK 32 million compared to NOK positive 17 million in Q4 2011. The reduction in earnings relates to T&T, while the EDS business experienced continued growth. Due to a change in group cost allocation principle, the Q4 2012 result includes 4 MNOK costs charged by AGR Group ASA, which was not included in Q4 2011.

Divisional Reports

AGR Petroleum Services

The activity during the 4th quarter was high and operating revenue increased from NOK 340 million in Q4 2011 to NOK 347 million in the fourth quarter of 2012, mainly due to increased activity in Consultancy and the acquisition of Steinsvik & Co AS in June 2012¹. EBITDA decreased from NOK 40 million in Q4 2011 to NOK 23 million in Q4 2012, mainly due to lower activity in Well Management, where historically the best margins have been achieved. Due to a change in group cost allocation principle, the Q4 2012 result includes 8 MNOK costs charged by AGR Group ASA, which was not included in the same period last year.

Well Management experienced a high activity level in Norway with commenced planning for Lundin, RWE DEA, Faroe and Statoil. The operations within the Borgland Dolphin Campaign continued for Total and Statoil. UK closed out work on the Leiv Eiriksson rig and spudded a well for Pelagic in Israel. Planning activities in West Africa for Starc and White Rose continued. US had a steady quarter with operations mainly for McMoran and various international work. Asia Pacific had a challenging quarter with moderate activity.

Reservoir Management in Norway, Russia and UK had high utilization and performed well. **Field Management** had increased activity and a good quarter.

Consultancy continued to perform well in the UK and Norway as demand remains high.

AGR Energy spudded its first well in December 2012 for the Pelagic license in Israel. The drilling operation was successfully completed by Well Management within time and budget.

AGR Drilling Services

Drilling Services experienced lower activity compared to the same quarter last year, with Q4 2012 EBITDA ending at negative NOK 32 million compared to NOK positive 17 million in Q4 2011. The reduction in earnings relates to T&T, while the EDS business experienced continued growth. Due to a change in group cost allocation principle, the Q4 2012 result includes 4 MNOK costs charged by AGR Group ASA, which was not included in Q4 2011.

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 fourth quarter was higher than the same quarter last year, with revenues at NOK 114 million compared to NOK 88 million in the previous year. EBITDA ended at negative NOK 1 million, compared to positive NOK 11 million last year. The drop in EBITDA is mainly due to one-off costs related to the acquisition of Ocean Riser Systems and operating costs in Ocean Riser Systems being consolidated in Q4. In addition certain drilling projects were postponed into 2013, leaving EDS with higher operating costs without corresponding revenue in the period.

CTSTM, RMRTM and EC-DrillTM, all showed positive performance. During Q4, 2 EC-Drill wells, 8 CTS wells and 8 RMR wells were drilled in addition to the services performed under the Master Well Services Contract with Chevron U.S.A. Inc.

T&T revenues and EBITDA from its 4 technology businesses was influenced in Q4 by a loss provision in AGR Seabed Intervention in connection with a significant seabed excavation project. The provision reflects a conservative approach due to an unresolved contract dispute with the client.

¹ Please refer to note 3 for proforma figures.

Due to the acquisition of Ocean Riser Systems and the restructuring of the Drilling Services Segment in 2012, AGR's ownership in EDS went below 90% ownership. The EDS segment is therefore no longer a part of the tax group of AGR, meaning that the companies cannot give nor receive tax contributions. Based on historical profit and uncertainty in future taxable profit, the deferred tax asset in Drilling Services was written down to 0 in Q4 2012. This is shown as a tax cost in the profit & loss statement, amounting to NOK 96 million.

Tax losses in Norway can be offset against future taxable profit, and there is no limit for usage. Deferred tax assets will be booked when there is convincing evidence for future taxable profit.

Group / Other

Group consist of corporate administration and CannSeal.

In Q4 2012 AGR Group decided to change principle for group cost allocation, in order to facilitate a separate financing of the two divisions. Starting in Q4 2012, all group cost is charged to the two divisions.

CannSeal is a unique tool for sealing off water and gas inflow into oil wells. The first field test with the 4.4" tool set on live land was completed in Q4 2012.

2012 MANAGEMENT REPORT

Primary segment reporting per. 31.12.2012 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	1.246.163	519.131	12.758	(138)	1.777.913
Operating revenue, internal	21.838	2.764	14.879	(39.481)	0
Operating expenses before depreciation	(1.139.377)	(475.311)	(48.016)	39.619	(1.623.084)
EBITDA	128.624	46.585	(20.379)	-	154.829
Depreciation and amortisation	(18.772)	(83.752)	(1.932)	-	(104.455)
Write downs and provisions	(2.124)	-	(5.102)	-	(7.226)
EBIT	107.728	(37.167)	(27.413)	-	43.148

Primary segment reporting per. 31.12.2011 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	1.169.426	710.330	9.852	(21.694)	1.867.914
Operating revenue, internal	13.132	206	11.578	(24.916)	(0)
Operating expenses before depreciation	(1.032.052)	(570.449)	(64.842)	46.610	(1.620.732)
EBITDA	150.506	140.087	(43.411)	-	247.182
Depreciation and amortisation	(24.629)	(78.585)	(3.514)	-	(106.728)
Write downs and provisions	-	-	-	-	-
EBIT	125.877	61.502	(46.925)	-	140.454

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

AGR Group

- The Group's operating revenue in 2012 was NOK 1 778 million, down from NOK 1 868 million 2011. EBITDA ended at NOK 155 million compared to NOK 247 million in 2011.
- *Petroleum Services* EBITDA ended at NOK 129 million compared to NOK 151 million in 2011. Due to a change in group cost allocation principle, the 2012 result includes 8 MNOK costs charged by AGR Group ASA relating to Q4 2012.
- *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 47 million compared to NOK 140 million in 2011. The reduction in revenue and earnings relates to T&T, while the EDS business experienced continued growth. Due to a change in group cost allocation principle, the 2012 result includes 4 MNOK costs charged by AGR Group ASA relating to Q4 2012.

Divisional Reports

AGR Petroleum Services

AGR Petroleum Services 2012 revenue of NOK 1 268 million grew compared to the previous year's revenue of NOK 1 182 million, mainly due to increased activity in Consultancy and the acquisition of Steinsvik AS & Co AS in June 2012². EBITDA ended at NOK 129 million compared to NOK 151 million in 2011. The decrease in EBITDA was mainly related to the activity mix where the majority of activity for 2nd half of 2012 was planning for future well operations. In addition AGR Group ASA charged 8 MNOK in Q4 2012 that was not included in 2011, due to a change in group cost allocation principle.

Petroleum Services delivers a broad service offering within reservoir evaluations, well planning, well operations and integrated field management to the upstream oil and gas industry. Its core competencies include geology, geophysics, petro physics, 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 within these topics, as well as a suite of software solutions for efficient planning and execution of the well delivery process. The services are offered regionally by regional business centers established in Norway, United Kingdom, USA, Russia, United Arab Emirates and Australia.

During the year Petroleum Services was very successful in securing new contracts and agreements. In January 2012 Statoil awarded a Total Well Management contract for executing, planning, operations and post well activity for drilling and well operations for Statoil on the Norwegian Continental Shelf and international operations. The duration of the contract was for two years with an optional four years. Planning of multiple Statoil wells started in 2012 and drilling operations are expected to commence in 2013. In 2012 a multi-client drilling campaign on Bredford Dolphin was secured where AGR will coordinate a multi-well, multi-client drilling campaign on behalf of four international operators. The duration of the contract is 570 days with an optional 570 days building the foundations for a long term operation for the organization in Norway. In addition Petroleum Services was awarded a well management contract with Cooper Energy Tunisa Bargou and a well management contract for Noreco with duration of up to 5 years including options.

In addition to the long term contracts in the Well Management segment, a number of other contracts and agreements were awarded during the year. For example, AGR was awarded a subsea production system management contract with Lundin, an agreement with RWE Dea to provide reservoir services, a

² Please refer to note 3 for proforma figures.

Reservoir advisory agreement with Woodside Energy and a subsurface contract with Gassnova for carbon capture and storage (CCS).

AGR's newest business stream, AGR Energy, who is the operator of 8 licenses in Israel, started the planning and drilling of their first well in 2012. The first well, Aphrodite-2, was spudded in December 2012 and the drilling operation was successfully completed by Petroleum Services' Well Management segment.

In Q2 2012 Petroleum Services acquired 80% of the shares in Steinsvik & Co. Steinsvik & Co offer safety coaching and other HSE related services related to drilling operations. This strengthened AGR's HSE and Risk Management offerings by adding new services and more capacity with additional 23 professionals to the portfolio of services. HSE & Risk Management services will be a key part of the business portfolio and growth in the future.

AGR Drilling Services

Drilling Services earnings in 2012 decreased compared to last year and EBITDA ended at NOK 47 million, down from NOK 140 million last year. The reduction in earnings relates to T&T, while the EDS business experienced continued growth. In addition AGR Group ASA charged 4 MNOK in Q4 2012 that was not included in 2011, due to a change in group cost allocation principle.

The AGR Drilling Services division develops and supplies market-leading technologies and services for the offshore oil and gas market. The division consists of 2 sub-divisions; **Enhanced Drilling Services (EDS) and Tools & Technology (T&T)**. Details of EDS and T&T financial performance are shown in note 2 below.

EDS' activity in 2012 increased compared to the same period last year with revenues at NOK 469 million compared to 412 million in 2011. EBITDA ended at NOK 85 million, up from NOK 69 million in 2011.

EDS' core business Riserless Mud Recovery (RMR) and Cuttings Transportation System (CTS) showed strong performance in key markets in 2012. A total of 23 RMR wells and 20CTS wells were drilled during the year. The successful launch in 2012 of the EC-Drill technology was a milestone in EDS' development as a provider of advanced drilling services within the managed pressure drilling arena. Three EC-Drill wells were drilled in 2012.

In July 2012 it was announced that Enhanced Drilling Solutions (EDS) and Ocean Riser Systems (ORS) had joined forces to form EDS-ORS, a company within AGR Group.

T&T's earnings were significantly lower in 2012 compared to 2011 due to the impact of the large Ormen Lange project for AGR Seabed Intervention in 2011 and a dispute concerning a project 2012. Due to these circumstances T&T's EBITDA ended at negative NOK 34 million in 2012 compared to NOK 71 million in 2011.

The Seabed Intervention product line undertakes seabed excavation and trenching to prepare for subsea pipelines and structures, as well as burial / deburial of such structures. Well Services provides clean-out tools used to remove debris from inside the wellbore. The main markets are in Norway and Saudi Arabia, both of which saw activity levels in 2012 that were on par with 2011. Clean Up operates the Dynamic Desander (DDS) technology, which removes solids during well testing and work-over operations. The DDS continues to be used on all initial cleanups of wells in Saudi Arabia, where a strict zero-flare policy is enforced.

Due to the acquisition of Ocean Riser Systems and the restructuring of the Drilling Services Segment in 2012, AGR's ownership in EDS went below 90% ownership. The EDS segment is therefore no longer a part of the tax group of AGR, meaning that the companies cannot give nor receive tax contributions. Based on historical profit and uncertainty in future taxable profit, the deferred tax asset in Drilling

Services was written down to 0 in Q4 2012. This is shown as a tax cost in the profit & loss statement, amounting to NOK 96 million.

Tax losses in Norway can be offset against future taxable profit, and there is no limit for usage. Deferred tax assets will be booked when there is convincing evidence for future taxable profit.

Group / Other

Group consist of corporate administration and CannSeal.

CannSeal is a unique tool for sealing off water and gas inflow into oil wells. Using a specialized resin it creates a barrier in the annulus after the well has been completed. The first field test with the 4.4" tool set on live land was completed in Q4 2012. The product portfolio is being expanded to include several 3.3" tools funded by clients, with extended features and capabilities.

Other financial information

Profit after tax for continued operations in 2012 was negative NOK 121 million compared to positive NOK 18 million for the same period in 2011. Profit after tax includes a one off write down of deferred tax asset amounting to NOK 96 million. For more information about the results, see the divisional reports section.

The Group had total assets of NOK 2 156 million at the end of 2012, a decrease from NOK 2 791 million at year end 2011. Equity decreased from NOK 1 411 million in 2011 to NOK 667 million in 2011. The reduction is mainly due to payment of dividend proceeds to shareholders of NOK 700 million in Q2 2012, and the above mentioned write down of tax assets. The equity ratio ended at 31 %.

The accumulated cash flow from the Group's operational activities was positive NOK 295 million. Net investments for the Group including acquisitions were NOK 119 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 549 million in 2012 compared to positive NOK 792 million in 2011.

Net interest-bearing debt for the Group was NOK 472 million, which includes an advance payment to AGR Energy of NOK 226 million relating to drilling costs on the well spudded in Q4 2012. Net interest-bearing debt adjusted for the advance payment amount to NOK 698 million, compared to negative NOK 92 million at the end of 2011 following the sale of AGR Field Operations. At the end of 2012 NOK 435 million of interest bearing debt was fixed through interest swaps and options, constituting 58 % of gross interest bearing debt.

Earnings per share in 2012 for continued operations were negative NOK 0.96 compared to positive NOK 0.14 in 2011.

Refinancing of AGR

In Q1 2013 AGR refinanced its Petroleum Services division by placing a 5 year bond of 550 MNOK in the market. The Drilling Services division was refinanced through a 3 year traditional bank loan. The loan agreement was signed in February 2013.

AGR had financial covenants related to its previous loan agreements. Due to dispositions related to the refinancing process that has now been finalized, some of the financial covenants under the previous loan agreement effective per Q4 2012 were in technical breach.

Oslo, 28 February 2013

Board of AGR Group ASA

Financial consolidated information and notes

Basis of Preparation and Accounting Principles

This condensed consolidated interim financial information for the three and twelve months ended 31 December 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	01.10.-31.12 2012	01.10.-31.12 2011	01.01 - 31.12 2012	01.01 - 31.12 2011
Operating revenue	462.714	422.071	1.777.913	1.867.914
Operating expenses before depreciation	(471.385)	(386.257)	(1.623.084)	(1.620.732)
Operating profit before depreciation (EBITDA)	(8.671)	35.814	154.829	247.182
Depreciation and amortisation	(24.888)	(33.972)	(104.455)	(106.728)
Write downs and provisions	(2.124)	-	(7.226)	-
Operating profit (EBIT)	(35.683)	1.842	43.148	140.454
Net financial items	(16.230)	(16.021)	(58.464)	(84.815)
Profit before taxes	(51.913)	(14.179)	(15.316)	55.638
Taxes	(93.586)	(15.715)	(105.433)	(38.056)
Profit after taxes PAT	(145.499)	(29.893)	(120.749)	17.582
Profit after tax from discontinued operations	-	716.379	-	737.015
Gain from sale of discontinued operations	-	-	-	-
Result from discontinued operations	-	716.379	-	737.015
		-		
Profit/(loss) for the year	(145.499)	686.486	(120.749)	754.598

Key Figures	Actual	Actual	Actual	Actual
	01.10.-31.12 2012	01.10.-31.12 2011	01.01 - 31.12 2012	01.01 - 31.12 2011
Average number of shares	125 898 308	125 898 308	125 898 308	125 898 308
Earnings per share (excluding discontinued operations)	(1,16)	(0,24)	(0,96)	0,14

Condensed consolidated balance sheet

Balance Sheet	Actual	Actual
NOK 1.000	31.12.2012	31.12.2011
Fixed assets		
Deferred tax asset	96 136	176 838
Patents, research and development	206 780	166 757
Goodwill	648 249	581 627
Land and buildings	-	-
Machinery and other equipment	297 805	345 169
Financial fixed assets	32 387	40 886
Total fixed assets	1 281 356	1 311 278
Current assets		
Inventory	23 995	20 535
Accounts receivable	478 315	521 410
Other receivables	99 586	116 437
Shares held for trading purposes	92	95
Assets classified as held for sale	-	-
Cash and cash equivalents	272 683	820 984
Total current assets	874 670	1 479 461
Total assets	2 156 026	2 790 739
Equity		
Paid in capital*	248 305	248 165
Other equity	324 877	1 138 746
Non-controlling interests	94 085	24 558
Total equity	667 267	1 411 469
Long-term liabilities		
Provisions	10 866	9 304
Deffered tax liability	767	5 457
Other longterm liability	-	-
Liabilities to financial institutions	Note 1	651 067
Total long-term liabilities	11 633	665 828
Short-term liabilities		
Liabilities classified as held for sale	-	-
Short-term liabilities	Note 1	713 442
Total short-term liabilities	1 477 126	713 442
Total liabilities	1 488 759	1 379 270
Total equity and liabilities	2 156 026	2 790 739

Condensed consolidated statement of comprehensive income

Statement of comprehensive income	Actual	Actual
NOK 1.000	12 months ended 30 Dec.	
	2012	2011
Profit for the period	(120 749)	754 597
Other comprehensive income	-	-
Fair value gains on available-for-sale financial assets, net of tax	-	-
Cash flow hedges, net of tax	-	-
Currency translation differences	7 238	(20 228)
Currency translation differences discontinued operations	-	-
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	(113 511)	734 369

2011 including discontinued operations

Cash-flow Statement

NOK 1.000	01.01 - 31.12 2012	01.01 - 31.12 2011
Operating activities		
Profit/(loss) before taxes from continuing operations	(15.316)	55.638
Ordinary profit/(loss) before taxes from discontinued operations	-	725.197
Profit before tax	(15.316)	780.835
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation, amortisation and impairment of tangible and intangible assets	111.693	106.728
Loss/(gain) on disposal of discontinued operations	(822)	(701.197)
Finance income	(287.167)	(277.733)
Finance costs	342.011	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	59.946	(53.337)
Increase in inventory	(3.460)	(10.557)
Decrease (increase) in trade and other payables	157.047	(57.583)
Decrease(increase) in other provisions	(27.509)	(63.549)
	336.423	80.525
Interest received	9.968	3.116
Income tax paid	(51.417)	(13.201)
Net cash flow from operational activities	294.974	70.440
Investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	1.125	-
Capital expenditure for property, plant and equipment and intangible assets	(92.809)	(85.804)
Purchase of financial instruments	-	(1.542)
Proceeds from sale of financial instruments	-	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	(118.927)	876.109
Financing activities		
Proceeds from borrowings	100.000	-
Repayment of borrowings	(79.785)	(76.383)
Interest paid	(44.849)	(78.076)
Dividends paid to equity holders of the parent	(700.219)	-
Net cash flow from (used) in financing activities	(724.853)	(154.459)
Net increase in cash and cash equivalents	(548.806)	792.091
Net foreign exchange differences	505	(737)
Cash and cash equivalents at start of period	820.984	29.630
Cash and cash equivalents at end of period	272.683	820.984

Condensed consolidated statement of changes in equity

Equity reconciliation		
NOK 1.000	01.01 - 31.12 2012	01.01 - 31.12 2011
Equity at period start	1 411 469	665 372
Profit after taxes	(120 749)	754 598
Exchange differences	7 238	(20 228)
Change/capital contribution from non-controlling interests	69 527	11 727
Exchange differences discontinued operations	-	
Dividend payments	(700 219)	
Equity at period end	667 266	1 411 469

Note 1 – Interest bearing debt

Net interest-bearing debt	Actual	Actual
NOK 1.000	31-12-2012	31-12-2011
Long term debt to credit institutions	0	651.067
Short term debt to credit institutions	744.646	77.398
Total interest-bearing debt	744.646	728.465
Cash and cash equivalents	272.683	820.984
Net interest-bearing debt	471.963	-92.519

In accordance with 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, Cannseal and Marine Engineering.

Primary segment reporting per. 31.12.2012 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	1.246.163	519.131	12.758	(138)	1.777.913
Operating revenue, internal	21.838	2.764	14.879	(39.481)	0
Operating expenses before depreciation	(1.139.377)	(475.311)	(48.016)	39.619	(1.623.084)
EBITDA	128.624	46.585	(20.379)	-	154.829
Depreciation and amortization	(18.772)	(83.752)	(1.932)	-	(104.455)
Write downs and provisions	(2.124)	-	(5.102)	-	(7.226)
EBIT	107.728	(37.167)	(27.413)	-	43.148
Net financial items	(27.817)	(36.590)	5.944	-	(58.464)
Profit before taxes	79.910	(73.757)	(21.469)	-	(15.316)
Taxes	(41.573)	(99.296)	35.436	-	(105.433)
Profit after taxes	38.337	(173.053)	13.967	-	(120.748)
Profit after tax from discontinued operations	-	-	-	-	-
Profit/(loss) for the year	38.337	(173.053)	13.967	-	(120.748)

Primary segment reporting per. 31.12.2011 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	1.169.426	710.330	9.852	(21.694)	1.867.914
Operating revenue, internal	13.132	206	11.578	(24.916)	(1)
Operating expenses before depreciation	(1.032.052)	(570.449)	(64.842)	46.610	(1.620.731)
EBITDA	150.506	140.087	(43.411)	-	247.182
Depreciation and amortization	(24.629)	(78.585)	(3.514)	-	(106.728)
Write downs and provisions	-	-	-	-	-
EBIT	125.877	61.502	(46.925)	-	140.454
Net financial items	(47.690)	(29.345)	163.892	(171.672)	(84.815)
Profit before taxes	78.187	32.157	116.967	(171.672)	55.638
Taxes	(33.754)	(16.464)	12.161	-	(38.056)
Profit after taxes	44.433	15.693	129.128	(171.672)	17.582
Profit after tax from discontinued operations	-	-	737.015	-	737.015
Profit/(loss) for the year	44.433	15.693	866.144	(171.672)	754.598

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

Q4 2012 only (NOK 1.000)

Business segments	EDS	T&T	Group/Elim DS	Total
Operating revenue, external	112 260	9 309	-	121 569
Operating revenue, internal	1 810	119	(1 112)	817
Operating expenses before depreciation	(114 570)	(36 371)	(3 309)	(154 250)
EBITDA	(501)	(26 942)	(4 421)	(31 864)
Depreciation and amortization	(18 488)	(2 147)	-	(20 635)
Write downs and provisions	-	-	-	-
EBIT	(18 989)	(29 089)	(4 421)	(52 499)
Net financial items	(6 908)	(3 013)	(1 278)	(11 199)
Profit before taxes	(25 897)	(32 102)	(5 699)	(63 698)
Taxes	(110 239)	6 129	1 596	(102 515)
Profit after taxes	(136 136)	(25 973)	(4 103)	(166 213)

Q4 2011 only (NOK 1.000)

Business segments	EDS	T&T	Group/Elim DS	Total
Operating revenue, external	35 795	68 501	142	104 439
Operating revenue, internal	52 547	(599)	(51 820)	128
Operating expenses before depreciation	(77 113)	(62 601)	51 678	(88 036)
EBITDA	11 230	5 302	-	16 531
Depreciation and amortization	(25 565)	(1 788)	-	(27 353)
Write downs and provisions	-	-	-	-
EBIT	(14 335)	3 514	-	(10 821)
Net financial items	(3 425)	1 209	-	(2 217)
Profit before taxes	(17 761)	4 723	-	(13 038)
Taxes	(3 542)	1 540	-	(2 001)
Profit after taxes	(21 303)	6 263	-	(15 040)

Per. 31.12.2012 (NOK 1.000)

Business segments	EDS	T&T	Group/Elim DS	Total
Operating revenue, external	457 466	61 665	-	519 131
Operating revenue, internal	11 714	3 149	(12 099)	2 764
Operating expenses before depreciation	(384 299)	(98 689)	7 677	(475 311)
EBITDA	84 881	(33 875)	(4 421)	46 585
Depreciation and amortization	(74 628)	(9 124)	-	(83 752)
Write downs and provisions	-	-	-	-
EBIT	10 253	(42 999)	(4 421)	(37 167)
Net financial items	(30 483)	(4 829)	(1 278)	(36 590)
Profit before taxes	(20 230)	(47 828)	(5 699)	(73 757)
Taxes	(112 053)	11 161	1 596	(99 296)
Profit after taxes	(132 283)	(36 667)	(4 103)	(173 053)

Per. 31.12.2011 (NOK 1.000)

Business segments	EDS	T&T	Group/Elim DS	Total
Operating revenue, external	325 577	384 753	-	710 330
Operating revenue, internal	86 138	13 021	(98 954)	206
Operating expenses before depreciation	(342 775)	(326 627)	98 954	(570 449)
EBITDA	68 940	71 147	-	140 087
Depreciation and amortization	(71 872)	(6 713)	-	(78 585)
Write downs and provisions	-	-	-	-
EBIT	(2 932)	64 434	-	61 502
Net financial items	(28 317)	(1 028)	-	(29 345)
Profit before taxes	(31 249)	63 406	-	32 157
Taxes	774	(17 238)	-	(16 464)
Profit after taxes	(30 475)	46 168	-	15 693

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.

³ The purchase price allocation is preliminary as of 31st December 2012, and is subject to changes before 30 June 2013.

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.

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

⁴ The purchase price allocation is preliminary as of 31st December 2012, and is subject to changes before 30 September 2013

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 2012 and 2011 are presented below

Proforma segment reporting per. 31.12.2012 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	1.266.215	528.982	12.758	(138)	1.807.816
Operating revenue, internal	21.838	2.764	14.879	(39.481)	0
Operating expenses before depreciation	(1.155.981)	(497.473)	(48.016)	39.619	(1.661.850)
EBITDA	132.072	34.274	(20.379)	-	145.967
Depreciation and amortization	(18.784)	(83.789)	(1.932)	-	(104.504)
Write downs and provisions	(2.124)	-	(5.102)	-	(7.226)
EBIT	111.164	(49.515)	(27.413)	-	34.237
Net financial items	(27.857)	(36.596)	5.944	-	(58.509)
Profit before taxes	83.308	(86.111)	(21.469)	-	(24.272)
Taxes	(42.524)	(95.837)	35.436	-	(102.925)
Profit after taxes	40.783	(181.948)	13.967	-	(127.197)

Proforma segment reporting per. 31.12.2011 (NOK 1.000)

Business segments	Petroleum Services	Drilling Services	Group	Elimin.	Total
Operating revenue, external	1.206.355	711.328	9.852	(21.694)	1.905.841
Operating revenue, internal	13.132	206	11.578	(24.916)	(0)
Operating expenses before depreciation	(1.061.923)	(592.896)	(64.842)	46.610	(1.673.050)
EBITDA	157.564	118.638	(43.411)	-	232.791
Depreciation and amortization	(24.646)	(78.622)	(3.514)	-	(106.782)
Write downs and provisions	-	-	-	-	-
EBIT	132.919	40.015	(46.925)	-	126.009
Net financial items	(47.736)	(29.350)	163.892	(171.672)	(84.866)
Profit before taxes	85.183	10.665	116.967	(171.672)	41.143
Taxes	(35.992)	(9.586)	12.161	-	(33.418)
Profit after taxes	49.191	1.079	129.128	(171.672)	7.725

Note 4 – Geographical Distribution of Operating Income

Secondary segment reporting (NOK 1.000)		
Geographical distribution of operating income	01.01 - 31.12 2012	01.01 - 31.12 2011
Norway	556.329	771.326
Europe ex. Norway	386.744	387.819
Australia	93.310	95.725
America	332.641	304.139
Asia	256.443	187.766
Africa	152.446	121.138
Total	1.777.913	1.867.914

Note 5 - Financial Key Figures

Key figures	Actual	Actual	Actual	Actual
	01.10.-31.12 2012	01.10.-31.12 2011	01.01 - 31.12 2012	01.01 - 31.12 2011
Average number of shares	125 898 308	125 898 308	125 898 308	125 898 308
Earnings per share continued operations	(1,16)	(0,24)	(0,96)	0,14
Earnings per share	(1,16)	5,45	(0,96)	5,99
EBITDA-margin	-1,7 %	8,5 %	8,5 %	13,2 %
EBIT-margin	-7,1 %	0,4 %	2,4 %	7,5 %
Equity ratio	30,9 %	50,6 %	30,9 %	50,6 %
Net interest bearing debt	471 963	-92 519	471 963	-92 519

Key figures	Proforma	Proforma	Proforma	Proforma
	01.10.-31.12 2012	01.10.-31.12 2011	01.01 - 31.12 2012	01.01 - 31.12 2011
Average number of shares	125 898 308	125 898 308	125 898 308	125 898 308
Earnings per share	(1,14)	(0,22)	(1,01)	0,06
EBITDA-margin	-1,0 %	9,0 %	7,9 %	12,2 %
EBIT-margin	-6,3 %	1,2 %	1,9 %	6,6 %

Note 6 – Related party transactions

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

Note 7 – Subsequent events

In Q1 2013 AGR refinanced its Petroleum Services division by placing a 5 year bond of 550 MNOK in the market. The bond agreement was signed in February 2013 and will be listed on Oslo Stock Exchange. The Drilling Services division was refinanced through a 3 year traditional bank loan, and the loan agreement was signed in February 2013.

AGR signed an agreement in February 2013 whereby BR Industrier AS, acquires 100% of the shares in AGR Well Services AS and AGR Cleanup AS in a combined transaction. The companies are a part of AGR's T&T division. The purchase price on an enterprise value basis for the two companies is MNOK 43. The transaction was completed in February, following mandatory approval by The Norwegian Ministry of Commercial Affairs.