



AGR Group ASA

1st quarter 2013

Petroleum Services

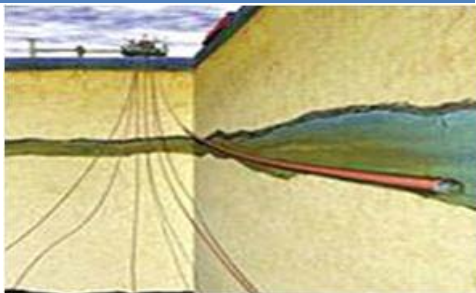


**Drilling Services
(discontinued)**



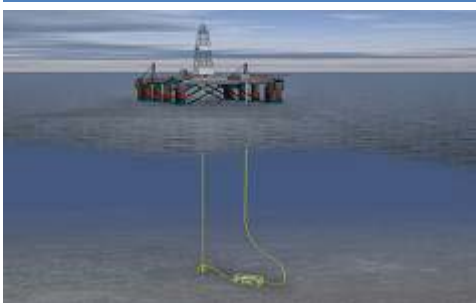
AGR Group consists of two business units with global reach, aligned with the trends in the global oil and gas services industry:

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 (discontinued)



AGR Drilling Services (Discontinued)

AGR announced in Q1 that its Board of Directors contemplated a legal demerger of the Group's two divisions, where the Drilling Services business is to be separated from the Petroleum Services business, by way of a demerger of AGR. Drilling Services will be de-listed from Oslo Stock Exchange. The Board of Directors considers it to be highly probable that the demerger will be completed.

Based on this the Drilling Services business is reported as "Discontinued operations" in the quarterly report, in accordance with IFRS.

FIRST QUARTER 2013 FINANCIAL HIGHLIGHTS

Primary segment reporting Q1 2013 only (NOK 1.000)

Business segments	Petroleum Services	Group	Elimin.	Total
Operating revenue, external	314.172	1.580	-	315.752
Operating revenue, internal	2.035	7.758	(9.794)	(0)
Operating expenses before depreciation	(279.663)	(12.550)	9.794	(282.419)
EBITDA	36.544	(3.212)	-	33.333
Depreciation and amortization	(4.137)	(137)	-	(4.274)
Write downs and provisions	-	-	-	-
EBIT	32.407	(3.349)	-	29.058

Primary segment reporting Q1 2012 only (NOK 1.000)

Business segments	Petroleum Services	Group	Elimin.	Total
Operating revenue, external	311.623	1.444	-	313.068
Operating revenue, internal	3.337	1.182	(4.519)	0
Operating expenses before depreciation	(278.625)	(7.698)	4.519	(281.804)
EBITDA	36.336	(5.072)	-	31.264
Depreciation and amortization	(5.054)	(138)	-	(5.192)
Write downs and provisions	-	-	-	-
EBIT	31.282	(5.210)	-	26.072

EBITDA: Earnings before interest, tax, depreciation and amortisation

- AGR successfully completed a refinancing of its debt in Q1 2013, where the two business areas Petroleum Services and Drilling Services were financed separately. This enables the two divisions to seek separate strategic alternatives with autonomous managements. As a part of this work, AGR announced in Q1 that its Board of Directors contemplated a legal demerger of the Group's two divisions, where the Drilling Services business¹ is to be separated from the Petroleum Services business by way of a demerger of AGR. Drilling Services will be de-listed from Oslo Stock Exchange. The proposed demerger was approved by the Annual General Assembly 24 May 2013. Unless the ongoing creditors notice delays the demerger, it will take place on or about 29 July 2013. The Board of Directors therefore considers it highly probable that the demerger will be completed. Based on this the Drilling Services business is reported as "Discontinued operations" in the quarterly report, in accordance with IFRS.
- The Group's operating revenue for Q1 2013 ended on NOK 316 million, up from NOK 313 million in Q1 2012. EBITDA ended at NOK 33 million compared to NOK 31 million in the first quarter of 2012.
- *Petroleum Services* Q1 EBITDA ended at NOK 37 million compared to NOK 36 million in the first quarter of 2012. Due to a change in group cost allocation principles, the Q1 2013 result includes NOK 4 million administration costs charged by AGR Group ASA, which was not included in the same period last year.

¹ Including AGR CannSeal

Divisional Reports

AGR Petroleum Services

The division's activity level increased slightly compared to the same period last year. Operating revenues increased from NOK 315 million in Q1 2012 to NOK 316 million in the first quarter of 2013. EBITDA increased from NOK 36 million on Q1 2012 to NOK 37 million in Q1 2013. Due to a change in group cost allocation principle, the Q1 2013 EBITDA includes 4 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 operations for Lundin, and Statoil (Volve), in addition to planning for RWE, OMV and Faroe. The operations on the Borgland Dolphin Campaign continued for Statoil. UK closed out operations for Pelagic in Israel and FOGL in the Falkland Islands. Planning activities in West Africa for Starc continued.

Reservoir Management in the UK had high utilization and performed well, while Norway and Asia Pacific experienced a slow 1st quarter. **Field Management** had increased activity and a good quarter.

Consultancy continued to perform well in the UK and Norway as demand remains high. US had a steady quarter with work for Karoon, Operatec and various international customers. Asia Pacific had a quarter with moderate activity.

Software Solutions, with its Performance software P1 had a significant enterprise sale in Q1. P1 continues to be developed and aims to release a new version in Q2 2013.

AGR Energy spudded its first well in November 2012. The drilling operation was successfully completed by Well Management within time and budget in Q1 2013.

Group

AGR Group consists of corporate administration. AGR CannSeal has been reported as discontinued together with AGR Drilling Services.

In Q4 2012 AGR Group decided to change principles for group cost allocation in preparation for the demerger. The majority of Group cost is charged to the two divisions Petroleum Services and Drilling Services until the announced demerger has been completed. However, Group's EBITDA was negative NOK 3 million in Q1 2013 due to some retained cost in Group.

Due to the announced demerger, CEO Sverre Skogen decided to stand down as of 1st March 2013, but will continue as Chairman of AGR Energy. Åge Landro took on the role as Group CEO in addition to his current position as Head of AGR Petroleum Services.

AGR Drilling Services (Discontinued)

AGR Drilling Services revenue decreased from NOK 103 million in Q1 2012 to NOK 98 million in Q1 2013. EBITDA increased from NOK 5 million in Q1 2012 to NOK 15 million in Q1 2013. Due to a change in group cost allocation principles, the Q1 2013 EBITDA includes 2 MNOK costs charged by AGR Group ASA, which was not included in the same period last year.

AGR Drilling Services consists of two sub divisions; EDS and T&T. EDS' revenue in the first quarter was higher than the same quarter last year, with revenues up from NOK 94 million to NOK 98 million in Q1 2013. EBITDA increased significantly from NOK 15 million in Q1 2012 to NOK 23 million in Q1 2013. T&T revenue decreased from NOK 14 million in Q1 2012 to NOK 1 million in Q1 2013. EBITDA ended at negative NOK 6 million in Q1 2013 compared to negative NOK 5 million in the same period last year.

The financials in Q1 2012 and 2013 are excluding AGR Well Services and AGR Cleanup as both companies were divested in Q1 2013.

Please refer to Note 6 for details about financials results for Drilling Services.

Financial Information

Other financial information

Profit after tax for the first quarter of 2013 was NOK 20 million compared to NOK 11 million in Q1 2012. For more information about the results, please refer to the divisional reports section.

The Group had total assets of NOK 2 124 million at the end of Q1 2013, down from NOK 2 171 million at year end 2012. The equity ratio in Q1 2013 was 34 percent.

Accumulated cash flow from the Group's operational activities in Q1 2013 was negative NOK 210 million mainly due to increased working capital in the Energy business which held significant advance payments from its partners at year end 2012. Net investments for the Group were NOK 4 million. Interest bearing debt increased by NOK 50 million, and interest and fees paid amounted to NOK 34 million. The Group had a negative net cash flow of NOK 198 million in Q1 2013.

Net interest-bearing debt for the Group was NOK 467 million at the end of Q1 2013, compared to NOK 472 million at the end of 2012².

Earnings per share was NOK 0.16 in Q1 2013 compared to NOK 0.09 in Q1 2012.

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 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.

Oslo, 31 May 2013

Board of AGR Group ASA

² 2012 debt including debt related to the Drilling Services division which is now discontinued

Financial consolidated information and notes

Basis of Preparation and Accounting Principles

This condensed consolidated interim financial information for the three months ended 31 March has been prepared in accordance with IAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statement for the year ended 31 December 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
NOK 1.000	01.01 - 31.03 2013	01.01 - 31.03 2012	01.01 - 31.12 2012
Operating revenue	315.752	313.068	1.249.148
Operating expenses before depreciation	(282.419)	(281.804)	(1.138.865)
Operating profit before depreciation (EBITDA)	33.333	31.264	110.282
Depreciation and amortisation	(4.274)	(5.192)	(21.447)
Write downs and provisions	-	-	-
Operating profit (EBIT)	29.059	26.072	88.835
Net financial items	100	(9.217)	(14.804)
Profit before taxes	29.159	16.855	74.031
Taxes	(9.331)	(5.394)	9.578
Profit after taxes PAT	19.828	11.462	83.610
Profit after tax from discontinued operations	11.608	(19.238)	(187.586)
Gain from sale of discontinued operations	-	-	-
Result from discontinued operations	11.608	(19.238)	(187.586)
		-	
Profit/(loss) for the year	31.437	(7.776)	(103.976)

Key figures	Actual	Actual	Actual
	01.01 - 31.03 2013	01.01 - 31.03 2012	01.01 - 31.12 2012
Average number of shares	125.898.308	125.898.308	125.898.308
Earnings per share (excluding discontinued operations)	0,16	0,09	0,66

Condensed consolidated balance sheet

Balance Sheet	Actual	Actual
NOK 1.000	31-03-2013	31-12-2012
Fixed assets		
Deferred tax asset	105.738	110.027
Patents, research and development	19.713	206.780
Goodwill	589.610	649.277
Land and buildings	-	-
Machinery and other equipment	16.561	297.805
Financial fixed assets	33.489	32.387
Total fixed assets	765.111	1.296.276
Current assets		
Inventory	123	23.995
Accounts receivable	390.615	478.315
Other receivables	118.308	99.588
Shares held for trading purposes	90	92
Assets classified as held for sale	775.599	-
Cash and cash equivalents	73.939	272.683
Total current assets	1.358.674	874.673
Total assets	2.123.785	2.170.949
Equity		
Paid in capital*	248.305	248.305
Other equity	369.439	339.071
Non-controlling interests	95.763	94.085
Total equity	713.507	681.461
Long-term liabilities		
Provisions	10.271	10.867
Deffered tax liability	7.545	988
Other longterm liability	-	-
Liabilities to financial institutions	Note 1 524.223	-
Total long-term liabilities	542.039	11.855
Short-term liabilities		
Liabilities classified as held for sale	432.441	-
Short-term liabilities	Note 1 435.798	1.477.633
Total short-term liabilities	868.239	1.477.633
Total liabilities	1.410.278	1.489.488
Total equity and liabilities	2.123.785	2.170.949

Condensed consolidated statement of comprehensive Income

Statement of comprehensive income	Actual	Actual	Actual
NOK 1.000	12 months ended 31 March 2013	2012	Year ended 31 Dec. 2012
Profit for the period	31.437	(7.777)	(103.975)
Other comprehensive income	-	-	-
Fair value gains on available-for-sale financial assets, net of tax	-	-	-
Cash flow hedges, net of tax	-	-	-
Currency translation differences	183	(2.619)	4.520
Currency translation differences discontinued operations	-	-	-
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	31.620	(10.396)	(99.455)
Profit attributable to:			
- owners of the company	33.116	(7.895)	(101.574)
- non-controlling interest	(1.679)	118	(2.401)

Condensed consolidated statement of cash flow

Cash-flow Statement			
NOK 1.000	01.01 - 31.03 2013	01.01 - 31.03 2012	01.01. - 31.12. 2012
Operating activities			
Profit/(loss) before taxes from continuing operations	29.159	(11.435)	(11.795)
Ordinary profit/(loss) before taxes from discontinued operations	11.608	-	-
Profit before tax	40.767	(11.435)	(11.795)
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortisation and impairment of tangible and intangible assets	4.274	26.718	111.681
Loss/(gain) on disposal of property, plant and equipment	-	-	(822)
Loss/(gain) on disposal of discontinued operations	-	-	-
Finance income	(59.793)	(71.916)	(238.270)
Finance costs	59.693	94.842	293.126
Other operating income	-	-	-
Share of loss/(profit) from associates	-	-	-
Pension	-	-	-
Working capital adjustments:			
Decrease/(Increase) in trade and other receivables and prepayments	(87.227)	(175.739)	59.944
Decrease/(Increase) in inventory	(12)	(278)	(3.460)
Decrease (increase) in trade and other payables	(140.176)	100.693	157.663
Decrease(increase) in other provisions	(26.567)	14.054	(26.654)
	(209.041)	(23.061)	341.413
Interest received	565	4.394	9.992
Income tax paid	(1.773)	(5.763)	(51.417)
Net cash flow from operational activities	(210.249)	(24.430)	299.988
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	(4.115)	(23.561)	(92.809)
Purchase of financial instruments	-	-	-
Proceeds from sale of financial instruments	-	-	-
Final earn-out payment former acquisition of subsidiary	-	-	-
Net inflow/outflow from sale of subsidiary, net of cash disposed	-	-	(27.604)
Receipt of government grant	-	-	-
Acquisition of subsidiary, net of cash acquired	-	-	-
Net cash flows used in investing activities	(4.115)	(23.561)	(119.288)
Financing activities			
Proceeds from borrowings	570.000	-	100.000
Repayment of borrowings	(519.843)	(16.094)	(79.785)
Interest and fees paid	(34.145)	(12.908)	(49.502)
Dividends paid to equity holders of the parent	-	-	(700.219)
Net cash flow from (used) in financing activities	16.012	(29.002)	(729.506)
Net increase in cash and cash equivalents	(198.352)	(76.992)	(548.806)
Net foreign exchange differences	(392)	25	505
Cash and cash equivalents at start of period	272.683	820.984	820.984
Cash and cash equivalents at end of period	73.939	744.017	272.683

1) 2013 is excluding while 2012 is including discontinued operations

Condensed consolidated statement of changes in equity

Equity reconciliation			
NOK 1.000	01.01 - 31.03 2013	01.01 - 31.03 2012	01.01 - 31.12 2012
Equity at period start	681.461	1.411.469	1.411.469
Profit after taxes	31.437	(7.776)	(103.975)
Exchange differences	183	(2.619)	4.520
Change/capital contribution from non-controlling interests	1.679	118	69.527
Reduction of Treasure shares			139
Dividend payments	-		(700.219)
Equity at period end	714.760	1.401.192	681.461

Note 1 – Interest bearing debt

Net interest-bearing debt	Actual	Actual	Actual
NOK 1.000	31-03-2013	31-03-2012	31-12-2012
Long term debt to credit institutions	524.223	634.135	0
Short term debt to credit institutions	16.796	76.304	744.646
Total interest-bearing debt	541.019	710.439	744.646
Cash and cash equivalents	73.939	744.017	272.683
Net interest-bearing debt	467.080	-33.579	471.963
Interest-bearing debt	570.000	716.487	753.878

2013 is excluding while 2012 is including discontinued operations. Capitalized arrangement fee is deducted from the total interest-bearing debt in the above table and balance sheet, in accordance with IFRS.

Note 2 – Segment Information and proforma financials

Primary segment reporting per. 31.03.2013 (NOK 1.000)

Business segments	Petroleum Services	Group	Elimin.	Total
Operating revenue, external	314.172	1.580	-	315.752
Operating revenue, internal	2.035	7.758	(9.794)	(0)
Operating expenses before depreciation	(279.663)	(12.550)	9.794	(282.419)
EBITDA	36.544	(3.212)	-	33.333
Depreciation and amortization	(4.137)	(137)	-	(4.274)
Write downs and provisions	-	-	-	-
EBIT	32.407	(3.349)	-	29.058
Net financial items	(3.144)	3.245	-	100
Profit before taxes	29.263	(104)	-	29.159
Taxes	(9.364)	33	-	(9.331)
Profit after taxes	19.899	(71)	-	19.828
Profit after tax from discontinued operations	-	11.608	-	11.608
Profit/(loss) for the year	19.899	11.538	-	31.436

Primary segment reporting per. 31.03.2012 (NOK 1.000)

Business segments	Petroleum Services	Group	Elimin.	Total
Operating revenue, external	311.623	1.444	-	313.068
Operating revenue, internal	3.337	1.182	(4.519)	(1)
Operating expenses before depreciation	(278.625)	(7.698)	4.519	(281.803)
EBITDA	36.336	(5.072)	-	31.264
Depreciation and amortization	(5.054)	(138)	-	(5.192)
Write downs and provisions	-	-	-	-
EBIT	31.282	(5.210)	-	26.072
Net financial items	(13.554)	4.337	-	(9.217)
Profit before taxes	17.728	(873)	-	16.855
Taxes	(5.673)	279	-	(5.394)
Profit after taxes	12.055	(593)	-	11.462
Profit after tax from discontinued operations	-	(19.238)	-	(19.238)
Profit/(loss) for the year	12.055	(19.831)	-	(7.776)

Proforma segment reporting per. 31.03.2013 (NOK 1.000)

Business segments	Petroleum Services	Group	Elimin.	Total
Operating revenue, external	314.172	1.580	-	315.752
Operating revenue, internal	2.035	7.758	(9.794)	(0)
Operating expenses before depreciation	(279.663)	(12.550)	9.794	(282.419)
EBITDA	36.544	(3.212)	-	33.333
Depreciation and amortization	(4.137)	(137)	-	(4.274)
Write downs and provisions	-	-	-	-
EBIT	32.407	(3.349)	-	29.058
Net financial items	(3.144)	3.245	-	100
Profit before taxes	29.263	(104)	-	29.159
Taxes	(9.364)	33	-	(9.331)
Profit after taxes	19.899	(71)	-	19.828

Proforma segment reporting per. 31.03.2012 (NOK 1.000)

Business segments	Petroleum Services	Group	Elimin.	Total
Operating revenue, external	321.538	1.444	-	322.982
Operating revenue, internal	3.337	1.182	(4.519)	0
Operating expenses before depreciation	(288.377)	(7.698)	4.519	(291.556)
EBITDA	36.497	(5.072)	-	31.426
Depreciation and amortization	(5.061)	(138)	-	(5.199)
Write downs and provisions	-	-	-	-
EBIT	31.436	(5.210)	-	26.226
Net financial items	(13.569)	4.337	-	(9.232)
Profit before taxes	17.867	(873)	-	16.995
Taxes	(5.673)	279	-	(5.394)
Profit after taxes	12.194	(593)	-	11.601

Proforma figures is including financials for Steinsvik & Co AS, a company that was acquired in June 2012

Note 3 – Geographical Distribution of Operating Income

Secondary segment reporting (NOK 1.000)		
Geographical distribution of operating income	01.01 - 31.03 2013	01.01 - 31.03 2012
Norway	142.633	110.304
Europe ex. Norway	71.864	84.059
Australia	19.047	18.040
America	40.276	46.131
Asia	8.565	23.200
Africa	33.367	31.334
Total	315.752	313.068

Note 4 - Financial Key Figures

Key figures	Actual	Actual	Actual
	01.01 - 31.03 2013	01.01 - 31.03 2012	01.01 - 31.12 2012
Average number of shares	125.898.308	125.898.308	125.898.308
Earnings per share continued operations	0,16	0,09	0,66
Earnings per share	0,25	(0,06)	(0,83)
EBITDA-margin	10,6 %	10,0 %	8,8 %
EBIT-margin	9,2 %	8,3 %	7,1 %
Equity ratio	33,6 %	48,7 %	31,4 %
Net interest bearing debt	467.080	-33.579	471.963

Note 5 – Related party transactions

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

Note 6 – Discontinued operations; AGR Drilling Services financials

Q1 2013 NOK 1.000)

Business segments	EDS	T&T	DS Group/other	Total
Operating revenue, external	96.447	974	(533)	96.887
Operating revenue, internal	1.494	(180)	(439)	875
Operating expenses before depreciation	(75.094)	(6.635)	(813)	(82.543)
EBITDA	22.846	(5.841)	(1.786)	15.219
Depreciation and amortization	(18.688)	(946)	(20)	(19.655)
Write downs and provisions	-	-	-	-
EBIT	4.158	(6.788)	(1.806)	(4.436)
Net financial items	(1.779)	770	(2.210)	(3.219)
Profit before taxes	2.378	(6.017)	(4.016)	(7.655)
Taxes	(761)	1.926	1.285	2.450
Profit after taxes	1.617	(4.092)	(2.731)	(5.205)
Profit after tax from discontinued operations	-	-	16.814	16.814
Profit/(loss) for the year	1.617	(4.092)	14.083	11.608

Q1 2012 (NOK 1.000)

Business segments	EDS	T&T	DS Group/Eim	Total
Operating revenue, external	89.102	13.949	200	103.252
Operating revenue, internal	4.636	360	(5.020)	(25)
Operating expenses before depreciation	(78.782)	(19.107)	(15)	(97.903)
EBITDA	14.957	(4.798)	(4.835)	5.324
Depreciation and amortization	(18.697)	(789)	(690)	(20.176)
Write downs and provisions	-	-	-	-
EBIT	(3.740)	(5.587)	(5.525)	(14.852)
Net financial items	(11.140)	(1.130)	(1.548)	(13.818)
Profit before taxes	(14.881)	(6.717)	(7.073)	(28.670)
Taxes	4.762	2.028	2.263	9.053
Profit after taxes	(10.119)	(4.689)	(4.810)	(19.617)
Profit after tax from discontinued operations	-	-	379	379
Profit/(loss) for the year	(10.119)	(4.689)	(4.430)	(19.238)

Note 7 – Subsequent events

AGR Group ASA's Board of Directors resolved a demerger plan on 17th April 2013 where the Drilling Services business³ is to be separated from the Petroleum Services business, by way of a demerger of AGR. Drilling Services will be de-listed from Oslo Stock Exchange. The demerger was approved by the General Assembly on 24th May 2013. A two months creditor notification period will commence on the date of registration of the shareholder resolution in the Norwegian Register of Business Enterprises. Consequently, and provided that all conditions for implementation are fulfilled, the demerger is expected to be completed by end of July 2013.

³ Including AGR CannSeal