



AGR Group ASA

1st quarter 2014



FIRST QUARTER 2014 FINANCIAL HIGHLIGHTS

Primary segment reporting Q1 2014 only (NOK 1 000)

Business segments	Norway	United	Asia	United	Software	Holding	Elim PS	PS Total	Group incl		
	incl. Russia	Kingdom incl ME							Pasific	States	E&P
Operating revenue, external	165.873	105.421	33.684	53.932	1.607	2.142	-	362.660	866	-	363.525
Operating revenue, internal	2.083	8.346	205	29	579	-	(11.242)	-	(797)	797	-
Operating expenses	(107.012)	(140.044)	(30.666)	(50.052)	(1.775)	(1.680)	11.242	(319.987)	(8.313)	(797)	(329.096)
EBITDA	60.944	(26.276)	3.223	3.909	411	462	-	42.673	(8.244)	-	34.429
Depreciation and amortisation	(1.340)	(1.546)	(176)	(122)	(152)	(145)	-	(3.481)	(37)	-	(3.518)
Write downs and provisions	-	-	-	-	-	-	-	-	-	-	-
EBIT	59.604	(27.823)	3.047	3.786	259	318	-	39.192	(8.281)	-	30.911

Primary segment reporting Q1 2013 only (NOK 1 000)

Business segments	Norway	United	Asia	United	Software	Holding	Elim PS	PS Total	Group incl		
	incl. Russia	Kingdom incl ME							Pasific	States	E&P
Operating revenue, external	140.591	100.871	28.182	42.667	1.858	-	-	314.168	4.765	-	318.933
Operating revenue, internal	1.408	6.434	334	28	340	-	(8.278)	265	4.574	(4.840)	(0)
Operating expenses	(108.609)	(101.584)	(28.957)	(39.147)	(957)	(5.315)	8.278	(276.291)	(10.877)	4.840	(282.328)
EBITDA	33.390	5.721	(442)	3.548	1.241	(5.315)	-	38.143	(1.538)	0	36.605
Depreciation and amortisation	(852)	(1.605)	(67)	(1.424)	(106)	(48)	-	(4.102)	(137)	-	(4.239)
Write downs and provisions	-	-	-	-	-	-	-	-	-	-	-
EBIT	32.538	4.116	(509)	2.124	1.135	(5.363)	-	34.041	(1.675)	0	32.366

Q1 2013 excluding AGR Energy of which 56% of AGR Group's shares were sold in August 2013

- The Group's activity level increased from last year with operating revenue of NOK 364 million in Q1 2014, up from NOK 318 million in Q1 2013.
- Reported EBITDA decreased from NOK 37 million in Q1 2013 to NOK 34 million in Q1 2014.
- Q1 2014 includes a NOK 19 million loss provision due to a settlement with Hyperdynamics relating to a dispute which arose in the UK segment in 2012.
- Adjusted for the Hyperdynamics settlement and other non-recurring items such as E&P cost, certain legal fees and cost associated with the ongoing strategic review, the adjusted Q1 EBITDA was NOK 69 million.

AGR Petroleum Services activity level increased compared to the same period last year. Operating revenues increased from NOK 319 million in Q1 2013 to NOK 364 million in Q1 2014. Reported EBITDA decreased from NOK 37 million on Q1 2013 to NOK 34 million in Q1 2014. Adjusted for the Hyperdynamics settlement and legal fees, the adjusted EBITDA was NOK 69 million in Q1 2014.

Segment Reports

Norway (incl Russia) experienced high activity in Q1 2014 with operating revenues of NOK 168 million, up from 142 million in Q1 2013. EBITDA increased significantly from NOK 33 million to 61 million in Q1 2014. Well Management performance was strong during Q1 with four simultaneous operations for Statoil on Borgland Dolphin and Maersk Inspirer, Faroe on West Navigator and Lundin on Bredford Dolphin. Operations for Faroe on West Navigator and the Borgland Dolphin Campaign were successfully completed in Q1. Consultancy activity was high due to continued high demand for consultants. Reservoir Management had a good 1st quarter with steady performance in both Norway and Russia. Facilities Solutions performed well in Q1, and HSEQ activity was high especially within safety coaching.

Activity out of the **UK** office was steady in Q1 2014 with operating revenues of NOK 114 million compared to 108 million in Q1 2013. Q1 2014 EBITDA was negative NOK 26 million due to a settlement between AGR and SCS Corporation (Hyperdynamics) and Jasper Drilling Private Limited (Jasper) related to a dispute ongoing since 2012, which resulted in a negative EBITDA contribution of NOK 19 million in Q1. In addition, extraordinary legal fees of NOK 8 million and 1 million cost related to close down of the Reservoir Management activity out of the Middle East office affected EBITDA negatively. EBITDA adjusted for extraordinary cost was NOK 2 million compared to NOK 6 million in Q1 2013. Well Management ramped up operational set up in Malta in anticipation of the Genel Mediterranean Q2 2014 campaign start. Scoping work was initiated for Hunt Oil in West Africa, and engineering work continued on a number of projects with various clients throughout the quarter. Reservoir management had an excellent start of the year with strong performance. Consultancy continued to perform well in the UK with an increased number of client placements.

APAC improved its performance from Q1 last year with operating revenue increasing from NOK 28 million to NOK 34 million, and EBITDA increasing from negative NOK 0.5 million to positive NOK 3 million. Well Management commenced operations for Hunt Oil offshore Australia at the end of Q1, while Consultancy continued its work for Ophir in Africa.

US with its Consultancy business showed steady performance throughout the first quarter of 2014 with revenue up from NOK 43 million in Q1 last year to NOK 54 million in Q1 2014. EBITDA ended at NOK 4 million in Q1 2014, slightly above Q1 2013 performance.

Software Solutions had sales in UK, Norway and APAC in Q1 totalling NOK 2 million which is in line with Q1 2013 revenue. Q1 EBITDA was NOK 0.5 million, down from NOK 1 million due to employment of additional personnel in preparations for future growth. The software product Cost Tracker (CT) was sold for the first time in Q1 in combination with P1 to a customer in Australia.

Holding¹ represents corporate administration related to the AGR Petroleum Services segments.

Group including E&P consist of corporate administration of AGR Group ASA and the E&P business in Israel. There was no activity in E&P in Q1 2014. The majority of Q1 costs relate to legal fees and cost associated with the ongoing strategic review.

¹ Note that at 31st March 2014 the Holdings and E&P segment are a part of the same legal entity AGR Petroleum Services Holdings. This entity will be demerged into two separate legal entities in Q2 2014, where AGR Holdings will be the new parent company for AGR Petroleum Services. Refer to Other Financial information and subsequent events (note 7) for further details

Financial Information

Other financial information

Profit after tax in Q1 2014 was NOK 6 million compared to NOK 20 million in Q1 2013. For more information about the results, please refer to the divisional reports section.

The Group had total assets of NOK 1 434 million at the end of Q1 2014, up from NOK 1 324 million at year end 2013. The equity ratio in Q1 2014 was 34 percent.

Accumulated cash flow from the Group's operational activities in Q1 2014 was positive NOK 40 million. Net investments for the Group were NOK 3 million. Interest bearing remained unchanged during Q1, and interest and fees paid amounted to NOK 11 million. The Group had a positive net cash flow of NOK 25 million in Q1 2014.

Net interest-bearing debt for the Group was NOK 376 million at the end of Q1 2014, compared to NOK 400 million at the end of 2013².

Earnings per share was NOK 0.05 in Q1 2014 compared to NOK 0.16 in Q1 2013.

Restructuring of AGR Petroleum Services Holdings AS

In order to strengthen its focus on both the Exploration and Production ("E&P") and Petroleum Services businesses and create a more flexible structure for the benefit of all stakeholders in the group, the Group decided in Q1 2014 to carry out a de-merger of AGR Petroleum Services Holdings AS ("AGPS") whereby all the assets of AGPS, save for the E&P Business, will be transferred to a new holding company with the same ownership structure as AGPS. The business operations of the AGR Group will be carried out as currently conducted, with AGR Holdings AS as the new holding company for the AGR Group companies involved in the Petroleum Services Business and AGPS as the holding company for AGR Group's interests in the E&P Business. The creditor notification period from the announcement of the demerger expired on 28 April 2014. The demerger will be registered and completed in Q2 following conclusion of required documentation related to the Group's external debt.

Oslo, 23 May 2014

Board of AGR Group ASA

² The Group's debt is presented net of capitalized arrangement fees amounting to NOK 24 million in Q1 2014 and NOK 25 million in Q4 2013. Refer to note 1 for further details.

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 2013, 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 2014	01.01 - 31.03 2013	01.01 - 31.12 2013
Operating revenue	363.525	318.933	1.394.502
Operating expenses before depreciation	(329.096)	(282.328)	(1.219.912)
Operating profit before depreciation (EBITDA)	34.429	36.605	174.589
Depreciation and amortisation	(3.518)	(4.239)	(19.466)
Write downs and provisions	-	-	-
Operating profit (EBIT)	30.911	32.366	155.123
Net financial items	(18.241)	(4.132)	(19.697)
Profit before taxes	12.669	28.234	135.426
Taxes	(6.570)	(7.905)	(58.282)
Profit after taxes PAT	6.099	20.329	77.144
Profit after tax from discontinued operations	-	11.608	3.565
Gain from sale of discontinued operations	-	-	-
Result from discontinued operations	-	11.608	3.565
		-	
Profit/(loss) for the period	6.099	31.937	80.709

Key figures	Actual	Actual	Actual
	01.01 - 31.03 2014	01.01 - 31.03 2013	01.01 - 31.12 2013
Average number of shares	124.152.393	125.898.308	125.198.977
Earnings per share (excluding discontinued operations)	0,05	0,16	0,62

Condensed consolidated balance sheet

Balance Sheet	Actual	Actual
NOK 1.000	31-03-2014	31-12-2013
Fixed assets		
Deferred tax asset	77.963	72.006
Patents, research and development	17.091	17.435
Goodwill	617.365	621.019
Machinery and other equipment	14.468	15.016
Investment in associated	2.438	2.648
Financial fixed assets	39.287	38.604
Total fixed assets	768.611	766.728
Current assets		
Inventory	78	123
Accounts receivable	438.512	372.574
Other receivables	76.738	59.825
Shares held for trading purposes	102	103
Assets classified as held for sale	-	-
Cash and cash equivalents	150.296	125.106
Total current assets	665.727	557.731
Total assets	1.434.339	1.324.459
Equity		
Paid in capital	139.051	139.051
Other equity	320.080	313.861
Non-controlling interests	26.339	25.588
Total equity	485.469	478.500
Long-term liabilities		
Provisions	2.277	2.218
Deffered tax liability	19.733	9.595
Other longterm liability	-	-
Liabilities to financial institutions	Note 1	525.906
Total long-term liabilities	547.916	536.455
Short-term liabilities		
Liabilities classified as held for sale	-	-
Short-term liabilities	Note 1	400.954
Total short-term liabilities	400.954	309.504
Total liabilities	948.869	845.959
Total equity and liabilities	1.434.339	1.324.459

Condensed consolidated statement of comprehensive Income

Statement of comprehensive income	Actual	Actual	Actual
NOK 1.000	3 months ended 31 March		Year ended 31 Dec.
	2014	2013	2013
Profit for the period	6.099	31.935	80.710
Other comprehensive income	-	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods;</i>			
Currency translation differences	100	183	1.044
Currency translation differences discontinued operations	-	-	5.960
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	100	183	7.004
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods;</i>			
Re-measurement gains (losses) on defined benefit plans	-	-	6.325
Income tax effect	-	-	(1.771)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-	4.554
Total comprehensive income for the period	6.199	32.118	92.268
Profit attributable to:			
- owners of the company	5.428	31.431	87.914
- non-controlling interest	771	687	4.354
	6.199	32.118	92.268

Condensed consolidated statement of cash flow

Cash-flow Statement			
NOK 1.000	01.01 - 31.03 2014	01.01 - 31.03 2013	01.01. - 31.12. 2013
Operating activities			
Profit/(loss) before taxes from continuing operations	12.669	28.234	135.429
Ordinary profit/(loss) before taxes from discontinued operations	-	11.608	(2.627)
Profit before tax	12.669	39.842	132.802
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortisation and impairment of tangible and intangible assets	3.518	4.239	19.467
Loss/(gain) on disposal of property, plant and equipment	-	-	-
Loss/(gain) on disposal of discontinued operations	-	-	-
Finance income	(52.849)	(59.793)	(187.568)
Finance costs	71.090	59.693	207.264
Other operating income	-	-	-
Share of loss/(profit) from associates	210	-	-
Pension	-	-	-
Working capital adjustments:			
Decrease/(Increase) in trade and other receivables and prepayments	(95.893)	(87.227)	2.339
Decrease/(Increase) in inventory	45	(12)	(12)
Decrease (increase) in trade and other payables	84.692	(140.176)	(259.175)
Decrease(increase) in other provisions	19.953	(26.567)	(1.102)
	43.436	(210.001)	(85.985)
Interest received	821	565	6.034
Income tax paid	(4.361)	(1.773)	(9.801)
Net cash flow from operational activities	39.896	(211.209)	(89.752)
Investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	-	-	-
Capital expenditure for property, plant and equipment and intangible assets	(2.671)	(4.115)	(10.531)
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	-	-	(2.700)
Receipt of government grant	-	-	-
Acquisition of subsidiary, net of cash acquired	-	-	-
Net cash flows used in investing activities	(2.671)	(4.115)	(13.231)
Financing activities			
Acquisition of non-controlling interest	-	-	-
Proceeds from borrowings	-	570.000	570.000
Repayment of borrowings	-	(519.843)	(539.843)
Interest and fees paid	(10.934)	(34.145)	(76.488)
Dividends paid to equity holders of the parent	-	-	-
Net cash flow from (used) in financing activities	(10.934)	16.012	(46.331)
Net increase in cash and cash equivalents	26.291	(198.352)	(149.314)
Net foreign exchange differences	(1.100)	(392)	1.737
Cash and cash equivalents at start of period	125.106	272.683	272.683
Cash and cash equivalents at end of period	150.297	73.939	125.106

Condensed consolidated statement of changes in equity

Equity reconciliation			
NOK 1.000	01.01 - 31.03 2014	01.01 - 31.03 2013	01.01 - 31.12 2013
Equity at period start	478.500	681.460	681.460
Profit after taxes	6.099	31.935	80.711
Exchange differences	100	(1.567)	7.003
Change/capital contribution from non-controlling interests	771	1.679	(50.882)
Reduction of Treasury shares	-	-	-
Re-measurement gain on defined plans	-	-	4.554
Demerger of Group	-	-	(244.346)
Dividend payments	-	-	-
Equity at period end	485.469	713.507	478.500

Note 1 – Interest bearing debt

Net interest-bearing debt	Actual	Actual	Actual
NOK 1.000	31-03-2014	31-03-2013	31-12-2013
Long term debt to credit institutions	525.906	524.223	524.642
Short term debt to credit institutions	0	0	0
Total interest-bearing debt	525.906	524.223	524.642
Cash and cash equivalents	150.296	73.939	125.106
Net interest-bearing debt	375.610	450.284	399.536
Interest-bearing debt	550.000	550.000	550.000

Q1 2014 and Q4 2013 is excluding while Q1 2013 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. 31.03.2014 (NOK 1 000)

Business segments	Norway incl. Russia	United Kingdom incl ME	Asia Pacifc	United States	Software	Holding	Elim PS	PS Total	Group incl E&P	Elim TOPP	AGR Total
Operating revenue, external	165.873	105.421	33.684	53.932	1.607	2.142	-	362.660	866	-	363.525
Operating revenue, internal	2.083	8.346	205	29	579	-	(11.242)	-	(797)	797	-
Operating expenses	(107.012)	(140.044)	(30.666)	(50.052)	(1.775)	(1.680)	11.242	(319.987)	(8.313)	(797)	(329.096)
EBITDA	60.944	(26.276)	3.223	3.909	411	462	-	42.673	(8.244)	-	34.429
Depreciation and amortization	(1.340)	(1.546)	(176)	(122)	(152)	(145)	-	(3.481)	(37)	-	(3.518)
Write downs and provisions	-	-	-	-	-	-	-	-	-	-	-
EBIT	59.604	(27.823)	3.047	3.786	259	318	-	39.192	(8.281)	-	30.911
Net financial items	115	(6.984)	(1.859)	(4.110)	(12)	(8.295)	-	(21.145)	2.904	-	(18.241)
Profit before taxes	59.718	(34.806)	1.188	(324)	247	(7.977)	-	18.046	(5.377)	-	12.669
Taxes	(16.721)	6.727	(356)	110	(69)	2.234	-	(8.076)	1.506	-	(6.570)
Profit after taxes	42.997	(28.080)	832	(214)	178	(5.743)	-	9.970	(3.872)	-	6.099
Profit after tax discontinued operations	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the year	42.997	(28.080)	832	(214)	178	(5.743)	-	9.970	(3.872)	-	6.099

Primary segment reporting per. 31.03.2013 (NOK 1 000)

Business segments	Norway incl. Russia	United Kingdom incl ME	Asia Pacifc	United States	Software	Holding	Elim PS	PS Total	Group incl E&P	Elim TOPP	AGR Total
Operating revenue, external	140.591	100.871	28.182	42.667	1.858	-	-	314.168	4.765	-	318.933
Operating revenue, internal	1.408	6.434	334	28	340	-	(8.278)	265	4.574	(4.840)	(0)
Operating expenses	(108.609)	(101.584)	(28.957)	(39.147)	(957)	(5.315)	8.278	(276.291)	(10.877)	4.840	(282.328)
EBITDA	33.390	5.721	(442)	3.548	1.241	(5.315)	-	38.143	(1.538)	0	36.605
Depreciation and amortization	(852)	(1.605)	(67)	(1.424)	(106)	(48)	-	(4.102)	(137)	-	(4.239)
Write downs and provisions	-	-	-	-	-	-	-	-	-	-	-
EBIT	32.538	4.116	(509)	2.124	1.135	(5.363)	-	34.041	(1.675)	0	32.366
Net financial items	1.917	8.031	(545)	(2.237)	184	(7.136)	-	214	(4.346)	-	(4.132)
Profit before taxes	34.455	12.147	(1.054)	(114)	1.319	(12.498)	-	34.255	(6.022)	0	28.234
Taxes	(9.648)	(3.401)	295	32	(369)	3.500	-	(9.591)	1.686	(0)	(7.905)
Profit after taxes	24.808	8.746	(759)	(82)	950	(8.999)	-	24.663	(4.336)	0	20.328
Profit after tax from discontinued opera	-	-	-	-	-	-	-	-	11.608	-	11.608
Profit/(loss) for the year	24.808	8.746	(759)	(82)	950	(8.999)	-	24.663	7.272	0	31.936

Q1 2013 excluding AGR Energy of which 56% of AGR Group's shares were sold in August 2013

Proforma segment reporting per. 31.3.2014 (NOK 1.000)

Business segments	Norway incl. Russia	United Kingdom incl ME	Asia Pacifc	United States	Software	Holding	Elim PS	PS Total	Group incl E&P	Elim TOPP	AGR Total
Operating revenue, external	165.873	105.421	33.684	53.932	1.607	2.142	-	362.660	866	-	363.525
Operating revenue, internal	2.083	8.346	205	29	579	-	(11.242)	-	(797)	797	-
Operating expenses	(107.012)	(140.044)	(30.666)	(50.052)	(1.775)	(1.680)	11.242	(319.987)	(8.313)	(797)	(329.096)
EBITDA	60.944	(26.276)	3.223	3.909	411	462	-	42.673	(8.244)	-	34.429
Depreciation and amortization	(1.340)	(1.546)	(176)	(122)	(152)	(145)	-	(3.481)	(37)	-	(3.518)
Write downs and provisions	-	-	-	-	-	-	-	-	-	-	-
EBIT	59.604	(27.823)	3.047	3.786	259	318	-	39.192	(8.281)	-	30.911
Net financial items	115	(6.984)	(1.859)	(4.110)	(12)	(8.295)	-	(21.145)	2.904	-	(18.241)
Profit before taxes	59.718	(34.806)	1.188	(324)	247	(7.977)	-	18.046	(5.377)	-	12.669
Taxes	(16.721)	6.727	(356)	110	(69)	2.234	-	(8.076)	1.506	-	(6.570)
Profit after taxes	42.997	(28.080)	832	(214)	178	(5.743)	-	9.970	(3.872)	-	6.099

Proforma segment reporting per. 31.3.2013 (NOK 1.000)

Business segments	Norway incl. Russia	United Kingdom incl ME	Asia Pacifc	United States	Software	Holding	Elim PS	PS Total	Group incl E&P	Elim TOPP	AGR Total
Operating revenue, external	140.591	100.871	28.182	42.667	1.988	-	-	314.298	4.765	-	319.063
Operating revenue, internal	1.408	6.434	334	28	340	-	(8.278)	265	4.574	(4.840)	(0)
Operating expenses	(108.609)	(101.584)	(28.957)	(39.147)	(939)	(5.315)	8.278	(276.273)	(10.877)	4.840	(282.310)
EBITDA	33.390	5.721	(442)	3.548	1.389	(5.315)	-	38.290	(1.538)	0	36.753
Depreciation and amortization	(852)	(1.605)	(67)	(1.424)	(109)	(48)	-	(4.105)	(137)	-	(4.242)
Write downs and provisions	-	-	-	-	-	-	-	-	-	-	-
EBIT	32.538	4.116	(509)	2.124	1.280	(5.363)	-	34.186	(1.675)	0	32.511
Net financial items	1.917	8.031	(545)	(2.237)	184	(7.136)	-	214	(4.346)	-	(4.133)
Profit before taxes	34.455	12.147	(1.054)	(114)	1.464	(12.498)	-	34.400	(6.022)	0	28.378
Taxes	(9.648)	(3.401)	295	32	(410)	3.500	-	(9.632)	1.686	(0)	(7.946)
Profit after taxes	24.808	8.746	(759)	(82)	1.054	(8.999)	-	24.768	(4.336)	0	20.432

Proforma figures include financials for Well Design Online, a company that was acquired in October 2013

Note 3 – Geographical Distribution of Operating Income

Secondary segment reporting (NOK 1.000)

Geographical distribution of operating income	01.01 - 31.03 2014	01.01 - 31.03 2013
Norway	159.562	142.489
Europe ex. Norway	85.243	71.864
Australia	21.409	19.047
America	40.922	40.276
Asia	15.289	8.565
Africa	41.101	33.367
Total	363.525	315.608

Note 4 - Financial Key Figures

Key figures	Actual	Actual	Actual
	01.01 - 31.03 2014	01.01 - 31.03 2013	01.01 - 31.12 2013
Average number of shares	124.152.393	125.898.308	125.898.308
Earnings per share continued operations	0,05	0,16	0,62
Earnings per share	0,05	0,25	0,64
EBITDA-margin	9,5 %	11,5 %	12,5 %
EBIT-margin	8,5 %	10,1 %	11,1 %
Equity ratio	33,8 %	33,6 %	36,1 %
Net interest bearing debt	375.610	450.284	399.536

Note 5 – Related party transactions

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

Note 7 – Subsequent events

In order to strengthen its focus on both the Exploration and Production ("E&P") and Petroleum Services businesses and create a more flexible structure for the benefit of all stakeholders in the group, the Group decided in Q1 2014 to carry out a de-merger of AGR Petroleum Services Holdings AS ("AGPS") whereby all the assets of AGPS, save for the E&P Business, will be transferred to a new holding company with the same ownership structure as AGPS. The business operations of the AGR Group will be carried out as currently conducted, with AGR Holdings AS as the new holding company for the AGR Group companies involved in the Petroleum Services Business and AGPS as the holding company for AGR Group's interests in the E&P Business. The creditor notification period from the announcement of the demerger expired on 28 April 2014. The demerger will be registered and completed in Q2 following conclusion of required documentation related to the Group's external debt.

Q1 2014 includes a NOK 19 million loss provision due to a settlement with Hyperdynamics relating to a dispute which arose in the UK segment in 2012. This dispute was settled on 19 May 2014.