



AGR Group ASA

3rd quarter 2014



THIRD QUARTER 2014 FINANCIAL HIGHLIGHTS

Primary segment reporting Q3 2014 only (NOK 1 000)

Business segments	Group incl E&P
Operating revenue, external	136
Operating revenue, internal	-
Operating expenses	(18.708)
EBITDA	(18.572)
Depreciation and amortisation	(578)
Write downs and provisions	-
EBIT	(19.150)

Primary segment reporting Q3 2013 only (NOK 1 000)

Business segments	Group incl E&P
Operating revenue, external	17.221
Operating revenue, internal	-
Operating expenses	(15.656)
EBITDA	1.565
Depreciation and amortisation	(883)
Write downs and provisions	-
EBIT	682

On 19 July 2014 AGR Group ASA together with Petco Invest AS and Petco II Invest AS entered into a share purchase agreement for the sale of 100% of the shares in AGR Holdings AS ("AGR Holdings") to Mirror Bidco AS, a special purpose acquisition vehicle which is backed by European private equity firm Silverfleet Capital LLP. The sale was subsequently approved by a General Assembly 18th August 2014, and closed on 1 September 2014.

Based on this the Petroleum Services business is reported as "Discontinued operations" in the quarterly report, in accordance with IFRS. Please refer to note 6 for results from discontinued operations. Following the transaction, the Group will consist of the listed entity AGR Group ASA and the E&P business. There was no activity in E&P in Q3 2014. The majority of the NOK 19 million negative EBITDA in Q3 relate to cost associated with the sale of AGR Holdings AS. The costs in the quarter were in line with expectations.

YTD 2014 FINANCIAL HIGHLIGHTS

Primary segment reporting per. 30.09.2014 (NOK 1 000)

Business segments	Group incl E&P
Operating revenue, external	1.432
Operating revenue, internal	-
Operating expenses before depreciation	(31.883)
EBITDA	(30.451)
Depreciation and amortisation	(698)
Write downs and provisions	-
EBIT	(31.149)

Primary segment reporting per. 30.09.2013 (NOK 1 000)

Business segments	Group incl E&P
Operating revenue, external	26.560
Operating revenue, internal	-
Operating expenses before depreciation	(26.533)
EBITDA	27
Depreciation and amortisation	(1.020)
Write downs and provisions	-
EBIT	(993)

On 19 July 2014 AGR Group ASA together with Petco Invest AS and Petco II Invest AS entered into a share purchase agreement for the sale of 100% of the shares in AGR Holdings AS ("AGR Holdings") to Mirror Bidco AS, a special purpose acquisition vehicle which is backed by European private equity firm Silverfleet Capital LLP. The sale was subsequently approved by a General Assembly 18th August 2014, and closed on 1 September 2014.

Based on this the Petroleum Services business is reported as "Discontinued operations" in the quarterly report, in accordance with IFRS. Please refer to note 6 for results from discontinued operations. Following the transaction, the Group will consist of the listed entity AGR Group ASA and the E&P business.

On 23 May 2014 the E&P business was separated from the Petroleum Services business through a demerger of AGR Petroleum Services Holdings AS, whereby all assets and liabilities related to the Petroleum Services business was transferred to a new holding company, AGR Holdings AS. There was no activity in E&P in the first three quarters of 2014. The majority of the NOK 30 million negative EBITDA YTD 2014 relate to legal fees and cost associated with the sale of AGR Holdings AS.

Financial Information

Other financial information

Profit after tax YTD 2014 was negative NOK 54 million compared to positive NOK million in the first three quarters of 2013 for AGR Group ASA incl E&P.

The Group had total assets of NOK 1 056 million at the end of Q3 2014 of which NOK 1 050 million was bank deposits including escrow deposits following the sale of AGR Holdings AS.

Net increase in cash was NOK 924 million YTD 2014, including proceeds from the sale of AGR Holdings. There was no interest-bearing debt for the Group at the end of Q3 2014.

Earnings per share (including discontinued operations) were NOK 4.20 YTD 2014 compared to NOK 0.79 in the same period last year.

Risks and uncertainties

The final purchase price has not been finally agreed, as Silverfleet Capital is performing a due diligence on the closing balance sheet. Furthermore AGR Group ASA as given certain guaranties related to the sale which might result in further cost to the group.

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 2014 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, 28 November 2014

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 2014 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 - 30.09 2014	01.01 - 30.09 2013	01.01 - 31.12 2013
Operating revenue	1.432	26.560	1.394.502
Operating expenses before depreciation	(31.883)	(26.533)	(1.219.912)
Operating profit before depreciation (EBITDA)	(30.451)	27	174.589
Depreciation and amortisation	(698)	(1.020)	(19.466)
Write downs and provisions	-	-	-
Operating profit (EBIT)	(31.149)	(993)	155.123
Net financial items	11.184	(2.589)	(19.697)
Profit before taxes	(19.965)	(3.583)	135.426
Taxes	(34.421)	318	(58.282)
Profit after taxes PAT	(54.386)	(3.265)	77.144
Profit after tax from discontinued operations	42.490	102.395	3.565
Gain from sale of discontinued operations	533.885	-	-
Result from discontinued operations	576.374	102.395	3.565
Profit/(loss) for the period	521.989	99.131	80.709

Condensed consolidated balance sheet

Balance Sheet	Actual	Actual
NOK 1.000	30.9.14	31.12.13
Fixed assets		
Deferred tax asset	74	72.006
Patents, research and development	-	17.435
Goodwill	-	621.019
Machinery and other equipment	271	15.016
Investment in associated	2.373	2.648
Financial fixed assets	2.687	38.604
Total fixed assets	5.405	766.728
Current assets		
Inventory	-	123
Accounts receivable	-	372.574
Other receivables	1.124	59.825
Shares held for trading purposes	-	103
Assets classified as held for sale	-	-
Cash and cash equivalents	1.049.525	125.106
Total current assets	1.050.649	557.731
Total assets	1.056.054	1.324.459
Equity		
Paid in capital	139.051	139.051
Other equity	857.150	313.861
Non-controlling interests	673	25.588
Total equity	996.874	478.500
Long-term liabilities		
Provisions	-	2.218
Deffered tax liability	-	9.595
Other longterm liability	-	-
Liabilities to financial institutions	Note 1	524.642
Total long-term liabilities	-	536.455
Short-term liabilities		
Liabilities classified as held for sale	-	-
Short-term liabilities	Note 1	309.504
Total short-term liabilities	59.180	309.504
Total liabilities	59.180	845.959
Total equity and liabilities	1.056.054	1.324.459

Condensed consolidated statement of comprehensive Income

Statement of comprehensive income	Actual	Actual	Actual
NOK 1,000	9 months ended 30 September		Year ended 31 Dec.
	2014	2013	2013
Profit for the period	521.989	99.130	80.710
Other comprehensive income	-	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods;</i>			
Currency translation differences	21.300	3.917	1.044
Currency translation differences discontinued operations	-	-	5.960
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	21.300	3.917	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	543.289	103.047	92.268
Profit attributable to:			
- owners of the company	541.466	100.785	87.914
- non-controlling interest	1.823	2.262	4.354
	543.289	103.047	92.268

Condensed consolidated statement of cash flow

Cash-flow Statement		
NOK 1.000	01.01.-30.09 2014	01.01. - 31.12. 2013
Operating activities		
Profit/(loss) before taxes from continuing operations	(19.965)	135.429
Ordinary profit/(loss) before taxes from discontinued operations	576.374	(2.627)
Profit before tax	556.409	132.802
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation, amortisation and impairment of tangible and intangible assets	698	19.467
Loss/(gain) on disposal of property, plant and equipment	-	-
Loss/(gain) on disposal of discontinued operations	(533.885)	-
Finance income	(26.768)	(187.568)
Finance costs	15.585	207.264
Other operating income	-	-
Share of loss/(profit) from associates	274	-
Pension	-	-
Working capital adjustments:	-	-
Decrease/(Increase) in trade and other receivables and prepayments	29.997	2.339
Decrease/(Increase) in inventory	-	(12)
Decrease (increase) in trade and other payables	4.985	(259.175)
Decrease(increase) in other provisions	33.247	(1.102)
	80.542	(85.985)
Interest received	1.565	6.034
Income tax paid	-	(9.801)
Net cash flow from operational activities	82.107	(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	(98)	(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	806.519	(2.700)
Receipt of government grant	-	-
Acquisition of subsidiary, net of cash acquired	-	-
Net cash flows used in investing activities	806.421	(13.231)
Financing activities		
Acquisition of non-controlling interest	-	-
Payments from long term receivables	35.891	-
Proceeds from borrowings	-	570.000
Repayment of borrowings	-	(539.843)
Interest and fees paid	-	(76.488)
Dividends paid to equity holders of the parent	-	-
Net cash flow from (used) in financing activities	35.891	(46.331)
Net increase in cash and cash equivalents	924.419	(149.314)
Net foreign exchange differences	-	1.737
Cash and cash equivalents at start of period	125.106	272.683
Cash and cash equivalents at end of period	1.049.525	125.106

Condensed consolidated statement of changes in equity

Equity reconciliation			
NOK 1.000	01.01 - 30.09 2014	01.01 - 30.09 2013	01.01 - 31.12 2013
Equity at period start	478.500	681.460	681.460
Profit after taxes	521.989	99.130	80.711
Exchange differences	21.300	3.917	7.003
Change/capital contribution from non-controlling interests	(24.915)	(54.805)	(50.882)
Reduction of Treasury shares	-	-	-
Re-measurement gain on defined plans	-	-	4.554
Demerger of Group	-	(244.346)	(244.346)
Dividend payments	-	-	-
Equity at period end	996.874	485.356	478.500

Note 1 – Interest bearing debt

Net interest-bearing debt	Actual	Actual	Actual
NOK 1.000	30-09-2014	30.09.2013	31-12-2013
Long term debt to credit institutions	0	523.407	524.642
Short term debt to credit institutions	0	0	0
Total interest-bearing debt	0	523.407	524.642
Cash and cash equivalents	1.049.525	43.894	125.106
Net interest-bearing debt	-1.049.525	479.513	399.536
Gross Interest-bearing debt	0	550.000	550.000

Capitalized arrangement fee is deducted from the long term and short term interest-bearing debt in the above table and balance sheet, in accordance with IFRS.

Note 2 – Geographical Distribution of Operating Income

Secondary segment reporting (NOK 1.000)

Geographical distribution of operating income	01.01 - 30.09 2014	01.01 - 30.09 2013
Norway	1.296	18.507
Europe ex. Norway	-	-
Australia	-	-
America	-	-
Asia	-	-
Africa	137	8.053
Total	1.433	26.560

Note 3 - Financial Key Figures

Key figures	Actual	Actual	Actual
	01.01 - 30.09 2014	01.01 - 30.09 2013	01.01 - 31.12 2013
Average number of shares	124.152.393	125.555.591	125.898.308
Earnings per share continued operations	(0,44)	(0,03)	0,62
Earnings per share	4,20	0,79	0,64
EBITDA-margin	-2126,4 %	0,1 %	12,5 %
EBIT-margin	-2175,2 %	-3,7 %	11,1 %
Equity ratio	94,4 %	33,6 %	36,1 %
Net interest bearing debt	-1.049.525	479.513	399.536

Note 4 – Related party transactions

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

Note 5 – Discontinued operations

1.1.2014 - 01.9.2014 (NOK 1 000)

Business segments	Norway incl.	United Kingdom	Asia Pasific	United States	Software	Holding	Elim PS	PS Total	Drilling Services	Total Disco
	Russia	incl ME		States						
Operating revenue, external	371.402	289.267	123.275	150.419	7.384	1.233	-	942.980	-	942.980
Operating revenue, internal	5.157	23.144	411	80	1.176	3.095	(30.178)	2.885	-	2.885
Operating expenses before depreciation	(263.212)	(347.961)	(110.020)	(139.783)	(5.462)	(8.578)	30.178	(844.837)	-	(844.837)
EBITDA	113.347	(35.550)	13.666	10.717	3.098	(4.250)	-	101.028	-	101.028
Depreciation and amortization	(4.051)	(3.473)	(406)	(337)	(416)	(487)	-	(9.170)	-	(9.170)
Write downs and provisions	-	-	-	-	-	(50)	-	(50)	-	(50)
EBIT	109.296	(39.023)	13.260	10.380	2.682	(4.786)	-	91.808	-	91.808
Net financial items	908	(18.172)	(2.666)	(11.405)	(5)	(8.750)	-	(40.091)	-	(40.091)
Profit before taxes	110.204	(57.195)	10.594	(1.025)	2.676	(13.537)	-	51.717	-	51.717
Taxes	(11.462)	8.213	(5.144)	(315)	(519)	-	-	(9.227)	-	(9.227)
Profit after taxes	98.742	(48.982)	5.449	(1.340)	2.157	(13.537)	-	42.490	-	42.490
Profit after tax from discontinued operations	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the year	98.742	(48.982)	5.449	(1.340)	2.157	(13.537)	-	42.490	-	42.490

1.1.2013 - 30.9.2013 (NOK 1 000)

Business segments	Norway incl.	United Kingdom	Asia Pasific	United States	Software	Holding	Elim PS	PS Total	Drilling Services	Total Disco
	Russia	incl ME		States						
Operating revenue, external	450.419	319.514	95.644	141.654	6.041	10	-	1.013.282	242.502	1.255.784
Operating revenue, internal	5.591	14.540	806	1	976	-	(26.925)	(5.012)	-	(5.012)
Operating expenses before depreciation	(322.220)	(312.404)	(92.223)	(127.622)	(2.710)	(14.604)	26.925	(844.858)	(207.366)	(1.052.224)
EBITDA	133.789	21.650	4.227	14.034	4.306	(14.594)	-	163.412	35.136	198.548
Depreciation and amortization	(3.046)	(4.073)	(222)	(3.307)	(341)	(161)	-	(11.149)	(45.873)	(57.022)
Write downs and provisions	(504)	-	-	-	-	-	-	(504)	-	(504)
EBIT	130.239	17.577	4.005	10.727	3.965	(14.755)	-	151.758	(10.737)	141.021
Net financial items	(597)	(15.858)	4.465	(10.200)	(8)	14.163	-	(8.034)	(8.612)	(16.646)
Profit before taxes	129.642	1.718	8.470	527	3.958	(591)	-	143.724	(19.349)	124.375
Taxes	(41.485)	279	(2.710)	(169)	(996)	189	-	(44.893)	6.191	(38.702)
Profit after taxes	88.156	1.997	5.760	359	2.961	(402)	-	98.831	(13.158)	85.673
Profit after tax from discontinued operations	-	-	-	-	-	-	-	-	16.722	16.722
Profit/(loss) for the year	88.156	1.997	5.760	359	2.961	(402)	-	98.831	3.564	102.394