EDS Group AS

Figures in TNOK

Consolidated income statement

Revenues and expenses from continuing operations	Note	06.08.2013 - 31.12.2013
Revenue		206 863
Other operating revenue		10 938
Total operating revenue	5,6,7,27	**217 801**
Project costs		36 364
Payroll expenses	19,24	117 511
Depreciation and amortisation	8,9	29 847
Other operating expenses	24,25,28	40 250
Total operating expenses		**223 972**
Net operating income		**(6 171)**
Financial income		44 096
Financial expenses		71 801
Net financial items	26	**(27 705)**
Income before tax		**(33 876)**
Income tax	20	4 963
Net income from continued operations		**(38 839)**
Net income after tax from discontinued operations	30	(10 780)
Net income for the year		**(49 619)**
Non-controlling interests' share of profit for the year		(1 128)
Profit attributable to equity holders		(48 491)
		(49 619)
Earnings per share from continuing operations (NOK)		(0,31)
Earnings per share including discontinuing operations (NOK)		(0,40)

EDS Group AS

Figures in TNOK

Consolidated statement of comprehensive income

	06.08.2013 - 31.12.2013
Net income for the year	(49 619)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	
Currency translation differences	(43)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(43)**
Total comprehensive income for the period	**(49 662)**
Profit attributable to:	
- Owners of the company	(48 535)
- Non-controlling interest	(1 128)
	(49 662)

EDS Group AS

Figures in TNOK

Consolidated balance as of 31 December

Assets	Note	2013
Non-current assets		
Intangible assets		
Deferred tax assets	20	12 458
Other intangibles	8	266 992
Goodwill	8	32 942
Total intangible assets		**312 392**
Tangible fixed assets		
Machinery and operating equipment	9	276 258
Total tangible fixed assets		**276 258**
Financial non-current assets		
Investments in shares		1 334
Long term receivables		17 782
Total financial non-current assets	31	**19 116**
Total non-current assets	6	**607 766**
Current assets		
Inventories		
Inventories	11	32 460
Total inventories		**32 460**
Current receivables		
Trade receivables	12,13,27	140 525
Other receivables	14	40 994
Total current receivables	16	**181 519**
Bank deposits, cash in hand, etc.		
Bank deposits, cash in hand, etc.		58 407
Total bank deposits, cash in hand, etc.	15,16	**58 407**
Total current assets		**272 386**
Total assets		**880 151**

EDS Group AS

Figures in TNOK

Consolidated balance as of 31 December

Equity and liabilities	Note	2013
Equity		
Paid in equity		
Share capital	17,18	109 254
Total paid in equity		**109 254**
Earned equity		
Retained earnings		103 241
Non-controlling interest in equity		88 766
Total earned equity		**192 007**
Total equity		**301 261**
Liabilities		
Provisions for liabilities		
Pension liabilities	19	464
Deferred tax	20	367
Total provisions for liabilities		**831**
Non-current liabilities		
Debt to credit institutions	21	219 974
Other long term liability		27 206
Total non-current liabilities		**247 180**
Current liabilities		
Trade payables	27	94 039
Income tax payable	20	12 265
Other taxes payable		18 112
Other current liabilities	22,29	206 461
Total current liabilities		**330 878**
Total liabilities		**578 890**
Total equity and liabilities		**880 151**

Oslo, 27 May 2014

Eivind Reiten
Chairman of the Board

Hugo Lund Maurstad
Board Member

Thomas Nilsson
Board Member

Celeste Annette Mackie
Board Member

Tove Magnussen
Board Member

Reynir Kjær Indahl
Board Member

Maria Tallaksen
Board Member

David Hine
CEO

EDS Group AS

Figures in TNOK

Consolidated statement of changes in equity

	Share capital	Total paid-in equity	Translation effects	Retained earnings	Total	Non-controlling intrests	Total equity
Opening balance 06.08.13	**109 254**	**109 254**	**(2 327)**	**154 102**	**261 029**	**89 894**	**350 923**
Profit for the period	-	-	-	(48 491)	(48 491)	(1 128)	(49 619)
Other comprehensive income	-	-	(43)	-	(43)	-	(43)
Total recognised income and expense for 2013	**-**	**-**	**(43)**	**(48 491)**	**(48 534)**	**(1 128)**	**(49 662)**
Adjustment to equity for 2013	**-**	**-**	**(43)**	**(48 491)**	**(48 534)**	**(1 128)**	**(49 662)**
Closing balance 31.12.13	**109 254**	**109 254**	**(2 370)**	**105 611**	**212 495**	**88 766**	**301 261**

Consolidated statement of cash flows

		Note	06.08.2013 - 31.12.2013
	Operating activities		
	Profit/(loss) before taxes from continuing operations		(33 876)
	Profit before taxes from discontinued operations	31	(11 145)
	Profit before tax		**(45 021)**
	Non-cash adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation	8,9	29 847
	Finance income	26	(44 096)
	Finance costs	26	74 273
1)	Working capital adjustments:		
	Increase in trade and other receivables and prepayments		396
	Increase in inventory		(5 645)
	Decrease (increase) in trade and other payables		40 911
	Decrease (increase) in other provisions		1 719
			52 384
	Interest received		2 996
	Income tax paid		-
	Net cash flow from operational activities		**55 380**
	Investing activities		
	Capital expenditure for property, plant and equipment and intangible assets	8,9	(15 980)
	Net inflow from sale of subsidiary, net of cash disposed		6 112
	Net cash flows used in investing activities		**(9 868)**
	Financing activities		
	Interest paid		(15 054)
	Net cash flow from (used) in financing activities		**(15 054)**
	Net increase in cash and cash equivalents		30 458
	Net foreign exchange differences		-
	Cash and cash equivalents at start of period		27 949
	Cash and cash equivalents at end of period	15	**58 407**

1) Amounts are exclusive discontinued operations

1 Accounting principels

Fundamental Policies
EDS Group AS ('the Company') and its subsidiaries (together 'the Group'), is a leading supplier of services and technology to the oil and gas offshore industry. The Group's main operations are based at Straume (Bergen), with other offices around the world including Stavanger, Oslo, Aberdeen, Houston, Perth, Baku, Rio de Janeiro and Kuala Lumpur.

The company has provided goods and services for several of the world's major oil and gas fields, with a customer base comprising several small and medium sized operators as well as a number of the large international oil companies.

The company is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Smålonane 16, 5353 Straume.

EDS Group AS was incorporated 17 April 2013 in conjunction with the demerger of AGR Group ASA. AGR Group ASA was demerged 6 August 2013 whereby Drilling Services was delisted from Oslo Stock Exchange, and established as an own division under EDS Group AS. The demerger is implemented with continuity for accounting and tax purpose.

The consolidated income statement has been prepared for the period from 6 August 2013 to 31 December 2013.

The Group consolidated financial statements were authorised for issue by the board of directors on 30 May 2014.

Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The consolidated financial statements of EDS Group AS have been prepared in accordance with International Financial Reporting Standards as adopted by EU (IFRS) and IFRIC Interpretations.

The Group's financial statements have been prepared under the historical cost convention, with exception of certain items: Financial assets and financial liabilities (including derivative instruments), which are reflected at fair value through profit or loss.

The financial year follows the calendar year. Income statement items are classified by nature.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Consolidation principles
a) Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquisition either at fair value or at the non-controlling interest's proportionate share of the acquired net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquisition and the acquisition-date fair value of any previous equity interest in the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Transactions and non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

1 Accounting principels

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The primary reporting segment is business segment and the secondary reporting segment is geographical segment. Segment revenues and costs constitute the Group's operating revenue and operating costs that can be directly classified as activities in the segments. Segment assets and liabilities are balance sheet items that can be directly related to the segment activity. Segment revenue and costs include transactions between the different segments (Group-internal transactions). Geographical segment information is presented and is specified if the region's accumulated external revenues and assets exceed 10 % of total revenue/assets for the regions as a whole. Secondary segment information that fails to satisfy the requirement for specified reporting is presented as other revenues. Transactions between segments are made on arm's length terms.

Functional currency and presentation currency
(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian Kroner ('NOK'), which is the company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or expense'. All other foreign exchange gains and losses are presented in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(c) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Classification of assets and liabilities
Assets are classified as current assets when:
- the asset is a part of the unit's service cycle and is expected to be realised or used during the course of the unit's normal production period;
- the asset is held for trading purposes and is expected to be realised within 12 months of balance sheet date;
- the asset is cash or cash equivalent

All other assets are classified as non-current.

Liabilities are classified as current liabilities when:
- the liability is a part of the unit's service range, and is expected to be settled during the course of normal production period;
- the liability is kept for trading purposes;
- settlement has been agreed within 12 months after balance sheet date;
- the unit does not have an unconditional right to postpone settlement of the liability until at least 12 months after balance sheet date;

All other liabilities are classified as non-current.

1 Accounting principels

Property, plant and equipment
Property, plant and equipment, are valued at cost less accumulated depreciation and write-downs. When assets are sold or divested, cost and accumulated depreciation are reversed in the financial statements, and any loss or gain on the disposal is recognised in the income statement.

The cost of property, plant and equipment comprises the purchase price, including duties/taxes and direct acquisition costs linked to making the asset fit for use. Expenses accrued after the asset has been taken into use, such as repairs and maintenance, are normally recognised in the income statement. In cases where increased earnings can be demonstrated as a result of repairs/maintenance, the expenditure on this will be recognised in the balance sheet as additions to property, plant and equipment.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:
– Machinery 5-10 years
– Vehicles 3-5 years
– Furniture, fittings and equipment 3-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets under construction are classified as property, plant and equipment. Assets under construction are not depreciated until the asset has been taken into use.

The write-down requirement for fixed assets is assessed if there are indications of impairment. If the carrying amount of an asset is higher than the recoverable amount, a write-down is recognised in the income statement. The recoverable amount is the higher of fair value less expected costs to sell and value in use.

Fair value less expected costs to sell is the amount which can be obtained if the asset is sold to an independent third party, less costs to sell. Recoverable amounts are determined separately for all assets, but – if impossible – recoverable amount is calculated together with the unit to which the asset belongs.

Write-downs which have been recognised in the income statement in previous periods are reversed if there is information to suggest that the write-down no longer exists. However, no reversal is made if the carrying amount is higher than it would have been if normal depreciation had been used.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating revenue' in the income statement.

Intangible assets
(a) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

(b) Trademarks and licenses
Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 15 to 20 years.

(c)Contractual customer relationships
Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship (3-8 years)

(d) Computer software
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3-4 years).

Costs associated with maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are probable to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (3-4 years).

(e) Research and development
Expenses relating to research are recognised in the income statement when they are incurred. Expenses relating to development are recognised in the income statement when they are incurred unless the following criteria are met in full:

- ability to measure reliably the expenditure attributable to the intangible asset during its development;
- the technical feasibility of completing the intangible asset so that it will be available for use or sale, has been demonstrated;
- the intention and ability to complete the intangible asset and sell it or use it in the company's operations has been demonstrated;
- the intangible asset will generate probable future economic benefits; and
- availability of sufficient technical, financial and other resources for completing the project are present.

When all the above criteria are met, the costs relating to development start to be recognised in the balance sheet. Costs that have been charged as expenses in previous accounting periods are not recognised in the balance sheet.

Recognised development costs are depreciated on a straight-line basis over the estimated useful life of the asset (5-8 years). The recoverable amount of the development costs will be estimated when there is an indication of impairment or that the need for previous periods' impairment losses no longer exists and should be reversed to the original cost.

1 Accounting principels

Intangible assets, cont.

(f) Other intangible assets
Acquired technology, licenses and customer relationships are capitalised and carried at cost less accumulated amortisation.
Amortisation is calculated using the straight-line method over their estimated useful lives.

Impairment of non-financial assets
Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Non-current assets (or disposal groups) held for sale
Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Financial assets
The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio;
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

1 Accounting prlncipels

Impairment of financial assets, cont.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Derivative financial instruments and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group does not use hedge accounting according to IAS 39, and all financial derivatives are thus posted at fair value where changes in values are accounted for in the income statement.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges purchases of raw materials.

Obsolete inventories have been fully recognised as impairment losses.

Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as noncurrent assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Discounting occurs only if the receivable are significant.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

The cash and cash equivalent amount in the cash flow statement includes overdraft facilities.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Discounting occurs only if the payable are significant.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1 Accounting principels

Current and deferred income tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits
(a) Pension obligations
Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or present value of the defined benefit obligation at the end of the previous reporting period, are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits
Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(c) Bonus plans
The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions
Provisions are recognised when, and only when, the company has a present liability (legal or constructive) as a result of events that have taken place, it is probable that a financial outflow will take place as a result of this liability, and that the size of the amount can be estimated reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will be the present value of future payments to cover the liability. Any increase in the provisions due to time is presented as interest costs.

1 Accounting principels

Contingent liabilities
Contingent liabilities are defined as:
(i) possible obligations resulting from past events whose existence depends on future events;
(ii) obligations that are not recognised because it is not probable that they will lead to an outflow of resources; and
(iii) obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the annual financial statements, apart from contingent liabilities which are acquired through the acquisition of an entity. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

Contingent liabilities acquired upon the purchase of operations are recognised at fair value even if the liability is not probable. The assessment of probability and fair value is subject to constant review. Changes in the fair value are recognised in the income statement.

A contingent asset is not recognised in the annual financial statement unless deemed virtually certain to give rise to an inflow, but are disclosed where it is deemed probable that a benefit will accrue to the Group.

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

Revenue includes only the gross inflows of economic benefits received and receivable by the entity on its own account. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue. Similarly, when an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group's operations mainly consist of services related to personnel and equipment hire. Consequently, the revenue recognition is based on daily/monthly rates and actual registered hours. Revenue is recognised when it is probable that transactions will generate future economic benefits that will flow to the company and the revenue amount can be reliably estimated. Revenues from the sale of goods are recognised in the income statement once delivery has taken place, the risk has been transferred and the company has established a receivable due by customer.

Revenues relating to projects are recognised in the income statement in line with the project's progress and when the project's results can be reliably estimated. Level of completion is calculated as an incurred cost's percentage of anticipated total cost. For projects expected to generate a loss, the full estimated loss is recorded as cost immediately.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Public grants
Grants received are classified as either income grants or investment grants. Income grants are accounted for together with the income as reduction of the costs to which it relates. Investment grants are posted as a pre-tax figure by recording the asset at gross acquisition cost and the asset is depreciated over its useful life. The grant is treated as deferred income, and is accounted for as an adjustment entry for depreciations in line with the depreciation period.

Other grants
The Group receives grants from some of its collaborating partners to develop new technology. The grant is treated as deferred income, and is accounted for as an adjustment entry for depreciations in line with the depreciation period.

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Earnings per share
Earnings per share are calculated by the majority's share of the result for the period being divided by a time-weighted average of ordinary shares for the period.

Events after date of balance sheet
New information on the company's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date but which will affect the company's position in the future are disclosed if significant.

Cash Flow Statement
The cash flow statement presents the accumulated cash flow for operational, investment and financial activities. The statement outlines the effect each activity has on liquid assets. The cash flow statement has been prepared in line with the indirect model.

Discontinued operations
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 and the balance sheet. As a result, all the other figures presented are exclusive of the discontinued operations. The comparative figures in the income statement are restated and presented on a single line with the discontinued operations. Comparative figures in the balance sheet are not correspondingly restated.

1 Accounting principles

Changes in accounting policy and disclosures

IFRSs implemented
The Group applied, for the first time, certain standards and amendments. Due to materiality, none of these required restatement of previous financial statements.

These include IAS 19 Employee Benefits (Revised 2011), IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements.

Several other amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standards and amendments are described below:

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures.

Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., net loss or gain on AFS financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

IAS 1 Clarification of the requirement for comparative information (Amendment)
These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position (as at 1 January 2012 in the case of the Group), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 January 2012. The amendments affect presentation only and have no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised 2011)
The Group applied IAS 19 (Revised 2011) retrospectively in the current period in accordance with the transitional provisions set out in the revised standard. Due to materiality the opening statement of financial position of the earliest comparative period presented (1 January 2012) and the comparative figures have not been accordingly restated.

IFRSs and IFRICs issued but not yet effective

IFRS 9 Financial Instruments
IFRS 9 as issued reflects the first phase of the IASBs work on replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. According to IFRS 9 financial assets with basic loan features shall be measured at amortised cost, unless one opts to measure these assets at fair value. All other financial assets shall be measured at fair value. The classification and measurement of financial liabilities under IFRS 9 is a continuation from IAS 39, with the exception of financial liabilities designated at fair value through profit or loss (fair value option), where change in fair value relating to own credit risk shall be separated and shall be presented in other comprehensive income. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. IFRS 9 is effective for annual periods beginning on or after 1 January 2015, but the standard is not yet approved by the EU. The Group expects to apply IFRS 9 as of 1 January 2015.

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2014. The Group expects to apply IFRS 10 as of 1 January 2014.

IFRS 12 Disclosure of Involvement with Other Entities
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2014. The Group expects to apply IFRS 12 as of 1 January 2014.

IFRS 10, IFRS 11 and IFRS 12 Amendments - Transition guidance
The amendments clarify and provide further relief in transition guidance. These amendments becomes effective for annual periods beginning on or after 1 January 2013, but are not yet approved by the EU which will likely provide an effective date on or after 1 January 2014. The Group expects to apply these amendments when it implements IFRS 10, IFRS 11 and IFRS 12.

IAS 27 Separate Financial Statements (as revised in 2011)
As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This revision will not have an impact on the consolidated financial statements of the Group. IAS 27 as revised in 2011 becomes effective for annual periods beginning on or after 1 January 2014. The Group expects to implement the revised IAS 27 as of 1 January 2014.

IAS 32 Financial Instruments – Presentation (amendment)
The amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneously. The amended IAS 32 is effective for annual periods beginning on or after 1 January 2014. The Group expects to implement the amended IAS 32 as of 1 January 2014.

Notes to the accounts

2	Financial risk management	Figures in TNOK

Financial risk factors
The Group's activities are exposed to a variety of financial risks. Market risks including currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses debt and derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in cooperation with the Group's operating units. The board provides risk management policies covering specific areas, such as foreign exchange risk, interest rate risk, liquidity risk and credit risk.

(a) Market risk
(i) Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the GBP, US and Australian Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

(ii) Price risk
The Group is indirectly exposed to changes in the oil price, however current group policy is to not hedge oil price changes.

(iii) Cash flow and fair value interest rate risk
As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Group policy is that long-term borrowings shall be based on floating interest rates, however interest rate derivatives shall be applied in order to avoid significant losses due to interest rate changes.

The Group manages its interest rate risk by applying derivatives such as interest rate collar swaps, in order to establish a cap on interest rates in case of significant increase in market interest rates. In addition, the group has applied floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The Group held no interest rate derivatives at year end 2013.

(b) Credit risk
Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposure to customers, including receivables and committed transactions.

The majority of the Group's debtors are publicly listed Norwegian and international oil companies. The Group's customers are mainly the large international oil companies with limited to low credit risk potential. The Group seeks to obtain financial guarantees from debtors where the credit risk and exposure is considered to be high.

The Group's main bank at 31 December 2013 is DNB Bank ASA where the majority of group cash is deposited. In addition the Group has other local banking relations in countries where DNB does not provide local services.

The table below shows the rating of the Group main cash management bank.

	Rating		31.12.13	
Counterparty	**Moody`s**	**S&P**	**Overdraft facility limit**	**Balance**
DNB Bank ASA	A-1	A+	30 000	47 596

* In addition the Group has a Revolving Credit Facility of TNOK 20 000 available for bank guarantees, letter of credits and cash drawings.

(c) Liquidity risk
The Group has a customer portfolio with large, medium and small cap customers. Delayed payments from some of the largest customers at the same time could have a significant impact on the Group's liquidity situation. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of short-term and long-term cash flow forecasts.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining

31.12.2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
Borrowings	-	-	223 000	-
Trade and other payables	172 504	-	-	-

Notes to the accounts

2 Financial risk management (cont.) — Figures In TNOK

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's long term target capital structure is an equity ratio of at least 25%.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. There were no dividends in 2013.

The gearing ratios, defined as net debt to total capital, at 31 December 2013 were as follows:

	2013
Total borrowings (excluding capitalized arrangement fees)	223 000
Less: cash and cash equivalents	(58 407)
Net debt	**164 593**
Total equity	301 261
Total capital	**880 151**
Gearing ratio	**19 %**

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Notes to the accounts

3 Critical accounting estimates and judgements

The preparation of consolidated financial statements in accordance with IFRSs and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The accounting policies applied by EDS Group in which judgments, estimates and assumptions may significantly differ from actual results are addressed below.

Impairment of non-current assets
EDS Group accounts for the impairment of non-current assets in accordance with IAS 36 Impairment of Assets. Under IAS 36 EDS Group are required to assess the conditions that could cause an asset to become impairment at least annually, and to perform a recoverability test for potentially impaired assets held by the entity. Impairment exists when the carrying value of an assets or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value to use.

Directly observable market prices rarely exist for EDS Groups' assets, however, fair value may be estimated based on recent observed transactions on comparable assets, bids or other discussions of potential transaction involving the asset, or internal models used by EDS Group for transactions involving the same type of assets. The value in use calculation is based on a discounted cash flow model. The cash flow are derived from budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. Such estimate are subjects to a number of assumptions including the useful lives of assets, replacement costs and the timing and amounts of certain future cash flows, which may be dependent on future prices, future activity, currency rates, and a suitable discount rate in order to calculate present value. While EDS Group believe that the assumptions are appropriate, such amounts estimated could differ materially from what will actually occur in the future.

Impairment of goodwill
In accounting for the acquisition of business, EDS Group is required to determine the fair value of assets, liabilities, intangible assets and contingent liabilities at the time of acquisition. In case of business combination achieved in stages, EDS Group must also estimate the fair value of the existing ownership interest when it gains control. Any excess purchase price is included in goodwill.

In the business EDS Group operates, fair values of individual assets and liabilities are normally not readily observable in active markets, which require EDS Group to estimate the fair value of acquired assets and liabilities through valuation techniques. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from cash-generating units. See discussion above regarding impairment of non-current assets.

Fair value measurement of contingent consideration
Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definitions of a derivate and, thus a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Capitalised development costs
Certain development costs are capitalised when it is probable that a development project will generate future economic benefits and certain criteria, including commercial and technological feasibility, have been met. These costs are then amortised on a systematic basis over their expected useful lives. During the development stage, management must estimate the commercial and technological feasibility of these projects as well as their expected useful lives.

Whenever there is an indicator that development costs capitalised for a specific project may be impaired, the recoverable amount of the asset is estimated. See discussion above regarding impairment of non-current assets.

Trade receivables
Calculation of provision for impairment of trade receivables is based on a number of estimates. Areas including significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are all considered indicators that the trade receivable is impaired. However, assessing the fair value of the amounts recoverable is highly judgmental and incomplete or incorrect information could lead to significant changes in the recoverable amounts.

Income tax
EDS Group calculates income tax expense based on reported income in the different legal entities. Deferred income tax expense is calculated based on the differences between the assets' carrying value for financial reporting purposes and their respective tax basis that are considered temporary in nature. The total amount of income tax expense and allocation between current and deferred income tax requires management's interpretation of complex tax laws and regulations in the many tax jurisdictions where EDS Group operates. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the near future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability, and such change may affect the result for each reporting period. Tax authorities in different jurisdictions may challenge EDS Group's calculation of tax payable from prior periods. Such process may lead to changes to prior periods' taxable income, resulting in changes to income tax expense in the period of change. During the period when tax authorities may challenge the taxable income, management is required to make estimates of the probability and size of possible tax adjustments. Such estimates may change as additional information becomes known.

Notes to the accounts

4 Business combinations

Acquisitions in 2013:
There were no acquisitions in the year ended 31 December 2013.

5 Segment Information

Figures in TNOK

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:
- Enhanced Drilling segment develops and supplies market-leading technologies and services for the offshore oil and gas market.
- Cannseal features epoxy-based annular zonal isolation technology.
- Group segment consist of corporate administration.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and EBITDA and is measured consistently with operating profit or loss and EBITDA in the consolidated financial statements. However, Group financing and income taxes are managed on a Group basis.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Business areas	Enhanced Drilling	Cannseal	Group	Elimin.	Total
Profit and Loss Account 2013					
External operating revenues	203 567	14	14 221		217 801
Intercompany operating revenues	3 719	-	8 488	(12 207)	-
Project expenses/payroll expenses	(179 161)	(31)	(27 140)	12 207	(194 126)
EBITDA[1]	**28 125**	**(17)**	**(4 432)**	**-**	**23 676**
Depreciation and amortisation	(29 676)	(44)	(127)	-	(29 847)
Operating profit/ (loss)	**(1 551)**	**(61)**	**(4 559)**	**-**	**(6 171)**
Net financial items	(4 497)	(2 785)	(20 422)		(27 705)
Tax	6 245	(1 649)	367		4 963

[1] EBITDA is short for Earnings Before Interest, Tax, Depreciation and Amortization, excluding stock write downs and is a non-GAAP measure which management uses to measure operations.

6 Geographical segment information

Figures in TNOK

Geographical segment reporting represents external customer sales based on the location of the customer.

Total operating revenues	2013
Norway	67 157
Europe ex. Norway	51 469
Australia	31 992
America	67 119
Asia	64
Africa	-
Total	**217 801**

Non-current assets	2013
Norway	588 891
Europe ex. Norway	612
Australia	2 567
America	15 695
Asia	-
Africa	-
Total	**607 766**

Notes to the accounts

7 Operating revenues

Figures in TNOK

Operating revenue comprises:	2013
Sale of goods	95
Sale of services	206 768
Total revenue	**206 863**
Profit from sale of fixed assets	8
Other sales	10 930
Total other operating revenue	**10 938**
Total operating revenue	**217 801**

8 Intangible assets

Figures in TNOK

2013	Goodwill	Acquired patents development projects	Self-developed patents development project	Total
Historical cost 06.08.13	32 942	2 947	349 218	385 107
Additions	-		24 648	24 648
Disposals	-			-
Exchange differences	-	149		149
Historical cost 31.12.13	**32 942**	**3 096**	**373 866**	**409 904**
Accumulated amortisation 06.08.13	-	1 574	29 375	30 948
Amortisation of the year	-	97	1 857	1 954
Disposals amortisation during the year	-			-
Conversion variances	-	79		79
Amortisation 31.12.13	**-**	**1 750**	**31 232**	**32 982**
Accumulated impairments 06.08.13	-		76 988	76 988
Impairments/reversals for the year	-			-
Conversion variances	-			-
Accumulated impairments 31.12.13	**-**	**-**	**76 988**	**76 988**
Book value 31.12.13	**32 942**	**1 346**	**265 646**	**299 934**
Amortisation rates		2.5 - 5 years	5 years	
Amortisation method		Linear	Linear	

Self-developed assets are started amortized when they are fully developed.

Notes to the accounts

8	**Intangible assets (cont.)**	**Figures in TNOK**

In the specification of self-developed patents and developments projects 171 million of total 265 million are related to a single project named Cannseal.

The CannSeal patented annular sealing technology is embedded in a unique tool designed for well intervention tasks with the ability to seal off water and gas in the annulus. The tool design is unique and contains a resin type sealant that is injected into the annulus to form a solid annulus plug during a single wire line run. The resin (epoxy) properties can be tailored to the application both prior to hardening to optimize deployment and post hardening to enhance durability. The sealant can be deployed in an open annulus, a gravel packed well, repairing leaking packers, repairing micro annulus leaks and several other annulus sealing applications. The initial application became qualified for zonal isolation in 2010.

The recoverable amount of CannSeal is determined based on a value-in-use calculation. The calculation use cash flow projections based on a conservative financial forecast. Cash flows beyond the five-year period are extrapolated using the estimated growth rates.
The key assumptions used for value-in-use calculations are as follows:

	Cannseal
Gross margin	-6% - 31%
Growth rate	2.5%
Discount rate	19,3 %

The impairment test of CannSeal is sensitive to an increase of 0,5 % in the discount rate, or an 1 % decrease in margins.

The table below specifies goodwill per acquisition for the Group:

Goodwill	**Ocean Riser Systems AS**
Opening balance 06.08.2013	**32 942**
Acquired over the year	-
Disposal during the year	-
Exchange differences	-
Acquisition cost 31.12.13	**32 942**
Amortisation for the year	-
Amortisation 31.12.13	**-**
Accumulated impairments 06.08.13	-
Impairments for the year	-
Accumulated impairments 31.12.12	**-**
Book value 31.12.12	**32 942**

Goodwill is allocated to the group's cash-generating units (CGUs) identified according to the business segment.

A segment-level summary of the goodwill allocation is presented below.

Goodwill per segment	**Enhanced Drilling**	**Cannseal**	**Group**	**Total**
Goodwill as of 31.12.13	32 942	-	-	32 942

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	Enhanced Drilling
EBITDA-margin	13.7% - 30.3%
Growth rate	2.5%
Discount rate	14.3%

Notes to the accounts

9 Fixed assets

Figures in TNOK

2013	Machinery and operating equipment	Total
Historical cost 06.08.13	772 259	772 259
Additions	41 241	41 241
Disposals	1 287	1 287
Conversion variances	42	42
Historical cost 31.12.13	**814 829**	**814 829**
Accumulated depreciation 06.08.13	439 840	439 840
Depreciation of the year	27 892	27 892
Disposals depreciation during the year	-	-
Conversion variances	59	59
Accumulated depreciations 31.12.13	**467 791**	**467 791**
Accumulated impairments 06.08.13	70 780	70 780
Disposals impairment during the year	-	-
Accumulated impairments 31.12.13	**70 780**	**70 780**
Book value 31.12.13	**276 258**	**276 258**
Depreciation rates	3 - 8 years	
Depreciation method	Linear	

10 Group entities

Company	Head Office	Owner	Equity interest/ voting share 2013
AGR CannSeal AS	Fjell - Norway	EDS Group AS	95 %
AGR Drilling Services Canada Inc	Houston-USA	AGR Drilling Services Holdings AS	100 %
AGR Drilling Services do Brasil Ltda	Rio de Janeiro - Brasil	AGR Drilling Services Holdings AS	100 %
AGR Drilling Services Holdings AS	Fjell - Norway	AGR EDS and T&T Holdings AS	83 %
AGR Drilling Services Pty Ltd	Perth - Australia	AGR Drilling Services Holdings AS	100 %
AGR EDS and T&T Holdings AS	Fjell - Norway	EDS Group AS	93 %
AGR Marine Engineering AS	Fjell - Norway	EDS Group AS	100 %
AGR Subsea AS	Fjell - Norway	AGR Drilling Services Holdings AS	100 %
AGR Subsea Inc	Houston-USA	AGR Drilling Services Holdings AS	100 %
AGR Subsea Ltd	Aberdeen - UK	AGR EDS and T&T Holdings AS	100 %
Enhanced Drilling AS	Fjell - Norway	AGR Drilling Services Holdings AS	100 %
Ocean Riser Systems AS	Oslo - Norway	AGR Drilling Services Holdings AS	100 %

Notes to the accounts

11 Inventory

Figures in TNOK	2013
Stocks	-
Work in progress	-
Finished goods	32 460
Total inventories 31.12.	**32 460**

All amounts are net of any write-downs for obsolescence. The total accumulated write-down for obsolescence included in inventory is TNOK 5 100.

12 Trade receivables

Figures in TNOK	2013
Trade debtors at nominal value	91 467
Revenues not invoiced	59 675
Provisions for bad debt	(10 618)
Trade receivables 31.12.	**140 525**

13 Aging trade debtors at nominal value

Figures in TNOK	2013
Receivables not overdue	76 677
Receivables overdue up to 3 months	30 100
Receivables overdue more than 3 months	44 366
Provision	(10 618)
Trade debtors 31.12.	**140 525**

	Individually impaired	Collectively Impaired	Total
Provision 06.08.13	**(8 618)**	**(2 000)**	**(10 618)**
Charge for the year	-	-	-
Utilised	-	-	-
Unused amounts reversed	-	-	-
Provision 31.12.13	**(8 618)**	**(2 000)**	**(10 618)**

14 Other current receivables

Figures in TNOK	2013
Other taxes receivables	12 637
Advanced payments to suppliers	2 963
Advanced payments employees	822
Other prepaid expenses	15 923
Other current assets	8 650
Other current receivables 31.12.	**40 994**

15 Cash and cash equivalents

Figures in TNOK	2013
Cash	51
Bank deposits	58 356
Cash and cash equivalents 31.12.	**58 407**
Of which is restricted deposits*	**2 503**
Unused overdraft facilities 31.12.	**43 600**

* Deducted employee tax due within 3 months

Notes to the accounts

16 Financial instruments by category

Figures in TNOK

The accounting policies for financial instruments have been applied to the items below:

31.12.13	Loans and receivables	Assets at fair value through the profit and loss	Total
Assets as per balance sheet			
Trade and other receivables	181 519	-	181 519
Cash and cash equivalents	58 407	-	58 407
Total	**239 926**	**-**	**239 926**

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
Borrowings - DNB Bank ASA	-	-	219 974	219 974
Derivative financial instruments	-	-	-	-
Total	**-**	**-**	**219 974**	**219 974**

17 Share capital and shareholder information

At 31 December 2013 the company had a share capital of TNOK 109 254 distributed in 124 152 393 shares, each with a nominal value of NOK 0,88. All issued shares are fully paid. The company has one share class, and all shares have equal voting and dividend rights.

Shareholders in EDS Group AS with a minimum of 1% share of ownership, as well as shares held by executive employees and board members including shares owned by affiliated individuals and companies, were at 31 December 2013 as follows:

Shareholders	Number of shares	Equity interest
Altor Oil Services Invest AS	107 016 200	86,2 %
Hemaca AS	5 335 486	4,3 %
Aequitas AS	3 032 027	2,4 %
Verdipapirfondet DNB Navigator	1 691 174	1,4 %
Verdipapirfondet DNB SMB	1 367 530	1,1 %
Total shareholders with equity interest > 1,0 %	**118 442 417**	**95,4 %**
Total other shareholders	5 709 976	95,4 %
Total	**124 152 393**	**100,0 %**

Board:		
Eivind Reiten (Owned via Mocca Invest AS)	17 679	0,0 %
Tove Magnussen	30 065	0,0 %
Total shares owned by board members	**47 744**	**0,0 %**

18 Share capital and premium

Figures in TNOK

	Number of shares (thousands)	Ordinary shares	Share premium	Total
06.08.13	124 152	109 254	-	109 254
Proceeds from shares issued	-	-	-	-
31.12.13	**124 152**	**109 254**	**-**	**109 254**

19 Pensions and pension commitments

Figures in TNOK

The Group companies provide various retirement plans in accordance with the local regulations and practice in the countries in which they operate.

Contribution plan
Defined contribution plans require the companies to make agreed contributions to a separate fund when employees have rendered services entitling them to contributions. The companies have no legal or constructive obligations to pay further contributions.

Defined benefit plan
Defined benefit plans are generally based on years of services and final salary levels, offering retirement benefits in addition to what is provides by state pension plans. The company's defined benefit plan is invested with an insurance company which manages the plan assets.

1th January 2011 it was initiated a new AFP scheme. The new pension scheme is classified as a defined benefit multi-employer plan. In principle, the scheme shall be recognized with the company's proportionate share of the scheme's liabilities, assets and costs. This assumes that there is sufficient information to enable recognition as a multi-employer plan. Currently, there is insufficient information to make the necessary calculations. The scheme is therefore recognized as a defined benefit plan and the premium payments are expensed in the period they incurred. No further provisions are made. The scheme will be accounted for as a defined benefit plan at the time there is sufficient information.

Pursuant to the NRS-statement related to the new contractual AFP pension scheme in the private sector of 23.03.2010 the company is obligated to accrue for the shortfall in the old plan for cover future premiums. Per 2013 the Group has accrued TNOK 464. This obligation is due in 2014.

	2013
Cost contribution plan	2 665
Cost defined benefit scheme	-
Total pension costs	**2 665**

	2013
Pension commitments	464
Total pension commitments	**464**

Notes to the accounts

20 Tax

Figures in TNOK

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2013
Current income tax expense Norway	-
Current income tax expense abroad	13 511
Adjustment of current income tax of prior years	(5 722)
Changes in deferred tax Norway	(1 282)
Change in deferred tax abroad	(1 544)
Income tax expense (from continuing operations)	**4 963**
Reconciliation of tax payable	
Tax payable in profit and loss account	16 742
Prepaid tax	(7 745)
Tax, international	2 861
Corrections previous years	408
Tax payable in balance sheet	**12 265**
Reconciliation of nominal and effective tax rate	
Pre-tax result	(33 876)
Applicable tax with tax rate 28 %	**(9 485)**
Variance, actual and expected income tax expense	**14 448**
Explanation of why actual tax cost deviates from expected tax cost	
Tax effect from non-deductible costs	14 517
Tax effect from non-taxable income	(2 244)
Tax losses for which no deferred income tax asset was recognised	4 864
International tax rate deviates from Norwegian tax rate	5 274
Adjustment of current income tax of prior years	(4 826)
Variance compared to pre-tax result for the period 01.01.13-06.08.13	(3 138)
Variance compared to applicable tax rate	**14 448**
Deferred tax assets as of 31.12.	12 458
Deferred tax liability as of 31.12.	367
Balance sheet value	**(12 091)**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The tax losses are connected to previous year's tax losses.

The Group did not recognise deferred income tax assets of TNOK 164 872 in respect of losses amounting to TNOK 610 637, related to Norwegian companies, that can be carried forward against future taxable income.

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.

Deferred tax
Below is a specification of temporary differences between accounting and tax values, as well as calculation of deferred tax / tax advantage at the end of the financial year.

Basis for deferred tax	**2013**
Receivables	(22 555)
Inventory	(5 100)
Other current balance sheet items	(21 496)
Amount linked to current balance sheet items	**(49 151)**
Fixed assets and intangible assets	(16 510)
Long term receivables	(15 477)
Pensions	(634)
Profit and loss account	(4 295)
Loss carried forward	(610 637)
Amount linked to long-term balance sheet items	**(647 553)**
Total basis for deferred tax assets	**(696 704)**

Notes to the accounts

21 Debt to credit institutions

Figures in TNOK

Overview of long-term debt to credit institutions	2013
Long-term debt to credit institutions	223 000
Capitalised arrangement fee deducted	(3 026)
Total long-term debt to credit institutions	**219 974**

The Group has a Revolving Credit Facility (the "RCF") of TNOK 20 000 and overdraft facility of TNOK 30 000. At 31 December 2013 no cash drawings were made under the facilities, however bank guaranties of TNOK 6 400 was drawn under the RCF. Accordingly the Group had total unused credit facilities of TNOK 43 600. Interest bearing debt is recorded at amortised cost, and the table below specifies the actual repayment schedule. At year end 2013 all interest bearing debt was denominated in NOK.

Guaranteed liabilities	2013
Long-term and Short-term debt to credit institutions	**223 000**
Total guaranteed liabilities	**223 000**
Average interest rate NOK loans	**4,2 %**

Amortization profile Debt to Credit Institutions	2014	2015	2016	Thereafter	Total
Revolving and overdraft credit facilities	-	-	-	-	-
Long-term loans	-	-	223 000	-	223 000
Total	-	-	**223 000**	-	**223 000**

Financial covenants

The Credit Facilities Agreement entered into with DNB Bank ASA includes the following financial covenants as per 31 December 2013:

(a) Gross Interest Bearing Debt (GIBD) to EBITDA:
the ratio of GIBD to EBITDA for each period below shall not be greater than the ratio set out below opposite that relevant period:

Period	Ratio
Q3 2014 and thereafter	3,00

(b) EBITDA to Gross Cash Interest Expenses (GCIE):
The ratio of EBITDA to GCIE for each period below shall not be greater than the ratio set out below opposite that period:

Period	Ratio
Q3 2013	3,25
Q4 2013	3,25
Q1 2014	3,25
Q2 2014 and thereafter	3,00

According to the borrowing agreement with DNB Bank ASA there are other conditions related to capital expenditure, disposals of assets, substantial change in the nature of business, mergers and further encumbrances.

The group's long-term debt is secured by pledge. EDS Group AS has in its involvement with the bank issued a negative pledge which includes the majority of its subsidiaries. Subsidiaries that are defined as obligors under EDS's loan agreement are jointly and severally liable for the group's debt.

22 Other current liabilities

Figures in TNOK

	2013
Holiday pay and wages due	35 204
Advances from customers	700
Incurred interest cost	576
Accrued grants received for R&D	127 966
Other creditors	-
Accrued costs	17 436
Other current liabilities	24 580
Current liabilities	**206 461**

Notes to the accounts

23 Earnings per share

Figures in TNOK

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares. There are no dilution effects as the company has no convertible bond or stock option plan.

Basis for calculation of earnings per share	2013
Net result allocated to shareholders from continuing operations	(38 839)
Net result allocated to shareholders including discontinued operations	(49 619)
Weighted average number of outstanding shares excluding treasury shares	124 152
Earnings per share from continuing operations (NOK)	(0,31)
Earnings per share including discontinuing operations (NOK)	(0,40)

24 Wages, fees, number of employees etc.

Figures in TNOK

	2013
Wages	98 708
Employers' social security contributions	8 883
Pension costs	2 665
Other remunerations	3 331
Hired personnel	16 329
Capitalised wages	(12 405)
Total	**117 511**
Average number of man-labour years	81

Pension costs are described in detail in note 19.
Accumulated expenses for wages, pension premiums and other remuneration to CEO and members of the parent company's board for 2013 were:

	Wages	Bonus	Pension premiums	Other remuneration	Total
Chief Executive Officer	991	-	68	13	1 073
Board members	-	-	-	-	-
Total	991	-	68	13	1 073

Per 31.12.13 there are no loans or guarantees to the group CEO or to members of the board. No related parties to these have loans or guarantees from EDS Group.

Auditor's fee

The Board has reviewed the level and distribution of fees paid to our auditors, and considers them to be appropriate.

Specification of auditor's fee excl. VAT	2013
Fees for audit of annual accounts	358
Fees for other attestation services	6
Fees for tax-related services	164
Fees for other services*	208
Total	737

* Fees for other services includes due diligence service and various technical assistance.

Notes to the accounts

25 Leasing costs — Figures in TNOK

The Group has entered into the following operating lease agreements for tangible assets not recognised in the balance sheet, but expensed as incurred:

	2013
Land, buildings and permanent property	6 575
Apartments	36
Machinery and operating equipment	353
Total	**6 964**

The Group has entered into lease agreements for premises, among others at Straume, Oslo and Stavanger, in Norway, Houston in USA, Perth in Australia, Baku in Azerbaijan and Rio de Janeiro in Brazil. The Group has not entered into non-cancellable operating leases.

26 Financial income and expenses — Figures in TNOK

	2013
Interest income	7 700
Currency gain	35 905
Other financial income	491
Financial Income	**44 096**
Interest expense	16 213
Currency loss	34 228
Other financial expense	21 361
Financial expenses	**71 801**
Net financial Items	**(27 705)**

27 Financial market risk — Figures in TNOK

The Group has financial instruments linked to ordinary activities such as trade debtors, trade creditors and similar. Short-term and medium-term interest rate risk arises from floating interest rates on parts of the company's debt.

The Group´s credit risk exposure is considered to be low. The majority of the Group's debtors are publicly listed Norwegian and international oil companies. The Group seeks to obtain financial guarantees from debtors where the credit risk and exposure is considered to be high. In addition, majority of the Group´s receivables are credit insured in order to reduce credit risk.

A proportion of the Group's turnover is in foreign currencies, primarily AUD, GBP and USD. As a result of international operations, the Group is exposed to fluctuations in currency exchange rates. There were no FX contracts at year end 2013. The Group is not directly exposed to fluctuations in commodity prices. Below is an outline of the Group's total operating revenue, trade receivables and trade payables converted into NOK at balance sheet date:

		2013	
Currency	**Currency (1000)**	**TNOK**	**Share %**
Total operating revenue:			
AUD	5 708	32 269	15 %
BRL	2 044	5 909	3 %
CAD	1 863	10 642	5 %
EUR	740	7 372	3 %
NOK	97 999	97 999	45 %
USD	10 799	63 609	29 %
Total		**217 801**	**100 %**
Trade receivables:			
AUD	2 792	15 148	11 %
BRL	43	111	0 %
CAD	921	5 263	4 %
GBP	3 464	34 819	25 %
NOK	38 903	38 903	28 %
USD	7 607	46 282	33 %
Total		**140 525**	**100 %**
Trade payables:			
AUD	892	4 838	5 %
AZN	269	2 122	2 %
BRL	261	673	1 %
CAD	1 017	5 814	6 %
EUR	(91)	(766)	-1 %
GBP	92	923	1 %
MYR	116	215	0 %
NOK	65 264	65 264	69 %
SEK	370	351	0 %
USD	2 401	14 605	16 %
Total		**94 039**	**100 %**

Notes to the accounts

28 Related parties — Figures in TNOK

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	Purchase of goods / other operating costs
	2013
G & G Consultans AS	3 396
Tøkon AS	1 231
Total	**4 627**

	Other long term liability
Altor Oil Service Invest AS	26 633
Total	**26 633**

Loan from Altor Oil Services Invest AS is due 28 February 2016, and is calculated with an 8 % annual interest rate.

	Trade payables
	2013
G & G Consultans AS	1 028
Tøkon AS	527
Total	**1 555**

G&G Consultants AS and Tøkons AS are shareholders in AGR Cannseal AS. All transactions with related parties are carried out at market prices in connection with ordinary business transactions. There is not given or received any guarantees related to transaction with related parties in 2013. There is not recognised any provision for doubtful debts related to the amount of outstanding balances, and there is not recognised any expense during 2013 in respect of bad or doubtful debts due from related parties.

29 Public grants — Figures in TNOK

The Group has received grants from the Research Council of Norway in connection with research and developments projects. No terms and conditions apply to these grants.

The grants from the Research Council of Norway are recognised in the balance sheet and are posted as revenue in line with depreciation on the fixed assets to which they are linked.

	2013
Other current liability 06.08.13	26 325
Received during the year	24 028
Released to the income statement	(623)
Other current liability 31.12.	**49 730**

Notes to the accounts

30 Assets of disposal group classified as held for sale and discontinued operations

Figures in TNOK

EDS Group has closed a sale in 2013 whereby Marin Subsea Ltd acquired EDS and T&T Holdings 100 % share of AGR Seabed Intervention Ltd and AGR Set Ltd. The purchase price was set to TGBP 600.

The results from AGR Seabed Intervention Ltd and AGR Set Ltd are included in discontinued operations in the income statement for 2013.

Analysis of the result of discontinued operations	**2013**
External operating revenues	(1 611)
Project expenses/payroll expenses	(7 065)
Other operating expenses	(1 515)
EBITDA	**(10 191)**
Depreciation and amortisation	(1 049)
Operating profit/ (loss)	**(11 240)**
Net financial items	95
Operating profit/ (loss) before tax	**(11 145)**
Tax	366
Profit after tax from discontinued operations	**(10 780)**
Profit/ (loss) from sale of discontinued operations	
Profit/ (loss) for the year from discontinued operation	**(10 780)**

31 Share investment program

In 2010 AGR introduced a co-investment program in AGR Drilling Services Holdings AS. In September 2010 AGR Group ASA sold 69 000 A-shares in its subsidiary DrillCo Invest AS to key employees and board members in AGR Group and AGR Drilling Services for NOK 102 per share. DrillCo Invest AS owns 266 683 shares in AGR Drilling Services Holdings AS corresponding to 6.9%. AGR Group ASA is the owner of the remaining 93.1%.

AGR Group ASA's shareholding in DrillCo Invest AS, following the transaction was one controlling B-share. DrillCo Invest AS have been incorporated for the purpose of investing in AGR Drilling Services Holdings AS.

The price per share in DrillCo Invest AS was determined based on the estimated fair value of AGR Drilling Services Holdings AS using over-the-cycle EV/EBITDA trading multiples in accordance with EVCA guidelines. Accordingly, the transaction has not affected the profit and loss accounts of AGR. In order to increase the investments made by DrillCo Invest AS AGR Group ASA has provided loan in the form of seller's credit with an annual interest rate of 8%. AGR Group ASA has an option to increase its shareholding in DrillCo Invest AS by cash payment or set-off against any outstanding amount under the loan agreements.

The co-investment program within AGR Drilling Services is governed by the provisions in a shareholders agreement. The shareholders agreement is entered into by and between the holding company, the investment company and the participants in the program. Among other things the shareholder agreement will provide for drag-along and tag-along provisions for the event that AGR Group ASA should sell its shares in the holding company. The participants cannot sell or transfer the shares in DrillCo Invest AS without the consent of AGR. If a participant in the program gives or is given notice of termination of employment before the second anniversary of the program, AGR has an option to buy the shares at fair value.

In September 2012 there was a restructuring of the Group, and DrillCo Invest AS shares in AGR Drilling Services Holdings AS was exchanged for shares in AGR EDS and T&T Holdings AS.

Notes to the accounts

32 Proforma consolidated income statement

Revenues and expenses from continuing operations	**2013**	**2012**
Revenue	445 445	484 169
Other operating revenue	5 572	3 565
Total operating revenue	**451 017**	**487 735**
Project costs	87 900	151 898
Payroll expenses	221 853	196 364
Depreciation and amortisation	73 660	78 399
Other operating expenses	70 519	92 258
Total operating expenses	**453 932**	**518 919**
Net operating income	**(2 914)**	**(31 184)**
Financial income	89 439	77 573
Financial expenses	132 952	116 949
Net financial items	**(43 514)**	**(39 376)**
Income before tax	**(46 428)**	**(70 560)**
Income tax	4 963	104 480
Net income from continued operations	**(51 391)**	**(175 040)**
Net income after tax from discontinued operations	(5 145)	(4 773)
Net income for the year	**(56 536)**	**(179 813)**
Non-controlling interests' share of profit for the year	1 761	(2 497)
Profit attributable to equity holders	(58 297)	(177 316)
	(56 536)	**(179 813)**

Notes to the accounts

33 Contingencies

During 2013 the claim related to the excavation project in 2012 is not resolved and the provision in AGR Subsea Ltd is still in force. Arbitration has started and is expected to be finalized during 2014. AGR Subsea Ltd has also received a tax claim from Norwegian tax authorities relating to the Ormen Lange excavation work in 2011. The size of the tax claim is disputed.