



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 913 678 745  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: LS PETROLEUM 3 AS  
Forretningsadresse: Karenslyst allé 4  
0278 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

### Konsern

Morselskap i konsern: Ja  
Konsernregnskap lagt ved: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Frøy Hagelid  
Dato for fastsettelse av årsregnskapet: 26.06.2019

### Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert  
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 20.11.2020



## Resultatregnskap

Beløp i: NOK	Note	2018	2017
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	6,7	3 257 734	275 587
Annen driftsinntekt	6,7	1 498 377	1 492 152
<b>Sum inntekter</b>		<b>4 756 111</b>	<b>1 767 739</b>
<b>Kostnader</b>			
Prosjektkostnad		2 526 348	275 587
Lønnskostnad	8,9	7 976 908	8 010 594
Avskrivning på varige driftsmidler og immaterielle eiendeler	13	1 355	229
Annen driftskostnad	8	2 682 671	5 499 531
<b>Sum kostnader</b>		<b>13 187 282</b>	<b>13 785 941</b>
<b>Driftsresultat</b>		<b>-8 431 171</b>	<b>-12 018 202</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	14	28 751 574	68 613 148
<b>Sum finansinntekter</b>		<b>28 751 574</b>	<b>68 613 148</b>
Annen finanskostnad	14	426 738 062	248 884 497
<b>Sum finanskostnader</b>		<b>426 738 062</b>	<b>248 884 497</b>
<b>Netto finans</b>		<b>-397 986 488</b>	<b>-180 271 349</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-406 417 659</b>	<b>-192 289 551</b>
Skattekostnad på ordinært resultat	2		17 182 045
<b>Ordinært resultat etter skattekostnad</b>		<b>-406 417 659</b>	<b>-209 471 596</b>
<b>Årsresultat</b>		<b>-406 417 659</b>	<b>-209 471 596</b>
<b>Overføringer og disponeringer</b>			
Utbytte		0	0
Udekket tap		-406 417 659	-209 471 596
<b>Sum overføringer og disponeringer</b>		<b>-406 417 659</b>	<b>-209 471 596</b>



## Balanse

Beløp i: NOK	Note	2018	2017
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	2	0	0
<b>Sum immaterielle eiendeler</b>		<b>0</b>	<b>0</b>
<b>Varige driftsmidler</b>			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	13	62 683	63 901
<b>Sum varige driftsmidler</b>		<b>62 683</b>	<b>63 901</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	5	175 150 259	522 169 618
Investeringer i aksjer og andeler	11	1 643 131	
<b>Sum finansielle anleggsmidler</b>		<b>176 793 390</b>	<b>522 169 618</b>
<b>Sum anleggsmidler</b>		<b>176 856 073</b>	<b>522 233 519</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Sum varer</b>		<b>0</b>	<b>0</b>
<b>Fordringer</b>			
Kundefordringer		1 214 506	276 250
Andre fordringer		490 437	546 297
Konsernfordringer	11	208 029 047	181 606 277
<b>Sum fordringer</b>		<b>209 733 990</b>	<b>182 428 824</b>
<b>Investeringer</b>			
<b>Sum investeringer</b>		<b>0</b>	<b>0</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	12	62 075 970	88 407 519
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>62 075 970</b>	<b>88 407 519</b>
<b>Sum omløpsmidler</b>		<b>271 809 960</b>	<b>270 836 343</b>



## Balanse

Beløp i: NOK	Note	2018	2017
<b>SUM EIENDELER</b>		<b>448 666 033</b>	<b>793 069 862</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	3,4	8 390 163	8 390 163
Annen innskutt egenkapital	4	37 349 207	37 349 207
<b>Sum innskutt egenkapital</b>		<b>45 739 370</b>	<b>45 739 370</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	4	-812 726 677	-406 309 017
<b>Sum opptjent egenkapital</b>		<b>-812 726 677</b>	<b>-406 309 017</b>
<b>Sum egenkapital</b>		<b>-766 987 307</b>	<b>-360 569 647</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Sum avsetninger for forpliktelser</b>		<b>0</b>	<b>0</b>
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	11	683 100 318	682 907 623
Øvrig langsiktig gjeld			39 508
<b>Sum annen langsiktig gjeld</b>		<b>683 100 318</b>	<b>682 947 131</b>
<b>Sum langsiktig gjeld</b>		<b>683 100 318</b>	<b>682 947 131</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		50 300	110 456
Skyldige offentlige avgifter		2 470 276	2 296 505
Kortsiktig konserngjeld	11	519 595 120	463 247 064
Annen kortsiktig gjeld	10	10 437 325	5 038 352
<b>Sum kortsiktig gjeld</b>		<b>532 553 021</b>	<b>470 692 377</b>
<b>Sum gjeld</b>		<b>1 215 653 339</b>	<b>1 153 639 508</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>448 666 032</b>	<b>793 069 861</b>



## LS Petroleum 3 AS

### DIRECTOR'S REPORT 2018

#### **Company overview**

LS Petroleum 3 AS (formerly: AGR Holdings AS) offers management services to its subsidiaries, which in turn offer services and technology to the global oil and gas industry. The company is located in Oslo, Norway.

The company was incorporated at completion of the demerger of Petroleum Services Holding AS in 2014. It had a revenue of TNOK 4 756 in 2018 and the equity to asset ratio was negative 171%. The annual result was TNOK (406 418). The negative result is mainly attributable to write-downs of shares in subsidiaries.

The board is of the opinion that the annual accounts provide a true and fair view of the company's assets, debt, financial standing and result.

#### **Central risks and uncertainty factors**

##### **Market risk**

The activity level of the group and the oil and gas industry in general was higher in 2018 than in previous years due to a higher oil price and an upturn in the industry.

##### **Financial risk**

The company and the group are to some extent exposed to currency risks. The company has long-term interest-bearing group debt and is therefore somewhat exposed to increased interest rates.

##### **Credit risk**

The company mainly offers services to subsidiaries so there is little risk that its customers will not be able to fulfill their financial obligations.

##### **Liquidity risk**

The board assesses the liquidity of the company to be satisfactory. No efforts have been made to improve the liquidity risk.

##### **Research and development**

The company does not have any ongoing research or development activities.

##### **Going concern**

In February 2016 the Company's parent company AGR AS (formerly AGR Bidco AS) and its lenders signed a long-term financing agreement, whereby the lenders agreed to capitalize interests and postpone instalments until 31 December 2018 (the "Standstill Period"). According to the agreement a new repayment schedule and covenants for 2019 and onwards were to be agreed on or before the end of 2018. In 2017 the parent entity initiated discussions on a new long term financing arrangement for AGR. As a part of this process the lenders have waived the EBITDA covenant to be tested at the end of Q2 2019 and extended the Standstill Period until 30 September 2019 to ensure sufficient visibility on liquidity and covenants for the parent and its subsidiaries, until a new financing arrangement has been arranged.

##### **Subsequent events**

On 7 December 2018 a Share Purchase Agreement ("SPA") was signed with Akastor taking ownership of AGR AS. Closing of the transaction took place on 2 April 2019. The transaction was carried out primarily as an asset deal, whereby assets in the current AGR legal structure and the three legal entities AGR AS, AGR Consultancy Services AS (formerly AGR Steinsvik AS) and AGR Software AS, together with Akastor subsidiary First Geo AS, were transferred to a new legal structure, which in turn was transferred to Akastor to establish the merged company.

Transaction subsequent to the balance date indicates that the market value of the Company's shares in subsidiaries is significantly below book values as of 31 December 2018. As a result, the Company made a write down of shares amounting to TNOK 347 414. In addition, the Company made a write down of TNOK 25 598 on



Oslo, 21.06.19

  
Leif Chr. Salomonsen  
Chairman of the board

  
Runar Nilsen  
Director



## INCOME STATEMENT

### LS Petroleum 3 AS

OPERATING REVENUE AND EXPENSES	Note	2018	2017
<b>Operating revenue</b>			
Revenue	6,7	3 257 734	275 587
Other operating revenue	6,7	1 498 377	1 492 152
<b>Total operating revenue</b>		<b>4 756 111</b>	<b>1 767 739</b>
<b>Operating expenses</b>			
Goods and consumables used		2 526 348	275 587
Payroll expenses	8,9	7 976 908	8 010 594
Depreciation, amortisation and impairments	13	1 355	229
Other operating expenses	8	2 682 671	5 499 531
<b>Total operating expenses</b>		<b>13 187 282</b>	<b>13 785 941</b>
<b>Operating profit</b>		<b>-8 431 171</b>	<b>-12 018 202</b>
<b>FINANCIAL INCOME AND -EXPENSES</b>			
Financial income	14	28 751 574	68 613 148
Financial expenses	14	426 738 062	248 884 497
<b>Net financial items</b>		<b>-397 986 488</b>	<b>-180 271 349</b>
<b>Profit before income tax</b>		<b>-406 417 659</b>	<b>-192 289 551</b>
Income tax expense	2	-	17 182 045
<b>Profit for the year</b>		<b>-406 417 659</b>	<b>-209 471 596</b>
<b>Attributable to</b>			
Retained earnings		-406 417 659	-209 471 596
<b>Total appropriation</b>		<b>-406 417 659</b>	<b>-209 471 596</b>



## STATEMENT OF FINANCIAL POSITION

### LS Petroleum 3 AS

ASSETS	Note	31.12.2018	31.12.2017
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Deferred tax assets	2	-	-
<b>Total intangible assets</b>		-	-
Machinery and operating equipment	13	62 683	63 901
<b>Total tangible fixed assets</b>		<b>62 683</b>	<b>63 901</b>
<b>Financial fixed assets</b>			
Investment in subsidiaries	5	175 150 259	522 169 618
Investment in shares	11	1 643 131	-
<b>Total financial fixed assets</b>		<b>176 793 390</b>	<b>522 169 618</b>
<b>Total fixed assets</b>		<b>176 856 073</b>	<b>522 233 519</b>
<b>Receivables</b>			
Trade receivables		1 214 506	276 250
Other receivables		490 437	546 297
Group receivables	11	208 029 047	181 606 277
<b>Total receivables</b>		<b>209 733 990</b>	<b>182 428 824</b>
Cash pool	12	60 536 827	88 407 502
Cash and cash equivalents	12	1 539 143	16
<b>Total cash and cash equivalents</b>		<b>62 075 970</b>	<b>88 407 519</b>
<b>Total current assets</b>		<b>271 809 960</b>	<b>270 836 343</b>
<b>TOTAL ASSETS</b>		<b>448 666 033</b>	<b>793 069 862</b>



## STATEMENT OF FINANCIAL POSITION

## LS Petroleum 3 AS

EQUITY AND LIABILITIES	Note	31.12.2018	31.12.2017
<b>Equity</b>			
<b>Paid-in equity</b>			
Share capital	3,4	8 390 163	8 390 163
Other paid in capital	4	37 349 207	37 349 207
<b>Total paid-in equity</b>		<b>45 739 370</b>	<b>45 739 370</b>
<b>Retained earnings</b>			
Retained earnings	4	-812 726 677	-406 309 017
<b>Total retained earnings</b>		<b>-812 726 677</b>	<b>-406 309 017</b>
<b>Total equity</b>		<b>-766 987 307</b>	<b>-360 569 647</b>
<b>Liabilities</b>			
<b>Noncurrent liabilities</b>			
Loans from group companies	11	683 100 318	682 907 623
Other long-term liabilities		-	39 508
<b>Total noncurrent liabilities</b>		<b>683 100 318</b>	<b>682 947 131</b>
<b>Current liabilities</b>			
Trade payables		50 300	110 456
Tax payable		-	-
Other taxes payable		2 470 276	2 296 505
Group payables	11	519 595 120	463 247 064
Other current liabilities	10	10 437 325	5 038 352
<b>Total current liabilities</b>		<b>532 553 021</b>	<b>470 692 377</b>
<b>Total liabilities</b>		<b>1 215 653 339</b>	<b>1 153 639 508</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>448 666 033</b>	<b>793 069 861</b>

Oslo, 21.06.2019



Lef Chr. Salomonsen  
Chairman of the board



Runar Nilsen  
Director



## CASH FLOW STATEMENT

### LS Petroleum 3 AS

	2018	2017
<b>Operating activities</b>		
Profit/(loss) before taxes	-406 417 659	-192 289 551
<i>Non-cash adjustments to reconcile profit before tax to net cash flows</i>		
Depreciation, amortisation and impairment of tangible assets	1 355	229
Finance income	-28 751 574	-68 613 148
Finance costs	426 738 062	248 884 497
<i>Working capital adjustments:</i>		
Decrease (increase) in trade and other receivables and prepayments	2 112 640	-138 362 113
(Decrease) increase in trade and other payables	2 592 399	778 209
Decrease (increase) in other provisions	-1 217 650	1 770 409
	<b>-4 942 427</b>	<b>-147 831 468</b>
Interest received	6 265 518	44 103 988
<b>Net cash flow from operational activities</b>	<b>1 323 091</b>	<b>-103 727 480</b>
<b>Investing activities</b>		
Investments in shares and units	-1 643 131	-160 647 210
<b>Net cash flows from investing activities</b>	<b>-1 643 131</b>	<b>-160 647 210</b>
<b>Financing activities</b>		
Net change group cash pool	24 277 695	-6 396 682
Decrease (increase) group loans, subsidiaries	-	301 153 856
Repayment of group loan, parent company	-40 000 000	-40 000 000
Group contribution received/(paid)	-	-3 447 684
Interest and other financials paid	-	-
<b>Net cash flow from financing activities</b>	<b>-15 722 305</b>	<b>251 309 490</b>
Net foreign exchange differences	-10 289 204	17 586 687
<b>Net increase in cash and cash equivalents</b>	<b>-26 331 549</b>	<b>4 521 487</b>
<b>Cash and cash equivalents at 1 January</b>	<b>88 407 519</b>	<b>83 886 032</b>
<b>Cash and cash equivalents at 31 December</b>	<b>62 075 970</b>	<b>88 407 519</b>



## LS Petroleum 3 AS

# Notes to the accounts

### Note 1 - Accounting principles

LS Petroleum 3 AS ('the Company'), formerly known as AGR Holdings AS, was incorporated at completion of the demerger of Petroleum Services Holding AS in 2014. It is a limited liability company incorporated and domiciled in Norway on 12 March 2014. The address of its registered office is Karenslyst allé 4, 0213 Oslo. The Company and its subsidiaries (together 'the Group') are leading suppliers of services and technology to the oil and gas offshore industry. The Group's main operations are based in Oslo, with other offices around the world including Stavanger, Aberdeen, Houston, Perth, Guildford, Abu Dhabi and Dubai. The Group's parent is LS Petroleum 1 Limited (AGR Holdco Limited). The company offers management services to its subsidiaries.

Selskapet inngår i konsernet LS Petroleum 1 Limited (tidligere AGR Holdco Limited). Konsernets hovedkontor har registrert forretningsadresse i Collingham House 6-12 Gladstone Road, Wimbledon, London, SW19 1QT. Selskapet utarbeider konsernregnskap der LS Petroleum 3 AS inngår. Konsernregnskapet fås utlevert ved henvendelse til morselskapets kontoradresse.

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The management has applied estimates and assumptions which have affected assets, liabilities, income and expenses, as well as the disclosures regarding potential obligations.

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

#### Changes in accounting policies

Changes in accounting principles and disclosures and the correction of material errors in previous years are recognised directly in equity. Basis of comparison is changed correspondingly.

#### Subsidiaries

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends/group contributions exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet of the parent company.

#### Balance sheet classification

Assets intended for permanent ownership or long-term use are classified as non-current assets. Assets which are a part of the company's service cycle and are expected to be realised or used during the course of the company's normal production period are classified as current assets. Receivables are classified as current if they are expected to be realised within 12 months of the balance sheet date. Liabilities which fall due more than a year after the balance sheet date are classified as non-current. All other liabilities are classified as current. Liabilities which are part of the service cycle, however, are always classified as current.

Current assets are recognised at the lower of cost and fair value. Current liabilities are carried at nominal value at the time they are incurred.

Non-current assets are valued at cost. Tangible fixed assets which deteriorate in value over time are depreciated applying a straight line method over their expected economic lifetime. Tangible fixed assets are impaired to fair value if the drop in value is not expected to be temporary.

#### Revenue recognition

The company's activity is mainly related to the supply of services to subsidiaries in the Group. Revenues from sales of services are recognised in the income statement according to the level of completion. The Company recognises revenue when it is probable that the transaction will generate future economic benefits that will accrue to the company and the value of such benefits can be estimated reliably. Revenue is shown net of value-added tax, returns, rebates and discounts.

#### Matching principle

Revenues are matched with expenses in accordance with the matching principle. Unrealised losses which are considered both likely to incur and quantifiable, as well as unconditional obligations and orders, are expensed in accordance with generally accepted accounting principles.



## LS Petroleum 3 AS

# Notes to the accounts

### Note 1 – Accounting principles, continued

#### Foreign exchange

Monetary items in foreign currency are translated to NOK using the exchange rates at the balance sheet date. Foreign exchange gains/losses are presented as finance income/expenses in the income statement.

#### Pensions

The company has a defined contribution plan for its employees and pays fixed contributions into a privately administered pension insurance plan. It has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and payroll tax is included in the expenses.

#### Provisions, contingent liabilities and conditional assets

Contingent liabilities are recognised in the financial statements if there is more than a 50% probability that the liability will be settled. Best estimate is applied when calculating the settlement value. Provisions for contingent liabilities arising from the movement of goods or which are expected to be settled within a year from the balance sheet date are classified as short-term liabilities. Other provisions are classified as provision for liabilities under long-term debt.

#### Property, plant and equipment

Property, plant and equipment, are valued at cost less accumulated depreciation and write-downs. The cost of property, plant and equipment comprises the purchase price, including direct acquisition costs linked to bringing the asset to the proper location and making it fit for use.

Depreciation is calculated applying the straight-line method over the asset's expected economic life. Major additions and improvements are capitalised and depreciated along with the asset. Additions include expenses that have a positive effect on the asset's remaining cash flows in comparison to what was originally assumed at the time of acquisition. Other expenses are classified as maintenance and expensed as they incur.

Gains on disposals of fixed assets are classified as other operating income and losses are classified as other operating expenses.

Write-down of fixed assets and intangible assets is assessed when there are indications of impairment. A calculation is then made of discounted future cash flows for assets that will remain in use by the company and estimated sales price less sales costs for assets for sale. If the calculation shows a lower value than the carrying amount, the asset is written down to fair value or to sales price less sales cost for assets which are for sale.

#### Accounts receivables and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less confirmed losses and provisions for doubtful accounts. Provisions for doubtful accounts are based on specific assessments of individual accounts, as well as an assessment of the group of accounts as a whole.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash and bank deposits.

The Company is cash pool owner in the Group's cash pool system, and all of the bank accounts which are part of the system are presented as intercompany receivables/payables in the balance sheet.

#### Use of estimates

When there is uncertainty regarding the measurement of an item in the accounts, the best estimate is applied. Changes in estimates are accounted for in the period that the change is made. Estimates are subject to uncertainty and may deviate from the final outcome.



## LS Petroleum 3 AS

# Notes to the accounts

### Note 1 – Accounting principles, continued

#### Income Tax

The tax expense in the financial statements consists of tax payable and changes in deferred tax. Deferred tax/tax asset is calculated using the relevant tax rate and on all temporary differences that exist between the tax bases of assets and liabilities and their carrying amounts in the financial statements, as well as any tax losses carried forward at year-end.

Tax increasing and tax reducing temporary differences that are reversed, or can be reversed in the same period are recorded net. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized.

#### Cash flow statement

The cash flow statement presents the accumulated cash flow for operational, investment and financial activities. The statement outlines each activity's effect on cash and cash equivalents. The cash flow statement has been prepared using the indirect method.

### Note 2 – Tax

Income tax expenses:

	2018	2017
Tax payable	-	-
Changes in deferred tax	-	6 385 893
Adjustment in respect of income tax of previous years	-	10 796 152
<b>Total income tax expense</b>	<b>-</b>	<b>17 182 045</b>

Tax base calculation:

Profit before income tax	-406 417 659	-192 289 551
Temporary differences	-131 418	-186 424
Permanent differences*	380 614 103	203 422 296
Disallowed interest expenses under the interest deduction limitation rule	25 934 789	-
Utilization of tax loss carried forward	-	-10 946 321
<b>Tax base</b>	<b>-185</b>	<b>-</b>

\* Non deductible expenses. Mainly write-down of shares in subsidiaries and group loans.

Temporary differences	31.12.2018	31.12.2017	Change
Fixed assets	-318 930	-450 348	-131 418
Temporary difference loan to subsidiary, correction pre	-58 584 089	-58 584 089	-
Disallowed interest expenses under the interest deduction limit	-25 934 789	-	25 934 789
Loss carried forward	-75 676 660	-75 676 474	186
<b>Basis for deferred tax/deferred tax asset</b>	<b>-160 514 468</b>	<b>-134 710 911</b>	<b>25 803 557</b>

Differences not included in the calculation of deferred tax in the balance sheet	160 514 468	134 710 911	
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<b>Total basis for deferred tax/deferred tax asset</b>	<b>-</b>	<b>-</b>	
<b>Deferred tax/deferred tax asset</b>	<b>-</b>	<b>-</b>	<b>0</b>

Deferred tax/deferred tax asset is calculated using the tax rate for 2019 (22 %).

All temporary differences can be netted and this has been done when calculating the deferred tax/tax advantage. It is optional to recognize the deferred tax asset and the company has chosen *not* to recognize the net deferred tax asset at 31.12.2018.



## LS Petroleum 3 AS

### Notes to the accounts

#### Note 3 - Share Capital and Shareholder information

At 31 December 2018 and 31 December 2017 the company had a share capital of NOK 8 390 163 distributed in 4 307 065 shares, each with a nominal value of NOK 1.948. The company has one share class, and all shares have equal voting and dividend rights.

##### Shareholders 31.12.18

	Equity interest	Number of shares	Nominal value	Share capital
AGR AS	100 %	4 307 065	1.948	8 390 163
<b>Total</b>	<b>100 %</b>	<b>4 307 065</b>		<b>8 390 163</b>

The company does not have any treasury shares

#### Note 4 - Changes in equity

	Share capital	Other paid-in capital	Other equity	Total equity
Opening balance 01.01.2018	8 390 163	37 349 207	-406 309 017	-360 569 647
Net profit			-406 417 659	-406 417 659
<b>Equity 31.12.2018</b>	<b>8 390 163</b>	<b>37 349 207</b>	<b>-812 726 676</b>	<b>-766 987 307</b>

The equity of the Company is negative. Please see note 15 regarding going concern.

#### Note 5 - Group entities

Subsidiaries are accounted for using the cost method of accounting. The company has the following ownership interests:

Navn	Head office	Voting share	Equity 31.12.2018	Net profit/ (loss) 2018	Book value 31.12.2018
LS Petroleum 1, Inc*	Houston, USA	100 %	5 637 501	-178 428 524	-
LS Petroleum 2 Ltd*	Aberdeen, UK	100 %	-182 039 394	-172 707 991	-
LS Petroleum 4 AS*	Oslo, Norway	100 %	94 476 299	-9 437 357	145 613 562
AGR Consultancy Services AS*	Stavanger, Norway	100 %	4 939 587	1 429 088	12 848 753
AGR Software AS	Oslo, Norway	79 %	16 082 239	494 550	16 687 944
<b>Total</b>					<b>175 150 259</b>

\*These company names were changed to the names stated in April 2019. They are formerly known as respectively AGR Americas Inc, AGR Group (Holdings) Limited, AGR Petroleum Services AS and AGR Steinsvik AS.

#### Note 6 - Geographical segment information

	2018	2017
Norway	1 496 795	1 492 152
United Arab Emirates	3 259 316	275 587
<b>Total revenue</b>	<b>4 756 111</b>	<b>1 767 739</b>

#### Note 7 - Operating revenues

	2018	2017
Sale of services	3 259 316	275 587
Other operating revenue	1 496 795	1 492 152
<b>Total revenue</b>	<b>4 756 111</b>	<b>1 767 739</b>



## LS Petroleum 3 AS

## Notes to the accounts

## Note 8 - Wages, fees, number of employees etc.

	2018	2017
Wages	6 781 070	6 870 623
Employers' social security contributions	991 165	980 018
Pension costs	185 995	146 723
Other remunerations/payroll expenses	18 679	13 231
<b>Total</b>	<b>7 976 909</b>	<b>8 010 595</b>
Average number of man-labour years	2	2

Key management compensation	Wages	Pension	Other remuneration	Total
Daglig leder/Managing director	5 425 920	79 283	46 883	5 552 086
Board of directors	-	-	-	-
	<b>5 425 920</b>	<b>79 283</b>	<b>46 883</b>	<b>5 552 086</b>

Other remuneration includes per diem, car allowance and telephone.

As part of a three year stay-on program, the managing director received a bonus of TNOK 3 000 for 2018 in accordance with his contract. He is entitled to 12 months severance pay if his contract is terminated by the company. He takes part in the company's general, defined contribution pension scheme and the company's general bonus program.

Auditor's fee - EY	2018	2017
Fees for audit of annual accounts, excl. VAT	78 208	87 463
Fees for tax-related services, excl. VAT	-500 000	219 026
<b>Total</b>	<b>-421 792</b>	<b>306 489</b>

Fees for tax-related services consists of a credit invoice received in 2018 regarding tax assistance in 2017

## Note 9 - Pension

The company is obliged to have a pension scheme and it has a pension scheme which follows the requirements in the Act on Mandatory company pensions.

## Note 10 - Other current liabilities

	2018	2017
Holiday pay and wages due	2 204 188	2 266 854
Other accruals	582 810	221 945
Other short term liabilities	7 650 327	2 549 553
<b>Total current liabilities</b>	<b>10 437 325</b>	<b>5 038 352</b>

Other short term liabilities consists of, in 2017: a provision for penalty tax to the Norwegian Tax Authorities, and in 2018: provision for loss of the cash pool receivable towards its subsidiary AGR Facilities Solutions AS, which was discontinued in Q1 2019.



## LS Petroleum 3 AS

## Notes to the accounts

## Note 11 - Group receivables and payables

Current receivables	2018	2017
LS Petroleum 1 AS	8 036 681	7 653 840
LS Petroleum 2 AS	440 115	393 861
LS Petroleum 1 Ltd	1 190 868	796 677
LS Petroleum 5 AS	11 957 557	-
AGR Consultancy Services AS	1 845 349	-
AGR Facilities Solutions AS*	7 167 202	3 823 325
AGR Software AS	-	22 241
LS Petroleum 2 Ltd	163 829 594	167 050 966
AGR Holdings AS - Abu Dhabi branch	21 333	20 146
LS Petroleum 2, Inc.	11 480 540	898 541
AGR Solution Systems Ltd*	2 086	946 679
AGR Petroleum (ME) Ltd	1 748 469	-
AGR Mexico Well Management	309 253	-
<b>Total current receivables</b>	<b>208 029 047</b>	<b>181 606 277</b>

Current payables	2018	2017
AGR AS	259 523 113	226 192 726
AGR Holdings AS - Abu Dhabi branch	21 333	20 146
LS Petroleum 4 AS	83 447 468	77 250 232
LS Petroleum 5 AS	6 830 227	8 352 926
AGR Consultancy Services AS	6 622 384	7 025 100
Central Asia AS*	-	994 535
AGR Facilities Solutions AS*	-	261 507
LS Petroleum 1 Pty Ltd	12 655 917	96 661 166
LS Petroleum 2 Ltd	-	42 993
LS Petroleum 4 Ltd	125 749 678	24 014 775
LS Petroleum 3 Ltd	14 791 655	12 595 751
AGR Petroleum (ME) Ltd	3 090 550	2 425 508
Tracs International Ltd**	1 454 431	4 314 478
LS Petroleum 1, Inc.	4 335 257	2 764 215
AGR Petroleum Services Inc.	1 073 108	331 008
<b>Total current payables</b>	<b>519 595 120</b>	<b>463 247 064</b>

\* Central Asia AS was liquidated in December 2018, AGR Facilities Solutions in February 2019.

AGR Solution Systems Ltd is undergoing liquidation.

\*\* Tracs International Ltd was sold in May 2019.



## LS Petroleum 3 AS

### Notes to the accounts

#### Note 11 - Group receivables and payables, continued

The loan balance of LS Petroleum 2 Limited was at 31 December 2017 reclassified to short term due to its maturity in February 2018. A new long term loan agreement was signed in February 2018, whereafter it was reclassified to long term again. The maturity in this loan agreement is December 2019, it was therefore reclassified to short-term again as at 31 December 2018

Long term payables	2018	2017
AGR AS	683 100 318	682 907 623
<b>Total long term payables</b>	<b>683 100 318</b>	<b>682 907 623</b>

Interest is calculated using 6 months LIBOR + a margin of 4.85%

#### Note 12 - Cash and cash equivalents

	2018	2017
Bank deposits	62 075 970	88 407 519
<b>Bank deposits 31.12.</b>	<b>62 075 970</b>	<b>88 407 519</b>

The majority of the Norwegian companies are participants in the group's cash pool system where LS Petroleum 3 AS is cash pool owner. The participating companies have a joint liability for the provisions within the system and their deposits/overdrafts are presented as group payables/group receivables in LS Petroleum 3 AS, cf. note 11 Group receivables and payables

The company has a NOK 350 000 bank guarantee for tax deductions which serves as a security of paying tax deducted from the employees' salaries.

#### Note 13 - Fixed assets

	Machinery and operating equipment	Total
Historical cost 01.01.	2 281 945	2 281 945
Additions	-	-
Disposals	-	-
Accumulated depreciation and impairment 31.12.	2 219 262	2 219 262
<b>Net book value 31.12.18</b>	<b>62 683</b>	<b>62 683</b>
Amortization of the year	229	229
Depreciation rates	3-5 years	3-5 years
Depreciation method	Linear	Linear



LS Petroleum 3 AS

Notes to the accounts

Note 14 - Financial income and expenses

	2018	2017
Interest income group loans	7 947 945	29 120 676
Interest income cash pool	6 265 518	7 565 068
Group contribution	13 802 906	-
Agio gain	734 912	31 717 634
Other financial income	292	209 770
<b>Total financial income</b>	<b>28 751 573</b>	<b>68 613 148</b>
Interest expenses group loan	40 192 696	40 111 017
Interest expenses cash pool	-	-
Write-down of long-term receivables subsidiaries	25 598 118	-
Write-down of shares in subsidiary	347 414 701	208 563 745
Agio loss	5 921 729	-
Other financial expenses	7 610 819	209 736
<b>Total financial expenses</b>	<b>426 738 062</b>	<b>248 864 497</b>
<b>Net financial items</b>	<b>-397 986 489</b>	<b>-180 271 349</b>



## LS Petroleum 3 AS

# Notes to the accounts

### Note 15 - Subsequent events

On 7 December 2018 a Share Purchase Agreement ("SPA") was signed with Akastor taking ownership of AGR AS. Closing of the transaction took place on 2 April 2019. The transaction was carried out primarily as an asset deal, whereby assets in the current AGR legal structure and the three legal entities AGR AS, AGR Consultancy Services AS (formerly AGR Steinsvik AS) and AGR Software AS, together with Akastor subsidiary First Geo AS, were transferred to a new legal structure, which in turn was transferred to Akastor to establish the merged company.

Transaction subsequent to the balance date indicates that the market value of the Company's shares in subsidiaries is significantly below book values as of 31 December 2018. As a result, the Company made a write down of shares amounting to TNOK 347 414. In addition, the Company made a write down of TNOK 25 598 on the intercompany loan on LS Petroleum 2 Limited (formerly AGR Group (Holdings) Limited) in the 2018 Financial Statements.

On 6 February 2019, the Company sold its shares in AGR Mexico Well Management S. de R.L. de C.V. to AGR AS against a note of TUSD 1.8.

On 26 March 2019 the Company sold its shares in AGR Consultancy Services AS for TNOK 12 849, AGR Software AS for TNOK 16 688 and DBO Energy Do Brazil S.A. for TNOK 1 634 to AGR AS. On the same date the Company sold all its assets and liabilities to AGR AS for TNOK 5 665. On 29 March 2019 the company received a dividend in kind of TNOK 27 471. In late March and early April, a series of intragroup transfers and offsets of debt and receivables took place as a result of the legal restructuring. Thereafter the remaining debt of TNOK 778 388 to AGR AS was converted into equity. Following the conversion, the Company's book equity amounted to TNOK 18 864.

On 2 April 2019 the shares in the company were, together with the shares in certain related companies in the legacy structure, subsequently sold to LS Petroleum 2 AS (previously AGR Midco AS). Funds amounting to TNOK 8 700 will remain in the cash pool held by the Company, and part of the funds will be used to liquidate the Company and the other companies in the legacy structure. LS Petroleum 2 AS intends to liquidate the company on a solvent basis as soon as possible, however a formal decision is yet to be made and the timing of the said liquidation is uncertain and will probably not occur in 2019.



Statsautoriserte revisorer  
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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of LS Petroleum 3 AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of LS Petroleum 3 AS, which comprise the balance sheet as at 31 December 2018, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Reitru Dokumentnr: JFCN61-LM640 CV:ID:30775-60Y1-86353



## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on other legal and regulatory requirements

### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Independent auditor's report - LS Petroleum 3 AS

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Pretina Dokumentnøkkel: 470664-UM6646\_CVWD\_ZGTP3\_6696148551



**Opinion on registration and documentation**

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, 25 June 2019  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Eirik Moe  
State Authorised Public Accountant (Norway)

Prosess Dokumentnr: EY0004-16646-CY017-16775-6676180551

Independent auditor's report - LS Petroleum 3 AS

A member firm of Ernst & Young Global Limited



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### Eirik Moe

Statsautorisert revisor

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## Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	19.01.2018	29.01.2018
Telefon	Deres referanse	Vår referanse
22078139	Svein Sollund	2018/68029

AGR HOLDINGS AS  
Postboks 444 Skøyen  
0213 OSLO

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for AGR Holdings AS, org.nr. 913 678 745

Vi viser til deres brev av 19. januar 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for AGR Holdings AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering AGR Holdings AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

Fra søknaden gjengis:

*AGR Holdings AS og dets datterselskaper er en ledende leverandør av tjenester og teknologi til olje- og gassindustrien. Selskapet er lokalisert i Oslo og tilbyr administrasjonstjenester til datterselskaper i konsernet.*

*Konsernet utover sin virksomhet i en internasjonal bransje, og arbeidsspråket i selskapet og konsernet er engelsk. Selskapet har datterselskaper lokalisert i Australia, Norge, Storbritannia, De Forente Arabiske Emirater og USA hvor den operative virksomheten utøves. Selskapet har også en filial i Abu Dhabi, som ved levering av anbud må legge ved revidert selskapsregnskap for AGR Holdings AS på engelsk.*

*Selskapet er et datterselskap av AGR Holdco Limited, et britisk selskap lokalisert i Aberdeen, som igjen eies igjen av Silverfleet Capital, et London-basert private equity selskap.*

### Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan

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være på et annet språk.”

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er eid av et utenlandsk selskap. Eierkretsen er begrenset. Selskapet driver virksomhet i en internasjonal bransje og arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale brukere av regnskapet behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Jeanette Munkvold Skovholt  
*seniorrådgiver*  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

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