



**NORWEGIAN ENERGY COMPANY ASA**  
THIRD QUARTER  
2016

# REPORT FOR THE THIRD QUARTER 2016

NORWEGIAN ENERGY COMPANY ASA

## HIGHLIGHTS

- The sale of the Norwegian petroleum activities was completed and the first of four agreed payments to NOR06 bondholders was executed.
- The court hearing on the Siri insurance claim was initiated on 12 September 2016 and the ruling is expected 15 December 2016.

## OUTLOOK

- The company is looking forward to the court ruling in Denmark on 15 December, 2016.
- The work to maximise value of the subsidiaries is progressing well.

## BALANCE SHEET AND EQUITY FOR NORWEGIAN ENERGY COMPANY ASA (NON IFRS- MEASURES)

To present the Management's view on the correct value of Norwegian Energy Company ASA below tables have been prepared.

### Non-IFRS Result Norwegian Energy Company ASA YTD Q3 2016

NOK million

IFRS Result for the period after tax	(27)
Reversal of value adjustment for NOR10	4
Value adjustment subsidiaries	-
<b>Non-IFRS Result for the period after tax</b>	<b>(23)</b>
Non-IFRS Equity 31.12.2015	521
Non-IFRS Result for the period after tax	(23)
Other items	7
<b>Non-IFRS Equity 30.09.2016</b>	<b>504</b>

### Non-IFRS Balance Sheet for Norwegian Energy Company ASA 30.09.2016

NOK million

<b>Non-current assets</b>	
Restricted Cash	542
Value of subsidiaries	610
<b>Total non-current assets</b>	<b>1 152</b>
<b>Current assets</b>	
Restricted cash	4
Bank deposits, cash and cash equivalents	53
<b>Total current assets</b>	<b>57</b>
<b>Total assets</b>	<b>1 209</b>
<b>Equity</b>	
Share capital	71
Other equity	433
<b>Total equity</b>	<b>504</b>
<b>Non-current liabilities</b>	
Bond loan	156
Guarantee provision	542
<b>Total non-current liabilities</b>	<b>698</b>
<b>Current liabilities</b>	
Trade payables and other current liabilities	6
<b>Total current liabilities</b>	<b>6</b>
<b>Total liabilities</b>	<b>704</b>
<b>Total equity and liabilities</b>	<b>1 209</b>

Restricted cash is pledged funds in connection with the abandonment liability for Nini and Cecilie in Denmark. In the settlement agreement with the Danish partners, the liability was capped at DKK 445 million adjusted for accrued interest. In the balance sheet the liability related to this guarantee is recorded at the same amount as the cash deposit.

Bond loan NOR10 presented at par value.

Value in subsidiaries is maintained at opening balance adjusted for capital movements and does not include currency adjustment.

## BUSINESS DEVELOPMENT

On 30 June 2016 Noreco Norway announced that the transaction with Det Norske Oljeselskap ASA (Detnor) had received government approval and the deal was completed.

In accordance with the proposal approved at the bondholder meeting of 16 March 2016, Noreco announced 23 September 2016 that Noreco Norway would repay NOK 18 mill following the settlement with Detnor on September 30th, 2016.

On 11 January 2016 Norwegian Energy Company ASA reported that its UK subsidiary, Noreco Oil UK, had been served formal notice by the licence partners, E.ON UK E&P Limited and Premier Oil Plc, that they will exercise their rights to acquire Noreco's participating interest in the Huntington licence for no consideration in accordance with their rights under the JOA, following a previous notice of default. According to the JOA the liabilities of the company as at the date of default remains with the company until the licence is formally transferred. At the time of reporting this has not yet materialised and the consolidated statement of financial position of the group therefore contains the liabilities of Noreco Oil (UK) Ltd and a write down of the licence. Once the outcome of the liabilities, as described, has been resolved an amount equal to the liabilities would be recorded as a gain. This is expected to be realised during 2016.

The company is steadily progressing the Siri platform insurance claims that amount to in excess of USD 400 million excluding interest. The court hearing was initiated on 12 September 2016 and the ruling is expected on 15 December 2016. As previously announced, Noreco entered into a partnership with Awilhelmsen Special Opportunities AS and QVT Financial LP to pursue the Siri insurance claims, with the aim to maximise the proceeds from the claims.

Following the transaction with Detnor and the ceasing of E&P activities, Noreco is focusing on monetising remaining assets. The number of employees has been reduced to 4 but is expected to increase slightly where focus is on the changed requirement for skills. A strong focus on cost will be maintained.

## GROUP FINANCIALS

The Noreco group had **revenues from continued operations** of NOK 3 million in the third quarter 2016, the same as the revenue in third quarter 2015. For the first 9 months in 2016 the revenues were NOK 8 million compared to NOK 12 million in 2015. The reduced revenue in 2016 compared with 2015 is mainly due to reduced ownership interest in the Danish oil field Lulita.

**Production expenses from continued operations** amounted to NOK 0 million in the third quarter of 2016, and 4 million for the first nine months. In 2015 the production expenses from continued operations amounted to NOK 1 million for the third quarter and NOK 5 million for the first nine months.

**Personnel expenses** in third quarter was NOK 2 mill – equal to the expenses in same quarter last year. Cost for the first 3 quarters was NOK 16 mill both in 2016 and 2015.

**Other operating expenses from continued operations** were a cost of NOK 40 million for the first three quarters of 2016 compared to an income in 2015. The significant increase is due to consultancy cost relating to the insurance claim where work has been intensified during the year up to and during the court hearing that was initiated in September 2016. Cost for third quarter was NOK 21 mill compared to NOK 2 mill in 2015.

**EBITDA from continued operations** (operating result before depreciation and write-downs) in the third quarter 2016 was negative by NOK 20 million, compared to a loss of NOK 1 million in the same quarter 2015. For the first nine months of 2016 Noreco had a negative EBITDA of NOK 50 million compared to a profit of NOK 8 million in the same period in 2015.

**Net Financial items from continued operations** amounted NOK 64 million for the third quarter of 2016, and NOK 61 million for the first nine months, compared to a positive amount of NOK 91 million in the third quarter of 2015, and NOK 1 942 million for the first nine months of 2015. The effect in the third quarter of 2016 is mainly due to currency translation and change in fair value of bonds.

**Taxes from continued operations** amounted to an income of NOK 24 million for the third quarter, and NOK 64 million for the first nine months. The effect is impacted by the Detnor deal and fair value measurement of the bond loans. Taxable income is also impacted by different tax regimes and tax rates. The tax rate represents the weighted average in relation to the results from the various subsidiaries. Reference is made to note 10 in the interim financial report for further details to the taxes this period.

**Profit (loss) from discontinued operations** amounted to a loss in the third quarter of NOK 6 million compared to a loss of NOK 146 million for the same period in 2015. For the first nine months profit from discontinued operation amounted to NOK 33 million compared to a loss of NOK 675 million in the same period in 2015.

**Net result** for the third quarter of 2016 is a loss of NOK 66 million, and a loss for the first nine months of NOK 16 million, compared to a loss of NOK 54 million for the third quarter and a profit of NOK 1 280 million for the first nine months of 2015.

**Non-current restricted cash** amounts to NOK 582 million mainly relating to the balance of an escrow account of DKK 445 million plus interests set aside for future abandonment cost for Nini and Cecilie. After the settlement agreement with the partners Noreco remains liable for the abandonment obligation, but the liability is in any and all circumstances limited to a maximum amount of DKK 445 million adjusted for accrued interests on the escrow account. The liability corresponding to this escrow account is included in the asset retirement obligation.

**Current receivables** amounted to NOK 479 million, including NOK 476 million related to the Siri-insurance claim. The court hearing was initiated in September 2016.

At the end of the third quarter 2016, Noreco had a total of NOK 87 million in **bank deposits, cash and cash equivalents**.

**Equity** amounted to NOK 114 million at the end of the period, compared to NOK 144 million at the end of 2015.

**Asset retirement obligations** amounted to NOK 776 million at the end of the quarter compared to NOK 837 million at the end of 2015. The decrease is due to currency translation.

**Interest-bearing debt**, excluding exploration loans, had a book value of NOK 529 million (principal amount NOK 639 million) at the end of the third quarter 2016, compared to a book value of NOK 832 million (principal amount NOK 994 million) at the end of 2015. At the end of the quarter the bonds were valued at 81% (NOR06) and 88% (NOR10) of principal amount. The group's exploration loan amounted to NOK 107 million at the end of the quarter. This amount has been settled in Q4 2016. Total interest-bearing debt at the end of the third quarter has been reduced to a book value of NOK 636 million compared to NOK 942 million at the end of 2015.

## RISKS AND UNCERTAINTIES

Investment in Noreco involves risks and uncertainties as described in the board of directors' report and note 3 to the annual report 2015. The most significant risks Noreco is facing for the next twelve months are related to tax, court ruling and currency exchange rates.

## GOVERNANCE AND ORGANISATION

At the start of 2016 the company had 27 employees. At the end of the quarter, the number of employees had been reduced to 4.

# STATEMENT OF COMPREHENSIVE INCOME

## CONSOLIDATED

All figures in NOK million	Note	Q3 2016	Re-presented Q3 2015	YTD Q3 2016	Re-presented YTD Q3 2015	Re-presented 2015
<b>Continued operations</b>						
Revenue	3	3	3	8	12	13
<b>Total revenues</b>		<b>3</b>	<b>3</b>	<b>8</b>	<b>12</b>	<b>13</b>
Production expenses	4	0	(1)	(4)	(5)	(6)
Exploration and evaluation expenses	5	-	-	(0)	(0)	(1)
Personnel expenses	6	(2)	(2)	(16)	(16)	(18)
Other operating expenses	7	(21)	(2)	(40)	11	(8)
Other (losses) / gains	8	-	(0)	1	6	(14)
<b>Total operating expenses</b>		<b>(23)</b>	<b>(5)</b>	<b>(59)</b>	<b>(4)</b>	<b>(46)</b>
<b>Operating result before depreciation and write-downs (EBITDA)</b>		<b>(20)</b>	<b>(1)</b>	<b>(50)</b>	<b>8</b>	<b>(33)</b>
Depreciation	12	(0)	-	(0)	(1)	(2)
Write-downs and reversals of write-downs	11,12	-	0	-	0	(11)
<b>Net operating result (EBIT)</b>		<b>(20)</b>	<b>(1)</b>	<b>(51)</b>	<b>8</b>	<b>(46)</b>
Financial income	9	15	107	53	2 374	2 412
Financial expenses	9	(79)	(16)	(114)	(432)	(378)
<b>Net financial items</b>		<b>(64)</b>	<b>91</b>	<b>(61)</b>	<b>1 942</b>	<b>2 034</b>
<b>Result before tax (EBT)</b>		<b>(84)</b>	<b>90</b>	<b>(112)</b>	<b>1 949</b>	<b>1 988</b>
Income tax benefit / (expense)	10	24	2	64	8	2
<b>Net result for the period (continued operation)</b>		<b>(61)</b>	<b>92</b>	<b>(49)</b>	<b>1 957</b>	<b>1 991</b>
<b>Discontinued operation</b>						
Profit (loss) from discontinued operation (net of income tax)	2	(6)	(146)	33	(675)	(1 324)
<b>Net result for the period</b>		<b>(66)</b>	<b>(54)</b>	<b>(16)</b>	<b>1 280</b>	<b>665</b>
<b>Other comprehensive income (net of tax):</b>						
<i>Items to be reclassified to profit or loss in subsequent periods</i>						
Reclassification of currency translation adjustment upon disposal of subsidiary		-	-	-	-	-
Currency translation adjustment		16	1	(21)	21	16
<i>Total</i>		<i>16</i>	<i>1</i>	<i>(21)</i>	<i>21</i>	<i>16</i>
<b>Total other comprehensive income for the period (net of tax)</b>		<b>16</b>	<b>1</b>	<b>(21)</b>	<b>21</b>	<b>16</b>
<b>Total comprehensive income for the period (net of tax)</b>		<b>(50)</b>	<b>(53)</b>	<b>(37)</b>	<b>1 302</b>	<b>681</b>
<b>Earnings per share (NOK 1)</b>						
Basic	20	(9)	(8)	(2)	308	94
Diluted	20	(9)	(8)	(2)	308	94
<b>Earnings per share continuing operation (NOK 1)</b>						
Basic	20	(9)	13	(7)	471	283
Diluted	20	(8)	13	(7)	470	283

# STATEMENT OF FINANCIAL POSITION

## CONSOLIDATED

NOK million	Note	30.09.16	31.12.15
<b>Non-current assets</b>			
Deferred tax assets	10	408	351
Property, plant and equipment	12	1	2
Tax refund	10	-	-
Restricted cash	14,17	582	620
Receivables	13	-	521
<b>Total non-current assets</b>		<b>991</b>	<b>1 494</b>
<b>Current assets</b>			
Assets held for sale		0	12
Tax refund	10	119	119
Trade receivables and other current assets	13,17	479	21
Restricted cash	14,17	4	178
Bank deposits, cash and cash equivalents	14,17	87	452
<b>Total current assets</b>		<b>689</b>	<b>783</b>
<b>Total assets</b>		<b>1 679</b>	<b>2 277</b>
<b>Equity</b>			
Share capital	20	71	71
Other equity		43	73
<b>Total equity</b>		<b>114</b>	<b>144</b>
<b>Non-current liabilities</b>			
Deferred tax	10	28	47
Asset retirement obligations	19	776	837
Bond loan	15,17	520	501
Other interest bearing debt	15,17	0	-
<b>Total non-current liabilities</b>		<b>1 324</b>	<b>1 385</b>
<b>Current liabilities</b>			
Liabilities held for sale		-	107
Bond loan	15,17	9	331
Other interest bearing debt	15,17	107	110
Derivatives	17	-	1
Tax payable	10	-	37
Trade payables and other current liabilities	16,17	126	162
<b>Total current liabilities</b>		<b>242</b>	<b>748</b>
<b>Total liabilities</b>		<b>1 566</b>	<b>2 133</b>
<b>Total equity and liabilities</b>		<b>1 679</b>	<b>2 277</b>

# STATEMENT OF CHANGES IN EQUITY

## CONSOLIDATED

NOK million	Share capital	Currency translation fund	Other equity	Total equity
<b>2015</b>				
Equity on 01.01.2015	568	449	(1 820)	(803)
Net result for the period		-	1 280	1 280
<b>Other comprehensive income for the period (net of tax)</b>				
Currency translation adjustments	-	22	-	22
<b>Total comprehensive income for the period (net of tax)</b>	<b>-</b>	<b>22</b>	<b>1 280</b>	<b>1 302</b>
<b>Transactions with owners</b>				
Proceeds from share issued	65	-	189	255
Issue cost	-	-	-	-
Capital reduction	(562)	-	562	-
Share-based incentive program	-	-	7	7
<b>Total transactions with owners for the period</b>	<b>(497)</b>	<b>-</b>	<b>758</b>	<b>261</b>
<b>Equity on 30.09.2015</b>	<b>71</b>	<b>471</b>	<b>218</b>	<b>760</b>
<b>2016</b>				
Equity on 01.01.2016	71	465	(392)	144
Net result for the period		-	(16)	(16)
<b>Other comprehensive income for the period (net of tax)</b>				
Currency translation adjustments	-	(21)	-	(21)
<b>Total other comprehensive income for the period (net of tax)</b>	<b>-</b>	<b>(21)</b>	<b>(16)</b>	<b>(37)</b>
<b>Transactions with owners</b>				
Proceeds from share issued	0	-	0	0
Share-based incentive program	-	-	7	7
<b>Total transactions with owners for the period</b>	<b>0</b>	<b>-</b>	<b>7</b>	<b>7</b>
<b>Equity on 30.09.2016</b>	<b>71</b>	<b>444</b>	<b>(401)</b>	<b>114</b>



# STATEMENT OF CASH FLOWS

## CONSOLIDATED

NOK million	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
Net result for the period	(66)	(54)	(16)	1 280
Income tax benefit	(26)	(8)	(73)	198
<i>Adjustments to reconcile net result before tax to net cash flows from operating activities:</i>				
Depreciation	0	20		68
Write-downs and reversal of write-downs	-	70		135
Expensed exploration expenditures previously capitalised		53	6	262
Share-based payments expenses	-	4	7	7
(Gain) / loss on sale of licences	(0)	(10)	(65)	19
Change in fair value of bonds	26	(58)	20	218
Unrealised loss / (gain) related to financial instruments			(1)	(27)
Gain on extinguishment of debt	-			(2 176)
Paid/received interests and borrowing cost - net	-	5		13
Interests received	-			
Effect of changes in exchange rates	16	(52)	(21)	(67)
Accretion expense related to asset retirement obligations	-	6	-	34
Assets and liabilities held for sale	-			
<i>Changes in working capital</i>				
Changes in trade receivable	23	6	42	45
Changes in trade payables	(2)	(5)	(2)	(9)
Changes in other current balance sheet items	(5)	4	138	159
<b>Net cash flow from operations</b>	<b>(34)</b>	<b>(20)</b>	<b>35</b>	<b>159</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of assets	-			11
Purchase of tangible assets		1		6
Purchase of intangible assets		(54)		(197)
Net cash outflow from divestment of assets			(44)	-
<b>Net cash flow used in investing activities</b>	<b>-</b>	<b>(53)</b>	<b>(44)</b>	<b>(180)</b>
<b>Cash flows from financing activities</b>				
PIK Interest	16		16	-
Repayment of bonds	(18)	(243)	(341)	(243)
Repayment of exploration facility			(3)	(2)
Paid borrowing cost	-			(70)
Interest paid	(6)	(5)	(28)	(13)
<b>Net cash flow from (used) in financing activities</b>	<b>(8)</b>	<b>(180)</b>	<b>(356)</b>	<b>(260)</b>
<b>Net change in cash and cash equivalents</b>	<b>(42)</b>	<b>(253)</b>	<b>(365)</b>	<b>(281)</b>
Cash and cash equivalents at the beginning of the period	130	616	452	644
<b>Cash and cash equivalents at end of the quarter</b>	<b>87</b>	<b>363</b>	<b>87</b>	<b>363</b>

# NOTES

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## 1 Accounting principles

Norwegian Energy Company ASA (“Noreco”, “the Company” or “the Group”) is a public limited company registered in Norway, with headquarters in Oslo (Nedre Vollgate 1, 0158 Oslo). The Company has subsidiaries in Norway, Denmark and the United Kingdom.

Following the restructuring in March 2015, the company’s objective has been changed into monetizing the company’s assets with the aim to repay outstanding debt. Any surplus cash will be paid out to shareholders or invested in relevant activities. The Company is listed on the Oslo Stock Exchange.

### **Basis for preparation**

The interim condensed consolidated financial statements (the interim financial statements) for the third quarter 2016 comprise Norwegian Energy Company ASA (Noreco) and its subsidiaries. These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The interim financial statements do not include all of the information and disclosures required to represent a complete set of financial statements, and these interim financial statements should be read in conjunction with the annual financial statements. The interim financial statements are unaudited.

The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding. The statement of comprehensive income has been re-presented for discontinued operations as of Q3 2016.

The interim financial statements for the third quarter of 2016 were authorised for issue by the board of directors on 23 November 2016.

### **Going concern**

The board of directors confirms that the interim financial statements have been prepared under the presumption of going concern, and that this is the basis for the preparation of these interim financial statements. The financial solidity and the company’s cash position are considered satisfactory in regards of the planned activity level for the next twelve months.

Reference to summary of significant accounting policies.

These interim financial statements are prepared using the same accounting principles as the annual financial statements for 2015. For the full summary of significant accounting policies, reference is made to the annual financial statements for 2015.

### **Borrowings**

Borrowings are initially recognised at fair value. The subsequent measurement depends on which category they have been classified into. The categories applicable for Noreco are either financial liabilities through profit or loss or financial liabilities measured at amortised cost using the effective interest method. The first category applies to Noreco’s bond loans as of 30 September 2016.

### **Discontinued operation**

A discontinued operation is a component of the Group’s business, the operation and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. Comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Since the new strategy for Noreco has been implemented by Noreco effectively ceasing to be an E&P company, by selling, relinquishing, termination or forfeiture all its E&P activities, including its E&P staff, the E&P operation is classified as a discontinued operation.

### **New standards interpretations and amendments adopted by Noreco on 1 January 2016**

There have been no changes to significant accounting policies in the third quarter of 2016 compared to the annual financial statements for 2015.

## 2 Discontinued operations

In October 2014, Noreco initiated a comprehensive financial restructuring due to a material decrease in the company's debt servicing ability. Noreco initiated during the winter a financial restructuring process and a restructuring proposal was presented in February 2015. The restructuring proposal entailed that Noreco would be converting NOK 1 979 million of bond debt to equity with NOK 1 218 million of bond debt remaining on amended terms, including amended maturities, with possible payment-in-kind interest and no fixed amortizations except final maturity in three years, but with "cash sweep" if cash should become available. The restructuring proposal was approved in March 2015, and Noreco has since focused on implementing the new strategy.

The new strategy entails re-payment of bonds whenever the cash flow allows it, and secure a return of investment to the shareholders. In first quarter an agreement was entered into by Noreco's fully owned subsidiary Noreco Norway AS and Det norske oljeselskap ASA (Detnor). The transaction with Detnor received the necessary approvals from the Ministry of Petroleum and Energy and the Ministry of Finance at the end of second quarter, and the deal was consequently completed at the end of second quarter 2016. The effective date of the transaction is 1 January 2016. The completion of the transaction constitute a ceasing of all of Noreco Norway's petroleum activities, and Noreco will claim "Exit-refund" in 2017. At the end of the third quarter the company only has a 10% interest in a Danish oil field (Lulita) to maintain hydrocarbon tax position in order to protect the main asset in Denmark. According to IFRS 5 the company is required to present its E&P business as discontinued to ensure that the accounts reflect its current operation.

Following the Detnor-transaction, Noreco has a 10% share in the oil field Lulita, an insurance claim related to damages suffered related to the Siri platform, the tax balances and the bond loans NOR06 and NOR10.

(NOK million)	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
<b>Revenue</b>	-	<b>104</b>	-	<b>403</b>
Production expenses	-	(73)	(2)	(226)
Exploration and evaluation expenses <sup>(1)</sup>	(1)	(60)	(16)	(340)
Payroll expenses	0	(16)	(16)	(43)
Other operating expenses	(6)	(12)	(14)	(36)
Other (losses) / gains	0	(0)	65	6
<b>Total operating expenses</b>	<b>(6)</b>	<b>(160)</b>	<b>18</b>	<b>(640)</b>
<b>Operating result before depreciation and write-downs (EBITDA)</b>	<b>(6)</b>	<b>(56)</b>	<b>18</b>	<b>(236)</b>
Depreciation	-	(20)	-	(67)
Write-downs and reversals of write-downs	-	(70)	-	(134)
<b>Net operating result (EBIT)</b>	<b>(6)</b>	<b>(146)</b>	<b>18</b>	<b>(437)</b>
Financial income	0	5	(0)	9
Financial expenses	(2)	(11)	6	(42)
<b>Net financial items</b>	<b>(2)</b>	<b>(6)</b>	<b>5</b>	<b>(33)</b>
<b>Result before tax (EBT)</b>	<b>(8)</b>	<b>(152)</b>	<b>24</b>	<b>(470)</b>
Income tax benefit / (expense)	2	6	9	(206)
<b>Net result for the period</b>	<b>(6)</b>	<b>(146)</b>	<b>33</b>	<b>(675)</b>

1) The Detnor deal has the consequence that Noreco Norway no longer has any exploration assets.

## 3 Revenue

(NOK million)	Note	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
<b>Continued operations</b>					
Sale of oil		3	0	7	9
Sale of gas and NGL		0	3	1	3
<b>Total revenue continued operations</b>		<b>3</b>	<b>3</b>	<b>8</b>	<b>12</b>
<b>Total revenue discontinued operations</b>	<b>2</b>	<b>-</b>	<b>104</b>	<b>-</b>	<b>403</b>
<b>Total revenue</b>		<b>3</b>	<b>108</b>	<b>8</b>	<b>416</b>

## 4 Production expenses

(NOK million)	Note	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
<b>Continued operations</b>					
Lulita		0	(1)	(4)	(5)
<b>Total production expenses continued operations</b>		<b>0</b>	<b>(1)</b>	<b>(4)</b>	<b>(5)</b>
<b>Total production expenses discontinued operations</b>	<b>2</b>	<b>-</b>	<b>(73)</b>	<b>(2)</b>	<b>(226)</b>
<b>Total production expenses</b>		<b>0</b>	<b>(74)</b>	<b>(5)</b>	<b>(231)</b>

## 5 Exploration and evaluation expenses

(NOK million)	Note	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
<b>Continued operations</b>					
Other exploration and evaluation costs		-	-	(0)	(0)
<b>Total exploration and evaluation costs continued operations</b>		<b>-</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>
<b>Total exploration and evaluation costs discontinued operations</b>	<b>2</b>	<b>(1)</b>	<b>(60)</b>	<b>(16)</b>	<b>(340)</b>
<b>Total exploration and evaluation costs</b>		<b>(1)</b>	<b>(60)</b>	<b>(16)</b>	<b>(340)</b>

## 6 Payroll expenses

(NOK million)	Note	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
<b>Continued operations</b>					
Salaries		(2)	(2)	(8)	(13)
Social security tax		(0)	0	(0)	(0)
Pensions costs		(0)	0	(0)	(0)
Costs relating to share-based payments		0	(0)	(7)	(2)
Other personnel expenses		(0)	0	(0)	(0)
Personnel expenses charged to operated licences		-	0	0	(0)
<b>Total personnel expenses continued operations</b>		<b>(2)</b>	<b>(2)</b>	<b>(16)</b>	<b>(16)</b>
<b>Total personnel expenses discontinued operations</b>	<b>2</b>	<b>0</b>	<b>(16)</b>	<b>(16)</b>	<b>(43)</b>
<b>Total personnel expenses</b>		<b>(2)</b>	<b>(18)</b>	<b>(32)</b>	<b>(59)</b>
Average number of employees, continued operations		4	6	6	4
Average number of employees, discontinued operations		-	35	20	39
Average number of employees		4	41	26	43

Share based payments relate to the option program decided at the EGM in January 2016 for the benefit of the executive management. The organisation in Stavanger is part of the agreement made with Detnor AS, ref. note 2.

## 7 Other operating expenses

(NOK million)	Note	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
<b>Continued operations</b>					
Premises		(0)	-	(1)	-
IT expenses		(0)	(1)	(1)	(3)
Travel expenses		(0)	(0)	(1)	(0)
Office cost		(0)	(0)	(0)	(0)
Consultant fees <sup>(1)</sup>		(20)	-	(36)	17
Other operating expenses		(0)	(1)	(1)	(3)
<b>Total other operating expenses continued operations</b>		<b>(21)</b>	<b>(2)</b>	<b>(40)</b>	<b>11</b>
<b>Total other operating expenses discontinued operations</b>	<b>2</b>	<b>(6)</b>	<b>(12)</b>	<b>(14)</b>	<b>(36)</b>
<b>Total other operating expenses</b>		<b>(27)</b>	<b>(14)</b>	<b>(54)</b>	<b>(26)</b>

1) Consultant fees in YTD Q2 2015 include fees relating to the restructuring efforts recorded in 2014, which have been reclassified and included in the calculation of bond debt restructuring impact. During 2016 and especially in third quarter of 2016 the work with the insurance case was intensified and is the main reason for the consultancy fees.

## 8 Other (losses) / gains

(NOK million)	Note	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
<b>Continued operations</b>					
Change in value, other derivatives		-	(0)	1	2
Gain /(loss) on sale of assets		-	-	-	4
<b>Total other (losses)/gains continued operations</b>		<b>-</b>	<b>(0)</b>	<b>1</b>	<b>6</b>
<b>Total other (losses)/gains discontinued operations</b>	<b>2</b>	<b>0</b>	<b>(0)</b>	<b>64</b>	<b>6</b>
<b>Total other (losses)/gains</b>		<b>0</b>	<b>(0)</b>	<b>65</b>	<b>12</b>

## 9 Financial income and expenses

### Financial income

(NOK million)	Note	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
<b>Continued operations</b>					
Interest income		0	1	1	9
Gain on extinguishment of debt <sup>(1)</sup>		-	-	-	2 176
Change in fair value of bond debt <sup>(1)</sup>		-	58	-	58
Currency translation income		14	47	48	130
Other financial income		0	2	0	2
<b>Total financial income continued operations</b>		<b>15</b>	<b>107</b>	<b>50</b>	<b>2 374</b>
<b>Total financial income discontinued operations</b>	<b>2</b>	<b>0</b>	<b>5</b>	<b>(1)</b>	<b>9</b>
<b>Total financial income</b>		<b>15</b>	<b>112</b>	<b>49</b>	<b>2 383</b>

1) See note 15

### Financial expenses

(NOK million)	Note	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
<b>Continued operations</b>					
Interest expense from bond loans		(11)	(18)	(35)	(79)
Interest expenses current liabilities		(1)	(0)	(1)	-
Accretion expense related to asset retirement obligations		(0)	-	(0)	-
Change in fair value of bond debt <sup>(1)</sup>		(26)		(20)	
Currency translation expense		(38)	2	(39)	(76)
Other financial expenses <sup>(2)</sup>		(4)		(16)	(277)
<b>Total financial expenses continued operations</b>		<b>(79)</b>	<b>(16)</b>	<b>(110)</b>	<b>(432)</b>
<b>Total financial expenses discontinued operations</b>	<b>2</b>	<b>(2)</b>	<b>(11)</b>	<b>6</b>	<b>(42)</b>
<b>Total financial expenses</b>		<b>(81)</b>	<b>(27)</b>	<b>(104)</b>	<b>(475)</b>
<b>Net financial items continued operation</b>		<b>(64)</b>	<b>91</b>	<b>(60)</b>	<b>1 942</b>
<b>Net financial items discontinued operation</b>	<b>2</b>	<b>(2)</b>	<b>(6)</b>	<b>5</b>	<b>(33)</b>
<b>Net financial items</b>		<b>(66)</b>	<b>85</b>	<b>(55)</b>	<b>1 909</b>

1) See note 15

2) Included in other financial expenses is negative valuation on bonds

# 10 Tax

## Income tax

(NOK million)	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
Income (loss) before tax	(92)	(62)	(88)	1 478
Income tax benefit / (expense)	26	8	73	(198)
Equivalent to a tax rate of	28.1 %	12.9 %	82.8 %	13.4 %

The effective tax rate for the quarter was approximately 28 per cent compared to a tax rate of 13 per cent for the same period last year. Noreco operates in three countries and six different tax regimes with separate tax rates. As such, the weighted average tax rate varies from quarter to quarter based on variations of the tax basis. This quarter is highly influenced by bond loans measured at fair value.

Deferred tax asset and deferred tax liability are presented net for each jurisdiction and tax regime, where our legal entities have, or are expected to have a legally enforceable right to offset current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Included in deferred tax assets is an amount related to Noreco Norway which consist of a net amount of approximately NOK 370 million, which consist of an Exit refund of approximately NOK 383 million, NOK 10 million in other refunds and a deferred tax liability of approximately NOK 23 million related to the fair value measurement of the NOR06 bond. The refunds to be repaid to Noreco Norway in 2017 totals approximately NOK 393 million, of which the NOR06 bondholders are expected to receive approximately NOK 383 million in Exit refund.

Tax loss carry forward 30.09.16 (NOK million)	Offshore		Onshore	
	Recognised	Un-recognised	Recognised	Un-recognised
<i>Norway (offshore 53% / onshore 25%)</i>				
Norwegian Energy Company ASA	-	-	-	667
Altinex AS	-	-	-	3
Noreco Norway AS	502	-	508	10
<i>Denmark (offshore 39% / onshore 25%)</i>				
Noreco Denmark A/S	-	-	-	-
Noreco Oil Denmark A/S	244	4 703	-	-
Noreco Petroleum Denmark A/S	14	810	-	-
<i>UK (offshore 20% / onshore 30%)</i>				
Norwegian Energy Company (UK) Ltd.	-	679	-	679
Noreco Oil (UK) Ltd.	-	882	-	701
<b>Total tax loss carry forward</b>	<b>760</b>	<b>7 074</b>	<b>508</b>	<b>2 060</b>

The onshore tax loss carry forwards in Noreco Norway AS is subject to the Norwegian Petroleum Taxation Act §3c.

Tax loss carry forwards in the Danish offshore tax regime of NOK 5 513 million has been calculated according to Chapter 3A in the Danish Hydrocarbon Taxation Act (kulbrinteskatteloven). Approximately NOK 308 million is time limited and will lapse by 2016. Current forecasts also indicate that the remaining tax loss carry forwards will not be utilised.

## Tax refund - Exploration activity

### Current assets

Tax refund related to Norwegian exploration activity in 2015	119	119
<b>Total tax refund</b>	<b>119</b>	<b>119</b>

### Tax payable

(NOK million)	30.09.16	31.12.15
Tax payable in Norway	-	-
Tax payable other countries	-	37
<b>Total tax payable</b>	<b>-</b>	<b>37</b>

All figures reported in the income statement and the statement of financial position are based on Noreco's tax calculations, and should be considered estimates until the final tax return is settled for each specific year.

In January 2016 the company received a ruling resulting in an increased tax payment for 2011 of NOK 37 million which has been accounted for. However, the Company is of the opinion that all transactions have been treated correctly in the submitted tax returns and the ruling therefore has been challenged.

# 11 Intangible non-current assets

(NOK million)	Licence and capitalised exploration expenditures	Goodwill	Total
Acquisition costs 01.01.16	(0)	1 095	1 095
Additions	6	-	6
Expensed exploration expenditures previously capitalised	(6)	-	(6)
Disposals	-	(1 087)	(1 087)
Reclassified from assets held for sale in Q1 2016	-	38	38
Currency translation adjustment	0	(39)	(39)
<b>Acquisition costs 30.09.16</b>	<b>(0)</b>	<b>7</b>	<b>7</b>
<b>Accumulated depreciation and write-downs</b>			
Accumulated depreciation and write-downs 01.01.16		(1 095)	(1 095)
Write-downs		-	-
Disposals		1 087	1 087
Reclassified from assets held for sale in Q1 2016		(38)	(38)
Currency translation adjustment		39	39
<b>Accumulated depreciation and write-downs 30.09.16</b>		<b>(7)</b>	<b>(7)</b>
<b>Book value 30.09.16</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>

## Impairment test Q3 2016

No impairment test was performed in Q3 2016 due to all intangible non-current assets being impaired in full during 2015, and no triggers or reversal triggers have been present in Q3 2016.

## Result from impairment test of goodwill on 30 September 2016

The remaining goodwill was fully impaired in previous quarters.



## 12 Property, plant and equipment

(NOK million)	Production facilities	Machinery and equipment	Total
Acquisition costs 01.01.16	3 790	6	3 796
Additions	-	-	-
Disposals	(3 799)	-	(3 799)
Reclassified from assets held for sale in Q1 2016	78	0	78
Currency translation adjustment	(131)	(0)	(131)
<b>Acquisition costs 30.09.16</b>	<b>(62)</b>	<b>6</b>	<b>(56)</b>
<b>Accumulated depreciation and write-downs</b>			
Accumulated depreciation and write-downs 01.01.16	(3 788)	(6)	(3 794)
Depreciation	(1)	-	(1)
Disposals	3 799	-	3 799
Write-downs	-	-	-
Reclassified from assets held for sale in Q1 2016	(78)	(0)	(78)
Currency translation adjustment	131	0	131
<b>Accumulated depreciation and write-downs 30.09.16</b>	<b>63</b>	<b>(6)</b>	<b>58</b>
<b>Book value 30.09.16</b>	<b>1</b>	<b>0</b>	<b>1</b>

### Impairment test Q3 2016

No impairment test was performed in Q3 2016 due to all material PP&E being impaired in full during 2015, and no triggers or reversal triggers have been present in Q3 2016.

## 13 Non-current receivables, trade receivables and other current assets

(NOK million)	30.09.2016	31.12.2015
<b>Non-current assets</b>		
Other receivables <sup>(1)</sup>	-	521
<b>Total non-current receivables</b>	<b>-</b>	<b>521</b>
<b>Current assets</b>		
Trade receivables	1	2
Receivables from operators relating to joint venture licences	1	5
Underlift of oil/NGL	1	0
Prepayments	0	1
Other receivables <sup>(1)</sup>	476	13
<b>Total trade receivables and other current receivables</b>	<b>479</b>	<b>21</b>

1) The company continues to progress an insurance claim which is related to damage to the Siri platform that was discovered in 2009. The total claim exceeds NOK 3 billion, of which NOK 476 million (the USD amount is unchanged since 31 December 2015) is recognised as a current receivable at 30 September 2016. The book value of the receivable relates to costs incurred to prevent further damage, and loss of production income in 2009/2010. Based on technical documentation containing third party evaluations and the insurance agreements, the company remains firm that the claim is covered and at a minimum the booked amounts will be awarded.

The court hearing was initiated during September 2016 and a ruling is expected in December 2016.

# 14 Restricted cash, bank deposits, cash and cash equivalents

## Restricted cash, bank deposits, cash and cash equivalents

(NOK million)	30.09.2016	31.12.2015
<b>Non-current assets</b>		
Restricted cash pledged as security for abandonment obligation in Denmark, DKK 445 million plus interest (see note 19)	542	581
Other restricted cash and bank deposits	40	39
<b>Total non-current restricted cash</b>	<b>582</b>	<b>620</b>

### Current assets

Other restricted cash and bank deposits (Bond holder pledge account, Withholding tax etc.)	4	178
Unrestricted cash, bank deposits, cash equivalents and quoted shares	87	452
<b>Total bank deposits</b>	<b>672</b>	<b>1 250</b>

### Restricted cash

Not included in above is a deposit to the benefit of Noreco made by Awilhelmensen Special Opertunities AS and QVT Fincial LP in relation an agreed secured minimum payment of USD 15 mill on the Siri-claim.

### Overdraft facilities

(NOK million)	Facility amount	Used	Unused	Available
NOK (Exploration loan facility in Noreco Norway AS) <sup>(1)</sup>	107	107	-	-
<b>Total</b>	<b>107</b>	<b>107</b>	<b>-</b>	<b>-</b>
Unrestricted cash and cash equivalents				87
<b>Accessible liquidity at 30.09.16</b>				<b>87</b>

1) The basis for utilisation of the exploration loan facility is 70 percent of exploration losses which are entitled to 78 percent tax refund from the Norwegian tax authorities. The cross default clause is limited to borrowings within Noreco Norway.

# 15 Borrowings

## 15.1 Principal amounts and book values

Non-current debt (NOK million)	30.09.2016		31.12.2015	
	Principal amount	Book value	Principal amount	Book value
NOR06 bond loan, amended and restated	473	383	477	367
NOR10 bond loan, amended and restated	156	138	156	134
<b>Total non-current bonds</b>	<b>630</b>	<b>520</b>	<b>634</b>	<b>501</b>
Exploration loan	(0)	(0)	(0)	(0)
<b>Total non-current other interest bearing debt</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Current debt</b>				
(NOK million)	30.09.2016		31.12.2015	
	Principal amount	Book value	Principal amount	Book value
Amended and restated NOR06	9	9	160	160
Amended and restated NOR10	-	-	200	170
<b>Total current bonds</b>	<b>9</b>	<b>9</b>	<b>361</b>	<b>331</b>
Exploration loan	107	107	110	110
<b>Total current other interest bearing debt</b>	<b>107</b>	<b>107</b>	<b>110</b>	<b>110</b>
<b>Total borrowings</b>	<b>746</b>	<b>636</b>	<b>1 104</b>	<b>942</b>

## 15.2 Subsequent measurement and events in third quarter

The subsequent measurement depends on which category the borrowings have been classified into. The categories applicable for Noreco are either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost using the effective interest method. Noreco has designated the amended and restated bond loans at fair value through profit or loss. The following fair values were applied for the amended and restated bond loans at the end of second quarter 2016:

Amended and restated NOR06	81,1 %
Amended and restated NOR10	88,0 %

It is assumed that the change in fair value in the third quarter in it's entirety is attributable to change in own credit risk.

# 16 Trade payables and other current liabilities

(NOK million)	30.09.16	31.12.15
Trade payable	(6)	3
Liabilities to operators relating to joint venture licences	85	101
Overlift of oil/NGL	-	-
Accrued interest	4	17
Salary accruals	2	-
Public duties payable	-	1
Other current liabilities	41	39
<b>Total other current liabilities</b>	<b>126</b>	<b>162</b>

# 17 Financial instruments

## 17.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

On 30.09.2016

(NOK million)	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Quoted shares	0	-	-	0
<b>Total assets</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Interest rate swap agreements and trading derivatives	-	-	-	-
- Bond loans	-	-	529	529
<b>Total liabilities</b>	<b>-</b>	<b>(0)</b>	<b>529</b>	<b>529</b>

On 31.12.2015

(NOK million)	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Quoted shares	3	-	-	3
- Underlift of oil	-	-	-	0
<b>Total assets</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>3</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Interest rate swap agreements and trading derivatives	-	1	-	1
- Bond loans	-	-	831	831
<b>Total liabilities</b>	<b>-</b>	<b>1</b>	<b>831</b>	<b>832</b>

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value for a financial instrument are observable, the instrument is included in level 2.

Due to low volumes being traded Noreco has used valuation techniques in order to estimate the fair value on the NOR10 og NOR06 bond loan. The fair value of the NOR06 is based on the estimated repayment when Noreco receives the tax refund (of which approximately NOK 9 million will be used to repay the bond holders) and Exit refund from the Norwegian tax authorities of expectedly NOK 384 million.

## 17.2 Financial instruments by category

On 30.09.2016

(NOK million)	Loans and receivables	Assets at fair value through profit or loss	Total
<b>Assets</b>			
Trade receivables and other current assets	479	-	479
Restricted cash	585	-	585
Bank deposits, cash, cash equivalents and quoted shares	87	0	87
<b>Total</b>	<b>1 152</b>	<b>0</b>	<b>1 152</b>

(NOK million)	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Total
<b>Liabilities</b>			
Bonds	-	529	529
Other interest bearing debt	107	-	107
Trade payables and other current liabilities	126	(0)	126
<b>Total</b>	<b>233</b>	<b>529</b>	<b>762</b>

On 31.12.2015

(NOK million)	Loans and receivables	Assets at fair value through profit or loss	Total
<b>Assets</b>			
Trade receivables and other current assets	20	0	21
Restricted cash	798	-	798
Bank deposits, cash and cash equivalents	450	3	453
<b>Total</b>	<b>1 268</b>	<b>3</b>	<b>1 271</b>

(NOK million)	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Total
<b>Liabilities</b>			
Bonds	0	832	832
Other interest bearing debt	110	-	110
Derivatives	-	1	1
Trade payables and other current liabilities	162	(0)	162
<b>Total</b>	<b>272</b>	<b>833</b>	<b>1 104</b>

## 17.3 Financial instruments - Fair values

Set out below is a comparison of the carrying amounts and fair value of financial instruments as on 30 September 2016:

(NOK million)	Carrying amount	Fair value
<b>Financial assets:</b>		
Trade receivables and other current assets	479	479
Restricted cash	585	585
Bank deposits, cash, cash equivalents and quoted shares	87	87
<b>Total</b>	<b>1 152</b>	<b>1 152</b>
<b>Financial liabilities:</b>		
Bond loans	529	529
Other interest bearing debt	108	108
Derivatives	-	-
Trade payables and other current liabilities	126	126
<b>Total</b>	<b>763</b>	<b>763</b>

# 18 Segment reporting

The group has in 2015 ceased its oil and gas activities and is focused on realising the new strategy and is considered as one operating segment.

Following the financial restructuring, completed in 2015, the group reassessed its segment reporting. As a result from the clear separation between Noreco Norway AS (Ring-fence 2) and the rest of the group (Ring-fence 1) in the amended and restated bond loan agreements (see note 14), the operating segments of Noreco was from Q1 divided into two, Noreco Norway Group (Ring-fence 2) and the rest of the group - "Other - Ring-fence 1".

Transactions between the companies in the group are carried out at ordinary conditions which would have been equivalent for independent parties.

Financial information for the operating segments should reflect management reporting. For management reporting the bond loans are valued and presented to the principal amount and change in fair value and amortisation of unrealised gain is excluded in the income statement. Furthermore, as it is clear from management's perspective that the subsidiary Noreco Oil (UK) Ltd is unable to raise financing for its liabilities and that the group is also unable to support the company, the liability has been "reversed" to reflect the real value of the company to the group.

## Operational segment information 30.09.2016 (YTD)

(NOK million)	Other Ring-fence 1	Noreco Norway Ring-fence 2	Inter company	Group	GAAP adjustments	IFRS Group
<b>Condensed income statement</b>						
Revenue	8	-		8		8
Total operating expenses	(55)	(4)		(59)		(59)
Depreciations	(0)	-		(0)		(0)
Write-downs and reversals	0	-		0		0
Net operating result	(47)	(4)	-	(50)	-	(51)
Net financial items	(12)	(25)		(37)	(24)	(61)
Result before tax	(59)	(29)	-	(87)	(24)	(112)
Income tax benefit / (expense)	48	11		59	5	64
Net result for the period discontinued operations after tax	33			33		33
Net result for the period	22	18	-	4	(19)	(15)
<b>Condensed statement of financial positions</b>						
Licence and capitalised exploration expenses	-	-		-	-	-
Goodwill	-	-		-	-	-
Property, plant and equipment	1	-		1	-	1
Other	1 182	519		1 701	(23)	1 678
Total assets	1 183	519	-	1 702	(23)	1 679
Equity	381	(55)	-	325	(211)	114
Asset retirement obligations	537	-		537	239	776
Bond loans	156	482		639	(110)	529
Other liabilities	110	92		202	59	261
Total liabilities	804	574	-	1 378	188	1 566

**Operational segment information 30.09.2015 (YTD)**

(NOK million)	Other Ringfence 1	Noreco Norway Ringfence 2	Inter company	Group	GAAP adjustments	IFRS Group
<b>Condensed income statement</b>						
Revenue	12	-		12		12
Total operating expenses	(4)	(0)		(4)		(4)
Depreciations	(1)			(1)		(1)
Write-downs and reversals	0			0		0
Net operating result	8	(0)	-	8	-	8
Net financial items	1 479	139		1 618	324	1 942
Result before tax	1 487	139	-	1 626	324	1 949
Income tax benefit / (expense)	114	(49)		65	(57)	8
Net result for the period discontinued operations after tax	(448)	(227)		(675)		(675)
Net result for the period	1 153	(138)	-	1 015	267	1 282
<b>Condensed statement of financial positions</b>						
Licence and capitalised exploration expenses	1	254		255		255
Goodwill	(0)	-		(0)		(0)
Property, plant and equipment	241	-		241		241
Other	1 504	936		2 440	(57)	2 383
Total assets	1 746	1 190	-	2 936	(57)	2 879
Equity	281	212		493	267	760
Asset retirement obligations	766	9		775		775
Bond loans	461	533		994	(324)	671
Other liabilities	238	435		673		673
Total liabilities	1 465	977	-	2 443	(324)	2 119

## 19 Asset retirement obligations

(NOK million)	30.09.16	31.12.15
Balance on 1.1.	837	612
Provisions and change of estimates made during the year	(13)	157
Accretion expense	0	38
Reclassified to liabilities held for sale in Q1 2016	12	(12)
Reversed provision from disposal of assets	(12)	(77)
Currency translation	(48)	118
<b>Total provision made for asset retirement obligations</b>	<b>776</b>	<b>837</b>

As part of the overall restructuring, an agreement was reached that entails that the partners will take over Noreco's share of the Nini and Cecilie licences. The restricted cash account of DKK 445 million plus interest, set aside for future abandonment costs for Nini and Cecilie will not be transferred. The Danish part of Noreco remains liable for the abandonment obligation, but the liability is in any and all circumstances limited to a maximum amount which equals the restricted cash account of DKK 445 million plus interest. Total provision made for asset retirement obligations reflects this. The balance as per 30.09.2016 is NOK 542 million for Nini/Cecilie, NOK 229 million for Huntington and NOK 5 million for Lulita.



## 20 Shares and share capital

(NOK million)	No. of shares	Share Capital
31 December 2015	7 094 730	71
<i>Change in share capital in 2016</i>		
Number of shares and share capital 30 September 2016	7 094 730	71

## INFORMATION ABOUT NORECO

### Head office Noreco

**Headquarters**      **Nedre Vollgate 1, 0158 Oslo, Norway**

Telephone            +47 215 15 707

Internet              www.noreco.com

Organisation number    NO 987 989 297 MVA

### Financial calendar 2016

26 February            Q4 2015 Report

26 May                 Annual General Meeting

26 May                 Q1 2016 Report

31 August              Q2 2016 Report

23 November         Q3 2016 Report

### Board of Directors Noreco

Riulf Rustad            Chair

Lars Purlund

Marianne Lie

John Madden

Tone Kristin Omsted

### Noreco management

Silje Augustson        Group CEO

### Investor Relations

Silje Augustson, CEO

tel. +47 215 15 707

investorrelations@noreco.com

### Annual reports

Annual reports for Noreco are available on [www.noreco.com](http://www.noreco.com)

### Quarterly publications

Quarterly reports and supplementary information for investors and analysts are available on [www.noreco.com](http://www.noreco.com).

The publications can be ordered by sending an e-mail to [investorrelations@noreco.com](mailto:investorrelations@noreco.com).

### News releases

In order to receive news releases from Noreco, please register on [www.noreco.com](http://www.noreco.com) or send an email to [investorrelations@noreco.com](mailto:investorrelations@noreco.com).



**Norwegian Energy Company ASA**

Nedre Vollgate 1

0158 Oslo

Norway

[www.noreco.com](http://www.noreco.com)