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NORECO NORWAY AS
FOURTH QUARTER
2016

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REPORT FOR THE FOURTH QUARTER 2016

NORECO NORWAY AS

SUMMARY

- The transaction with Det Norske Oljeselskap ASA (Detnor) was completed 30 June 2016 and the settlement with Detnor was finalised during 3rd quarter.
- Following the transaction all hydro carbon activities in Noreco Norway has ceased and the company has in January 2017 received approval from the bondholders to seek early tax assessment and the subsequent dissolution of the company.
- The company expects in 2017 to repay further NOK 410 million to the NOR06 bondholders.

BUSINESS DEVELOPMENT AND OUTLOOK

Noreco Norway has following the transaction with Det Norske Oljeselskap ASA (Detnor) ceased all hydro carbons activity and management has focused on monetising the tax loss and other remaining assets.

The company expects to seek early tax assessment and the subsequent dissolution of the company during the spring of 2017 and will be settling NOR06 in accordance with the approved bondholder proposal of 16 March 2016.

The amount to be paid out is expected to be NOK 410 million comprising exit refund and a further amount from the Zidane Agreement.

Due to uncertainties relating to the Zidane payment total proceeds from this agreement has not been included in the accounts.

Based on above the accounts have not been prepared on a going concern basis.

FINANCIALS

Other operating expenses from continued operations consist of consultancy fees.

Net financial items from continued operations amounted to a negative amount of NOK 2 million for the fourth quarter 2016 and relate to change in fair value and interest on bond loan. In the same period last year net financial items was a loss of NOK 106 million mainly due to change in fair value on bond loans.

Taxes from continued operations amounted to an income of NOK 1 million for the fourth quarter 2016, which corresponds to an average tax rate of 26 per cent. Noreco Norway has a marginal tax rate of 78 per cent, of which 25 per cent relates to the ordinary tax rate in Norway and 53 per cent related to the special tax rate related to exploration and production activities in Norway. The deferred tax asset is computed using the tax rates for 2017 (25 per cent/53 percent).

Income from discontinued operation in fourth quarter amounted to NOK 0 million compared to a loss of NOK 156 million for the same period in 2015.

Net result for the fourth quarter of 2016 amounted to a loss of NOK 2 million, compared to a loss of NOK 238 million for the fourth quarter 2015.

At the end of the fourth quarter 2016 Noreco Norway had a total of cash and cash equivalents of NOK 6 million.

Equity amounted to a negative amount of NOK 14 million at the end of the period. The equity was at year end 2015 NOK 0 million.

The **bond loan's** book value was NOK 377 million (principal amount NOK 474 million) at the end of the quarter compared to book value of NOK 527 million (principal amount of NOK 637 million) at the end of 2015. The book value of the bond loan is, as of the end of fourth quarter, based on the expected repayment from exit refund. Due to uncertainties any proceeds from the sale of Zidane as described in the approved bondholder proposal as of 16 March 2016 has not been included in the valuation but is expected to be included in a settlement in 2017.

RISKS AND UNCERTAINTIES

Investment in Noreco Norway involves risks and uncertainties as described in the board of director's report and note 3 to the annual report 2015 of Norwegian Energy Company ASA. The most significant risks Noreco Norway is facing for the next twelve months are related to tax and transaction risk.

GOVERNANCE AND ORGANISATION

In connection with the transfer of the petroleum activities to Detnor, all employees in Noreco Norway has been transferred to Detnor. As a consequence the company no longer has any employees.

STATEMENT OF COMPREHENSIVE INCOME

NOK million	Note	Q4 2016	Q4 2015	YTD Q4 2016	2015
Continued operations					
Revenue		-	-	-	-
Other operating expenses	3	(1)	(7)	(4)	(7)
Total operating expenses		(1)	(7)	(4)	(7)
Operating result before depreciation and write-downs (EBITDA)		(1)	(7)	(4)	(7)
Net operating result (EBIT)		(1)	(7)	(4)	(7)
Financial income	4	6	5	2	337
Financial expenses	4	(8)	(110)	(48)	(262)
Net financial items		(2)	(106)	(46)	75
Result before tax (EBT)		(3)	(113)	(49)	68
Income tax benefit / (expense)	5	1	30	12	(18)
Net result for the period continued operation		(2)	(82)	(37)	50
Discontinued operation					
Profit (loss) from discontinued operation (net of income tax)	2	0	(156)	23	(284)
Net result for the period		(2)	(238)	(14)	(237)
Total comprehensive income for the period (net of tax)		(2)	(238)	(14)	(237)

STATEMENT OF FINANCIAL POSITION

NOK million	Note	31.12.16	31.12.15
Non-current assets			
Deferred tax assets	5	0	350
Property, plant and equipment	7	0	(0)
Tax refund	5	0	(0)
Restricted cash	9,12	2	2
Total non-current assets		2	352
Current assets			
Deferred tax asset	5	376	0
Assets held for sale		-	12
Tax refund	5	-	119
Trade receivables and other current assets	8,12	1	3
Restricted cash	9,12	-	177
Bank deposits, cash and cash equivalents	9,12	6	100
Total current assets		383	412
Total assets		385	764
Equity			
Share capital	13	1 234	1 234
Other equity		(1 248)	(1 234)
Total equity		(14)	0
Non-current liabilities			
Asset retirement obligations	13	(0)	0
Bond loan	10,12	-	367
Total non-current liabilities		(0)	367
Current liabilities			
Liabilities held for sale		-	107
Bond loan	10,12	377	160
Other interest bearing debt	10,12		110
Debt to group companies	10,12	11	0
Trade payables and other current liabilities	11,12	11	19
Total current liabilities		399	397
Total liabilities		399	763
Total equity and liabilities		385	764

STATEMENT OF CHANGES IN EQUITY

NOK million	Share capital	Other equity	Total
2015			
Equity on 01.01.2015	1 131	(1 006)	125
Net result for the period	-	(237)	(237)
Total comprehensive income for the period (net of tax)	-	(237)	(237)
Transactions with owners			
Proceeds from share issued	103	-	103
Share-based incentive program	-	9	9
Total transactions with owners for the period	103	9	112
Equity on 31.12.2015	1 234	(1 234)	0
2016			
Equity on 01.01.2016	1 234	(1 234)	-
Net result for the period	-	(14)	(14)
Total comprehensive income for the period (net of tax)	-	(14)	(14)
Total transactions with owners for the period	-	-	-
Equity on 31.12.2016	1 234	(1 248)	(14)

STATEMENT OF CASH FLOWS

NOK million	Q4 2016	Q4 2015	YTD Q4 2016	YTD Q4 2015
Net result for the period	(2)	(242)	(14)	(237)
Income tax benefit	(5)	(227)	(25)	(199)
<i>Adjustments to reconcile net result before tax to net cash flows from operating activities:</i>				
Expensed exploration expenditures previously capitalised	-	248	11	329
Share-based payments expenses	-	5	-	9
Change in fair value of bond	(6)	100	18	168
Gain on extinguishment of debt	-	-	-	(278)
Paid/received interests and borrowing cost - net	-	3	-	16
Effect of changes in exchange rates	1	-	1	(2)
Accretion expense related to asset retirement obligations	-	1	-	5
Tax refund	119	-	119	-
Changes in working capital				
Changes in trade receivable	2	-	2	10
Changes in trade payables	12	(3)	(2)	(3)
Changes in other current balance sheet items	-	(99)	142	(12)
Net cash flow from operations	121	104	251	99
Cash flows from investing activities				
Proceeds from sale of fixed assets	-	173	-	173
Purchase/sale of intangible assets	-	7	-	(71)
Net cash flow from divestment of assets	-	-	(44)	-
Net cash flow used in investing activities	-	179	(44)	102
Cash flows from financing activities				
Issue of share capital	-	-	-	73
Proceeds from utilisation of exploration facility	-	42	-	110
Repayment of bonds	(9)	-	(185)	-
Repayment of exploration facility	(107)	(282)	(110)	(284)
PIK interest	-	-	16	-
Interest paid	(1)	(3)	(23)	(16)
Net cash flow from (used) in financing activities	(116)	(243)	(302)	(117)
Net change in cash and cash equivalents	5	40	(94)	83
Cash and cash equivalents at the beginning of the period	2	60	100	17
Cash and cash equivalents at end of the quarter	6	100	6	100

NOTES

1 Accounting principles

Noreco Norway AS is a private limited company registered in Norway, with headquarters in Nedre Vollgate 1, 0158 Oslo. 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 a 100% ultimately owned subsidiary of Norwegian Energy Company ASA.

The interim financial statements for the fourth quarter of 2016 were authorised for issue by the board of directors on 15 February 2017.

Basis for preparation

The interim condensed financial statements (the interim financial statements) for the fourth quarter 2016 comprise Noreco Norway AS (Noreco). 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.

Going concern

The board of directors confirms that the interim financial statement has not been prepared under the presumption of going concern, and that this is the basis for the preparation of this interim financial statement. The Company is claiming Exit refund in 2017 and has consequently started the process of closing down the entity. The financial solidity and the company's cash position are considered satisfactory in regards to the planned activity until the entity is closed down during 2017.

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, but not under the presumption as a going concern. 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 loan as of 31 December 2016.

Discontinued operation

A discontinued operation is a component of the company's business, the operation and cash flows of which can be clearly distinguished from the rest of the entity 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

Apart from the going concern presumption, there has been no changes to significant accounting policies in the fourth 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 a "cash sweep" if cash should become available. According to the plan Noreco Norway should take over the NOR06 bond loan at a principal of NOK 618 million. The restructuring proposal was approved in March 2015, and Noreco has since focused on implementing a new strategy as a consequence.

The new strategy is to repay the bonds within three years, with part payment whenever the cash flow allows it, and to secure a return of investment to the shareholders. During 2015 the company implemented the plan by ceasing to be an E&P company, specifically by selling its share in the oil producing licenses Oselvar and Enoch to CapeOmega (The Oselvar sale was completed in Q4 2015; the Enoch sale was completed in Q1 2016) and the entire E&P operation in Norway (license shares, operatorships, staff contracts and other contracts related to the operation) to Det norske oljeselskap ASA (Detnor). The latter agreement was announced on the 2nd of March 2016 and was entered into by Norecos fully owned subsidiary Noreco Norway AS. The deal included a sale of its remaining exploration licences, all employees and a cash balance of approximately NOK 45 million, to be adjusted for working capital. The effective date of the transaction is 1 January 2016. The transaction entered into 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 Detnor deal resulted in Q1 in a provision for the expected payment of consideration. Due to the lengthy process the expected payment of consideration was updated and resulted in a reversal of parts of the provision from Q1. The DetNor transaction constitutes a ceasing of all of Noreco Norway's petroleum activities, and Noreco has started the process of claiming "Exit-refund" as of 31 december 2016.

(NOK million)	Q4 2016	Q4 2015	YTD Q4 2016	YTD Q4 2015
Revenue	0	8	0	57
Production expenses	-	(4)	-	(3)
Exploration and evaluation expenses ⁽¹⁾	(0)	(258)	(17)	(374)
Payroll expenses	2	(15)	(15)	(45)
Other operating expenses	(5)	-	(15)	(23)
Other (losses) / gains ⁽²⁾	0	(78)	64	(78)
Total operating expenses	(4)	(355)	16	(523)
Operating result before depreciation and write-downs (EBITDA)	(4)	(347)	16	(466)
Depreciation	-	-	-	-
Write-downs and reversals of write-downs	-	(3)	-	(3)
Net operating result (EBIT)	(4)	(350)	16	(469)
Financial income	-	1	-	6
Financial expenses	(0)	(6)	(5)	(42)
Net financial items	(0)	(5)	(5)	(36)
Result before tax (EBT)	(4)	(355)	11	(504)
Income tax benefit / (expense)	5	199	12	220
Net result for the period	0	(156)	23	(284)
Average number of employees, discontinued operations	-	22	-	28

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

3 Other operating expenses

(NOK million)	Q4 2016	Q4 2015	YTD Q4 2016	YTD Q4 2015
Consultant fees	(1)	(7)	(4)	(7)
Total other operating expenses continued operation	(1)	(7)	(4)	(7)
Total other operating expenses discontinued operation	(5)	-	(15)	(23)
Total other operating expenses	(5)	(7)	(19)	(30)

4 Financial income and expenses

Financial income

(NOK million)	Q4 2016	Q4 2015	YTD Q4 2016	YTD Q4 2015
Interest income	-	5	0	8
Interest income from other group companies	-	-	0	1
Change in fair value of bond debt	5	-	0	278
Other financial income	1	-	2	50
Total financial income continued operation	6	5	2	337
Total financial income discontinued operation	-	1	-	6
Total financial income	6	6	2	343

Financial expenses

(NOK million)	Q4 2016	Q4 2015	YTD Q4 2016	YTD Q4 2015
Interest expense from bond loans	(8)	(10)	(34)	(33)
Interest expense to other group companies	-	-	-	(11)
Change in fair value of bond debt	0	(100)	(14)	-
Other financial expenses	-	-	-	(218)
Total financial expenses continued operation	(8)	(110)	(48)	(262)
Total financial expenses discontinued operation	(0)	(6)	(5)	(42)
Total financial expenses	(8)	(117)	(53)	(304)
Net financial items continued operation	(2)	(106)	(46)	75
Net financial items discontinued operation	(0)	(5)	(5)	(36)
Net financial items	(2)	(111)	(51)	40

5 Tax

Income tax

(NOK million)	Q4 2016	Q4 2015
Income (loss) before tax	(7)	(468)
Income tax benefit (expense)	5	227
Equivalent to a tax rate of	76.4 %	48.4 %

The tax rate for the fourth quarter of 2016 was impacted by changes in value on bond debt, measured at market price.

Noreco Norway has a marginal tax rate of 78 percent, of which 25 percent relates the ordinary tax rate in Norway and 53 percent relates to the special tax rate related to exploration and production activities in Norway. The deferred tax asset in the balance sheet is calculated using the enacted tax rates for 2017 (25%/53%) adjusted for the deferred tax.

Tax loss carry forward 31.12.16 (NOK million)	Offshore		Onshore	
	Recognised	Un-recognised	Recognised	Un-recognised
Noreco Norway AS	510	-	516	18
Total tax loss carry forward	510	-	516	18

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

The deferred tax in the balance sheet is calculated using the enacted tax rates for 2017 (25 per cent/ 53 per cent) and adjusting for deferred tax.

Deferred tax assets amount to a net amount of approximately NOK 376 million, which consist of an Exit refund of approximately NOK 377 million, NOK 23 million in other refunds and a deferred tax liability of approximately NOK 24 million related to the fair value measurement of the NOR06 bond.

Tax refund

(NOK million)	31.12.16	31.12.15
Tax refund related to Norwegian exploration activity in 2016	-	-
Tax refund related to Norwegian exploration activity in 2015	-	119
Total tax refund	-	119

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

6 Intangible non-current assets

(NOK million)	Licence and capitalised exploration expenditures
Acquisition costs 01.01.16	-
Additions	-
Expensed exploration expenditures previously capitalised	-
Acquisition costs 31.12.16	-
Accumulated depreciation and write-downs	
Accumulated depreciation and write-downs 01.01.16	-
Accumulated depreciation and write-downs 31.12.16	-
Book value 31.12.16	-

7 Property, plant and equipment

(NOK million)	Production facilities	Machinery and equipment	Total
Acquisition costs 01.01.16	77	1	78
Additions	-	(6)	(6)
Revaluation abandonment assets	-	-	-
Disposals	(126)	6	(120)
Reclassified to assets held for sale	78	1	79
Acquisition costs 31.12.16	30	1	31
Accumulated depreciation and write-downs			
Accumulated depreciation and write-downs 01.01.16	(77)	(1)	(77)
Depreciation	(77)	(1)	(78)
Disposals	126	-	126
Write-downs	-	1	1
Reclassified to assets held for sale	(78)	(1)	(79)
Accumulated depreciation and write-downs 31.12.16	(30)	(1)	(109)
Book value 31.12.16	-	0	-

8 Trade receivables and other current assets

Trade receivables and other current assets

(NOK million)	31.12.2016	31.12.2015
Trade receivables	0	2
Receivables from operators relating to joint venture licences	0	1
Underlift of oil/NGL	0	0
Prepayments	0	-
Other receivables	1	0
Total trade receivables and other current receivables	1	3

9 Restricted cash, bank deposits, cash and cash equivalents

Restricted cash, bank deposits, cash and cash equivalents

(NOK million)	31.12.2016	31.12.2015
Non-current assets		
Other restricted cash and bank deposits	2	2
Current assets		
Other restricted cash and bank deposits (Pledged account for bondholders, withholding tax etc.)	-	177
Total restricted cash	2	180
Unrestricted cash, bank deposits and cash equivalents	6	100
Total bank deposits	8	280
Accessible liquidity at 31.12	6	100

10 Borrowings

10.1 Principal amounts and book values

Non-current debt (NOK million)	31.12.16		31.12.2015	
	Principal amount	Book value	Principal amount	Book value
NOR06 bond loan, amended and restated	-	-	477	367
Total non-current bonds	-	-	477	367
Exploration loan	-	-	-	-
Total non-current other interest bearing debt	-	-	-	-
Current debt				
(NOK million)	Principal amount	Book value	Principal amount	Book value
NOR06 bond loan, amended and restated	474	377	160	160
Total current bonds	474	377	160	160
Exploration loan	-	-	110	110
Debt to group companies	11	11	-	-
Total current other interest bearing debt	11	11	110	110
Total borrowings	485	388	748	637

Borrowings are recognised initially at fair value. As of the end of Q4 2016 a fair value of 80% has been applied for the amended and restated bond loan.

The exploration loan was repaid in full during Q4 2016.

10.2 Financial restructuring

A financial restructuring of the Noreco group was completed in the first quarter 2015. For more information see Quarterly report for first quarter 2015 for Noreco Group. For Noreco Norway, the restructuring had the following implications:

- Bond loan NOR06 changed borrower from Norwegian Energy Company ASA to Noreco Norway AS without any recourse to the parent company or other parts of the group. Noreco opted to measure the bond subsequently using the fair value option.
- Noreco Norway AS received an increased share capital of NOK 103.5 million, whereof NOK 73 million in cash and NOK 30.5 million by conversion of intercompany debt to equity.
- Nordic Trustee, on behalf of the bondholders of NOR06, was given an option to purchase all outstanding shares of and any intercompany claims on Noreco Norway AS for NOK 1. If the purchase option is exercised, the Noreco group may cancel the option for a consideration of NOK 30 million, or by exercising the call option on the bond loan.

10.3 Subsequent measurement and events in the fourth quarter

Due to the Oselvar deal which was announced in Q2 2015 and completed in late Q4 2015, Noreco Norway was obliged to make down-payment on the NOR06 bond. The down payment took place on 6 March 2016. A total of approximately NOK 153 million of principal amount was re-paid. In third quarter of 2016 Noreco PIK'ed interestpayments of approximately NOK 15.7 million and made a payment of approximately NOK 18 million, which results in the principal amount of the NOR06 bond decreasing to approximately NOK 482.4 million. During Q4 Noreco Norway received tax refund and repaid approximately NOK 8.5 million, reducing the principal amount on NOR06 to approximately NOK 474 million.

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. Due to low volumes being traded, Noreco has used valuation techniques in order to estimate the fair value on the NOR06 bond loan. The valuation technique maximizes the use of observable data, and is based on estimated repayment when receiving EXIT refund from the Norwegian tax authorities as described in note 5. The following fair values were applied for the amended and restated bond loan at the end of fourth quarter 2016.

Amended and restated NOR06 80 %

11 Trade payables and other current liabilities

(NOK million)	31.12.16	31.12.15
Trade payable	0	0
Liabilities to operators relating to joint venture licences	-	2
Accrued interest	10	13
Public duties payable	-	(0)
Other current liabilities	0	3
Total other current liabilities	11	19

12 Financial instruments

12.1 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 31.12.2016

(NOK million)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Financial liabilities at fair value through profit or loss				
- Bond loans	-	-	377	377
Total liabilities	-	-	377	377

On 31.12.2015

(NOK million)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Financial liabilities at fair value through profit or loss				
- Bond loans	-	-	527	527
Total liabilities	-	-	527	527

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.

12.2 Financial instruments by category

On 31.12.2016

(NOK million)	Loans and receivables	Assets at fair value through profit or loss	Total
Assets			
Trade receivables and other current assets	1	-	1
Restricted cash	2	-	2
Bank deposits, cash and cash equivalents	6	-	6
Total	9	-	9

(NOK million)	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Total
Liabilities			
Bond loans	-	377	377
Other interest bearing debt	11	-	11
Trade payables and other current liabilities	11	-	11
Total	22	377	399

On 31.12.2015

(NOK million)	Loans and receivables	Assets at fair value through profit or loss	Total
Assets			
Trade receivables and other current assets	3	0	3
Restricted cash	180	-	180
Bank deposits, cash and cash equivalents	100	-	100
Total	283	0	283

(NOK million)	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Total
Liabilities			
Bonds	-	527	527
Other interest bearing debt	110	-	110
Trade payables and other current liabilities	19	-	19
Total	129	527	656

12.3 Financial instruments - Fair values

Set out below is a comparison of the carrying amounts and fair value of financial instruments as on 31 December 2016:

(NOK million)	Carrying amount	Fair value
Financial assets:		
Trade receivables and other current assets	1	1
Restricted cash	2	2
Bank deposits, cash and cash equivalents	6	6
Total	9	9
Financial liabilities:		
Bonds	377	377
Debt to group companies	11	11
Trade payables and other current liabilities	11	11
Total	399	399

13 Asset retirement obligations

(NOK million)	31.12.16	31.12.15
Balance on 1.1.	-	73
Provisions and change of estimates made during the year	-	3
Accretion expense	-	5
Reclassified to liabilities held for sale in Q1 2016	12	(12)
Reversed provision from disposal of assets Q1 2016	(12)	(69)
Total provision made for asset retirement obligations	(0)	-

Provisions made for asset retirement obligations includes the future expected costs (estimated based on current day costs inflated) for close-down and removal of oil equipment and production facilities used in hydrocarbon activities. The estimated future provision is discounted using a risk-free rate adjusted for credit risk of 9 percent. Inflation is assumed to be 2 percent.

14 Shares and share capital

(NOK million)	No. of shares	Share Capital
31 December 2015	141 001	1 234
<i>Change in share capital in 2016</i>	-	-
31 December 2016	141 001	1 234

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Financial calendar 2017

15 February	Q4 2016 Report
24 May	Q1 2017 Report
23 August	Q2 2017 Report
22 November	Q3 2017 Report

Annual reports

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