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NORECO NORWAY
SECOND QUARTER
2015

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REPORT FOR THE SECOND QUARTER 2015

NORECO NORWAY GROUP

SUMMARY

- With the financial restructuring approved and in place, Noreco Group has concentrated on implementation of the new strategy. Short term focus is to limit future investment commitments, implement cost saving measures, optimise the value of its assets and reduce debt.
- On 30 June Noreco Norway entered into an agreement to sell the Oselvar licences for NOK 201 million. When the Oselvar transaction is completed later this year, net proceeds will be paid to the NOR06 bondholders.
- Noreco Norway AS has an option to acquire without consideration all of the shares of Norwegian Energy Company (UK) Ltd (“NEC UK”) or NEC UK’s interest in the Niobe licence, this necessitated a group financial statement to be presented.
- Cost reduction measures have been initiated and the organisation is being scaled down to match the activity level. The company is in the process of reducing staff.
- Noreco participated in two exploration wells in the second quarter. Both the Haribo well on the Norwegian shelf and the Niobe well in the UK have been declared dry.
- Average daily production in the second quarter 2015 was 411 barrels of oil equivalents per day. At realised oil price of USD 47.8 per boe this resulted, together with the Enoch insurance settlement, of revenues NOK 25 million in the quarter.
- Loss before tax for the second quarter 2015 was NOK 219 million after exploration cost of NOK 117 million and non-cash expenses of NOK 133 million related to re-valuation of the bonds.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY (HSEQ)

Noreco Norway did not operate any wells in the second quarter of 2015. There were not reported any serious incidents from Noreco Norway's partner operated production or exploration activities in the quarter.

HSEQ activities performed in the quarter include follow up of drilling operations where Noreco is a licensee in addition to internal activities.

PRODUCING FIELDS

The production from **Oselvar** was fairly stable, and the average production in the second quarter was 411 boepd to Noreco Norway. Realised oil price was USD 47.8 per boe compared to USD 87.3 per boe in the second quarter 2014.

The **Enoch** field remained closed during the second quarter. The maintenance work at the field has been completed. Production start has been further delayed due to operational issues on the host platform Brae, and is now expected in the fourth quarter 2015.

EXPLORATION

Exploration work in the second quarter was primarily directed towards further maturation of a number of key exploration licences. After the conclusion of detailed technical work, the PL646 licence has been relinquished.

The Niobe well was spudded on 9 June 2015 in licence P1889 in the Moray Firth in the UK sector of the North Sea. The well was drilled with the jack-up Ensco 100 to a total depth of 1485 metres below mean sea level. The well encountered the expected reservoir formation, but it was dry. The well has been plugged and abandoned.

The Haribo well in licence PL616 in the Norwegian Central Graben area was spudded on 21 June and completed on 28 July. The target section comprised poor quality reservoir properties and no moveable hydrocarbons were encountered. The well has been plugged and abandoned as a dry well.

FINANCIALS

Noreco Norway AS has an option to acquire without consideration all of the shares of NEC UK or NEC UK's interest in the Niobe licence. This option is the result of Noreco Norway AS having provided financing to NEC UK for seismic acquisition and a small share of NEC UK's dry well cost on Niobe. Noreco Norway AS has decided not to exercise the option to acquire the Niobe well, but the option to acquire the NEC UK shares remains open. The option necessitates presentation of group financial statements. See note 1.5 for further information.

Noreco Norway had **revenues** of NOK 25 million in the second quarter 2015, compared to NOK 25 million in the second

quarter 2014. For the first half of 2015 revenues were NOK 41 million, compared to NOK 55 million for the same period last year. The reduction is mainly due to a lower realised oil price, partly offset by the Enoch insurance settlement.

Production expenses in the second quarter were affected by part of Enoch insurance proceeds (NOK 18 mill) was classified as production expense and the result was a net income of NOK 13 million compared to an expense of NOK 6 million for the same period last year. The ordinary production expenses mainly relate to the Oselvar field. For the first half of 2015 production income were NOK 6 million, compared to an expense of NOK 14 million for the same period last year. See note 6 for further information.

Exploration and evaluation expenses amounted to NOK 117 million for the second quarter 2015, compared to NOK 170 million in the second quarter 2014. Exploration and evaluation expenses in the second quarter 2015 include cost for the Niobe (NOK 38 million) and the Haribo (NOK 26 million) exploration wells. Haribo was completed in July and cost incurred in July will be recorded next quarter. For the first half of 2015 exploration and evaluation expenses were NOK 136 million, compared to NOK 192 million for the same period last year.

Payroll expenses were NOK 9 million in the second quarter 2015 compared to NOK 11 million for the first quarter last year. The reduction was mainly related to a lower number of employees. First half year 2015, payroll expenses decreased by NOK 11 million to NOK 18 million compared to first half of 2014.

Other operating expenses amounted to NOK 8 million for the second quarter 2015, representing a reduction of NOK 4 million compared to the same period last year. First half year 2015, other operating expenses decreased by NOK 13 million to NOK 15 million compared to first half of 2014.

EBITDA (operating result before depreciation and write-downs) in the second quarter 2015 was negative by NOK 70 million, compared to a negative EBITDA of NOK 175 million in the second quarter 2014. For the first half year 2015 EBITDA was negative by NOK 98 million compared to negative NOK 207 million in first half of 2014.

Financial income amounted to NOK 3 million for the second quarter 2015, compared to NOK 6 million in the same period last year. For the first half of 2015, financial income amounted to NOK 283 million of which NOK 278 million related to the amended and restated NOR06 bond loan being recognised at fair value at initial recognition. In the first half of 2014 financial income amounted to NOK 7 million.

Financial expenses for the second quarter 2015 were NOK 151 million, of which NOK 133 million relates to fair value measurement of bonds. In second quarter 2014 financial expenses amounted to NOK 24 million. First half year 2015, financial expenses amounted to NOK 170 million compared to NOK 43 million in the first half of 2014.

Taxes amounted to an expense of NOK 31 million for the second quarter 2015. The second quarter tax expense corresponds to an average negative tax rate of 14.0 per cent.

Noreco Norway has a marginal tax rate of 78 per cent, of which 27 per cent relates to the ordinary tax rate in Norway and 51 per cent related to the special tax rate related to exploration and production activities in Norway. The particularly low tax rate in the second quarter 2015 was due to the particular effects from the increased value on the bond debt, in addition to the reduced value of Oselvar tax balances.

Net result for the second quarter amounted to a loss of NOK 250 million, compared to a loss of NOK 37 million for the second quarter 2014. For the first half year 2015, the net result amounted to a loss of NOK 59 million, compared to loss of NOK 80 million in the first half of 2014.

The book value of **licence costs and capitalised exploration expenditures** at the end of the second quarter 2015 amounted to NOK 254 million. This primarily consisted of the Gohta discovery in the Barents Sea on the Norwegian Continental Shelf with a book value of NOK 253 million. Net of deferred tax, the book value for Gohta was NOK 56 million.

At the end of the second quarter 2015 Noreco Norway had a total of **cash and cash equivalents** of NOK 85 million, of which NOK 4 million was restricted.

Assets classified as held for sale amounted to NOK 272 million and associated **Liabilities held for sale** amounted to NOK 68 million at the end of the second quarter 2015. The items consisted of assets and associated liabilities related to Norecos participation interest in the Oselvar licence. See note 23 for further information.

Equity amounted to NOK 220 million at the end of the period, compared to NOK 125 million at the end of 2014. The recorded book value of the interest-bearing debt (excluding exploration loans) is NOK 457 million. If the debt had been recorded at principal amount the equity would have been reduced by NOK 118 million, to NOK 102 million at the end of the period. This effect is expected to unwind until maturity of the bonds. See note 17 for further information.

The **bond loan's** book value was NOK 457 million (principal amount NOK 618 million) at the end of the second quarter 2015, compared to book value of NOK 340 million and principal amount of NOK 618 million at the end of the first quarter 2015. The difference between the book value of the bond loans and their principal amounts is due to the bond loans being valued based on executed trades. By the end of the quarter this was approximately 74 per cent of the principal amount. However, the board and the company are working towards full recovery of the principal amount. The company's **exploration loan** amounted to NOK 282 million at the end of the quarter, compared to NOK 284 million at the end of the fourth quarter 2014. Total interest-bearing debt at the end of the second quarter 2015 had a book value of NOK 740 million (principal amount of NOK 900 million).

BUSINESS DEVELOPMENT

On 5 May 2015, NEC UK, a subsidiary of Noreco, issued an option in favour of a third party for a 10 per cent working interest in the Niobe licence as part payment for seismic data previously acquired in another licence operated by NEC UK. As the Niobe well was dry the option is not expected to be exercised. Further, Noreco Norway has an option to acquire without consideration all of the shares of NEC UK or NEC UK's interest in the Niobe licence. This option is the result of Noreco Norway having provided financing to NEC UK for the mentioned seismic acquisition and a small share of NEC UK's dry well cost on Niobe. Noreco Norway entered into this arrangement as it was committed to acquire the UK seismic itself; if not NEC UK could stand by its commitment. If Noreco Norway exercises the option to acquire all shares in NEC UK, the intercompany debt towards Norwegian Energy Company ASA will be included in the consideration of GBP 1. Noreco Norway has decided not to exercise the option to acquire the Niobe well, but the option to acquire the NEC UK shares remains open.

On 30 June Noreco Norway entered into an agreement with the mature field specialist oil company CapeOmega to sell its 15 per cent participating interests in the Norwegian shelf licences PL274 and PL274 CS, which includes the Oselvar field, and associated tax balances for a total consideration of NOK 201 million. The transaction is effective as of 1 January 2015. The transfer of licence interests requires approvals from the Norwegian authorities. The parties have agreed that the transaction must be completed by the end of 2015. When the transaction is completed, the net proceeds (after pro & contra settlement adjustment since effective date) will be transferred to the NOR06 proceeds account, as defined in the loan agreement, and used to pay the NOR06 bondholders.

RISKS AND UNCERTAINTIES

Investment in Noreco Norway involves risks and uncertainties as described in the Directors report to the annual report 2014 of Noreco Norway. The most significant risks Noreco is facing for the next six months are related to oil prices, lack of market for E&P assets and transaction risk.

GOVERNANCE AND ORGANISATION

At the start of 2015 the company had 36 employees, and at the end of the second quarter this number was reduced to 31, including one employee in resignation period. The company recently resolved to further reduce capacity in Norway. In the short term, Noreco Norway will be reducing staff to 21 positions, which constitutes 18.5 full-time equivalents for Noreco Norway as some of the employees are providing services to the parent company of the group. Additional redundancies are expected with further reduction in activity level.

Sick leave for the second quarter was 3.4 per cent.

Noreco Norway is focused on maintaining core competence in the company and ensuring that the organisation is tailored to handle the operations as a qualified licence operator. Cost reductions and alignment to expected future activity level are continuing.

OUTLOOK

Implementation of the new strategy, which was approved in connection with the financial restructuring earlier this year, is well underway. The key focus for Noreco in the short term will be to limit future investment commitments, implement cost saving measures and optimise assets through either continued operations or through divestment efforts. Surplus cash will be used to strengthen the company's balance sheet through repayment of debt. In line with this strategy Noreco Norway has decided to not file any applications for the APA 2015 licensing round in Norway.

Statement Pursuant to section 5-6 of the securities trading act

Today, the Board of Directors and CEO reviewed and approved the half-yearly interim financial report for the period 1 January through 30 June 2015.

The half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the Norwegian additional requirements in the Securities Trading Act.

To the best of our knowledge:

- the half-yearly report has been prepared in accordance with applicable financial reporting standards
- the half-yearly financial statements give a true and fair view of the assets, liabilities, financial position and result as a whole for the period
- the half-yearly financial Board of Director's report includes a fair review of
 - o important events that occurred during the accounting period and their impact on the half-yearly financial statements
 - o the principal risks and uncertainties for the remaining six months of the financial year
 - o major related party transactions

Stavanger, 26 August 2015

The Board of Directors and Chief Executive Officer Noreco Norway AS

*Silje Augustson
Chair*

*Riulf Rustad
Board member*

*Roar Flom
Board member*

*Tommy Sundt
CEO*

STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED

NOK million	Note	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2 2014	2014
Revenue	5	25	25	41	55	101
Production expenses	6	13	(6)	6	(14)	(34)
Exploration and evaluation expenses	7	(117)	(170)	(136)	(192)	(221)
Payroll expenses	8	(9)	(11)	(18)	(29)	(46)
Other operating expenses	9	(8)	(12)	(15)	(28)	(50)
Other (losses) / gains	10	25		25	1	
Total operating expenses		(96)	(199)	(138)	(262)	(350)
Operating result before depreciation and write-downs (EBITDA)		(70)	(175)	(98)	(207)	(249)
Depreciation	14		(5)		(10)	(15)
Write-downs and reversals of write-downs	13,14				(38)	(388)
Net operating result (EBIT)		(70)	(180)	(98)	(255)	(652)
Financial income	11	3	6	283	7	13
Financial expenses	11	(151)	(24)	(170)	(43)	(89)
Net financial items		(148)	(17)	113	(36)	(76)
Result before tax (EBT)		(219)	(197)	16	(291)	(727)
Income tax benefit / (expense)	12	(31)	160	(75)	211	483
Net result for the period		(250)	(37)	(59)	(80)	(244)
Other comprehensive income (net of tax):						
<i>Items not to be reclassified to profit or loss in subsequent periods</i>						
<i>Total</i>						
<i>Items to be reclassified to profit or loss in subsequent periods</i>						
Currency translation adjustment		8		8		
<i>Total</i>		<i>8</i>		<i>8</i>		
Total other comprehensive income for the period (net of tax)		8		8		
Total comprehensive income for the period (net of tax)		(242)	(37)	(51)	(80)	(244)
Earnings per share (NOK 1)						
Basic	22	(1 770)	(264)	(419)	(567)	(1 733)
Diluted	22	(1 770)	(264)	(419)	(567)	(1 733)

STATEMENT OF FINANCIAL POSITION

CONSOLIDATED

NOK million	Note	30.06.2015	31.12.2014	01.01.2014
Non-current assets				
Licence and capitalised exploration expenditures	13	254	259	148
Deferred tax assets	12	109	513	345
Property, plant and equipment	14			352
Tax refund	12	61		
Restricted cash	16,19	2	2	
Total non-current assets		426	774	845
Current assets				
Assets held for sale	23	272		
Tax refund	12	315	315	378
Trade receivables and other current assets	15,19	37	38	45
Restricted cash	16,19	2	32	4
Bank deposits, cash and cash equivalents	16,19	81	17	12
Total current assets		707	402	439
Total assets		1 133	1 176	1 284
Equity				
Share capital	22	1 234	1 131	1 131
Other equity		(1 014)	(1 006)	(767)
Total equity		220	125	364
Non-current liabilities				
Asset retirement obligations	21	9	73	15
Bond loan	17,19	323		
Debt to group companies	17,19			490
Total non-current liabilities		332	73	505
Current liabilities				
Liabilities held for sale	23	68		
Bond loan	17,19	135		
Other interest bearing debt	17,19	282	284	333
Debt to group companies	17,19		639	
Trade payables and other current liabilities	18,19	96	55	83
Total current liabilities		581	978	415
Total liabilities		912	1 051	920
Total equity and liabilities		1 133	1 176	1 284

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

NOK million	Attributable to owners of the parent			Non-controlling Interest	Total equity
	Share capital	Other equity	Total		
2014					
Equity on 01.01.2014	1 131	(767)	364		364
Net result for the period		(80)	(80)		(80)
Other comprehensive income for the period (net of tax)					
Currency translation adjustments					
Total comprehensive income for the period (net of tax)		(80)	(80)		(80)
Transactions with owners					
Share-based incentive program		3	3		3
Total transactions with owners for the period					
Equity on 30.06.2014	1 131	(844)	287		287
2015					
Equity on 01.01.2015	1 131	(1 006)	125		125
Net result for the period		(5)	(5)	(54)	(59)
Equity controlled affiliate				41	41
Comprehensive income for the period (net of tax)					
Currency translation adjustments				8	8
Total comprehensive income for the period (net of tax)				8	8
Transactions with owners					
Proceeds from share issued	103		103		103
Share-based incentive program		2	2		2
Total transactions with owners for the period	103	2	105		105
Equity on 30.06.2015	1 234	(1 010)	224	(5)	220

STATEMENT OF CASH FLOWS

CONSOLIDATED

NOK million	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2 2014
Net result for the period	(250)	(37)	(59)	(80)
Income tax benefit	31	(160)	75	(211)
<i>Adjustments to reconcile net result before tax to net cash flows from operating activities:</i>				
Depreciation		5		10
Write-downs and reversal of write-downs				38
Expensed exploration expenditures previously capitalised	64	149	66	148
Share-based payments expenses		2	2	3
Unrealized loss (gain) related to financial instruments	(25)		(25)	
Change in fair value of bond	118		118	
Gain on extinguishment of debt			(278)	
Paid/received interests and borrowing cost - net	4	7	9	13
Effect of changes in exchange rates		(3)	(1)	(3)
Amortisation of borrowing costs incl. impact from change in amortisation plan		(1)		
Accretion expense related to asset retirement obligations	2		3	1
Changes in working capital				
Changes in trade receivable	(1)	1	(4)	(7)
Changes in trade payables		9	4	17
Changes in other current balance sheet items	95	153	143	134
Net cash flow from operations	38	126	51	64
Cash flows from investing activities				
Purchase of intangible assets	(49)	(201)	(50)	(206)
Cash in affiliate at consolidation date	1		1	
Net cash flow used in investing activities	(48)	(201)	(49)	(206)
Cash flows from financing activities				
Issue of share capital			73	
Proceeds from utilisation of exploration facility		2		2
Proceeds from utilisation of overdraft facility		182		259
Repayment of exploration facility			(2)	
Interest paid	(4)	(7)	(9)	(13)
Net cash flow from (used) in financing activities	(4)	177	63	248
Net change in cash and cash equivalents	(14)	102	65	106
Cash and cash equivalents at the beginning of the period	96	16	17	12
Cash and cash equivalents at end of the quarter	81	118	81	118

NOTES

1 Accounting principles

1.1 Basis for preparation

The annual financial statement for 2015 will be the group's first annual financial statements prepared in accordance with International Financial Reporting Standards and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the EU (IFRS). The annual financial statements for 2014 were prepared in accordance with Norwegian Generally Accounting Principles (NGAAP). The date of transition to IFRS is 1 January 2014.

The interim financial statements for the second quarter 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and The Norwegian Securities Trading Act §5-6, and are presented for part of the period covered by its first IFRS financial statements. The financial statements in this report, including comparative information, are prepared based on IFRSs effective for periods ending on 31 December 2014.

The interim financial statements are unaudited. The interim financial statements do not include all information for a complete set of IFRS financial statements with notes, and should be read in conjunction with Noreco Norway's annual financial statements for 2014 prepared according to NGAAP. 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 cash flow forecasts for Noreco Norway indicate that liquidity will be manageable in the next 12 months without any financial support from Norwegian Energy Company ASA. The forecasts are based on a number of assumptions pertaining to future operating conditions, market conditions and the timing of certain events. The cash flow forecasts includes exploration loan financing for the group. The exploration loan facility agreement was recently executed at certain amended terms. It is noted that renewal of the existing facility or entering into a new exploration financing agreement will be necessary in order to finance exploration costs incurred in 2016 and beyond. The group expects that such an agreement will be obtained within the end of 2015.

The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding. Certain amounts in comparable periods have also been revised to conform to current period presentation.

1.2 New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these interim financial statements, the statement of financial position at the date of transition to IFRS or financial statements for the comparative periods presented. None of these are expected to have a significant effect on the financial statements of the group, except the following set out below:

IFRS 9 Financial instruments

IFRS 9 Financial instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income "OCI" and fair value through profit and loss ("P&L"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI with no recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to the classification and measurement rules except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted, but is not approved by EU yet. The group is yet to assess IFRS 9's full impact.

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers deals with revenue recognition and established principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted, but the standard is not yet approved by EU. The group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

1.3 Segment reporting

The group's segments were established on the basis of the most appropriate distribution of resource and result measurement. Segment reporting is regularly evaluated by the group management. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (CEO). The group have one reporting segment: Exploration and production. As financial information for the operating segments should reflect 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 for the segment. Information about reserves is given in a separate report.

1.4 Foreign currency translation

a) Functional and presentation currency

The interim financial statements are presented in Norwegian Kroner (NOK), which is the Noreco Norway's presentation currency and functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses are recognised in the income statement as other financial income or other financial expenses.

1.5 Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. As of 30 June the Group is assessed as having control over one subsidiary, Norwegian Energy Company UK. Control exists due to Noreco Norway's currently exercisable right to acquire all shares of Norwegian Energy Company UK. Noreco Norway got this right at 1 May 2015, and correspondingly Norwegian Energy Company UK has been consolidated into Noreco Norway as of this time.

The group applies the acquisition method to account for business combinations, unless the business combination is assessed as being under common control. The consideration transferred for the acquisition of a subsidiary in a business combination is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, income and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

For business combination involving entities under common control, i.e. business combination in which all of the combining entities or business are ultimately controlled by the same party both before and after the combination, book value (carry-over) accounting is applied, on the basis that the investment has simply been moved from one part of the group to another.

1.6 Property, plant and equipment

Property, plant and equipment include production facilities, assets under construction and machinery and equipment. Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes purchase price or construction cost and any costs directly attributable to bringing the assets to a working condition for their intended use, including capitalised borrowing expenses incurred up until the time the asset is ready to be put into operation.

For property, plant and equipment where asset retirement obligations for decommissioning and dismantling are recognised as a liability, this value will be added to acquisition cost for the respective assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and depreciated separately.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gain or loss from sale of property, plant and equipment, which is calculated as the difference between the sales consideration and the carrying amount, is reported in the income statement under other (losses)/gains.

Expenses related to drilling and equipment for exploration wells where proven and probable reserves are discovered are capitalised and depreciated using the unit-of-production (UoP) method based on the proven and probable reserves expected to be produced from the well. Development cost related to construction, installation and completion of infrastructural facilities such as platforms, pipelines and drilling of production wells, are capitalised as producing oil and gas fields. They are depreciated using the unit-of-production method based on the proven and probable developed reserves expected to be recovered from the area for the economic lifetime of the field. For fields where the oil share of the reserves constitutes the most significant part of the value, the capitalised cost is depreciated based on produced barrels of oil. This gives a more correct matching of expenses and revenue than using all produced oil equivalents. If realisation of the probable reserves demands further future investments, these are added to the basis of depreciation.

Acquired assets used for extraction and production of petroleum deposits, including licence rights, are depreciated using the unit-of-production method based on proven and probable reserves.

Historical cost price for other assets is depreciated over the estimated useful economic life of the asset, using the straight line method.

The estimated useful lives are as follows:

- Office equipment and fixtures: 3-5 years

Assets under construction are not depreciated until the asset is put into operation.

Depreciation methods, useful lives, residual values and reserves are reviewed at each reporting date and adjusted if appropriate.

1.7 Intangible assets

Licence and capitalised exploration expenditures

Exploration costs are accounted for in accordance with the successful effort method. This means that all exploration costs including pre-operating costs (seismic acquisitions, seismic studies, internal man hours, etc.) are expensed as incurred. Exceptions are costs related to acquisition of licences and drilling of exploration wells.

Exploratory wells are accounted for as follows:

- Costs of exploratory wells which result in proven reserves remain capitalised, but reclassified to property, plant and equipment when the development plan is approved and initiated.
- Costs of dry exploratory wells and wells where proven reserves were not found are expensed in the income statement when sufficient information to complete the assessment has been gathered.
- Cost of exploration wells are temporarily capitalised until a determination is made as to whether the well has found proven reserves or not. In the period before proven reserves are determined and any development begins, the following two conditions must be met:

- o The well has found a sufficient quantity of reserves to justify its completion as a producing well, if appropriate, assuming that the required capital expenditures are made;
- o The group is making sufficient progress assessing the reserves and the economic and operating viability of the project. This progress is evaluated on the basis of indicators such as:
 - Whether additional exploration works are under way or firmly planned, and/or there is nearby exploration activity which is expected to contribute to development of the group's discoveries (wells, seismic or significant studies),
 - Whether costs are being incurred for development studies,
 - Whether the group is waiting for governmental or other third-party authorisation of a proposed project,
 - Whether the group is waiting for availability of capacity on an existing transport or processing facility to be able to produce the existing discovery, and
 - Whether there is a common understanding among the partners to wait with further progress for a specific discovery until an ongoing development project is on stream.

Costs of exploration wells not meeting these conditions are charged to expense on the line item for exploration expenses.

When acquiring shares in exploration licences ("farm-in" agreements) where the agreement is to cover a share of the seller's ("farmor") cost, these expenses are charged in the same manner as own exploration expenses in the income statement.

For similar sales of assets in exploration licences (farm-out agreements), the group will normally surrender parts of a licence given that the buyer ("farmee") carries some defined cost.

The seller does not recognise any gain/loss but treats the cost as a cost reduction as cost occurs.

In those cases where the carry period starts before the accounting date of the agreement, a profit/loss calculation may be necessary.

1.8 Impairment of non-financial assets

a) Unit of account

The group applies each prospect, discovery, or field as unit of account for allocation of profit or loss and balance sheet items.

When performing impairment testing of licence and capitalised exploration expenses and production facilities, each prospect, discovery, or field is tested separately as long as they are not defined to be part of a larger cash generating unit.

To be able to group exploration and evaluation assets into one cash-generating unit, they should normally be planned to be part of a joint development, or it is planned and likely that a new discovery can be tied back to another of the group's fields.

Developed fields producing from the same offshore installation are treated as one joint cash generating unit. The size of a cash-generating unit can not be larger than an operational segment.

b) Impairment testing

Intangible assets with an indefinite useful life are not subject to amortisation and are tested annually for impairment. Property, plant and equipment subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.9 Financial assets

1.9.1 Classification

The group classifies financial assets in the following categories: Financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose of the asset. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

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

1.9.2 Recognition and measurement

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other (losses)/gains' in the period in which they arise.

1.10 Impairment of financial assets

a) Assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

1.11 Trade receivables

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

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

1.12 Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits and short term liquid placements, that immediately and with insignificant share price risk can be converted to known cash amounts and with a remaining maturity less than three months from the date of acquisition.

1.13 Over-/under lifting of hydrocarbons

Over lifting of hydrocarbons is presented as current liabilities, under lifting of hydrocarbons is presented as current receivables. The value of over lifting or under lifting is measured at the estimated sales value, less estimated sales costs. Over lifting and under lifting of hydrocarbons are presented at gross value. Over-/under lift positions at the balance sheet date, are expected to be settled within 12 months from the balance sheet date.

For the accounts, the items are treated as financial instruments at fair value through profit or loss. The item is considered to be a financial instrument as the over-/under lift position will be settled in cash at the end of the fields' life time or when the licence is sold or returned.

1.14 Share capital and share premium

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or option shares are recognised as a deduction from equity, net of any tax effects.

1.15 Trade payables

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

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. The subsequent measurement depends on which category they have been classified into. The categories applicable for the group are either financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortised cost using the effective interest method. The group has designated the amended and restated bond loan at fair value through profit or loss.

Borrowings are classified as non-current if contractual maturity is more than 12 months from the balance sheet date. If the group is in breach with any covenants on the balance sheet date, and a waiver has not been approved before or on the balance sheet date with 12 months duration or more after the balance sheet date, the loan is classified as current even if expected maturity is longer than 12 months after the balance sheet date. If the breach which results in any reclassification is related to a loan with cross-default terms in the loan agreement, all loans with the same cross-default terms are reclassified.

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or when the contractual obligation expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income as a gain or loss under financial items. Transaction costs incurred during this process are treated as a cost of the settlement of the old debt and included in the gain or loss calculation.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

1.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they incur.

1.18 Current and deferred income tax

The tax expense for the period comprises current tax, tax impact from refund of exploration expenses and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets, and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using nominal tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

Companies engaged in petroleum production and pipeline transportation on the Norwegian continental shelf are subject to a special petroleum tax on profits derived from these activities. The special petroleum tax is currently levied at 51 per cent. The special tax is applied to relevant income in addition to the standard 27 per cent income tax, resulting in a 78 per cent marginal tax rate on income subject to petroleum tax.

The basis for computing the special petroleum tax is the same as for income subject to ordinary income tax, except that onshore losses are not deductible against the special petroleum tax, and a tax-free allowance, or uplift, is granted at 5.5 per cent per year. The uplift is computed on the basis of the original capitalised cost of offshore production installations. The uplift may be deducted from taxable income for a period of four years, starting in the year in which the capital expenditures are incurred. Uplift benefit is recorded when the deduction is included in the current year tax return and impacts taxes payable. Unused uplift may be carried forward indefinitely. In accordance with the Norwegian Petroleum Taxation Act, sale of oil is taxed according to norm price. In the financial statements, the difference between norm price and actual obtained price are treated as a permanent difference. Losses carry forward are calculated with a fixed interest rate per year. For 2015, this interest rate is 1.3 per cent.

Interest expenses on interest-bearing debts are distributed between onshore and offshore activities. The tax allowance for the offshore debt interests are calculated as interest expense multiplied by 50 per cent of the ratio between the tax value of the offshore asset and average interest-bearing debt. The remaining net financial expenses are allocated to onshore. Net finance costs onshore can be transferred to the continental shelf (27 per cent), ref. the Norwegian Petroleum Taxation Act §3d. If interest expense is to related parties and net interest expense exceeds NOK 5 million, they can not be deducted for the amount that exceeds 30 per cent of ordinary income, adjusted for interest and tax depreciation. This rule applies from 2014, but the companies covered by the Norwegian Petroleum Taxation Act § 3 d are as of today exempt. The interest limitation rule will have limited impact on the group.

The Norwegian Petroleum Taxation Act also regulates the access to demand payment of the tax value of losses that occur from exploration activity on the Norwegian Continental Shelf. For fiscal losses related to exploration activity on the Norwegian continental shelf, the group applies for a refund of the tax amount for such a loss. The receivable that then occurs is recognised as short term claim for the current assets, under the line "Tax receivable". If a business liable for special tax is discontinued, and a loss has not been covered, the group may claim payment from the Norwegian government of the tax value of its uncovered losses, ref. the Norwegian Petroleum Taxation Act §3c. The tax refund will be determined by the authorities, and will be received at the end of the year following the year of discontinuance of petroleum activity in the group.

1.19 Pensions

a) Defined contribution plan

For the defined contribution plan, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Bonus plans

The group recognises a liability and an expense for bonuses based on an estimate that takes into consideration the performance of the group compared to board approved performance objectives for the period. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.20 Share-based payments

Noreco Norway's parent company, Norwegian Energy Company ASA, operates a number of equity-settled, share-based compensation plans, under which Noreco Norway receives services from employees as consideration for equity instruments (options) of the parent company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

Fair value:

- including any market performance conditions
- excludes the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period)

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period (which is the period over which all of the specified vesting conditions are to be satisfied).

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the parent company issues new shares.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction

1.21 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) arising from a past event, and it is probable (more likely than not) that it will result in an outflow from the entity of resources embodying economic benefits, and that a reliable estimate can be made of the amount of the obligation.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.21.1 Asset retirement obligations

Provisions reflect the estimated cost of decommissioning and removal of wells and production facilities used for the production of hydrocarbons. Asset retirement obligations are measured at net present value of the anticipated future cost (estimated based on current day costs inflated). The liability is calculated on the basis of current removal requirements and is discounted to present value using a risk-free rate adjusted for credit risk. Liabilities are recognised when they arise and are adjusted continually in accordance with changes in requirements, price levels etc. When a decommissioning liability is recognised or the estimate changes, a corresponding amount is recorded to increase or decrease the related asset and is depreciated in line with the asset. Increase in the provision as a result of the time value of money is recognised in the income statement as a financial expense.

1.22 Contingent liabilities and assets

Contingent liabilities are defined as:

- possible obligations that arise from past events, whose existence depends on uncertain future events.
- present obligations which have not been recognised because it is not probable that they will result in a payment.
- the amount of the obligation cannot be measured with sufficient reliability.

Specific mention of material contingent liabilities is disclosed, with the exception of contingent liabilities where the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the financial statements, but are disclosed if there is a certain probability that a benefit will accrue to the group.

1.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and added taxes. The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below.

Revenue from the production of oil, gas and NGL (hydrocarbons) is recognised depending on the group's share of production in the separate licences the group is part of, independently of whether the produced oil and gas has been sold (the entitlement method). Over-/under lifting of hydrocarbons as a consequence of the entitlement method is valued to estimated sale value minus estimated sales costs on the reporting date. Over-/under lifting occurs when the group has lifted and sold more or less hydrocarbons from a producing field than what the group is entitled to at the lift time. See Note 1.13 for description of accounting for over-/under lifting of hydrocarbons in the balance sheet.

1.24 Production cost

Production costs are costs that are directly attached to production of hydrocarbons, e.g. cost for operating and maintaining production facilities and installations. Costs mainly consist of man-hours, insurance, processing costs, environmental fees, transport costs etc.

1.25 Interest income

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

1.26 Leases

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

1.27 Statement of cash flow

The statement of cash flow is prepared according to the indirect method. See Note 1.12 for the definition of "Cash and cash equivalents".

2 Fair value estimation

The group has certain financial instruments carried at fair value. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. 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 fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specified valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;

Level 3: Inputs for other assets or liabilities that are not based on observable market data

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the financial instruments included in this level. See Note 19.1 for fair value hierarchy and further information.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Estimated recoverable amount on intangible assets

The group's intangible assets with an indefinite lifespan will be subject to annual impairment testing. The group's activities are largely affected by changes in hydrocarbon prices and changes in currency rates for USD. A decline in oil price will affect the group's cash flow significantly. Expectations for future oil price are also an important factor when assessments are made regarding whether discoveries are financially viable. Further, the oil price also affects the group's exploration activity.

b) Estimated recoverable amount on property, plant and equipment

The group performs impairment testing on property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverable amount from cash generating units are determined through calculations of value-in-use. These calculations require the use of estimates.

c) Estimated reserves and resources – accounting impact

Proven and probable reserves are used to calculate production volumes related to amortisation. Reserve estimates are also used for testing of licence-related assets for write down. Changes to reserve estimates can, for instance, be caused by changes to price and cost estimates. Changes in production profile can occur as a result of new information about the reservoir. Future changes in proven and probable oil and gas reserves can have a significant impact on amortisation, timing of decommissioning, including testing licence-related assets for write down. This can have a significant negative or positive impact on the operating result as a consequence of increased or reduced amortisation, or reversal of previously recognised write downs.

d) Estimated value of financial assets

For every reporting date, an assessment is made on whether objective evidence is present that financial assets or groups of financial assets should be written down.

e) Income tax

All figures reported in the income statement and balance sheet are based on the group's tax calculations, and should be regarded as estimates until the tax for the year has been settled. Norwegian tax authorities can be of a different opinion than the group with regards to what constitutes exploration cost and continental shelf deficiency in accordance with the Petroleum Taxation Act. See also Note 12.

f) Asset retirement obligation

Production of oil and gas is subject to statutory requirements relating to decommissioning and removal obligation once production has ceased. Provisions to cover these future decommissioning and removal expenditures must be recognised at the time the statutory requirement arises. The costs will often incur some time in the future, and there is significant uncertainty attached to the scale and complexity of the decommissioning and removal involved. Estimated future costs (estimated based on current costs inflated) are based on known decommissioning and removal technology, expected future price levels, and the expected future decommissioning and removal date, discounted to net present value using a risk-free rate adjusted for credit risk. Changes in one or more of these factors could result in major changes in the decommissioning and removal liabilities.

3.2 Critical judgements in applying the entity's accounting policies

a) Assessment of progress and possible development alternatives for the group's non-developed assets.

When performing impairment tests of intangible assets, progress is assessed in accordance with the policy stated in Note 1.10. This determination requires judgement. The group's intention and plans are stated as basis, so far as there is no information indicating that the majority of partners in the licences will not be able to support the group's intentions and plans.

b) Impairment testing of financial assets

The group follows the guidance of IAS 39 to determine impairment of receivables recognised in accordance with amortised cost. This determination requires significant judgement.

c) Method for valuation of intangible assets

In relation to impairment testing of intangible assets, different valuation methods, adjusted to the available information available for the different assets, are used. A significant degree of judgement is used to determine the appropriate method, which is dependant on maturity, geographical location, available budgets, taxation regulations etc. Changes in methods will in certain cases have a significant impact on the valuation used as basis for the group's recorded values.

d) Resource and reserve estimates

Estimates of oil and gas reserves are prepared by internal experts in line with industry standards. The estimates are based both on the group's judgement assessments and information from the operators. In addition, the most significant volumes are verified by an independent third party. Proven and probable oil and gas reserves include the estimated amounts of crude oil, natural gas and condensates that geological and technical data reasonably determine to be extractable from known reservoirs and under existing financial and operational conditions per the date the estimate is prepared.

4 Implementation effects – first time adoption of IFRS

From 1 January 2015 Noreco Norway AS is applying International Financial Reporting Standards as adopted by the EU (IFRS). Consequently, the opening balance as of 1 January 2014 has been restated to reflect all effects of the IFRS implementation. The effects of the IFRS implementation was presented in the first quarter report.

Noreco Norway AS has previously applied Norwegian Generally Accepted Accounting Principles (NGAAP). However, the relevant accounting principles, including measurement and recognition, have also been applicable according to IFRS. Thus, no implementation effects were identified in connection with the first time adoption of IFRS. Neither will the first time adoption of IFRS result in changes to the classification in the income statement and the statement of financial position including key figures.

5 Revenue

(NOK million)	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2 2014
Sale of oil	11	20	21	44
Sale of gas and NGL	5	4	10	11
Other income ⁽¹⁾	10		10	
Total revenue	25	25	41	55

1) In May 2015 Noreco received an insurance settlement, totalling NOK 10 million, on Enoch related to Loss of Production Income (LOPI) for the year 2010. The settlement has been classified as production income for Enoch.

6 Production expenses

(NOK million)	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2 2014
Oselvar	(6)	(6)	(11)	(12)
Enoch ⁽¹⁾	18		17	(2)
Total production expenses	13	(6)	6	(14)

1) In May 2015 Noreco received an insurance settlement, totalling NOK 18.5 million, on Enoch as cost compensation for repairs for the year 2010. The settlement has been classified as a reduction of production expenses for Enoch.

7 Exploration and evaluation expenses

(NOK million)	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2 2014
Acquisition of seismic data, analysis and general G&G costs ⁽¹⁾	(51)	(15)	(61)	(27)
Exploration wells capitalised in previous years	(4)		(4)	
Dry exploration wells this period	(59)	(149)	(62)	(148)
Other exploration and evaluation costs	(3)	(6)	(9)	(17)
Total exploration and evaluation costs	(117)	(170)	(136)	(192)

1) Included in Q2 2015 is the acquisition of the Homer seismic which was a commitment entered into prior to 2015.

8 Payroll expenses

(NOK million)	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2 2014
Salaries	(8)	(14)	(17)	(32)
Social security tax	(1)	(3)	(3)	(6)
Pensions costs	(1)	(1)	(1)	(1)
Costs relating to share-based payments		(2)	(2)	(3)
Other personnel expenses		(1)	(1)	(1)
Personnel expenses charged to operated licences	2	9	5	14
Total personnel expenses	(9)	(11)	(18)	(29)
Average number of employees	30	43	32	43

9 Other operating expenses

(NOK million)	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2 2014
Premises ⁽¹⁾	(1)	(4)	(3)	(11)
IT expenses	(3)	(4)	(7)	(8)
Travel expenses		(1)	(1)	(1)
Office cost	(1)	(1)	(1)	(2)
Consultant fees	(4)	(6)	(6)	(10)
Other operating expenses charged to own operated licences	1	4	3	5
Total other operating expenses	(8)	(12)	(15)	(28)

1) Premises Q1 2014 included NOK 5 million in a non-recurring cost related to scale down of premises in Stavanger.

10 Other (losses) / gains

(NOK million)	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2 2014
Change in value, other derivatives ⁽¹⁾	25		25	
Gain /(loss) on sale of assets/ reclassification as held for sale				1
Total other (losses) / gains	25		25	1

1) Change in fair value on option regarding Niobe interest.

11 Financial income and expenses

Financial income				
(NOK million)	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2 2014
Interest income	1	2	2	3
Interest income from other group companies			1	
Change in fair value of bond debt on first time recognition			278	
Currency translation income	1	4	3	4
Total financial income	3	6	283	7

Financial expenses				
(NOK million)	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2 2014
Interest expense from bond loans	(10)		(13)	-
Interest expense from exploration loan	(5)	(6)	(9)	(13)
Interest expenses on current liabilities		(2)		(2)
Interest expense to other group companies	(1)	(14)	(12)	(26)
Accretion expense related to asset retirement obligations	(2)		(3)	(1)
Currency translation expense	(1)	(1)	(1)	(1)
Other financial expenses ⁽¹⁾	(133)		(133)	
Total financial expenses	(151)	(24)	(170)	(43)
Net financial items	(148)	(17)	113	(36)

1) The subesequent negative remeasurement of bonds is included in Other financial expenses.

12 Tax

Income tax (NOK million)	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2 2014
Income (loss) before tax	(219)	(197)	16	(291)
Income tax benefit (expense)	(31)	160	(75)	211
Equivalent to a tax rate of	-14.0 %	81.1 %	479.4 %	72.5 %

Noreco Norway has a marginal tax rate of 78 percent, of which 27 percent relates the ordinary tax rate in Norway and 51 percent relates to the special tax rate related to exploration and production activities in Norway.

In the second quarter of 2015 the net result before tax in Noreco Norway AS was significantly impacted by increased value on bond debt, measured at market price at the end of the quarter. The tax expense is also influenced by the reduced tax values of Oselvar, which had a NOK 91 mill effect.

Tax loss carry forward 30.06.2015 (NOK million)	Offshore		Onshore	
	Recognised	Un-recognised	Recognised	Un-recognised
Noreco Norway AS	516		481	
<i>UK (offshore 20% / onshore 30%)</i>				
Norwegian Energy Company (UK) Ltd.		669		669
Total tax loss carry forward	516	669	481	669

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

Noreco Norway includes current year's tax effects related to Oselvar, which will be eliminated if transaction is approved by government and completed, due to effective date being the 1 January 2015.

Tax refund (NOK million)	30.06.2015	31.12.2014
Tax refund related to Norwegian exploration activity in 2015	61	
Tax refund related to Norwegian exploration activity in 2014	315	315
Total tax refund	375	315

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.

13 Intangible non-current assets

(NOK million)	Licence and capitalised exploration expenditures
Acquisition costs 01.01.2015	259
Additions	50
Additions from controlled affiliate	10
Expensed exploration expenditures previously capitalised	(66)
Disposals	
Reclassified to assets held for sale (see note 23)	(1)
Currency translation adjustment	
Acquisition costs 30.06.2015	253
Accumulated depreciation and write-downs	
Accumulated depreciation and write-downs 01.01.2015	
Write-downs	
Reclassified to assets held for sale (see note 23)	1
Currency translation adjustment	
Accumulated depreciation and write-downs 30.06.2015	1
Book value 30.06.2015	254

Result from impairment test of Licence and capitalised exploration expenditures on 30 June 2015

An impairment test of all intangible assets has been performed this quarter. Based on considerations of progress, new information from evaluation work and other commerciality analysis regarding Noreco's suspended wells, there is no information that requires capitalised exploration costs to be written off. At the end of the second quarter, licence and capitalised exploration expenditures mainly consists of the Gohta discovery.

In June drilling of the Niobe well was completed, without encountering hydrocarbons. The cost of the well is expensed in the second quarter 2015.

During July, drilling of the Haribo exploration well was completed, without encountering hydrocarbons. The capitalised exploration expenditures related to the Haribo exploration well has been written off in the second quarter 2015.

14 Property, plant and equipment

(NOK million)	Production facilities	Total
Acquisition costs 01.01.2015	1 211	1 211
Additions		
Disposals		
Reclassified to assets held for sale (see note 23)	(1 125)	(1 125)
Acquisition costs 30.06.2015	86	86
Accumulated depreciation and write-downs		
Accumulated depreciation and write-downs 01.01.2015	(1 211)	(1 211)
Depreciation		
Disposals		
Write-downs		
Reclassified to assets held for sale (see note 23)	1 125	1 125
Accumulated depreciation and write-downs 30.06.2015	(86)	(86)
Book value 30.06.2015		

Impairment test Q2 2015

For detailed description of applied methodology for the impairment test, reference is made to note 13 included in the annual financial statements for 2014 for Norwegian Energy Company ASA (Ultimate parent).

Main assumptions applied for the impairment test on 30 June 2015:

Discount rate (after tax)	10.0 percent
Inflation	2.0 percent
Cash flow	After tax
Prognosis period	Estimated lifetime of the oil/gas field
Reserves/resources	Internal estimated reserves and resources on 30 June 2015
Oil price	Forward curve for oil price for the period 2015-2017 (2015:64.49 USD/bbl, 2016:67.66 USD/bbl, 2017: 69.85 USD/bbl). From 2018 the oil price is adjusted for inflation.
Currency rates	Average forward-rate for the period 2015-2018. From 2019 the average rate for 2018 is used.

15 Trade receivables and other current assets

Trade receivables and other current assets

(NOK million)	30.06.2015	31.12.2014
Trade receivables	20	15
Receivables from operators relating to joint venture licences	10	10
Underlift of oil/NGL		2
Prepayments	2	3
Receivables from Ringfence 1 Noreco companies		6
Other receivables	5	2
Total trade receivables and other current receivables	37	38

16 Restricted cash, bank deposits, cash and cash equivalents

Restricted cash, bank deposits, cash and cash equivalents

(NOK million)	30.06.2015	31.12.2014
Non-current assets		
Other restricted cash and bank deposits	2	2
Current assets		
Other restricted cash and bank deposits (Withholding tax etc.)	2	32
Total restricted cash	4	35
Unrestricted cash, bank deposits and cash equivalents	81	17
Total bank deposits	85	51

Overdraft facilities

(NOK million)	Facility amount in currency	NOK	Used	Unused	Available
Exploration loan facility ⁽¹⁾	500	500	282	218	54
Total		500	282	218	54
Unrestricted cash and cash equivalents					81
Accessible liquidity at 30.06.2015					135

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.

Certain amendments to the exploration loan agreement have been agreed and executed. The amendments include a reduction in the borrowing limit from NOK 850 million to NOK 500 million. In addition, the cross default clause will now be limited to borrowings within Noreco Norway, and the previously issued parent company guarantee issued by Norwegian Energy Company ASA has been cancelled.

17 Borrowings

17.1 Principal amounts and book values

Non-current debt (NOK million)	30.06.2015		31.12.2014	
	Principal amount	Book value	Principal amount	Book value
NOR06 bond loan, amended and restated	435	323		
Total non-current bonds	435	323		
Current debt				
(NOK million)	Principal amount	Book value	Principal amount	Book value
NOR06 bond loan, amended and restated	182	135		
Total current bonds	182	135		
Exploration loan	282	282	284	284
Debt to group companies			639	639
Total current other interest bearing debt	282	282	923	923
Total borrowings	900	740	923	923

Borrowings are recognised initially at fair value, net of transaction costs incurred. As of second quarter a fair value of 74 per cent has been applied for the amended and restated bond loan.

17.2 Financial restructuring

A financial restructuring of the Noreco group was completed in the first quarter 2015. For more information see Quarterly report 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.

17.3 Subsequent measurement and events in second quarter

During second quarter an agreement between Noreco and CapeOmega was written, regarding the sale of Norecos 15% interest in Oselvar (PL274 and PL274 CS), for a total consideration of NOK 201 million. The transaction was approved by the Board and signed 30 June, and announced on the stock exchange 1 July. The sale still requires approval from the Norwegian authorities in order to be complete. Due to the terms in the bond agreement, when the transaction is completed, the net proceeds (after pro & contra settlement adjustment since effective date) will be transferred to proceeds account and used to repay the NOR06 bondholders. The transaction is expected to be completed during third quarter, and correspondingly a repayment of approximately NOK 182 million is expected to take place on the NOR06 bond. The remaining principal amount outstanding under the NOR06 bond issue, after repayment, will be approximately NOK 435 million. The amount of expected repayment has been classified as a current liability.

18 Trade payables and other current liabilities

(NOK million)	30.06.2015	31.12.2014
Trade payable	10	5
Liabilities to operators relating to joint venture licences	30	12
Overlift of oil/NGL	5	4
Accrued interest	15	1
Salary accruals	4	11
Public duties payable	4	5
Other current liabilities	28	16
Total other current liabilities	96	55

19 Financial instruments

19.1 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 30.06.2015				
(NOK million)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Underlift of oil				
Total assets				
Liabilities				
Financial liabilities at fair value through profit or loss				
- Overlift of oil		5		5
- Bond loans			457	457
Total liabilities		5	457	462

On 31.12.2014				
(NOK million)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Underlift of oil		2		2
Total assets		2		2
Liabilities				
Financial liabilities at fair value through profit or loss				
- Overlift of oil		4		4
Total liabilities		4		4

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.

The fair value of over-/underlift of hydrocarbons are based on the spot oil price at closing date.

19.2 Financial instruments by category

On 30.06.2015

(NOK million)	Loans and receivables	Assets at fair value through profit or loss	Total
Assets			
Trade receivables and other current assets	35		35
Restricted cash	4		4
Bank deposits, cash and cash equivalents	81		81
Total	120		121

(NOK million)	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Total
Liabilities			
Bond loans		457	457
Other interest bearing debt	282		282
Derivatives			
Trade payables and other current liabilities	134	5	139
Total	416	462	878

On 31.12.2014

(NOK million)	Loans and receivables	Assets at fair value through profit or loss	Total
Assets			
Trade receivables and other current assets	33	2	35
Restricted cash	35		35
Bank deposits, cash and cash equivalents	17		17
Total	85	2	86

(NOK million)	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Total
Liabilities			
Bonds			
Other interest bearing debt	284		284
Debt to group companies	639		639
Trade payables and other current liabilities	40	4	44
Total	963	4	967

19.3 Financial instruments - Fair values

Set out below is a comparison of the carrying amounts and fair value of financial instruments as on 30 June 2015:

(NOK million)	Carrying amount	Fair value
Financial assets:		
Trade receivables and other current assets	35	35
Restricted cash	4	4
Bank deposits, cash and cash equivalents	81	81
Total	121	121
Financial liabilities:		
Bonds	457	457
Other interest bearing debt	282	282
Trade payables and other current liabilities	139	139
Total	878	878

20 Segment reporting

The group's activities are entirely related to exploration and development of oil, gas and NGL. The group's activities are considered to have a homogeneous risk and rate of return before tax and are therefore considered as one operating segment.

Noreco Norway has activities in Norway and UK.

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

Assets and liabilities are reflecting balance sheet items for the Group entities in the respective countries.

Loans, receivables and payables between the companies are included in segment assets and liabilities. These are eliminated in the consolidated balance sheet.

Geographical information 30.06.2015 (YTD)

(NOK million)	Norway	UK	Inter company	Group	GAAP adjustments	IFRS Group
Condensed income statement						
Revenue	41			41		41
Exploration and evaluation expenses	(57)	(78)		(136)		(136)
Total operating expenses	(28)	25		(2)		(2)
Net operating result	(45)	(53)		(98)		(98)
Net financial items	(47)			(48)	161	113
Result before tax	(92)	(54)		(145)	161	16
Income tax benefit / (expense)	(31)			(31)	(43)	(75)
Net result for the period	(123)	(54)		(177)	118	(59)
Condensed statement of financial positions						
Licence and capitalised exploration expenses	254			254		254
Other	935	2	(15)	922	(43)	878
Total assets	1 189	2	(15)	1 176	(43)	1 133
Equity	122	(19)		103	118	220
Asset retirement obligations	9			9		9
Bond loans	619			619	(161)	457
Other liabilities	439	22	(15)	446	-	446
Total liabilities	1 067	22	(15)	1 073	(161)	912
Capital expenditures						
Capital expenditures production facilities						
Capital expenditures asset under construction						
Capital expenditures exploration and evaluations	23	31		54		54
Total capital expenditures	23	31		54		54

21 Asset retirement obligations

(NOK million)	30.06.2015	31.12.2014
Balance on 1.1.	73	15
Provisions and change of estimates made during the year		55
Accretion expense	3	3
Reclassified to liabilities held for sale (see note 23)	(67)	
Total provision made for asset retirement obligations	9	73

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. Inflation is assumed to be 2 percent.

22 Shares and share capital

(NOK million)	No. of shares	Share Capital
31 December 2014	141 001	1 131
<i>Change in share capital in 2015</i>		
Capital increase on 20 March 2015		73
Capital increase through conversion of debt on 20 March 2015		30
30 June 2015	141 001	1 234

23 Assets and liabilities held for sale

Specification of assets held for sale:

(NOK million)	30.06.2015
Licence and capitalised exploration expenditures	
Goodwill	
Deferred tax assets	269
Trade receivables and other current assets	3
Total assets held for sale	272

Specification of liabilities held for sale:

(NOK million)	30.06.2015
Asset retirement obligations	(67)
Trade payables and other current liabilities	(1)
Total liabilities held for sale	(68)

As part of the overall restructuring, Noreco also initiated strategic initiatives involving selling the 15 percent participation interest on the PL274 and PL274 CA licences. During second quarter a draft agreement was written and between Noreco Norway and CapeOmega. The transaction includes the participating interest in the licenses PL274 and PL274 CA, which includes the Oselvar field with associated tax balance rights in addition to all abandonment obligations, for a total consideration of NOK 201 million. The agreement was approved by the Board on 30 June, signed and announced on the stock exchange on 1 July. Following an evaluation and approval by the Government, which is expected to take place in third quarter, it is expected that the transaction will be completed later in 2015. The assets and liabilities have accordingly been reclassified as held for sale, and impaired since asset classified as held for sale shall be recorded at the lower of carrying amount and fair value less cost to sell. Prior to the reclassification, deferred tax asset associated with the licenses are recorded at nominal amount, which exceed the agreed consideration between Noreco and CapeOmega. A total impairment of approximately NOK 91 million is needed in order for the disposal group to be accounted for at the lowest of carrying amount and fair value less cost to sell. The impairment is charged in its entirety towards the deferred tax asset associated in the participating interest in the licenses and income tax has been adjusted accordingly.

24 Subsequent events

During July, drilling of the Haribo exploration well (PL616 Haribo) was completed, without encountering hydrocarbons. The capitalised exploration expenditures related to the Haribo exploration well has been written off in the second quarter 2015.

APPENDIX: NORECO NORWAY AS

BALANCE SHEET FOR THE PARENT COMPANY AS OF 30 JUNE 2015 - NON-GAAP MEASURES

NOK million	30.06.2015
Non-current assets	
Licence and capitalised exploration expenditures	254
Deferred tax assets	152
Tax refund	61
Restricted cash	2
Total non-current assets	469
Current assets	
Assets held for sale	272
Tax refund	315
Trade receivables and other current assets	36
Restricted cash	2
Bank deposits, cash and cash equivalents	80
Total current assets	705
Total assets	1 173
Equity	
Share capital	1 234
Other equity	(1 126)
Total equity	108
Non-current liabilities	
Asset retirement obligations	9
Bond loan	435
Total non-current liabilities	444
Current liabilities	
Liabilities held for sale	68
Bond loan	182
Other interest bearing debt	282
Trade payables and other current liabilities	89
Total current liabilities	621
Total liabilities	1 065
Total equity and liabilities	1 173

1) Bond loan is recorded at principal amount

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Financial calendar 2015

31 May	Q1 2015 Presentation
27 August	Q2 2015 Presentation
12 November	Q3 2015 Presentation

Annual reports

Annual reports for Noreco Norway are available on
www.noreco.com

Quarterly publications

Quarterly reports re available on www.noreco.com.
The publications can be ordered by sending an e-mail to
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News releases

In order to receive news releases from Noreco Norway,
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