



**NORWEGIAN ENERGY COMPANY ASA**  
SECOND QUARTER  
2016

# REPORT FOR THE SECOND QUARTER 2016

NORWEGIAN ENERGY COMPANY ASA

## HIGHLIGHTS

- Completed the sale of the Norwegian petroleum activities
- Closed the Stavanger and Danish offices
- Moved the company headquarters and business address formally to Oslo

## OUTLOOK

Noreco has now completed the financial and corporate restructuring and rationalised its cost base. The company is in a solid financial position and well placed to pursue the SIRI insurance claims and maximise remaining values in all three jurisdictions it operates.

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

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

### Non-IFRS Result Norwegian Energy Company ASA YTD Q2 2016

#### NOK million

IFRS Result for the period after tax	(12)
Reversal of value adjustment of NOR10	(9)
Fair value adjustment Noreco Norway	21
Exchange rate adjustment	(21)
<b>Non-IFRS Result for the period after tax</b>	<b>(21)</b>
Non-IFRS Equity 31.12.2015	521
Non-IFRS Result for the period after tax	(21)
Other items	7
<b>Non-IFRS Equity 30.06.2016</b>	<b>507</b>

### Non-IFRS Balance sheet for Norwegian Energy Company ASA 30.06.2016

#### NOK million

<b>Non-current assets</b>	
Restricted Cash	564
Value of subsidiaries	593
<b>Total non-current assets</b>	<b>1 157</b>
<b>Current assets</b>	<b>1</b>
Bank deposits, cash and cash equivalents	76
<b>Total current assets</b>	<b>77</b>
<b>Total assets</b>	<b>1 234</b>
<b>Equity</b>	
Share capital	71
Other equity	436
<b>Total equity</b>	<b>507</b>
<b>Non-current liabilities</b>	
Bond loan	156
Guarantee provision	564
<b>Total non-current liabilities</b>	<b>721</b>
<b>Current liabilities</b>	
Trade payables and other current liabilities	6
<b>Total current liabilities</b>	<b>6</b>
<b>Total liabilities</b>	<b>727</b>
<b>Total equity and liabilities</b>	<b>1 234</b>

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

Bond loan NOR10 presented at par value.

## BUSINESS DEVELOPMENT

On 2 March 2016 Noreco announced that it had entered into an agreement for the sale of its remaining Norwegian exploration licenses together with the transfer of all employees of Noreco Norway AS to Det norske oljeselskap ASA ("Detnor").

On 16 March 2016 it was announced that a bondholder meeting had approved the transaction.

On 30 June 2016 it was announced that final approval by the Norwegian authorities had been received thereby all conditions for completion had been fulfilled and the transaction was successfully completed on that date.

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

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

Following the transaction with Detnor and the ceasing of E&P activities, Noreco has adjusted its cost base to reflect the reduced activities. This has now been concluded with the closing of the offices in Stavanger and Denmark and the number of employees has been reduced to 4. A strong focus on cost will however be maintained.

## GROUP FINANCIALS

The Noreco group had **revenues from continued operations** of NOK 2 million in the second quarter 2016, compared to NOK 9 million in the second quarter 2015. For the first 6 months in 2016 the revenues were NOK 5 million compared to NOK 12 million in 2015. The reduced revenue in 2016 compared with 2015 is mainly due to reduced ownership interest in the Danish oil field Lulita.

**Production expenses from continued operations** amounted to NOK 3 million in the second quarter of 2016, and 4 million for the first six months. In 2015 the production expenses from continued operations amounted to NOK 2 million for the second quarter and NOK 4 million for the first six months.

**Personnel expenses** have decreased from NOK 5 million last year to NOK 3 million in the second quarter of 2016 due to reduced personnel.

**Other operating expenses from continued operations** were NOK 9 million in the second quarter compared to NOK 1 million last year. This is mainly due to consultancy cost relating to the insurance claim.

**EBITDA from continued operations** (operating result before depreciation and write-downs) in the second quarter 2016 was negative by NOK 13 million, compared to a positive EBITDA of NOK 6 million in the same quarter 2015. For the first six months of 2016 Noreco had a negative EBITDA of NOK 29 million compared to NOK 14 million in the same period in 2015.

**Net Financial items from continued operations** amounted NOK 20 million for the second quarter of 2016, and NOK 3 million for the first six months, compared to a negative amount of NOK 168 million in the second quarter of 2015, and a positive amount of NOK 1 998 million for the first six months of 2015. The effect in the second quarter of 2016 is mainly due to currency translation.

**Taxes from continued operations** amounted to an income of NOK 32 million for the second quarter, and NOK 43 million for the first six months. The effect is impacted by the Detnor deal and fair value measurement of the bond loans. Taxable income is also impacted by different tax regimes and tax rates. The tax rate represents the weighted average in relation to the results from the various subsidiaries. Reference is made to note 10 in the interim financial report for further details to the taxes this period.

**Profit from discontinued operation** amounted to a loss in the second quarter of NOK 7 million compared to a loss of NOK 297 million for the same period in 2015. For the first six months profit from discontinued operation amounted to NOK 38 million compared to a loss NOK 675 million in the same period in 2015.

**Net result** for the second quarter of 2016 is a profit of NOK 31 million, and for the first six months NOK 57 million, compared to a loss of NOK 458 million for the second quarter 2015 and a profit of NOK 1 334 million for the first six months of 2015.

**Non-current restricted cash** amounts to NOK 603 million mainly relating to the balance of an escrow account of DKK 445 million plus interests set aside for future abandonment cost for Nini and Cecilie. After the settlement agreement with the partners Noreco remains liable for the abandonment obligation, but the liability is in any and all circumstances limited to a maximum amount of DKK 445 million adjusted for accrued interests on the escrow account. The liability corresponding to this escrow account is included in the asset retirement obligation.

**Current receivables** amounted to NOK 502 million, including NOK 496 million related to the Siri-insurance claim. The court hearing has been scheduled to start 12 September 2016.

At the end of the second quarter 2016, Noreco had a total of NOK 130 million in **bank deposits, cash and cash equivalents**.

**Equity** amounted to NOK 170 million at the end of the period, compared to NOK 144 million at the end of 2015.

**Asset retirement obligations** amounted to NOK 807 million at the end of the quarter compared to NOK 837 million at the end of 2015. The decrease is due to currency translation.

Interest-bearing debt, excluding exploration loans, had a book value of NOK 505 million (principal amount NOK 641 million) at the end of the second quarter 2016, compared to a book value of NOK 832 million (principal amount NOK 994 million) at the end of 2015. At the end of the quarter the bonds were valued at 75% (NOR06) and 91% (NOR10) of principal amount. The group's exploration loan amounted to NOK 107 million at the end of the quarter. Total interest-bearing debt at the end of the second quarter has been reduced to a book value of NOK 612 million compared to NOK 942 at the end of 2015.

## RISKS AND UNCERTAINTIES

Investment in Noreco involves risks and uncertainties as described in the board of director's report and note 3 to the annual report 2016. The most significant risks Noreco is facing for the next twelve months are related to tax, court ruling and currency exchange rates.

## GOVERNANCE AND ORGANISATION

An extraordinary General Meeting in Norwegian Energy Company ASA was held 21 January 2016. The general meeting approved an option scheme for key personnel, including directors of the Board. It was also approved that The Board of Directors is authorized to acquire treasury shares, and an authorization was also given to increase the Company's share capital by subscription of new shares. Both authorizations can only be used for fulfilment of the Company's option scheme, to strengthen the Company's equity or for funding of business opportunities.

On 26 May 2016 the annual general meeting resolved to approve that each board member elected by the shareholders enter into a consultancy agreement with a remuneration of NOK 2,000 per hour with respect of work in addition to board meetings.

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

## 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 2016.

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.

*Oslo, 31 August 2016*

*The Board of Directors and Chief Executive Officer Norwegian Energy Company ASA*

Riulf Rustad  
Chair

Lars Purlund  
Board Member

Marianne Lie  
Board Member

John Madden  
Board Member

Tone Kristin Omsted  
Board Member

Silje Augustson  
CEO

# STATEMENT OF COMPREHENSIVE INCOME

## CONSOLIDATED

All figures in NOK million	Note	Q2 2016	Re-presented Q2 2015	YTD Q2 2016	Re-presented YTD Q2 2015	Re-presented 2015
<b>Continued operations</b>						
Revenue	3	2	9	5	12	13
<b>Total revenues</b>		<b>2</b>	<b>9</b>	<b>5</b>	<b>12</b>	<b>13</b>
Production expenses	4	(3)	(2)	(4)	(4)	(6)
Exploration and evaluation expenses	5	-	-	-	-	(1)
Personnel expenses	6	(3)	(5)	(12)	(13)	(18)
Other operating expenses	7	(9)	(1)	(19)	13	(8)
Other (losses) / gains	8	0	5	1	6	(14)
<b>Total operating expenses</b>		<b>(15)</b>	<b>(3)</b>	<b>(34)</b>	<b>2</b>	<b>(46)</b>
<b>Operating result before depreciation and write-downs (EBITDA)</b>		<b>(13)</b>	<b>6</b>	<b>(29)</b>	<b>14</b>	<b>(33)</b>
Depreciation	12	(0)	(1)	(0)	(1)	(2)
Write-downs and reversals of write-downs	11,12	-	0	0	0	(11)
<b>Net operating result (EBIT)</b>		<b>(13)</b>	<b>5</b>	<b>(29)</b>	<b>13</b>	<b>(46)</b>
Financial income	9	29	42	39	2 266	2 412
Financial expenses	9	(9)	(210)	(36)	(269)	(378)
<b>Net financial items</b>		<b>20</b>	<b>(168)</b>	<b>3</b>	<b>1 997</b>	<b>2 034</b>
<b>Result before tax (EBT)</b>		<b>7</b>	<b>(164)</b>	<b>(26)</b>	<b>2 010</b>	<b>1 988</b>
Income tax benefit / (expense)	10	32	2	43	0	2
<b>Net result for the period continued operation</b>		<b>38</b>	<b>(162)</b>	<b>18</b>	<b>2 010</b>	<b>1 991</b>
<b>Discontinued operation</b>						
Profit (loss) from discontinued operation (net of income tax)	2	(7)	(297)	38	(675)	(1 324)
<b>Net result for the period</b>		<b>31</b>	<b>(458)</b>	<b>57</b>	<b>1 334</b>	<b>665</b>
<b>Other comprehensive income (net of tax):</b>						
<i>Items to be reclassified to profit or loss in subsequent periods</i>						
Currency translation adjustment		(20)	(8)	(36)	21	16
<b>Total</b>		<b>(20)</b>	<b>(8)</b>	<b>(36)</b>	<b>21</b>	<b>16</b>
<b>Total other comprehensive income for the period (net of tax)</b>		<b>(20)</b>	<b>(8)</b>	<b>(36)</b>	<b>21</b>	<b>16</b>
<b>Total comprehensive income for the period (net of tax)</b>		<b>11</b>	<b>(466)</b>	<b>20</b>	<b>1 356</b>	<b>681</b>
<b>Earnings per share (NOK 1)</b>						
Basic	20	4	(65)	8	321	94
Diluted	20	4	(65)	8	320	94
<b>Earnings per share continuing operation (NOK 1)</b>						
Basic	20	5	(23)	3	484	283
Diluted	20	5	(23)	3	482	283

# STATEMENT OF FINANCIAL POSITION

## CONSOLIDATED

NOK million	Note	30.06.16	31.12.15
<b>Non-current assets</b>			
Deferred tax assets	10	393	351
Property, plant and equipment	12	2	2
Tax refund	10	5	-
Restricted cash	14,17	603	620
Receivables	13	-	521
<b>Total non-current assets</b>		<b>1 003</b>	<b>1 494</b>
<b>Current assets</b>			
Assets held for sale		0	12
Tax refund	10	119	119
Trade receivables and other current assets	13,17	502	21
Restricted cash	14,17	3	178
Bank deposits, cash and cash equivalents	14,17	130	452
<b>Total current assets</b>		<b>754</b>	<b>783</b>
<b>Total assets</b>		<b>1 757</b>	<b>2 277</b>
<b>Equity</b>			
Share capital	20	71	71
Other equity		99	73
<b>Total equity</b>		<b>170</b>	<b>144</b>
<b>Non-current liabilities</b>			
Deferred tax	10	42	47
Asset retirement obligations	19	807	837
Bond loan	15,17	505	501
<b>Total non-current liabilities</b>		<b>1 353</b>	<b>1 385</b>
<b>Current liabilities</b>			
Liabilities held for sale		0	107
Bond loan	15,17	0	331
Other interest bearing debt	15,17	107	110
Derivatives	17	-	1
Tax payable	10	-	37
Trade payables and other current liabilities	16,17	128	162
<b>Total current liabilities</b>		<b>235</b>	<b>748</b>
<b>Total liabilities</b>		<b>1 588</b>	<b>2 133</b>
<b>Total equity and liabilities</b>		<b>1 757</b>	<b>2 277</b>



# STATEMENT OF CHANGES IN EQUITY

## CONSOLIDATED

NOK million	Share capital	Currency translation fund	Hedging reserve	Other equity	Total equity
<b>2015</b>					
Equity on 01.01.2015	568	449	-	(1 820)	(803)
Net result for the period		-		1 334	1 334
<b>Other comprehensive income for the period (net of tax)</b>					
Currency translation adjustments	-	21	-	-	21
<b>Total comprehensive income for the period (net of tax)</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>1 334</b>	<b>1 356</b>
<b>Transactions with owners</b>					
Proceeds from share issued	65	-	-	189	255
Issue					
Capital reduction	(562)	-	-	562	-
Share-based incentive program	-	-	-	3	3
<b>Total transactions with owners for the period</b>	<b>(497)</b>	<b>-</b>	<b>-</b>	<b>754</b>	<b>257</b>
<b>Equity on 30.06.2015</b>	<b>71</b>	<b>470</b>	<b>-</b>	<b>268</b>	<b>810</b>
<b>2016</b>					
Equity on 01.01.2016	71	465	-	(392)	144
Net result for the period		-		57	57
<b>Other comprehensive income for the period (net of tax)</b>					
Currency translation adjustments	-	(36)	-	-	(36)
Other					
<b>Total other comprehensive income for the period (net of tax)</b>	<b>-</b>	<b>(36)</b>	<b>-</b>	<b>57</b>	<b>20</b>
<b>Transactions with owners</b>					
Proceeds from share issued	0	-	-	0	0
Capital reduction	-	-	-	-	0
Share-based incentive program	-	-	-	7	7
<b>Total transactions with owners for the period</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>7</b>
<b>Equity on 30.06.2016</b>	<b>71</b>	<b>429</b>	<b>-</b>	<b>(330)</b>	<b>170</b>

# STATEMENT OF CASH FLOWS

## CONSOLIDATED

NOK million	Q2 2016	Q2 2015	YTD Q2 2016	YTD Q2 2015
Net result for the period	31	(458)	57	1 334
Income tax benefit	(30)	90	(47)	206
<i>Adjustments to reconcile net result before tax to net cash flows from operating activities:</i>				
Depreciation	0	31		48
Write-downs and reversal of write-downs	-	17		65
Expensed exploration expenditures previously capitalised	6	88	6	209
Share-based payments expenses	-	1	7	3
(Gain) / loss on sale of licences	(21)	30	(65)	30
Change in fair value of bonds	(1)	277	(4)	277
Loss related to discontinued cash flow hedge	-			
Unrealised loss / (gain) related to financial instruments		(54)	(1)	(27)
Gain on extinguishment of debt	-			(2 176)
Paid/received interests and borrowing cost - net	-	27		9
Effect of changes in exchange rates	(20)	(9)	(36)	(15)
Accretion expense related to asset retirement obligations	-	14	-	28
<i>Changes in working capital</i>				
Changes in trade receivable	13	(11)		39
Changes in trade payables	(18)	(32)		(4)
Changes in other current balance sheet items	(20)	22	153	154
<b>Net cash flow from operations</b>	<b>(59)</b>	<b>31</b>	<b>69</b>	<b>178</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of assets	-			11
Purchase of tangible assets	-	7		5
Purchase of intangible assets		(76)		(143)
Net cash outflow from divestment of assets	(24)		(44)	-
<b>Net cash flow used in investing activities</b>	<b>(24)</b>	<b>(68)</b>	<b>(44)</b>	<b>(127)</b>
<b>Cash flows from financing activities</b>				
Repayment of bonds			(323)	-
Repayment of exploration facility			(3)	(2)
Paid borrowing cost	-	(28)		(70)
Interest paid		(4)	(21)	(9)
<b>Net cash flow from (used) in financing activities</b>	<b>-</b>	<b>(32)</b>	<b>(347)</b>	<b>(80)</b>
<b>Net change in cash and cash equivalents</b>	<b>(83)</b>	<b>(69)</b>	<b>(322)</b>	<b>(29)</b>
Cash and cash equivalents at the beginning of the period	214	685	452	644
<b>Cash and cash equivalents at end of the quarter</b>	<b>130</b>	<b>616</b>	<b>130</b>	<b>616</b>

# NOTES

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## 1 Accounting principles

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

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

### **Basis for preparation**

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

The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding. The statement of comprehensive income has been re-presented for discontinued operations as of Q2 2016.

The interim financial statements for the second quarter of 2016 were authorised for issue by the board of directors on 31 August 2016.

### **Going concern**

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

### **Reference to summary of significant accounting policies**

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

### **Borrowings**

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

### **Discontinued operation**

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

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

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

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

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

## 2 Discontinued operations

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

The new strategy entails re-payment of bonds whenever the cash flow allows it, and secure a return of investment to the shareholders. During 2015 the company has implemented the plan by ceasing to be an E&P company, and on the 2nd of March 2016 an agreement was entered into by Norecos fully owned subsidiary Noreco Norway AS and Det norske oljeselskap ASA ("Detnor") which included a sale of its remaining exploration licences, employees and a cash balance of approximately NOK 45 million, to be adjusted for working capital. The effective date of the transaction is 1 January 2016. Now completed, the transaction will constitute a ceasing of all of Noreco Norway's petroleum activities, and Noreco will claim "Exit-refund" in 2017. The transaction entered into with Detnor received the necessary approvals from the Ministry of Petroleum and Energy and the Ministry of Finance at the end of second quarter, and the deal was consequently completed at the end of second quarter 2016. The Detnor deal resulted in Q1 in a provision for the expected payment of consideration. Due to the lengthy process the expected payment of consideration was updated and resulted in a reversal of parts of the provision from Q1 2016. At the end of the second quarter the company only has a 10% interest in a Danish oil field (Lulita) to maintain hydrocarbon tax position in order to protect the main asset in Denmark.

Following the Detnor-transaction described (Sale of the Norwegian E&P business including operatorships, staff contracts and other contracts related to the operation), Noreco has 4 employees, the 10% share in the oil field Lulita, an insurance claim related to damages suffered related to the Siri platform, the tax balances and the bond loans NOR06 and NOR10.

(NOK million)	Q2 2016	Q2 2015	YTD Q2 2016	YTD Q2 2015
<b>Revenue</b>	-	<b>184</b>	-	<b>295</b>
Production expenses	-	(17)	-	(154)
Exploration and evaluation expenses <sup>(1)</sup>	(10)	(151)	(15)	(280)
Payroll expenses	(10)	(15)	(18)	(29)
Other operating expenses	(3)	(11)	(9)	(25)
Other (losses) / gains <sup>(2)</sup>	21	(8)	65	7
<b>Total operating expenses</b>	<b>(2)</b>	<b>(202)</b>	<b>23</b>	<b>(481)</b>
<b>Operating result before depreciation and write-downs (EBITDA)</b>	<b>(2)</b>	<b>(18)</b>	<b>23</b>	<b>(186)</b>
Depreciation	-	(31)	-	(47)
Write-downs and reversals of write-downs	-	(17)	-	(64)
<b>Net operating result (EBIT)</b>	<b>(2)</b>	<b>(66)</b>	<b>23</b>	<b>(297)</b>
Financial income	-	(1)	-	4
Financial expenses	(3)	(137)	7	(178)
<b>Net financial items</b>	<b>(3)</b>	<b>(138)</b>	<b>7</b>	<b>(174)</b>
<b>Result before tax (EBT)</b>	<b>(5)</b>	<b>(204)</b>	<b>31</b>	<b>(471)</b>
Income tax benefit / (expense)	(2)	(92)	7	(206)
<b>Net result for the period</b>	<b>(7)</b>	<b>(297)</b>	<b>38</b>	<b>(675)</b>

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

2) The Djerv deal results in establishment of a provision for the payment of consideration of NOK 74 million. As described above, the deal was turned down by the NOR06 bondholders and subsequently a new deal with Detnor was agreed, resulting in a reversal of parts of the Djerv provision in Q1 2016 based on expected payment. Due to a lengthy process the expected payment of consideration was updated in Q2 2016 and resulted in a further reversal of parts of the provision.

### 3 Revenue

(NOK million)	Note	Q2 2016	Q2 2015	YTD Q2 2016	YTD Q2 2015
<b>Continued operations</b>					
Sale of oil		2	9	4	12
Sale of gas and NGL		0		1	
<b>Total revenue continued operations</b>		<b>2</b>	<b>9</b>	<b>5</b>	<b>12</b>
<b>Total revenue discontinued operations</b>	<b>2</b>	<b>-</b>	<b>184</b>	<b>-</b>	<b>295</b>
<b>Total revenue</b>		<b>2</b>	<b>193</b>	<b>5</b>	<b>308</b>

### 4 Production expenses

(NOK million)	Note	Q2 2016	Q2 2015	YTD Q2 2016	YTD Q2 2015
<b>Continued operations</b>					
Lulita		(3)	(2)	(4)	(4)
<b>Total production expenses continued operations</b>		<b>(3)</b>	<b>(2)</b>	<b>(4)</b>	<b>(4)</b>
<b>Total production expenses discontinued operations</b>	<b>2</b>	<b>-</b>	<b>(17)</b>	<b>-</b>	<b>(154)</b>
<b>Total production expenses</b>		<b>(3)</b>	<b>(19)</b>	<b>(4)</b>	<b>(157)</b>

### 5 Exploration and evaluation expenses

(NOK million)	Note	YTD Q2 2016	YTD Q2 2015	YTD Q2 2016	YTD Q2 2015
<b>Continued operations</b>					
Other exploration and evaluation costs		-	-	-	-
<b>Total exploration and evaluation costs continued operations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total exploration and evaluation costs discontinued operations</b>	<b>2</b>	<b>(10)</b>	<b>(151)</b>	<b>(15)</b>	<b>(280)</b>
<b>Total exploration and evaluation costs</b>		<b>(10)</b>	<b>(151)</b>	<b>(15)</b>	<b>(280)</b>

## 6 Payroll expenses

(NOK million)	Note	Q2 2016	Q2 2015	YTD Q2 2016	YTD Q2 2015
<b>Continued operations</b>					
Salaries		(3)	(4)	(5)	(11)
Social security tax		(1)		(0)	
Pensions costs		(0)		(0)	
Costs relating to share-based payments		-	(1)	(7)	(2)
Other personnel expenses		(0)		(0)	
Personnel expenses charged to operated licences		2		-	
<b>Total personnel expenses continued operations</b>		<b>(3)</b>	<b>(5)</b>	<b>(12)</b>	<b>(13)</b>
<b>Total personnel expenses discontinued operations</b>	<b>2</b>	<b>(10)</b>	<b>(15)</b>	<b>(18)</b>	<b>(30)</b>
<b>Total personnel expenses</b>		<b>(13)</b>	<b>(20)</b>	<b>(30)</b>	<b>(43)</b>
Average number of employees, continued operations		6	4	6	4
Average number of employees, discontinued operations		20	39	20	37
Average number of employees		26	43	26	41

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

## 7 Other operating expenses

(NOK million)	Note	Q2 2016	Q2 2015	YTD Q2 2016	YTD Q2 2015
<b>Continued operations</b>					
Premises		(0)	-	(1)	
IT expenses		(0)	(1)	(1)	(2)
Travel expenses		(0)	-	(1)	
Office cost		(0)	-	(0)	
Consultant fees <sup>(1)</sup>		(8)		(16)	17
Other operating expenses		(0)	(1)	(1)	(2)
<b>Total other operating expenses continued operations</b>		<b>(9)</b>	<b>(1)</b>	<b>(19)</b>	<b>13</b>
<b>Total other operating expenses discontinued operations</b>	<b>2</b>	<b>(3)</b>	<b>(11)</b>	<b>(9)</b>	<b>(25)</b>
<b>Total other operating expenses</b>		<b>(12)</b>	<b>(13)</b>	<b>(27)</b>	<b>(12)</b>

1) Consultant fees in YTD Q2 2015 include fees relating to the restructuring efforts recorded in 2014, which have been reclassified and included in the calculation of bond debt restructuring impact.

## 8 Other (losses) / gains

(NOK million)	Note	Q2 2016	Q2 2015	YTD Q2 2016	YTD Q2 2015
<b>Continued operations</b>					
Change in value, other derivatives		0	1	1	2
Gain /(loss) on sale of assets		-	4	-	4
<b>Total other (losses)/gains continued operations</b>		<b>0</b>	<b>5</b>	<b>1</b>	<b>6</b>
<b>Total other (losses)/gains discontinued operations</b>	<b>2</b>	<b>21</b>	<b>(8)</b>	<b>65</b>	<b>7</b>
<b>Total other (losses) / gains</b>		<b>22</b>	<b>(3)</b>	<b>66</b>	<b>13</b>

## 9 Financial income and expenses

### Financial income

(NOK million)	Note	Q2 2016	Q2 2015	YTD Q2 2016	YTD Q2 2015
<b>Continued operations</b>					
Interest income		-	3	0	8
Gain on extinguishment of debt <sup>(1)</sup>		-	-		2 176
Change in fair value of bond debt <sup>(1)</sup>		1		4	-
Currency translation income		28	39	35	83
Other financial income		0	0	0	-
<b>Total financial income continued operations</b>		<b>29</b>	<b>42</b>	<b>39</b>	<b>2 266</b>
<b>Total financial income discontinued operations</b>	<b>2</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>4</b>
<b>Total financial income</b>		<b>29</b>	<b>42</b>	<b>39</b>	<b>2 271</b>

1) See note 15

### Financial expenses

(NOK million)	Note	Q2 2016	Q2 2015	YTD Q2 2016	YTD Q2 2015
<b>Continued operations</b>					
Interest expense from bond loans		(11)	(20)	(24)	(60)
Interest expenses current liabilities		(0)	(0)	(0)	-
Accretion expense related to asset retirement obligations		(0)	-	(0)	
Currency translation expense		2	(36)	1	(78)
Change in fair value of bond debt <sup>(1)</sup>		-	(154)	-	(131)
Other financial expenses		0		(12)	
<b>Total financial expenses continued operations</b>		<b>(9)</b>	<b>(210)</b>	<b>(36)</b>	<b>(269)</b>
<b>Total financial expenses discontinued operations</b>	<b>2</b>	<b>(3)</b>	<b>(137)</b>	<b>7</b>	<b>(178)</b>
<b>Total financial expenses</b>		<b>(12)</b>	<b>(346)</b>	<b>(29)</b>	<b>(448)</b>
<b>Net financial items continued operation</b>		<b>20</b>	<b>(168)</b>	<b>3</b>	<b>1 997</b>
<b>Net financial items discontinued operation</b>	<b>2</b>	<b>(3)</b>	<b>(138)</b>	<b>7</b>	<b>(174)</b>
<b>Net financial items</b>		<b>17</b>	<b>(304)</b>	<b>11</b>	<b>1 823</b>

1) See note 15

# 10 Tax

## Income tax

(NOK million)	Q2 2016	Q2 2015	YTD Q2 2016	YTD Q2 2015
Income (loss) before tax	2	(369)	5	1 540
Income tax benefit / (expense)	30	(90)	50	(206)
Equivalent to a tax rate of	NA	(24.4 %)	NA	13.4 %

Noreco operates in three countries and six different tax regimes with separate tax rates. As such, the weighted average tax rate varies from quarter to quarter based on variations of the tax basis. This quarter is highly influenced by the Detnor deal, and bond loans measured at fair value.

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

Tax loss carry forward 30.06.16 (NOK million)	Offshore		Onshore	
	Recognised	Un-recognised	Recognised	Un-recognised
<i>Norway (offshore 53% / onshore 25%)</i>				
Norwegian Energy Company ASA	-	-	-	676
Altinex AS	-	-	-	3
Noreco Norway AS	514	-	498	-
<i>Denmark (offshore 39%/25% / onshore 22%)</i>				
Noreco Denmark A/S	-	-	-	-
Noreco Oil Denmark A/S	244	5 124	-	-
Noreco Petroleum Denmark A/S	14	880	-	-
<i>UK (offshore 20% / onshore 30%)</i>				
Norwegian Energy Company (UK) Ltd.	-	679	-	679
Noreco Oil (UK) Ltd.	-	882	-	701
<b>Total tax loss carry forward</b>	<b>772</b>	<b>7 565</b>	<b>498</b>	<b>2 059</b>

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

Tax loss carry forwards in the Danish offshore tax regime of NOK 6 004 million has been calculated according to Chapter 3A in the Danish Hydrocarbon Taxation Act (kulbrinteskatteloven). Approximately NOK 320 million is time limited and will lapse by 2016.

## Tax refund

(NOK million)	30.06.16	31.12.15
Non-current tax refund related to Norwegian exploration activity 2016	5	-
<b>Current assets</b>		
Tax refund related to Norwegian exploration activity in 2015	119	119
<b>Total tax refund</b>	<b>124</b>	<b>119</b>

## Tax payable

(NOK million)	30.06.16	31.12.15
Tax payable in Norway	-	-
Tax payable other countries	-	37
<b>Total tax payable</b>	<b>-</b>	<b>37</b>

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

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



# 11 Intangible non-current assets

(NOK million)	Licence and capitalised exploration expenditures	Goodwill	Total
Acquisition costs 01.01.16	(0)	1 095	1 095
Additions	6	-	6
Expensed exploration expenditures previously capitalised	(6)	-	(6)
Disposals	-	(1 087)	(1 087)
Reclassified from assets held for sale in Q1 2016	-	38	38
Currency translation adjustment	0	(39)	(39)
<b>Acquisition costs 30.06.16</b>	<b>(0)</b>	<b>7</b>	<b>7</b>
<b>Accumulated depreciation and write-downs</b>			
Accumulated depreciation and write-downs 01.01.16		(1 095)	(1 095)
Write-downs		-	-
Disposals		1 087	1 087
Reclassified from assets held for sale in Q1 2016		(38)	(38)
Currency translation adjustment		39	39
<b>Accumulated depreciation and write-downs 30.06.16</b>		<b>(7)</b>	<b>(7)</b>
<b>Book value 30.06.16</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>

## Impairment test Q2 2016

No impairment test was performed in Q2 2016 due to all intangible non-current assets being impaired in full during 2015, and no triggers or reversal triggers have been present in Q2 2016..

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

The remaining goodwill was fully impaired in previous quarter.

## 12 Property, plant and equipment

(NOK million)	Production facilities	Machinery and equipment	Total
Acquisition costs 01.01.16	3 790	6	3 796
Additions	-	-	-
Disposals	(3 799)	-	(3 799)
Reclassified from assets held for sale in Q1 2016	78	0	78
Currency translation adjustment	(131)	(0)	(131)
<b>Acquisition costs 30.06.16</b>	<b>(62)</b>	<b>6</b>	<b>(56)</b>
<b>Accumulated depreciation and write-downs</b>			
Accumulated depreciation and write-downs 01.01.16	(3 788)	(6)	(3 794)
Depreciation	(0)	-	(0)
Disposals	3 799	-	3 799
Write-downs	-	-	-
Reclassified from assets held for sale in Q1 2016	(78)	(0)	(78)
Currency translation adjustment	131	0	131
<b>Accumulated depreciation and write-downs 30.06.16</b>	<b>64</b>	<b>(6)</b>	<b>58</b>
<b>Book value 30.06.16</b>	<b>2</b>	<b>0</b>	<b>2</b>

### Impairment test Q2 2016

No impairment test was performed in Q2 2016 due to all material PP&E being impaired in full during 2015, and no triggers or reversal triggers have been present in Q2 2016.

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

(NOK million)	30.06.2016	31.12.2015
<b>Non-current assets</b>		
Other receivables <sup>(1)</sup>		521
<b>Total non-current receivables</b>	-	<b>521</b>
<b>Current assets</b>		
Trade receivables	2	2
Receivables from operators relating to joint venture licences	4	5
Underlift of oil/NGL	1	0
Prepayments	2	1
Other receivables <sup>(1)</sup>	492	13
<b>Total trade receivables and other current receivables</b>	<b>502</b>	<b>21</b>

1) The company continues to progress an insurance claim which is related to damage to the Siri platform that was discovered in 2009. The total claim exceeds NOK 3 billion, of which NOK 492 million (the USD amount is unchanged since 31 December 2015) is recognised as a current receivable at 30 June 2016. The book value of the receivable relates to costs incurred to prevent further damage, and loss of production income in 2009/2010. Based on technical documentation containing third party evaluations and the insurance agreements, the company remains firm that the claim is covered and at a minimum the booked amounts will be awarded.

A court hearing has been scheduled for Q3 of 2016.

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

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

(NOK million)	30.06.2016	31.12.2015
<b>Non-current assets</b>		
Restricted cash pledged as security for abandonment obligation in Denmark, DKK 445 million plus interest (see note 19)	564	581
Other restricted cash and bank deposits	39	39
<b>Total non-current restricted cash</b>	<b>603</b>	<b>620</b>
<b>Current assets</b>		
Other restricted cash and bank deposits (Bond holder pledge account, Withholding tax etc.)	3	178
<b>Total current restricted cash</b>	<b>3</b>	<b>178</b>
Unrestricted cash, bank deposits, cash equivalents and quoted shares	130	452
<b>Total bank deposits</b>	<b>736</b>	<b>1 250</b>

### Restricted cash

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

### Overdraft facilities

(NOK million)	Facility amount	Used	Unused	Available
NOK (Exploration loan facility in Noreco Norway AS) <sup>(1)</sup>	107	107	-	-
<b>Total</b>	<b>107</b>	<b>107</b>	<b>-</b>	<b>-</b>
Unrestricted cash and cash equivalents				130
<b>Accessible liquidity at 30.06.16</b>				<b>130</b>

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

# 15 Borrowings

## 15.1 Principal amounts and book values

Non-current debt (NOK million)	30.06.2016		31.12.2015	
	Principal amount	Book value	Principal amount	Book value
NOR06 bond loan, amended and restated	485	362	477	367
NOR10 bond loan, amended and restated	156	143	156	134
<b>Total non-current bonds</b>	<b>641</b>	<b>505</b>	<b>634</b>	<b>501</b>
Exploration loan	(0)	(0)	(0)	(0)
<b>Total non-current other interest bearing debt</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Current debt</b>				
(NOK million)	Principal amount		Book value	
	Principal amount	Book value	Principal amount	Book value
Amended and restated NOR06	(0)	-	160	160
Amended and restated NOR10	(0)	-	200	170
<b>Total current bonds</b>	<b>(0)</b>	<b>-</b>	<b>361</b>	<b>331</b>
Exploration loan	107	107	110	110
<b>Total current other interest bearing debt</b>	<b>107</b>	<b>107</b>	<b>110</b>	<b>110</b>
<b>Total borrowings</b>	<b>748</b>	<b>612</b>	<b>1 104</b>	<b>942</b>

## 15.2 Subsequent measurement and events in second quarter 2016

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

Amended and restated NOR06	74.7 %
Amended and restated NOR10	91.1 %

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

# 16 Trade payables and other current liabilities

(NOK million)	30.06.16	31.12.15
Trade payable	(6)	3
Liabilities to operators relating to joint venture licences	89	101
Overlift of oil/NGL	(0)	-
Accrued interest	14	17
Salary accruals	2	-
Public duties payable	5	1
Other current liabilities	24	39
<b>Total other current liabilities</b>	<b>128</b>	<b>162</b>

# 17 Financial instruments

## 17.1 Fair value hierarchy

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

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

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

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

On 30.06.2016

(NOK million)	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Underlift of oil		1		
<b>Total assets</b>	-	1	-	1
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Bond loans			505	505
<b>Total liabilities</b>	-	-	505	505

On 31.12.2015

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

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 commodity derivatives and over/underlift of hydrocarbons are based on the spot oil price at closing date. The fair value of interest rate swap agreements is based on market's expectation for future interests. The fair value of foreign exchange derivatives are based on the spot foreign exchange rate at the closing date, as well as the market's expectation for future interests. Fair value of bond loans are based on executed trades at applicable market places and if appropriate, supplemented by other market based information such as broker quotes and subsequent trades adjusted for any significant time differences.

## 17.2 Financial instruments by category

On 30.06.2016

(NOK million)	Loans and receivables	Assets at fair value through profit or loss	Total
<b>Assets</b>			
Trade receivables and other current assets	500	1	502
Restricted cash	606		606
Bank deposits, cash, cash equivalents and quoted shares	130	0	130
<b>Total</b>	<b>1 236</b>	<b>1</b>	<b>1 238</b>

(NOK million)	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Total
<b>Liabilities</b>			
Bonds		505	505
Other interest bearing debt	107		107
Trade payables and other current liabilities	123	(0)	123
<b>Total</b>	<b>230</b>	<b>505</b>	<b>735</b>

On 31.12.2015

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

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

## 17.3 Financial instruments - Fair values

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

(NOK million)	Carrying amount	Fair value
<b>Financial assets:</b>		
Trade receivables and other current assets	502	502
Restricted cash	606	606
Bank deposits, cash, cash equivalents and quoted shares	130	130
<b>Total</b>	<b>1 238</b>	<b>1 238</b>
<b>Financial liabilities:</b>		
Bond loans	505	505
Other interest bearing debt	107	107
Trade payables and other current liabilities	90	90
<b>Total</b>	<b>702</b>	<b>702</b>

# 18 Segment reporting

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

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

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

Financial information for the operating segments should reflect management reporting. For management reporting the bond loans are valued and presented to the principal amount and change in fair value and amortisation of unrealised gain is excluded in the income statement. Furthermore, as it is clear from management perspective that the subsidiary Noreco Oil (UK) Ltd is unable to raise financing for its liabilities and that the group is also unable to support the company the liability of NOK 283 mill has been "reversed" to reflect the real value of the company to the group.

## Operational segment information 30.06.2016 (YTD)

(NOK million)	Other Ringfence 1	Noreco Norway Ringfence 2	Inter company	Group	GAAP adjustments	IFRS Group
<b>Condensed income statement</b>						
Revenue	5	-		5		5
Total operating expenses	(31)	(3)		(34)		(34)
Depreciations	(0)	-		(0)		(0)
Write-downs and reversals	0	-		0		0
Net operating result	(25)	(3)	-	(28)	-	(29)
Net financial items	1	(6)		0	3	3
Result before tax	(24)	(9)	-	(28)	3	(26)
Income tax benefit / (expense)	38	6		44	(1)	43
Net result for the period discontinued operations after tax	15	23		38		38
Net result for the period	34	20	-	54	2	56
<b>Condensed statement of financial positions</b>						
Licence and capitalised exploration expenses	-	-		-	-	-
Goodwill	-	-		-	-	-
Property, plant and equipment	2	-		2	-	2
Other	1 250	536		1 786	(31)	1 755
Total assets	1 251	536	-	1 787	(31)	1 757
Equity	433	(69)	-	363	(192)	170
Asset retirement obligations	568	-		568	239	807
Bond loans	156	485		641	(136)	505
Other liabilities	96	121		217	59	277
Total liabilities	821	605	-	1 426	162	1 588



**Operational segment information 30.06.2015 (YTD)**

(NOK million)	Other Ringfence 1	Noreco Norway Ringfence 2	Inter company	Group	GAAP adjustments	IFRS Group
<b>Condensed income statement</b>						
Revenue	12	-		12		12
Total operating expenses	2	(0)		2		2
Depreciations	(1)			(1)		(1)
Write-downs and reversals	0			0		0
Net operating result	13	(0)	-	13	-	13
Net financial items	1 593	139		1 732	265	1 997
Result before tax	1 606	139	-	1 745	265	2 010
Income tax benefit / (expense)	6	37		43	(43)	0
Net result for the period discontinued operations after tax	(447)	(227)		(675)		(675)
Net result for the period	1 165	(51)	-	1 114	222	1 336
<b>Condensed statement of financial positions</b>						
Licence and capitalised exploration expenses	(0)	254		254		254
Goodwill	5	-		5		5
Property, plant and equipment	304	-		304		304
Other	(922)	922			(43)	2 557
Total assets	(613)	1 176	-	563	(43)	3 120
Equity	338	249		587	222	809
Asset retirement obligations	704	9		713		713
Bond loans	734	483		1 218	(265)	952
Other liabilities	211	435		646		646
Total liabilities	1 649	927	-	2 576	(265)	2 311

## 19 Asset retirement obligations

(NOK million)	30.06.16	31.12.15
Balance on 1.1.	837	612
Provisions and change of estimates made during the year	(13)	157
Accretion expense	0	38
Reclassified to liabilities held for sale in Q1 2016	12	(12)
Reversed provision from disposal of assets	(12)	(77)
Currency translation	(17)	118
<b>Total provision made for asset retirement obligations</b>	<b>807</b>	<b>837</b>

As part of the overall restructuring, an agreement was reached that entails that the partners will take over Noreco's share of the Nini and Cecilie licences. The restricted cash account of DKK 445 million plus interest, set aside for future abandonment costs for Nini and Cecilie will not be transferred. The Danish part of Noreco remains liable for the abandonment obligation, but the liability is in any and all circumstances limited to a maximum amount which equals the restricted cash account of DKK 445 million plus interest. Total provision made for asset retirement obligations reflects this. The balance as per 30.06.2016 is NOK 564 million for Nini/Cecilie, NOK 239 million for Huntington and NOK 5 million for Lulita.

## 20 Shares and share capital

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

## INFORMATION ABOUT NORECO

### Head office Noreco

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

Organisation number NO 987 989 297 MVA

### Financial calendar 2016

26 February Q4 2015 Report

26 May Annual General Meeting

26 May Q1 2016 Report

31 August Q2 2016 Report

23 November Q3 2016 Report

### Board of Directors Noreco

Riulf Rustad Chair

Lars Purlund

Marianne Lie

John Madden

Tone Kristin Omsted

### Noreco management

Silje Augustson CEO

### Investor Relations

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### Annual reports

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

### Quarterly publications

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

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

### News releases

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

[investorrelations@noreco.com](mailto:investorrelations@noreco.com).



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