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NORECO NORWAY AS
FIRST QUARTER
2016

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REPORT FOR THE FIRST QUARTER 2016

NORECO NORWAY AS

HIGHLIGHTS

- On 2 March 2016, Noreco Norway announced that it had entered into an agreement on the sale of its Norwegian petroleum activities to Det Norske Oljeselskap ASA (“Detnor”). On 16 March, it was announced that a bondholder meeting had approved the transaction. The transaction received approval from the Ministry of Oil and Energy but is still awaiting approval from the Ministry of Finance.
- In March 2016 Noreco made a payment of NOK 173 million on NOR06, from proceeds received from the sale of the Oselvar interest. The principal amount on NOR06 after repayment is NOK 485 million.
- The company will with the completion of the Detnor transaction have ceased all petroleum activities and apply for the exit refund. It is expected that this will be received in December, 2017. It is estimated that the payment schedule approved in the bondholder meeting of 16th March, 2016, will result in a minimum recovery of 94.7% for NOR06.

BUSINESS DEVELOPMENT

On 2 March 2016 Noreco Norway announced that it had entered into an agreement of the sale on its Norwegian petroleum activities with effect from 1 January 2016 to Det Norske Oljeselskap ASA ("Detnor"). On 16 March it was announced that a bondholder meeting had approved the transaction. Together with the transfer of the petroleum activities the organization in Stavanger will be transferred to Detnor and all Noreco Norway's activities in Stavanger will cease. Completion of the transaction with Detnor has received approval by the Ministry of Oil and Energy but is still awaiting approval from the Ministry of Finance.

Going forward Noreco Norway will concentrate on settlement of the outstanding bond loan through monetising the tax loss and other remaining assets.

The Sale and Purchase Agreement ('SPA') to transfer its 4.36% participating interest in the Enoch licence to CapeOmega AS was approved by the Norwegian authorities in March 2016.

The above actions and transactions are in line with the new strategy implemented following the financial restructuring implemented in 2015. This has led to a situation where upon completion Noreco is no longer active within the Oil and Gas business.

OUTLOOK

The realisation of the strategy is well underway. Once the approval of the Detnor transaction is received from the Ministry of Finance, management can focus on realising remaining assets and settle outstanding Bond debt.

FINANCIALS

Other operating expenses from continued operations mainly consist of consultancy fees.

Net financial items from continued operations amounted to a negative amount of NOK 8 million for the first quarter 2016 and relate to interest on bond loan. In the same period last year net financial items was an income of NOK 266 million due to change in fair value on bond loans.

Taxes from continued operations amounted to an income of NOK 3 million for the first quarter 2016, which corresponds to an average tax rate of 27 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 deferred tax asset is computed using the newly enacted tax rates for 2016 (25 per cent/53 percent).

Profit from discontinued operation in first quarter amounted to NOK 33 million compared to a loss of NOK 79 million for the same period in 2015. The profit mainly relates to the readjustment of consideration relating to the Detnor transac-

tion compared to the Djerv transaction. The latter was accounted for in the accounts for 2015, but subsequently failed to get approval.

Net result for the first quarter of 2016 amounted to a profit of NOK 26 million, compared to a profit of NOK 190 million for the first quarter 2015.

At the end of the first quarter 2016 Noreco Norway had a total of cash and cash equivalents of NOK 54 million.

Assets classified as held for sale amounted to NOK 6 million and associated Liabilities held for sale amounted to NOK 35 million at the end of the first quarter 2016. The items consisted of assets and associated liabilities related to Norecos participation interest in all assets and liabilities transferred in the Detnor-deal. See note 15 for further information.

Equity amounted to NOK 26 million at the end of the period. Equity was at year end 2015 NOK 0 million.

The **bond loan's** book value was NOK 372 million (principal amount NOK 485 million) at the end of the quarter compared to book value of NOK 527 million (principal amount of NOK 638 million) at the end of 2015. The book value of the bond loan is based on quoted prices. The company's exploration loan amounted to NOK 107 million at the end of the quarter, compared to NOK 110 million at the end of the 2015. Total interest-bearing debt at the end of the quarter had a book value of NOK 479 million (principal amount of NOK 591 million). See note 10 for further information.

RISKS AND UNCERTAINTIES

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

GOVERNANCE AND ORGANISATION

On 31 December 2015 Tommy Sundt stepped down as CEO for Noreco Norway AS. VP Exploration and Operations Lars Fosvold took over as acting Managing Director from 1 January 2016.

At the start of 2016 the company had 21 employees, and at the end of the first quarter this number was reduced to 19.

Following the transfer of the petroleum activities to Detnor all employees in Noreco Norway will be transferred to Detnor as a consequence of the business transfer.

SUBSEQUENT EVENTS

As mentioned in the text above, the Detnor transaction has received approval from the Ministry of Oil and Energy but is still awaiting approval from the Ministry of Finance.

STATEMENT OF COMPREHENSIVE INCOME

NOK million	Note	Q1 2016	Q1 2015	2015
Continued operations				
Other operating expenses	3	(2)	(0)	(7)
Total operating expenses		(2)	(0)	(7)
Operating result before depreciation and write-downs (EBITDA)		(2)	(0)	(7)
Net operating result (EBIT)		(2)	(0)	(7)
Financial income	4	2	280	337
Financial expenses	4	(10)	(13)	(262)
Net financial items		(8)	266	75
Result before tax (EBT)		(10)	266	68
Income tax benefit / (expense)	5	3	3	(18)
Net result for the period continued operation		(7)	269	50
Discontinued operation				
Profit (loss) from discontinued operation (net of income tax)	2	33	(79)	(287)
Net result for the period		26	190	(237)
Total comprehensive income for the period (net of tax)		26	190	(237)

STATEMENT OF FINANCIAL POSITION

NOK million	Note	31.03.16	31.12.15
Non-current assets			
Deferred tax assets	2	352	350
Tax refund	5	11	-0
Restricted cash	9,12	2	2
Total non-current assets		365	352
Current assets			
Assets held for sale	14	6	12
Tax refund	5	119	119
Trade receivables and other current assets	8,12	6	3
Restricted cash	9,12	1	177
Bank deposits, cash and cash equivalents	9,12	54	100
Total current assets		185	412
Total assets		550	764
Equity			
Share capital	14	1 234	1 234
Other equity		(1 208)	(1 234)
Total equity		26	0
Non-current liabilities			
Bond loan	10,12	372	367
Total non-current liabilities		372	367
Current liabilities			
Liabilities held for sale	15	35	107
Bond loan	10,12	-	160
Other interest bearing debt	10,12	107	110
Trade payables and other current liabilities	11,12	11	19
Total current liabilities		152	397
Total liabilities		524	763
Total equity and liabilities		551	764

STATEMENT OF CHANGES IN EQUITY

NOK million	Share capital	Other equity	Total equity
2015			
Equity on 01.01.2015	1 131	(1 006)	125
Net result for the period		190	190
Total comprehensive income for the period (net of tax)	-	190	190
Transactions with owners			
Proceeds from share issued	103	-	103
Share-based incentive program	-	1	1
Total transactions with owners for the period	103	1	105
Equity on 31.03.2015	1 234	(814)	420
2016			
Equity on 01.01.2016	1 234	(1 234)	0
Net result for the period		26	26
Total comprehensive income for the period (net of tax)	-	26	26
Total transactions with owners for the period	-	-	-
Equity on 31.03.2016	1 234	(1 208)	26

STATEMENT OF CASH FLOWS

NOK million	Q1 2016	Q1 2015
Net result for the period	26	190
Income tax benefit	(12)	44
<i>Adjustments to reconcile net result before tax to net cash flows from operating activities:</i>		
Expensed exploration expenditures previously capitalised	1	2
Share-based payments expenses	-	1
Change in fair value of bond	(2)	-
Gain on extinguishment of debt	-	(278)
Paid/received interests and borrowing cost - net	-	4
Effect of changes in exchange rates	1	(1)
Accretion expense related to asset retirement obligations	0	2
<i>Changes in working capital</i>		
Changes in trade receivable	5	(3)
Changes in trade payables	0	4
Changes in other current balance sheet items	135	48
Net cash flow from operations	153	13
Cash flows from investing activities		
Purchase of intangible assets	(1)	(2)
Net cash outflow from divestment of assets	(20)	-
Net cash flow used in investing activities	(21)	(2)
Cash flows from financing activities		
Issue of share capital	-	73
Repayment of bonds	(153)	-
Repayment of exploration facility	(3)	(2)
Interest paid	(22)	(4)
Net cash flow from (used) in financing activities	(178)	67
Net change in cash and cash equivalents	(46)	79
Cash and cash equivalents at the beginning of the period	100	17
Cash and cash equivalents at end of the quarter	54	96

NOTES

1 Accounting principles

Noreco Norway AS is a public limited company registered in Norway, with headquarters in Badehusgata 37, 4014 Stavanger. Following the restructuring in March 2015, the company's objective has been changed into monetizing the company's assets with the aim to repay outstanding debt. Any surplus cash will be paid out to shareholders or invested in relevant activities. The company is a 100% ultimately owned subsidiary of Norwegian Energy Company ASA (Noreco).

The interim financial statements for the first quarter of 2016 were authorised for issue by the board of directors on 25 May 2016.

Basis for preparation

The interim condensed financial statements (the interim financial statements) for the first quarter 2016 consist only of Noreco Norway AS. These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The interim financial statements do not include all of the information and disclosures required to represent a complete set of financial statements, and these interim financial statements should be read in conjunction with the annual financial statements. The interim financial statements are unaudited.

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

Going concern

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

Reference to summary of significant accounting policies

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

Borrowings

Borrowings are initially recognised at fair value. The subsequent measurement depends on which category they have been classified into. The categories applicable for Noreco are either financial liabilities through profit or loss or financial liabilities measured at amortised cost using the effective interest method. The first category applies to Noreco's bond loan as of 31 March 2016.

Discontinued operation

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

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

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

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

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

There have been no changes to significant accounting policies in the first 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. During the winter a financial restructuring process was initiated and a restructuring proposal was presented in February 2015. The restructuring proposal entailed that Noreco would be converting NOK 1 979 million of bond debt to equity with NOK 1 218 million of bond debt remaining on amended terms, including amended maturities, with possible payment-in-kind interest and no fixed amortizations except final maturity in three years, but with "cash sweep" if cash should become available. According to the plan Noreco Norway should take over the NOR06 bond loan at a principal of NOK 618 million. The restructuring proposal was approved in March 2015, and Noreco has since focused on implementing a new strategy as a consequence.

The new strategy is to repay the bonds within three years, with part payment whenever the cash flow allows it, and secure a return of investment to the shareholders. During 2015 the company has implemented the plan by ceasing to be an E&P company, specifically by selling its share in the oil producing licenses Oselvar and Enoch to CapeOmega (The Oselvar sale was completed in Q4 2015; the Enoch sale was completed in Q1 2016) and the entire E&P operation in Norway (license shares, operatorships, staff contracts and other contracts related to the operation). An agreement for the entire E&P operation in Norway was at year end agreed with Djerv Energi AS, but the deal did in Q1 2016 not achieve the necessary approval from the NOR06 bondholders. Subsequently, on the 2nd of March, Noreco announced that its fully owned subsidiary Noreco Norway AS had entered into a similar Sale and Purchase Agreement with Det Norske Oljeselskap ASA ('Detnor') for the 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. Subject to completion, the proposed transaction will constitute a ceasing of all of Noreco Norway's petroleum activities. The transaction entered into with Detnor was conditional on approval from the NOR06 bondholders, which was received on the 16th of March. Also, the Detnor transaction has received approval from the Ministry of Oil and Energy but is still awaiting approval from the Ministry of Finance.

(NOK million)	Q1 2016	Q1 2015
Revenue	(0)	15
Production expenses	(0)	(7)
Exploration and evaluation expenses ⁽¹⁾	(6)	(19)
Payroll expenses	(8)	(10)
Other operating expenses	(4)	(7)
Other (losses) / gains ⁽²⁾	43	-
Total operating expenses	25	(42)
Operating result before depreciation and write-downs (EBITDA)	25	(27)
Depreciation	-	-
Write-downs and reversals of write-downs	-	-
Net operating result (EBIT)	25	(27)
Financial income	0	1
Financial expenses	(2)	(6)
Net financial items	(2)	(5)
Result before tax (EBT)	23	(32)
Income tax benefit / (expense)	10	(47)
Net result for the period	33	(79)
Average number of employees, discontinued operations	21	40

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

2) The Djerv deal resulted 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.

Cash flow from (used) in discontinued operation

(NOK million)	Q1 2016	Q1 2015
Net cash used in operating activities	(49)	7
Net cash from investing activities	(21)	(2)
Net cash from financing activities	-	-
Net cash flow for the period	(70)	5

3 Other operating expenses

(NOK million)	Q1 2016	Q1 2015
Consultant fees	(2)	(0)
Total other operating expenses continued operation	(2)	(0)
Total other operating expenses discontinued operation	(4)	(7)
Total other operating expenses	(5)	(7)

4 Financial income and expenses

Financial income

(NOK million)	Q1 2016	Q1 2015
Interest income	-	1
Interest income from other group companies	-	1
Change in fair value of bond debt ⁽¹⁾	2	278
Other financial income	-	-
Total financial income continued operation	2	280
Total financial income discontinued operation	0	1
Total financial income	3	281

1) See note 10

Financial expenses

(NOK million)	Q1 2016	Q1 2015
Interest expense from bond loans	(10)	(3)
Interest expense to other group companies	-	(11)
Other financial expenses	-	0
Total financial expenses continued operation	(10)	(13)
Total financial expenses discontinued operation	(2)	(6)
Total financial expenses	(12)	(20)
Net financial items continued operation	(8)	266
Net financial items discontinued operation	(2)	(5)
Net financial items	(10)	262

5 Tax

Income tax

(NOK million)	Q1 2016	Q1 2015
Income (loss) before tax	14	234
Income tax benefit (expense)	12	(44)
Equivalent to a tax rate of	(91.4 %)	18.7 %

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

Noreco Norway has a marginal tax rate of 78 percent, of which 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. The deferred tax asset in the balance sheet is calculated using the enacted tax rates for 2016 (25%/53%) adjusted for the deferred tax.

Tax loss carry forward 31.03.16 (NOK million)	Offshore		Onshore	
	Recognised	Un-recognised	Recognised	Un-recognised
Noreco Norway AS	502	-	491	-
Total tax loss carry forward	502	-	491	-

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

The deferred tax in the balance sheet is calculated using the enacted tax rates for 2016 (25 per cent/ 53 per cent) and adjusting for deferred tax.

Tax refund

(NOK million)	31.03.16	31.12.15
Tax refund related to Norwegian exploration activity in 2016	11	-
Tax refund related to Norwegian exploration activity in 2015	-	119
Total tax refund	11	119

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

6 Intangible non-current assets

(NOK million)	Licence and capitalised exploration expenditures
Acquisition costs 01.01.16	0
Additions	1
Expensed exploration expenditures previously capitalised	(1)
Acquisition costs 31.03.16	-
Accumulated depreciation and write-downs	
Accumulated depreciation and write-downs 01.01.16	-
Accumulated depreciation and write-downs 31.03.16	-
Book value 31.03.16	-

Result from impairment test of Licence and capitalised exploration expenditures on 31 March 2016

The Detnor deal has the consequence that Noreco Norway AS no longer has any exploration licenses. The book value of the licenses was impaired fully in Q4 2015 due to the Djerv deal and presented in the comprehensive income as an exploration expense in discontinued operations in Q4 2015, ref. Note 2.

7 Property, plant and equipment

(NOK million)	Production facilities	Machinery and equipment	Total
Acquisition costs 01.01.16	(1)	-	(1)
Additions	-	-	-
Revaluation abandonment assets	-	-	-
Disposals	(78)	-	(78)
Reclassified from assets held for sale	78	1	79
Acquisition costs 31.03.16	-	1	1
Accumulated depreciation and write-downs			
Accumulated depreciation and write-downs 01.01.16	1	-	1
Depreciation	-	-	-
Disposals	78	-	78
Write-downs	-	-	-
Reclassified from assets held for sale	(78)	(1)	(79)
Accumulated depreciation and write-downs 31.03.16	-	(1)	(1)
Book value 31.03.16	-	-	-

Impairment test Q1 2016

No impairment test was performed in Q1 2016 due to all material PP&E being impaired in full during 2015, and no reversal triggers being present in Q1 2016.

8 Trade receivables and other current assets

Trade receivables and other current assets

(NOK million)	31.03.2016	31.12.2015
Trade receivables	1	2
Receivables from operators relating to joint venture licences	3	1
Underlift of oil/NGL	-	0
Prepayments	2	-
Other receivables	1	0
Total trade receivables and other current receivables	6	3

9 Restricted cash, bank deposits, cash and cash equivalents

Restricted cash, bank deposits, cash and cash equivalents

(NOK million)	31.03.2016	31.12.2015
Non-current assets		
Other restricted cash and bank deposits	2	2
Current assets		
Other restricted cash and bank deposits (Pledged account for bondholders, withholding tax etc.)	1	177
Total restricted cash	3	180
Unrestricted cash, bank deposits and cash equivalents	54	100
Total bank deposits	57	280

Overdraft facilities

(NOK million)	Facility amount in currency	NOK	Used	Unused	Available
Exploration loan facility ⁽¹⁾	107	107	107	-	-
Total		107	107	-	-

Unrestricted cash and cash equivalents 54

Accessible liquidity at 31.03.16 54

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.

During 2015 and 2016 certain amendments to the exploration loan agreement was agreed and executed. The amendments initially included a reduction in the borrowing limit from NOK 850 million to NOK 500 million. In addition, the cross default clause was limited to borrowings within Noreco Norway, and the previously issued parent company guarantee issued by Norwegian Energy Company ASA was cancelled. By initiative of the company the facility was further reduced to NOK 400 million in Q3 2015 due to reduced expected exploration spend. In Q1 2016 The exploration loan facility amount was reduced to the actual drawn amount.

10 Borrowings

10.1 Principal amounts and book values

Non-current debt (NOK million)	31.03.2016		31.12.2015	
	Principal amount	Book value	Principal amount	Book value
NOR06 bond loan, amended and restated	485	372	477	367
Total non-current bonds	485	372	477	367
Exploration loan	-	-	-	-
Total non-current other interest bearing debt	-	-	-	-
Current debt				
Current debt (NOK million)	31.03.2016		31.12.2015	
	Principal amount	Book value	Principal amount	Book value
NOR06 bond loan, amended and restated	-	-	160	160
Total current bonds	-	-	160	160
Exploration loan	107	107	110	110
Total current other interest bearing debt	107	107	110	110
Total borrowings	591	479	748	637

Borrowings are recognised initially at fair value. As of the end of Q1 2016 a fair value of 76.8% of par has been applied for the amended and restated bond loan.

10.2 Financial restructuring

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

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

10.3 Subsequent measurement and events in first quarter

Due to the Oselvar deal which was announced in Q2 2015 and completed in late Q4 2015, Noreco Norway was obliged to make down-payment on the NOR 06 bond. The down payment took place at 6 March 2016. A total of approximately NOK 153 million of principal amount was re-paid.

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 loan at the end of first quarter 2016.

Amended and restated NOR06

76.8 %

11 Trade payables and other current liabilities

(NOK million)	31.03.16	31.12.15
Trade payable	2	0
Liabilities to operators relating to joint venture licences	-	2
Accrued interest	3	13
Public duties payable	1	-
Other current liabilities	5	3
Total other current liabilities	11	19

12 Financial instruments

12.1 Fair value hierarchy

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

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

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

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

On 31.03.2016

(NOK million)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Total assets	-	-	-	-
Liabilities				
Financial liabilities at fair value through profit or loss				
- Bond loans			372	372
Total liabilities	-	-	372	372

On 31.12.2015

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

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

12.2 Financial instruments by category

On 31.03.2016

(NOK million)	Loans and receivables	Assets at fair value through profit or loss	Total
Assets			
Trade receivables and other current assets	10	-	10
Restricted cash	3	-	3
Bank deposits, cash and cash equivalents	54	-	54
Total	67	-	67

(NOK million)	Financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Total
Liabilities			
Bond loans	-	372	372
Other interest bearing debt	107	-	107
Trade payables and other current liabilities	11	-	11
Total	117	372	489

On 31.12.2015

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

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

12.3 Financial instruments - Fair values

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

(NOK million)	Carrying amount	Fair value
Financial assets:		
Trade receivables and other current assets	14	14
Restricted cash	3	3
Bank deposits, cash and cash equivalents	54	54
Total	71	71
Financial liabilities:		
Bonds	372	372
Other interest bearing debt	107	107
Trade payables and other current liabilities	19	19
Total	497	497

13 Asset retirement obligations

(NOK million)	31.03.16	31.12.15
Balance on 1.1.	-	73
Provisions and change of estimates made during the year	0	(125)
Accretion expense	0	(5)
Reclassified to liabilities held for sale (see note 15)	12	(12)
Reversed provision from disposal of assets	(12)	(69)
Total provision made for asset retirement obligations	-	-

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

14 Shares and share capital

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

15 Assets and liabilities held for sale

Specification of assets held for sale:

(NOK million)	31.03.16
Trade receivables and other current assets	6
Total assets held for sale	6

Specification of liabilities held for sale:

(NOK million)	31.03.16
Trade payables and other current liabilities	(35)
Total liabilities held for sale	(35)

As part of the overall restructuring, Noreco initiated strategic initiatives in order to achieve the new strategy of repaying its bonds within three years. During Q1 2016 Noreco signed a SPA agreement to transfer the entire E&P operation (license shares, operatorships, staff contracts and other contracts related to the operation) to Det Norske Oljeselskap (Detnor). The Detnor transaction has received approval from the Ministry of Oil and Energy but is still awaiting approval from the Ministry of Finance.

16 Subsequent events

On 23 May Noreco received the approval from the Ministry of Oil and Energy on the Detnor deal, but is still awaiting approval from the Ministry of Finance.

IIINFORMATION ABOUT NORECO NORWAY AS

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Riulf Rustad
Roar Flom
Andreas Greve-Isdahl Alternate board member

Noreco Norway AS management

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Financial calendar 2016

26 February	Q4 2016 Report
26 May	Q1 2016 Report
25 August	Q2 2016 Report
23 November	Q3 2016 Report

Annual reports

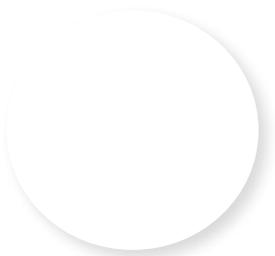
Annual reports for Noreco Norway are available on www.noreco.com

Quarterly publications

Quarterly reports are available on www.noreco.com.
The publications can be ordered by sending an e-mail to investorrelations@noreco.com.

News releases

In order to receive news releases from Noreco, please register on www.noreco.com or send an email to investorrelations@noreco.com.



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