Noreco is an oil and gas

company in the

North Sea

North Sea

Noreco quarterly report,
Q3 2008

Report for Q3 2008

Norwegian Energy Company ASA

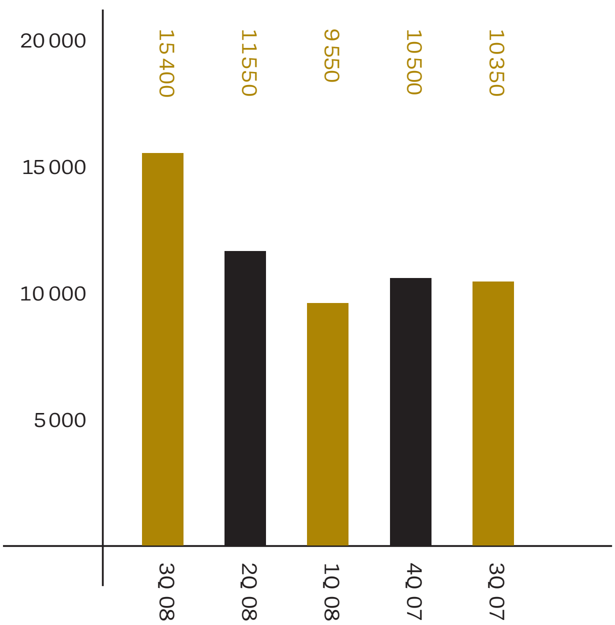
HIGHLIGHTS

- Strongest quarterly result so far with operating revenues of NOK 808 million, EBITDA of NOK 580 million and a positive net result after finance and tax of NOK 135 million
- Production of 15 400 barrels of oil equivalents per day underpinned by good underlying field performance and the acquisition of Talisman Oil Denmark
- Two new discoveries at Brage, Ipswich and South Tor Pod. Eight out of ten exploration and appraisal wells to date have been successful
- Optimizing capital structure continued through conversion of convertible bonds and repayment of debt

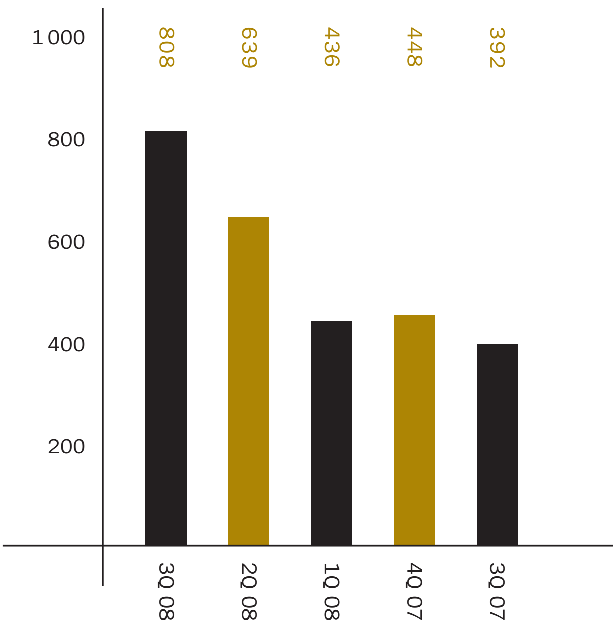
KEY FIGURES

	Q308	2Q 08	1Q 08	4Q 07	Q307
Net realised oil price *(US$/boe)*	104	120	91	83	72
EBITDA *(NOK million)*	580	466	273	278	120
Net results *(NOK million)*	135	39	-28	-77	-100
Total assets *(NOK billion)*	12.5	12.2	10.4	10.3	9.0

Production *(boed)*



Operating income *(NOK million)*



GROUP FINANCIALS

The Noreco Group had operating revenues of NOK 808 million for the Q3 of 2008, compared to NOK 392 million for the Q3 of 2007. EBITDA (earnings before interests, tax, depreciation and amortization) ended at NOK 580 million for the Q3 of 2008, compared to NOK 120 million for the Q3 of 2007. Net result after finance and tax was NOK 135 million for the Q3 of 2008 compared to NOK -100 million for the Q3 of 2007.
The achieved oil, gas and NGL prices adjusted for the cost of put-options expiring in Q3 2008 was US$ 104 per barrel of oil equivalent.
The producing assets were depreciated by NOK 211 million in Q3 2008, compared to NOK 135 million in Q3 2007. Expensed exploration costs in Q3 2008 were NOK 59 million, compared to NOK 96 million in Q3 2007.
Net financial items in Q3 2008 were NOK - 136 million, including a NOK 14 premium to convertible bondholders who accepted to convert. Net financial items in Q3 2007 were NOK - 160 million.

Noreco has oil price put options at USD 75 and USD 50 in place, which protect a major part of the after tax expected production volume against falling oil prices below USD 75 and USD 50.

Total equity and liabilities as at 30 September 2008 was NOK 12,456 million. Shareholders' equity was NOK 2,746 million, giving an equity ratio of 22%. At 30 September 2008 the Group's net interest bearing debt was NOK 3,957 million and the Group held NOK 1,058 million in cash.

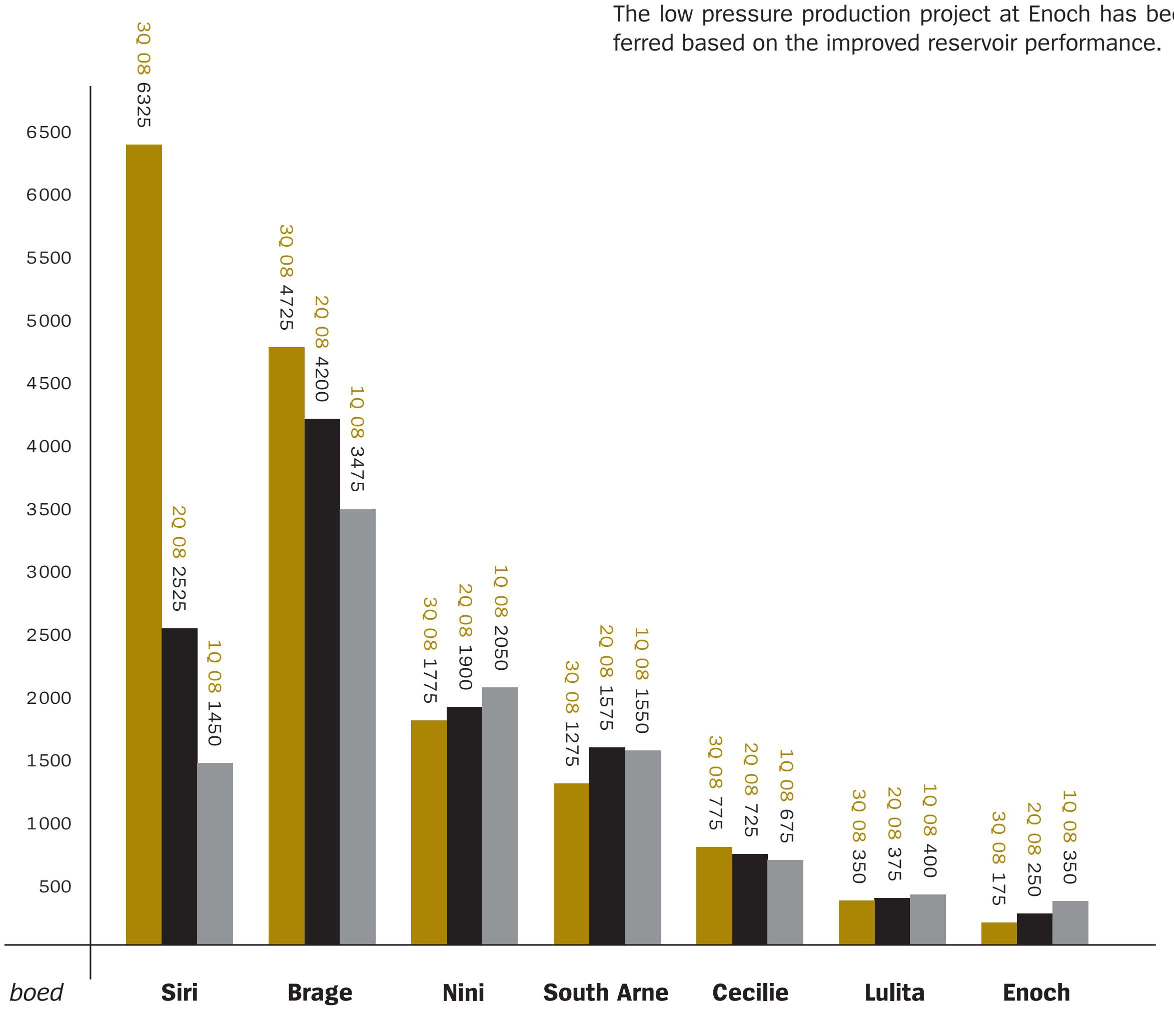
OPERATIONS

Production and Fields
The Noreco Group's production for Q3 2008 was on average 15,400 barrels of oil equivalents per day (boed).
The graph below shows the net production to Noreco from each of the seven fields in the portfolio. Siri production includes the acquisition of Talisman Oil Denmark from 18 June 2008.

The **Brage** Field continues with strong production in Q3. The A-28B Bowmore well is producing at high rates with stable GOR and has arrested Brage Field decline in 2008. An exploration well has been drilled from the Brage platform to the Knockandoo and Talisker prospects on the Brage north flank, immediately west of the Bowmore segment. The forward plan is to complete the well as a producer.

The drilling program on Brage will now continue with drilling of a water injection well to the Bowmore segment to maximize recovery and help sustain production from the A-28B Bowmore well. The well will be an ultra extended reach well, and is expected to take up to 6 months to complete.

The **Enoch** Field was shutdown in Q3 for 28 days due to operational problems at the host facility followed by problems starting up the Enoch production after this shutdown. Enoch was back on production in late August and is now producing according to plan. Interpretation of the reservoir performance indicates better pressure support for the Enoch well. This will result in improved recovery and lower decline for the field. The low pressure production project at Enoch has been deferred based on the improved reservoir performance.



On the **South Arne** Field the SA-19 well is still producing from an uncompleted wellbore, where the broken drill string serves as a production liner. Final completion which includes further perforation and acid stimulation is expected in November. Further infill drilling on the main crest of South Arne is currently under evaluation with expected sanctioning in late 2008 and drilling start in late 2009. The Operator has initiated a well intervention campaign aiming to restore production from the SA-12 well and to achieve better injection performance in the neighbouring well SA-6. The work is expected to be completed in the midle of November 2008. 19 days of planned maintenance on the South Arne Field was completed in early September without delays and significant findings. Full production has been restored with significant flush production still ongoing that minimizes the associated production loss/delay of the shutdown.

On the **Lulita** Field production has been stable with only a few minor shut downs caused by maintenance on the down stream infrastructure.

On the **Siri** Field, the two newly drilled infill wells, SCA-12 and SCA-3, are producing on plan and continue to support the increased production at the Siri Field. Uptime on the Siri platform has been high during Q3 benefitting all fields in the Siri fairway (Cecilie, Nini, Stine and Siri). Six days of planned maintenance on the Siri Field. This was executed and completed according to plan early October 2008.

On the **Nini** Field the new well to the Ty reservoir continues to produce water free and significantly above pre-drill expectations. As a consequence further development in the Ty reservoir is planned with a water injector to be drilled in early 2009. A second producer in the Ty reservoir is currently being evaluated aiming for a possible spud date in mid to end 2009.

Production from the **Cecilie** Field was stable during the quarter.

Developments and discoveries

The **Nini East** development, where Noreco owns 30%, is progressing according to plan. Production is expected to start late 2009. The development was approved by the Danish Energy Authority in February and sanctioned by the license partners in May 2008. Contracts with Acergy regarding pipelines and with Bladt Industries regarding the construction and installation of the platform are in place. The gross investments are estimated to DKK 2.1 billion, including drilling of additional wells after production start-up. Like the Nini and Cecilie platforms, Nini East will be an unmanned satellite platform. From Nini East the oil will be sent via Nini to the Siri platform for further treatment and shipping. The new production platform will be located 7 kilometers northeast of the existing platform Nini.

Noreco is a 20% partner in the discovery 22/14b-5 **Huntington** in UK license P1114 operated by Oilexco. Following extensive appraisal drilling in the Forties Formation in 2007, the partnership is preparing a development plan for the Forties. In September and October, two exploration wells have been drilled in the neighbour block (22/14A) to the Huntington Forties formation. The Huntington partnership is currently waiting for the results of these wells prior to moving forward with the final selection of development plans for the Forties formation. The likely outcome of the exploration drilling is that it will be demonstrated that the Huntington Field extends into the 22/14A block, proving up a larger volume for the Huntington development. In this case a unitization process with the 22/14A partners will be required prior to field development plan approval. The impact on the Huntington development is that selection of development concept and filing of the field development plan will be submitted in Q1 2009, and a lower development and operating cost per barrel of a larger reserves base for the project. The project is still aiming for first oil in 2010.

The **Oselvar** development is progressing according to plans with concept selection currently being finalized. The operator plans to submit a Plan for Development and Operation (PDO) in early 2009 with expected first oil in 2011. Noreco has a 15% interest in the license.

Noreco, as operator for the Danish license 7/06, continues according to schedule to evaluate the development of the **Rau** oil discovery appraised in 2007. The discovery is located just 9 km southwest of the Cecilie production platform. A plan for Development and Production is scheduled for mid 2009 with first oil in 2011.

The PL148 **Nemo** 7/7-3 appraisal well was spudded in December 2007. Noreco holds 20% of the field, Lundin Norway operates the discovery. The well was completed in early March and the operator is currently updating the subsurface understanding of the discovery based on the well results. A decision to continue towards a PDO for the discovery is expected by the end of 2008, and a PDO in first half of 2009.

At the **Flyndre** development in the Southern North Sea that straddles the Norway/UK border all involved licensees on both Norwegian and UK side have committed to work towards an agreement of commerciality for the combined discovery within the end of 2008. In parallel, the discoveries will be unitized and a PDO for the field will be issued before mid 2009. The PDO will include discovered volumes in the Paleocene section on Norwegian license PL 018C, where Noreco owns 13.3%, and relevant discoveries on the UK side. The first producer on the Flyndre Field is already drilled on the UK side and installation of production equipment is planned for first oil in 2011.

Exploration

Two successful wells were completed in the Q3 (Ipswich and South Tor Pod).

Following the successful appraisal of Oselvar in February, an exploration well on the **Ipswich** prospect in the same license was drilled during the summer. The well confirmed substantial hydrocarbon presence and commerciality including synergized development options with Oselvar is now under evaluation by the partnership. Noreco has a 15 % interest in the license.

On the **South Tor Pod** prospect, south of the South Arne Field in Denmark, an exploration well was spudded in late June and completed in July to evaluate the chalk potential. The well encountered oil in both main bore and sidetrack. Possible development solutions are now being evaluated in context with several other development opportunities including infill drilling and satellite development of the northern flank accumulation on the South Arne Field. Noreco holds a 6.6% equity in the South Arne production licenses 7/89 and 02/06.

Four wells are expected to be spudded in Q4 2008 (Gita, Siri West, South East Tor and Hyme).

The **Gita**-1X exploration well is planned to be spudded in November targeting the Jurassic aged sandstones in a hydrocarbon prone area of the Central Graben in the Danish North Sea with existing off take and processing infrastructure available. The well is planned for a duration of approximately 90-120 days dependent on findings. Noreco holds a 12% equity share in both licenses (9/95 & 9/06) in which the Gita-1X well will be drilled.

The **Siri West** exploration prospect is located some two km SW of the Siri Field and will be drilled in late 2008/ early 2009. The well will target the paleocene Ty sand stone member and can, if successful, be developed from the Siri platform.

The combined appraisal/exploration well 2/5-14S with side-track 2/5-14A in **South East Tor** PL006C/D licenses close to the Ekofisk/Tor production centers is planned for November. The appraisal leg of the well will deliver information on the extent and size of the South East Tor oil discovery. This is the third appraisal well on the South East Tor structure. The exploration leg is targeting a significant prospect **Hyme** situated between Ekofisk and the South East Tor discovery. A drilling and data collection duration of approximately 90-110 days dependent on findings and possible production tests is expected for the South East Tor well. Noreco holds a 15% equity share in both licenses.

Applications for the Norwegian Awards in Predefined Areas were submitted in September. Awards are expected in the beginning of 2009.

Preparations for the 20th licensing round in Norway are well underway. Awards are expected in 2009.

GROWTH AND BUSINESS DEVELOPMENT

Noreco believes that significant value can be generated through inorganic activity, and plans to continue its active approach to the acquisitions and divestures. In August 2008, Noreco entered into an agreement to sell a 20% interest in exploration license PL455 in Norway to Lotos Exploration and Production Norge AS. As part of the agreement, Lotos will pay 60% of the gross costs related to the recently completed seismic survey over the license Noreco is the operator of the license, and will have a 50% interest after the transaction. The transaction will be formally completed in October 2008.

HEALTH, SAFETY AND ENVIRONMENT

There has been no lost time accident and no spill to sea from Noreco's non-operated activities in Q3 2008.

Ongoing Health, Safety and Environment (HSE) activities include monitoring and follow up of the development planning at the Huntington discovery in UK and the Rau discovery in Denmark. Preparations for the first Noreco operated drilling with the rig West Alpha in 2009 are ongoing and on schedule. As part of this preparation seismic activities on Block 26/6-25/9 were conducted in August without accidents or incidents.

HUMAN RECOURSES

Noreco has 72 well qualified and experienced employees of which over 30% are female. Noreco has staff members from nine different nations. Their ages range from 24-63, and the average age of the Noreco employee is 42 years.

The absence due to sickness in Q3 is reduced to approximately 1.0 % (from 1,2 % in Q2).

Income statement

Consolidated – IFRS

All figures in NOK 1000	Note	Q3-08	Q3-07	YTD 2008	YTD 2007	2007
Operating income		807 687	391 978	1 882 942	391 978	839 664
Production cost	1	128 294	100 408	296 981	100 408	214 830
Exploration cost expensed	2	59 232	95 814	114 388	138 996	145 543
Salary expenses		24 990	50 398	88 465	68 845	103 239
Other operating expenses		15 200	25 112	63 951	34 177	48 617
Operating results before depreciation and amortisation (EBITDA)		579 971	120 247	1 319 157	49 553	327 436
Depreciation and amortization	5	211 018	134 862	503 762	135 316	278 386
Operating result (EBIT)		368 953	-14 614	815 395	-85 762	49 051
Net financial results	3	-136 475	-159 637	-445 673	-167 087	-298 210
Profit before tax (EBT)		232 478	-174 251	369 722	-252 849	-249 159
Tax		97 391	-73 878	224 122	-131 070	-50 469
Net results		**135 087**	**-100 372**	**145 600**	**-121 778**	**-198 690**
Earnings per share						
Basic		0,95	-1,04	1,16	-1,62	-3,14
Diluted		0,91	-1,04	1,14	-1,62	-3,14

Balance sheet

Consolidated – IFRS

All figures in NOK 1000	Note	30.09.08	31.12.07	30.09.07
Fixed assets				
License interests, exploration assets	4	4 784 936	4 396 570	3 943 041
Deferred tax assets		189 092	111 391	47 977
Goodwill	4	1 558 047	1 483 978	1 404 864
Production facilities	5	3 464 147	2 843 712	2 642 562
Office equipment	5	4 356	6 652	5 771
Tax receivables		387 905	0	147 886
Total asset held for sale		0	0	14 831
Total fixed assets		**10 388 483**	**8 842 302**	**8 206 931**
Current assets				
Accounts receivable		277 067	89 846	50 380
Tax receivables		265 866	265 866	77 464
Other current receivables	6	466 822	255 179	219 392
Bank deposits, cash in hand, etc.		1 057 515	973 661	461 748
Total current assets		**2 067 270**	**1 584 552**	**808 984**
Total assets		**12 455 752**	**10 426 853**	**9 015 916**
Equity				
Share capital		442 970	345 385	291 255
Other equity		2 303 236	1 438 872	976 229
Total equity		**2 746 207**	**1 784 257**	**1 267 484**
Provisions and other long-term liabilities				
Deferred tax liabilities		2 653 937	2 406 885	2 063 427
Provisions for other liabilities and charges		1 050 982	713 026	339 030
Convertible loan	7	184 737	349 232	344 688
Bond issue	7	3 103 622	3 730 872	3 617 702
Other long-term interest bearing debt	7	1 487 624	523 843	558 695
Total provisions and other long-term liabilities		**8 480 902**	**7 723 858**	**6 923 543**
Current liabilities				
Other short term liabilities		238 598	222 000	59 500
Accounts payable		69 632	68 983	53 418
Current income taxes payable		521 608	69 847	193 429
Public duties payable		50 711	33 117	19 237
Other current liabilities	8	348 095	524 792	457 957
Total liabilities held for sale		0	0	41 348
Total current liabilities		**1 228 643**	**918 738**	**824 888**
Total liabilities		**9 709 545**	**8 642 596**	**7 748 432**
Total equity and liabilities		**12 455 752**	**10 426 853**	**9 015 916**

Cash flow statement

Consolidated (IFRS)

All figures in NOK 1000	Q3 - 08	Q2 - 08	Q1 - 08	YTD 2008
Ordinary result before tax	232 477	134 134	3 111	369 722
Depreciation	211 018	161 394	131 349	503 761
Taxes paid	-60 000	-59 620	-17 957	-137 577
Pension cost with no cash impact	713	714	714	2 141
Effect of changes in exchange rates	-6 703	31 006	75 451	49 003
Financial items with no cash impact	114 452	-13 289	73 353	174 516
Change in accounts receivable	101 789	-186 723	-102 287	-187 221
Change in accounts payables	27 586	-83 559	56 622	649
Changes in other current balance sheet items	-89 702	333 784	-181 542	113 032
Net cash flow from operations	**531 630**	**317 841**	**38 814**	**888 026**
Cash flow from investments activities				
Purchase of tangible assets	-61 961	-125 959	-89 168	-277 088
Purchase of intangible fixed assets	-65 514	-90 751	-220 584	-376 849
Purchase of investment in shares	3 695	-437 846	0	-434 151
Net cash flow from investments activities	**-123 780**	**-654 556**	**-309 752**	**-1 088 088**
Cash flow from financing activities				
Issue of share capital	-3 511	485 174	9 688	491 351
Proceeds from issuance of long term debt	0	975 171	170 402	922 194
Repayment of long term debt	-223 379	-527 302	-132 698	-660 000
Proceeds from issuance of short term debt	0	0	16 598	16 598
Interest paid	-189 648	-125 831	-189 916	-505 395
Net cash flow from financing activities	**-416 538**	**807 212**	**-125 926**	**264 748**
Net change in cash and cash equivalents	-8 688	470 497	-396 864	64 686
Cash and cash equivalents at start of the year/quarter	1 035 981	558 845	973 402	973 661
Effects of changes in exchange rates on cash and cash equivalents	**30 221**	6 640	**-17 694**	**19 167**
Cash and cash equivalents at end of the year/quarter	**1 057 515**	1 035 981	**558 845**	**1 057 515**

Statement of equity

Consolidated (IFRS)

All figures in NOK 1000	YTD-08	YTD-07
Balance at the beginning of period	1 784 257	55 724
Issue of share capital	702 851	1 354 110
Transferred from convertible bonds	-27 106	53 750
Value of share-based incentive plans	1 500	5 916
Value adjustment financial instruments	41 507	-2 997
Currency translation differences	97 598	-77 241
Net results for the period	145 600	-121 778
Balance at the end of period	**2 746 207**	**1 267 484**

Notes

to the quarterly consolidated financial statements

Basis for preparation

The consolidated interim financial statements for the third quarter of 2008 comprises Norwegian Energy Company ASA (Noreco) and its subsidiaries.
These consolidated interim financial statements have been prepared in accordance with IAS 34 and The Norwegian Securities Trading Act § 5 – 6.
The interim financial statements do not include all information required for annual financial statements and should for this reason be read in conjunction with Norecos's 2007 annual report. New approved standards and interpretations yet to come into effect is amendments to IFRS 2 Share-base payment – Vesting Conditions and Cancellations, amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements, amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items and IFRIC 16 Headges of a Net Investment. The accounting principles applied are prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union and interpretations by the International Accounting Standard Board (IASB).

Share capital/equity

There has been one capital increase during Q3 2008. The company raised NOK 211.5 million in equity in July 2008 through conversion of convertible bonds. The share capital has thereby been raised from NOK 413.5 million as per 30.06.2008 to NOK 443.0 million as per 30.09.2008.

Share options and share based payments

Noreco has in January 2008 established an incentive scheme for the management and other employees under which options exercisable into ordinary shares in the Company are granted. As of 30 September 2008 a total of 1 033 883 options had been issued to Noreco Group employees.

Exploration and development costs for oil and gas assets

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 licenses and drilling of exploration wells. These costs are temporarily capitalized pending an evaluation of the economics of the exploration drilling findings. If hydrocarbons are discovered, the costs remain capitalized. If no hydrocarbons are found or if the discoveries are not commercially profitable, the drilling costs are expensed. All costs of developing oil and gas fields are capitalized.

Depreciation and amortization

Depreciation of production equipment is calculated in accordance with the unit of production method. The excess value allocated to producing fields arising from recent acquisitions will be amortized in accordance with the unit of production method.

Taxes

Income tax expenses for the period are calculated based on the tax rate applicable to the expected total annual earnings. The ordinary income tax is 25% in Denmark and 28 % in Norway. In addition, there is an extra petroleum tax of 50% related to exploration and production on the Norwegian Continental Shelf. In Denmark there is a petroleum tax of 70%, but at current oil price levels the Danish subsidiary will not be in a position where they have to pay the extra petroleum tax.

The deferred tax liabilities and tax assets are based on the difference between book value and tax value of assets and liabilities.

Goodwill – Deferred tax liabilities

The acquisitions of Altinex ASA and Talisman Oil Denmark AS have been treated in accordance with IFRS 3 – Business Combinations. The acquisition prices are allocated to assets and liabilities at the estimated fair values at the acquisition dates. The tax base of the acquired assets and liabilities is not affected by the acquisitions. As all acquisitions are treated as Business Combinations, the difference between new fair values and booked values prior to the acquisitions result in a change in the deferred tax liability. The change in deferred tax liability in turn affects Goodwill. Goodwill is, according to IFRS, not amortized, but will be subject to impairment testing.

Comparative figures/Functional currency

One of the companies in the Group, Altinex Oil Norway AS, has through 2007 prepared its accounts using US$ as functional currency. After a thorough review, it has been decided that the functional currency for Altinex Oil Norway AS should be NOK. This has lead to changes in the Group's balance sheet as per 31.12.2007. The main effect is that the Group's equity has increased by NOK 107 million from NOK 1,677 million to NOK 1,784 million as per 31.12.2007.

1 Production expenses

(NOK 1 000)	Q3-08	Q3-07	YTD-08	YTD-07
Direct production expenses	80 212	69 693	186 486	69 693
Duties, tariffs, royalties	41 415	27 075	95 959	27 075
Other expenses	6 668	3 640	14 537	3 640
Total production expenses	**128 294**	**100 408**	**296 981**	**100 408**

2 Exploration and evalutation expenses

(NOK 1 000)	Q3-08	Q3-07	YTD-08	YTD-07
Expenses from operator	48 097	72 532	98 140	106 949
Other exploration and evaluation expenses	11 136	23 282	16 249	32 047
Total exploration and evaluation expenses	**59 232**	**95 814**	**114 388**	**138 996**

Specification of cash flow concerning exploration and evaluation activities

(NOK 1 000)	Q3-08	Q3-07	YTD-08	YTD-07
Accrued exploration and evaluation expenses capitalised as an intangible asset during the year	65 514	154 674	376 849	154 674
Accrued exploration and evaluation expenses directly recognised during the year	59 232	95 814	114 388	138 996
Exploration and evaluation investments during the year	**124 746**	**250 488**	**491 237**	**293 670**

3 Financial income and expenses

(NOK 1 000)

Financial income	Q3-08	Q3-07	YTD-08	YTD-07
Interest income	15 950	16 058	34 301	17 232
Other financial income	8 241	9 674	49 678	9 713
Total financial income	**24 191**	**25 732**	**83 979**	**26 945**

Financial expenses	Q3-08	Q3-07	YTD-08	YTD-07
Interest expenses on bond loan	87 692	97 330	329 049	97 330
Interest expenses on convertible loan [1)]	17 475	6 455	30 518	17 232
Interest expenses on other long-term liabilities	15 841	11 111	29 727	14 782
Interest expenses on exploration loan	10 593	2 250	22 761	
Amortisation of borrowing expenses	10 735	16 017	47 187	16 017
Calculated interest on abandonment liabilities	11 810	4 481	28 873	4 481
Interest expenses on short term liabilities	1 894	2 190	2 641	7 019
Other financial expenses	4 626	45 535	38 896	45 698
Total financial expenses	**160 666**	**185 369**	**529 652**	**202 559**
Net financial expenses	**-136 475**	**-159 637**	**-445 673**	**-167 087**

1) Figures for Q3 - 08 includes mNok 15 in premium to the accepting bondholders in conjunction with converting of bonds.

4 Intangible fixed assets

(NOK 1000)	Capitalised exploration & evaluation cost	Other patents & licenses	Goodwill	Total
Acquisition cost at 01.01.08	4 334 316	62 254	1 534 799	5 931 369
Additions	376 849	0	2 517	379 366
Additions from acquisition of subsidiaries	0	0	71 552	71 552
Disposals	0	0	0	0
Translation differences	11 517	0	0	11 517
Acquisition cost at 30.09.08	**4 722 682**	**62 254**	**1 608 868**	**6 393 804**
Accumulated depreciation				
Accumulated depreciation at 01.01.08	0	0	50 821	50 821
Depreciations	0	0	0	0
Translation differences	0	0	0	0
Accumulated depreciation at 30.09.08	**0**	**0**	**50 821**	**50 821**
Book value at 30.09.08	**4 722 682**	**62 254**	**1 558 047**	**6 342 983**

5 Tangible fixed assets

(NOK 1000)	Production facilities	Abandonment assets	Office equipment	Total
Acquisition cost at 01.01.08	2 688 849	516 076	9 983	3 214 908
Additions	274 539	0	32	274 571
Addition from acquisition of subsidiaries	1 379 993	217 754	0	1 597 747
Disposals	0	0	0	0
Translation differences	238 586	52 934	39	291 559
Acquisition cost at 30.09.08	**4 581 967**	**786 764**	**10 054**	**5 378 785**
Accumulated depreciation				
Accumulated depreciation at 01.01.08	325 665	35 546	3 330	364 541
Addition from acquisition of subsidiaries	808 919	82 165	0	891 084
Depreciations	397 172	104 205	2 384	503 762
Translation differences	131 877	19 035	-15	150 897
Accumulated depreciation at 30.09.08	**1 663 633**	**240 951**	**5 699**	**1 910 283**
Book value at 30.09.08	**2 918 334**	**545 813**	**4 356**	**3 468 502**

6 Other current receivables

(NOK 1 000)	30.09.2008	30.09.2007
Cash call (overcall)	247 631	24 865
Underlift of oil	78 487	92 802
Accrued interests	24 796	13 295
Financial instruments	78 897	0
Other receivables	37 011	88 430
Total other current receivables	**466 822**	**219 392**

7 Long-term liabilities

(NOK 1000)	Nominal value	Book value at 31.03.08
Bond loan Noreco	2 300 000	2 265 068
Bond loan Noreco	500 000	492 502
Convertible loan Noreco	218 500	184 737
Other long term debt Noreco	300 902	298 902
Bond loan Altinex Oil Norway AS	300 000	296 320
Bond loan Altinex Oil Norway AS	50 000	49 732
Reserve-based debt Altinex Oil Denmark A/S	1 223 481	1 188 722
Total long-term liabilities	**4 892 883**	**4 775 984**

8 Other current liabilities

(NOK 1 000)	30.09.2008	30.09.2007
Working capital in the licenses	112 354	106 167
Overlift of Oil	22 465	-
Cash call (undercall)	86 634	6 707
Provisions for interests	92 962	133 755
Employee bonus/salary accruals	18 373	38 575
Other current liabilities	15 307	162 256
Total other current liabilities	**348 095**	**457 957**

9 Acquisition of Talisman Oil Denmark limited

As of 30 June 2008 Noreco had acquired 100 per cent off the issued share capital of Talisman Oil Denmark Limited. The total consideration for these shares was MNOK 489. Talisman Oil Holding holding 30 % interest in Siri Field. This transaction has been accounted for using the purchase method of accounting.

The acquisition has tax and cash effect from 1. January 2008 and was finally completed by 18 June 2008 and included in the Profit and Loss statement thereon.
The net assets acquired in the transaction are as follows:

(NOK 1 000)	Acquirees preliminary carrying amount	Fair value adjustment	Fair value
Net assets acquired:			
Production facilities	222 388	255 545	477 933
Removal asset	193 580		193 580
Account receivables	348 869		348 869
Other assets	115 322		115 322
Removal liabilities	(268 370)		(268 370)
Deferred tax liabilities	-	(71 552)	(71 552)
Dividend	(103 796)		(103 796)
Current liabilities	(274 494)		(274 494)
	233 499	183 993	417 492
Goodwill arising on acquisition			71 552
Total other current liabilities			**489 044**

If the acquisition had been completed on 1 January 2008, total group revenue for 2008 would have been MNOK 2,140, and net loss for the period would have been MNOK 226.

Stavanger, 22 October 2008
The Board of Directors and Chief Executive Officer
Norwegian Energy Company ASA

Lars Takla
Chairperson

Roger O'Neil
Board Member

Therese Log Bergjord
Board Member

John Hogan
Board Member

Heidi Marie Petersen
Board Member

Søren Poulsen
Board Member

Scott Kerr
CEO

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