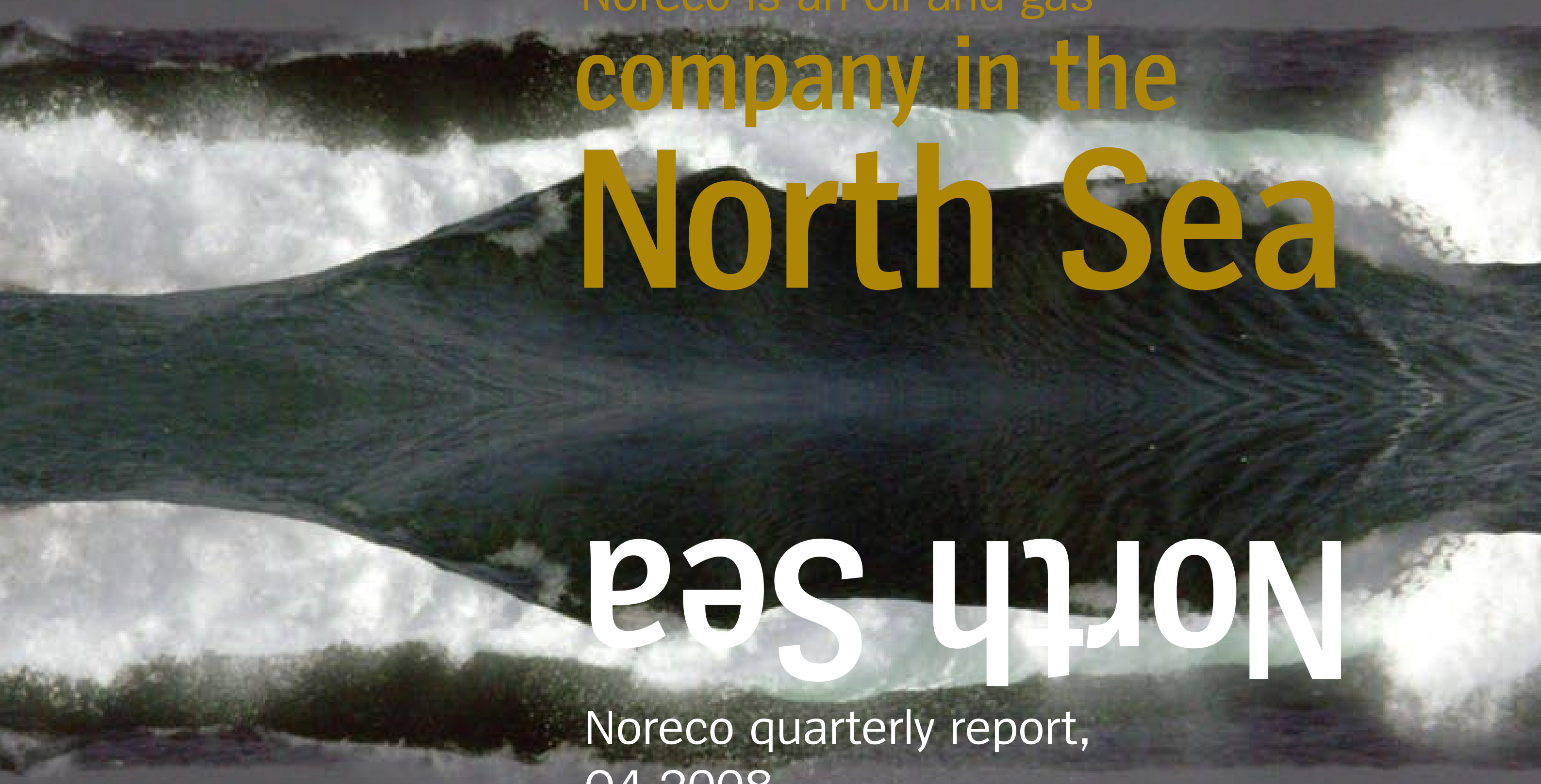
Noreco is an oil and gas

company in the North Sea



North Sea

Noreco quarterly report,
Q4 2008

Report for the fourth quarter 2008

Norwegian Energy Company ASA

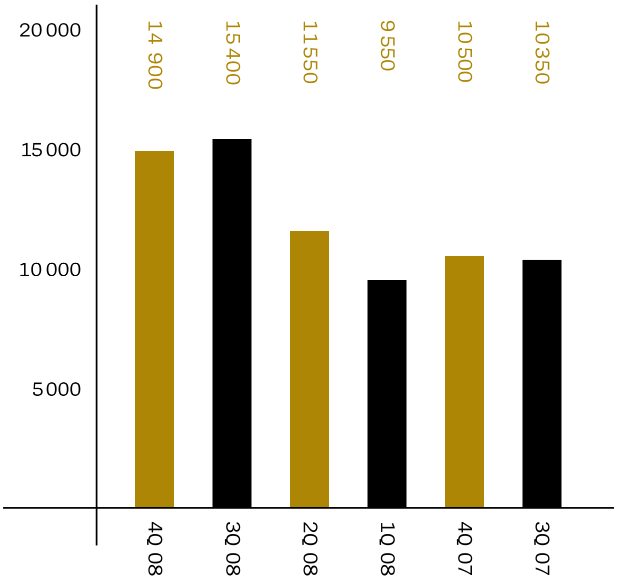
HIGHLIGHTS

- Operating revenues of NOK 541 million, EBITDA of NOK 221 million and a net result of NOK -25 million
- Production of 14 900 barrels of oil equivalents per day underpinned by good underlying performance in the fields. December 2008 saw a new record monthly production for the company of 16 100 barrels per day.
- A new oil discovery was made at the Brage field in Norway. 9 out of 11 exploration and appraisal wells to date have been successful
- Noreco offered six licenses in UK 25th licensing round
- Oil price realized at 58 US$/boe, including income from the company's oil price hedging program
- Restructuring of the capital structure of the company continued through bond repayment

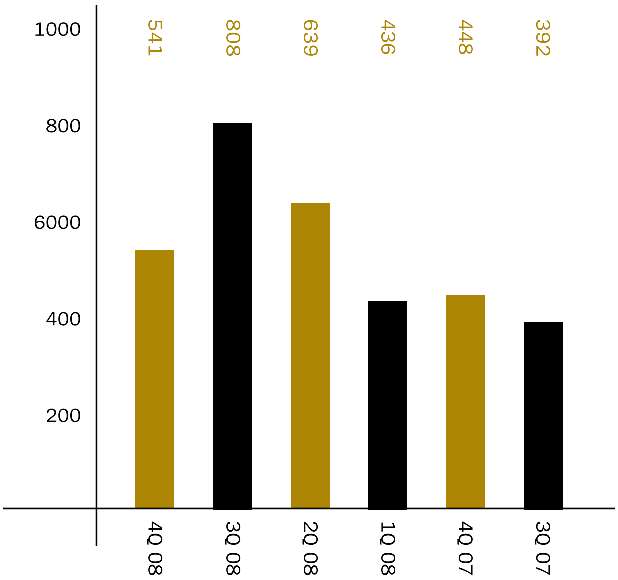
KEY FIGURES

	Q408	Q308	Q208	Q108	Q407	Q307
Net realised oil price *(US$/boe)*	58	104	120	91	83	72
EBITDA *(NOK million)*	221	580	466	273	278	120
Net results *(NOK million)*	-25	135	39	-28	-77	-100
Total assets *(NOK billion)*	12.3	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 541 million in Q4 2008, an increase of 21% compared to Q4 2007 (NOK 448 million revenues). EBITDA (earnings before interests, tax, depreciation and amortization) for Q4 2008 was NOK 221 million, compared to NOK 278 million in Q4 2007. Net result after finance and tax was minus NOK 25 million for the quarter, compared to minus NOK 77 million in Q4 2007.

Noreco has oil price put options in place, which secure a major part of after tax expected production volume against oil prices below USD 75 and USD 50 per barrel through to Q1 2011. The value of these put options as of 31 December 2008 was assessed to NOK 547 million. The achieved oil, gas and NGL prices adjusted for the cost and income from the put options expiring in Q4 2008 was US$ 58 per barrel of oil equivalent.

The producing assets are depreciated with NOK 213 million in Q4 2008. Exploration costs were directly expensed with NOK 144 million, including expenses of dry wells of NOK 65 million.

Net financials in Q4 was NOK –110 million, a 17% decrease compared to Q4 2007.

Total equity and liabilities as at 31 December 2008 was NOK 12,321 million with equity of NOK 2,996 million. At 31 December the Group's net interest bearing debt was NOK 3,848 million and the Group held NOK 867 million in cash. There are no impairments at 31 December 2008.

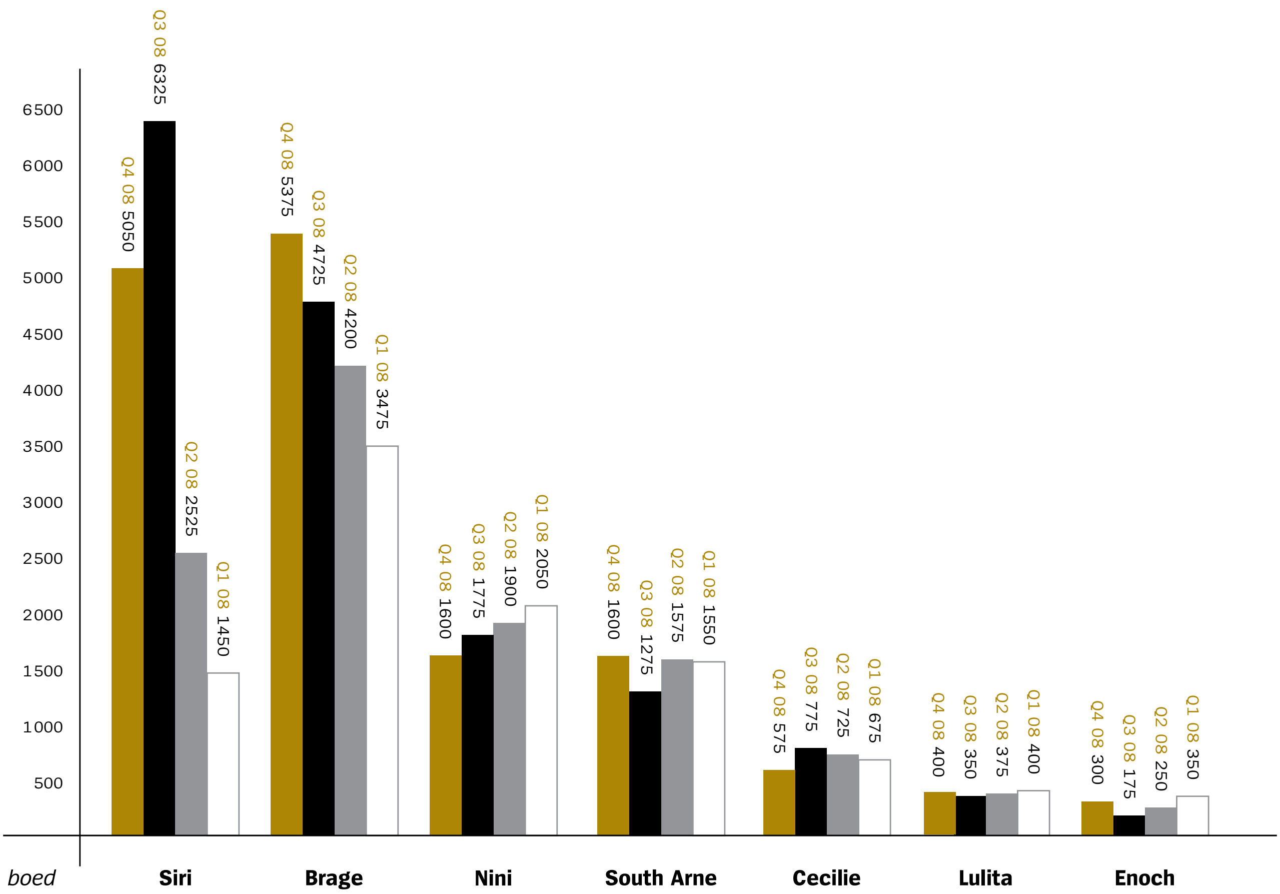
The Group has evaluated the possible need for a write-down of goodwill, licenses and production facilities. Based on these impairment tests no write downs have been made.

OPERATIONS

Production and Fields

The Noreco Group's production for Q4 2008 was on average 14,900 barrels of oil equivalents per day (boed). The graph below shows the net production to Noreco from each of the seven producing fields in the portfolio. The Siri production includes the acquisition of Talisman Oil Denmark from 18 June 2008.

The average gross production from the **Brage Field** in Q4 was in excess of 44,000 boed. The Brage field production potential has been increased significantly through 2008 and the corresponding production from Brage in Q4 2007 was in excess of 23,000 boed. The operational efficiency has been very good and the well potential at Brage is currently exceeding the gas handling capacity. The A-28 Bowmore producer continued to perform very strong through Q4 with no signs of decline, water breakthough or increased GOR. The well was at the end of Q4 still producing at more than 16,000 boed and is contributing strongly to the Brage overall production. The Knockandoo/Talisker well A-01A found oil, and was completed as a producer and put on stream early December of 2008. The well was initially produced at rates of more than 15,000 boed in December. Lower production is expected in Q1 2009. The Brage rig is currently drilling on the A-22 Bowmore water injection well. The continued strong



production from the Bowmore well is very encouraging and the planned water injector will provide pressure support and improved recovery from the Bowmore segment. The well is expected to be completed in the middle of 2009. The drilling program after A-22 consists of infill wells to the Statfjord Formation and Fensfjord Formation.

In Q4 2008 the Brage partnership was informed by Petoro that the conditions precedent for completion of the Brage Unit and Sognefjord harmonization would not be completed, and hence the planned harmonization of the ownership in the PL053B, PL055, PL055B and PL185 will not be completed. This means that Noreco will remain with ownership interests of 12.26% in the Brage Unit and a 13.2% ownership interest in PL055, PL055B and PL185, and that a reversal of the account entries in anticipation of harmonization, including a reduction of approximately 40 000 barrels in net underlift and reductions in opex, capex and depreciations.

The **Enoch Field** has produced in line with expectations for Q4 2008, despite problems with production regularity in October 2008. The Enoch reservoir performance continues to be stronger than expected.

On the **South Arne Field** the SA-19 well has been perforated through the drill string with acid stimulation planned for January 2009 before the well is production tested in anticipation of improved production performance. The repair of the water short circuit which has caused shut-in of well SA-12 for more than 1½ year was successfully completed in November 2008, and the well is now back in production with a significant oil production. In general, the production decline on South Arne has been arrested through a number of successful well interventions during 2008 and the production level for this field is now at the same level as in 2007. Planning of the next drilling campaign expected to start in 2010 is ongoing. Further development of northern area of South Arne (SANE) is still under evaluation in combination with other prospective and upswept areas of the South Arne Chalk field and area.

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

On the **Siri Field,** the two newly drilled infill wells, SCA-12 and SCA-3, continues to produce according to plan and continue to support the increased production at the Siri field. Uptime on the Siri platform has been high during Q4 benefitting all fields in the Siri Fairway (Cecilie, Nini, Stine and Siri). The six days of planned maintenance on the Siri was executed and completed according to plan early October 2008.

On the **Nini Field** the well NA-8 in 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 injection well (NA-9) will be drilled in Q1 2009 with the rig Mærsk Resolute. A second producer (NA-10) in the Ty reservoir is currently being evaluated in the license group with earliest spud following after NA-9.

Production from the **Cecilie Field** was stable during Q4 2008.

Developments and discoveries

The **Nini East Development,** where Noreco owns 30%, is progressing according to plan. Production is expected to start in Q4 2009. The development was approved by the Danish Energy Authority (DEA) in February 2008 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 and are following the plan for first oil. 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 north east of the existing platform Nini.

Noreco is a 20% partner in the discovery 22/14b-5 **Huntington** in UK license P1114. In Q4 2008, two exploration wells were drilled in the neighboring block 22/14A, adjacent to the Huntington Forties structure. As a consequence it is now believed that the Huntington accumulation stretches into block 22/14A and hence unitization discussions are ongoing with the 22/14A partnership.

Following the additional oil discoveries, the Huntington partnership has decided to review the concept selection process and go for a new concept select at the end of 1Q 2009. Concept selection still allows for first oil in 2010, depending on availability of production processing facilities/FPSOs.

In January 2009, the Huntington non-operating partners exercised their right to remove Oilexco North Sea Ltd as an operator for the Huntington license, after Oilexco had been put under administration. The partnership elected E.On Ruhrgas UK as the new operator of the license. Final approval from the UK authorities is expected in mid February 2009.

The **Oselvar Development** is progressing according to plans with PDO documentation being finalized. Activities to reduce the capital expenditures have been initiated to enhance the robustness of the project. The operator plans to submit a Plan for Development and Operation (PDO) in first half of 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 Field,** where oil discovery was made in May 2007. The discovery is located just 9 km south west of the Cecilie production platform. A possible Plan for Development and Operation (PDO) might be submitted by mid 2009 aiming for first oil late 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. Development planning is ongoing.

At the **Flyndre Development** in the Southern North Sea that straddles the Norway/UK border all involved licensees on both Norwegian and UK side are working towards an agreement of commerciality for the combined discovery. 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

Three wells were spudded in December 2008: Gita, Siri West and Hyme/South East Tor.

The **Gita**-1X exploration well is planned targeting the Jurassic aged sandstones in a highly hydrocarbon prone area of the Central Graben in the Danish North Sea with existing off take and processing infrastructure available. The drilling and data collection is expected to take approximately 90-120 days, depending on well results. Noreco holds a 12% equity share in the well. At the end of December drilling of the 12-1/4" section was ongoing with the the jack-up rig Ensco 101.

On 27 January 2009, Noreco announced that the operator DONG E&P A/S had completed drilling of the **Siri West** exploration well (Siri-6 5604/20-10) two kilometers west of the Siri field in Denmark. The well encountered reservoir sandstone in the Paleocene, but no hydrocarbon discovery was made. The well is now being plugged and abandoned, and the rig will thereafter move to the Nini field. Noreco had a reduced participation in the well (28.6%) compared to the company's ownership in the Siri field 50%).

The combined exploration well 2/5-14S with appraisal side-track 2/5-14A in the **South East Tor** PL006C/D licenses close to the Ekofisk and Tor fields in Norway started drilling with the jack-up rig Maersk Gallant in December 2008. The exploration leg is targeting a significant Chalk prospect **Hyme** situated between the Ekofisk Chalk field and the South East Tor Chalk discovery. The appraisal leg of the well will deliver information on the extent and size of the South East Tor oil discovery and will provide important information for the development planning of the field. The drilling and data collection is estimated to take a total of 90-110 days, dependent on well results. Noreco holds a 15% equity share in both licenses.

Noreco was offered six licenses in the UK 25th offshore round, strengthening Noreco's position in the UK and providing options for future exploration drilling. There were no drilling commitments on the licenses awarded to Noreco. The company is now together with license partners reviewing the offers, and assessing which licenses to accept.

GROWTH AND BUSINESS DEVELOPMENT

Noreco believes that significant value can be generated through inorganic activity, and plans to continue its active approach to acquisitions, mergers and divestures.

Noreco continued its portfolio management programme in Q4 2008

• 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. This transaction was formally completed in October 2008.

• In November 2008, Noreco entered into an agreement to sell a 30% interest in exploration license PL411 in Norway to Spring Energy. The license is located in the Stord basin. The licence was awarded in the APA2006 round. Noreco is the operator of the license, and will have a 70% interest after the transaction. The effective date of the transaction is 1 January 2008 and the completion of the transaction is pending customary approvals.

Noreco believes that there will be a consolidation in the oil industry in the North Sea region, and the company intends to be active in this process. In February 2009, Noreco proposed a merger with the Norwegian upstream oil company Det norske oljeselskap ASA. The basis for the proposal is the excellent strategic fit of the two companies, underpinned by a compelling industrial and financial logic. Noreco firmly believes that a combination will serve the interest of shareholders and other stakeholders of both companies.

HEALTH, SAFETY AND ENVIRONMENT

There were no lost time accidents in Q4 2008.

Ongoing Health, Safety and Environment (HSE) activities include monitoring and follow up of the development planning at the Rau discovery in Denmark. Preparations for the first Noreco operated drilling with the rig West Alpha in 2009 continues according to plan.

The company has a HSE plan for 2009 in place, which including scheduled audits and verifications.

HUMAN RESOURCES

Noreco has 74 well qualified and experienced employees of which over 32% are female. Noreco has staff members from nine different countries.

Income statement

Consolidated – IFRS

All figures in NOK 1000	Note	Q4-08	Q4-07	2008	2007
Operating income		540 589	447 686	2 423 531	839 664
Production cost	1	117 912	114 422	414 893	214 830
Exploration costs expensed	2	144 276	6 547	258 664	145 543
Salary expenses		25 670	34 394	114 135	103 239
Other operating expenses		31 529	14 440	95 480	48 617
Operating results before depreciation and amortization (EBITDA)		221 202	277 883	1 540 359	327 436
Depreciation and amortization	5	213 037	143 070	716 799	278 386
Operating result (EBIT)		8 165	134 813	823 560	49 051
Net financial items	3	-109 920	-131 123	-555 593	-298 210
Profit before tax (EBT)		-101 755	3 690	267 967	-249 159
Tax		-76 368	80 601	147 754	-50 469
Net results		-25 387	-76 910	120 213	-198 690
Earnings per share					
Basic		-0,18	-0,72	0,92	-3,14
Diluted		-0,15	-0,72	0,93	-3,14

Balance sheet
Consolidated – IFRS

All figures in NOK 1000	Note	31.12.08	31.12.07
Fixed assets			
License interests, exploration assets	4	4 595 387	4 396 570
Deferred tax assets		263 509	111 391
Goodwill	4	1 540 798	1 483 978
Production facilities	5	3 538 789	2 843 712
Office equipment	5	3 594	6 652
Total fixed assets		**9 942 077**	**8 842 302**
Current assets			
Accounts receivable		219 488	89 846
Tax receivables		542 644	265 866
Other current receivables	6	749 312	255 179
Bank deposits, cash in hand, etc.		867 349	973 661
Total current assets		**2 378 793**	**1 584 552**
Total assets		**12 320 869**	**10 426 853**
Equity			
Share capital		444 428	345 385
Other equity		2 552 058	1 438 872
Total equity		**2 996 486**	**1 784 257**
Provisions and other long-term liabilities			
Deferred tax liabilities		2 758 967	2 406 885
Provisions for other liabilities and charges		852 851	713 026
Convertible loan	7	187 127	349 232
Bond issue	7	2 530 982	3 730 872
Other long-term interest bearing debt	7	1 463 722	523 843
Total provisions and other long-term liabilities		**7 793 649**	**7 723 858**
Current liabilities			
Other short term interest bearing debt		533 371	222 000
Accounts payable		138 058	68 983
Current income taxes payable		564 911	69 847
Public duties payable		29 365	33 117
Other current liabilities	8	265 029	524 792
Total current liabilities		**1 530 734**	**918 738**
Total liabilities		**9 324 383**	**8 642 596**
Total equity and liabilities		**12 320 869**	**10 426 853**

Cash flow statement

Consolidated (IFRS)

All figures in NOK 1000	2008	2007
Ordinary result before tax	267 965	-249 159
Depreciation and write-down expenses	716 799	278 386
Taxes paid	675	-173 928
Loss on sale of fixed assets held for sale	0	23 490
Financial instruments with no cash impact	-495 927	-46 997
Amortisation of borrowing expenses with no cash impact	61 077	27 841
Calculated interest on abandonment liabilities with no cash impact	43 935	8 709
Other items with no cash impact	58 810	-13 050
Effect of changes in exchange rate / impact equity	570 557	-88 087
Change in accounts receivable	-129 642	35 001
Change in accounts payables	69 075	63 122
Changes in other current balance sheet items	403 461	470 386
Net cash flow from operations	**1 378 052**	**335 714**
Cash flow from investments activities		
Proceeds from sale of assets held for sale	0	27 502
Purchase of tangible assets	-414 966	-169 653
Purchase of intangible fixed assets	-380 258	-254 681
Purchase of investment in shares	-403 298	-4 125 204
Net cash flow from investments activities	**-1 198 552**	**-4 522 036**
Cash flow from financing activities		
Issue of share capital	499 262	1 910 240
Proceeds from issuance of long term debt	633 412	3 160 427
Repayment of long term debt incl. cost	-1 241 000	0
Proceeds from issuance of short term debt	531 771	222 000
Repayment of short term debt	-222 000	-35 000
Interest paid	-564 725	-88 050
Net cash flow from financing activities	**-363 280**	**5 169 617**
Net change in cash and cash equivalents	**-183 780**	**983 295**
Cash and cash equivalents at start of the year/quarter	**973 661**	**11 970**
Effects of changes in exchange rates on cash and cash equivalents	-77 467	-21 605
Cash and cash equivalents at end of the year/quarter	**867 349**	**973 661**

Statement of equity

Consolidated (IFRS)

All figures in NOK 1000	31.12.08	31.12.07
Balance at the beginning of period	1 784 257	55 724
Issue of share capital	760 752	1 910 240
Transferred from convertible bonds	-27 106	41 675
Value of share-based incentive plans	963	
Valueadjustment financial instruments	388 516	-43 411
Currency translation differences	18 893	18 719
Net results for the period	120 211	-198 690
Balance at the end of period	**2 996 486**	**1 784 257**

Notes

to the quarterly consolidated financial statements

ACCOUNTING PRINCIPLES

Basis for preparation

The consolidated interim financial statements for the fourth 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-based 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 Reclassification of Financial Assets: Effective Date and Transition and IFRIC 16 Hedges 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). Noreco has not yet finalized its evaluation on which effect the changes in the standards and interpretations will have for the company.

Share capital/equity

There has been one capital increase during the fourth quarter. Pursuant to the incentive scheme for the employees in Noreco, approved at the extraordinary general meeting held 14 January 2008, the annual bonus for 2008 has been paid out to the employees. According to the incentive scheme, the employees may purchase Noreco shares representing up to 50% of their bonus, at market price. As a result of this, 470 422 new shares were issued and the share capital has thereby been raised from NOK 443.0 million as per 30.09.2008 to NOK 444.4 million as per 31.12.2008.

Share options and share based payments

Noreco established in January 2008 an incentive scheme for the management and other employees under which options exercisable into ordinary shares in the Company are granted. As of 31 December 2008 a total of 1 033 883 options had been issued to Noreco Group employees. Pursuant to the incentive scheme for the employees in Noreco, the employees have the opportunity to purchase Noreco shares equal to a maximum of 50% of the bonus at the time of the bonus payment. Employees who retain such shares for two years and are still employed by Noreco at that time, will be eligible for an award of additional matching shares on a one-for-one basis. As of 31. December 2008 a total of 470 422 options has been issued to the employees regarding bonus payment agreement. As of 31 December 2008 there are 1 504 305 outstanding options.

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 and United Kingdom. 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 Limited has 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.

Subsequent events

In connection with the company's pension scheme for 2009 a capital increase involving the employees of Noreco ASA was excercised in January 2009. The capital increase concerns a total of 505 060 shares at a market price of NOK 13,60, which was equal to the company's market price at 31 December 2008. A total of NOK 6 869 816 has been paid in. The new share capital is NOK 445 993 704.70 split on 143 868 937 shares. The capital increase has been registered in the Register of Business Enterprise.

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)	Q4 - 08	Q4 - 07	2008	2007
Direct production expenses	81 943	79 909	268 429	149 602
Duties, tariffs, royalties	29 288	21 867	125 247	48 942
Other expenses	6 680	12 646	21 217	16 286
Total production expenses	**117 911**	**114 422**	**414 893**	**214 830**

2 Exploration and evalutation expenses

(NOK 1 000)	Q4 - 08	Q4 - 07	2008	2007
Expenses from operator	58 350	6 547	156 490	113 496
Exploration and evaluation expenses capitalised previous year, transfered to exploration cost	23 821	0	23 821	0
Exploration and evaluation expenses capitalised this year, transfered to exploration cost	40 889	0	40 889	0
Other exploration and evaluation expenses	21 216	0	37 465	32 047
Total exploration and evaluation expenses	**144 275**	**6 547**	**258 664**	**145 543**

Specification of cash flow concerning exploration and evaluation activities

(NOK 1 000)	Q4 - 08	Q4 - 07	2008	2007
Accrued exploration and evaluation expenses capitalised as an intangible asset during the year	3 410	43 693	380 259	198 367
Accrued exploration and evaluation expenses directly recognised during the year	120 455	6 547	234 843	145 543
Exploration and evaluation investments during the year	**123 865**	**50 240**	**615 103**	**343 910**

3 Financial income and expenses

(NOK 1 000)

Financial income	Q4 - 08	Q4 - 07	2008	2007
Interest income	32 010	26 658	66 311	43 890
Other financial income	45 691	95 398	95 369	105 111
Total financial income	**77 701**	**122 056**	**161 680**	**149 001**

Financial expenses	Q4 - 08	Q4 - 07	2008	2007
Interest expenses on bond loan	83 243	79 989	412 292	165 319
Interest expenses on convertible loan	3 253	6 450	33 771	17 502
Interest expenses on other long-term liabilities	18 918	19 288	48 646	34 070
Interest expenses on exploration loan	10 321	8 216	33 082	16 396
Amortisation of borrowing expenses	13 890	11 824	61 077	27 841
Calculated interest on abandonment liabilities	14 909	4 228	43 782	8 709
Interest expenses on short term liabilities	6 892	25 649	9 533	34 242
Other financial expenses	36 196	97 435	75 091	143 133
Total financial expenses	**187 621**	**253 079**	**717 274**	**447 212**

Net financial result	**-109 920**	**-131 023**	**-555 593**	**-298 210**

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	1 486 495	5 883 064
Additions	380 258	0	0	380 258
Addition from acquisition of subsidiaries	0	0	54 303	54 303
Disposals	-17 881	-5 940	0	-23 821
Transfered to production facilities	-195 992	0	0	-195 992
Translation differences	38 372	0	0	38 372
Acquisition cost at 31.12.08	**4 539 073**	**56 314**	**1 540 798**	**6 136 184**
Accumulated depreciation				
Accumulated depreciation at 01.01.08	0	0	0	0
Depreciations	0	0	0	0
Translation differences	0	0	0	0
Accumulated depreciation at 31.12.08	**0**	**0**	**0**	**0**
Book value at 31.12.08	**4 539 073**	**56 314**	**1 540 798**	**6 136 184**

In accordance with the Group's accounting principles an impairment test related to the Groups goodwill, licenses and production facilities as of 31 December 2008 have been carried out. The write-down considerations are carried out by the company using estimated cash flows from applicable reserves and resources.For licenses holding assets who still are in an early exploration phase and some discoveries an average price per boe from the investor analysts' reports are used

The calculations have the following main assumptions:

Discount rate after tax:	7.6 %
Oil price:	The market's forward curve as of end 31.12.08 for the oil price from 2009 – 2017. From 2018 the oil price is adjusted for inflation.
Exchange rate USD / NOK	The market's average forward curve as of end 31.12.08 from 2009 – 2013. From 2014 the expected average rate from 2013 is used.
Reserves:	Based on the company's estimated reserves at 31.12.2008.

Based on the impairment test no write down were made.

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	414 962	0	34	414 996
Addition from acquisition of subsidiaries	533 167	135 459	0	668 626
Transfered from capitalised exploration	195 992	0	0	195 992
Disposals	0	-328 045	0	-328 045
Translation differences	491 151	93 734	143	585 028
Acquisition cost at 31.12.08	**4 324 121**	**417 224**	**10 160**	**4 751 505**
Accumulated depreciation				
Accumulated depreciation at 01.01.08	325 665	35 546	3 330	364 541
Depreciation	576 491	136 953	3 355	716 799
Translation differences	102 497	25 405	-119	127 783
Accumulated depreciation at 31.12.08	**1 004 653**	**197 904**	**6 566**	**1 209 122**
Book value at 31.12.08	**3 319 468**	**219 321**	**3 594**	**3 542 383**

6 Other current receivables

(NOK 1 000)	31.12.2008	31.12.2007
Working capital in the licenses	124 148	76 515
Underlift of oil	60 992	110 573
Financial instruments	546 670	46 997
Other receivables	17 502	21 084
Total other current receivables	**749 312**	**255 179**

7 Long-term liabilities

(NOK 1000)	Nominal value	Book value at 31.12.08
Bond loan Noreco ASA	1 840 000	1 794 349
Bond loan Noreco ASA	400 000	390 152
Convertible loan Noreco ASA	218 500	187 127
Bond loan Altinex Oil Norway AS	300 000	296 710
Bond loan Altinex Oil Norway AS	50 000	49 772
Reserve-based debt Altinex Oil Denmark A/S	1 504 764	1 463 722
Total long-term liabilities	**4 313 264**	**4 181 833**

8 Other current liabilities

(NOK 1 000)	31.12.2008	31.12.2007
Working capital in the licenses	77 637	91 954
Overlift of Oil	0	26 103
Provisions for interests	148 249	181 214
Other current liabilities	39 143	225 521
Total other current liabilities	**265 029**	**524 792**

9 Acquisition of Talisman Oil Denmark limited

As of 18 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	339 226	193 941	533 167
Removal asset	135 459		135 459
Account receivables	67 146		67 146
Other assets	93 717		93 717
Removal liabilities	(235 202)		(235 202)
Deferred tax liabilities	0	(54 303)	(54 303)
Current liabilities	(105 243)		(105 243)
	295 104	139 638	434 741
Goodwill arising on acquisition			**54 303**
Total consideration, satisfied by cash			**489 044**

If the acquisition had been completed on 1 January 2008, total group revenue for 2008 would have been MNOK 2,681, and net loss for the period would have been MNOK 201.

Stavanger, 18 February 2009
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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