Report for the first quarter 2011

Norwegian Energy Company ASA

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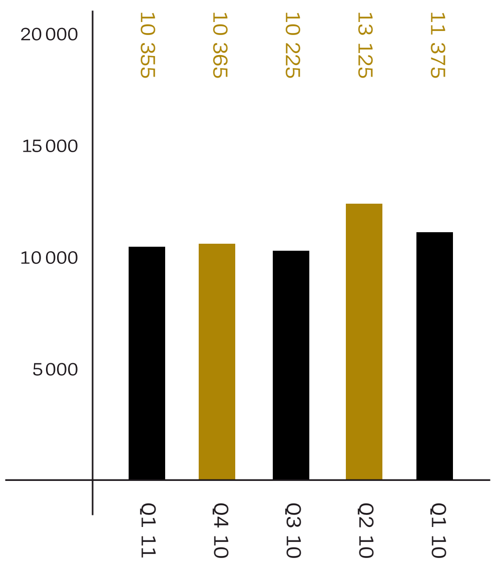
HIGHLIGHTS

- Average oil and gas production 10,355 barrels of oil equivalents (boe) per day
- Oil price realised at USD 103 per boe
- Increase in deferred tax liability following increase in UK petroleum tax
- Total revenues of NOK 547 million, EBITDA of NOK 97 million, and a net loss of NOK 295 million
- Non-commercial oil discovery in Noreco operated Svaneøgle exploration well
- Strategic review completed – Noreco to remain independent
- New bond to finance remaining Oselvar development costs issued in April
- New management team in place

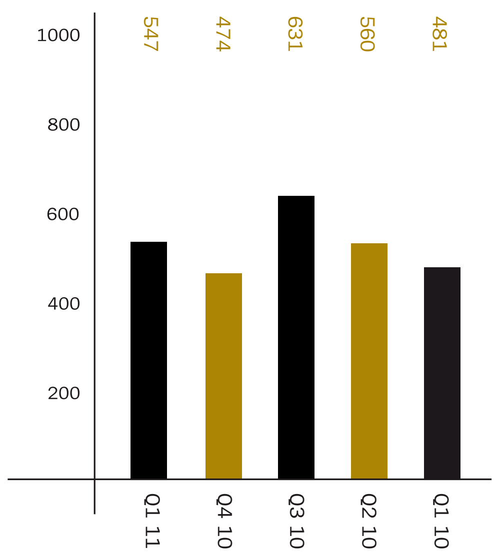
KEY FIGURES

	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10	Q4-09
Net realised oil price *(USD/boe)*	103.0	83.9	74.4	75.4	74.0	68.5
EBITDA *(NOK million)*	97	-66	327	269	170	134
Net results *(NOK million)*	(295)	(135)	167	(6)	(21)	(87)
Total assets *(NOK billion)*	12.5	12.7	12.6	12.4	12.2	11.9

Production *(boed)*



Operating income *(NOK million)*



GROUP FINANCIALS

The Noreco Group had revenues of NOK 547 million in first quarter 2011, an increase of 14 percent compared to first quarter 2010. The increase was driven by higher oil prices which more than compensated for lower production volumes. Production in the quarter was 10,355 boe per day, down from 11,375 boe per day for the same period last year. The achieved oil, gas and NGL prices adjusted for the cost and income from the put options expiring in the quarter were USD 103 per boe, compared to USD 73.5 per boe in first quarter 2010.

Production expenses were NOK 154 million, up 28 percent from the same quarter in the previous year due to maintenance costs at Siri and Brage, costs related to permanent repair solution of the Siri caisson, and increase in insurance costs. Exploration costs amounted to NOK 203 million as the Noreco operated Svaneøgle exploration well did not prove commercial quantities of hydrocarbons. In addition, costs related to the Ronaldo exploration well incurred in the first quarter have been expensed as the well after the end of the quarter was concluded to be a dry hole. Payroll expenses were NOK 56 million, of which NOK 7 million was related to the termination agreement with the previous CEO. Other operating expenses were NOK 37 million.

EBITDA (earnings before interest, tax, depreciation and amortisation) in first quarter 2011 was NOK 97 million, compared to NOK 170 million in first quarter 2010. Depreciation amounted to NOK 136 million, in line with first quarter 2010.

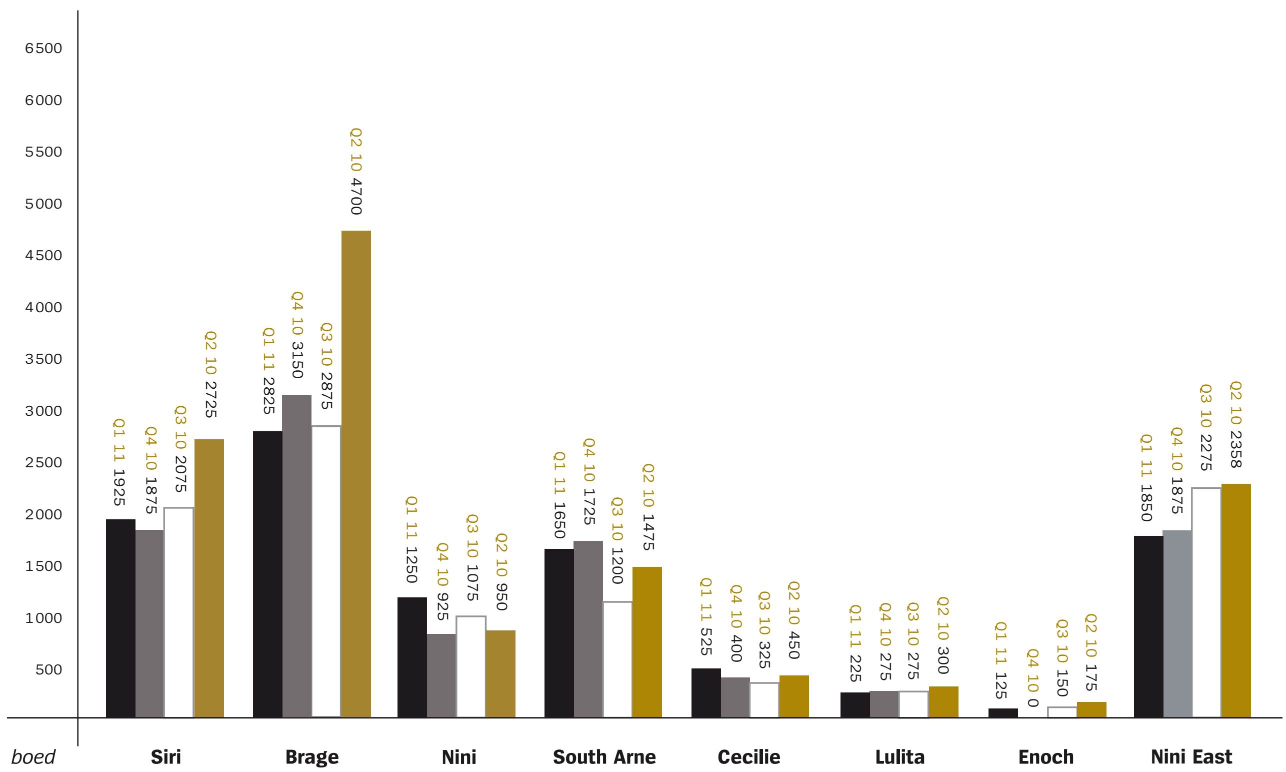
Net financial items came in at NOK 116 million for the quarter. Tax expenses amounted to NOK 140 million. The tax expenses were impacted by an increase in deferred tax liabilities of NOK 272 million related to the company's activities in the UK following an increase in the UK petroleum tax rate from 50 to 62 percent. Net result for the quarter was a loss of NOK 295 million, compared to a loss of NOK 21 million in the first quarter 2010.

The company on 9 February redeemed (upon maturity) the remaining balance of the ALXO02 bond loan of NOK 154 million.

Noreco uses oil put options to protect its cash flow against downside risk in the oil price. The company has secured parts of its expected production volume against oil prices below USD 75 per barrel (for parts of the option program the strike price has recently been increased to USD 75 from levels of USD 50 and USD 60). Fair value of these put options as of 31 March 2011 was NOK 12 million, recorded as other current receivables in the balance sheet.

GROUP STRUCTURE

Siri Holdings Ltd and Altinex ASA are guarantors for two of the bond loans issued by Noreco (Nor 03 and Nor 04). Siri Holdings Ltd's only purpose is to hold part of Noreco's ownership in the Siri license, and the description herein related to the Siri field is therefore of key importance for Siri Holdings Ltd. Altinex ASA serves as a sub-holding company for all of Noreco's activities, except what is held through Siri Holdings Ltd, and exploration activities on the UKCS and NCS, which are held in Norwegian Energy Company (UK) Ltd and Norwegian Energy Company ASA respectively. Consequently, with the exception that the description of the Noreco group's exploration activity and certain elements related to financial income and expenses (which are relevant only for Norwegian Energy Company ASA), the description of highlights and risk elements apply substantially similar to Altinex ASA.



PRODUCING FIELDS

The Noreco Group's production in first quarter 2011 was on average 10,355 barrels of oil equivalents per day (boed). The graph on page 3 shows the net production to Noreco from each of the eight producing fields in the portfolio.

The average gross production from the Brage field (Noreco 12.26/13.2 percent) in the first quarter was approximately 22,900 boed. Due to inspection and repairs on the flare pipe, production was deferred by approximately 10 days. Drilling of well A-14 A (Arran), which is a combined exploration and production well in the Brent formation, started in December 2010 and is still ongoing.

Enoch (Noreco 4.36 percent) had an average gross production in first quarter of approximately 2,775 boed.

Gross production from the Siri area fields (Noreco equities: Siri 50 percent, Nini East 30 percent, Nini 30 percent and Cecilie 61 percent) averaged 15,040 boed in the first quarter. The SCB-1 subsea production well which has been shut in since late April 2010 is now awaiting final repair of the malfunctioning subsea safety valve. The work-over that involves retrieval of the production tubing requires a rig and is scheduled to take place in third quarter 2011. The upgrade of the centrifugal compressor at Siri was successfully completed in January 2011, and has resulted in a significant increase in the high pressure gas capacity at Siri, enabling production from low pressure wells. Water injection into Nini East was successfully increased during fourth quarter 2010, which has impacted the gas oil ratio trend on Nini East positively. A second water injector in Nini East was recently completed, and water injection commenced mid-April. An increase in the production from Nini East is expected as a result of this. Concept select of the permanent repair of the Siri caisson is expected to take place around the middle of 2011.

On the South Arne field (Noreco 6.56 percent) the average gross production in the first quarter was approximately 25,000 boed. The high production level is due to the two new production wells which were brought on stream in October 2010 and continued interventions in the production and injection wells. The South Arne Phase III development activities are progressing according to plan, and negotiations on rig contract are ongoing.

On the Lulita field (Noreco 28.2 percent) the average gross production was approximately 800 boed in the first quarter. The production was influenced by shut-in periods due to wax problems on the Harald host platform and due to pigging of the Harald/Tyra gas pipeline.

DEVELOPMENTS AND DISCOVERIES

Noreco holds a 20 percent interest in the Huntington field development in the UK. The field is operated by E.ON Ruhrgas UK. In first quarter 2011, the subsea installation contracts were awarded and fabrication of the export pipeline was completed. The drilling template fabrication was also completed, and the template was installed on the seabed at the Huntington location early April. Drilling of the production wells commenced on 28 April, and production start on Huntington is expected in first quarter 2012.

Development of the Oselvar field in license PL274 is well underway. Noreco owns 15 percent of Oselvar and DONG is the operator. In March Noreco chose to terminate an agreement to sell its interest in Oselvar to Marubeni Corporation. Drilling of the production wells on Oselvar is expected to commence in May this year, and production start is expected in the first half of 2012.

The Gygrid discovery in PL348 (Noreco 17.5 percent) has been renamed to Hyme. The operator Statoil is planning a subsea development of the field with a tie-back to the Njord platform. The partnership is planning to submit a Plan for Development and Operations (PDO) to Norwegian authorities in May this year, and production start is expected in the first half of 2013. New seismic data acquired during 2010 will be used to further map the exploration potential in the license.

The Nemo discovery in license PL148 (Noreco 20 percent) is progressing towards a development decision in 2011. Lundin Norway is the operator. The development concept comprises a subsea tie-back to the Pierce field in UK. The partnership is currently considering whether to submit a PDO to the Norwegian authorities this year, which may allow for production start-up in 2013.

The Flyndre discovery in license PL018C is also progressing towards a development decision in 2011. Maersk Oil is the operator. The discovery straddles the Norway/UK border and unitisation discussions are ongoing. Noreco owns 13.34 percent of the Norwegian license.

On the Gita discovery in Denmark (Noreco 12 percent), a seismic re-processing campaign, involving four different surveys and aiming at pre-stack depth migration to improve depth imaging is underway. This will reduce depth uncertainty and give a better foundation for placing appraisal wells. The data is expected to be ready for interpretation around mid-year, after which current geology models and preliminary appraisal locations will be updated and finalised for well planning.

EXPLORATION

The exploration activity in first quarter was focused on the Svaneøgle well in PL545 and the start-up of the Ronaldo well in PL434. In terms of license inventory, Noreco was in January awarded a new license 1/11 in Denmark covering the Luna prospect, which is planned to be drilled in third quarter this year, and three new licenses in Norway from the APA 2010 licensing round.

The drilling of exploration well 17/6-1 on the Svaneøgle prospect in PL545 was completed early February. Noreco has a 50 percent interest in the license and is the operator. Other partners are Spring Energy with 30 percent and Petoro with 20 percent interest. The well reached a total depth of 3,065 m. The main objective was the Sandnes and Bryne formations of Middle Jurassic age. The well encountered oil in a five metre sandstone layer of low reservoir quality in the Sandnes formation. Pressure measurements suggest a possible oil column of 45 metres. A water-bearing sandstone layer of good reservoir quality was encountered deeper in the Bryne Formation. The well was not tested, but data has been acquired. A preliminary estimate of the recoverable resources suggest between 0.05 and 1 million standard cubic metres of oil. The discovery is not of commercial interest.

The drilling of exploration well 6507/8-8 on the Ronaldo prospect in PL434 started late in February. The prospect was located in the Norwegian Sea, seven kilometers southeast of the Heidrun field. The well was drilled with the semi-submersible drilling rig Songa Delta. The partners in license PL434 are Nexen Exploration (operator, 49 percent), Concedo (21 percent), Noreco (20 percent) and E.ON Ruhrgas (10 percent). The purpose of the well was to prove petroleum in Lower Jurassic reservoir rocks (the Tilje and Åre formations). Early in April a reservoir of expected thickness and of good quality was encountered in the Tilje and Åre formations, however the reservoir did not contain hydrocarbons. Data acquisition and sampling were carried out.

Noreco has in the first quarter made 10 drill or drop decisions. It was decided to drill on six licenses, and these are all likely candidates for the 2012 exploration drilling programme.

Awards in Predefined Areas (APA) 2010 were announced 18 January 2011. Noreco was offered three licenses, two of which were extensions to existing licenses PL348 and PL360. The third award was a 40 percent equity in license PL591 on blocks 6507/8, 9, and 11. Spring Energy is operator with 60 percent equity, and the work commitment is to purchase and reprocess existing 3D seismic and perform geological studies.

On 1 February the 2/05 license group in Denmark was awarded a new license 1/11, immediately to the west of the original 2/05 license area. Noreco is the operator and has a 47 percent interest in both licenses. The other partners in the license are Elko Energy with 33 percent and the Danish North Sea Fund with 20 percent. The license period is for six years and comes with a commitment to drill an exploration well within two years. The partnership has already selected the specific well location and intends to drill the well in 2011 on the Luna prospect.

On 15 April Noreco was awarded two licenses in the 21st licensing round on the Norwegian continental shelf, including a 40 percent interest in license PL606 located in the Barents Sea (operator OMV), and a 20 percent interest in license PL599 (operator BG Norge) located in a part of the Norwegian Sea where Noreco already has a strong acreage position.
Six licenses were relinquished in the first quarter. These were PL256, PL476, PL412, and PL451 in Norway, and P1645 and P1660 in the UK.

BUSINESS DEVELOPMENT

In October Noreco announced it had commenced a broad review of its strategic alternatives to enhance shareholder value. Through this review, Noreco and its advisors were in dialogue with a number of interested parties and examined different structural alternatives, including mergers and sale of all or parts of the company.

After a thorough evaluation of such alternatives and the offers and interests received, and considering the substantial value creation potential in the company's portfolio together with the significant improvements in market fundamentals for oil, the board concluded that at this point in time a sale of all or parts of the company would not represent the most value creating alternative for the company and its shareholders.

Noreco will continue to pursue monetisation of individual assets or asset packages with interested parties as part of its ordinary course of business.

In late March, Noreco decided to terminate an agreement to sell Noreco's interests in the Oselvar and Enoch fields to Marubeni Corporation (Marubeni). The agreement was entered into in September 2010. By March 2011 the buyer still had not fulfilled the requirements applicable to a licensee on the Norwegian Continental Shelf, which was a prerequisite to complete the transaction. Due to improved market fundamentals and good progress of the Oselvar development, Noreco considers the termination of the sales agreement as accretive to shareholder value, and the company in April issued a new secured bond of NOK 600 million to finance the remaining Oselvar development costs.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY

Noreco had one operated well in the first quarter of 2011. The exploration well Svaneøgle in license PL545 was completed with zero harm to people, assets or environment. Noreco's internally staffed emergency preparedness team was on duty during the whole operation, thereby gaining valuable training and insight to the operation. Preparations for the next operated exploration well, Luna, in the Danish sector are progressing according to plan, and emergency teams and training have been established. The HSEQ Program and QA Plan for 2011 is going according to plan. The Noreco HSEQ Program and objectives for 2011 continues to address Culture, Quality, Business Improvement and prevention of Major Accidents.

MANAGEMENT CHANGES

In March, following the completion of the strategic review process, Scott Kerr decided to step down as Chief Executive Officer (CEO) of Noreco. The board appointed Einar Gjelsvik as acting CEO. Gjelsvik came from the position as Chief Operating Officer (COO). Ellen Sandra Bratland was subsequently appointed as the new COO of the company.

Rebekka Glasser Herlofsen was appointed as Noreco's new Chief Financial Officer (CFO), replacing Erik Borg who served as acting CFO since February. Kjetil Bakken was appointed as Vice President Strategy & Investor Relations, replacing Rune Martinsen who has accepted a position elsewhere.

HUMAN RESOURCES

Noreco has increased its competence base over the last years. Today Noreco has 100 employees and approximately 25 consultants, reflecting the necessary capacity to deliver value creation from existing assets and to carry through the planned exploration activities ahead.

Noreco has a stable workforce with about four percent turn¬over over the last three years. Approximately 34 percent of the employees are female, and 12 nationalities are represented in the workforce.

Statement of comprehensive income

All figures in NOK 1 000	Note	Q1 2011	Q1 2010	2010
Revenue	1	546 779	443 856	1 909 909
Other revenue	1	0	37 470	236 552
Total revenues	1	546 779	481 326	2 146 462
Production expenses	2	153 990	120 622	539 919
Exploration and evaluation expenses	3	203 493	122 960	615 772
Payroll expenses		55 714	39 260	158 457
Other operating expenses		36 526	28 974	133 287
Total operating expenses		449 723	311 816	1 447 435
Operating results before depreciation and amortization (EBITDA)		**97 056**	**169 510**	**699 027**
Depreciation	6	135 858	134 803	601 310
Write-downs	5	0	0	36 500
Net operating result (EBIT)		**(38 802)**	**34 707**	**61 217**
Net financial items	4	(116 318)	(121 478)	(485 032)
Ordinary result before tax (EBT)		**(155 120)**	**(86 771)**	**(423 814)**
Income tax expenses		139 991	(65 591)	(428 339)
Net result for the period		**(295 111)**	**(21 180)**	**4 525**
Net result for the period		(295 111)	(21 180)	4 525
Other comprehensive income:				
Value adjusted financial instruments		803	(22 017)	(34 441)
Currency translation difference		(61 978)	15 484	2 393
Total comprehensive net result for the period		(356 286)	(27 713)	(27 523)
Earnings per share				
Basic		(1.21)	(0.09)	0.02
Diluted		(1.14)	(0.09)	0.05

Statement of financial position

All figures in NOK 1 000	Note	31.03.11	31.12.10	31.03.10
Non-current assets				
License and capitalised exploration expenses	5	3 985 118	3 976 833	3 862 329
Deferred tax assets		593 431	594 800	445 748
Goodwill	5	1 504 298	1 492 598	1 540 798
Production facilities	6	4 123 187	3 546 878	4 170 721
Tax refund		194 233	0	128 819
Total non-current assets		**10 400 267**	**9 611 110**	**10 148 415**
Current assets				
Assets held for sale		0	590 389	0
Accounts receivable		190 164	208 455	184 142
Tax refund		721 824	730 891	670 352
Other current receivables	7	668 979	579 684	696 139
Bank deposits, cash and cash equivalents		490 086	892 482	408 503
Total current assets		**2 071 052**	**3 001 901**	**1 959 136**
Total assets		**12 471 319**	**12 613 011**	**12 107 551**
Equity				
Share capital		755 913	753 418	753 418
Other equity		2 579 334	2 921 443	2 916 498
Total equity		**3 335 247**	**3 674 861**	**3 669 916**
Provisions and other non-current liabilities				
Deferred tax		2 902 268	2 368 027	2 469 553
Provisions for other liabilities and charges		821 753	833 553	781 703
Convertible bond loan	8	208 304	205 951	198 892
Bond loan	8	2 662 026	2 658 582	1 965 493
Other interest bearing debt	8	1 313 786	943 612	1 140 476
Total provisions and other non-current liabilities		**7 908 136**	**7 009 725**	**6 556 117**
Current liabilities				
Liabilities/debt held for sale		0	231 539	0
Other interest bearing debt	8	663 950	1 085 304	1 234 759
Trade payables		33 050	86 060	37 067
Current tax payable		83 929	114 716	257 212
Public duties payable		47 223	22 760	42 353
Other current liabilities	9	399 784	388 047	310 127
Total current liabilities		**1 227 936**	**1 928 426**	**1 881 518**
Total liabilities		**9 136 072**	**8 938 151**	**8 437 635**
Total equity and liabilities		**12 471 319**	**12 613 011**	**12 107 551**

Statement of cash flow

All figures in NOK 1 000	Q1 2011	Q1 2010
Ordinary result before tax	(155 120)	(86 771)
Tax paid	(58 482)	(74 269)
Depreciation	135 858	134 803
Write-downs dry well, previous years investments	5 588	7 561
Effect of changes in exchange rates/other effects equity	(50 595)	(6 945)
Financial instruments at fair value	(803)	32 462
Amortisation of borrowing expenses	10 615	9 572
Calculated interest on abandonment provision	18 740	19 466
Other items with no cash impact	1 500	1 000
Changes in accounts receivable	18 291	(50 523)
Changes in trade payables	(53 010)	1 124
Changes in other current balance sheet items	92 188	(23 632)
Net cash flow from operations	**(35 229)**	**(36 152)**
Cash flows from investing activities		
Purchase of tangible assets	(239 924)	(198 048)
Purchase of intangible assets	(28 063)	(15 180)
Net cash flow from investing activities	**(267 988)**	**(213 229)**
Cash flows from financing activities		
Issue of share capital	14 399	11 179
Proceeds from issuance of long term debt	169 537	120 000
Repayment of short term debt	(153 500)	(29 292)
Interest paid	(128 897)	(107 739)
Net cash flow from (used in) financing activities	**(98 461)**	**(5 852)**
Net change in cash and cash equivalents	**(401 678)**	**(255 233)**
Cash and cash equivalents at start of the year	**892 482**	**659 812**
Effects of changes in exchange rates on cash and cash equivalents	(718)	3 924
Cash and cash equivalents at end of the quarter	**490 086**	**408 503**

Statement of changes in equity

All figures in NOK 1 000	31.03.11	31.12.10	31.03.10
Equity at the beginning of period	3 674 861	3 722 223	3 722 223
Adjustments opening balance (1)	0	(38 291)	(38 291)
Capital increase	14 399	11 322	11 179
Share-based incentive program	2 273	7 130	2 518
Value adjusted financial instruments	803	(34 441)	(22 017)
Translation differences foreign exchange	(61 978)	2 393	15 484
Net results for the period	(295 111)	4 525	(21 180)
Equity at the end of period	3 335 247	3 674 861	3 669 916

(1) Calculation errors on depreciation of excess values are incorporated as per 1.1.2010 as follows: Other Equity NOK -38 million - Non-current deferred tax liability NOK -16 million - Production assets NOK -54 milion.

Notes

to the quarterly consolidated financial statements

ACCOUNTING PRINCIPLES

Basis for preparation

The consolidated interim financial statement for the first quarter of 2011 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 2010 annual report. 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

There has been one capital increases during first quarter. As a result of this, 804 867 new shares were issued and the share capital has thereby been raised from NOK 753,4 million as per 31.12.2010 to NOK 755,9 million as per 31.03.2011.

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 capitalised pending an evaluation of the economics of the exploration drilling findings. If hydrocarbons are discovered, the costs remain captialised. 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 captialised.

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 amortised 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% in Norway related to exploration and production on the Norwegian Continental Shelf and 34% in UK related to exploration and production on the English 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 results in a change in the deferred tax liability. The change in deferred tax liability in turn affects Goodwill. Goodwill is, according to IFRS, not amortised, but will be subject to impairment testing.

Subsequent events

In April 2011, the exploration well Ronaldo (PL434) was completed. The discovery is not of commercial interest. Noreco held a 20% interest in the license.

1 Revenue

(NOK 1 000)	Q1 2011	Q1 2010
Sale of oil	535 845	437 221
Sale of gas and NGL	16 053	10 991
Revenue from oil price hedging	0	803
Cost from oil price hedging (1)	(5 119)	(5 159)
Other revenue (2)	0	37 470
Total revenue	**546 779**	**481 326**

(1) Part of the group's oil sales are hedged against price reductions with the use of options. Costs relating to hedging are recognised as reduction in revenue, gains are recognised as revenue.

(2) Other revenues is related to expected insurance coverage for the loss of oil production from the Siri area fields.

2 Production expenses

(NOK 1 000)	Q1 2011	Q1 2010
Direct production expenses	108 216	94 710
Duties, tariffs, royalties	21 160	13 726
Other expenses	24 614	12 185
Total production expenses	**153 990**	**120 622**

3 Exploration and evaluation costs

(NOK 1 000)	Q1 2011	Q1 2010
Acquisition of seismic data, analysis and general G&G costs	23 182	19 721
Exploration wells capitalised in previous years	5 588	7 517
Dry exploration wells this period	167 082	77 815
Other exploration and evaluation costs	7 642	17 906
Total exploration and evaluation costs	**203 494**	**122 960**

(NOK 1 000)	Q1 2011	Q1 2010
Specification of cash flow concerning exploration and evaluation activities		
Exploration and evaluation costs capitalised as intangible assets this period	28 063	15 180
Exploration and evaluation costs directly expensed this period	197 906	115 443
Amount invested in exploration and evaluation activities this period	**225 969**	**130 623**

4 Financial income and expenses

(NOK 1 000)

Financial income	Q1 2011	Q1 2010
Interest income	4 220	2 448
Other financial income	23 205	9 472
Total financial income	**27 425**	**11 920**

Financial expenses	Q1 2011	Q1 2010
Interest expense from bond loans	80 037	67 240
Interest expense from convertible loan	3 278	3 278
Interest expense from other non-current liabilities	11 450	11 523
Interest expense from exploration loan	9 374	6 870
Capitalised interest expenses	(7 088)	(3 044)
Amortisation from loan costs	10 615	9 572
Imputed interest from abandonment provisions	18 740	19 466
Interest expenses current liabilities	2 244	1 260
Other financial expenses	15 093	17 233
Total financial expenses	143 743	133 398
Net financial items	**(116 318)**	**(121 478)**

5 Intangible fixed assets

(NOK 1000)	Capitalised exploration & evaluation cost	Goodwill	Total
Acquisition cost 01.01.11	4 102 534	1 529 098	5 631 632
Additions	195 146	0	195 146
Dry well	(172 670)	0	(172 670)
Reclassified from asset for sale	1 033	11 700	12 733
Currency translations	(15 224)	0	(15 224)
Acquisition cost 31.03.11	**4 110 818**	**1 540 798**	**5 651 616**
Accumulated depreciation and write-downs			
Accumulated depreciation and write-downs 01.01.11	125 700	36 500	162 200
Depreciations	0	0	0
Write-downs	0	0	0
Accumulated depreciation and write-downs 31.03.11	**125 700**	**36 500**	**162 200**
Book value 31.03.11	**3 985 118**	**1 504 298**	**5 489 416**

6 Tangible non-current assets

(NOK 1 000)	Asset under construction	Production facilities	Machinery and equipment	Total
Acquisition cost 01.01.11	121 787	5 544 383	8 207	5 674 377
Additions	124 290	115 635	0	239 924
Reclassified from asset for sale	542 526	73 175	0	615 701
Currency translations	(3 919)	(159 944)	(34)	(163 897)
Acquisition cost 31.03.11	**784 684**	**5 573 248**	**8 173**	**6 366 105**
Accumulated depreciation and write-downs				
Accumulated depreciation and write-downs 01.01.11 according to annual report 2010	0	2 065 263	8 099	2 073 362
Adjustments previous years (1)	0	54 138	0	54 138
Accumulated depreciation and write-downs 01.01.11	0	2 119 401	8 099	2 127 500
Depreciation	0	135 832	26	135 858
Reclassified from asset for sale	0	43 310	0	43 310
Currency translations	0	(63 723)	(26)	(63 750)
Accumulated depreciation and write-downs 31.03.11	**0**	**2 234 820**	**8 099**	**2 242 919**
Book value at 31.03.11	**784 684**	**3 338 428**	**74**	**4 123 187**

(1) Calculation errors on excess value depreciations: 2007 NOK 15 million - 2008 NOK 25 million - 2009 NOK 18 million - 2010 NOK -4 million

7 Other current receivables

(NOK 1 000)	31.03.11	31.03.10
Receivables from operators relating to joint venture licenses	190 164	240 841
Underlift of oil/NGL	88 878	53 045
Financial instruments	11 552	25 765
Other receivables (1)	378 385	376 488
Total other current receivables	**668 979**	**696 139**

(1) NOK 347 million - estimated compensation from the shut down of the Siri area fields.

8 Interest bearing debt

(NOK 1 000) Non-current interest bearing debt	Nominal value	Book value at 31.03.11
Bond loan Noreco ASA	1 250 000	1 232 748
Bond loan Noreco ASA	750 000	742 229
Bond loan Noreco ASA	700 000	687 049
Convertible bond loan Noreco ASA	218 500	208 304
Exploration loan Noreco ASA	205 131	189 939
Reserve-based loan Altinex Oil Denmark A/S	1 157 835	1 123 847
Total long-term interest bearing debt	**4 281 466**	**4 184 115**

(NOK 1 000) Current interest bearing debt	Nominal value	Book value at 31.03.11
Exploration loan Noreco ASA	630 869	630 869
Reserve-based loan Altinex Oil Denmark A/S	33 081	33 081
Total short-term interest bearing debt	**663 950**	**663 950**

9 Other current liabilities

(NOK 1 000)	31.03.11	31.03.10
Liabilities to operators relating to joint venture licenses	176 436	194 871
Overlift of oil	1 226	1 022
Accrued interest	37 170	42 449
Other current liabilities	184 953	71 785
Total other current liabilities	**399 784**	**310 127**

10 Segment reporting

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

In each of the geographical segments, Norway, Denmark, and UK the Group has established subsidiaries.

Transactions between the geographical segments are carried out at ordinary conditions, which would have been equivalent for independent parties.

Segment assets and liabilities are reflecting balance sheet items for the Group entities in respectively countries.

Excess value is allocated to the units expected to gain advantages by the acquisition. Investments in subsidiaries, loans, receivables and payables between the companies are included in segment assets and liabilities. These are eliminated in the consolidated balance sheet.

Geographically distribution as of 31.03.2011

(NOK 1 000)	Norway	Denmark	UK	Other/ elimination	Group
Total revenue	150 161	396 617	-		546 779
Net operating result	(185 273)	103 407	(10 313)		(92 940)
Net financial items					(116 318)
Ordinary result before tax					(209 258)
Income tax expenses					124 144
Net result for the period					(333 402)
Assets	5 059 567	5 134 444	3 247 141	(969 833)	12 471 319
Liabilities	5 341 575	3 055 343	1 708 226	(969 833)	9 136 072
Capital expenditures production facilities	30 498	85 138			115 635
Capital expenditures asset under construction	66 969	11 280	46 041		124 290
Capital expenditures exploration and evaluations	180 747	13 753	646		195 146
Depreciations	37 696	152 300			189 996

Stavanger, 4 May 2011
The Board of Directors and Chief Executive Officer
Norwegian Energy Company ASA

Lars Takla
Chairman

John Hogan — *Board Member*
Therese Log Bergjord — *Board Member*
Arnstein Wigestrand — *Board Member*
Hilde Drønen — *Board Member*
Lotte Kjørboe — *Board Member*
Bård Arve Lærum — *Board Member*

Einar Gjelsvik
CEO

INFORMATION ABOUT NORECO GROUP

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Telephone	+47 992 83 900
Internet	www.noreco.com
Organisation number	Register of Business Enterprises NO 987 989 297 MVA

Board of Directors Noreco

Lars Takla, Chairman
John Hogan
Therese Log Bergjord
Arnstein Wigestrand
Hilde Drønen
Lotte Kiørboe
Bård Arve Lærum

Noreco Group management

Einar Gjelsvik	CEO
Rebekka Glasser Herlofsen	CFO
Ellen Sandra Bratland	COO
Kjetil Bakken	Vice president, Strategy & Investor Relations
Thor Arne Olsen	Vice president, Commercial
Lars Fosvold	Vice president, Exploration
Stig Frøysland	Vice president, HSE/HR
Birte Borrevik	Vice president, Projects & Drilling

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Financial calendar 2011

17 February 2011	Presentation of Q4 2010 report, Oslo
28 April 2011	Annual General Meeting, Stavanger
05 May 2011	Presentation of Q1 2011 report, Oslo
04 August 2011	Presentation of Q2 2011 report, Oslo
27 October 2011	Presentation of Q3 2011 report, Oslo

Annual reports

Annual reports for the Noreco Group are available on www.noreco.com

Quarterly publications

Quarterly reports and supplementary information for investors and analysts are available on www.noreco.com. The publications can be ordered by sending an e-mail to av@noreco.com

News releases

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