FIRST QUARTER
2013

REPORT FOR THE FIRST QUARTER 2013

NORWEGIAN ENERGY COMPANY ASA

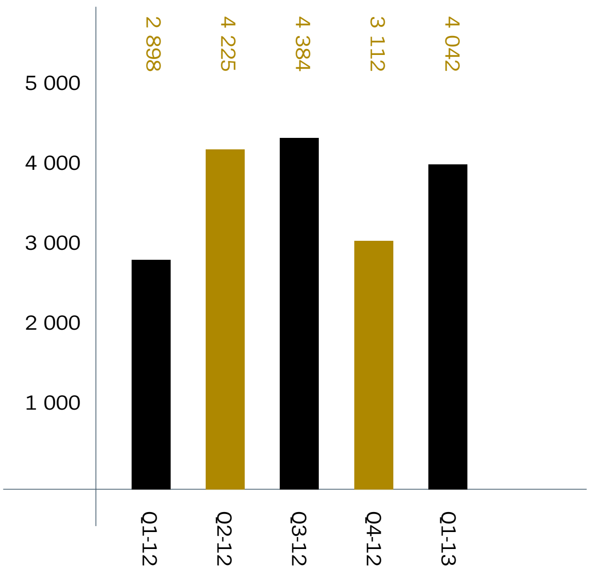
HIGHLIGHTS FIRST QUARTER 2013

- High exploration activity – four dry wells
- Produced 4 042 barrels oil equivalents (boe) per day
- Realised oil price USD 106 per boe
- NOK 300 million in new bond
- Huntington production started in April 2013

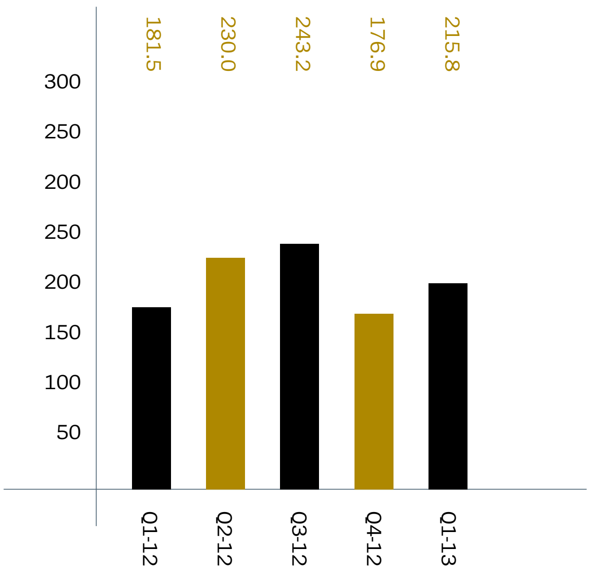
KEY FIGURES

	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12
Net realised oil price *(USD/boe)*	106.3	107.9	103.7	99.3	118.6
EBITDA *(NOK million)*	(165.5)	(452.4)	(31.6)	(185.5)	(147.4)
Net result *(NOK million)*	(272.9)	(193.8)	(184.6)	(87.4)	(126.7)
Total assets *(NOK billion)*	7.9	7.9	8.5	9.2	8.9

Production *(boe/d)*



Operating Income *(NOK million)*



GROUP FINANCIALS

The Noreco Group had revenues of NOK 216 million in the first quarter of 2013, an increase of 19 percent compared to the first quarter of 2012. Production in the first quarter was 4,042 boe per day, up from 2,893 boe per day for the same period last year. The achieved average oil, gas and NGL price was USD 106 per boe, compared to USD 119 per boe in the first quarter of 2012.

Production expenses in the first quarter were NOK 74 million, compared to NOK 73 million in the same quarter last year. Production expenses per boe is reduced compared with same quarter in 2012 due to lower production expenses for the Danish fields where production has been higher than the same period last year.

Exploration and evaluation expenses amounted to NOK 243 million, driven by the exploration wells on Romeo, Ogna, Lupin and Scotney which were declared dry during and after the reporting period.

Payroll expenses were NOK 37 million in the first quarter, down from NOK 38 million in the first quarter last year. Other operating expenses were NOK 22 million for the first quarter, down from NOK 28 million in the same quarter last year.

EBITDA (earnings before interest, tax, depreciation and write-downs) in first quarter 2013 amounted to a loss of NOK 165 million, compared to a loss of NOK 147 million in the first quarter 2012.

Depreciation amounted to NOK 60 million in the first quarter, up from NOK 53 million in the corresponding period last year. The increase is relatively lower than the increase in production due to somewhat higher reserves and updated estimates for asset retirement obligations that have reduced the basis for depreciation.

Write-downs amounted to NOK 160 million before tax for the first quarter. The write-downs are related to Norwegian and Danish activities with NOK 52 million and NOK 108 million respectively. The write-downs in Norway are made up of NOK 35 million related to the producing field Oselvar and NOK 17 million in goodwill. After this, all goodwill related to the Norwegian activities which were acquired in 2007 is written down to zero. The write-down of Oselvar is caused by changed production estimates for the near term part of the forecast period and changed estimate for future operating expenses. The write-downs in Denmark are related to goodwill and are caused by increased estimates for future operating expenses for the producing fields.

Net financial items came in at NOK -121 million for the first quarter against NOK -119 million for the corresponding period last year. Income tax benefit amounted to NOK 234 million for the quarter, strongly impacted by high exploration activity in Norway and United Kingdom, where the tax rates are high. At the same time the group's overall tax rate is reduced due to the write-down of goodwill with no tax impact. The net result for the first quarter was a loss of NOK 273 million, compared to a loss of NOK 127 million for the first quarter of 2012.

At the end of the first quarter Noreco had cash and cash equivalents of NOK 461 million. Undrawn credit under the reserve-based bank facility amounted to NOK 83 million at the end of the quarter.

In the first quarter the company has completed two equity issues connected to the employee incentive scheme, issuing 2 262 984 new shares at a price of NOK 3.82 and 4.11 per share.

In February 2013 the company issued a new NOK 300 million bond with maturity in 2016. Simultaneously the company repurchased NOK 48 million of outstanding bonds. The purpose of the bond was to strengthen the company's liquidity buffer and financial flexibility in the parent company.

By the end of first quarter the gearing ratio exceeded the agreed level in the bond agreements. This is the first quarter with breach of this covenant level following the waiver agreed in the fourth quarter 2012. A default may only be declared if the issuer is in breach with a covenant for two consecutive quarters and further provided that the covenant breach is not remedied within 60 days following the end of the second of such quarters.

Due to the successful start of production at the Huntington field which significantly increases Noreco's cash flow and EBITDA it is expected that the gearing ratio will be below the covenant threshold within three to five months from the end of the first quarter 2013.

Interest-bearing debt amounted to NOK 3 960 million at the end of first quarter 2013, compared to NOK 4 143 million the year before. Of this, respectively NOK 3 886 million and NOK 1 069 million is classified as current liabilities. The accounting standard IAS 1.75 requires that non-current liabilities where covenants are in breach on the balance date are classified as current unless the covenant is waived for 12 months or more. Noreco entered into a waiver agreement on 19 October 2012 for the period when such waiver is expected to be needed. See further information in note 11 to the interim financial report.

PRODUCING FIELDS

Noreco's production in the first quarter 2013 was on average 4 042 boe per day.

Production from the Nini East, Nini and Cecilie fields was impacted by planned maintenance and one period of de-manning due to severe weather. Production from the Lulita field was stable throughout the quarter. The Enoch field is still shut in pending maintenance work on a subsea valve.

Production from the Oselvar field is still considerably lower than originally planned. Work is underway to understand the reason for the weak production. In addition, the host platform Ula (BP operated) has been shut in more than normal during the quarter. Efforts on the platform have been directed towards correcting the problems and the expectation is that the regularity on Ula now will return to normal levels, with the exception of approximately 40 days shutdown this summer due to maintenance at Ekofisk.

DEVELOPMENTS AND DISCOVERIES

The Huntington field successfully started production 12 April. The experience so far shows good productivity from the wells, in line with expectations. As planned, the operator E. ON Exploration and Production is now performing the final phase of the start-up procedure, involving commissioning of the gas export facilities. When this is completed, production will be brought up to full capacity. Noreco holds a 20 percent interest in Huntington.

On the 9/95 Maja and 9/06 Gita licences in Denmark (Noreco 16.4 percent in Maja and 12 percent in Gita), well planning continues in the Maja license with the aim to drill the Xana-1X (Gita South) prospect at the end of 2013 or beginning of 2014. In the neighbouring license 7/86, a new evaluation of data on the Amalie discovery is ongoing to create a basis for evaluation of further activities during 2013.

EXPLORATION

Noreco has participated in four exploration wells in the first quarter, UK P1666 Romeo, PL453S Ogna, UK P1658 Scotney og PL360 Lupin. All four wells were dry or non-commercial.

The UK P1666 Romeo well encountered oil at three different stratigraphic levels within the Upper Jurassic and Triassic comprising in aggregate an oil column of some 60 metres. The observed reservoir quality is poor, and further studies are required before the potential of the discovery can be evaluated.

In the PL453S Ogna well the reservoir in the primary target was of poorer quality than expected and without shows. P1658 Scotney had a thin reservoir in the primary target with some shows. The PL360 Lupin structure found a reservoir in the primary target, but it was of poor quality and without shows.

The main focus for the exploration team in the near term will be the APA2013 licensing round and further maturing of the licence portfolio. Noreco sees many good opportunities especially in those of the company's licences that are in mature areas and/or close to discoveries. The exploration activity in 2012 did not give the desired outcome. However, maturation of new exciting prospects gives reason for optimism going forward.

The following licences were relinquished in the first quarter: In Denmark – DK 2/05, DK 1/11, in the UK – P1776, and in Norway – PL471, PL562, PL621.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY

Noreco has not conducted drilling operations in the first quarter of 2013. There have been no serious incidents reported in the first quarter.

ORGANISATION

By the end of the first quarter 2013 Noreco had 67 employees.

On 22 March 2013 the company held an extraordinary general meeting, where changes were made to the composition of the board of directors. After this, Noreco's board of directors consists of the following members elected by the shareholders: Ståle Kyllingstad (chairperson), Hilde Drønen, Eimund Nygaard, Erik Henriksen and Marika Svärdström.

On 13 May 2013, Noreco's board announced that Mr. Svein Arild Killingland had been appointed as Chief Executive Officer (CEO) of the group. Noreco has entered into a resignation agreement with the former CEO Einar Gjelsvik which implies that Gjelsvik will be available for Noreco and the new CEO in an interim period.

OUTLOOK

Noreco expects increased production as a result of the start-up of the Huntington field, which is expected to contribute with a peak production of around 6,000 boe per day to the company after a run-in period. The Huntington field is then expected to give a significant contribution to the company's cash flow.

Noreco's exploration programme currently consists of five committed wells. The company will continue developing its exploration portfolio which will provide the basis for future exploration activity, through active portfolio management and high-grading of the portfolio, and participation in licensing rounds and potential farm-ins.

As previously reported, production from the Oselvar field is considerably lower than originally planned. Work is underway to understand the reason for the weak production and to identify potential improvement measures. In a case with any negative conclusions from this work this will also have negative impact on the book value of the field.

The company has taken significant steps in addressing its financial position and capital structure through the recent equity issue and two new bond loans. Through 2013 the company expects to make significant reductions in debt level and optimise the debt portfolio, driven by cash flow from operations and the tax refund of NOK 721 million from discontinuation of the petroleum activities in the parent company, which will be refunded as part of the ordinary tax refund in December.

STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED

All figures in NOK 1 000	Note	Unaudited Q1 2013	Unaudited Q1 2012	Audited Revised 2012[1]
Revenue	**2**	**215 818**	**181 505**	**831 768**
Production expenses		(74 406)	(72 511)	(244 231)
Exploration and evaluation expenses	3	(242 507)	(185 059)	(1 188 396)
Payroll expenses	4	(37 389)	(38 330)	(134 251)
Other operating expenses	4	(21 523)	(28 174)	(114 027)
Other (losses)/ gains	5	(5 469)	(4 801)	31 867
Total operating expenses		**(381 294)**	**(328 874)**	**(1 649 039)**
Operating results before depreciation and amortisation (EBITDA)		**(165 476)**	**(147 368)**	**(817 271)**
Depreciation	9	(60 922)	(52 757)	(269 355)
Write-downs	8,9	(160 179)	-	(421 262)
Net operating result (EBIT)		**(386 577)**	**(200 125)**	**(1 507 887)**
Financial income	6	14 426	10 225	76 083
Financial expenses	6	(135 039)	(129 696)	(562 067)
Net financial items		**(120 613)**	**(119 470)**	**(485 984)**
Result before tax (EBT)		**(507 189)**	**(319 595)**	**(1 993 872)**
Income tax benefit	7	234 267	192 855	1 401 252
Net result for the period		**(272 923)**	**(126 740)**	**(592 620)**
Other comprehensive income (net of tax):				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Remeasurement of defined benefit pension plans		-	-	2 968
Total		-	-	*2 968*
Items to be reclassified to profit or loss in subsequent periods				
Cash flow hedge		1 246	-	(10 733)
Currency translation adjustment		139 161	(156 859)	(201 254)
Other			(4 574)	
Total		*140 407*	*(161 433)*	*(211 987)*
Total other comprehensive net result for the period		**140 407**	**(161 433)**	**(209 019)**
Total comprehensive net result for the period		**(132 515)**	**(288 173)**	**(801 639)**
Earnings per share (NOK)				
Basic		(0.77)	(0.52)	(2.26)
Diluted		(0.77)	(0.52)	(2.26)

1) See note 1 for description of the revision of the 2012 figures related to the adoption of IAS 19R

STATEMENT OF FINANCIAL POSITION

CONSOLIDATED

All figures in NOK 1 000	Note	Unadited 31.03.13	Audited Revised 31.12.12[1]	Audited Revised 01.01.12[1]
Non-current assets				
Licence and capitalised exploration expenses	8	840 222	818 707	1 249 839
Goodwill	8	389 789	496 812	656 395
Deferred tax assets	7	149 430	105 018	609 733
Property, plant and equipment	9	4 014 936	3 990 712	4 296 788
Tax refund	7	129 640	-	-
Total non-current assets		**5 524 017**	**5 411 249**	**6 812 755**
Current assets				
Tax refund	7	1 339 030	1 339 030	506 056
Derivatives	13	3 356	7 247	26 754
Trade receivables and other current assets	10,13	562 242	564 175	833 786
Bank deposits, cash and cash equivalents		461 288	604 113	688 708
Total current assets		**2 365 916**	**2 514 564**	**2 055 305**
Total assets		**7 889 933**	**7 925 813**	**8 868 060**
Equity				
Share capital	15	1 103 892	1 096 876	755 913
Other equity		802 165	931 030	1 670 746
Total equity		**1 906 056**	**2 027 907**	**2 426 659**
Non-current liabilities				
Deferred tax	7	1 211 879	1 244 827	1 991 192
Pension liabilities	1	7 089	7 089	15 654
Asset retirement obligations		273 880	323 078	298 130
Bond loan	11	-	-	2 317 825
Other interest bearing debt	11	201 151	242 729	292 803
Total non-current liabilities		**1 693 999**	**1 817 723**	**4 915 605**
Current liabilities				
Bond loan [2]	11	3 036 971	2 779 390	643 344
Other interest bearing debt	11	848 958	862 147	420 981
Derivatives	13	9 728	11 073	-
Tax payable	7	57 235	51 440	180 409
Trade payables and other current liabilities	12,13	336 987	376 134	281 063
Total current liabilities		**4 289 878**	**4 080 184**	**1 525 796**
Total liabilities		**5 983 877**	**5 897 907**	**6 441 401**
Total equity and liabilities		**7 889 933**	**7 925 813**	**8 868 060**

1) See note 1 for description of the revision of the 2012 figures related to the adoption of IAS 19R.
2) The group's long term bond loans on 31 December 2012 and 31 March 2013 with agreed waiver in 2012 are classified as current liabilites since the duration of the waiver does not exceed 12 months but only for the period the Group expects a need for such waiver. See further information in note 11.

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

Unadited All figures in NOK 1 000	Share capital	Share premium fund	Currency translation fund	Hedging reserve	Other equity	Total equity
Equity at 01.01.2012 as reported in annual report 2012	**755 913**	**2 504 407**	**137 728**	**-**	**(970 222)**	**2 427 826**
Retrospective adoption of IAS19R adjustment	-	-	-	-	(1 167)	(1 167)
Equity at 1.1.2012	**755 913**	**2 504 407**	**137 728**	**-**	**(971 389)**	**2 426 659**
Net result for the period					(126 740)	(126 740)
Other comprehensive income(loss) for the period (net of tax)						
Remeasurement of defined benefit pension plans					-	-
Currency translation adjustments			(156 859)		-	(156 859)
Other			-		(4 574) -	(4 574)
Total other comprehensive income(loss) for the period		**-**	**(156 859)**		**(4 574) -**	**(161 433)**
Transactions with owners						
Share-based incentive program			-	-	5 281	5 281
Total transactions with owners for the period		**-**	**-**	**-**	**5 281**	**5 281**
Equity at 31.03.2012	**755 913**	**2 504 407**	**(19 130)**	**-**	**(1 097 423)**	**2 143 767**
Equity at 01.01.2013	**1 096 876**	**2 552 876**	**(63 525)**	**(10 733)**	**(1 547 417)**	**2 027 907**
Net result for the period			-		(272 923)	(272 923)
Comprehensive income(loss) for the period (net of tax)						
Remeasurement of defined benefit pension plans						-
Currency translation adjustments			139 161		-	139 161
Cash flow hedge			-	1 246	-	1 246
Total other comprehensive income(loss) for the period		**-**	**139 161**	**1 246**	**-**	**140 407**
Transactions with owners						
Proceeds from share issued	7 015	1 815	-		-	8 830
Share-based incentive program			-		1 835	1 835
Total transactions with owners for the period	**7 015**	**1 815**	**-**		**1 835**	**10 665**
Equity at 31.03.2013	**1 103 891**	**2 554 521**	**75 636**	**(9 487)**	**(1 818 504)**	**1 906 056**

STATEMENT OF CASH FLOWS

CONSOLIDATED

All figures in NOK 1 000	Unaudited Q1 2013	Unaudited Q1 2012
Net result for the period	(272 923)	(126 740)
Tax expenses	(234 267)	(192 855)
Adjustments to reconcile net income before tax to net cash flows provided by operating activities:		
(Tax paid) / Tax refunded	-	(22 601)
Depreciation and writedowns	221 101	52 754
Expensed exploration expenditures previously capitalised	219 258	147 148
Share-based payments	1 835	5 281
Unrealized loss (gain) related to financial instruments	2 545	-
Effect of changes in exchange rates	(268)	10 024
Net financial items	120 613	119 470
Other items with no cash impact	19 077	18 168
Change in working capital		
Changes in accounts receivable	43 545	97 227
Changes in trade payables	(19 998)	(5 775)
Changes in other current balance sheet items	(115 000)	23 335
Net cash flow from operations	**(14 482)**	**125 435**
Cash flows from investing activities		
Purchase of tangible assets	(38 626)	(160 908)
Purchase of intangible assets	(205 367)	(145 403)
Net cash flow from investing activities	**(243 993)**	**(306 311)**
Cash flows from financing activities		
Issue of share capital	8 830	
Proceeds from issuance of long term debt	300 000	473 401
Repayment of short term debt	(47 742)	
Purchase own bonds	(48 000)	
Paid borrowing cost	(15 658)	
Interest paid	(81 780)	(97 655)
Net cash flow from (used in) financing activities	**115 650**	**375 746**
Net change in cash and cash equivalents	**(142 824)**	**194 869**
Cash and cash equivalents at the beginning of the year	604 113	688 708
Cash and cash equivalents at end of the quarter	**461 289**	**883 577**

NOTER

1 ACCOUNTING PRINCIPLES

Basis for preparation
The interim condensed consolidated financial statements for the first quarter 2013 comprises Norwegian Energy Company ASA (NORECO) and its subsidiaries. These consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and The Norwegian Securities Trading Act § 5 – 6.

Reference to summary of significant accounting policies
This interim financial statement is prepared using the same accounting principles as the annual financial statement for 2012, except for the changes of IFRS standard as described below. For the full summary of significant accounting policies we refer to the annual financial statement for 2012.

New standards, interpretations and amendments adopted by Noreco at 1 January 2013
Noreco have adopted the following changes as of 1 January 2013:
IAS 19 - Employee benefits - amended June 2011 concerning defined benefits plans
IAS 1 - Presentation of Financial statements - change regarding presentation of items in other comprehensive income
IAS 1 - Presentation of Financial statements - clarification of the requirement for comparative information
IFRS 13 - for Fair value measurement

Noreco have chosen not to early adopt IFRS 10, 11, 12 and the changes in IAS 27 and 28.

For more comments regarding the new standards that will be adopted the coming years we refer to note 2.1.1 in the annual financial statements for 2012.

IAS 19 - Employee benefits - Pension
Effective as of 1 January 2013, Noreco has utilised IAS 19 Benefits to employees (June 2011) (”IAS 19R”) and altered the basis for calculation of pension liabilities and pension costs. The company has previously applied the ”corridor” method for accounting of unamortised estimate deviations. The corridor method is no longer allowed and, in accordance with IAS 19R, all estimate deviations are to be recognised under other comprehensive income (OCI). The corridor at 1 January 2012 which amounted to NOK 5.3 million, has been reset to zero. Pension liabilities increased correspondingly at 1 January 2012, whereas the equity was reduced by NOK 1.2 million (after tax)

Return on pension plan assets was previously calculated on the basis of a long-term expected return on the pension plan assets. Due to the application of IAS 19R, the net interest cost of the period is now calculated by applying the discount rate applicable to the liability at the start of the period on the net liability. Thus, the net interest cost comprises interest on the liability and return on the pension plan assets, both calculated with the discount rate. Changes in net pension liabilities due to premium payments and pension benefits are taken into consideration. The difference between actual return on the pension plan assets and the recognised return is recognised against the OCI on an ongoing basis. The pension cost in 2012, recognised in accordance with the prior principles, amounted to NOK 14.8 million.

As a consequence of the altered principle for handling of unamortised estimate deviations and calculation of net interest cost, the recognised pension cost increased to NOK 15.0 million, whereas an estimate deviation in the amount of NOK 2.9 million was charged to other comprehensive income. The pension liability at 31 December 2012 decreased to NOK 7.1 million. IAS 19 R has been applied retrospectively, and the corresponding figures have changed. As the net pension liability for Noreco is considered immaterial compared to the rest of the balance sheet, a new actuary report is only adopted once a year for the fourth quarter, to the extent that there is special triggers which will change the calculation significantly. As such the entire remeasurement of defined benefit pension plans for the full year is recognised in the fourth quarter, and the adoption impact for 2012 is also included in the statement of comprehensive income in the fourth quarter 2012.

The adoption impact and retrospective adoption have the following impacts on the comprehensive income for 2012, and the openings and closing statement of financial positions for 2012:

Consolidated statement of comprehensive income (NOK 1 000)	Q1 2012	2012
Payroll expenses	0	(273)
Remeasurement of defined benefit pension plans	0	2 968

Consolidated statement of financial positions	01.01.12	31.12.12
Deferred tax asset	4 137	(6 174)
Other equity	(1 167)	1 741
Pension obligation	5 304	(7 915)

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
Amendment to IAS 1, ‘Financial statement presentation’ regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The statement for other comprehensive income for 2013 is changed due to this amendment.

IFRS 13 Fair Value Measurement
IFRS 13, ‘Fair value measurement’, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. Noreco apply fair value measurement for some assets and liabilities, and additional disclosures are included in note 13 to these interim financial statements.

2 Revenue

(NOK 1 000)	Q1 2013	Q1 2012
Sale of oil	205 042	179 111
Sale of gas and NGL	10 776	2 395
Total revenue	215 818	181 505

3 Exploration and evaluation expenses

(NOK 1 000)	Q1 2013	Q1 2012
Acquisition of seismic data, analysis and general G&G costs	(21 698)	(29 623)
Exploration wells capitalised in previous years	(34 970)	(14 721)
Dry exploration wells this period	(184 287)	(132 426)
Other exploration and evaluation costs	(1 552)	(8 288)
Total exploration and evaluation costs	(242 507)	(185 059)
The exploration organisation's share of Noreco's total payroll expenses and other operating expenses amounts to:	(47 552)	(51 903)

The company has updated its methodology for calculation of the exploration activity's share of payroll expenses and other operating expenses in order to align the calculation with the definition of exploration expenses in connection with utilisation of the exploration loan. For the period from 01.04.2012 to 31.03.2013 the amount is changed from NOK 85 to NOK 197 million.

4 Payroll expenses & Other operating expenses

(NOK 1 000)	Q1 2013	Q1 2012
Payroll expenses	(37 389)	(38 330)
Other operating expenses	(21 523)	(28 174)
Total payroll expenses & other operating expenses	(58 912)	(66 504)
Hereof the exploration organisation accounts for the following expenses	(47 552)	(51 903)

The expenses include all direct payroll expenses and allocated administrative expenses for the exploration organisation.

5 Other (losses) / gains

(NOK 1 000)	Q1 2013	Q1 2012
Change in value, put options	(5 469)	(4 801)
Total other (losses) / gains	(5 469)	(4 801)

6 Financial income and expenses

(NOK 1 000)		
Financial income	**Q1 2013**	**Q1 2012**
Interest income	1 860	4 026
Other financial income	12 566	6 200
Total financial income	14 426	10 225

Financial expenses	**Q1 2013**	**Q1 2012**
Interest expense from bond loans	(94 898)	(84 732)
Interest expense from convertible loan	-	(4 410)
Interest expense from other non-current liabilities	(4 042)	(9 897)
Interest expenses current liabilities	(7 060)	(488)
Interest expense from exploration loan	(6 214)	(8 186)
Capitalised interest expenses	-	11 280
Imputed interest from asset retirement obligation	(4 864)	(6 531)
Loss on repurchase of bonds	(3 080)	-
Other financial expenses	(14 881)	(26 732)
Total financial expenses	(135 039)	(129 696)
Net financial items	(120 613)	(119 470)

7 Tax

(NOK 1 000)	Q1 2013	Q1 2012
Income (loss) before tax	(507 189)	(319 595)
Income tax	234 267	192 855
Equivalent to a tax rate of	46.2 %	60.3 %

The tax rate for Q1 2013 was 46.2 percent compared with 60.3 percent for the same quarter last year. High exploration activity in Norway (78%) and United Kingdom (62%) with high tax rate for activity on the continental shelf contributes to a high tax rate. Nevertheless the goodwill impairment with no tax impact reduces the effective tax rate from 58.1 percent to 46.2. The production activity in Denmark with an effective tax rate of 25% cause the tax rate to be lower on concolidated level.

The recognition of the deferred tax assets is based on the expectation that sufficient taxable income will be available through future taxable income in UK.

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

Tax refund			
(NOK 1 000)	31.03.13	31.12.12	01.01.12
Non-current assets			
Tax refund related to Norwegian exploration activity in 2013	129 640		
Current assets			
Tax refund related to Norwegian exploration activity	617 917	617 918	506 056
Tax refund related to discontinuing of petroleum activity i Norwegian Energy Company ASA	721 112	721 112	
Total tax refund	**1 468 669**	**1 339 030**	**506 056**

December 31, 2012 Norwegian Energy Company ASA completed the planned transfer of its petroleum activity to Noreco Norway AS, with the effect that from the expiry of the same date, all related assets, contracts and personnel have been transferred to this subsidiary. Noreco Norway AS has thereby become owner of all the group's licences on the Norwegian continental shelf. The ultimate parent company Norwegian Energy Company ASA has thereby discontinued its direct petroleum activities, and as such it has claimed payment from the Norwegian government the tax value of its uncovered losses pursuant to Norwegian Petroleum Taxation Act section 3(c)(4). The right to such refund has been confirmed by an advance tax ruling from Norwegian Petroleum Taxation Board (Oljeskattenemda). Tax refund will be received by the end of December 2013.

Tax payable (NOK 1 000)	31.03.13	31.12.12	01.01.12
Tax payable in Norway	-	-	-
Tax payable other countries	57 235	51 440	180 409
Total tax payable	**57 235**	**51 440**	**180 409**

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

8 Intangible non-curent assets

(NOK 1 000)	Licence and capitalised exploration expenses	Goodwill	Total
Acquisition cost 01.01.13	944 407	947 343	1 891 751
Additions	205 367	-	205 367
Expensed exploration expenditures previously capitalised	(219 258)	-	(219 258)
Disposals	-	-	-
Currency translation adjustment	35 406	39 035	74 442
Acquisition cost 31.03.13	**965 922**	**986 379**	**1 952 301**
Accumulated depreciation and write-downs			
Accumulated depreciation and write-downs 01.01.13	125 700	450 531	576 231
Depreciations	-	-	-
Write-downs	-	125 131	125 131
Currency translation adjustment	-	20 927	20 927
Accumulated depreciation and write-downs 31.03.13	**125 700**	**596 589**	**722 289**
Book value 31.03.13	**840 222**	**389 789**	**1 230 012**

Impairment test Q1 2013

For detailed desciption of applied methodology for the impairment test, see note 12 to the annual financial statements for 2012.

Main assumptions applied for the impairment test on 31 March 2013

Discount rate (after tax)	9.0 percent
Inflation	2.0 percent
Cash flow	After tax
Reserves/resources	Internal estimated resources on 31 March 2013
Oil price	Forward curve for oil price for the period 2013-2019. From 2020 the oil price is adjusted for inflation.
Currency rates	Average forward-rate for the period 2013-2016. From 2017 the average rate for 2016 is used.

Result from impairment test of goodwill at 31 March 2013
Goodwill associated with the business in Norway, included in the Noreco group in connection with the acquisition of Altinex ASA in 2007 is written down to zero. The Lupin prospect in PL360 was the last asset from the acquisition that defended the goodwill in Norway. The well was drilled in first quarter 2013 and resulted in a dry well. Consequently, Noreco has chosen to write down the rest of the remaining goodwill for the Norwegian Altinex business, which amounted to NOK 17 million.

Goodwill associated with the business in Denmark is written down by NOK 112 million (NOK 108 million is expensed and NOK 4 million is currency translation difference). The write-down is due to changed estimates for future operating expenditures related to the producing fields in Denmark.

Result from impairment test of Licence and capitalised exploration expenses at 31 March 2013
A quarterly impairment test of all intangible assets has been performed. Based on consideration of progress, new information from evaluation work, and other commerciality analyses regarding Noreco's suspended wells, there is no information which demand other capitalised exploration cost to be written off then the cost that relates to the dry wells that were completed and concluded in the period ending at the reporting date for the first quarter 2013. The expensed capitalised exploration cost in the quarter was mainly related to PL360 Lupin and PL453 Ogna in Norway, and P1658 Scotney in the United Kingdom.

Book value of Amalie is equal to the recoverable amount by the end of the first quarter, and change in the assumptions may require future write-downs.

9 Property, plant and equipment

(NOK 1 000)	Asset under construction	Production facilities	Machinery and equipment	Total
Acquisition cost 01.01.13	2 256 667	2 632 606	3 590	4 892 864
Additions	35 756	2 870	-	38 626
Revaluation abandonment assets (1)	45 830	(110 453)	-	(64 623)
Disposal	-	-	-	-
Currency translation adjustment	108 278	66 371	167	174 816
Acquisition cost 31.03.13	**2 446 531**	**2 591 395**	**3 756**	**5 041 683**
Accumulated depreciation and write-downs				
Accumulated depreciation and write-downs 01.01.13	-	898 577	3 574	902 151
Depreciation	-	60 922	-	60 922
Disposals	-	-	-	-
Write-downs	-	35 049	-	35 049
Currency translation adjustment	-	28 459	166	28 624
Accumulated depreciation and write-downs 31.03.13	**-**	**1 023 006**	**3 740**	**1 026 746**
Book value at 31.03.13	**2 446 531**	**1 568 389**	**16**	**4 014 936**

1) Revaluation of abandonment asset/asset retirement obligation related to Production facilities during the quarter is related to changed expectation of abandonment year for the oil fields in Denmark.

Impairment test Q1 2013

For detailed desciption of applied methodology for the impairment test, see note 12 to the annual financial statements for 2012.

Main assumptions applied for the impairment test on 31 March 2013

Discount rate (after tax)	9.0 percent
Inflation	2.0 percent
Cash flow	After tax
Prognosis period	Estimated life time of the oil/gas field
Reserves/resources	Internal estimated reserves at 31 March 2013
Oil price	Forward curve for oil price for the period 2013-2019. From 2020 the oil price is adjusted for inflation.
Currency rates	Average forward-rate for the period 2013-2016. From 2017 the average rate for 2016 is used.

Result from impairment test 31 March 2013
For the Norwegian field Oselvar, change in expected production in the short term has reduced the recoverable amount. This has for the first quarter resulted in a write-down of NOK 25 million.

Book value of Oselvar and Enoch are equal to the recoverable amount by the end of the fourth quarter, and change in the assumptions may require future write-downs. The write-downs can be fully or partially reversed if new information results in increase recoverable amounts.

10 Trade receivables and other current assets

(NOK 1 000)	31.03.13	31.12.12
Trade receivables	95 872	139 417
Receivables from operators relating to joint venture licenses	41 845	40 231
Underlift of oil/NGL	42 110	38 183
Prepayments	12 552	182
Other receivables (1)	369 863	346 162
Total trade receivables and other current receivables	**562 242**	**564 175**

1) The company continues to progress an insurance claim which is related to the damages to the Siri platform that were discovered in 2009. This has taken more time than anticipated due to the technical complexity of the claim. The total claim exceeds NOK 2 billion, of which NOK 344 million is recognised as a current receivable on 31 March 2013. This amount relates to costs incurred to prevent further damage, and loss of production income in 2009/2010. Based on technical documentation containing third party evaluations and the insurance agreements, the Company remains firm that the booked claim is covered and will be settled during 2013. Thus the receivable is classified as a current receivable. The USD amount is unchanged from 31 December 2012.

11 Interest bearing debt

(NOK 1 000)	31.03.13		31.12.12	
Interest bearing debt maturing after 12 months from the balance sheet date (1)	Principal amount	Book value	Principal amount	Book value
Bond loan NOR04 (2)	1 219 500	1 195 580	1 250 000	1 221 745
Bond loan NOR06 (2)	275 000	267 358	275 000	266 767
Bond loan NOR07 (2)	325 000	316 030	325 000	315 270
Bond loan NOR09	300 000	293 178	-	-
Reserve-based loan	218 460	201 151	261 621	242 729
Total interest bearing debt maturing after 12 months	**2 337 960**	**2 273 297**	**2 111 621**	**2 046 511**
Interest bearing debt maturing before 12 months from the balance sheet date (1)	Principal amount	Book value	Principal amount	Book value
Bond loan (NOR05)	698 500	685 690	700 000	682 480
Bond loan (NOR08)	284 000	279 134	300 000	293 128
Exploration loan	572 694	564 086	572 694	572 694
Reserve-based loan	284 872	284 872	289 453	289 453
Total interest bearing debt maturing before 12 months	**1 840 066**	**1 813 782**	**1 862 147**	**1 837 755**
Total interest bearing liabilities	**4 178 026**	**4 087 080**	**3 973 768**	**3 884 266**
Classified as non-current liabilities	218 460	201 151	261 621	242 729
Classified as current liabilities	3 959 566	3 885 929	3 712 147	3 641 537

1) Assessment on maturity before or after 12 months is based on repayment plan in existing loan agreements.
2) In the statement of financial positions the bond loans NOR04, NOR06, NOR07 and NOR09 are classified as current even though the loans have an agreed maturity later than 12 months. IAS 1.75 demands such classification if a borrower is in breach with the loan agreement on the balance sheet date and has not prior to the balance sheet date obtained waiver with 12 months duration from the balance sheet date. Noreco obtained waiver in 2012 for the period that the gearing ratio is expected to exceed the agreed threshold, but this period is not 12 months from 31.03.2013.

Change in interest bearing debt during the quarter:
On 13 January 2013 Noreco issued a new unsecured bond with a principal amount of NOK 300 million. The loan carries a fixed interest of 10.5 percent and the maturity is February 2016. The loan have the same conditions as the other bonds of the Group (financial covenants and cross default clauses).

Simultaneously Noreco repurchased parts of the other issued bonds, NOK 30.5 million in NOR04, NOK 1.5 million in NOR05, and NOK 16 million in NOR08.

On 19 March 2013 the subsidiary Noreco Norway AS entered into a new exploration loan facility. The facility amounts to NOK 1 240 million. The facility is not utilised during the first quarter 2013.

12 Trade payables and other current liabilities

(NOK 1 000)	31.03.13	31.12.12
Trade payable	9 077	29 074
Liabilities to operators relating to joint venture licenses	156 718	185 802
Overlift of oil/NGL	12 870	45 256
Accrued interest	67 448	52 053
Employee bonus/salary accruals	20 990	32 530
Public duties payable	4 961	7 786
Other current liabilities	64 923	23 633
Total other current liabilities	**336 987**	**376 134**

13 Financial instruments

13.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for the asset or liability that are not based on observable market data.

At 31.03.2013

(NOK 1 000)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives		3 356		3 356
- Underlift of oil		42 110		42 110
Total assets	-	**45 466**	-	**45 466**
Liabilities				
Derivatives used for hedging				
- Interest rate swap agreements		9 728		9 728
Financial liabilities at fair value through profit or loss				
-Overlift of oil		12 870		12 870
Total liabilities	-	**22 598**	-	**22 598**

At 31.12.2012

(NOK 1 000)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives		7 247		7 247
- Underlift of oil		38 183		38 183
Total assets	-	**45 430**	-	**45 430**
Liabilities				
Derivatives used for hedging				
- Interest rate swap agreements		11 073		11 073
Financial liabilities at fair value through profit or loss				
-Overlift of oil		45 256		45 256
Total liabilities	-	**56 329**	-	**56 329**

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

The fair value of the instruments in level 2 is collected from external finance institutions, or calculated based on the oil price in the spot market.

13.2 Financial instruments by category

At 31.03.2013

(NOK 1 000)	Loans and receivables	Assets at fair value through profit or loss	Total
Assets			
Derivatives		3 356	3 356
Trade receivables and other current assets	507 580	42 110	549 690
Bank deposits, cash and cash equivalents	461 288		461 288
Total	968 868	45 466	1 014 334

(NOK 1 000)	Derivatives used for hedging	Other financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Total
Liabilities				
Bonds	-	3 036 971		3 036 971
Other interest bearing debt	-	1 050 108		1 050 108
Derivatives	9 728	-		9 728
Trade payables and other current liabilities	-	298 166	12 870	311 036
Total	9 728	4 385 245	12 870	4 407 843

At 31.12.2012

(NOK 1 000)	Loans and receivables	Assets at fair value through profit or loss	Total
Assets			
Derivatives		7 247	7 247
Trade receivables and other current assets	525 810	38 183	563 993
Bank deposits, cash and cash equivalents	604 113		604 113
Total	1 129 923	45 430	1 175 353

(NOK 1 000)	Derivatives used for hedging	Other financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Total
Liabilities				
Bonds	-	2 779 390		2 779 390
Other interest bearing debt	-	1 104 876		1 104 876
Derivatives	11 073	-		11 073
Trade payables and other current liabilities	-	330 878	45 256	376 134
Total	11 073	4 215 144	45 256	4 271 473

13.3 Financial instruments - Fair values

Set out below is a compairson of the carrying amounts and fair value of financial instruments as at 31 March 2013:

(NOK 1 000)	Carrying amount	Fair value
Financial assets:		
Derivatives	3 356	3 356
Trade receivables and other current assets	549 690	549 690
Bank deposits, cash and cash equivalents	461 288	461 288
Total	1 014 334	1 014 334
Financial liabilities:		
Bonds	3 036 971	3 152 055
Other interest bearing debt	1 050 108	1 050 108
Derivatives	9 728	9 728
Trade payables and other current liabilities	311 036	311 036
Total	4 407 843	4 522 928

14 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.

Noreco has activities in Norway, Denmark and UK.

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

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.

Geographical information 31.03.2013

(NOK 1 000)	Norway	Denmark	UK	Other	Group
Revenue	40 909	174 910	-	-	215 818
Net operating result	(216 626)	(69 940)	(100 011)		(386 577)
Net financial items					(120 613)
Result before tax					(507 189)
Income tax benefit					234 267
Net result for the period					(272 923)
Total assets	2 811 404	2 786 448	3 789 712	(1 497 631)	7 889 933
Total liabilities	3 913 711	1 481 109	2 086 688	(1 497 631)	5 983 877
Capital expenditures production facilities	(1 239)	4 109	-	-	2 870
Capital expenditures asset under construction	-	-	35 756	-	35 756
Capital expenditures exploration and evaluations	124 916	3 234	77 217	-	205 367
Depreciations and writedowns	64 489	156 612	-	-	221 102

15 Share capital and share premium reserve

Changes in paid in equity:

	No. Of shares	Share Capital	Share Premium Reserve
Paid in equity at 31 December 2012	353 831 111	1 096 876	2 552 706
Equity issue in 2013:			
Share issue employees on 14 January 2013	1 814 206	5 624	1 306
Share issue employees on 18 March 2013	448 778	1 391	453
Paid in equity at 31 March 2013	356 094 095	1 103 892	2 554 465

16 Subsequent events

At the balance sheet date, exploration drilling of licence PL360 targeting the Lupin prospect and the P1658 licence targeting the Scotney prospect was ongoing.

On 12 April 2013 it was concluded that the Scotney well was dry, and the capitalised drilling expenses were expensed in the first quarter. Expensed drilling cost amounted to NOK 79 million (NOK 30 millon after tax).

On 22 April 2013 it was concluded that the Lupin well was dry, and the capitalised drilling expenses were expensed in the first quarter. Expensed drilling cost amounted to NOK 31 million (NOK 7 millon after tax).

Medio April 2013 the production from the Huntington field commenced. The production start from Huntington is an importent milestone for Noreco, as the field will increase Noreco's production, revenue and cash flow significantly. Huntington is located on the UK Continental Shelf, and is expected to have a production capacity of approximately 30,000 barrels of oil per day. Noreco has a 20% interest in the Huntington field.

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Hilde Alexandersen
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Bård Arve Lærum
Eimund Nygaard
Marika Svärdström

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Financial calendar 2013

28 February	Presentation of Q4 2012 report, Oslo
08 May	Annual General Meeting, Stavanger
30 May	Presentation of Q1 2013 report, Oslo
29 August	Presentation of Q2 2013 report, Oslo
28 November	Presentation of Q3 2013 report, Oslo

Annual reports

Annual reports for Noreco 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

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

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