SECOND QUARTER
2013

REPORT FOR THE SECOND QUARTER AND FIRST HALF 2013

NORWEGIAN ENERGY COMPANY ASA

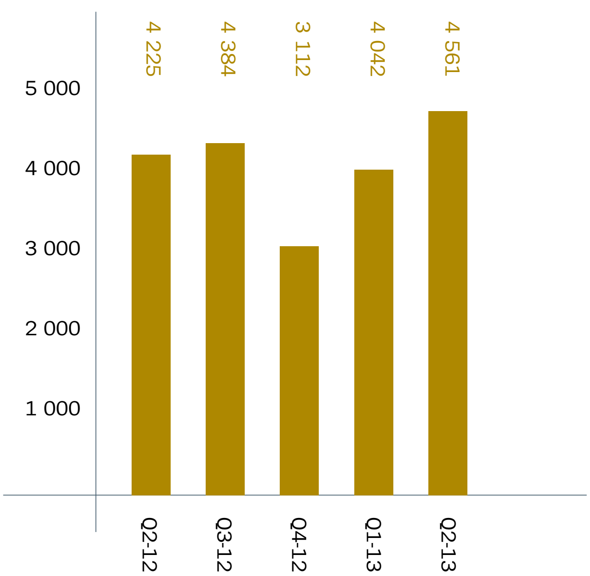
HIGHLIGHTS SECOND QUARTER 2013

- Produced 4 561 barrels oil equivalents (boe) per day in average for the second quarter. Realised oil price USD 102.5 per boe
- Start up of Huntington production in April more than doubles Noreco's production capacity. Some technical problems have delayed the ramp-up phase, which is now ongoing.
- Danish production shut down until further notice due to new problems with the Siri platform, expected to start-up in September.
- Oselvar shutdown - waiting on replacement of defect compressor at the Ula-platform, expected start-up in September.
- High exploration expenses in the quarter - three wells completed
- Bondholders approved waiver. Repayment of bond NOR 05 postponed to the end of the year
- Write-downs of NOK 497 million, significantly impacted by lower forward curve for the oil price
- The Gohta-well was spudded in July. Drilling continues.

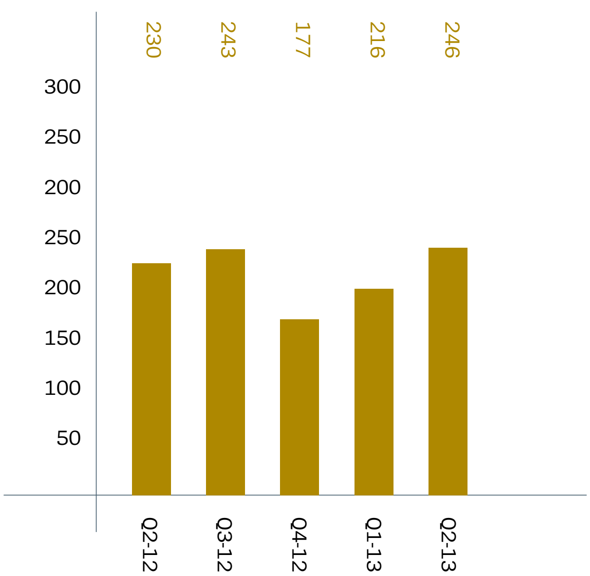
KEY FIGURES

	Q2-13	Q1-13	Q4-12	Q3-12	Q2-12
Net realised oil price *(USD/boe)*	102.5	106.3	107.9	103.7	99.3
EBITDA *(NOK million)*	(45.3)	(165.5)	(452.4)	(31.6)	(185.5)
Net results *(NOK million)*	(504.0)	(272.9)	(193.8)	(184.6)	(87.4)
Total assets *(NOK billion)*	7.5	7.9	7.9	8.5	9.2

Production *(boe/d)*



Operating Income *(NOK million)*



GROUP FINANCIALS

The Noreco Group had **revenues** of NOK 246 million in the second quarter 2013, an increase of 6.5 percent compared to second quarter 2012. The production in Norway and Denmark was lower in the second quarter 2013 compared to the same quarter in 2012. This decrease was more than offset by the start up of production from the Huntington field. For the first half of 2013, total revenues were NOK 462 million, compared to NOK 412 million for first half 2012.

Production in the second quarter was 4 561 boe per day, up from 4 225 boe per day for the same period last year. The average realised oil, gas and NGL price in the second quarter was USD 102.5 per boe, compared to USD 99.3 per boe in the second quarter 2012. For the first half 2013, production was 4 303 boe per day and average realised price was USD 103.9 per boe, compared to 3 559 boe per day and USD 107.2 per boe for the same period last year.

Production expenses in second quarter were NOK 108 million compared to NOK 46 million from the same quarter last year and up from NOK 74 million in the first quarter of 2013. For the first half 2013 production expenses amounted to NOK 182 million, compared to NOK 119 million for the first half last year. Of the production expenses NOK 20 million is related to leasing of the Voyageur Spirit FPSO. On behalf of the license the operator has disputed this leasing cost due to unsuccessful Factory Acceptance Test (FAT) of the vessel. A refund of these costs is therefore anticipated this autumn, alternatively some other commercial agreement with corresponding effects.

Exploration and evaluation expenses amounted to NOK 119 million, reflecting three wells which were completed during the quarter. There were no shows of hydrocarbons in any of the wells, as described in the section "Exploration". For the first half of 2013, exploration costs were NOK 362 million, down 30 percent from last year as the figures for the second quarter 2012 was affected by the write-off of the Cortina discovery.

Payroll expenses were NOK 38 million in the second quarter, up from NOK 34 million in the second quarter last year. For the first half 2013, payroll expenses were NOK 75 million, compared to NOK 72 million for the same period last year. **Other operating expenses** amounted to NOK 28 million for the second quarter and NOK 49 million for the first half, representing a reduction of 14 percent compared to the first half last year.

EBITDA (earnings before interest, tax, depreciation and amortisation) in second quarter 2013 was negative by NOK 45 million, compared to a negative EBITDA at NOK 186 million in the second quarter 2012. For the first half of 2013, EBITDA was negative by NOK 211 million, compared to a negative EBITDA at NOK 333 million for the same period last year, mainly driven by the decreased exploration expenses.

Depreciation amounted to NOK 89 million in the second quarter, and NOK 150 million for the first half of 2013, compared to NOK 79 million and NOK 132 million for the corresponding periods last year.

Write-downs amounted to NOK 497 million before tax and NOK 398 million after tax for the second quarter 2013. The write-downs are related to Norwegian, Danish and British activities with NOK 41 million, NOK 282 million, and NOK 174 million respectively. The material part of the write-downs is due to reduced value of the remaining reserves as a consequence of a reduction in the oil price forward curve during the second quarter.

The write-down in Norway relates to Oselvar. Of the write-downs in Denmark, NOK 8 million relates to goodwill and NOK 274 million to the producing fields Cecilie, Nini and Nini East. The write-downs of these Danish fields are, in addition to lower oil price, impacted by lower expected regularity the next twelve months.

Goodwill related to the business in United Kingdom is written down by NOK 174 million. This is caused by lower oil price as mentioned above, and the fact that the valuation of the Huntington license is impacted by a reduced value on Fulmar due to updated information regarding the market value of comparable non-developed discoveries on the British continental shelf.

For the first half 2013 the total write-downs amounts to NOK 657 million before tax, and NOK 533 after tax. The write-downs in the first quarter were related to Oselvar, and Norwegian and Danish goodwill.

After the recognition of the write-downs the remaining goodwill in the balance sheet amounts to NOK 215 million at the end of the second quarter 2013. NOK 43 million is related to the Danish business and NOK 173 million is related to the group's business in the United Kingdom. The goodwill value is supported by the producing assets and the value of discoveries recognised in the balance sheet. Over time further write-downs will occur. Timing is dependent on various factors, among others; the assets' production, oil price development and currency fluctuations.

Net financial items came in at NOK -119 million for the second quarter and NOK -239 for the first half of 2013. Both have slightly increased from last year's level, due to increased interest expenses mainly driven by increased amortisation of borrowing cost related to new loans and waiver fees, with no recurring cash impact.

Tax amounted to an income of NOK 246 million for second quarter and NOK 480 million for the first half of 2013, strongly impacted by tax deductions for exploration expenses in Norway. (See further information in note 7 to the interim financial report)

Net result for the second quarter was a loss of NOK 504 million, down from a loss of NOK 87 million for the second quarter 2012. For the first half of 2013, the loss was NOK 777 million compared to NOK 214 million last year.

The book value of **license costs and capitalised exploration costs** at the end of the second quarter amounted to NOK 874 million, with deferred tax of NOK 425 million. This consists primarily to the non-developed discoveries Amalie in Denmark and Huntington Fulmar in the UK.

Noreco is working together with the operator to complete final evaluations of the potential and future plans for Amalie.

This work is to be finalised in the second half of 2013. The book value of the discovery is NOK 257 million and NOK 193 million net of deferred tax.

Noreco and its partners in the P1114 Huntington license on the UKCS have focused on getting the Forties-part of Huntington on stream. As production has commenced, work has started to find development solutions for the deeper Fulmar-reservoir that lies in the Huntington license. This work will continue through the third and fourth quarter of 2013. The book value of Fulmar is NOK 570 million and NOK 239 million net of deferred tax.

Property, plant and equipment had a book value of NOK 3 717 million at the end of the quarter. This includes Oselvar, which has been written down over the last three quarters due to lower production than expected at completion of the development and lower oil price. The operator is working to build a new reservoir model to be able to make decisions on measures to improve production. The results from this work are expected to be presented before the reporting of the third quarter results. Book value of Oselvar is NOK 689 million and NOK 539 million net of deferred tax at the end of the second quarter 2013. See further information in note 9 in the interim financial report.

Trade receivables and other current assets amount to NOK 540 million at the end of the quarter. This includes the company's receivables from the insurance settlement after the events at the Siri platform in 2009 (see note 10 in the interim financial report). Updated technical documentation that still supports Noreco's claim will be presented to the insurers shortly.

At the end of second quarter Noreco had **cash and cash equivalents** of NOK 418 million. During the second quarter, the company repaid NOK 96 million (USD 16.5 million) of the reserve based loan (RBL) facility. Undrawn credit under the company's reserve-based bank facility amounted to USD 16.5 million (NOK 99 million) at the end of the quarter. At 15 July 2013 the available facility amount was reduced in accordance with the step-down path in the loan agreement from USD 86 million to USD 70 million.

At the end of June Noreco made a draw-down on the new exploration loan with NOK 205 million. The total facility amounts to NOK 1 240 million.

By the end of second quarter the gearing ratio exceeded the agreed level in the bond agreements. This is the second quarter with breach of this covenant level following the waiver agreed in the fourth quarter 2012. The start-up and the ramp up of the production from the Huntington field have not been according to previous expectations. This impacts the group's short term cash flows and net income. A new waiver from the covenant concerning gearing ratio was approved by the bondholders on 8 July 2013. The new waiver entails that next testing of gearing ratio will be by the end of the third quarter 2013. 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.

Interest-bearing debt, excluding exploration loans, amounted to NOK 3 455 million at the end of second quarter 2013, compared to NOK 3 437million the year before. The group's total exploration loan was NOK 755 million at the end of the quarter, compared to NOK 806 million at the end of the second quarter in 2012. Total interest bearing debt amounted at NOK 4 210 million, of which NOK 3 920 million is classified as current liabilities, even if the repayments are due more then twelve months ahead. However, IAS 1.75 requires that non-current liabilities where covenants are in breach on the balance sheet date are classified as current unless the covenant is waived, before the period end, for 12 months or more. See further information in note 11 to the interim financial report.

PRODUCING FIELDS

Noreco Group's production in the second quarter of 2013 was on average 4 561 barrels of oil equivalents per day (boed). For the first half of 2013, average production was 3 608 boed.

First oil from the Huntington field was achieved 12 April 2013. The start-up of the field was influenced by technical challenges, among others the gas compressor on board. The production wells have, however, performed very well and as expected. The average production for Noreco for the second quarter is 1 188 boed net. Only minor quantities of gas were exported during the quarter.

The operator of the FPSO Voyageur Spirit is continuously working to complete commissioning of the gas processing and export facilities. It has been more complicated and taken more time than envisaged to commission the facilities for processing and export of gas. One of the two gas export compressors was fully commissioned in July, and gross production rates of around 27 000 boed including gas export have been achieved for several days. Noreco's share of the average production per day was on the other hand only 2 344 boe per day in July.

On 8 August British authorities and the operator ordered an immediate shutdown of production until a secure solution regarding problems with the ventilation system of the storage tanks on board was achieved. The production resumed on 19 August with a temporary solution. A permanent solution is being prepared and when this is commissioned, the operator expects to rapidly increase the production to plateau rate, which is estimated to be about 30 000 boed gross. This equals 6 000 boed to Noreco.

All efforts in the Huntington partnership have up to now been concentrated on start-up of the production. Along with evaluation of the potential of the Fulmar-discovery, the partners have now begun to evaluate the opportunities in the greater Huntington area which could increase the overall value of the development.

Low regularity at the host platform and unplanned shutdowns continue to impact Oselvar production, which was only 407 boed during the second quarter. A planned shutdown of Ula and the Ekofisk/Norpipe system commenced 29 May. The duration of the shutdown was extended beyond the end of the quarter by further delays on Ula. On 2 August Oselvar production started again, but due to a defect compressor at Ula, production was shut down again on 9 August. The operator has indicated that production can recommence when a new compressor has been commissioned in the first half of September.

Production at the Nini East, Nini and Cecilie fields was shut in for twelve days in the second quarter due to planned maintenance and installation work for the repair of the Siri host platform. Nini and Cecilie had additional shutdowns of nine and fourteen days, respectively, due to compressor maintenance on Siri. All three fields had to cease production again when a new crack was discovered in the tank sponson.

The operator is planning to finish repairs of the Siri-platform during the summer 2014. A temporary production solution is being prepared and will allow production from Nini, Nini East and Cecilie. The temporary solution will involve direct loading of the produced oil to a tanker. This solution is not yet approved by the Danish authorities, and there is not yet set a new date for production start-up. The operator has communicated that lower regularity should be expected until the permanent repair has been undertaken next summer.

The Lulita field has been shut down since 28 April due to two faulty valves in the Harald gas export system and removal of wax from the oil export pipeline. The operator is currently evaluating different options for repairing the final valve and expects to commence production again late in the third quarter.

Average production from the Danish fields for the quarter was 2 967 boed.

The Enoch field remained shut in for the entire quarter due to maintenance work on a subsea valve. Start-up is expected early 2014.

EXPLORATION

Three exploration wells were drilled in the beginning of the second quarter – Ogna (PL453), Scotney (UK P1658) and Lupin (PL360). In addition to the three wells in the second quarter, the Romeo well (UK P1666) was completed in the beginning of the first quarter. The well discovered oil in a low quality reservoir.

In the PL453s Og na 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.

For the remainder of the second quarter, the focus has been on the APA 2013, upcoming drill or drop decisions, and further maturing of the license portfolio, including start up of the new licenses PL701 and PL591B from the APA2012 in Norway and P1934, P1989, P2003, P2009, P2026, and P2032 from the UK 27th Round.

On the 9/95 Maja in Denmark (Noreco 20,1 percent), well planning continues with the aim to drill the Xana-1X prospect in 2014. This prospect may extend into the Gita license (9/06) where Noreco has 12 percent interest. In the adjacent license 7/86, a technical evaluation of the Amalie discovery is ongoing to see if there is a basis for further activities during 2013.

In the second quarter Noreco and Danoil completed a deal where Noreco takes over 3.7 percent equity in the DK 9/95 Maja licence from Danoil. Effective date for the transaction is 22 May 2012. This 3.7 percent equity is Danoil's part of PAResources share of 9/95 that became available when PAResources pulled out after the decision to drill the Xana prospect was made by the majority of the licence holders.

License PL525 was relinquished in the second quarter.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY

Noreco did not conduct operated drilling operations in the second quarter of 2013. There has not been reported any serious HSEQ incidents related to the rest of Norecos activities in the second quarter.

Noreco is conducting risk assessments and emergency preparations ahead of the drilling of the Verdande well in PL484. The well is planned to be drilled in 2014.

ORGANISATION

Svein Arild Killingland was appointed as Chief Executive Officer (CEO) of the group on 13 May 2013.

By the end of the second quarter the company had 60 employees compared to 69 employees at the end of 2012. The number of consultants on fulltime contract is 10, unchanged from the beginning of the year.

OUTLOOK

With the Huntington field on-stream, Noreco's production capacity is more then doubled. It is expected that Noreco's share of the plateau production from the Huntington field alone will be approximately 6 000 boe per day. It is expected that the production from Nini, Nini East and Cecilie will have lower regularity until a permanent solution is in place for the host platform at the Siri-field. The operator and owner of the Siri-platform has indicated that such a solution could be in place during the summer of 2014.

Noreco's exploration program consists for the time being of four approved wells. The company will continue to develop its exploration portfolio to build the fundament for future exploration activity through active portfolio management, participation in licensing rounds and potential farm-ins.

In July bondholders approved amendments to the loan agreements. Noreco will redeem two bonds, which in total amounts to NOK 982 million by year end. In advance of the redemption the company will receive NOK 1 341 million in tax refund. NOK 564 million of this refund will be applied to repayment of current part of the exploration loan.

Improvement of the company's funding structure has high priority. The company continuously consider measures and opportunities for adjusting the license portfolio, including future commitments, with the objectives to reduce the company's debt, capital expenses, and future need of funding.

For the future liquidity it is important that the producing assets can be utilised as collateral for existing or new reserve based loan facility (RBL) or other secured loan structures. In addition to the work related to secured financing alternatives, Noreco is also considering a restructuring of the other loan portfolio. The production level from Noreco's field assets, of which Huntington is of great importance, is expected to provide substantial cash flows going forward. These cash inflows will be very important to ensure an overall satisfactory financing solution.

STATEMENT PURSUANT TO SECTION 5-6 OF THE SECURITIES TRADING ACT

We hereby confirm that the half-yearly financial statements for the Group for the period 1 January through 30 June 2013 to the best of our knowledge have been prepared in accordance with IAS 34 Interim Financial Reporting, and give a true and fair view of the assets, liabilities, financial position and result for the period.

To the best of our knowledge, the half-yearly report gives a true and fair:
- overview of important events that occurred during the accounting period and uncertainties facing the Group over the next accounting period
- description of the principal risks and uncertainties facing the Group over the next accounting period
- description of major transactions with related parties.

Stavanger, 28 August 2013
The Board of Directors and Chief Executive Officer
Norwegian Energy Company ASA

Ståle Kyllingstad
Chairman

Eimund Nygaard	*Hilde Drønen*	*Hilde Alexandersen*	*Bård Arve Lærum*
Board Member	*Board Member*	*Board Member*	*Board Member*

Svein Arild Killingland
CEO

STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED

All figures in NOK 1 000	Note	Unadited Q2 2013	Unadited Revised(1) Q2 2012	Unadited YTD Q2 2013	Unadited Revised(1) YTD Q2 2012	Revidert Revised(1) 2012
Revenue	**2**	**245 977**	**230 043**	**461 795**	**411 548**	**831 768**
Production expenses		(107 774)	(46 181)	(182 180)	(118 692)	(244 231)
Exploration and evaluation expenses	3,8	(119 260)	(333 553)	(361 768)	(518 612)	(1 188 396)
Payroll expenses	4	(37 526)	(33 783)	(74 915)	(72 113)	(134 251)
Other operating expenses	4	(27 790)	(28 988)	(49 313)	(57 162)	(114 027)
Other (losses)/ gains	5	1 075	26 909	(4 393)	22 109	31 867
Total operating expenses		**(291 275)**	**(415 596)**	**(672 569)**	**(744 470)**	**(1 649 039)**
Operating results before depreciation and amortisation (EBITDA)		**(45 298)**	**(185 553)**	**(210 774)**	**(332 922)**	**(817 271)**
Depreciation	9	(89 005)	(79 473)	(149 926)	(132 230)	(269 355)
Write-downs	8,9	(496 718)	-	(656 897)	-	(421 262)
Net operating result (EBIT)		**(631 020)**	**(265 026)**	**(1 017 597)**	**(465 152)**	**(1 507 887)**
Financial income	6	15 627	46 560	30 053	56 785	76 083
Financial expenses	6	(134 508)	(153 076)	(269 546)	(282 772)	(562 067)
Net financial items		**(118 881)**	**(106 517)**	**(239 493)**	**(225 987)**	**(485 984)**
Result before tax (EBT)		**(749 901)**	**(371 543)**	**(1 257 090)**	**(691 139)**	**(1 993 872)**
Income tax benefit	7	245 943	284 178	480 210	477 033	1 401 252
Net result for the period		**(503 958)**	**(87 365)**	**(776 881)**	**(214 106)**	**(592 620)**
Other comprehensive income (net of tax):						
Items 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		1 699	10 780	2 945	6 206	(10 733)
Currency translation adjustment		94 929	155 873	234 090	(986)	(201 254)
Total		*96 628*	*166 653*	*237 035*	*5 220*	*(211 987)*
Total other comprehensive net result for the period		**96 628**	**166 653**	**237 035**	**5 220**	**(209 019)**
Total comprehensive net result for the period		**(407 330)**	**79 288**	**(539 846)**	**(208 886)**	**(801 639)**
Earnings per share (NOK 1)						
Basic		(1.42)	(0.36)	(2.18)	(0.88)	(2.26)
Diluted		(1.42)	(0.36)	(2.18)	(0.88)	(2.26)

1) See note 1 for description of the revision of the 2012 figures.

STATEMENT OF FINANCIAL POSITION

CONSOLIDATED

All figures in NOK 1 000	Note	Unadited 30.06.13	Audited Revised(1) 31.12.12	Audited Revised(1) 01.01.12
Non-current assets				
Licence and capitalised exploration expenses	8	873 647	818 707	1 249 839
Goodwill	8	215 244	496 812	656 395
Deferred tax assets	7	190 634	105 018	609 733
Property, plant and equipment	9	3 717 407	3 990 712	4 296 788
Tax refund	7	214 634	-	-
Total non-current assets		**5 211 566**	**5 411 249**	**6 812 755**
Current assets				
Tax refund	7	1 340 622	1 339 030	506 056
Derivatives	13	7 959	7 247	26 754
Trade receivables and other current assets	10,13	540 321	564 175	833 786
Bank deposits, cash and cash equivalents	13	418 262	604 113	688 708
Total current assets		**2 307 164**	**2 514 564**	**2 055 305**
Total assets		**7 518 730**	**7 925 813**	**8 868 060**
Equity				
Share capital	15	1 103 892	1 096 876	755 913
Other equity		400 569	931 030	1 670 746
Total equity		**1 504 461**	**2 027 907**	**2 426 659**
Non-current liabilities				
Deferred tax	7	1 105 552	1 244 827	1 991 192
Pension liabilities		7 089	7 089	15 654
Asset retirement obligations		289 198	323 078	298 130
Bond loan	11	-	-	2 317 825
Other interest bearing debt	11,13	290 208	242 729	292 803
Total non-current liabilities		**1 692 047**	**1 817 723**	**4 915 605**
Current liabilities				
Bond loan (2)	11,13	3 048 827	2 779 390	643 344
Other interest bearing debt	11,13	870 906	862 147	420 981
Derivatives	11,13	7 939	11 073	-
Tax payable	7	83 057	51 440	180 409
Trade payables and other current liabilities	12,13	311 493	376 134	281 063
Total current liabilities		**4 322 223**	**4 080 184**	**1 525 796**
Total liabilities		**6 014 270**	**5 897 907**	**6 441 401**
Total equity and liabilities		**7 518 730**	**7 925 813**	**8 868 060**

1) See note 1 for description of the revision of the 2012 figures.
2) The group's long term bond loans on 31 December 2012 and 30 June 2013 with agreed waiver are classified as current liabilites since the duration of the waiver does not exceed 12 months. See further information in note 11.

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

Unadited All figures in NOK 1 000	Share capitall	Share premium fund	Currency translation fund	Hedging reserve	Other equity	Total equity
2012						
Equity at 01.01.2012 as reportet 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 01.01.2012	**755 913**	**2 504 407**	**137 728**	**-**	**(971 389)**	**2 426 659**
Net result for the period					(214 106)	(214 106)
Other comprehensive income(loss) for the period (net of tax)						
Currency translation adjustments			(986)			(986)
Cash flow hedge				6 206		6 206
Total other comprehensive income(loss) for the period	**-**	**-**	**(986)**	**6 206**	**-**	**5 220**
Transactions with owners						
Share-based incentive program				-	7 458	7 458
Total transactions with owners for the period	**-**	**-**	**-**	**-**	**7 458**	**7 458**
Equity at 30.06.2012	**755 913**	**2 504 407**	**136 742**	**6 206**	**(1 178 037)**	**2 225 231**
2013						
Equity at 01.01.2013	**1 096 876**	**2 552 706**	**(63 525)**	**(10 733)**	**(1 547 417)**	**2 027 907**
Net result for the period					(776 881)	(776 881)
Comprehensive income(loss) for the period (net of tax)						
Remeasurement of defined benefit pension plans						-
Currency translation adjustments			234 090			234 090
Cash flow hedge				2 945		2 945
Total comprehensive income(loss) for the period	**-**	**-**	**234 090**	**2 945**	**(776 881)**	**(539 846)**
Transactions with owners						
Proceeds from share issued	7 015	1 810				8 825
Share-based incentive program					7 574	7 574
Total transactions with owners for the period	**7 015**	**1 810**	**-**	**-**	**7 574**	**16 400**
Equity at 30.06.2013	**1 103 892**	**2 554 516**	**170 565**	**(7 789)**	**(2 316 723)**	**1 504 461**

STATEMENT OF CASH FLOWS

CONSOLIDATED

All figures in NOK 1 000	Unaudited YTD Q2 2013	Unaudited YTD Q2 2012
Net result for the period	(776 881)	(214 106)
Income tax benefit	(480 210)	(477 033)
Adjustments to reconcile net income before tax to net cash flows provided by operating activities:		
(Tax paid) / Tax refunded	(19 982)	(22 601)
Depreciation and writedowns	806 823	132 229
Expensed exploration expenditures previously capitalised	306 811	448 101
Share-based payments	7 574	7 458
(Gain) / Loss on sale of licences	-	(31 864)
Unrealised loss (gain) related to financial instruments	(712)	9 756
Effect of changes in exchange rates	37 216	12 672
Net financial items	239 493	225 987
Other items with no cash impact	39 052	36 226
Change in working capital		
Changes in trade receivable	62 363	38 672
Changes in trade payables	(18 629)	8 828
Changes in other current balance sheet items	(117 759)	134 805
Net cash flow from operations	**85 160**	**309 130**
Cash flows from investing activities		
Purchase of tangible assets	(44 792)	(353 992)
Purchase of intangible assets	(297 534)	(372 636)
Net cash flow from investing activities	**(342 326)**	**(726 628)**
Cash flows from financing activities		
Issue of share capital	8 825	-
Proceeds from issuance of bonds	300 000	200 000
Proceeds from utilisation of exploration facility	204 744	380 613
Proceeds from utilisation of reserve based facility/other	-	149 674
Repayment of bonds	-	(173 000)
Repayment of exploration facility	(8 608)	-
Repayment of reserve based facility/other	(166 387)	-
Repurchase own bonds	(48 000)	-
Paid borrowing cost	(20 817)	-
Interest paid	(198 442)	(220 563)
Net cash flow from (used in) financing activities	**71 315**	**336 724**
Net change in cash and cash equivalents	**(185 851)**	**(80 774)**
Cash and cash equivalents at the beginning of the year	604 113	688 708
Cash and cash equivalents at end of the quarter	**418 262**	**607 934**

NOTES

1 ACCOUNTING PRINCIPLES

Basis for preparation
The interim condensed consolidated financial statements for the second quarter and first half of 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.

Revision of comparable numbers for 2012
Description and explanation of the revisions that where made to the 2012 figures are to be found in the interim financial report for the fourth quarter 2012. Effects of new standards which also are incorporated in figures for 2012 are described below.

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 in 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 are no special triggers that 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)	YTD Q2 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. Additional disclosures regarding these items are included in note 13 to these interim financial statements.

2 Revenue

(NOK 1 000)	Q2 2013	Q2 2012	YTD Q2 2013	YTD Q2 2012
Sale of oil	240 751	219 516	445 793	398 626
Sale of gas and NGL	5 226	10 527	16 003	12 922
Total revenue	245 977	230 043	461 795	411 548

3 Exploration and evaluation expenses

(NOK 1 000)	Q2 2013	Q2 2012	YTD Q2 2013	YTD Q2 2012
Acquisition of seismic data, analysis and general G&G costs	(29 224)	(29 184)	(50 922)	(58 808)
Exploration wells capitalised in previous years	(92)	(114 206)	(35 063)	(128 927)
Dry exploration wells this period	(87 461)	(186 748)	(271 749)	(319 175)
Other exploration and evaluation costs	(2 483)	(3 415)	(4 035)	(11 703)
Total exploration and evaluation costs	(119 260)	(333 553)	(361 768)	(518 612)
The exploration organisation's share of Noreco's total payroll expenses and other operating expenses amounts to:	(50 922)	(21 735)	(98 565)	(50 550)

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 01.07.2012 to 30.06.2013 the amount is NOK 196 million.

4 Payroll expenses & Other operating expenses

(NOK 1 000)	Q2 2013	Q2 2012	YTD Q2 2013	YTD Q2 2012
Payroll expenses	(37 526)	(33 783)	(74 915)	(72 113)
Other operating expenses	(27 790)	(28 988)	(49 313)	(57 162)
Total payroll expenses & other operating expenses	(65 316)	(62 771)	(124 228)	(129 275)
Hereof the exploration organisation accounts for the following expenses	(50 922)	(21 735)	(98 565)	(50 550)

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

5 Other (losses) / gains

(NOK 1 000)	Q2 2013	Q2 2012	YTD Q2 2013	YTD Q2 2012
Change in value, put options	1 075	(4 955)	(4 393)	(9 756)
Gain /(loss) on sale of assets	-	31 864	-	31 864
Total other (losses) / gains	1 075	26 909	(4 393)	22 109

(Loss) / gain per divestment	Accounting date	Q2 2013	Q2 2012	YTD Q2 2013	YTD Q2 2012
Rau	22.05.12	-	31 864	-	31 864
Total		-	31 864	-	31 864

6 Financial income and expenses

(NOK 1 000) Financial income	Q2 2013	Q2 2012	YTD Q2 2013	YTD Q2 2012
Interest income	11 105	6 353	12 965	10 379
Other financial income	4 522	40 206	17 088	46 406
Total financial income	15 627	46 560	30 053	56 785

Financial expenses	Q2 2013	Q2 2012	YTD Q2 2013	YTD Q2 2012
Interest expense from bond loans	(100 749)	(88 879)	(197 315)	(173 611)
Interest expense from convertible loan	-	(1 772)	-	(6 181)
Interest expense from reserve based loan	(8 597)	(9 355)	(17 909)	(19 252)
Interest expense from exploration loan	(6 345)	(9 483)	(12 559)	(17 670)
Interest expenses current liabilities	(1 477)	113	(1 599)	(375)
Capitalised interest expenses	-	-	-	11 280
Imputed interest from asset retirement obligation	(6 109)	(6 856)	(10 973)	(13 387)
Other financial expenses	(11 231)	(36 844)	(26 112)	(63 576)
Loss on repurchase of bonds	-	-	(3 079)	-
Total financial expenses	(134 508)	(153 076)	(269 546)	(282 772)
Net financial items	(118 881)	(106 517)	(239 493)	(225 987)

7 Tax

(NOK 1 000)	Q2 2013	Q2 2012	YTD Q2 2013	YTD Q2 2012
Income (loss) before tax	(749 901)	(371 543)	(1 257 090)	(691 139)
Income tax	245 943	284 178	480 210	477 033
Equivalent to a tax rate of	32,8 %	76,5 %	38,2 %	69,0 %

The tax rate for Q2 2013 was 32.8 percent compared with 76.5 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 goodwill impairment with no tax impact and write-down of producing fields in Denmark with a tax rate of 25 percent reduce the effective tax rate and explains the low tax rate compared to the same period last year. It is the same events that explain the change in the tax rate for the first half of 2013 compared to 2012.

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. Planned restructuring of Noreco's business in the UK are included in such assessment in accordance with IAS 12.36.(d).

Deferred tax asset and deferred tax liability are presented net for each jurisdiction and tax regime, where our legal entities have, or are expected to have, 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)	30.06.13	31.12.12	01.01.12
Non-current assets			
Tax refund related to Norwegian exploration activity in 2013	214 634		
Current assets			
Tax refund related to Norwegian exploration activity in 2012	617 918	617 918	506 056
Tax refund related to discontinuing of petroleum activity i Norwegian Energy Company ASA	722 704	721 112	
Total tax refund	**1 555 256**	**1 339 030**	**506 056**

On 31 December 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)	30.06.13	31.12.12	01.01.12
Tax payable in Norway	-	-	-
Tax payable other countries	83 057	51 440	180 409
Total tax payable	**83 057**	**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	297 534	-	297 534
Expensed exploration expenditures previously capitalised	(306 811)	-	(306 811)
Currency translation adjustment	64 217	69 502	133 718
Acquisition cost 30.06.13	**999 347**	**1 016 845**	**2 016 191**
Accumulated depreciation and write-downs			
Accumulated depreciation and write-downs 01.01.13	125 700	450 531	576 231
Write-downs	-	306 980	306 980
Currency translation adjustment	-	44 089	44 089
Accumulated depreciation and write-downs 30.06.13	**125 700**	**801 601**	**927 301**
Book value 30.06.13	**873 647**	**215 244**	**1 088 891**

Impairment test Q2 2013

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

Main assumptions applied for the impairment test on 30 June 2013

Discount rate (after tax)	9.0 percent
Inflation	2.0 percent
Cash flow	After tax
Reserves/resources	Internal estimated resources on 30 June 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 30 June 2013
Goodwill associated with the business in Denmark is written down by NOK 8 million. The write down is due to the markets changed expectations to the future oilprice at the end of the second quarter versus by the end of the first quarter 2013.

Goodwill associated with the business in United Kingdom is written down by NOK 174 million. The write down is due to the markets changed expectations to the future oilprice at the end of the second quarter versus by the end of the first quarter 2013.

Book value of goodwill associated with the Danish and British businesses are equal the recoverable amounts, and change in the assumptions may require future write-downs.

Result from impairment test of Licence and capitalised exploration expenses at 30 June 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 second 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 second quarter, and change in the assumptions may require future write-downs. Huntington Fulmar is included in a combined cash generating unit for the Huntington license when performing the impairment test, and negative changes of assumptions would firstly impact the goodwill values before other book values will be affected. If the assessment of commercial potential would be changed, it can result in write-down of capitalised exploration expenses.

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	3 591	4 892 864
Additions	35 756	9 036	-	44 792
Transferred from Asset Under Construction to Production Facilities	(2 447 617)	2 447 617	-	-
Revaluation abandonment assets	45 830	(111 870)	-	(66 040)
Currency translation adjustment	109 363	201 623	296	311 283
Acquisition cost 30.06.13	**-**	**5 179 012**	**3 887**	**5 182 899**
Accumulated depreciation and write-downs				
Accumulated depreciation and write-downs 01.01.13	-	898 577	3 574	902 151
Depreciation	-	149 926	-	149 926
Write-downs	-	349 917	-	349 917
Currency translation adjustment	-	63 202	295	63 497
Accumulated depreciation and write-downs 30.06.13	**-**	**1 461 622**	**3 869**	**1 465 491**
Book value at 30.06.13	**-**	**3 717 389**	**18**	**3 717 407**

Impairment test Q2 2013

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

Main assumptions applied for the impairment test on 30 June 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 30 June 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 30 June 2013
For the Norwegian field Oselvar, the decreased oilprice forward curve at 30 June has reduced the recoverable amount. This has for the second quarter 2013 resulted in a write-down of NOK 41 million (NOK 11 million after tax).

The recoverable amount for the cash-generating unit consisting of the Danish fields connected to the Siri platform (Nini, Nini East and Cecilie) was by the end of the second quarter significantly reduced as a result of the market's decreased expectations to the future oil price and the fact that the value of the produced reserves in the period are higher then the depreciations in according to the unit-of-production method. In addition have subsequent events impacted the expected regularity for the next twelve months, which is adjusted in accordance to received information from the operator of the Siri-platform. For the second quarter this resulted in a write-down of NOK 274 million (NOK 206 million after tax) for the cash-generating unit Siri fairway.

Book value of Oselvar, Enoch and Siri fairway are equal to the recoverable amount by the end of the second 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)	30.06.13	31.12.12
Trade receivables	77 054	139 417
Receivables from operators relating to joint venture licenses	15 368	40 231
Underlift of oil/NGL	44 586	38 183
Prepayments	161	182
Other receivables (1)	403 152	346 162
Total trade receivables and other current receivables	**540 321**	**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 356 million is recognised as a current receivable at 30 June 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 the next twelve months. 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)	30.06.13		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	1 199 228	1 250 000	1 221 745
Bond loan NOR06 (2)	192 500	186 237	275 000	266 767
Bond loan NOR07 (2)	227 500	218 502	325 000	315 270
Bond loan NOR09 (2)	300 000	293 703	-	-
Exploration loan	204 744	191 040	-	-
Reserve-based loan	114 530	99 167	261 621	242 729
Total interest bearing debt maturing after 12 months	**2 258 774**	**2 187 877**	**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	690 382	700 000	682 480
Bond loan NOR06	82 500	82 500	-	-
Bond loan NOR07	97 500	97 500	-	-
Bond loan NOR08	284 000	280 774	300 000	293 128
Exploration loan	564 086	564 086	572 694	572 694
Reserve-based loan	306 820	306 820	289 453	289 453
Total interest bearing debt maturing before 12 months	**2 033 406**	**2 022 063**	**1 862 147**	**1 837 755**
Total interest bearing liabilities	**4 292 180**	**4 209 940**	**3 973 768**	**3 884 266**
Classified as non-current liabilities	319 274	290 208	261 621	242 729
Classified as current liabilities	3 972 906	3 919 733	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 has obtained temporary waiver for the gearing ratio covenant, but the duration of the waiver is not 12 months from 30.06.2013.

12 Trade payables and other current liabilities

(NOK 1 000)	30.06.13	31.12.12
Trade payable	10 445	29 074
Liabilities to operators relating to joint venture licenses	90 304	185 802
Overlift of oil/NGL	51 491	45 256
Accrued interest	54 280	52 053
Employee bonus/salary accruals	19 971	32 530
Public duties payable	3 519	7 786
Other current liabilities	81 483	23 633
Total other current liabilities	**311 493**	**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 30.06.2013

(NOK 1 000)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives		7 959		7 959
- Underlift of oil		44 586		44 586
Total assets	-	**52 546**	-	**52 546**
Liabilities				
Derivatives used for hedging				
- Interest rate swap agreements		7 939		7 939
Financial liabilities at fair value through profit or loss				
-Overlift of oil		51 491		51 491
Total liabilities	-	**59 431**	-	**59 431**

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 30.06.2013

(NOK 1 000)	Loans and receivables	Assets at fair value through profit or loss	Total
Assets			
Derivatives		7 959	7 959
Trade receivables and other current assets	495 574	44 586	540 160
Bank deposits, cash and cash equivalents	418 262		418 262
Total	913 836	52 546	966 381

(NOK 1 000)	Derivatives used for hedging	Other financial liabilities at amortised cost	Liabilities at fair value through profit or loss	Total
Liabilities				
Bonds		3 048 827		3 048 827
Other interest bearing debt		1 161 114		1 161 114
Derivatives	7 939			7 939
Trade payables and other current liabilities		236 512	51 491	288 003
Total	7 939	4 446 452	51 491	4 505 883

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 30 June 2013:

(NOK 1 000)	Carrying amount	Fair value
Financial assets:		
Derivatives	7 959	7 959
Trade receivables and other current assets	540 160	540 160
Bank deposits, cash and cash equivalents	418 262	418 262
Total	966 381	966 381
Financial liabilities:		
Bonds	3 048 827	2 937 323
Other interest bearing debt	1 161 114	1 161 114
Derivatives	7 939	7 939
Trade payables and other current liabilities	288 003	288 003
Total	4 505 883	4 394 379

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 30.06.2013 (YTD)

(NOK 1 000)	Norway	Denmark	UK	Other	Group
Revenue	58 643	339 737	63 415	-	461 795
Net operating result	(398 068)	(269 421)	(350 108)		(1 017 597)
Net financial items					(239 493)
Result before tax					(1 257 090)
Income tax benefit					480 210
Net result for the period					(776 881)
Total assets	2 794 044	2 543 278	3 720 006	(1 538 598)	7 518 730
Total liabilities	4 118 424	1 367 113	2 067 330	(1 538 598)	6 014 270
Capital expenditures production facilities	105	6 853	2 077	-	9 036
Capital expenditures asset under construction	-	-	35 756	-	35 756
Capital expenditures exploration and evaluations	176 299	4 209	117 026	-	297 534
Depreciations and writedowns	110 314	488 375	208 133	-	806 823

15 Share capital and share premium reserve

Changes in paid in equity:

(NOK 1 000)	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
Issue cost accrual adjustment prior periods			51
Paid in equity at 30 June 2013	356 094 095	1 103 892	2 554 516

16 Subsequent events

On 8 July 2013 a bondholder's meeting was held and waivers and amendments were approved by the bondholders as proposed by Noreco. As such Noreco can not be in breach with the gearing ratio covenants before the beginning of March 2014.

On 18 July 2013 Noreco informed that the production with the danish field tied back to the Siri-platform were shut-down due to anomalies found during a routine inspection. Because of the crack that was identified Noreco expects lower regularity for the production from Nini, Nini East and Cecilie until the summer 2014. Estimated cash flow forecasts that are applied for impairment testing as of 30 June 2013 are updated for this change in assumptions regarding regularity. This has contributed to the high write-downs in the quarter.

INFORMATION ABOUT NORECO

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Hilde Alexandersen
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Eimund Nygaard

Noreco management

Svein Arild Killingland	CEO
Ørjan Gjerde	CFO
John Bogen	COO & VP HSE
Lars Fosvold	VP exploration

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Financial calendar 2013

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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