DNO ASA

FIRST QUARTER 2007: DEVELOPING VALUE.

CONTENTS

INTERIM REPORT FIRST QUARTER 2007

DNO is an independent international upstream oil and gas company. Our main objective is sustainable growth and value creation through smart exploration, cost effective field development and high margin production. Currently, our license portfolio is located in four geographic segments: Northern Europe, Yemen, Kurdistan and Africa. We are committed to conducting our activities in a socially, environmentally and economically responsible manner.

KEY EVENTS FIRST QUARTER

Operations

- In Kurdistan, the fast track development of the Tawke field has taken further steps towards completion with two new production wells drilled and completed
- Drilling commenced on Tawke # 3, targeting the eastern extension of the Tawke area, and has now confirmed a new oil discovery
- Preparation for start-up and extended well testing of Tawke production wells commenced and a maximum flow rate of 12,000 bopd was achieved from Tawke # 5
- Two successful infill wells at the Sharyoof and Nabrajah fields in Yemen were completed and brought on stream
- Preparation for the NCS exploration drilling program moved forward as planned

Financials

- Revenues increased from the previous quarter to NOK 291 million mainly due to high net entitlement production
- The net entitlement production increased due to high cost oil as all producing blocks in Yemen were in maximum cost oil position
- The pre-tax expensed exploration costs were NOK 158 million (mainly Yemen and Zita) and post-tax exploration NOK 66 million
- Stable cash flow (netback) from high margin production
- Development investments amounted to NOK 288 million and according to plan - of which more than 70 % related to the Tawke development

KEY FIGURES

		Quarterly Results		Full Year
NOK million - net entitlement	**Q1 2007**	**Q4 2006**	**Q1 2006**	**2006**
Sales	291	277	415	1 335
Profit / (loss) from operating activities	2	-2	65	283
EBITDA	70	65	108	470
Net profit/ (loss)	19	-31	-29	61
Netback	53	54	79	254
Acquisitions and development cost	288	807	150	1 391
Exploration cost expensed	158	156	217	566
Net entitlement production (bopd)	9 507	8 362	11 481	9 229

KEY OPERATIONAL AND FINANCIAL DATA

NOK million	Q1 2007	Q4 2006	Quarterly Results Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Working Interest [1]							
Working interest production (mboe)	1,142	1,262	1,286	1,345	1,520	5,413	5,381
Working interest production per day (boe)	12 685	13 716	13 978	14 780	16 893	14 831	14 741
EBITDA *	168,8	246,4	369,9	375,5	303,5	1 295,3	1 029,6
EBITDA *, (USD/bbl)	24,02	30,86	45,96	45,72	29,90	37,72	29,70
Net Entitlement [2]							
Net entitlement production (mboe)	0,856	0,769	0,703	0,862	1,033	3,369	3,170
Net entitlement production per day (boe)	9 507	8 362	7 647	9 473	11 481	9 229	8 685
EBITDA *	70,1	64,8	130,1	167,6	107,8	470,4	293,9
EBITDA *, (USD/bbl)	13,36	13,43	29,84	32,23	15,63	22,16	14,39
Key figures independent of presentation method							
Achieved sales price, (USD/bbl)	55,41	57,49	65,04	69,01	60,17	62,91	51,65
Lifting cost, (USD/bbl)	7,95	7,59	7,00	7,61	7,80	7,53	7,01
DD&A, (USD/bbl)	9,63	8,13	5,15	4,29	4,16	5,35	4,08
Netback *	52,8	54,1	42,3	78,4	79,2	254,0	164,5
Acquisitions and development cost	287,9	807,4	259,2	174,8	149,5	1 390,9	545,8
Exploration cost expensed	158,0	155,7	82,4	110,8	216,8	565,7	160,6

* Including asset sale proceeds (in 2005)

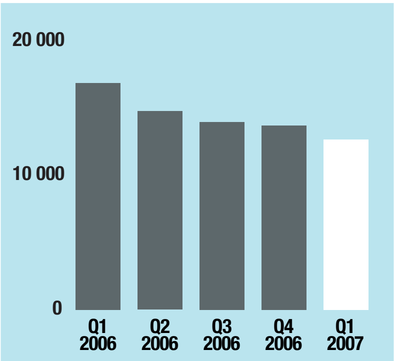
1) Key data calculated on the basis of Working Interest method (DNO share pre-tax less royalty, including DNOs share of cost oil resulting from carried interests)

2) Key data calculated on the basis of Net Entitlement method

The production figures include crude oil consumed in the operation of the Tasour field. This crude replaces alternative source of fuel and thereby realise considerable cost savings. The volumes are approximately 160 barrels per day (DNO working interest).

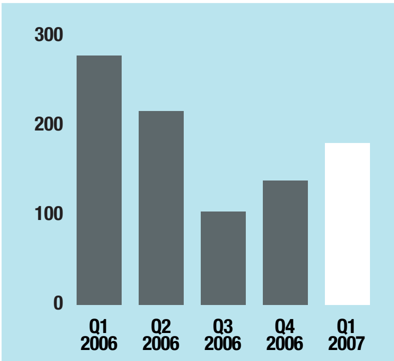
The net entitlement production in the first quarter is higher than the previous quarter, despite the decline in the working interest production. The increase is due to higher share of cost oil in the first quarter. For further infomation, reference is made to the Corporate Financial Information section.

Working Interest Production



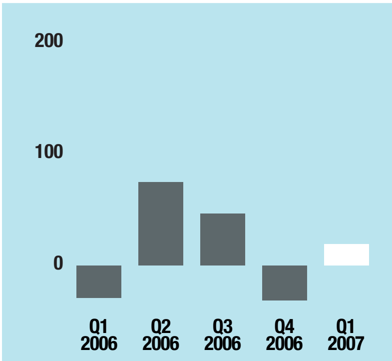
per day (boe)

Netback Producing Assets



NOK million

Net Profit / (Loss)



NOK million

CONDENSED TABLES

In the financial statements, DNO is presenting its operations governed by Production Sharing Agreements (PSAs) according to the net entitlement method. The Result of Operations table and related tables in the MD&A part of the interim report will be based on the working interest method. For a full discussion on PSAs, net entitlement and working interest, reference is made to the interim report for fourth quarter 2005 and annual report 2005.

INCOME STATEMENTS - NET ENTITLEMENT

			Quarterly Results			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Sales *	290,6	277,5	283,7	359,0	415,1	1 335,2	792,7
Cost of goods sold	-124,2	-127,1	-98,3	-98,3	-122,0	-445,7	-386,2
Gross profit	166,4	150,4	185,4	260,6	293,1	889,5	406,5
Gross margin %	57,2 %	54,2 %	65,3 %	72,6 %	70,6 %	66,6 %	51,3 %
Profit / (loss) from operating activities	1,7	-1,6	88,2	131,5	65,3	283,3	156,7
Profit / (loss) before income tax expenses	-32,7	-28,9	82,2	112,5	-1,3	164,4	285,5
Income tax expenses	51,7	-2,4	-35,7	-37,4	-27,8	-103,3	13,5
Net profit/ (loss)	19,0	-31,3	46,4	75,0	-29,1	61,1	299,0

* Sales based on net entitlement, for more details see note 3 in the Financial Accounts

BALANCE SHEET STATEMENTS

			Quarterly Results			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Non-current assets	2 587,2	2 398,2	1 906,9	1 552,8	1 453,0	2 398,2	1 299,4
Current assets	1 128,1	897,1	1 059,8	1 347,5	1 480,6	897,1	1 680,4
Total assets	**3 715,3**	**3 295,4**	**2 966,7**	**2 900,4**	**2 933,7**	**3 295,4**	**2 979,8**
Equity	705,3	724,5	792,4	773,8	787,4	724,5	967,4
Non-current liabilities	2 265,5	1 979,5	1 821,8	1 702,2	1 697,8	1 979,5	1 537,4
Current liabilities	744,5	591,4	352,4	424,4	448,5	591,4	475,0
Equity and liabilities	**3 715,3**	**3 295,4**	**2 966,7**	**2 900,4**	**2 933,7**	**3 295,4**	**2 979,8**

CASH FLOW STATEMENTS

			Quarterly Results			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Net cash from operating activities	-174,3	186,3	-39,7	50,1	106,8	303,5	98,9
Net cash used in investing activities	-270,4	-473,7	-300,0	39,1	-329,2	-1 063,8	-806,9
Net cash (used in)/ from financing activities	571,3	212,5	-13,0	0,8	-54,5	145,8	982,3
Net increase/ (decrease) in cash	**126,6**	**-74,9**	**-352,7**	**90,1**	**-276,9**	**-614,5**	**274,3**
Cash at beginning of period	418,0	506,5	829,8	783,6	1 081,5	1 081,5	747,8
Exchange gain/ (losses) on cash	-2,2	-13,6	29,4	-43,9	-21,0	-49,0	59,3
Cash at end of period	**542,4**	**418,0**	**506,5**	**829,8**	**783,6**	**418,0**	**1 081,5**

GENERAL INFORMATION

International Financial Reporting Standards (IFRS)
DNO's financial accounts are with effect from 1 January 2005 prepared in accordance with International Financial Reporting Standards.

The first quarter 2007 interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting) and IFRS standards issued and effective at date of reporting. The interim report has also been prepared in accordance with Stock Exchange regulations.

Working interest / Net entitlement presentation
The working interest method is used in the MD&A and in the operational reviews (Result of Operations). The net entitlement method is for the mandatory financial statements only, including the explanatory notes.

For further descriptions, reference is made to the Interim Report Fourth Quarter and full year 2005.

Business Structure
In order to monitor and assess performance based on differences in risk and geography, as well as securing management focus, DNO's petroleum activities are organized in the geographic segments Northern Europe, Yemen, Kurdistan and Africa.

DNO Group total staff: 479

Corporate functions
Number of staff: 9

President and Managing Director
Helge Eide

Chief Operating Officer
Ivar Brandvold

Chief Financial Officer
Haakon Sandborg

QHSE Manager
Ole-Andreas Isdahl

***Resource and knowledge pool in Oslo and London**

Africa	Northern Europe	Yemen	Kurdistan
E&P Manager **Ole Nygaard**	**E&P Manager** **Roar Tessem**	**E&P Manager** **Sven Erik Lie**	**E&P Manager** **Magne Normann**
Staff: 3 **Head office: Oslo**	**Staff: *42** **Head office: Oslo**	**Staff: 269** **Head office: Oslo**	**Staff: 156** **Head office: Dubai**

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Analysis and tables included in the MD&A section of this report is based on the working interest method. For more details, see General Information Section.

The MD&A is split in two main sections;
1) Operational Information and
2) Corporate Financial Information.

Operational Information covers the following analysis:
· Result of Operations Producing Assets
· Investments Incurred in Oil and Gas Activities
· Reserves and resources

The analysis of operational information in the MD&A provides details on DNO's performance within the following key value chain activities;
· Exploration and discovery
· Development
· Production

The section on result of operations provides information on performance of DNO's assets in production, whereas the sections on investments and reserve economics provides details on value creation generated from exploration and investment activities.

Corporate Financial Information covers other information relevant to the Group's accounts that is not covered in the analysis of operational information.

SUMMARY PER SEGMENT

Kurdistan

Tawke Development

In the first quarter, the fast track development of Tawke has progressed towards completion. The Central Processing Facilities (CPF), export pipelines, tank storage, camp facilities and other infrastructure are at the final stages or have already been completed. Start-up and extended testing of the first production well were undertaken towards the end of first quarter and oil was collected during testing.

The options for oil delivery from Tawke include both tanker trucking and transport by pipeline. The new 12” pipeline will be connecting the Tawke production facilities to the northern strategic pipelines. The pipeline has been installed and connecting work is currently being carried out. Temporary mobile tanker trucking facilities with a capacity of 5,000 bopd was installed in March, and additional 10,000 bopd tanker trucking capacity will be available during May.

The final installation and commissioning of the CPF as well as the tie-in arrangements to the 40” and 46” strategic pipelines are scheduled for completion in June. During the initial period, Tawke oil export through any of the strategic pipelines may only take place when other 3rd party oil is flowing through the strategic pipelines, as these pipelines require a minimum oil inflow rate. However, export volumes through the pipelines will only be restricted by the Tawke well capacities.

To enable export through the strategic pipelines independently of any 3rd party oil flowing, expanded facilities with storage tanks and high capacity export pumps are being installed at the tie-in point. These facilities will allow batch flow of Tawke oil at sufficient oil inflow rates requirements, and is scheduled for completion in August/September 2007.

The current plan is to commence trucking of crude oil directly from Tawke wells to the domestic market by end of May. Although the total tanker trucking capacity will be 15,000 bopd, the potential volume to be delivered is subject to the domestic demand. In June, oil from the wells will be processed by the CPF and delivered via the 12” pipeline to the strategic northern pipeline tie-in point. Options for transportation of oil will then be either by tanker trucking to the domestic market and/or through 40” or 46” northern pipeline when any of these lines are being used.

In August/September all components of the oil transportation facilities are expected to be completed and crude oil can be exported at the total well capacity from the Tawke field, up to a maximum of 50,000 bopd.

Our guided total gross cumulative production volume to be delivered from Tawke in 2007 is 5 million barrels. This figure may be subject to revision dependent on the volume of oil delivered during the next months. However, the 2007 guided exit gross production from Tawke of approximately 25,000 bopd is still considered achievable.

Drilling Summary

High drilling activity has taken place in the quarter and two new oil producers were drilled and completed (Tawke #4 and #5). Tawke #4, achieved a maximum flow rate of 8,500 bopd, while Tawke #5 tested a maximum flow rate of 12,000 bopd, which is the highest well production rate achieved at the Tawke field to date. Extended testing at lower flow rates was thereafter carried out in Tawke #5 in order to obtain more reservoir information, and the oil was collected while testing. Start-up and extended testing of additional wells will continue in the second quarter.

Tawke #3 was drilled as a combined appraisal and exploration well towards the eastern extension of the Tawke area. The well made a new oil discovery in the deeper reservoir horizons and flowed 1,000 bopd and 6,000 bopd from two individual tests, giving an aggregate test rate of 7,000 bopd. This is a similar formation that confirmed oil in Tawke #1, which is due to be re-tested with the new carrier rig. This test is delayed until July as the rig had some damages during transport.

In the meantime, Tawke #8 will be drilled to penetrate this lower reservoir horizon at the central Tawke area.

Following this new oil discovery a re-evaluation of the resource potential within the Tawke area will be undertaken. This will be based on the new 3-D seismic, information from wells drilled to date as well as new wells, and production history during the initial period.

Tawke #6 was drilled at a water injection location. The well was flow tested in order to investigate the significance of oil shows observed during drilling, but the well flowed water. This information together with observations in Tawke #8 suggest that the oil water contact in the upper reservoir horizon is located vertically between Tawke #6 and Tawke #2.

Yemen

Production and development drilling

In block 32, the gross production from Tasour averaged at 8,891 bopd, and the gross production from Godah averaged at 1,377 bopd in the first quarter.

Preparations for a drilling campaign at the Godah field were completed during the first quarter and 3 new wells are expected to be drilled during the second quarter.

Further testing of the oil discovery in the deeper horizon in Tasour #23 is also expected during the second quarter.

In block 53, the gross production from Sharyoof averaged at 9,023 bopd in the first quarter. A new infill well, Sharyoof #24 was brought on stream in February at around initial gross flow rate of 1,100 bopd. Early production with oil export by tanker trucking from the new oil discoveries at the Bayoot / Hekma area continued during the quarter, and additional drilling within this area is expected to take place later in 2007.

In block 43, the gross production from Nabrajah averaged at 7,516 bopd. Following the interpretation of the new 3-D acquired during the second part of 2006, several new drilling locations have been identified at Nabrajah, and drilling recommenced during the first quarter. A new Qishn producer, Nabrajah #12 was brought on stream at an initial gross flow rate of 1,440 bopd. Nabrajah # 14 is currently being drilled, targeting another new Qishn location at the field. Nabrajah # 13 is currently drilling with the objective of testing a new play concept in the deeper horizons at the field. Based on the results to date, the well will be undergoing testing. Contingent on results from Nabrajah #13, additional deeper targets may be drilled.

Exploration

Four exploration wells were drilled during the first quarter: Balal #1 (block 53), Shaibah # 1 (block 43), Ardah #1 (block 44) and Nasim # 1 (block 72) without encountering hydrocarbons. The cost of the wells drilled in block 53 and block 43 are cost recoverable under the PSA’s.

Northern Europe

Norway

At the Glitne field, the production to date is in line with the plan. Towards the end of 2007, a new infill well will be brought on stream which is expected to increase the production from the field.

Production from the Enoch field will start in the second quarter, adding some 200 bopd net to DNO's production.

Preparations for the increased exploration programme on the Norwegian Continental Shelf continued in the first quarter. In accordance with the current plan, DNO will participate in at least six exploration wells and one development well in 2007. The Lie Prospect (PL 305) will be drilled with the first slot on Bredford Dolphin in 2007, with likely start-up during June. This will be the first well drilled by DNO as operator on the NCS.

In first quarter we signed a sales purchase agreement with Bayern Gas to sell our share in PL 263 (Zita prospect) with effective date 1 July, pending necessary approvals from the Norwegian authorities. The transaction will give a net profit after tax to DNO of minimum NOK 70 million after the recovery of the purchase cost and accrued exploration costs at completion. Subject to achieving certain future targets, an additional consideration of NOK 25 million (net after tax) will be received by DNO.

UK

DNO has been awarded a new licence (UK 21/16b) in the UK licensing round. Evaluation of a prospect in P1067 has also been undertaken during the first quarter.

Africa

Equatorial Guinea

In block P, where DNO has a 5 % interest, the operator will undertake feasibility studies for a possible development of the discovery made in the Green Sand structure. The current gross recoverable resource estimate (P50) of the Green Sand structure is 33 million barrels of oil.

Mozambique

One exploration well (Sangussi #1) has been approved for drilling in the Inhaminga block in 2007 with possible spud in September contingent on rig availability.

Outlook

DNO's strategy is highly focused on creating values through transforming resources to reserves at low cost. Our extensive exploration drilling program during the short to medium term forms a strong basis for succeeding in achieving this important goal.

In 2007 we will take this one step further by bringing new reserves into production. This is expected to bring our production level from approximately 13,000 bopd at the beginning of the year to 26,000 bopd at year end.

The Tawke fast track development is manifesting our capabilities as a cost effective and prudent operator. DNO's first exploration well as operator on the NCS is expected to commence in the second quarter, which will mark a new important milestone to the company.

1) OPERATIONAL INFORMATION

Result of Operations (RoO) Producing Assets

Result of operations is a measure of the efficiency of the company's producing assets. Result of operations include revenues and expenses associated directly with the Group's crude oil and natural gas producing activities. Taxes paid are calculated on a field by field basis, based on the effective tax rate for the operations on the NCS, and based on actual tax payments for the operations in Yemen. Result of operations does not include profit or loss from hedging activities, interest expense and income, corporate administration expenses, or their associated tax effects. Due to the exclusions referred to above, the result of operations is not necessarily comparable to consolidated profit after tax.

First Quarter Highlights - Result of Operations Producing Assets

- The sales revenues were lower due to slightly lower (working interest) production and lower oil price
- Increased depreciation costs from the fourth quarter of 2006 is due to a reduction in the reserves at Nabrajah at year-end 2006
- Exploration costs are related to dry well Shaibah in block 43 and Balal in block 53

RESULT OF OPERATIONS PRODUCING ASSETS

			Quarterly Results			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Sale of petroleum products	389,3	459,0	523,4	566,9	610,8	2 160,1	1 790,5
Lifting costs	-55,8	-60,6	-56,3	-62,5	-79,2	-258,7	-243,0
DD&A	-67,7	-64,9	-41,4	-35,3	-42,2	-183,8	-141,5
Transportation and other	-9,7	-11,1	-10,9	-12,5	-12,5	-47,1	-43,7
Exploration costs	-17,5	-6,6	-10,0	-	-	-16,6	-
Result of operations before taxes	**238,6**	**315,7**	**404,8**	**456,5**	**476,9**	**1 653,9**	**1 362,3**
Taxes paid	-125,6	-241,7	-342,0	-275,1	-240,5	-1 099,4	-968,2
Result of operations after taxes	**113,0**	**74,0**	**62,7**	**181,4**	**236,3**	**554,5**	**394,2**

OTHER KEY RESULT OF OPERATIONS DATA

			Quarterly Results			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Working interest production (mboe)	1,142	1,262	1,286	1,345	1,520	5,413	5,381
Achieved sales price (USD/bbl)	55,41	57,49	65,04	69,01	60,17	62,91	51,65
Average lifting cost (USD/bbl)	7,95	7,59	7,00	7,61	7,80	7,53	7,01
Average DD&A (USD/bbl)	9,63	8,13	5,15	4,29	4,16	5,35	4,08
EBITDA producing assets	306,3	380,7	446,2	491,8	519,0	1 837,7	1 503,9
Netback producing assets	180,7	139,0	104,1	216,7	278,5	738,3	535,7
RoO tax rate (%)	52,6	76,5	84,5	60,3	50,4	66,5	71,1

SALE OF PETROLEUM PRODUCTS

Sale of petroleum products is calculated on the basis of working interest production.

			Quarterly Results			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Northern Europe	27,3	30,1	34,6	40,9	37,0	142,6	167,0
Yemen	362,0	428,9	488,8	526,0	573,7	2 017,5	1 623,5
Sale of Petroleum Products	**389,3**	**459,0**	**523,4**	**566,9**	**610,8**	**2 160,1**	**1 790,5**

The reduction in revenues from sale of petroleum products in the first quarter is mainly due to lower production and lower oil price (both in USD and NOK); reference to details in sales variance analysis table below.

SALES VARIANCE ANALYSIS

The table below describes variations in the factors that influence the development of DNO's revenues from sale of petroleum products.

NOK million	Variation Q4 2006 - Q1 2007	Variation Q1 2006 - Q1 2007
Sale of Petroleum Products	**459,0**	**610,8**
Change in production volume	-38,2	-152,1
Change in crude oil price	-20,3	-41,6
Change in USD/NOK	-11,1	-27,7
Sale of Petroleum Products	**389,3**	**389,3**

PRODUCTION

The table reflects DNO's working interest production.

			Quarterly Results			Full year	
(Mboe)	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Northern Europe	0,078	0,085	0,085	0,100	0,097	0,366	0,521
Yemen	1,064	1,177	1,201	1,245	1,423	5,047	4,860
Total production	**1,142**	**1,262**	**1,286**	**1,345**	**1,520**	**5,413**	**5,381**

DNO's production during the first quarter has been according to the plan. The infill drilling currently taking place in Yemen, together with the startup of production in Kurdistan, could result in increased production towards the end of the second quarter.

CRUDE OIL PRICES

			Quarterly Results			Full year	
(USD/bbl)	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Northern Europe	56,53	55,41	64,55	65,76	57,21	60,75	49,74
Yemen	55,33	57,64	65,07	69,28	60,37	63,06	51,86
Total achieved sales prices	**55,41**	**57,49**	**65,04**	**69,01**	**60,17**	**62,91**	**51,65**
Achieved sales prices net of oil price hedging contracts	55,41	57,49	65,04	69,01	60,17	62,91	44,09
Europe Brent Spot Prices	**57,51**	**59,73**	**69,89**	**69,48**	**61,71**	**65,20**	**54,58**
OPEC Countries Spot Prices	**54,78**	**56,47**	**65,96**	**64,98**	**58,10**	**61,38**	**50,40**

LIFTING COST

			Quarterly Results			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Northern Europe	14,9	14,0	11,7	12,9	12,6	51,1	57,0
Yemen	41,0	46,6	44,7	49,7	66,6	207,5	185,9
Total lifting cost	**55,8**	**60,6**	**56,3**	**62,5**	**79,2**	**258,7**	**243,0**

The next table shows a geographic split of lifting cost per bbl for segments holding producing assets.

			Quarterly Results			Full year	
(USD/bbl)	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Northern Europe	30,77	25,77	21,72	20,70	19,52	21,79	16,99
Yemen	6,26	6,27	5,95	6,54	7,00	6,49	5,94
Total lifting cost (USD/bbl)	**7,95**	**7,59**	**7,00**	**7,61**	**7,80**	**7,53**	**7,01**

The increase in lifting cost per bbl in Northern Europe is mainly due to escalated costs at the Glitne field.

DEPRECIATION, DEPLETION AND AMORTISATION (DD&A)

NOK million	Q1 2007	Q4 2006	Quarterly Results Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Northern Europe	2,1	2,3	3,8	3,6	3,4	13,0	24,7
Yemen	65,6	62,7	37,6	31,7	38,8	170,8	116,9
Total DD&A	**67,7**	**64,9**	**41,4**	**35,3**	**42,2**	**183,8**	**141,5**

(USD/bbl)	Q1 2007	Q4 2006	Quarterly Results Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Northern Europe	4,38	4,16	7,01	5,78	5,22	5,54	7,36
Yemen	10,02	8,42	5,01	4,17	4,08	5,34	3,73
Total DD&A (USD/bbl)	**9,63**	**8,13**	**5,15**	**4,29**	**4,16**	**5,35**	**4,08**

The increased DD&A costs in Yemen from the fourth quarter 2006 is due to a reduction in the reserve estimate at Nabrajah (block 43) which increases the unit of production depreciation charges. The decrease for Northern Europe is due to a slight increase in the reserve estimate for the Glitne field.

RESULT OF OPERATIONS PRODUCING ASSETS - NETBACK VARIANCE ANALYSIS

Netback* variance table

NOK million	Variation	NOK million	Variation
Netback fourth quarter 2006	139,0	Netback first quarter 2006	278,5
Sale of petroleum products:		Sale of petroleum products:	
Production	-38,2	Production	-152,1
Oil price	-20,3	Oil price	-41,6
Exchange rates	-11,1	Exchange rates	-27,7
Expenses and taxes paid:		Expenses and taxes paid:	
Operating expenses, cash items	-4,7	Operating expenses, cash items	8,7
Taxes paid	116,1	Taxes paid	115,0
Netback first quarter 2007	180,7	Netback first quarter 2007	180,7

* Netback from producing assets is calculated as EBITDA from producing assets adjusted for paid taxes.

Taxes paid are lower in the first quarter due to increased cost oil and consequently lower government take as a result of high investments in all producing fields in Yemen.

Investments Incurred in Oil and Gas Activities

DNO continuously invests in new and existing petroleum assets in order to create value for its shareholders, and is currently holding a risked balanced portfolio of assets with a substantial un-risked resource potential. Total investments incurred are presented in the table below.

DNO uses the "successful efforts" method to account for exploration and development costs. All exploration costs with the exception of license acquisition costs and drilling costs of exploration wells, are charged to expense as incurred. Drilling costs of exploration wells are temporarily capitalised pending the determination of oil and gas reserves. If reserves are not found, or if discoveries are assessed as not being technically and commercially recoverable, the drilling costs of exploration wells are expensed. Costs of acquiring licences are capitalised and assessed for impairment at each reporting date. For accounting purposes, the field enters the development phase when the partners in the licence declare the commerciality decision, or the field has matured to a similar level. All costs of developing commercial oil and gas fields are capitalised, including directs costs and "own time". Pre-operating costs are expensed as incurred. Capitalised development costs are classified as tangible assets.

Highlights Investments Incurred

- Development and production drilling in preparation for production start-up in Kurdistan is the main contributor to the high investments in the first quarter. In the fourth quarter, the increased investments were mainly related to the acquisition of 15 % interest from KRG in the Kurdistan PSAs, in addition to appraisal drilling and field development at Tawke and drilling activity at Goliat.
- The exploration costs for the first quarter are related to dry well costs at Zita and in Yemen, as well as field studies and geology work in all segments.
- Netback from operations covered 40,5 % of total investments in the first quarter despite the high investments and exploration costs.

TOTAL INVESTMENTS INCURRED

			Quarterly Results			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Acquisition and development cost	287,9	807,4	259,2	174,8	149,5	1 390,9	545,8
Exploration costs expensed	158,0	155,7	82,4	110,8	216,8	565,7	160,6
Total investments incurred	**445,9**	**963,1**	**341,6**	**285,5**	**366,4**	**1 956,6**	**706,4**

ACQUISITION AND DEVELOPMENT COST

			Quarterly Results			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Northern Europe	16,9	121,1	10,2	3,6	-17,5	117,5	144,3
Yemen	54,3	121,4	121,9	145,0	129,6	518,0	364,9
Kurdistan	210,8	553,1	122,2	25,4	36,8	737,5	21,6
Africa	4,0	11,7	4,9	0,7	0,3	17,6	14,3
Shared Services/ unallocated	1,9	-	-	-	0,3	0,3	0,6
Total acquisition and development cost	**287,9**	**807,4**	**259,2**	**174,8**	**149,5**	**1 390,9**	**545,8**

Development and production drilling in Tawke in Kurdistan contributed with 73 % of the acquisition and development cost in the first quarter. In the fourth quarter of 2006, NOK 362 million was booked as acquisition of 15 % interest from KRG. In Northern Europe, the main part of the acquisition and development costs in the fourth quarter of 2006 was related to exploration drilling at PL 229 (Goliat).

EXPLORATION COST EXPENSED

			Quarterly Results			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Northern Europe	95,4	65,4	44,5	39,5	196,8	346,2	78,7
Yemen	54,4	22,2	29,6	53,9	7,7	113,4	24,7
Kurdistan	6,8	61,9	7,8	13,3	10,5	93,5	49,3
Africa	1,4	6,3	0,6	4,1	1,8	12,7	7,9
Other International Activities	-	-	-	-	-	-	-
Total exploration cost expensed	**158,0**	**155,7**	**82,4**	**110,8**	**216,8**	**565,7**	**160,6**

In the first quarter, dry well costs were NOK 98 million, of which Zita and Ardah (block 44) contributed with NOK 75 million. The three other dry wells in Yemen amounted to NOK 23 million. In addition, there are ongoing field studies and geology work in all segments.

NETBACK PRODUCING ACTIVITIES TO TOTAL INVESTMENT COVERAGE

	Quarterly Results					Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Netback producing activities	180,7	139,0	104,1	216,7	278,5	738,3	535,7
Total investments incurred	445,9	963,1	341,6	285,5	366,4	1 956,6	706,4
Coverage %	**40,5**	**14,4**	**30,5**	**75,9**	**76,0**	**37,7**	**75,8**

Reserves and resources

A key value driver for DNO is to deliver profitable long-term growth through efficient investment programs and competitive reserve economics. In line with DNO's smart exploration strategy, cash flow generated from high margin production is reinvested in smart exploration aimed at increasing the reserve base at low cost.

DNO reserves and resources updates are done in accordance with standard guidelines adviced by the Society of Petroleum Engineers (SPE) and in line with recently released guidelines from the Oslo Stock Exchange.

In line with these guidelines, DNO will prepare and publish annual statements of reserves (ASR). For an overview of the reserves as of 31 December 2006, please refer to the ASR issued on 31 March 2007.

If conclusions from new information and evaluations significantly change the reserves or resources during the year, DNO will inform the market in accordance with the disclosure requirements of the Oslo Stock Exchange.

2) CORPORATE FINANCIAL INFORMATION

UNOCAL ROYALTY

As part of the acquisition of Unocal's 31,25% share in the West Heather / Broom field in 1997, an agreement was entered into for the payment of royalties to Unocal according to certain criterias. The extent of the obligation to pay royalty is contingent on cumulative income exceeding cumulative expenditures on the Broom field. The total liability is currently estimated to USD 9,9 million, but is pending on future production performance of the Broom field and development in oil prices. The provision at 31 March 2007 is NOK 33,7 million, of which NOK 12,2 million is classified as current liabilities. The highest rate of royalty (USD 1,10 per boe) has been assumed in the calculations, implying an expected future oil price above 30 USD/bbl.

NET ENTITLEMENT PRODUCTION

Under the PSAs in Yemen, DNO along with other working interest holders, bears risk and cost for exploration, development and production. The costs are recovered through a percentage of the production and sale of oil ("cost oil"). Higher cost oil will be recovered in the beginning of the year as a result of carry forward of cost oil position from the previous quarters. In the first quarter of 2007, block 32, 43 and 53 were all in full cost oil position, implying that all investments and costs were compensated with oil volumes. We expect continued high cost oil in the second quarter, due to high investments.

CONDENSED FINANCIAL ACCOUNTS WITH NOTE DISCLOSURES

CONDENSED FINANCIAL ACCOUNTS

CONDENSED CONSOLIDATED INCOME STATEMENTS

NOK million	Note	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Sales	2 , 3	290,6	277,5	283,7	359,0	415,1	1 335,2	792,7
Cost of goods sold	4	-124,2	-127,1	-98,3	-98,3	-122,0	-445,7	-386,2
Gross profit		**166,4**	**150,4**	**185,4**	**260,6**	**293,1**	**889,5**	**406,5**
Other operating income		3,7	6,5	2,2	3,0	4,5	16,2	12,0
Tariffs and transportation		-9,7	-11,1	-10,9	-12,5	-12,5	-47,1	-43,7
Administrative expense	5	0,6	8,6	-6,1	-6,9	-3,0	-7,4	-47,4
Other operating expenses	5	-1,3	-0,3	-0,1	-1,5	-0,2	-2,1	-46,4
Exploration cost expensed	6	-158,0	-155,7	-82,4	-110,8	-216,8	-565,7	-160,6
Net gain / (loss) from sale of PP&E		-	-	-	-0,3	0,2	-0,1	36,2
Profit / (loss) from operating activities		**1,7**	**-1,6**	**88,2**	**131,5**	**65,3**	**283,3**	**156,7**
Net finance	7	-34,3	-27,2	-6,0	-19,1	-66,6	-118,9	128,7
Profit / (loss) before income tax		**-32,7**	**-28,9**	**82,2**	**112,5**	**-1,3**	**164,4**	**285,5**
Income tax expense	8	51,7	-2,4	-35,7	-37,4	-27,8	-103,3	13,5
Net profit / (loss)		**19,0**	**-31,3**	**46,4**	**75,0**	**-29,1**	**61,1**	**299,0**
Earnings per share, basic	19	0,02	-0,04	0,05	0,08	-0,03	0,07	0,34
Earnings per share, diluted	19	0,02	-0,04	0,05	0,08	-0,03	0,07	0,34

CONDENSED CONSOLIDATED BALANCE SHEETS

NOK million	Note	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
ASSETS								
Non-current assets								
Deferred income tax assets		329,2	315,1	336,8	330,0	318,2	315,1	312,2
Other intangible assets	9	319,2	322,3	192,2	207,4	202,3	322,3	165,6
Property, plant and equipment	9	1 730,1	1 559,3	1 002,0	731,5	631,6	1 559,3	586,4
Available for sale investments	10	199,8	192,1	184,5	178,2	218,6	192,1	187,7
Derivative financial instruments	11	9,0	9,5	13,0	3,7	3,8	9,5	2,8
Non-current receivables	12	-	-	178,5	102,0	78,7	-	44,7
Total non-current assets		**2 587,2**	**2 398,2**	**1 906,9**	**1 552,8**	**1 453,0**	**2 398,2**	**1 299,4**
Current assets								
Trade and other receivables	13	529,2	424,4	368,4	324,1	298,0	424,4	285,0
Derivative financial instruments	11	-	-	-	-	-	-	45,7
Other financial assets at fair value through p&l	14	56,5	54,8	184,9	193,7	399,1	54,8	268,3
Cash and cash equivalents	14	542,4	418,0	506,5	829,8	783,6	418,0	1 081,5
Total current assets		**1 128,1**	**897,1**	**1 059,8**	**1 347,5**	**1 480,6**	**897,1**	**1 680,4**
TOTAL ASSETS		**3 715,3**	**3 295,4**	**2 966,7**	**2 900,4**	**2 933,7**	**3 295,4**	**2 979,8**
EQUITY AND LIABILITIES								
Equity								
Share capital		220,3	220,3	220,3	222,0	221,6	220,3	223,8
Other reserves		-	-	-93,4	-67,2	21,8	-	170,5
Retained earnings		485,0	504,2	665,5	619,1	544,0	504,2	573,1
Total equity	15	**705,3**	**724,5**	**792,4**	**773,8**	**787,4**	**724,5**	**967,4**
Non-current liabilities								
Interest-bearing liabilities	16	2 029,0	1 754,3	1 626,7	1 511,1	1 530,9	1 754,3	1 396,5
Deferred income tax liabilities		197,3	184,2	134,4	120,7	89,6	184,2	55,8
Provisions for other liabilities and charges	17	39,2	41,0	60,8	70,4	77,3	41,0	85,1
Total non-current liabilities		**2 265,5**	**1 979,5**	**1 821,8**	**1 702,2**	**1 697,8**	**1 979,5**	**1 537,4**
Current liabilities								
Trade and other payables	18	96,7	182,1	67,3	80,7	114,6	182,1	129,3
Income taxes payable		21,5	16,0	16,1	42,4	39,4	16,0	21,4
Current interest-bearing liabilities	16	340,0	55,7	17,9	25,8	-	55,7	100,0
Derivative financial instruments	11	10,1	-	-	-	-	-	-
Provisions for other liabilities and charges	17	276,1	337,6	251,1	275,6	294,5	337,6	224,3
Total current liabilities		**744,5**	**591,4**	**352,4**	**424,4**	**448,5**	**591,4**	**475,0**
TOTAL EQUITY AND LIABILITIES		**3 715,3**	**3 295,4**	**2 966,7**	**2 900,4**	**2 933,7**	**3 295,4**	**2 979,8**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

NOK million	Note	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Operating activities								
Profit / (loss) from operations before exploration expenses		159,6	154,1	170,6	242,3	282,1	849,1	317,3
- Exploration cost expensed		-158,0	-155,7	-82,4	-110,8	-216,8	-565,7	-160,6
Profit / (loss) from operations		**1,7**	**-1,6**	**88,2**	**131,5**	**65,3**	**283,4**	**156,7**
Adjustments for:								
Income taxes paid		-17,2	-11,1	-87,4	-48,6	-28,6	-175,7	-165,2
Depreciation of PP&E		68,4	66,4	42,0	35,8	42,8	187,0	143,3
Impairment loss on PP&E		-	-	-	-	-	-	-
Amortisation of intangibles and goodwill		-	-	-	-	-	-	-
(Gain) / loss on on sale of PP&E		-	-	-	0,3	-0,2	0,1	-36,2
Fair value gain / (loss) on financial assets		2,2	-2,0	-7,2	-0,1	5,9	-3,4	37,2
Other financial income / (expenses)		-7,0	-1,1	-1,1	-1,9	-33,8	-37,9	-4,3
Share of profit / (loss) from associates		-	-	-	-	-	-	-
Exchange gains / (losses)		-4,2	10,3	45,5	-16,0	-3,9	35,9	53,3
Interest paid		-40,4	-38,9	-30,4	-34,6	-24,5	-128,4	-81,6
Changes in working capital:								
- Inventories		-	-	-	-	-	-	11,1
- Trade and other receivables		-32,5	22,6	-11,9	0,3	32,3	43,3	-153,5
- Other fin assets at fair value through P&L		-1,4	-1,5	-2,3	-	-	-3,8	-0,0
- Trade and other payables		-144,1	199,5	-6,1	-54,6	13,9	152,7	107,8
Other		0,3	-56,3	-69,0	38,0	37,8	-49,5	30,4
Net cash from operating activities		**-174,3**	**186,3**	**-39,7**	**50,1**	**106,8**	**303,5**	**98,9**
Investing activities								
Purchases of PP&E		-273,1	-569,9	-258,4	-173,1	-175,6	-1 177,0	-545,8
Proceeds from sale of PP&E		-	-	-	-	-	-	30,3
Purchases of available-for-sale financial assets		-	-	-0,4	-	-130,8	-131,2	-329,8
Proceeds from sale of available-for-sale financial assets		0,0	140,1	22,9	217,2	-	380,2	17,2
Interest received		2,7	11,0	12,3	18,3	11,2	52,8	49,2
Dividends received		-	-	-	-	-	-	-
Other investing activities, net		-	-54,9	-76,4	-23,3	-34,0	-188,6	-28,0
Net cash used in investing activities		**-270,4**	**-473,7**	**-300,0**	**39,1**	**-329,2**	**-1 063,8**	**-806,9**
Financing activities								
Proceeds from borrowings		587,3	214,5	99,8	-	590,2	904,5	997,7
Repayment of borrowings		-5,7	-	-7,9	-	-576,5	-576,5	-100,0
Repayment of obligations under finance leases		-	-	-	-	-	-7,9	-
Proceeds from issuance of ordinary shares		-	-	-	-	-	-	-
Purchase of treasury shares, including options		-427,6	-2,0	-506,3	-	-530,5	-1 038,8	-1 004,0
Proceeds from sale of treasury shares		417,4	-	401,4	0,8	484,0	886,2	1 128,8
Dividends paid		-	-	-	-	-21,8	-21,8	-40,3
Net cash (used in) / from financing activities		**571,3**	**212,5**	**-13,0**	**0,8**	**-54,5**	**145,7**	**982,3**
Net increase / (decrease) in cash and cash equivalents		**126,6**	**-74,9**	**-352,7**	**90,1**	**-276,9**	**-614,5**	**274,3**
Cash and cash equivalents at beginning of the period		418,0	506,5	829,8	783,6	1 081,5	1 081,5	747,8
Exchange gain / (losses) on cash and cash equivalents		-2,2	-13,6	29,4	-43,9	-21,0	-49,0	59,3
Cash and cash equivalents at end of the period		**542,4**	**418,0**	**506,5**	**829,8**	**783,6**	**418,0**	**1 081,5**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK million	Note	Share Capital	Other Reserves	Retained Earnings	Total Equity
Balance at 31 December 2005		**223,8**	**170,5**	**573,1**	**967,4**
Changes in accounting policy		-	-	-	-
Effect of implementing IFRS		-	-	-	-
Balance at 1 January 2006		**223,8**	**170,5**	**573,1**	**967,4**
Fair value gains, net of tax:					
- available-for-sale financial assets		-	-28,7	-	-28,7
Cash flow hedges, net of tax		-	-	-	-
Currency translation differences		-	-11,4	-	-11,4
Net income / (expense) recognised directly in equity		-	-40,2	-	-40,2
Profit for the period		-	-	-29,1	-29,1
Total recognised income for the period		**-**	**-40,2**	**-29,1**	**-69,2**
Share option scheme:					
- value of services provided		-	-	-	-
- proceeds from shares issued		-	-	-	-
Issue of share capital		-	-	-	-
Purchase of treasury shares		-12,2	-509,5	-	-521,7
Sale of treasury shares		10,0	469,0	-	479,0
Derivative contracts treasury shares		-	-68,1	-	-68,1
Dividends		-	-	-	-
		-2,2	**-108,6**	**-**	**-110,8**
Balance at 31 March 2006	**15**	**221,6**	**21,8**	**544,0**	**787,4**

	Note	Share Capital	Other Reserves	Retained Earnings	Total Equity
Balance at 31 December 2006		**220,3**	**-130,0**	**634,2**	**724,5**
Changes in accounting policy		-	130,0	-130,0	-
Balance at 1 January 2007		**220,3**	**-**	**504,2**	**724,5**
Fair value gains, net of tax:					
- available-for-sale financial assets		-	7,7	-	7,7
Cash flow hedges, net of tax		-	-	-	-
Currency translation differences		-	-36,8	-	-36,8
Net income / (expense) recognised directly in equity		-	-29,1	-	-29,1
Profit for the period		-	-	19,0	19,0
Total recognised income for the period		**-**	**-29,1**	**19,0**	**-10,1**
Share option scheme:					
- value of services provided		-	-	-	-
- proceeds from shares issued		-	-	-	-
Issue of share capital		-	-	-	-
Purchase of treasury shares		-10,0	-399,0	-	-409,0
Sale of treasury shares		10,0	405,4	-	415,4
Derivative contracts treasury shares		-	-15,5	-	-15,5
Dividends		-	38,2	-38,2	-
		-	**29,1**	**-38,2**	**-9,1**
Balance at 31 March 2007	**15**	**220,3**	**-**	**485,0**	**705,3**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL ACCOUNTS

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and IFRS standards issued and effective at date of reporting. The interim report has also been prepared in accordance with Stock Exchange regulations.

The condensed consolidated financial statements have been prepared on a historical cost basis, with the exception of revaluation of certain properties and financial instruments.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006, and complies with International Financial Reporting Standards (IFRS) as adopted by the EU.

2. Segment Information

Three months ended 31 March 2007, NOK million	Note	Northern Europe	Yemen *	Kurdistan *	Africa	Total report. segm.	Unalloc./ elimin.	GROUP
Income statement information								
External sales	3	27,3	263,3	-	-	290,6	-	290,6
Inter-segment sales		10,6	3,2	9,6	-	23,4	-23,4	-
Cost of goods sold	4	-17,1	-106,7	-0,3	-0,0	-124,1	-0,1	-124,2
Gross profit		**20,9**	**159,8**	**9,2**	**-0,0**	**189,8**	**-23,5**	**166,4**
Segment result		**-100,8**	**94,7**	**1,2**	**-1,4**	**-6,2**	**-3,5**	**-9,8**
Share of profit / (loss) associates	-	-	-	-	-	-	-	
Interest - net								-22,9
Gain / (loss) on sale of shares								-
Income tax expense								51,7
Net profit / (loss)								**19,0**
Other segment information								
Net entitlement production		77,6	778,1	-	-	855,6	-	855,6
Capital expenditures this period		16,9	54,3	210,8	4,0	286,0	1,9	287,9
Netback, including asset sale proceeds		-83,3	142,5	2,8	-1,4	60,7	-7,8	52,8

* Yemen and Kurdistan are presented using the net entitlement method.

Three months ended 31 March 2006, NOK million	Note	Northern Europe	Yemen *	Kurdistan *	Africa	Total report. segm.	Unalloc./ elimin.	GROUP
Income statement information								
External sales	3	37,0	378,1	-	-	415,1	-	415,1
Inter-segment sales		10,3	-	1,8	-	12,1	-12,1	-
Cost of goods sold	4	-16,1	-105,4	-0,3	-	-121,8	-0,2	-122,0
Gross profit		**31,2**	**272,6**	**1,5**	**-**	**305,4**	**-12,2**	**293,1**
Segment result		**-186,5**	**241,7**	**-7,2**	**-1,8**	**46,2**	**-34,2**	**12,0**
Share of profit / (loss) associates		-	-	-	-	-	-	-
Interest - net								-13,4
Gain / (loss) on sale of shares								-
Income tax expense								-27,8
Net profit / (loss)								**-29,1**
Other segment information								
Net entitlement production		96,9	936,4	-	-	1 033,3	-	1 033,3
Capital expenditures this period		-17,5	129,6	36,8	0,3	149,3	0,3	149,5
Netback, including asset sale proceeds		-168,4	262,9	-6,5	-1,8	86,2	-7,0	79,2

* Yemen and Kurdistan are presented using the net entitlement method.

Twelve months ended 31 December 2006, NOK million	Note	Northern Europe	Yemen *	Kurdistan *	Africa	Total report. segm.	Unalloc./ elimin.	GROUP
Income statement information								
External sales	3	142,6	1 192,5	-	-	1 335,2	-	1 335,2
Inter-segment sales		42,0	12,2	18,9	-	73,1	-73,1	-
Cost of goods sold	4	-64,6	-378,6	-1,8	-0,0	-445,0	-0,6	-445,7
Gross profit		**120,0**	**826,1**	**17,0**	**-0,0**	**963,2**	**-73,7**	**889,5**
Segment result		**-309,2**	**660,9**	**-73,2**	**-12,7**	**265,7**	**-38,6**	**227,2**
Share of profit / (loss) associates		-	-	-	-	-	-	-
Interest - net								-67,7
Gain / (loss) on sale of shares								4,9
Income tax expense								-103,3
Net profit / (loss)								**61,1**
Other segment information								
Net entitlement production		366,1	3 002,0	-	-	3 368,1	-	3 368,1
Capital expenditures this period		143,5	518,0	737,5	17,6	1 416,6	0,3	1 416,9
Netback, including asset sale proceeds		-255,4	622,6	-70,2	-12,7	284,2	-30,2	254,0

* Yemen and Kurdistan are presented using the net entitlement method.

3. Sales

DNO is presenting its operations governed by Production Sharing Agreements (PSA's) according to the net entitlement method. A reconciliation between working interest (gross) and net entitlement presentation is shown in a separate table below.

For more details, see description in the General Information section of the MD&A.

			Quarter			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Sale of petroleum products before profit / (loss) from oil price hedging contracts	290,6	277,5	283,7	359,0	415,1	1 335,2	1 054,9
Profit / (loss) from oil price hedging contracts	-	-	-	-	-	-	-262,2
Total sales	**290,6**	**277,5**	**283,7**	**359,0**	**415,1**	**1 335,2**	**792,7**

Reconciliation sales - working interest/net entitlement							
Sale of petroleum products working interest	389,3	459,0	523,4	566,9	610,8	2 160,1	1 790,5
Government share of production before income tax payable	-98,7	-181,6	-239,8	-207,9	-195,7	-824,9	-735,6
Sale of petroleum products net entitlement	**290,6**	**277,5**	**283,7**	**359,0**	**415,1**	**1 335,2**	**1 054,9**

4. Cost of Goods Sold

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Lifting costs *	-55,8	-60,6	-56,3	-62,5	-79,2	-258,7	-243,0
Depreciation, depletion and amortisation	-68,4	-66,4	-42,0	-35,8	-42,8	-187,0	-143,3
Other cost of goods sold	-	-	-	-	-	-	-
Total cost of goods sold	**-124,2**	**-127,1**	**-98,3**	**-98,3**	**-122,0**	**-445,7**	**-386,2**

* Lifting costs consist of expenses relating to the production of oil and gas, including operation and maintenance of installations, well intervention and workover activities, insurances, CO_2 taxes, royalties to the state and costs in own organisation.

5. Administrative / Other Expenses

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Salaries and social expenses *	-10,2	-21,4	-7,5	-6,4	-4,4	-39,6	-42,4
General and administration expenses	10,8	29,9	1,5	-0,6	1,4	32,2	-5,0
Other operating expenses **	-1,3	-0,3	-0,1	-1,5	-0,2	-2,1	-46,4
Total administrative / other expenses	**-0,7**	**8,3**	**-6,1**	**-8,5**	**-3,2**	**-9,5**	**-93,7**

* Salaries and social expenses directly attributable to operations are reclassified to lifting cost and exploration cost in the income statement.

** The 2005 number relates to Unocal Royalty. For more information see section 2 of the MD&A.

General and administration expenses in Q1 2007 and Q4 2006 are positive due to reclassification of costs to exploration costs. The reclassification in Q4 2006 also include parts related to previous quarters in 2006.

6. Exploration Cost Expensed

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Seismic acquisitions, analysis and general G&G	-47,3	-44,3	-49,6	-80,4	-34,7	-209,0	-106,3
Exploration costs capitalised in previous years carried to cost	-	-0,1	-0,0	0,1	-29,4	-29,4	-
Exploration costs capitalised this year carried to cost	-98,2	-88,3	-10,6	-16,4	-137,3	-252,6	2,1
Impairment of capitalised exploration costs	-	-	-	-	-	-	-
Other exploration cost expensed	-12,5	-23,1	-22,2	-14,0	-15,4	-74,7	-56,3
Total exploration cost expensed *	**-158,0**	**-155,7**	**-82,4**	**-110,8**	**-216,8**	**-565,7**	**-160,6**

* For details on geographic spread of exploration cost expensed, see section 1 of the MD&A.

The exploration costs for Q1 2007 include dry well costs related to Zita and Ardah (Block 44 Yemen) amounting to NOK 74,8 million. Three other dry wells in Yemen amount to NOK 23,4 million. In addition, there are onogoing field studies and geology work in all segments.

7. Net Finance

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Interest received	2,7	11,0	12,3	18,3	11,2	52,9	49,2
Other financial income	-	3,7	4,0	1,1	0,5	9,3	17,5
Interest expense	-40,4	-38,9	-30,3	-34,6	-24,5	-128,3	-86,4
Capitalised interest	14,8	5,4	2,5	-	-0,1	7,7	4,8
Exchange rate gain / (loss), realized items	2,8	0,3	0,5	9,2	-14,0	-3,9	1,3
Exchange rate gain / (loss), unrealized items	-9,1	-3,6	14,9	-9,6	-11,0	-9,3	111,3
Fair value gain / (loss) on financial instruments 1)	2,2	-2,0	-7,2	-0,1	5,9	-3,4	37,2
Other financial expenses	-7,3	-3,2	-2,6	-3,4	-34,7	-43,9	-6,1
Net finance	**-34,3**	**-27,2**	**-6,0**	**-19,1**	**-66,6**	**-118,9**	**128,7**

1) Fair value gain / (loss) on financial instruments

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
IInterest rate derivatives	1,2	-1,1	-0,7	-0,1	1,0	-1,0	4,6
Oilprice derivatives	-0,4	-2,4	-1,5	-	-0,0	-4,0	-9,6
Foreign exchange derivatives	-	-	-	-	-	-	-
Other derivative financial instruments *	-	-	-	-	5,0	5,0	41,3
Cash flow hedges							
- Part of cash flow hedge charged to P&L according to IAS 39.96	-	-	-	-	-	-	0,8
Other financial assets at fair value through profit or loss	1,4	1,5	-5,0	-	-	-3,4	-
Fair value gain / (loss) on financial instruments, net	**2,2**	**-2,0**	**-7,2**	**-0,1**	**5,9**	**-3,4**	**37,2**

* Fair value gain on other derivative financial instruments for 2005 is a result of convertible options related to Petrolia Drilling ASA convertible bonds. The bonds were converted into 16.545.455 PDR shares in February 2006 with a total gain of NOK 50,6 mill.

8. Taxes

Income tax expense

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Taxes payable	73,9	116,9	32,4	26,3	45,3	220,9	35,7
Deferred taxes	2,2	-70,1	-6,9	-17,3	-26,5	-120,8	164,4
Income taxes payable related to production sharing agreements (PSAs)	-24,4	-49,2	-61,2	-51,4	-46,6	-208,4	-186,6
Total income tax expense	**51,7**	**-2,4**	**-35,7**	**-37,4**	**-27,8**	**-103,3**	**13,5**

Interim period income tax expense is calculated by applying the tax rate appliccable to the expected total annual earnings.

From 2005, oil-exploration companies operating in Norway, that are not in a tax position, will get a 78% refund of their exploration costs. This is limited to the taxable losses for the year. For DNO this could mean a positive taxes payable in interim periods, and in Q1 2007 this amounted to NOK 73,9 million.

According to the net entitlement method, income taxes payable related to PSA's consist of the corporate tax rate applicable under the agreements.

9. Property, Plant and Equipment / Intangible assets

PROPERTY, PLANT AND EQUIPMENT

Three months ended 31 March 2007, NOK million	Develop. assets	Asset in operatn.	Total oil & gas prop.	Other PP&E	Total
At 1 January 2007					
Cost or valuation	740,2	1 683,7	2 423,9	15,4	2 439,3
Accumulated depreciation	-	-871,5	-871,5	-8,6	-880,0
Net book amount	**740,2**	**812,2**	**1 552,5**	**6,8**	**1 559,3**
Period ended 31 March 2007					
Opening net book amount	740,2	812,2	1 552,5	6,8	1 559,3
Exchange differences	-22,9	-20,6	-43,5	-0,2	-43,6
Additions	214,6	67,7	282,3	0,5	282,8
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	-	-67,7	-67,7	-0,7	-68,4
Closing net book amount	**932,0**	**791,6**	**1 723,6**	**6,5**	**1 730,1**
At 31 March 2007					
Cost or valuation	932,0	1 707,1	2 639,1	15,6	2 654,7
Accumulated depreciation	-	-915,5	-915,5	-9,1	-924,7
Net book amount	**932,0**	**791,6**	**1 723,6**	**6,5**	**1 730,1**

INTANGIBLE ASSETS

Three months ended 31 March 2007, NOK million	License interest	Explor. assets	Total
At 1 January 2007			
Cost or valuation	79,6	242,6	322,3
Accumulated depreciation	-	-	-
Net book amount	**79,6**	**242,6**	**322,3**
Period ended 31 March 2007			
Opening net book amount	79,6	242,6	322,3
Exchange differences	-2,0	-6,2	-8,2
Additions	0,3	4,8	5,1
Transfers	-	-	-
Disposals	-	-	-
Depreciation charge	-	-	-
Closing net book amount	**77,9**	**241,3**	**319,2**
At 31 March 2007			
Cost or valuation	77,9	241,3	319,2
Accumulated depreciation	-	-	-
Net book amount	**77,9**	**241,3**	**319,2**

PROPERTY, PLANT AND EQUIPMENT

Three months ended 31 March 2006, NOK million	Develop. assets	Asset in operatn.	Total oil & gas prop.	Other PP&E	Total
At 1 January 2006					
Cost or valuation	4,4	1 301,8	1 306,2	14,2	1 320,4
Accumulated depreciation	-	-727,4	-727,4	-6,7	-734,1
Net book amount	**4,4**	**574,4**	**578,8**	**7,5**	**586,3**
Period ended 31 March 2006					
Opening net book amount	4,4	574,4	578,8	7,5	586,3
Exchange differences	-	-15,6	-15,6	-0,1	-15,7
Additions	0,6	129,4	130,0	0,4	130,4
Transfers	-	-26,7	-26,7	-	-26,7
Disposals	-	-	-	-	-
Depreciation charge	-	-42,2	-42,2	-0,6	-42,8
Closing net book amount	**5,0**	**619,4**	**624,4**	**7,2**	**631,6**
At 31 March 2006					
Cost or valuation	5,0	1 375,5	1 380,5	14,4	1 394,9
Accumulated depreciation	-	-756,1	-756,1	-7,2	-763,3
Net book amount	**5,0**	**619,4**	**624,4**	**7,2**	**631,6**

INTANGIBLE ASSETS

Three months ended 31 March 2006, NOK million	License interest	Explor. assets	Total
At 1 January 2006			
Cost or valuation	69,2	96,4	165,6
Accumulated depreciation	-	-	-
Net book amount	**69,2**	**96,4**	**165,6**
Period ended 31 March 2006			
Opening net book amount	69,2	96,4	165,6
Exchange differences	-2,9	-1,2	-4,1
Additions	0,4	44,8	45,2
Transfers	26,7	-	26,7
Disposals	-27,3	-3,8	-31,1
Depreciation charge	-	-	-
Closing net book amount	**66,1**	**136,2**	**202,3**
At 31 March 2006			
Cost or valuation	66,1	136,2	202,3
Accumulated depreciation	-	-	-
Net book amount	**66,1**	**136,2**	**202,3**

PROPERTY, PLANT AND EQUIPMENT

Twelve months ended 31 December 2006, NOK million	Develop. assets	Asset in operatn.	Total oil & gas prop.	Other PP&E	Total
At 1 January 2006					
Cost or valuation	4,4	1 301,8	1 306,2	14,2	1 320,4
Accumulated depreciation	-	-727,4	-727,4	-6,7	-734,0
Net book amount	**4,4**	**574,4**	**578,8**	**7,5**	**586,4**
Period ended 31 December 2006					
Opening net book amount	4,4	574,4	578,8	7,5	586,4
Exchange differences	-16,5	-47,4	-63,9	-0,4	-64,3
Additions	698,2	495,7	1 193,9	2,8	1 196,7
Transfers	54,1	-26,7	27,4	-	27,4
Disposals	-	-	-	-	-
Depreciation charge	-	-183,8	-183,8	-3,2	-187,0
Closing net book amount	**740,2**	**812,2**	**1 552,5**	**6,8**	**1 559,3**
At 31 December 2006					
Cost or valuation	740,2	1 683,7	2 423,9	15,4	2 439,3
Accumulated depreciation	-	-871,5	-871,5	-8,6	-880,0
Net book amount	**740,2**	**812,2**	**1 552,5**	**6,8**	**1 559,3**

INTANGIBLE ASSETS

Twelve months ended 31 December 2006, NOK million	License interest	Explor. assets	Total
At 1 January 2006			
Cost or valuation	69,2	96,4	165,6
Accumulated depreciation	-	-	-
Net book amount	**69,2**	**96,4**	**165,6**
Period ended 31 December 2006			
Opening net book amount	69,2	96,4	165,6
Exchange differences	-0,8	-1,9	-2,7
Additions	11,9	206,0	217,9
Transfers	26,7	-54,1	-27,4
Disposals	-27,3	-3,8	-31,1
Depreciation charge	-	-	-
Closing net book amount	**79,6**	**242,6**	**322,3**
At 31 December 2006			
Cost or valuation	79,6	242,6	322,3
Accumulated depreciation	-	-	-
Net book amount	**79,6**	**242,6**	**322,3**

PROPERTY, PLANT AND EQUIPMENT

Twelve months ended 31 December 2005, NOK million	Develop. assets	Asset in operatn.	Total oil & gas prop.	Other PP&E	Total
At 1 January 2005					
Cost or valuation	78,9	753,4	832,3	7,1	839,3
Accumulated depreciation	-	-542,7	-542,7	-4,7	-547,4
Net book amount	**78,9**	**210,7**	**289,5**	**2,3**	**291,9**
Period ended 31 December 2005					
Opening net book amount	78,9	210,7	289,5	2,3	291,9
Exchange differences	14,0	25,6	39,6	0,3	39,9
Additions	98,9	264,2	363,1	6,6	369,7
Transfers	-187,4	215,6	28,1	-	28,1
Disposals	-	-	-	-	-
Depreciation charge	-	-141,5	-141,5	-1,7	-143,3
Closing net book amount	**4,4**	**574,6**	**578,8**	**7,5**	**586,4**
At 31 December 2005					
Cost or valuation	4,4	1 301,8	1 306,2	14,2	1 320,4
Accumulated depreciation	-	-727,4	-727,4	-6,7	-734,0
Net book amount	**4,4**	**574,4**	**578,8**	**7,5**	**586,4**

INTANGIBLE ASSETS

Twelve months ended 31 December 2005, NOK million	License interest	Explor. assets	Total
At 1 January 2005			
Cost or valuation	8,5	6,4	15,0
Accumulated depreciation	-	-	-
Net book amount	**8,5**	**6,4**	**15,0**
Period ended 31 December 2005			
Opening net book amount	8,5	6,4	15,0
Exchange differences	0,7	2,0	2,7
Additions	81,5	94,7	176,1
Transfers	-21,5	-6,7	-28,1
Disposals	-	-	-
Depreciation charge	-	-	-
Closing net book amount	**69,2**	**96,4**	**165,6**
At 31 December 2005			
Cost or valuation	69,2	96,4	165,6
Accumulated depreciation	-	-	-
Net book amount	**69,2**	**96,4**	**165,6**

10. Available-for-Sale Financial Assets

Available-for-sale financial assets are revalued at fair value (market price, where available) at the end of each period, with changes charged directly to equity. Impairment will be charged to the income statement, while reversal of impairment will be charged directly to equity.

IAS 39 was implemented as of 1 January 2005. Financial assets classified as available-for-sale under IAS 39 were in previous periods valued at cost less impairment.

			Quarter			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Beginning of the period	192,1	184,5	178,2	218,6	187,7	187,7	58,5
Additions *	-	-	-	0,4	59,6	59,9	70,8
Sales	-	-4,9	-7,5	-12,6	-	-19,6	-7,7
Revaluation surplus / deficit transfer to equity **	8,0	12,4	13,3	-28,1	-28,6	-36,3	66,2
Exchange differences	-0,2	0,1	0,4	0,0	-0,1	0,3	0,1
End of the period [1)]	**199,8**	**192,1**	**184,5**	**178,2**	**218,6**	**192,1**	**187,7**
Non-current portion	199,8	192,1	184,5	178,2	218,6	192,1	187,7
Current portion	-	-	-	-	-	-	-

* Additions in Q1 2006 relates to a conversion of bonds into 16,5 million shares in Petrolia Drilling ASA.
** NOK 8,0 million in revaluation surplus to equity in Q1 2007 is mainly contributed by an increase in value of shares in Rocksource ASA.

[1)] Available-for-sale financial assets include the following:

			Quarter			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Listed securities:							
- Petrolia Drilling ASA	*82,1*	*89,1*	*81,8*	*70,3*	*86,8*	*89,1*	*28,2*
- Independent Oil Tools ASA	*29,0*	*31,7*	*31,7*	*25,3*	*31,7*	*31,7*	*32,2*
- Rocksource ASA	*80,0*	*62,5*	*63,7*	*76,2*	*93,9*	*62,5*	*121,8*
Equity securities - Norway	**191,1**	**183,3**	**177,2**	**171,8**	**212,4**	**183,3**	**182,2**
- Premier Oil Plc.	*8,7*	*8,8*	*7,3*	*6,4*	*6,2*	*8,8*	*5,5*
Equity securities - UK	**8,7**	**8,8**	**7,3**	**6,4**	**6,2**	**8,8**	**5,5**
[1)] Total available-for-sale financial assets	**199,8**	**192,1**	**184,5**	**178,2**	**218,6**	**192,1**	**187,7**

11. Derivative Financial Instruments

All derivative instruments are carried at fair value in the balance sheet. Fair value of the company's financial instruments are estimated based on market prices. For derivatives that qualify as a cash flow hedge, changes in fair value are charged directly to equity. This is released to the income statement at the same time the hedged cash flow impacts the income statement. Assessment of hedging effectiveness is measured using a regression analysis between Platts Crude Oil Marketwire and actual achieved salesprices. Changes in fair value for other derivatives are charged to the income statement.

			Quarter			Full year	
NOK million	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**2006**	**2005**
Non-current assets:							
- Oil-price swaps/options	7,3	7,7	10,1	-	-	7,7	0,0
- Interest-rate swaps	1,7	1,8	3,0	3,7	3,8	1,8	2,8
- Other derivative financial instruments	-	-	-	-	-	-	-
Total non-current assets	**9,0**	**9,5**	**13,0**	**3,7**	**3,8**	**9,5**	**2,8**
Current assets:							
- Oil-price swaps/options	-	-	-	-	-	-	-
- Interest-rate swaps	-	-	-	-	-	-	-
- Other derivative financial instruments *	-	-	-	-	-	-	45,7
Total current assets	**-**	**-**	**-**	**-**	**-**	**-**	**45,7**
Total assets	**9,0**	**9,5**	**13,0**	**3,7**	**3,8**	**9,5**	**48,5**
Non-current liabilities:							
- Oil-price swaps/options	-	-	-	-	-	-	-
- Interest-rate swaps	-	-	-	-	-	-	-
Total non-current liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Current liabilities:							
- Oil-price swaps/options	-	-	-	-	-	-	-
- Interest-rate swaps	10,1	-	-	-	-	-	-
Total current liabilities	**10,1**	**-**	**-**	**-**	**-**	**-**	**-**
Total liabilities	**10,1**	**-**	**-**	**-**	**-**	**-**	**-**

* Other current derivative financial instruments consists of convertible options related to Petrolia Drilling ASA convertible bonds. These were converted into 16,5 million shares

12. Non-Current Receivables

The agreement with the Kurdistan Regional Government (KRG) in which DNO will be responsible for 100 % of the funding obligations of the PSA's in return for receiving additional 15 % working interest was signed in December 2006. The total purchase amount was NOK 362 million, and has been booked as development assets under property, plant and equipment. At the end of third quarter 2006 the outstanding amount from KRG was NOK 178,5 million.

13. Trade and Other Receivables

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Trade receivables	93,4	91,8	81,8	96,2	122,1	91,8	102,0
Less: provisions for impairment of receivables	-	-	-	-	-	-	-
Trade receivables - net	93,4	91,8	81,8	96,2	122,1	91,8	102,0
Prepayments	19,2	19,2	20,1	16,2	15,1	19,2	16,0
Receivables from related parties	-	-	0,0	-	-	-	-
Underlift, entitlement method	14,6	5,4	10,2	8,4	10,7	5,4	11,8
VAT receivable	4,7	2,6	2,4	1,9	4,8	2,6	2,8
Tax refund exploration costs *	295,8	223,5	145,2	112,3	45,3	223,5	-
Amortised short-term receivables	-	-	-	-	-	-	9,0
Other short-term receivables	101,5	81,9	108,8	89,1	100,1	81,9	143,4
Total trade and other receivables	**529,2**	**424,4**	**368,4**	**324,1**	**298,0**	**424,4**	**285,0**

* For further information, see note 8

14. Cash, Cash Equivalents and Other Short Term Financial Assets

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Cash and cash equivalents , non-restricted	539,6	413,6	504,1	826,1	781,0	413,6	1 033,7
Cash and cash equivalents , restricted	2,9	4,4	2,4	3,7	2,6	4,4	47,8
Total cash and cash equivalents	**542,4**	**418,0**	**506,5**	**829,8**	**783,6**	**418,0**	**1 081,5**

Money Market Funds

DNO has placed surplus liquidity in money market funds with an investment profile based on short-term interest certificates.

Shares held-for-trading

Through a demerger from Rocksource ASA in May 2006, DNO acquired shares in Nordic Mining ASA. This was not regarded as a long-term investment for DNO, and the shares were classified as held-for-trading. The preliminary valuation of the shares in Rocksource and Nordic Mining made at the time of the demerger was based on insufficient information. The corrected valuation as a result of correct information, has resulted in a value of the Nordic Mining shares of NOK 7,3 million as at the time of the demerger.

NOK million	Curr	Amount	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Money market funds									
Terra Sparebank	NOK	30,0	-	-	30,1	30,0	-	-	-
Storebrand Likviditet	NOK	50,0	51,3	51,0	50,4	50,0	-	51,0	-
Nordea Money Market	USD	10,0	-	-	-	-	66,6	-	67,9
Holberg Likviditet II	NOK	50,0	-	-	-	-	50,2	-	50,0
DnBNOR Likviditet 20 (V)	NOK	100,0	-	-	102,2	101,1	100,4	-	100,2
Terra Pengemarked II	NOK	50,0	-	-	-	-	50,2	-	50,1
DnBNOR Tidsinnskudd	USD	20,0	-	-	-	-	131,7	-	-
Shares held-for-trading									
Nordic Mining ASA			5,2	3,8	2,3	12,6	-	3,8	-
Other financial assets at fair value through profit or loss			**56,5**	**54,8**	**184,9**	**193,7**	**399,1**	**54,8**	**268,3**

15. Equity

Share capital

NOK million	Number of shares (1000) *	Ordinary shares	Treasury shares	Total
At 1 January 2006	**904 856**	**226,2**	**-2,4**	**223,8**
Share option scheme:				
- value of services provided	-	-	-	-
- proceeds from shares issued	-	-	-	-
Treasury shares purchased / sold	-	-	-2,2	-2,2
Share issues	-	-	-	-
At 31 March 2006	**904 856**	**226,2**	**-4,6**	**221,6**
At 1 January 2007	**904 856**	**226,2**	**-5,9**	**220,3**
Share option scheme:				
- value of services provided	-	-	-	-
- proceeds from shares issued	-	-	-	-
Treasury shares purchased / sold	-	-	-	-
Share issues	-	-	-	-
At 31 March 2007	**904 856**	**226,2**	**-5,9**	**220,3**

* Adjusted for share split approved by the General Assembly in June 2005 and share split approved by the General Assembly in June 2006.

The total number of ordinary shares is 904 856 912 shares with a par value of NOK 0,25 per share. All issued shares are fully paid.

See note 21 on Share Options and Share-Based Payments.

15. Equity (continued)

Other reserves

	Share premium / Other paid-in capital	Hedging reserve	Available-for-sale investm.	Other reserves	Translation	Total
Balance at 31 December 2005	**1 160,4**	**-**	**86,6**	**-999,7**	**-76,8**	**170,5**
Adjustments IAS 32/39	-	-	-	-	-	-
Balance at 1 January 2006	**1 160,4**	**-**	**86,6**	**-999,7**	**-76,8**	**170,5**
Revaluation, net of tax	-	-	-28,7	-	-	-28,7
Premium, paid in capital	-	-	-	-	-	-
Treasury shares:						
- Sale of treasury shares	107,4	-	-	361,7	-	469,0
- Purchase of treasury shares	-	-	-	-509,5	-	-509,5
Other paid in capital	-	-	-	-	-	-
Derivative contracts treasury shares	-	-	-	-68,1	-	-68,1
Dividends	-	-	-	-	-	-
Cash flow hedges: *						
- Fair value gains / (losses), net of tax	-	-	-	-	-	-
- Transfers to net profit, net of tax	-	-	-	-	-	-
Currency translation differences:						
- Group	-	-	-	-	-11,4	-11,4
- Associates	-	-	-	-	-	-
Balance at 31 March 2006	**1 267,8**	**-**	**57,9**	**-1 215,7**	**-88,2**	**21,8**
Balance at 31 December 2006	**1 196,2**	**-**	**50,6**	**-1 088,9**	**-157,8**	**-**
Revaluation, net of tax	-	-	7,7	-	-	7,7
Premium, paid in capital	-0,0	-	-	-	-	-0,0
Treasury shares:						
- Sale of treasury shares	-5,8	-	-	411,2	-	405,4
- Purchase of treasury shares	-	-	-	-399,0	-	-399,0
Other paid in capital	-	-	-	-	-	-
Options granted	-	-	-	-	-	-
Derivative contracts treasury shares 1)	-	-	-	-15,5	-	-15,5
Dividends	-	-	-	-	-	-
Cash flow hedges: *						
- Fair value gains / (losses), net of tax	-	-	-	-	-	-
- Transfers to net profit, net of tax	-	-	-	-	-	-
Currency translation differences:						
- Group	-	-	-	-	-36,8	-36,8
- Associates	-	-	-	-	-	-
Balance at 31 March 2007	**1 190,3**	**-**	**58,3**	**-1 054,0**	**-194,7**	**-0,0**

Changes in derivative contracts treasury shares:	
Premium, purchase of call option	-227,3
Reclassification of premium call options exercised	208,7
Reversal of provision, written put options not exercised	195,8
Provision, written put option	-192,6
Reclassification of settled forward contracts	-
Additional forward contracts purchased	-
1) Total changes in derivative contracts treasury shares	**-15,5**

*** Cash flow hedges:**

Fair value gains / (losses) indicates the fair value adjustment charged directly to equity this period for the remaining balance at the end of the period. Transfers to net profit indicates the opening balance adjustment for cash flow hedges realised in the period that has been transferred to the income statement.

16. Interest-Bearing Liabilities

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Non-current							
Bonds	2 029,0	1 754,3	1 626,7	1 511,1	1 530,9	1 754,3	1 396,5
Liabilities to financial institutions	-	-	-	-	-	-	-
Financial leases	-	-	-	-	-	-	-
Total non-current interest-bearing liabilities	**2 029,0**	**1 754,3**	**1 626,7**	**1 511,1**	**1 530,9**	**1 754,3**	**1 396,5**
Current							
Current portion of bonds	-	-	-	-	-	-	-
Liabilities to financial institutions	340,0	55,7	17,9	25,8	-	55,7	100,0
Total current interest-bearing liabilities	**340,0**	**55,7**	**17,9**	**25,8**	**-**	**55,7**	**100,0**
Total interest-bearing liabilities	**2 369,0**	**1 810,0**	**1 644,6**	**1 536,9**	**1 530,9**	**1 810,0**	**1 496,5**

Non-current interest-bearing liabilities:

NOK mill	Curr	Amount	Interest	Maturity	Balance Q1 2007	Q4 2006
Bond loan (ISIN NO0010226574)	NOK	25,5	Nibor + 3,5%	02-06-09	25,5	25,5
Bond loan (ISIN NO0010226582)	NOK	29,0	Fixed 7,915%	01-06-09	29,0	29,0
Bond loan (ISIN NO0010270523)	USD	85,0	Libor + 3,5%	06-06-12	518,2	531,7
Bond loan (ISIN NO0010283732)	NOK	615,5	Fixed 7,215%	12-10-12	615,5	315,5
Bond loan (ISIN NO0010283724)	NOK	580,0	Nibor + 3,5%	12-10-12	580,0	580,0
Bond loan (ISIN NO0010302649)	NOK	300,0	Nibor + 2,5%	02-03-11	300,0	300,0
Borrowing issue costs					-39,2	-27,4
Total non-current interest-bearing liabilities					**2 029,0**	**1 754,3**

The maturity of interest-bearing liabilities is as follows:

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
0 - 12 months	340,0	55,7	17,9	25,8	-	55,7	100,0
Between 1 and 2 years	-	-	-	-	-	-	-
Between 2 and 5 years	347,8	349,8	352,2	252,2	252,1	349,8	800,0
Over 5 years	1 681,2	1 404,5	1 274,5	1 258,9	1 278,8	1 404,5	596,5
Total interest-bearing liabilities	**2 369,0**	**1 810,0**	**1 644,6**	**1 536,9**	**1 530,9**	**1 810,0**	**1 496,5**

The carrying amounts of the Group’s interest-bearing liabilities are denominated in the following currencies:

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Norwegian kroner	1 860,6	1 279,5	1 239,8	1 140,0	1 136,0	1 229,5	1 100,0
US dollar	508,4	530,6	404,8	397,0	394,9	580,6	396,5
Total interest-bearing liabilities	**2 369,0**	**1 810,0**	**1 644,6**	**1 536,9**	**1 530,9**	**1 810,0**	**1 496,5**

17. Provisions for Other Liabilities and Charges

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Non-current							
Asset retirement obligations	17,7	17,4	19,3	18,9	18,5	17,4	18,1
Other long-term obligations	21,5	23,6	41,5	51,5	58,8	23,6	67,0
Total non-current provisions for other liabilities and charges	**39,2**	**41,0**	**60,8**	**70,4**	**77,3**	**41,0**	**85,1**
Current							
Dividends payable	-	-	-	-	-	-	21,8
Provisions, derivative contracts treasury shares*	195,4	198,2	196,4	228,1	226,3	198,2	163,0
Other provisions and charges	80,7	139,4	54,8	47,5	68,1	139,4	39,6
Total current provisions for other liabilities and charges	**276,1**	**337,6**	**251,1**	**275,6**	**294,5**	**337,6**	**224,3**
Total provisions for other liabilities and charges	**315,3**	**378,6**	**311,9**	**346,0**	**371,7**	**378,6**	**309,4**

NOK million	Asset retirem. oblig.	Other non-current	Prov. treasury shares *	Other current	Total
Balance at 31 December 2006	**17,4**	**23,6**	**198,2**	**139,4**	**378,6**
Charged to consolidated income statement:					
- Additional provisions	0,3	-	0,8	46,9	48,0
- Unused amounts reversed or reclassified	-	-	-2,4	-	-2,4
Charged to equity:					
- Additional provisions	-	-	194,6	-	194,6
- Unused amounts reversed	-	-	-195,8	-	-195,8
- Contracts exercised	-	-	-	-	-
Exchange differences	-	-	-	-	-
Incurred and charged against the provision during the period	-	-2,1	-	-105,6	-107,7
Balance at 31 March 2007	**17,7**	**21,5**	**195,4**	**80,7**	**315,3**

Derivative contracts on treasury shares are recognised as liabilities unless they qualify as equity (option premium). Forward contracts and written put options are recognised as liabilities with a corresponding adjustment to equity.

*** Provisions treasury shares (NOK million):**	
Forward contracts, treasury shares	-
Written put options, treasury shares	195,4
Total provisions treasury shares	**195,4**

18. Trade and Other Payables

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Trade creditors	7,4	9,5	10,8	3,9	2,0	9,5	8,3
Public duties payable	7,0	6,8	2,5	10,5	8,2	6,8	16,3
Prepayment from customers	-	-	-	-	-	-	-
Debt to employees and shareholders	-	-	-	-	-	-	-
Other accrued expenses	82,3	163,8	54,0	66,3	104,4	163,8	104,7
Overlift, entitlement method	-	2,1	-	-	-	2,1	-
Total trade and other payables	**96,7**	**182,1**	**67,3**	**80,7**	**114,6**	**182,1**	**129,3**

19. Earnings per Share

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Earnings per share, basic	0,02	-0,04	0,05	0,08	-0,03	0,07	0,34
Earnings per share, diluted	0,02	-0,04	0,05	0,08	-0,03	0,07	0,34

Earnings per share adjusted for share split as of 22 June 2005 and share split as of 15 June 2006.

Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. DNO has only one category of dilutive potential ordinary shares: share options.

20. Dividends

NOK million	Q1 2007	Q4 2006	Quarter Q3 2006	Q2 2006	Q1 2006	Full year 2006	2005
Dividends paid per share *	-	-	-	-	-	-	0,67

* Adjusted for share split approved by the General Assembly in June 2005 and share split approved by the General Assembly in June 2006.

21. Share Options and Share-Based Payments

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

NOK per share if not otherwise stated	2007 Avg exercise price	2007 Options (1000) *	2006 Avg exercise price	2006 Options (1000) *
At 1 January	**5,9**	**4 800,0**	**4,6**	**6 400,0**
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Lapsed	-	-	-	-
At 31 March	**5,9**	**4 800,0**	**4,6**	**6 400,0**

* Adjusted for share split approved by the General Assembly in June 2005 and share split approved by the General Assembly in June 2006.

A total of 1.2 million ordinary share options (4.8 million after share split in June 2006) were granted to Board members at the General Assembly in June, 2005. The exercise price of the granted options is equal to the market price of the shares on the date of the grant (22 June 2005). The options expire 21 June 2007.

The fair value of the options granted to the Board has been determined using the Black-Scholes valuation model. The significant inputs in the model were share price at the grant date (adjusted for split and dividend), exercise price of NOK 24,41, historic volatility, risk-free interest rate 2,50%, and expected exercise after 18 months. Since the options granted have no vesting conditions, the fair value of the options granted, estimated to NOK 5,7 million, has been booked in full to equity with a corresponding entry to the income statement.

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