

dno asa | 1st quarter 2002

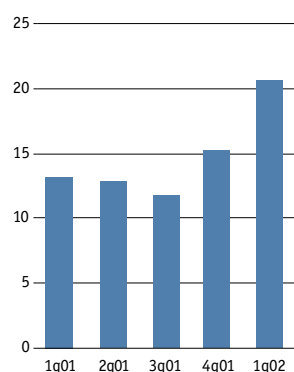
1st quarter 2002

headlines

- DNO's oil production in the first quarter of 2002 was record high with good operating margins.
- The Group's total oil production for the first quarter of 2002 was 20 637 barrels per day, which is according to the company's objective.
- Total operating revenues were NOK 368.4 million, and total cash flow (EBITDA) was NOK 190.7 million, after NOK 33 million in exploration expenses relating to the Norwegian shelf.
- Net profit was NOK 24.5 million.
- Book equity increased to NOK 961.6 million during the first quarter of 2002, and total assets increased to NOK 2 476.5 million. At the end of the first quarter of 2002, the equity ratio was 39 per cent.

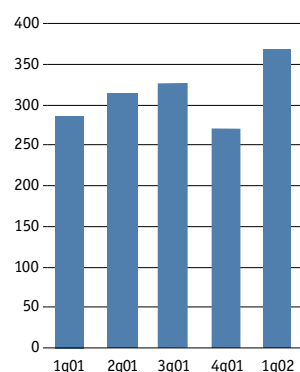
Production

bbl/day



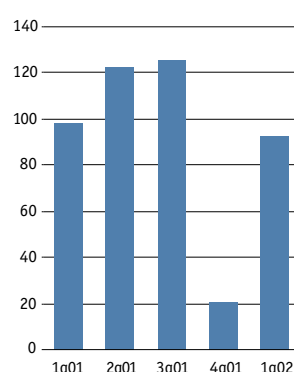
Operating revenues

NOK million



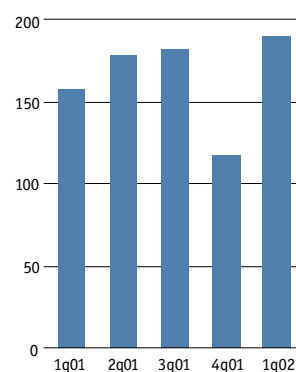
Operating profit

NOK million



EBITDA

NOK million



key figures

NOK million	2002	2001				2001
	1st Q	1st Q	2nd Q	3rd Q	4th Q	Profit (loss)
Avg. prod oil & gas, bbl/d	20.637	13.174	12.881	11.722	15.158	13.255
Operating revenues	368.4	286.9	314.0	327.2	271.0	1 199.0
Operating profit	92.7	98.6	122.7	125.3	20.2	366.8
Profit before tax	75.5	100.5	93.0	111.6	2.8	307.8
EBITDA ⁽¹⁾	190.7	157.1	177.9	182.8	117.6	635.4
Equity ratio in %	39%	43%	38%	39%	40%	40%

(1) EBIT adjusted for depreciation/impairment and losses and other activities

accounts

NOK million

Profit and loss statement	2002	2001				2001
	1st Q	1st Q	2nd Q	3rd Q	4th Q	Profit (loss)
Operating revenues	368.4	286.9	314.0	327.2	271.0	1 199.0
Operating expenses	153.6	108.6	122.1	127.3	127.9	485.9
Depr., write-downs, abandonment	98.0	58.5	55.2	57.5	97.4	268.6
Payroll and other operating expenses	24.1	21.2	13.9	17.1	25.5	77.7
Operating profit	92.7	98.6	122.7	125.3	20.2	366.8
Interests in associated companies	-3.9	-6.9	-13.0	-0.1	-13.4	-33.4
Financial revenues	25.3	21.4	11.5	21.8	13.9	68.6
Financial expenses	-38.6	-12.6	-28.2	-35.4	-18.1	-94.2
Profit before tax	75.5	100.5	93.0	111.6	2.8	307.8
Taxes	-51.0	-63.2	-69.7	-69.4	28.6	-173.6
Net profit	24.5	37.3	23.3	42.1	31.4	134.2
Basic earnings per share	0.49	0.74	0.46	0.83	0.61	2.64
Diluted earnings per share	0.49	0.73	0.48	0.82	0.61	2.64

Reporting by segment	2002	2001				2001
	1st Q	1st Q	2nd Q	3rd Q	4th Q	Profit (loss)
Operating revenue Oil & Gas	337.7	262.7	288.1	297.0	240.0	1 087.7
Operating revenue Offshore & Services	30.7	24.2	25.9	30.2	31.0	111.3
Total operating revenues	368.4	286.9	314.0	327.2	271.0	1 199.0
Operating profit Oil & Gas	88.6	93.6	118.4	117.6	18.4	348.0
Operating profit Offshore & Services	4.1	5.0	4.3	7.7	1.8	18.8
Total operating profit	92.7	98.6	122.7	125.3	20.2	366.8

Cash flow	2002	2001	2001
	1st Q	1st Q	Profit (loss)
Net cash flow from operating activities	-17	215	634
Net cash flow from investing activities	-66	-277	-884
Net cash flow from financing activities	75	34	325
Net change in cash and cash equivalents	-8	-29	76
Cash and cash equivalents at 1 January	164	88	88
Cash and cash equivalents (2)	156	59	164

(2) In addition, the Company has NOK 172 million in long-term bank deposits for future platform abandonment

Results for the first quarter of 2002

(Figures for 2001 in brackets)

The Group's total operating revenues for the first quarter of 2002 were NOK 368.4 million (286.9). The Group's operating profit was NOK 92.7 million (98.6), and its EBITDA was NOK 190.7 million (157.1).

Of the company's total operating revenues for the first quarter, its core activity, oil and gas, accounted for NOK 337.7 million (262.7). The oil and gas activity's operating profit for the period was NOK 88.6 million (93.6). The operating profit for the first quarter of 2002 was negatively affected by NOK 5.4 million in expenses relating to the implementation of an amortisation plan for the company's project in Russia. The first quarter operating profit was also reduced by NOK 33 million in exploration expenses relating to the norwegian shelf.

Net result from associated companies was NOK -3.9 million (-6.9) for the period. This has been accounted for using the equity method, and neither affects the company's operating profit nor its liquidity.

The Group's profit before tax was NOK 75.5 million (100.5). Net profit was NOK 24.5 million (37.3).

Resultat 1. kvartal 2002

(1. kvartal 2001 i parentes)

Konsernets samlede driftsinntekter utgjorde i 1. kvartal 2002 NOK 368,4 mill (286,9). Driftsresultatet ble NOK 92,7 mill (98,6), og EBITDA NOK 190,7 mill (157,1).

Av selskapets samlede driftsinntekter i 1. kvartal, bidro kjernevirksomheten olje og gass med NOK 337,7 mill (262,7). Driftsresultatet fra olje- og gassvirksomheten utgjorde NOK 88,6 mill (93,6). Implementering av en amortiseringsplan for selskapets prosjekt i Russland medførte en belastning på driftsresultatet med omlag NOK 5,4 mill i 1. kvartal 2002. I tillegg er kvartalsregnskapet belastet med NOK 33 mill i letekostnader. Netto resultat fra tilknyttede selskaper utgjorde i perioden NOK -3,9 mill (-6,9). Dette er regnskapsført i henhold til egenkapitalmetoden, og påvirker således ikke driftsresultatet eller selskapets likviditet.

Resultat før skatt utgjorde NOK 75,5 mill (100,5) og resultat etter skatt NOK 24,5 mill (37,3).

Kvartalsregnskapet er avlagt iht. de samme regnskapsprinsipper som årsregnskapet 2001.

The financial statements for the quarter have been prepared using the same accounting principles as were used for the annual financial statements for 2001.

Oil production

The DNO Group's average oil production for the first quarter of 2002 was 20 637 barrels per day (13 174 barrels per day).

Produced not sold oil volumes for the first quarter have been recognised using oil prices at 31 March, 2002 (entitlement method).

Licences in the UK

Average oil production from the Heather field (DNO 100 %) for the first quarter of 2002 was 5 443 barrels per day (5 642 barrels per day), which is according to plan.

After the encouraging result of the drilling activity in West Heather in the second half of 2001, which increased reserves by approximately 10 million barrels, DNO has intensified its work of finding a partner for the licence. DNO has hired the UK-based Hannon Westwood Associates as consultants in this process, and they are currently

having dialogues with a number of prospective partners. Total proven and probable reserves in the Heather/West Heather area at 31 December 2001 were estimated by DNO at approximately 60 million barrels, which has also been supported by external estimates.

DNO has signed a letter of intent for a possible temporary takeover of the Thistle field on the UK shelf, including its operatorship. A takeover, if any, cannot be implemented until the end of 2002 at the earliest. The company will initially examine the field's resource potential in order to evaluate the possibility of extending the field's life by means of increased oil recovery combined with cost reductions. The Thistle field currently produces approximately 6 500 barrels per day.

Licences in Norway

Total oil production from the Norwegian shelf in the first quarter of 2002 was 7 680 barrels per day (4 103 barrels per day). This is an increase compared with the first quarter of 2001, due to production from the Glitne field and the increase in DNO's interest in the Jotun field from 3.75 to 7.0 per cent. The 3.75 per cent increase in the Jotun field with effect from 1 January, 2002 also means that the company becomes the operator of licence 103B.

Oljeproduksjon

Gjennomsnittlig oljeproduksjon i 1. kvartal 2002 for DNO-konsernet var på 20.637 fat pr. dag (13.174 fat pr. dag). Produsert, men ikke solgt oljevolum i 1. kvartal er inntektsført med oljepris pr. 31. mars 2002 etter rettighetsmetoden.

Lisenser i Storbritannia

Gjennomsnittlig oljeproduksjon fra Heather-feltet (DNO 100 %) var på 5.443 fat pr. dag i 1. kvartal (5.642 fat pr. dag), som er i tråd med planen.

Etter det oppløftende resultatet fra boringen på West Heather i 2. halvår 2001, hvor reservene ble oppgradert med ca. 10 millioner fat, har DNO intensivert arbeidet med å finne en partner i lisensen. DNO har engasjert det britiske selskapet Hannon Westwood Associates som rådgiver i denne prosessen, og selskapet er i dialog med flere interessenter. Samlede påviste og sannsynlige reserver for Heather/West Heather-området pr. 31.12.01 er av DNO estimert til ca. 60 millioner fat, hvilket også er underbygget av eksterne estimater. DNO har inngått en intensjonsavtale

om mulig midlertidig overtagelse og operatørskap av Thistle-feltet på britisk sokkel. En eventuell overtagelse kan tidligst skje mot slutten av 2002. Selskapet vil i første omgang gjennomgå ressurspotensialet i feltet for å evaluere muligheten for forlenget levetid for feltet gjennom økt oljeutvinning og reduserte kostnader. Thistlefeltet produserer idag ca. 6.500 fat pr. dag.

Lisenser i Norge

Samlet oljeproduksjon fra norsk sokkel var i 1. kvartal 2002 på 7.680 fat pr. dag (4.103 fat pr. dag). Økningen sammenlignet med 1. kvartal 2001 skyldes produksjon fra Glitne-feltet samt at andelen i Jotun-feltet er økt med 3.75% til 7.0%. Økningen på 3.75% i Jotun-feltet er gjort med virkning fra 1. januar 2002, og vil også innebære at selskapet blir operatør i lisens 103B. Avtalen og operatørskapet skal godkjennes av norske myndigheter.

I lisens PL 203 er alternative utbyggingsløsninger under utredning, og det er ventet at en plan for utbygging og drift (PUD) vil bli lagt fram for norske myndigheter i løpet av 2002.

1st quarter 2002

The Jotun field agreement and operatorship are dependent upon the approval of the Norwegian authorities. Alternative development solutions are being evaluated for production licence 203. A plan for development and operation (PDO) is expected to be submitted to the Norwegian authorities in the course of 2002.

In the Amerada Hess operated PL 006C, the well drilled in "Tyr" was completed in the first quarter. No hydrocarbons were found, and the drilling costs were carried to expense.

Licences in Yemen

Total oil production from Yemen in the first quarter of 2002 was 7 515 barrels per day (3 429 barrels per day). The significant production increase in Yemen is due to the Sharyoof field coming onstream towards the end of 2001. The development in the production from both the company's fields in Yemen (Tasour and Sharyoof) has exceeded expectations, and at the end of the first quarter of 2002, DNO's total production from Yemen had increased to approximately 10 000 barrels per day.

Additional production wells in the Sharyoof field were completed in the first quarter, and the field

I PL 006C hvor Amerada Hess er operatør, ble boringen av "Tyr" avsluttet i 1. kvartal. Brønnen påviste ikke hydrokarboner og er kostnadsført i kvartalet.

Lisenser i Yemen

Samlet oljeproduksjon fra Yemen var i 1. kvartal 2002 på 7.515 fat pr. dag (3.429 fat pr. dag). Den betydelige økningen i oljeproduksjonen fra Yemen skyldes at Sharyoof-feltet kom i produksjon mot slutten av 2001. Utviklingen av produksjonen fra begge selskapets felt i Yemen (Tasour og Sharyoof) har vært bedre enn ventet, og ved utgangen av 1. kvartal var DNO's samlede produksjon fra Yemen økt til ca. 10.000 fat pr. dag.

Ytterligere produksjonsbrønner på Sharyoof-feltet ble ferdigstilt i 1. kvartal, og feltet vil ventelig nå en platåproduksjon på 25.000 fat pr. dag i løpet av 2. kvartal. (DNO's andel ca. 7.500 fat pr. dag).

I den nye lisensen, blokk 43, som ble tildelt høsten 2001, har DNO identifisert flere interes-

is expected to reach its plateau production of 25 000 barrels per day during the second quarter (DNO's share of production is approximately 7500 barrels a day). DNO has identified a number of interesting projects in the new licence, block 43, awarded in the autumn of 2001, and it may be relevant to start drilling activity in this new licence towards the end of the year. Like the Tasour and Sharyoof fields, block 43 also borders on block 14, of which Nexen is the operator, producing approximately 230 000 barrels per day.

Offshore & Services

DNO has a 37.5 per cent ownership interest in Petrolia Drilling ASA (PDR). DNO's share of PDR's net result for the first quarter is a loss of NOK 3.9 million. The loss has been recognised using the equity method, and neither affects the Group's operating profit nor its liquidity. Because of the situation in PDR concerning the contract with Petrobras, DNO has postponed the planned demerger of its activities in the Offshore & Services segment. The company is continuously evaluating the situation, and will decide on its demerger plan when the situation in PDR has been clarified.

The Offshore & Services segment had an operating profit of NOK 4.1 million for the first quarter of 2002.

sante prospekter, og det kan bli aktuelt å påbegynne boring i denne lisensen mot slutten av året. Tilsvarende som for Tasour- og Sharyoof-feltene, grenser også blokk 43 til blokk 14, hvor Nexen er operatør med en produksjon på ca. 230.000 fat pr. dag.

Offshore & Services

DNO har 37.5% eierandel i Petrolia Drilling ASA (PDR). DNO's andel av resultatet i PDR i 1. kvartal er negativt med NOK 3,9 mill. Dette er regnskapsført i henhold til egenkapitalmetoden, og påvirker ikke driftsresultatet eller selskapets likviditet. På bakgrunn av situasjonen i PDR vedrørende kontrakten med Petrobras, har DNO utsatt inntil videre den planlagte utfisjneringen av engasjementene innen segmentet Offshore & Services. Selskapet vil vurdere situasjonen fortløpende og ta stilling til fisjonsplanen når situasjonen i PDR er avklart.

Segmentet Offshore & Services hadde et driftsresultat på NOK 4,1 mill pr. 1. kvartal 2002.

Investments

Total investments for the first quarter amounted to NOK 173.3 million, relating mainly to acquisition of the 3.75 per cent interest in the Jotun field and to investments in Yemen.

Finances

The Group's cash position at 31 March, 2002 was NOK 327.8 million, of which NOK 155.9 million was free cash. Restricted reserves consist of provisions for future abandonment costs relating to the Heather field.

Long-term interest-bearing debt at the end of the first quarter of 2002 was NOK 738.2 million (NOK 235.9 million) after a new bank loan of USD 10 million had been raised.

Shareholders' equity at 31 March, 2002 was NOK 961.6 million. The increase in shareholders' equity during the period 1 January to 31 March relates to the results for the period and to the purchase of own shares.

Investeringer

Totale regnskapsmessige investeringer i 1. kvartal utgjør NOK 173,3 mill og knytter seg i all vesentlighet til erverv av 3,75% andel i Jotun-feltet, samt investeringer i Yemen.

Finansielle forhold

Konsernets totale likvide beholdning utgjorde pr. 31.03.02 NOK 327,8 mill hvorav NOK 155,9 mill utgjorde fri likviditet. Bundet likviditet er avsatt til fremtidige fjerningskostnader på Heather-feltet.

Rentebærende langsiktig gjeld utgjorde NOK 738,2 mill (235,9) ved utgangen av 1. kvartal 2002, etter opptrekk på 10 millioner USD i nytt banklån.

Regnskapsført egenkapital pr. 31.03.2002 utgjorde NOK 961,6 mill. Økningen i egenkapital i perioden 01.01 til 31.03 relaterer seg til periodens resultat samt kjøp av egne aksjer.



balance sheet

NOK million	31.03.2002	31.03.2001	31.12.2001
ASSETS			
Intangible assets	147.9	125.8	149.8
Tangible assets	1.453.4	999.9	1.371.7
Financial fixed assets	474.8	485.6	484.6
Total fixed assets	2.076.1	1.611.3	2.006.1
Inventory	11.9	118.2	10.9
Accounts receivable	232.6	124.9	172.5
Short-term financial assets	0.1	12.9	0.2
Cash and cash equivalents	155.9	59.1	163.7
Total current assets	400.5	315.2	347.2
Total assets	2.476.5	1.926.5	2.353.3
DEBT AND SHAREHOLDERS' FUNDS			
Shareholders' funds	961.6	834.1	941.7
Interest-bearing long-term debt	738.2	235.9	651.1
Provisions for liabilities and charges	553.3	335.7	395.8
Total long-term liabilities	1.291.5	571.5	1.046.9
Interest-bearing short-term debt	0.0	101.3	0.0
Other short-term debt	223.4	419.6	364.7
Total short-term debt	223.4	520.9	364.7
Total debt and shareholders' funds	2.476.5	1.926.5	2.353.3
CHANGES IN SHAREHOLDERS' FUNDS (GROUP)			
	2002	2001	2001
	01.01-31.03	01.01-31.03	01.01-31.12
Shareholders' funds at 1 January 2002	941.7	796.7	796.7
Conversion debentures	-	-	0.3
Purchase of own shares	-4.5	-	-12.9
Issues	-	-	-
Options, employees and key personnel	-	-	23.4
Profit for the period	24.5	37.3	134.2
Shareholders' funds	961.7	834.1	941.7

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