



SECOND INTERIM REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2004



INTERIM REPORT SECOND QUARTER 2004

DNO achieved an operating profit of NOK 205.5 million and a net profit of NOK 108.9 million in second quarter. The company completed the sale of parts of its operations to Lundin Petroleum AB in the second quarter. Gain from the sale and strong results from the remaining petroleum operations contributed to a quarter of continued positive development for DNO.

Highlights for the quarter

- Net NOK 100 mill in gain from sale of Norwegian assets to Lundin Petroleum AB
- Further strengthened position in Yemen through new operatorship (Block 44), award of new concession for Block 72 and increased interest in Block 43
- Agreement signed with Kurdistan regional government to explore for and develop oil and gas in Northern Iraq
- Strengthened capacity and expertise from restructuring of organisation and recruitment of key personnel
- Record dividend of NOK 4 per share and one share in DNO ASA for each 20th share approved by General Meeting in June
- Strengthened financial position
- Further reduction in total operating expenses, including lower lifting cost per bbl

Key Financial Data

NOK million	Quarterly Results					01.01 – 30.06		Full Year	
	Q2 2004	Q1 2004	Q4 2003	Q3 2003	Q2 2003	2004	2003	2003	2002
Operating revenues	278,6	369,2	484,7	466,6	477,6	647,8	1057,3	2 008,6	1 691,0
Gain on sale of assets	100,0	209,5	-	-	-	309,5	-	-	-
Total revenues	378,6	578,7	484,7	466,6	477,6	957,3	1057,3	2 008,6	1 691,0
EBIT	203,5	339,9	140,7	127,6	210,9	543,5	487,0	755,3	528,3
Net profit	108,9	175,2	12,3	-41,8	55,7	284,1	163,6	134,1	-64,7
Capital exp. oil and gas properties	93,2	79,5	179,0	211,4	191,2	172,7	309,3	699,7	442,0
Exploration expenses	52,7	67,0	28,4	30,9	0,4	119,8	34,2	93,5	120,5
EBITDA (excluding asset sale gain)	150,2	179,0	226,7	207,0	285,3	329,2	632,1	1 065,8	872,2
Netback (excluding asset sale gain)	-13,3	76,2	76,1	72,0	78,3	63,0	352,9	454,6	456,9
EBITDA, including asset sale proceeds	562,5	1 242,4	226,7	207,0	285,3	1 804,9	632,1	1 065,8	872,2
Netback, including asset sale proceeds	399,0	1 139,6	76,1	72,0	78,3	1 538,7	352,9	454,6	456,9

Key Operational Data

Boel / per bbl	Quarterly Results					01.01 – 30.06		Full Year	
	Q2 2004	Q1 2004	Q4 2003	Q3 2003	Q2 2003	2004	2003	2003	2002
Production (MBoe)	1,218	1,709	2,276	2,293	2,562	2,928	5,200	9,768	8,176
Production per day (boe)	13 387	18 785	24 736	24 919	28 153	16 086	28 726	26 761	22 399
Achieved sales prices (USD/bbl)	34,58	31,81	30,02	27,71	25,80	33,06	28,37	28,58	24,31
Lifting cost (USD/bbl)	5,44	7,78	10,61	10,11	8,19	6,84	8,26	9,24	6,86
EBITDA, incl asset sale proceeds (USD/bbl)	67,64	104,34	14,40	12,30	15,89	89,56	17,29	15,41	13,35
Netback, incl asset sale proceeds (USD/bbl)	47,98	95,71	4,84	4,28	4,36	76,35	9,65	6,57	6,99

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The Management Discussion and Analysis should be read in conjunction with the annual report for 2003 and the unaudited consolidated interim financial statements of the Company for the three months ended 31 March 2004 and six months ended 30 June 2003.

Business structure and organisation

With effect from 1st of January 2004, DNO's petroleum activities are organised in the segments Northern Europe, Middle East, Africa and Other International Activities (OIA) in order to monitor and assess performance based on differences in risk and geography, as well as securing management focus.

		Oil and Gas				Offshore and Services	
Northern Europe		Middle East		Africa		Other International Act.	
NCS		Yemen		Equatorial Guinea		Kurdistan	
Glitne	10,00%	Tasour	38,95%	Block P	5,00%	TBA	IOT AS 100,00%
PI 305	60,00%	Sharyoof	24,45%	Mozambique			PDR ASA 23,6 %
PI 229	15,00%	Block 43	56,67%	Inhaminga Block	80,00%		
PI 035/272	25,00%	Block 44	65,10%				
		Block 72*	34,00%				

* Subject to final PSA terms and ratification by the Yemen authorities

The sale of the Norwegian assets to Lundin Petroleum AB was completed in the second quarter 2004. Revenues and expenses for the period April and May for the sold Norwegian assets are included in the second quarter 2004 consolidated accounts. The first quarter 2004 and first half-year consolidated accounts also include revenues and expenses from UK and Ireland operations for January 2004.

For more detailed information on performance of continued operations, see last section of the interim report.

Following the Lundin transaction DNO initiated a process to define the future strategy and direction of the company. This process included a revision of DNO's organisational structure and staffing. Subsequently DNO has during the second quarter recruited 10 new senior employees with significant experience and track record from the petroleum industry.

Accounting principles

In 2001 the EU Commission resolved that all listed companies within the European Union must apply International Financial Reporting Standards (IFRS) in their consolidated accounts by 1st of January 2005. Under the European Economic Area (EEA) agreement, this change will also apply to Norwegian companies listed at Oslo Stock Exchange.

To reduce the number of differences between N Gaap and IFRS, DNO has changed the method applied for translation of foreign subsidiary accounts. This change has been made with effect from 1st January 2004. Profit and loss accounts of foreign subsidiaries are now translated into Norwegian kroner (NOK) using average exchange rates for the reporting period. The balance sheets of foreign subsidiaries are translated to NOK at balance sheet date exchange rates. Translation differences arising from varying rates of exchange compared to exchange rates at the balance sheet date are taken to reserves. Comparable numbers for 2003 have been changed accordingly. The effect of the change (NOK 38,8 million) in accounting principle is recorded against equity at 1st January 2004. For more information on previous treatment, see accounting principles described in prior years annual reports.

Except for the change in accounting principle described above, the interim report has been prepared on basis of the same accounting principles applied in the consolidated accounts 2003. For more details on accounting principles applied for the DNO Group, see the annual report for 2003.

DNO has also changed the EBITDA definition in 2004. EBITDA is now calculated as EBIT adjusted for gain on sale of fixed assets, ordinary depreciation and goodwill amortisation. Comparable numbers for 2003 have been changed accordingly.

Second quarter and year to date variances

The significant variances from first to second quarter 2004 as summarized in the Net Back variance table are:

- Lower production mainly contributed by asset sale
- Lower exploration and operating expenses
- Increase in tax payments Norway and Yemen

Net Back variance table (Net Back includes proceeds from sale of assets to Lundin Petroleum AB)

NOK million	Variation	NOK million	Variation
Net Back first quarter 2004	1 399,7	Net Back YTD 2003	352,9
<i>Favourable (unfavourable)</i>		<i>Favourable (unfavourable)</i>	
Operating revenues:		Operating revenues:	
Production	-108,8	Production	-453,3
Oil price	23,5	Oil price	100,0
Exchange rates	-5,8	Exchange rates	-17,8
Offshore & services	5,3	Offshore & services	-2,3
Other rev, incl asset sale proceeds	-912,0	Other rev, incl asset sale proceeds	1 735,6
Crude oil hedging activities	-3,9	Crude oil hedging activities	-36,5
Expenses and taxes paid		Expenses and taxes paid	
Exploration and Impairment	14,3	Exploration and Impairment	-85,6
Operating expenses, cash items	47,4	Operating expenses, cash items	192,8
Taxes paid for the period	-60,7	Taxes paid for the period	13,0
Net Back second quarter 2004	399,0	Net Back YTD 2004	1 798,8

Operating revenues

Revenues from sale of petroleum products decreased in second quarter 2004 compared to last quarter. The decrease is a result of sale of producing assets to Lundin Petroleum AB and lower production from retained assets. The gain on sale of the Norwegian assets booked in second quarter was NOK 100 million and total sales gain from transaction with Lundin NOK 309,5 million. Total operating revenues in the second quarter have been reduced by NOK 28,7 million from hedging activities.

NOK million	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Sale of petroleum products	287,6	378,8	-91,2	287,6	463,3	-175,7	666,4	1 037,5	-371,1
Op. rev. offshore and services	19,2	13,9	5,3	19,2	17,8	1,4	33,1	35,4	-2,3
Other operating revenues incl tariffs	0,5	1,2	-0,7	0,5	0,9	-0,4	1,7	1,5	0,2
Gain on sale of assets	100,0	209,5	-109,5	100,0	-	100,0	309,5	-	309,5
Hedging activities	-28,7	-24,8	-3,9	-28,7	-4,4	-24,3	-53,5	-17,0	-36,5
Total operating revenues	378,6	578,7	-200,1	378,6	477,6	-99,0	957,3	1 057,3	-100,0

Sale of petroleum products 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	Variation	Variation
<i>Favourable (unfavourable)</i>	Q2 2004 - Q1 2004	Q2 2004 - Q2 2003	YTD 2004 - YTD 2003
Sale of petroleum products	378,8	463,3	1 037,5
Change in production volume	-108,8	-243,0	-453,3
Change in crude oil price	23,5	74,9	100,0
Change USD/NOK	-5,8	-7,7	-17,8
Sale of petroleum products	287,6	287,6	666,4

The production decrease from 1st quarter 2004 represents a value of NOK 108,8 million and is mainly contributed by the sale of assets to Lundin Petroleum AB. The change in crude oil prices and USD/NOK represents a total net positive value of NOK 17,7 million.

Production of hydrocarbons

(MBoe)	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Northern Europe	0,225	0,623	-0,398	0,225	1,394	-1,169	0,849	2,775	-1,926
Middle East	0,993	1,086	-0,093	0,993	1,168	-0,175	2,079	2,425	-0,346
Total oil production	1,218	1,709	-0,491	1,218	2,562	-1,344	2,928	5,200	-2,272



Crude oil prices

DNO achieved an average sales price per bbl of USD 34,58 for the second quarter 2004. This is an increase of USD 2,77 per bbl from last quarter. Average dated Brent for second and first quarter 2004 were USD 35,3 and USD 31,78 per bbl. Average dated Brent for first half 2004 was USD 33,54 per bbl compared to achieved average sales price of USD 33,06 per bbl.

(MBoe)	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Northern Europe	33,79	32,87	0,92	33,79	25,94	7,85	33,33	28,83	4,68
Middle East	34,76	31,20	3,56	34,76	25,74	9,02	32,96	27,78	5,36
Total average crude oil prices	34,58	31,81	2,77	34,58	25,80	8,78	33,06	28,37	4,69

The average sales price has not been adjusted for hedging activities.

Foreign currencies

DNO's revenues are primarily in USD, whereas the company's financial statements are presented in NOK. The average NOK/USD exchange rate was 6,83 in second quarter 2004, compared with 6,97 in first quarter 2004. The impact of currency fluctuations on revenues from sale of petroleum products was negative NOK 5,8 million from last quarter.

Operating expenses

Total operating expenses were further reduced in second quarter 2004, mainly contributed by the sale of assets to Lundin Petroleum AB.

NOK million	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Exploration expenses	52,7	67,0	-14,3	52,7	0,4	52,3	119,8	34,2	85,6
Production and transportation cost	55,0	110,7	-55,7	55,0	172,3	-117,3	165,6	342,9	-177,3
Ordinary depreciation (DD&A)	46,7	48,6	-1,9	46,7	74,4	-27,7	95,3	145,2	-49,9
Decommissioning cost	1,3	2,1	-0,8	1,3	2,9	-1,6	3,4	6,1	-2,7
Impairment and write-downs	-	-	-	-	-	-	-	-	-
Payroll and payroll related expenses	5,4	7,9	-2,5	5,4	5,3	0,1	13,2	13,3	-0,1
General and administration	14,0	2,4	11,6	14,0	11,3	2,7	16,5	28,6	-12,1
Total operating expenses	175,1	238,7	-63,6	175,1	266,7	-91,6	413,8	570,4	-156,6

Exploration expenses

DNO applies the “successful efforts” method for accounting for its oil and gas activities. All exploration costs, with the exception of license acquisition costs and drilling costs of exploration wells, are expensed as incurred. Drilling costs of exploration wells are temporarily capitalised pending the evaluation of potential existence of commercial quantities of oil and gas reserves. If reserves are not found, or if discoveries are assessed not being technically or commercially recoverable, the drilling costs of exploration wells are expensed. License acquisition costs are capitalised and periodically assessed for impairment. Other pre-production costs are expensed as incurred.

NOK million	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Northern Europe	29,4	29,9	-0,5	29,4	5,2	24,2	59,4	12,6	46,8
Middle East	11,0	21,7	-10,7	11,0	-4,8	15,8	32,7	21,7	11,0
Africa	7,5	15,3	-7,8	7,5	-	7,5	22,9	-	22,9
Other International Activities	4,8	-	4,8	4,8	-	4,8	4,8	-	4,8
Exploration expenses	52,7	67,0	-14,3	52,7	0,4	52,3	119,8	34,2	85,6

In line with DNO’s revised strategy, exploration and development activity remained high also in the second quarter.

Northern Europe exploration expenses include NOK 15,3 million in pretax dry well expense for PL 272 (Brontes) on NCS. In addition NOK 13 million related to discontinued assets which was recovered by Lundin as part of the asset sale transaction.

Middle East exploration expenses include the dry well on the Block 43 Neheb structure (Neheb-1 well) drilled during the second quarter 2004. The Neheb structure is located approximately 17 kilometers south-east of the oil discovery on Nabrajah (Block 43). The expenses in relation to Neheb 1 will be recovered under the PSA for the Block 43 once production commences.

Production and transportation expenses

Lifting cost oil and gas decreased further during the second quarter of 2004. The main contributor to the decrease is the divestment of the UK operations in the first quarter.

As shown in the next table, DNO’s total production and transportation expenses can be split between the following elements:

NOK million	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Lifting cost oil and gas	45,2	92,6	-47,4	45,2	147,0	-101,8	137,9	302,2	-164,3
Transportation	5,5	14,0	-8,5	5,5	21,5	-16,0	19,5	33,0	-13,5
Production exp. offshore and services	4,2	4,1	0,1	4,2	3,8	0,4	8,3	7,8	0,5
Total prod. and transportation expense	55,0	110,7	-55,7	55,0	172,3	-117,3	165,6	342,9	-177,3

The next table shows a geographic split of lifting cost for segments holding producing activities.

NOK million	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Northern Europe	20,2	69,5	-49,3	20,2	135,3	-115,1	89,7	271,6	-181,9
Middle East	25,0	23,1	1,9	25,0	11,7	13,3	48,1	30,5	17,6
Total lifting cost per segment	45,2	92,6	-47,4	45,2	147,0	-101,8	137,9	302,2	-164,3



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

USD/bbl	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Northern Europe	13,15	16,0	-2,85	13,15	13,85	-0,7	15,36	13,92	1,51
Middle East	3,69	3,06	0,63	3,69	1,43	2,26	3,36	1,79	1,60
Total lifting cost per segment	5,44	7,78	-2,34	5,44	8,19	-2,75	6,84	8,26	-1,42

Total average lifting cost decreased further during second quarter 2004.

The main contributor to the decrease in Northern Europe was the divestment of the UK operations during the first quarter of this year. The UK operations were included in the consolidated accounts for January 2004.

The increase for Middle East is mainly contributed by lower production in second quarter as compared to last quarter. The ongoing drilling of production wells in Yemen is expected to stabilise production in the second half of 2004.



Net financial items

NOK million	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Share associated companies	-	15,6	-15,6	-	-	-	15,6	-	15,6
Net other financial items	13,0	6,5	6,5	13,0	-1,2	14,2	19,6	21,2	-1,6
Total net financial items	13,0	22,1	-9,1	13,0	-1,2	14,2	35,2	21,2	14,0

Share associated companies / net other financial items

The short-term loan provided to Petrolia Drilling ASA (NOK 15,6 million) in fourth quarter 2003 was repaid in the first quarter of 2004. Petrolia Drilling ASA refinanced debt and completed two equity issues in March and April 2004. DNO ASA and its subsidiary Independent Oil Tools AS (IOT) acquired Petrolia Drilling shares for NOK 25,4 mill in the April equity issue.

Taxes

NOK million	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Taxes payable	6,7	3,4	3,3	6,7	39,6	-32,9	10,1	85,2	-75,1
Deferred taxes	-21,8	60,3	-82,1	-21,8	5,8	-27,6	38,4	42,7	-4,3
Taxes paid in kind (Yemen)	122,8	123,2	-0,4	122,8	108,6	14,2	246,1	216,7	29,4
Total income tax expense	107,7	186,9	-79,2	107,7	154,0	-46,3	294,6	344,6	-50,0

During first quarter 2004, the deferred tax asset was reduced with NOK 50 million following the sale of UK-operations.



Liquidity and Capital Resources

Liquidity / condensed cash flow statement

DNO's total cash position as of 30th of June was NOK 1 100,2 million, an increase of NOK 134,8 million from end of last quarter.

NOK 229 million has been deposited as security for DNO's crude oil price hedging contracts with ANZ bank.

Net cash flow from investing activities in the second quarter was NOK 293,6 million. DNO received NOK 412,7 million as proceeds from sale of the Norwegian assets to Lundin Petroleum AB. Total capital expenditures in second quarter amounted to NOK 96,3 million. Of this, NOK 93,3 million were investments in oil and gas properties. For more details on capital expenditures, see table below.

DNO established new Norwegian bond loans and repaid NOK 335 million to the previous Norwegian bondholders in June 2004.

For more details on changes in cash position from last quarter and from end of last year, see cash flow statements later in the report.

NOK million	Quarterly					01.01 – 30.06		Full Year	
	Q2 2004	Q1 2004	Q4 2003	Q3 2003	Q2 2003	2004	2003	2003	2002
Cash flow from op. activities	-47,1	70,9	42,0	-12,7	180,3	23,8	472,4	501,7	424,0
Cash flow from inv. activities	293,6	798,3	-207,6	-195,4	-187,3	1 091,9	-313,4	-716,4	-460,8
Cash flow from fin. activities	-111,8	-41,4	130,3	158,4	-36,9	-153,2	-20,0	268,8	-43,2
Cash and cash equiv. beginning of period	965,5	137,7	172,9	222,7	266,6	137,7	83,8	83,7	163,7
Net change in cash and cash equivalents	134,8	827,8	-35,2	-49,8	-43,9	962,5	138,9	54,0	-79,9
Cash and cash equiv. end of period	1 100,2	965,5	137,7	172,9	222,7	1 100,2	222,7	137,7	83,8

Capital expenditures oil and gas properties

USD/bbl	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Northern Europe	51,0	55,7	-4,7	51,0	159,6	-108,6	106,7	256,8	-150,1
Middle East	34,6	23,8	10,8	34,6	31,7	2,9	58,4	52,6	5,8
Africa	7,7	-	7,7	7,7	-	7,7	7,7	-	7,7
Other International Activities	-	-	-	-	-	-	-	-	-
Cap. expend. oil and gas props.	93,3	79,5	13,8	93,3	191,2	-97,9	172,8	309,4	-136,6
Offshore and services, other	3,0	12,0	-9,0	3,0	0,4	2,6	15,0	0,9	14,1
Total capital expenditures	96,3	91,5	4,8	96,3	191,6	-95,3	187,8	310,3	-122,5

Capital expenditures Northern Europe mainly relates to the drilling of an additional production well on Glitne (NOK 27 mill) and capital expenditures on discontinued operations (NOK 22 mill). Capital expenditures on discontinued operations were recovered from Lundin at completion.

For Middle East, a new production well for the Tasour field (Tasour # 12) was drilled during the second quarter, and put on stream towards the end of June 2004. In addition 3D seismic were acquired covering the Tasour field area in order to determine locations for future production wells.

Long-term liabilities

The reduction in provisions for liabilities and charges from first to second quarter 2004 is mainly contributed by the sale of the Norwegian assets to Lundin. Reduction from corresponding quarter 2003 follows the sale of the Heather field and transfer of abandonment obligations to Lundin Petroleum AB.

NOK million	Quarterly						Year end		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2003	2002	Diff.
Abandonment, other liabilities	27,5	41,5	-14,0	27,5	274,2	-246,6	305,4	252,3	53,1
Deferred taxes	14,8	94,9	-80,1	14,8	107,8	-93,0	84,6	70,1	14,5
Provisions for liabilities and charges	42,2	136,4	-94,2	42,2	382,1	-339,9	390,0	322,4	67,6
Interest-bearing long term debt	321,0	369,0	-48,0	321,0	456,1	-135,1	781,8	552,5	229,3
Total long-term liabilities	363,2	505,4	-142,2	363,2	838,2	-475,0	1 171,8	874,9	296,9



CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Dividends

On 10 August 2004, the shares of DNO ASA were listed ex dividend of NOK 4.- per share and one share in DNO ASA for each 20th share. The shares were taken from the company's holding of treasury shares.

DNO invests in Amergy AS

DNO ASA has subscribed for 859,000 shares in a private placement in Amergy AS, against a payment of NOK 29,606,723.50, i.e., 73.26 per cent of the cash issue. The Boards of Amergy AS and Ecuator ASA have approved a merger plan for the two companies. DNO will become the largest shareholder in the merged company with an ownership interest of 19.99 per cent.

Completion of first well in Mozambique, drilling of second well commenced

The first of the two initial exploration wells has been completed in July 2004 with shows of hydrocarbons. Electrical logs concluded, however, that the presence of hydrocarbon was insufficient to carry out any well tests. The well was plugged and abandoned. The drilling of the second well has commenced in the third quarter. The well is located north-east of the first well in a different geological structure.



TABLES

Result of operations for producing activities

NOK million	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Revenues from sale of oil and natural gas	287,6	378,8	-91,2	287,6	463,3	-175,7	666,3	1 037,5	-371,2
Lifting costs	-45,2	-92,6	47,4	-45,2	-147,0	101,8	-137,9	-302,2	164,3
Exploration costs	-0,3	-2,9	2,6	-0,3	4,4	-4,7	-3,2	-2,8	-0,4
DD&A	-37,2	-39,0	1,8	-37,2	-64,0	26,8	-76,2	-121,4	45,2
Transportation and other	-5,5	-14,0	8,5	-5,5	-21,5	16,0	-19,5	-33,0	13,5
Results of operations before taxes	199,3	230,3	-31,0	199,3	347,8	-148,5	429,6	578,1	-148,5
Income tax expense	-133,9	-160,3	26,4	-133,9	-162,9	29,0	-294,2	-344,5	50,3
Results of operations after taxes	65,3	70,0	-4,7	65,3	184,8	-119,5	135,3	233,6	-98,3

Other key data for result of operations (producing activities)

	Quarterly						Year to date		
	Q2 2004	Q1 2004	Diff.	Q2 2004	Q2 2003	Diff.	2004	2003	Diff.
Production (Mboe)	1,218	1,709	-0,491	1,218	2,562	-1,344	2,928	5,199	-2,271
Average sales prices (USD/bbl)	34,58	31,81	2,77	34,58	25,80	8,78	33,06	28,37	4,69
Average lifting cost (USD/bbl)	5,44	7,78	-2,34	5,44	8,19	-2,75	6,84	8,26	-1,42
Average DD&A (USD / bbl)	4,47	3,28	1,19	4,47	3,56	0,91	3,78	3,32	0,46
EBITDA producing activities	236,4	269,3	-32,9	236,4	299,1	-62,7	505,8	699,5	-193,7

Result of operations is a measure of the efficiency of the company's producing assets. Results of operations include revenues and expenses associated directly with DNO's crude oil and natural gas exploration and producing activities. They do not include interest expense or income or corporate administration expenses, or their associated tax effects. Due to the exclusions referred to above, the result of operations are not necessarily indicative of the contribution to consolidated profit after tax of these activities.



Consolidated Profit and Loss Statements

NOK million	Quarterly Results					01.01 – 30.06		Full Year	
	Q2 2004	Q1 2004	Q4 2003	Q3 2003	Q2 2003	2004	2003	2003	2002
Operating revenues	278,1	368,2	484,0	466,5	477,5	646,3	1 057,0	2 007,5	1 685,1
Other operating revenues	0,5	1,0	0,7	0,1	0,1	1,5	0,3	1,1	6,0
Gain on sale of assets	100,0	209,5	-	-	-	309,5	-	-	-
Total operating revenues	378,6	578,7	484,7	466,6	477,6	957,3	1 057,3	2 008,6	1 691,0
Exploration expenses	52,7	67,0	28,4	30,9	0,4	119,8	34,2	93,5	120,5
Production and transportation expenses	55,0	110,7	190,6	185,5	172,3	165,6	342,9	719,0	505,8
Ordinary depreciation (DD&A)	46,7	48,6	86,0	79,4	74,4	95,3	145,2	310,5	343,9
Decommissioning cost	1,3	2,1	0,7	9,7	2,9	3,4	6,1	16,5	18,6
Impairment and write-downs	-	-	12,8	-	-	-	-	12,8	63,1
Payroll and payroll related exp.	5,4	7,9	17,0	11,3	5,3	13,2	13,3	41,6	35,5
General and administration expenses	14,0	2,4	8,5	22,2	11,3	16,5	28,6	59,4	75,3
Total operating expenses	175,1	238,7	343,9	339,0	266,7	413,8	570,4	1 253,3	1 162,7
Operating profit (Loss)	203,5	339,9	140,7	127,6	210,9	543,5	487,0	755,3	528,3
Interests in associated companies	-	15,6	-15,6	-10,0	-	15,6	-	-25,6	-191,7
Net other financial items	13,0	6,5	-4,1	-44,3	-1,2	19,6	21,2	-27,1	-37,2
Profit (Loss) before taxes	216,6	362,1	121,0	73,3	209,7	578,7	508,2	702,5	299,4
Income tax expense	-107,7	-186,9	-108,7	-115,1	-154,0	-294,6	-344,6	-568,4	-364,1
Profit (Loss)	108,9	175,2	12,3	-41,8	55,7	284,1	163,6	134,1	-64,7
Basic earnings per share	2,04	3,14	0,21	-0,81	1,01	5,19	3,04	2,45	-1,27
Diluted earnings per share	2,04	3,13	0,21	-0,81	1,01	5,18	3,04	2,45	-1,27

Consolidated Balance Sheets – Assets

NOK million	30.06.04	31.03.04	31.12.03	30.09.03	30.06.03	31.03.03	31.12.02
Goodwill	43,9	45,9	47,9	49,9	51,9	53,9	55,9
Deferred tax assets	66,1	66,1	116,1	91,1	81,1	81,1	86,1
Total intangible assets	110,1	112,1	164,1	141,1	133,1	135,1	142,1
Oil and gas fields	273,2	583,7	1 634,1	1 479,4	1 369,0	1 230,6	1 153,0
Other tangible assets	55,8	60,6	57,9	81,4	89,0	95,6	111,3
Total tangible assets	329,0	644,3	1 692,0	1 560,7	1 458,0	1 326,3	1 264,2
Investments in ass. companies	25,4	-	-	-10,0	-	-	-
Other investments and receivables	23,9	16,4	26,4	30,1	14,7	14,8	11,9
Bank deposits (decommission)	-	-	233,6	245,8	254,0	253,8	244,0
Total financial assets	49,3	16,4	260,1	266,0	268,8	268,5	255,9
Total fixed assets	488,4	772,8	2 116,1	1 967,8	1 859,9	1 729,9	1 662,2
Inventories, other receivables	172,6	216,5	235,5	281,9	272,6	274,6	180,1
Cash and cash equivalents	1 100,2	965,5	137,7	172,9	222,7	266,6	83,8
Total current assets	1 272,8	1 182,0	373,3	454,8	495,2	541,3	263,9
Total assets	1 761,2	1 954,8	2 489,4	2 422,6	2 355,1	2 271,2	1 926,1

Consolidated Balance Sheets – Equity and Liabilities

NOK million	30.06.04	31.03.04	31.12.03	30.09.03	30.06.03	31.03.03	31.12.02
Share capital	226,2	226,2	224,7	224,7	224,7	216,7	216,7
Treasury shares	-15,8	-6,5	-1,8	-2,6	-1,2	-0,1	-4,7
Other paid-in cap.	454,8	454,1	459,8	500,1	484,0	439,0	438,8
Total paid-in capital	665,2	673,8	682,7	722,2	707,6	655,5	650,8
Retained earnings	264,1	419,3	240,8	227,5	345,8	284,7	156,0
Total retained earnings	264,1	419,3	240,8	227,5	345,8	284,7	156,0
Minority interests	-	-	-	-	-	-	3,3
Total shareholders' equity	929,3	1 093,0	923,5	949,7	1 053,3	940,3	810,1
Abandonment and other liab.	27,5	41,5	305,4	278,6	274,2	260,5	252,3
Deferred tax liabilities	14,8	94,9	84,6	90,3	107,8	102,0	70,1
Tot. provisions for liabilities	42,2	136,4	390,0	368,9	382,1	362,5	322,4
Int.-bearing long-term debt	321,0	369,0	781,8	616,5	456,1	579,4	552,5
Total other long-term liab.	321,0	369,0	781,8	616,5	456,1	579,4	552,5
Interest-bearing short-term debt	45,0	45,0	45,0	51,0	51,0	-	-
Non-int.-bearing sh.-term debt	423,7	311,3	349,1	436,4	412,6	389,0	241,0
Total current liabilities	468,7	356,3	394,1	487,4	463,6	389,0	241,0
Total liabilities	831,9	861,8	1 565,9	1 472,9	1 301,8	1 330,9	1 116,0
Total equity and liabilities	1 761,2	1 954,8	2 489,4	2 422,6	2 355,1	2 271,2	1 926,1



Consolidated Cash Flow Statements

NOK million	Quarterly Results					01.01 – 30.06		Full Year	
	Q2 2004	Q1 2004	Q4 2003	Q3 2003	Q2 2003	2004	2003	2003	2002
Profit before tax	216,6	362,1	121,0	73,3	209,7	578,7	508,2	702,5	299,4
Taxes paid	-163,5	-102,8	-150,5	-135,0	-207,0	-266,3	-325,7	-611,3	-415,3
DD&A fixed assets	46,7	48,6	98,7	79,4	74,4	95,3	145,2	323,3	407,4
Write-down financial assets	-	-	-	-	-	-	-	-	17,6
(Gain)/loss sale of op. assets	-100,0	-209,5	-	-	-	-309,5	-	-	-1,8
Profit / (loss) from ass. comps.	-	-15,6	-	-	-	-15,6	-	-	191,7
Changes in net current assets and other accruals	-46,9	-11,9	-27,2	-30,4	103,2	-58,7	144,7	87,1	-75,0
Cash flow from op. activities	-47,1	70,9	42,0	-12,7	180,3	23,8	472,4	501,7	424,0
Acquisition of subsidiaries	-	-	-	-	-	-	0,4	-0,4	-0,2
Inv. in oil and gas properties	-96,2	-91,5	-179,7	-211,5	-191,6	187,8	-310,2	-701,4	-465,8
Sale of tangible assets	412,7	889,8 *	-	0,1	-	1 302,4 *	-	0,1	1,9
Other investments and sales	-22,8	-	-27,9	16,0	4,2	-22,8	-2,8	-14,8	3,3
Cash flow from inv. activities	293,7	798,3	-207,6	-195,4	-187,3	1 091,9	-313,4	-716,4	-460,8
New interest-bearing debt	336,7	5,0	248,3	251,1	51,0	341,7	98,5	597,9	107,9
Repayment of in.-bearing debt	-383,7	-13,7 *	-55,3	-94,3	-124,1	-397,4	-150,8	-300,4	-156,8
Paid-in share capital / premium	-	7,6	-	-	34,3	7,6	34,3	34,3	33,9
Treasury shares / options	-64,8	-40,3	-7,2	1,7	1,9	-105,2	-2,1	-7,6	-28,1
Dividend paid in cash	-	-	-55,5	-	-	-	-	-55,5	-
Cash flow from fin. activities	-111,8	-41,4	130,3	158,4	-36,9	-153,2	-20,0	268,8	-43,2
Cash and cash equiv. beginning of period	965,5	137,7	172,9	222,7	266,6	137,7	83,7	83,7	163,7
Net change in cash and cash equivalents	134,8	827,7	-35,2	-49,8	-43,9	962,5	138,9	54,0	-79,9
Cash and cash equiv. end of period	1 100,2	965,5	137,7	172,9	222,7	1 100,2	222,7	137,7	83,8

* Sale of tangible assets:

As a result of the sale of UK and Ireland operations DNO was released from abandonment liabilities in relation to the Heather field. Thereby an abandonment security of NOK 241,4 million was released to DNO. In the cash flow statement, the total amount of proceeds and release of abandonment security has been presented net of cash payments made directly to ANZ Bank and transaction costs.



Segment - Three months ended June 30, 2004

	Oil and Gas								Other				Group Consolidation			
	Northern Europe		Middle East		Africa		Other International		Total O&G		Offshore & Services		Shared services, adjustments and eliminations		2004	2003
NOK million	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Operating revenues																
Operating revenues	53,4	256,1	235,6	210,8	-	-	-	-	289,0	466,9	21,6	18,9	-32,1	-8,1	278,6	477,6
Gain on sale of assets	100,0	-	-	-	-	-	-	-	100,0	-	-	-	-	-	-100,0	-
Operating expenses																
Exploration expenses	-29,4	-5,2	-11,0	4,8	-7,5	-	-4,8	-	-52,7	-0,4	-	-	-	-	-52,7	-0,4
Lifting cost / production cost	-20,2	-135,3	-25,0	-11,7	-	-	-	-	-45,2	-147,0	-4,2	-3,8	-	-	-49,4	-150,8
Transportation	-0,3	-11,0	-5,3	-10,6	-	-	-	-	-5,5	-21,6	-	-	-	-	-5,5	-21,5
DD&A	-22,2	-36,2	-14,9	-28,1	-	-	-	-	-37,1	-64,3	-10,3	-12,1	0,7	2,0	-46,7	-74,4
Decomm cost, write-down	-0,9	-1,8	-0,4	-1,2	-	-	-	-	-1,3	-2,9	-	-	-	-	-1,3	-2,9
Payroll and payroll rel exp	-	-2,2	-	-	-	-	-	-	-	-2,2	-1,7	-1,8	-3,6	-1,4	-5,4	-5,3
G&A and other expenses	-0,3	-1,6	-	-	-	-	-	-	-0,3	-1,6	-5,5	-7,1	-8,3	-2,5	-14,1	-11,2
Operating Profit	80,1	62,8	179,0	164,1	-7,5	-	-4,8	-	246,8	226,9	-	-6,0	-44,0	-9,9	203,5	210,9
Interests in ass. companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net financial items	-3,0	-16,1	-	-0,2	-	-	-	-	-3,0	-16,3	0,3	0,7	15,7	14,4	13,0	-1,2
Profit before taxes	77,2	46,7	179,0	163,9	-7,5	-	-4,8	-	243,8	210,6	0,3	-5,3	-27,6	4,5	216,6	209,7
Income taxes	15,2	-45,2	-122,9	-109,1	-	-	-	-	-107,7	-154,3	-	-	-	0,3	-107,7	-154,0
Profit	92,3	1,5	56,1	54,8	-7,5	-	-4,8	-	136,1	56,3	0,3	-5,3	-27,6	4,8	108,9	55,8
Other key figures:																
Production (mboe)	0,225	1,394	0,993	1,168					1,218	2,562					1,218	2,562
EBITDA	2,4	99,0	193,9	192,2	-7,5	-	-4,8	-	184,0	291,2	10,2	6,1			150,2	285,3
Total assets	496,5	1 457,7	425,2	516,2					891,3	1 973,9	134,8	129,8			1 761,2	2 355,1
Total liabilities and debt	251,8	1 393,8	364,4	62,2					622,3	1 456,0	50,7	46,6			831,9	1 301,8
Non int.-bearing liabilities	67,3	320,5	109,3	52,9					181,7	373,3	8,1	7,5			423,7	412,6



Segment - Six months ended June 30, 2004

	Oil and Gas								Total O&G		Offshore & Services		Other		Group Consolidation	
	Northern Europe		Middle East		Africa		Other International						Shared services, adjustments and eliminations			
NOK million	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Operating revenues																
Operating revenues	202,2	567,9	471,6	473,7	-	-	-	-	673,8	1 041,6	38,0	37,5	-64,0	-21,8	647,8	1 057,3
Gain on sale of assets	100,0	-	-	-	-	-	-	-	100,0	-	-	-	209,5	-	309,5	-
Operating expenses																
Exploration expenses	-59,5	-12,6	-32,7	-21,7	-22,9	-	-4,8	-	-119,8	-34,2	-	-	-	-	-119,8	-34,2
Lifting cost / production cost	-89,7	-271,6	-48,1	-30,5	-	-	-	-	-137,9	-302,1	-8,3	-7,8	-	-	-146,2	-310,0
Transportation	-2,1	-12,1	-17,4	-20,9	-	-	-	-	-19,5	-33,0	-	-	-	-	-19,5	-33,0
DD&A	-43,0	-68,5	-34,0	-53,6	-	-	-	-	-76,9	-122,1	-19,8	-24,5	1,4	1,5	-95,3	-145,2
Decomm cost, write-down	-2,6	-3,7	-0,8	-2,4	-	-	-	-	-3,4	-6,1	-	-	-	-	-3,4	-6,1
Payroll and payroll rel exp	-2,8	-5,1	-	-	-	-	-	-	-2,8	-5,1	-4,5	-4,6	-6,0	-3,6	-13,2	-13,3
G&A and other expenses	2,6	-5,7	-	-	-	-	-	-	2,6	-5,7	-8,4	-13,6	-10,7	-9,3	-16,5	-28,7
Operating Profit	105,2	188,7	338,6	344,6	-22,9	-	-4,8	-	416,1	533,3	-3,0	-13,1	130,3	-33,3	543,5	487,0
Interests in ass. companies	-	-	-	-	-	-	-	-	-	-	15,6	-	-	-	15,6	-
Net financial items	-7,9	-21,2	-	0,1	-	-	-	-	-7,9	-21,1	-0,2	0,2	27,7	42,2	19,6	21,2
Profit before taxes	97,3	167,4	338,6	344,7	-22,9	-	-4,8	-	408,2	512,1	12,4	-12,9	158,0	8,9	578,7	508,2
Income taxes	1,5	-122,1	-246,1	-217,0	-	-	-	-	-244,6	-339,1	-	-	-50,0	-5,5	-294,6	-344,6
Profit	98,8	45,3	92,5	127,7	-22,9	-	-4,8	-	163,6	173,1	12,4	-12,9	108,0	3,4	284,1	163,6
Other key figures:																
Production (mboe)	0,849	2,775	2,079	2,425					2,928	5,199					2,928	5,199
EBITDA (excl asset sale gain)	48,2	257,2	372,6	398,3	-22,9	-	-4,8	-	393,1	655,4	16,8	11,5			329,2	632,1
Total assets	496,5	1 457,7	425,2	516,2					891,3	1 973,9	134,8	129,8			1 761,2	2 355,1
Total liabilities and debt	251,8	1 393,8	364,4	62,2					622,3	1 456,0	50,7	46,6			831,9	1 301,8
Non int.-bearing liabilities	67,3	320,5	109,3	52,9					181,7	373,3	8,1	7,5			423,7	412,6



Consolidated Property, Plant and Equipment

NOK million	Oil and Gas Properties					Other tangible assets	Total tangible assets	Goodwill
	License interests	Exploration costs	Fields in development	Fields in operations	Total oil and gas properties			
Cost - opening balance	75,5	321,9	41,6	2 006,3	2 445,3	192,5	2 637,8	79,9
Additions this year	50,6	25,5	-	92,4	168,4	15,2	183,6	-
Disposals this year	-60,7	-392,4	-41,6	-1 442,3	-1 937,0	-5,3	-1 942,2	-
Transfers this year	-52,4	52,4	-	-	-	-	-	-
Translation difference	0,3	21,7	-	82,5	104,5	0,4	104,8	-
Accumulated cost - closing balance	13,3	29,0	-	738,9	781,2	202,7	983,9	79,9
Accumulated DD&A - opening balance	-	-	-	-811,2	-811,2	-134,6	-945,8	-31,9
DD&A this year	-	-	-	-76,2	-76,2	-15,1	-91,3	-4,0
Disposals and transfers this year	-	-	-	403,1	403,1	3,0	406,2	-
Translation difference	-	-	-	-23,8	-23,8	-0,2	-24,0	-
Accumulated DD&A - closing balance	-	-	-	-508,0	-508,0	-146,9	-654,9	-36,0
Book value - closing balance	13,3	29,0	-	230,9	273,2	55,8	329,0	43,9

Consolidated Changes in Shareholders' Equity

NOK million	Quarterly changes in shareholder's equity					
	2Q 2004	1Q 2004	4Q 2003	3Q 2003	2Q 2003	1Q 2003
Shareholder's equity – opening balance		980,0	1 039,9	1 121,1	1 020,7	901,9
Accumulated translation difference prior periods		-95,2	-94,0	-81,4	-91,8	-103,7
Effect from change in accounting principle		38,8	3,8	13,7	11,4	11,9
Shareholders equity – adjusted for change in accounting principle	1 093,0	923,5	949,7	1 053,3	940,3	810,1
Purchase / sale of treasury shares	-64,8	-40,3	-37,3	6,3	12,5	15,3
Issuance of shares	-	7,6	-	-	34,3	-
Dividend	-210,5	-	-	-55,5	-	-
Profit / loss for the period	108,9	175,2	12,3	-41,8	55,7	107,9
Translation difference	2,7	27,0	-1,2	-12,6	10,4	11,9
Other	-	-	-	-	-	-
Minority interests	-	-	-	-	-	-4,9
Shareholder's equity – closing balance	929,3	1 093,0	923,5	949,7	1 053,3	940,3

CONTINUED OPERATIONS

This section contains detailed and comparable information on continued operations, excluding assets sold to Lundin Petroleum AB. The tables in this section should also be read in conjunction with tables and comments provided in other parts of the report.

Result of operations for continued producing activities

Result of operations - continued operations	Quarterly						Full Year
	Q2 '04	Q1 '04	Q4 '03	Q3 '03	Q2 '03	Q1 '03	2003
NOK million							
Revenues from sale of oil and natural gas	266,7	280,6	264,5	263,6	256,6	324,5	1 109,1
Lifting costs	-42,5	-45,9	-32,8	-36,1	-29,3	-37,2	-137,1
Exploration costs	-0,1	-2,9	-0,9	-1,4	3,8	-7,1	-7,3
DD&A	-27,6	-22,8	-44,7	-51,1	-39,9	-35,6	-171,3
Transportation and other	-5,5	-12,4	-9,7	-10,6	-10,5	-10,9	-41,6
Results of operations before taxes	191,1	196,5	176,4	164,3	180,8	233,8	751,8
Income tax expense	-127,1	-142,0	-146,4	-136,8	-124,8	-133,5	-541,6
Results of operations after taxes	63,9	54,6	30,0	27,6	56,0	100,3	210,2

Other key data for result of continued operations

	Quarterly						Full Year
	Q2 '04	Q1 '04	Q4 '03	Q3 '03	Q2 '03	Q1 '03	2003
NOK million							
Production (Mboe)	1,132	1,298	1,326	1,307	1,441	1,534	5,653
EBITDA producing activities	218,7	219,3	221,1	215,4	220,7	269,4	923,2

Result of operations is a measure of the efficiency of the company's producing assets. Results of operations include revenues and expenses associated directly with DNO's crude oil and natural gas exploration and producing activities. They do not include interest expense or income or corporate administration expenses, or their associated tax effects. Due to the exclusions referred to above, the result of operations is not necessarily indicative of the contribution to consolidated profit after tax of these activities.

Consolidated Profit & Loss Statements – Continued Operations

In this table, discontinued operations sold assets and gain from sale of operations to Lundin Petroleum have been presented as separate components in the profit and loss statements (after profit after taxes and before net profit) and balance sheets.

Profit and Loss Statements	Quarterly						Full Year
	Q2 '04	Q1 '04	Q4 '03	Q3 '03	Q2 '03	Q1 '03	2003
NOK million							
Operating revenues	257,2	258,6	275,3	263,2	270,1	329,4	1 138,0
Other operating revenues	0,2	-	-	-	-	-	-
Total operating revenues	257,3	258,6	275,3	263,2	270,1	329,4	1 138,0
Exploration expenses	-39,8	-44,0	-14,2	-2,8	4,0	-27,0	-40,1
Production and transportation expenses	-50,6	-57,2	-46,8	-48,9	-41,4	-50,6	-187,6
Ordinary depreciation	-37,1	-26,6	-59,6	-62,6	-50,1	48,7	-220,9
Abandonment and decommissioning cost	-0,7	-0,6	2,8	-3,0	-1,6	-1,8	-3,5
Impairment, amortisation and losses	-	-	-12,8	-	-	-	-12,8
Payroll and related expenses	-5,4	-7,3	-15,2	-9,3	-3,3	-6,5	-34,3
General and administrative expenses	-14,0	-1,2	-8,4	-19,0	-10,4	-13,5	-51,3
Total operating expenses	-147,5	-136,9	-154,2	-145,6	-102,6	-148,1	-550,5
Operating profit (Loss)	109,9	121,7	121,1	117,6	167,4	181,3	587,5
Interests in associated companies	-	15,6	-15,6	-10,0	-	-	-25,6
Net other financial items	13,0	23,1	-8,4	-11,4	10,9	28,1	19,2
Profit (Loss) before taxes	122,9	160,4	97,0	96,2	178,4	209,5	581,0
Income tax expense	-111,1	-131,7	-98,6	-116,8	-121,4	-138,5	-475,2
Profit (Loss) after taxes continued operations	11,8	28,6	-1,6	-20,6	57,0	71,0	105,8
<i>Net profit from discontinued operations</i>	<i>-2,9</i>	<i>-62,9</i>	<i>13,9</i>	<i>-21,2</i>	<i>-1,3</i>	<i>36,9</i>	<i>28,2</i>
<i>Gain from sale of operations</i>	<i>100,0</i>	<i>209,5</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Net profit (loss)	108,9	175,2	12,3	-41,8	55,7	107,9	134,1

Other key data continued operations	Quarterly						Full Year
	Q2 '04	Q1 '04	Q4 '03	Q3 '03	Q2 '03	Q1 '03	2003
NOK million							
Production Mboe	1,132	1,298	1,326	1,307	1,441	1,534	5,653
EBITDA	147,0	148,3	180,7	180,2	217,5	230,0	808,4
EBITDAX	186,8	192,3	194,9	183,0	213,5	257,0	848,5
Lifting cost	40,8	40,7	30,9	34,3	26,4	35,2	126,8
Lifting cost per bbl	5,28	4,50	3,26	3,58	2,61	3,25	3,17

Continued operations (continued from last page)

Balance Sheets	Quarterly						Full Year
	NOK million	Q2 '04	Q1 '04	Q4 '03	Q3 '03	Q2 '04	Q1 '04
Intangible assets	110,1	112,1	164,1	141,1	133,1	135,1	164,1
Tangible assets	329,0	272,3	306,0	341,7	377,1	388,9	306,0
<i>Net assets discontinued operations</i>	-	349,9	987,7	843,9	698,7	679,2	987,7
Financial assets	49,3	16,4	260,1	266,0	268,8	268,5	260,1
Current assets	1 272,8	1 162,2	189,4	280,5	301,9	321,4	189,4
Total assets	1 761,2	1 912,9	1 907,3	1 873,2	1 779,6	1 793,2	1 907,3
Shareholder's equity	929,3	1 093,0	923,5	949,7	1 053,3	940,3	923,5
Provisions for liabilities and charges	42,2	121,3	41,2	37,3	42,1	53,6	41,2
Other long-term liabilities	321,0	369,0	781,8	616,5	456,1	579,4	781,8
Current liabilities	468,7	329,6	160,8	269,7	228,1	219,9	160,8
Total equity and liabilities	1 761,2	1 912,9	1 907,3	1 873,2	1 779,6	1 793,2	1 907,3

Definitions and terminology:

Lifting/production cost:	Costs incurred to operate and maintain wells and related equipment and facilities. They become part of the cost of oil and gas produced.
EBITDA:	EBIT adjusted for gain on sale of fixed assets, ordinary depreciation and goodwill amortisation
Netback:	EBITDA minus paid taxes
EBITDAX	EBITDA adjusted for exploration expenses

