



Fourth quarter

Interim Report 2014



Key figures

| USD million | Quarter | | Full year | |
|--|---------|---------|-----------|-------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Key financials | | | | |
| Sales ¹⁾ | 80.1 | 133.6 | 452.0 | 503.0 |
| Gross profit | -1.6 | 85.1 | 135.5 | 294.7 |
| Profit/loss from operating activities | -286.8 | -105.7 | -243.2 | 67.9 |
| Net profit/loss | -252.5 | -98.1 | -226.1 | 27.0 |
| EBITDA | 15.9 | 94.9 | 254.1 | 348.1 |
| Netback | 0.8 | 80.0 | 203.6 | 285.9 |
| Acquisition and development costs | 62.5 | 70.2 | 297.3 | 288.3 |
| Exploration costs expensed | 27.5 | 3.9 | 50.6 | 10.3 |
| Key performance indicators²⁾ | | | | |
| Lifting costs (USD/boe) | 5.0 | 7.8 | 4.8 | 8.0 |
| Netback (USD/boe) | 0.1 | 25.2 | 8.3 | 20.8 |

¹⁾ Sales in 2014 include USD 20.6 million related to export production from the Tawke field.

²⁾ Key performance indicators include exports from the Tawke field.

2014 highlights

- Record output achieved in 2014 with gross production up 66 percent from 2013 to 117,482 barrels of oil equivalent per day (boepd) and company working interest (CWI) production up 76 percent to 68,958 boepd
- Gross production at flagship Tawke field in Kurdistan rose 131 percent year-on-year to 91,255 barrels of oil per day (bopd) in 2014; production continued uninterrupted in 2014 despite security conditions
- Operating revenue of USD 452 million in 2014 with operating cash flow of USD 181 million
- Capital expenditures of USD 297 million, up from USD 288 million in 2013, primarily driven by capacity expansion and development programs in Kurdistan
- In line with industry practice, DNO reassessed the book value of its oil and gas assets at year end to adjust for significant decline in global oil prices and operational results, leading to USD 297 million in impairments
- Operating loss of USD 243 million in 2014 was driven by these non-cash impairments; absent impairments, operating profit stood at just over USD 53 million
- Ended the year with a cash balance of USD 114 million and another USD 63 million in marketable securities

- In December received first payment totaling USD 21 million net to DNO in respect of independent exports by the Kurdistan Regional Government from Tawke
- Expect to receive additional payments for past and ongoing exports but timing remains uncertain
- Process of normalization of Kurdistan's oil industry continues under challenging political, economic and security environment

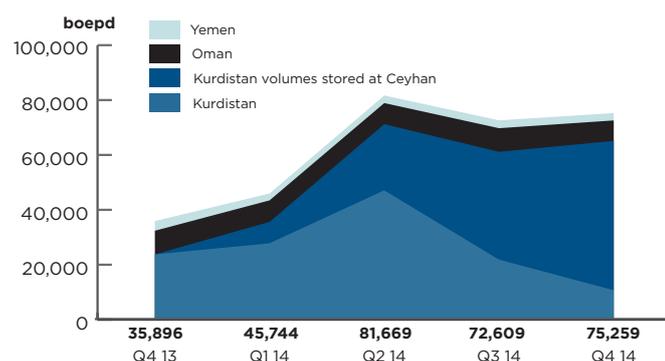
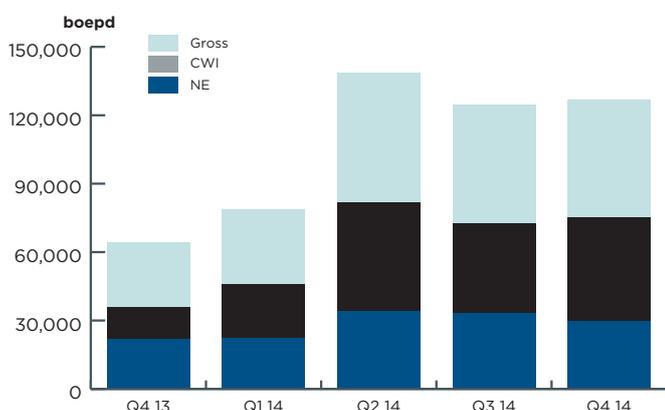
2015 preview

- DNO celebrated ten year anniversary in Kurdistan last year and remains fully committed to the region
- On track to increase Tawke field production capacity to 200,000 bopd in early 2015
- Hit 100 million barrel cumulative production milestone at Tawke on 4 February
- Focus shifts to the development of the Benenan field in the Erbil license where recent testing and appraisal have indicated more than two billion barrels of oil-in-place
- Decline in oil prices is prompting all oil and gas companies, including DNO, to cut costs
- Though low finding, development and operating costs give DNO a significant competitive advantage in a weak oil price environment
- Still, priority in 2015 is to align our spending with our earning
- This involves optimizing operations, cutting back discretionary expenditures and high-grading our portfolio – a process DNO started late last year and is ongoing
- But this also means realizing larger revenues from Kurdistan operations in line with our contractual terms
- DNO has restarted Tawke sales into the local market and plans to ramp up such sales in the first quarter
- Revenues from Kurdistan local sales and exports will drive 2015 capital program
- DNO continues to have one foot on the accelerator and one on the brake

Operational review

Production

Quarterly production



Company working interest production (CWI) during the fourth quarter averaged 75,259 boepd compared to 72,609 boepd in the previous quarter. Volumes were up considerably from the corresponding period last year, when CWI production stood at 35,896 boepd, due to increased production from the Tawke field in the Kurdistan region of Iraq.

In Kurdistan, CWI production totaled 65,119 boepd during the fourth quarter compared to 61,140 boepd in the previous quarter. In Oman, CWI production totaled 7,457 boepd during the fourth quarter compared to 8,605 boepd in the previous quarter. In Yemen, CWI production totaled 2,684 boepd during the fourth quarter compared to 2,864 boepd in the previous quarter.

Net entitlement production totaled 29,739 boepd during the fourth quarter compared to 33,264 boepd in the previous quarter.

Gross production

| boepd | Quarter | | Full year | |
|--------------|----------------|---------------|----------------|---------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Kurdistan | 105,349 | 38,207 | 95,011 | 39,433 |
| Oman | 14,913 | 17,219 | 15,678 | 21,473 |
| Yemen | 6,600 | 8,830 | 6,793 | 9,708 |
| Total | 126,862 | 64,256 | 117,482 | 70,614 |

The table above reflects gross production from the fields. Kurdistan figures include both local sales and exported volumes.

Company working interest (CWI) production

| boepd | Quarter | | Full year | |
|--------------|---------------|---------------|---------------|---------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Kurdistan | 65,119 | 23,765 | 58,414 | 24,527 |
| Oman | 7,457 | 8,610 | 7,839 | 10,736 |
| Yemen | 2,684 | 3,522 | 2,705 | 3,907 |
| Total | 75,259 | 35,896 | 68,958 | 39,170 |

The table above reflects DNO's total working interest production including diesel. Kurdistan figures include both local sales and exported volumes.

Net entitlement production

| boepd | Quarter | | Full year | |
|--------------|---------------|---------------|---------------|---------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Kurdistan | 23,857 | 14,842 | 23,746 | 12,679 |
| Oman | 3,924 | 4,508 | 4,160 | 5,733 |
| Yemen | 1,958 | 2,389 | 1,876 | 2,543 |
| Total | 29,739 | 21,738 | 29,782 | 20,956 |

The table above reflects DNO's net entitlement production including diesel. Net entitlement from past exports from Tawke has been estimated based on the PSC, but the company has not received payments for the full net entitlement production.

Appraisal and field development

Kurdistan region of Iraq

Tawke license

Gross production from the Tawke field in Kurdistan rose 131 percent to 91,255 boepd in 2014 despite ongoing security challenges.

A total of five horizontal wells were drilled at Tawke in 2014, bringing the total number of wells at the field to 28 by the end of the year, of which 26 were on production.

Two horizontal production wells were completed in the fourth quarter as part of the company's ongoing development program, including Tawke-28 and Tawke-27.

Tawke-28, completed in October, is currently producing 8,000 boepd. Tawke-27, spudded in November, was completed in record time and at a cost of under USD 10 million. Despite its challenging well path, it only took 31 days from the time Tawke-27 was drilled until it reached a final depth of 3,090 meters, plus an additional 12 days to log, complete and rig down. Tawke-27 is currently producing 3,000-4,000 boepd and is expected to increase to around 20,000-25,000 boepd.

Drilling of Tawke-30, the last well in the current drilling campaign, is to be completed in the first quarter of 2015. Total field production and processing capacity at Tawke is expected to reach 200,000 boepd in early 2015.

To transport the increased output, a new 24-inch pipeline was successfully completed on time and on budget along the same route as the existing 12-inch pipeline, which connects the central processing facility at Tawke to the Fish Khabur export facility.

The company is further processing 3D seismic data to obtain a better sense of the size and scale of the Peshkibir field, currently estimated to contain over 225 million barrels in gross unrisks prospective resources.

Dohuk license

DNO started up the Summail gas field in 2014, but deliverability from the field remains significantly lower than initially expected. Summail-1 is producing intermittently as we evaluate enhancement options.

Erbil license

Recent testing and appraisal have indicated higher volumes of oil-in-place for the Benenan heavy oil field than initially anticipated, currently estimated to hold more than two billion barrels.

Further testing of the Najmeh interval is underway at Benenan-4 and Erbil-2 wells. Interference test data for Erbil-2 showed excellent communication in parts of the reservoir.

We plan to optimize commercial production and delivery of Benenan heavy crude with a focus on the local market.

Oman

Offshore at Block 8, the Bukha and West Bukha fields produced a gross average of 15,678 boepd in 2014. A new development well is under consideration to increase West Bukha oil and gas output.

Yemen

Production is ongoing despite the suspension of new drilling activities due to the security environment. At Block 47, production startup at the Yaalen field is on hold, as is appraisal of the Meshgha discovery at Block 32.

United Arab Emirates

Saleh field continues to produce small volumes of gas and liquids on an intermittent basis.

Exploration

Oman

At the onshore Block 36, DNO continues to identify drilling targets.

Yemen

Due to Yemen's security environment, all new drilling activities remain suspended.

United Arab Emirates

DNO is reprocessing existing seismic data at the RAK Onshore license.

Tunisia

At Sfax Offshore Exploration Permit, Jawhara-3 was vertically drilled to a total depth of 2,815 meters and completed in January.

The Douleb and Bireno formations proved to be water bearing in compartments of the structure targeted by the well. Two other secondary objectives had oil shows. Further analysis of logging and testing results are being performed to re-evaluate Jawhara field oil-in-place estimates.

Petrogas acquired a 35 percent participating (40 percent paying) interest in Sfax in November. Under the terms of the farm-out agreement, Petrogas will pay part of DNO's share of the Jawhara-3 well cost in addition to its paying interest share of prior expenditures incurred by DNO. Completion of the farm-out is subject to approval by Tunisian authorities. Once completed, DNO will hold a 52.5 percent participating (60 percent paying) interest in the permit.

Somaliland

In Block SL 18 onshore Somaliland, a field geological survey and an environmental impact assessment have been conducted. The government is in the process of implementing an Oil Protection Unit (OPU) to support seismic acquisitions.

Financial review

Revenues, profits and cash flow

Sales revenue in the fourth quarter fell to USD 80.1 million compared to USD 115.7 million in the previous quarter. This was mainly due to reduced local sales from Tawke as Kurdistan ramped up exports through Turkey. Gross export deliveries from Tawke amounted to 18.6 million barrels in 2014, for which a single partial payment was made in December totaling USD 21 million net to DNO in respect of independent exports by the KRG. Future revenue recognition is contingent on receipt of payment. Total revenues from Kurdistan, including local sales, contributed revenues of USD 57.2 million in the fourth quarter.

Revenue from production at offshore Block 8 in Oman amounted to USD 12.6 million in the fourth quarter, while revenue from production in Yemen totaled USD 10.3 million.

DNO reported an operating loss of USD 286.8 million during the fourth quarter and a loss of USD 243.2 million for 2014. Excluding impairments, operating profit for the year stood at USD 53.5 million.

The company ended the year with USD 113.8 million in cash and USD 63 million in marketable securities.

Cost of goods sold

In the fourth quarter, the cost of goods sold was USD 81.6 million compared to USD 48.4 million in the corresponding period in 2013. The full-year figure was USD 316.5 million.

Lifting costs

Lifting costs rose to USD 33.6 million in the fourth quarter from USD 25.0 million in the same period in 2013 due to changes in ESP installation, workovers, maintenance and cost estimates. Total and unit lifting costs per country are presented in the accompanying table.

Lifting costs

| USD million | Quarter | | Full year | |
|--------------|-------------|-------------|--------------|--------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Kurdistan | 25.8 | 9.7 | 66.5 | 46.9 |
| Oman | 0.5 | 6.6 | 14.2 | 19.0 |
| Yemen | 7.3 | 8.7 | 37.2 | 44.7 |
| Total | 33.6 | 25.0 | 117.9 | 110.6 |

Including export volumes

| USD/boe | Quarter | | Full year | |
|----------------|------------|------------|------------|------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Kurdistan | 4.4 | 4.5 | 3.1 | 5.3 |
| Oman | 0.7 | 8.9 | 5.5 | 5.2 |
| Yemen | 33.6 | 29.5 | 42.0 | 33.7 |
| Average | 5.0 | 7.8 | 4.8 | 8.0 |

Depreciation, depletion and amortization (DD&A)

DD&A amounted to USD 47.2 million in the fourth quarter compared to USD 23.1 million in the corresponding period in 2013. The increase is due to a combination of higher production volumes as well as the revision and reclassification of certain reserves following the most recent independent review by DeGolyer & MacNaughton.

DD&A

| USD million | Quarter | | Full year | |
|--------------|-------------|-------------|--------------|-------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Kurdistan | 28.2 | 10.5 | 112.7 | 35.5 |
| Oman | 14.8 | 7.9 | 67.3 | 41.0 |
| Yemen | 4.2 | 4.7 | 16.6 | 20.2 |
| Total | 47.2 | 23.1 | 196.5 | 96.8 |

Including export volumes

| USD/boe | Quarter | | Full year | |
|----------------|-------------|-------------|-------------|-------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Kurdistan | 13.0 | 7.8 | 13.9 | 7.7 |
| Oman | 40.9 | 19.0 | 44.3 | 19.6 |
| Yemen | 26.7 | 23.4 | 27.2 | 23.7 |
| Average | 17.9 | 11.7 | 18.2 | 12.8 |

Exploration and capital expenditure

Exploration costs expensed

Expensed exploration costs of USD 27.5 million in the fourth quarter were mainly related to activities in Tunisia.

Exploration costs expensed

| USD million | Quarter | | Full year | |
|--------------|-------------|------------|-------------|-------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Kurdistan | - | 0.2 | 0.2 | 0.4 |
| Oman | 8.1 | 0.8 | 14.6 | 1.6 |
| Yemen | 6.1 | 0.2 | 6.4 | 0.6 |
| UAE | 0.3 | 0.2 | 0.7 | 0.4 |
| Tunisia | 13.0 | 2.4 | 28.0 | 6.3 |
| Other | 0.1 | 0.2 | 0.6 | 0.9 |
| Total | 27.5 | 3.9 | 50.6 | 10.3 |

ACQUISITION AND DEVELOPMENT COSTS

(incl. intangible assets)

Capital expenditures in the fourth quarter totaled USD 62.5 million compared to USD 70.2 million in the corresponding period in 2013. Costs associated with development work at the Tawke license amounted to USD 49.8 million in the quarter, in addition to USD 4.1 million at the Dohuk license and USD 0.5 million at the Erbil license. In Yemen, fourth-quarter capitalized costs were USD 1.0 million. Investments related to Oman stood at USD 3.4 million for Block 8 and USD 0.3 million for Block 36.

Acquisition and development costs

| USD million | Quarter | | Full year | |
|--------------|-------------|-------------|--------------|--------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Kurdistan | 54.4 | 58.9 | 254.6 | 167.8 |
| Oman | 3.7 | 4.6 | 18.6 | 31.7 |
| Yemen | 1.0 | 4.3 | 7.8 | 26.7 |
| UAE | - | 1.8 | -0.3 | 59.9 |
| Tunisia | -1.9 | - | 7.0 | - |
| Other | 5.3 | 0.5 | 9.6 | 2.2 |
| Total | 62.5 | 70.2 | 297.3 | 288.3 |

Consolidated statement of comprehensive income

| USD million | Note | Quarter | | Full year | |
|---|------|---------------|---------------|---------------|--------------|
| | | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Sales | 2, 3 | 80.1 | 133.6 | 452.0 | 503.0 |
| Cost of goods sold | 4 | -81.6 | -48.4 | -316.5 | -208.3 |
| Gross profit | | -1.6 | 85.1 | 135.5 | 294.7 |
| Other operating income | | 0.1 | 0.1 | 2.6 | 0.3 |
| Tariffs and transportation | | -1.2 | -0.6 | -4.2 | -4.2 |
| Administrative expenses/other operating expenses | | -4.4 | -9.3 | -30.2 | -30.2 |
| Impairment oil and gas assets | 7 | -252.2 | -177.2 | -296.7 | -182.3 |
| Exploration costs expensed | 5 | -27.5 | -3.9 | -50.6 | -10.3 |
| Net gain/loss from sale of PP&E | 7 | - | - | 0.4 | -0.1 |
| Profit/loss from operating activities | | -286.8 | -105.7 | -243.2 | 67.9 |
| Financial income | | 20.2 | 0.2 | 28.1 | 2.6 |
| Financial expenses | | -17.8 | -1.4 | -36.8 | -12.3 |
| Profit/loss before income tax | | -284.4 | -106.9 | -251.8 | 58.2 |
| Income tax expense | 6 | 31.9 | 8.8 | 25.8 | -31.3 |
| Net profit/loss | | -252.5 | -98.1 | -226.1 | 27.0 |
| Other comprehensive income | | | | | |
| Currency translation differences | | 0.2 | 1.6 | 0.4 | 10.6 |
| Fair value changes available-for-sale financial assets | | -6.6 | - | - | - |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods | | -6.4 | 1.6 | 0.4 | 10.6 |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods | | - | - | - | - |
| Total other comprehensive income, net of tax | 6 | -6.4 | 1.6 | 0.4 | 10.6 |
| Total comprehensive income, net of tax | | -258.9 | -96.5 | -225.7 | 37.6 |
| Net profit/loss attributable to: | | | | | |
| Equity holders of the parent | | -252.5 | -98.1 | -226.1 | 27.0 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent | | -258.9 | -96.5 | -225.7 | 37.6 |
| Earnings per share, basic | | -0.25 | 0.10 | -0.23 | 0.03 |
| Earnings per share, diluted | | -0.25 | 0.10 | -0.23 | 0.03 |

Condensed consolidated statement of financial position

| ASSETS | | | |
|--|------|----------------|----------------|
| USD million | Note | Full year | |
| | | 2014 | 2013 |
| Non-current assets | | | |
| Deferred income tax assets | 6 | 3.3 | 7.7 |
| Other intangible assets | 7 | 150.5 | 158.3 |
| Property, plant and equipment | 7 | 528.9 | 725.2 |
| Available for sale investments | 8 | 35.0 | 10.8 |
| Other non-current assets | | 4.8 | 2.4 |
| Total non-current assets | | 722.5 | 904.4 |
| Current assets | | | |
| Inventories | 4 | 77.7 | 50.8 |
| Trade and other receivables | | 187.3 | 114.0 |
| Cash and cash equivalents | | 113.8 | 265.9 |
| Total current assets | | 378.8 | 430.7 |
| TOTAL ASSETS | | 1,101.3 | 1,335.1 |
| EQUITY AND LIABILITIES | | | |
| USD million | Note | Full year | |
| | | 2014 | 2013 |
| Equity | | | |
| Share capital | | 33.6 | 33.6 |
| Other reserves | | 175.1 | 174.7 |
| Retained earnings | | 324.1 | 550.2 |
| Total equity | | 532.8 | 758.5 |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 9 | 214.7 | 230.4 |
| Deferred income tax liabilities | 6 | 34.4 | 101.5 |
| Provisions for other liabilities and charges | 10 | 100.1 | 93.0 |
| Total non-current liabilities | | 349.2 | 424.9 |
| Current liabilities | | | |
| Trade and other payables | | 139.7 | 56.5 |
| Income taxes payable | 6 | 1.9 | 15.5 |
| Provisions for other liabilities and charges | 10 | 77.6 | 79.7 |
| Total current liabilities | | 219.2 | 151.7 |
| TOTAL EQUITY AND LIABILITIES | | 1,101.3 | 1,335.1 |

Condensed consolidated cash flow statement

| USD million | Note | Quarter | | Full year | |
|--|------|--------------|--------------|---------------|---------------|
| | | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Operating activities | | | | | |
| Profit/loss before income tax | | -284.4 | -106.9 | -251.8 | 58.2 |
| Adjustments to add (deduct) non-cash items: | | | | | |
| +/- Net interest expense (income) | | -3.9 | 0.6 | 12.6 | 7.2 |
| Previously capitalized exploration and evaluation expenses | 5 | 5.9 | - | 5.9 | - |
| Depreciation of PP&E | 4 | 48.0 | 23.4 | 198.6 | 97.8 |
| Impairment loss on oil and gas assets | 7 | 252.2 | 177.2 | 296.7 | 182.3 |
| Gain/loss on PPE | 7 | - | - | -0.4 | 0.1 |
| Impairment of financial assets | 8 | 14.8 | - | 14.8 | - |
| Other * | | -9.7 | 58.4 | -4.2 | 52.3 |
| Changes in working capital: | | | | | |
| - Inventories | | -6.6 | -12.8 | -26.9 | -9.9 |
| - Trade and other receivables | | -34.7 | -20.8 | -75.7 | 7.4 |
| - Trade and other payables | | 49.5 | 35.3 | 83.1 | 16.5 |
| - Provisions for other liabilities and charges | | -2.1 | -53.1 | -2.0 | -59.1 |
| Cash generated from operations | | 29.0 | 101.3 | 250.5 | 352.8 |
| Income taxes paid | | -15.1 | -14.8 | -50.5 | -62.1 |
| Interest paid | | -4.1 | -5.0 | -18.6 | -20.3 |
| Net cash from operating activities | | 9.8 | 81.5 | 181.4 | 270.4 |
| Investing activities | | | | | |
| Purchases of intangible assets | 7 | 0.8 | -4.9 | -6.6 | -35.9 |
| Proceeds from sale of intangible assets | 7 | - | - | 0.3 | - |
| Purchases of tangible assets | 7 | -63.3 | -65.2 | -290.7 | -252.5 |
| Proceeds from sale of tangible assets | 7 | 0.3 | - | 0.9 | - |
| Purchases of available-for-sale financial assets | 8 | - | -10.8 | -38.9 | -10.8 |
| Proceeds from sale of available-for-sale financial assets | 8 | - | - | - | 0.5 |
| Interest received | | 0.1 | 0.2 | 0.4 | 0.6 |
| Net cash from/used in investing activities | | -62.1 | -80.9 | -334.5 | -298.1 |
| Financing activities | | | | | |
| Repayment of borrowings | | - | - | - | - |
| Purchase of treasury shares, including options | | - | - | - | - |
| Net cash from/used financing activities | | - | - | - | - |
| Net increase/decrease in cash and cash equivalents | | -52.3 | 0.7 | -153.1 | -27.7 |
| Cash and cash equivalents at beginning of the period | | 165.7 | 262.4 | 265.9 | 270.9 |
| Exchange gain/losses on cash and cash equivalents | | 0.5 | 3.0 | 1.0 | 22.7 |
| Cash and cash equivalents at end of the period | | 113.8 | 265.9 | 113.8 | 265.9 |

* Included in the line Other under Operating activities are foreign currency effects related to interest-bearing loans and equity, acquisition/disposals of PP&E with non-cash effect, change in accruals of long-term liabilities with non-cash effect and other non-cash items from investing and financing activities.

Condensed consolidated statement of changes in equity

| USD million | Share capital | Other reserves | Retained earnings | Total equity |
|---------------------------------------|---------------|----------------|-------------------|--------------|
| Balance at 1 January 2013 | 33.6 | 164.2 | 523.2 | 721.0 |
| <i>Fair value gains, net of tax:</i> | | | | |
| - available-for-sale financial assets | - | - | - | - |
| Currency translation differences | - | 10.6 | - | 10.6 |
| Other comprehensive income/loss | - | 10.6 | - | 10.6 |
| Profit for the period | - | - | 27.0 | 27.0 |
| Total comprehensive income | - | 10.6 | 27.0 | 37.6 |
| Issue of share capital | - | - | - | - |
| Purchase of treasury shares | - | - | - | - |
| Sale of treasury shares | - | - | - | - |
| | - | - | - | - |
| Balance at 31 December 2013 | 33.6 | 174.7 | 550.2 | 758.5 |

| USD million | Share capital | Other reserves | Retained earnings | Total equity |
|---------------------------------------|---------------|----------------|-------------------|--------------|
| Balance at 1 January 2014 | 33.6 | 174.7 | 550.2 | 758.5 |
| <i>Fair value gains, net of tax:</i> | | | | |
| - available-for-sale financial assets | - | - | - | - |
| Currency translation differences | - | 0.4 | - | 0.4 |
| Other comprehensive income/loss | - | 0.4 | - | 0.4 |
| Loss for the period | - | - | -226.1 | -226.1 |
| Total comprehensive income | - | 0.4 | -226.1 | -225.7 |
| Issue of share capital | - | - | - | - |
| Purchase of treasury shares | - | - | - | - |
| Sale of treasury shares | - | - | - | - |
| | - | - | - | - |
| Balance at 31 December 2014 | 33.6 | 175.1 | 324.1 | 532.8 |

Notes to the interim condensed consolidated financial accounts

Note 1 | Basis of preparation and accounting policies

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 as adopted by the EU. The interim report has also been prepared in accordance with Oslo Stock Exchange regulations.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2013. The interim financial information for 2014 and 2013 is unaudited.

The condensed consolidated financial statements have been prepared on a historical cost basis, with the following exemption:

* All derivatives, all financial assets and liabilities held for trading, liabilities related to share-based payments and all financial assets that are classified as available-for-sale, are recognized at fair value.

A detailed description of the accounting policies applied is included in the DNO annual financial statements for 2013. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2013. For information about the standards and interpretations effective from 1 January 2014, please refer to Note 1 in the group's annual financial statements for 2013. The group has adopted the following new standards with effect from 1 January 2014:

IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities

The implementation of these standards has no effect on the group's financial position or performance.

DNO changed the presentation currency for the consolidated accounts from NOK to USD with effect from 1 January 2014. See note 11 for restated historical figures.

Note 2 | Segment information

DNO is reporting five (5) operating segments; Kurdistan (KUR), Oman (OMAN), Yemen (YEM), Ras Al Khaimah (UAE) and Tunisia (TUN). The operating segments equal the reportable segments.

| Three months ended 31 December 2014 USD million | Note | KUR | OMAN | YEM | UAE | TUN | OTHER | Total report. segm. | Unalloc./ elimin. | GROUP |
|--|------|---------------|--------------|--------------|-------------|--------------|-------------|---------------------------|----------------------|----------------|
| Income statement information | | | | | | | | | | |
| External sales | 3 | 57.2 | 12.6 | 10.3 | - | - | - | 80.1 | - | 80.1 |
| Inter-segment sales | | 0.6 | 2.3 | 0.1 | 0.1 | - | - | 3.1 | -3.1 | - |
| Cost of goods sold | 4 | -54.2 | -15.3 | -11.6 | -0.2 | - | - | -81.3 | -0.4 | -81.6 |
| Gross profit | | 3.7 | -0.3 | -1.2 | -0.1 | - | - | 2.0 | -3.5 | -1.6 |
| Segment operating result | | -135.8 | -67.1 | -66.4 | -1.3 | -13.4 | -0.3 | -284.3 | -3.3 | -287.6 |
| Interest - net | | | | | | | | | | 3.2 |
| Gain/loss on sale of shares | | | | | | | | | | - |
| Income tax expense | | - | 32.4 | -0.5 | - | - | - | 31.9 | - | 31.9 |
| Net profit/loss | | | | | | | | | | -252.5 |
| Segment assets | | 777.5 | 176.8 | 36.0 | 3.7 | 82.5 | 1.1 | 1,077.6 | 23.6 | 1,101.3 |

Note 2 | Segment information continues

| Three months ended 31 December 2013 USD million | Note | KUR | OMAN | YEM | UAE | TUN | OTHER | Total report. segm. | Unalloc./ elimin. | GROUP |
|--|------|--------------|--------------|--------------|--------------|-------------|-------------|---------------------------|----------------------|----------------|
| Income statement information | | | | | | | | | | |
| External sales | 3 | 83.3 | 28.1 | 22.2 | - | - | - | 133.6 | - | 133.6 |
| Inter-segment sales | | 0.3 | 3.0 | 0.2 | 0.4 | 0.8 | 0.2 | 4.8 | -4.8 | - |
| Cost of goods sold | 4 | -20.3 | -14.5 | -13.4 | - | - | - | -48.3 | -0.2 | -48.4 |
| Gross profit | | 63.2 | 16.6 | 9.0 | 0.4 | 0.8 | 0.1 | 90.1 | -5.0 | 85.1 |
| Segment operating result | | 58.5 | -68.1 | 7.3 | -95.4 | -1.6 | -0.5 | -99.9 | -6.4 | -106.2 |
| Interest - net | | | | | | | | | | -0.6 |
| Gain/loss on sale of shares | | | | | | | | | | - |
| Income tax expense | | - | 11.9 | -3.2 | - | - | - | 8.8 | - | 8.8 |
| Net profit/loss | | | | | | | | | | -98.1 |
| Segment assets | | 686.0 | 266.2 | 118.4 | 49.3 | 9.9 | 2.1 | 1,132.0 | 203.2 | 1,335.1 |

| Twelve months ended 31 December 2014 USD million | Note | KUR | OMAN | YEM | UAE | TUN | OTHER | Total report. segm. | Unalloc./ elimin. | GROUP |
|---|------|--------------|--------------|--------------|--------------|--------------|-------------|---------------------------|----------------------|----------------|
| Income statement information | | | | | | | | | | |
| External sales | 3 | 306.6 | 87.2 | 58.2 | - | - | - | 452.0 | - | 452.0 |
| Inter-segment sales | | 2.7 | 8.1 | 1.2 | 0.4 | 0.4 | 0.4 | 13.1 | -13.1 | - |
| Cost of goods sold | 4 | -179.6 | -81.6 | -53.9 | -0.2 | -0.1 | -0.1 | -315.5 | -1.1 | -316.5 |
| Gross profit | | 129.7 | 13.6 | 5.5 | 0.2 | 0.3 | 0.3 | 149.7 | -14.2 | 135.5 |
| Segment operating result | | -16.5 | -66.4 | -67.1 | -44.1 | -28.3 | -2.3 | -224.6 | -14.6 | -239.2 |
| Interest - net | | | | | | | | | | -12.6 |
| Gain/loss on sale of shares | | | | | | | | | | - |
| Income tax expense | | - | 27.6 | -1.8 | - | - | - | 25.8 | - | 25.8 |
| Net profit/loss | | | | | | | | | | -226.1 |
| Segment assets | | 777.5 | 176.8 | 36.0 | 3.7 | 82.5 | 1.1 | 1,077.6 | 23.6 | 1,101.3 |

| Twelve months ended 31 December 2013 USD million | Note | KUR | OMAN | YEM | UAE | TUN | OTHER | Total report. segm. | Unalloc./ elimin. | GROUP |
|---|------|--------------|--------------|--------------|--------------|-------------|-------------|---------------------------|----------------------|----------------|
| Income statement information | | | | | | | | | | |
| External sales | 3 | 274.8 | 134.7 | 93.5 | - | - | - | 503.0 | - | 503.0 |
| Inter-segment sales | | 3.6 | 5.6 | 1.8 | 2.5 | 1.5 | 0.4 | 15.4 | -15.4 | - |
| Cost of goods sold | 4 | -82.8 | -60.0 | -64.9 | - | - | -0.1 | -207.9 | -0.5 | -208.3 |
| Gross profit | | 195.7 | 80.2 | 30.4 | 2.5 | 1.5 | 0.3 | 310.6 | -15.9 | 294.7 |
| Segment operating result | | 183.4 | -14.3 | 19.0 | -96.3 | -5.1 | -0.4 | 86.3 | -20.9 | 65.4 |
| Interest - net | | | | | | | | | | -7.2 |
| Gain/loss on sale of shares | | | | | | | | | | - |
| Income tax expense | | - | -22.4 | -8.8 | - | - | - | -31.3 | - | -31.3 |
| Net profit/loss | | | | | | | | | | 27.0 |
| Segment assets | | 686.0 | 266.2 | 118.4 | 49.3 | 9.9 | 2.1 | 1,132.0 | 203.2 | 1,335.1 |

Note 3 | Sales

DNO reports its operations governed by Production Sharing Agreements/Production Sharing Contracts (PSA/PSC) according to the net entitlement method.

| USD million | Quarter | | Full year | |
|----------------------------|-------------|--------------|--------------|--------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Sale of petroleum products | 80.1 | 133.6 | 452.0 | 503.0 |
| Total sales | 80.1 | 133.6 | 452.0 | 503.0 |

In December 2014, DNO ASA received a partial payment for oil exported by the Kurdistan Regional Government from the Tawke field of USD 20.6 million. According to DNO's accounting policies on revenue recognition, this amount has been recorded as revenue in Q4.

Note 4 | Cost of goods sold/inventory

| USD million | Quarter | | Full year | |
|--|--------------|--------------|---------------|---------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Lifting costs * | -33.6 | -25.0 | -117.9 | -110.6 |
| Depreciation, depletion and amortization | -48.0 | -23.4 | -198.6 | -97.8 |
| Total cost of goods sold | -81.6 | -48.4 | -316.5 | -208.3 |

** Lifting costs consist of expenses relating to the production of oil and gas, including operation and maintenance of installations, well intervention and workover activities, insurance and costs in own organization.

| USD million | Full year | |
|------------------------|-------------|-------------|
| | 2014 | 2013 |
| Spare parts | 65.5 | 36.9 |
| Other inventory | 12.2 | 14.0 |
| Total inventory | 77.7 | 50.8 |

Spare parts relate mainly to the Tawke field in the Kurdistan region of Iraq. Other inventory relates to drilling and completion materials for the offshore blocks in Oman and UAE.

Note 5 | Exploration costs

| USD million | Quarter | | Full year | |
|---|--------------|-------------|--------------|--------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Exploration expenses (G&G and field surveys) | -4.2 | -1.6 | -12.9 | -3.4 |
| Seismic costs | -5.0 | -0.1 | -14.8 | -0.4 |
| Exploration costs capitalized in previous years carried to cost | -5.9 | - | -5.9 | - |
| Exploration costs capitalized this year carried to cost | -10.4 | - | -10.3 | - |
| Other exploration cost expensed | -2.0 | -2.3 | -6.7 | -6.6 |
| Total exploration costs expensed * | -27.5 | -3.9 | -50.6 | -10.3 |

* For details on geographic spread of exploration costs expensed, see the Financial review section.

Seismic costs in Q4 are mainly related to Block 36 in Oman. Previously capitalized exploration costs of USD 5.9 million related to the Sharnah field in Block 47 in Yemen has been expensed as development of the field is deemed not commercial (under current conditions).

Dry well costs of USD 10.4 million is related to the Jawhara-3 well in Tunisia (SFAX Offshore license).

Note 6 | Income taxes

| USD million | Quarter | | Full year | |
|--|-------------|------------|-------------|--------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Deferred taxes | 38.1 | 22.9 | 62.6 | 39.0 |
| Income taxes payable related to Production Sharing Agreements (PSAs) in Yemen and Oman | -6.3 | -14.1 | -36.8 | -70.2 |
| Total income tax expense | 31.9 | 8.8 | 25.8 | -31.3 |

The interim period income tax expense relates to the Yemen and Oman operations and is calculated by applying the tax rate applicable to the expected total annual earnings.

According to the net entitlement method, income taxes payable related to PSAs consist of the corporate tax rate applicable under the agreements. No tax is applicable to the operations in the Kurdistan region of Iraq as there is currently no established tax regime.

There are no tax consequences attached to items recorded in other comprehensive income.

Note 7 | Property, plant and equipment/intangible assets

| USD million | Quarter | | Full year | |
|--|--------------|--------------|--------------|--------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Acquisitions of PP&E * | 63.3 | 65.2 | 290.6 | 252.5 |
| Acquisitions of intangible assets ** | -0.8 | 4.9 | 6.6 | 35.9 |
| Net book amount PP&E | 528.9 | 725.2 | 528.9 | 725.2 |
| Net book amount intangible assets | 150.5 | 158.3 | 150.5 | 158.3 |
| <i>Sale of PP&E</i> | | | | |
| Proceeds | 0.3 | - | 1.2 | 0.7 |
| Carrying value | 0.3 | - | 0.8 | 0.8 |
| Net gain/loss | - | - | 0.4 | -0.1 |
| Impairment of PP&E | 252.2 | 177.2 | 296.7 | 182.3 |

* Acquisitions related to development assets, assets in operation and other PP&E

** Acquisitions related to capitalized exploration costs and license interests

Impairment charge of USD 252.2 million in Q4 2014 is related to the assets in Oman, Yemen and Kurdistan. Impairment charge of USD 296.7 million for the full year also include impairment charge of USD 44.5 million in Q3 related to the Saleh field in UAE. See note 12 for further details. Impairment charge of USD 182.3 million in 2013 was related to the assets in UAE (Saleh and RAK B) and Block 8 and Block 31 in Oman.

Note 8 | 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 to other comprehensive income. Impairment will be charged to profit or loss, while reversal of impairment will be taken through other comprehensive income.

| USD million | Quarter | | Full year | |
|--|-------------|-------------|-------------|-------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Beginning of the period | 56.3 | - | 10.8 | 0.5 |
| Additions | - | 10.9 | 38.9 | 10.9 |
| Sales | - | - | - | -0.4 |
| Revaluation surplus/deficit transfer to equity | -6.6 | - | - | - |
| Impairment | -14.8 | - | -14.8 | - |
| Exchange differences | - | -0.1 | - | -0.1 |
| End of the period ¹⁾ | 35.0 | 10.8 | 35.0 | 10.8 |
| Non-current portion | 35.0 | 10.8 | 35.0 | 10.8 |
| Current portion | - | - | - | - |

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

| USD million | Quarter | | Full year | |
|--|-------------|-------------|-------------|-------------|
| | Q4 2014 | Q4 2013 | 2014 | 2013 |
| Unlisted securities: | | | | |
| - RAK Petroleum plc | 35.0 | 10.8 | 35.0 | 10.8 |
| ¹⁾ Total available-for-sale financial assets | 35.0 | 10.8 | 35.0 | 10.8 |

DNO has a total of 15,849,737 shares (4.9 percent of outstanding shares) in RAK Petroleum plc. All shares have been acquired in open market transactions. RAK Petroleum plc was listed on the Oslo Stock Exchange on 7 November 2014, and when listed the shares were converted 10:1 from 158,497,373 shares to 15,849,737 shares. An impairment of MUSD 14.8 has been recorded in Q4 due to lower market value.

Note 9 | Interest-bearing liabilities

| USD million | Full year | |
|---|--------------|--------------|
| | 2014 | 2013 |
| Non-current | | |
| Bonds | 214.7 | 230.4 |
| Total non-current interest-bearing liabilities | 214.7 | 230.4 |
| Current | | |
| Current portion of bonds | - | - |
| Total current interest-bearing liabilities | - | - |
| Total interest-bearing liabilities | 214.7 | 230.4 |

| USD million | Currency | Amount | Interest | Maturity | Balance | |
|---|----------|--------|--------------|------------|--------------|--------------|
| | | | | | Q4 2014 | Q3 2014 |
| Non-current | | | | | | |
| Bond loan (ISIN NO0010606197) | NOK | 560.0 | Nibor + 7.5% | 11/04/2016 | 75.3 | 86.8 |
| Bond loan (ISIN NO0010606189) | USD | 140.0 | Libor + 7.5% | 11/04/2016 | 140.0 | 140.0 |
| Borrowing issue costs | | | | | -0.6 | -1.0 |
| Total interest-bearing liabilities | | | | | 214.7 | 225.8 |

Note 10 | Provisions for other liabilities and charges

| USD million | Full year | |
|---|--------------|--------------|
| | 2014 | 2013 |
| Non-current | | |
| Asset retirement obligations | 3.8 | 3.6 |
| Other long-term obligations | 96.3 | 89.5 |
| Total non-current provisions for other liabilities and charges | 100.1 | 93.0 |
| Current | | |
| Other provisions and charges | 77.6 | 79.7 |
| Total current provisions for other liabilities and charges | 77.6 | 79.7 |
| Total provisions for other liabilities and charges | 177.7 | 172.7 |

Included in provision for other liabilities and charges is provision for the Water Purification Project (WPP) in the Kurdistan region of Iraq. The WPP was capitalized in 2009 and is depreciated over the period of production. The WPP liability will not be payable until a payment mechanism is in place and proceeds from export sale are received on a regular basis. The monthly installments are contingent on defined gross revenue levels and will be fully recovered through cost oil. The WPP liability is recorded at net present value, where the unwinding of interest is charged to profit or loss. Part of the WPP liability has been classified as short-term at 31 December 2014 and included in other provisions and charges (current).

Provision for production bonuses for the Tawke and Erbil licenses in the Kurdistan region of Iraq is also included in provision for other liabilities and charges. Production bonuses relate to payments based on different production levels.

Note 11 | Change of presentation currency

With effect from 1 January 2014, DNO changed its presentation currency from Norwegian kroner (NOK) to US Dollars (USD) for the consolidated financial statements. The change was made to better reflect the profile of an industry with revenues, costs and cash flows primarily generated in USD.

The tables below show restated condensed financial statements for the DNO group as if the change were effective since 1 January 2005 (IFRS transition):

Consolidated statement of comprehensive income

| USD million | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | Full year | |
|--|---------------|-------------|-------------|-------------|--------------|--------------|
| | | | | | 2013 | 2012 |
| Sales | 133.6 | 135.2 | 130.9 | 103.3 | 503.0 | 524.5 |
| Cost of goods sold | -48.4 | -53.1 | -57.0 | -49.9 | -208.3 | -208.4 |
| Gross profit | 85.1 | 82.2 | 74.0 | 53.4 | 294.7 | 316.1 |
| Other operating income | 0.1 | 0.1 | 0.1 | 0.2 | 0.3 | 1.7 |
| Tariffs and transportation | -0.6 | -1.2 | -1.5 | -0.9 | -4.2 | -2.7 |
| Administrative expense/Other operating expenses | -9.3 | -10.1 | -7.2 | -3.6 | -30.2 | -27.0 |
| Impairment/Reversal of impairment oil and gas assets | -177.2 | -5.1 | - | - | -182.3 | - |
| Exploration cost expensed | -3.9 | -2.0 | -2.4 | -1.9 | -10.3 | -13.4 |
| Net gain/loss from sale of PP&E | - | -0.1 | - | - | -0.1 | -4.8 |
| Profit/loss from operations | -105.7 | 63.6 | 62.9 | 47.1 | 67.9 | 270.0 |
| Financial income | 0.2 | 0.4 | 1.1 | 0.9 | 2.6 | 2.8 |
| Financial expenses | -1.4 | -2.9 | -3.9 | -4.1 | -12.3 | -24.8 |
| Profit/loss before income tax | -106.9 | 61.1 | 60.1 | 43.9 | 58.2 | 248.0 |
| Income tax expense | 8.8 | -14.2 | -12.1 | -13.8 | -31.3 | -49.9 |
| Net profit/loss | -98.1 | 47.0 | 48.0 | 30.1 | 27.0 | 198.1 |
| Net profit/loss attributable to: | | | | | | |
| Equity holders of the parent | -98.1 | 47.0 | 48.0 | 30.1 | 27.0 | 198.1 |
| Earnings per share | -0.10 | 0.05 | 0.05 | 0.03 | 0.03 | 0.20 |

Note 11 | Change of presentation currency continues

Condensed consolidated statement of financial position

| ASSETS | | |
|---------------------------------|----------------|----------------|
| USD million | 2013 | 2012 |
| Non-current assets | | |
| Goodwill | - | 46.4 |
| Deferred income tax assets | 7.7 | 7.7 |
| Other intangible assets | 158.3 | 130.9 |
| Property, plant and equipment | 725.2 | 698.1 |
| Available for sale investments | 10.8 | 0.4 |
| Other non-current assets | 2.4 | - |
| Total non-current assets | 904.4 | 883.6 |
| Current assets | | |
| Inventories | 50.8 | 40.9 |
| Trade and other receivables | 114.0 | 123.7 |
| Cash and cash equivalents | 265.9 | 270.9 |
| Total current assets | 430.7 | 435.6 |
| TOTAL ASSETS | 1,335.1 | 1,319.2 |

| EQUITY AND LIABILITIES | | |
|--|----------------|----------------|
| USD million | 2013 | 2012 |
| Equity | | |
| Share capital | 33.6 | 33.6 |
| Other reserves | 174.7 | 164.2 |
| Retained earnings | 550.2 | 523.2 |
| Total equity | 758.5 | 721.0 |
| Non-current liabilities | | |
| Interest-bearing liabilities | 230.4 | 238.0 |
| Deferred income tax liabilities | 101.5 | 140.4 |
| Retirement benefit obligations | 0.5 | 0.5 |
| Provisions for other liabilities and charges | 92.5 | 33.1 |
| Total non-current liabilities | 424.9 | 412.0 |
| Current liabilities | | |
| Trade and other payables | 56.5 | 40.0 |
| Income taxes payable | 15.5 | 7.4 |
| Provisions for other liabilities and charges | 79.7 | 138.7 |
| Total current liabilities | 151.7 | 186.2 |
| TOTAL EQUITY AND LIABILITIES | 1,335.1 | 1,319.2 |

Note 11 | Change of presentation currency continues

Condensed consolidated cash flow statement

| USD million | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | Full year 2013 |
|--|--------------|--------------|--------------|--------------|-------------------|
| Operating activities | | | | | |
| Profit/loss before income tax | -106.9 | 61.1 | 60.1 | 43.9 | 58.2 |
| Adjustments to add (deduct) non-cash items: | | | | | |
| +/- Net interest expense (income) | 0.6 | 2.6 | 1.6 | 2.3 | 7.2 |
| Previously capitalized exploration and evaluation expenses | - | - | - | - | - |
| Depreciation of PP&E | 23.4 | 24.9 | 25.0 | 24.5 | 97.8 |
| Impairment loss/Reversal of impairment on PP&E | 177.2 | 5.1 | - | - | 182.3 |
| Gain/loss on PPE | - | 0.1 | - | - | 0.1 |
| Gain/loss on shares | - | - | - | - | - |
| Other | 58.4 | 3.3 | -1.5 | -7.9 | 52.3 |
| <i>Changes in working capital:</i> | | | | | |
| - Inventories | -12.8 | 3.5 | -1.8 | 1.2 | -9.9 |
| - Trade and other receivables | -20.8 | 4.7 | -26.0 | 49.4 | 7.4 |
| - Trade and other payables | 35.3 | -22.1 | 9.2 | -5.8 | 16.5 |
| - Provisions for other liabilities and charges | -53.1 | 1.4 | -5.8 | -1.6 | -59.1 |
| Cash generated from operations | 101.3 | 84.8 | 60.8 | 105.8 | 352.8 |
| Income taxes paid | -14.8 | -16.7 | -14.1 | -16.5 | -62.1 |
| Interest paid | -5.0 | -5.1 | -5.0 | -5.2 | -20.3 |
| Net cash from operating activities | 81.5 | 63.0 | 41.7 | 84.1 | 270.4 |
| Investing activities | | | | | |
| Purchases of intangible assets | -4.9 | -3.0 | -14.2 | -13.7 | -35.9 |
| Proceeds from sale of intangible assets | - | - | - | - | - |
| Purchases of tangible assets | -65.2 | -70.0 | -65.7 | -51.5 | -252.5 |
| Proceeds from sale of tangible assets | - | - | - | - | - |
| Purchases of available-for-sale financial assets | -10.8 | - | - | - | -10.8 |
| Proceeds from sale of available-for-sale financial assets | - | - | 0.5 | - | 0.5 |
| Interest received | 0.2 | 0.2 | 0.1 | 0.1 | 0.6 |
| Other investing activities | - | - | - | - | - |
| Net cash from/used in investing activities | -80.9 | -72.8 | -79.3 | -65.1 | -298.1 |
| Financing activities | | | | | |
| Repayment of borrowings | - | - | - | - | - |
| Purchase of treasury shares, including options | - | - | - | - | - |
| Net cash from/used financing activities | - | - | - | - | - |
| Net increase/decrease in cash and cash equivalents | 0.7 | -9.8 | -37.6 | 19.0 | -27.7 |
| Cash and cash equivalents at beginning of the period | 262.4 | 273.4 | 301.3 | 270.9 | 270.9 |
| Exchange gain/losses on cash and cash equivalents | 3.0 | -1.2 | 9.8 | 11.3 | 22.7 |
| Cash and cash equivalents at end of the period | 265.9 | 262.4 | 273.4 | 301.2 | 265.9 |

Note 12 | Impairment assessments

DNO has performed impairment assessments for its assets at year-end 2014, according to IAS 36 Impairment of Assets. IAS 36.9 requires that an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, the recoverable amount shall be estimated.

Oil and gas assets have been assessed for impairment as of 31 December 2014. Booked values of the assets have been compared to values in use calculated as the net present value of the assets. DNO has defined field level as the lowest level where separate cash flows can be identified. Field level is thereby the aggregation level for depreciation purposes, and also when assessing impairment. Net present value per field is calculated by discounting the future cash flows and comparing them to booked value. The following assumptions have been used in calculating net present value; the oil price is based on the forward curve as of 31 December 2014 adjusted for any discounts in oil quality applicable to each field. The discount rate used for impairment purposes is based on DNO's WACC (Weighted Average Cost of Capital). The material decline in oil price has had a negative impact on the net present value of the assets.

Based on the calculations, an impairment charge of USD 140 million has been recorded for the Summail field (Dohuk license) in the Kurdistan region of Iraq. In addition, an impairment charge of USD 34.5 million has been recorded for Block 8 in Oman. The remaining excess values of USD 18.3 million related to Block 8 and USD 2.2 million related to Block 30 in the consolidated accounts has also been impaired in Q4. The Yemen blocks have also been impaired with USD 57.2 million in Q4. An impairment charge of USD 44.5 million was recorded for Saleh field in UAE in Q3.

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