INTERIM REPORT FOURTH QUARTER

2006

CONTENTS

INTERIM REPORT FOURTH QUARTER AND FULL YEAR 2006

DNO is an independent international upstream oil and gas company. DNO's main objective is sustainable growth and value creation through smart exploration, cost effective field development and high margin production. DNO's current license portfolio is located in three geographic segments: Northern Europe, Middle East and Africa. DNO is committed to conduct its activities in a socially, environmentally and economically responsible manner.

In 2006 DNO continued to build on its strong E&P position in Norway and the Middle East through an active exploration and development strategy. The main focus in 2006 was transferring resources to reserves at low cost. Going forward into 2007, DNO will take this to the next stage by transferring new reserves into production.

HIGHLIGHTS FOURTH QUARTER

Operations

- Signed agreement for increased working interest in Northern Iraq PSAs to 55 %
- Tawke #4 (in Northern Iraq) production tested and was drilled, tested and completed within three weeks
- Successfull appraisal drilling in block 32 and 53 in Yemen proved new oil structures in Godah (production start fourth quarter), Bayoot south and Hekma
- Awarded new exploration licence (block 84) in Yemen

Financials

- Revenues increased to NOK 277 million compared to the fourth quarter last year, due to higher oilprices, somewhat offset by lower production
- High spending on exploration with NOK 156 million expensed, mainly related to dry wells at Khanke in Northern Iraq, Zita and Goliat West in Norway
- Increased investments to NOK 807 million primarily due to development in Yemen and Northern Iraq, including acquisition of additional 15 % working interest in return for 100 % funding obligation of the PSAs

HIGHLIGHTS FOR THE YEAR

Operations

- 2006 exploration drilling added 98 million barrels of new reserves and resources to DNO (working interest)
- Achieved an average oil production of 14 831 bopd (working interest)
- Commenced fast track development of the Tawke oil discovery in Kurdistan, Northern Iraq
- Continued high drilling activity in Yemen leading to several new oil discoveries

Financials

- Strong revenue growth (70 %) to NOK 1 335 million, and near doubling of operating profit to NOK 283 million
- Increased cashflow from producing assets resulting in a netback to exploration coverage of 152 % for the year
- Result figures highly impacted by increased exploration activity in all core areas

KEY FIGURES

	Quarterly		Full year	
NOK million - net entitlement	**Q4 2006**	**Q4 2005**	**2006**	**2005**
Sales	277	243	1 335	793
Profit / (loss) from operating activities	-2	37	283	157
EBITDA	65	76	470	294
Net profit(loss)	-31	169	61	299
Netback	54	73	254	164
Acquisitions and development cost	807	159	1 391	546
Exploration cost expensed	156	50	566	161
Net entitlement production (mmboe)	0,769	0,890	3,369	3,170

KEY OPERATIONAL AND FINANCIAL DATA

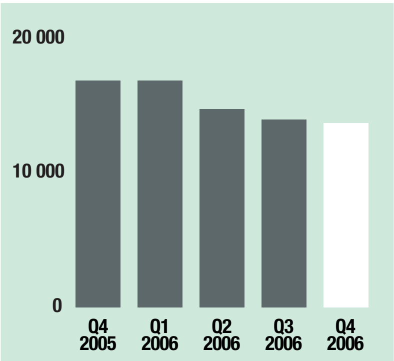
NOK million	Q4 2006	Q3 2006	Q2 2006 (Quarterly Results)	Q1 2006	Q4 2005	2006 (Full year)	2005
Working Interest [1]							
Working interest production (mmboe)	1,262	1,286	1,345	1,520	1,552	5,413	5,381
Working interest production per day (boe)	13 716	13 978	14 780	16 893	16 870	14 831	14 741
EBITDA *	246,4	369,9	375,5	303,5	310,9	1 295,3	1 029,6
EBITDA *, (USD/bbl)	30,86	45,96	45,72	29,90	30,22	37,72	29,70
Net Entitlement [2]							
Net entitlement production (mmboe)	0,769	0,703	0,862	1,033	0,890	3,369	3,170
Net entitlement production per day (boe)	8 362	7 647	9 473	11 481	9 679	9 229	8 685
EBITDA *	64,8	130,1	167,6	107,8	76,0	470,4	293,9
EBITDA *, (USD/bbl)	13,43	29,84	32,23	15,63	12,87	22,16	14,39
Key figures independent of presentation method							
Achieved sales price, (USD/bbl)	57,49	65,04	69,01	60,17	53,55	62,91	51,65
Lifting cost, (USD/bbl)	7,59	7,00	7,61	7,80	7,20	7,53	7,01
DD&A, (USD/bbl)	8,13	5,15	4,29	4,16	4,34	5,35	4,08
Netback *	54,1	42,3	78,4	79,2	73,4	254,0	164,5
Acquisitions and development cost	807,4	259,2	174,8	149,5	158,6	1 390,9	545,8
Exploration cost expensed	155,7	82,4	110,8	216,8	50,2	565,7	160,6

* Including asset sale proceeds

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

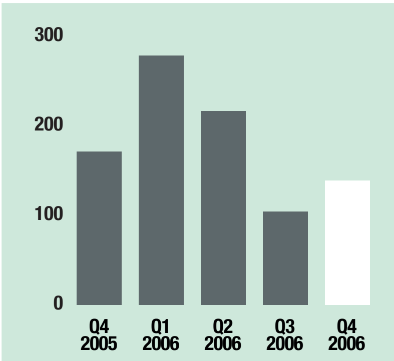
The production figures include crude oil consumed in the operation of the Tasour field. This crude replaces alternative source of fuel and thereby realise considerable cost savings. The volumes are approximately 160 barrels per day (DNO working interest).

Working Interest Production



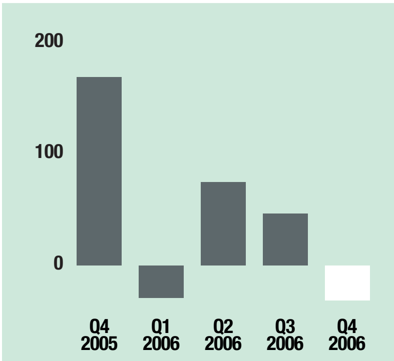
per day (boe)

Netback Producing Assets



NOK million

Net Profit / (Loss)



NOK million

CONDENSED TABLES

In the financial statements, DNO is presenting its operations governed by Production Sharing Agreements (PSAs) according to the net entitlement method. For a full discussion on PSAs, net entitlement and working interest, see the interim report for fourth quarter and full year 2005.

INCOME STATEMENTS - NET ENTITLEMENT

			Quarterly Results			Full year	
NOK million	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Sales *	277,5	283,7	359,0	415,1	242,6	1 335,2	792,7
Cost of goods sold	-127,1	-98,3	-98,3	-122,0	-119,6	-445,7	-386,2
Gross profit	150,4	185,4	260,6	293,1	123,0	889,5	406,5
Gross margin %	54,2 %	65,3 %	72,6 %	70,6 %	50,7 %	66,6 %	51,3 %
Profit / (loss) from operating activities	-1,6	88,2	131,5	65,3	36,8	283,3	156,7
Profit / (loss) before income tax expenses	-28,9	82,2	112,5	-1,3	84,4	164,4	285,5
Income tax expenses	-2,4	-35,7	-37,4	-27,8	84,6	-103,3	13,5
Net profit/ (loss)	-31,3	46,4	75,0	-29,1	169,0	61,1	299,0

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

BALANCE SHEET STATEMENTS

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

CASH FLOW STATEMENTS

			Quarterly Results			Full year	
NOK million	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Net cash from operating activities	186,3	-39,7	50,1	106,8	44,1	303,5	99,0
Net cash used in investing activities	-473,7	-300,0	39,1	-329,2	-452,4	-1 063,8	-807,0
Net cash (used in)/ from financing activities	212,5	-13,0	0,8	-54,5	432,7	145,8	982,3
Net increase/ (decrease) in cash	**-74,9**	**-352,7**	**90,1**	**-276,9**	**24,5**	**-614,5**	**274,3**
Cash at beginning of period	506,5	829,8	783,6	1 081,5	1 056,4	1 081,5	747,8
Exchange gain/ (losses) on cash	-13,6	29,4	-43,9	-21,0	0,5	-49,0	59,3
Cash at end of period	**418,0**	**506,5**	**829,8**	**783,6**	**1 081,5**	**418,0**	**1 081,4**

GENERAL INFORMATION

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

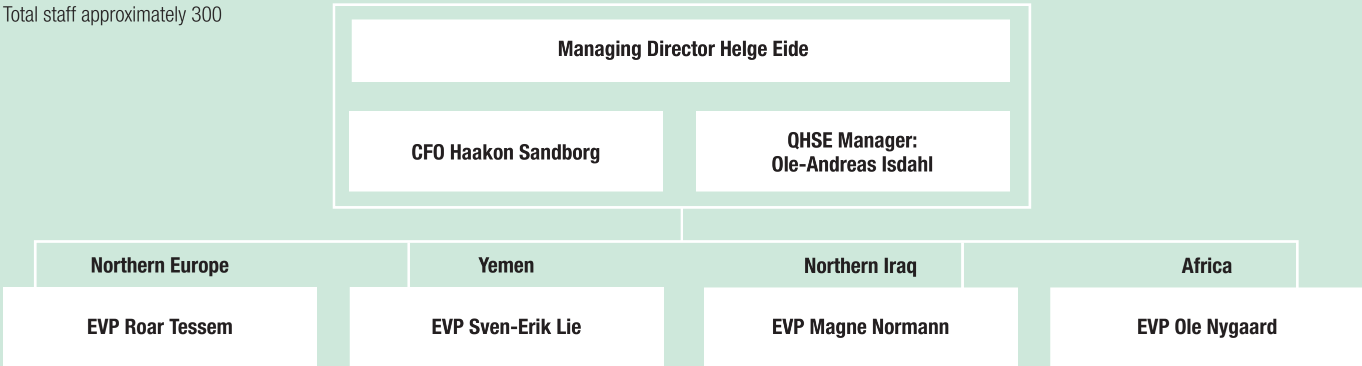
The fourth quarter 2006 interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting) and IFRS standards issued and effective at date of reporting.

Implementation of IFRS 6 Exploration for and Evaluation of Mineral Resources
DNO has in the fourth quarter implemented IFRS 6 with effect from January 1, 2006. Comparative figures have also been changed. IFRS 6 requires that exploration and evaluation assets are classified as tangible or intangible assets according to the nature of the asset. Licence interest and exploration assets are therefore reclassified to intangible assets in the balance sheet. The reclassification has no effect on profit or loss for the year. The assets are reclassified to development assets when technical feasibility and commercial viability are demonstrable.

Working interest / Net entitlement presentation
The working interest method is used in the MD&A and in the operational reviews (Result of Operations). The net entitlement method is for the mandatory financial statements only, including the explanatory notes. For further descriptions, see Interim Report Fourth Quarter and full year 2005.

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

Total staff approximately 300



MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

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

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

Operational Information covers the following analysis:
- Result of Operations Producing Assets
- Investments Incurred in Oil and Gas Activities
- Investment Efficiency and Reserve Economics

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

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

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

SUMMARY PER SEGMENT

Middle East

Northern Iraq

DNO made a commercial discovery in the first exploration well Tawke #1 which tested 5 000 bopd in May 2006. We have during the second half year of 2006 drilled additional 3 appraisal wells in the Tawke area and one exploration well in Khanke. A fast-track development plan for Tawke Early Production has been filed and approved, and we are on target for first oil in first quarter 2007. Achieving this important near term target will mark another important milestone to DNO and our partner KRG.

The discovery well, Tawke #1 was completed and tested in the second quarter. The well flowed 5 000 bopd during testing. Later two additional appraisal wells were drilled and tested. Tawke #2 flowed 4 000 bopd and Tawke #4 flowed 8 500 bopd, which is the highest flowrate achived to date. Due to the encouraging results from the Tawke wells DNO has accelerated the drilling activities within the Tawke area and have currently 2 drilling rigs in operation, with additional one planned to be mobilized into the area during first quarter of 2007. During 2007 we plan to drill a total of 18 development wells, which include both oil producers and water injectors.

Modifications of the Central Processing Facilities (CPF) have been completed and it is now being transported to the Tawke area for installation and commissioning. Installation of the pipeline which will connect the Tawke oil production to the main northern pipeline, has also commenced.

In another area of the PSA, Khanke #1 was drilled as an exploration well in the fourth quarter. The well was tested in three individual intervals which had hydrocarbon shows while drilling, but no oil flow was achieved. As Khanke #1 is located within the Dihok PSA area, the well costs are recoverable from future Tawke oil production under the cost oil entitlement.

A new agreement with the Kurdistan Regional Government (KRG), in which DNO will be responsible for 100 % of the funding obligations of the PSA's in return for receiving additional 15 % working interest, was concluded and signed in December. In addition, some adjustments have been made to the Dihok PSA. It is still early in the exploration stage of the PSA areas, and a number of additional prospects and leads, which will be further investigated through exploration drilling, have been identified.

Following completion of the 3D seismic campaign in October, a 2D seismic acquisition campaign was completed across the Erbil PSA area. DNO plans to carry out an additional 300 km of 2D seismic within the Dihok PSA once the winter season has ended in the first quarter 2007.

A DNO office in Dubai was officially opened in January 2007, from where the Northern Iraqi operations will be managed.

Yemen

The production in Yemen for 2006 increased slightly (4 %) from 2005. The production from block 32 and 53 declined during the year, but successful infill wells at both fields increased the production towards the end of the year. In addition new discoveries were made, the Godah field in block 32 and Bayoot / Hekma in block 53. The Godah field was brought on stream towards the end of the year, and test production from the Bayoot / Hekma area has commenced by trucking to the Sharyoof facilities. The two first wells into the basement within the Nabrajah field showed good productivity, however additional wells failed to deliver production. New 3D seismic has been acquired across the Nabrajah area, and additional drilling at the field is expected to commence first quarter of 2007. We have revised our ultimate gross reserve estimate (P+P) for the field down from 68 million barrels to 24 million. The impact for DNO's Yemen reserves is a reduction of 29 million barrels (WI). This is partly offset by the increase in reserves from the new discoveries at Godah and Bayoot / Hekma. Yemen is a core area for DNO and we were awarded one new block during 2006. At year-end DNO had interests in seven blocks, of which 6 as operator.

In block 32, a successful appraisal well (Tasour #22ST) came on stream in September with an initial gross flowrate of 8 000 bopd in production. The first production from the Godah field, started in October, which was within 10 months after the discovery.

In the fourth quarter, Tasour #23ST exploration well was drilled and tested oil in upper Naifa carbonates. To evaluate the new discovery, DNO is preparing to carry out a long term production test in 2007. A second drilling rig completed a two well service program in the Tasour field, and has been moved to block 72 to drill the first exploration well within this license (Nasim #1).

Production from Godah #2 and #3 started in the fourth quarter. The year end production rate from these two wells was 2 100 bopd. Following the drilling of Godah #3, Godah #4 was drilled in October. The well was cased and suspended as a potential water injector. The Godah production facility is pipeline connected to the existing oil sales export line which passes through the Godah Field. Produced water will be trucked to the Tasour Central Production Facility for treatment and disposal until a pipeline to the Tasour CPF is operational. The Godah development will be undertaken in stages and several new development wells are planned to be drilled at the field during 2007.

The production results from Godah has led to an increase in the gross proven and probable reserves in block 32 by 9 million boe (3,5 to DNO on working interest basis)

In block 53, 3 oil discovery wells in the area south of the Sharyoof field (Bayoot / Hekma), confirm the additional reserve potential within this area.

Both Bayoot SW #2 and Hekma #1 flowed oil during testing (700 - 1 200 bopd). Oil from these two wells are being trucked to the Sharyoof facilities at daily gross rates of 300 - 600 bopd. The third discovery well, Bayoot South #1was drilled in the fourth quarter, and testing is planned in the first quarter 2007.

The Bayoot and Hekma structures are both located on a highly prospective basement / Madbi trend between the Sunah field (block 14) and the Kahrir field (block 10). From the recent drilling results it is becoming clear that this area in the southern part of block 53, contains an exciting potential. Out of 4 recent wells drilled within this area, 3 wells have proven oil. Although tests to date has not yielded production rates at levels achieved from the shallower Qishn sandstones, higher production rates could be achieved through other drilling, completion and stimulation techniques. We have in the fourth quarter, increased the gross proven and probable reserves in block 53 by 17 million boe related to the Bayoot / Hekma area (5,4 million boe net to DNO on working interest basis). Additional drilling within this area is expected in 2007, and a tie-back to the Sharyoof facilities on permanent basis is under consideration.

In block 43, additional wells drilled into the Basement levels failed to deliver oil production. This had an impact on the 2006 production, which was substantially lower than the original plan. Further appraisal and development drilling was therefore put on hold until new 3D seismic has been acquired and interpreted.

The 3D survey was completed in the fourth quarter, and interpretation is expected to extend into the first quarter of 2007. Based on the knowledge to date, as well as the results from the Basement wells #8-11, we have revised the ultimate gross reserves in Nabrajah down from 68 million barrels to 24 million barrels. The effect net to DNO on working interest basis is 29 million barrels. The preliminary interpretation results from the 3D survey suggest that there may be a new geological play concept. Further appraisal drilling on the Nabrajah field is expected to commence during the first quarter of 2007.

In the fourth quarter, a joint venture group comprised of DNO ASA (operator at 34%), TG Holdings Yemen Inc. (33%) and Ansan Wikfs (Hadramaut) Limited (33%) was selected as the successful bidder for block 84 in the Third International Bid Round for Exploration and Production of Hydrocarbons. The group plans to carry out a 3D seismic acquisition program and the drilling of four exploration wells during the first exploration period of 42 months.

Northern Europe

Norway

2006 was dominated by high activity in preparation for the upcoming drilling programme in 2007, where DNO will operate 3 exploration wells. The production from the mature Glitne field was reduced by 30 % from 2005 due to natural decline. The Enoch field, where DNO has a 2 % interest, is scheduled for production start in the second quarter of 2007.

At the Goliat field, 3 wells were drilled in the fourth quarter. The appraisal well 7122/7-4S was drilled to a total subsea depth of 2,366 and the results are being assessed as part of the resource base for a possible development of the field. Thereafter the exploration well 7122/7-5 was drilled at the western prospect, but did not prove any hydrocarbons. The well was sidetracked 7122/7-5A and proved an oil column in the Kobbe formation from the Middle Triassic Age which is now being evaluated. The well was not production-tested, but extensive logging and core sampling were carried out. Additional drilling is planned on the production licence in the autumn of 2007.

Preparations have been undertaken for the extensive drilling program in 2007 with 11 exploration wells, whereof 3 as operator. On January 15, the Petroleum Safety Authority Norway (PSAN) announced that DNO has not yet been granted the necessary permissions and approvals to drill as Operator, the planned exploration well on the Lie prospect in licence 305. DNO is a long term committed player on the Norwegian Continental Shelf and is in continuous dialogue with PSAN. DNO have prepared additional documentation and plans in order to obtain such permissions and approvals.

Drilling at the Zita prospect in PL 263 started in December. The well did not prove commercial hydrocarbons, and accrued costs as of year end (NOK 29 million) have been expensed as dry well costs in the fourth quarter.

Africa

Equatorial Guinea

The results of the third well at Block P in Equatorial Guinea is currently being evaluated, and the plan is to start drilling of one additional well in 2007.

Mozambique

In 2006, further geology work was undertaken to assess the total hydrocarbon potential in the Inhaminga block. Preparations have started for the possible drilling of an exploration well in 2007.

Outlook

DNO's strategy of adding value to our shareholders through transforming resources to reserves at low cost followed by new production is firmly in place. Each of our business segments are expected to contribute to meeting our targets, and the most important single objective in 2007 is to start oil production from Kurdistan in Northern Iraq.

1) OPERATIONAL INFORMATION

Result of Operations (RoO) Producing Assets

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

Fourth Quarter Highlights - Result of Operations Producing Assets

- The sales revenues were lower due to lower oilprice and slightly lower production.
- There was an increase in depreciation charges due to a reduction in the reserve estimate at block 43 (Nabrajah) in Yemen.
- Goliat West, Khanke #1 and Zita (accrued costs as of year-end) were expensed as dry well costs with NOK 88 million in the fourth quarter.

RESULT OF OPERATIONS PRODUCING ASSETS

			Quarterly Results			Full year	
NOK million	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Sale of petroleum products	459,0	523,4	566,9	610,8	551,1	2 160,1	1 790,5
Lifting costs	-60,6	-56,3	-62,5	-79,2	-74,1	-258,7	-243,0
DD&A	-64,9	-41,4	-35,3	-42,2	-44,6	-183,8	-141,5
Transportation and other	-11,1	-10,9	-12,5	-12,5	-13,9	-47,1	-43,7
Exploration costs	-6,6	-10,0	-	-	-	-16,6	-
Result of operations before taxes	**315,7**	**404,8**	**456,5**	**476,9**	**418,5**	**1 653,9**	**1 362,3**
Taxes paid	-241,7	-342,0	-275,1	-240,5	-291,7	-1 099,4	-968,2
Result of operations after taxes	**74,0**	**62,7**	**181,4**	**236,3**	**126,8**	**554,5**	**394,2**

OTHER KEY RESULT OF OPERATIONS DATA

			Quarterly Results			Full year	
NOK million	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Working interest production (mboe)	1,262	1,286	1,345	1,520	1,552	5,413	5,381
Achieved sales price (USD/bbl)	57,49	65,04	69,01	60,17	53,55	62,91	51,65
Average lifting cost (USD/bbl)	7,59	7,00	7,61	7,80	7,20	7,53	7,01
Average DD&A (USD/bbl)	8,13	5,15	4,29	4,16	4,34	5,35	4,08
EBITDA producing assets	380,7	446,2	491,8	519,0	463,2	1 837,7	1 503,9
Netback producing assets	139,0	104,1	216,7	278,5	171,4	738,3	535,7
RoO tax rate (%)	76,5	84,5	60,3	50,4	69,7	66,5	71,1

SALE OF PETROLEUM PRODUCTS

Sale of petroleum products is calculated on the basis of working interest production (net of diesel consumption).

			Quarterly Results			Full year	
NOK million	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Northern Europe	30,1	34,6	40,9	37,0	42,5	142,6	167,0
Middle East	428,9	488,8	526,0	573,7	508,6	2 017,5	1 623,5
Sale of Petroleum Products	**459,0**	**523,4**	**566,9**	**610,8**	**551,1**	**2 160,1**	**1 790,5**

The decrease in revenues from sale of petroleum products in the fourth quarter is due to sligthly lower oil production and lower oil price, somewhat offset by a favourable development in the USD/NOK exchange rate.

SALES VARIANCE ANALYSIS

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

NOK million	Variation Q3 2006 - Q4 2006	Variation Q4 2005 - Q4 2006
Sale of Petroleum Products	**523,4**	**551,1**
Change in production volume	-10,9	-108,9
Change in crude oil price	-59,5	32,5
Change in USD/NOK	5,9	-15,7
Sale of Petroleum Products	**459,0**	**459,0**

PRODUCTION

The table reflects DNO's working interest production.

	Quarterly Results					Full year	
(Mboe)	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Northern Europe	0,085	0,085	0,100	0,097	0,119	0,366	0,521
Middle East	1,177	1,201	1,245	1,423	1,433	5,047	4,860
Total production	**1,262**	**1,286**	**1,317**	**1,520**	**1,552**	**5,413**	**5,381**

In Yemen, the production in the fourth quarter was slightly reduced compared with the third quarter. This is mainly due to a decline in production from well #22 on the Tasour field (block 32). Commissioning work at Nabrajah (block 43) and a shut-down at Godah (block 32) due to water handling, also contributed to the decline.

The production figures includes diesel consumption at the Tasour field, with approximately 160 barrels per day (DNO working interest).

CRUDE OIL PRICES

	Quarterly Results					Full year	
(USD/bbl)	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Northern Europe	55,41	64,55	65,76	57,21	53,66	60,75	49,74
Middle East	57,64	65,07	69,28	60,37	53,55	63,06	51,86
Total achieved sales prices	**57,49**	**65,04**	**69,01**	**60,17**	**53,55**	**62,91**	**51,65**
Achieved sales prices net of oil price hedging contracts	57,49	65,04	69,01	60,17	46,41	62,91	44,09
Europe Brent Spot Prices	**59,73**	**69,89**	**69,48**	**61,71**	**57,02**	**65,20**	**54,58**
OPEC Countries Spot Prices	**56,47**	**65,96**	**64,98**	**58,10**	**52,94**	**61,38**	**50,40**

LIFTING COST

NOK million	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	2006	2005
			Quarterly Results			Full year	
Northern Europe	14,0	11,7	12,9	12,6	15,0	51,1	57,0
Middle East	46,6	44,7	49,7	66,6	59,1	207,5	185,9
Total lifting cost	**60,6**	**56,3**	**62,5**	**79,2**	**74,1**	**258,7**	**243,0**

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

(USD/bbl)	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	2006	2005
			Quarterly Results			Full year	
Northern Europe	25,77	21,72	20,70	19,52	18,96	21,79	16,99
Middle East	6,27	5,95	6,54	7,00	6,22	6,49	5,94
Total lifting cost (USD/bbl)	**7,59**	**7,00**	**7,61**	**7,80**	**7,20**	**7,53**	**7,01**

Consumption of diesel at the Tasour field (block 32) replaces alternative source of fuel and contributes to lower lifting costs.
The increase in lifting cost for Middle East is mainly due to cost overrun at Sharyoof (block 53) related to higher fluid production than estimated and delay of diesel topping plant.
The increase in Northern Europe is due to timing of costs for Glitne field.

DEPRECIATION, DEPLETION AND AMORTISATION (DD&A)

NOK million	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	2006	2005
			Quarterly Results			Full year	
Northern Europe	2,3	3,8	3,6	3,4	5,7	13,0	24,7
Middle East	62,7	37,6	31,7	38,8	38,9	170,8	116,9
Total DD&A	**64,9**	**41,4**	**35,3**	**42,2**	**44,6**	**183,8**	**141,5**

(USD/bbl)	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	2006	2005
			Quarterly Results			Full year	
Northern Europe	4,16	7,01	5,78	5,22	7,21	5,54	7,36
Middle East	8,42	5,01	4,17	4,08	4,10	5,34	3,73
Total DD&A (USD/bbl)	**8,13**	**5,15**	**4,29**	**4,16**	**4,34**	**5,35**	**4,08**

RESULT OF OPERATIONS PRODUCING ASSETS - NETBACK VARIANCE ANALYSIS

Netback* variance table

NOK million	Variation
Netback third quarter 2006	**104,1**
Sale of petroleum products:	
Production	-10,9
Oil price	-59,5
Exchange rates	5,9
Expenses and taxes paid:	
Operating expenses, cash items	-1,1
Taxes paid**	100,4
Netback fourth quarter 2006	**139,0**

NOK million	Variation
Netback fourth quarter 2005	**171,4**
Sale of petroleum products:	
Production	-108,9
Oil price	32,5
Exchange rates	-15,7
Expenses and taxes paid:	
Operating expenses, cash items	9,6
Taxes paid	50,1
Netback fourth quarter 2006	**139,0**

* Netback from producing assets is calculated as EBITDA from producing assets adjusted for paid taxes.
** The taxes paid in third quarter were negatively effected by the overlift correction in Yemen. For further details, reference is made to the section Corporate Financial Information in the third quarter interim report.

Investments Incurred in Oil and Gas Activities

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

DNO applies the "successful efforts" method of accounting for its oil and gas activities. All exploration investments, with the exception of license acquisition costs and drilling costs of exploration wells, are expensed as exploration costs when 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 as not being technically or commercially recoverable, the capitalised exploration wells are expensed.

License acquisition costs and development costs are capitalised and periodically assessed for impairment. Other pre-production costs including seismic acquisitions and studies, general G&G and exploration related costs of own organisation are expensed as incurred.

Highlights Investments Incurred

- The increased investments are mainly related to the acquisition of 15 % interest from KRG in the Northern Iraq PSAs, appraisal drilling and field development at Tawke and drilling activity at Goliat.
- The exploration costs for the fourth quarter are related to dry well costs at Goliat West, Khanke and Zita, and sesimic, field studies and geology work in all segments.

TOTAL INVESTMENTS INCURRED

			Quarterly Results			Full year	
NOK million	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Acquisition and development cost	807,4	259,2	174,8	149,5	158,6	1 390,9	545,8
Exploration costs expensed	155,7	82,4	110,8	216,8	50,2	565,7	160,6
Total investments incurred	**963,1**	**341,6**	**285,5**	**366,4**	**208,7**	**1 956,6**	**706,4**

ACQUISITION AND DEVELOPMENT COST

			Quarterly Results			Full year	
NOK million	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Northern Europe	121,1	10,2	3,6	-17,5	92,6	117,5	144,3
Middle East	674,5	244,1	170,4	166,4	62,9	1 255,5	386,6
Africa	11,7	4,9	0,7	0,3	2,6	17,6	14,3
Shared Services/ unallocated	-	-	-	0,3	0,5	0,3	0,6
Total acquisition and development cost	**807,4**	**259,2**	**174,8**	**149,5**	**158,6**	**1 390,9**	**545,8**

In the Middle East segment, NOK 362 million was booked as acquisition of 15 % interest from KRG in the fourth quarter. Development at the Tawke field contributed with NOK 162 million and field development and drilling in Yemen was NOK 121 million. In Norway, the main part of the acquisition and development costs are related to exploration drilling at PL 229 (Goliat).

EXPLORATION COST EXPENSED

			Quarterly Results			Full year	
NOK million	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Northern Europe	65,4	44,5	39,5	196,8	29,9	346,2	78,7
Middle East	84,0	37,4	67,2	18,2	18,6	206,8	74,0
Africa	6,3	0,6	4,1	1,8	1,8	12,7	7,9
Total exploration cost expensed	**155,7**	**82,4**	**110,8**	**216,8**	**50,2**	**565,7**	**160,6**

Dry well costs at Goliat West (NOK 7 million), Khanke (NOK 51 million) and Zita (NOK 29 million) are included in the expensed exploration cost in the fourth quarter. In addition, there are seismic studies (NOK 16 million) in block 32 and 72, in Northern Iraq and Goliat, and ongoing field studies and geology work in all segments.

NETBACK PRODUCING ACTIVITIES TO TOTAL INVESTMENT COVERAGE

			Quarterly Results			Full year	
NOK million	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Netback producing activities	139,0	104,1	216,7	278,5	171,4	738,3	535,7
Total investments incurred	963,1	341,6	285,5	366,4	208,7	1 956,6	706,4
Coverage %	**14,4**	**30,5**	**75,9**	**76,0**	**82,1**	**37,7**	**75,8**

Investment Efficiency and Reserve Economics

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

During 2006 we have according to this strategy, had an active exploration programme and a total of 16 exploration wells were drilled. 6 of these were operated by DNO. Around 98 millions of new reserves and resources were discovered. The discoveries were in Northern Iraq, Goliat and new structures in Yemen (Godah, Bayoot and Hekma).

The reserves in the Nabrajah field in Yemen were revised at yearend, resulting in a decrease net (working interest) to DNO of 29 million boe.

DNO reserve and resources updates are done in accordance with standard guidelines adviced by Society of Petroleum Engineers (SPE) and in line with newly released guidelines from Oslo Stock Exchange. In line with these guidelines, issued in January 2007, DNO plans to file an annual statement of reserves (ASR) within the first quarter of 2007. An abstract of the ASR will be included in the annual report for 2006.

2) CORPORATE FINANCIAL INFORMATION

EXPLORATION COSTS

In the fourth quarter, a total of NOK 156 million was expensed as exploration costs, whereof NOK 88 million was related to dry wells at Goliat West, Khanke and Zita. The remaining costs are seismic surveys and field studies in preparations for drilling of exploration wells in the next 6 months.

OTHER

As part of the acquisition of Unocal's 31,25% share in the West Heather / Broom field in 1997 (see note 17 g in the 2004 annual report), an agreement was entered into for the payment of royalties to Unocal according to certain criteria. The extent of the obligation to pay royalty is contingent on cumulative income exceeding cumulative expenditures on the Broom field. The total liability at 31 December 2005 was estimated to be USD 9,9 million dependent on future performance of the Broom field and development in oil prices. No further adjustments have been made in 2006.

INCREASED INTEREST IN PSA AGREEMENTS IN NORTHERN IRAQ

The agreement with the Kurdistan Regional Government (KRG) in which DNO will be responsible for 100 % of the funding obligations of the PSA's in return for receiving additional 15 % working interest, was concluded and signed in December. In addition some adjustments have been made to the Dihok PSA. The aquisition of 15 % share from KRG amounted to NOK 362 million and has been booked as development assets under property, plant and equipment (acquisition and development costs) in the fourth quarter.

CONDENSED FINANCIAL ACCOUNTS WITH NOTE DISCLOSURES

CONDENSED FINANCIAL ACCOUNTS

CONDENSED CONSOLIDATED INCOME STATEMENTS

				Quarter			Full year	
NOK million	**Note**	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Sales	2 , 3	277,5	283,7	359,0	415,1	242,6	1 335,2	792,7
Cost of goods sold	4	-127,1	-98,3	-98,3	-122,0	-119,6	-445,7	-386,2
Gross profit		**150,4**	**185,4**	**260,6**	**293,1**	**123,0**	**889,5**	**406,5**
Other operating income		6,5	2,2	3,0	4,5	7,0	16,2	12,0
Tariffs and transportation		-11,1	-10,9	-12,5	-12,5	-13,9	-47,1	-43,7
Administrative expense	5	8,6	-6,1	-6,9	-3,0	-7,8	-7,4	-47,4
Other operating expenses	5	-0,3	-0,1	-1,5	-0,2	-27,6	-2,1	-46,4
Exploration cost expensed	6	-155,7	-82,4	-110,8	-216,8	-50,2	-565,7	-160,6
Net gain / (loss) from sale of PP&E		-	-	-0,3	0,2	6,3	-0,1	36,2
Profit / (loss) from operating activities		**-1,6**	**88,2**	**131,5**	**65,3**	**36,8**	**283,3**	**156,7**
Net finance	7	-27,2	-6,0	-19,1	-66,6	47,6	-118,9	128,7
Profit / (loss) before income tax		**-28,9**	**82,2**	**112,5**	**-1,3**	**84,4**	**164,4**	**285,5**
Income tax expense	8	-2,4	-35,7	-37,4	-27,8	84,6	-103,3	13,5
Net profit / (loss)		**-31,3**	**46,4**	**75,0**	**-29,1**	**169,0**	**61,1**	**299,0**
Earnings per share, basic	19	-0,04	0,05	0,08	-0,03	0,19	0,07	0,34
Earnings per share, diluted	19	-0,04	0,05	0,08	-0,03	0,19	0,07	0,34

CONDENSED CONSOLIDATED BALANCE SHEETS

NOK million	Note	Q4 2006	Q3 2006	Quarter Q2 2006	Q1 2006	Q4 2005	Full year 2006	2005
ASSETS								
Non-current assets								
Deferred income tax assets		315,1	336,8	330,0	318,2	312,2	315,1	312,2
Other intangible assets	9	322,3	192,2	207,4	202,3	165,6	322,3	165,6
Property, plant and equipment	9	1 559,3	1 002,0	731,5	631,6	586,4	1 559,3	586,4
Available for sale investments	10	192,1	184,5	178,2	218,6	187,7	192,1	187,7
Derivative financial instruments	11	9,5	13,0	3,7	3,8	2,8	9,5	2,8
Non-current receivables	12	-	178,5	102,0	78,7	44,7	-	44,7
Total non-current assets		**2 398,2**	**1 906,9**	**1 552,8**	**1 453,0**	**1 299,4**	**2 398,2**	**1 299,4**
Current assets								
Trade and other receivables	13	424,4	368,4	324,1	298,0	285,0	424,4	285,0
Derivative financial instruments	11	-	-	-	-	45,7	-	45,7
Other fin assets at fair value through P&L	14	54,8	184,9	193,7	399,1	268,3	54,8	268,3
Cash and cash equivalents	14	418,0	506,5	829,8	783,6	1 081,5	418,0	1 081,5
Total current assets		**897,1**	**1 059,8**	**1 347,5**	**1 480,6**	**1 680,4**	**897,1**	**1 680,4**
TOTAL ASSETS		**3 295,4**	**2 966,7**	**2 900,4**	**2 933,7**	**2 979,8**	**3 295,4**	**2 979,8**
EQUITY AND LIABILITIES								
Equity								
Share capital		220,3	220,3	222,0	221,6	223,8	220,3	223,8
Other reserves		-130,0	-93,4	-67,2	21,8	170,5	-130,0	170,5
Retained earnings		634,2	665,5	619,0	544,0	573,1	634,2	573,1
Total equity	15	**724,5**	**792,4**	**773,8**	**787,4**	**967,4**	**724,5**	**967,4**
Non-current liabilities								
Interest-bearing liabilities	16	1 754,3	1 626,7	1 511,1	1 530,9	1 396,5	1 754,3	1 396,5
Deferred income tax liabilities		184,2	134,4	120,7	89,6	55,8	184,2	55,8
Provisions for other liabilities and charges	17	41,0	60,8	70,4	77,3	85,1	41,0	85,1
Total non-current liabilities		**1 979,5**	**1 821,8**	**1 702,2**	**1 697,8**	**1 537,4**	**1 979,5**	**1 537,4**
Current liabilities								
Trade and other payables	18	182,1	67,3	80,7	114,6	129,3	182,1	129,3
Income taxes payable		16,0	16,1	42,4	39,4	21,4	16,0	21,4
Current interest-bearing liabilities	16	55,7	17,9	25,8	-	100,0	55,7	100,0
Derivative financial instruments	11	-	-	-	-	-	-	-
Provisions for other liabilities and charges	17	337,6	251,1	275,6	294,5	224,3	337,6	224,3
Total current liabilities		**591,4**	**352,4**	**424,4**	**448,5**	**475,0**	**591,4**	**475,0**
TOTAL EQUITY AND LIABILITIES		**3 295,4**	**2 966,7**	**2 900,4**	**2 933,7**	**2 979,8**	**3 295,4**	**2 979,8**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Quarter					Full year	
NOK million	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Operating activities							
Profit / (loss) from operations before exploration expenses	154,1	170,6	242,3	282,1	87,0	849,1	317,3
- Exploration cost expensed	-155,7	-82,4	-110,8	-216,8	-50,2	-565,7	-160,6
Profit / (loss) from operations	**-1,6**	**88,2**	**131,5**	**65,3**	**36,8**	**283,4**	**156,7**
Adjustments for:							
Income taxes paid	-11,1	-87,4	-48,6	-28,6	-38,3	-175,7	-165,2
Depreciation of PP&E	66,4	42,0	35,8	42,8	45,5	187,0	143,3
(Gain) / loss on on sale of PP&E	-	-	0,3	-0,2	-6,3	0,1	-36,2
Fair value gain / (loss) on financial assets	-2,0	-7,2	-0,1	5,9	30,5	-3,4	37,2
Other financial income / (expenses)	-1,1	-1,1	-1,9	-33,8	-0,7	-37,9	-4,3
Exchange gains / (losses)	10,3	45,5	-16,0	-3,9	28,2	35,9	53,3
Interest paid	-38,9	-30,4	-34,6	-24,5	-31,4	-128,4	-81,6
Changes in working capital:							
- Inventories	-	-	-	-	-	-	11,1
- Trade and other receivables	22,6	-11,9	0,3	32,3	-86,3	43,3	-153,5
- Other fin assets at fair value through P&L	-1,5	-2,3	-	-	4,9	-3,8	-0,0
- Trade and other payables	199,5	-6,1	-54,6	13,9	59,4	152,7	107,8
Other	-56,3	-69,0	38,0	37,8	1,8	-49,5	30,4
Net cash from operating activities	**186,3**	**-39,7**	**50,1**	**106,8**	**44,1**	**303,5**	**98,9**
Investing activities							
Purchases of PP&E	-569,9	-258,4	-173,1	-175,6	-158,6	-1 177,0	-545,8
Proceeds from sale of PP&E	-	-	-	-	-	-	30,3
Purchases of financial assets	-	-0,4	-	-130,8	-268,3	-131,2	-329,8
Proceeds from sale of financial assets	140,1	22,9	217,2	-	2,1	380,2	17,2
Interest received	11,0	12,3	18,3	11,2	17,0	52,8	49,2
Dividends received	-	-	-	-	-	-	-
Other investing activities, net	-54,9	-76,4	-23,3	-34,0	-44,7	-188,6	-28,0
Net cash used in investing activities	**-473,7**	**-300,0**	**39,1**	**-329,2**	**-452,4**	**-1 063,8**	**-807,0**
Financing activities							
Proceeds from borrowings	214,5	99,8	-	590,2	491,3	904,4	997,7
Repayment of borrowings	-	-7,9	-	-576,5	-55,0	-584,4	-100,0
Proceeds from issuance of ordinary shares	-	-	-	-	-	-	-
Purchase of treasury shares, including options	-2,0	-506,3	-	-530,5	-390,8	-1 038,8	-1 004,0
Proceeds from sale of treasury shares	-	401,4	0,8	484,0	387,3	886,3	1 128,8
Dividends paid	-	-	-	-21,8	0,0	-21,8	-40,3
Net cash (used in) / from financing activities	**212,5**	**-13,0**	**0,8**	**-54,5**	**432,7**	**145,8**	**982,3**
Net increase / (decrease) in cash and cash equivalents	**-74,9**	**-352,7**	**90,1**	**-276,9**	**24,5**	**-614,5**	**274,3**
Cash and cash equivalents at beginning of the period	506,5	829,8	783,6	1 081,5	1 056,4	1 081,5	747,8
Exchange gain / (losses) on cash and cash equivalents	-13,6	29,4	-43,9	-21,0	0,5	-49,0	59,3
Cash and cash equivalents at end of the period	**418,0**	**506,5**	**829,8**	**783,6**	**1 081,5**	**418,0**	**1 081,5**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK million	Note	Share Capital	Other Reserves	Retained Earnings	Total Equity
Balance at 31 December 2004		**222,2**	**120,7**	**298,9**	**641,9**
Changes in accounting policy		-	-	-	-
Effect of implementing IFRS		-	-242,4	15,5	-226,9
Balance at 1 January 2005		**222,2**	**-121,6**	**314,4**	**415,0**
Fair value gains, net of tax:					
- available-for-sale financial assets		-	66,2	-	66,2
Cash flow hedges, net of tax		-	130,2	-	130,2
Currency translation differences		-	14,8	-	14,8
Net income / (expense) recognised directly in equity		-	211,2	-	211,2
Profit for the period		-	-	299,0	299,0
Total recognised income for the period		-	211,2	299,0	510,2
Share option scheme:					
- value of services provided		-	5,7	-	5,7
- proceeds from shares issued		-	-	-	-
Issue of share capital		-	-	-	-
Purchase of treasury shares		-64,7	-486,0	-	-550,7
Sale of treasury shares		66,3	1 569,8	-	1 636,0
Derivative contracts treasury shares		-	-478,8	-	-478,8
Dividends		-	-529,8	-40,3	-570,1
		1,5	80,9	-40,3	42,2
Balance at 31 December 2005	15	**223,8**	**170,5**	**573,1**	**967,4**

NOK million	Note	Share Capital	Other Reserves	Retained Earnings	Total Equity
Balance at 31 December 2005		**223,8**	**170,5**	**573,1**	**967,4**
Changes in accounting policy		-	-	-	-
Balance at 1 January 2006		**223,8**	**170,5**	**573,1**	**967,4**
Fair value gains, net of tax:					
- available-for-sale financial assets		-	-36,0	-	-36,0
Cash flow hedges, net of tax		-	-	-	-
Currency translation differences		-	-81,1	-	-81,1
Net income / (expense) recognised directly in equity		-	-117,1	-	-117,1
Profit for the period		-	-	61,1	61,1
Total recognised income for the period		-	-117,1	61,1	-56,0
Share option scheme:					
- value of services provided		-	-	-	-
- proceeds from shares issued		-	-	-	-
Issue of share capital		-	-	-	-
Purchase of treasury shares		-23,9	-1 056,6	-	-1 080,5
Sale of treasury shares		20,4	858,9	-	879,3
Derivative contracts treasury shares		-	14,3	-	14,3
Dividends		-	-	-	-
		-3,5	-183,4	-	-186,9
Balance at 31 December 2006	15	**220,3**	**-130,0**	**634,2**	**724,5**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL ACCOUNTS

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

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

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005, and complies with International Financial Reporting Standards (IFRS) as adopted by the EU.

2. Segment Information

Three months ended 31 December 2006, NOK million	Note	Northern Europe	Middle East *	Africa	Total report. segm.	Unalloc./ elimin.	GROUP
Income statement information							
External sales	3	30,1	247,4	-	277,5	-	**277,5**
Inter-segment sales		15,6	21,1	-	36,7	-36,7	**-**
Cost of goods sold	4	-16,4	-110,5	-0,0	-126,9	-0,1	**-127,1**
Gross profit		**29,3**	**158,0**	**-0,0**	**187,2**	**-36,9**	**150,4**
Interest - net							**-22,5**
Gain / (loss) on sale of shares							**2,1**
Income tax expense							**-2,4**
Net profit / (loss)							**-31,3**
Other segment information							
Net entitlement production (mboe)		84,7	684,4	-	769,1	-	**769,1**
Capital expenditures this period		121,1	674,5	11,7	807,4	-	**807,4**
Netback, including asset sale proceeds		-9,3	79,6	-6,3	64,0	-9,9	**54,1**

* Middle East is presented using net entitlement method.

Three months ended 31 December 2005, NOK million	Note	Northern Europe	Middle East *	Africa	Total report. segm.	Unalloc./ elimin.	GROUP
Income statement information							
External sales	3	42,5	273,7	-	316,2	-73,6	**242,6**
Inter-segment sales		11,4	6,9	-	18,3	-18,3	**-**
Cost of goods sold	4	-20,8	-98,6	-	-119,4	-0,2	**-119,6**
Gross profit		**33,1**	**181,9**	**-**	**215,1**	**-92,1**	**123,0**
Interest - net							**-14,4**
Gain / (loss) on sale of shares							**3,8**
Income tax expense							**84,6**
Net profit / (loss)							**169,0**
Other segment information							
Net entitlement production (mboe)		119,5	771,0	-	890,5	-	**890,5**
Capital expenditures this period		92,6	62,9	2,6	158,1	0,5	**158,6**
Netback, including asset sale proceeds		30,4	152,6	-1,8	181,2	-107,8	**73,4**

* Middle East is presented using net entitlement method.

Twelve months ended 31 December 2006, NOK million	Note	Northern Europe	Middle East *	Africa	Total report. segm.	Unalloc./ elimin.	GROUP
Income statement information							
External sales	3	142,6	1 192,5	-	1 335,2	-	**1 335,2**
Inter-segment sales		42,0	31,1	-	73,1	-73,1	**-**
Cost of goods sold	4	-64,6	-380,4	-0,0	-445,0	-0,6	**-445,7**
Gross profit		**120,0**	**843,2**	**-0,0**	**963,2**	**-73,7**	**889,5**
Interest - net							**-67,7**
Gain / (loss) on sale of shares							**4,9**
Income tax expense							**-103,3**
Net profit / (loss)							**61,1**
Other segment information							
Net entitlement production (mboe)		366,1	3 002,2	-	3 368,3	-	**3 368,3**
Capital expenditures this period		143,5	1 255,5	17,6	1 416,6	0,3	**1 416,9**
Netback, including asset sale proceeds		-255,4	552,4	-12,7	284,2	-30,2	**254,0**

* Middle East is presented using net entitlement method.

Twelve months ended 31 December 2005, NOK million	Note	Northern Europe	Middle East *	Africa	Total report. segm.	Unalloc./ elimin.	GROUP
Income statement information							
External sales	3	167,0	887,9	-	1 054,9	-262,2	**792,7**
Inter-segment sales		24,9	15,4	-	40,3	-40,3	**-**
Cost of goods sold	4	-81,9	-303,7	-	-385,6	-0,6	**-386,2**
Gross profit		**110,0**	**599,7**	**-**	**709,6**	**-303,2**	**406,5**
Interest - net							**-32,4**
Gain / (loss) on sale of shares							**17,2**
Income tax expense							**13,5**
Net profit / (loss)		**-**	**-**	**-**	**-**	**-**	**299,0**
Other segment information							
Net entitlement production (mboe)		521,0	2 648,9	-	3 169,9	-	**3 169,9**
Capital expenditures this period		144,3	386,6	14,3	545,1	0,6	**545,8**
Netback, including asset sale proceeds		97,1	439,8	-6,6	530,2	-365,7	**164,5**

* Middle East is presented using net entitlement method.

3. Sales

DNO is presenting its operations governed by production sharing agreements according to the net entitlement method. A reconciliation between working interest (gross) and net entitlement presentation is shown in a separate table below.

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

Sales are based on production figures net of diesel consumption.

			Quarter			Full year	
NOK million	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Sale of petroleum products before profit / (loss) from oilprice hedging contracts	277,5	283,7	359,0	415,1	316,2	1 335,2	1 054,9
Profit / (loss) from oilprice hedging contracts	-	-	-	-	-73,6	-	-262,2
Total sales	**277,5**	**283,7**	**359,0**	**415,1**	**242,6**	**1 335,2**	**792,7**

Sales in third quarter are negatively affected by NOK 29 million relating to correction of overlift in Yemen. Reference is made to the Corporate Financial information section in the Third Quarter Interim Report.

Reconciliation sales - working interest/net entitlement							
Sale of petroleum products working interest	459,0	523,4	566,9	610,8	551,1	2 160,1	1 790,5
Government share of production before income tax payable	-181,6	-239,8	-207,9	-195,7	-234,9	-824,9	-735,6
Sale of petroleum products net entitlement	**277,5**	**283,7**	**359,0**	**415,1**	**316,2**	**1 335,2**	**1 054,9**

4. Cost of Goods Sold

NOK million	Q4 2006	Q3 2006	Quarter Q2 2006	Q1 2006	Q4 2005	Full year 2006	2005
Lifting costs *	-60,6	-56,3	-62,5	-79,2	-74,1	-258,7	-243,0
Depreciation, depletion and amortisation	-66,4	-42,0	-35,8	-42,8	-45,5	-187,0	-143,3
Other cost of goods sold	-	-	-	-	-	-	-
Total cost of goods sold	**-127,1**	**-98,3**	**-98,3**	**-122,0**	**-119,6**	**-445,7**	**-386,2**

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

5. Administrative / Other Expenses

NOK million	Q4 2006	Q3 2006	Quarter Q2 2006	Q1 2006	Q4 2005	Full year 2006	2005
Salaries and social expenses *	-21,4	-7,5	-6,4	-4,4	-10,2	-39,6	-42,4
General and administration expenses	29,9	1,5	-0,6	1,4	2,4	32,2	-5,0
Other operating expenses **	-0,3	-0,1	-1,5	-0,2	-27,6	-2,1	-46,4
Total administrative / other expenses	**8,3**	**-6,1**	**-8,5**	**-3,2**	**-35,4**	**-9,5**	**-93,7**

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

** The Q4 2005 number relates to Unocal Royalty. For more information see section 2 of the MD&A.

Salaries and social expenses in second quarter 2005 include NOK 13,2 million related to a share option program granted to the Board and an incentive programme introduced for employees and key personell in June 2005. See note 21 on Share Options and Share-Based Payments.

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

6. Exploration Cost Expensed

NOK million	Q4 2006	Q3 2006	Quarter Q2 2006	Q1 2006	Q4 2005	Full year 2006	2005
Seismic acquisitions, analysis and general G&G	-44,3	-49,6	-80,4	-34,7	-41,9	-209,0	-106,3
Exploration costs capitalised in previous years carried to cost	-0,1	-0,0	0,1	-29,4	-	-29,4	-
Exploration costs capitalised this year carried to cost	-88,3	-10,6	-16,4	-137,3	0,0	-252,6	2,1
Impairment of capitalised exploration costs	-	-	-	-	-	-	-
Other exploration cost expensed	-23,1	-22,2	-14,0	-15,4	-8,3	-74,7	-56,3
Total exploration cost expensed *	**-155,7**	**-82,4**	**-110,8**	**-216,8**	**-50,2**	**-565,7**	**-160,6**

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

The increase in exploration costs for Q1 2006 is mainly due to expensing of exploration costs related to the non-commerciable wells on Hummer and Jaguar.

Continued high exploration costs for Q2 2006 is due to dry well cost and seismic activities at block 44 in Yemen, as well as increased seismic on the Norwegian Continental Shelf.

Exploration costs in Q3 2006 relates to high drilling activity and seismic surveys, including appraisal drilling on Goliat and drilling preparations on several prospects in the North Sea. Bayoot SW #1 is expensed as dry well in Q3.

The exploration costs in Q4 2006 include costs in relation to dry wells on Goliat West, Zita and Khanke. In addition, there are seismic studies (NOK 16 million) in block 32 and 72, in Northern Iraq and Goliat, and ongoing field studies and geology work in all business segments.

7. Net Finance

NOK million	Q4 2006	Q3 2006	Quarter Q2 2006	Q1 2006	Q4 2005	Full year 2006	2005
Interest received	11,0	12,3	18,3	11,2	17,0	52,9	49,2
Other financial income	3,7	4,0	1,1	0,5	4,1	9,3	17,5
Interest expense	-38,9	-30,3	-34,6	-24,5	-31,0	-128,3	-86,4
Capitalised interest	5,4	2,5	-	-0,1	-0,4	7,7	4,8
Exchange rate gain / (loss), realised items	0,3	0,5	9,2	-14,0	1,5	-3,9	1,3
Exchange rate gain / (loss), unrealised items	-3,6	14,9	-9,6	-11,0	27,2	-9,3	111,3
Fair value gain / (loss) on financial instruments 1)	-2,0	-7,2	-0,1	5,9	30,5	-3,4	37,2
Other financial expenses	-3,2	-2,6	-3,4	-34,7	-1,4	-43,9	-6,1
Net finance	**-27,2**	**-6,0**	**-19,1**	**-66,6**	**47,6**	**-118,9**	**128,7**

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

DNO adopted IAS 32/39 as of 1 January 2005, and no comparative figures have been prepared for previous periods.

NOK million	Q4 2006	Q3 2006	Quarter Q2 2006	Q1 2006	Q4 2005	Full year 2006	2005
Interest rate derivatives	-1,1	-0,7	-0,1	1,0	1,2	-1,0	4,6
Oilprice derivatives	-2,4	-1,5	-	-0,0	-0,2	-4,0	-9,6
Foreign exchange derivatives	-	-	-	-	-	-	-
Other derivative financial instruments *	-	-	-	5,0	29,3	5,0	41,3
Cash flow hedges							
- Part of cash flow hedge charged to P&L according to IAS 39.96	-	-	-	-	0,1	-	0,8
Other financial assets at fair value through profit or loss	1,5	-5,0	-	-	-	-3,4	-
Fair value gain / (loss) on financial instruments, net	**-2,0**	**-7,2**	**-0,1**	**5,9**	**30,5**	**-3,4**	**37,2**

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

8. Taxes

Income tax expense

NOK million	Q4 2006	Q3 2006	Quarter Q2 2006	Q1 2006	Q4 2005	Full year 2006	2005
Taxes payable	116,9	32,4	26,3	45,3	35,7	220,9	35,7
Deferred taxes	-70,1	-7,0	-12,3	-26,5	107,7	-115,8	164,4
Income taxes payable related to production sharing agreements (PSAs)	-49,2	-61,2	-51,4	-46,6	-58,8	-208,4	-186,6
Total income tax expense	**-2,4**	**-35,7**	**-37,4**	**-27,8**	**84,6**	**-103,3**	**13,5**

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

From 2005, oil-exploration companies operating in Norway, that are not in a tax position, will get a 78% refund of their exploration costs. This is limited to the taxable losses for the year. For DNO this could mean a positive taxes payable in the interim periods and in Q4 2006 this amounted to NOK 117 million.

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

9. Property, Plant and Equipment / Intangible assets

PROPERTY, PLANT AND EQUIPMENT

Three months ended 31.12.06, NOK million	Develop. assets	Asset in operatn.	Total oil & gas prop.	Other PP&E	Total
At 1 October 2006					
Cost or valuation	184,6	1 640,0	1 824,6	15,1	1 839,7
Accumulated depreciation	-	-829,5	-829,5	-8,3	-837,8
Net book amount	**184,6**	**810,5**	**995,1**	**6,9**	**1 002,0**
Period ended 31 December 2006					
Opening net book amount	184,6	810,5	995,1	6,9	1 002,0
Exchange differences	-18,0	-31,1	-49,2	-0,2	-49,3
Additions	575,9	97,8	673,7	1,6	675,3
Transfers	-2,2	-	-2,2	-	-2,2
Disposals	-	-	-	-	-
Depreciation charge	-	-64,9	-64,9	-1,5	-66,4
Closing net book amount	**740,2**	**812,2**	**1 552,5**	**6,8**	**1 559,3**
At 31 December 2006					
Cost or valuation	740,2	1 683,7	2 423,9	15,4	2 439,3
Accumulated depreciation	-	-871,5	-871,5	-8,6	-880,0
Net book amount	**740,2**	**812,2**	**1 552,5**	**6,8**	**1 559,3**

INTANGIBLE ASSETS

Three months ended 31.12.06, NOK million	License interest	Explor. assets	Total
At 1 October 2006			
Cost or valuation	69,8	122,4	192,2
Accumulated depreciation	-	-	-
Net book amount	**69,8**	**122,4**	**192,2**
Period ended 31 December 2006			
Opening net book amount	69,8	122,4	192,2
Exchange differences	-0,0	-1,9	-1,9
Additions	9,9	119,9	129,8
Transfers	-	2,2	2,2
Disposals	-	-	-
Depreciation charge	-	-	-
Closing net book amount	**79,6**	**242,6**	**322,3**
At 31 December 2006			
Cost or valuation	79,6	242,6	322,3
Accumulated depreciation	-	-	-
Net book amount	**79,6**	**242,6**	**322,3**

PROPERTY, PLANT AND EQUIPMENT

Three months ended 31.12.05, NOK million	Develop. assets	Asset in operatn.	Total oil & gas prop.	Other PP&E	Total
At 1 October 2005					
Cost or valuation	1,9	1 201,6	1 203,5	8,1	1 211,6
Accumulated depreciation	-	-669,2	-669,2	-5,7	-675,0
Net book amount	**1,9**	**532,4**	**534,3**	**2,4**	**536,7**
Period ended 31 December 2005					
Opening net book amount	1,9	532,4	534,3	2,4	536,7
Exchange differences	4,4	10,5	14,9	0,2	15,1
Additions	-28,8	74,0	45,2	5,8	51,0
Transfers	26,8	2,2	29,1	-	29,1
Disposals	-	-	-	-	-
Depreciation charge	-	-44,6	-44,6	-0,9	-45,5
Closing net book amount	**4,4**	**574,4**	**578,8**	**7,5**	**586,4**
At 31 December 2005					
Cost or valuation	4,4	1 301,8	1 306,2	14,2	1 320,4
Accumulated depreciation	-	-727,4	-727,4	-6,7	-734,0
Net book amount	**4,4**	**574,4**	**578,8**	**7,5**	**586,4**

INTANGIBLE ASSETS

Three months ended 31.12.05, NOK million	License interest	Explor. assets	Total
At 1 October 2005			
Cost or valuation	68,0	16,7	84,7
Accumulated depreciation	-	-	-
Net book amount	**68,0**	**16,7**	**84,7**
Period ended 31 December 2005			
Opening net book amount	68,0	16,7	84,7
Exchange differences	1,1	1,3	2,4
Additions	28,9	78,6	107,6
Transfers	-28,8	-0,2	-29,1
Disposals	-	-	-
Depreciation charge	-	-	-
Closing net book amount	**69,2**	**96,4**	**165,6**
At 31 December 2005			
Cost or valuation	69,2	96,4	165,6
Accumulated depreciation	-	-	-
Net book amount	**69,2**	**96,4**	**165,6**

PROPERTY, PLANT AND EQUIPMENT

Twelve months ended 31.12.06, NOK million	Develop. assets	Asset in operatn.	Total oil & gas prop.	Other PP&E	Total
At 1 January 2006					
Cost or valuation	4,4	1 301,8	1 306,2	14,2	1 320,4
Accumulated depreciation	-	-727,4	-727,4	-6,7	-734,0
Net book amount	**4,4**	**574,4**	**578,8**	**7,5**	**586,4**
Period ended 31 December 2006					
Opening net book amount	4,4	574,4	578,8	7,5	586,4
Exchange differences	-16,5	-47,4	-63,9	-0,4	-64,3
Additions	698,2	495,7	1 193,9	2,8	1 196,7
Transfers	54,1	-26,7	27,4	-	27,4
Disposals	-	-	-	-	-
Depreciation charge	-	-183,8	-183,8	-3,2	-187,0
Closing net book amount	**740,2**	**812,2**	**1 552,5**	**6,8**	**1 559,3**
At 31 December 2006					
Cost or valuation	740,2	1 683,7	1 552,5	15,4	1 567,9
Accumulated depreciation	-	-871,5	-871,5	-8,6	-880,0
Net book amount	**740,2**	**812,2**	**1 552,5**	**6,8**	**1 559,3**

INTANGIBLE ASSETS

Twelve months ended 31.12.06, NOK million	License interest	Explor. assets	Total
At 1 January 2006			
Cost or valuation	69,2	96,4	165,6
Accumulated depreciation	-	-	-
Net book amount	**69,2**	**96,4**	**165,6**
Period ended 31 December 2006			
Opening net book amount	69,2	96,4	165,6
Exchange differences	-0,8	-1,9	-2,7
Additions	11,9	206,0	217,9
Transfers	26,7	-54,1	-27,4
Disposals	-27,3	-3,8	-31,1
Depreciation charge	-	-	-
Closing net book amount	**79,6**	**242,6**	**322,3**
At 31 December 2006			
Cost or valuation	79,6	242,6	322,3
Accumulated depreciation	-	-	-
Net book amount	**79,6**	**242,6**	**322,3**

PROPERTY, PLANT AND EQUIPMENT

Twelve months ended 31.12.05, NOK million	Develop. assets	Asset in operatn.	Total oil & gas prop.	Other PP&E	Total
At 1 January 2005					
Cost or valuation	78,9	753,4	832,2	7,1	839,3
Accumulated depreciation	-	-542,7	-542,7	-4,7	-547,4
Net book amount	**78,9**	**210,7**	**289,5**	**2,3**	**291,9**
Period ended 31 December 2005					
Opening net book amount	78,9	210,7	289,5	2,3	291,9
Exchange differences	14,0	25,6	39,6	0,3	39,9
Additions	98,9	264,2	363,1	6,6	369,7
Transfers	-187,4	215,6	28,1	-	28,1
Disposals	-	-	-	-	-
Depreciation charge	-	-141,5	-141,5	-1,7	-143,3
Closing net book amount	**4,4**	**574,4**	**578,8**	**7,5**	**586,4**
At 31 December 2005					
Cost or valuation	4,4	1 301,8	1 306,2	14,2	1 320,4
Accumulated depreciation	-	-727,4	-727,4	-6,7	-734,0
Net book amount	**4,4**	**574,4**	**578,8**	**7,5**	**586,4**

INTANGIBLE ASSETS

Twelve months ended 31.12.05, NOK million	License interest	Explor. assets	Total
At 1 January 2005			
Cost or valuation	8,5	6,4	15,0
Accumulated depreciation	-	-	-
Net book amount	**8,5**	**6,4**	**15,0**
Period ended 31 December 2005			
Opening net book amount	8,5	6,4	15,0
Exchange differences	0,7	2,0	2,7
Additions	81,5	94,7	176,1
Transfers	-21,5	-6,7	-28,1
Disposals	-	-	-
Depreciation charge	-	-	-
Closing net book amount	**69,2**	**96,4**	**165,6**
At 31 December 2005			
Cost or valuation	69,2	96,4	165,6
Accumulated depreciation	-	-	-
Net book amount	**69,2**	**96,4**	**165,6**

10. Available-for-Sale Financial Assets

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

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

			Quarter			Full year	
NOK million	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**2006**	**2005**
Beginning of the period	184,5	178,2	218,6	187,7	203,8	187,7	58,5
Additions *	-	-	0,4	59,6	5,1	59,9	70,8
Sales/Reclassifications **	-4,9	-7,5	-12,6	-	-3,3	-19,6	-7,7
Revaluation surplus transfer to equity ***	12,4	13,3	-28,1	-28,6	-17,9	-36,3	66,2
Exchange differences	0,1	0,4	0,0	-0,1	0,1	0,3	0,1
End of the period [1)]	**192,1**	**184,5**	**178,2**	**218,6**	**187,7**	**192,1**	**187,7**
Non-current portion	192,1	184,5	178,2	218,6	187,7	192,1	187,7
Current portion	-	-	-	-	-	-	-

* Additions in Q1 2006 relates to a conversion of bonds into 16,5 million shares in Petrolia Drilling ASA.
** Through a demerger from Rocksource ASA i Q2 2006, DNO acquired shares in Nordic Mining ASA. This is not regarded as a long-term investment for DNO, and the shares have been reclassified as held-for-trading (see note 14)
*** NOK 12,4 million in revaluation surplus to equity in Q4 2006 is mainly contributed by an increase in value of shares in Petrolia Drilling ASA.

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

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

11. Derivative Financial Instruments

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

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

* Other current derivative financial instruments consists of convertible options related to Petrolia Drilling ASA convertible bonds. These were converted into 16,5 million shares in February 2006.

12. Non-Current Receivables

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

13. Trade and Other Receivables

NOK million	Q4 2006	Q3 2006	Quarter Q2 2006	Q1 2006	Q4 2005	Full year 2006	2005
Trade receivables	91,8	81,8	96,2	122,1	102,0	91,8	102,0
Less: provisions for impairment of receivables	-	-	-	-	-	-	-
Trade receivables - net	91,8	81,8	96,2	122,1	102,0	91,8	102,0
Prepayments	19,2	20,1	16,2	15,1	16,0	19,2	16,0
Receivables from related parties	-	0,0	-	-	-	-	-
Underlift, entitlement method	5,4	10,2	8,4	10,7	11,8	5,4	11,8
VAT receivable	2,6	2,4	1,9	4,8	2,8	2,6	2,8
Tax refund exploration costs *	223,5	145,2	112,3	45,3	35,7	223,5	-
Amortised short-term receivables	-	-	-	-	9,0	-	9,0
Other short-term receivables	81,9	108,8	89,1	100,1	107,7	81,9	143,4
Total trade and other receivables	**424,4**	**368,4**	**324,1**	**298,0**	**285,0**	**424,4**	**285,0**

* For further information, see note 8

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

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

Money Market Funds

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

Shares held-for-trading

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

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

15. Equity

Share capital

NOK million	Number of shares (1000) *	Ordinary shares	Treasury shares	Total
At 1 January 2005	**904 856**	**226,2**	**-4,0**	**222,2**
Share option scheme:				
- value of services provided	-	-	-	-
- proceeds from shares issued	-	-	-	-
Treasury shares purchased / sold	-	0,0	1,5	1,5
Share issues	-	-	-	-
At 31 December 2005	**904 856**	**226,2**	**-2,4**	**223,8**
At 1 January 2006	**904 856**	**226,2**	**-2,4**	**223,8**
Share option scheme:				
- value of services provided	-	-	-	-
- proceeds from shares issued	-	-	-	-
Treasury shares purchased / sold	-	-	-3,5	-3,5
Share issues	-	-	-	-
At 31 December 2006	**904 856**	**226,2**	**-5,9**	**220,3**

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

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

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

Other reserves

	Share premium / Other paid-in capital	Hedging reserve	Available-for-sale investm.	Other reserves	Translation	Total
Balance at 31 December 2004	**79,8**	**-**	**-**	**132,5**	**-91,6**	**120,8**
Adjustments IAS 32/39 01.01.2005	-	-130,2	20,4	-132,6	-	-242,4
Balance at 1 January 2005	**79,8**	**-130,2**	**20,4**	**-0,1**	**-91,6**	**-121,6**
Revaluation, net of tax	-	-	66,2	-	-	66,2
Premium, paid in capital	0,0	-	-	-	-	0,0
Treasury shares:						
- Sale of treasury shares	1 080,6	-	-	489,2	-	1 569,8
- Purchase of treasury shares	-	-	-	-486,0	-	-486,0
Other paid in capital	-	-	-	5,7	-	5,7
Derivative contracts treasury shares	-	-	-	-478,7	-	-478,7
Dividends	-	-	-	-529,8	-	-529,8
Cash flow hedges: *						
- Fair value gains / (losses), net of tax	-	-	-	-	-	-
- Transfers to net profit, net of tax	-	130,2	-	-	-	130,2
Currency translation differences:						
- Group	-	-	-	-	14,8	14,8
- Associates	-	-	-	-	-	-
Balance at 31 December 2005	**1 160,4**	**-**	**86,6**	**-999,7**	**-76,8**	**170,5**
Balance at 31 December 2005	**1 160,4**	**-**	**86,6**	**-999,7**	**-76,8**	**170,5**
Revaluation, net of tax	-	-	-36,0	-	-	-36,0
Premium, paid in capital	-	-	-	-	-	-
Treasury shares:						
- Sale of treasury shares	35,8	-	-	823,1	-	858,9
- Purchase of treasury shares	-	-	-	-1 056,6	-	-1 056,6
Other paid in capital	-	-	-	-	-	-
Options granted	-	-	-	-	-	-
Derivative contracts treasury shares [1)]	-	-	-	14,3	-	14,3
Dividends	-	-	-	-	-	-
Cash flow hedges: *						
- Fair value gains / (losses), net of tax	-	-	-	-	-	-
- Transfers to net profit, net of tax	-	-	-	-	-	-
Currency translation differences:						
- Group	-	-	-	-	-81,1	-81,1
- Associates	-	-	-	-	-	-
Balance at 31 December 2006	**1 196,2**	**-**	**50,6**	**-1 218,9**	**-157,8**	**-130,0**

Changes in derivative contracts treasury shares:	
Premium, purchase of call option	-216,3
Reclassification of premium call options exercised	258,0
Reversal of provision, written put options not exercised	161,4
Provision, written put option	-188,8
Reclassification of settled forward contracts	-
Additional forward contracts purchased	-
[1)] **Total changes in derivative contracts treasury shares**	**14,3**

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

16. Interest-Bearing Liabilities

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

Non-current interest-bearing liabilities:

					Balance	
NOK mill	Curr	Amount	Interest	Maturity	Q4 2006	Q3 2006
Bond loan (ISIN NO0010226574)	NOK	25,5	Nibor + 3,5%	02-06-09	25,5	25,5
Bond loan (ISIN NO0010226582)	NOK	29,0	Fixed 7,915%	01-06-09	29,0	29,0
Bond loan (ISIN NO0010270523)	USD	85,0	Libor + 3,5%	06-06-12	531,7	390,3
Bond loan (ISIN NO0010283732)	NOK	315,5	Fixed 7,215%	12-10-12	315,5	315,5
Bond loan (ISIN NO0010283724)	NOK	580,0	Nibor + 3,5%	12-10-12	580,0	580,0
Bond loan (ISIN NO0010302649)	NOK	300,0	Nibor + 2,5%	02-03-11	300,0	300,0
Borrowing issue costs					-27,4	-13,6
Financial leases					-	-
Total non-current interest-bearing liabilities					**1 754,3**	**1 626,7**

The maturity of interest-bearing liabilities is as follows:

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

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

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

17. Provisions for Other Liabilities and Charges

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

NOK million	Asset retirem. oblig.	Other non-current	Prov. treasury shares *	Other current	Total
Balance at 31 December 2005	**18,1**	**67,0**	**163,0**	**61,3**	**309,4**
Charged to consolidated income statement:					
- Additional provisions	1,2	-	2,4	109,9	113,5
- Unused amounts reversed or reclassified	-	-13,8	-1,6	13,8	-1,6
Charged to equity:					
- Additional provisions	-	-	195,8	-	195,8
- Unused amounts reversed	-	-	-161,4	-	-161,4
- Contracts exercised	-	-	-	-	-
Exchange differences	-	-	-	-	-
Used during the period	-1,9	-29,6	-0,0	-45,6	-77,1
Balance at 31 December 2006	**17,4**	**23,6**	**198,2**	**139,4**	**378,6**

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

* Provisions treasury shares (NOK million):	
Forward contracts, treasury shares	-
Written put options, treasury shares	198,2
Total provisions treasury shares	**198,2**

18. Trade and Other Payables

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

19. Earnings per Share

NOK million	Q4 2006	Q3 2006	Quarter Q2 2006	Q1 2006	Q4 2005	Full year 2006	2005
Earnings per share, basic	-0,04	0,05	0,08	-0,03	0,19	0,07	0,34
Earnings per share, diluted	-0,04	0,05	0,08	-0,03	0,19	0,07	0,34

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

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

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

20. Dividends

NOK million	Q4 2006	Q3 2006	Quarter Q2 2006	Q1 2006	Q4 2005	Full year 2006	2005
Dividends paid per share *	-	-	-	-	0,40	-	0,67

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

21. Share Options and Share-Based Payments

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

	2006		2005	
NOK per share if not otherwise stated	Avg exercise price	Options (1000) *	Avg exercise price	Options (1000) *
At 1 January	**4,6**	**6 400,0**	**1,1**	**3 400,0**
Granted	-	-	6,1	4 800,0
Forfeited	-	-	-	-
Exercised	0,5	-1 600,0	1,1	-1 800,0
Lapsed	-	-	-	-
At 31 December	**5,9**	**4 800,0**	**4,8**	**6 400,0**

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

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

The fair value of the options granted to the Board has been determined using the Black-Scholes valuation model. The significant inputs in the model were share price at the grant date (adj for split and dividend), exercise price of NOK 24,41, historic volatility of 36,74% based on the last 20 trading days, risk-free interest rate 2,50%, and expected exercise after 18 months. Since the options granted have no vesting conditions, the fair value of the options granted, estimated to NOK 5,7 million, has been booked in full to equity with a corresponding entry to the income statement.

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