



DNO



INTERIM REPORT FIRST QUARTER



2006

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INTERIM REPORT FIRST QUARTER 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.

Highlights for the First Quarter 2006

DNO again reached several important operational milestones in the first quarter of 2006. Drilling of the first exploration well in Northern Iraq was completed and a substantial reserve addition was achieved in Norway.

First exploration well drilled in Northern Iraq

Drilling of the first exploration well, Tawke-1, was successfully completed in March. Oil was discovered in five individual reservoir layers and it has been decided that several well tests will be performed in the well. The test results are vital in order to evaluate the hydrocarbon prospectivity and potential commerciality of the Tawke prospect, and the Company is targeting first test production in the first quarter of 2007.

Additional reserves on Goliat

Successful drilling of the third well within the Goliat area increased the estimated total recoverable oil reserves to 250 million barrels. This implies a reserves increase net to DNO of 30 million barrels.

Increasing revenues and netback from producing assets

High production and favourable achieved oil prices contributed to increased revenues and strong netback from producing assets.

As previous oil price hedging contracts expired at year-end 2005, DNO is now gaining full value of production.

Unsuccessful exploration results at Jaguar (UKCS) and Hummer (NCS) prospects

The Northern North Sea well 211/22b-5, located on the Jaguar prospect on the United Kingdom Continental Shelf, failed to show any commercial volumes of hydrocarbons. The well was plugged and abandoned in March. The well 1/2-2, on the Hummer prospect, did not show any commercial volumes of hydrocarbons. The well was plugged and abandoned in February.

Farm-out agreement on NCS

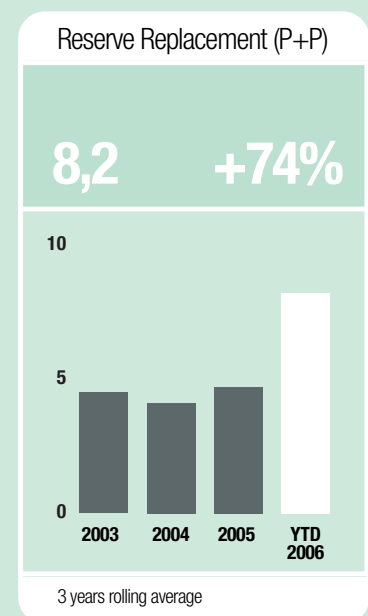
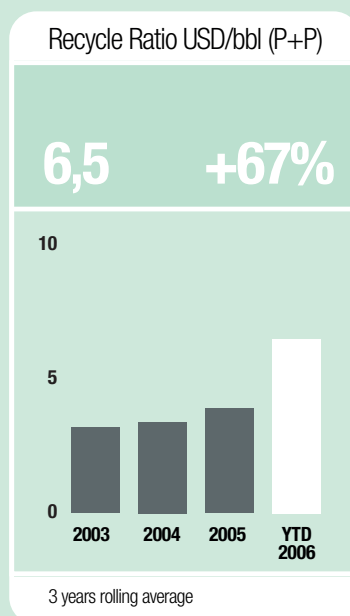
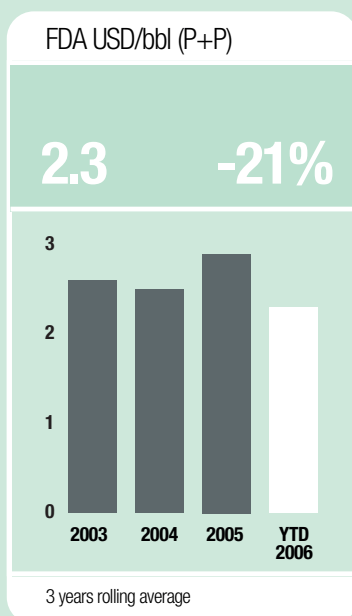
DNO signed a Sales and Purchase Agreement ('SPA') to farm-out parts of its working interests in eight licenses on the Norwegian Continental Shelf ('NCS') to PA Resources Norway AS (PAR), in return for a carry on DNO's remaining exploration cost. This agreement is now completed.

Rig contract secured for NCS

DNO, in a consortium with several other NCS operators, signed a three year contract for the semi-submersible drilling rig Bredford Dolphin. The contract is starting in the second half of 2006. DNO has committed to 340 rig days, which will allow the drilling of 6-8 well on its NCS operated licenses.

Bond loan restructuring

DNO restructured its bond loan portfolio in the first quarter, through buy back of two bond loans and new bond loan drawdowns. DNO signed a new bond loan agreement for a facility in an amount up to NOK 1 billion, with an initial drawdown of NOK 200 million. Further drawdowns were also made under existing bond loan facilities in the first quarter. The new bond loan funding secured refinancing of the bond loan buy backs, as well as adding new long-term financing for development of DNO's extensive portfolio of petroleum licenses.



KEY OPERATIONAL AND FINANCIAL DATA

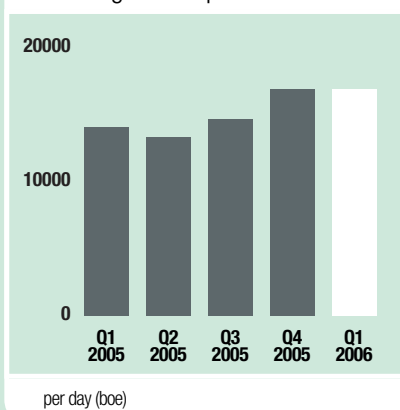
NOK million, boe, boe/bbl	Quarter				Full year		
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Working Interest ¹⁾							
Working interest production (mboe)	1,520	1,552	1,350	1,212	1,266	5,381	5,117
Working interest production per day (boe)	16 893	16 870	14 672	13 322	14 070	14 741	13 982
EBITDA *	303,5	310,9	275,4	198,9	244,3	1 029,6	2 158,4
EBITDA *, (USD/bbl)	29,90	30,22	31,56	25,67	30,71	29,70	62,57
Net Entitlement ²⁾							
Net entitlement production (mboe)	1,033	0,890	0,817	0,712	0,750	3,170	3,057
Net entitlement production per day (boe)	11 481	9 679	8 879	7 819	8 336	8 685	8 352
EBITDA *	107,8	76,0	72,7	43,0	102,3	293,9	1 645,8
EBITDA *, (USD/bbl)	10,62	7,39	8,33	5,55	12,85	8,48	47,71
Key figures independent of presentation method							
Achieved sales price, (USD/bbl)	60,17	53,55	58,84	48,70	43,81	51,65	36,90
Lifting cost, (USD/bbl)	7,80	7,20	8,29	5,79	6,50	7,01	4,92
DD&A, (USD/bbl)	4,16	4,34	4,00	3,98	3,92	4,08	3,49
Netback *	79,2	73,4	-17,2	-0,1	108,3	164,5	1 476,1
Netback *, (USD/bbl)	7,80	7,14	-1,97	-0,01	13,61	4,74	42,79
Acquisitions and development cost	149,5	158,6	192,1	128,5	66,6	545,8	228,6
Exploration cost expensed	216,8	50,2	44,7	44,6	21,0	160,6	197,4

* Including asset sale proceeds

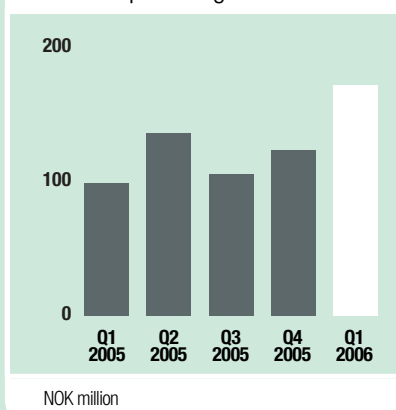
1) Key data calculated on the basis of Working Interest method

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

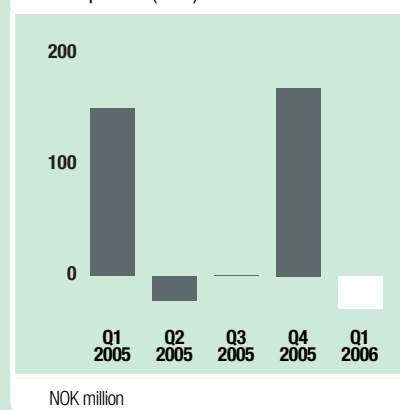
Working interest production



Netback producing assets



Net profit/ (loss)



CONDENSED TABLES

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

For a full discussion on PSAs, net entitlement and working interest, see the interim report for fourth quarter and full year 2005.

NOK million	Quarter					Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Income Statements - Net Entitlement							
Sales *	415,1	242,6	229,5	162,8	157,8	792,7	620,1
Cost of goods sold	-122,0	-119,6	-107,5	-76,0	-83,2	-386,2	-296,2
Gross profit	293,1	123,0	122,0	86,9	74,6	406,5	323,9
Gross margin %	70,6 %	50,7 %	53,2 %	53,3 %	47,3 %	51,3 %	52,2 %
Profit / (loss) from operating activities	65,3	36,8	37,7	11,5	70,7	156,7	48,0
Profit / (loss) before income tax expenses	-1,3	84,4	43,2	31,9	126,0	285,5	-31,6
Income tax expenses	-27,8	84,6	-42,4	-53,6	24,9	13,5	-85,3
Net profit/ (loss)	-29,1	169,0	0,8	-21,7	150,9	299,0	13,2

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

NOK million	Quarter					Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Result of Operations							
Sale of petroleum products *	610,8	551,1	513,4	377,4	348,6	1 790,5	1 273,0
Net profit - Result of Operations	236,3	126,8	88,2	74,7	104,5	394,2	253,0
EBITDA producing assets	519,0	463,2	430,8	323,3	286,6	1 503,9	1 065,4
Netback producing assets	278,5	171,4	123,1	105,5	135,7	535,7	373,5

* Sales based on working interest

NOK million	Quarter					Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Balance Sheet Statements							
Non-current assets	1 453,0	1 299,4	1 062,1	820,1	709,9	1 299,4	506,1
Current assets	1 480,6	1 680,4	1 235,8	1 296,1	1 063,2	1 680,4	854,8
Net assets discontinued operations	-	-	-	-	-	-	-
Total assets	2 933,7	2 979,8	2 297,9	2 116,2	1 773,1	2 979,8	1 360,8
Equity	787,4	967,4	691,9	584,6	548,5	967,4	641,9
Non-current liabilities	1 697,8	1 537,4	1 000,8	971,0	565,1	1 537,4	534,3
Current liabilities	448,5	475,0	605,2	560,5	659,5	475,0	184,6
Equity and liabilities	2 933,7	2 979,8	2 297,9	2 116,2	1 773,1	2 979,8	1 360,8

NOK million	Quarter					Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Cash Flow Statements							
Net cash from operating activities	106,7	44,1	51,5	-14,8	18,2	98,9	2,5
Net cash used in investing activities *	-329,1	-452,4	-219,2	-94,9	-40,5	-806,9	881,4
Net cash (used in)/ from financing acts	-54,5	432,7	94,8	316,7	138,0	982,3	-149,6
Net increase/ (decrease) in cash	-276,9	24,5	-72,9	207,0	115,7	274,3	734,3
Cash at beginning of period	-1 081,5	1 056,4	1 135,9	894,6	747,8	747,8	119,6
Exchange gain/ (losses) on cash	-21,8	0,5	-6,6	34,3	31,1	59,3	-106,0
Cash at end of period	783,6	1 081,5	1 056,4	1 135,9	894,6	1 081,5	747,8

* Of this, NOK 130,8 mill is investment in AFS financial assets (money market funds) in Q1 2006.

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 first 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.

Working interest / Net entitlement presentation

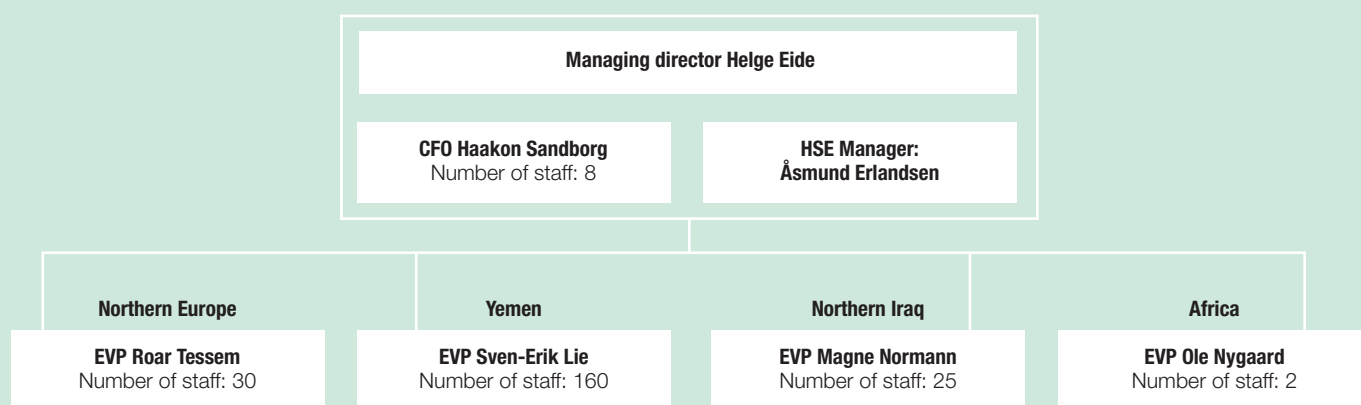
The working interest method is used in the MD&A and in the operational reviews (Result

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, Africa and Other International Activities (OIA).



MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Analysis and tables included in the MD&A section of this report are 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 details on value creation generated from exploration and investment activities.

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

1a) 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.

First quarter Highlights - Result of Operations Producing Assets

- Increase in revenues from sale of petroleum products contributed by higher oilprices. Only minor changes in USD/NOK
- Increase in production from the Nabrajah field that was offset by a decline on the Sharyoof & Tasour fields resulting in stable production
- Strong EBITDA and Netback from producing assets

NOK million	Quarter					Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Result of operations producing assets							
Sale of petroleum products	610,8	551,1	513,4	377,4	348,6	1 790,5	1 273,0
Lifting costs	-79,2	-74,1	-72,3	-44,9	-51,7	-243,0	-169,9
DD&A	-42,2	-44,6	-34,9	-30,8	-31,2	-141,5	-120,5
Transportation and other	-12,5	-13,9	-11,3	-9,5	-9,1	-43,7	-34,6
Exploration costs	-	-	1,0	0,2	-1,2	-	-3,1
Result of operations before taxes	476,9	418,5	395,9	292,5	255,4	1 362,3	945,0
Taxes paid	-240,5	-291,7	-307,6	-217,8	-151,0	-968,2	-692,0
Result of operations after taxes	236,3	126,8	88,2	74,7	104,5	394,2	253,0

Other key result of operations data

Working interest production (mboe)	1,520	1,552	1,350	1,212	1,266	5,381	5,117
Achieved sales price (USD/bbl)	60,17	53,55	58,84	48,70	43,81	51,65	36,90
Average lifting cost (USD/bbl)	7,80	7,20	8,29	5,79	6,50	7,01	4,92
Average DD&A (USD/bbl)	4,16	4,34	4,00	3,98	3,92	4,08	3,49
EBITDA producing assets	519,0	463,2	430,8	323,3	286,6	1 503,9	1 065,4
Netback producing assets	278,5	171,4	123,1	105,5	135,7	535,7	373,5
RoO tax rate (%)	50,4	69,7	77,7	74,5	59,1	71,1	73,2

SALE OF PETROLEUM PRODUCTS

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

NOK million	Quarter					Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Northern Europe	37,0	42,5	39,2	45,3	40,0	167,0	138,8
Middle East	573,7	508,6	474,2	332,1	308,6	1 623,5	1 134,2
Sale of Petroleum Products	610,8	551,1	513,4	377,4	348,6	1 790,5	1 273,0

The increase in revenues from sale of petroleum products in the first quarter is mainly contributed by higher oilprices and a slightly favourable development in USD/NOK exchange rates (see details in sales variance analysis table below) when compared to fourth quarter.

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	Variation
	Q4 2005 - Q1 2006	Q1 2005 - Q1 2006
Sale of Petroleum Products	551,1	348,6
Change in production volume	-11,3	69,9
Change in crude oil price	66,7	156,3
Change in USD/NOK	4,2	35,9
Sale of Petroleum Products	610,8	610,8

PRODUCTION

The table reflects DNO's working interest production.

(Mboe)	Quarter				Full year		
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Northern Europe	0,097	0,119	0,107	0,152	0,142	0,521	0,608
Middle East	1,423	1,433	1,243	1,060	1,124	4,860	4,509
Total production	1,520	1,552	1,350	1,212	1,266	5,381	5,117

Production for the segment Middle East, was affected by a normal decline on the Tasour and Sharyoof fields. The decline at Tasour was also due to repair work on the water handling capacity at the field. The field production at Nabrajah has increased as Nabrajah # 5 had its first full quarter in production.

The decrease in production for the segment Northern Europe in the first quarter was mainly caused by a planned shut-down on the Glitne field in February.

CRUDE OIL PRICES

(USD/bbl)	Quarter				Full year		
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Northern Europe	57,21	53,66	56,46	46,60	44,77	49,74	33,84
Middle East	60,37	53,55	59,04	49,01	43,68	51,86	37,32
Total achieved sales prices	60,17	53,55	58,84	48,70	43,81	51,65	36,90
Achieved sales prices net of oil price hedging contracts	60,17	46,41	49,53	41,13	37,68	44,09	32,83
Europe Brent Spot Prices	61,71	57,02	61,29	51,56	47,38	54,58	38,10
OPEC Countries Spot Prices	58,10	52,94	57,20	47,73	42,61	50,40	34,68

LIFTING COST

NOK million	Quarter				Full year		
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Northern Europe	12,6	15,0	14,4	13,9	13,7	57,0	67,2
Middle East	66,6	59,1	58,0	30,9	38,0	185,9	102,7
Total lifting cost	79,2	74,1	72,3	44,9	51,7	243,0	169,9

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

(USD/bbl)	Quarter				Full year		
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Northern Europe	19,52	18,96	20,73	14,34	15,34	19,52	15,34
Middle East	7,00	6,22	7,21	4,56	5,38	7,00	5,38
Total lifting cost (USD/bbl)	7,80	7,20	8,29	5,79	6,50	7,80	6,50

Repair of water handling capacity at Tasour increased liftingcost (chemical treatment and replacement of pumps) and reduced production due to temporary shutdown of wells.

For the segment Northern Europe, the increase in lifting cost per bbl in Q1 2006 is mainly contributed by lower production due to a maintenance shut-down on the Giltne field.

DEPRECIATION, DEPLETION AND AMORTISATION (DD&A)

NOK million	Quarter				Full year		
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Northern Europe	3,4	5,7	5,1	7,2	6,7	24,7	33,4
Middle East	38,8	38,9	29,8	23,6	24,5	116,9	87,0
Total DD&A	42,2	44,6	34,9	30,8	31,2	141,5	120,5

(USD/bbl)	Quarter				Full year		
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Northern Europe	5,22	7,21	7,38	7,41	7,46	7,36	8,15
Middle East	4,08	4,10	3,71	3,49	3,47	3,73	2,86
Total DD&A (USD/bbl)	4,16	4,34	4,00	3,98	3,92	4,08	3,49

RESULT OF OPERATIONS PRODUCING ASSETS - NETBACK VARIANCE ANALYSIS

Netback* variance table

NOK million	Variation	NOK million	Variation
Netback fourth quarter 2005	171,4	Netback first quarter 2005	135,7
Sale of petroleum products:		Sale of petroleum products:	
Production	-11,3	Production	69,9
Oil price	66,7	Oil price	156,4
Exchange rates	4,2	Exchange rates	35,9
Expenses and taxes paid:		Expenses and taxes paid:	
Operating expenses, cash items	-3,8	Operating expenses, cash items	-29,7
Taxes paid	51,2	Taxes paid	-89,6
Netback first quarter 2006	278,5	Netback first quarter 2006	278,5

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

1b) Investments Incurred in Oil and Gas Activities

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

DNO 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

- Increase in exploration costs for Q1 2006 mainly due to drilling of one well at the P-1067 Jaguar field in the UK and one well at the PL-143CS Hummer field on the NCS. Both wells were non-commercial and therefore expensed in the first quarter. Total cost to DNO amounted to NOK 166 million.
- Netback from operations covered 76 % of total investments in the first quarter 2006 despite the increase in exploration costs

TOTAL INVESTMENTS INCURRED

NOK million	Q1 2006	Quarter				Full year	
		Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Acquisition and development cost	149,5	158,6	192,1	128,5	66,6	545,8	228,6
Exploration costs expensed	216,8	50,2	44,7	44,6	21,0	160,6	197,4
Total investments incurred	366,4	208,7	236,9	173,1	87,6	706,4	426,0

ACQUISITION AND DEVELOPMENT COST

NOK million	Q1 2006	Quarter				Full year	
		Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Northern Europe	-17,5	92,6	8,4	42,6	0,7	144,3	49,1
Middle East	166,4	62,9	176,8	85,7	61,2	386,6	178,9
Africa	0,3	2,6	7,0	0,1	4,7	14,3	0,1
Shared Services/ unallocated	0,3	0,5	-	0,2	-	0,6	0,5
Total acquisition and development cost	149,5	158,6	192,1	128,5	66,6	545,8	228,6

Investments in the first quarter for the segment Middle East relates primarily to high drilling activity and field development at Nabrajah.

The negative acquisition and development cost for Northern Europe in the first quarter is due to expensing of previously capitalised acquisition cost on Hummer as a result of the non-commercial well.

EXPLORATION COST EXPENSED

NOK million	Q1 2006	Quarter				Full year	
		Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Northern Europe	196,8	29,9	18,5	22,2	8,2	78,7	69,8
Middle East	18,2	18,6	25,1	19,8	10,5	74,0	56,0
Africa	1,8	1,8	1,1	2,6	2,3	7,9	71,6
Other International Activities	-	-	-	-	-	-	-
Total exploration cost expensed	216,8	50,2	44,7	44,6	21,0	160,6	197,4

NETBACK PRODUCING ACTIVITIES TO TOTAL INVESTMENT COVERAGE

NOK million	Q1 2006	Quarter				Full year	
		Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Netback producing activities	278,5	171,4	123,1	105,5	135,7	535,7	373,5
Total investments incurred	366,4	208,7	236,9	173,1	87,6	706,4	426,0
Coverage %	76,0	82,1	52,0	60,9	154,9	75,8	87,7

1c) 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. DNO measures performance on these critical activities based on the following key indicators:

- Reserve replacement ratio
- Finding, development and acquisition cost
- Recycle ratio

Due to long lead-times characterising the oil and gas industry the key ratios on a 3 year average are better indicators of long-term ongoing sustainable value creation. Key ratios within one separate period could therefore be misleading.

Highlights Investment Efficiency and Reserve Economics

- Gross reserves increased by 30 mboe in Q1 2006 (Goliat field)
- Further increase in reserve replacement ratio due to discovery on the Goliat field
- Low finding, development and acquisition cost (FD&A) per bbl, despite increase in exploration costs
- Efficient reinvestment program through record Netback from producing fields combined with favourable FD&A cost (recycle ratio)

RESERVE ECONOMICS TABLE

All reserve economic figures are prepared on the basis of working interest proven and probable reserves and include data from both continued and discontinued operations.

	Ytd 2006	2005	2004	2003	2002
Reserves (mboe)	100,3	71,8	28,4	143,4	125,4
Gross Reserve Growth (mboe)	30,0	48,8	19,1	27,9	48,0
Reserve Life Index (years)	16,5	13,3	5,6	14,5	15,3
Reserve Replacement Ratio (X)	19,7	9,1	3,7	2,8	5,9
Finding, Development and Acquisition Cost (USD/bbl)	1,8	2,2	3,3	3,9	1,4
Recycle Ratio (X)	15,0	7,0	3,2	2,4	4,4

3 YEAR AVERAGE RESERVE ECONOMICS TABLE

	2004-2006*	2003-2005	2002-2004	2001-2003	2000-2002
Reserve Replacement Ratio (X)	8,2	4,7	4,1	4,5	6,9
Finding, Development and Acquisition Cost (USD/bbl)	2,3	2,9	2,5	2,6	2,0
Recycle Ratio (X)	6,5	3,9	3,4	3,2	3,9

* Includes only ytd 2006

Continuity of Proven and Probable Reserves by Segment

The following table shows DNO's estimated working interest proven and probable reserves of oil and gas and the changes in reserves for the years 2003-2005. The reserves are presented net of royalty. Net entitlement reserves are presented in a separate table below the working interest table.

See also description of working interest and net entitlement method in the General Information section.

Proven and probable reserves are prepared based on estimated volumes of oil, gas and NGL, which geological and technical data demonstrate with a reasonable degree of certainty, can be produced from known reservoirs in the future under current commercial and operational conditions

DNO applies proven and probable reserves to calculate depreciation cost according to the unit-of-production method. Because of the uncertainty and limitations associated with reserve data, reserve estimates will change as new information becomes available.

WORKING INTEREST PROVEN AND PROBABLE RESERVES, AFTER ROYALTY

All reserve economic figures are prepared on the basis of working interest proven and probable reserves and include data from both continued and discontinued operations.

Million bbls	Northern Europe	Middle East	DNO Group
31.12.2002	112,0	13,4	125,4
Discoveries, additions and extensions	24,7	3,2	27,9
Acquisition of reserves	-	-	-
Divestment of reserves	-	-	-
Year 2003 production	-5,2	-4,7	-9,9
31.12.2003	131,5	11,9	143,4
Discoveries, additions and extensions	13,8	12,2	26,0
Acquisition of reserves	-	-	-
Divestment of reserves	-135,9	-	-135,9
Year 2004 production	-0,6	-4,5	-5,1
31.12.2004	8,8	19,6	28,4
Discoveries, additions and extensions	-	38,8	38,8
Acquisition of reserves	10,0	-	10,0
Divestment of reserves	-	-	-
Year 2005 production	-0,5	-4,9	-5,4
31.12.2005	18,3	53,5	71,8
Discoveries, additions and extensions	30,0	-	30,0
Acquisition of reserves	-	-	-
Divestment of reserves	-	-	-
Ytd 2006 production	-0,1	-1,4	-1,5
31.03.2006	48,2	52,1	100,3

Divestment of reserves in 2004 is related to the Lundin Petroleum AB transaction.

Discoveries in 2005 relate to the successful drilling program on the Nabrajah field in Yemen.

Discoveries in Q1 2006 relate to the Goliath field.

NET ENTITLEMENT PROVEN AND PROBABLE RESERVES

The following table reflects DNO's net entitlement (after royalty) reserves.

Million bbls	Northern Europe	Middle East	DNO Group
31.12.2002	112,0	7,5	119,5
31.12.2003	131,5	6,7	138,2
31.12.2004	8,8	10,7	19,5
31.12.2005	18,3	28,1	46,4
31.03.2006	48,2	27,6	75,8

Net entitlement reserves in Yemen are based on economic evaluations of the Production Sharing Contracts and include a volume related to the notional tax paid on behalf of the contractors by the Yemen Government.

2) CORPORATE FINANCIAL INFORMATION

Financial Risk Management and Oil Price Hedging

DNO is exposed to volatility in financial and commodity markets and seeks to reduce potential adverse effects on financial performance through the use of derivative contracts.

According to DNO's oil price hedging policy, put options are preferred to reduce commodity price volatility. For 2006, DNO has acquired a put option (floor) contract for approximately 1 million barrels with a strike price of 31 USD / bbl.

Exploration costs

The results for the first quarter in 2006 have been negatively affected by the expensing of NOK 166 million of exploration costs in connection with the non-commercial wells on Hummer and Jaguar.

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 is at 31 December 2005 estimated to USD 9,9 million but is pending on future performance of the Broom field and development in oil prices.

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FINANCIAL ACCOUNTS

CONDENSED CONSOLIDATED INCOME STATEMENTS

Nok million	Note	Quarter					Year to date		Full year	
		Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Sales	2, 3	415,1	242,6	229,5	162,8	157,8	415,1	157,8	792,7	620,1
Cost of goods sold	4	-122,0	-119,6	-107,5	-76,0	-83,2	-122,0	-83,2	-386,2	-296,2
Gross profit		293,1	123,0	122,0	86,9	74,6	293,1	74,6	406,5	323,9
Other operating income		4,5	7,0	1,4	2,5	1,2	4,5	1,2	12,0	1,0
Tariffs and transportation		-12,5	-13,9	-11,3	-9,5	-9,1	-12,5	-9,1	-43,7	-34,6
Administrative expense	5	-3,0	-7,8	-10,1	-23,5	-5,9	-3,0	-5,9	-47,4	-41,6
Other operating expenses	5	-0,2	-27,6	-19,6	0,1	0,8	-0,2	0,8	-46,4	-3,3
Exploration cost expensed	6	-216,8	-50,2	-44,7	-44,6	-21,0	-216,8	-21,0	-160,6	-197,4
Net gain / (loss) from sale of PP&E		0,2	6,3	0,2	-0,3	30,1	0,2	30,1	36,2	-
Profit / (loss) from operating activities		65,3	36,8	37,7	11,5	70,7	65,3	70,7	156,7	48,0
Share of profit / (loss) associates		-	-	-	-	-	-	-	-	15,6
Net finance	7	-66,6	47,6	5,5	20,4	55,3	-66,6	55,3	128,7	-95,2
Profit / (loss) before income tax		-1,3	84,4	43,2	31,9	126,0	-1,3	126,0	285,5	-31,6
Income tax expense	8	-27,8	84,6	-42,4	-53,6	24,9	-27,8	24,9	13,5	-85,3
Net profit / (loss) before disc. operations		-29,1	169,0	0,8	-21,7	150,9	-29,1	150,9	299,0	-116,8
Net profit discontinued operations	9	-	-	-	-	-	-	-	-	130,0
Net profit / (loss)		-29,1	169,0	0,8	-21,7	150,9	-29,1	150,9	299,0	13,2
Earnings per share, basic	19	-0,13	0,77	0,00	-0,09	0,68	-0,13	0,68	1,36	0,06
Earnings per share, diluted	19	-0,13	0,77	0,00	-0,09	0,68	-0,13	0,68	1,36	0,06

CONDENSED CONSOLIDATED BALANCE SHEETS

NOK million	Note	Quarter				Full year		2004
		Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	
ASSETS								
Non-current assets								
Deferred income tax assets		318,2	312,2	235,1	227,1	233,2	312,2	129,7
Property, plant and equipment	10	833,8	752,0	621,4	461,4	353,1	752,0	306,9
Investment in associates		-	-	-	-	-	-	-
Available for sale investments	11	218,6	187,7	203,8	130,8	95,5	187,7	38,1
Derivative financial instruments	12	3,8	2,8	1,8	0,7	2,0	2,8	-
Non-current receivables		78,7	44,7	-	-	26,2	44,7	31,3
Total non-current assets		1 453,0	1 299,4	1 062,1	820,1	709,9	1 299,4	506,1
Current assets								
Inventories		-	-	-	-	-	-	11,1
Trade and other receivables	13	298,0	285,0	163,0	156,3	162,4	285,0	95,8
Derivative financial instruments	12	-	45,7	16,4	3,9	6,2	45,7	-
Other fin assets at fair value through p&l	14	399,1	268,3	-	-	-	268,3	-
Cash and cash equivalents	14	783,6	1 081,5	1 056,4	1 135,9	894,6	1 081,5	747,8
Total current assets		1 480,6	1 680,4	1 235,8	1 296,1	1 063,2	1 680,4	854,8
Net assets discontinued operations	9	-	-	-	-	-	-	-
TOTAL ASSETS		2 933,7	2 979,8	2 297,9	2 116,2	1 773,1	2 979,8	1 360,8
EQUITY AND LIABILITIES								
Equity								
Share capital		221,6	223,8	221,2	214,0	217,1	223,8	222,2
Other reserves		21,8	170,5	66,6	-45,2	-133,0	170,5	120,7
Retained earnings		544,0	573,1	404,1	415,9	464,4	573,1	298,9
Total equity	15	787,4	967,4	691,9	584,6	548,5	967,4	641,9
Non-current liabilities								
Interest-bearing liabilities	16	1 530,9	1 396,5	882,4	882,2	500,0	1 396,5	469,5
Deferred income tax liabilities		89,6	55,8	62,1	47,1	41,8	55,8	42,2
Provisions for other liabilities and charges	17	77,3	85,1	56,3	41,8	23,3	85,1	22,6
Total non-current liabilities		1 697,8	1 537,4	1 000,8	971,0	565,1	1 537,4	534,3
Current liabilities								
Trade and other payables	18	114,6	129,3	90,9	30,1	36,3	129,3	42,5
Income taxes payable		39,4	21,4	0,9	40,1	43,4	21,4	-
Current interest-bearing liabilities	16	-	100,0	155,0	155,0	200,0	100,0	100,0
Derivative financial instruments	12	-	-	88,5	142,9	193,0	-	1,7
Provisions for other liabilities and charges	17	294,5	224,3	269,9	192,5	186,7	224,3	40,3
Total current liabilities		448,5	475,0	605,2	560,5	659,5	475,0	184,6
TOTAL EQUITY AND LIABILITIES		2 933,7	2 979,8	2 297,9	2 116,2	1 773,1	2 979,8	1 360,8

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

NOK million	Note	Quarter					Year to date		Full year	
		Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Operating activities										
Profit / (loss) from operations before exploration expenses		282,1	87,0	82,5	56,2	91,7	282,1	91,7	317,3	245,4
- Exploration cost expensed		-216,8	-50,2	-44,7	-44,6	-21,0	-216,8	-21,0	-160,6	-197,4
Profit / (loss) from operations		65,3	36,8	37,8	11,6	70,7	65,3	70,7	156,7	48,0
Adjustments for:										
Income taxes paid		-28,6	-38,3	-89,9	-43,1	6,0	-28,6	6,0	-165,2	-179,6
Depreciation of PP&E		42,8	45,5	35,2	31,1	31,5	42,8	31,5	143,3	122,1
Impairment loss on PP&E		-	-	-	-	-	-	-	-	-
Amortisation of intangibles and goodwill		-	-	-	-	-	-	-	-	-
(Gain) / loss on sale of PP&E		-0,2	-6,3	-0,2	0,3	-30,1	-0,2	-30,1	-36,2	-0,8
Fair value gain / (loss) on financial assets		5,9	30,5	13,6	-3,7	-3,1	5,9	-3,1	37,2	-
Other financial income / (expenses)		-33,8	-0,7	-0,6	-0,7	-2,3	-33,8	-2,3	-4,3	10,3
Share of profit / (loss) from associates		-	-	-	-	-	-	-	-	-
Exchange gains / (losses)		-3,9	28,2	5,7	-4,8	24,3	-3,9	24,3	53,3	23,6
Interest paid		-24,6	-31,4	-20,3	-20,1	-9,8	-24,6	-9,8	-81,6	-38,9
<i>Changes in working capital:</i>										
- Inventories		-	-	-	-	11,1	-	11,1	11,1	-9,8
- Trade and other receivables		32,3	-86,3	-6,7	6,2	-66,7	32,3	-66,7	-153,5	3,3
- Other fin assets at fair value through P&L		-	4,9	15,8	-20,3	-0,4	-	-0,4	-0,0	-
- Trade and other payables		13,9	59,4	60,8	-6,3	-6,2	13,9	-6,2	107,8	-16,2
Other		37,8	1,8	0,3	35,0	-6,9	37,8	-6,9	30,4	40,5
Net cash from operating activities		106,7	44,1	51,5	-14,8	18,1	106,7	18,1	98,9	2,5
Investing activities										
Acq. of subsidiary, net of cash acquired		-	-	-	-	-	-	-	-	-
Proceeds from sale of subsidiary / ops		-	-	-	-	-	-	-	-	1 301,9
Purchases of PP&E		-175,5	-158,6	-192,2	-128,5	-66,6	-175,5	-66,6	-545,8	-243,5
Proceeds from sale of PP&E		-	-	-	0,2	30,1	-	30,1	30,3	0,6
Purchases of available-for-sale fin. assets		-130,8	-268,3	-41,1	-	-20,4	-130,8	-20,4	-329,8	-58,7
Proceeds from sale of available-for-sale financial assets		-	2,1	2,7	0,1	12,4	-	12,4	17,2	1,6
Interest received		11,2	17,0	12,1	13,0	7,0	11,2	7,0	49,2	-
Dividends received		-	-	-	-	-	-	-	-	-
Net cashflow from disc. operations		-	-	-	-	-	-	-	-	-110,6
Other investing activities, net		-34,0	-44,7	-0,7	20,3	-3,0	-34,0	-3,0	-28,0	-9,9
Net cash used in investing activities		-329,1	-452,4	-219,2	-94,9	-40,5	-329,1	-40,5	-806,9	881,4
Financing activities										
Proceeds from borrowings		590,2	491,3	-	377,0	129,5	590,2	129,5	997,7	613,6
Repayment of borrowings		-576,5	-55,0	-	-45,0	-	-576,5	-	-100,0	-435,8
Repaym. of oblig. under finance leases		-	-	-	-	-	-	-	-	-
Proceeds from issuance of ord. shares		-	-	-	-	-	-	-	-	7,6
Purchase of treasury shares, including options		-530,5	-390,8	-305,7	-60,3	-247,2	-530,5	-247,2	-1 004,0	-95,2
Proceeds from sale of treasury shares		484,0	387,3	440,8	45,0	255,7	484,0	255,7	1 128,8	-
Dividends paid		-21,8	0,0	-40,3	-	-	-21,8	-	-40,3	-239,9
Net cash (used in) / from financing activities		-54,5	432,7	94,8	316,7	138,0	-54,5	138,0	982,3	-149,7
Net increase / (decrease) in cash and cash equivalents		-276,9	24,5	-72,9	207,0	115,6	-276,9	115,6	274,3	734,2
Cash and cash equivalents at beginning of the period		1 081,5	1 056,4	1 135,9	894,6	747,8	-	747,8	747,8	119,6
Exchange gain / (losses) on cash and cash equivalents		-21,0	0,5	-6,6	34,3	31,1	-21,0	31,1	59,3	-106,0
Cash and cash equivalents at end of the period		783,6	1 081,5	1 056,4	1 135,9	894,5	-297,9	894,5	1 081,4	747,8

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		-	20,2	-	20,2
Cash flow hedges, net of tax		-	-22,9	-	-22,9
Currency translation differences		-	-8,9	-	-8,9
Net income / (expense) recognised directly in equity		-	-11,6	-	-11,6
Profit for the period		-	-	150,9	150,9
Total recognised income for the period		-	-11,6	150,9	139,3
<i>Share option scheme:</i>					
- value of services provided		-	-	-	-
- proceeds from shares issued		-	-	-	-
Issue of share capital		-	-	-	-
Purchase of treasury shares		-28,7	-144,2	-	-173,0
Sale of treasury shares		23,6	224,2	-	247,8
Derivative contracts treasury shares		-	-79,7	-	-79,7
Dividends		-	-	-0,9	-0,9
		-5,1	0,3	-0,9	-5,8
Balance at 31 March 2005	15	217,1	-133,0	464,4	548,5

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		-	-28,7	-	-28,7
Cash flow hedges, net of tax		-	-	-	-
Currency translation differences		-	-11,4	-	-11,4
Net income / (expense) recognised directly in equity		-	-40,2	-	-40,2
Profit for the period		-	-	-29,1	-29,1
Total recognised income for the period		-	-40,2	-29,1	-69,2
<i>Share option scheme:</i>					
- value of services provided		-	-	-	-
- proceeds from shares issued		-	-	-	-
Issue of share capital		-	-	-	-
Purchase of treasury shares		-12,2	-509,5	-	-521,7
Sale of treasury shares		10,0	469,0	-	479,0
Derivative contracts treasury shares		-	-68,1	-	-68,1
Dividends		-	-	-	-
		-2,2	-108,6	-	-110,8
Balance at 31 March 2006	15	221,6	21,8	544,0	787,4

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 March 2006	Note	NE	ME *	AFR	Other	Total report. segm.	Unalloc./ elimin.	GROUP
Income statement information								
External sales	2	37,0	378,1	-	-	415,1	-	415,1
Inter-segment sales		10,3	1,8	-	-	12,1	-12,1	-
Cost of goods sold	3	-16,1	-105,7	-	-	-121,8	-0,2	-122,0
Gross profit		31,2	274,1	-	-	305,4	-12,2	293,1
Segment result before disc. operations		-186,5	234,5	-1,8	-	46,2	-34,2	12,0
Net profit discontinued operations		-	-	-	-	-	-	-
Segment result after disc. operations		-186,5	234,5	-1,8	-	46,2	-34,2	12,0
Share of profit / (loss) associates		-	-	-	-	-	-	-
Interest - net								-13,4
Gain / (loss) on sale of shares								-
Income tax expense								-27,8
Net profit / (loss)								-29,1
Other segment information								
Net entitlement production		96,9	936,4	-	-	1 033,3	-	1 033,3
Capital expenditures this period		-17,5	166,4	0,3	-	149,3	0,3	149,5
Netback, including asset sale proceeds		-168,4	256,4	-1,8	-	86,2	-7,0	79,2

* ME is presented using net entitlement method.

Three months ended 31 March 2005	Note	NE	ME *	AFR	Other	Total report. segm.	Unalloc./ elimin.	GROUP
Income statement information								
External sales	2	40,0	166,5	-	-	206,5	-48,8	157,8
Inter-segment sales		3,9	2,2	-	-	6,1	-6,1	-
Cost of goods sold	3	-20,4	-62,6	-	-	-83,0	-0,2	-83,2
Gross profit		23,5	106,1	-	-	129,6	-55,0	74,6
Segment result before disc. operations		31,0	105,7	27,8	-	164,4	-44,2	120,2
Net profit discontinued operations		-	-	-	-	-	-	-
Segment result after disc. operations		31,0	105,7	27,8	-	164,4	-44,2	120,2
Share of profit / (loss) associates		-	-	-	-	-	-	-
Interest - net								-2,8
Gain / (loss) on sale of shares								8,7
Income tax expense								24,9
Net profit / (loss)								150,9
Other segment information								
Net entitlement production		142,2	608,0	-	-	750,2	-	750,2
Capital expenditures this period		0,7	61,2	4,7	-	66,6	-	66,6
Netback, including asset sale proceeds		49,1	118,4	-2,3	-	165,2	-56,9	108,3

* ME is presented using net entitlement method.

Twelve months ended 31.12.2005	Note	NE	ME *	AFR	Other	Total report. segm.	Unalloc./ elimin.	GROUP
Income statement information								
External sales	2	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	3	-81,9	-303,7	-	-	-385,6	-0,6	-386,2
Gross profit		110,0	599,7	-	-	709,6	-303,2	406,5
Segment result before disc. operations		56,0	527,9	24,2	-	608,1	-307,4	300,7
Net profit discontinued operations		-	-	-	-	-	-	-
Segment result after disc. operations		56,0	527,9	24,2	-	608,1	-307,4	300,7
Share of profit / (loss) associates		-	-	-	-	-	-	-
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		521,0	2 649,0	-	-	3 170,0	-	3 170,0
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

* ME is presented using net entitlement method.

Twelve months ended 31.12.2004	Note	NE	ME *	AFR	Other	Total report.	Unalloc./	GROUP
						segm.	elimin.	
Income statement information								
External sales	2	24,8	595,3	-	-	620,1	-	620,1
Inter-segment sales		12,0	7,4	-	-	19,3	-19,3	-
Cost of goods sold	3	-100,7	-190,5	-	-	-291,2	-5,0	-296,2
Gross profit		-63,9	412,1	-	-	348,2	-24,3	323,9
Segment result before disc. operations		-189,5	297,2	-71,6	-	36,0	-61,9	-25,8
Net profit discontinued operations		90,7	-	-	-	90,7	39,3	130,0
Segment result after disc. operations		-98,9	297,2	-71,6	-	126,7	-22,6	104,2
Share of profit / (loss) associates		-	-	-	-	-	15,6	15,6
Interest - net								-22,1
Gain / (loss) on sale of shares								0,8
Income tax expense								-85,3
Net profit / (loss)		-	-	-	-	-	-	13,2
Other segment information								
Net entitlement production		608,5	2 448,3	-	-	3 056,8	-	3 056,8
Capital expenditures this period		49,1	178,9	0,1	-	228,1	0,5	228,6
Netback, including asset sale proceeds		1 338,4	262,9	-71,6	-	1 529,7	-57,7	1 476,1

* ME 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.

Nok million	Quarter				Q1 2005	Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005		Q1 2006	Q1 2005	2005	2004
Sale of petroleum products before profit / (loss) from oilprice hedging contracts	415,1	316,2	310,7	221,5	206,5	415,1	206,5	1 054,9	760,5
Profit / (loss) from oilprice hedging contracts	-	-73,6	-81,2	-58,7	-48,8	-	-48,8	-262,2	-140,4
Total sales	415,1	242,6	229,5	162,8	157,8	415,1	157,8	792,7	620,1
Reconciliation sales - working interest/net entitlement									
Sale of petroleum products working interest	610,8	551,1	513,4	377,4	348,6	610,8	348,6	1 790,5	1 273,1
Government share of production before income tax payable	-195,7	-234,9	-202,7	-155,9	-142,1	-195,7	-142,1	-735,6	-512,6
Sale of petroleum products net entitlement	415,1	316,2	310,7	221,5	206,5	415,1	206,5	1 054,9	760,5

4. Cost of goods sold

Nok million	Quarter					Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Lifting costs *	-79,2	-74,1	-72,3	-44,9	-51,7	-79,2	-51,7	-243,0	-169,9
Depreciation, depletion and amortisation	-42,8	-45,5	-35,2	-31,1	-31,5	-42,8	-31,5	-143,3	-122,1
Other cost of goods sold	-	-	-	-	-	-	-	-	-4,2
Total cost of goods sold	-122,0	-119,6	-107,5	-76,0	-83,2	-122,0	-83,2	-386,2	-296,2

* 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, CO2 taxes, royalties to the state and costs in own organisation.

5. Administrative / other expenses

Nok million	Quarter					Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Salaries and social expenses *	-4,4	-10,2	-9,6	-19,6	-3,0	-4,4	-3,0	-42,4	-11,3
General and administration expenses	1,4	2,4	-0,6	-3,9	-3,0	1,4	-3,0	-5,0	-30,3
Other operating expenses **	-0,2	-27,6	-19,6	0,1	0,8	-0,2	0,8	-46,4	-3,3
Total administrative / other expenses	-3,2	-35,4	-29,8	-23,4	-5,1	-3,2	-5,1	-93,7	-44,9

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

** 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 20 on Share Options and Share-Based Payments.

6. Exploration cost expensed

Nok million	Quarter					Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Seismic acquisitions, analysis and general G&G	-34,7	-41,9	-24,3	-28,3	-11,9	-34,7	-11,9	-106,3	-67,4
Exploration costs capitalised in previous years carried to cost	-29,4	-	-	-	-	-29,4	-	-	-4,0
Exploration costs capitalised this year carried to cost	-137,3	0,0	-0,0	-0,0	2,1	-137,3	2,1	2,1	-83,4
Impairment of capitalised exploration costs	-	-	-	-	-	-	-	-	-
Other exploration cost expensed	-15,4	-8,3	-20,4	-16,3	-11,2	-15,4	-11,2	-56,3	-42,6
Total exploration cost expensed *	-216,8	-50,2	-44,7	-44,6	-21,0	-216,8	-21,0	-160,6	-197,4

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

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

7. Net finance

Nok million	Quarter					Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Interest received	11,2	17,0	12,1	13,0	7,0	11,2	7,0	49,2	16,8
Other financial income	0,5	4,1	1,9	2,8	8,7	0,5	8,7	17,5	4,2
Interest expense	-24,5	-31,0	-20,9	-22,9	-11,7	-24,5	-11,7	-86,4	-38,9
Capitalised interest	-0,1	-0,4	0,6	2,8	1,8	-0,1	1,8	4,8	-
Exchange rate gain / (loss), realized items	-14,0	1,5	0,2	0,4	-0,9	-14,0	-0,9	1,3	-4,8
Exchange rate gain / (loss), unrealized items	-11,0	27,2	-1,1	29,0	56,2	-11,0	56,2	111,3	-77,7
Fair value gain / (loss) on financial instruments ¹⁾	5,9	30,5	13,6	-3,7	-3,1	5,9	-3,1	37,2	-1,7
Other financial expenses	-34,7	-1,4	-1,0	-1,1	-2,7	-34,7	-2,7	-6,1	6,9
Net finance	-66,6	47,6	5,5	20,4	55,3	-66,6	55,3	128,7	-95,2

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	Quarter					Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Interest rate derivatives	1,0	1,2	1,6	-0,7	2,6	1,0	2,6	4,5	-1,7
Oilprice derivatives	-0,0	-0,2	-0,3	-0,7	-8,4	-0,0	-8,4	-9,6	-
Foreign exchange derivatives	-	-	-	-	-	-	-	-	-
Other derivative financial instruments *	5,0	29,3	12,5	-2,3	1,9	5,0	1,9	41,4	-
Cash flow hedges									
- Part of cash flow hedge charged to P&L according to IAS 39.96	-	0,1	-0,1	-	0,8	-	0,8	0,8	-
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Fair value gain / (loss) on financial instruments, net	5,9	30,5	13,6	-3,7	-3,1	5,9	-3,1	37,2	-1,7

* 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	Quarter					Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Taxes payable	45,3	35,7	-	-	-	45,3	-	35,7	0,4
Deferred taxes	-26,5	107,7	8,3	-13,9	62,3	-26,5	62,3	164,4	57,9
Income taxes payable related to production sharing agreements (PSAs)	-46,6	-58,8	-50,7	-39,7	-37,4	-46,6	-37,4	-186,6	-143,6
Total income tax expense	-27,8	84,6	-42,4	-53,6	24,9	-27,8	24,9	13,5	-85,3

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

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

9. Discontinued operations

Nok million	Quarter					Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Net profit discontinued operations	-	-	-	-	-	-	-	-	-59,8
Net gain / (loss) from sale of operations	-	-	-	-	-	-	-	-	189,8
Net profit discontinued operations	-	-	-	-	-	-	-	-	130,0

Net profit discontinued operations relates to sale of assets to Lundin Petroleum AB and divestment of shares in Independent Oil Tools ASA (dividend) during 2004.

10. Property, plant and equipment

Three months ended 31.03.05, NOK million	License interest	Explor. assets	Develop. assets	Asset in operatn.	Total oil & gas prop.	Other PP&E	Total
At 1 January 2005							
Cost or valuation	8,5	6,4	78,9	753,4	847,2	7,1	854,3
Accumulated depreciation	-	-	-	-542,7	-542,7	-4,7	-547,4
Net book amount	8,5	6,4	78,9	210,7	304,5	2,3	306,9
Period ended 31 March 2005							
Opening net book amount	8,5	6,4	78,9	210,7	304,5	2,3	306,9
Exchange differences	0,1	0,3	4,1	6,5	11,1	0,0	11,1
Additions	-	5,0	42,9	18,3	66,2	0,4	66,6
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-31,2	-31,2	-0,3	-31,5
Closing net book amount	8,6	11,8	125,8	204,3	350,6	2,5	353,1
At 31 March 2005							
Cost or valuation	8,6	11,8	125,8	794,4	940,7	7,6	948,3
Accumulated depreciation	-	-	-	-590,1	-590,1	-5,1	-595,2
Net book amount	8,6	11,8	125,8	204,3	350,6	2,5	353,1
Three months ended 31.03.06, NOK million							
At 1 January 2006							
Cost or valuation	69,2	96,4	4,4	1 301,8	1 471,8	14,2	1 486,1
Accumulated depreciation	-	-	-	-727,4	-727,4	-6,7	-734,0
Net book amount	69,2	96,4	4,4	574,4	744,5	7,5	752,0
Period ended 31 March 2006							
Opening net book amount	69,2	96,4	4,4	574,4	744,5	7,5	752,0
Exchange differences	-2,9	-1,3	-	-15,6	-19,8	-0,1	-19,9
Additions	0,4	44,8	0,6	129,4	175,2	0,4	175,6
Transfers	-	-	-	-	-	-	-
Disposals	-27,3	-3,8	-	-	-31,1	-	-31,1
Depreciation charge	-	-	-	-42,2	-42,2	-0,6	-42,8
Closing net book amount	39,4	136,2	5,0	646,0	826,6	7,2	833,8
At 31 March 2006							
Cost or valuation	66,1	136,2	5,0	1 375,5	1 582,8	14,4	1 597,1
Accumulated depreciation	-	-	-	-756,1	-756,1	-7,2	-763,3
Net book amount	66,1	136,2	5,0	619,3	826,6	7,2	833,8

Twelve months ended 31.12.04, NOK million	License interest	Explor. assets	Develop. assets	Asset in operatn.	Total oil & gas prop.	Other PP&E	Total
At 1 January 2004							
Cost or valuation	6,6	4,0	-	669,8	680,4	6,0	686,4
Accumulated depreciation	-	-	-	-455,5	-455,5	-3,6	-459,2
Net book amount	6,6	4,0	-	214,3	224,9	2,4	227,3

Period ended 31 December 2004							
Opening net book amount	6,6	4,0	-	214,3	224,9	2,4	227,3
Exchange differences	-0,9	0,0	-9,0	-17,0	-26,8	-0,2	-27,0
Additions	-35,3	40,6	87,9	133,9	226,9	15,9	242,8
Transfers	46,4	-46,4	-	-	-	-	-
Disposals	-8,2	8,2	-	-	-	-22,4	-22,4
Depreciation charge	-	-	-	-120,5	-120,5	6,6	-113,8
Closing net book amount	8,5	6,4	78,9	210,7	304,5	2,3	306,9

At 31 December 2004							
Cost or valuation	8,5	6,4	78,9	753,4	847,2	7,1	854,3
Accumulated depreciation	-	-	-	-542,7	-542,7	-4,7	-547,4
Net book amount	8,5	6,4	78,9	210,7	304,5	2,3	306,9

Twelve months ended 31.12.05, NOK million	License interest	Explor. assets	Develop. assets	Asset in operatn.	Total oil & gas prop.	Other PP&E	Total
At 1 January 2005							
Cost or valuation	8,5	6,4	78,9	753,4	847,2	7,1	854,3
Accumulated depreciation	-	-	-	-542,7	-542,7	-4,7	-547,4
Net book amount	8,5	6,4	78,9	210,7	304,5	2,3	306,9

Period ended 31 December 2005							
Opening net book amount	8,5	6,4	78,9	210,7	304,5	2,3	306,9
Exchange differences	0,7	2,0	14,0	25,6	42,3	0,3	42,6
Additions	81,5	94,7	98,9	264,2	539,2	6,6	545,8
Transfers	-21,5	-6,7	-187,4	215,6	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-141,5	-141,5	-1,7	-143,3
Closing net book amount	69,2	96,4	4,4	574,4	744,5	7,5	752,0

At 31 December 2005							
Cost or valuation	69,2	96,4	4,4	1 301,8	1 471,8	14,2	1 486,1
Accumulated depreciation	-	-	-	-727,4	-727,4	-6,7	-734,0
Net book amount	69,2	96,4	4,4	574,4	744,5	7,5	752,0

11. 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 01.01.2005. Financial assets classified as available-for-sale under IAS 39 were in previous periods valued at cost less impairment.

Nok million	Quarter					Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Beginning of the period	187,7	203,8	130,8	95,5	58,5	187,7	58,5	58,5	3,4
Additions *	59,6	5,1	41,1	4,2	20,4	59,6	20,4	70,8	34,7
Sales	-	-3,3	-0,8	-	-3,7	-	-3,7	-7,7	-
Revaluation surplus transfer to equity **	-28,6	-17,9	32,8	31,3	20,1	-28,6	20,1	66,2	-
Exchange differences	-0,1	0,1	-0,1	-0,1	0,2	-0,1	0,2	0,1	-
End of the period ¹⁾	218,6	187,7	203,8	130,8	95,5	218,6	95,5	187,7	38,1
Non-current portion	218,6	187,7	203,8	130,8	95,5	218,6	95,5	187,7	38,1
Current portion	-	-	-	-	-	-	-	-	-

* Additions in Q1 2006 relates to a conversion of bonds into 16,5 million shares in Petrolia Drilling ASA.

** NOK -28,6 million in revaluation surplus to equity in Q1 2006 is mainly contributed by a decrease in value of shares in Rocksource ASA.

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

Nok million	Quarter					Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Listed securities:									
- Petrolia Drilling ASA	86,8	28,2	13,0	6,1	4,8	86,8	4,8	28,2	3,5
- Independent Oil Tools ASA	31,7	32,2	26,4	19,0	12,4	31,7	12,4	32,2	1,6
- Rocksource ASA	93,9	121,8	155,8	97,6	70,1	93,9	70,1	121,8	29,6
Equity securities - Norway	212,4	182,2	195,2	122,7	87,3	212,4	87,3	182,2	34,7
- Sterling Energy Ltd.	-	-	8,7	8,2	8,2	-	8,2	-	3,3
- Premier Oil Plc.	6,2	5,5	-	-	-	6,2	-	5,5	-
Equity securities - UK	6,2	5,5	8,7	8,2	8,2	6,2	8,2	5,5	3,3
Unlisted securities:									
- NOS AS	-	-	-	-	-	-	-	-	0,1
Equity securities - Norway	-	-	-	-	-	-	-	-	0,1
¹⁾ Total available-for-sale financial assets	218,6	187,7	203,8	130,8	95,5	218,6	95,5	187,7	38,1

12. Derivative financial instruments

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

Nok million	Quarter					Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Non-current assets:									
- Oil-price swaps/options	-	0,0	0,2	0,5	1,1	-	1,1	0,0	-
- Interest-rate swaps	3,8	2,8	1,6	0,2	0,8	3,8	0,8	2,8	-
- Other derivative financial instruments	-	-	-	-	-	-	-	-	-
Total non-current assets	3,8	2,8	1,8	0,7	2,0	3,8	2,0	2,8	-
Current assets:									
- Oil-price swaps/options	-	-	-	-	-	-	-	-	-
- Interest-rate swaps	-	-	-	-	-	-	-	-	-
- Other derivative financial instruments *	-	45,7	16,4	3,9	6,2	-	6,2	45,7	-
Total current assets	-	45,7	16,4	3,9	6,2	-	6,2	45,7	-
Total assets	3,8	48,5	18,1	4,6	8,1	3,8	8,1	48,5	-
Non-current liabilities:									
- Oil-price swaps/options	-	-	-	-	-	-	-	-	-
- Interest-rate swaps	-	-	-	-	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-	-	-	-	-
Current liabilities:									
- Oil-price swaps/options **	-	-	88,5	142,7	193,0	-	193,0	-	-
- Interest-rate swaps	-	-	-	0,2	-	-	-	-	1,7
Total current liabilities	-	-	88,5	142,9	193,0	-	193,0	-	1,7
Total liabilities	-	-	88,5	142,9	193,0	-	193,0	-	1,7

* 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.

** Liability for settlement of oil price swap contracts with an average fixed oil price of 23,67 USD/bbl.

13. Trade and other receivables

Current assets

Nok million	Quarter					Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Trade receivables	122,1	102,0	84,9	67,0	72,4	122,1	72,4	102,0	46,7
Less: provisions for impairment of receivables	-	-	-	-	-	-	-	-	-
Trade receivables - net	122,1	102,0	84,9	67,0	72,4	122,1	72,4	102,0	46,7
Prepayments	15,1	16,0	5,9	7,1	7,9	15,1	7,9	16,0	9,8
Receivables from related parties	-	-	-	-	-	-	-	-	-
Underlift, entitlement method	10,7	11,8	4,8	4,6	8,5	10,7	8,5	11,8	3,2
VAT receivable	4,8	2,8	3,2	2,8	2,8	4,8	2,8	2,8	3,3
Amortised short-term receivables	-	9,0	9,0	9,0	14,5	-	14,5	9,0	3,7
Other short-term receivables	145,4	143,4	55,1	65,8	56,2	145,4	56,2	143,4	29,2
Total trade and other receivables	298,0	285,0	163,0	156,3	162,5	298,0	162,5	285,0	95,8

14. Cash, cash equivalents and other short term financial assets

Nok million	Quarter					Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Cash and cash equivalents , non-restricted	781,0	1 033,7	868,1	880,1	585,8	781,0	585,8	1 033,7	488,6
Cash and cash equivalents , restricted	2,6	47,8	188,3	255,9	308,8	2,6	308,8	47,8	259,2
Total cash and cash equivalents	783,6	1 081,5	1 056,4	1 135,9	894,6	783,6	894,6	1 081,5	747,8

Money Market Funds

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

Nok million	Currency	Amount	Quarter				Full year		
			Q1 2006	Q4 2005	Q3 2005	Q2 2006	Q1 2005	2005	2004
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	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	-	-	-	-	-	-
Other financial assets at fair value through profit or loss			399,1	268,3	-	-	-	268,3	-

15. Equity

Share capital

NOK mill	Number of shares (1000) *	Ordinary shares	Treasury shares	Total
At 1 January 2005	226 214	226,2	-4,0	222,2
Share option scheme:				
- value of services provided	-	-	-	-
- proceeds from shares issued	-	-	-	-
Treasury shares purchased / sold	-	-	-5,1	-5,1
Share issues	-	-	-	-
At 31 March 2005	226 214	226,2	-9,1	217,1
At 1 January 2006	226 214	226,2	-2,4	223,8
Share option scheme:				
- value of services provided	-	-	-	-
- proceeds from shares issued	-	-	-	-
Treasury shares purchased / sold	-	-	-2,2	-2,2
Share issues	-	-	-	-
At 31 March 2006	226 214	226,2	-4,6	221,6

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

The total number of ordinary shares is 226 214 228 shares with a par value of NOK 1 per share. All issued shares are fully paid.

See note 20 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	-	-	20,2	-	-	20,2
Premium, paid in capital	0,0	-	-	-	-	0,0
Tresury shares:						
- Sale of treasury shares	105,1	-	-	119,1	-	224,2
- Purchase of treasury shares	-	-	-	-144,2	-	-144,2
Other paid in capital	-	-	-	-	-	-
Derivative contracts treasury shares	-	-	-	-79,6	-	-79,6
Dividends	-	-	-	-	-	-
Cash flow hedges: *						
- Fair value gains / (losses), net of tax	-	-55,0	-	-	-	-55,0
- Transfers to net profit, net of tax	-	32,1	-	-	-	32,1
Currency translation differences:						
- Group	-	-	-	-	-9,0	-9,0
- Associates	-	-	-	-	-	-
Balance at 31 March 2005	185,0	-153,1	40,6	-104,9	-100,6	-133,0
Balance at 31 December 2005	1 160,4	-	86,6	-999,7	-76,8	170,5
Revaluation, net of tax	-	-	-28,7	-	-	-28,7
Premium, paid in capital	-	-	-	-	-	-
Tresury shares:						
- Sale of treasury shares	107,4	-	-	361,7	-	469,0
- Purchase of treasury shares	-	-	-	-509,5	-	-509,5
Other paid in capital	-	-	-	-	-	-
Options granted	-	-	-	-	-	-
Derivative contracts treasury shares 1)	-	-	-	-68,1	-	-68,1
Dividends	-	-	-	-	-	-
Cash flow hedges: *						
- Fair value gains / (losses), net of tax	-	-	-	-	-	-
- Transfers to net profit, net of tax	-	-	-	-	-	-
Currency translation differences:						
- Group	-	-	-	-	-11,4	-11,4
- Associates	-	-	-	-	-	-
Balance at 31 March 2006	1 267,8	-	57,9	-1 215,7	-88,2	21,8

Changes in derivative contracts treasury shares:

Premium, purchase of call option	-266,8
Reclassification of premium call options exercised	258,0
Reversal of provision, written put options not exercised	161,4
Provision, written put option	-220,7
Reclassification of settled forward contracts	-
Additional forward contracts purchased	-
1) Total changes in derivative contracts treasury shares	-68,1

* Cash flow hedges:

Fair value gains / (losses) indicates the fair value adjustment charged directly to equity this period for the remaining balance at the end of the period.

Transfers to net profit indicates the opening balance adjustment for cash flow hedges realised in the period that has been transferred to the income statement.

16. Interest-bearing liabilities

Nok million	Quarter				Year to date		Full year		
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Non-current									
Convertible loans	-	-	-	-	-	-	-	-	-
Bonds	1 530,9	1 396,5	882,4	882,2	500,0	1 530,9	500,0	1 396,5	469,5
Liabilities to financial institutions	-	-	-	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-	-	-	-
Total non-current interest-bearing liabilities	1 530,9	1 396,5	882,4	882,2	500,0	1 530,9	500,0	1 396,5	469,5
Current									
Current portion of bonds	-	-	-	-	-	-	-	-	-
Liabilities to financial institutions	-	100,0	155,0	155,0	200,0	-	200,0	100,0	100,0
Total current interest-bearing liabilities	-	100,0	155,0	155,0	200,0	-	200,0	100,0	100,0
Total interest-bearing liabilities	1 530,9	1 496,5	1 037,4	1 037,2	700,0	1 530,9	700,0	1 496,5	569,5

Non-current interest-bearing liabilities:

NOK mill	Curr	Amount	Interest	Maturity	Balance	
					Q1 2006	Q4 2005
Bond loan (ISIN N00010226574)	NOK	25,5	Nibor + 3,5%	01.06.2009	25,5	300,0
Bond loan (ISIN N00010226582)	NOK	29,0	Fixed 7,9%	01.06.2009	29,0	200,0
Bond loan (ISIN N00010270523)	USD	60,0	Libor + 3,5%	06.06.2012	395,0	406,1
Bond loan (ISIN N00010283732)	NOK	315,5	Fixed 7,215%	12.10.2012	315,5	200,0
Bond loan (ISIN N00010283724)	NOK	580,0	Nibor + 3,5%	12.10.2010	580,0	300,0
Bond loan (ISIN N00010302649)	NOK	200,0	Nibor + 2,5%	02.03.2011	200,0	-
Borrowing issue costs					-14,0	-9,7
Total non-current interest-bearing liabilities					1 531,0	1 396,5

The maturity of interest-bearing liabilities is as follows:

Nok million	Quarter				Year to date		Full year		
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
0 - 12 months	-	100,0	155,0	155,0	200,0	-	200,0	100,0	100,0
Between 1 and 2 years	-	-	-	-	-	-	-	-	-
Between 2 and 5 years	820,4	800,0	500,0	500,0	500,0	820,4	500,0	800,0	469,5
Over 5 years	710,5	596,5	382,4	382,2	-	710,5	-	596,5	-
Total interest-bearing liabilities	1 530,9	1 496,5	1 037,4	1 037,2	700,0	1 530,9	700,0	1 496,5	569,5

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

Nok million	Quarter				Year to date		Full year		
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Norwegian kroner	1 136,0	1 100,0	655,0	655,0	700,0	1 136,0	700,0	1 100,0	569,5
US dollar	394,9	396,5	382,4	382,2	-	394,9	-	396,5	-
Total interest-bearing liabilities	1 530,9	1 496,5	1 037,4	1 037,2	700,0	1 530,9	700,0	1 496,5	569,5

17. Provisions for other liabilities and charges

Nok million	Quarter				Year to date		Full year		
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Non-current									
Asset retirement obligations	18,5	18,1	17,7	17,3	16,9	18,5	16,9	18,1	16,6
Other long-term obligations	58,8	67,0	38,6	24,5	6,3	58,8	6,3	67,0	6,0
Total non-current provisions for other liabilities and charges	77,3	85,1	56,3	41,8	23,3	77,3	23,3	85,1	22,6
Current									
Dividends payable	-	21,8	-	26,8	0,0	-	0,0	21,8	-
Provisions, derivative contracts treasury shares*	226,3	163,0	234,5	146,0	146,8	226,3	146,8	163,0	-
Other provisions and charges	68,1	39,6	35,4	19,7	40,0	68,1	40,0	39,6	40,3
Total current provisions for other liabilities and charges	294,5	224,3	269,9	192,5	186,7	294,5	186,7	224,3	40,3
Total provisions for other liabilities and charges	371,7	309,4	326,2	234,3	210,0	371,7	210,0	309,4	63,0

NOK mill	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	0,4	-	0,6	6,8	7,8
- Unused amounts reversed or reclassified	-	-8,2	-1,6	-	-9,8
Charged to equity:					
- Additional provisions	-	-	225,7	-	225,7
- Unused amounts reversed	-	-	-161,4	-	-161,4
- Contracts exercised	-	-	-	-	-
Exchange differences	-	-	-	-	-
Used during the period	-	-	-	-	-
Balance at 31 March 2006	18,5	58,8	226,3	68,1	371,7

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 mill):

Forward contracts, treasury shares	-
Written put options, treasury shares	226,3
Total provisions treasury shares	226,3

18. Trade and other payables

Nok million	Quarter				Year to date		Full year		
	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q1 2006	Q1 2005	2005	2004
Trade creditors	2,0	8,3	9,0	5,6	3,9	2,0	3,9	8,3	9,0
Public duties payable	8,2	16,3	6,7	7,2	1,4	8,2	1,4	16,3	4,4
Prepayment from customers	-	-	-	-	-	-	-	-	-
Debt to employees and shareholders	-	-	-	-	-	-	-	-	-
Other accrued expenses	104,4	104,7	75,2	17,3	31,1	104,4	31,1	104,7	29,1
Overlift, entitlement method	-	-	-	-	-	-	-	-	-
Total trade and other payables	114,6	129,3	90,9	30,1	36,3	114,6	36,3	129,3	42,5

19. Earnings per share

Nok million	Quarter				Q1 2005	Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005		Q1 2006	Q1 2005	2005	2004
Earnings per share, basic	-0,13	0,77	0,00	-0,09	0,68	-0,13	0,68	1,36	0,06
Earnings per share, diluted	-0,13	0,77	0,00	-0,09	0,68	-0,13	0,68	1,36	0,06

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

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	Quarter				Q1 2005	Year to date		Full year	
	Q1 2006	Q4 2005	Q3 2005	Q2 2005		Q1 2006	Q1 2005	2005	2004
Dividends paid per share *	-	1,59	1,10	-	-	-	-	2,69	2,09

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

21. Share options and Share-Based Payments

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

NOK per share if not otherwise stated	2006		2005	
	Avg exercise price	Options (1000) *	Avg exercise price	Options (1000) *
At 1 January	18,3	1 600,0	4,6	850,0
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Lapsed	-	-	-	-
At 31 March	18,3	1 600,0	4,6	850,0

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

A total of 1.2 million ordinary share options 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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