

A wide, horizontal photograph of a rugged, mountainous landscape. The foreground is dark and shadowed, while the background shows lighter, rocky terrain under a pale sky. The overall color palette is dominated by blues, greys, and whites.

INTERIM REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2004



INTERIM REPORT 1ST QUARTER 2004

During the 1st quarter 2004, DNO completed the transaction with Lundin Petroleum AB for the sale of its UK and Ireland operations. Divestment of the UK and Ireland operations combined with strong performance from retained low cost fields in Yemen contributed to significant net cash flow in the 1st quarter 2004.

HIGHLIGHTS FOR THE QUARTER

- Net NOK 209,5 million in gain from sale of UK and Ireland operations to Lundin Petroleum AB
- Strong cash flow from retained assets
- Oil discovery in Block 43 Yemen
- Resources increased by 80 %
- Operating expenses and lifting cost per bbl reduced due to sale of UK operations
- Debt repayment and increased financial strength

KEY FINANCIALS

| NOK mill | Quarterly results | | | | | Full Year | |
|-------------------------------------|-------------------|---------|---------|---------|---------|-----------|---------|
| | Q1 2004 | Q4 2003 | Q3 2003 | Q2 2003 | Q1 2003 | 2003 | 2002 |
| Operating revenues | 369,2 | 484,7 | 466,6 | 477,6 | 579,7 | 2 008,6 | 1 691,0 |
| Gain on sale of assets | 209,5 | - | - | - | - | - | - |
| Total revenues | 578,7 | 484,7 | 466,6 | 477,6 | 579,7 | 2 008,6 | 1 691,0 |
| EBIT | 339,9 | 140,7 | 127,6 | 210,9 | 276,0 | 755,3 | 528,3 |
| Net profit | 175,2 | 12,3 | -41,8 | 55,7 | 107,9 | 134,1 | -64,7 |
| Capital exp. oil and gas properties | 91,5 | 179,7 | 211,5 | 191,6 | 118,6 | 701,4 | 465,8 |
| EBITDA | 388,6 | 226,7 | 207,0 | 285,3 | 346,8 | 1 065,8 | 872,2 |
| Netback | 285,8 | 76,1 | 72,0 | 78,3 | 228,1 | 454,6 | 456,9 |
| EBITDA, excl. asset sale gain | 179,1 | 226,7 | 207,0 | 285,3 | 346,8 | 1 065,8 | 872,2 |
| Netback, excl. asset sale gain | 76,3 | 76,1 | 72,0 | 78,3 | 228,1 | 454,6 | 456,9 |

KEY OPERATIONAL DATA

| Boel / per bbl | Quarterly results | | | | | Full Year | |
|--|-------------------|---------|---------|---------|---------|-----------|--------|
| | Q1 2004 | Q4 2003 | Q3 2003 | Q2 2003 | Q1 2003 | 2003 | 2002 |
| Production (MBoe) | 1,709 | 2,276 | 2,293 | 2,562 | 2,638 | 9,768 | 8,176 |
| Production per day (boe) | 18 785 * | 24 736 | 24 919 | 28 153 | 29 306 | 26 761 | 22 399 |
| Achieved sales prices (USD/bbl) | 31,81 | 30,02 | 27,71 | 25,80 | 30,85 | 28,58 | 24,31 |
| Lifting cost (USD/bbl) | 7,78 | 10,61 | 10,11 | 8,19 | 8,34 | 9,24 | 6,86 |
| EBITDA, excl. asset sale gain (USD/bbl) | 15,04 | 14,40 | 12,31 | 15,89 | 18,63 | 15,41 | 13,35 |
| Netback, excl. asset sale gain (USD/bbl) | 6,40 | 4,84 | 4,28 | 4,36 | 12,26 | 6,57 | 6,99 |

* Production for continued operations in 1st quarter 2004 was 14.267 bbls / day



MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

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

Business structure and organisation

Following the announcement of the Lundin transaction, DNO initiated a process to define the future strategy, and geographical focus. As a consequence of this process, DNO has modified its organisational structure and has decided to change its segments accordingly. This is done in order to monitor and evaluate performance based on differences in risk and geography, as well as securing management focus.

Furthermore, DNO has reviewed the human resource base and internal expertise, and has been adjusting the organisation to meet the future needs and requirements in view of the company's forward strategy under development. This combined with the sale to Lundin has resulted in a group of employees that will follow the Norwegian assets and take employment with Lundin. DNO has recently employed an exploration manager for Norway, and a new business manager for Northern Europe will also be engaged shortly, together with additional technical resources.

With effect from 1st of January 2004, DNO's petroleum activities are organised in the segments Northern Europe, Middle East, Africa and Other International Activities (OIA). There are currently exploration activities in all segments except in the OIA segment.

| Oil and Gas | | | | Offshore and Services | | | |
|-----------------|--------|--------------|--------|--------------------------|--------|--------------------------------|---------|
| Northern Europe | | Middle East | | Africa | | Other International Activities | |
| NCS | | Yemen | | Equatorial Guinea | | (Currently no activities) | |
| Glitne | 10,00% | Tasour | 38,95% | Block P | 5,00% | IOT AS | 100,00% |
| PI 305 | 60,00% | Sharyoof | 24,45% | Mozambique | | Petrolia Drilling ASA | 23.6% |
| PI 229 | 15,00% | Block 43 | 50,00% | Inahminga Block | 80,00% | | |
| PI 035/272 | 25,00% | | | | | | |

The sale of the Norwegian assets is expected to be completed in the 2nd quarter 2004. Revenues and expenses for the sold assets are included in the 1st quarter 2004 consolidated accounts. The 1st quarter 2004 consolidated accounts also include revenues and expenses from UK and Ireland operations for January 2004.



Accounting principles

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

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

Except for the change in accounting principle described above, the interim report has been prepared on basis of the same accounting principles applied in the annual accounts for 2003.

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



An analysis of the company's net results and Netbacks is presented in this chapter.

Variation analysis (Netback)

| NOK mill | Variation |
|-------------------------------------|-------------|
| Net Back fourth quarter 2003 | 76,1 |

Favourable (unfavourable)

| | |
|--------------------------------------|--------|
| Operating revenues: | |
| Production | -117,6 |
| Oil price | 21,2 |
| Exchange rates | 2,6 |
| Offshore & services | -3,9 |
| Other revenues, incl. sale of assets | 209,8 |
| Crude oil hedging activities | -17,8 |
| Expenses and taxes paid | |
| Exploration and Impairment | -38,6 |
| Operating expenses , cash items | 106,3 |
| Taxes paid for the period | 47,7 |

| | |
|------------------------------------|--------------|
| Net Back first quarter 2004 | 285,8 |
|------------------------------------|--------------|

Significant variances in Netback

- Lower production, mainly contributed by divestment of UK operations
- Favourable development in oil price and USD / NOK exchange rate
- Higher exploration activities, successful drilling in Yemen, Block 43
- Favourable development in operating expenses and paid taxes



Operating revenues

DNO's total revenues increased by NOK 94,0 million to NOK 578,7 million in 1st quarter 2004.

The gain on sale of the UK and Ireland operations to Lundin Petroluem AB contributed with NOK 209,5 million of this increase (net of NOK 42,6 million in advisory fees related to the transaction). Crude oil price hedging contracts (oil price swaps), reduced total operating revenues by NOK 24,8 mill in the 1st quarter 2004.

Net proceeds from the sale of the UK and Ireland operations are included as part of the cash flow statements later in the report.

| NOK mill | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------|----------------|--------------|
| Sale of petroleum products | 378,8 | 472,6 | -93,8 | 378,8 | 574,2 | -195,4 | 1 976,2 | 1 588,1 | 388,1 |
| Op. rev. offshore and services | 13,9 | 17,8 | -3,9 | 13,9 | 17,6 | -3,7 | 69,7 | 96,1 | -26,4 |
| Other operating revenues | 1,0 | 0,7 | 0,3 | 1,0 | 0,2 | 0,8 | 1,1 | 6,0 | -4,9 |
| Tariff revenues | 0,3 | 0,6 | -0,3 | 0,3 | 0,4 | -0,1 | 2,5 | 0,9 | 1,6 |
| Gain on sale of assets | 209,5 | - | 209,5 | 209,5 | - | 209,5 | - | - | - |
| Hedging activities | -24,8 | -7,0 | -17,8 | -24,8 | -12,7 | -12,1 | -40,9 | - | -40,9 |
| Total revenues | 578,7 | 484,7 | 94,0 | 578,7 | 579,7 | -1,0 | 2 008,6 | 1 691,1 | 317,5 |

Variance analysis

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

| NOK mill | Variation | Variation | Variation |
|----------------------------------|--------------|--------------|----------------|
| <i>Favourable (unfavourable)</i> | Q403-Q104 | Q103-Q104 | 2002-2003 |
| Sale of petr. products | 472,6 | 574,2 | 1 588,1 |
| Change in production volume | -117,6 | -202,0 | 309,3 |
| Change in crude oil price | 21,2 | 11,6 | 333,0 |
| Change USD/NOK | 2,6 | -4,9 | -254,2 |
| Sale of petr. products | 378,8 | 378,8 | 1 976,2 |

The production decrease from 4th quarter 2003 represents a value of NOK 117,6 million. The change in crude oil prices and USD/NOK represents a total positive value of NOK 23,8 million.



Production of hydrocarbons

Total production in 1st quarter 2004 decreased by 0,57 mbbbls when compared to 4th quarter 2003. The decrease in total production from last quarter was mainly contributed by the sale of the UK operations to Lundin Petroleum AB.

| (MBoe) | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Northern Europe | 0,623 | 1,219 | -0,60 | 0,623 | 1,381 | -0,76 | 5,221 | 4,243 | 0,98 |
| Middle East | 1,086 | 1,057 | 0,03 | 1,086 | 1,257 | -0,17 | 4,547 | 3,933 | 0,61 |
| Total oil production | 1,709 | 2,276 | -0,57 | 1,709 | 2,637 | -0,93 | 9,768 | 8,176 | 1,59 |

Crude oil prices

The average price of crude oil (Brent Blend) in 1st quarter 2004 was USD 31.78 per barrel, compared with USD 29.27 per barrel in 4th quarter 2003.

DNO received an average crude oil price of USD 31,81 per barrel in 1st quarter 2004.

| (USD per bbl) | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|-----------------------------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|
| Northern Europe | 32,87 | 31,20 | 1,67 | 32,87 | 31,73 | 1,14 | 29,07 | 23,72 | 5,35 |
| Middle East | 31,20 | 28,95 | 2,25 | 31,20 | 29,65 | 1,55 | 28,13 | 24,95 | 3,18 |
| Total avg. crude oilprices | 31,81 | 30,02 | 1,79 | 31,81 | 30,85 | 0,96 | 28,58 | 24,31 | 4,27 |

Foreign currencies

DNO's revenues are primarily in USD, whereas the company's financial statements are in NOK. The average NOK/USD exchange rate was 6.97 in 1st quarter 2004, compared with 6.92 in 4th quarter 2003. The effect of currency fluctuations is estimated at NOK 2,6 million.



Operating expenses

DNO's operating expenses in 1st quarter 2004 totalled NOK 238,7 million, compared with NOK 343,9 million in 4th quarter 2003. This corresponds to a decrease of NOK 105,2 million. The sale of the UK and Ireland operations is the main contributor to the decrease in the total operator expenses.

| (MMBoe) | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|-----------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|----------------|----------------|-------------|
| Exploration expenses | 67,0 | 28,4 | 38,6 | 67,0 | 33,8 | 33,2 | 93,5 | 120,5 | -27,0 |
| Production and transp. cost | 110,7 | 190,6 | -79,9 | 110,7 | 170,6 | -59,9 | 719,0 | 505,8 | 213,2 |
| Ordinary depreciation (DD&A) | 48,6 | 86,0 | -37,4 | 48,6 | 70,8 | -22,2 | 310,5 | 343,9 | -33,4 |
| Decommissioning cost | 2,1 | 0,7 | 1,4 | 2,1 | 3,2 | -1,1 | 16,5 | 18,6 | -2,1 |
| Impairment and write-downs | - | 12,8 | -12,8 | - | - | - | 12,8 | 63,1 | -50,3 |
| Payroll and payroll rel. expenses | 7,9 | 17,0 | -9,1 | 7,9 | 7,9 | - | 41,6 | 35,5 | 6,1 |
| General and administration | 2,4 | 8,5 | -6,1 | 2,4 | 17,4 | -15,0 | 59,4 | 75,3 | -15,9 |
| Total operating expense | 238,7 | 343,9 | -105,2 | 238,7 | 303,7 | -65,0 | 1 253,3 | 1 162,7 | 90,6 |



Exploration expenses

DNO applies the “Successful Efforts” method for accounting for its oil and gas activities.

| (NOK mill) | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Northern Europe | 30,0 | 17,3 | 12,7 | 30,0 | 7,4 | 22,6 | 58,2 | 95,0 | -36,8 |
| Middle East | 21,7 | 11,1 | 10,6 | 21,7 | 26,4 | -4,7 | 35,3 | 25,5 | 9,8 |
| Africa | 15,3 | - | 15,3 | 15,3 | - | 15,3 | - | - | - |
| Exploration expenses | 67,0 | 28,4 | 38,6 | 67,0 | 33,8 | 33,2 | 93,5 | 120,5 | -27,0 |

Exploration expenses increased by NOK 38,6 million to NOK 67,0 million in 1st quarter 2004 compared to 4th quarter 2003. The higher activity in DNO’s exploration licenses is the main contributor to the increase in total exploration expenses.

The increase in exploration expenses in Northern Europe from last quarter is mainly caused by exploration activities in Norway. This includes acquisition of seismic- and other technical data used in preparation of an application to the 18th license award as well as work related to assets sold to Lundin (discontinued operations). As part of the agreement with Lundin Petroleum AB, certain costs related to the discontinued assets will be recovered at completion.

The increase in Middle East was mainly caused by exploration activities on Block 43 in Yemen. During the first quarter, DNO’s success at Nabrajah-1 has proven presence of oil in the southern portion of the Block. Another well in the Block, Neheb-1 is currently being tested to confirm movable oil. Two additional wells will be drilled to appraise the new discovery in Block 43 during 2004. Preliminary estimates indicate reserves in the range 10 – 12 million barrels (gross) in the Nabrajah discovery. DNO holds a 50% interest in the license. Development of the Nabrajah discovery is contingent on additional technical work and the results from the two appraisal wells. A development plan may be submitted at the end of 2004 with first oil planned for 3rd quarter 2005. As for the Tasour- and Sharyoof fields the oil will be exported via the nearby Nexen’s infrastructure in Block 14,

DNO has also acquired seismic- and other technical data offshore West-Africa with the view to position the company for new exploration opportunities in this region.

The activities related to DNO’s current exploration assets in Mozambique and Equatorial Guinea had only a marginal contribution to the increase in exploration expenses in the 1st quarter.



Production and transportation expenses

DNO's production and transportation expenses decreased by NOK 79,9 million in 1st quarter 2004 compared with 4th quarter 2003. The marked decrease was mainly contributed by the divestment of the UK and Ireland operations.

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

| (NOK mill) | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Lifting cost oil and gas | 92,6 | 167,0 | -74,4 | 92,6 | 155,2 | -62,6 | 639,2 | 448,3 | 190,9 |
| Transportation | 14,0 | 18,1 | -4,1 | 14,0 | 11,5 | 2,5 | 63,2 | 36,6 | 26,6 |
| Prod. exp. offshore and services | 4,1 | 5,5 | -1,4 | 4,1 | 4,0 | 0,1 | 16,7 | 21,0 | -4,3 |
| Total production and transportation expense | 110,7 | 190,6 | -79,9 | 110,7 | 170,6 | -59,9 | 719,0 | 505,8 | 213,2 |

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

| (NOK mill) | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|---------------------------------------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Northern Europe | 69,5 | 152,5 | -83,0 | 69,5 | 136,3 | -66,8 | 576,2 | 371,8 | 204,4 |
| Middle East | 23,1 | 14,5 | 8,6 | 23,1 | 18,9 | 4,2 | 63,0 | 76,5 | -13,5 |
| Total lifting cost per segment | 92,6 | 167,0 | -74,4 | 92,6 | 155,2 | -62,6 | 639,2 | 448,3 | 190,9 |

| (USD/bbl) | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|------------------------------------|-------------|--------------|--------------|-------------|-------------|--------------|-------------|-------------|-------------|
| Northern Europe | 16,00 | 18,09 | -2,09 | 16,00 | 13,99 | 2,01 | 15,59 | 10,97 | 4,62 |
| Middle East | 3,06 | 2,0 | 1,06 | 3,06 | 2,11 | 0,95 | 1,96 | 2,45 | -0,49 |
| Average lifting cost pr bbl | 7,78 | 10,61 | -2,83 | 7,78 | 8,34 | -0,56 | 9,24 | 6,86 | 2,38 |

Total lifting cost per barrel decreased in 1st quarter 2004 as compared with last quarter 2003. The main contributor to the decrease in Northern Europe is the divestment of the UK operations during the 1st quarter 2004.



Net financial items

| (MMBoe) | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|----------------------------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|---------------|--------------|
| Share associated companies | 15,6 | -15,6 | 31,2 | 15,6 | - | 15,6 | -25,6 | -191,7 | 166,1 |
| Net other financial items | 6,5 | -4,1 | 10,6 | 6,5 | 22,5 | -16,0 | -27,1 | -37,2 | 10,1 |
| Total net financial items | 22,1 | -19,7 | 41,8 | 22,1 | 22,5 | -0,4 | -52,7 | -228,9 | 176,2 |

Share associated companies

The short-term loan provided to Petrolia Drilling ASA (NOK 15.6 million) in 4th quarter 2003 was repaid during 1st quarter 2004. Petrolia Drilling ASA refinanced debt and completed two equity issues in March and April 2004. DNO ASA and its subsidiary Independent Oil Tools AS (IOT) acquired Petrolia Drilling shares for NOK 25,4 mill. in the April equity issue. Following these transactions, the DNO Group as of 21st of April held 23,6% of the outstanding shares in Petrolia Drilling ASA.

Net other financial items

In the 1st quarter 2004, net other financial items amounted to NOK 6,5 million as compared to -4.1 mill in 4th quarter 2003.

Taxes

| (NOK mill) | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|----------------------------|---------------|---------------|--------------|---------------|---------------|------------|---------------|---------------|---------------|
| Taxes payable | -3,4 | -12,8 | 9,4 | -3,4 | -45,6 | 42,2 | -113,9 | -120,6 | 6,7 |
| Deferred taxes | -60,3 | 26,3 | -86,6 | -60,3 | -36,9 | -23,4 | 11,1 | 73,8 | -62,7 |
| Taxes paid in kind (Yemen) | -123,2 | -122,2 | -1,0 | -123,2 | -108,1 | -15,1 | -465,7 | -317,3 | -148,4 |
| Total taxes | -186,9 | -108,7 | -78,2 | -186,9 | -190,6 | 3,7 | -568,4 | -364,1 | -204,3 |

DNO's taxes increased from NOK 108,7 million in 4th quarter 2003 to NOK 186,9 million in 1st quarter 2004. During 1st quarter 2004, the capitalised deferred tax asset has been reduced with NOK 50 million following change in tax positions, including the transaction with Lundin Petroleum AB.



Capital expenditures oil and gas properties

| (NOKmill) | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|--|-------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Northern Europe | 55,7 | 157,1 | -101,4 | 55,7 | 97,2 | -41,5 | 613,3 | 299,8 | 313,5 |
| Middle East | 23,8 | 21,9 | 1,9 | 23,8 | 20,9 | 2,9 | 86,4 | 142,1 | -55,7 |
| Africa | - | - | - | - | - | - | - | - | - |
| Cap. expend. oil and gas props. | 79,5 | 179,0 | -99,5 | 79,5 | 118,1 | -38,6 | 699,7 | 442,0 | 257,7 |
| Offshore and services, other | 12,0 | 0,6 | 11,4 | 12,0 | 0,5 | 11,5 | 1,7 | 23,8 | -22,2 |
| Total capital expenditures | 91,5 | 179,7 | -88,1 | 91,5 | 118,6 | -27,1 | 701,4 | 465,8 | 235,6 |

Capital expenditures related to oil and gas properties in 1st quarter 2004 was 91,5 million, and was mainly related to sold assets. This was down from 179,7 million compared to 4th quarter 2003. As part of the agreement with Lundin Petroleum AB, investments in discontinued assets in year 2003 and 1st quarter 2004 will be recovered at completion.



Liquidity and Capital Resources

Liquidity

DNO's total cash position as of 31.03.04 was NOK 965,5 million, an increase of NOK 827,8 million from end of last year. Of the NOK 965,5 million, NOK 340 million has been escrowed to meet repayment obligations for DNO's Norwegian Bond loans in June 2004. In addition, USD 22,8/NOK 157,2 million has been deposited as security for DNO's crude oil price hedging contracts with ANZ Bank.

As part of the agreement with Lundin Petroluem AB, DNO has been released from abandonment liabilities in relation to the Heather field during 1st quarter 2004. Abandonment security of USD 35/NOK 241,4 million in restricted cash has thereby been released to DNO.

In the 1st quarter, interest-bearing long-term debt was reduced by NOK 412,8 million due to the repayment of the ANZ loan facility. Of the remaining NOK 369 million at 31st of March 2004, NOK 340 million will be repaid to Norwegian bond holders in June 2004.

For more information on changes in cash from last quarter / year end, see cash flow statements later in the report.

| NOK mill | 31.03.04 | 31.12.03 | 30.09.03 | 30.06.03 | 31.03.03 | 31.12.02 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Cash and cash equivalents | 965,5 | 137,7 | 172,9 | 222,7 | 266,6 | 83,8 |

Long-term liabilities

| (NOK mill) | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|--|--------------|----------------|---------------|--------------|--------------|---------------|----------------|--------------|--------------|
| Abandonment., other liabilities | 41,5 | 305,4 | -263,9 | 41,5 | 260,5 | -219,0 | 305,4 | 252,3 | 53,1 |
| Deferred taxes | 94,9 | 84,6 | 10,3 | 94,9 | 102,0 | -7,1 | 84,6 | 70,1 | 14,5 |
| Prov. for liabilities and charges | 136,4 | 390,0 | -253,6 | 136,4 | 362,5 | -226,1 | 390,0 | 322,4 | 67,6 |
| Interest-bearing long term debt | 369,0 | 781,8 | -412,8 | 369,0 | 579,4 | -210,4 | 781,8 | 552,5 | 229,3 |
| Total long-term liabilities | 505,4 | 1 171,8 | -666,4 | 505,4 | 941,9 | -436,5 | 1 171,8 | 874,9 | 296,9 |



CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Norwegian bond loan

DNO has outstanding listed bond loans maturing on 1st of June 2004 and is considering establishing and listing two new bond loans with funding at maturity of the existing loans. The loan amount will be used to refinance existing bond loans and finance new investment in petroleum licences, mainly on the Norwegian shelf. DNO has engaged ABG Sundal Collier Norge ASA, Terra Fonds ASA and Fearnley Fonds ASA as facilitators in connection with the raising of new bond loans.

Treasury Shares

DNO has continued its programme to buy back treasury shares. As of 30th of April DNO holds 3,05 mill treasury shares and options to purchase 5,8 million more.



TABLES

Result of operations for producing activities

| NOK mill | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|---|--------------|--------------|-------------|--------------|--------------|---------------|----------------|--------------|--------------|
| Revenues from sale of oil and natural gas | 378,8 | 472,6 | -93,8 | 378,8 | 574,2 | -195,4 | 1 976,2 | 1 588,1 | 388,1 |
| Lifting costs | -92,6 | -167,0 | 74,4 | -92,6 | -155,2 | 62,6 | -639,2 | -448,3 | -190,9 |
| Exploration costs | -3,3 | -2,8 | -0,5 | -3,3 | -7,8 | 4,5 | -9,8 | -9,1 | -0,7 |
| DD&A | -39,0 | -70,8 | 31,8 | -39,0 | -57,4 | 18,4 | -259,8 | -295,4 | 35,6 |
| Transportation and other | -14,0 | -20,3 | 6,3 | -14,0 | -11,4 | -2,6 | -63,2 | -36,6 | -26,6 |
| Results of operations before taxes | 229,9 | 211,7 | 18,2 | 229,9 | 342,4 | -112,5 | 1 004,2 | 798,7 | 205,5 |
| Income tax expense | -160,3 | -169,5 | 9,2 | -160,3 | -181,5 | 21,2 | -677,5 | -480,4 | -197,1 |
| Results of operations after taxes | 69,6 | 42,2 | 27,4 | 69,6 | 160,9 | -91,3 | 326,7 | 318,3 | 8,40 |

| Other key data | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|--------------------------------|-------|-------|--------|-------|-------|--------|---------|---------|-------|
| Production (Mboe) | 1,709 | 2,276 | -567,0 | 1,709 | 2,638 | -929,0 | 9,768 | 8,176 | 1592 |
| Average sales prices (USD/bbl) | 31,81 | 30,02 | 1,79 | 31,81 | 30,85 | 0,96 | 28,58 | 24,31 | 4,27 |
| Average lifting cost (USD/bbl) | 7,78 | 10,61 | -2,83 | 7,78 | 8,34 | -0,56 | 9,24 | 6,86 | 2,38 |
| Average DD&A (USD / bbl) | 3,28 | 4,49 | -1,21 | 3,28 | 3,08 | 0,20 | 3,76 | 4,52 | -0,76 |
| EBITDA producing activities | 268,9 | 282,5 | -13,6 | 268,9 | 399,8 | -130,9 | 1 264,0 | 1 094,1 | 169,9 |

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



Consolidated Profit and Loss Statements

| NOK mill | Quarterly results | | | | | Full Year | |
|-----------------------------------|-------------------|--------------|--------------|--------------|--------------|----------------|----------------|
| | Q1 2004 | Q4 2003 | Q3 2003 | Q2 2003 | Q1 2003 | 2003 | 2002 |
| Operating revenues | 368,2 | 484,0 | 466,5 | 477,5 | 579,5 | 2 007,5 | 1 685,1 |
| Other operating revenues | 1,0 | 0,7 | 0,1 | 0,1 | 0,2 | 1,1 | 6,0 |
| Gain on sale of assets | 209,5 | - | - | - | - | - | - |
| Total operating revenues | 578,7 | 484,7 | 466,6 | 477,6 | 579,7 | 2 008,6 | 1 691,1 |
| Exploration expenses | 67,0 | 28,4 | 30,9 | 0,4 | 33,9 | 93,5 | 120,5 |
| Production and transp. exp. | 110,7 | 190,6 | 185,5 | 172,3 | 170,6 | 719,0 | 505,8 |
| Ordinary depreciation (DD&A) | 48,6 | 86,0 | 79,4 | 74,4 | 70,8 | 310,5 | 343,9 |
| Decommissioning cost | 2,1 | 0,7 | 9,7 | 2,9 | 3,2 | 16,5 | 18,6 |
| Impairment and write-downs | - | 12,8 | - | - | - | 12,8 | 63,1 |
| Payroll and payroll related exp. | 7,9 | 17,0 | 11,3 | 5,3 | 7,9 | 41,6 | 35,5 |
| General and adm. expenses | 2,4 | 8,5 | 22,2 | 11,3 | 17,4 | 59,4 | 75,3 |
| Total operating expenses | 238,7 | 343,9 | 339,0 | 266,7 | 303,7 | 1 253,3 | 1 162,7 |
| Operating profit (Loss) | 339,9 | 140,7 | 127,6 | 210,9 | 276,0 | 755,3 | 528,3 |
| Interests in ass. companies | 15,6 | -15,6 | -10,0 | - | - | -25,6 | -191,7 |
| Net other financial items | 6,5 | -4,1 | -44,3 | -1,2 | 22,5 | -27,1 | -37,2 |
| Profit (Loss) before taxes | 362,1 | 121,0 | 73,3 | 209,7 | 298,5 | 702,5 | 299,4 |
| Income tax expense | -186,9 | -108,7 | -115,1 | -154,0 | -190,6 | -568,4 | -364,1 |
| Profit (Loss) | 175,2 | 12,3 | -41,8 | 55,7 | 107,9 | 134,1 | -64,7 |
| Basic earnings per share | 3,14 | 0,21 | -0,81 | 1,01 | 2,03 | 2,45 | -1,27 |
| Diluted earnings per share | 3,13 | 0,21 | -0,81 | 1,01 | 2,03 | 2,45 | -1,27 |



Consolidated Balance Sheets – Assets

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

Consolidated Balance Sheets - Shareholders' equity and liabilities

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



Consolidated Cash Flow Statements

| NOK mill | Quarterly results | | | | | Full Year | |
|--|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q1 2004 | Q4 2003 | Q3 2003 | Q2 2003 | Q1 2003 | 2003 | 2002 |
| Profit before tax | 362,1 | 121,0 | 73,3 | 209,7 | 298,5 | 702,5 | 299,4 |
| Taxes paid | -102,8 | -150,5 | -135,0 | -207,0 | -118,8 | -611,3 | -415,3 |
| DD&A fixed assets | 48,6 | 98,7 | 79,4 | 74,4 | 70,8 | 323,3 | 407,4 |
| Write-down financial assets | - | - | - | - | - | - | 17,6 |
| (Gain)/loss sale of op. assets | -209,5 | - | - | - | - | - | -1,8 |
| Profit / (loss) from ass. comps. | - | - | - | - | - | - | 191,7 |
| Changes in net current assets and other accruals | -27,5 | -27,2 | -30,4 | 103,2 | 41,5 | 87,1 | -75,0 |
| Cash flow from op. activities | 70,9 | 42,0 | -12,7 | 180,3 | 292,0 | 501,7 | 424,0 |
| Acquisition of subsidiaries | - | - | - | - | -0,4 | -0,4 | -0,2 |
| Inv. in oil and gas properties | -91,5 | -179,7 | -211,5 | -191,6 | -118,6 | -701,4 | -465,8 |
| Sale of tangible assets | 889,8 * | - | 0,1 | - | - | 0,1 | 1,9 |
| Other investments and sales | - | -27,9 | 16,0 | 4,2 | -7,1 | -14,8 | 3,3 |
| Cash flow from inv. activities | 798,3 | -207,6 | -195,4 | -187,3 | -126,1 | -716,4 | -460,8 |
| New interest-bearing debt | 5,0 | 248,3 | 251,1 | 51,0 | 47,5 | 597,9 | 107,9 |
| Repayment of in.-bearing debt | -13,7 * | -55,3 | -94,3 | -124,1 | -26,7 | -300,4 | -156,8 |
| Paid-in share capital / premium | 7,6 | - | - | 34,3 | - | 34,3 | 33,9 |
| Treasury shares / options | -40,3 | -7,2 | 1,7 | 1,9 | -4,0 | -7,6 | -28,1 |
| Dividend paid in cash | - | -55,5 | - | - | - | -55,5 | - |
| Cash flow from fin. activities | -41,4 | 130,3 | 158,4 | -36,9 | 16,9 | 268,8 | -43,2 |
| Cash and cash equivalents beginning of period | 137,7 | 172,9 | 222,7 | 266,6 | 83,7 | 83,7 | 163,7 |
| Net change in cash and cash equivalents | 827,8 | -35,2 | -49,8 | -43,9 | 182,9 | 54,0 | -79,9 |
| Cash and cash equivalents end of period | 965,5 | 137,7 | 172,9 | 222,7 | 266,6 | 137,7 | 83,8 |

* Sale of tangible assets

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



Segment - Three months ended March 31

| NOK mill | Oil and Gas | | | | | | | | Offshore & Services | | Shared services, adjustments and eliminations | | Group Consolidation | |
|--------------------------------|-----------------|--------------|--------------|--------------|--------------|------|--------------|--------------|---------------------|-------------|---|--------------|---------------------|--------------|
| | Northern Europe | | Middle East | | Africa | | Total O&G | | | | | | | |
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Operating revenues | | | | | | | | | | | | | | |
| Operating revenues | 148,8 | 311,8 | 236,0 | 262,9 | - | - | 384,8 | 574,7 | 16,3 | 18,6 | -31,9 | -13,6 | 369,2 | 579,7 |
| Gain on sale of assets | - | - | - | - | - | - | - | - | - | - | 209,5 | - | 209,5 | - |
| Operating expenses | | | | | | | | | | | | | | |
| Exploration expenses | -30,0 | -7,4 | -21,6 | -26,4 | -15,3 | - | -67,0 | -33,8 | - | - | - | - | -67,0 | -33,8 |
| Lifting cost / production cost | -69,5 | -136,4 | -23,1 | -18,7 | - | - | -92,6 | -155,1 | -4,1 | -4,0 | - | - | -96,7 | -159,1 |
| Transportation | -1,9 | -1,1 | -12,3 | -10,4 | - | - | -14,0 | -11,5 | - | - | - | - | -14,0 | -11,5 |
| DD&A | -20,8 | -32,3 | -19,1 | -25,4 | - | - | -39,9 | -57,7 | -7,5 | -11,4 | -1,2 | -1,7 | -48,6 | -70,8 |
| Decomm cost, write-down | -1,7 | -1,9 | -0,4 | -1,3 | - | - | -2,1 | -3,2 | - | - | - | - | -2,1 | -3,2 |
| Payroll and payroll rel exp | -2,8 | -3,0 | - | - | - | - | -2,8 | -3,0 | -2,7 | -2,8 | -2,4 | -2,1 | -7,9 | -7,9 |
| G&A and other expenses | 2,8 | -4,1 | - | - | - | - | 2,8 | -4,1 | -2,9 | -6,5 | -2,3 | -6,8 | -2,4 | -17,4 |
| Operating Profit | 24,9 | 125,6 | 159,5 | 180,7 | -15,3 | - | 169,2 | 306,3 | -0,9 | -6,1 | 171,7 | -24,2 | 340,0 | 276,0 |
| Interests in ass. companies | - | - | - | - | - | - | - | - | 15,6 | - | - | - | 15,6 | - |
| Net financial items | -4,9 | -5,1 | - | 0,3 | - | - | -4,9 | -4,8 | 0,5 | 0,5 | 10,9 | 26,8 | 6,5 | 22,5 |
| Profit before taxes | 20,0 | 120,5 | 159,5 | 181,0 | -15,3 | - | 164,3 | 301,5 | 15,2 | -5,6 | 182,6 | 2,6 | 362,1 | 298,5 |
| Income taxes | -13,7 | -76,9 | -123,2 | -107,9 | - | - | -136,9 | -184,8 | - | - | -50,0 | -5,8 | -186,9 | -190,6 |
| Profit | 6,3 | 43,6 | 36,3 | 73,1 | -15,3 | - | 27,4 | 116,7 | 15,2 | -5,6 | 132,6 | -3,2 | 175,2 | 107,9 |
| Other key figures: | | | | | | | | | | | | | | |
| Production (mboe) | 0,624 | 1,381 | 1,086 | 1,257 | - | - | 1,709 | 2,638 | - | - | | | 1,709 | 2,638 |
| EBITDA (excl asset sale gain) | 45,7 | 157,9 | 178,6 | 206,1 | -15,3 | - | 209,0 | 364,0 | 6,6 | 5,3 | | | 179,1 | 346,8 |
| Total assets | 496,4 | 1 394,8 | 372,4 | 457,1 | -23,0 | - | 845,8 | 1 851,8 | 123,1 | 126,8 | | | 1 954,8 | 2 271,2 |
| Total liabilities | 340,8 | 1 323,5 | 367,6 | 56,5 | 0,9 | - | 709,3 | 1 380,0 | 88,6 | 116,4 | | | 861,8 | 1 330,9 |
| Non int.-bearing liabilities | 81,4 | 330,9 | 91,6 | 49,9 | - | - | 173,0 | 380,8 | 16,0 | 8,1 | | | 311,3 | 389,0 |



Segment - Twelve months ended December 31

| NOK mill | Oil and Gas | | | | | | | | Offshore & Services | | Shared services, adjustments and eliminations | | Group Consolidation | |
|--------------------------------|-----------------|--------------|--------------|--------------|----------|----------|--------------|--------------|---------------------|---------------|---|--------------|---------------------|--------------|
| | Northern Europe | | Middle East | | Africa | | Total O&G | | | | | | | |
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Operating revenues | | | | | | | | | | | | | | |
| Operating revenues | 1 085,0 | 816,8 | 905,4 | 784,1 | - | - | 1 990,4 | 1 600,9 | 69,7 | 100,8 | -51,5 | -10,7 | 2 008,6 | 1 691,0 |
| Gain on sale of assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Operating expenses | | | | | | | | | | | | | | |
| Exploration expenses | -58,2 | -95,0 | -35,2 | -25,5 | - | - | -93,5 | -120,5 | - | - | - | - | -93,5 | -120,5 |
| Lifting cost / production cost | -576,2 | -371,8 | -62,9 | -76,4 | - | - | -639,1 | -448,2 | -16,7 | -21,0 | - | - | -655,8 | -469,2 |
| Transportation | -21,7 | -3,8 | -41,7 | -32,8 | - | - | -63,2 | -36,6 | - | - | - | - | -63,2 | -36,6 |
| DD&A | -136,1 | -194,9 | -125,2 | -100,9 | - | - | -261,3 | -295,8 | -48,4 | -51,4 | -0,8 | 3,3 | -310,5 | -343,9 |
| Decomm cost, write-down | -12,0 | -82,1 | -4,6 | - | - | - | -16,6 | -82,1 | -12,8 | 0,4 | - | - | -29,3 | -81,7 |
| Payroll and payroll rel exp | -18,3 | -14,3 | - | - | - | - | -18,3 | -14,3 | -10,5 | -12,2 | -12,8 | -9,0 | -41,6 | -35,5 |
| G&A and other expenses | -23,6 | -27,1 | - | - | - | - | -23,6 | -27,1 | -30,9 | -19,0 | -4,9 | -29,2 | -59,4 | -75,3 |
| Operating Profit | 238,9 | 27,8 | 635,8 | 548,5 | - | - | 874,8 | 576,3 | -49,6 | -2,4 | -70,0 | -45,6 | 755,3 | 528,3 |
| Interests in ass. companies | - | - | - | - | - | - | - | - | -25,6 | -191,7 | - | - | -25,6 | -191,7 |
| Net financial items | -30,5 | -36,3 | 10,6 | 0,6 | - | - | -19,9 | -35,7 | -3,4 | -3,6 | -3,8 | 2,1 | -27,1 | -37,2 |
| Profit before taxes | 208,4 | -8,5 | 646,4 | 549,1 | - | - | 854,9 | 540,6 | -78,6 | -197,7 | -73,8 | -43,5 | 702,5 | 299,4 |
| Income taxes | -127,8 | -45,8 | -468,7 | -317,4 | - | - | -596,5 | -363,2 | -3,8 | -0,9 | 31,9 | - | -568,4 | -364,1 |
| Profit | 80,6 | -54,3 | 177,7 | 231,7 | - | - | 258,4 | 177,4 | -82,4 | -198,6 | -41,9 | -43,5 | 134,1 | -64,7 |
| Other key figures: | | | | | | | | | | | | | | |
| Production (mboe) | 5,221 | 4,243 | 4,547 | 3,933 | - | - | 9,768 | 8,176 | - | - | | | 9,768 | 8,176 |
| EBITDA | 375,0 | 222,7 | 761,0 | 649,4 | - | - | 1 136,0 | 872,1 | -1,2 | 49,0 | | | 1 065,6 | 872,2 |
| Total assets | 1 701,3 | 1 090,3 | 509,8 | 409,8 | - | - | 2 211,1 | 1 500,1 | 112,9 | 134,1 | | | 2 489,4 | 1 926,1 |
| Total liabilities | 1 599,3 | 1 065,8 | 40,8 | 97,5 | - | - | 1 640,0 | 1 163,3 | 75,9 | 118,2 | | | 1 565,9 | 1 116,0 |
| Non int.-bearing liabilities | 281,0 | 191,9 | 24,8 | 51,4 | - | - | 305,8 | 243,3 | 6,2 | 6,2 | | | 349,1 | 241,0 |



Consolidated Property, Plant and Equipment

| NOK mill | Oil and Gas Properties | | | | | Other tangible assets | Total tangible assets | Goodwill |
|---|------------------------|-------------------|-----------------------|----------------------|------------------------------|-----------------------|-----------------------|-------------|
| | License interests | Exploration costs | Fields in development | Fields in operations | Total oil and gas properties | | | |
| Cost - opening balance | 75,5 | 321,9 | 41,6 | 2 006,3 | 2 445,3 | 192,5 | 2 637,8 | 79,9 |
| Additions this year | 4,8 | 30,3 | - | 44,2 | 79,3 | 12,2 | 91,5 | - |
| Disposals this year | - | -327,6 | -41,6 | -1 006,5 | -1 375,7 | -4,9 | -1 380,6 | - |
| Transfers this year | - | - | - | - | - | - | - | - |
| Translation difference | 0,2 | 21,4 | - | 79,7 | 101,3 | 0,4 | 101,7 | - |
| Accumulated cost - closing balance | 80,6 | 46,1 | - | 1 123,6 | 1 250,3 | 200,1 | 1 450,4 | 79,9 |
| Accumulated DD&A - opening balance | - | - | - | -811,2 | -811,2 | -134,6 | -945,8 | -31,9 |
| DD&A this year | - | - | - | -39,0 | -39,0 | -7,6 | -46,6 | -2,0 |
| Disposals and transfers this year | - | - | - | 205,6 | 205,6 | 2,9 | 208,5 | - |
| Translation difference | - | - | - | -21,9 | -21,9 | -0,2 | -22,1 | - |
| Accumulated DD&A - closing balance | - | - | - | -666,6 | -666,6 | -139,5 | -806,1 | -33,9 |
| Book value - closing balance | 80,6 | 46,1 | - | 457,0 | 583,7 | 60,6 | 644,3 | 45,9 |



Consolidated Changes in Shareholders' Equity

| NOK mill | Q1 04 | Q4 03 | Var. | Q1 04 | Q1 03 | Var. | 2003 | 2002 | Var. |
|--|----------------|----------------|--------------|----------------|--------------|--------------|--------------|--------------|---------------|
| Shareholder's equity – opening balance | 980,0 | 1 039,9 | -59,9 | 980,0 | 901,9 | 78,1 | 901,9 | 941,7 | -39,8 |
| Accumulated translation difference prior periods | -95,2 | -94,0 | -1,2 | -95,2 | -103,7 | 8,5 | -103,7 | - | -103,7 |
| Effect from change in accounting principle | 38,8 | 3,8 | 35,0 | 38,8 | 11,9 | 26,9 | 11,9 | - | 11,9 |
| Shareholders equity – adjusted for change in accounting principle | 923,6 | 949,7 | -26,1 | 923,6 | 810,1 | 113,5 | 810,1 | 941,7 | -131,6 |
| Purchase / sale of treasury shares | -40,3 | -37,3 | -3,0 | -40,3 | 15,3 | -55,6 | -3,1 | -0,7 | -2,4 |
| Issuance of shares | 7,6 | - | 7,6 | 7,6 | - | 7,6 | 34,3 | 33,9 | 0,4 |
| Dividend | - | - | - | - | - | - | -55,5 | - | -55,5 |
| Profit / loss for the period | 175,2 | 12,3 | 162,9 | 175,2 | 107,9 | 67,3 | 134,1 | -64,7 | 198,8 |
| Translation difference | 27,0 | -1,2 | 28,2 | 27,0 | 11,9 | 15,1 | 8,5 | -103,7 | 112,2 |
| Other | - | - | - | - | - | - | - | 0,3 | -0,3 |
| Minority interests | - | - | - | - | -4,9 | 4,9 | -4,9 | 3,3 | -8,2 |
| Shareholder's equity – closing balance | 1 093,0 | 923,5 | 169,6 | 1 093,0 | 940,3 | 152,8 | 923,5 | 810,1 | 113,4 |



Definitions and terminology:

Lifting/production cost: Costs incurred to operate and maintain wells and related equipment and facilities. They become part of the cost of oil and gas produced.

EBITDA: Earnings before interest, tax, depreciation and amortisation

Netback: EBITDA minus paid taxes

CROGI: Cash flow return on gross investments, calculated as netback divided by gross investments

