Presentation of Interim results

2nd quarter 2003

Managing Director Helge Eide
CFO Haakon Sandborg

Highlights

- Good operational and financial results
- Broom Development Plan presented to DTI
- Positive results from drilling in PL 203
- Yemen production performance better than target
- Seven Heads development in line with plan

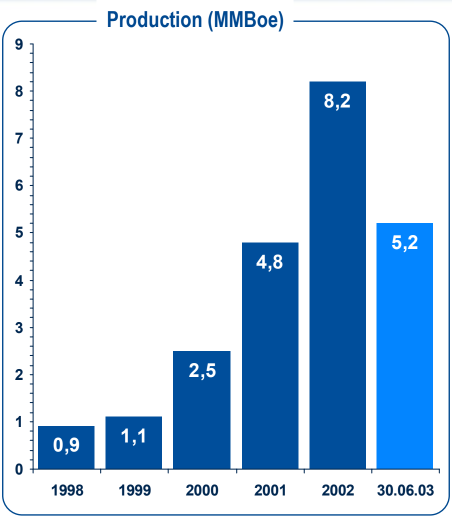
Key figures

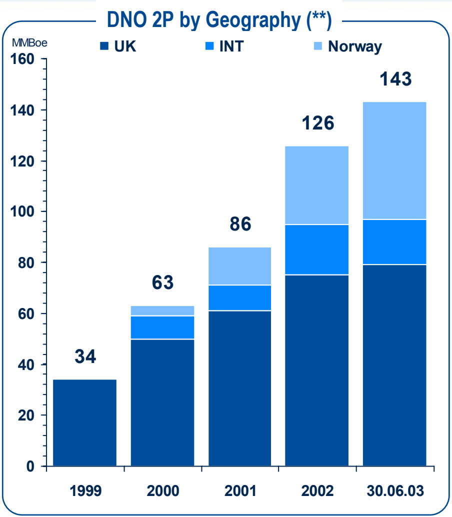
All figures in million NOK	Q2 2003	Q2 2002	Jan-Jun 2003	Jan-Jun 2002	2002
Operating Revenues	478	457	1 057	826	1 691
EBITDA	294	249	649	440	967
Operating Profit	201	144	472	237	523
Profit (loss) before Tax	207	(7)	506	68	287
Profit (loss) after Tax	53	(68)	162	(43)	(77)
Netback	87	132	323	278	552

Achievements last 5 years

Growth in Production, Reserves and Profitability

Growth in Production & Reserves

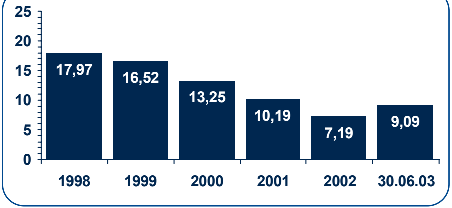




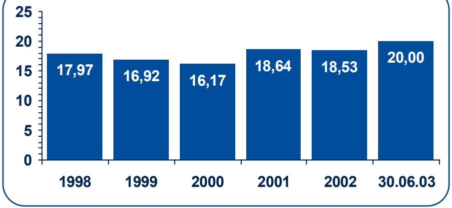
** International includes Yemen and Ireland (Seven Heads).

Production and transportation cost

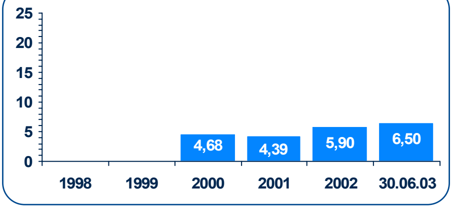
Total (USD per barrel)



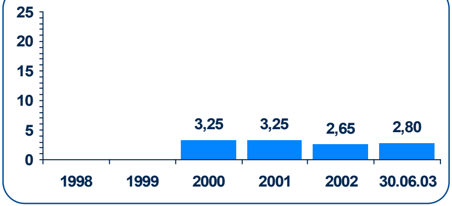
UK (USD per barrel)*



Norway (USD per barrel)

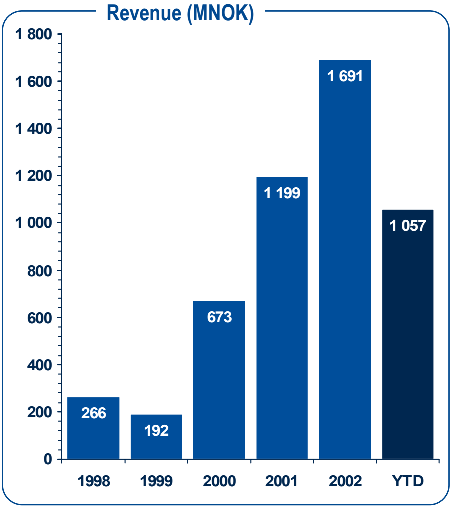


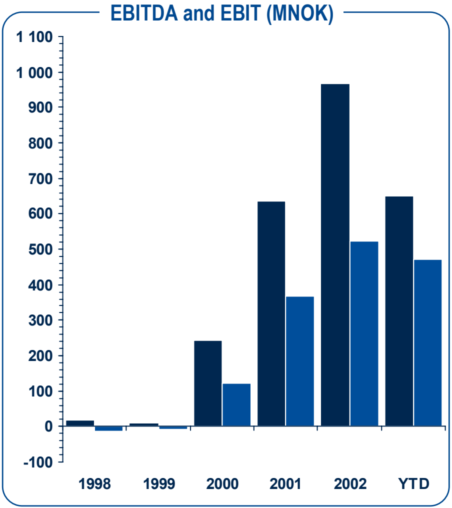
Yemen (USD per barrel)



* Numbers excluding PRT

Revenue, EBITDA and EBIT





Key Strengths

- Successful track record of production and reserve growth
- Significant cash flow generation
- Experienced and efficient field operator
- Flexibility to adjust cost and investment level to market trends
- Substantial organic growth potential
- Diversified portfolio of assets
- Experienced management and technical team

Operations

Developments in DNO’s assets

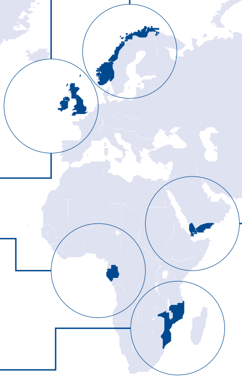
DNO in the world

UK	Equity	Operator
Heather	100,00	DNO
Broom	55,00	DNO
Thistle	99,00	DNO
Solan/Strathm	3,70	Amerada Hess

Ireland	Equity	Operator
Seven Heads	12,50	Ramco

Eq. Guinea	Equity	Operator
Block P	5,00	Ocean Energy

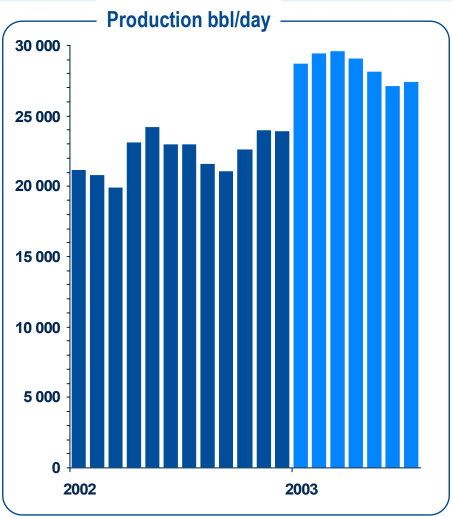
Mozambique	Equity	Operator
Inhaminga Block	80,00	DNO

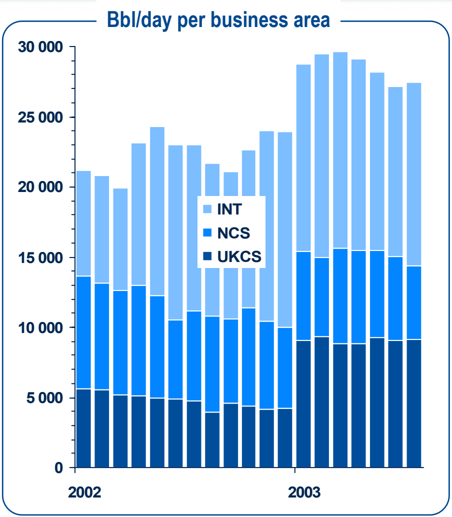


Norway	Equity	Operator
Jotun Unit	7,00	Exxon/Mobil
PL 103B	70,00	DNO
Glitne & Enoch	10,00	Statoil
PL 203	15,00	Marathon
PL 088BS*	15,00	Marathon
PL 036C*	15,00	Marathon
PL 148	50,00	DNO
PL 167 + 167B	20,00	Statoil
PL 006C	100,00	DNO

Yemen	Equity	Operator
Tasour	**41,00**	**DNO**
Sharyoof	**24,45**	**Dove Energy**
Block 43	**73,00**	**DNO**

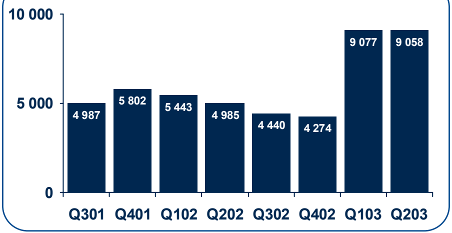
Monthly Oil Production



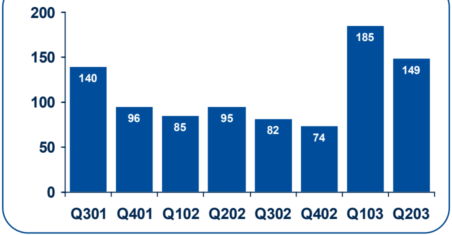


Overview; United Kingdom

Quarterly Production (bbl/day)



Business Unit Revenue (MNOK)



Highlights

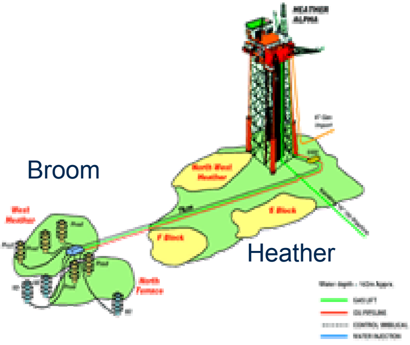
- Broom development plan presented to DTI
- Cost reduction on Thistle
- Segment performance 1H 03:

  Revenue: MNOK 327

  EBIT: MNOK 60

DNO

Broom



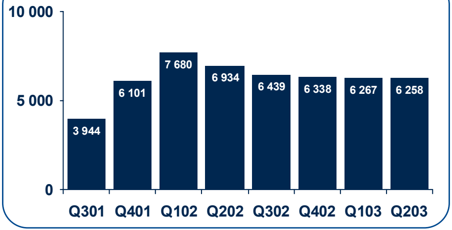
Project overview

- DNO 2P reserves: 25 MBOE
- CAPEX phase 1: 75 MUSD *
- First oil is expected in the summer of 2004

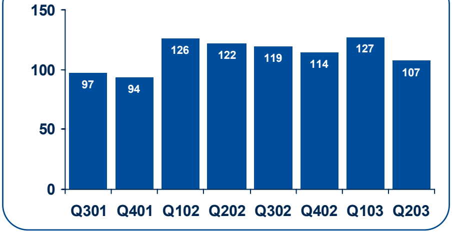
* 2003 & 2004: 55 MUSD until First Oil

Overview; Norway

Quarterly Production (bbl/day)



Business Unit Revenue (MNOK)



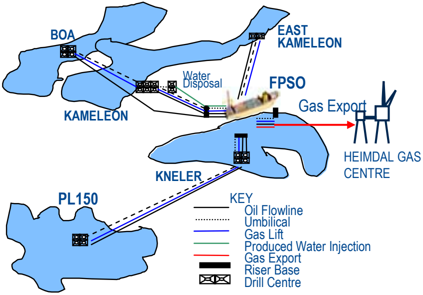
Highlights

- Infill drilling on Jotun completed – increased production
- PL 203 discoveries
- PL 167 drilling – small amounts of hydrocarbons
- Segment performance 1H 03:

Revenue:	MNOK 230
EBIT:	MNOK 102

PL203

Development Schematic



One of several development concepts under considerations

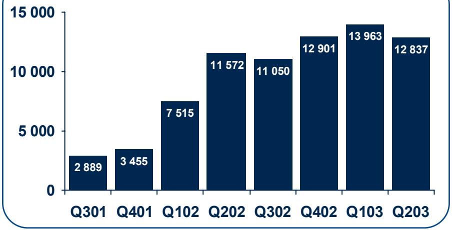
Project overview

- DNO 2 P reserves: 40 MBOE *
- CAPEX to first oil: 38 MUSD
- First Oil 2005 / 2006

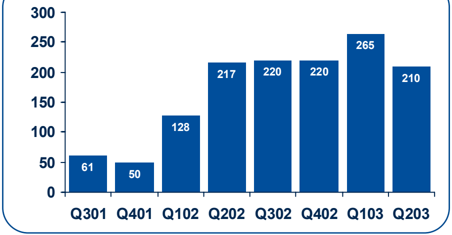
* DNO figures – includes PL 203 & PL 150

Overview; International

Quarterly Production (bbl/day)



Business Unit Revenue (MNOK)



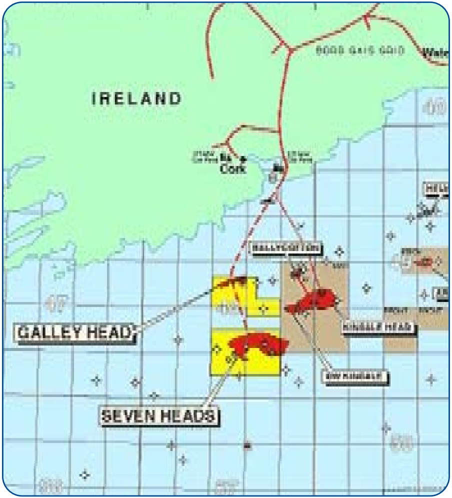
Highlights

- Production better than target
- Oil discovery West of the Tasour-Field
- Acquired an 80% interest and operatorship in Mozambique
- Segment performance 1H 03:

Revenue: MNOK 462

EBIT: MNOK 321

Seven Heads



Project overview

- DNO 2P reserves: 7 MBOE
- CAPEX: 26,4 MUSD
- Production is expected to commence in Q4 2004
- Gas contract with Innogy

Outlook

2003

- Secure long term financing for DNO Group
- Progress the Broom Development Project
- Gas production from Seven Heads Gas Field in 4Q
- Production well in Glitne Field to be completed in 3 Q
- Continue appraisal & exploration drilling in all Yemen licenses

2004

- Commence production from Broom during summer 2004
- PL 203 PUD early 2004 (DNO's expectations)
- Complete a two well exploration program in Inhaminga Block in Mozambique
- Possible drilling of first exploration well in Block P, Equatorial Guinea
- Pursue potential acquisition opportunities

Financials

2nd Quarter 2003

CFO Haakon Sandborg

Financial Highlights

- Lower oil price led to a reduction in revenues
- Lower exploration costs
- G&A costs further reduced
- Positive net finance
- Tax payment in Norway of NOK 77 million
- NetBack of NOK 87 million in Q2 and NOK 323 million in first six months of 2003

DNO

P & L Statement

All figures in million NOK

	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002	YTD 03	YTD 02
Operating Revenues	**478**	580	425	440	457	**1 057**	826
Exploration and Impairment	**1**	(33)	(21)	(7)	(53)	**(32)**	(86)
Operating Expenses , excl DD&A	**(191)**	(197)	(173)	(150)	(155)	**(387)**	(299)
EBITDA	**294**	355	244	283	249	**649**	440
EBITDAX	**293**	388	265	290	302	**681**	526
DD&A	**(81)**	(73)	(91)	(78)	(96)	**(155)**	(182)
Abandonment, Provisions, Write-down	**(7)**	(5)	(49)	(9)	(9)	**(11)**	(21)
Operating Profit	**201**	272	91	196	144	**472**	237
Earnings in Associated Companies	**0**	0	(46)	(20)	(122)	**0**	(126)
Net Financial Items	**7**	27	9	(10)	(30)	**34**	(43)
Profit (loss) before Tax	**207**	299	54	166	(7)	**506**	68
Taxes	**(154)**	(191)	(133)	(120)	(60)	**(345)**	(111)
Profit (loss) after Tax	**53**	108	(79)	46	(68)	**162**	(43)

Financial items

All figures in million NOK	**Q2 2003**	Q1 2003	Q4 2002	Q3 2002	Q2 2002	**YTD 03**	YTD 02
Interest revenues	**2**	3	4	4	2	**5**	5
FX-contracts, swaps	**2**	18	18	4	36	**20**	42
Agio, other financial revenues	**4**	4	31	(3)	5	**8**	5
Financial revenues	**8**	25	53	5	43	**33**	52
Interest expenses	**(11)**	(12)	(14)	(15)	(13)	**(23)**	(28)
Disagio / unrealised agio	**7**	15	(8)	3	(58)	**22**	(62)
Other financial expenses	**3**	(1)	(22)	(3)	(1)	**2**	(6)
Financial expenses	**(1)**	2	(44)	(15)	(72)	**1**	(95)
Net Finance	**7**	27	9	(10)	(29)	**34**	(43)

BS - Assets

All figures in million NOK	30.06.2003	31.03.2003	31.12.2002	31.12.2001
Fixed Assets	1 539	1 427	1 379	1 372
Financial Fixed Assets	269	269	256	485
Intangible Assets	133	135	142	150
Total Fixed Assets	**1 940**	**1 830**	**1 777**	**2 006**
Cash and Cash Equiv	223	267	84	164
Other Current Assets	273	275	180	184
Total Current Assets	**495**	**541**	**264**	**347**
TOTAL ASSETS	**2 436**	**2 371**	**2 041**	**2 353**

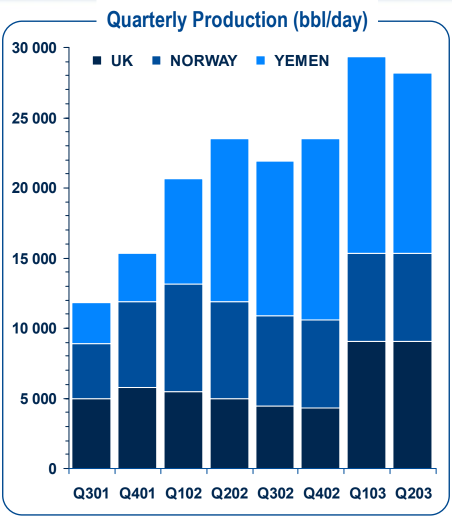
BS - Equity and Liabilities

All figures in million NOK	31.06.2003	31.03.2003	31.12.2002	31.12.2001
Shareholders´equity	**1 121**	1 021	902	942
Interest-bearing long-term debt	**456**	579	553	651
Provisions for liabilities and charges	**395**	382	346	441
Total long-term liabilities	**851**	962	898	1092
Interest bearing short-term debt	**51**	0	0	0
Other short-term debt	**413**	389	241	320
Total short-term debt	**464**	389	241	320
EQUITY AND LIABILITIES	**2 436**	2 371	2 041	2 353

Cash Flow

All figures in million NOK	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002	YTD 03	YTD 02
Consolidated profit before tax	207	299	54	166	(7)	506	68
Taxes paid for the period	(207)	(119)	(156)	(97)	(117)	(326)	(162)
Depreciation, depletion and amort.	81	73	156	83	101	155	193
Associated companies	0	0	46	20	122	0	126
Changes in working capital / adjustm.	63	38	64	6	1	100	(143)
CF provided by operating activities	144	292	163	178	99	436	82
CF used in investing activities	(198)	(141)	(255)	(116)	(23)	(339)	(90)
CF from financing activities	10	32	(34)	11	(95)	42	(20)
Net Change in Cash	(44)	183	(125)	73	(19)	139	(28)
Cash at beginning of period	267	84	210	137	156	84	164
Cash at end of Period	223	267	84	210	137	223	137

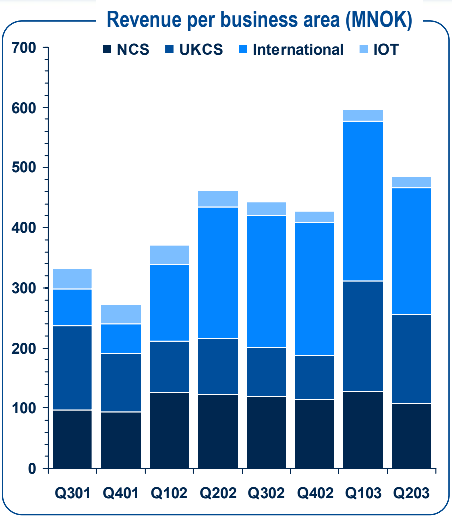
Oil Production



- **High production level maintained in 2nd quarter**

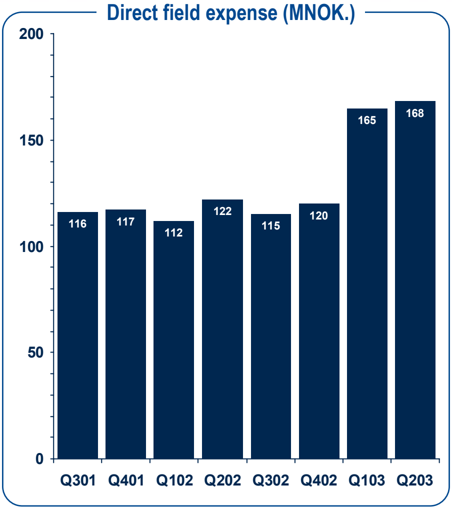
Oil price vs FX (Jan 2003 - Jun 2003)

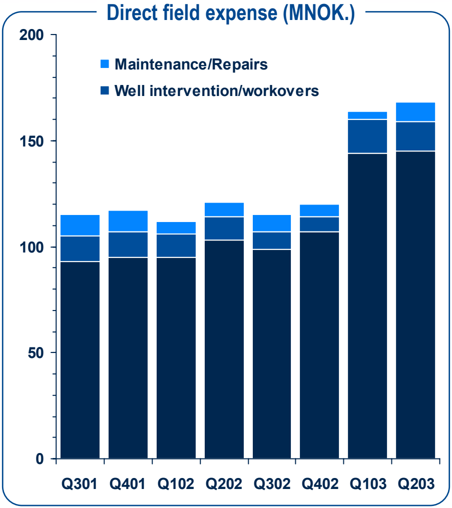
Revenue development



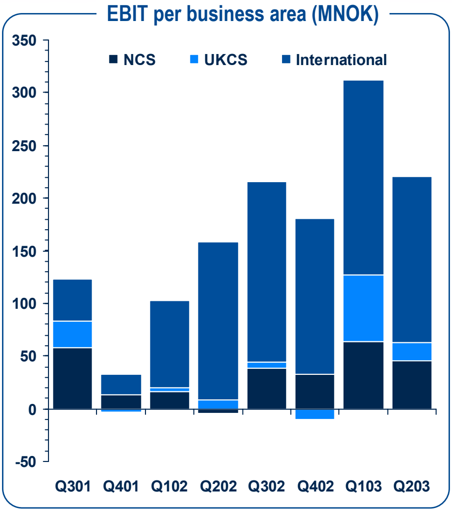
- Revenue reduction primarily due to lower oil price

Production & transport expenses



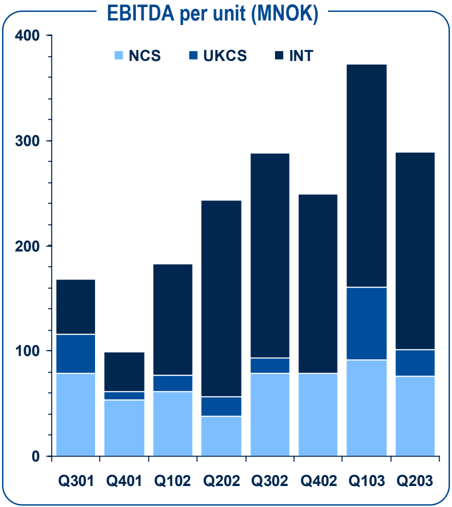


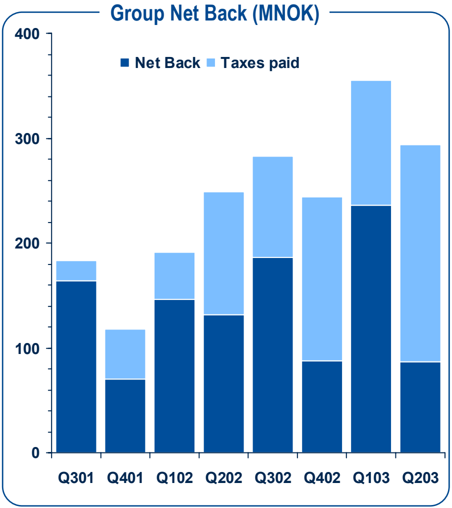
EBIT development



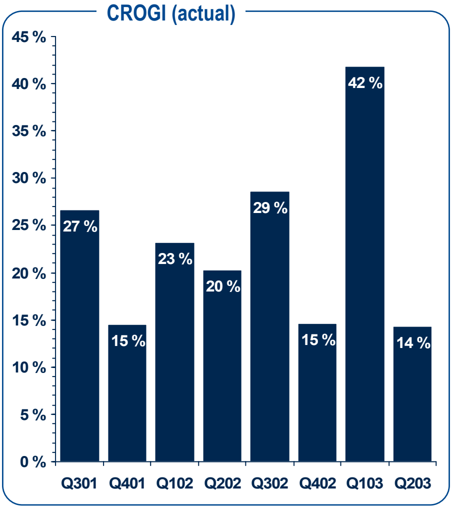
- A fall in EBIT compared to Q1 due to lower oil price

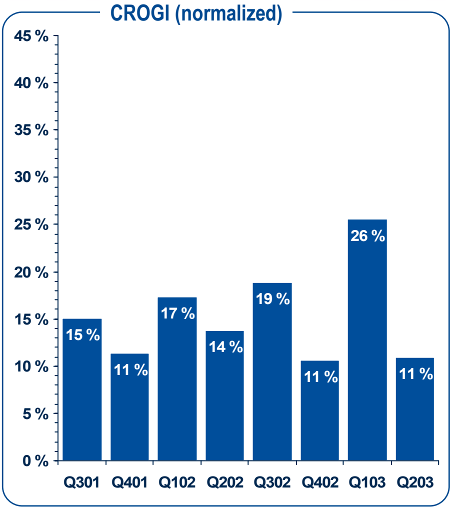
EBITDA and NetBack





Cash return on gross investments





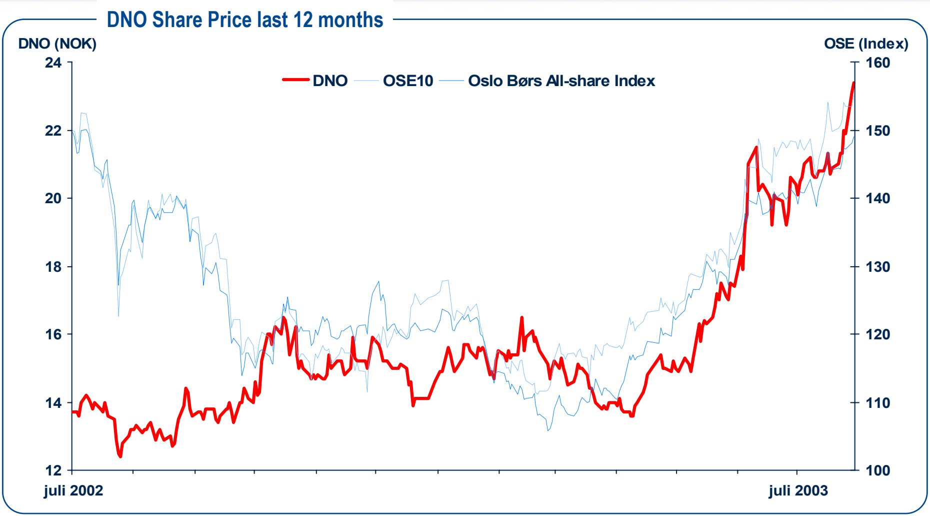
DNO

Key Figures

	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002	2002
Production per day	28 153	29 306	23 513	21 928	23 591	22 399
Direct Field Cost per barrel	9,33	8,84	7,61	7,61	7,03	7,19
CROGI (actual)	14,3 %	41,6 %	14,6 %	28,60 %	20,30 %	25,9%
CROGI (normalized)	10,8 %	26,4 %	10,6 %	18,90 %	13,80 %	17,6%
ROACE (actual)	15,1 %	30,7 %	-18,3 %	14,60 %	-14,50 %	-2,3%
ROACE (adjusted)	16,6 %	32,0 %	9,8 %	21,2 %	28,2 %	15,3%
Earnings per Share	0,97	2,04	(1,55)	0,91	(1,34)	(1,50)
EBITDA Margin	62,0	61,0	57,4	64,3	54,5	57,2
NetBack Margin	18,2	40,7	20,7	42,3	28,8	32,6
EBIT Margin	42,0	47,0	21,3	44,4	31,5	30,9
Equity Ratio	46,0	43,0	44,2	41,2	40,3	44,2
Debt/EBITDA	0,4	0,4	0,6	0,5	0,6	0,6
EBITDA/Interest Expense	27,6	29,5	17,3	19,1	19,1	17,0

Appendices

Share price development



Shareholders

	NAME	SHARES	PERCENT	NATIONALITY
1	INCREASED OIL RECOVERY	6 563 142	11,68	NOR
2	DET STAVANGERSKE DAMSKIPSSELSKAP	2 000 000	3,55	NOR
3	THE LAW DEBENTURE TRUST	1 999 642	3,55	GBR
4	KAS DEPOSITORY TRUST	1 861 533	3,31	NLD
5	LARSEN OIL & GAS AS	1 802 148	3,20	NOR
6	SKAGEN VEKST	1 600 000	2,84	NOR
7	UNISTAR HOLDINGS INC	1 537 000	2,73	USA
8	EGD SHIPPING II AS	1 450 000	2,58	NOR
9	SLETTHEI AS LEIF INGE	1 271 333	2,26	NOR
10	NORDEA LIV NORGE AS	1 252 400	2,22	NOR
	TOTAL	**21 337 198**	**37,92**	