IFRS Transition Report

Pertra ASA

General information

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

Pertra ASA has been a stand-alone entity and has therefore been allowed to present its financial statements in accordance with NGAAP. As a result of the combination with Det Norske Oljeselskap in 2007 Pertra AS will be required to present consolidated financial statements for 2007 in accordance with IFRS as adopted by EU.

The first reporting date will be 31.12.2007. The 3th quarter 2007 interim report is prepared in accordance with IFRS. Reconciliations between N GAAP and IFRS for the 2005, 2006 and 2007 annual and interim reports are included in this Transition Report. The report including reconciliations and disclosures has not been audited.

Pertra ASA has prepared the opening IFRS balance sheet at the transition date to IFRS which is February 11th 2005.

The intention of this transition report is to give the reader an update on how the transition from N GAAP to IFRS will impact Pertra ASA's financial statements.

Section 1 of the report provides a description of the requirements of the transition to IFRS as described in IFRS 1 and discusses the differences in accounting policies between N GAAP and IFRS most relevant to Pertra ASA.

Section 2 provides both unaudited and audited reconciliation tables as required according to IFRS 1, annual and interim financial statements in compliance with IFRS and recalculation of key figures.

Section 3 includes Pertra ASA accounting policies to be applied in the financial statements in 2007.

Section 1: Impact on Pertra ASA's accounting principles from transition to IFRS

This section of the report must be read in conjunction with Pertra ASA's IFRS compliant accounting policies presented in section 3 of the report.

Basis for transition to IFRS (IFRS 1)

The International Accounting Standards Board published its first International Financial Reporting Standard, IFRS 1 *First-time Adoption of International Financial Reporting Standards* in June 2003. IFRS 1 requires companies to:

- Identify the first IFRS financial statements
- Prepare an opening balance sheet at the date of transition to IFRS
- Select accounting policies that comply, and apply those policies retrospectively to all of the periods presented in the first IFRS financial statements
- Consider whether to apply any of the voluntary exemptions from retrospective application
- Apply the mandatory exceptions from retrospective application
- Make extensive disclosures to explain the transition to IFRS

IFRS 1 has been adopted in preparing Pertra ASA's IFRS opening balance sheet at the date of corporation, February 11th. 2005. The opening IFRS balance sheet is the starting point for all subsequent reporting under IFRS.

The quantitative adjustments as a result of applying IFRS for the first time are presented in section 2 of this transition report. The key principle in IFRS 1 is full retrospective application of all IFRS regulations in force at the reporting date September 30, 2007. The first IFRS report will be the annual statement 2007.

Basis for preparation

Under IFRS, Pertra ASA's financial statements will be prepared on a historical cost basis.

Presentation

Under IFRS the financial statements of Pertra ASA will include the following components:

- Income statement
- Balance sheet
- Statement of changes in equity
- Cash flow statement
- Notes to the financial statements, including accounting policies Pertra ASA's financial statements have been amended to ensure IFRS compliance.

Acquisitions

Acquisitions of interests in oil and gas producing licenses

Acquisitions of interests in oil and gas producing licenses are under IFRS regarded as business combinations and are accounted for by applying the purchase method. The acquirer purchases net assets and recognises the assets acquired and liabilities and contingent liabilities assumed, including those not previously recognised by the seller. Under N GAAP oil and gas acquisitions have normally been deemed as assets acquisitions and not business combinations.

At the acquisition date, the costs of a business combination are allocated by recognising the identifiable assets, liabilities and contingent liabilities at their fair values at that date. For oil and gas producing properties the purchase price is allocated between exploration rights, facilities, wells and goodwill.

The acquisition date is the date which effective control is transferred to the acquirer (transaction date).

Accounting for business combinations under IFRS differ from N GAAP in respect to the allocation of acquisition cost (stricter requirements for the identification of values to be allocated to tangibles and intangibles).

In 2005 Pertra acquired an interest in the producing field Varg (PL038). This acquisition is subject to IFRS 3 under which deferred tax is calculated on the difference between the acquisition cost at fair value and the transferred tax basis with an offset to goodwill. Under N GAAP this interest was recorded as an asset transaction on an after-tax basis, thus no deferred tax nor goodwill was recorded.

Goodwill

In a business combination fair values are attributed to the net assets acquired. Goodwill arises where the consideration given for a business exceeds the fair value of such net assets. The goodwill is capitalised and subject to impairment review, both annually and when there are indications that the carrying value may not be recoverable. Under N GAAP Pertra ASA has not recorded any goodwill.

Acquisition of interest in exploration and development licenses

Acquisition of interests in exploration and development J/Vs are regarded as transfer of assets under IFRS, which is similar to Pertra ASA's N GAAP principles.

Farm-in/Farm-out

In 2005 Pertra ASA entered into a farm-in agreement under which a 10% licence interest in PL 316 was transferred from Talisman (Paladin). As compensation Pertra ASA was to carry the cost for Talismans remaining 40% share in the licence, limited upward to USD 35 million.

In 2007 Pertra ASA entered into a farm-out agreement with Aker Exploration under which a 15% interest in PL 321 is transferred to Aker Exploration, thus reducing Pertra's share in this license to 25%. As compensation Aker Exploration will carry the cost for Pertra ASA's share of the two first exploration wells in this license.
A farm-in typically involves the transfer of part of an oil and gas interest in consideration for an agreement by the transferee to meet certain expenditure which would otherwise have to be undertaken by the owner.

Farm-ins generally occurs in the exploration or development phase and is characterized by the transferor giving up future economic benefits, in the form of reserves, in exchange for reduced future funding obligations.

The accounting for farm-ins is impacted by the stage of development of the oil & gas property. In the exploration and evaluation phase a farm-in is either accounted for under a company's past accounting policies or is accounted for as an acquisition by the transferee and a disposal by the transferor of part of an oil & gas property. Under N GAAP farms-ins have been accounted for on a historical cost basis (pooling of capital method). As such no gain or loss has been recognized.

At the time of the transaction Yme and PL 321 was in the exploration phase. The Company uses the past accounting practise (pooling of capital method), hence no gain or loss related to the farm-in agreement on Yme and the PL 321 has been booked in the account.

Tax

Uplift is a special deduction of 30 % of offshore investments divided over 4 years in the basis for calculating the petroleum tax in Norway which is treated as a temporary difference under N GAAP. With a qualifying investment on the continental shelf a temporary difference will initially incur according to IFRS. However this difference will not be included in the basis for calculating deferred tax because it has arisen from a transaction which is not a business combination and will not affect taxable profit at the time of the investment transaction.

On initial recognition Pertra ASA splits under IFRS the carrying amount of the asset into a "cost" element and a "super deduction" element, and provide for deferred tax on the temporary difference between the "cost" element and its tax base only. The consequence is that the uplift is treated similar to a permanent difference and reduces the tax payable over the 4 year period.

Deferred tax assets and liabilities will also be affected by the transition to IFRS due to changes in other balance sheet values as described in this report.

Oil and gas accounting

There are currently no industry specific regulations for oil and gas activities under IFRS, except for IFRS 6 *Exploration for and Evaluation of Mineral Resources*, which provides temporary solutions by allowing oil companies to continue to use existing accounting principles for exploration and evaluation assets. Pertra ASA is currently using the successful efforts method for accounting for its oil and gas operations.

Under the successful efforts method all exploration expenses are expensed, except for costs related to drilling wells pending an evaluation of oil and gas reserves found. If a discovery is not determined to be commercial, such capitalized drilling costs are impaired.

According to IFRS 6 capitalized exploration costs will be booked as an intangible asset and re-classified to tangible assets when the field is being developed. Under N GAAP Pertra ASA has capitalized exploration costs that have been classified as tangible assets.

Property, plant and equipment (PP&E)

Oil and gas producing facilities are depreciated using the unit of production method, and calculated based Pertra ASA's estimate of remaining reserves. Under N GAAP Pertra ASA has assessed the remaining reserves on the basis of proved reserves, whereas it under IFRS has assessed the remaining reserves on the basis of proved and probable reserves. Depreciation on other fixed assets is computed on a straight line basis over the economic useful lives of the asset.

IFRS requires a higher degree of decomposition of fixed asset than what has been the practice under N GAAP. In the oil and gas industry, which is also applied under N GAAP, it is common to depreciate separately the following classes of assets:

- Platform facilities
- Drilling facilities
- Pipelines (not applicable for Pertra ASA)

It could be questioned if parts of the platform facilities have shorter economical life than others and thus should have been depreciated separately under IFRS. However, Pertra ASA claims, as most oil and gas companies, that due to the fact that the platforms are designed and certified to stay in operation for the life of the field – all material components are also designed to have the same economical life.

The practice related to component accounting does not appear to have changed significantly upon implementation of IFRS. This has nevertheless not been considered to have a significant impact on Pertra ASA's financial statements.

Investments in joint ventures

The joint control criterion is stricter than under IFRS than under N GAAP as unanimity is required for all strategic financial and operating decisions. Pertra ASA has assessed its interests in joint ventures to be joint controlled assets and is accounted for using the pro-rata consolidation method under IFRS which is also the applicable method under N GAAP.

Pension schemes and obligations

Pertra ASA will account for pensions and similar benefits under IAS 19 *Employee Benefits*. . No major amendments have been made to estimates and assumptions used in the calculation of employee benefits on transition to IFRS.

Cash flow

The cash flow statements have been redesigned to meet IAS 7 requirements. This implies only minor changes to the cash flow statement.

Segment reporting

Pertra ASA focuses solely on the Norwegian Continental Shelf, which constitutes one business segment, and sells its products directly to the international market for oil and gas. Thus, the transition to IFRS will not have any effect on the segment reporting.

Borrowing cost

In 2005 Pertra established a credit facility of 100 MNOK and borrowed 15,3 MNOK which was redeemed later in 2005. In 2006 the credit facility was increased to 150 MNOK and the establist another credit facility og 130 MNOK, which also be redeemed in 2006. In 2007 Pertra ASA established a new 1 billion NOK credit facility which can be utilized to 2011. Under N GAAP the borrowing fees (Establishing fee and Commitment fee) of 6,9 MNOK were expensed in 2005, 2006 and 2007.

Under IFRS the borrowing fee must be capitalized and amortized using the straight line method over the drawing period.

Foreign currency translation and transactions

Under N GAAP Pertra ASA translated pre paid expenses in foreign currencies at the exchange rate at of the balance sheet date.

Under IFRS Pre paid expenses are considered to be non-monetary items and must be translated using the exchange rate at the date of the transaction.

Decommissioning and abandonment liabilities

In accordance with the terms of the license concessions for licenses where the Company has an ownership interest, the Norwegian State may instruct the license holders to partly or completely remove the facilities at the end of production or when the concession period expires.

Under N GAAP Pertra ASA calculated costs related to future plugging and abandonment of offshore petroleum installations at nominal value of estimated future expenses. Current provisions for this future obligation are entered into the income statement in accordance with the unit of production method.

Under IFRS, upon initial recognition of a removal liability, the Company calculates and records the net present value related to future abandonment and decommissioning. A corresponding asset is recognised in plant and equipment and depreciated using the unit of production method. The change in the time value (net present value) of the liability is charged as a finance cost (accretion) and increases the future liability related to abandonment and decommissioning. Any change in the best estimate related to expenditures associated with abandonment and decommissioning liabilities are accounted for prospectively. The discount rate used when calculating the net present value of the abandonment and decommissioning liability is calculated based on a risk free interest rate plus a risk premium related to the individual offshore asset.

Section 2: Unaudited reconciliation tables

See excel spreadsheet

BALANCE SHEET (unaudited)

Amount in NOK 1 000 Assets	NGAAP 11.02.2005	IFRS adjustments	IFRS 11.02.2005
Fixed assets			
Intangible assets			
Goodwill			
Capitalised exploration expenditures			
Other intangible assets			
Deferred tax assets			
Tangible fixed assets			
Property, plant and equipment			
Financial fixed assets			
Calcuated tax receivable			
Long term receivable (pre payment)			
Total non-current assets	**0**	**0**	**0**
Current Assets			
Inventories			
Inventories			
Receivables			
Trade receivables			
Tax receivables			
Other receivables			
Financial assets			
Other financial assets			
Cash and cash equivalents			
Cash and cash equivalents	1 000		1 000
Total current assets	**1 000**	**0**	**1 000**
Total assets	**1 000**	**0**	**1 000**

BALANCE SHEETS (CONTINUED) (unaudited)

Amount in NOK 1 000 EQUITY AND LIABILITIES	NGAAP 11.02.2005	IFRS adjustments	IFRS 11.02.2005
Equity			
Paid in capital			
Share capital	1 000		1 000
Share premium			
Total equity	**1 000**	**0**	**1 000**
Liabilities			
Provisions			
Pension obligations			
Abandonment provision			
Total provisions	**0**	**0**	**0**
Current liabilities			
Bank overdraft			
Trade creditors			
Taxes payable			
Taxes withheld and public duties payable			
Other current liabilities			
Total current liabilities	**0**	**0**	**0**
Total liabilities	**0**	**0**	**0**
Total equity and liabilities	**1 000**	**0**	**1 000**

INCOME STATEMENTS (unaudited)

Amount in NOK 1 000	NGAAP 1Q 2005	IFRS adjustments	IFRS 1Q 2005
Operating revenues and expenses			
Petroleum revenues			
Other operating revenues			
Total operating revenues	**0**	**0**	**0**
Exploration expenses			
Change in inventories			
Production costs			
Salaries and social costs			
Depreciation and amortsation expenses			
Provison for plugging and abandonment liabilities			
Other operating expenses			
Total operating expenses	**0**	**0**	**0**
Operating income (-loss)	**0**	**0**	**0**
Financial income and expenses			
Interest income			
Other financial income			
Interest expenses			
Other financial expenses			
Net financial items	**0**	**0**	**0**
Income (loss) before taxes	**0**	**0**	**0**
Income taxes			0
Net income (loss)	**0**	**0**	**0**
Earnings (loss) per share	0,00		0,00
Earnings (loss) per share fully diluted	0,00		0,00
Weighted average no. of shares outstanding	5 000		5 000
Weighted average no. of shares fully diluted	5 000		5 000

BALANCE SHEET (unaudited)

Amount in NOK 1 000 Assets	NGAAP 31.03.2005	IFRS adjustments	IFRS 31.03.2005
Fixed assets			
Intangible assets			
Goodwill			
Capitalised exploration expenditures			
Other intangible assets			
Deferred tax assets			
Tangible fixed assets			
Property, plant and equipment			
Financial fixed assets			
Calcuated tax receivable			
Long term receivable (pre payment)			
Total non-current assets	**0**	**0**	**0**
Current Assets			
Inventories			
Inventories			
Receivables			
Trade receivables			
Tax receivables			
Other receivables			
Financial assets			
Other financial assets			
Cash and cash equivalents			
Cash and cash equivalents	1 000		1 000
Total current assets	**1 000**	**0**	**1 000**
Total assets	**1 000**	**0**	**1 000**

BALANCE SHEETS (CONTINUED) (unaudited)

Amount in NOK 1 000 EQUITY AND LIABILITIES	NGAAP 31.03.2005	IFRS adjustments	IFRS 31.03.2005
Equity			
Paid in capital			
Share capital	1 000		1 000
Share premium			
Total equity	**1 000**	**0**	**1 000**
Liabilities			
Provisions			
Pension obligations			
Abandonment provision			
Total provisions	**0**	**0**	**0**
Current liabilities			
Bank overdraft			
Trade creditors			
Taxes payable			
Taxes withheld and public duties payable			
Other current liabilities			
Total current liabilities	**0**	**0**	**0**
Total liabilities	**0**		**0**
Total equity and liabilities	**1 000**	**0**	**1 000**

INCOME STATEMENTS (unaudited)

Amount in NOK 1 000	NGAAP 2Q 2005	IFRS adjustments	IFRS 2Q 2005
Operating revenues and expenses			
Petroleum revenues	13 901		13 901
Other operating revenues			
Total operating revenues	**13 901**	**0**	**13 901**
Exploration expenses	11 469	2 000	13 469
Change in inventories	2 458		2 458
Production costs	3 147		3 147
Payroll and payroll-related expenses	1 097		1 097
Depreciation and amortsation expenses	1 546	555	2 101
Provison for plugging and abandonment liabilities	535	-535	
Other operating expenses	1 230		1 230
Total operating expenses	**21 483**	**2 020**	**23 503**
Operating income (-loss)	**-7 583**	**-2 020**	**-9 603**
Financial income and expenses			
Interest income	176		176
Other financial income	616		616
Interest expenses	1	121	122
Other financial expenses	24		24
Net financial items	**767**	**-121**	**646**
Income (loss) before taxes	**-6 817**	**-2 141**	**-8 958**
Taxes (+)/tax income (-) on ordinary income/(loss)	1 315	-8 256	-6 941
Net income (loss)	**-8 132**	**6 115**	**-2 017**
Earnings (loss) per share	-1,10		-0,27
Earnings (loss) per share fully diluted	-1,10		-0,27
Weighted average no. of shares outstanding	7 403 846		7 403 846
Weighted average no. of shares fully diluted	7 403 846		7 403 846

BALANCE SHEET (unaudited)

Amount in NOK 1 000 Assets	NGAAP 30.06.2005	IFRS adjustments	IFRS 30.06.2005
Fixed assets			
Intangible assets			
Goodwill		43 875	43 875
Capitalised exploration expenditures			
Other intangible assets		35 566	35 566
Deferred tax assets			
Tangible fixed assets			
Property, plant and equipment	52 377	-20 631	31 746
Financial fixed assets			
Calcuated tax receivable			
Long term receivable (pre payment)			
Total non-current assets	**52 377**	**58 810**	**111 187**
Current Assets			
Inventories			
Inventories	851		851
Receivables			
Trade receivables	13 900		13 900
Tax receivables			
Other receivables	22 919		22 919
Financial assets			
Other financial assets			
Cash and cash equivalents			
Cash and cash equivalents	59 351		59 351
Total current assets	**97 021**	**0**	**97 021**
Total assets	**149 399**	**58 810**	**208 209**

BALANCE SHEETS (CONTINUED) (unaudited)

Amount in NOK 1 000 EQUITY AND LIABILITIES	NGAAP 30.06.2005	IFRS adjustments	IFRS 30.06.2005
Equity			
Paid in capital			
Share capital	2 250		2 250
Share premium	115 618	6 115	121 733
Total equity	**117 868**	**6 115**	**123 983**
Liabilities			
Provisions			
Deferred taxes	1 315	35 619	36 934
Abandonment provision	535	17 076	17 611
Total provisions	**1 851**	**52 695**	**54 546**
Current liabilities			
Bank overdraft			
Trade creditors	13 454		13 454
Taxes payable			
Taxes withheld and public duties payable	503		503
Other current liabilities	15 723		15 723
Total current liabilities	**29 680**	**0**	**29 680**
Total liabilities	**31 531**	**52 695**	**84 226**
Total equity and liabilities	**149 399**	**58 810**	**208 209**

INCOME STATEMENTS (unaudited)

Amount in NOK 1 000	NGAAP 3Q 2005	IFRS adjustments	IFRS 3Q 2005
Operating revenues and expenses			
Petroleum revenues	33 422		33 422
Other operating revenues	778		778
Total operating revenues	**34 200**	**0**	**34 200**
Exploration expenses	13 275		13 275
Change in inventories	-1 951		-1 951
Production costs	11 354		11 354
Payroll and payroll-related expenses	5 872		5 872
Depreciation and amortsation expenses	4 355	1 984	6 339
Provison for plugging and abandonment liabilities	2 136	-2 136	0
Other operating expenses	1 749		1 749
Total operating expenses	**36 790**	**-152**	**36 638**
Operating income (-loss)	**-2 590**	**152**	**-2 438**
Financial income and expenses			
Interest income	147		147
Other financial income	900		900
Interest expenses	604	364	968
Other financial expenses	478	-500	-22
Net financial items	**-35**	**136**	**101**
Income (loss) before taxes	**-2 625**	**288**	**-2 337**
Taxes (+)/tax income (-) on ordinary income/(loss)	506	-2 305	-1 799
Net income (loss)	**-3 131**	**2 593**	**-538**
Earnings (loss) per share	-0,28		-0,05
Earnings (loss) per share fully diluted	-0,28		-0,05
Weighted average no. of shares outstanding	11 297 081		11 297 081
Weighted average no. of shares fully diluted	11 297 081		11 297 081

BALANCE SHEET (unaudited)

Amount in NOK 1 000 Assets	NGAAP 30.09.2005	IFRS adjustments	IFRS 30.09.2005
Fixed assets			
Intangible assets			
Goodwill		43 875	43 875
Capitalised exploration expenditures		3 413	3 413
Other intangible assets		29 763	29 763
Deferred tax assets			
Tangible fixed assets			
Property, plant and equipment	57 140	-20 225	36 915
Financial fixed assets			
Calcuated tax receivable			
Long term receivable (pre payment)			
Total non-current assets	**57 140**	**56 826**	**113 966**
Current Assets			
Inventories			
Inventories	2 886		2 886
Receivables			
Trade receivables	18 912		18 912
Tax receivables			
Other receivables	20 012	500	20 512
Financial assets			
Other financial assets			
Cash and cash equivalents			
Cash and cash equivalents	67 764		67 764
Total current assets	**109 574**	**500**	**110 074**
Total assets	**166 714**	**57 326**	**224 040**

BALANCE SHEETS (CONTINUED) (unaudited)

Amount in NOK 1 000 EQUITY AND LIABILITIES	NGAAP 30.09.2005	IFRS adjustments	IFRS 30.09.2005
Equity			
Paid in capital			
Share capital	2 278		2 278
Share premium	115 291	8 708	123 999
Total equity	**117 569**	**8 708**	**126 277**
Liabilities			
Provisions			
Deferred taxes	1 822	33 313	35 135
Abandonment provision	2 671	15 304	17 975
Total provisions	**4 493**	**48 617**	**53 110**
Current liabilities			
Bank overdraft			
Trade creditors	19 274		19 274
Taxes payable			
Taxes withheld and public duties payable	1 048		1 048
Other current liabilities	24 330		24 330
Total current liabilities	**44 652**	**0**	**44 652**
Total liabilities	**49 145**	**48 617**	**97 762**
Total equity and liabilities	**166 714**	**57 326**	**224 040**

INCOME STATEMENTS (unaudited)

Amount in NOK 1 000	NGAAP 4Q 2005	IFRS adjustments	IFRS 4Q 2005
Operating revenues and expenses			
Petroleum revenues	46 278		46 278
Other operating revenues	106		106
Total operating revenues	**46 384**	**0**	**46 384**
Exploration expenses	141 554		141 554
Change in inventories	-1 878		-1 878
Production costs	13 201		13 201
Payroll and payroll-related expenses	-6 388		-6 388
Depreciation and amortsation expenses	14 040	-2 522	11 518
Provison for plugging and abandonment liabilities	7 433	-7 433	0
Other operating expenses	-2 792		-2 792
Total operating expenses	**165 171**	**-9 955**	**155 216**
Operating income (-loss)	**-118 787**	**9 955**	**-108 832**
Financial income and expenses			
Interest income	711		711
Other financial income	2 251		2 251
Interest expenses	635	477	1 112
Other financial expenses	1 332	125	1 457
Net financial items	**995**	**-602**	**393**
Income (loss) before taxes	**-117 792**	**9 353**	**-108 439**
Taxes (+)/tax income (-) on ordinary income/(loss)	-86 852	2 251	-84 601
Net income (loss)	**-30 940**	**7 101**	**-23 839**
Earnings (loss) per share	-2,60		-2,01
Earnings (loss) per share fully diluted	-2,60		-2,01
Weighted average no. of shares outstanding	11 889 020		11 889 020
Weighted average no. of shares fully diluted	11 889 020		11 889 020

INCOME STATEMENTS (audited)

Amount in NOK 1 000	NGAAP 2005	IFRS adjustments	IFRS 2005
Operating revenues and expenses			
Petroleum revenues	93 601	0	93 601
Other operating revenues	884	0	884
Total operating revenues	**94 485**	**0**	**94 485**
Exploration expenses	166 298	2 000	168 298
Change in inventories	-1 371	0	-1 371
Production costs	27 703	0	27 703
Payroll and payroll-related expenses	582	0	582
Depreciation and amortsation expenses	19 941	17	19 958
Provison for plugging and abandonment liabilities	10 104	-10 104	0
Other operating expenses	188	0	188
Total operating expenses	**223 445**	**-8 087**	**215 358**
Operating income (-loss)	**-128 960**	**8 087**	**-120 873**
Financial income and expenses			
Interest income	1 033	0	1 033
Other financial income	3 767	0	3 767
Interest expenses	1 240	962	2 202
Other financial expenses	1 834	-375	1 459
Net financial items	**1 726**	**-587**	**1 139**
Income (loss) before taxes	**-127 233**	**7 499**	**-119 734**
Taxes (+)/tax income (-) on ordinary income/(loss)	-85 030	-8 310	-93 340
Net income (loss)	**-42 203**	**15 809**	**-26 394**
Earnings (loss) per share	-5,06		-3,16
Earnings (loss) per share fully diluted	-5,06		-3,16
Weighted average no. of shares outstanding	8 347 593		8 347 593
Weighted average no. of shares fully diluted	8 347 593		8 347 593

BALANCE SHEET (audited)

Amount in NOK 1 000 Assets	NGAAP 31.12.2005	IFRS adjustments	IFRS 31.12.2005
Fixed assets			
Intangible assets			
Goodwill		43 875	43 875
Capitalised exploration expenditures			
Other intangible assets		29 553	29 553
Deferred tax assets	2 796	-2 796	
Tangible fixed assets			
Property, plant and equipment	46 935	-8 682	38 253
Financial fixed assets			
Calcuated tax receivable			
Long term receivable (pre payment)			
Total non-current assets	**49 732**	**61 950**	**111 682**
Current Assets			
Inventories			
Inventories	4 764		4 764
Receivables			
Trade receivables	9 692		9 692
Tax receivables	82 234		82 234
Other receivables	10 482	375	10 857
Financial assets			
Other financial assets			
Cash and cash equivalents			
Cash and cash equivalents	106 634		106 634
Total current assets	**213 805**	**375**	**214 180**
Total assets	**263 537**	**62 325**	**325 862**

BALANCE SHEETS (CONTINUED) (audited)

Amount in NOK 1 000 EQUITY AND LIABILITIES	NGAAP 31.12.2005	IFRS adjustments	IFRS 31.12.2005
Equity			
Paid in capital			
Share capital	3 113		3 113
Share premium	167 589	15 809	183 398
Total equity	**170 702**	**15 809**	**186 511**
Liabilities			
Provisions			
Deferred taxes		32 769	32 769
Pension obligations	1 490		1 490
Abandonment provision	10 104	13 747	23 851
Total provisions	**11 594**	**46 515**	**58 109**
Current liabilities			
Bank overdraft	15 271		15 271
Trade creditors	17 794		17 794
Taxes payable			
Taxes withheld and public duties payable	2 291		2 291
Other current liabilities	45 885		45 885
Total current liabilities	**81 241**	**0**	**81 241**
Total liabilities	**92 835**	**46 515**	**139 350**
Total equity and liabilities	**263 537**	**62 325**	**325 862**

INCOME STATEMENTS (unaudited)

Amount in NOK 1 000	NGAAP 1 Q 2006	IFRS adjustments	IFRS 1 Q 2006
Operating revenues and expenses			
Petroleum revenues	41 172		41 172
Other operating revenues	-11		-11
Total operating revenues	**41 161**	**0**	**41 161**
Exploration expenses	33 520		33 520
Change in inventories	3 234		3 234
Production costs	10 624		10 624
Payroll and payroll-related expenses	130		130
Depreciation and amortsation expenses	9 871	-1 870	8 001
Provison for plugging and abandonment liabilities	5 079	-5 079	0
Other operating expenses	67		67
Total operating expenses	**62 525**	**-6 949**	**55 576**
Operating income (-loss)	**-21 364**	**6 949**	**-14 415**
Financial income and expenses			
Interest income	318		318
Other financial income	689		689
Interest expenses	9	477	486
Other financial expenses	1 844	1 237	3 081
Net financial items	**-846**	**-1 714**	**-2 560**
Income (loss) before taxes	**-22 210**	**5 235**	**-16 975**
Taxes (+)/tax income (-) on ordinary income/(loss)	-10 276	-2 177	-12 453
Net income (loss)	**-11 934**	**7 412**	**-4 522**
Earnings (loss) per share	-0,77		-0,29
Earnings (loss) per share fully diluted	-0,77		-0,29
Weighted average no. of shares outstanding	15 565 650		15 565 650
Weighted average no. of shares fully diluted	15 565 650		15 565 650

BALANCE SHEET (unaudited)

Amount in NOK 1 000 Assets	NGAAP 31.03.2006	IFRS adjustments	IFRS 31.03.2006
Fixed assets			
Intangible assets			
Goodwill		43 875	43 875
Capitalised exploration expenditures			
Other intangible assets		26 940	26 940
Deferred tax assets	8 976	-8 976	
Tangible fixed assets			
Property, plant and equipment	37 647	-4 199	33 448
Financial fixed assets			
Calcuated tax receivable	4 096		4 096
Long term receivable (pre payment)	43 875	-843	43 032
			0
Total non-current assets	**94 594**	**56 796**	**151 390**
Current Assets			
Inventories			
Inventories	1 530		1 530
Receivables			
Trade receivables	9 570		9 570
Tax receivables	82 234		82 234
Other receivables	12 198	-19	12 179
Financial assets			
Other financial assets			
Cash and cash equivalents			
Cash and cash equivalents	31 413		31 413
Total current assets	**136 945**	**-19**	**136 926**
Total assets	**231 539**	**56 777**	**288 316**

BALANCE SHEETS (CONTINUED) (unaudited)

Amount in NOK 1 000 EQUITY AND LIABILITIES	NGAAP 31.03.2006	IFRS adjustments	IFRS 31.03.2006
Equity			
Paid in capital			
Share capital	3 113		3 113
Share premium	155 655	23 221	178 876
Total equity	**158 768**	**23 221**	**181 989**
Liabilities			
Provisions			
Deferred taxes		24 412	24 412
Pension obligations			
Pension obligations	39		39
Abandonment provision	15 183	9 145	24 328
Total provisions	**15 222**	**33 556**	**48 778**
Current liabilities			
Bank overdraft	20 000		20 000
Trade creditors	6 062		6 062
Taxes payable			
Taxes withheld and public duties payable	1 044		1 044
Other current liabilities	30 443		30 443
Total current liabilities	**57 549**	**0**	**57 549**
Total liabilities	**72 771**	**33 556**	**106 327**
Total equity and liabilities	**231 539**	**56 777**	**288 316**

INCOME STATEMENTS (unaudited)

Amount in NOK 1 000	NGAAP 2 Q 2006	IFRS adjustments	IFRS 2 Q 2006
Operating revenues and expenses			
Petroleum revenues	18 154		18 154
Other operating revenues	0		
Total operating revenues	**18 154**		**18 154**
Exploration expenses	65 782		65 782
Change in inventories	-1 921		-1 921
Production costs	13 904		13 904
Payroll and payroll-related expenses	18		18
Depreciation and amortsation expenses	2 097	624	2 721
Provison for plugging and abandonment liabilities	799	-799	0
Other operating expenses	230		230
Total operating expenses	**80 909**	**-175**	**80 734**
Operating income (-loss)	**-62 754**	**175**	**-62 579**
Financial income and expenses			
Interest income	146		146
Other financial income	-164		-164
Interest expenses	1 410	458	1 868
Other financial expenses	3 215	1 245	4 460
Net financial items	**-4 643**	**-1 702**	**-6 345**
Income (loss) before taxes	**-67 397**	**-1 527**	**-68 924**
Taxes (+)/tax income (-) on ordinary income/(loss)	-51 251	-2 372	-53 624
Net income (loss)	**-16 146**	**845**	**-15 301**
Earnings (loss) per share	-1,04		-0,98
Earnings (loss) per share fully diluted	-1,04		-0,98
Weighted average no. of shares outstanding	15 565 650		15 572 323
Weighted average no. of shares fully diluted	15 565 650		15 572 323

* In Q3 2006 2 265 of the exploration expences was capitalized and recorded against equity

BALANCE SHEET (unaudited)

Amount in NOK 1 000 Assets	NGAAP 30.06.2006	IFRS adjustments	IFRS 30.06.2006
Fixed assets			
Intangible assets			
Goodwill		43 875	43 875
Capitalised exploration expenditures			
Other intangible assets		26 360	26 360
Deferred tax assets	7 986	-7 986	
Tangible fixed assets			
Property, plant and equipment	37 977	-7 938	30 039
Financial fixed assets			
Calcuated tax receivable	58 104		58 104
Long term receivable (pre payment)	44 196	-2 594	41 602
Total non-current assets	**148 263**	**51 717**	**199 980**
Current Assets			
Inventories			
Inventories	3 451		3 451
Receivables			
Trade receivables	10 062		10 062
Tax receivables	82 234		82 234
Other receivables	12 234	487	12 721
Financial assets			
Other financial assets			
Cash and cash equivalents			
Cash and cash equivalents	35 448		35 448
Total current assets	**143 428**	**487**	**143 915**
Total assets	**291 691**	**52 204**	**343 895**

BALANCE SHEETS (CONTINUED) (unaudited)

Amount in NOK 1 000 EQUITY AND LIABILITIES	NGAAP 30.06.2006	IFRS adjustments	IFRS 30.06.2006
Equity			
Paid in capital			
Share capital	3 115		3 115
Share premium	139 489	24 066	163 555
Total equity	**142 604**	**24 066**	**166 670**
Liabilities			
Provisions			
Deferred taxes		23 029	23 029
Pension obligations			
Pension obligations	924		924
Abandonment provision	15 981	5 108	21 089
Total provisions	**16 906**	**28 137**	**45 043**
Current liabilities			
Short time loan	80 000		80 000
Trade creditors	6 621		6 621
Taxes payable			0
Taxes withheld and public duties payable	1 821		1 821
Other current liabilities	43 739		43 739
Total current liabilities	**132 181**	**0**	**132 181**
Total liabilities	**149 087**	**28 137**	**177 224**
Total equity and liabilities	**291 691**	**52 204**	**343 895**

INCOME STATEMENTS (unaudited)

Amount in NOK 1 000	NGAAP 3Q 2006	IFRS adjustments	IFRS 3Q 2006
Operating revenues and expenses			
Petroleum revenues	27 373		27 373
Other operating revenues	0		
Total operating revenues	**27 373**	**0**	**27 373**
Exploration expenses	60 404		60 404
Change in inventories	2 750		2 750
Production costs	6 751		6 751
Payroll and payroll-related expenses	218		218
Depreciation and amortsation expenses	2 838	464	3 302
Provison for plugging and abandonment liabilities	872	-872	0
Other operating expenses	130		130
Total operating expenses	**73 963**	**-408**	**73 555**
Operating income (-loss)	**-46 589**	**408**	**-46 181**
Financial income and expenses			
Interest income	245		245
Other financial income	2 025		2 025
Interest expenses	2 802	419	3 221
Other financial expenses	709	-1 727	-1 018
Net financial items	**-1 242**	**1 308**	**66**
Income (loss) before taxes	**-47 831**	**1 715**	**-46 116**
Taxes (+)/tax income (-) on ordinary income/(loss)	-40 465	4 718	-35 747
Net income (loss)	**-7 366**	**-3 003**	**-10 369**
Earnings (loss) per share	-0,47		-0,67
Earnings (loss) per share fully diluted	-0,47		-0,67
Weighted average no. of shares outstanding	15 573 657		15 573 657
Weighted average no. of shares fully diluted	15 573 657		15 573 657

BALANCE SHEET (unaudited)

Amount in NOK 1 000 Assets	NGAAP 30.09.2006	IFRS adjustments	IFRS 30.09.2006
Fixed assets			
Intangible assets			
Goodwill		43 875	43 875
Capitalised exploration expenditures			
Other intangible assets		24 598	24 598
Deferred tax assets	15 159	-15 159	
Tangible fixed assets			
Property, plant and equipment	65 643	-6 641	59 002
Financial fixed assets			
Calcuated tax receivable	89 630		89 630
Long term receivable (pre payment)	37 340	-1 244	36 096
Total non-current assets	**207 772**	**45 429**	**253 201**
Current Assets			
Inventories			
Inventories	701		701
Receivables			
Trade receivables	7 934		7 934
Tax receivables	82 234		82 234
Other receivables	23 581	864	24 445
Financial assets			
Other financial assets			
Cash and cash equivalents			
Cash and cash equivalents	36 978		36 978
Total current assets	**151 427**	**864**	**152 291**
Total assets	**359 198**	**46 293**	**405 491**

BALANCE SHEETS (CONTINUED) (unaudited)

Amount in NOK 1 000 EQUITY AND LIABILITIES	NGAAP 30.09.2006	IFRS adjustments	IFRS 30.09.2006
Equity			
Paid in capital			
Share capital	3 115		3 115
Share premium	132 622	21 063	153 685
Total equity	**135 736**	**21 063**	**156 799**
Liabilities			
Provisions			
Deferred taxes		20 575	20 575
Pension obligations	2 561		2 561
Abandonment provision	16 854	4 655	21 509
Total provisions	**19 415**	**25 230**	**44 645**
Current liabilities			
Short time loan	130 000		130 000
Trade creditors	15 197		15 197
Taxes payable			
Taxes withheld and public duties payable	1 218		1 218
Other current liabilities	57 632		57 632
Total current liabilities	**204 047**	**0**	**204 047**
Total liabilities	**223 462**	**25 230**	**248 692**
Total equity and liabilities	**359 198**	**46 293**	**405 491**

INCOME STATEMENTS (unaudited)

Amount in NOK 1 000	NGAAP 4Q 2006	IFRS adjustments	IFRS 4Q 2006
Operating revenues and expenses			
Petroleum revenues	29 169		29 169
Other operating revenues	2 185		2 185
Total operating revenues	**31 354**	**0**	**31 354**
Exploration expenses	26 473		26 473
Change in inventories	-1 481		-1 481
Production costs	12 164		12 164
Payroll and payroll-related expenses	1 727		1 727
Depreciation and amortsation expenses	6 252	-222	6 030
Provison for plugging and abandonment liabilities	1 294	-1 294	0
Other operating expenses	625		625
Total operating expenses	**47 053**	**-1 516**	**45 537**
Operating income (-loss)	**-15 699**	**1 516**	**-14 183**
Financial income and expenses			
Interest income	10 625		10 625
Other financial income	776		776
Interest expenses	1 754	419	2 173
Other financial expenses	-362	-1 065	-1 427
Net financial items	**10 009**	**646**	**10 655**
Income (loss) before taxes	**-5 690**	**2 162**	**-3 528**
Taxes (+)/tax income (-) on ordinary income/(loss)	-6 111	2 306	-3 805
Net income (loss)	**421**	**-144**	**277**
Earnings (loss) per share	0,02		0,01
Earnings (loss) per share fully diluted	0,02		0,01
Weighted average no. of shares outstanding	26 010 359		26 010 359
Weighted average no. of shares fully diluted	26 010 359		26 010 359

INCOME STATEMENTS (audited)

Amount in NOK 1 000	NGAAP 2006	IFRS adjustments	IFRS 2006
Operating revenues and expenses			
Petroleum revenues	115 869	0	115 869
Other operating revenues	2 173	0	2 173
Total operating revenues	**118 043**	**0**	**118 043**
Exploration expenses	186 178	0	186 178
Change in inventories	2 582	0	2 582
Production costs	43 443	0	43 443
Payroll and payroll-related expenses	2 093	0	2 093
Depreciation and amortsation expenses	21 058	-1 004	20 054
Provison for plugging and abandonment liabilities	8 044	-8 044	0
Other operating expenses	1 051	0	1 051
Total operating expenses	**264 449**	**-9 048**	**255 401**
Operating income (-loss)	**-146 406**	**8 872**	**-137 358**
Financial income and expenses			
Interest income	11 335	0	11 335
Other financial income	3 326	0	3 326
Interest expenses	5 976	1 773	7 749
Other financial expenses	5 406	-310	5 096
Net financial items	**3 278**	**-1 463**	**1 815**
Income (loss) before taxes	**-143 128**	**7 585**	**-135 544**
Taxes (+)/tax income (-) on ordinary income/(loss)	-108 103	2 475	-105 628
Net income (loss)	**-35 025**	**5 110**	**-29 916**
Earnings (loss) per share	-1,92		-1,64
Earnings (loss) per share fully diluted	-1,92		-1,64
Weighted average no. of shares outstanding	18 200 614		18 200 614
Weighted average no. of shares fully diluted	18 200 614		18 200 614

BALANCE SHEET (audited)

Amount in NOK 1 000 Assets	NGAAP 31.12.2006	IFRS adjustments	IFRS 31.12.2006
Fixed assets			
Intangible assets			
Goodwill		43 875	43 875
Capitalised exploration expenditures		2 886	2 886
Other intangible assets		23 701	23 701
Deferred tax assets	19 165	-19 165	
Tangible fixed assets			
Property, plant and equipment	95 383	-8 407	86 976
Financial fixed assets			
Calcuated tax receivable			
Long term receivable (pre payment)		0	
Total non-current assets	**114 548**	**42 889**	**157 437**
Current Assets			
Inventories			
Inventories	2 208		2 208
Receivables			
Trade receivables	15 262		15 262
Tax receivables	112 724		112 724
Other receivables	86 387	685	87 072
Cash and cash equivalents			
Cash and cash equivalents	565 890		565 890
Total current assets	**782 469**	**685**	**783 153**
Total assets	**897 017**	**43 574**	**940 590**

BALANCE SHEETS (CONTINUED) (audited)

Amount in NOK 1 000 EQUITY AND LIABILITIES	NGAAP 31.12.2006	IFRS adjustments	IFRS 31.12.2006
Equity			
Paid in capital			
Share capital	5 302		5 302
Share premium	781 241	20 919	802 160
Total equity	**786 544**	**20 919**	**807 462**
Liabilities			
Provisions			
Deferred taxes		18 875	18 875
Pension obligations	3 255		3 255
Abandonment provision	18 148	3 780	21 928
Total provisions	**21 403**	**22 655**	**44 058**
Current liabilities			
Short time loan			
Trade creditors	26 787		26 787
Taxes payable			
Taxes withheld and public duties payable	3 420		3 420
Other current liabilities	58 864		58 864
Total current liabilities	**89 071**	**0**	**89 071**
Total liabilities	**110 473**	**22 655**	**133 128**
Total equity and liabilities	**897 017**	**43 574**	**940 590**

INCOME STATEMENTS (unaudited)

Amount in NOK 1 000	NGAAP 1Q 2007	IFRS adjustments	IFRS 1Q 2007
Operating revenues and expenses			
Petroleum revenues	29 406		29 406
Other operating revenues	0		0
Total operating revenues	**29 406**	**0**	**29 406**
Exploration expenses	24 579		24 579
Change in inventories	1 475		1 475
Production costs	12 723		12 723
Payroll and payroll-related expenses	431		431
Depreciation and amortsation expenses	6 528	-339	6 189
Provison for plugging and abandonment liabilities	1 170	-1 170	0
Other operating expenses	220		220
Total operating expenses	**47 127**	**-1 509**	**45 618**
Operating income (-loss)	**-17 722**	**1 509**	**-16 213**
Financial income and expenses			
Interest income	7 722		7 722
Other financial income	461		461
Interest expenses	297	439	736
Other financial expenses	1 344	98	1 442
Net financial items	**6 542**	**-536**	**6 006**
Income (loss) before taxes	**-11 180**	**972**	**-10 208**
Taxes (+)/tax income (-) on ordinary income/(loss)	-15 660	4 653	-11 007
Net income (loss)	**4 480**	**-3 681**	**799**
Earnings (loss) per share	0,17		0,03
Earnings (loss) per share fully diluted	0,17		0,03
Weighted average no. of shares outstanding	26 513 420		26 513 420
Weighted average no. of shares fully diluted	26 513 420		26 513 420

BALANCE SHEET (unaudited)

Amount in NOK 1 000 Assets	NGAAP 31.03.2007	IFRS adjustments	IFRS 31.03.2007
Fixed assets			
Intangible assets			
Goodwill		43 875	43 875
Capitalised exploration expenditures		7 181	7 181
Other intangible assets		25 190	25 190
Deferred tax assets	14 866	-14 866	
Tangible fixed assets			
Property, plant and equipment	124 991	-13 853	111 138
Financial fixed assets			
Calcuated tax receivable	19 960		19 960
Long term receivable (pre payment)		0	
Total non-current assets	**159 816**	**47 527**	**207 343**
Current Assets			
Inventories			
Inventories	778		778
Receivables			
Trade receivables	14 714		14 714
Tax receivables	112 752		112 752
Other receivables	72 482	587	73 069
Cash and cash equivalents			
Cash and cash equivalents	522 899		522 899
Total current assets	**723 624**	**587**	**724 211**
Total assets	**883 441**	**48 114**	**931 555**

BALANCE SHEETS (CONTINUED) (unaudited)

Amount in NOK 1 000 EQUITY AND LIABILITIES	NGAAP 31.03.2007	IFRS adjustments	IFRS 31.03.2007
Equity			
Paid in capital			
Share capital	5 308		5 308
Share premium	787 808	17 238	805 046
Total equity	**793 115**	**17 238**	**810 353**
Liabilities			
Provisions			
Deferred taxes		27 827	27 827
Pension obligations	3 730		3 730
Abandonment provision	19 319	3 049	22 368
Total provisions	**23 049**	**30 876**	**53 925**
Current liabilities			
Short time loan			
Trade creditors	8 044		8 044
Taxes payable			
Taxes withheld and public duties payable	1 568		1 568
Other current liabilities	57 665		57 665
Total current liabilities	**67 277**	**0**	**67 277**
Total liabilities	**90 325**	**30 876**	**121 201**
0			
Total equity and liabilities	**883 441**	**48 114**	**931 555**

INCOME STATEMENTS (unaudited)

Amount in NOK 1 000	NGAAP 2Q 2007	IFRS adjustments	IFRS 2Q 2007
Operating revenues and expenses			
Petroleum revenues	26 560		26 560
Other operating revenues			
Total operating revenues	**26 560**	**0**	**26 560**
Exploration expenses	102 401		102 401
Change in inventories	-881		-881
Production costs	9 871		9 871
Payroll and payroll-related expenses	313		313
Depreciation and amortsation expenses	5 893	-208	5 685
Provison for plugging and abandonment liabilities	1 047	-1 047	
Other operating expenses	133		133
Total operating expenses	**118 778**	**-1 255**	**117 523**
Operating income (-loss)	**-92 218**	**1 255**	**-90 963**
Financial income and expenses			
Interest income	5 301		5 301
Other financial income	1 934		1 934
Interest expenses	5 300	-4 561	739
Other financial expenses	2 209	98	2 307
Net financial items	**-274**	**4 464**	**4 190**
Income (loss) before taxes	**-92 492**	**5 718**	**-86 774**
Taxes (+)/tax income (-) on ordinary income/(loss)	-82 944	14 013	-68 931
Net income (loss)	**-9 548**	**-8 295**	**-17 843**
Earnings (loss) per share	-0,36		-0,67
Earnings (loss) per share fully diluted	-0,36		-0,67
Weighted average no. of shares outstanding	26 538 350		26 538 350
Weighted average no. of shares fully diluted	26 538 350		26 538 350

BALANCE SHEET (unaudited)

Amount in NOK 1 000 Assets	NGAAP 30.06.2007	IFRS adjustments	IFRS 30.06.2007
Fixed assets			
Intangible assets			
Goodwill		43 875	43 875
Capitalised exploration expenditures		15 308	15 308
Other intangible assets		22 229	22 229
Deferred tax assets	23 977	-23 977	
Tangible fixed assets			
Property, plant and equipment	235 286	-18 812	216 474
Financial fixed assets			
Calcuated tax receivable	93 792		93 792
Long term receivable (pre payment)		0	
Total non-current assets	**353 055**	**38 624**	**391 679**
Current Assets			
Inventories			
Inventories	1 971		1 971
Receivables			
Trade receivables	11 902		11 902
Tax receivables	115 852		115 852
Other receivables	72 024	5 489	77 513
Cash and cash equivalents			
Cash and cash equivalents	486 913		486 913
Total current assets	**688 661**	**5 489**	**694 150**
Total assets	**1 041 716**	**44 113**	**1 085 829**

BALANCE SHEETS (CONTINUED) (unaudited)

Amount in NOK 1 000 EQUITY AND LIABILITIES	NGAAP 30.06.2007	IFRS adjustments	IFRS 30.06.2007
Equity			
Paid in capital			
Share capital	5 308		5 308
Share premium	778 259	8 944	787 203
Total equity	**783 567**	**8 944**	**792 511**
Liabilities			
Provisions			
Deferred taxes		32 729	32 729
Pension obligations	5 126		5 126
Abandonment provision	20 366	2 440	22 806
Total provisions	**25 492**	**35 169**	**60 661**
Current liabilities			
Short time loan			0
Trade creditors	20 207		20 207
Taxes payable			0
Taxes withheld and public duties payable	5 076		5 076
Other current liabilities	207 374		207 374
Total current liabilities	**232 657**	**0**	**232 657**
Total liabilities	**258 149**	**35 169**	**293 318**
Total equity and liabilities	1 041 716	44 113	1 085 829

INCOME STATEMENTS (unaudited)

Amount in NOK 1 000	NGAAP 3Q 2007	IFRS adjustments	IFRS 3Q 2007
Operating revenues and expenses			
Petroleum revenues	19 434		19 434
Other operating revenues			
Total operating revenues	**19 434**	**0**	**19 434**
Exploration expenses	33 127		33 127
Change in inventories	-2 686		-2 686
Production costs	10 897		10 897
Payroll and payroll-related expenses	135		135
Depreciation and amortsation expenses	5 321	-131	5 191
Provison for plugging and abandonment liabilities	888	-888	
Other operating expenses	**5 475**		5 475
Total operating expenses	**53 156**	**-1 019**	**52 138**
Operating income (-loss)	**-33 723**	**1 019**	**-32 704**
Financial income and expenses			
Interest income	6 622		6 622
Other financial income	-48		-48
Interest expenses	267	439	705
Other financial expenses	6 790	194	6 984
Net financial items	**-483**	**-633**	**-1 115**
Income (loss) before taxes	**-34 205**	**386**	**-33 819**
Taxes (+)/tax income (-) on ordinary income/(loss)	-24 644	-4 079	-28 722
Net income (loss)	**-9 562**	**4 465**	**-5 097**
Earnings (loss) per share	-0,36		-0,19
Earnings (loss) per share fully diluted	-0,36		-0,19
Weighted average no. of shares outstanding	26 538 350		26 538 350
Weighted average no. of shares fully diluted	26 538 350		26 538 350

INCOME STATEMENTS (unaudited)

Amount in NOK 1 000	NGAAP Jan - Sep 2007	IFRS adjustments	IFRS Jan - Sep 2007
Operating revenues and expenses			
Petroleum revenues	75 399	0	75 399
Other operating revenues	0	0	0
Total operating revenues	**75 400**	**0**	**75 400**
Exploration expenses	160 107	0	160 107
Change in inventories	-2 092	0	-2 092
Production costs	33 491	0	33 491
Payroll and payroll-related expenses	880	0	880
Depreciation and amortsation expenses	17 742	-677	17 065
Provison for plugging and abandonment liabilities	3 105	-3 105	0
Other operating expenses	5 828	0	5 828
Total operating expenses	**219 061**	**-3 782**	**215 280**
Operating income (-loss)	**-143 663**	**3 782**	**-139 881**
Financial income and expenses			
Interest income	19 645	0	19 645
Other financial income	2 347	0	2 347
Interest expenses	5 864	-3 684	2 180
Other financial expenses	10 343	390	10 732
Net financial items	**5 785**	**3 295**	**9 080**
Income (loss) before taxes	**-137 877**	**7 077**	**-130 801**
Taxes (+)/tax income (-) on ordinary income/(loss)	-123 248	14 587	-108 660
Net income (loss)	**-14 630**	**-7 511**	**-22 141**
Earnings (loss) per share	-0,55		
Earnings (loss) per share fully diluted	-0,55		
Weighted average no. of shares outstanding	26 538 350		
Weighted average no. of shares fully diluted	26 538 350		

BALANCE SHEET (unaudited)

Amount in NOK 1 000 Assets	NGAAP 30.09.2007	IFRS adjustments	IFRS 30.09.2007
Fixed assets			
Intangible assets			
Goodwill		43 875	43 875
Capitalised exploration expenditures		82 317	82 317
Other intangible assets		24 193	24 193
Deferred tax assets			
Tangible fixed assets			
Property, plant and equipment	297 104	-87 653	209 451
Financial fixed assets			
Calcuated tax receivable	176 078		176 078
Long term receivable (pre payment)		0	
Total non-current assets	**473 182**	**62 731**	**535 913**
Current Assets			
Inventories			
Inventories	4 657		4 657
Receivables			
Trade receivables	9 770		9 770
Tax receivables	117 402		117 402
Other receivables	87 431	5 295	92 727
Cash and cash equivalents			
Cash and cash equivalents	310 474		310 474
Total current assets	**529 735**	**5 295**	**535 030**
Total assets	**1 002 917**	**68 026**	**1 070 943**

BALANCE SHEETS (CONTINUED) (unaudited)

Amount in NOK 1 000 EQUITY AND LIABILITIES	NGAAP 30.09.2007	IFRS adjustments	IFRS 30.09.2007
Equity			
Paid in capital			
Share capital	5 308		5 308
Share premium	768 697	13 408	782 106
Total equity	**774 005**	**13 408**	**787 413**
Liabilities			
Provisions			
Deferred taxes	33 665	52 627	86 292
Deferred income	5 372		5 372
Pension obligations	3 889		3 889
Abandonment provision	21 254	1 991	23 244
Total provisions	**64 179**	**54 618**	**118 797**
Current liabilities			
Short time loan			
Trade creditors	38 133		38 133
Taxes payable			
Taxes withheld and public duties payable	1 955		1 955
Other current liabilities	124 646		124 646
Total current liabilities	**164 733**	**0**	**164 733**
Total liabilities	**228 912**	**54 618**	**283 530**
Total equity and liabilities	**1 002 917**	**68 026**	**1 070 943**

Section 3: IFRS Accounting policies applicable for 2005 - 2007

NOTE DISCLOSURES

NOTE 1. SUMMARY OF IFRS ACCOUNTING POLICIES APPLICABLE FOR 2005 - 2007

PRINCIPAL ACTIVITIES AND CORPORATE INFORMATION

Pertra ASA (the Company) is an oil production company engaged in exploration, development and operation of oil and gas properties on the Norwegian Continental Shelf.

The Company is a limited company incorporated and domiciled in Norway, whose shares are publicly traded. The Company has its registered office in Trondheim.

STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Due to the EEA-agreement this also applies to group companies listed on the Oslo Stock Exchange.

GROUP FINANCIAL STATEMENT.

The Group`s financial statement comprise Pertra as well as subsidiary in wich Pertra has a controlling influence on the business finances and operations in order to gain financial or other benefit.

A controlling interes is normally achieved when the group controls directly or indirectly, more than 50% of the wotes in the other company or is otherwise able to exercise de facto control of the other company.

The Group financial statement have been produced by adding together the accounts of the parent company and the subsidiary, wich have been drawn up using the same accounting prinsiples. For consolidation purpose, intra-group revenues and cost, shareholdings, outstanding balansces, divindends, group contribution, and realized and urealized gains on transactions between consolidated companies has been eliminated.

BASIS FOR PREPARATION

The financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Norwegian kroner and all values are rounded to the nearest thousand except when otherwise indicated.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods.

Accounting estimates are employed in the financial statements to determine reported amounts, including the possibility for realisation of certain assets, the useful lives of tangible and intangible assets, income taxes and others. Although these estimates are based on management's best knowledge of historical experience, current events and actions, actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Changes in estimates will be recognised when new estimates can be determined with certainty.

The key sources of estimation uncertainty for the Company relates to the following:

***Proved and probable oil and gas reserves**.* Oil and gas reserves have been estimated by internal experts in accordance with industry standards. The estimates are based on both Pertra ASA's own assessment and information from the operators, partners and independent experts. Proved and probable oil and gas reserves are the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements but not on escalations based upon future conditions.

Proved and probable reserves are used when calculating the unit of production rates used for depreciation, depletion, and amortisation. Reserve estimates are also used when testing upstream assets for impairment. Future changes in proved and probable oil and gas reserves, for instance as a result of changes in prices, could have a material impact on unit of production rates used for depreciation and amortisation and for decommissioning and removal provisions, as well as for the impairment testing of upstream assets, which could have a material adverse effect on operating income as a result of increased deprecation and amortisation or impairment charges.

Exploration and leasehold acquisition costs. Pertra ASA's accounting policy is to capitalise the costs of drilling exploratory wells pending determination of whether the wells have found proved and probable oil and gas reserves. Judgments on whether these expenditures should remain capitalised or expensed in the period may materially affect the operating income for the period.

Oil and gas properties that are not deemed as proved and probable properties are assessed quarterly and unsuccessful wells are expensed. Exploratory wells that have found reserves, but classification of those reserves as proved and probable depends on whether a major capital expenditure can be justified, may remain capitalised for more than one year. The main conditions are that either firm plans exist for future drilling in the license or a development decision is planned in the near future.

Impairment/reversal of impairment. Pertra ASA has significant investments in long-lived assets such as property, plant and equipment, and changes in expectations of future value from individual assets may result in some assets being impaired, with the book value being written down to estimated fair value. Impairments should be reversed if the conditions for impairment are no longer present. Making judgments of whether an asset is impaired or not, and if an impairment should be reversed, are complex decisions that rest on a high degree of judgment and to a large extent on key assumptions. Complexity is related to the modelling of relevant future cash flows, to the determination of the extent of the asset for which impairment is to be measured, and to establishing a fair value of the asset in question.

Impairment testing requires long-term assumptions to be made concerning a number of often volatile economic factors such as future market prices, currency exchange rates and future output, discount rates among others, in order to establish relevant future cash flows. There is a high degree of reasoned judgment involved in establishing these assumptions, including determining relevant factors such as forward price curves, estimating production outputs, and determining the ultimate termination value of an asset. Likewise, establishing a fair value of the asset, when required, will require a high degree of judgment in many cases where there is no ready third party market in which to obtain the fair value of the asset in question.

Decommissioning and removal liabilities. Pertra ASA has significant legal obligations to decommission and remove offshore installations at the end of the production period. Legal obligations associated with the retirement of non-current assets are recognised at their fair value at the time the obligations are incurred. Upon initial recognition of a liability, that cost is capitalised as part of the related non-current asset and allocated to expense over the useful life of the asset. It is difficult to estimate the costs of these decommissioning and removal activities, which are based on current regulations and technology. Most of the removal activities are many years into the future and the removal technology and costs are constantly changing. The estimates include, among others, cost assumptions relating to removal complexity, rigs, marine operations and heavy lift vessels. As a result, the initial recognition of the liability and the capitalised cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgment.

Employee retirement plans. When estimating the present value of defined pension benefit obligations that represent a gross long-term liability in the balance sheet, and indirectly, the period's net pension expense in the income statement, management make a number of critical assumptions affecting these estimates. Most notably, assumptions made on the discount rate to be applied to future benefit payments, the expected return on plan assets and the annual rate of compensation increase have a direct and material impact on the amounts presented. Significant changes in these assumptions between periods can have a material effect on the accounts.

***Income tax**.* The Company annually incurs significant amounts of income taxes payable/receivable, and also recognises significant changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws, regulations and relevant court decisions. The quality of these estimates is highly dependent upon management's ability to properly apply at times very complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

INTERESTS IN JOINT VENTURES

A joint venture is a contractual arrangement where by two or more parties undertake an economic activity that is subject to joint control. The Company accounts for joint ventures, including jointly controlled assets (oil and gas licenses), by recording its share of the assets, liabilities and cash flows. The Company combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Company's financial statements.

BALANCE SHEET CLASSIFICATION

Current asset and short-term liabilities include items due less than a year from the balance sheet date, and items related to the operating cycle, if longer. The current portion of long-term debt is included as current liabilities. Financially motivated investments in shares are classified as current assets, while strategic investments are classified an non current asset. Other assets are classified as non-current assets.

ACQUISITIONS, DIVESTMENTS, LICENSE EXCHANGES

Accounting principles related to the sale and purchase of license shares in joint venture activities are individually assessed for each agreement.

Acquisitions of interests in oil and gas producing licenses are regarded as business combinations and are accounted for using the purchase method of accounting. The acquirer purchases net assets and recognises the assets acquired and liabilities and contingent liabilities assumed, including those not previously recognised by the seller.

At the acquisition date, the costs of a business combination are allocated by recognising the identifiable assets, liabilities and contingent liabilities at their fair values at that date. For oil and gas producing properties the purchase price is allocated between exploration rights, facilities, wells and goodwill.

The acquisition date is the date which effective control is transferred to the acquirer (transaction date).

The acquirer's income statement incorporates the profits and losses of the acquired interest from the transaction date.

Acquisition of interests in exploration and development J/Vs are regarded as transfer of assets under IFRS.

Farm-ins generally occurs in the exploration or development phase and is characterized by the transferor giving up future economic benefits, in the form of reserves, in exchange for reduced future funding obligations. In the exploration phase Pertra ASA accounts for farm-ins on a historical cost basis. As such no gain or loss is recognized. In the development phase, Pertra ASA accounts for farm-ins as an acquisition at fair value when the Company is the transferee and a disposal at fair value when the Company is the transferor of a part of an oil and gas property. The fair value is determined by the costs that have been agreed as being borne by the transferee.

Exchanges of assets are measured at the fair value of the asset given up unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the exchanges only comprise of assets in the exploration and evaluation phase, the exchanges are accounted for on a historical cost basis.

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

Functional currency

Transactions in foreign currency are entered at transaction exchange rates. Monetary items in foreign currency are converted into the exchange rate of the Balance Sheet date. Realized and unrealized foreign exchange gains and losses are included in the annual results.

The financial statements are presented in Norwegian Kroner (NOK), which is the functional currency of the Company.

PROPERTY, PLANT AND EQUIPMENT

General

Property, plant and equipment acquired by the Company are stated at historical cost. Depreciation of other assets than oil and gas properties are calculated on a straight-line basis at rates varying from 3-5 years and adjusted for impairment charges and residual value, if any.

The carrying value of the property, plant and equipment on the balance sheet represents the cost less accumulated depreciation and any impairment charges. Expenses on leased premises are capitalised and depreciated over the leasing period.

Expected useful lives of long-lived assets are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation periods are changed accordingly. Any change is accounted for prospectively.

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Ordinary repairs and maintenance costs, defined as day-to-day servicing costs, are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the asset's carrying amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in other operating expenses. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less selling costs.

Exploration and development cost for oil and gas properties
The Company employs the successful efforts method to account for exploration and development costs. All exploration costs (including seismic acquisitions, seismic studies, and 'own time'), with the exception of acquisition costs of licenses and drilling costs for exploration wells, are charged to expense as incurred.

Drilling costs for exploration wells are temporarily capitalised pending the evaluation of potential existence of oil and gas reserves. If reserves are not found, or if discoveries are assessed not to be technically and commercially recoverable, the costs are expensed. The costs for acquiring licenses are capitalised and assessed for impairment at each reporting date.

Capitalized exploration cost is classified as intangible assets and is re-classified to tangible assets upon start of development. For accounting purposes, the field enters into the development phase when the partners in the licence declare the commerciality decision, or the field has matured to a similar level. All costs for developing commercial oil and/or gas fields are capitalised as tangible assets. Pre operating cost is expensed as incurred.

Depreciation of oil and gas properties
Expenditures to drill and equip exploratory wells that find proved and probable reserves are capitalised and depreciated using the unit of production method based on proved and probable developed reserves expected to be recovered from the well. Development expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells are capitalised as producing oil and gas properties and are depreciated using the unit of production method based on proved and probable developed reserves expected to be recovered from the area during the concession or contract period. Capitalised acquisition cost of proved and probable properties is depreciated using the unit of production method based on proved and probable reserves. Any change in the reserves affecting unit of production calculations are reflected prospectively.

Component cost accounting
The Company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts, and depreciates separately each such part over their useful lives.

INTANGIBLE ASSETS
Amortisation of intangible assets is based on the following expected useful lives:

- Computer software 3-5years.

GOODWILL

Excess value on the purchase of operations that cannot be allocated to identifiable assets or liabilities on the acquisition date is classified in the balance sheet as goodwill.

For internal management purposes goodwill is monitored on the individual field bases (cash generating unit).

The goodwill acquired in a business combination is measured after initial recognition at cost less any accumulated impairment losses. The goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

IMPAIRMENT OF LONG-LIVED ASSETS

Property, plant and equipment and intangible assets with finite useful life (excluding goodwill) are reviewed for potential impairment indicators annually, and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. For oil and gas properties this is done on a field by field basis. For capitalized exploration expenditures the impairment test is done for each well. An impairment loss is the amount by which the carrying amount of the assets exceeds the recoverable amount. The recoverable amount is the higher of the asset's net selling price and its value in use. The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset. Cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however, not to a higher amount than if no impairment loss had been recognized. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

IMPAIRMENT OF GOODWILL

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, and impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Company performs its annual impairment test of goodwill as at 31 December.

RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred.

LEASES

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

TRADE RECEIVABLES

Trade receivables are recognised and carried at their anticipated realisable value, which is the original invoice amount less an estimated valuation allowance for any uncollectible amounts. A provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are expensed when identified.

INVENTORY

Spare parts are valued at the lower of cost and net realisable value. The cost is determined by the first-in, first-out (FIFO) method. Cost includes raw material, freight, and direct production costs together with a share of indirect costs. Net realisable value is the estimated selling price, less the estimated selling expenses.

Inventory of petroleum is valued at the lower of full production cost and net realisable value.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

INTEREST-BEARING LIABILITIES

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issuing costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognized on the income statement over the period of the interest-bearing liabilities. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in other financial income or expenses when the liabilities are derecognised or impaired, as well as through the amortisation process.

REVENUE RECOGNITION

Revenue from sale of petroleum is recognized on the basis of the Company's net working interest, regardless of whether the petroleum is sold (entitlement method).. Other revenue is recognized at the time of delivery of goods and services.

INCOME TAXES

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly to equity is recognised in equity and not in the income statement.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

The effect of uplift, a special deduction for petroleum surtax in Norway, is recognised in the current tax calculation.

Refund related to exploration expenditure
Expected refund of tax benefit related to exploration expenses is recognised when the expenses are incurred and included in calculated tax receivable.

EMPLOYEE BENEFITS
Pension obligations
The Company has a retirement benefit plan for employees, which are managed and funded through a Norwegian life insurance company. The projected benefit obligations are calculated based on actuarial methods, and compared with the value of pension assets.

Pension costs and pension obligations are calculated on a straight line earning profile basis, based on assumptions relating to discounts rates, projected salaries, the amount of benefits from the National Insurance Scheme, future return on plan assets, and actuarial calculations related to mortality rate, voluntary retirement, etc. Plan assets are valued at fair value. Pension liabilities are reported net of plan assets in the balance sheet. Changes in the pension obligation due to changes in the pension plans are accounted for prospectively over the estimated remaining service period. The same applies to changes in estimates which exceed 10 per cent of the higher of the pension obligation and pension assets (corridor).

PROVISIONS
A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the carrying amount of the provision increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognised as an interest expense.

Assets retirement obligations
In accordance with the terms of the license concessions for licenses where the Company has an ownership interest, the Norwegian State may instruct the license holders to partly or completely remove the facilities at the end of production or when the concession period expires.

Upon initial recognition of a removal liability, the Company calculates and records the net present value related to future abandonment and decommissioning. A corresponding asset is recognised in plant and equipment and depreciated using the unit of production method. The change in the time value (net present value) of the liability is charged as a finance cost (accretion) and increases the future liability related to abandonment and decommissioning. Any change in the best estimate related to expenditures associated with abandonment and decommissioning liabilities are accounted for prospectively. The discount rate used when calculating the net present value of the abandonment and decommissioning liability is calculated based on a risk free interest rate plus a risk premium related to the individual offshore asset.

Related Party Transactions
All transactions, agreements and business activities with related parties are conducted based on ordinary business terms and conditions (arm`s length principles).

EARNINGS PER SHARE

Earnings per share are calculated by dividing the ordinary result by the weighted average number of shares outstanding. Shares issued during the year are included relative to the number of days they have been outstanding. Diluted earnings per share are calculated as the ordinary result divided by the average number of shares outstanding during the period adjusted for the effect of dilutive options. The profit due to the ordinary shareholders and the weighted average number of ordinary shares outstanding are adjusted for all the dilution effects relating to share options. All shares that can be received by conversion of share options that is “in the money” and that can be exercised are included in the calculation. The share options are assumed to be converted at the date of assignment.

CASH FLOW

The cash flow statement is based on the indirect method, and the Company's bank balance is shown as means of payment.

COMPARATIVES

Comparative figures have been adjusted to conform to changes in presentation in the current year, where necessary.

APPROVED STANDARDS AND INTERPRETATIONS YET TO COME INTO EFFECT

IFRS 8 – Operating Segments

IFRS 8 replaces IAS 14 – Segment Reporting. The standard requires that the company/group uses a management approximation to identify segments. In general the information to be reported must be that used by management internally for the evaluation of the segment’s results and to decide how resources shall be allocated to the segments. IFRS 8 requires information on the basis from which the segment information is prepared, and from which type of products and services each segment receives earnings. The Company will apply IFRS 8 with effect from January 1, 2009.

IAS 1 - Presentation of Financial Statements.

The revised standard will come into effect for the annual periods beginning on or after 1 January 2009. The standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (ie comprehensive income) are required to be presented in one statement of comprehensive income or in two statements. The standard also requires an entity to present a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or when the entity reclassifies items in the financial statements. The Company will apply IAS 1 with effect from January 1, 2009.

IAS 23 – Borrowing Costs

A revised IAS 23 Borrowing costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

IFRIC 12 – Accounting for Service Concession Arrangements
IFRIC Interpretation 12 was issued in November 2006 and becomes effective for annual periods beginning on or after 1 January 2008. This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. The Company is not an operator and hence this interpretation will have no impact on the Company.

IFRIC 13 – Customer Loyalty Programmes
IFRIC Interpretation 13 was issued in June 2007 and becomes effective for annual periods beginning on or after 1 July 2008. This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Company expects that this interpretation will have no impact on the Company's financial statements as no such schemes currently exist.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
IFRIC Interpretation 14 was issued in July 2007 and becomes effective for annual periods beginning on or after 1 January 2008. This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. The Company expects that this Interpretation will have no impact on the financial position or performance of the Company as all defined benefit schemes are currently in deficit.