Financial statements

1st quarter 2006

CONSOLIDATED STATEMENTS OF INCOME – USGAAP

(in NOK million)	For the three months ended March 31, 2006	2005	For the year ended December 31, 2005
REVENUES			
Sales	**108,397**	82,648	384,653
Equity in net income of affiliates	**87**	436	1,090
Other income	**533**	38	1,668
Total revenues	**109,017**	83,122	387,411
EXPENSES			
Cost of goods sold	**(61,142)**	(48,008)	(230,721)
Operating expenses	**(8,318)**	(7,197)	(30,243)
Selling, general and administrative expenses	**(2,123)**	(1,434)	(7,189)
Depreciation, depletion and amortization	**(5,391)**	(4,471)	(20,962)
Exploration expenses	**(1,066)**	(524)	(3,253)
Total expenses before financial items	**(78,040)**	(61,634)	(292,368)
Income before financial items, income taxes and minority interest	**30,977**	21,488	95,043
Net financial items	**1,633**	(1,731)	(3,512)
Income before income taxes and minority interest	**32,610**	19,757	91,531
Income taxes	**(22,213)**	(12,834)	(60,036)
Minority interest	**(134)**	(150)	(765)
Net income	**10,263**	6,773	30,730
Ordinary and diluted earnings per share	4.74	3.13	14.19
Dividend declared per ordinary share	-	-	5.30
Weighted average number of ordinary shares outstanding	2,165,317,480	2,166,032,462	2,165,740,054

See notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS - USGAAP

(in NOK million)	At March 31, 2006	At March 31, 2005	At December 31, 2005
ASSETS			
Cash and cash equivalents	**19,742**	14,702	7,025
Short-term investments	**22,176**	14,897	6,841
Cash, cash equivalents and short-term investments	**41,918**	29,599	13,866
Accounts receivable	**43,321**	33,912	42,816
Inventories	**9,142**	5,757	8,369
Prepaid expenses and other current assets	**16,051**	11,387	12,815
Total current assets	**110,432**	80,655	77,866
Investments in affiliates	**4,443**	10,465	4,352
Long-term receivables	**9,011**	8,091	9,618
Net property, plant and equipment	**182,712**	155,234	180,669
Other assets	**16,897**	12,089	16,474
TOTAL ASSETS	**323,495**	266,534	288,979
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt	**3,883**	2,870	1,529
Accounts payable	**25,066**	15,350	22,518
Accounts payable - related parties	**10,227**	7,396	9,766
Accrued liabilities	**13,984**	13,606	14,030
Income taxes payable	**49,914**	33,349	29,752
Total current liabilities	**103,074**	72,571	77,595
Long-term debt	**32,086**	32,117	32,564
Deferred income taxes	**43,803**	42,345	43,314
Other liabilities	**27,608**	25,154	27,370
Total liabilities	**206,571**	172,187	180,843
Minority interest	**1,458**	1,611	1,492
Common stock (NOK 2.50 nominal value), 2,189,585,600 shares authorized and issued	**5,474**	5,474	5,474
Treasury shares	**(177)**	(83)	(156)
Additional paid-in capital	**37,320**	37,273	37,305
Retained earnings	**75,664**	52,926	65,401
Accumulated other comprehensive income (loss)	**(2,815)**	(2,854)	(1,380)
Total shareholders' equity	**115,466**	92,736	106,644
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**323,495**	266,534	288,979

See notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS – USGAAP

(in NOK million)	For the three months ended March 31, 2006	2005	For the year ended December 31, 2005
OPERATING ACTIVITIES			
Consolidated net income	**10,263**	6,773	30,730
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Minority interest in income	**134**	150	765
Depreciation, depletion and amortization	**5,391**	4,506	21,097
Exploration expenditures written off	**74**	26	158
(Gains) losses on foreign currency transactions	**(469)**	678	1,330
Deferred taxes	**588**	(1,817)	(5,078)
(Gains) losses on sales of assets and other items	**(395)**	(267)	(1,605)
Changes in working capital (other than cash and cash equivalents):			
• (Increase) decrease in inventories	**(774)**	1,132	(1,664)
• (Increase) decrease in accounts receivable	**(705)**	(2,939)	(11,625)
• (Increase) decrease in prepaid expenses and other current assets	**(3,364)**	(96)	(1,842)
• (Increase) decrease in short-term investments	**(15,335)**	(3,276)	4,780
• Increase (decrease) in accounts payable	**2,816**	(613)	7,923
• Increase (decrease) in other payables	**(367)**	(306)	282
• Increase (decrease) in taxes payable	**20,157**	14,221	10,522
(Increase) decrease in non-current items related to operating activities	**365**	278	477
Cash flows provided by operating activities	**18,379**	18,450	56,250
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	**0**	0	(13,154)
Additions to property, plant and equipment	**(7,130)**	(7,474)	(31,389)
Exploration expenditures capitalized	**(663)**	(232)	(1,242)
Change in long-term loans granted and other long-term items	**301**	(5)	(734)
Proceeds from sale of business	**0**	0	7,802
Proceeds from sale of assets	**462**	569	1,053
Cash flows used in investing activities	**(7,030)**	(7,142)	(37,664)
FINANCING ACTIVITIES			
New long-term borrowings	**0**	176	422
Repayment of long-term borrowings	**(192)**	(2,328)	(3,187)
Distribution to minority shareholders	**(162)**	(146)	(910)
Dividends paid	**0**	0	(11,481)
Net short-term borrowings, bank overdrafts and other	**1,732**	667	(1,358)
Cash flows provided from (used in) financing activities	**1,378**	(1,631)	(16,514)
Net increase (decrease) in cash and cash equivalents	**12,727**	9,677	2,072
Effect of exchange rate changes on cash and cash equivalents	**(10)**	(3)	(75)
Cash and cash equivalents at the beginning of the period	**7,025**	5,028	5,028
Cash and cash equivalents at the end of the period	**19,742**	14,702	7,025

See notes to the consolidated financial statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

These consolidated interim USGAAP financial statements are unaudited, but reflect all adjustments that, in the opinion of management, are necessary to provide a fair presentation of the financial position, results of operations and cash flows for the dates and periods covered. All such adjustments are of normal and recurring nature. Interim period results are not necessarily indicative of results of operations or cash flows for a full-year period. The income statement and balance sheet as of and for the year ended December 31, 2005 have been derived from the audited financial statements at that date but do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Statoil's financial statements for the year ended December 31, 2005. Certain reclassifications have been made to prior periods' figures to be consistent with the current period's classifications.

As of January 1, 2005, Statoil adopted Financial Accounting Standard Board (FASB) Staff Position FSP FAS 19-1, Accounting for Suspended Well Costs. Upon adoption of the FSP, the Company evaluated all existing capitalized exploratory well expenditures under the provisions of the FSP. The adoption did not have any effects on Statoil's Consolidated Statements of Income and financial position.

As of July 1, 2005 Statoil adopted FAS 153 Exchanges of Nonmonetary Assets. Before adoption of FAS 153 Statoil recognized some exchanges at book value. After the adoption of FAS 153 only exchanges which lack commercial substance will be recognized at book value. The pronouncement is only required to be recognized prospectively and therefore no cumulative effect is recognized.

In March 2005, the FASB issued Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations (FIN 47), which is effective for fiscal years ending after December 15, 2005. FIN 47 clarifies the requirement to record liabilities stemming from a legal obligation to retire assets, when a retirement depends on a future event. Statoil adopted FIN 47 in the fourth quarter of 2005. Application of the new interpretation resulted in an increase in net property, plant and equipment of NOK 35 million, an increase in accrued asset retirement obligation of NOK 95 million and a reduction in deferred tax of NOK 17 million. The increase represents the removal costs of retail stations. We consider that refining and processing plants that are not limited by an expected license period have indefinite lives and that there is no measurable asset retirement obligation. The implementation effect of NOK 43 million after tax is recorded as Operating expenses in the segment Other and eliminations.

As of January 1, 2006 Statoil adopted FAS 154 Accounting Changes and Error Corrections as a replacement of APB Opinion No. 20 and FASB Statement No. 3. APB 20 required that most voluntary changes in accounting principle should be recognized in net income of the period of the change. The recognized effect should be the cumulative effect of changing to the new accounting principle. FAS 154, on the other hand, in general requires retrospective application to prior periods' financial statements of changes in accounting principles. This Statement also requires that a change in depreciation, amortization or depletion method for long-lived, nonfinancial assets be accounted for as a change in accounting estimate effected by a change in accounting principle.

2. SHAREHOLDERS' EQUITY

For the period ended March 31, 2006 there have been the following changes in shareholders' equity:

(in NOK million)	Total shareholders' equity
Shareholders' equity January 1, 2006	106,644
Net income for the period	10,263
Treasury shares acquired	(21)
Value of Stock compensation plan	15
Foreign currency translation adjustment	(1,435)
Shareholders' equity March 31, 2006	115,466

The following sets forth Statoil's Comprehensive income for the periods shown:

(in NOK million)	For the three months ended March 31, 2006	2005
Net income	10,263	6,773
Foreign currency translation adjustment	(1,435)	1,184
Derivatives designated as cash flow hedges	0	(228)
Comprehensive income	8,828	7,729

3. SEGMENTS

Statoil operates in four segments; Exploration and Production Norway, International Exploration and Production, Natural Gas and Manufacturing and Marketing.

Operating segments are determined based on differences in the nature of their operations, geographic location and internal management reporting. The composition of segments and measure of segment profit are consistent with that used by management in making strategic decisions.

The segment Other includes insurance costs of NOK 0.3 billion in the first quarter of 2006 due to extra insurance premiums and liabilities in the two mutual insurance companies, in which Statoil Forsikring participates. The corresponding figure for the first quarter of 2005 is 0.

Segment data for the three months ended March 31, 2006 and 2005 is presented below:

(in NOK million)	Exploration and Production Norway	International Exploration and Production	Natural Gas	Manufacturing and Marketing	Other and eliminations	Total
Three months ended March 31, 2006						
Revenues third party (including Other income)	955	2,179	16,880	88,840	76	108,930
Revenues inter-segment	29,059	4,260	178	228	(33,725)	0
Income (loss) from equity investments	(12)	0	54	46	(1)	87
Total revenues	30,002	6,439	17,112	89,114	(33,650)	109,017
Income before financial items, income taxes and minority interest	23,250	3,518	3,355	1,227	(373)	30,977
Imputed segment income taxes	(17,570)	(1,466)	(2,301)	(358)	0	(21,695)
Segment net income	5,680	2,052	1,054	869	(373)	9,282
Three months ended March 31, 2005						
Revenues third party (including Other income)	472	1,320	9,987	71,139	(232)	82,686
Revenues inter-segment	21,654	1,836	160	(22)	(23,628)	0
Income (loss) from equity investments	26	0	68	362	(20)	436
Total revenues	22,152	3,156	10,215	71,479	(23,880)	83,122
Income before financial items, income taxes and minority interest	16,472	1,627	1,555	1,937	(103)	21,488
Imputed segment income taxes	(12,397)	(509)	(1,094)	(411)	0	(14,411)
Segment net income	4,075	1,118	461	1,526	(103)	7,077

Borrowings are managed at a corporate level and financial items are not allocated to segments. Income tax is calculated on Income before financial items, income taxes and minority interest. Additionally, income tax benefit on segments with net losses is not recorded. As such, Imputed segment income tax and Segment net income can be reconciled to Income taxes and Net income per the Consolidated Statements of Income as follows:

(in NOK million)	For the three months ended March 31, 2006	2005
Segment net income	9,282	7,077
Net financial items	1,633	(1,731)
Tax on financial items and other tax adjustments	(518)	1,577
Minority interest	(134)	(150)
Net income	10,263	6,773
Imputed segment income taxes	21,695	14,411
Tax on financial items and other tax adjustments	518	(1,577)
Income taxes	22,213	12,834

4. INVENTORIES

Inventories are valued at the lower of cost or market. Costs of crude oil held at refineries and the majority of refined products are determined under the last-in, first-out (LIFO) method. Certain inventories of crude oil, refined products and non-petroleum products are determined under the first-in, first-out (FIFO) method. There have been no liquidations of LIFO layers which resulted in a material impact to Net income for the reported periods.

(in NOK million)	At March 31, 2006	2005	At December 31, 2005
Crude oil	5,953	2,879	4,383
Petroleum products	4,992	3,438	5,682
Other	1,322	1,176	1,124
Total - inventories valued on a FIFO basis	12,267	7,493	11,189
Excess of current cost over LIFO value	(3,125)	(1,736)	(2,820)
Total	9,142	5,757	8,369

5. EMPLOYEE RETIREMENT PLANS

(in NOK million)	For the three months ended March 31, 2006	2005	For the year ended December 31, 2005
Benefits earned during the period	333	261	1,066
Interest cost on prior periods' benefit obligation	256	249	1,001
Expected return on plan assets	(285)	(278)	(1,094)
Amortization of loss	30	12	48
Amortization of prior service cost	9	10	37
Net periodic benefit cost (defined benefit plans)	343	254	1,058
Defined contribution plans/multi-employer plans	25	9	73
Total net pension cost for the period	368	263	1,131

6. FINANCIAL ITEMS

(in NOK million)	For the three months ended March 31, 2006	2005
Interest and other financial income	465	293
Currency exchange adjustments, net	1,547	(2,582)
Interest and other financial expenses	(345)	53
Realized and unrealized gain (loss) on securities, net	(34)	505
Net financial items	1,633	(1,731)

In the first quarter of 2005 interest and other financial expenses were a gain of NOK 53 million. The main reason is a net income related to mark to market valuation of financial instruments due to interest and currency changes in the period.

7. COMMITMENTS AND CONTINGENT LIABILITIES

In 2004 Statoil, as an owner in BTC Co, entered into guarantee commitments for financing of the development of the BTC pipeline. At March 31, 2006 the maximum potential future amount of payment under these guarantee commitments amounts to USD 110 million (NOK 0.7 billion), and is subject to measurement requirements of FIN 45. The expected fair value of the guarantee has been recognized as a current liability in the Consolidated Balance Sheet and the cost has been recorded as other financial expenses.

Statoil Detaljhandel has issued guarantees amounting to a total of SEK 1.1 billion (NOK 0.9 billion), the main part of which relates to guarantee commitments to retailers. The liability recognized under FIN 45 in the Consolidated Balance Sheet related to these guarantee commitments is immaterial at period-end.

The price review of a long-term natural gas sales contract is currently in arbitration. Contractual price for a total volume of 1.7 billion cubic meters of gas delivered as of March 31, 2006 and for future deliveries under this contract may be positively or negatively affected by the arbitration verdict, the final outcome of which cannot be determined at this time.

The price review of a long-term natural gas sales contract was finalized by a verdict from the arbitration tribunal in April 2006. Statoil has accrued for the re-payment in the first quarter of 2006. The amount is not material to the Consolidated Financial Statements.

The Ministry of Energy and Petroleum in Venezuela has challenged the production level and the royalty rates of the Sincor joint venture. Effective as of June 24, 2005 Sincor has been charged and has paid an increased royalty rate of 30 per cent related to production exceeding 114,000 barrels a day. Statoil and our partner have filed an administrative appeal to annul the demand for such payments, and are communicating with the Ministry to find an overall solution for Sincor.

During the normal course of its business Statoil is involved in legal proceedings, and several other unresolved claims are currently outstanding. The ultimate liability in respect of such litigation and claims cannot be determined at this time. Statoil has provided in its accounts for these items based on the Company's best judgment. Statoil does not expect that neither the financial position, results of operations nor cash flows will be materially adversely affected by the resolution of these legal proceedings.

The Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim) has conducted an investigation concerning an agreement which Statoil entered into in 2002 with Horton Investments Ltd for consultancy services in Iran. On June 28, 2004 Økokrim informed Statoil that it had concluded that Statoil violated section 276c, first paragraph (b) of the Norwegian Penal Code, which became effective from July 4, 2003 and prohibits conferring on or offering to a middleman an improper advantage in return for exercising his influence with a decision-maker, without the decision-maker receiving any advantage, and imposed a penalty on Statoil of NOK 20 million. The Board of Statoil ASA decided on October 14, 2004 to accept the penalty without admitting or denying the charges by Økokrim.

The U.S. Securities and Exchange Commission (SEC) is also conducting a formal investigation into the Horton consultancy arrangement to determine if there have been any violations of U.S. federal securities laws, including the Foreign Corrupt Practices Act. The U.S. Department of Justice is conducting a criminal investigation of the Horton matter jointly with the Office of the United States Attorney for the Southern District of New York. The SEC Staff informed Statoil on September 24, 2004 that it is considering recommending that the SEC authorize a civil enforcement action in federal court against Statoil for violations of various U.S. federal securities laws, including the anti-bribery and books and records provisions of the Foreign Corrupt Practices Act. Statoil is continuing to provide information to the U.S. authorities to assist them in their ongoing investigations.

Iranian authorities have been carrying out inquiries into the matter. In April 2004 the Iranian Consultative Assembly initiated an official probe into allegations of corruption in connection with the Horton matter with Iran. The probe was finalized for the parliamentary session at the end of May 2004. It was reported in the international press that at such time no evidence of wrongdoing by the subjects of the probe in Iran had been revealed by the probe.

8. SUBSEQUENT EVENTS AND SIGNIFICANT BUSINESS DEVELOPMENTS

On March 8, 2006 Statoil entered into an agreement to acquire a 25 per cent share in the license 218 in Blocks 6706/10 and 6706/12 in the Norwegian Sea. As a result of the agreement, Statoil will increase its share to a 75 per cent interest in the license. Several discoveries have been made in this area, including the Luva discovery. The transaction is expected to be completed on May 30, 2006 and will then be recorded in the segment Exploration and Production Norway.

Assets held for sale and discontinuing operation

On January 31, 2006, Statoil ASA announced its decision to evaluate strategic options for its Irish downstream Retail and Commercial & Industrial business ("Statoil Ireland"), including a possible sale. This decision has resulted from a review of the Retail Business Portfolio and the intention to accelerate strategic commitment to Scandinavian and Eastern European markets. The nature and timing of any resulting transactions are uncertain, but are expected to occur during 2006.

The result of the operations held for sale is treated as discontinued operations for all periods presented. The net result is insignificant and is included in Selling, general and administrative expenses. Revenues are reduced by NOK 1.9, NOK 1.3 and NOK 5.9 billion in the first quarter 2006, first quarter 2005 and year end 2005, respectively.

All assets held for sale are included in the Prepaid expenses and other current assets caption in the Consolidated Balance Sheet, and amounts to NOK 2.0, NOK 2.1 and NOK 1.9 billion as at March 31, 2006, March 31, 2005, and December 31, 2005, respectively.

All liabilities held for sale are included in the accrued liabilities caption in the Consolidated Balance Sheet, and amounts to NOK 1.1, NOK 0.9 and NOK 0.9 billion as at March 31, 2006, March 31, 2005, and December 31, 2005, respectively.

9. RECONCILIATION BETWEEN USGAAP AND NGAAP

(in NOK million)	For the three months ended March 31, 2006	2005	For the year ended December 31, 2005
Net income for the period per USGAAP	10,263	6,773	30,730
a) Inventory adjustment, from LIFO to FIFO, before tax	305	446	1,530
b) Other adjustments, before tax	(146)	(257)	163
c) Tax impact of the above adjustments and other tax adjustments	(57)	(83)	(414)
Net income for the period per NGAAP	10,365	6,879	32,009

(in NOK million)	At March 31, 2006	2005	At December 31, 2005
Shareholders' equity per USGAAP	115,466	92,736	106,644
Minority interests per USGAAP	1,458	1,611	1,492
a) Inventory adjustment, from LIFO to FIFO, before tax	3,125	1,736	2,820
b) Other adjustments, before tax	(390)	(663)	(224)
c) Tax impact of the above adjustments and other tax adjustments	(834)	(459)	(797)
d) Other comprehensive income: Deferred changes in minimum pension obligations and derivatives (after tax)	250	456	253
e) Accrued dividends payable	(17,756)	(11,481)	(17,756)
Shareholders' equity per NGAAP	101,319	83,936	92,432

a) Per NGAAP the inventories are valued using the FIFO principle. Under USGAAP the inventory is partly valued using LIFO.

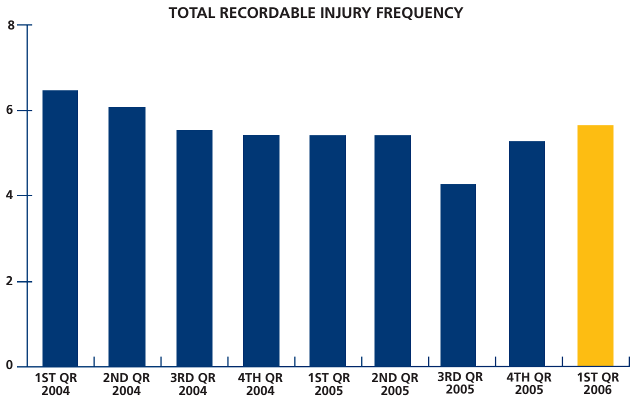
b) Other adjustments are mainly unrealized gains on non-exchange traded (OTC) derivatives and increased costs due to different discount rates for calculation of pension costs.

c) Changes in deferred tax expense and deferred tax liability primarily consist of taxes on the above adjustments.

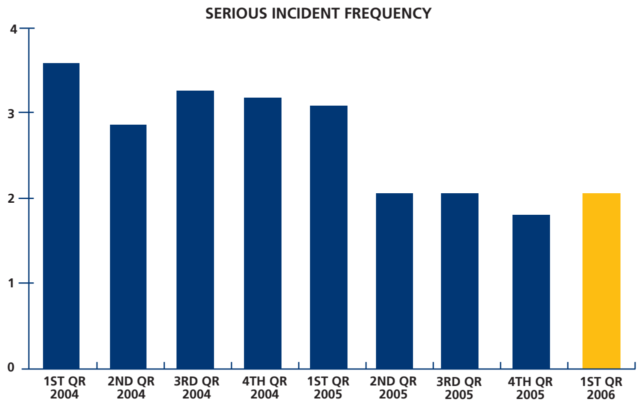
d) Other comprehensive income includes certain gains and losses related to pensions and unrealized derivative hedge positions which have been deferred and reflected directly in equity under USGAAP.

e) Per NGAAP dividends relating to current year's net income are reflected as a liability as of year-end. Under USGAAP dividends are not accrued until approved by the shareholders.

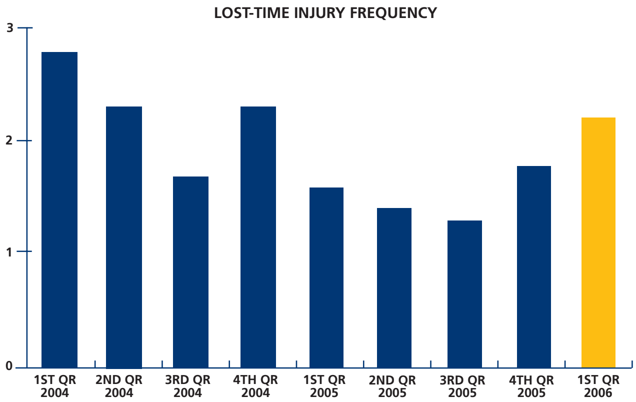
HSE ACCOUNTING



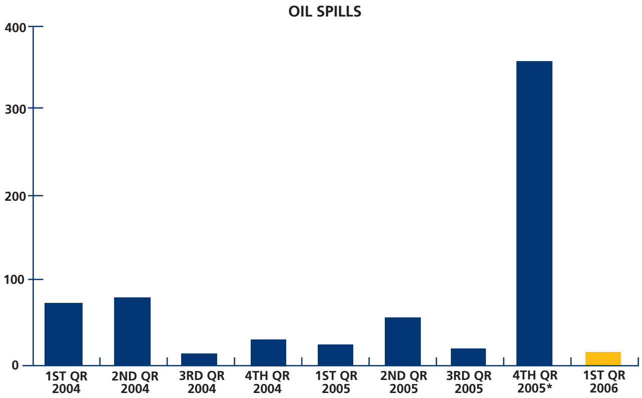
The total recordable injury frequency specifies the number of injuries (lost-time injuries, injuries requiring alternative work and other injuries excluding first-aid cases) per million working hours. Statoil and contractor employees are included.



The serious incident frequency specifies the number of incidents with a very serious nature per million working hours. Statoil and contractor employees are included.



The lost-time injury frequency specifies the number of total recordable injuries causing loss of time at work per million working hours. Statoil and contractor employees are included.



Oil spills (scm) cover unintentional oil spills to the external environment from Statoil operations (in cubic metres). All unintentional oil spills are included in the figures with the exception of those collected inside a facility (platform/plant) and which accordingly cause no harm to the surrounding environment. However, such spills are included for downstream market operations up to Q42005.

*One spill of 340 scm in the Norwegian Sea on 23 November.