

DANA PETROLEUM
Interim Report and Accounts 2004

04

Highlights

STRONG OPERATING PERFORMANCE AND ENHANCED FINANCIAL POSITION

- Average Production achieved a new high of 17,895 boepd (1H 2003: 16,081 boepd)
- Turnover increased by 32% to £48.7m (1H 2003: £37.0m)
- Operating profit rose by 35% to £20.2m (1H 2003: £15.0m)
- Cash flow from operations up 39% to £25.4m (1H 2003: £18.3m)
- Profit after tax of £9.1m, giving rise to Earnings per share of 12.31p
- Gearing eliminated with Net cash position of £1.3m (mid 2003: net debt of £41.3m)

INTENSE COMMERCIAL ACTIVITY CONTINUES TO GROW ASSET PORTFOLIO

- Exchanged non-core Indonesian interest with Amerada Hess, with Dana gaining additional 28% interest in the producing UKCS Hudson field, taking stake up to 47.5%
- Multi-faceted agreement with Woodside to exchange interests in Mauritania, Ghana and Kenya and acquire new licences offshore South Australia
- Deal with Tullow to build Dana's Block 1 position offshore Mauritania, and option secured to acquire a stake in neighbouring licence offshore Senegal
- Acquired Amerada Hess interests in the Barbara area of the Central North Sea increasing Dana's equity to 80% with appointment as Operator
- Dana to increase holding in Melville area of the Northern North Sea ahead of Q4 drilling, through acquisition from Shell and ExxonMobil
- Farm-outs of higher risk exploration areas (WA-226-P offshore Western Australia and Block 8 offshore Mauritania) completed on attractive terms



WORK PROGRAMME ADVANCING IN ALL REGIONS

- Banff gas re-injection project, Gadwall field development and F16-E field development all approved and in progress. Development drilling has commenced at West Salyem
- Two successful wells drilled offshore Indonesia to appraise the Ujung Pangkah gas field
- Large 3D seismic survey commenced across Block 8 offshore Mauritania
- Commitments made to drill the first exploration well in each of Block 1 offshore Mauritania and Block 5 offshore Kenya

EXCITING OUTLOOK WITH KEY EXPLORATION AND DEVELOPMENT STEPS AHEAD

- Three exploration wells to be drilled before year-end to test the Dorade (Mauritania), Fiddich (W. Australia) and Melville (N. Sea) prospects
- First oil from Gadwall field and completion of Hudson-Pangkah exchange should significantly boost production in 1Q 2005
- Infill drilling scheduled in Claymore and Mallard. Field development plans for Cavendish, Goosander and Enoch all progressing towards sanction
- Up to ten further exploration and appraisal wells planned during next 18 months



Dana's strategy is delivering excellent results. The first half of 2004 has seen strong operating performance and the Company has enhanced its portfolio, securing a number of attractive new opportunities with high quality co-venturers. As we move into 2005, Dana will be producing from ten fields, with four more advancing toward development. In addition to rising production from the UK, Dana is now positioned with an international exploration programme which will span a licensed area of over 130,000 square kilometres, one of the largest in the independent sector.

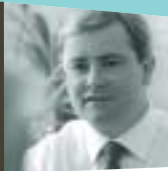
Charles Smith CBE, Chairman of Dana
28 September 2004



Chairman's & Chief Executive's Statement



CHAIRMAN
Charles M Smith, CBE



CHIEF EXECUTIVE
Thomas P Cross

INTRODUCTION

It is pleasing to report that solid progress has been made throughout the Group's business. Dana's operating results for the first six months of 2004 have outperformed the equivalent interim period last year. The Company is building a quality production portfolio, which currently comprises nine fields, and its robust nature ensured that average oil and gas production rose to a new first half high of 17,895 boepd. This was despite the Mallard field being shut in for the whole of the first half of 2004, awaiting well intervention, which was successfully completed in July.

With oil accounting for 90% of total Group production, and a decision to undertake only relatively light levels of oil price hedging, Dana has taken advantage of the strong oil price environment during the period. The increase in production has consequently translated into good growth in turnover (up 32%), operating profit (up 35%) and cash flow from operations (up 39%). This strong operating performance has further improved Dana's financial position, eliminating gearing and resulting in a net cash position of £1.3m at mid 2004.

Thus far, 2004 has been characterised by an unprecedented level of commercial activity designed to enhance Dana's asset portfolio, with no less than eight deals agreed. Two separate transactions with Amerada Hess are enabling the Company to grow its existing interests in the North Sea, in the Hudson oil field and the Barbara area, while exiting Indonesia which was previously identified as a non-core area. The Barbara deal has also resulted in Dana becoming an accredited operator in the North Sea for the first time. Dana's interest in the Hudson area will be further strengthened through acquisitions from Shell and ExxonMobil, which will result in Dana increasing its interest in the Melville area, directly to the south of Hudson, ahead of fourth quarter exploration drilling.

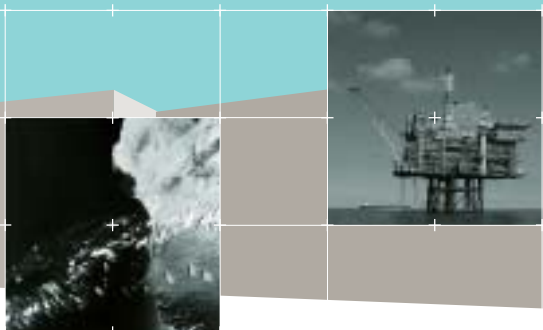
A multi-faceted exploration agreement with Woodside Energy will see Dana acquiring new interests in Block 2 offshore Mauritania, where the Dorade-1 well is soon to be completed, and in four vast exploration permits in the Great Australian Bight offshore South Australia. In exchange, Dana has agreed to a minor dilution of some of its interests offshore Mauritania and Kenya, and has invited Woodside to join Dana as a strategic exploration partner offshore Ghana. Agreement has also been reached with Tullow Oil to increase Dana's position in Block 1 offshore Mauritania, ahead of the forthcoming Petrel-1 well, and acquire

a material interest in the adjoining St. Louis licence offshore Senegal.

Farm-out of two of Dana's areas considered to be of higher exploration risk was also successfully completed on attractive terms. As a result, Dana is now free carried by Voyager Energy through the fourth quarter Fiddich-1 well offshore Western Australia and by Wintershall through the large, ongoing 3D seismic survey in Block 8 offshore Mauritania.

Alongside this new commercial activity, Dana's organic work programme has been driven forward. Of three appraisal wells drilled offshore Indonesia in 2004, two were successful, proving a Western extension to the Ujung Pangkah gas field and crystallising value prior to disposal. Considerable effort has been focused on optimising future work programmes for Dana's African interests. This has led to the Company making important drilling commitments in Mauritania and Kenya, whilst establishing an appraisal programme for the Pelican gas discovery and commencing the 3D seismic survey in Block 8 Mauritania.

In the North Sea, development plans were finalised for the Banff gas re-injection project, the Gadwall oil field development and the F16-E gas field development. These projects were all subsequently approved by government and co-venturers and are now in progress.



RESULTS

Net production to Dana for the period was 2.94 million barrels of oil and 1.87 billion cubic feet of gas, yielding an average of 17,895 barrels of oil equivalent per day (boepd). This represents an increase of 11% on the rate achieved for the corresponding period in 2003 (16,081 boepd). With crude production increasing, oil now represents over 90% of Dana's total production volumes.

Turnover for the period was £48.7m (1H03 £37.0m), a growth of 32% over the same period last year. The resultant operating profit for the period rose to £20.2m (1H03 £15.0m) representing a 35% improvement. As forecast at the time of the 2003 final results, Dana has now utilised its historic UK taxable losses and therefore 2004 profits are subject to the full scope of UK corporate taxation. The Group's effective tax rate for the period was in line with expectations, at 51%, an increase from the 22% effective rate in the comparative period last year. As a result the net profit for the period was £9.1m (1H03 £11.0m) and earnings per share were 12.31p (1H03 14.83p). No interim dividend is proposed.

Dana's balance sheet further strengthened during the period with total net assets at 30th June 2004 of £165.5 million (31st December 2003: £156.4m). Net cash flow from operating activities grew 39% to £25.4m (1H03 £18.3m). After net interest and tax payments of £2.2m, capital investment of £12.2m and a repayment of bank debt of £14.9m, the Group has emerged with net funds of £1.3m and gearing eliminated.

REVIEW OF OPERATIONS

1. NORTH SEA

Dana's eight producing fields in the UK North Sea delivered an average of 15,599 boepd to total Group production in the first half of 2004, an increase of 12% on the average rate achieved for the corresponding period in 2003 (13,907 boepd).

In the Northern North Sea, oil production from the Hudson and Otter fields was in line with forecast, with the Hudson field benefiting from a facilities upgrade designed to stabilise lift gas supply to the production wells. This area will grow in importance for Dana with the exchange of the Group's interests in Indonesia for an additional 28% interest in the Hudson field, taking Dana up to 47.5%, and a forthcoming well to test the nearby Melville exploration prospect in which Dana has agreed to increase its stake to 26.6%.

In the Greater Kittiwake Area (GKA), some minor oil productivity gains were achieved in the Kittiwake field as a result of a successful, low cost well re-perforation campaign. However, overall GKA production for the period was lower than expected due to the Mallard field being shut in. The Mallard producer was brought back onstream in July, following a well intervention, and a sidetrack of the water injection well to a new subsurface location is planned for early 2005 to optimise future production.

The Mallard injector sidetrack will be preceded by the completion and tie-in to the Mallard production pipeline of a production well in the Gadwall field. Scheduled to begin flowing in early 2005, Gadwall is expected to deliver a significant boost to GKA oil production. A field development plan for the Goosander field is also being formulated, alongside plans for appraisal of the Wagtail and Whinchat discoveries and possible exploration wells in the GKA.

Good operational efficiency at the Banff field has led to production being above expectation over the period.

The Banff gas re-injection project, designed to prolong oil production life by re-injecting produced gas into the reservoir, is now well underway with gas re-injection expected to start in October 2004. A production well from the nearby Kyle field will be tied back to the Banff FPSO as part of this project, reducing Banff operating

costs and providing an additional source of gas for injection into the Banff reservoir. Exploration drilling is expected in the Banff area in 2005, with plans for a well to test the MacDuff oil prospect currently being drawn up. A further well to test the Deep Banff gas-condensate prospect is also under consideration.

Production from the Claymore and Caledonia fields has also been ahead of forecasts. Natural decline in the Claymore field continues to be successfully offset by infill drilling targeted at areas of the reservoir predicted to contain unswept pockets of oil. The C79 well, completed in March 2004, encountered a better-than-expected zone of dry oil. Two further infill well locations have subsequently been matured and the first of these was recently spudded. Field development studies aimed at identifying undrained reserves in the Caledonia reservoir are also close to being completed and may provide additional upside drilling opportunities in 2005.

In the Southern North Sea, gas production from the Victor field has been lower than expected during the first half of 2004, owing to an earlier than usual start to the Summer period of zero nominations.

The acquisition of further interests in the licences constituting the Barbara area of the Central North Sea has increased Dana's total stake from 27% to 80%. As recently approved Operator of the licences, Dana intends to drive forward appraisal of the Barbara discovery and examine the remaining exploration potential of the area.

A development plan for the Enoch oil field is being formulated for sanction in early 2005. Detailed work on the Cavendish gas development is also progressing, however, some commercial and engineering issues remain to be finalised and this has resulted in some slippage. It is anticipated that the project will commence before the end of 2004 for first gas production in early 2006. Under this scenario, drilling of the Cavendish production wells would be scheduled in the second half of 2005 and may be combined with exploration drilling on the licences surrounding the Cavendish field awarded in the 21st UKCS Licensing Round.

In the Dutch sector, the F16-E development is progressing on schedule for first gas in early 2006 with pipeline installation and platform fabrication now underway. The E18a-6 exploration well, designed to test a prospect to the West of the F16-E field is being planned for 2005.





Dana has access to the exploration upside of the 'West of Shetlands' area through its shareholding in Faroe Petroleum plc (FP), which floated on the London Stock Exchange in 2003. FP was recently one of the most successful applicants in the UK's 22nd Offshore Licensing Round, in which it was awarded six new licences in partnership with major companies including BP, Shell, OMV and ChevronTexaco. These licences cover 21 blocks and part-blocks which complement FP's existing Faroe Islands acreage and include oil discoveries near to the Clair field, which is currently under development. A number of new seismic surveys will be acquired with a view to maturing identified leads and undeveloped oil discoveries into drilling targets. FP also plans to participate in the 2nd Faroe Islands Licensing Round towards the end of 2004.

2. AFRICA

West Africa

Exploration drilling is about to commence in the southern area of Mauritania, following a period of careful evaluation, planning and commercial restructuring. The first well will test the Dorade prospect in Block 2, in which Dana is acquiring a 6.25% interest. This well will give Dana access to a new play type, in that it will target a Miocene channel prospect similar in nature to the Woodside operated oil discoveries in Block 4. The upper section of the well has already been drilled and temporarily suspended awaiting the arrival of a second drilling rig to drill the reservoir section of the well in October 2004.

The Dorade-1 well will also provide useful knowledge ahead of drilling the Petrel-1 well to test a large Cretaceous age prospect in Block 1. Conditional agreement has been reached with Woodside to drill Petrel-1 as part of its 2004-2005 drilling programme, with a first quarter 2005 spud date currently expected. Subject to results from Petrel being encouraging, a second well on Block 1, to test the even larger Faucon prospect, is being scheduled for later in 2005.

Dana's stake in Block 1 will increase from 48% to 60% following a recent agreement with Tullow to acquire a further 12% interest. The Company has also secured an option to acquire up to a 30% interest in the St. Louis PSA offshore Senegal, directly to the south of Block 1, where a new 2D seismic survey has been acquired. Dana is currently completing its due diligence on this licence.

In the northern area of Mauritania, the Block 7 PSC has been extended into its second exploration period following discovery of the Pelican field, where gas in place in excess of 1 trillion cubic feet is now calculated. Extensive technical analysis of the area around Pelican has identified significant stratigraphic upside and the possibility of oil up-dip and inshore of Pelican, extending into an area without 3D seismic coverage. Further 3D seismic data is consequently planned to delineate additional prospects before finalising the next drilling location. Dana's equity in Block 7 is now 63.85% after the divestment of a 5% interest to

Woodside as part of the asset trade which gained Dana entry into Block 2.

In Block 8 Mauritania, a 1,800 sq.km. 3D seismic survey is in progress. This is designed to identify drilling targets within a number of very large, carbonate reef prospects highlighted by the earlier 2D seismic data. Recognising the risk-reward profile of this block, Dana has farmed-out a 38.5% interest to Wintershall, in return for a full cost carry through all remaining work commitments through to the end of the current exploration period, including the acquisition, processing and interpretation of the 3D survey.

Offshore Ghana, the Company has been assessing the potential of the West Tano oil field for commercial development. Dana discovered this field with its first well in the shallow-water area of the licence in 2000 and its extent was confirmed by a second well in 2002. Studies have concluded that an extended well test (EWT) or pilot development is required to determine full-scale commerciality, given the relatively viscous crude. A number of large, but high risk, stratigraphic fan prospects have been identified during a separate project analysing 3D seismic in the deep-water part of the contract area, where oil would be expected to be of higher quality. Consequently, an application has been made to extend the term of the petroleum agreement, beyond its original end date of 31st July 2004, to complete appraisal of the West Tano field and the deep-water exploration programme.

As part of the Dana/Woodside exploration cooperation deal, Dana has invited Woodside to become a strategic exploration partner offshore Ghana. Woodside is being granted an option over one half of Dana's interest in the Western Tano Contract Area and has agreed with Dana an area of mutual interest across the wider basin. Exercise of Woodside's option to join Dana as a coventurer in Western Tano will be subject to the completion by Woodside of a study of the exploration potential of the region, and the conclusion of discussions with the Ghanaian authorities to extend the term of the PSC to accommodate further deep-water exploration.

Kenya

Interpretation of the 2D seismic data acquired offshore Kenya in 2003 has provided significant encouragement for the petroleum potential of this largely unexplored region. An infill 2D seismic survey is now planned towards the end of 2004, the data from which will be used to finalise the location of exploration wells in Blocks L-5 and L-7. A firm commitment has been made to the Kenyan authorities to drill the first Block L-5 well towards the end of 2005, with the very large Pomboo prospect currently the most likely target. Subject to the results from this first well being sufficiently encouraging, an L-7 well may be drilled immediately thereafter as part of the same rig campaign, with the Sokwe structure considered most likely at this juncture.

As a result of the 2003 farm-out agreement, 20% of the costs associated with Dana's interest in Blocks L-5 and L-7 are carried by Woodside until these two wells have been drilled. As part of the recent, four-country deal with Woodside, and in view of the significant cost of drilling in this area, Dana has agreed to assign a further 10% interest in Blocks L-5 and L-7 to Woodside from mid 2004, reducing Dana's participating interest to 30% and hence its share of future costs to only 10%. Woodside has elected not to continue with its participation in Block L-10 and will, in line with the 2003 farm-out agreement, be reassigning its 40% interest in and operatorship of L-10 back to Dana where the exploration team is maturing a regional prospect inventory.

3. OTHER AREAS

Australia

Offshore Western Australia, the Fiddich-1 exploration well, designed to test a prospect identified from the 2003 3D seismic survey in permit WA-226-P, is now expected to spud in the 4th quarter of 2004, following a delay in rig availability. Dana has farmed-out a 10% interest in the licence to Voyager Energy, retaining a 20% fully cost-carried interest.

Offshore South Australia, Dana has agreed terms with Woodside, to acquire a 10% interest in exploration permits EPP 28, EPP 29, EPP 30 and EPP 31 located in the Great Australian Bight. The permits cover a vast area of approximately 65,000 sq. km. in which

a number of very large leads have been identified. They are considered to have a similar risk and reward profile to Dana's Kenyan acreage, although analysis is at an early stage. Near term work programmes are under discussion with the South Australian authorities and are likely to feature additional 2D and 3D seismic surveys designed to develop the high-graded leads seen to date into drillable prospects.

Indonesia

The recently completed Ujung Pangkah North and Ujung Pangkah West appraisal wells both encountered gas overlying oil in the Kujung limestone formation, demonstrating the presence of a westerly extension to the previously proven area of the Ujung Pangkah field. The oil and gas zones of both wells were tested with a maximum stabilised oil flow rate of 2,300 barrels per day and a maximum stabilised gas flow rate of 31.4 million cubic feet per day being achieved. A third well was added to the Pangkah drilling programme to test the western extent of the Sidayu oil prospect. This well found the target Kujung reservoir deeper than prognosed. The well found oil, but encountered it in a thin, sub-commercial column and the well was consequently plugged and abandoned without testing.

The Ujung Pangkah gas field development is moving toward project sanction, with final execution of a Gas Supply Agreement still one of the remaining key steps. Following the successful completion of the Pangkah





appraisal campaign, Dana has decided to exit Indonesia through an asset exchange of its 12% interest in the Pangkah PSC for a 28% interest in the producing Hudson field in the North Sea.

Russia

The performance of the South Vat-Yoganskoye oil field continues to exceed expectations, with production averaging 2,296 bopd for the first half of 2004, an increase of approximately 6% on the average rate achieved for the corresponding period in 2003 (2,174 bopd).

Development drilling began on schedule at the West Salym field at the end of April 2004 following the installation of a considerable amount of new infrastructure in the region to facilitate development. In total, four rigs are scheduled to drill around 213 oil production wells and 144 water injection wells over the next three years, with first oil production targeted before the end of 2005. An exploration well drilled to test the Bonus structure in the Upper Salym field was also successful. Dana's interest in the Salym group of fields is through its 10% shareholding in the Evikhon joint stock company which is a 50:50 coventurer with Shell in the fields.

FINANCIAL COMMENTARY

Product Prices

The Group realised an average price of \$31.33 per barrel for its UKCS crude sales during the first half of the year (1H03 \$23.14 per barrel). The variance from the average Brent price in the period of \$33.66 per barrel was due to the effect of commodity hedging discussed below. The realised price for the Group's Russian crude sales in the period was \$13.46 per barrel, a significant improvement over the equivalent period last year, with the upward trend continuing in the second half of 2004 to date. Including lower value gas production, the Group realised an overall revenue per boe of \$27.20 (1H03 \$20.45). In addition, at the period end Dana had under-lifted production valued at £2m, equivalent at period end prices to a further \$1.12 per barrel when ultimately sold.

Hedging

To underpin Dana's 2004 capital investment programme, a modest level of commodity hedging was put in place towards the end of 2003, which committed the Company to oil price swaps for 4,000 bopd at an average price of \$25.96 throughout 2004. During the first half of 2004, this equated to hedging approximately 29% (1H03 58%) of UKCS crude production at the contracted price. Given the strong oil price environment during the period, this resulted in a hedging "cost" of \$2.41 per barrel or £3.1m (1H03 £3.1m), which has been netted against reported turnover.

The Company has continued to enjoy the benefit of the recent high prices on the majority of its UK crude production as reflected in the realised price analysis above. Following the expiry of the Group's interest rate swap in February 2004, all of Dana's interest rate arrangements are currently on a floating basis. Commodity prices and interest rates continue to be closely monitored in light of the Company's forward capital commitments, and for opportunities to secure attractive terms.

Operating Metrics

Cost of sales, after adjustment for the end of period under lifted production valued at £2m, was £9.01 per barrel (1H03 £8.24 per barrel). This increase was anticipated and is principally due to the full period inclusion of the Greater Kittiwake assets, acquired in late 2003. Administrative expenses, net of exchange gains or losses, were £0.45 per barrel in the first six months, an improvement on the £0.58 per barrel delivered in 2003.

Taxation

The effective tax rate for the period of 51% is in line with expectations and is based on the current best estimate of the full year charge to taxation. The period charge of £9.6m (1H03 £3.0m) is represented by a £4.9m further provision for UK deferred corporation tax, £2.6m for UK current corporation tax, and £1.8m for Petroleum Revenue Tax, with the remaining £0.3m relating to Russian profits tax.

Balance Sheet

The Group's £12.2m of capital investment during the period (1H03 £13.6m) was lower than anticipated due to slippage in development schedules. £5.0m was spent on exploration and appraisal activity, and £7.2m on production and development projects. The latest projection of full year capital spend is now £40m. A total of £14.9m of the Group's bank debt was repaid during the period with a further £3.3m to be repaid at end of September 2004. The next formal review of the bank facility is scheduled for the year end.

International Accounting Standards

The potential areas of expected change due to the conversion to International Accounting Standards have been identified and a project initiated to fully explore and understand the specific implications thereof and the modifications required to the Group's financial statements. International Accounting Standards require to be adopted by the Group on 1st January 2005, with the Interim Report for 2005 being the first report required to be made under this new reporting regime. Details of the specific changes required as a result of adopting International Accounting Standards will be outlined in the 2004 annual report and accounts.

OUTLOOK

Production is expected to average around the current level of 18,000 boepd through the second half of 2004. Completion of the Hudson-Pangkah asset exchange and first oil from the Gadwall field are expected to boost output levels from early in 2005. The Group's growing cash flow will be used to execute the attractive inventory of exploration and development investment opportunities within the existing portfolio, and will be selectively deployed in pursuit of further acquisitions where these meet Dana's strategic aims.

Three additional exploration wells are planned before year-end to test the Dorade prospect offshore Mauritania, the Fiddich play offshore Western Australia and the Melville structure close to Hudson in the North Sea. Up to ten further exploration and appraisal wells are being scheduled for drilling by end 2005, with a focus on wells offshore Mauritania and Kenya, which have now been committed to under the terms of the relevant PSCs.

Turning to field developments, plans for Cavendish, Goosander and Enoch are being finalised for sanction in late 2004 or early 2005, and approved infill drilling plans are in place for the Claymore and Mallard oil fields. It is anticipated that Dana will be producing from 14 fields by 2006, 13 of which will be in the North Sea.

Further acquisition, exchange and new venture opportunities are currently under negotiation and we will continue to critically assess the asset portfolio to ensure consistency with the strategy of delivering both profits and material exploration upside. Those assets which no longer fit these criteria will become candidates for sale or trade, the timing of which will be carefully chosen to ensure divestment at the optimum point on the value-investment curve.

In summary, the Company can look forward to the next 18 months with justifiable optimism. Dana has built a quality asset base, containing the potential for step change, and has the financial resources and technical skills to exploit it. Coupled with the management team's track record of delivering new business opportunities, even in a highly competitive market place, sustained growth should be expected over the next few years.



Charles M Smith, CBE
CHAIRMAN



Thomas P Cross
CHIEF EXECUTIVE

28 September 2004



INTERIM ACCOUNTS

For the six months ended 30 June 2004

Group Profit and Loss Account

For the six months to 30 June 2004

	Unaudited Six months to 30 Jun 04 £'000	Unaudited Six months to 30 Jun 03 £'000	Audited Year to 31 Dec 03 £'000
Turnover	48,687	36,955	86,531
Cost of Sales - continuing operations	(27,361)	(21,106)	(50,755)
Gross Profit	21,326	15,849	35,776
Administrative Expenses	(1,121)	(816)	(1,690)
Operating Profit	20,205	15,033	34,086
Group Share of Loss of Associated Company	-	-	(55)
Profit on Ordinary Activities before Interest	20,205	15,033	34,031
Interest Receivable	321	80	223
Interest Payable and Similar Charges	(1,656)	(1,273)	(2,546)
Profit on Ordinary Activities before Taxation	18,870	13,840	31,708
Taxation	(9,618)	(3,011)	(12,073)
Profit on Ordinary Activities after Taxation	9,252	10,829	19,635
Minority Interest	(151)	128	(20)
Profit for the Period	9,101	10,957	19,615
Earnings per Share	12.31p	14.83p	26.53p
Earnings per Share - diluted	12.16p	14.61p	25.90p

Group Statement of Total Recognised Gains and Losses

For the six months to 30 June 2004

	Six months to 30 Jun 04 £'000	Six months to 30 Jun 03 £'000	Year to 31 Dec 03 £'000
Profit for the Period	9,101	10,957	19,615
Currency translation adjustments	(54)	(151)	(622)
Total Recognised Gains for the Period	9,047	10,806	18,993

Group Balance Sheet

As at 30 June 2004

	Six months to 30 Jun 04	Six months to 30 Jun 03	Year to 31 Dec 03
	£'000	£'000	£'000
Fixed Assets			
Intangible Assets	90,467	75,071	84,505
Tangible Assets	105,652	117,060	108,995
Investments	16,427	16,875	16,464
	212,546	209,006	209,964
Current Assets			
Stocks	419	374	323
Debtors	12,231	13,568	18,604
Cash at bank and in hand	36,079	12,737	40,680
	48,729	26,679	59,607
Creditors : amounts falling due within one year	(29,802)	(24,290)	(43,276)
Net Current Assets	18,927	2,389	16,331
Total Assets Less Current Liabilities	231,473	211,395	226,295
Creditors : amounts falling due after one year	(16,364)	(35,455)	(25,592)
Provision for Liabilities and Charges	(34,910)	(12,004)	(29,210)
Accruals and Deferred Income	(3,776)	(4,350)	(4,109)
Convertible Loan Notes	(9,429)	(9,970)	(9,556)
	(64,479)	(61,779)	(68,467)
Minority Interest in Subsidiary Undertakings	(1,493)	(1,382)	(1,407)
Total Net Assets	165,501	148,234	156,421
Capital and Reserves			
Called-up Share Capital	11,101	11,098	11,098
Share Premium	30,770	30,740	30,740
Other Reserves	97,679	97,679	97,679
Profit and Loss Account	25,951	8,717	16,904
Shareholders' Funds	165,501	148,234	156,421

Group Cash Flow Statement

For the six months to 30 June 2004

	Six months to 30 Jun 04 £'000	Six months to 30 Jun 03 £'000	Year to 31 Dec 03 £'000
Net Cash Inflow from Operating Activities	25,375	18,332	52,219
Returns on Investment and Servicing of Finance			
Interest Received	321	80	223
Interest Paid	(1,141)	(690)	(1,233)
	(820)	(610)	(1,010)
Taxation (Paid)/Received	(1,427)	62	(1,091)
Capital Expenditure and Financial Investment			
Expenditure on Intangible and Tangible Assets	(12,223)	(12,110)	(21,609)
Expenditure on Investments	(26)	(1,442)	(1,425)
Received Contribution to Decommissioning provision	-	-	8,526
	(12,249)	(13,552)	(14,508)
Net Cash Inflow before Management of Liquid Resources and Financing	10,879	4,232	35,610
Management of Liquid Resources			
Short Term Deposits	-	-	(2,876)
Financing			
Issue of Ordinary Share Capital	33	147	147
Repayment of Short Term Borrowings	(14,936)	-	-
	(14,903)	147	147
(Decrease)/Increase in Cash in the Period	(4,024)	4,379	32,881



Reconciliation of Movements in Shareholders' Funds

For the six months to 30 June 2004

	Six months to 30 Jun 04 £'000	Six months to 30 Jun 03 £'000	Year to 31 Dec 03 £'000
Total Recognised Gains for the Period	9,047	10,806	18,993
New Shares Issued	33	147	147
Net Addition to Shareholders' Funds	9,080	10,953	19,140
Opening Shareholders' Funds	156,421	137,281	137,281
Closing Shareholders' Funds	165,501	148,234	156,421

Reconciliation of Net Cash Flow to Movement in Net (Debt)/Funds

For the six months to 30 June 2004

	Six months to 30 Jun 04 £'000	Six months to 30 Jun 03 £'000	Year to 31 Dec 03 £'000
(Decrease)/Increase in Cash in the Period	(4,024)	4,379	32,881
Cash Out Flow from Repayment of Debt Financing	14,936	-	-
Cash Movement from Change in Liquid Resources	-	-	2,876
Change in Net (Debt)/Funds Resulting From Cash Flows	10,912	4,379	35,757
Exchange Differences	(71)	978	1,767
Convertible Loan Notes in Lieu of Interest	-	(405)	(771)
Movement in Net (Debt)/Funds	10,841	4,952	36,753
Net (Debt) at beginning of Period	(9,549)	(46,302)	(46,302)
Net Funds/(Debt) at end of Period	1,292	(41,350)	(9,549)

Notes

1. The financial information contained in this announcement does not constitute statutory financial statements within the meaning of Section 240 of the Companies Act 1985.

The comparative information is based upon the statutory financial statements for the year ended 31 December 2003. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar.

2. The earnings per ordinary share of 12.31p (1H 2003 - 14.83p) is calculated on the profit of £9,101,000 (1H 2003 - £10,957,000) and on a weighted average of 73,938,711 ordinary shares (1H 2003 – 73,884,260).

The diluted earnings per share of 12.16p (1H 2003 restated – 14.61p) is calculated on the diluted profit of £9,477,000 (1H 2003 - £11,338,000) and on ordinary shares of 77,985,813 (1H 2003 restated – 77,619,356), being those shares in issue and issuable in respect of Directors' and employees' share options and convertible loan stocks.

3. No dividend is proposed.

4. Reconciliation of Profit on Ordinary Activities Before Tax to Net Cash Inflow from Operating Activities

	Six months to 30 Jun 04 £'000	Six months to 30 Jun 03 £'000	Year to 31 Dec 03 £'000
Operating Profit	20,205	15,033	34,086
Depreciation Charges	9,326	9,223	20,046
Deferred Income	(333)	(390)	(631)
Stock Movement	(96)	(191)	(140)
Debtors Movement	6,373	292	(4,744)
Creditors Movement	(10,100)	(5,635)	3,602
Net Cash Inflow from Operating Activities	25,375	18,332	52,219



Independent Review Report to Dana Petroleum plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2004 which comprises the Group Profit and Loss Account, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Total Recognised Gains and Losses, Reconciliation of Movements in Shareholders' Funds, Reconciliation of Net Cash Flow to Movement in Net Debt, and the related notes 1. to 4. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The Interim Report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of Interim Financial Information', issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making

enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2004.

*Ernst & Young LLP
London*

28 September 2004

Directors, Advisers and Other Information

DIRECTORS

Charles M Smith, CBE, Chairman *
Thomas P Cross, Chief Executive
David A MacFarlane, Finance Director
Andrew M Bostock, Technical Director
Angus M Pelham Burn *
Colin R Goodall *

* Independent Non-Executive Director and member
of Audit and Remuneration Committees.

GROUP HEADQUARTERS

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FINANCIAL ADVISERS & STOCKBROKERS

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REGISTRARS

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