



DANA PETROLEUM plc
(“Dana”, “the Company” or “the Group”)

Interim Results for the Six Months Ended 30 June 2006

Dana Petroleum, the independent oil and gas exploration and production company focused on growth through international exploration and the development of low risk North Sea production, reports its interim results for the first half of 2006.

HIGHLIGHTS

Strong Growth in Production and Cashflow

- Current production of over 30,000 boepd
- Dana on target to deliver over 40,000 boepd by end 2007
- Turnover increased by 22% to £87.6m on first half average production of 18,408 boepd
- Profit Before Tax, Interest and exceptional items rose 33% to £48.9m
- Pre-tax Profit of £43.4m after exchange loss of £6.1m leading to Earnings Per Share of 31.2p
- Record Cash Flow from operations up 44% to £70.1m
- Net cash increased to £94.1m

Successful 2006 Exploration and Appraisal Programme

- Three North Sea E&A wells Babbage, East Causeway and E18-6, all found new oil & gas reserves
- New seismic surveys acquired offshore Egypt, Morocco and Australia
- Rigs secured for drilling of three major deep water prospects in Kenya and Mauritania

Extensive Development Activity Ensuring Future Production Growth

- Goosander field delivered onstream ahead of schedule, with production exceeding expectations
- Successful development drilling and workover campaigns completed on Mallard, Claymore, and F16-E fields to access new reserves and extend field life
- Cavendish gas field and Enoch oil field developments progressing well, with first production scheduled for early 2007

Asset Trading Providing a Balanced Portfolio and New Opportunities

- Completion of Gaz de France exchange deal now announced: Dana gains increased stake in Johnston gas field, production from Anglia gas field, and 30% of West El Burullus, Nile Delta plus \$30 million drilling carry in Mauritania
- Agreement reached on additional portfolio of assets to be acquired from Gaz de France
- Important new ventures secured through further deals in Egypt and Morocco



Exciting Outlook for Exploration and Production

- Three further high impact exploration prospects, Aigrette (Mauritania) and Pomboo and Sokwe South (Kenya), to be drilled in the next six months
- Currently planning to drill up to 34 E&A wells through end 2008, approximately half of which will target large prospects with major upside potential
- Awaiting outcome of bids in latest UK and Egyptian licencing rounds
- Dana's un-hedged position maximises the benefits from oil and gas price strength

Colin Goodall, Chairman of Dana, commented:

“Dana has continued to make excellent progress through 2006, delivering record cashflow with production rising to current levels of over 30,000 barrels per day. The Group now produces from 14 oil and gas fields with two more under development and further projects are expected to be sanctioned in the year ahead. The Company remains on target to increase production to over 40,000 barrels per day by the end of 2007.

Exploration and appraisal drilling is advancing strongly with all three North Sea wells drilled so far this year proving up new reserves, and three further international exploration wells scheduled during the next six months.

With a substantial inventory of quality prospects and rising cash flow, Dana intends to continue the pace of new drilling with an ambitious plan for up to 34 wells by the end of 2008.”

28 September 2006

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DANA PETROLEUM PLC

Interim Results for the Six Months Ended 30 June 2006

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

OVERVIEW

Excellent progress has been made across all areas of the Company's business during 2006, with production having climbed to over 30,000 barrels of oil equivalent per day (boepd) and with new oil and gas being discovered in several wells.

Dana is now reaping the rewards of its dynamic exploration and development programme, which has led to increased production capacity across a growing portfolio of fields. Earnings generation is strong and cashflow from operations in the first half of 2006 rose by more than 44% compared to the equivalent period in 2005. As a result, net funds continue to build, thus placing the Company in a healthy financial position to exploit its investment opportunities to the maximum. This record operating performance has been delivered against the backdrop of a strong commodity price environment, but is also a direct consequence of the Company's strategy in recent years of building a low risk, robust production portfolio, now balanced across fourteen producing fields.

A number of significant North Sea development milestones have been achieved this year, with first oil from the Goosander field being delivered ahead of schedule in early August. Further value has been added through an additional water injection well in the Mallard oil field, continued infill drilling in the Claymore oil field and further wells in the F16-E gas development. In addition, good progress has been made on the Cavendish gas and Enoch oil field developments with first production expected in each case in the early part of 2007.

Currently, Dana is producing from 14 oil and gas fields at approximately 31,000 boepd. During the first half of 2006, some one-off operational matters outwith Dana's control resulted in a number of temporary field shut-ins which led to a significant amount of production being deferred. As a result, first half production averaged 18,408 boepd. However, following the rectification of these problems and some positive development actions taken across the portfolio, production is rising strongly and averaging approximately 24,000 boepd during the third quarter. This improved performance, and the completion of the Gaz de France transaction, which has now added interests in the Johnston and Anglia gas fields, gives the Company confidence in achieving its production target of 40,000 boepd by the end of 2007.

Dana's strong commitment to exploration and appraisal has continued, with three wells drilled to date in 2006 delivering additional hydrocarbons in the East Causeway area of the Northern North Sea, the Babbage discovery in the UK Southern North Sea and E18-6 in the Dutch sector. In addition, and as a vital building block for future drilling activity, new seismic surveys have been undertaken offshore Morocco, Egypt and Australia.

The Company has also actively pursued new venture opportunities through licencing rounds and asset trading. Most notably, it has built upon its position in Morocco through two separate transactions, and is now one of the most significant players in this under-explored country.

Dana continues to deliver on its balanced strategy of building production and earnings in the medium term, combined with a very high level of participation in exploration upside.

RESULTS



Net average production to Dana for the period was 18,408 boepd which allied to the strong oil price environment resulted in a record Group turnover for the first half of 2006 of £87.6m (restated 1H05 £71.6m), representing a growth of some 22% over the same period in 2005.

As noted in the 2005 Annual Report, following IFRIC guidance in November 2005, the Group revised its oil and gas expenditure accounting policies for 2005 and restated previously reported periods. As a consequence of these changes, the Company has now restated the 2005 Interim results previously published. The result of this restatement is that the 2005 interim profit after tax has increased to £38.7m from the £24.1m previously reported. This improvement principally relates to the one-off fair value gain of £15.6m that arose on the Hudson-Pangkah exchange agreement, which completed during the first half of 2005.

Profit before interest and tax for the period was £42.8m compared to the restated £58.2m for the corresponding period last year. Both periods however, include exceptional items in respect of gains on asset exchanges and disposals, as well as foreign exchange gains and losses which cloud the comparison of underlying performance. Adjusting for these exceptionals (£6.1m profit reduction in 1H06 and £21.4m profit enhancement in 1H05), results in a profit before interest and tax of £48.9m which is a 33% increase from the figure of £36.9m in the comparative period in 2005. It is therefore evident that the Company's underlying earnings performance is continuing on an upward trend.

The Group's effective tax rate for the period was 39% resulting in a profit after tax of £26.7m (restated 1H05 £38.7m). The increase in the rate of supplementary corporation tax from 10% to 20% was only enacted in Q3 2006, and therefore has not been recognised in the six months to 30 June 2006. Consequently, profit after tax was £26.7m (restated 1H05 £38.7m) and this led to a first half earnings per share of 31.2p per share (restated 1H05 49.17p per share).

Cash flow from operations increased by 44% period on period to a new interim period high of £70.1m. After Dana's investing (£59.0m) and financing activities (£7.8m), net funds at 30 June 2006 improved to £94.1m (end 2005 £91.8m). The Company continues to be well positioned to meet the future capital requirements of its extensive exploration and development programme, and commercial trading activities. No interim dividend is proposed.

REVIEW OF OPERATIONS

1. North Sea Exploration and Appraisal

Dana's 2006 North Sea exploration and appraisal drilling campaign has to date delivered three successes from three wells.

In the Southern Gas Basin, the Babbage appraisal well (Dana 40%), located in Block 48/2a, targeted a crestal area of the structure with a view to proving up both gas reserves and productivity in order to proceed with development of the field. The well encountered gas throughout a substantial, Leman sandstone section and was flow tested at a rate of 10.7 million standard cubic feet of gas per day, without the need for stimulation. The well has been suspended and kept for use as a future gas production well in the field's development. The Babbage field is located within a short distance of the Ravenspurn North and Hoton gas platforms, and the CMS and ETS pipeline systems. The close proximity to established infrastructure provides a range of attractive development options.

The appraisal well results are highly encouraging and have therefore led the joint-venture group to begin development studies. The operator has secured a rig for further drilling and Dana looks forward to working with its partners on the development of what is now thought to be one of the largest undeveloped gas fields in the UK North Sea.

In the UK Northern North Sea, flow test results from the East Causeway well 211/23d-17z (Dana 14%) have proved extremely encouraging. The well tested high quality, light sweet crude at a stabilised combined flow rate of 14,500 barrels of oil per day (bopd) from the Ness and Tarbert



formations. The East Causeway well has been suspended for use as a potential future oil producer pending development decisions, including the possible integration of this new discovery with existing oil discoveries in the area.

In the Dutch North Sea, the E18-6 well (Dana 5%) was successfully drilled and flow tested at a rate of approximately 45 million standard cubic feet of gas per day. This discovery has encouraged the group to consider the drilling of an appraisal well (E18-7) in a fault block further to the west of the current well. This could prove up additional gas volumes in advance of developing the area as a tie-back to the F16-E platform.

2. North Sea Production and Development

Dana's producing asset base in the North Sea has now increased to 13 oil and gas fields with the addition of Goosander and Anglia, and contributed an average of 16,909 boepd to total Group production in the first half of 2006. Average production is expected to be significantly higher in the second half due to the impact of the Goosander field coming on-stream and work being undertaken to enhance the efficiency of offshore facilities.

Hudson field production (Dana 47.5%) was impacted by an incident on the Shell operated host Tern platform, which has required the replacement of a compressor and resulted in a reduction in gas lift volumes. The new compressor is expected to be installed and commissioned early in Q4 2006. Otter field production (Dana 19.5%) has been affected by the need to replace subsurface electrical submersible pumps, a situation which is being actively managed by the operator.

Gas production has been maintained from the Victor field (Dana 10%) over the summer months, following renegotiation of the gas sales contract with the gas buyer. This renegotiation provides acceleration of gas sales, and hence increased production and revenue to Dana. The final well on the F16-E field (Dana 1.2%) was completed in mid September, with the rig moving directly to the Cavendish field (Dana 25%) to drill the new development wells.

The Greater Kittiwake Area (GKA) (Dana 50%) continues to be a key area of investment and return for Dana. The Goosander field came on-stream in August 2006, ahead of schedule, at stabilised rates of approximately 16,000 boepd, ahead of prognosis. Production from GKA was significantly affected by a rig anchor handling incident in February which severely disrupted Mallard and Gadwall production during the reporting period. However, since the fields were re-started, and with a workover on the Kittiwake K15 well and a new Mallard water injection well, the area is currently producing approximately 30,000 boepd. Further work being considered in the GKA includes a Grouse appraisal well in 2007, leading to a potential development in 2008, redevelopment of the Durward/ Dauntless fields and possible exploration activity.

Dana is extending its interests in the wider GKA area through two separate transactions, whereby the Company is acquiring a 50% interest in Block 21/20b, which includes the Christian discovery and a 26.7% interest in 21/20a (outside the Cook field area) which includes the Bligh discovery. Going forward, Block 21/20b is to be entirely owned by Dana and Venture, and development studies for Christian, as a tie-back to Kittiwake via Mallard, will now be actively pursued.

The Cavendish gas field (Dana 25%) and Enoch oil field (Dana 8.8%) development projects are both progressing well offshore, with first production expected from each in the early part of 2007.

3. International Business

Dana has extended its international asset portfolio through two further transactions. Firstly, in a deal with Repsol SA, Dana has traded 3% of its interest in blocks L5 and L7, offshore Kenya, for a 15% interest in the Tanger-Larache blocks, offshore Morocco. Secondly, Dana has acquired a 50% interest in the Bouanane permit, onshore Morocco, by carrying the current participants through a seismic campaign. The Company is actively pursuing further opportunities in Egypt and Morocco in line with its international new ventures strategy.



Dana has also been very active in acquiring further seismic data in the first half of 2006, with surveys completed in NW Safi, Morocco (Dana 26.5%), South Feiran in the Gulf of Suez, Egypt (Dana 20%), and the EPP28-30 licences in the Great Australian Bight (Dana 10%). A survey is planned for the West El Burullus licence, offshore Nile Delta (Dana 50%) in the second half of 2006. These surveys will lead to targets being identified for drilling in the period 2007-2009 and hence will contribute to the continued activity and growth of the Company in the coming years.

Offshore Mauritania, drilling of the Flamant-1 exploration well in Block 8 (Dana 26%) was completed in September. Although the well discovered the prognosed extensive carbonate section, the well did not encounter commercial quantities of hydrocarbons. However, there were indications of gas whilst drilling the approximately 1,150m thick carbonate primary target. In addition, gas bearing intervals were encountered during the drilling of a shallower section of the well, which indicates there is mature hydrocarbon source rock in this area. The extensive information acquired from the well, which includes rock samples and pressure data, will now be fully evaluated before agreeing the most appropriate forward plan for the block.

The discovery of the presence of a major carbonate sequence, together with the indications of hydrocarbons, provides encouragement to explore the significant remaining potential of Block 8, which covers a very large area of approximately 11,797 square kilometres.

Following completion of the Flamant well, the Atwood Hunter will move to Block 7 (Dana 36%) to drill the Dana operated Aigrette-1 well. This is the joint-venture's second well on Block 7, following the success of the Pelican-1 well which discovered approximately 1.5 trillion cubic feet of gas. The discovery of additional gas at Aigrette would increase the possibility of a liquified natural gas (LNG) development in Mauritania, as envisaged by the Gaz de France Memorandum of Understanding with the Mauritania government which was signed in July 2006.

Dana's next international drilling campaign is offshore Kenya, where the joint-venture group will test the very large Pomboo and Sokwe South structures (Dana 27%) commencing Q4 2006.

Production from the South Vat-Yoganskoye field in Russia (Dana 80%) contributed an average of 1,500 bopd during the first half of 2006, with production being maintained by workovers on a number of key wells.

FINANCIAL COMMENTARY

Product Prices

The Group realised an average price of \$65.16 per barrel for its UKCS crude sales during the first half of the year (1H05 \$51.71 per barrel). The variance from the average Brent price in the period of \$65.65 per barrel reflects the timing of liftings, offsetting the premium typically received for Dana's crude. The realised price for the Group's Russian crude sales in the period was \$29.00 per barrel, a significant improvement over the equivalent period last year (1H05 \$18.21). Including gas production, the Group realised an overall revenue per boe produced of \$47.05 (1H05 \$39.40). In addition, at the period end Dana had under-lifted production valued at £13.6m, equivalent at period end prices to a further \$7.54 per barrel when ultimately sold.

Operating Metrics

Cost of sales, excluding the £7.9m benefit for the period movement in production inventories, was £12.36 per barrel (restated 1H05 £10.03 per barrel). An increase had been expected due to the current industry trend of cost inflation impacting operational metrics, but the first half out-turn was higher than anticipated principally due to lost production arising from the anchor handling incident on GKA in the first half of the year. Improving production in the second half of the year should however, deliver a full year metric much more in line with our original expectations.

Similarly, administrative expenses at £1.46 per barrel were up on the same period last year (1H05 £0.92 per barrel) due to inter alia the aforementioned production effect. The Group also incurred a



£6.1m foreign exchange loss in the period due to the weakening US dollar, compared to a £2.3m gain booked in the same period in 2005. The Group remains exposed to further currency translation risk on its predominantly, US dollar denominated cash balances, but will review on an ongoing basis whether currency hedging opportunities are appropriate to mitigate this effect.

Taxation

The effective tax rate for the period was 39.0% (restated 1H05 32.5%). A 10% increase in the UK North Sea tax rate was enacted in July 2006. This will be implemented by the Company during the second half of 2006 and will have two effects. The first is a non-cash charge related to deferred tax balances from prior years and the second is a current tax increase to reflect the 2006 impact of the higher tax rate, which is retroactive to the start of the year. The Company expects its full year total effective tax rate to be in the range 55-58%, after including the prior year adjustment of approximately £10.5m to the deferred tax balances. Beyond 2006, the effective tax rate will be much more closely aligned to the new 50% tax rate for UK upstream activities.

Balance Sheet

The Group spent £54.6m on capital investment during the period (restated 1H05 £30.7m). Some £28.6m was spent on exploration and appraisal activity and £26.0m on production and development projects. The Group continues to project a full year capital spend of approximately £130m, subject to the eventual timing of offshore operations and deal completions.

A further £4.3m was invested to maintain Dana's position in Faroe Petroleum plc, via the successful institutional share placing conducted in April. Dana is the largest shareholder in Faroe Petroleum with a 17.2% stake. The Company's investment in Faroe Petroleum is stated at £16.5m, which is Dana's share of the market value of that company at the reporting date.

During the reporting period the Group repaid in full its drawn bank debt of £10.9m, leaving cash at the end of the reporting period of £94.1m.

OUTLOOK

The next two to three years will be an exciting period for the Company as it exploits a range of opportunities to further build the asset value per share.

Three important exploration wells are scheduled in the next few months, namely Aigrette, offshore Mauritania, and Pomboo and Sokwe South, offshore Kenya. Overall, Dana is planning to drill a further 34 E&A wells by the end of 2008, around half of which will target large prospects with significant upside potential.

Development activities will continue to be a major focus. New field developments, including Enoch and Cavendish, are being complemented by continued infill drilling and workovers on several of Dana's producing fields. The upgrading of offshore facilities and further development will significantly increase Dana's production capacity. The Company is therefore very much on track to reach its goal of 40,000 boepd by the end of 2007.

Dana has built a significant international portfolio which will ensure a high level of exploration activity in the coming years. In addition to offering material exploration upside, international assets are also being acquired which balance the portfolio, providing a range of exploration, appraisal and development opportunities. The Board will continue to critically assess the Company's growing asset pool to ensure consistency with Dana's strategy of delivering both strong profits and material exploration upside. As in the past, 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 return versus investment curve.



In summary, Dana is very well positioned for further growth with rising production and a portfolio of high quality exploration and development opportunities in which to invest. The Company has succeeded in building a very talented and motivated team of professionals who are determined to continue delivering increasing value for shareholders. On behalf of the directors and staff we would like to thank shareholders for their ongoing support and interest in the Company.

Colin Goodall
Chairman

Tom Cross
Chief Executive

28 September 2006



DANA PETROLEUM plc

Interim Results

Group Income Statement for the six months to 30 June 2006

	Unaudited Six months to 30 June 2006 £'000	Restated Unaudited Six months to 30 June 2005 £'000	Audited Year to 31 December 2005 £'000
Revenue	87,552	71,567	165,625
Cost of Sales	(33,270)	(31,249)	(71,836)
Gross Profit	54,282	40,318	93,789
Exploration & Evaluation	(510)	15,281	13,550
Foreign Exchange (Loss)/Gain	(6,053)	2,331	4,627
Administrative Expenses	(4,875)	(3,145)	(6,243)
Operating Profit	42,844	54,785	105,723
Gain on Sale of Available-for -Sale Investment	-	3,456	3,456
Profit on Ordinary Activities before Interest and Taxation	42,844	58,241	109,179
Interest Income	2,240	584	1,642
Finance Costs	(1,690)	(1,458)	(3,053)
Profit on Ordinary Activities before Taxation	43,394	57,367	107,768
Taxation	(16,739)	(18,622)	(43,613)
Profit for the Financial Period	26,655	38,745	64,155
Attributable to:			
Equity Holders of the Company	26,380	38,599	63,785
Minority Interests	275	146	370
	26,655	38,745	64,155
Earnings per Share - basic	31.20p	49.17p	80.13p
Earnings per Share - diluted	30.73p	48.26p	78.87p



DANA PETROLEUM plc

**Interim Results
Group Balance Sheet as at 30 June 2006**

	At 30 June 2006 £'000	Restated At 30 June 2005 £'000	At 31 December 2005 £'000
ASSETS			
Non-Current Assets			
Intangible Assets	94,435	75,256	106,797
Property, Plant and Equipment	200,224	141,535	158,681
Deferred PRT	1,795	34	1,466
Available-for-Sale Financial Assets	16,540	10,284	13,082
Derivative Financial Instruments	3,093	4,444	3,485
	316,087	231,553	283,511
Current Assets			
Inventories	539	627	480
Trade and Other Receivables	31,300	23,357	46,887
Derivative Financial Instruments	1,723	996	1,246
Cash and Cash Equivalents	94,101	50,255	103,415
	127,663	75,235	152,028
Total Assets	443,750	306,788	435,539
Current Liabilities			
Trade and Other Payables	48,907	25,954	69,416
Current Tax	1,669	3,452	4,631
	50,576	29,406	74,047
Non-current Liabilities			
Borrowings Financial Liabilities	-	11,157	11,588
Provision for Deferred Taxation	55,393	29,157	43,199
Provision for Liabilities and Charges	37,128	27,720	32,918
Accruals and Deferred Income	2,887	3,255	3,112
	95,408	71,289	90,817
Net Assets	297,766	206,093	270,675
EQUITY			
Equity Attributable to Equity Holders			
Called-up Share Capital	12,832	11,860	12,574
Share Premium	80,939	40,866	75,246
Other Reserves	103,626	103,089	104,604
Cumulative Translation Reserve	(257)	548	449
Retained Earnings	98,270	47,761	75,563
	295,410	204,124	268,436
Minority Interest	2,356	1,969	2,239
Total Equity	297,766	206,093	270,675



DANA PETROLEUM plc

**Group Statement of Changes in Equity
for the six months to 30 June 2006**

	Six months to 30 June 2006 £'000	Restated Six months to 30 June 2005 £'000	Year to 31 December 2005 £'000
Opening Balance	270,675	164,596	164,596
Profit for the Financial Period	26,655	38,745	64,155
Fair Value Movements on Available-for-Sale Financial Assets, Net of Taxation	(590)	(1,361)	603
Currency Translation Adjustments	(864)	675	1,079
Employee Share Scheme Credits	(790)	1,972	4,131
Derivative Financial Instruments	(388)	-	(449)
New Shares Issued	3,068	1,466	36,560
Closing Balance	297,766	206,093	270,675



Group Cash Flow Statement for the six months to 30 June 2006

	Six months to 30 June 2006 £'000	Restated Six months to 30 June 2005 £'000	Year to 31 December 2005 £'000
Operating Activities			
Cash Generated from Operations	70,126	48,593	107,052
Taxation Paid	(8,197)	(12,266)	(22,049)
Interest Received	2,240	584	1,642
Interest Paid	(609)	(605)	(1,105)
Net Cash from Operating Activities	63,560	36,306	85,540
Investing Activities			
Expenditure on Intangible and Tangible Assets	(54,649)	(30,659)	(63,872)
Receipts on Sale of Investments	-	13,968	13,968
Payments to Acquire Investments	(4,310)	(4,009)	(4,016)
Net Cash Invested In Investing Activities	(58,959)	(20,700)	(53,920)
Financing Activities			
Issue of Ordinary Share Capital	3,068	1,466	36,560
Repayment of Short Term Borrowings	(10,908)	(10,584)	(10,584)
Net Cash Flow (used in)/from Financing Activities	(7,840)	(9,118)	25,976
Currency Translation Differences	(6,075)	2,437	4,489
Net (Decrease)/Increase in Cash and Cash Equivalents	(9,314)	8,925	62,085
Cash and Cash Equivalents at the Beginning of the Period	103,415	41,330	41,330
Cash and Cash Equivalents at the End of the Period	94,101	50,255	103,415



DANA PETROLEUM plc

Notes:

1. This financial information comprises, the Group Balance sheets as of 30 June 2006, 30 June 2005 and 31 December 2005 and related Group Income Statements, Statements of Changes in Equity and Cash Flow Statements for the six months ended 30 June 2006 and 30 June 2005 and for the year ended 31 December 2005 of Dana Petroleum plc (hereinafter referred to as 'financial information').

This financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority. In preparing this financial information management has used its best knowledge of the expected standards and interpretations, facts and circumstances, and accounting policies that will be applied when the Group prepares its financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU as of 31 December 2006.

As a result, although this financial information is based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, this may change. For example, IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations are subject to ongoing review and possible amendment or interpretative guidance and, therefore, are still subject to change. Therefore, until the company prepares its financial statements in accordance with IFRS as adopted for use in the EU, the possibility cannot be excluded that the accompanying financial information may have to be adjusted.

The Group has chosen not to early adopt IAS 34, 'Interim financial statements', in preparing its 2006 interim statements and, therefore, this interim financial information is not in compliance with IFRS.

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 figures for the financial year ended 31 December 2005 were prepared under IFRS, have been reported on by the Company's auditors and have been delivered to the registrar of companies. The auditors issued an unqualified opinion on those accounts.

The comparable figures for the six months ended 30 June 2005 have been restated from the 2005 Interim results previously published. In November 2005, IFRIC issued further guidance, which noted that the scope for IFRS 6 "Exploration and Evaluation of Mineral Resources" was to grant relief only to policies in respect of exploration and appraisal activities and that such relief did not extend to activities before or after the exploration and evaluation phase. Accordingly accounting policies for development and production activities were therefore to be based on the provisions of other existing IFRS. Following this clarification, the Group revised its oil and gas expenditure accounting policies and as a consequence of these changes, Dana has revised these results to reflect current IFRS interpretations and the new accounting policies.

2. The earnings per ordinary share of 31.20p (1H 2005 restated – 49.17p) is calculated on the profit of £26,380,000 (1H 2005 restated - £38,599,000) and on a weighted average of 84,543,066 ordinary shares (1H 2005 – 78,503,474).

The diluted earnings per share of 30.73p (1H 2005 restated – 48.26p) is calculated on the profit of £26,380,000 (1H 2005 restated - £38,742,000) and on 85,839,954 ordinary shares (1H 2005 restated – 80,285,287), being those shares in issue and issuable in respect of Directors' and employees' share options.

3. No dividend is proposed.



4. Subsequent to the period end, the rate of supplementary corporation tax (SCT) applicable to oil and gas companies increased by 10% to 20%. In accordance with the Group's accounting policy on recognition of deferred tax the effect of these changes were not enacted or substantially enacted at the balance sheet date and thus not recognised in the six months to 30 June 2006. The estimated effect of these changes on the Group will be to increase its taxation charge for the six months to 30 June 2006 by £12,899,000. Of this increase, £10,539,000 relates to a one off charge in relation to the impact of the increase in supplementary charge on the deferred taxation balances at 31 December 2005.

5. Net Cash Flows from Operating Activities for the Six Months to 30 June 2006

	Six months to 30 June 2006 £'000	Restated Six months to 30 June 2005 £'000	Year to 31 December 2005 £'000
Profit for the Financial Period	26,655	38,745	64,155
Depreciation	12,792	11,582	26,354
Deferred Income	(225)	(252)	(395)
Interest Income	(2,240)	(584)	(1,642)
Interest Expense	1,690	1,458	3,053
Taxation	16,739	18,622	43,613
Employee Share Scheme Charge	82	204	408
Translation Differences	5,247	(1,572)	(3,200)
Impairment of Associate	10	-	16
Exploration and Evaluation	395	(15,281)	(13,550)
Gain on Sale of Investment	-	(3,456)	(3,456)
Fair Value Movements on Derivatives	(732)	(413)	(454)
<u>Movements in Working Capital:</u>			
Inventory Movement	(59)	(255)	(108)
Receivables Movement	14,153	(669)	(22,461)
Payables Movement	(4,381)	464	14,719
Cash Generated from Operating Activities	70,126	48,593	107,052



6. Reconciliation of Net Cash Flow to Movement in Net Funds for the six months to 30 June 2006

	Six months to 30 June 2006 £'000	Restated Six months to 30 June 2005 £'000	Year to 31 December 2005 £'000
(Decrease)/Increase in Cash and Cash Equivalents	(9,314)	8,925	62,085
Cash Out Flow from Repayment of Debt Financing	10,908	10,584	10,584
Exchange Gains/(Losses) on Borrowings	680	(909)	(1,339)
Movement in Net Funds	2,274	18,600	71,330
Net Funds at Beginning of Period	91,827	20,497	20,497
Net Funds at End of Period	94,101	39,097	91,827



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 2006 which comprises the Group Income Statement, Group Balance Sheet, Group Statement of Changes in Equity, Group Cash Flow Statement, and the related notes 1 to 6. 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.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

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 International Standards on Auditing (UK and Ireland) 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 2006.

Ernst & Young LLP

London

28 September 2006