



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

Interim Results for the Six Months Ended 30 June 2005

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 2005.

HIGHLIGHTS

Record Operating Performance

- Turnover increased by 47% to £71.6m (1H 2004: £48.7m)
- Average production achieved a new high of 18,796 boepd (1H 2004: 17,895 boepd)
- Operating profit approximately doubled to £40.0m (1H 2004: £20.1m)
- Profit after tax rose by over 150% to £24.1m (1H 2004: £9.5m)
- Record earnings per share for the first half of 30.47p (1H 2004: 12.71p)
- Cash flow from operations up 88% to £47.8m (1H 2004: £25.4m)
- Net cash advanced to £39.1m (end 2004: £20.5m)

Successful 2005 Exploration and Appraisal Programme

- Four wells completed to date, with three of these finding new oil and gas reserves
 - Melville oil field discovered close to Dana operated Hudson infrastructure
 - Additional gas proved adjacent to Johnston field leading to production boost by year end
 - Successful drilling near Barbara gas field has increased Dana’s stake in the project
- 3D seismic and electromagnetic surveys acquired offshore Mauritania ahead of next phase of exploration drilling
- Important new exploration acreage acquired in the North Sea and offshore Morocco
- Highly successful in UKCS 23rd Licencing Round, being awarded 20 new blocks
- Securing large new territory West of Shetland complemented Dana’s increased stake in Faroe Petroleum plc.

Extensive Development Activity and Asset Trading Ensures Future Production Growth

- Acquired an additional interest in the Hudson oil field and first North Sea operatorship
- Completed asset trade to secure a stake in the Johnston gas field
- Gadwall oil field brought on stream in April and performing well
- F16-E development ahead of schedule with first gas due in Q4 2005
- Successful development drilling and workovers completed in Mallard, Johnston, Otter and Claymore fields to access new reserves and extend field life
- Cavendish gas field and Enoch oil field developments approved with first production in 2006



Exciting Outlook for Exploration and Production

- Two further exploration prospects, Faucon (Mauritania) and Clachnaben (UK), to be drilled before year end
- Currently planning to drill up to a further 20 E&A wells through end 2007, around half of which will target large international prospects with major upside potential
- Goosander oil field development sanction expected before end 2005 with approval for up to six further new field developments to be sought in 2006
- Group production on target to double to over 40,000 boepd by end 2007, from current portfolio of producing and development assets
- Unhedged position currently provides full exposure to commodity price strength

Colin Goodall, Chairman of Dana, commented:

“Dana has continued to make excellent progress through 2005, delivering record interim results. The Group now produces from 11 oil and gas fields with three more currently under development and further projects to be sanctioned in 2006. The Company is on target to double production to over 40,000 barrels per day by the end of 2007.”

Exploration and appraisal drilling is advancing strongly with three of the four wells drilled so far this year proving up new reserves and two further exploration wells scheduled before year end. With a substantial inventory of quality prospects and rising cash flow, Dana intends to accelerate the pace of new drilling with an ambitious plan for up to 20 wells over the next two years.”

28 September 2005

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DANA PETROLEUM PLC

Interim Results for the Six Months Ended 30 June 2005

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

OVERVIEW

It is pleasing to report that excellent progress has been made across all areas of the Company's business during the first half of 2005 and this has led to the delivery of record interim results.

Dana is now reaping the rewards of its earlier exploration and development successes, which have been augmented by astute asset trading to achieve accelerated production and reduced debt. Net profit after tax for the first six months of 2005 increased by more than 150% compared to the equivalent period in 2004 and has already exceeded the full year comparative for 2004. Cashflow from operations continues to grow strongly and has more than offset capital requirements this year. As a result net funds continue to build, placing the Company in a healthy position to exploit its portfolio 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 eleven producing fields.

Dana's strong exploration and appraisal track record has continued in 2005. Four wells have so far been drilled with a 75% success rate. A new oil discovery has been made at Melville, located just six kilometres south of the Dana operated Hudson infrastructure, and extensions to the Johnston and Barbara fields have been successfully demonstrated by drilling high step-out wells. In addition, extensive seismic and electromagnetic surveys have been acquired offshore Mauritania ahead of the next phase of exploration drilling.

To keep the pipeline of exploration drilling opportunities full, Dana has been particularly active in seeking new licences during the period. Important new positions have been acquired in all sectors of the North Sea, with the Company being one of the most successful applicants in the UK's 23rd Offshore Licencing Round. In total Dana was awarded four new licences featuring 20 new blocks and notably, it gained a large, directly held position West of Shetlands. This complements the Company's recently increased stake in Faroe Petroleum plc, in which it is now the largest shareholder with a 17.2% interest. Dana also worked hard to expand its territory in West Africa and was delighted to gain an attractive foothold offshore Morocco with the award of the NW Safi exploration licence.

Alongside Dana's exploration programme, the combination of trading past exploration success for producing assets and an increasingly active development programme is building the foundations for future production growth. During the period, the Company completed its acquisition of an additional interest in the producing Hudson oil field, in exchange for non-core Indonesian exploration interests, and it also traded a small interest in the Barbara gas discovery to acquire a stake in the producing Johnston gas field.



Dana's North Sea developments have made good progress. In April, the Gadwall oil field was brought on stream at over 10,000 boepd following its tie back to the Kittiwake infrastructure. Gadwall has subsequently performed well, indicating oil-in-place volumes towards the top end of the range of expectations. The F16-E field development is on track to achieve first gas over two months early, in October 2005. In addition, the Cavendish gas field and Enoch oil field developments have now been sanctioned, with both targeting first production in 3Q 2006. Also very important for near term production growth, successful infill drilling and workovers have been completed in four of Dana's UKCS producing fields, namely Mallard, Johnston, Otter and Claymore. These activities are enabling access to new oil and gas reserves and in doing so will extend field lives.

RESULTS

Net average production to Dana for the period achieved a new high for the group at 18,796 boepd. This, combined with strong oil and gas prices translated into a record Group turnover for the first half of 2005 of £71.6m (1H04 £48.7m), representing a growth of some 47% over the same period in 2004.

As noted in the financial commentary, the 2005 interim results have been prepared under International Financial Reporting Standards (IFRS) and the 2004 comparatives have been restated accordingly.

Operating profit approximately doubled to £40.0m (1H04 £20.1m restated), Profit was further enhanced by a £3.5m gain on the cash sale of the Company's investment in the Russian joint stock company, Evikhon, which was completed in March 2005. Overall, profit before tax grew by 127% to £42.6m (1H04 £18.8m restated).

The Group's effective tax rate for the period reduced to 43.5% resulting in a profit after tax of £24.1m (1H04 £9.5m restated), a significant improvement compared to the same period last year. This led to first half earnings per share climbing by some 140% to 30.47p, compared to 12.71p per share (restated) for the first six months of 2004.

Cash flow from operations increased by 88% period on period, and after Dana's investing and financing activities, net funds at 30 June 2005 improved to £39.1m (end 2004 £20.5m). This leaves the Company well positioned to meet the capital requirements of its extensive exploration and development programme. No interim dividend is proposed.

REVIEW OF OPERATIONS

1. North Sea Exploration and Appraisal

Dana's 2005 exploration and appraisal drilling campaign has to date delivered three successes from four wells. The programme began positively with the discovery in March of the Melville oil field (Dana 26.6%), located just six kilometres to the south of the Hudson field, where Dana now operates the production infrastructure.

The next two wells in the drilling programme were also successful. Firstly, a well targeted one and a half kilometres to the east of the Barbara field discovery well confirmed an extension of the field into the neighbouring block, 23/16b, where Dana had agreed a farm-in to gain up to a 50% stake in this block by drilling the well. As a result of this find, the Barbara field is now believed to extend over three Central North Sea blocks. Dana holds the majority stake in the field and is well placed to drive the project forward as operator. Secondly, a well drilled nearly seven kilometres to the south-east of the currently producing area of the Johnston gas field (Dana 27.8%) also confirmed the presence of additional hydrocarbons and hence a significant new area of gas reserves. This well was sidetracked to become a horizontal producer and is expected on stream in the fourth quarter.



The fourth E&A well of 2005 tested an interesting, dual Jurassic/Forties play in Block 23/11 (Dana 80%), to the north of the Barbara field. Dana's pre-drill evaluation identified the prospect to be of higher risk than the Company's other 2005 North Sea wells, and thus chose to offset some 40% of the cost of the well through a farm-out prior to drilling. The deeper Jurassic sandstone target was found to be present as prognosed and of good reservoir quality, but water bearing. However, the shallower Forties sandstones were found to be hydrocarbon bearing and, whilst the recoverable volumes present at this location are estimated to be small and non-commercial, these results provide encouragement for further appraisal of the block which contains an extension of the Barbara field at the Forties horizon.

One further important exploration well will be drilled in the North Sea before year-end, in Block 211/22a. Dana acquired an initial 24.2% interest here in March 2005 and the Company will increase its stake to 79% by virtue of it drilling the Clachnaben oil prospect, located close to the Cormorant/Brent export infrastructure, in the fourth quarter.

Throughout 2005, Dana's business development team has been securing new exploration acreage in the North Sea, in order to create further drilling opportunities for the medium term. A strong position has now been built around the Johnston gas field and related infrastructure through a combination of acquisitions and the award of two blocks in this area in the UKCS 23rd Licencing Round. The acquisitions include a recent agreement with Shell, which will enable Dana to achieve a 40% stake in the Babbage gas field ahead of a key appraisal well planned for 1Q 2006. Babbage is located directly to the south of Johnston. Through a separate deal with BP, the Company has gained control of the Monkwell gas field (Dana 100%) and additionally, new exploration acreage around Monkwell, including the Colden Parva gas prospect (Dana 100%). Dana has also increased its position in the Barbara area to approximately 65% overall, ahead of appraisal drilling, through deals with Shell and ENI.

In the UKCS 23rd Round, Dana also won large, directly held positions in the highly prospective West of Shetland region. The Group was awarded three licences comprising 18 blocks; 17 in Quads 208 and 209 in the Faroe-Shetland Basin (Dana 30%) and Block 204/14b (Dana 30%) which is situated in the prolific Foinaven Sub-Basin. This latter block lies to the north of the producing Foinaven and Schiehallion oil fields and contains the large Tornado prospect.

2. North Sea Production and Development

Dana's ten producing fields in the UK North Sea contributed an average of 16,763 boepd to total Group production in the first half of 2005, an increase of 7.5% over the equivalent period in 2004 (15,599 boepd). Gas constituted approximately 19% of total North Sea production during the period.

In the Northern North Sea, Dana added high quality oil production and reserves through both commercial and organic routes. In March, the Company increased its interest in the Hudson oil field to 47.5% by exchanging its non-core, Indonesian pre-development gas interests for an additional 28% interest in Hudson. Dana was also appointed as operator of the Hudson field following approval by the joint venture group and the UK government. Hudson is the Company's first operatorship of a producing field in the UK and this achievement will provide Dana with greater commercial flexibility in the future as it can now take on both operated and non-operated assets. A detailed subsurface analysis of the Hudson field is ongoing and is expected to yield some attractive infield drilling targets for 2006. Further drilling from the subsea template at Hudson will most likely be integrated with the development of the recently discovered Melville field and potentially Clachnaben, if the forthcoming exploration well is successful. A well workover and recompletion campaign has been successfully completed this summer on the Otter field (Dana 19.0%), opening up new reservoir sands and boosting oil production from the fourth quarter. As a result, further infield activity is being considered for 2006.



In the Central North Sea, the Greater Kittiwake Area (Dana 50%) remains a key area of investment focus for Dana. The Gadwall oil field was brought on stream in April and has performed well, indicating in-place volumes towards the top end of the range of expectations. A water injection well is therefore now being planned, with the objective of maintaining production levels and boosting reserves. A new water injection well has recently been drilled in the Mallard field. This could provide significant benefits for forward oil production as water injection has now begun and a positive pressure response is being observed at the Mallard production well. Looking ahead, development sanction for the Goosander field is expected before year end, to achieve first oil in the second half of 2006. A review of the remaining GKA potential continues with a development scheme for the Grouse oil discovery now likely to be high-graded.

Elsewhere in the Central North Sea, development of the trans-median Enoch field (Dana 8.8%) is now underway, having received approval from both the UK and Norwegian governments. First oil is expected to flow in the third quarter of 2006. Infill drilling and well workovers continue to produce positive results on the Claymore oil field (Dana 7.5%). Development planning for the Barbara gas field has also commenced following the recent drilling success to the east, with a view to achieving project sanction in 2006 and production in 2007.

In the Southern North Sea, Dana acquired a 27.8% interest in the Johnston gas field. This has not only added further gas production and reserves to the Company, but has also served as a catalyst for increased development activity, additional asset deals and new licence awards. The successful 43/27a-4 well, drilled to the south-east of the field, has been sidetracked and completed as a horizontal gas producer, now known as J4. Having achieved rates of 55 mmscfpd during a production test, J4 is expected to provide a significant boost to production when tied into the main Johnston production manifold towards the end of October. Good progress has also been made on the F16-E development (Dana 1.2%) in the Netherlands sector of the North Sea, with the result that the field is now expected to commence gas production in October, two months earlier than planned.

Looking forward, the UK Southern Basin is expected to become an increasingly important component of Dana's North Sea business. The Cavendish gas field (Dana 25%) is on track to commence production in Q3 2006, having recently achieved partner and government development approval, and the Company is actively pursuing a number of additional potential gas developments around the Johnston area including Monkwell, Gunn and Babbage fields.

3. International

Following encouragement from the electromagnetic surveys conducted offshore Mauritania earlier in 2005 in Block 1 (Dana 60%), an exploration well to test the Faucon prospect will be drilled in the fourth quarter. This prospect, which has the potential to contain over one billion barrels of oil in place, is an important one for the region. Technical data gathered from this well will strongly influence the pace and direction of exploration not only in Block 1 but also in the Senegalese St. Louis Block (Dana 30%) directly to the south and Block 2 (Dana 6.25%) directly to the north.

In Northern Mauritania, the 3D seismic surveys acquired in Block 7 (Dana 63.85%) and Block 8 (Dana 41.5%) have now been processed and are under interpretation with a view to exploration drilling in both blocks in 2006. The Company is also considering appraisal and development options for its large Pelican gas discovery in Block 7 and the neighbouring structures.

Offshore Morocco, Dana won a 26.5% interest in a new eight year exploration licence, NW Safi, in an area where preliminary indications from recently acquired seismic are very encouraging. A 3D seismic survey has consequently been accelerated and will now be shot before the end of 2005 with a view to drilling an initial exploration well in 2007.



Offshore Kenya, the current paucity of deep-water drilling rigs for East Africa has meant drilling operations will not start until 2006. The very large Pomboo prospect in Block L5 (Dana 30%) remains the most likely first target, with the Sokwe prospect in Block L7 (Dana 30%) as a possible second well, contingent upon the results of Pomboo. Following a series of deals with Woodside Energy, Dana will be largely free carried and only pay 10% of the costs associated with this two well exploration programme.

Offshore South Australia, Dana has now completed its acquisition of a 10% interest in exploration permits EPP 28, EPP 29, EPP 30 and EPP 31 located in the Great Australian Bight. These cover a vast area of approximately 65,000 sq. km. in which a number of sizable leads have already been identified. A 2D seismic survey was acquired over EPP 31 in early 2005 and a 3D seismic survey will be acquired over the most prospective area of the other three blocks in early 2006.

The South Vat-Yoganskoye oil field (Dana 80%) is now Dana's principal asset in Western Siberia following the sale of the Company's minority shareholding in the Evikhon company in early 2005. Production from the field averaged 2,033 bopd for the first half, representing 11% of total Group production. These levels are in line with forecast for the field in its natural decline and a review of opportunities to boost production at South Vat-Yoganskoye through infill drilling is in progress.

FINANCIAL COMMENTARY

Product Prices

The Group realised an average price of \$51.71 per barrel for its UKCS crude sales during the first half of the year (1H04 \$31.33 per barrel). The variance from the average Brent price in the period of \$49.64 per barrel reflects the timing of liftings, the premium typically received for Dana's crude and the absence of any commodity hedging during the period. The realised price for the Group's Russian crude sales in the period was \$18.21 per barrel, a significant improvement over the equivalent period last year (1H04 \$13.46). Including lower value gas production, the Group realised an overall revenue per boe produced of \$39.40 (1H04 \$27.20). In addition, at the period end Dana had under-lifted production valued at £3.6m, equivalent at period end prices to a further \$1.88 per barrel when ultimately sold.

Operating Metrics

Cost of sales, after adjustment for the movement in production inventories, was £9.80 per barrel (1H04 £9.01 per barrel). This increase was anticipated due to the expected effect of an increasing oil price on certain of Dana's tariff arrangements. However, due to the current demands being placed on the service sector of the North Sea oil industry, there is also now a general trend of cost inflation impacting operational budgets.

Overall administrative expenses at £0.32 per barrel modestly improved on the equivalent period last year (1H04 £0.34 per barrel). However, the Group did benefit from an exchange gain of £2.3m as a result of the strengthening of the US dollar at the end of the reporting period. This mitigated some one-off costs incurred for a transaction which did not complete, and an increase to the underlying Company cost base to run its expanding operated portfolio.

Taxation

The effective tax rate for the period of 43.5% is based on the current best estimate of the full year charge to taxation. This is ahead of expectations due to the provision for tax on the gain on sale of the Group's investment in Evikhon, being at a 30% rate.



Balance Sheet

The Group spent £29.9m on capital investment during the period (1H04 £12.2m). Some £7.5m was spent on exploration and appraisal activity, and £22.4m on production and development projects including acquisitions. The Group continues to project a full year capital spend in the range of £70-80m subject to the eventual timing of offshore operations.

A further £4m was spent increasing Dana's position in Faroe Petroleum plc, via the placing at £1.10 per share in April. Dana now holds a 17.2% stake and is the largest shareholder. The Company's investment under International Financial Reporting Standards (see below) is now carried in the balance sheet under the category "Available for Sale Financial Assets" and is stated at the market value of Faroe Petroleum at the reporting date. Future changes in market value will be reflected through the Statement of Changes to Equity.

Following repayment of £10.6m of the Group's bank debt, at the end of the reporting period the Group had £50.3m of cash and £11.2m of bank debt outstanding.

International Financial Reporting Standards

The 2005 interim results have been prepared under International Financial Reporting Standards (IFRS). The Company adopted IFRS with effect from 1 January 2004, with the exception of International Accounting Standards (IAS) 32 and 39, which were adopted prospectively from 1 January 2005.

Full details of the Company's conversion to IFRS, the restatement of 2004 UK GAAP financial information, and the Group's revised accounting policies are available on the Company's website at www.dana-petroleum.com.

The IAS adopted by the Group are subject to ongoing review and endorsement by the EU and possible future amendment by interpretative guidance from the International Financial Reporting Interpretations Committee (IFRIC) and the accounting profession. In particular, the International Accounting Standards Board (IASB) has yet to issue the equivalent of the UK GAAP, Statement of Recommended Practice for Oil Industry Accounting, though this is scheduled to be addressed by the IASB issuing a future standard for Extractive activities. The presented IFRS information has been prepared on the basis of current interpretations of the existing standards and pronouncements, as agreed with our auditors, and which are expected to be endorsed by 31 December 2005.

The principal adjustments from adopting IFRS arise from the following standards:

- IFRS 2 - share based payments
- IAS 12 – income taxes
- IAS 32 & 39 – financial instruments

The overall impact on previously reported results is as follows:

	UK GAAP £'000	IFRS £'000
PROFIT FOR THE FINANCIAL YEAR - 2004	22,367	22,946
Earnings per share:		
Basic	30.15p	30.93p
Diluted	28.78p	29.65p
SHAREHOLDER'S FUNDS* - 31 DEC 2004	189,449	190,268
SHAREHOLDER'S FUNDS* - 1 JAN 2005	189,449	197,038

*includes minority interest



These particular standards will continue to apply to the Group's future financial reporting. In addition, the interim results for 2005 include a £0.27m charge for costs and expenses incurred before exploration licence awards, in accordance with IFRS 6 – Exploration for and Evaluation of Mineral Resources. This reflects the significant effort which has been applied to securing new licences.

OUTLOOK

The next three years will be an exciting period for the Company with good opportunities in hand to build the asset base significantly.

Two important exploration wells are scheduled before the end of 2005, targeting the Faucon prospect offshore Mauritania and the Clachnaben prospect in the North Sea. Beyond this, Dana is now planning its activities on the basis of drilling up to 10 E&A wells per year in 2006 and 2007, around half of which will target large international prospects with major upside potential.

The pace of development activity is increasing. Before year end, co-venturer and government consents are expected to allow sanction of the Goosander field, with approval for up to six further new field developments to be sought during 2006. Infill drilling and workovers on Dana's producing fields have featured strongly in the second half of 2005 and together are extending field lives by tapping into new oil and gas reserves and upgrading the facilities through which they flow. This ongoing work has already reaped rewards by increasing the Company's production potential to well over 25,000 boepd, and 2006 should see the full benefit of this. Some slippage in the start-up of 2005 development projects, and this Summer's field shutdowns to accommodate extensive well work, are together expected to result in a second half average output of between 21,000 and 22,000 boepd. Hence average production for the whole of 2005 is now anticipated to be around 20,000 boepd. As a result of the Group's intense development programme, production is forecast to double to over 40,000 boepd by the end of 2007, from the current portfolio of producing and development assets alone.

Further acquisition, exchange and new venture opportunities are currently under negotiation. The Board will continue to critically assess the asset portfolio 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 in a very healthy position with rising production and a portfolio of high quality development opportunities in which to invest. The Company also has a talented and motivated team of professionals delivering year-on-year growth and the Group's substantial programme of exploration drilling will provide numerous opportunities for a step increase in value.

Colin Goodall
Chairman

Tom Cross
Chief Executive

28 September 2005



DANA PETROLEUM plc

Interim Results
Group Income Statement for the six months to 30 June 2005

	Unaudited Six months to 30 June 2005 £'000	Unaudited Six months to 30 June 2004 £'000	Audited Year to 31 December 2004 £'000
Turnover	71,567	48,687	109,476
Cost of Sales – continuing operations	(30,461)	(27,361)	(56,870)
Gross Profit	41,106	21,326	52,606
Administrative Expenses	(1,086)	(1,198)	(3,930)
Operating Profit	40,020	20,128	48,676
Group Share of Loss of Associated Company	-	-	(9)
Gain on Sale of Investment	3,456	-	-
Provision for Impairment of Associated Company	-	-	(2,851)
Profit on Ordinary Activities before Interest	43,476	20,128	45,816
Interest Receivable	584	321	778
Interest Payable and Similar Charges	(1,458)	(1,656)	(3,200)
Profit on Ordinary Activities before Taxation	42,602	18,793	43,394
Taxation	(18,534)	(9,248)	(20,000)
Profit for the Financial Period	24,068	9,545	23,394
Attributable to:			
Equity Holders of the Company	23,922	9,394	22,946
Minority Interests	146	151	448
	24,068	9,545	23,394
Earnings per Share - basic	30.47p	12.71p	30.93p
Earnings per Share - diluted	29.97p	12.60p	29.65p



DANA PETROLEUM plc

Interim Results
Group Balance Sheet as at 30 June 2005

	At 30 June 2005 £'000	At 30 June 2004 £'000	At 31 December 2004 £'000
ASSETS			
Non-current Assets			
Intangible Assets	75,176	88,133	96,568
Tangible Assets	158,037	107,986	110,260
Investments	-	16,427	13,367
Deferred PRT	34	-	-
Available for Sale Financial Assets	10,284	-	-
	243,531	212,546	220,195
Current Assets			
Inventories	627	419	372
Debtors	23,357	12,231	22,688
Derivative Financial Instruments	5,440	-	-
Cash and Cash Equivalents	50,255	36,079	41,330
	79,679	48,729	64,390
Total Assets	323,210	261,275	284,585
Current Liabilities			
Trade and Other Payables	25,835	25,706	25,491
Current Tax	3,571	4,096	10,987
	29,406	29,802	36,478
Non-current Liabilities			
Creditors: amounts falling due after one year	11,157	16,364	20,833
Provision for Liabilities and Charges	55,534	34,985	33,499
Accruals and Deferred Income	3,255	3,776	3,507
Convertible Loan Notes	-	9,429	-
	69,946	64,554	57,839
Total Liabilities	99,352	94,356	94,317
Net Assets	223,858	166,919	190,268
EQUITY			
Equity attributable to equity holders			
Called-up Share Capital	11,860	11,101	11,729
Share Premium	40,866	30,770	39,531
Other Reserves	103,089	97,679	97,679
Cumulative Translation Reserve	548	-	-
Retained Earnings	65,526	25,876	39,633
	221,889	165,426	188,572
Minority Interest	1,969	1,493	1,696
Total Equity	223,858	166,919	190,268



DANA PETROLEUM plc

**Group Statement of Changes in Equity
for the six months to 30 June 2005**

	Six months to 30 June 2005 £'000	Six months to 30 June 2004 £'000	Year to 31 December 2004 £'000
Opening Balance	190,268	157,177	157,177
Transitional Adjustment on First Time Adoption of IAS 39	6,770	-	-
As Restated	197,038	157,177	157,177
Profit for the Financial Period	24,068	9,545	23,394
Fair Value movements on Available-for-Sale financial assets, net of Taxation	(1,361)	-	-
Currency Translation Adjustments	675	(119)	(616)
Employee Share Scheme Credits	1,972	283	891
New Shares Issued	1,466	33	9,422
Closing Balance	223,858	166,919	190,268

**DANA PETROLEUM plc****Interim Results****Group Cash Flow Statement for the six months to 30 June 2005**

	Six months to 30 June 2005 £'000	Six months to 30 June 2004 £'000	Year to 31 December 2004 £'000
Cash Flows from Operating Activities			
Cash Generated from Operations	47,810	25,375	61,178
Taxation Paid	(12,266)	(1,427)	(6,928)
Interest Received	584	321	778
Interest Paid	(605)	(1,141)	(1,843)
Net Cash from Operating Activities	35,523	23,128	53,185
Cash Flows from Investing Activities			
Expenditure on Intangible and Tangible Assets	(29,876)	(12,223)	(32,208)
Receipts on Sale of Investments	13,968	-	-
Expenditure on Investments	(4,009)	(26)	(44)
Net Cash Invested In Investing Activities	(19,917)	(12,249)	(32,252)
Cash Flows from Financing Activities			
Issue of Ordinary Share Capital	1,466	33	587
Repayment of Short Term Borrowings	(10,584)	(14,936)	(18,245)
Net Cash Out Flow from Financing Activities	(9,118)	(14,903)	(17,658)
Currency Translation Differences	2,437	(577)	(2,625)
Net Increase / (Decrease) in Cash and Cash Equivalents	8,925	(4,601)	650
Cash and Cash Equivalents at the Beginning of the Period	41,330	40,680	40,680
Cash and Cash Equivalents at the End of the Period	50,255	36,079	41,330



DANA PETROLEUM plc

**Reconciliation of Net Cash Flow to Movement in Net Funds / (Debt)
for the six months to 30 June 2005**

	Six months to 30 June 2005 £'000	Six months to 30 June 2004 £'000	Year to 31 December 2004 £'000
Increase/(Decrease) in Cash and Cash Equivalents	8,925	(4,601)	650
Cash Out Flow from Repayment of Debt Financing	10,584	14,936	18,245
Exchange (Losses)/Gains on Borrowings	(909)	506	2,316
	18,600	10,841	21,211
Convertible Loan Notes in Lieu of Interest	-	-	8,835
Movement in Net Funds	18,600	10,841	30,046
Net Funds / (Debt) at Beginning of Period	20,497	(9,549)	(9,549)
Net Funds at End of Period	39,097	1,292	20,497



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.

Details of the Company's conversion to IFRS and the impact on 2004 and prior period UK GAAP results are presented on the Company's website www.dana-petroleum.com. This document includes the Company's revised accounting policies now applicable under IFRS and the basis of preparation note included in this document has been applied to the interim results for 2005.

The comparative figures for the financial year ended 31 December 2004 are the International Financial Reporting Standards (IFRS) restated equivalent of the Company's statutory accounts for that financial year. Those accounts, which were prepared under UK GAAP, have been reported on by the Company's auditors and delivered to the registrar of companies. The auditors issued an unqualified opinion on those accounts.

2. The earnings per ordinary share of 30.47p (1H 2004 restated - 12.71p) is calculated on the profit of £23,922,000 (1H 2004 restated - £9,394,000) and on a weighted average of 78,503,474 ordinary shares (1H 2004 - 73,938,711).

The diluted earnings per share of 29.97p (1H 2004 restated - 12.60p) is calculated on the diluted profit of £24,065,000 (1H 2004 restated - £9,824,000) and on 80,285,287 ordinary shares (1H 2004 restated - 77,985,813), being those shares in issue and issuable in respect of Directors' and employees' share options and convertible loan stocks where applicable.

3. No dividend is proposed.

4. Net Cash Flows from Operating Activities for the Six Months to 30 June 2005

	Six months to 30 June 2005 £'000	Six months to 30 June 2004 £'000	Year to 31 December 2004 £'000
Profit for the Financial Period	24,068	9,545	23,394
Depreciation Charges	10,285	9,326	17,993
Deferred Income	(252)	(333)	(602)
Interest Income	(584)	(321)	(778)
Interest Expense	1,458	1,656	3,200
Taxation	18,534	9,248	20,000
Employee Share Scheme Charge	204	77	165
Translation Differences	(1,572)	215	1,121
Impairments	-	-	2,851
Share of Profits/(Losses) of Associate	-	-	9
Gain on Sale of Investment	(3,456)	-	-
Fair Value Movements on Derivatives	(413)	-	-
<u>Movements in Working Capital:</u>			
Stock Movement	(255)	(96)	(49)
Debtors Movement	(669)	6,373	(4,084)
Creditors Movement	462	(10,315)	(2,042)
Cash Generated from Operating Activities	47,810	25,375	61,178



5. Reconciliation of Balance Sheet accounts at 1 January 2005 for impact of IAS 32 and IAS 39

	UK GAAP	Adjustment	IFRS
	£'000	£'000	£'000
Investments	13,367	(13,367)	-
Available-for-Sale financial assets	-	18,730	18,730
Derivative Financial Instruments	-	5,027	5,027
Total Assets		<u>10,390</u>	
Other Reserves	97,679	6,770	104,449
Provision for Liabilities and Charges	33,762	3,620	37,382
Total Equity and Liabilities		<u>10,390</u>	

An explanation of these adjustments can be found at section 5(e) in the Company's IFRS conversion document on the Company's website as highlighted in note 1 above.



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 2005 which comprises the Group Income Statement, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Changes in Equity, Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt), and the related notes 1 to 5. 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.

As disclosed in note 1, the next annual financial statements of Dana Petroleum plc will be prepared in accordance with those IFRSs adopted for use by the European Union. This interim report has been prepared in accordance with the requirements of IFRS 1, "First Time Adoption of International Financial Reporting Standards" relevant to interim reports.

The accounting policies are consistent with those that the directors intend to use in the next financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full financial statements for the first time in accordance with those IFRSs adopted for use by the European Union.

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 have been applied. 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 2005.

Ernst & Young LLP
London

28 September 2005