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

Interim Results for the Six Months Ended 30 June 2008

Dana Petroleum, the independent oil and gas exploration and production company focused on growth through international exploration and the development of production in the North Sea and Egypt, reports its interim results for the first half of 2008.

HIGHLIGHTS

Record levels of Production, Profits and Cashflow

- Record first half production of 43,147 boepd up 67%
- Turnover increased by 188% to a record high of £314.5 million
- Record Pre-tax Profit of £133.1 million up 138%, leading to Earnings Per Share of 69.95p
- More than threefold growth in cashflow from operations to a new high of £193.9 million
- Net debt further reduced to £9.0 million, lowering gearing to below 2%

Highly Successful Exploration Programme

- 7 wells drilled to date in 2008, yielding 4 new discoveries in North Sea and Egypt
- West and East Rinnes fields proved good quality sands and oil flow rates of 7,800 barrels per day. Rigs now contracted to drill the South-East and South-West Rinnes structures
- First well on West El Burullus, offshore Nile delta, discovered gas with flow rates up to 27 million cubic feet per day. Rig contracted for 3 further wells in this PSC.
- Exciting 3 well Gulf of Suez drilling programme about to commence. Akhenaton-1 well is first to drill, on the South October PSC
- Drilling site in preparation onshore Morocco at Bouanane, plan to spud by end of year
- Norway drilling on Fulla target expected fourth quarter 2008
- Total of 17 wells to be drilled during 2008 with all rigs contracted

Development Programme on Schedule - Ensuring Further New Production Growth

- East Zeit oil production more than doubled through successful new drilling and workovers
- Grouse oil field in Greater Kittiwake Area, first oil scheduled for early 2009
- Babbage gas field in UK Southern North Sea, first gas anticipated Q1 2010
- E18 gas field in Dutch North Sea, first production scheduled for Q3 2009

Outlook

- Group production for 2008 on target to average between 40,000 and 45,000 boepd, representing more than a 30% growth over 2007
- 10 wells scheduled for second half of 2008
- Total of up to 20 wells expected to be drilled during 2009
- Awaiting results of extensive applications made in the UK 25th Licencing Round
- Evaluating licence applications for Norwegian APA and 20th Licencing rounds
- New production and exploration opportunities being actively pursued
- Company’s un-hedged position maximises the benefits from continued commodity price strength

Tom Cross, Chief Executive of Dana, commented:

"Dana's excellent operational performance in the first six months of 2008 has delivered major increases in oil and gas production, profits and cashflow which have all surged to new record highs. The Group is now producing from 30 oil and gas fields and undertaking three new field developments, which will come onstream from 2009. In addition, the Company is working on a further 21 appraisal and potential development projects.

2008 is the most active year of exploration in Dana's history. A total of 17 wells are scheduled, focused on the UK, Norway and Egypt. Already this year there have been significant new oil discoveries at West Rinnes and East Rinnes in the UK and an important gas discovery at West El Burullus offshore Egypt. Rigs have now been secured to drill a number of additional targets in these particular areas and overall 10 wells are planned in the second half of 2008.

The Company is in a very strong financial position, significantly benefiting from high commodity prices and our un-hedged position. With a high quality and balanced portfolio of growth opportunities and an exciting drilling programme ahead, we have every reason to look forward to the future with confidence."

29 August 2008

Enquiries:

Dana Petroleum plc	**Tom Cross, Chief Executive**	**01224 652400**
	David MacFarlane, Finance Director	**01224 652400**
	Stuart Paton, Technical & Commercial Director	**01224 652400**
College Hill Associates	**Nick Elwes / Paddy Blewer**	**020 7457 2020**

DANA PETROLEUM PLC

Interim Results for the Six Months Ended 30 June 2008

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

OVERVIEW

It is pleasing to report that excellent progress has been made across all the key areas of the Company's business during the first half of 2008. This has led to the delivery of record interim results which, on an underlying basis, exceed the results achieved for the 2007 full year.

Group production for the 2008 full year remains on target in the 40,000 to 45,000 boepd range with solid contributions from across the Group's portfolio of 30 producing fields in the North Sea and Egypt. This will represent year-on-year growth of over 30%. Future production growth will be assured by three new development projects, sanctioned during the reporting period, which are all expected onstream from 2009.

2008 will be the most active year of exploration in Dana's history with 17 exploration and appraisal wells planned for drilling this year. Already in 2008, there have been significant oil discoveries at West Rinnes and East Rinnes and an important gas discovery at West El Burullus. The Company has accelerated the number of exploration wells being drilled whilst remaining focused on building the breadth and quality of its exploration portfolio. Delivery of the extensive exploration programme will continue at the current rate through the rest of 2008 and 2009.

RESULTS

Average working interest production to Dana for the period was up 67% to 43,147 boepd, which allied to the strong commodity price environment resulted in a record Group turnover for the first half of 2008 of £314.5 million. This represented a growth of some 188% over the same period in 2007, and also exceeded the full year out-turn for 2007. Liquids accounted for 69% of total production and gas for 31% which was higher than anticipated and reflects a stronger than expected contribution from the Cavendish gas field in the Southern North Sea.

Profit before tax for the period was a record £133.1 million compared to £55.8 million for the corresponding period last year, a 138% improvement in the Company's earnings performance. This was after taking a £20.0 million write-down in respect of unsuccessful exploration expenditure. On an underlying basis the first half performance also outstripped the equivalent earnings metric for the 2007 full financial year.

The Group's effective tax rate for the period was 54.6% resulting in a profit after tax of £60.4 million (1H07 : £27.2 million). Consequently, first half 2008 earnings per share rose sharply to 69.95p (1H07 : 31.81p) an increase of 120%.

Cash flow from operations increased more than three-fold to a new interim period high of £193.9 million (1H07 : £62.7 million). After investment and financing activity of £109.8 million and £36.2 million respectively, the Group's cash and cash equivalents increased by £26.5 million over the first six months of the year. The Group closed the reporting period with cash and cash equivalents of £142.5 million and reported debt of £151.5 million. The resulting net debt position at the interim stage of just £9.0 million reflects a significant improvement of £62.3 million since the end of 2007 (£71.3 million) and a mid-year gearing ratio of just under 2%. The Company is therefore very well positioned to meet the future capital requirements of its expanding exploration and development programme.

REVIEW OF OPERATIONS

Production

Average working interest production for the first half of 2008 was 43,147 boepd with 77.7% delivered from the North Sea and the balance from Egypt. This highlights the benefits of a portfolio approach, producing from a total of 30 fields. In the UK, strong contributions came from the Otter and Hudson fields in the Northern North Sea and also from Dana's recently completed developments, the Cavendish and Enoch fields, which were brought onstream in 2007. These fields have exceeded production expectations in the year to date. This mitigated operational issues on the Mallard field in the Greater Kittiwake Area (GKA), which have resulted in this field being shut-in for the past few months pending a planned rig intervention, due to take place in November of this year. The failure of a compressor on the Claymore platform and lower well performance on Johnston also constrained production output from these fields.

There was also excellent performance during this period from the Egyptian fields. Offshore Gulf of Suez, Dana has recently completed drilling the C2 well in the East Zeit field (Dana 100%). C2 was a new well targeting the Nubia, Kareem and Nukhul reservoirs. Good quality sands were found in each reservoir, with over 200 feet of net hydrocarbon bearing sands in the primary Nubia target. The Company has just completed the well and tied it into the production facilities on the East Zeit platform. Initial flowrates are around 5,000 bopd of working interest production to Dana.

Following completion of C2, the IO3 jack-up rig was moved to workover the C1 well which has successfully added about 2,000 boepd. Encouraged by the success of C2 and C1, Dana is working up opportunities for an extensive long term work programme on the East Zeit field to enhance future production.

The excellent operational performance on wells C2 and C1 is directly attributable to the Dana Egypt team and its industry partners, who working together are building a substantial and valuable business in Egypt.

Having completed C1 the IO3 jack-up rig has moved to drill the Dana operated Akhenaton-1 exploration well in the South October concession (Dana 65%). It will then go on to drill the first well in the South East July concession (Dana 40%). Taken together with further exploration drilling in the Gulf of Suez and likely future infill potential in the East Zeit field, Dana has identified sufficient work opportunities for the IO3 rig in the Gulf of Suez for at least the next 18 months.

There has also been an active development programme in each of Dana's non-operated production concessions in Egypt, which provide attractive upside from low cost developments. In the Western Desert Qarun and East Beni Suef concessions, some 13 workovers have been undertaken so far this year. This is in addition to drilling two development wells and one exploration well. This intensive campaign is building production in each of these concessions. It has also added additional reserves and provided encouragement for pursuing further targets, all at a time of very high oil prices. Activity levels are expected to remain high in the non-operated licences in Egypt for the rest of 2008, with a total of six onshore development wells planned in the Western Desert at the Qarun, East Beni Suef and West Abu el Gharadiq concessions.

Group production for the 2008 full year continues to be on target in the 40,000-45,000 boepd range. The final out-turn production average will be determined by field performance and operational uptime across the portfolio. The Company remains un-hedged with respect to its oil and gas sales and continues to gain maximum benefit from the strong commodity price environment.

Development Projects

In 2007, the Enoch and Cavendish fields were brought onstream and production performance to date has exceeded expectations. During the first half of 2008, the Company has progressed three further new field developments:-

- The Grouse oil field in the UK Central North Sea (Dana 50%), with first oil scheduled for early 2009. This project is progressing well and is expected to deliver high value incremental production as a tie-back to the Kittiwake platform.
- The Babbage gas field in the UK Southern North Sea (Dana 40%) has first gas sales planned for Q1 2010. The GSF Labrador rig has recently been contracted for development drilling, and the first of 3 development wells is expected to commence in early 2009.
- The E18 gas field in the Dutch North Sea (Dana 5%) is being developed as a tie-back to the F16-E platform with first production targeted for Q3 2009. Although a relatively small equity participation, given the link of Dutch gas prices to oil prices and the recent high M&A prices paid for Dutch gas assets, this will nonetheless be a valuable addition to the Dana portfolio.

In addition, Dana, as operator, continues to drive forward the joint Barbara/Phyllis gas field development in UK Central North Sea. Engineering studies focused on host platform selection are progressing well with project sanction expected in the first half of 2009 and first gas scheduled for Q3 2011 to coincide with the expected ullage capacity in the infrastructure systems.

A decision on appraisal of the Christian field in the GKA is expected during the second half of 2008 and commitments have already been made for the long lead items necessary for such drilling.

The Group is working hard to ensure that other potential development projects within its existing portfolio are accelerated to augment future production growth. In total, there are currently over 20 discovered oil and gas fields being appraised for potential future development.

Exploration and Appraisal

A substantial and balanced programme of drilling for new reserves is central to Dana's business model. This has been achieved by applying extensively for licences in government bid rounds as well as undertaking commercial transactions or asset trades where appropriate to leverage into additional drilling opportunities.

The Company has already drilled a total of seven exploration wells in 2008, with significant discoveries at West Rinnes and East Rinnes in the UK and at West El Burullus, offshore Egypt. A fourth, smaller oil discovery (at Azhar) was recently made onshore Egypt and is being tied in for production.

West Rinnes and East Rinnes in the Northern North Sea (Dana 100%) proved good quality Brent reservoir sands, excellent quality oil and high flow rates of 7,800 barrels per day. These discoveries are located just 5 kilometres from the Dana operated Hudson producing oil field and 2.5 kilometres from the Company’s Melville oil field. The Rinnes discoveries, are now the third and fourth oil fields under Dana’s operatorship in this prolific area of the North Sea. Technical evaluation is ongoing, including re-mapping of the Rinnes area following the two wells. Current estimates of the recoverable oil reserves in the Rinnes area are in the range of 50-60 million barrels of oil, depending on the assumptions used for development scenarios.

Following this initial exploration success, the Company has identified further prospects in this area and has now secured the Stena Spey rig to drill South-East Rinnes in late 2008 and the Byford Dolphin rig to drill South-West Rinnes in early 2009. These two structures each have pre-drill reserve estimates of 10-15 million barrels and have been significantly derisked following the successful drilling on West and East Rinnes. Taking together the Rinnes discoveries, the Melville field, the two near term Rinnes prospects and remaining reserves in the Hudson field, the total reserves potential in this area, which is controlled by Dana, is in the range 75-105 million barrels. Dana's partner in this area has approved the accelerated exploration programme and will participate in the forward drilling, as a result Dana's interests in the SE and SW Rinnes wells will be 65%.

At West el Burullus, offshore Nile Delta (Dana 50%), the WEB-1X well was successfully drilled to 2,403 metres, targeting a Pliocene prospect consisting of a turbidite sandstone channel system. The well encountered good quality gas bearing sands and an extensive set of wireline logs were run to maximise the reservoir data acquired on this important discovery. A comprehensive multi-flowrate drill-stem test of the reservoir sequence was completed, which flowed at rates of up to approximately 27 mscfd. The well flowed very strongly with high downhole pressures despite the limitations of the temporary well completion and test equipment used on the jack-up drilling rig.

Following analysis of the well results and the licence area, the joint venture partnership has identified further attractive targets in West El Burrullus PSC area. A rig has now been secured to drill two further wells in West El Burullus in 2009, most likely focused on the Pliocene play tested by WEB-1X. Further drilling is planned in 2010, which may allow the Group to test the prospectivity of the deeper geological horizons, which has met with great success on adjacent acreage.

Of the remaining wells drilled in the first half of 2008, Bjorn in Norway, and West Gihan in Egypt were dry, whilst Morgan in the UK discovered oil, but volumes are currently considered to be non commercial.

Dana will be participating in a further 10 wells during the second half of 2008. One well in each of the UK, Norway and Morocco and seven wells in Egypt, where most are low cost onshore wells, which, in the case of success, can be brought onstream very quickly. Important operated wells include South-East Rinnes in the UK (Dana 65%), the Akhenaton prospect in the South October concession (Dana 65%) in the Gulf of Suez, to be followed by the South-East July-1 well in the Gulf of Suez (Dana 40%). These three wells are all targeting significant reserves upside for the Group.

The Company is also well advanced in its planning for drilling the large (1-1.5 tcf) onshore Tafejjart gas prospect in the Bouanane concession, onshore Morocco (Dana 50%). Key contracts have been agreed for the drilling rig and road building to reach the drill site. Dana will also participate in the Statoil operated Fulla prospect in Norway during the fourth quarter (Dana 10%). Rigs are secured for all these wells through the remainder of 2008.

Dana has entered into a Farm-in Option agreement with Eni Denmark BV in relation to Licence 005 in the Faroe Islands. Dana will earn a 25% interest in the licence by paying certain of Eni's costs in relation to the Anne-Marie well which will be drilled in mid 2009 and is targeting a major prospect.

In total, Dana expects to drill between 15 and 20 wells in 2009 with some of the largest targets being South-West Rinnes, the Tornado and Anne-Marie prospects in the West of Shetland area, the Eitri prospect in the Jotun area of Norway, the Trolla well in Norway and a second well, Nefertitti in the South October concession in Egypt. These key wells, which are all material to Dana in respect of potential reserves additions, demonstrate the range of Dana's asset base and the ability of the Company to develop the business across a portfolio of proven petroleum basins. Drilling rigs have already been secured for these important 2009 wells.

Dana continues to build its exploration portfolio through licence round applications and commercial transactions. The Company was awarded seven blocks in Norway in January 2008, and is already committed to drilling the Trolla prospect in 2009 on one of the newly awarded blocks. The Group is currently acquiring seismic in a second recently awarded licence in the Norwegian North Sea. The transaction with Det Norske, announced in June 2008, added a new well in late 2008 on the Fulla prospect. Dana also pre-qualified as operator in Norway early in 2008 and this enhanced status should allow access to further opportunities.

The Company has also recently bid for a significant number of blocks in the UK 25th Offshore Round with results expected to be announced later in 2008.

FINANCIAL COMMENTARY

Product Prices

The Group realised an average price of $107.26 per barrel of crude sold during the first half of the year (1H07 : $62.33 per barrel) and a gas price of 42.9p per therm (1H07 : 32.3p per therm). This compares to the average Brent price in the period of $109.76 per barrel (1H07 : $63.22 per barrel) and an average NBP price of 56.3p per therm (1H07 : 29.3p per therm). Overall, the Group realised a revenue per boe produced of $79.10 per barrel (1H07 : $46.00 per boe). This does however reflect a net over-lift of production at the period end valued at £8.9 million, (end 2007 : £18.9 million under-lift) which has increased revenue by $7.00 per boe.

Operating Metrics

Cost of sales, excluding the £27.8 million charge (1H07 : £10.0 million benefit) for the period movement in production inventories, was £15.01 per boe (1H07 : £12.71 per boe). The opex component at £9.27 per boe (2007 : £9.30 per boe) was in line with expectations and the guidance provided for the 2008 full year, as the Group realised the benefits of the lower cost Egyptian assets mitigating the inflationary pressures on operational budgets elsewhere. DD&A at £5.74 per boe was slightly higher than the anticipated range of £5.40-5.60 per boe, but this was due to a re-modelling of the fair value allocations for the 2007 acquisitions during the period, which resulted in higher asset values subject to DD&A (see Note 9 to the Financial Statements).

Administrative expenses at £1.29 per boe were higher than the £0.88 per boe anticipated due principally to national insurance costs on the exercise of share incentives and the requirement to accrue for cash-settled incentive schemes on the basis of the share price at the end of the reporting period of £19.00 per share (end 2007 : £13.92).

Taxation

The Group's effective tax rate for the period was 54.6% (1H07 : 51%) within the anticipated range of 54-56% which continues to be the expected range of taxation for the full year 2008, given the underlying portfolio mix.

Balance Sheet

The Group spent £92.1 million on capital investment during the period (1H07: £107.6 million). £73.3 million was spent on exploration and appraisal activity, and £18.8 million on production and development projects. The Group continues to project a 2008 full year capital spend of approximately £200 million on its existing asset portfolio, including those acquisitions previously announced.

A further £16.0 million was invested in a series of market purchases of the shares of Faroe Petroleum plc, which increased the Group's overall investment in that company to 27.5% (see Note 12 to the Financial Statements).

During the first half of the year the Group also re-paid a further $75 million of bank debt, leaving $75 million of bank debt outstanding. An additional $25 million has since been re-paid after the end of the reporting period. The Group closed the reporting period with cash and cash equivalents of £142.5 million and reported debt (bank debt plus convertible bond) of £151.5 million. The resulting net debt position of £9.0 million reflects a gearing ratio of just under 2%.

OUTLOOK

Dana has started 2008 very strongly by delivering exploration success, sanctioning new field developments and achieving significant production growth. This outstanding performance has been a direct result of the work done in previous years through strategic new country entries, commercial activity, new exploration licencing rounds, extensive in-house technical work and new field developments.

We look forward to Dana's continued progress during the rest of this year through further exploration drilling, new licence applications in the UK, Norway and Egypt, an active work programme on existing fields and emerging commercial opportunities.

Colin Goodall	Tom Cross
Chairman	Chief Executive

29 August 2008

DANA PETROLEUM plc

Interim Results

Group Income Statement for the six months to 30 June 2008

	Note	**Unaudited Six months to 30 June 2008 £'000**	Unaudited Six months to 30 June 2007 £'000	Restated Audited Year to 31 December 2007 £'000
Revenue		**314,498**	109,149	311,499
Cost of Sales		**(145,679)**	(49,430)	(155,081)
Gross Profit		**168,819**	59,719	156,418
Exploration & Evaluation: Gain		**-**	-	16,995
Exploration & Evaluation: Expense		**(19,977)**	(529)	(14,689)
Foreign Exchange Gain/(Loss)		**248**	(1,026)	(2,918)
Administrative Expenses		**(10,155)**	(2,607)	(8,446)
Operating Profit on Ordinary Activities before Interest and Taxation		**138,935**	55,557	147,360
Interest Income		**3,125**	2,131	7,433
Finance Costs		**(8,991)**	(1,872)	(11,733)
Profit on Ordinary Activities before Taxation		**133,069**	55,816	143,060
Taxation	8	**(72,701)**	(28,662)	(80,031)
Profit for the Financial Period		**60,368**	27,154	63,029
Attributable to:				
Equity Holders of the Company		**60,368**	27,366	63,282
Minority Interests		**-**	(212)	(253)
		60,368	27,154	63,029
Earnings per Share - basic	6	**69.95p**	31.81p	73.55p
Earnings per Share - diluted	6	**65.09p**	31.42p	71.79p

DANA PETROLEUM plc
Interim Results
Group Balance Sheet as at 30 June 2008

	Note	**At 30 June 2008 £'000**	At 30 June 2007 £'000	Restated At 31 December 2007 £'000
Non-Current Assets				
Intangible Assets	10	**329,577**	111,906	303,247
Property, Plant and Equipment	11	**493,869**	300,272	484,335
Deferred PRT/NPI		**6,299**	2,999	4,298
Investment in Associate	12	**41,703**	-	-
Available-for-Sale Financial Assets		**-**	15,911	30,032
Derivative Financial Instruments		**383**	1,915	1,149
		871,831	433,003	823,061
Current Assets				
Inventories		**13,562**	1,916	14,652
Trade and Other Receivables		**117,557**	50,194	79,293
Derivative Financial Instruments		**1,532**	1,532	1,532
Cash and Cash Equivalents	15	**142,486**	59,970	115,960
		275,137	113,612	211,437
Total Assets		**1,146,968**	546,615	1,034,498
Current Liabilities				
Trade and Other Payables		**107,206**	40,163	82,371
Borrowings and Financial Liabilities	14	**37,685**	-	-
Current Tax		**59,827**	4,473	23,569
		204,718	44,636	105,940
Non-current Liabilities				
Trade and Other Payables		**4,233**	894	4,233
Borrowings and Financial Liabilities		**113,822**	-	187,257
Provision for Deferred Taxation		**243,920**	110,709	235,523
Provision for Liabilities and Charges		**90,696**	47,455	80,912
Accruals and Deferred Income		**831**	1,822	1,272
		453,502	160,880	509,197
Net Assets		**488,748**	341,099	419,361
Equity				
Equity Attributable to Equity Holders				
Called-up Share Capital		**13,032**	12,907	12,907
Share Premium		**80,986**	79,369	79,369
Other Reserves		**127,703**	102,517	135,763
Cumulative Translation Reserve		**12,163**	(1,266)	7,852
Retained Earnings		**254,864**	145,521	183,470
		488,748	339,048	419,361
Minority Interest		**-**	2,051	-
Total Equity		**488,748**	341,099	419,361

DANA PETROLEUM plc

Group Statement of Changes in Equity for the six months to 30 June 2008

(All Figures are in £'000)	Share Capital	Share Premium	Other Reserves	Cumulative Translation Reserve	Retained Earnings	Minority Interests	Total Equity
Equity at 1 January 2007	**12,901**	**79,301**	**101,351**	**(1,044)**	**117,177**	**2,316**	**312,002**
Currency Translation Adjustments	-	-	-	(222)	-	(53)	(275)
Fair Value Movements on Available-for-Sale Financial Assets	-	-	1,516	-	-	-	1,516
Taxation thereon	-	-	(350)	-	-	-	(350)
Total Income/(Expense) Recognised Direct in Equity	-	-	1,166	(222)	-	(53)	891
Profit/(Loss) for the Financial Period	-	-	-	-	27,366	(212)	27,154
Total Recognised Income and (Expense) for the Period	-	-	1,166	(222)	27,366	(265)	28,045
Employee Share Scheme Credits	-	-	-	-	653	-	653
Taxation thereon	-	-	-	-	325	-	325
New Shares Issued	6	68	-	-	-	-	74
Equity at 30 June 2007	**12,907**	**79,369**	**102,517**	**(1,266)**	**145,521**	**2,051**	**341,099**
Currency Translation Adjustments	-	-	-	9,118	-	10	9,128
Fair Value Movements on Available-for-Sale Financial Assets	-	-	7,204	-	-	-	7,204
Taxation thereon	-	-	(1,934)	-	-	-	(1,934)
Minority Interest Released on Impairment of Underlying Asset	-	-	-	-	-	(2,020)	(2,020)
Total Income/(Expense) Recognised Direct in Equity	-	-	5,270	9,118	-	(2,010)	12,378
Profit/(Loss) for the Financial Period	-	-	-	-	35,916	(41)	35,875
Total Recognised Income and (Expense) for the Period	-	-	5,270	9,118	35,916	(2,051)	48,253
Employee Share Scheme Credits	-	-	-	-	327	-	327
Taxation thereon	-	-	-	-	1,706	-	1,706
Equity Component of Convertible Bond Issue	-	-	28,613	-	-	-	28,613
Convertible Bond Issue Costs	-	-	(637)	-	-	-	(637)
Equity at 31 December 2007 Restated	**12,907**	**79,369**	**135,763**	**7,852**	**183,470**	**-**	**419,361**

Cont'd/…

DANA PETROLEUM plc

Group Statement of Changes in Equity for the six months to 30 June 2008 Continued

(All Figures are in £'000)	Share Capital	Share Premium	Other Reserves	Cumulative Translation Reserve	Retained Earnings	Minority Interests	Total Equity
Equity at 1 January 2008	**12,907**	**79,369**	**135,763**	**7,852**	**183,470**	**-**	**419,361**
Currency Translation Adjustments	-	-	-	4,311	-	-	4,311
Fair Value Movements on Available-for-Sale Financial Asset transferred to Investments	-	-	(11,151)	-	-	-	(11,151)
Taxation thereon	-	-	3,091	-	-	-	3,091
Equity accounting adjustments for associate	-	-	-	-	6,843	-	6,843
Total Income/(Expense) Recognised Direct in Equity	-	-	(8,060)	4,311	6,843	-	3,094
Profit for the Financial Period	-	-	-	-	60,368	-	60,368
Total Recognised Income and (Expense) for the Period	-	-	(8,060)	4,311	67,211	-	63,462
Employee Share Scheme Credits	-	-	-	-	1,640	-	1,640
Taxation thereon	-	-	-	-	2,543	-	2,543
New Shares Issued	125	1,617	-	-	-	-	1,742
Equity at 30 June 2008	**13,032**	**80,986**	**127,703**	**12,163**	**254,864**	**-**	**488,748**

DANA PETROLEUM plc

Interim Results

Group Cash Flow Statement for the six months to 30 June 2008

	Note	**Six months to 30 June 2008 £'000**	Six months to 30 June 2007 £'000	Restated Year to 31 December 2007 £'000
Operating Activities				
Cash Generated from Operations	16	**193,908**	62,722	197,157
Taxation Paid		**(18,438)**	(5,314)	(53,926)
Interest Received		**3,125**	2,131	7,433
Interest Paid		**(4,174)**	(327)	(3,981)
Net Cash from Operating Activities		**174,421**	59,212	146,683
Investing Activities				
Expenditure on Intangible and Property, Plant & Equipment Assets		**(92,127)**	(107,607)	(202,739)
Expenditure on Decommissioning		**(1,714)**	(26)	-
Receipts on Sale of Intangible and Property, Plant & Equipment Assets		**-**	-	20,270
Payments to Acquire shares in associate undertaking		**(15,979)**	-	-
Payments to Acquire Available-for-Sale Assets		**-**	-	(7,744)
Payments to Acquire Subsidiaries		**-**	-	(161,124)
Net Cash Invested In Investing Activities		**(109,820)**	(107,633)	(351,313)
Financing Activities				
Issue of Ordinary Share Capital		**1,742**	74	76
Drawdown of Borrowings		**-**	-	110,235
Repayment of Borrowings		**(37,932)**	-	(36,163)
Proceeds on Issue of Convertible Bonds		**-**	-	138,346
Net Cash Flow (used in)/from Financing Activities		**(36,190)**	74	212,494
Currency Translation Differences		**(1,885)**	(1,561)	(1,782)
Net Increase/(Decrease) in Cash and Cash Equivalents		**26,526**	(49,908)	6,082
Cash and Cash Equivalents at the Beginning of the Period		**115,960**	109,878	109,878
Cash and Cash Equivalents at the End of the Period	15	**142,486**	59,970	115,960

DANA PETROLEUM plc

Notes to the Group Interim Financial Statements

1. Corporate information

Dana Petroleum plc is a public limited company incorporated in England and Wales and domiciled in Scotland. The Company's shares are publicly traded on the London Stock Exchange.

The principal activities of the Company and its subsidiaries are oil and gas exploration and production.

2. Basis of preparation and accounting policies

Basis of preparation

This financial information comprises, the Group Balance Sheets as of 30 June 2008, 30 June 2007 and 31 December 2007 and related Group Income Statements, Statements of Changes in Equity and Cash Flow Statements for the six months ended 30 June 2008 and 30 June 2007 and for the year ended 31 December 2007 and notes to the Group interim financial statements of Dana Petroleum plc (hereinafter referred to as 'financial information').

The financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority and in accordance with IAS34 - Interim Financial Reporting ('IAS34').

The financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the year to 31 December 2007.

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 2007 have been restated from those which were reported on by the Company's auditors and were delivered to the registrar of companies. The auditors had issued an unqualified opinion on those accounts. The figures have been restated in accordance with IFRS 3 – Business Combinations whereby the Group has restated the Goodwill and fair value allocations on the acquisitions of Ener Petroleum ASA and Devon Energy, Egypt. See note 9 for further detail.

Significant accounting policies

The financial information has been prepared in accordance with IAS34 for the first time and the accounting policies adopted in the preparation of the financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2007, except for the adoption of the following new interpretation:

IFRIC 11 IFRS2 - Group and Treasury Share Transactions

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The adoption of IFRIC 11 had no impact on the Group.

3. **Estimates**

The preparation of the financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were, unless otherwise disclosed, the same as those that applied to the Group consolidated financial statements as at and for the year ended 31 December 2007.

4. **Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group consolidated financial statements as at and for the year ended 31 December 2007.

5. **Segment information**

The group has one class of business, the exploration for and production of hydrocarbon liquids and gas.

6. **Earnings per share**

The earnings per ordinary share of 69.95p (1H 2007 – 31.81p) is calculated on the profit of £60,368,000 (1H 2007- £27,366,000) and on a weighted average of 86,301,961 ordinary shares (1H 2007 – 86,026,777).

The diluted earnings per share of 65.09p (1H 2007 – 31.42p) is calculated on the profit for the period of 60,368,000 (1H 2007 - £27,366,000) plus the convertible bond interest (net of tax) of £2,719,000 (1H2007 - £Nil) divided by 96,928,047 dilutive potential ordinary shares (1H 2007 – 87,106,567), calculated as follows:

	Six months to 30 June 2008	Six months to 30 June 2007	Year to 31 December 2007
	£000	£000	£000
Basic weighted average number of shares	**86,302**	86,027	86,037
Dilutive potential ordinary shares:			
- Share option schemes	**2,024**	1,080	1,754
- Convertible bonds	**8,602**	-	3,936
	96,928	87,107	91,727

7. **Dividends paid and proposed**

No dividend was paid or is proposed.

8. Income tax

The major components of income tax expense in the interim consolidated income statement are:

	Six months to 30 June 2008	Six months to 30 June 2007	Restated Year to 31 December 2007
	£000	£000	£000
Current Taxation			
PRT/NPI	**9,059**	3,068	8,846
Corporation tax	**56,361**	1,970	35,675
Current tax charge	**65,420**	5,038	44,521
Deferred Taxation			
Deferred corporation tax	**9,282**	24,098	36,159
Deferred PRT/NPI	**(2,001)**	(474)	(649)
Deferred tax charge	**7,281**	23,624	35,510
Total tax charge in the income statement	**72,701**	28,662	80,031

9. Acquisition of Subsidiaries

a) Ener Petroleum ASA (subsequently renamed Dana Petroleum Norway AS)

The acquisition of Ener Petroleum ASA ('Ener') was completed in 2007 and the fair value allocation was accounted for in 2007. The fair value allocation of the former Ener assets was preliminary in nature and was reviewed in accordance with the provisions of IFRS 3 – Business Combinations and has been updated as a result of a detailed re-modelling review and for revisions to tax provisions.

The changes to the fair value of the identifiable assets and liabilities of Ener are as follows:

	Revised fair values	Initial fair value recognised on acquisition	Increase to the fair value recognised on acquisition
	£000	£000	£000
Intangible exploration and evaluation assets	**8,464**	8,464	-
Property, plant and equipment	**61,254**	51,179	10,075
Other current assets	**10,184**	10,184	-
Cash and cash equivalents	**51,321**	51,321	-
Trade and other payables	**(74,994)**	(78,465)	3,471
Deferred tax liabilities included within goodwill	**(60,613)**	(53,053)	(7,560)
Provisions	**(24,712)**	(24,712)	-
Net Liabilities	**(29,096)**	(35,082)	5,986
Goodwill arising on acquisition	**76,263**	82,249	(5,986)
Total Consideration satisfied by cash	**47,167**	47,167	-

The income statement for the second half of 2007 was impacted, increasing profit for the financial period by £1,189,000. The corresponding comparatives have been restated accordingly.

b) Devon Energy, Egypt

The acquisition of Devon Energy, Egypt (‘Devon’) was completed in 2007 and the fair value allocation was accounted for in 2007. The fair value allocation of the former Devon assets was preliminary in nature and was reviewed in accordance with the provisions of IFRS 3 – Business Combinations and have been updated as a result of a detailed re-modelling review.

The changes to the fair value of the identifiable assets and liabilities of Devon are as follows:

	Revised fair values	Initial fair value recognised on acquisition	Increase to the fair value recognised on acquisition
	£000	£000	£000
Intangible exploration and evaluation assets	**11,891**	11,891	-
Property, plant and equipment	**121,556**	92,838	28,718
Inventories	**10,134**	10,134	-
Other current assets	**20,253**	20,253	-
Cash and cash equivalents	**4,683**	4,683	-
Trade and other payables	**(3,478)**	(3,478)	-
Deferred tax liabilities included within goodwill	**(42,526)**	(30,881)	(11,645)
Provisions	**(331)**	(331)	-
Net Assets	**122,182**	105,109	17,073
Goodwill arising on acquisition	**46,451**	63,524	(17,073)
Total Consideration satisfied by cash	**168,633**	168,633	-

There was no significant income statement impact for the year ended 31 December 2007.

10. Intangible assets

Exploration and evaluation assets

During the six months ended 30 June 2008, the Group incurred expenditure of £64,053,000 (2007 - £69,760,000 not including intangible assets acquired through business combinations).

Foreign exchange movements

During the six months ended 30 June 2008, the intangible assets balance increased by £7,008,000 (2007 - £9,650,000) due to movements in foreign exchange.

Unsuccessful exploration and evaluation

During the six months ended 30 June 2008, following completion of geotechnical evaluation activity, certain licences were declared unsuccessful in line with the Group’s accounting policy and accordingly the related licence expenditures were expensed. The amount expensed for the six months ended 30 June 2008 was £19,977,000 (2007 - £12,691,000).

11. Property, plant and equipment

Development and production assets

During the six months ended 30 June 2008, the Group incurred expenditure of £19,480,000 (2007: £125,296,000 not including intangible assets acquired through business combinations).

Foreign exchange movements

During the six months the property, plant and equipment balance increased by £3,737,000 (2007 - £7,274,000) due to movements in foreign exchange.

Abandonment asset recognition

Abandonment assets of £6,715,000 were recognised during the six months to 30 June 2008 for assets which received development sanction in the period (2007 - £5,183,000).

12. Investment in associate

During the period, the Group increased its share in its available-for-sale asset, Faroe Petroleum plc ('Faroes') through a series of market purchases to 27.5% and as a result the asset was reclassified as an investment in associate. The recognition of the investment in associate was accounted for using the equity method and the value as at 30 June 2008 is as follows:

	Six months to 30 June 2008	Six months to 30 June 2007	Year to 31 December 2007
	£000	£000	£000
Cost transferred from available-for-sale assets	**29,217**	-	-
Movements in fair value of net assets of Faroes	**6,843**	-	-
Additions	**5,643**	-	-
	41,703	-	-

No share of associate profits or losses has been recognised in the Group's financial statements for the six month period. The Group will recognise it's share of the associate's profits or losses on a six month time lag basis, in line with the publicly available financial information of Faroes. This is deemed reasonable on the grounds of materiality.

13. Shared-based payments

There were no share option awards during the six months ended 30 June 2008.

14. Borrowings and financial liabilities

Borrowings of $75,000,000 (£37,932,000) were repaid on the ABN Amro bank debt during the six months ended 30 June 2008. The ABN Amro bank debt is now classified as short term as the facility matures on 13 March 2009.

15. **Cash and cash equivalents**

For the purpose of the interim consolidated cash flow statement, cash and cash equivalent are comprised of the following:

	Six months to 30 June 2008	Six months to 30 June 2007	Year to 31 December 2007
	£000	£000	£000
Cash at bank and in hand	**80,472**	29,285	32,632
Short term deposits	**62,014**	30,685	83,328
	142,486	59,970	115,960

16. **Net Cash Flows from Operating Activities for the Six Months to 30 June 2008**

	Six months to 30 June 2008 £'000	Six months to 30 June 2007 £'000	Restated Year to 31 December 2007 £'000
Profit for the financial period	**60,368**	27,154	63,029
Depreciation	**45,505**	18,810	54,528
Asset impairment	**-**	(5)	13,759
Deferred income	**(440)**	(550)	(1,100)
Interest income	**(3,125)**	(2,131)	(7,433)
Interest expense	**8,991**	1,871	11,733
Taxation	**72,701**	28,662	80,031
Employee share scheme charge	**1,229**	653	1,117
Egypt tax in kind	**(6,170)**	-	(4,601)
Translation differences	**(248)**	1,026	2,918
Exploration and evaluation	**19,977**	529	(2,306)
Fair value movements on derivatives	**766**	766	755
Movements in Working Capital:			
Inventory movement	**1,090**	(779)	(5,266)
Receivables movement	**(38,411)**	(8,970)	(11,995)
Payables movement	**31,675**	(4,314)	1,988
Cash generated from operating activities	**193,908**	62,722	197,157

17. Reconciliation of Net Cash Flow to Movement in Net Funds for the six months to 30 June 2008

	Six months to 30 June 2008 £'000	Six months to 30 June 2007 £'000	Year to 31 December 2007 £'000
Increase/(decrease) in cash and cash equivalents	**26,526**	(49,908)	6,082
Cash inflow from drawdown of borrowings	**-**	-	(110,235)
Cash outflow from repayment of borrowings	**37,932**	-	36,163
Cash inflow from issue of convertible bonds	**-**	-	(138,346)
Equity component of convertible loan	**-**	-	27,976
Interest payable on convertible bonds in current liabilities	**-**	-	2,051
Unwinding of convertible bond debt component	**(3,884)**	-	(3,670)
Cash outflow from repayment of convertible bond financing	**2,051**	-	-
Exchange losses on borrowings	**(349)**	-	(1,196)
Movement in net funds/(debt)	**62,276**	(49,908)	(181,175)
Net (debt)/ funds at beginning of period	**(71,297)**	109,878	109,878
Net (debt)/funds at end of period	**(9,021)**	59,970	(71,297)

18. Capital commitments

At 30 June 2008, the Group had capital commitments of £118,709,000 (2007 – £189,700,000) which represent the Group's share of obligations under existing Sale and Purchase contracts and Joint Ventures.

Principal risks and uncertainties

The Group's principal risks and uncertainties for the remaining six months of the year are unchanged from those disclosed throughout the *Dana Petroleum plc Annual Report and Accounts 2007*.

Statement of directors' responsibilities

The Directors confirm that, to the best of their knowledge, the Condensed Group financial statements for the six months ended 30 June 2008 on pages 9 to 21 have been prepared in accordance with IAS 34 'Interim Financial Reporting', and that the interim management report on pages 1 to 8 includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of Dana Petroleum plc are as listed in the *Dana Petroleum plc Annual Report and Accounts 2007*, with exception of A M Pelham Burn who retired from the Board on 24th July 2008.

By order of the Board

Thomas P Cross	David A MacFarlane
Chief Executive	Finance Director

Independent review report to Dana Petroleum plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended June 30, 2008 which comprises Group Income Statement, Group Statement of Changes in Equity, Group Balance Sheet, Group Statement of Cash Flows and the related notes 1-18. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Glasgow
28 August 2008