

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2017 (UNAUDITED)

DANA GAS PJSC

Report of the Directors

The Board of Directors of Dana Gas (“Dana Gas” or the “Company”) are pleased to announce the consolidated financial results of the Company, its subsidiaries and joint arrangements (together referred to as the “Group”) for the period ended 30 September 2017.

Principal Activities

Dana Gas was incorporated in the Emirate of Sharjah (“Sharjah”), United Arab Emirates, as a public joint stock company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy. Dana Gas shares are listed on the Abu Dhabi Securities Exchange (ADX).

Dana Gas is the Middle East’s first and largest private sector natural gas company. The Group currently operates in the MENASA (Middle East, North Africa & South Asia) Region across the natural gas value chain; from exploration and production, through gas processing and transportation, to the distribution, marketing and utilisation of gas as feedstock and fuel to the petrochemical, industrial and the power sectors. Since its establishment, the Company has grown to be a regional natural gas Company with presence in the United Arab Emirates, Egypt, and the Kurdistan Region of Iraq (KRI) and headquartered in Sharjah, United Arab Emirates.

Results for quarter ended 30 September 2017

During the quarter ended 30 September 2017, the Group earned gross revenues of USD 108 million (AED 396 million) as compared to USD 102 million (AED 374 million) reported in the third quarter of 2016, an increase of 6%. The increase was due to higher realised hydrocarbon prices during the period as compared to the same quarter last year.

The Group’s share of production for the 92 days was 6.2 million barrels of oil equivalent [67,600 barrels of oil equivalent per day (“boepd”)], a decrease of 3% compared to the corresponding quarter production of 6.4 million boe (69,400 boepd). Production in Egypt increased by 1%, however this was more than offset by production decline in Zora which was lower by 39% compared to the corresponding quarter.

Realised prices were up by 14% as compared to the same period last year and averaged USD 42/bbl for condensate and USD 26/boe for LPG compared to USD 36/bbl and USD 26/boe respectively in Q3 2016.

The Group achieved a net profit after tax of USD 102 million (AED 375 million) as compared to USD 13 million (AED 47 million) in Q3 2016, an increase of over 6 times. Current quarter profitability reflects higher realised prices, reset of entitlements in KRG following the settlement and higher other income resulting from accrual of confined payments from RWE which are linked to dividends paid by Pearl. Prudent cost management has resulted in constant operating and G&A costs

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) in Q3 2017 increased to USD 153 million (AED 562 million) compared to USD 53 million (AED 194 million) in Q3 2016.

Results for nine months of 2017

During the nine months ended 30 September 2017 (the “period”) the Group earned gross revenues of USD 330 million (AED 1,210 million) as compared to USD 280 million (AED 1,026 million) in the corresponding period. This increase in revenue was due to increased production in Egypt and higher realised hydrocarbon prices. Realised prices averaged USD 44/bbl for condensate and USD 30/boe for LPG compared to USD 33/bbl and USD 27/boe respectively in 9M 2016.

The Group achieved a net profit after tax of USD 125 million (AED 458 million) as compared to USD 26 million (AED 95 million) in the corresponding period, an increase of 381% mainly due to reversal of surplus over entitlement in Kurdistan, higher revenues and other income. In addition finance costs reduced by USD 9 million (AED 33 million) or 14% as a result of settling some of the loans during the period and no further devaluation in Egypt.

DANA GAS PJSC

Report of the Directors

Liquidity and Financial Resources

Cash and bank balance at period end stood at USD 562 million (AED 2,060 million), an increase of 86% compare to year-end balance of USD 302 million (AED 1,107 million). The Group collected a total of USD 591 million (AED 2,166 million) during the period with Egypt, Kurdistan Region of Iraq (KRI) and U.A.E. contributing USD 145 million (AED 531 million), USD 433 million (AED 1,587 million) and USD 13 million (AED 48 million), respectively.

On 30 August, pursuant to a Settlement Agreement with the KRG, Pearl Petroleum Company Limited (“Pearl”) received an amount of USD 1 billion (DG Share: 350 million) from the KRG towards partial settlement of outstanding receivable. Of this amount, USD 400 million (DG Share: 140 million) is dedicated for investment exclusively for further development to substantially increase production in Kurdistan. This amount is held by Pearl and will not be distributed as dividend. Accordingly, this amount is classified separately as “Funds held for development”.

In May and June 2017, the Egyptian Government made an industry payment of which Dana Gas’ share was USD 110 million (AED 403 million). This amount was used to pay down part of the payables accumulated during the last 18 months of drilling activity and for further investments in Egypt linked to committed activities in exploration concessions.

On 2 May 2017, the Company also prepaid the Zora outstanding loan amounting of USD 60 million (AED 220 million) plus applicable interest/costs.

Sukuk

As at 30 June 2017, Capital Received on Issuance of Sukuk amounting to USD 700 million was reclassified from Borrowings. Legal advice received from independent UAE legal advisers states that the terms of the Company’s Sukuk Al Mudarabah are unlawful under the laws of the UAE and are not compliant with Shari’a principles and therefore are void and unenforceable. Accordingly, the Company instituted legal action in UAE court for declaration to that effect seeking liquidation of the Mudarabah and a reconciliation of the amounts paid.

External legal counsel have advised the Company that the outcome of the ongoing litigation finally in UAE courts could result in a significant liability for the Sukukholders to repay the Company excess ‘on account profit payments’ based on a lawful reconciliation of the transaction. The Company up to 30 April 2017 has made total on account profit payments of USD 635 million to the Sukukholders since January 2008.

The Company, in line with detailed public disclosures that it has made to the Securities and Commodities Authority (SCA) and through ADX, is pursuing the litigation route to resolve the matter and is confident pursuant to independent legal advice of prevailing in its interpretation of the outcome.

The unlawful nature of the current Sukuk and the ongoing litigation process raise a number of accounting issues which may have a material impact on the carrying value of certain assets and liabilities on the statement of financial position. Management and the Directors will carefully review these with the external auditors on an ongoing basis.

Business Update

In line with its outlined strategy, the Dana Gas Group continues to focus on maximising the value of its existing hydrocarbon assets and projects, while pursuing growth through a strategy of organic exploration opportunities in our heartland areas and new business development in the upstream and midstream value chains. We continue to balance our capital expenditure with the available sources of cash to ensure we maintain a robust financial position.

DANA GAS PJSC

Report of the Directors

Reserves & Resources

(a) Dana Gas Egypt

Gaffney, Cline & Associates (GCA), a leading advisory firm carried out an independent evaluation of Dana Gas Egypt's hydrocarbon reserves as at 31 December 2016. Following this review, the Group's gross proved reserves (1P) as at 31 December 2016 were assessed at 89 MMboe (31 December 2015: 83 MMboe); an increase of 7 %. The gross proved and probable reserves (2P) as at 31 December 2016 were estimated at 132 MMboe (31 December 2015: 130 MMboe); an increase of 2 % and the gross proved, probable and possible reserves (3P) as at 31 December 2016 were estimated to be 184 MMboe (31 December 2015: 185 MMboe); a decrease of 1%. The 2P reserve replacement ratio for 2016 was 115%.

(b) Pearl Petroleum Company Limited

As reported previously, Dana Gas and Crescent Petroleum, joint operators of Pearl Petroleum Company Limited ("PPCL"), estimates that the P50 total geologically risked¹ resources of petroleum initially in place (PIIP) of the Khor Mor and Chemchemical Fields at 75 Tscf (of wet gas) and 7 billion barrels of oil.

PPCL appointed Gaffney Cline Associates ("GCA"), to carry out a certification of the reserves for these fields as at 31 December 2015 based on a comprehensive data set comprising ca. 1200 km 2D seismic, the 11 wells drilled in the two fields to date plus field production data over a period of seven year.

In their report dated April 2016, GCA provided the following reserves estimates for both fields² as of 31 December 2015:

- Proved plus Probable (2P) gas and condensate reserves for Khor Mor are 8.5 Tscf and 191 MMbbl respectively of which Dana Gas' 35% share equates to 3 Tscf of dry gas and 67 MMbbl of condensate.
- For Chemchemical, Proved plus Probable (2P) gas and condensate reserves are 6.6 Tscf and 119 MMbbl respectively, with Dana Gas' 35% share being 2.3 Tscf of dry gas and 42 MMbbl of condensate.

The above figures are based on data from 2 of the 12 defined compartments in the Khor Mor Field and 1 of the 3 compartments in the Chemchemical Field. Total Dana Gas share of the Khor Mor and Chemchemical 2P reserves is therefore 5.3 Tscf gas and 109 MMbbls condensate, equivalent to 990 MMboe.

The balance between these 2P reserves figures and the joint operator's estimated risked initially in place (gas and oil) resources (PIIP) are classified as Contingent Resources³ and Prospective Resources⁴.

GCA's report confirms Dana Gas' and Crescent Petroleum's belief that Khor Mor and Chemchemical have the potential to be the largest gas fields in the KRI and indeed in the whole of Iraq and thus makes them world class assets.

(c) Sharjah Western Offshore – Zora Field

Following signing of a concession agreement with Ajman in January 2014, Dana Gas has a 100% working interest in the Zora field which spans the territorial waters of Sharjah and Ajman. Gaffney, Cline & Associates carried out an independent evaluation of Sharjah Western Offshore concession – Zora Field's hydrocarbon reserves as on 31 December 2016. Following this review, the Group's gross proved reserves (1P) as at 31 December 2016 were assessed at 17 MMboe (31 December 2015: 16 MMboe). The gross proved and probable reserves (2P) as at 31 December 2016 were estimated to be 33 MMboe (31 December 2015: 31 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2016 were estimated to be 65 MMboe (31 December 2015: 64 MMboe).

¹ Risked PIIP figures have been calculated by means of a stochastic aggregation using GeoX software with risk factors accounting for geological uncertainties calibrated by surrounding producing oil and/or gas fields.

² The reported hydrocarbon volumes are estimates based on professional judgment and are subject to future revisions, upwards or downwards, as a result of future operations or as additional information becomes available.

³ Those quantities of petroleum estimated to be potentially recoverable but not yet considered mature enough for commercial development due to one or more contingencies.

⁴ Those quantities of petroleum estimated to be potentially recoverable from undiscovered accumulations by future development projects.

DANA GAS PJSC

Report of the Directors

E&P Operations

a) Egypt E&P Operations

Production in Egypt for the 92 days of operations in Q3 2017 was 3.7 MMboe i.e. averaging 40,300 boepd (September 2016: 3.7 MMboe, i.e. averaging 40,000 boepd) an increase of 1% over the corresponding period. The marginally higher production is a result of continued drilling activities throughout the second half of 2016 and reflects Dana Gas' commitment made under the Gas Production Enhancement Agreement ("GPEA"). During the nine months, El Wastani plant operated at its full capacity and processed an average of 192 mmscfd of gas.

In Egypt, the Company collected USD 145 million (AED 531 million) during the period and hence realised 158% of nine month's revenue. USD 105 million (AED 385 million) was received in US Dollars, USD 36 million (AED 131 million) in equivalent Egyptian pounds and USD 4 million (AED 15 million) was offset against payables to government owned contractors.

At period end the trade receivable balance reduced to USD 211 million (AED 773 million) from USD 265 million (AED 971 million) at end of 2016. During the second quarter, the Company achieved an important milestone with the first international sale of condensate under the GPEA.

The first and second cargo of approximately 150,000 barrels each of Wastani condensate was loaded on 15 April 2017 and 15 July 2017, respectively. The buyer issued a letter of credit under which payment amounting to USD 14 million was made directly to the Company in USD. The cargo is the first to be exported by the Company under the GPEA signed with the Egyptian Government in August 2014. Cash generated from the export of Government's share of the incremental condensate will be used to pay down the outstanding receivables owed to the Company by the Egyptian Government. Subsequent to period end, the third cargo of approximately 150,000 barrels of Wastani condensate was loaded on 10 October 2017 and followed the same payment mechanism as for the first two cargos.

b) Pearl Petroleum Company Limited (KRI) E&P Operations

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for developing the significant petroleum (including gas) resources in the Khor Mor and Chemchemal fields. Since then, the focus has been on developing, processing and transporting natural gas from the Khor Mor Field including processing and extracting LPG and condensate and providing natural gas supplies to domestic power generation plants near Erbil and Sulaimaniya. Further development of both fields is planned following resolution of the ongoing legal dispute. As envisaged under the agreements, such further development is expected to provide significant natural gas supplies for future expansion of power generation and local industries as well as for export and sale abroad as and when the political circumstances permit.

Dana Gas's share (35%) of gross production in the KRI for the 92 days of operations in Q3 2017 was 2.3 MMboe, i.e. averaging 25.0 thousand BOE per day (September 2016: 2.4 MMboe, averaging 26.1 thousand BOE per day).

Dana Gas share of collections for the period stood at USD 433 million (AED 1,587 million). Pursuant to the Settlement Agreement with the KRG dated 30 August 2017, KRG settled the outstanding receivable amounting to USD 1.98 billion (DG Share: USD 695 million) as of 30 August 2017 by payment of USD 1 billion (DG Share: USD 350 million) in cash with the residual receivable being converted to petroleum cost and classified as "Oil & Gas interest" under "Property, plant & equipment". Consequently at period end, Dana Gas' 35% share of trade receivable balance stood at USD 8 million (AED 29 million) – (2016: USD 713 million / AED 2,613 million) and represents amounts due against local sales for the month of September 2017.

DANA GAS PJSC

Report of the Directors

E&P Operations (continued)

c) Zora Gas Field

The Zora gas field lies partly in the Sharjah Western Offshore Concession area and extends into the adjacent Ajman Concession area with approximately 50% of the volume on each side as agreed under the initial unitization agreement. The field produces slightly sour gas via an unmanned platform in approximately 24 meters of water depth located about 33km offshore. The platform is connected by means of 12" subsea and onshore pipeline system to a gas processing plant located within Sharjah Hamriyah Free Zone.

The gas plant has been in continuous production since 28 February 2016, currently delivering approximately 10 mmscfd sales gas to Sharjah power station and producing 100 bbl/day of condensate. Production from the Zora field during the quarter 3 was 142,235 boe or 1,546 boepd (September 2016: 235,520 or 2,560 boepd). As the current production rate of the Sharjah-2 well has continued to decline, a detailed geo-technical study was carried out, based on production data, to determine the range of well intervention options which could enhance production and to assess their economic viability. This work has now been further extended to a Field Development Plan to evaluate possible future options for further development and to determine the gas price required to make such further development economically viable. At this time it is unlikely that further well interventions can be economically justified and this will need to be taken into consideration when the annual reserves evaluation audit is undertaken toward year-end. However, any final decision on future expenditure will also be subject to the outcome of negotiations on sales gas price.

During the period, collections stood at USD 12 million (AED 44 million). At period end, the trade receivable balance stood at USD 1 million (AED 4 million) (31 December 2016: USD 2 million / AED 7 million).

UAE Gas Project

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies from the National Iranian Oil Company ("NIOC") to Crescent Petroleum. Dana Gas has a 35% interest in Crescent National Gas Corporation Limited (CNGCL) which is entitled to market the gas and owns 100% of Sajaa Gas and UGTC, the entities that own the offshore riser platform, the offshore and onshore pipelines and the sour gas processing plant.

For further updates see "Arbitration Cases".

Egypt Gulf of Suez – Gas Liquids Extraction Plant

The Company, through its subsidiary Danagaz Bahrain, is a 26.4% owner (effective) in Egyptian Bahraini Gas Derivative Company (Joint Venture) that has built, owns and operates a Natural Gas Liquids Extraction Plant in Egypt in partnership with the Egyptian National Gas Company (EGAS) and the Arab Petroleum Investments Corporation (APICORP). The plant has a capacity to process 150 mmscf/d of gas and has produced 2,544 boepd of propane (DG Share 26.4%: 672 boepd) and 107 boepd of butane (DG Share 26.4%: 28 boepd) during the quarter.

DANA GAS PJSC

Report of the Directors

Arbitration Cases

On 30 August 2017, the Company announced the settlement of the International arbitration commenced on 21 October 2013 in the London Court of International Arbitration ('LCIA') in relation to the Heads of Agreement on Khor Mor and Chemchemical fields on 4 April 2007 ('HOA') between Dana Gas, Crescent Petroleum, Pearl Petroleum (the 'Consortium') and the Kurdistan Regional Government ('KRG'), (together the 'Parties').

The Parties have mutually agreed to fully and finally settle all their differences amicably by terminating the Arbitration and related court proceedings, and releasing all remaining claims between them, including the substantial damages asserted by the Consortium against the KRG; implementing a mechanism for settlement of USD 2,239 million awarded by the Tribunal to date; and proceeding with immediate further development of the HoA's world class resources for mutual benefit as well as the benefit of the people of the Kurdistan Region and all of Iraq.

The agreed settlement highlights are as follows:

- The KRG will immediately pay Pearl a sum of USD 600 million.
- The KRG will also immediately pay Pearl a further of USD 400 million to be dedicated for investment exclusively for the aforesaid further development to substantially increase production.
- Pearl will increase gas production at Khor Mor by 500 MMscf/day, a 160% increase on the current level of production (the "Additional Gas"). The Additional Gas, together with significant additional amounts of condensate, is expected to begin production in approximately two years.
- The balance of sums awarded by the Tribunal (USD 1,239 million) is no longer a debt owed by the KRG and will be reclassified as outstanding recoverable by Pearl from future revenues generated from the HoA areas.
- The profit share allocated to Pearl from future revenues generated from the HoA areas are adjusted upwards to a level similar to the overall profit levels normally offered to IOCs under the KRG's Production Sharing Contracts. This adjustment reflects the larger investment risk and costs involved in the development of natural gas resources compared to oil developments.
- The Parties have clarified the Khor Mor block boundary coordinates and the KRG has awarded the Consortium investment opportunities in the adjacent blocks 19 and 20, and added these to the HoA areas, with commitments by the Consortium to make appraisal investments on these blocks, and developments if commercial oil and gas resources are found.
- The KRG will purchase 50% of the Additional Gas on agreed terms to boost the gas supply to power generation plants in the Kurdistan Region. The other 50% of the Additional Gas (250 mmscf/d) will be marketed and sold by Pearl to customers within Iraq or by export, or can be sold to the KRG as well to further boost power generation within Iraq.
- Pearl will also expand its local training and employment programs towards achieving maximum localization and content, as well as supporting local communities through its active Corporate Social Responsibility (CSR) programmes.
- The Parties have exchanged mutual releases, waivers, and discharges in relation to all the claims in relation to the Arbitration and related court proceedings.
- The Parties have also amended and clarified the HoA language and terms, including extension of the term of the Contract until 2049.

DANA GAS PJSC

Report of the Directors

Arbitration Cases (continued)

The Gas Sales & Purchase Contract between Dana Gas' partner Crescent Petroleum and the National Iranian Oil Company (NIOC) for the supply of gas to the UAE has been the subject of international arbitration since June 2009. In August 2014, Dana Gas was notified by Crescent Petroleum that the Arbitral Tribunal has issued a Final Award on the merits, determining that the 25-year Contract between it and NIOC is valid and binding upon the parties, and that NIOC has been in breach of its contractual obligation to deliver gas under the Contract since December 2005.

On 18 July 2016, the English High Court finally dismissed the National Iranian Oil Company ('NIOC's) remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum Company International Limited and Crescent Gas Corporation Limited on all issues. NIOC appealed the 2014 arbitration award to the English High Court. Most of the grounds of appeal were previously heard and dismissed by the Court in March 2016. The finalisation of the appeal in July 2016 confirms that the 2014 award is final and binding and that NIOC has been in breach of its gas supply obligations since 2005.

Crescent Petroleum has informed Dana Gas that the final hearing of the remedies phase against NIOC for non-performance of the contract (including claims for damages and indemnities for third party claims) took place in November 2016. Due to a long post-hearing submissions timetable, the tribunal has indicated that it might take up to one year to issue the final award.

The Company, together with Crescent Petroleum International Limited ("Crescent Petroleum"), commenced arbitration proceedings against MOL Group ('MOL') on 20 September 2017 arising out of MOL's conduct as a 10% shareholder in Pearl Petroleum relating to the settlement of the arbitration with the KRG.

On 30 August 2017, the Company announced settlement of the long running dispute between itself, Crescent Petroleum and Pearl Petroleum Company Limited ("Pearl") and the Kurdistan Regional Government of Iraq (the "KRG") on beneficial terms which paved the way for immediate development of world class resources in Khor Mor and Chemchemal to maximize their potential for mutual benefit as well as the benefit of the people of the Kurdistan Region and all of Iraq.

The Settlement Agreement with the KRG was welcomed and endorsed by Dana Gas, Crescent Petroleum, OMV and RWE, together holding 90% of the shares of Pearl Petroleum. MOL (a 10% shareholder of Pearl) unreasonably sought to link its endorsement of the settlement to a renegotiation of the terms by which it first secured its participation in Pearl back in May 2009 (namely its commitment to certain contingent payments) and now complains about Dana Gas and Crescent Petroleum for their handling of the settlement alongside Pearl, expressing dissatisfaction with the outcome as compared to the alternative of pursuing a final litigation and enforcement outcome against the KRG. MOL has issued a default notice under the terms of the Pearl Petroleum shareholders agreement alleging that the actions of Dana Gas and Crescent Petroleum in concluding the Settlement Agreement amounts to a breach of the Pearl Petroleum shareholders agreement.

Dana Gas and Crescent Petroleum reject the allegations and the default notice, and have been forced to initiate arbitration in The London Court of International Arbitration in order to obtain a formal declarations to resolve these matters.

DANA GAS PJSC
Report of the Directors

Board of Directors

H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman

1. Mr. Hamid Dhiya Jafar, Chairman
2. Mr. Rashid Saif Al-Jarwan, Deputy Chairman
3. H.E. Sheikh Sultan Bin Ahmed Bin Sultan Al-Qasimi
4. Mr. Abdullah Ali Al Majdouie
5. Ms. Fatima Obaid Al-Jaber
6. Mr. Hani Abdulaziz Hussein
7. Mr. Majid Hamid Jafar
8. Mr. Nasser Al Nowais
9. Mr. Said Arrata
10. Mr. Varoujan Nerguizian
11. Mr. Ziad Abdulla Ibrahim Galadari

Auditors

The Company auditors, Ernst & Young, have issued their review report on the interim condensed consolidated financial statements of the Group.

On behalf of the Board of Directors



Director

12 November 2017



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DANA GAS PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Dana Gas PJSC (“the Company”) and its subsidiaries (“the Group”) as at 30 September 2017 comprising of the interim condensed consolidated statement of financial position as at 30 September 2017 and the related interim condensed consolidated statements of income, comprehensive income for the three months and nine months period then ended, cash flows and changes in equity for the nine month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, 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 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 accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matters

We draw attention to the following matters:

- (i) note 6 to the interim condensed consolidated financial statements which discloses that the continued delay in commencement of gas supplies has prompted a key supplier of the Group to initiate arbitration proceedings against its ultimate supplier;
- (ii) note 14 to the interim condensed consolidated financial statements which discloses the ongoing legal actions with respect to the Company’s Sukuk which matured in October 2017; and
- (iii) note 1 to the interim condensed consolidated financial statements which discloses arbitration between the Group and a joint venture partner.

Our conclusion is not qualified in respect of the above matters.

For Ernst & Young



Signed by:
Anthony O’Sullivan
Partner
Registration No. 687

12 November 2017

Sharjah, United Arab Emirates

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2017 (Unaudited)

	Notes	Nine months ended		Three months ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
		USD mm	AED mm	USD mm	AED mm
Revenue		330	1,210	108	396
Royalties		(128)	(469)	(39)	(143)
Net revenue		202	741	69	253
Operating costs		(38)	(139)	(13)	(47)
Depreciation and depletion	5	(78)	(286)	(29)	(106)
Gross profit		86	316	27	100
General and administration expenses		(11)	(40)	(4)	(14)
Investment and finance income		22	80	7	25
Other income	8	26	95	21	77
Reversal of surplus over entitlement	15	114	418	91	333
Other expenses		(17)	(62)	(11)	(40)
Provision of impairment		(1)	(4)	-	-
Share of loss of a joint venture		(1)	(4)	-	-
Exploration expenses		(11)	(40)	(1)	(3)
Finance costs		(55)	(202)	(18)	(66)
PROFIT BEFORE INCOME TAX		152	557	112	412
Income tax expense		(27)	(99)	(10)	(37)
PROFIT FOR THE PERIOD		125	458	102	375
PROFIT ATTRIBUTABLE TO:					
- Equity holders of the parent		125	458	102	375
- Non-controlling interest		-	-	-	-
Basic earnings per share (USD/ AED per share)	4	0.018	0.07	0.015	0.05
Diluted earnings per share (USD/ AED per share)	4	0.018	0.07	0.015	0.05

The attached explanatory notes 1 to 16 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Period ended 30 September 2017 (Unaudited)

	30 September 2017		30 September 2016		30 September 2017		30 September 2016	
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
Profit for the period	125	458	26	95	102	375	13	47
Other comprehensive income	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	125	458	26	95	102	375	13	47
ATTRIBUTABLE TO:								
- Equity holders of the parent	125	458	26	95	102	375	13	47
- Non-controlling interest	-	-	-	-	-	-	-	-
	125	458	26	95	102	375	13	47

The attached explanatory notes 1 to 16 form part of these interim condensed consolidated financial statements.

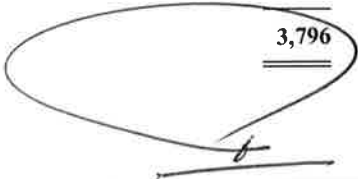
Dana Gas PJSC and Subsidiaries


INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	30 September 2017 (Unaudited)		31 December 2016 (Audited)	
		USD mm	AED mm	USD mm	AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	5	1,524	5,586	1,105	4,050
Intangible assets	6	643	2,357	690	2,529
Investment property	7	24	87	24	87
Interest in joint ventures		559	2,049	560	2,053
		<u>2,750</u>	<u>10,079</u>	<u>2,379</u>	<u>8,719</u>
Current assets					
Inventories		49	180	49	180
Trade and other receivables	8	286	1,048	1,026	3,761
Financial assets at fair value through profit or loss	9	9	33	9	33
Funds held for development	10	140	513	-	-
Cash and bank balance	11	562	2,060	302	1,107
		<u>1,046</u>	<u>3,834</u>	<u>1,386</u>	<u>5,081</u>
TOTAL ASSETS		<u>3,796</u>	<u>13,913</u>	<u>3,765</u>	<u>13,800</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	12	1,903	6,977	1,901	6,969
Statutory reserve		108	395	108	395
Legal reserve		108	395	108	395
Retained earnings		727	2,664	603	2,210
Other reserves		3	11	3	11
Convertible bonds- equity component		58	212	58	212
		<u>2,907</u>	<u>10,654</u>	<u>2,781</u>	<u>10,192</u>
Attributable to equity holders of the Company		<u>2,907</u>	<u>10,654</u>	<u>2,781</u>	<u>10,192</u>
Non-controlling interest		1	4	1	4
Total equity		<u>2,908</u>	<u>10,658</u>	<u>2,782</u>	<u>10,196</u>
LIABILITIES					
Non-current liabilities					
Borrowings	13	22	81	62	227
Provisions		14	51	11	40
		<u>36</u>	<u>132</u>	<u>73</u>	<u>267</u>
Current liabilities					
Capital received on issuance of Sukuk	14	700	2,566	700	2,566
Borrowings	13	2	7	41	150
Trade payables and accruals		150	550	128	470
Provision for surplus over entitlements (net)	15	-	-	41	151
		<u>852</u>	<u>3,123</u>	<u>910</u>	<u>3,337</u>
Total liabilities		<u>888</u>	<u>3,255</u>	<u>983</u>	<u>3,604</u>
TOTAL EQUITY AND LIABILITIES		<u>3,796</u>	<u>13,913</u>	<u>3,765</u>	<u>13,800</u>


 Director
 12 November 2017


 CEO
 12 November 2017


 CFO
 12 November 2017

The attached explanatory notes 1 to 16 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2017 (Unaudited)

	Note	Nine months ended			
		30 September 2017		30 September 2016	
		USD mm	AED mm	USD mm	AED mm
OPERATING ACTIVITIES					
Profit before income tax		152	557	46	168
Adjustments for:					
Depreciation and depletion		78	286	77	282
Investment and finance income		(22)	(80)	(49)	(180)
Other income		(26)	(95)	-	-
Reversal of surplus over entitlement		(114)	(418)	(33)	(121)
Provision of impairment		1	4	3	11
Share of loss of a joint venture		1	4	3	11
Exploration expenses		11	40	2	7
Finance costs		55	202	64	235
Director compensation		-	-	(2)	(7)
		<u>136</u>	<u>500</u>	<u>111</u>	<u>406</u>
Changes in working capital:					
Trade and other receivables		415	1,520	2	7
Funds held for development by Pearl		(140)	(513)	-	-
Inventories		-	-	1	3
Trade payables and accruals		23	83	(4)	(15)
		<u>434</u>	<u>1,590</u>	<u>110</u>	<u>401</u>
Net cash generated from operating activities					
Income tax		(27)	(99)	(20)	(73)
Net cash flows from operating activities		<u>407</u>	<u>1,491</u>	<u>90</u>	<u>328</u>
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(38)	(139)	(93)	(341)
Expenditure on intangible assets		(3)	(11)	(23)	(84)
Investment and finance income received		5	18	3	11
Investment in joint venture		-	-	(3)	(11)
		<u>(36)</u>	<u>(132)</u>	<u>(116)</u>	<u>(425)</u>
Net cash flows used in investing activities					
FINANCING ACTIVITIES					
Proceeds from borrowing		-	-	9	33
Repayment of loan		(80)	(293)	(32)	(117)
Repurchase of sukuk		-	-	(45)	(164)
Finance costs paid		(31)	(113)	(50)	(183)
Deposit – Murabaha facility		10	37	8	30
		<u>(101)</u>	<u>(369)</u>	<u>(110)</u>	<u>(401)</u>
Net cash flows used in financing activities					
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		270	990	(136)	(498)
Cash and cash equivalents at the beginning of the period		292	1,070	441	1,615
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	562	2,060	305	1,117

The attached explanatory notes 1 to 16 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2017 (Unaudited)

	<i>Attributable to equity holders of the parent</i>															
	Share capital		Statutory reserve		Legal reserve		Retained earnings		Other reserves		Convertible sukuk-equity component		Non-controlling interest		Total	
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
As at 1 January 2017	1,901	6,969	108	395	108	395	603	2,210	3	11	58	212	1	4	2,782	10,196
Profit for the period	-	-	-	-	-	-	125	458	-	-	-	-	-	-	125	458
Total comprehensive income for the period	-	-	-	-	-	-	125	458	-	-	-	-	-	-	125	458
Share based payment	-	-	-	-	-	-	-	-	1	4	-	-	-	-	1	4
Transfer	-	-	-	-	-	-	(1)	(4)	1	4	-	-	-	-	-	-
Issuance of shares to employees	2	8	-	-	-	-	-	-	(2)	(8)	-	-	-	-	-	-
As at 30 September 2017	1,903	6,977	108	395	108	395	727	2,664	3	11	58	212	1	4	2,908	10,658
At 1 January 2016	1,901	6,969	108	395	108	395	693	2,540	2	7	58	212	1	4	2,871	10,522
Profit for the period	-	-	-	-	-	-	26	95	-	-	-	-	-	-	26	95
Total comprehensive income for the period	-	-	-	-	-	-	26	95	-	-	-	-	-	-	26	95
Share based payment	-	-	-	-	-	-	-	-	1	4	-	-	-	-	1	4
Board compensation	-	-	-	-	-	-	(2)	(7)	-	-	-	-	-	-	(2)	(7)
At 30 September 2016	1,901	6,969	108	395	108	395	717	2,628	3	11	58	212	1	4	2,896	10,614

The attached explanatory notes 1 to 16 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

1 CORPORATE INFORMATION

Dana Gas PJSC (“Dana Gas” or the “Company”) was incorporated in the Emirate of Sharjah, United Arab Emirates as a Public Joint Stock Company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy. Dana Gas shares are listed on the Abu Dhabi Securities Exchange (ADX).

The Company, its subsidiaries, joint operations and joint ventures constitute the Group (the “Group”). The Group is engaged in the business of exploration, production, ownership, transportation, processing, distribution, marketing and sale of natural gas and petroleum related products, including the development of gas related projects and services.

The Company’s registered head office is at P. O. Box 2011, Sharjah, United Arab Emirates with presence in Cairo (Egypt) and Kurdistan Region of Iraq.

Principal subsidiaries and joint arrangements of the Group at 30 September 2017 and the Company (direct and indirect) percentage of ordinary share capital or interest are set out below:

<i>Subsidiaries</i>	<i>%</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Dana LNG Ventures Limited	100	British Virgin Islands	Intermediate holding company of Dana Gas Egypt
Dana Gas Red Sea Corporation	100	Barbados	Holding company of Dana Gas Egypt
Dana Gas Egypt Ltd. (“Dana Gas Egypt”)	100	Barbados	Oil and Gas exploration & production
Dana Gas Explorations FZE	100	UAE	Oil and Gas exploration & production
Sajaa Gas Private Limited Company (“SajGas”)	100	UAE	Gas Sweetening
United Gas Transmissions Company Limited (“UGTC”)	100	UAE	Gas Transmission
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing
<i>Joint Operations</i>	<i>%</i>	<i>Area of operation</i>	<i>Principal activities</i>
Pearl Petroleum Company Limited (“Pearl Petroleum”)*	35	Kurdistan Region of Iraq	Oil and Gas exploration & production
UGTC/ Emarat JV	50	Emirate of Sharjah	Gas Transmission
<i>Joint Ventures</i>	<i>%</i>	<i>Country/Area of operation</i>	<i>Principal activities</i>
Egyptian Bahraini Gas Derivative Company (“EBGDCO”)	26.4	Egypt	Gas Processing
Crescent National Gas Corporation Limited (“CNGCL”)	35	Emirate of Sharjah	Gas Marketing
GASCITIES Ltd	50	MENASA	Gas Cities

1 CORPORATE INFORMATION (continued)

* On 30 August 2017, the Company announced the settlement of the International arbitration commenced on 21 October 2013 in the London Court of International Arbitration ('LCIA') in relation to the Heads of Agreement on Khor Mor and Chemchemical fields on 4 April 2007 ('HOA') between Dana Gas, Crescent Petroleum, Pearl Petroleum (the 'Consortium') and the Kurdistan Regional Government ('KRG'), (together the 'Parties').

The Parties have mutually agreed to fully and finally settle all their differences amicably by terminating the Arbitration and related court proceedings, and releasing all remaining claims between them, including the substantial damages asserted by the Consortium against the KRG; implementing a mechanism for settlement of USD 2,239 million awarded by the Tribunal to date; and proceeding with immediate further development of the HoA's world class resources for mutual benefit as well as the benefit of the people of the Kurdistan Region and all of Iraq.

The agreed settlement highlights are as follows:

- The KRG will immediately pay Pearl a sum of USD 600 million.
- The KRG will also immediately pay Pearl a further of USD 400 million to be dedicated for investment exclusively for the aforesaid further development to substantially increase production.
- Pearl will increase gas production at Khor Mor by 500 MMscf/day, a 160% increase on the current level of production (the "Additional Gas"). The Additional Gas, together with significant additional amounts of condensate, is expected to begin production in approximately two years.
- The balance of sums awarded by the Tribunal (USD 1,239 million) is no longer a debt owed by the KRG and will be reclassified as outstanding recoverable by Pearl from future revenues generated from the HoA areas.
- The profit share allocated to Pearl from future revenues generated from the HoA areas are adjusted upwards to a level similar to the overall profit levels normally offered to IOCs under the KRG's Production Sharing Contracts. This adjustment reflects the larger investment risk and costs involved in the development of natural gas resources compared to oil developments.
- The Parties have clarified the Khor Mor block boundary coordinates and the KRG has awarded the Consortium investment opportunities in the adjacent blocks 19 and 20, and added these to the HoA areas, with commitments by the Consortium to make appraisal investments on these blocks, and developments if commercial oil and gas resources are found.
- The KRG will purchase 50% of the Additional Gas on agreed terms to boost the gas supply to power generation plants in the Kurdistan Region. The other 50% of the Additional Gas (250 mmscf/d) will be marketed and sold by Pearl to customers within Iraq or by export, or can be sold to the KRG as well to further boost power generation within Iraq.
- Pearl will also expand its local training and employment programs towards achieving maximum localization and content, as well as supporting local communities through its active Corporate Social Responsibility (CSR) programmes.
- The Parties have exchanged mutual releases, waivers, and discharges in relation to all the claims in relation to the Arbitration and related court proceedings.
- The Parties have also amended and clarified the HoA language and terms, including extension of the term of the Contract until 2049.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2017 (Unaudited)

1 CORPORATE INFORMATION (continued)

The Settlement Agreement with the KRG was welcomed and endorsed by Dana Gas, Crescent Petroleum, OMV and RWE, together holding 90% of the shares of Pearl Petroleum. MOL (a 10% shareholder of Pearl) unreasonably sought to link its endorsement of the settlement to a renegotiation of the terms by which it first secured its participation in Pearl back in May 2009 (namely its commitment to certain contingent payments) and now complains about Dana Gas and Crescent Petroleum for their handling of the settlement alongside Pearl, expressing dissatisfaction with the outcome as compared to the alternative of pursuing a final litigation and enforcement outcome against the KRG. MOL has issued a default notice under the terms of the Pearl Petroleum shareholders agreement alleging that the actions of Dana Gas and Crescent Petroleum in concluding the Settlement Agreement amounts to a breach of the Pearl Petroleum shareholders agreement.

Dana Gas and Crescent Petroleum reject the allegations and the default notice, and have been forced to initiate arbitration in The London Court of International Arbitration in order to obtain a formal declarations to resolve these matters.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment property, available-for-sale financial asset and financial assets at fair value through profit or loss account that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (USD), which is the Company's functional currency, and all the values are rounded to the nearest million except where otherwise indicated. The United Arab Emirates Dirhams (AED) amounts have been presented solely for the convenience to readers of the consolidated financial statements. AED amounts have been translated at the rate of AED 3.6655 to USD 1.

Statement of compliance

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard (IAS) No 34, Interim Financial Reporting. Hence, the interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Group's annual financial statement as at 31 December 2016. In addition, results for the three and nine months period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2017.

Standards and Interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations as of 1 January 2017. These new standards and interpretations did not have any major impact on the accounting policies, financial position or performance of the Group.

The Group did not early adopt any standard, interpretation or amendment that was issued but is not yet effective.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2017 (Unaudited)

3 SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. The CEO considers the business from a geographic perspective which is divided into three geographical units.

Period ended 30 September 2017

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Revenue net of royalties	<u>14</u>	<u>118</u>	<u>70</u>	<u>202</u>
Gross profit				86
General and administration expenses				(11)
Investment and finance income				22
Other income				26
Reversal of surplus over entitlement				114
Other expenses				(17)
Provision for impairment				(1)
Share of loss of a joint venture				(1)
Exploration expenses				(11)
Finance cost				(55)
Profit before income tax				<u>152</u>
Income tax expense				(27)
PROFIT FOR THE PERIOD				<u><u>125</u></u>
Segment assets as at 30 September 2017	<u>1,941</u>	<u>1,012</u>	<u>843</u>	<u>3,796</u>
Segment liabilities as at 30 September 2017	<u>754</u>	<u>103</u>	<u>31</u>	<u>888</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2017 (Unaudited)

3 SEGMENTAL INFORMATION (continued)

Period ended 30 September 2017

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Other segment information				
Capital expenditure:				
Property, plant and equipment	-	25	433	458
Intangible assets	-	3	-	3
Total	-	28	433	461
Operating costs	6	17	15	38
Depreciation, depletion & amortisation	13	50	15	78
Exploration expenses	-	11	-	11

Period ended 30 September 2016

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Revenue net of royalties	17	110	53	180
Gross profit				63
General and administration expenses				(10)
Investment and finance income				49
Reversal of surplus over entitlement				33
Other expenses				(17)
Provision for impairment				(3)
Share of loss of a joint venture				(3)
Exploration expenses				(2)
Finance costs				(64)
Profit before income tax				46
Income tax expense				(20)
PROFIT FOR THE PERIOD				26
Segment assets as at 30 September 2016	1,676	1,120	1,054	3,850
Segment liabilities as at 30 September 2016	786	142	26	954

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2017 (Unaudited)

3 SEGMENTAL INFORMATION (continued)

Period ended 30 September 2016

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Other segment information				
Capital expenditure:				
Property, plant and equipment	6	80	-	86
Intangible assets	-	23	-	23
Total	6	103	-	109
Operating cost	7	19	14	40
Depreciation, depletion & amortisation	12	53	12	77
Exploration expenses	-	2	-	2

4 EARNINGS PER SHARE

(a) Basic earnings per share is calculated by dividing net profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	<i>Nine months ended 30 September</i>	
	<i>2017</i>	<i>2016</i>
Earnings:		
Net profit for the period - USD mm	<u>125</u>	<u>26</u>
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	<u>6,977</u>	<u>6,969</u>
EPS (Basic) – USD per share:	<u>0.018</u>	<u>0.004</u>

EPS (Diluted)

Employee restricted shares are anti-dilutive and have no impact on the EPS for the period ended 30 September 2017.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

5 PROPERTY, PLANT AND EQUIPMENT

	Freehold land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2017	14	12	1,128	451	38	170	208	2,021
Additions*	-	-	457	1	-	-	-	458
Transfer from intangible assets (note 6)	-	-	39	-	-	-	-	39
At 30 September 2017	<u>14</u>	<u>12</u>	<u>1,624</u>	<u>452</u>	<u>38</u>	<u>170</u>	<u>208</u>	<u>2,518</u>
Depreciation/ depletion:								
At 1 January 2017	-	4	742	115	18	37	-	916
Depreciation/ depletion charge for the year	-	1	51	19	1	6	-	78
At 30 September 2017	<u>-</u>	<u>5</u>	<u>793</u>	<u>134</u>	<u>19</u>	<u>43</u>	<u>-</u>	<u>994</u>
Net carrying amount:								
At 30 September 2017	<u>14</u>	<u>7</u>	<u>831</u>	<u>318</u>	<u>19</u>	<u>127</u>	<u>208</u>	<u>1,524</u>

Capital Work in Progress comprises:

	USD mm
SajGas plant and facilities	99
UGTC pipeline & related facilities	89
Kurdistan Region of Iraq project	11
Sharjah Western Offshore (including Zora field)	9
	<u>208</u>

*Oil and Gas Interest addition includes residual amount receivable from KRG of USD 1.24 billion (DG Share: USD 433 million), post cash settlement of USD 1 billion, which was converted to Petroleum Cost pursuant to the Settlement Agreement. This is depleted using the unit of production method.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2016	14	12	889	340	36	107	450	1,848
Additions/adjustment	-	-	89	(4)	2	-	6	93
Transfer from capital work-in-progress	-	-	70	115	-	63	(248)	-
Transfer from intangible assets	-	-	84	-	-	-	-	84
Impairment	-	-	(4)	-	-	-	-	(4)
At 31 December 2016	14	12	1,128	451	38	170	208	2,021
Depreciation/ depletion:								
At 1 January 2016	-	3	675	92	17	29	-	816
Depreciation/ depletion charge for the year	-	1	67	23	1	8	-	100
At 31 December 2016	-	4	742	115	18	37	-	916
Net carrying amount:								
At 31 December 2016	14	8	386	336	20	133	208	1,105

Capital Work in Progress comprises:

	USD mm
SajGas plant and facilities	99
UGTC pipeline & related facilities	89
Kurdistan Region of Iraq project	11
Sharjah Western Offshore (including Zora field)	9
	208

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2017 (Unaudited)

6 INTANGIBLE ASSETS

	<i>Oil and gas interests USD mm</i>	<i>Transmission & sweetening rights USD mm</i>	<i>Gas processing rights USD mm</i>	<i>Development cost USD mm</i>	<i>Goodwill USD mm</i>	<i>Total USD mm</i>
Cost at 1 January 2017	195	289	7	2	308	801
Less: impairment	(102)	-	(7)	(2)	-	(111)
At 1 January 2017	93	289	-	-	308	690
Additions	3	-	-	-	-	3
Transfer to property, plant and equipment	(39)	-	-	-	-	(39)
Exploration expenses	(11)	-	-	-	-	(11)
At 30 September 2017	46	289	-	-	308	643
At 31 December 2016(audited)	93	289	-	-	308	690

(a) Oil and Gas Interests

Oil and gas interests of USD 46 million relates to Dana Gas Egypt which has a number of concessions and development leases in Egypt as described below in more detail:

- El Wastani Development Lease – This development lease is held with a 100% working interest and represents approximately 5% of current production in Dana Gas Egypt. El Wastani production includes both gas and associated gas liquids. This lease has 13,017 acres of land included within its boundary and is located in the Nile Delta of Egypt.
- South El Manzala Development Leases – These development leases are held with a 100% working interest and are not currently producing. These development leases have 16,055 acres of land included within their boundaries and are located in the Nile Delta of Egypt.
- West El Manzala Development Leases (West El Manzala Concession) – These development leases are held with a 100% working interest. These development leases have 146,039 acres of land included within their boundaries and are located in the Nile Delta of Egypt. To date, eleven development leases are producing both natural gas and associated liquids representing approximately 87% of Dana Gas Egypt current production.
- West El Qantara Development Leases (West El Qantara Concession) – These development leases are held with a 100% working interest. These development leases have 4,324 acres of land included within their boundaries and are located in the Nile Delta of Egypt. To date, two development leases are producing both natural gas and associated liquids representing approximately 8% of Dana Gas Egypt current production.
- North Al Arish Offshore (Block-6) - In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. A 3D seismic acquisition was recently carried out in the Block, covering 1,830 full fold sq. Km.
- North Al Salhiya Onshore (Block-1) - In September 2014, Dana Gas Egypt was awarded a 100% working interest in the North El Salhiya Onshore (Block 1) concession area. The area is located onshore Nile Delta.
- El Matariya Onshore (Block-3) - In September 2014, Dana Gas Egypt was awarded a 50% working interest in the Block 3 concession area. The area is located onshore Nile Delta. As per the concession agreement, Dana Gas Egypt as a partner and BP as an operator will participate on a 50:50 basis. The first deep target exploration well in the concession was spud in May 2016. During the period, the BP operated Mocha-1 exploration well in Block 3 has been completed. It reached total depth at 5,940 metres, making it the deepest onshore Nile Delta well drilled to date. Whilst the Messinian objective encountered wet gas, the primary Oligocene target did not encounter gas in commercial quantities and the well has been P&A'ed. Under the terms of the agreement signed in June 2015, BP agreed to carry Dana Gas for its 50% share of the cost of the well. Consequently, Dana Gas has achieved its objective of drilling this important calibration well at no cost to itself.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

6 INTANGIBLE ASSETS (continued)

(b) Transmission and sweetening rights

Intangible assets include USD 289 million which represent the fair value of the rights for the transmission and sweetening gas and related products acquired by the Company through its shareholdings in SajGas and UGTC. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships. The intangible assets will be amortised over 25 years from the date of commencement of commercial activity in accordance with the terms of the contracts to which they relate. Commercial activity has not yet commenced. In July 2010, National Iranian Oil Company (NIOC) introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC.

The Company was notified by Crescent Petroleum on 10 August 2014 that the Arbitral Tribunal has issued a Final Award on the merits, determining that the 25 year contract between it and NIOC is valid and binding upon the parties, and that NIOC has been in breach of its contractual obligation to deliver gas under the Contract since December 2005.

On 18 July 2016, the English High Court finally dismissed the National Iranian Oil Company ('NIOC's) remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum Company International Limited and Crescent Gas Corporation Limited on all issues. NIOC appealed the 2014 arbitration award to the English High Court. Most of the grounds of appeal were previously heard and dismissed by the Court in March 2016. The finalisation of the appeal in July 2016 confirms that the 2014 award is final and binding and that NIOC has been in breach of its gas supply obligations since 2005.

Crescent Petroleum has informed Dana Gas that the final hearing of the remedies phase against NIOC for non-performance of the contract (including claims for damages and indemnities for third party claims) took place in November 2016. Due to a long post-hearing submissions timetable, the tribunal has indicated that it might take up to one year to issue the final award.

In accordance with IAS 36 requirement relating to intangible assets not yet available for use, management had undertaken an impairment review of the intangible assets as at 31 December 2016. Management has reviewed the various inputs into the original valuation model and believes that the inputs into the original valuation model have not materially changed.

(c) Goodwill

Goodwill of USD 308 million relates to the acquisition of Dana Gas Egypt in January 2007 which enabled Dana Gas to acquire the upstream business qualification and therefore the rights to develop the gas fields in the Kurdistan Region of Iraq. As per the requirement of IAS 36, an impairment review has to be carried out annually by the management and the last such review was carried out in December 2016.

7 INVESTMENT PROPERTY

The movement in investment property during the period/year is as follows:

	<i>30 September 2017</i>	<i>31 Dec 2016</i>
	<i>USD mm</i>	<i>USD mm</i>
		<i>(Audited)</i>
Balance at 1 January	24	25
Change in fair value	-	(1)
	<hr/>	<hr/>
Balance at 30 September / 31 December	24	24
	<hr/> <hr/>	<hr/> <hr/>

Investment property consists of industrial land owned by SajGas, a subsidiary, in the Sajaa area of the Emirate of Sharjah, United Arab Emirates. The Group considers a portion of the land to be surplus to their operational requirements and will be used for earning rentals or held for capital appreciation.

Investment property is stated at fair value which has been determined based on a valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions. The latest valuation exercise was carried out by the consultants as at 31 December 2016.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2017 (Unaudited)

8 TRADE AND OTHER RECEIVABLES

	<i>30 September 2017</i>	<i>31 Dec 2016</i>
	<i>USD mm</i>	<i>USD mm</i>
		<i>(Audited)</i>
Trade receivables (net)	224	982
Prepaid expenses	2	3
Due from joint ventures	23	22
Other receivables	44	26
Less: provision for impairment of other receivables	(7)	(7)
	<u>286</u>	<u>1,026</u>

- a) Trade receivables are interest bearing and are generally on 30-60 days credit period.
- b) The Group's share of trade receivables in Pearl Petroleum is in respect of condensate and LPG deliveries amounting to USD 8 million (31 December 2016: USD 713 million).

As at 30 August 2017, the Group share of trade receivable from KRG amounted to USD 695 million. Pursuant to the Settlement Agreement with the KRG dated 30 August 2017, KRG settled the receivable by payment of USD 1 billion (DG Share: 350 million) in cash with the residual receivable being converted to petroleum cost and reclassified to Oil and Gas interest under "property, plant and equipment".

- c) The ageing analysis of trade receivables is as follows:

	<i>Total</i>	<i>Neither</i>	<i>Past due but not impaired</i>				
			<i>past due</i>	<i><30</i>	<i>30-60</i>	<i>61-90</i>	<i>91-120</i>
	<i>USD mm</i>	<i>nor</i>	<i>days</i>	<i>days</i>	<i>days</i>	<i>days</i>	<i>days</i>
		<i>impaired</i>	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>
		<i>USD mm</i>					
30 Sept 2017	224	83	17	4	17	13	90
31 Dec. 2016 (Audited)	982	46	36	3	26	74	797

- d) As part of the settlement agreement, the Company is entitled to further confined payments from RWE only in case and in the amount dividends are distributed to RWE by Pearl (based on RWE's 10% equity share in Pearl). During 2017, the Company anticipates receipt of USD 26 million towards such confined payments. Accordingly, on an accrual basis this amount has been recognised in other income and other receivables. During the period, the Company received USD 4 million and subsequent to period end realised a further USD 21 million.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>30 September 2017</i>	<i>31 Dec 2016</i>
	<i>USD mm</i>	<i>USD mm</i>
		<i>(Audited)</i>
Balance at 1 January	9	8
Change in fair value	-	1
Balance at 30 September / 31 December	<u>9</u>	<u>9</u>

This represents an investment in the Abraaj Infrastructure fund. The valuation is based on the latest indicative fair value of the fund as of 30 June 2017.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

10 FUNDS HELD FOR DEVELOPMENT

As part of the Settlement Agreement with the KRG (refer note 1), out of the USD 1 billion received from KRG (DG Share: USD 350 million), an amount of USD 400 million (DG Share: USD 140 million) is dedicated for investment exclusively for further development to substantially increase production in Kurdistan. Pearl is entitled to use any funds remaining in that account after the said development is complete or 29 February 2020, whichever occurs first. If to the reasonable satisfaction of the KRG, Pearl secures financing for all or part of the development specified in the agreement, Pearl shall be entitled to use funds from this USD 400 million (DG Share: USD 140 million) in the same amount as such financing without restriction.

11 CASH AND BANK BALANCES

	<i>30 September 2017</i>	<i>31 Dec 2016</i>
	<i>USD mm</i>	<i>USD mm</i>
		<i>(Audited)</i>
Cash at bank and on hand		
- Local Banks within UAE	46	37
- Foreign Banks outside UAE	6	7
Short term deposits		
- Local Banks within UAE	509	248
- Foreign Banks outside UAE	1	-
	<u>562</u>	<u>292</u>
Cash and cash equivalent		
Deposit (Murabaha facility)	-	10
	<u>562</u>	<u>302</u>
Cash and Bank Balance		

Cash at bank earns profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week and twelve months, depending on the immediate cash requirements of the Group, and earn profit at the respective short-term deposit rates. The fair value of cash and bank balance including short-term deposits is USD 562 million (2016: USD 302 million). The effective profit rate earned on short term deposits ranged 1.5% to 7.5% (2016: 0.3% to 9.0%) per annum. As at 30 September 2017, 99 % (31 December 2016: 94%) of cash and bank balance were held with UAE banks and the balance held outside UAE. Out of the total cash and bank balance of USD 562 million, 1% of the amount was held in Egyptian pounds (31 December 2016: 5%).

Deposit (Murabaha facility) was EGP pledged with Mashreq Bank PSC, Egypt branch against fully secured facility of USD 25 million. On 9 April 2017, the loan amount was fully settled and the pledged EGP deposit was released.

12 SHARE CAPITAL

	<i>30 September 2017</i>	<i>31 Dec 2016</i>
	<i>USD mm</i>	<i>USD mm</i>
		<i>(Audited)</i>
<i>Authorised:</i>		
9,000,000,000 common shares of AED 1 each (USD 0.2728 each)		
<i>Issued and fully paid up:</i>		
6,976,623,422 (2016: 6,968,616,114) common shares of AED 1 each (USD 0.2728 each)		
	<u>1,903</u>	<u>1,901</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

13 BORROWINGS

	<i>30 September 2017</i>	<i>31 Dec 2016</i>
	<i>USD mm</i>	<i>USD mm</i>
		<i>(Audited)</i>
Non-current		
Bank Borrowings – Zora Gas Field Project Finance (a)	-	39
Equipment loan (b)	11	12
Egypt Building loan (c)	11	11
	<u>22</u>	<u>62</u>
Current		
Bank Borrowings – Zora Gas Field Project Finance (a)	-	27
Bank Borrowings – Murabaha facility	-	12
Equipment loan (b)	1	1
Egypt Building loan (c)	1	1
	<u>2</u>	<u>41</u>
Total Borrowings	<u>24</u>	<u>103</u>

a) BANK BORROWINGS – ZORA GAS FIELD PROJECT FINANCE

	<i>30 September 2017</i>	<i>31 Dec 2016</i>
	<i>USD mm</i>	<i>USD mm</i>
		<i>(Audited)</i>
Loan facility	66	91
Less: Repayment during the period/year	(67)	(26)
Add: Amortisation of loan arrangement fees	1	1
	<u>-</u>	<u>66</u>
Net loan facility	<u>-</u>	<u>66</u>

On 25 June 2014, Dana Gas Explorations FZE (100% subsidiary of Dana Gas PJSC) entered into a Common Terms Agreement with Emirates NBD Bank, Commercial Bank International, Commercial Bank of Dubai and Barwa Bank (Lenders) for a USD 100 million Term Facility for the Zora Field Development Project.

The loan was settled in full on 2 May 2017 in accordance with the terms and condition of the facility agreement.

b) EQUIPMENT LOAN

Dana Gas Egypt (“DGE”) entered into a “Sale and Lease back” finance lease arrangement with Corporate Leasing Company Egypt SAE on 29 January 2015, for certain inventory equipment (casings, wellheads, piping etc.) that belong to DGE that have not been used to date. The total facility consisting of three contracts amounts to USD 12.6 million and have been fully drawn down up to 30 June 2015. After the full draw down, an additional contract of USD 1.1 million (note 13c) was added to the facility thereby increasing the facility to USD 13.7 million. The payments are over a period of 29 quarters commencing from Quarter 3 2015 including grace period of 2 quarters for interest and principal. As of the reporting date, the amount outstanding toward principal is USD 12 million.

c) EGYPT BUILDING LOAN

Pearl Properties Egypt (“PPE”) has entered into a “Sale and Lease back” finance lease arrangement for Egypt Building with Corporate Leasing Company Egypt SAE on 9 June 2015. The total facility originally consisted of three contracts amounting to USD 13.8 million which was reduced by USD 1.1 million to USD 12.7 million. The facility was fully drawn down up to 30 April 2016. The payments are over a period of 29 quarters including grace period of 2 quarters for lease payments. As of the reporting date, the amount outstanding toward principal is USD 12 million.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As at 30 September 2017 (Unaudited)

14 CAPITAL RECEIVED ON ISSUANCE OF SUKUK

As at 30 June 2017, Capital Received on Issuance of Sukuk amounting to USD 700 million was reclassified from Borrowings. Legal advice received from independent legal advisers states that the terms of the Company's Sukuk Al Mudarabah are unlawful under UAE law and are not compliant with Shari'a principles and therefore are void and unenforceable. Accordingly, the Company instituted legal action in UAE court for declaration to that effect seeking liquidation of the Mudarabah and a reconciliation of the amounts paid.

Initially, the Company offered to roll over the Sukuk in accordance with a new instrument fully compliant with UAE law and on commercial terms that take into consideration current market conditions and the considerable improvement in the Company's assets value and financial position, which was declined by a Sukukholders' Ad Hoc Committee consisting of Blackrock and Goldman Sachs.

External legal counsel have advised the Company that the outcome of the ongoing litigation finally in UAE court could result in a significant liability for the Sukukholders to repay the Company excess 'on account profit payments' based on a lawful reconciliation of the transaction. The Company up to 30 April 2017 has made total on account profit payments of USD 635 million to the Sukukholders since January 2008.

The Company, in line with detailed public disclosures that it has made to the Securities and Commodities Authority (SCA) and through ADX, is pursuing the litigation route to resolve the matter and is confident pursuant to independent legal advice of prevailing in its interpretation of the outcome.

The unlawful nature of the current Sukuk and the ongoing litigation process raise a number of accounting issues which may have a material impact on the carrying value of certain assets and liabilities on the statement of financial position. Management and the Directors will carefully review these with the external auditors on an ongoing basis.

Background

In October 2007, the Group arranged to issue convertible Sukuk-al-Mudarabah (the "Sukuk") for a total value of USD 1 billion in the form of Trust Certificates through a special purpose company (the "Issuer"). The Sukuk, which were intended to conform to the principles of Islamic Shari'a, were approved by the Company's shareholders at an Extraordinary General Meeting held in July 2007. Pursuant to the terms of the Sukuk, the proceeds were applied to the acquisition and development of assets (the "Mudarabah Assets") owned by Dana LNG Ventures Limited. The Sukuk had a profit rate of 7.5% per annum to be paid quarterly from profits generated by the Mudarabah Assets. In 2008, Dana Gas purchased Sukuk from the market with an aggregate value of USD 80 million.

The Sukuk matured on 31 October 2012. On 23 April 2013, the Sukuk holders (by Extraordinary Resolution passed at a meeting of Holders) and the Company's shareholders (by EGM) approved the Sukuk refinancing Transaction. The salient features of the agreement were a reduction in the capital received on issuance of Sukuk from USD 1 billion to USD 850 million via USD 70 million of cash pay-down and cancellation of another USD 80 million of the existing Sukuk already owned by the Company. The remaining USD 850 million was split into two tranches being a USD 425 million Ordinary Sukuk and USD 425 million Exchangeable Sukuk (together the "New Sukuk"), each with 5-year maturity. The Ordinary Sukuk and Exchangeable Sukuk have a profit rate of 9% and 7% per annum, respectively, to be paid quarterly from profits generated by the Mudarabah Assets. The initial effective exchange price for the exchangeable Sukuk was determined on 13 February 2013 and was fixed at AED 0.75 per share (floor price).

The New Sukuk are secured against the shares of Dana LNG Ventures Limited (BVI), Sajaa Gas Company Limited (Sharjah) and United Gas Transmission Company Limited (Sharjah). In addition to the above, the security package available to holders of the New Sukuk was enhanced by USD 300 million of value comprising security over certain receivables of the Company's Egyptian assets, Company's interest in Danagaz W.L.L. and Sajaa Gas industrial land.

During the previous years the Company bought back Sukuk amounting to USD 77.4 million and a further USD 72.9 million worth of Sukuk was converted into shares of Dana Gas PJSC. The outstanding Sukuk is USD 700 million.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

15 PROVISION FOR SURPLUS OVER ENTITLEMENTS (NET)

	<i>30 September 2017</i>	<i>31 Dec 2016</i>
	<i>USD mm</i>	<i>USD mm</i>
		<i>(Audited)</i>
Surplus over Entitlements (a)	-	114
Less: Interest receivable on overdue invoices (b)	-	(67)
Less: Other receivables	-	(6)
	<u>-</u>	<u>41</u>
	<u>-</u>	<u>41</u>

a) Surplus over Entitlements

As per the terms of the Petroleum Development Agreement, Pearl takes title to all petroleum produced and accordingly recognises 100% revenue from the sale of condensate and LPG. From such revenue received in cash, Pearl is entitled to retain the petroleum costs and remuneration fee as per the Petroleum Development Agreement (“Entitlements”) and any residual amount is to be paid to the KRG (“Surplus”). The right under the Petroleum Development Agreement to receive such revenue in full was upheld by the Arbitration Tribunal in its second Partial Final Award dated 27 November 2015.

On an accruals basis, the cumulative revenue recognised by Pearl as at 31 December 2016 exceeded its net Entitlements under the Petroleum Development Agreement, if all invoices and outstanding receivables were to be paid by the KRG in an amount of USD 326 million (DG Share 35%: USD 114 million). This notional Surplus was only due on the assumption that all the outstanding liquid petroleum invoices as at 31 December 2016 had been paid in full by the KRG as of that date, which they had not.

Furthermore, Pearl has a right under the terms of the Authorisation to offset this Surplus, when payable, against any other outstanding payments due from the KRG. Accordingly, as at 31 December 2016, the aforementioned Surplus has been reduced by other outstanding amounts due from KRG, the net result being that a net amount of USD 117 million (DG Share 35%: USD 41 million) would be repayable to the KRG, even if the entire amount of USD 2.04 billion (DG Share 35%: USD 713 million) in outstanding receivables to Pearl by 31 December 2016 were to be settled in full.

Pursuant to the Settlement Agreement dated 30 August 2017, an amount of USD 1 billion was paid in cash by the KRG and the residual debt of USD 1.24 billion (including interest and transportation costs receivable) was converted to petroleum cost under the Petroleum Development Agreement (see note 1). Post this conversion of the residual debt to petroleum costs, Pearl is again in a cost recovery mode wherein Pearl is yet to recover its full Entitlement under the Petroleum Development Agreement. Accordingly, the provision for Surplus over Entitlement of USD 260 million (DG Share 35%: USD 91 million) as of 30 August 2017 is no longer required and has been fully reversed to the income statement.

a) Interest and other receivable from KRG (net)

Pearl Petroleum (“Pearl”) is contractually entitled to charge interest cost on overdue receivables due from KRG. Previously, without giving up its contractual entitlement to actual interest costs, Pearl invoiced interest on overdue KRG invoices at the rate of LIBOR plus 2%. In the absence of settlement of overdue invoices, Pearl decided to invoice by applying 9% interest (quarterly compounded) on 50% of the total overdue receivables, while the remaining 50% overdue receivables were subject to an interest rate of LIBOR plus 2% which is the minimum specified under the Authorisation.

As part of the Third Award received on 13 February 2017 the Tribunal ruled that Pearl is entitled to interest on overdue receivable at Libor plus 2% compounded monthly. Based on the above, Dana Gas share (35%) of the total interest on overdue receivables (for condensate and LPG sales and transportation costs paid on behalf of KRG) from KRG as at 31 December 2016 stood at USD 67 million.

Pursuant to Settlement Agreement with the KRG dated 30 August 2017, total interest at LIBOR plus 2% compounded monthly on overdue receivables from KRG (towards liquids sales and transportation costs paid on behalf of KRG) amounting to USD 237 million (DG Share 35%: USD 83 million) as on 30 August 2017 has been converted to petroleum cost. For the purposes of these financial statements, this amount has been recorded as Oil & Gas Properties and included under Property, plant & equipment. At 30 September 2017, no interest is receivable from KRG.

16 CONTINGENCIES AND COMMITMENTS

Dana Gas Egypt

In March 2006, Dana Gas Egypt entered into an agreement with CTIP Oil and Gas Limited (“CTIP”) to acquire a 25% percent working interest in the West El Manzala and West El Qantara Concessions. Following the closing of this acquisition, the Company held a 100% participating interest in each of these Concessions. As agreed under the terms of the said acquisition agreement Dana Gas Egypt has paid USD 13 million as a result of the first Government approved plan of Development in the West El Manzala Concession. In addition, Dana Gas Egypt has agreed to pay additional payments that could total up to a further USD 12.5 million as and when total Proved Reserves for both El Manzala and West El Qantara concessions collectively and in the aggregate exceeds 1 Trillion cubic feet of natural gas. Dana Gas Egypt has also granted a three percent net profits interest to CTIP on future profit from the Concessions.

In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. As per the concession agreement, Dana Gas Egypt has committed to spend USD 25.5 million on the block during the first phase of exploration which is 4 years and expires on 11 February 2018. To-date Dana Gas Egypt has spent circa. USD 15.2 million out of the total commitment.

In October 2014, Dana Gas Egypt was awarded a 100% working interest North El Salhiya (Block 1) concession area. The area is located in Nile delta next to DGE existing development leases. As per the concession agreement, Dana Gas Egypt has committed to spend USD 20 million on the block during the first phase of exploration which is 3 years.

In October 2014, Dana Gas Egypt was also awarded El Matariya (Block 3) onshore concession area in the Nile Delta. Dana Gas Egypt with BP Exploration (Delta) Limited “BP” as partner and operator will participate in the concession on a 50:50 basis. Dana Gas Egypt and BP have committed to spend USD 60 million on the block during the first phase of exploration which is 3 years. As per the terms of the agreement with BP, BP will fund all of the cost (including Dana Gas’s share) of the first exploration well up to an agreed maximum limit. BP also has the option to acquire 50% in the deep potential of some of Dana Gas’ adjacent Development leases. The Mocha-1 exploration well costs have fulfilled the commitment of USD 60 million.