

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016 (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 31 March 2016.

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 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 a regional natural gas Company with presence in the United Arab Emirates, Egypt, Bahrain, and the Kurdistan Region of Iraq (KRI) and headquartered in Sharjah, United Arab Emirates.

Results for the quarter ended 31 March 2016

During the quarter ended 31 March 2016, the Company earned gross revenues of USD 82 million (AED 301 million) as compared to USD 115 million (AED 422 million) in the first quarter of 2015. This decline of USD 33 million (AED 121 million) in revenue was mainly due to a sharp decline in hydrocarbon prices coupled with lower production in Egypt and Kurdistan. Realised prices during the period averaged USD 30/bbl for condensate and USD 29/boe for LPG compared to USD 51/bbl and USD 41/boe respectively in Q1 2015. This decline in realised price eroded USD 28 million (AED 103 million) off the top line.

The Group achieved a net profit after tax of USD 6 million (AED 22 million) as compared to USD 12 million (AED 44 million) in Q1 2015, a decline of 50%. Gross margin for the quarter was lower at 39% as compared to 50% in Q1 2015 due to sharp decline in liquid prices as explained above. During the quarter the Company charged interest of USD 13 million (AED 48 million) on its overdue receivables from the Kurdistan Regional Government (KRG) and reversed USD 9 million (AED 33 million) provision for surplus over entitlement due to lower recovery of its own entitlement, given the continued buildup of IRR in a low oil price environment. This coupled with cost saving measures deployed since last year, ensured the Company stays profitable and continues to drive efficiency during this tough period for the industry.

The Group’s share of production for the first 91 days was 5.5 million barrels of oil equivalent [60,500 barrels of oil equivalent per day (“boepd”)], a decrease of 12% compared to corresponding quarter production of 68,700 boepd. Production in Egypt and Kurdistan were lower by 12% and 16%, respectively. The decrease in production of Kurdistan is mainly due to change in Group’s interest in PPCL from 40% in Q1 2015 to 35% in Q1 2016 following disposal of a 5% interest in PPCL on 27 November 2015 to RWEST Middle East Holding BV.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) in Q1 2016 reduced to USD 47 million (AED 172 million) compared to USD 55 million (AED 203 million) in Q1 2015.

Liquidity and Financial Resources

Cash and bank balance at period end stood at USD 413 million (AED 1,514 million), a decline of 12% compared to the USD 470 million (AED 1,723 million) cash balance in December 2015. The reduction in cash balance was due to expenditures in Dana Gas Egypt & Zora, Sukuk profit & other financing payments and G&A costs. Cash collection in Egypt and Kurdistan Region of Iraq (KRI) stood at USD 23.5 million and USD 18 million, respectively. The Company continues to monitor its capital requirements on an ongoing basis to ensure optimal structure. Optimisation measures includes the Company seeking, from time to time, to buy back its outstanding Sukuk. At the current time the Company has not yet determined the size of a buyback, however, going forward it will be considering an incremental buy back, through open market purchases or otherwise in accordance with law, the scale of which will depend on market conditions and the Company’s liquidity requirements.

DANA GAS PJSC

Report of the Directors

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.

Reserves & Resources

Dana Gas Egypt & Zora

During 2015, the Company significantly increased its oil & gas reserves. Gaffney Cline & Associates has certified Dana Gas's Proved Reserves in Egypt at 83 MMboe, an increase of 41%. In addition Proved plus Probable (2P) reserves of Dana Gas Egypt increased to 130 MMboe corresponding to a reserve replacement ratio (RRR) of 237%. The Zora Field 2P reserves remained steady at 31 MMboe.

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 31st 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 years.

In their report dated April 2016, GCA provide the following reserves estimates for both fields²:

- 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 Tcf 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.

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

The Company production in Egypt for the first 91 days of operations in 2016 was 3.0 MMboe i.e. 33,000 boepd (March 2015: 3.4 MMboe, i.e. averaging 37,700 boepd). This represents a decrease of 12% compared to the same period last year. The drop was due to the steady and predictable downward curve associated with normal field production decline in Nile Delta, Egypt. This decline has now been arrested as Balsam field ramps up.

During the first quarter of 2016, the Company received cash of USD 23.5 million (AED 86 million) against the amounts due to the Company i.e. realizing 86% of the quarter's revenue. Consequently at period end, the trade receivable balance in Egypt stood at USD 226 million (AED 829 million) (31 December 2015: USD 221 million (AED 810 million)).

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.

On 27 November 2015, Dana Gas and Crescent sold an equity interest of 5% each in Pearl Petroleum to RWE Middle East Holding BV ("RWE"). The shareholding interest in Pearl Petroleum is now as follows: Dana Gas: 35%, Crescent: 35%, OMV: 10%, MOL: 10% and RWE: 10%.

Dana Gas's share (35%) of gross production in the KRI for the first 91 Days of operations in 2016 was 2.3 MMboe, i.e. averaging 25.5 thousand BOE per day (March 2015 – DG Share 40%: 2.73 MMboe, averaging 30.4 thousand BOE per day). The decrease in production is mainly due to change in Group's interest in PPCL from 40% in Q1 2015 to 35% in Q1 2016 i.e. after disposal of 5% interest in PPCL 27 November 2015 to RWEST Middle East Holding BV.

Dana Gas share of collections for the period stood at USD 18 million (AED 66 million) including advance received pursuant to local sales contract for future lifting of LPG and condensate. At period end, Dana Gas' 35% share of trade receivable balance stood at USD 733 million (AED 2,687 million) – (Dana Gas' 35% - 2015: USD 727 million / AED 2,665 million).

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 Project's final commissioning and startup are ongoing with the first gas delivered on 14 January 2016. The processed gas is delivered direct to Sharjah Government power station at Hamriyah and associated condensate is sold into the local market.

The gas plant is currently producing at 60% capacity of 40 MMscf/d while commissioning is ongoing. The previously maximum tested flow rate was 50 MMscf/d.

DANA GAS PJSC

Report of the Directors

E&P Operations (continued)

c) Zora Gas Field

The project cost was partly financed through a USD 100 million Term Facility that was signed on 25 June 2014 through a syndicate of four regional banks ENBD, CBI, CBD and Barwa Bank. This facility was fully drawn down by 30 November 2015. The balance of the project cost was financed through equity.

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 Saj Gas and UGTC, the entities that own the offshore riser platform, the offshore and onshore pipelines and the sour gas processing plant.

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 2,706 boepd of propane (DG Share 26.4%: 714 boepd) and 26 boepd of butane (DG Share 26.4%: 7 boepd) during the quarter.

Arbitration Cases

On 21 October 2013, Dana Gas, along with Crescent Petroleum and Pearl Petroleum (the Consortium which holds petroleum rights in the KRI), together "the Claimants", commenced international arbitration proceedings at the London Court of International Arbitration (LCIA), in accordance with the dispute resolution mechanism of the agreement signed with the Kurdistan Regional Government (KRG) on 04 April 2007 and governed by English Law.

With effect from June 2013, the date upon which the Claimants initiated mediation proceedings with the LCIA, the KRG ceased making any payments for the liquid products that it continued to lift and sell from the Khor Mor plant. On 21 March 2014, the Consortium filed an interim measures application with the Tribunal. The Consortium was successful in its application to the Tribunal for interim measures and the Tribunal made an order on 10 July 2014 for the KRG to restore the previous regular payments to the Consortium as of 21 March 2014, the date of the application, and until the case is concluded.

The KRG failed to comply with and challenged the Tribunal's order, although from September 2014, the Company was permitted to commence local sales of condensate and LPG to third parties. On 17 October 2014, the Tribunal dismissed the KRG's challenge and re-affirmed its order for interim measures of 10 July 2014. In addition, the Tribunal ordered the KRG to pay the Consortium USD 100 million within a timeframe of 30 days (by 17 November 2014). In default of its legal obligations, the KRG failed to make payment by the stipulated deadline. Consequently, the Tribunal's order became peremptory in nature, enabling its enforcement by the English High Court. On 12 December 2014, and with the Tribunal's permission, an application to the English High Court was made for the enforcement of the order, with the prospect of sanctions being imposed on the KRG for non-compliance. The English High Court heard the Claimants' application for the enforcement of the order during a hearing on 28 and 29 October 2015.

On 20 November 2015, the High Court handed down its decision, in which it enforced the Peremptory Order and ordered the KRG to pay the Peremptory Order within 14 days. Following receipt of the judgement, the KRG applied to challenge the Court's order, by way of seeking (1) a discharge of the Peremptory Order; (2) an appeal; and (3) alternatively, an extension of time to pay the Peremptory Order. At the same time as the KRG made its application it also applied to the Tribunal to discharge the Peremptory Order.

DANA GAS PJSC Report of the Directors

Arbitration Cases (continued)

At the hearing before the Court on 17 December 2015, the Court decided to (1) adjourn the discharge application to allow the Tribunal to decide whether or not the Peremptory Order should be discharged; (2) refused permission for the KRG to appeal; and (3) extended the time for the KRG to pay the Peremptory Order to 26 February 2016. However, as a condition of this extension, the Court ordered the KRG to pay in the meantime 3 installments of USD 8 million each by 31 December 2015, 15 January 2016 and 19 February 2016 to the Consortium. All three instalments have been paid.

The KRG has also applied to the Tribunal to discharge the Peremptory Order, which was the subject of a short hearing before the Tribunal on 8 January 2016. On 15 January 2016, the Tribunal handed down its decision rejecting the KRG application to discharge the Peremptory Order and confirming the payment date of 26 February 2016.

On 18 February 2016, the KRG applied for permission to appeal to the Court of Appeal various aspects of the High Court orders relating to the enforcement of the Peremptory Order. The Court of Appeal determined that the question of whether permission should be given to allow the KRG to appeal should be determined at an oral hearing on a date to be fixed possibly within 3 months. In the meantime, the Court of Appeal ordered that (1) the date for payment of the USD 100 million be deferred from 26 February 2016 until after the outcome of the hearing; and (2) in the meantime, the KRG should continue to pay the Claimants USD 8 million on the 15th of each month.

Although the KRG's permission to appeal is pending, in March 2016 the Claimants and the KRG independently reached an agreement whereby the Peremptory Order will be paid down by the KRG in monthly instalments. As at 31 March 2016, the KRG has paid the Claimants an instalment of USD 4 million.

In relation to the arbitration proceedings on merits a one-week hearing took place in London commencing 20 April 2015 at which selected issues in the arbitration were considered.

On 3 July 2015, the Arbitral Tribunal issued a Partial Final Award dated 30 June 2015 ("First PFA") confirming the Consortium's contractual rights including a number of important issues addressed at the 20 April 2015 hearing. Among other things, the First Partial Final Award confirmed:

- The Consortium's exclusive long-term rights to develop and produce gas and petroleum from both the Khor Mor and Chemchemal fields for the duration of the Contract, being not less than 25 years.
- The KRG's contractual obligation to pay the Consortium for the produced condensate and LPG at international prices, including the pricing methodology for each.
- That Dana Gas and Crescent Petroleum were entitled to farm out part of their own interests to MOL and OMV, and that the KRG was not entitled to a share of the farm-out proceeds.

On 21 September 2015, a one-day hearing was held during which the Consortium made an application to the Tribunal for monetary award of USD 1.963 billion against the KRG, being the outstanding unpaid invoices (as of 30 June 2015) for the produced condensate and LPG calculated as per the pricing methodology determined by the Tribunal in the First Partial Final Award. The Tribunal considered the parties' claims and their submissions. On 27 November 2015, the Tribunal handed down its Second Partial Final Award ("Second PFA") in which it ordered the KRG to pay the Consortium within 28 days (i.e. by 26 December 2015) the sum of USD 1.963 billion for outstanding unpaid invoices for the produced condensate and LPG up to 30 June 2015, as per the pricing methodology already determined by the Tribunal in the First PFA.

The Second PFA is final, binding and internationally enforceable, and does not depend upon any further hearings or the parties' outstanding claims and counter-claims that are yet to be determined in the arbitration.

The KRG has not yet paid the USD 1.963 billion, and on 22 December 2015, launched a challenge to the Second PFA in the English High Court on the limited procedural grounds allowed for in arbitration. The Consortium and their legal advisors are of the view that the challenge is without merit and will fail. This challenge in any case does not freeze the obligation of the KRG to pay.

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Report of the Directors

Arbitration Cases (continued)

The Consortium's entitlement to receivables in respect of Excess Gas and substantial damage claims (estimated at over USD 15 billion) for wrongful interference with the Consortiums long term rights over the Khor Mor and Chemchemical fields (as affirmed by the First PFA) will be determined (along with other outstanding claims) in a subsequent hearing, which is scheduled to commence on 5 September 2016. This hearing will also address the various counterclaims alleged by the KRG for more than USD 3 billion against the Consortium, all of which the Consortium and their legal advisors believe are without merit.

In December 2010, Dana Gas PJSC and Crescent Petroleum Company International Limited (the "Claimants") initiated arbitration proceedings before an arbitration tribunal in London alleging that RWEST (the "Respondent") had breached certain confidentiality agreements between the parties. On 10 March 2015, the Tribunal held that Respondent's breaches of the confidentiality agreements had harmed the Claimants' interests in the KRI. On 27 November 2015, the Claimants reached a mutually satisfactory and confidential settlement with RWEST. As part of the settlement, Dana Gas transferred an equity interest of 5% in Pearl Petroleum to RWE Middle East Holdings BV. Dana Gas' shareholding in Pearl Petroleum is consequently now 35%.

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 Arbitration 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 obligated to deliver gas under the Contract since December 2005. Crescent Petroleum has since informed Dana Gas that the final hearing for determination of the damage claims against NIOC for non-performance of the contract has now been fixed by the Tribunal for the 1 September 2016 in The Hague.

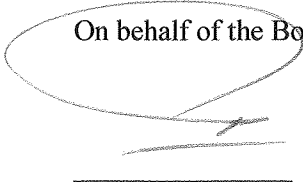

Board of Directors

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

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

04 May 2016

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 31 March 2016 comprising of the interim condensed consolidated statement of financial position as at 31 March 2016 and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the three 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

- (i) We draw attention to note 5 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; and
- (ii) We also draw attention to note 1 to the interim condensed consolidated financial statements which discloses arbitration proceedings entered into with the Kurdistan Regional Government of Iraq.

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



Signed by:
Thodla Hari Gopal
Partner
Registration No. 689
4 May 2016

Sharjah, United Arab Emirates

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 31 March 2016 (Unaudited)

	Notes	Three months ended			
		31 March 2016		31 March 2015	
		USD mm	AED mm	USD mm	AED mm
Revenue		82	301	115	422
Royalties		(25)	(92)	(41)	(150)
Net revenue		57	209	74	272
Operating costs		(13)	(48)	(12)	(44)
Depreciation and depletion		(22)	(81)	(25)	(92)
Gross profit		22	80	37	136
General and administration expenses		(3)	(11)	(5)	(18)
Investment and finance income		13	48	2	7
Reversal of surplus over entitlement	7	9	33	-	-
Reversal of impairment		-	-	1	4
Other expenses		(2)	(7)	(2)	(7)
Share of loss of a joint venture		(1)	(4)	-	-
Exploration expenses		-	-	(1)	(4)
Finance cost		(26)	(95)	(16)	(59)
PROFIT BEFORE INCOME TAX		12	44	16	59
Income tax expense		(6)	(22)	(4)	(15)
PROFIT FOR THE PERIOD		6	22	12	44
PROFIT ATTRIBUTABLE TO:					
- Equity holders of the parent		6	22	12	44
- Non-controlling interest		-	-	-	-
		6	22	12	44
EARNINGS PER SHARE:					
- Basic earnings per share (USD/AED per share)	4	0.0008	0.003	0.001	0.004
- Diluted earnings per share (USD/AED per share)	4	0.0008	0.003	0.001	0.004

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2016 (Unaudited)

	<i>Three months ended</i>			
	<i>31 March</i>		<i>31 March</i>	
	<i>2016</i>		<i>2015</i>	
	<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
Profit for the period	6	22	12	44
Other comprehensive income:				
<i>Other comprehensive income to be classified to income statement in subsequent periods:</i>				
Loss on available-for-sale financial asset	-	-	(1)	(4)
Net loss on cash flow hedge	-	-	(4)	(15)
Other comprehensive income / (loss) for the period	-	-	(5)	(19)
Total comprehensive income for the period	6	22	7	25
ATTRIBUTABLE TO:				
- Equity holders of the parent	6	22	7	25
- Non-controlling interest	-	-	-	-
	6	22	7	25

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016 (Unaudited)

		31 March 2016		31 December 2015 (Audited)	
	<i>Notes</i>	<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
ASSETS					
Non-current assets					
Property, plant and equipment		1,097	4,021	1,032	3,784
Intangible assets	5	694	2,544	748	2,741
Investment property	6	25	91	25	91
Interest in joint ventures		558	2,045	559	2,048
		<u>2,374</u>	<u>8,701</u>	<u>2,364</u>	<u>8,664</u>
Current assets					
Inventories		57	209	53	194
Trade and other receivables	7	1,041	3,815	1,017	3,728
Financial assets at fair value through profit or loss	8	8	29	8	29
Cash and bank balance	9	413	1,514	470	1,723
		<u>1,519</u>	<u>5,567</u>	<u>1,548</u>	<u>5,674</u>
TOTAL ASSETS		<u>3,893</u>	<u>14,268</u>	<u>3,912</u>	<u>14,338</u>
EQUITY					
Capital and reserves attributable to equity holders of the Parent					
Share capital	10	1,901	6,969	1,901	6,969
Statutory reserve		108	395	108	395
Legal reserve		108	395	108	395
Retained earnings		699	2,562	693	2,540
Other reserves		2	7	2	7
Convertible bonds- equity component		58	212	58	212
		<u>2,876</u>	<u>10,540</u>	<u>2,870</u>	<u>10,518</u>
Attributable to equity holders of the Parent					
Non-controlling interest		1	4	1	4
Total equity		<u>2,877</u>	<u>10,544</u>	<u>2,871</u>	<u>10,522</u>
LIABILITIES					
Non-current liabilities					
Borrowings	11	813	2,980	810	2,969
Provisions		13	48	16	59
		<u>826</u>	<u>3,028</u>	<u>826</u>	<u>3,028</u>
Current liabilities					
Borrowings	11	49	180	51	187
Trade payables and accruals		141	516	150	550
Provision for surplus over entitlements (net)	12	-	-	14	51
		<u>190</u>	<u>696</u>	<u>215</u>	<u>788</u>
Total liabilities		<u>1,016</u>	<u>3,724</u>	<u>1,041</u>	<u>3,816</u>
TOTAL EQUITY AND LIABILITIES		<u>3,893</u>	<u>14,268</u>	<u>3,912</u>	<u>14,338</u>

Director
04 May 2016

Director
04 May 2016

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2016 (Unaudited)

	<i>Notes</i>	<i>Three months ended</i>			
		<i>31 March 2016</i>		<i>31 March 2015</i>	
		<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
OPERATING ACTIVITIES					
Profit before income tax		12	44	16	59
Adjustments for:					
Depreciation and depletion		22	81	25	92
Investment and finance income		(13)	(48)	(2)	(7)
Reversal of surplus over entitlement		(9)	(33)	-	-
Reversal of Impairment		-	-	(1)	(4)
Share of loss of a joint venture		1	4	-	-
Exploration expenses		-	-	1	4
Finance costs		26	95	16	59
		<u>39</u>	<u>143</u>	<u>55</u>	<u>203</u>
Changes in working capital:					
Trade and other receivables		(17)	(62)	(50)	(184)
Inventories		(4)	(15)	(4)	(15)
Trade payables and accruals		7	26	(11)	(40)
		<u>25</u>	<u>92</u>	<u>(10)</u>	<u>(36)</u>
Net cash generated from/(used in) operating activities		<u>25</u>	<u>92</u>	<u>(10)</u>	<u>(36)</u>
Income tax		(6)	(22)	(4)	(15)
Net cash flows from/(used in) operating activities		<u>19</u>	<u>70</u>	<u>(14)</u>	<u>(51)</u>
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(43)	(158)	(45)	(165)
Expenditure on intangible assets		(11)	(40)	-	-
Investment and finance income received		1	4	1	4
		<u>(53)</u>	<u>(194)</u>	<u>(44)</u>	<u>(161)</u>
Net cash flows used in investing activities		<u>(53)</u>	<u>(194)</u>	<u>(44)</u>	<u>(161)</u>
FINANCING ACTIVITIES					
Proceeds from borrowings		7	25	35	128
Repayment of loan		(9)	(33)	-	-
Finance costs paid		(17)	(62)	(17)	(62)
		<u>(19)</u>	<u>(70)</u>	<u>18</u>	<u>66</u>
Net cash flows (used in)/from financing activities		<u>(19)</u>	<u>(70)</u>	<u>18</u>	<u>66</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(53)</u>	<u>(194)</u>	<u>(40)</u>	<u>(146)</u>
Cash and cash equivalents at the beginning of the period		<u>441</u>	<u>1,615</u>	<u>184</u>	<u>674</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	<u>388</u>	<u>1,421</u>	<u>144</u>	<u>528</u>

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period ended 31 March 2015 (Unaudited)

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As 31 March 2016 (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 Bahrain, Cairo, Kurdistan Region of Iraq and London.

The UAE Federal Law No. 2 of 2015 (“Companies Law”) has come into effect from 28 June 2015. The Company has twelve months from the effective date of the Companies Law to comply with its provisions (the “transitional provisions”) and the Company has availed these transitional provisions.

Principal subsidiaries and joint arrangements of the Group at 31 March 2016 and the Group 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 Gas LNG Ventures Limited	100	British Virgin Islands	Oil and Gas exploration & production
Dana Gas Egypt	100	Barbados	Oil and Gas exploration & production
Dana Gas Exploration 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 15 May 2009, Dana Gas and Crescent signed a Share Sale Agreement with OMV and MOL wherein an equity interest of 5% each was sold by Dana Gas and Crescent to OMV and MOL respectively. On 27 November 2015, Dana Gas and Crescent further transferred an equity interest of 5% each in Pearl Petroleum to RWE Middle East Holdings BV ("RWE"). Consequently, the shareholding interest in Pearl Petroleum is now as follows: 35% to Dana Gas, 35% to Crescent, 10% to OMV, 10% to MOL and 10% to RWE. In accordance with the terms of the Joint Venture Agreement dated May 15, 2009, the shareholders of Pearl Petroleum appointed Crescent and Dana Gas as Subcontract Operator to conduct the business of the Company on a no-profit, no-loss basis.

Pearl Petroleum and its shareholders since 18 May 2009 are engaged in an ongoing dialogue with the Ministry of Natural Resources ("MNR") of the Kurdistan Regional Government ("KRG") as to the interpretation of the agreement with the KRG ("the Authorisation").

Failing satisfactory progress with that dialogue, Dana Gas, along with Crescent Petroleum and Pearl Petroleum (which holds petroleum rights in the Kurdistan Region of Iraq), together "the Claimants", commenced international arbitration proceedings on 21 October 2013 at the London Court of International Arbitration (LCIA), in accordance with the dispute resolution mechanism of the agreement signed with the KRG on 04 April 2007 and governed by English Law. The objective of the arbitration is to obtain confirmation of the long-term contractual rights for the development and marketing in respect of the Khor Mor and Chemchemal fields including the outstanding receivables owed by the MNR of KRG.

Following a hearing in London between 20-24 April 2015, on 3 July 2015, the Tribunal issued a Partial Final Award (dated 30 June 2015) confirming Pearl's long-term exclusive rights for the development and marketing in respect of the Khor Mor and Chemchemal fields, and its entitlement to be paid by KRG for condensate and LPG invoices at the contractually specified international prices. On 21 September 2015, a one-day hearing was held during which the Consortium made an application to the Tribunal for monetary award of USD1.963 billion against KRG, being the outstanding unpaid invoices (as of 30 June 2015) for the produced condensate and LPG calculated as per the pricing methodology determined by the Tribunal in the Partial Final Award. The Tribunal considered the parties' claims and their submissions made on 21 September 2015. On 27 November 2015, the Tribunal handed down its Second Partial Final Award ("Second PFA") in which it ordered the KRG to pay the Consortium within 28 days (i.e. by 26 December 2015) the sum of USD1.963 billion for outstanding unpaid invoices for the produced condensate and LPG up to 30 June 2015, as per the pricing methodology already determined by the Tribunal in the First PFA.

A final determination regarding the Consortium's entitlement in respect of Excess Gas will be made a subsequent phase of arbitration, scheduled to commence on 5 September 2016. In the meantime, KRG remains in default of the arbitration Tribunal's peremptory order to pay the Claimants USD100 million on an interim basis. Accordingly, the Claimants applied to the English Court for enforcement of this interim order. The English High Court heard the Claimants' application for the enforcement of the order during a hearing on 28 and 29 October 2015.

On 20 November 2015, the High Court handed down its decision, in which it enforced the Peremptory Order and ordered the KRG to pay the Peremptory Order within 14 days. Following receipt of the judgement, the KRG applied to challenge the Court's order, by way of seeking (1) a discharge of the Peremptory Order; (2) an appeal; and (3) alternatively, an extension of time to pay the Peremptory Order. At the same time as the KRG made its application it also applied to the Tribunal to discharge the Peremptory Order. At the hearing before the Court on 17 December 2015, the Court decided to (1) adjourn the discharge application to allow the Tribunal to decide whether or not the Peremptory Order should be discharged; (2) refused permission for the KRG to appeal; and (3) extended the time for the KRG to pay the Peremptory Order to 26 February 2016. However, as a condition of this extension, the Court ordered the KRG to pay in the meantime 3 installments of USD 8 million each by 31 December 2015, 15 January 2016 and 19 February 2016 to the Consortium. All three instalments have been paid.

The KRG has also applied to the Tribunal to discharge the Peremptory Order, which was the subject of a short hearing before the Tribunal on 8 January 2016. On 15 January 2016, the Tribunal handed down its decision rejecting the KRG application to discharge the Peremptory Order and confirming the payment date of 26 February 2016.

On 18 February 2016, the KRG applied for permission to appeal to the Court of Appeal various aspects of the High Court orders relating to the enforcement of the Peremptory Order. The Court of Appeal determined that the question of whether permission should be given to allow the KRG to appeal should be determined at an oral hearing on a date to be fixed possibly within 3 months. In the meantime, the Court of Appeal ordered that (1) the date for payment of the USD 100 million be deferred from 26 February 2016 until after the outcome of the hearing; and (2) in the meantime, the KRG should continue to pay the Claimants USD 8 million on the 15th of each month.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As 31 March 2016 (Unaudited)

1 CORPORATE INFORMATION (continued)

Although the KRG's permission to appeal is pending, in March 2016 the Claimants and the KRG independently reached an agreement whereby the Peremptory Order will be paid down by the KRG in monthly instalments. As at 31 March 2016, the KRG has paid the Claimants an instalment of USD 4 million.

The ultimate outcome of any arbitration or Court process is uncertain. The final outcome of the arbitration process, and related Court hearings, may have an impact on the carrying value of certain assets and liabilities on the statement of financial position including determination, under the terms of the Authorisation, of any amounts which may become due to KRG over and above Pearl Petroleum's entitlements. Pearl Petroleum and its shareholders have assessed the legal position with advice from their legal advisors and based on such legal advice are fully confident of the company's right under the Authorisation in accordance with applicable law, most of which have already been confirmed and upheld in the Tribunal's final and binding Partial Final Awards Accordingly, they believe that there should not be a material adverse impact on the state of the Group or the carrying values of its assets or liabilities.

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 2015. In addition, results for the three month period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2016.

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 2015, except for the adoption of new standards and interpretations as of 1 January 2016. 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 other 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 31 March 2016 (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 31 March 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	4	34	19	57
Gross profit				22
General and administration expenses				(3)
Investment and finance income				13
Reversal of surplus over entitlement				9
Other expenses				(2)
Share of loss of a joint venture				(1)
Finance cost				(26)
Profit before income tax				12
Income tax expense				(6)
PROFIT FOR THE PERIOD				6
Segment assets as at 31 March 2016	1,763	1,102	1,028	3,893
Segment liabilities as at 31 March 2016	853	139	24	1,016
Other segment information				
Capital expenditure:				
Intangible assets	-	11	-	11
Property, plant and equipment	2	19	-	21
Total	2	30	-	32
Depreciation, depletion & amortisation	2	17	3	22

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As 31 March 2016 (Unaudited)

3 SEGMENTAL INFORMATION (continued)

Period ended 31 March 2015

	<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>1</u>	<u>35</u>	<u>38</u>	<u>74</u>
Gross profit				37
General and administration expenses				(5)
Investment and finance income				2
Reversal of Impairment				1
Other expenses				(2)
Exploration expenses				(1)
Finance costs				(16)
Profit before income tax				<u>16</u>
Income tax expense				(4)
PROFIT FOR THE PERIOD				<u>12</u>
Segment assets as at 31 March 2015	<u>1,432</u>	<u>1,100</u>	<u>1,116</u>	<u>3,648</u>
Segment liabilities as at 31 March 2015	<u>837</u>	<u>63</u>	<u>31</u>	<u>931</u>
Other segment information				
Capital expenditure:				
Intangible assets	-	15	-	15
Property, plant and equipment	49	1	-	50
Total	<u>49</u>	<u>16</u>	<u>-</u>	<u>65</u>
Depreciation, depletion & amortisation	1	21	3	25
Exploration write-off	-	1	-	1
Reversal of Impairment	-	1	-	1

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As 31 March 2016 (Unaudited)

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>Three months ended 31 March</i>	
	<i>2016</i>	<i>2015</i>
Earnings:		
Net profit for the period - USD mm	<u>6</u>	<u>12</u>
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	<u>6,969</u>	<u>6,961</u>
EPS (Basic) – US Cents:	<u>0.086</u>	<u>0.17</u>

(b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible sukuk and restricted shares. The convertible sukuk is assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the finance cost effect. For the restricted shares the total numbers of shares which will vest over the period are considered to calculate dilution.

	<i>Three months ended 31 March</i>	
	<i>2016</i>	<i>2015</i>
Earnings:		
Net profit for the period – USD mm	6	12
Finance cost on exchangeable Sukuk – USD mm	6	6
	<u>12</u>	<u>18</u>
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	6,969	6,961
Adjustments for:		
Restricted shares (million)	19	10
Assumed conversion of exchangeable Sukuk (million)*	1,713	1,724
Weighted average number of ordinary shares for diluted earnings per share (million)	<u>8,701</u>	<u>8,695</u>
EPS (Diluted) – US Cents:	<u>0.086</u>	<u>0.17</u>

* As per the agreement, the conversion rate for the Convertible sukuk was set at a 50% premium to the 75 calendar day volume-weighted average price, measured over a period commencing on 1 December 2012 (with a floor of AED 0.75 and cap of AED 1.00). The initial effective exchange price for the convertible sukuk was determined on 13 February 2013 and has been fixed at AED 0.75 per share (floor price).

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As 31 March 2016 (Unaudited)

5 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 2016	253	289	7	2	308	859
Less: impairment	(102)	-	(7)	(2)	-	(111)
At 1 January 2016	151	289	-	-	308	748
Additions	11	-	-	-	-	11
Transfer to property, plant and equipment	(65)	-	-	-	-	(65)
At 31 March 2016	97	289	-	-	308	694
At 31 December 2015(audited)	151	289	-	-	308	748

(a) Oil and Gas Interests

Oil and gas interests of USD 97 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 9% 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 81% 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 10% 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 El Matariya Onshore (Block 3) concession area. The area is located onshore Nile Delta. As per the concession agreement, Dana Gas Egypt will with BP as partner and operator will participate on a 50:50 basis. The drilling of first deep target exploration well is planned to start in May 2016.

5 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 Arbitration Tribunal has issued a Final Award for the merit phase of the proceedings, determining that the 25 year contract between it and NIOC is valid and binding upon the parties, and that NIOC has been obligated to deliver gas under the Contract since December 2005. Crescent Petroleum has since informed Dana Gas that the final hearing for determination of the damage claims against NIOC for non-performance of the contract has now been fixed by the Tribunal for the 1 September 2016 in The Hague.

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 2015. 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 2015.

6 INVESTMENT PROPERTY

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

	31 March 2016 USD mm	31 Dec 2015 USD mm <i>(Audited)</i>
Balance at 1 January	25	26
Change in fair value	-	(1)
Balance at 31 March / 31 December	<u>25</u>	<u>25</u>

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 2015.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As 31 March 2016 (Unaudited)

7 TRADE AND OTHER RECEIVABLES

	31 March 2016 USD mm	31 Dec 2015 USD mm (Audited)
Trade receivables (net)	964	950
Prepaid expenses	1	2
Due from joint ventures	30	29
Other receivables	44	42
Interest and other receivable from KRG (net) of Surplus over entitlement (note e)	8	-
Less: provision for impairment of other receivables	(6)	(6)
	<u>1,041</u>	<u>1,017</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 733 million (31 December 2015: 727 million) – refer note 1.
- c) Pearl Petroleum supplied 670,835 MMscf (746,036,788 MMBtu) of gas to KRG until March 2016 and invoiced KRG for gas supplied in excess of 200MMscfd ("Excess Gas"). Invoices for Excess Gas for the period between January 2011 to May 2015 amount to USD1.498 billion (Dana Gas 35% share: USD 524.3 million). Revenue and receivables reported from January 2011 to 31 March 2016 does not include amounts invoiced for Excess Gas. Effective June 2015, Pearl Petroleum suspended issuance of further invoices to the KRG in respect of Excess Gas pending clarification of Pearl Petroleum's entitlement to receivables in respect of Excess Gas by the Tribunal in a subsequent hearing, which is expected to take place in 2016.
- d) The ageing analysis of trade receivables is as follows:

Total USD mm	Neither past due nor impaired USD mm	Past due but not impaired				
		<30 days USD mm	30-60 days USD mm	61-90 days USD mm	91-120 days USD mm	>120 days USD mm
31 March 2016 964	67	25	14	10	12	836
31 Dec. 2015 950	75	12	24	15	21	803

e) Interest and other receivable from KRG (net)

	31 March 2016 USD mm	31 Dec 2015 USD mm (Audited)
Interest receivable on overdue invoices (see below)	146	133
Add: Other receivables	6	6
Less: Surplus over Entitlements (note 12)	(144)	(153)
	<u>8</u>	<u>(14)</u>

Pearl Petroleum ("Pearl") is contractually entitled to charge interest cost on overdue receivables 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% which is not its full entitlement under the Authorisation in respect of interest on overdue receivables. In the absence of settlement of overdue invoices, Pearl decided to invoice the KRG on the basis of its full entitlement to interest on all unpaid invoices. The entitlement in respect of interest on overdue receivables from the KRG is recomputed by applying 9% interest (quarterly compounded) on 50% of the total overdue receivables, while the remaining 50% receivables have been subject to an interest rate of LIBOR plus 2% which is the minimum specified under the Authorisation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As 31 March 2016 (Unaudited)

7 TRADE AND OTHER RECEIVABLES (continued)

e) Interest and other receivable from KRG (net)

Based on the above, Dana Gas share (35%) of the total interest on outstanding receivables (for condensate and LPG sales and transportation costs paid on behalf of KRG) from KRG as at 31 March 2016 stands at USD 146 million (31 December 2015: USD 133 million).

Pearl has a right under the terms of the Authorisation to offset Surplus over Entitlements, when payable, against any other outstanding payments due from the KRG. Accordingly, Surplus over Entitlements has been reduced by other outstanding amounts due from KRG, the net result being that an amount of USD 23 million (DG Share 35%: USD 8 million) would still be receivable from the KRG, even if the entire amount of USD 2.09 billion (DG Share 35%: USD 733 million) in outstanding receivables to Pearl by 31 March 2016 were to be settled in full. At 31 December 2015, the position was a net payable of USD 14 million (DG 35% share).

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2016 USD mm	31 Dec 2015 USD mm <i>(Audited)</i>
Balance at 1 January	8	9
Investment redeemed during the year	-	(1)
Balance at 31 March/31 December	<u>8</u>	<u>8</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 31 December 2015.

9 CASH AND BANK BALANCES

	31 March 2016 USD mm	31 Dec 2015 USD mm <i>(Audited)</i>
Cash at bank and on hand		
- Local Banks within UAE	49	66
- Foreign Banks outside UAE	20	32
Short term deposits		
- Local Banks within UAE	311	343
- Foreign Banks outside UAE	8	-
Cash and cash equivalent	<u>388</u>	<u>441</u>
Deposit (Murabaha facility)	25	29
Cash and Bank Balance	<u>413</u>	<u>470</u>

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 three 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 413 million (2015: USD 470 million). The effective profit rate earned on short term deposits ranged 0.3% to 7.5% (2015: 0.3% to 8.0%) per annum. As at 31 March 2016, 87 % (31 December 2015: 87%) 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 413 million, 10% of the amount was held in Egyptian pounds (31 December 2015: 11%).

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As 31 March 2016 (Unaudited)

9 CASH AND BANK BALANCES (continued)

Deposit (Murabaha facility) is EGP pledged with Mashreq Bank PSC, Egypt branch against fully secured facility of USD 25 million (note 11 e). As per the arrangement, Dana Gas Egypt will maintain EGP deposit equal in value to 115% of the outstanding principal amount of loan in USD. The tenor of the facility is one year from the date of drawdown which was completed on 9 April 2015. Subsequent to period end, the facility term has been extended for a further period of one year with a revised facility amount of USD 21.5 million and requires Dana Gas Egypt to maintain EGP deposit equal in value to 120% of the outstanding principal amount of USD. The pledged EGP deposit as of 31 March 2016 stood at USD 25 million in equivalent EGP (31 December 2015: USD 29 million).

10 SHARE CAPITAL

	<i>31 March 2016</i> <i>USD mm</i>	<i>31 Dec 2015</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) – Note 10b		
<i>Issued and fully paid up:</i>		
6,968,616,114 (2015: 6,968,616,114) common shares of AED 1 each (USD 0.2728 each)	<u>1,901</u>	<u>1,901</u>

- a. The conversion period for Exchangeable sukuk issued on 8 May 2013 commenced on 31 October 2013 and will expire 25 trading days prior to the scheduled redemption date of 31 October 2017. During this period sukuk holders have the right to convert all or part of the Exchangeable sukuk into ordinary shares of the Company.
- b. The Annual General Assembly of Shareholders on 28 April 2016, approved the amendments to the Memorandum and Article of Association of the Company in accordance with the New Companies Commercial Law No.2 for the year 2015. This included approval of Authorised share capital of the Company to be AED 9 billion i.e. 9 billion shares of AED 1 each.

11 BORROWINGS

	<i>31 March 2016</i> <i>USD mm</i>	<i>31 Dec 2015</i> <i>USD mm</i> <i>(Audited)</i>
Non-current		
Ordinary Sukuk (a)	400	400
Convertible Sukuk (a)	332	329
Bank Borrowings – Zora Gas Field Project Finance (b)	57	64
Equipment loan (c)	14	12
Egypt Building loan (d)	10	5
	<u>813</u>	<u>810</u>
Current		
Bank Borrowings – Zora Gas Field Project Finance (b)	27	27
Bank Borrowings – Murabaha facility (e)	22	24
	<u>49</u>	<u>51</u>
Total Borrowings	<u>862</u>	<u>861</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As 31 March 2016 (Unaudited)

11 BORROWINGS (continued)

a) EXCHANGEABLE SUKUK

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 drawn up to conform to the principles of Islamic Sharia, were approved by the Company's shareholders at an Extraordinary General Meeting held in July 2007. Pursuant to the conditions of the Sukuk, the proceeds were used for the acquisition and development of assets (the "Mudarabah Assets") owned by Dana LNG Ventures Limited. The Sukuk matured on 31 October 2012 and had a profit rate of 7.5% payable quarterly from profits of the Mudarabah Assets. In 2008, Dana Gas purchased some of the Sukuk from the market with a nominal value of USD 80 million.

The Company announced on 10 December 2012 that a standstill and lockup agreement has been reached with an "Ad-Hoc committee" of Sukuk certificate holders for a refinancing transaction (the "Transaction") in relation to the Sukuk. The standstill and lockup agreement also includes a detailed set of terms, conditions and implementation schedule.

The Company launched the consent solicitation on 26 March 2013 to seek Sukuk holders consent in a meeting of Sukuk Certificate holders ("Sukuk holders EGM") to be held on 23 April 2013. Also, the Company issued an invitation to its Shareholders to attend the Extra Ordinary General Assembly ("Shareholders EGM") to consider and approve the Sukuk deal.

On 23 April 2013, both Sukuk holders EGM and Shareholders EGM approved the Sukuk refinancing deal. On 8 May 2013 successful completion was achieved and the Company made the cash pay-down of USD 69.9 million and paid the accrued profit from 31 October 2012 to 7 May 2013 amounting to USD 38.4 million. Following this, the Company also perfected the required securities and issued a compliance certificate dated 10 July 2013.

The salient features of the agreement were a reduction in the Company's outstanding Sukuk amount 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 will be split into two tranches being a USD 425 million Ordinary sukuk and USD 425 million Exchangeable Sukuk (together the "New Sukuks"), each with 5-year maturity to ensure long term financing. The Ordinary Sukuk and Exchangeable Sukuk have a profit rate of 9% and 7% per annum, respectively.

The Ordinary and Exchangeable 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 Sukuks 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.

As per the agreement, the conversion rate for the Exchangeable sukuk was set at a 50% premium to the 75 calendar day volume-weighted average price, measured over a period commencing on 1 December 2012 (with a floor of AED 0.75 and cap of AED 1.00). The initial effective exchange price for the exchangeable sukuk was determined on 13 February 2013 and has been fixed at AED 0.75 per share (floor price). The Company has the option to pay down the outstanding principal amount of the New Sukuks prior to the new maturity date of 31 October 2017, subject to the applicable call premium on the Ordinary Sukuk and the soft call provisions on the Exchangeable Sukuk. The Exchangeable sukuk at the option of the certificate holders can be exchanged into ordinary shares of the Company on or after 31 October 2013 until 25 trading days prior to the Scheduled Redemption Date.

During 2015, the Company has bought back Ordinary and Exchangeable Sukuk amounting to USD 24.9 million and USD 2.2 million (par value), respectively. All the bought back Sukuk were cancelled in accordance with the terms and conditions of the respective Sukuk.

As of 31 March 2016 par value of outstanding Ordinary and Exchangeable sukuk amounted to USD 400 million (2015: USD 400 million) and USD 350 million (2015: USD 350 million), respectively.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS As 31 March 2016 (Unaudited)

11 BORROWINGS (continued)

a) EXCHANGEABLE SUKUK

The Exchangeable Sukuk recognised in the statement of financial position is calculated as follows:

	31 March 2016 USD mm	31 Dec 2015 USD mm (Audited)
Liability component at 1 January	329	323
Finance expense for convertible sukuk	9	32
Sukuk cancelled through buyback	-	(2)
Profit paid	(2)	(20)
	<u>336</u>	<u>333</u>
Current portion of profit classified under trade payables and accruals	(4)	(4)
	<u>332</u>	<u>329</u>
Liability component at 31 March/December		

The conversion option embedded in the convertible instrument is valued at the issuance of the Exchangeable sukuk and disclosed separately under Equity – USD 58 million (2015: USD 58 million).

b) BANK BORROWINGS – ZORA GAS FIELD PROJECT FINANCE

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 USD 100 million Term Facility for the Zora Field Development Project. Emirates NBD Bank will also act as the Global Facility Agent, Term Facility Agent, Security Agent and Account Bank while Barwa Bank will act as the Murabaha Investment Agent for the Shariah tranche of this loan.

The repayment for the Term Facility is over a period of 15 quarterly instalments and has already commenced from Q4 2015, subject to a cash sweep mechanism and carries variable rate of LIBOR + Margin during the repayment period.

Project Security covers, commercial mortgage over mortgage-able Zora gas field project assets (onshore & offshore), assignment of rights under Gas Sales Purchase Agreements, assignment of bank accounts, assignment of Zora Project Insurance proceeds, Project performance Guarantees from Contractors & Irrevocable Letter of Credits from Sharjah Petroleum Council. Dana Gas PJSC has pledged the shares of Dana Gas Explorations FZE in favor of security agent. Dana Gas PJSC is also a Guarantor for the entire tenure of the term facility.

	31 March 2016 USD mm	31 Dec 2015 USD mm (Audited)
Loan facility	91	100
Less: Unamortised portion of loan arrangement fees	-	(2)
Less: Repayment during the period/year	(7)	(7)
	<u>84</u>	<u>91</u>
Net Loan facility		

Loan facility is payable as follows:

Within one year	27	27
After one year	57	64
	<u>84</u>	<u>91</u>
Loan facility		

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As 31 March 2016 (Unaudited)

11 BORROWINGS (continued)

c) EQUIPMENT LOAN

Dana Gas Egypt ("DGE") has 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 till 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 11d) 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.

d) 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.

e) MURABAHA FACILITY

Dana Gas Egypt Ltd (Barbados) entered into Commodity Murabaha agreement with facility limit of USD 25 million with Mashreq bank PSC (UAE) on 30 March 2015. This was a fully secured facility wherein Dana Gas Egypt Ltd was required to maintain EGP deposit (pledged) equal in value to 115% of the outstanding principal amount of loan in USD held with Mashreq bank PSC, Egypt branch acting as Security Agent. The profit rate on the facility is LIBOR + Margin & the EGP deposit attracts a deposit rate that closely reflects the profit rate on the loan. The drawdown of the said facility was completed on 9 April 2015. Subsequent to period end, the facility term has been extended for a period of one year with a revised facility amount of USD 21.5 million with a slightly different profit rate (LIBOR + Margin) and a different deposit rate on EGP deposit. This fully secured facility requires Dana Gas Egypt Ltd to maintain EGP deposit (pledged) equal in value to 120% of the outstanding principal amount of USD. The facility is repayable in 12 equally monthly instalments starting from 9 May 2016.

12 PROVISION FOR SURPLUS OVER ENTITLEMENTS

As per the terms of the Authorisation, 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 Authorisation ("Entitlements") and any residual amount is to be paid to the KRG ("Surplus"). The right under the Authorisation to receive such revenue in full was upheld by the Arbitration Tribunal in its second Partial Final Award dated 27 November 2015 (note 1).

On an accruals basis, the cumulative revenue recognised by Pearl to date exceeds its net Entitlements under the Authorisation, if all invoices and outstanding receivables were to be paid by the KRG. Such estimated Surplus amounts to USD 413.06 million (DG Share 35%: USD 144 million) as at 31 March 2016 (31 December 2015: USD 437.72 million – DG Share 35%: USD 153 million). Reduction in Surplus has been recognised in the Income Statement. This notional Surplus is only due on the assumption that all the outstanding liquid petroleum invoices as at 31 March 2016 had been paid in full by the KRG as of that date, which they have not. Accordingly, Pearl's net Entitlements will need to be recalculated from time to time until Pearl has recovered its full entitlement under the Authorisation.

Such Surplus crystallises and becomes payable to KRG only when Pearl has actually recovered its Entitlements as per the terms of the Authorisation which is very much dependent upon the timing of actual receipt of funds from the KRG in respect of accrued revenue in addition to any future Petroleum Costs incurred by Pearl. It should be noted that as at 31 March 2016, Pearl has not recovered its Petroleum Costs in full.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As 31 March 2016 (Unaudited)

12 PROVISION FOR SURPLUS OVER ENTITLEMENTS (continued)

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 March 2016, the aforementioned Surplus has been reduced by other outstanding amounts due from KRG (see note 7e), the net result being that an amount of USD 23 million (DG Share 35%: USD 8 million) would still be receivable from the KRG, even if the entire amount of USD 2.09 billion in outstanding receivables to Pearl by 31 March 2016 were to be settled in full. Furthermore due to the terms of the HoA, further delay in payment by the KRG will further increase Pearl's Entitlements and reduce the net amount re-payable to the KRG.

13 CONTINGENCIES AND COMMITMENTS

(a) 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 discovery volumes equal or in excess of 1Tcf of Proved Reserves. 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.

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. 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. In the event that the well proves commercial, BP has the option to acquire 50% in the deep potential of some of Dana Gas' adjacent Development leases. 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.

Capital expenditure contracted for at 31 March 2016 but not yet accrued amounted to USD 2 million (31 December 2015: USD 6 million).