Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2010 (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 results of the Company and its subsidiaries (together referred to as the "Group") for the period ended 31 March 2010.

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 from a small core team at its head office in Sharjah to a regional, as well as international natural gas company with over 300 professional staff. It has offices in Sharjah, Egypt, Saudi Arabia, Bahrain, the Kurdistan Region of Iraq and in the United Kingdom

Results for quarter ended 31 March 2010

During the quarter, the Company earned gross revenues of AED 411 million as compared to AED 247 million in March 2009; an increase of 66%. The oil and gas production increased to 4.5 million barrels of oil equivalent (BOE) as compared to 3.3 million BOE. This increase in revenue was mainly due to higher hydrocarbon prices coupled with increased production, both in Egypt and Kurdistan Region of Iraq.

The Group achieved a net profit after tax of AED 33 million during the current quarter as compared to a net loss of AED 32 million in the same period last year. The increase in net profit was mainly due to higher realised prices on the sale of hydrocarbons, together with increased production in Egypt and Kurdistan. Earnings before interest, tax, depreciation, amortisation and exploration (EBITDAX) increased by 102% from AED 113 million to AED 228 million.

The above net profit **excludes** an unrealised gain of AED 140 million recorded in this quarter on the Company's investment in MOL (the Hungarian oil and Gas Company, who are one of our partners in Kurdistan). This is booked directly to equity under "Comprehensive Income" in line with the Company's published accounting policy.

The total Comprehensive Income for the quarter stood at AED 173 million compared to a loss of AED 32 million in the same period last year.

Liquidity and Financial Resources

During the period, the operating cash flow and the Group's cash and bank balances were principally used to fund its capital expenditure programme in Egypt, Kurdistan and Offshore Sharjah.

The Group's cash and bank balances as at 31 March 2010 stood at AED 645 million (31 December 2009: AED 781 million) of which 85% was held with local banks in the UAE.

Business Update

In line with its outlined strategy, the Dana Gas Group continues to maximise the value of its existing oil and gas assets and projects, while pursuing growth through a strategy of targeted acquisitions and new business development across the gas value chain. We continue to balance our capital expenditure with the available sources of finance to ensure we maintain a robust Balance Sheet.

Egypt E&P operations

The Company's production for the 90 Days of operations in 2010 was 3.53 million BOE i.e. averaging 39.2 thousand BOE per day (2009: 2.66 million BOE, averaging 29.6 thousand BOE per day). During the period, the Company continued with its exploration success by adding two more gas discoveries. The new exploration discoveries during the first quarter are "El Panseiya-1" and "South Faraskour-1", both in the West El Manzala Concession. There was also one dry hole "NW Abu Monkar", which was written off in the quarter. This is reflected in the Exploration expenses line in the Income Statement.

The U.K. based advisory firm, Gaffney, Cline & Associates carried out an independent evaluation of Dana Gas Egypt's hydrocarbon reserves as at 31 December 2009. Following this review, the Company's gross proved reserves (1P) as at 31 December 2009 were estimated to be 47 MMBOE (31 December 2008: 55 MMBOE). The gross proved and probable reserves (2P) as at 31 December 2009 were estimated to be 132 MMBOE (31 December 2008: 94 MMBOE). The gross proved, probable and possible reserves (3P) as at 31 December 2009 were estimated to be 228 MMBOE (31 December 2008: 158 MMBOE). Note: All volumes reported are on a "working interest" basis.

Kurdistan Region of Iraq (KRI) Project (Pearl Petroleum Company Limited)

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for the development of its substantial gas resources on the Khor Mor and Chemchemal gas fields. Since then, the focus has been on developing, processing and transporting natural gas on a fast-track basis, from the Khor Mor field including processing and the extraction of LPG and condensate, provide natural gas supplies to fuel domestic electric power generation plants near the major urban centers of Erbil and Suleymania. Further development of the gas reserves are planned to supply natural gas as feedstock and energy for local industries.

During the 90 days of operation, the production in Kurdistan Region of Iraq (Dana's 40% share) was 0.97 million BOE. Commissioning of the first train of the LPG plant is underway with the second train planned to be commissioned in late 2010.

Dana Gas now holds a 40% share of the total assets of Pearl Petroleum Company. As at 31 March 2010, Dana Gas investment in Kurdistan exceeds AED 1.2 billion.

Gas Cities

Dana Gas has a 50% interest in a joint venture known as GASCITIES Ltd for the development of a series of "Gas Cities" across the MENASA region.

On 9 September 2009, GASCITIES Ltd signed a Memorandum of Understanding to carry out a series of pre-feasibility studies to establish gas and land allocations for a potential Gas City in the Hodeidah Region of Yemen.

The company is also assessing the feasibility for Gas Cities in Egypt and in Kurdistan.

UAE Gas Project

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies by National Iranian Oil Company ("NIOC") to Crescent Petroleum. Dana Gas has a 35% interest in Crescent National Gas Corporation Limited (CNGCL) and owns 100% of SajGas and UGTC. After a delay of over 4 years, we understand that NIOC has recently introduced hydrocarbons into the completed upstream facilities (within Iran) to progress the commissioning and testing activities. This potentially allows for contractual gas deliveries to commence. Notwithstanding this, Crescent Petroleum has served NIOC with an arbitration notice in July 2009 and the legal process is now underway.

Egypt Gulf of Suez – Gas Liquids (LPG) Plant

The Company, through Danagaz Bahrain, is a 26.4% owner in a joint venture to build, own and operate a Liquids Extraction Plant in Egypt in partnership with the Egyptian National Gas Company (EGAS) and the Arab Petroleum Investments Corporation (APICORP). The formation of the joint venture company in Egypt and the acquisition of the land for the plant have been completed. The contract for the LPG plant was awarded in June 2009, with the construction phase expected to be completed in the first half of 2011.

Sharjah Western Offshore Concession

In March 2008, Dana Gas was awarded a twenty five year oil and gas concession by the Government of Sharjah for the exploration and development of the Western Offshore Concession in Sharjah, UAE. The concession award marks Dana Gas' entry into the GCC exploration and production sector, and will also be the first offshore upstream asset for the Company. The concession agreement covers a total area of over 1,000 square kilometers including part of the Zora Gas Field, which has established gas reserves and a ready market.

The Company is in the initial execution phase of this project, which includes upstream development as well as transportation of the produced gas and condensates via a 25km offshore pipeline. A detailed engineering design for the offshore platform and the conceptual engineering design for the onshore gas processing plant are complete. Key management, engineering, procurement, construction and installation contracts are ready to be awarded. This project will add new production and revenues to Dana Gas in 2011, expanding its diversified portfolio.

Appropriations

The shareholders in the Annual General Meeting held on 21 April 2010 approved the issuance of 10% bonus shares to shareholders. The accounting for this decision will be reflected in the 30 June 2010 financial statements.

DANA GAS PJSC
Report of the Directors

Directors

The Directors who served during the period were:

H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman
Mr. Hamid Dhiya Jafar, Chairman
Dr. Adel Khalid Al-Sabeeh, Deputy Chairman
Mr. Ahmed Rashid Al-Arbeed, Chief Executive Officer
Mr. Rashid Saif Al-Jarwan, Executive Director
H.E. Sheikh Sultan Bin Ahmed Bin Sultan Al-Qasimi
H.H Shaikha Hanadi Al Thani
Mr. Abdulaziz Hamad Aljomaih
Mr. Abdullah Ali Al majdouie
Mr. Adib Abdullah Al-Zamil
Mr. Khalid Abdul Rahman Saleh Al-Rajhi
Mr. Majid Hamid Jafar
Mr. Nasser Al Nowais
Mr. Rashad Mohammed Al-Zubair
Mr. Said Arrata
Dr. Tawfeeq Abdulrahman Almoayed
Mr. Varoujan Nerguizian
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 Company.

On behalf of the Board of Directors

Director

12 May 2010

ERNST & YOUNG

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Dana Gas PJSC ("the Company") and its subsidiaries ("the Group") as at 31 March 2010, the related interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statements of 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 matter

Without qualifying our opinion we draw attention to note 5 to the 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. Based on the information available at this time, the Directors and management are confident of a positive outcome.

Ernst & Young

Signed by
Edward Quinlan
Partner
Registration No. 93

Sharjah
12 May 2010

INTERIM CONSOLIDATED INCOME STATEMENT
Period ended 31 March 2010 (Unaudited)

		Three months ended			
		31 March 2010		*31 March 2009*	
	Note	***USD mm***	***AED mm***	*USD mm*	*AED mm*
Revenue		**112**	**411**	67	247
Royalties		**(34)**	**(125)**	(22)	(81)
Net revenue		**78**	**286**	45	166
Cost of sales		**(8)**	**(29)**	(9)	(33)
Depreciation and depletion		**(26)**	**(95)**	(18)	(65)
Gross profit		**44**	**162**	18	68
Investment and finance income		**3**	**11**	2	7
Other income		**1**	**4**	2	6
General and administration expenses		**(9)**	**(33)**	(7)	(26)
Finance costs		**(14)**	**(52)**	(16)	(57)
Exploration expenses		**(1)**	**(4)**	-	-
PROFIT / (LOSS) BEFORE TAX FOR THE PERIOD		**24**	**88**	(1)	(2)
Income tax expense		**(15)**	**(55)**	(8)	(30)
PROFIT / (LOSS) FOR THE PERIOD		**9**	**33**	(9)	(32)
Basic and diluted per share (USD/AED per share)	4	**0.002**	**0.005**	(0.002)	(0.005)

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2010 (Unaudited)

	Three months ended			
	31 March 2010		*31 March 2009*	
	USD mm	***AED mm***	*USD mm*	*AED mm*
Profit (loss) for the period	**9**	**33**	(9)	(32)
Gain on available-for-sale financial asset (Note 6)	**38**	**140**	-	-
Other comprehensive income for the period	**38**	**140**	-	-
Total comprehensive income (loss) for the period	**47**	**173**	(9)	(32)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010 (Unaudited)

	Notes	*31 March 2010* USD mm	*31 March 2010* AED mm	*31 December 2009* USD mm (Audited)	*31 December 2009* AED mm (Audited)
ASSETS					
Non-current assets					
Property, plant and equipment		**959**	**3,514**	941	3,449
Intangible assets	5	**1,385**	**5,077**	1,379	5,055
Available-for-sale financial asset	6	**321**	**1,177**	283	1,037
Investment property	7	**39**	**143**	39	143
		2,704	**9,911**	2,642	9,684
Current assets					
Inventories		**48**	**176**	46	169
Accounts receivable and prepayments	8	**202**	**741**	199	728
Due from related parties		**2**	**7**	2	7
Financial assets at fair value through profit or loss	9	**10**	**37**	9	33
Cash and cash equivalents	10	**176**	**645**	213	781
		438	**1,606**	469	1,718
TOTAL ASSETS		**3,142**	**11,517**	3,111	11,402
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	11	**1,637**	**6,000**	1,637	6,000
Statutory reserve		**30**	**113**	30	113
Legal reserve		**30**	**113**	30	113
Retained earnings		**252**	**915**	243	882
Other reserves		**146**	**536**	107	392
Convertible bonds- equity component	12	**48**	**176**	48	176
Attributable to shareholders of the Company		**2,143**	**7,853**	2,095	7,676
Minority interest		**4**	**15**	4	15
Total equity		**2,147**	**7,868**	2,099	7,691
LIABILITIES					
Non-current liabilities					
Convertible bonds	11	**874**	**3,204**	871	3,193
Provisions		**15**	**55**	14	51
		889	**3,259**	885	3,244
Current liabilities					
Accounts payable and accruals		**106**	**390**	127	467
		106	**390**	127	467
Total liabilities		**995**	**3,649**	1,012	3,711
TOTAL EQUITY AND LIABILITIES		**3,142**	**11,517**	3,111	11,402

Director
12 May 2010

Director
12 May 2010

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

INTERIM CONSOLIDATED CASH FLOW STATEMENT
Period ended 31 March 2010 (Unaudited)

	Notes	*Three months ended 31 March* **2010** *USD mm*	**2010** *AED mm*	2009 *USD mm*	2009 *AED mm*
OPERATING ACTIVITIES					
Profit / (loss) for the period before tax		**24**	**88**	(1)	(2)
Adjustments for:					
Depreciation and depletion		**26**	**95**	18	65
Investment and finance income		**(3)**	**(11)**	(2)	(7)
Finance costs		**14**	**52**	16	57
Exploration expenditure		**1**	**4**	-	-
		62	**228**	31	113
Change in working capital:					
Accounts receivable and prepayments		**(13)**	**(48)**	19	70
Inventories		**(2)**	**(7)**	5	17
Accounts payable and accruals		**(11)**	**(40)**	10	37
Net cash generated from operating activities		**36**	**133**	65	237
Income tax paid		**(15)**	**(55)**	(8)	(30)
Net cash from operating activities		**21**	**78**	57	207
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(36)**	**(133)**	(44)	(162)
Expenditure on intangibles	5	**(7)**	**(26)**	(29)	(107)
Investment and finance income		**2**	**7**	1	3
Net cash used in investing activities		**(41)**	**(152)**	(72)	(266)
FINANCING ACTIVITY					
Repurchase of convertible bonds		-	-	(10)	(37)
Finance costs		**(17)**	**(62)**	(16)	(57)
Net cash used in financing activity		**(17)**	**(62)**	(26)	(94)
DECREASE IN CASH AND CASH EQUIVALENTS		**(37)**	**(136)**	(41)	(153)
Cash and cash equivalents at the beginning of the period		**213**	**781**	217	798
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	**176**	**645**	176	645

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period ended 31 March 2010 (Unaudited)

	Attributable to shareholders of the Company															
	Share capital		*Statutory reserves*		*Legal reserves*		*Retained earnings*		*Other reserve*		*Convertible bonds- equity component*		*Minority 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*
At 1 January 2010	**1,637**	**6,000**	**30**	**113**	**30**	**113**	**243**	**882**	**107**	**392**	**48**	**176**	**4**	**15**	**2,099**	**7,691**
Other comprehensive income	-	-	-	-	-	-	-	-	38	140	-	-	-	-	38	140
Profit for the period	-	-	-	-	-	-	9	33	-	-	-	-	-	-	9	33
Total comprehensive income for the period	-	-	-	-	-	-	9	33	38	140	-	-	-	-	47	173
Share based payment	-	-	-	-	-	-	-	-	1	4	-	-	-	-	1	4
At 31 March 2010	1,637	6,000	30	113	30	113	252	915	146	536	48	176	4	15	2,147	7,868
At 1 January 2009	1,637	6,000	28	104	28	104	225	819	4	15	48	176	1	3	1,971	7,221
Other comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	(9)	(32)	-	-	-	-	-	-	(9)	(32)
Total comprehensive loss for the period	-	-	-	-	-	-	(9)	(32)	-	-	-	-	-	-	(9)	(32)
At 31 March 2009	1,637	6,000	28	104	28	104	216	787	4	15	48	176	1	3	1,962	7,189

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2010 (Unaudited)

1 ACTIVITIES

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 and its Subsidiaries 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 P. O. Box 2011, Sharjah, United Arab Emirates with offices in Al-Khobar, London, Kurdistan Region of Iraq, Bahrain and Cairo.

Principal subsidiaries and jointly controlled entities of the Group at 31 March 2010 and the group percentage of ordinary share capital or joint venture interest are set out below:

Subsidiaries	%	Country of incorporation	Principal activities
Dana Gas LNG Ventures	100	British Virgin Island	Oil and Gas exploration & production
Dana Gas Egypt (previously Centurion Energy International Inc)	100	Barbados	Oil and Gas exploration & production
Sajaa Gas Private Limited Company ("SajGas")	100	Emirate of Sharjah, UAE	Gas Sweetening
United Gas Transmissions Company Limited ("UGTC")	100	Emirate of Sharjah, UAE	Gas Transmission
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing

Joint Ventures	%	Country of operations	Principal activities
Pearl Petroleum Company* Limited ("PPCL")	40	Kurdistan Region of Iraq	Oil and Gas exploration & production
UGTC / Emarat	50	Emirate of Sharjah	Gas Transmission
CNGCL	35	Emirate of Sharjah	Gas Marketing
EBGDCO	26.4	Egypt	Gas Processing
GASCITIES Ltd	50	MENASA	Gas Cities

*On 15 May 2009, Dana Gas and Crescent signed a Share Sale Agreement with OMV Upstream International GmbH ("OMV") and MOL Hungarian Oil and Gas Public Limited Company ("MOL") wherein an equity interest of 5% each was sold by Dana Gas and Crescent to OMV and MOL respectively. Consequently, the new shareholding interest in PPCL is as follows: 40% to Dana Gas, 40% to Crescent, 10% to OMV and 10% to MOL.

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

1 ACTIVITIES (continued)

Pearl Petroleum and its shareholders have assessed the legal position with advice from their legal advisers and are fully confident of Pearl Petroleum's rights under the Authorisation in accordance with applicable law. Pearl Petroleum and the shareholders' judgment, based on such assessment and the progress of the continuing dialogue with the KRG, is that these discussions should result in a satisfactory outcome which should not have a material adverse impact on the state of the Pearl Petroleum or the carrying values of its assets.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment properties, available-for-sale financial assets and financial assets at fair value through profit and loss account that have been measured at fair value. The interim condensed consolidated financial statements are presented in United States Dollar (USD), which is the Group'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 interim condensed 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 Company and its subsidiaries 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 disclosure required for full financial statements prepared in accordance with International Financial Reporting Standards.

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 2009.

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 2010

	United Arab Emirates USD mm	*Egypt USD mm*	*Kurdistan Region of Iraq USD mm*	*Total USD mm*
Revenue				
External sales net of royalties	**1**	**59**	**18**	**78**
Total revenue net of royalties	**1**	**59**	**18**	**78**
Gross Profit	**1**	**26**	**17**	**44**
Investment and finance income				**3**
Other Income				**1**
General and administration expenses				**(9)**
Finance costs				**(14)**
Exploration cost write-off				**(1)**
Profit before income tax				**24**
Income tax expense				**(15)**
PROFIT FOR THE PERIOD				**9**
Segment assets at 31 March 2010	**1,671**	**1,060**	**411**	**3,142**
Segment liabilities at 31 March 2010	**897**	**70**	**28**	**995**

3 SEGMENTAL INFORMATION (continued)

Period ended 31 March 2009

	United Arab Emirates USD mm	*Egypt USD mm*	*Kurdistan Region of Iraq USD mm*	*Total USD mm*
Revenue				
External sales net of royalties	1	36	8	45
Total revenue net of royalties	1	36	8	45
Gross Profit	1	11	6	18
Investment and finance income				2
Other income				2
General and administrative expenses				(7)
Finance costs (net)				(16)
Loss before income tax				(1)
Income tax expense				(8)
LOSS FOR THE PERIOD				(9)
Segment assets at 31 December 2009	1,697	1,045	369	3,111
Segment liabilities at 31 December 2009	905	77	30	1,012

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.

	Three months ended 31 March	
	2010	*2009*
Earnings:		
Net Profit / (loss) for the period- USD mm	**9**	(9)
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	**6,000**	6,000
EPS (Basic) – USD:	**0.002**	(0.002)

(b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible sukuk and share options. 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 share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Three months ended 31 March	
	2010	*2009*
Earnings:		
Net Profit / (loss) for the period- USD mm	**9**	(9)
Finance cost on convertible sukuk	**17**	17
	26	8
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	**6,000**	6,000
Adjustments for:		
Assumed conversion of convertible Sukuk (million)*	**1,734**	1,734
Stock options (million)**	**-**	-
Weighted average number of ordinary shares for diluted earnings per share (million)	**7,734**	7,734

*As disclosed in Note 21, on 7 July 2008, the conversion rate for the convertible sukuk was determined and has been fixed at 17,343.3 shares for every USD 10,000 Sukuk Certificate. As at 31 March 2010 the conversion had an anti-dilutive effect on the EPS of the Company. The shareholders in the Annual General Meeting on 21 April 2010 approved the issuance of 10% bonus shares. The adjustment to the conversion price, due to this bonus, will be reflected in the 30 June 2010 financial statements.

**As at 31 March 2010 all the stock options issued to employees were out of money, hence no stock options have been assumed for calculating diluted earnings per share.

5 INTANGIBLE ASSETS

	Oil and gas interests USD mm	*Purchase, transmission, sweetening and sale rights USD mm*	*Gas processing rights USD mm*	*Development cost USD mm*	*Goodwill USD mm*	*Total USD mm*
At 1 January 2010	205	857	7	2	308	1,379
Additions	7	-	-	-	-	7
Transfer to PP&E	(1)	-	-	-	-	(1)
At 31 March 2010	**211**	**857**	**7**	**2**	**308**	**1,385**
At 31 December 2009	205	857	7	2	308	1,379

(a) Oil and Gas Interests

Oil and gas interests of USD 211 million relates to Dana Gas Egypt which is the Upstream (Exploration and Production) Division of the Dana Gas Group. Dana Gas Egypt has a number of concessions and development leases in Egypt which are described below in more detail:

- El Wastani Development Leases – These development leases are held with a 100% working interest and represents approximately 36% of current production. El Wastani production includes both gas and associated gas liquids. These leases have 13,017 acres of land included within boundaries 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 Exploration Concession – Dana Gas Egypt holds a 100% working interest in this Concession, which includes 476,216 acres of exploration land. The expiry date of the Exploration Concession and the total relinquishment of the non-productive land is 30th June 2012. Current drilling programs and seismic interpretation are being carried out to explore the acreage. This concession is located in the Nile Delta of Egypt. To date, five development leases have been created from this exploration concession and produce approximately 60% of current volumes and produce both natural gas and associated liquids. Three out of five development leases commenced production in 2009 namely EL Basant, Sondos and Azhar fields.

- West El Qantara Exploration Concession – Dana Gas Egypt holds a 100% working interest in this Concession, which includes 319,618 acres of exploration land and represent approximately 2.6% of current production. The expiry date of the Exploration Concession and the total relinquishment of the non-productive land is 30th June 2012. Current drilling programs and seismic interpretation are being carried out to explore the acreage. This concession is located in the Nile Delta of Egypt.

- Kom Ombo Exploration Concession – Dana Gas Egypt holds a 50% working interest in this Concession, which includes 5,654,727 acres of exploration land with the balance of 50% interest held by Sea Dragon Energy Limited ("Sea Dragon"). To date one development lease has been created from this exploration concession and produces approximately 1.3% of current volumes and produces only oil.

5 INTANGIBLE ASSETS (continued)

(a) Oil and Gas Interests (continued)

In addition to the above, Dana Gas has the following interests which were acquired as part of Centurion acquisition:

- Block 4 Sao Tome/Nigeria – a 9.5% working interest in the exploration block. The block is located off shore in the Nigeria/Sao Tome Joint Development Zone. The block has 15,876 acres (net share) of land in its boundaries. The carrying value of this interest was fully provided at the end of 2009.

- Tunisia Exploration Lease –exploration rights in relation to up to a 50 percent working interest in deeper prospective horizons that underlie upper producing horizons. The deeper prospects rights which have been retained potentially contain significant gas and petroleum liquid resources. This is based on the presence of a large neighboring structure involving the Triassic reservoir, which is one of the main producing horizons in Algeria and Tunisia. The carrying value of this interest was fully provided at the end of 2009.

(b) Purchase, transmission, sweetening and sale rights

Intangible assets include USD 857 million which represent the fair value of the rights for the purchase, transmission, sweetening and sale of gas and related products acquired by the Company through its shareholdings in SajGas, UGTC and CNGCL. 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. We understand that the ultimate supplier of gas, NIOC, has after a delay of over 4 years completed the installation of all the main components of the required upstream facilities in Iran. Crescent Petroleum, which has the gas supply contract with NIOC, has recently announced that it is taking NIOC to international arbitration pursuant to its contract, in response to demands for performance by customers in the UAE given the four years of delays in delivery of the contractual quantities of natural gas by NIOC. Based on the information available at this time, the Directors and management are confident of a positive outcome.

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 2009. Management understands that progress had been made on the construction of the required facilities by the ultimate gas suppliers and has reviewed the various inputs into the original valuation model. Management believes that the inputs into the original valuation mode have not significantly changed.

(c) Goodwill

Goodwill of USD 308 million relates to the acquisition of Dana Gas Egypt (previously known as Centurion) 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 requirements 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 2009.

6 AVAILABLE-FOR-SALE FINANCIAL ASSET

	31 March 2010 ***USD mm***	*31 Dec 2009* *USD mm* *(Audited)*
At 1 January	**283**	-
Additions	**-**	182
Change in fair value	**38**	101
At 31 March / 31 December	**321**	283

The Group holds 3,161,116 ordinary shares in MOL received as consideration for disposal of an interest in PPCL in 2009. These shares are listed on the Budapest Stock Exchange and have been fair valued with reference to published price quotation at 31 March 2010.

7 INVESTMENT PROPERTY

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

	31 March 2010 ***USD mm***	*31 Dec 2009* *USD mm* *(Audited)*
At 1 January	**39**	110
Change in fair value	**-**	(71)
At 31 March / 31 December	**39**	39

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 now considers a portion of land to be surplus to their operational requirements and will be used for earnings rentals or held for capital appreciation.

Investment properties are 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. Last valuation exercise was carried out on 31 December 2009.

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 March 2010 ***USD mm***	*31 Dec 2009* *USD mm* *(Audited)*
Trade receivables	**160**	135
Prepaid expenses	**1**	1
Other receivables	**50**	82
Less: Provision for impairment of other receivables	**(9)**	(19)
	202	199

Trade receivables are non-interest bearing and are generally on 30-60 days terms.

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

As at 31 March, the ageing analysis of trade receivables is as follows:

			Past due but not impaired				
	Total USD mm	*Neither past due nor impaired USD mm*	*<30 days USD mm*	*30-60 days USD mm*	*60-90 days USD mm*	*90-120 days USD mm*	*>120 days USD mm*
31 March 2010	**160**	**46**	**24**	**13**	**17**	**10**	**50**
31 Dec 2009	135	48	12	12	11	11	41

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2010 USD mm	*31 Dec 2009 USD mm (Audited)*
At 1 January	**9**	8
Change in Fair value	**1**	1
At 31 March / 31 December	**10**	9

10 CASH AND CASH EQUIVALENTS

	31 March 2010 USD mm	*31 Dec 2009 USD mm (Audited)*
Cash at bank and on hand		
- Local Banks within UAE	**12**	20
- Foreign Banks outside UAE	**26**	8
Short term deposits		
- Local Banks within UAE	**138**	182
Cash in transit	**-**	3
	176	213

Cash at banks earn 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 cash equivalent is USD 176 million (2009: USD 213 million). The effective profit rate earned on short term deposits ranged between 2.5% to 6.1% (2009: between 2.5% and 6.1%) per annum. As at 31 March 2010 85% of cash and cash equivalents were held with UAE banks.

11 SHARE CAPITAL

	31 March 2010 USD mm	*31 Dec 2009 USD mm (Audited)*
Authorised:		
7,794,341,810 common shares of AED 1 each (USD 0.2728 each)		
Issued and fully paid up:		
6,000,000,000 common shares of AED 1 each (USD 0.2728 each)	**1,637**	1,637

The Board of Directors, in its meeting held on 17 March 2010 recommended issuance of 10% bonus shares to the shareholders. Subsequent to the period end, the recommendation was approved by the shareholders in Annual General Meeting held on 21 April 2010.

12 CONVERTIBLE BONDS

In October 2007, the Group issued convertible bonds in the form of Trust Certificates / Sukuk-al-Mudarabah ("the Sukuk") for a total value of USD 1 billion. The Sukuk, which is structured to conform to the principles of Islamic Shariah, was approved by the Company's shareholders at an Extraordinary General Meeting held in July 2007. The Sukuk matures in 2012 and has a fixed profit rate of 7.5% to be paid quarterly. The reference share price for conversion, based on the terms and conditions of the Sukuk issue, was determined on 7 July 2008. The exchange ratio has been set at 17,343.4 shares for every USD 10,000 Sukuk certificate (i.e. an effective conversion price of AED 2.118 per share). Each Trust Certificate may be redeemed at the option of the holder at any time after 7 July 2008 to the maturity date. It may be converted into shares, or at the option of Dana Gas, into the equivalent sum of money based on the prevailing share price at conversion. Dana Gas may also voluntarily redeem the Trust Certificates under certain conditions. Subsequent to period end, a 10% Bonus issue was approved at the Company's Annual General Meeting on 21 April 2010. This will result in increase of conversion ratio from 17,343.4 shares to 19,076.7 shares for every USD 10,000 Sukuk certificate.

The Sukuk is secured by way of a pledge over the shares of Dana LNG Ventures Ltd. (parent company of Dana Gas Egypt) SajGas and UGTC in accordance with the principles of Islamic Shariah.

The fair value of the liability component, included in non-current liabilities, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity.

13 CONTINGENCIES AND COMMITMENTS

Egypt

Dana Gas Egypt has one drilling rig under contract in connection with the Year 2010 budgeted drilling program in Egypt. In the event that Dana Gas Egypt does not proceed with planned drilling with this rig, it would be obligated to pay the rig operators a variable rate based on days not utilised under the contracts. The maximum commitment at 31 March 2010 related to those contracts is approximately USD 5.6 million which could be reduced by farm-outs to other operators.

13 CONTINGENCIES AND COMMITMENTS (continued)

Egypt (continued)

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 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 to or exceed 1Tcf of Proved Reserves. Dana Gas Egypt has also granted a three percent net profits interest to CTIP on future profit from the Concessions.

On 14 March 2006, Dana Gas Egypt signed a Production Sharing Contract ("PSC") and formal granting by the Joint Development Authority of its 10 percent (gross) equity interest, 9.5 percent (net) in Block- 4 of the Nigeria/Sao Tome. Under the PSC Dana Gas Egypt paid USD 6.8 million being its share of the total signature bonus. Dana Gas was obligated to pay USD 5 million (net) for its share in the minimum expenditure of USD 53 million for the block which has been paid through 2009. This commitment is supported by a performance bond issued by BNP Paribas and supported by Export Development Canada. Dana Gas and another partner have withdrawn from the Concession in accordance with the relevant agreements (PSC/JOA) due to operator's decision to drill a third well without approval. The operator has disputed our position.

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Dana Gas has incurred over USD 328 million in capital expenditure to date and has commitments amounting to approximately USD 3 million (40% share) for the development project in the Kurdistan Region of Iraq.