Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2012 (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 ventures (together referred to as the "Group") for the period ended 31 March 2012.

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 utilization 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 offices in Sharjah, Egypt, Saudi Arabia, Bahrain, the Kurdistan Region of Iraq and in the United Kingdom

Results for quarter ended 31 March 2012

During the first quarter of 2012, the Company earned Gross Revenues of AED 700 million as compared to AED 616 million in first quarter of 2011, an increase of 14%. The oil and gas production reduced to 5.73 million barrels of oil equivalent (BOE) as compared to 6 million BOE in same period last year. The increase in revenue was mainly due to higher hydrocarbon prices coupled with increased production in the Kurdistan Region of Iraq.

The Group achieved a net profit after tax of AED 206 million during the current quarter as compared to a net profit of AED 92 million in the same period last year. Earnings before interest, tax, depreciation, amortisation and exploration write-offs ("EBITDAX") increased to AED 459 million compared to AED 403 million for the period ended March 2011.

The above net profit excludes an unrealised gain of AED 135 million recorded in this quarter for the Company's investment in MOL (the Hungarian oil and Gas Company, who are one of our partners in the Kurdistan Region of Iraq). This is booked directly to equity under "Comprehensive Income" in line with the Company's published accounting policy.

Liquidity and Financial Resources

The Group's cash and bank balances as at 31 March 2012 stood at AED 524 million (December 2011: AED 411 million) of which 85% was held with local banks in the UAE.

Business Update

In line with its outlined strategy, the Group continues to maximise the value of its existing oil and gas assets and projects. However, given the current regional turmoil and global financial crisis (Eurozone debt in particular), Dana Gas' business objective is to preserve and protect the value of its assets for its stakeholders and therefore it continues to balance operating and necessary capital expenditure within the available financial resources.

Egypt E&P operations

The Company's production for the first 91 Days of operations in 2012 was 3.14 million BOE i.e. averaging 34.5 thousand BOE per day (March 2011: 4.25 million BOE, averaging 47.3 thousand BOE per day). This represents a decline of 27% compared to the same period last year when production averaged 47,300 boepd. The production is declining as pressure is depleted from older wells but is expected to increase later in the year as compression facilities and new production wells are added and two new fields are brought on stream..

The U.K. based advisory firm, Gaffney, Cline & Associates have carried out an independent evaluation of Dana Gas Egypt's hydrocarbon reserves as at 31 December 2011. Following this review, the Company's gross proved reserves (1P) as at 31 December 2011 were estimated to be 79 millions of barrels of oil equivalent "MMBOE (31 December 2010: 89 MMBOE). The gross proved and probable reserves (2P) as at 31 December 2011 were estimated to be 142 MMBOE (31 December 2010: 152 MMBOE). The gross proved, probable and possible reserves (3P) as at 31 December 2011 were estimated to be 244 MMBOE (31 December 2010: 253 MMBOE).

During the period the Group collected AED 192 million against receivables in Egypt. At period end the trade receivables balance stood at AED 825 million (31 December 2011: AED 836 million).

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 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 the extraction of LPG and condensate and providing natural gas supplies to fuel domestic electric power generation plants near the major urban centers of Erbil and Suleymania. Further development of the gas resources are planned to include allowing expansion of electricity generation and to supply natural gas as feedstock and energy for local industries.

The Group's share (40%) of gross production in the Kurdistan Region of Iraq for the first 91 Days of operations in 2012 was 2.59 mmboe, i.e. averaging 28.5 thousand BOE per day (March 2011: 1.75 million BOE, averaging 19.5 thousand BOE per day).

As at 31 March 2012, Dana Gas' net investment in Kurdistan exceeds AED 1.3 billion.

During the period the Group collected AED 143 million against receivables in Kurdistan. At period end the Group's share of trade receivables balance stood at AED 1,039 million (December 2011: AED 880 million).

DANA GAS PJSC
Report of the Directors

UAE Gas Project

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies by the 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. In July 2010, 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 it is now rectifying. This repair may take several months. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC and expects an enforceable decision by the international tribunal in 2012.

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 project entails the engineering, construction and installation of a new unmanned platform, together with 2-3 horizontal gas production wells in approximately 24 meters of water depth. These planned facilities are about 33 km offshore from the Sharjah Hamriyah Free Zone coast line, linked by a new 12" gas and condensate pipeline, to a new onshore gas processing plant to be constructed within the Sharjah Hamriyah Free Zone Area.

In October 2011, the Company appointed Worley Parsons (WP) to provide project management consultancy services on the Project. WP has completed the invitations to tender for EPC contracts for the Gas Processing Plant, Offshore/Onshore Pipelines and the Offshore Platform

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) 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 contract for the Gas liquids extraction plant was awarded in June 2009. Financing for this project is in place, construction of the facilities is nearing completion and start up is planned to be achieved in second quarter of 2012.

Gas Cities

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

In 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 Region of Iraq.

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

14 May 2012

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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 financial statements of Dana Gas PJSC ("the Company") and its subsidiaries ("the Group") as at 31 March 2012 comprising of the interim consolidated statement of financial position as at 31 March 2012 and the related interim 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

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.

We also draw attention to note 12 to the interim condensed consolidated financial statements which discusses the options available to the Group on the forthcoming maturity of a Sukuk, in light of the challenges in the financial market and regional turmoil surrounding some of the Group's operations.

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

Ernst + Young

Signed by
Anthony O'Sullivan
Partner
Registration No. 687

Sharjah, United Arab Emirates
14 May 2012

INTERIM CONSOLIDATED INCOME STATEMENT
Period ended 31 March 2012 (Unaudited)

		Three months ended			
		31 March 2012		*31 March 2011*	
	Notes	***USD mm***	***AED mm***	*USD mm*	*AED mm*
Revenue		**191**	**700**	168	616
Royalties		**(35)**	**(128)**	(37)	(136)
Net revenue		**156**	**572**	131	480
Cost of sales		**(11)**	**(40)**	(10)	(37)
Depreciation and depletion		**(22)**	**(81)**	(29)	(106)
Gross profit		**123**	**451**	92	337
Investment and finance income		**1**	**4**	1	4
Other income		**-**	**-**	1	4
Provision for impairments		**(9)**	**(33)**	-	-
Change in fair value of investment property	6	**(2)**	**(7)**	-	-
General and administration expenses		**(11)**	**(40)**	(12)	(44)
Finance costs		**(22)**	**(81)**	(21)	(77)
Exploration expenses		**(2)**	**(7)**	(10)	(37)
PROFIT BEFORE TAX FOR THE PERIOD		**78**	**287**	51	187
Income tax expense		**(22)**	**(81)**	(26)	(95)
PROFIT FOR THE PERIOD		**56**	**206**	25	92
Basic and diluted per share (USD/AED per share)	4	**0.008**	**0.031**	0.004	0.014

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2012 (Unaudited)

	Three months ended			
	31 March 2012		*31 March 2011*	
	USD mm	***AED mm***	*USD mm*	*AED mm*
Profit for the period	**56**	**206**	25	92
Gain on available-for-sale financial asset (Note 8)	**37**	**135**	89	326
Other comprehensive income for the period	**37**	**135**	89	326
Total comprehensive income for the period	**93**	**341**	114	418

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

		31 March 2012		*31 December 2011 (Audited)*	
	Notes	*USD mm*	*AED mm*	*USD mm*	*AED mm*
ASSETS					
Non-current assets					
Property, plant and equipment		**1,011**	**3,706**	1,032	3,782
Intangible assets	5	**1,336**	**4,897**	1,342	4,918
Investment property	6	**29**	**106**	31	114
		2,376	**8,709**	2,405	8,814
Current assets					
Inventories		**55**	**202**	53	194
Trade and other receivables	7	**542**	**1,987**	501	1,836
Available-for-sale financial asset	8	**263**	**964**	226	829
Financial assets at fair value through profit or loss	9	**9**	**33**	10	37
Cash and cash equivalents	10	**143**	**524**	112	411
		1,012	**3,710**	902	3,307
TOTAL ASSETS		**3,388**	**12,419**	3,307	12,121
EQUITY					
Equity attributable to owners of the parent					
Share capital	11	**1,801**	**6,602**	1,801	6,602
Statutory reserve		**48**	**176**	48	176
Legal reserve		**48**	**176**	48	176
Retained earnings		**276**	**1,012**	220	806
Other reserves		**93**	**339**	55	200
Convertible bonds- equity component		**48**	**176**	48	176
Attributable to owners of the parent		**2,314**	**8,481**	2,220	8,136
Non-controlling interest		**4**	**15**	4	15
Total equity		**2,318**	**8,496**	2,224	8,151
LIABILITIES					
Non-current liabilities					
Borrowings	12	**26**	**95**	25	92
Provisions		**18**	**66**	17	62
		44	**161**	42	154
Current liabilities					
Borrowings	12	**910**	**3,336**	905	3,317
Trade payables and accruals		**116**	**426**	134	492
Due to related parties		-	-	2	7
		1,026	**3,762**	1,041	3,816
Total liabilities		**1,070**	**3,923**	1,083	3,970
TOTAL EQUITY AND LIABILITIES		**3,388**	**12,419**	3,307	12,121

Director
14 May 2012

Director
14 May 2012

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW
Period ended 31 March 2012 (Unaudited)

		Three months ended			
		31 March 2012		31 March 2011	
	Notes	USD mm	AED mm	USD mm	AED mm
OPERATING ACTIVITIES					
Profit before income tax		**78**	**287**	51	187
Adjustments for:					
Depreciation and depletion		**22**	**81**	29	106
Investment and finance income		**(1)**	**(4)**	(1)	(4)
Change in fair value of investment property		**2**	**7**	-	-
Provision for impairments		**9**	**33**	-	-
Finance costs		**22**	**81**	21	77
Exploration expenses		**2**	**7**	10	37
		134	**492**	110	403
Changes in working capital:					
Trade and other receivables		**(41)**	**(150)**	(98)	(359)
Inventories		**(2)**	**(8)**	1	4
Trade payables and accruals		**(17)**	**(63)**	7	26
Due to related parties		**(2)**	**(7)**	-	-
Net cash generated from operating activities		**72**	**264**	20	74
Income tax paid		**(22)**	**(81)**	(26)	(95)
Net cash flows from / (used in) operating activities		**50**	**183**	(6)	(21)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(2)**	**(7)**	(23)	(85)
Expenditure on intangibles	5	**(3)**	**(12)**	(6)	(22)
Investment and finance income received		**1**	**4**	1	4
Others		**1**	**3**	-	-
Net cash flows used in investing activities		**(3)**	**(12)**	(28)	(103)
FINANCING ACTIVITIES					
Proceeds from borrowings		**1**	**4**	4	14
Finance costs paid		**(17)**	**(62)**	(17)	(62)
Net cash flows used in financing activities		**(16)**	**(58)**	(13)	(48)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**31**	**113**	(47)	(172)
Cash and cash equivalents at the beginning of the period		**112**	**411**	159	583
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	**143**	**524**	112	411

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 2012 (Unaudited)

	Attributable to owners of the parent															
	Share capital		*Statutory reserve*		*Legal reserve*		*Retained earnings*		*Other reserves*		*Convertible bonds-equity component*		*Non-controlling interest*		*Total*	
	USD mm	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*
At 1 January 2012	1,801	6,602	48	176	48	176	220	806	55	200	48	176	4	15	2,224	8,151
Profit for the period	-	-	-	-	-	-	56	206	-	-	-	-	-	-	56	206
Other comprehensive income	-	-	-	-	-	-	-	-	37	135	-	-	-	-	37	135
Total comprehensive income for the period	-	-	-	-	-	-	56	206	37	135	-	-	-	-	93	341
Share based payment	-	-	-	-	-	-	-	-	1	4	-	-	-	-	1	4
At 31 March 2012	**1,801**	**6,602**	**48**	**176**	**48**	**176**	**276**	**1,012**	**93**	**339**	**48**	**176**	**4**	**15**	**2,318**	**8,496**
At 1 January 2011	1,801	6,600	34	125	34	125	112	409	142	521	48	176	3	11	2,174	7,967
Profit for the period	-	-	-	-	-	-	25	92	-	-	-	-	-	-	25	92
Other comprehensive income	-	-	-	-	-	-	-	-	89	326	-	-	-	-	89	326
Total comprehensive income for the period	-	-	-	-	-	-	25	92	89	326	-	-	-	-	114	418
Addition to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	1	4	1	4
At 31 March 2011	**1,801**	**6,600**	**34**	**125**	**34**	**125**	**137**	**501**	**231**	**847**	**48**	**176**	**4**	**15**	**2,289**	**8,389**

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

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

Principal subsidiaries and jointly controlled entities of the Group at 31 March 2012 and the Group's percentage of ordinary share capital or joint venture interest are set out below:

Subsidiaries	**%**	**Country of incorporation**	**Principal activities**
Dana Gas LNG Ventures Limited	100	British Virgin Island	Oil and Gas exploration & production
Dana Gas Egypt (previously Centurion)	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 operation**	**Principal activities**
Pearl Petroleum Company Limited ("Pearl Petroleum")*	40	Kurdistan Region of Iraq	Oil and Gas exploration & production
UGTC / Emarat JV	50	Emirate of Sharjah	Gas Transmission
Crescent National Gas Corporate Limited ("CNGCL")	35	Emirate of Sharjah	Gas Marketing
Egyptian Bahraini Gas Derivative Company ("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 and 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 Pearl Petroleum 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").

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.

These discussions have included dialogue on the amounts due to Pearl Petroleum from the KRG under the terms of the Authorisation. Pearl Petroleum retains full confidence in its contractual rights to full recovery of sums invoiced and indeed Pearl Petroleum has received USD 98 million (Dana Gas 40% share is USD 39 million) during the period.

2 SUMMARY OF 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 asset and financial assets at fair value through profit or loss account that have been measured at fair value. The interim condensed consolidated financial statements are presented in United States Dollars (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 and should be read with the Group's annual financial statement as at 31 December 2011.

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 2011.

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 2012

	United Arab Emirates USD mm	*Egypt USD mm*	*Kurdistan Region of Iraq USD mm*	*Total USD mm*
Revenue				
External sales net of royalties	1	72	83	156
Total revenue net of royalties	**1**	**72**	**83**	**156**
Gross profit	**1**	**46**	**76**	**123**
Investment and finance income				1
Provision for impairments				(9)
Change in fair value of investment property				(2)
General and administration expenses				(11)
Finance costs				(22)
Exploration cost write-off				(2)
Profit before tax for the period				**78**
Income tax expense				(22)
PROFIT FOR THE PERIOD				**56**
Segment assets as at 31 March 2012	1,562	1,163	663	3,388
Segment liabilities as at 31 March 2012	948	114	8	1,070

3 SEGMENTAL INFORMATION (continued)

Period ended 31 March 2011

	United Arab Emirates USD mm	*Egypt USD mm*	*Kurdistan Region of Iraq USD mm*	*Total USD mm*
Revenue				
External sales net of royalties	2	84	45	131
Total revenue net of royalties	2	84	45	131
Gross profit	1	54	37	92
Investment and finance income				1
Other income				1
General and administration expenses				(12)
Finance costs				(21)
Exploration cost write-off				(10)
Profit before tax for the period				51
Income tax expense				(26)
PROFIT FOR THE PERIOD				25
Segment assets as at 31 March 2011	1,687	1,135	535	3,357
Segment liabilities as at 31 March 2011	924	122	22	1,068

4 EARNINGS PER SHARE

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

	Three months ended 31 March ***2012***	*2011*
Earnings:		
Net profit for the period- USD mm	**56**	25
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	**6,602**	6,600
EPS (Basic) – USD:	**0.008**	0.004

4 EARNINGS PER SHARE (continued)

(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 three categories of dilutive potential ordinary shares: convertible sukuk, share options 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 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	
	2012	*2011*
Earnings:		
Net profit for the period- USD mm	**56**	25
Finance cost on convertible Sukuk –USD mm	**17**	17
	73	42
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	**6,602**	6,600
Adjustments for:		
Share options / Restricted shares (million) *	**11**	7
Assumed conversion of convertible Sukuk (million)**	**1,908**	1,908
Weighted average number of ordinary shares for diluted earnings per share (million)	**8,521**	8,515

Note: Restricted shares had a dilutive effect on the EPS of the Group, however as the dilution is insignificant it is not disclosed separately.

*As at 31 March 2012 all the stock options issued to employees were out of money, hence no shares have been assumed for calculating diluted earnings per share. Effective 1 July 2010, key management employees are awarded with restricted shares, one third portion of which will vest yearly over a period of 3 years. These restricted shares have been taken into account in the calculation of diluted earnings per share.

**As disclosed in Note 12, 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. The shareholders in the Annual General Meeting on 21 April 2010 approved the issuance of 10% bonus shares, due to which the conversion exchange ratio was reset from 17,343.3 shares to 19,076.6 shares for every USD 10,000 Sukuk Certificate. As at 31 March 2012 the conversion had an anti-dilutive effect on the EPS of the Company.

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*
Cost at 1 January 2012	257	857	7	2	308	1,431
Less: provision for impairment	(87)	-	-	(2)	-	(89)
At 1 January 2012	170	857	7	-	308	1,342
Additions	5	-	-	-	-	5
Transfer to property, plant & equipment	(2)	-	-	-	-	(2)
Provision for impairment	(9)	-	-	-	-	(9)
At 31 March 2012	**164**	**857**	**7**	**-**	**308**	**1,336**
At 31 December 2011	170	857	7	-	308	1,342

(a) Oil and Gas Interests

Oil and gas interests of USD 164 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 Lease – This development lease is held with a 100% working interest and represents approximately 24% 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 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 30 June 2012, howeverduring the period the expiry date of the Exploration Concession was extended by six months to 28 December 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, nine development leases have been created from this exploration concession and produce both natural gas and associated liquids representing approximately 71% of Dana Gas Egypt current volumes. The Company has applied for a tenth development lease to cover the recently discovered South Abu El Naga field.

- West El Qantara Exploration Concession – Dana Gas Egypt holds a 100% working interest in this Concession, which includes 319,618 acres of exploration land. The expiry date of the Exploration Concession and the total relinquishment of the non-productive land is 30 June 2012, however during the period the expiry date of the Exploration Concession was extended by six months to 28 December 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 and two development leases have been granted to date. Only one is producing yet (Sama) and contributes approximately 4% of Dana Gas Egypt current volumes.

- 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% of Dana Gas Egypt current volumes and produces only oil.

Management has carried out a review of each of the oil and gas interests at 31 March 2012 and has created a provision for impairment amounting to USD 9 million.

5 INTANGIBLE ASSETS (continued)

(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. In July 2010, NIOC introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and Saj gas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which it is now rectifying. This repair may take several months. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC and expects an enforceable decision by the international tribunal in 2012. 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 2011. Management has reviewed the various inputs into the original valuation model and believes that the inputs into the original valuation model 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 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 2011.

6 INVESTMENT PROPERTY

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

	31 March 2012 USD mm	*31 Dec 2011 USD mm (Audited)*
At 1 January	**31**	37
Change in fair value for the period/ year	**(2)**	(6)
At 31 March / 31 December	**29**	31

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 land to be surplus to their operational requirements and will be used for earning 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. The latest valuation exercise was carried out by the consultants as at 31 December 2011 updated by management to 31 March 2012.

7 TRADE AND OTHER RECEIVABLES

	31 March 2012 USD mm	*31 Dec 2011 USD mm (Audited)*
Trade receivables	**516**	475
Prepaid expenses	**1**	1
Other receivables	**31**	31
Less: provision for impairment of other receivables	**(6)**	(6)
	542	501

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

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*	*61-90 days USD mm*	*91-120 days USD mm*	*>120 days USD mm*
31 March 2012	**516**	**122**	**34**	**42**	**46**	**6**	**266**
31 Dec 2011	475	108	28	48	70	9	212

8 AVAILABLE-FOR-SALE FINANCIAL ASSET

	31 March 2012 USD mm	*31 Dec 2011 USD mm (Audited)*
At 1 January	**226**	315
Change in fair value for the period/ year	**37**	(89)
At 31 March / 31 December	**263**	226

The Group holds 3,161,116 ordinary shares in MOL received as consideration for the disposal of an interest in Pearl Petroleum 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 2012.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2012 USD mm	*31 Dec 2011 USD mm (Audited)*
At 1 January	**10**	10
Investment redeemed during the period/ year	**(1)**	-
At 31 March / 31 December	**9**	10

10 CASH AND CASH EQUIVALENTS

	31 March 2012 USD mm	*31 Dec 2011 USD mm (Audited)*
Cash at bank and on hand		
- Local Banks within UAE	**14**	15
- Foreign Banks outside UAE	**22**	18
Short term deposits		
- Local Banks within UAE	**107**	79
	143	112

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 earns profit at the respective short-term deposit rates. The fair value of cash and short-term deposits is USD 143 million (December 2011: USD 112 million). The effective profit rate earned on short term deposits ranged between 1.25% to 3.5% (2011: between 1.25% and 4.5%) per annum. As at 31 March 2012, 85% of cash and cash equivalents were held with UAE banks.

11 SHARE CAPITAL

	31 March 2012 USD mm	*31 Dec 2011 USD mm (Audited)*
Authorised:		
8,396,001,300 common shares of AED 1 each (USD 0.2728 each)		
Issued and fully paid up:		
6,602,001,300 common shares of AED 1 each (USD 0.2728 each)	**1,801**	1,801

During 2011, the Company issued 2 million fully paid up shares to its employees under the restricted share scheme, consequently the issued share capital was increased by 2 million shares.

12 BORROWINGS

	31 March 2012 USD mm	*31 Dec 2011 USD mm (Audited)*
Non-current		
Bank borrowings	**26**	25
	26	25
Current		
Convertible sukuk	**909**	904
Bank borrowings	**1**	1
	910	905
Total borrowings	**936**	930

12 BORROWINGS (continued)

a) CONVERTIBLE 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. The Sukuk, which were 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 mature on 31 October 2012 and has a fixed profit rate of 7.5% to be paid quarterly. The reference share price for conversion into shares of the Company, 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 Trust 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 any time after 7 July 2008 up 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. In 2008, Dana Gas purchased convertible sukuk with a nominal value of USD 80 million. At the Annual General Meeting held on 21 April 2010, the shareholders approved a 10% bonus issue and consequently conversion ratio for Sukuk was increased from 17,343.3 shares to 19,076.7 shares for every USD 10,000 Trust Certificate (i.e. an effective conversion price reset at AED 1.926 per share).

The Sukuk are limited recourse and secured against the shares of Dana Gas LNG Ventures Ltd., SajGas and UGTC in accordance with the principles of Islamic Shariah.

As noted above, the Sukuk are due to mature on 31 October 2012. The Board of Directors has considered the future operating and capital cash flow requirements for the assets underpinned as security for the Sukuk, and is fully confident of meeting the related licence obligations despite the challenges in the international financial markets and regional turmoil surrounding some of the operations. Meanwhile, with regard to the maturity of the Sukuk, the Board considers that a number of options are available to it in the light of the above uncertainties.

b) BANK BORROWINGS

On 22 April 2010, EBGDCO (Joint Venture Company) entered into a facility agreement with Commercial International Bank (Egypt) S.A.E. "CIB" for financing USD 66.5 million of the then investment cost of project of establishment of Gas Liquids extraction plant at Ras Shukeir. The facility matures in 12 years and carries variable rate of LIBOR + Margin during the repayment period. In order to finance increase in investment costs, the company, on 20 December 2011, executed a supplemental facility agreement with CIB for additional USD 20 million. This supplemental facility matures in 4 years from the date of first drawdown. Danagaz WLL share of the draw downs is approx USD 27 million as at 31 March 2012.

As continuing security for the performance and full payment of liabilities under the Facility Agreement and supplemental facility agreement, Danagaz W.L.L. has pledged its entire share in share capital of EBGDCO in favour of CIB.

Dana Gas PJSC has given an undertaking "not to dispose" of its equity stake in Danagaz WLL except to a qualified investor approved by CIB, Egypt and not create any lien/pledge of its equity stake in Danagaz WLL. This facility is non-recourse to Dana Gas PJSC. The Pledge of Danagaz shares and the undertaking from Dana Gas PJSC as stated above will be released by the bank upon the Project achieving Project and Financial completion.

13 CONTINGENCIES AND COMMITMENTS

(a) Dana Gas Egypt

Dana Gas Egypt has contracted one drilling rig for six months ending 15 August 2012 and in the event that Dana Gas Egypt does not proceed with planned drilling with this rig, it would be obligated to pay the rig operator a variable stand by rate based on days not utilised under the contract.

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

(b) Nigeria / Sao Tome

In 2006, Centurion 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. This was later assigned to Dana Gas PJSC in 2009. 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 (Addax) had initiated arbitration against the Company. Subsequent to period end, in April 2012, the arbitration proceedings initiated by Addax have been concluded through an amicable settlement between Addax and Dana Gas. Notice of settlement has been sent to both the Tribunal and ICC and receipt of the same has been confirmed.

(c) Sharjah Western Offshore

Capital expenditure contracted for at the end of the reporting period but not yet accrued amounted to USD 18 million.

(d) EBGDCO

EBGDCO through its banker CIB has issued a letter of credit to a supplier, out of which an amount of USD 5 million (DG Share: USD 2 million) is outstanding as at 31 March 2012 (31 December 2011: USD 5 million (DG Share: USD 2 million).