

Transcription for Dana Gas
Q1 2013 Results Investor Call
14th May 2013

Presentation

Operator

Ladies and gentlemen, welcome to Dana Gas First Quarter 2013 Investor Relations Conference Call. I would like to now hand over to Mr Robinder Singh, Head of Investor Relations. Sir, you may begin.

Robinder Singh

Thank you very much and good morning and good afternoon to all of you. My name is Robinder Singh. I am the Investor Relations Director here at Dana Gas. Thank you first for taking time off and coming on and attending the call. I have with me a large team, headed of course by our Executive Director and CEO, Mr Rashid Saif Al-Jarwan. We also have in the team the finance group, which includes Azfar Aboobakar, who heads the financial control in reporting. I also have with me Ranga Kishore; Ranga heads our financing team. In addition, there is Dr Patrick Allman-Ward; the General Manager of our Egyptian operations.

I am going to quickly take you through the first couple of slides on the presentation. Please note there may be some forward-looking statements that we may make and so please keep that in perspective as we go forward.

The presentation is structured in three broad components. We will start with a slide on the performance highlights for the quarter. We will then move into the financial performance section and talk about the actual numbers, the analysis, what contributed to growth and so on. We will then cover each of our assets in terms of the locations in Egypt and Kurdistan, but we will also give you a highlight on our UAE Zora project.

To start the presentation, I now will ask Mr Al-Jarwan, our ED and acting CEO, to take us through the first slide, which is on the performance highlights – Mr. Al Jarwan.

Rashid Saif Al-Jarwan

Thank you Robinder. Ladies and gentlemen, good morning or good afternoon, depending on where your location is and what time you are working on. On the performance highlights, I am very pleased to start this conference call starting with a very strong start for the first quarter of 2013.

You will see that from the figures that our production is up by 3%. We are at a level of 61,200 BOEPD equivalent. This is based on our 100% production from Egypt and our share from our production from Kurdistan region of Iraq. The increase comes as a result of putting in additional discovered wells from our Egypt operation as well as enhancing our production facilities. Our LPG production from the Kurdistan operation is expected to commence in the second quarter of 2013. As we speak now, we are in the process of testing and re-commissioning the LPG loading facility and hopefully, we'll start the actual resumption of LPG production later during the second quarter.

Some of the new major initiatives that already started in the Company and I'm sure you're aware of that we won the Block 6 concession area in Egypt. Dana Gas is pre-qualified as a non-operator in the Lebanon first offshore licensing round. The Board has endorsed that our profit after tax for the first quarter 2013 is \$66 million, which is up 17% year-on-year basis. Also, our collection to date has totalled \$73 million collected in the first quarter of 2013 against Dana Gas' share of receivables both in Egypt and Kurdistan. We also have a strong balance sheet, with the period ended cash balance at \$342 million. Also, we're very pleased to have completed the restructuring of the Sukuk with an overwhelming support from the shareholders, and the sukukholders. We have partially monetised the investment in our MOL shares, which generated \$135 million for the Company.

Robinder Singh

Thank you Mr Rashid. We will now move further onto the next slide or the slide after that, and Azfar, may I request you to take us through the financial presentation please.

Azfar Aboobakar

Thank you Robinder. Ladies and gentlemen, good afternoon. I will now review with you our financial results for the first quarter of 2013. I will also be referring to the slides, which are in the web presentation.

As mentioned by Mr. Al Jarwan, and as you have already seen in the morning's press release, Dana Gas reported a quarterly net profit of \$66 million. These results were \$10 million better than the first quarter of 2012 when we had reported a profit of \$56 million.

I will now take you through the details of our quarterly highlights. Let us first go to slide number six. Over here we will review our summary of our financial results for quarter one 2013. Gross revenues in quarter one were at \$152 million, which was lower by 20% compared to the same period last year. As you are all well aware, last year in 2012 and also partially in 2011 we had implemented a cash conservative spending plan in Egypt, and this was mainly due to the reduced level of collections. This had an impact on our production; however, since then, in the last two quarters of 2012 and also in 2013, we have renewed our spending plans and production is now increasing. When we come to the next slide we will show you that our production quarter-on-quarter has actually increased by 3%. Also, as you all are aware, our LPG production in Kurdistan has been suspended since June 2012. We expect the production to be back on stream in June 2013 and this will bring the production back to the old levels.

Moving onto EBITDAX, our EBITDAX, in line with our decline in revenue, has been lower at \$88 million. Despite the decline in revenues, you must have noticed that our net profitability was higher at \$66 million for the quarter and this was partially because of the gain we realised on MOL investments. We sold part of our MOL investment in the first quarter, which gave us an additional liquidity of \$38 million.

Let's now turn to slide seven where we have presented a profit after tax bridge. This bridge compares the profit for quarter one 2012 versus quarter one 2013. As indicated earlier, the decline in gross revenue on a like-quarter basis was mainly due to the decrease in volumes. Out of the total decline, \$13 million was due to the lower production and the balance (\$9 million) was due to lower realised prices. The royalty and tax in Egypt, which is the Government share, was also lower by \$4 million and this was in line with the reduced revenue. You

will see the \$38 million gain, which we have shown in the bridge; this is from our partial sale of MOL investments during the first quarter. This, to a greater extent, helped offset the decline in revenue. Our provision for impairment, this was a one-off in 2012 and there was no further requirement for provisioning in 2013. With these variances, we end up with a profit of \$66 million.

Let us now discuss a bit on production and let's move to slides eight and nine. As mentioned earlier, we had implemented a cash conservative spending policy in Egypt during 2011 and also the first half of 2012, and on a comparative basis you will see that our production in 1Q 2013 remained lower than that of Q2 2012. However, it's important to highlight that if you look on slide nine, on a trading quarter basis you will see that we actually increased our production by 3%, and this is mainly due to the renewed spending plans, which we have implemented in the fourth quarter and by bringing existing discoveries, new discoveries, to production.

Similarly for Kurdistan, I think a better comparison would be on a quarter-to-quarter basis. If you look at our production in quarter one compared to quarter four of 2012 on slide nine, you will see that there has been an increase of 3% our production in Kurdistan will increase further when the LPG production commences and we hope that it will commence in June 2013.

Let's move to slide 10 and 11. On slide 10 and 11 we have presented a comparison of our realised prices. There is a comparison between Q1 2013 and Q1 2012, and also a comparison between Q1 2013 and Q4 2012, and this is pretty self-explanatory.

Let's now move to slide 12. On slide 12 there is a summary of our trade receivables, which I'm sure is of interest to most of you. The good news is that our pace of receivable growth has slowed considerably in quarter one. As you will see on this slide, our receivables in Egypt are at the same level they were end of 2012. This means that we have been able to collect 100% of apparent invoicing. In Kurdistan, although our receivables have increased by \$26 million during the quarter, the growth is at a much slower pace than it was last year.

On slide 13 we have given an analysis of our collection and billing for both Egypt and Kurdistan for quarter one 2013 and also a full year comparison. I'm sure you all will find it very useful.

In summary, during quarter one 2013 we were able to collect \$41 million or 100% of current period revenue in Egypt and \$32 million in Kurdistan, which is 56% of current period revenue. Just to summarise the financial results of the first quarter, I would like to highlight three key points. Our production is increasing now quarter-on-quarter and, hopefully, you will see once the LPG production is back on stream that our production will come back to the normal levels, which it was in the second quarter of 2012. Our collections have been pretty much on target in Egypt. We have had very good collections in the first quarter also in Kurdistan. Our cash balance is very strong at the quarter end at \$340 million and this, together with the balance holding of MOL shares gives us over \$450 million of liquidity on our balance sheet.

I will hand over here and I will now hand back to Robinder for further comment.

Robinder Singh

Thank you Azfar for that insightful analysis of the financials. Patrick, may I now request you to take over and present on the Egyptian business, please?

Dr Patrick Allman-Ward

Thank you Robinder, so good afternoon ladies and gentlemen; it's a pleasure to be with you on this call and let me start, perhaps, with a review of the Egyptian business with an overview of the general geopolitical and business environment in Egypt, so I am referring here to slide 15.

Let me perhaps start at the highest level. I'm sure that you've all been aware that there has been ongoing discussions between the Egyptian Government and the IMF concerning a loan to the Egyptian Government of \$4.8 billion. These discussions have been going on since last year. The negotiations continue, but the bottom line is, of course, that the Egyptian economy on unsustainable footing as a result of the large subsidies that are paid, particularly in the fuel and food sectors.

There is clearly a policy from the Government supported by the IMF to try and address this issue of a reduction of subsidies, and the Egyptian Government is making significant progress in that respect and they have already started to increase the price of gas to the domestic market to the big domestic gas producers from the original price levels to a range of between 4 and \$6 per million BTU.

In addition, of course, the country faces significant gas shortages and no more so, of course, than in the hot summer months and in order to try and address that current shortfall. The Government has been discussing with the Qataris about getting deliveries of LNG to Egypt. That, of course, is not something that can happen at short notice, because you need to put all of the re-gas terminals and facilities in place, so what has been agreed in the short-term is that the gas production that was originally slated for export through LNG is now being diverted for domestic use and that the Qatari LNG is basically being used on a swap basis. In addition to that, there have been some additional agreements between the Egyptians and the Iraqi Government concerning additional crude supplies into the country on soft credit terms.

You may also have seen in the press some announcements by the former Minister of Petroleum concerning changes to the licensing policies. I am pleased to say that these changes will not be reflected in the licensing rounds that have been concluding, including the recent one from EGAS in which Dana Gas was awarded the 100% concession of the offshore Al Arish (Block 6).

Moving onto the business performance for Dana Gas Egypt. During the first quarter of this year our onshore Nile Delta concessions, we increased our average production to just over 33,000 BOEPD, and this increase was a result of better performance from our fields. We also had a number of new discovery start-ups, including the Alyam-1 well, which made an additional contribution. I think it's noteworthy that this well was brought on stream and into production within five weeks of the well being completed. We also have deferred shutdown of the plant in the first quarter to later on in the year. In addition to that, we also brought on stream a discovery well in our Komombo Concession in the south of Egypt, which also made a small contribution to our additional production.

We made two discoveries at the end of 2012. That was the Alyam and Balsam discoveries in the West El Manzala Concession and those were announced in December of last year, and as a result of that, we have requested from EGAS additional development leases, and I'm pleased to say that those development leases have been agreed upon.

The West El Qantara Concession lease expired on 28th December in its entirety. The West El Manzala Concession was extended beyond 28th December to allow us to complete the drilling of the well, Begonia-1, which was actually in progress at the end of last year. I am also pleased to report that that has been a gas discovery, but it is currently still under evaluation and the concession terms will continue until 28th June this year. We will be submitting a development lease application in due course to cover the Begonia-1 well.

With respect to our southern Egyptian assets, the Komombo Concession exploration license also expired at the beginning of this year on 17th January.

We have a number of projects in progress and those are outlined there in the slide, so I don't intend to discuss those in any further detail.

With respect to the joint venture (deep cut) gas plant located in Ras Shukheir on the Red Sea Coast, the EBGDCo plant. The plant was successfully commissioned in August 2012, and for the most part of the second half of last year into the beginning of this year, throughput was averaging at 75 MMSCFD, which was about half the actual design capacity for the plant. However, as a result of discussions that we have carried out with the Government, we have been able to increase gas supply to the plant and we have been averaging between 85 and 90 MMSCFD for the first quarter of this year. The plant has been performing extremely well and we have at least 97% recovery rates for propane and close to 100% recovery rates for butane. We had six cargoes delivered of propane in 2012 and we have had a further three cargoes of propane delivered in the first quarter of this year with a total volume of just over 5,000 tons. We have had collections through the sale of those propane cargoes in the first quarter of this year of \$5.4 million.

Robinder Singh

Thank you Patrick. I'm now going to request Mr Al-Jarwan to take us through our other two assets, namely Kurdistan, as well as the Zora project here in the UAE.

Rashid Saif Al-Jarwan

Okay and just very briefly on the Kurdistan region of Iraq, on the Q1 results, obviously – we have been averaging a total production rate of about 330 MMSCFD and 14,500 BPD of condensate, which is basically meeting the needs of the two power plants that we are supplying through our pipeline and, as we mentioned earlier on the LPG, as I said, the work on the loading bay has been completed and we're looking to starting the resupply of LPG in the near future. That is a quick update on the current status of the production in Kurdistan.

If I move to slide 21 on the Zora Sharjah Western Offshore Concession, the work to date is we're in final review of most of the bids for the award of the offshore plant, the pipeline that will link the offshore to the onshore plant, and the onshore processing facilities. We have received all the bids. It has been technically reviewed and we are at the final stage of the technical review, and contracts will be ready for award very soon. This is, just as you recall, a joint venture also with the neighbouring emirates of Ajman, and the project development cost of \$140 million, which is the offshore platform, the gas processing plant, and the pipeline to connect.

In summary, we have reported the upside production, as we add in the new discoveries as well as the compression facilities. The LPG production will come soon from the Kurdistan, as well as we have seen the increase in the gas throughput in Egypt; we are focussing on long-term asset enhancement through investments in the UAE in the Zora Project, as well as the block that's been awarded to us in Egypt, as well as our pre-qualification in Lebanon. Our focus continues on our collection of receivables from both Egypt and Kurdistan with our partners, and fortunately it's good to report that we have completed the first quarter with a strong balance sheet. We are ready to review our new business development opportunities and to grow the business both from organic as well as look at any new opportunities in our focus area of the MENASA region, as well as concentrating on receivable from the previous years. Thank you very much.

Robinder Singh

Thank you very much ladies and gentlemen for that patient hearing. We will now be happy to take on questions. I, of course, will be happy to take on more questions even after the call and so please feel free to contact us. Our coordinates are available and we will be happy to respond to you in an ongoing basis incrementally. Over to you.

Question and Answer Session

Operator

Ladies and gentlemen, if you do wish to ask a question please press 01 on your telephone keypad. Thank you for holding until we have the first question.

We have a question from Alexander Stojamovski, Deutsche Bank. Sir, please go ahead.

Alexander Stojamovski

Good afternoon, thank you for the call. I have various questions and I was wondering if we can just go through by order. Starting with the Q1 numbers, I am trying to reconcile your revenues in that you indicated that you had a 3% drop in volumes and from what I was able to deduct from the presentation, something around 5-6% drop in prices, but the revenues were down 20%. Where is the gap between the volume price and the actual revenue declined?

Azfar Aboobakar

Well, as we have already explained on the bridge, if you look at slide seven there is a very clear bridge given between explaining the profitability variances, and in that we have shown that \$30 million was due to decline in production, and the balance, \$9 million was due to decline in realised prices. I am not clear if you need any further explanation, or was it not clear?

Alexander Stojamovski

I see the profit, so I was just trying to get...how do we get the 20% decline? Has there been on the volume or on the volume side, the overall volume was down 3%, has there been a change in the product mix between gas and condensates that would explain the 20% decline in revenues, or is there something else that I am missing.

Azfar Aboobakar

The 20% decline is in gross revenues, and the main reason for the decline, as we explained before, was that the LPG production in Kurdistan was discontinued temporarily, and the second element is that our gas and condensate LPG production in Egypt was slightly lower than what they were in Q1 2012.

Question

Okay, but wouldn't be that reflected in the number, 3% drop?

Azfar Aboobakar

Absolutely, yes, it is reflected.

Question

That is fine. Moving on, on the other stuff, in terms of your productions, you talked about some new discoveries that you had last year, and some that are coming online. You indicated that West Sama and Alyam in Egypt would add something close to about, 3.5 or 35,000 BOEPD. Then you also had something about Balsam potentially being added for the second half of 2013. Between the 33 that you had in this quarter, the ramp-up of production in these new wells, how do you expect production in Egypt to look by the end of this year?

Ranga Kishore

I just want to clarify one thing, you know, we are, as you are aware in the E&P business and given that these are new wells, new discoveries that are coming on-stream, we are unable and it would be incorrect on our part to give any guidance on how this ramp-up will happen. Obviously, there is a development plan we have built around a certain capacity of what these will add. We will have to wait and see how they come on and what the production profile thereafter looks like.

Patrick has spoken to you about improving utilisation capacity, about the new wells, and we will just have to see how they produce before we actually come out with the numbers, so you will have to bear with us on that.

Dr Patrick Allman-Ward

I think maybe what I can share with you is that we currently have engineering plans in place to debottleneck our facilities in the El Wastani plant from currently 150 MMSCFD, we believe that we can debottleneck that to 180 MMSCFD over the next couple of quarters. That will depend to some extent on the receivables situation with respect to the Government, but we also have a plan to further debottleneck the plant to 200 and beyond that to 250 MMSCFD over a 9-12 month period.

Question

Okay, and now that you are – at least on current production – up-to-date with the Egyptian Government, given the decline that you saw in 2012, something in the order of 25%, how soon would you be able to get back to the 40/42 levels that you had in 2010/2011?

Dr Patrick Allman-Ward

Well, as you know, hydrocarbons are a finite resource, as you produce them pressures decrease and decline takes place. You have to keep investing in order to be able to keep production levels up and further investments are required to grow production levels further. Clearly, with the situation after the revolution in 2011, and the significant increase in receivables balance – overdue receivables from the Government, the Company has taken a very cautious approach towards its investments in Egypt, and it has therefore carefully balanced the receivables against its investment profile. That clearly has had an impact on the amount of production that we have, but the potential is certainly there and that is indicated by the levels of production potential that we want to address through the debottlenecking of our production plant.

Operator

We have a question from Gus Chehayeb. Sir, please go ahead.

Gus Chehayeb

It is great to see the liquidity on the balance sheet improve and the receivables. Also, the growth rate in receivables slowing down. My question is regarding receivables, which I think is one of the critical drivers of the Dana Gas story, the valuation going forward. If you could please help explain or maybe walk us through the Company's game plan in Kurdistan in terms of how to monetise these receivables, these overdue receivables. It seems like collection rates are improving, but there is still a very big backlog, and, you know, there are a lot of discussions about a pipeline being built to Turkey right now, there is a lot of debate around that, or if you're hoping that tensions between Baghdad and Kurdistan finally relax and you get paid that route. Just, if you could help us understand what is the best path to monetisation and which option do you think is most likely.

Rashid Saif Al-Jarwan

The question is regarding how we will go about collecting our receivables from Kurdistan region of Iraq. As we mentioned we are producing about 330 MMSCFD, with about 15,000 BCPD and very soon on the LPG. According to the Head of Agreement, we bill the amounts to the KRG, we sell the products to the KRG, and we conduct our receivable again from the KRG who are responsible for lifting, as well as paying. Of course, they have their own internal issues, as to where they dispose of the product and where they collect. The good news is that, now we are almost into a pattern of regular payments, almost on a monthly basis. We have seen in the last quarter, from this quarter of 2013, the KRG have two sources of paying our receivables, either from the direct sale of the product, or from the revenues they are allocated through the Federal Government budget.

Now that second subject, of course, is not as smooth, straightforward with a fixed pattern. However, we have received last year a good amount of \$120 million for the whole Group of 100%, which was at the end of last year, so such a boosted payment from the Federal Government to the KRG reflects very well on our received amounts from the one. We are counting on that being continued, but it is not with a regular pattern as the other direct sale, which we receive on a monthly basis.

Gus Chehayeb

Yes, it does, obviously, there is a lot of uncertainty about getting paid from Baghdad, but I guess that is something that is hard for you also to get comfortable with predicting. I appreciate the detail you provided, thank you.

Operator

We have a question from Sami Benghezal, Abu Dhabi Commercial Bank. Sir, please go ahead.

Sami Benghezal

Hi, my question is regarding the appointment of the Chief Financial Officer. When is that going to happen? Is there a time horizon for that appointment, or are you planning to operate with a vacant seat for much longer?

Rashid Saif Al-Jarwan

If I answer that question, before I answer you directly as to when we are going to recruit the CFO, I must emphasise that Dana Gas has a very strong Finance function as being headed now by Mr Azfar Aboobakar and Ranga on both the accounts and as well as on Financing. However, the fulltime position of the CFO, the recruitment, I can report that it is actively in progress. We have basically appointed a reputable headhunter; we have some nominations being submitted. We are in the process of reviewing these nominations, and as soon as we and the Board find that we have the right CFO for the Company the decision will be taken soon, so that work is very active. However, I must emphasise that we have a very strong Finance function in the Company.

Operator

Ladies and gentlemen, I would like to remind you that if you wish to ask a question please press 01 on your telephone keypad. Thank you. We have a question from Khalid Basem, Abu Dhabi Commercial Bank. Sir, please go ahead.

Khalid Basem

I take the opportunity to congratulate you on the results and I have a question on the MOL shares gain of 39 million. In the note, it is mentioned that there was a mark-to-market loss at the end of the period relating to the available for sale investment. Can you please explain how there was a negative mark-to-market plus, while a profit a \$39 million was being recorded during the period.

Azfar Aboobakar

As far as I understand, your question is that we have mark-to-market our investment in MOL, and is it related to the profit we have in the income statement?

Khalid Basem

The income statement shows a profit of \$143 million, while there is a mark-to-market loss of roughly \$6 million, if I am not mistaken. What has happened during the quarter to cause this?

Azfar Aboobakar

Sure, the profit, which is shown in our income statement, that is for the portion of MOL shareholding which we sold during the year, so it is an actual realised profit. The balance investment, which we have on our balance sheet, is mark-to-market at every period then, and that difference goes directly into our reserves, based on the accounting standards we have adopted. The regularly quarterly mark-to-market does not come in the income statement. I hope that is clear.

Khalid Basem

How did the Company realise the profit and then there was a mark-to-market loss?

Azfar Aboobakar

Well we realised the profit on the portion of MOL shareholding, which we sold during the year.

Khalid Basem

And then there was the MOL.

Azfar Aboobakar

Yes.

Khalid Basem

Thank you.

Azfar Aboobakar

Absolutely, this is an actual realised profit.

Khalid Basem

One more question, can you please provide guidance on collections from Egypt, so collections from Egypt fluctuated in '09/'10/'11 and now, they are at 100%, and we have been told that collections were being made in Egyptian Pounds. Is there any further guidance on collections from Egypt and will it continue at the 100% of sales level?

Dr Patrick Allman-Ward

Well we certainly hope so, that is obviously what we intend, not only to cover 100% of invoiced sales, but also to recover our position from the previous overdue receivables. That is our intent. We are constantly in a dialogue with the Government, in the form of the Ministry and the National Entities, to arrive at that outcome.

Khalid Basem

If I may ask, can you just concur on the collections going forward on Kurdistan?

Dr Patrick Allman-Ward

First of all let me just clarify, I think you had a second follow-up question which was concerning the Dollars and Egyptian Pounds, and I think just to clarify that, is that all of our gas sales agreements specify payment in US Dollars, but that given the extreme difficulties that the Egyptian Government is currently facing with respect to exchange currency, we have on an exceptional basis, agreed with the government that we will take a portion of that payment this year in Egyptian Pounds, recognising that a very significant proportion of the money that we receive from the Egyptian Government is immediately reinvested back into Egypt in Pounds.

Khalid Basem

Thank you.

Operator

We have a question from Clement Mauve, ING. Sir, please go ahead.

Clement Mauve

Hi, thank you very much gentlemen. I have just a few questions. The first one actually would be on the appraisal process with regards to the Kor Mor and Chemchamal fields, if you can provide us with some update on that. Second question will be actually on the Capex, I mean, the 1 or 2 million for the quarter. Can you give per example, like a breakdown, between like Iraq and Egypt, and if you have any kind of guidance for the rest of the year. The third question will be on the AFS. Can you expect actually an offload of the remaining stake in MOL in 2013? Lastly, I just want to get an idea about what the UAE gas project represents in your books right now, and if we could expect any kind of impairments this year. I am talking about the gas project with Iran, the Transmission project.

Rashid Saif Al-Jarwan

On that, Crescent Petroleum who is the signatory to the gas import contract with Iran, after many years of waiting, actually they are now in international arbitration to seek a ruling on that binding 25-year gas supply contract with an IOC. That has been publicly reported and we have no further details on that.

Clement Mauve

Actually, the next question was about any...I mean, if you can guide us in terms of offloading the remaining stake in MOL, and is it going to happen this year.

Ranga Kishore

First of all, I would like to say that there are no restrictions on monetising the MOL stake. I would say that this will be dependent on three considerations. First if, whatever development that happens in Kurdistan project and the Capex needs of the project, the relationship with MOL is of course important, and the liquidity requirements of the Company, these will dictate when and what time we will want to monetise MOL.

Clement Mauve

Okay, and then maybe perhaps if you can give some light on the Capex for...I mean the breakdown between Iraq and Egypt for Q1, and any kind of guidance for the rest of the year.

Azfar Aboobakar

In Q1, our Capex mostly has been spent in Egypt. There has been very limited Capex requirements for Kurdistan. Obviously, the LPG loading-bay repairs are ongoing, but that is insurable claim.

In respect of guidance for the rest of the year, for Egypt specifically, it is a moving figure. We have calibrated our Capex requirements with our cash collections in 2011/2012, and we will continue to do so in 2013. It is very difficult that I put out a number, but I will request Patrick to add further.

Dr Patrick Allman-Ward

As I think I have described, we have, I think, a very exciting project which will allow us to debottleneck the El Wastani plant significantly and that debottlenecking is obviously good for Dana Gas. It is good for the Egyptian Government, but obviously, the affordability of doing that project is going to depend on the receivables that we receive from the Egyptian Government. We are constantly in dialogue with the Government to point out the win-win opportunity that we have here to bring relatively quickly, and certainly very cheaply additional gas and liquids production on-stream in Egypt. We think this is a compelling case and we continue to make that case to the Government.

Clement Mauve

You actually think that this in terms of impact, I mean 20 million for the quarter, could be actually applicable in the upcoming quarters.

Dr Patrick Allman-Ward

We continue to monitor the receivables situation and we will make decisions with respect to our investments going forwards in light of the receivables.

Clement Mauve

Perhaps my last question, which was actually the first one, on Kor Mor and Chemchamal, where are we actually on the appraisal process of the resources and can you guide us in terms of the way you actually want to monetise those blocks going forward.

Rashid Saif Al-Jarwan

As you know, we have developed the Kor Mor to meet the initial requirement of the two power plants, and we executed the project on a fast-track basis to supply those demands for the initial power plant requirements. We have an ongoing discussion with the KRG Government that should they require additional gas for additional power generation or for otherwise future exports we have done the technical studies and we know the potential of the field. Again, because of the receivables issue, the outstanding amount that is owed to us, it is almost a similar situation that we cannot talk about further investments, while our receivable continues to grow with the KRG.

Clement Mauve

There will be no expectation of actually disclosing to the market what the current resources are on those blocks?

Robinder Singh

I just want to clarify that from the strategy perspective as a Company, we would like to focus on the business, focus on the operations, focus on the issue of receivables and so on and so forth. With the Sukuk issue now beyond us, we are extremely well positioned to leverage that opportunity. Corporate action is important. We do believe that given where we are today, perhaps the markets are not recognising the intrinsic value.

I think as we improve our business performance the markets will recognise that and hopefully ascribe the rightful value to Dana Gas. We have to wait and watch how that goes. Having said that, corporate action will follow, but it is not the primary focus. The primary focus here has to be growth to ensure that we achieve our corporate vision, our strategy and that we achieve our annual goals.

Clement Mauve

Okay, because actually there were some talks about actually, potentially monetising the assets by listing them somewhere. Is this something you haven't considered yet, right?

Robinder Singh

You are absolutely right, and these things may appear in the media from time to time. As we have done in the past as well as in the recent past, we have formally denied that.

Clement Mauve

Thank you very much.

Operator

The last question will be from Gus Chehayeb, Exotix. Sir, please go ahead.

Gus Chehayeb

Hi guys, just one quick follow-up question, just to gauge how much LPG contributes to Kurdistan sales and profits. Prior to the damage to the loading-bay, what was the percentage breakdown of LPG sales versus condensate sales, just to help us figure out how important LPG is and when it resumes its potential contribution?

Azfar Aboobakar

LPG production has been around 500-600 tons per day, compared to 15,000 barrels of condensate, so if you do a conversion, it is around 1:3.

Gus Chehayeb

Okay, one unit of LPG per one unit of condensate, roughly.

Azfar Aboobakar

No, 1:3.

Gus Chehayeb

Great, okay, that is helpful. Thank you very much.

Robinder Singh

All right, thank you very much all of you and thank you again for taking time off to attend this call. Like I said, the minutes of this call will be on our website hopefully in the next 24-48 hours. You can of course go back to it, reference to it, but on an ongoing basis please feel welcome to drop us a line. Do visit us, we will be happy to have you here as well at our offices in Sharjah and keep in touch. Thank you again for the call.

Operator

Ladies and gentlemen, this concludes the conference call. Thank you all for your participation, you may now disconnect.