Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2013 (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, joint operations and joint ventures (together referred to as the "Group") for the period ended 30 June 2013.

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

Results for quarter ended 30 June 2013

The Group share of production for 91 days of production was 5.6 mmboe (million barrels of oil equivalent) [61,700 boepd ("barrels of oil equivalent per day")], an increase of 5% compared to 5.35 mmboe (58,900 boepd) in the same period last year.

Despite increase in production, there was slight decline in revenue due to lower hydrocarbon prices realised during the period. The Company earned Gross Revenues of AED 528 million as compared to AED 554 million earned in the second quarter of 2012. Realised prices of condensate and LPG were lower by 6% and 9% respectively compared to the same period last year. LPG production in the Kurdistan Region of Iraq remained suspended in the second quarter of 2013, however, the impact of this was offset by an increase in production in Egypt.

The Group achieved a net profit of AED 100 million during the current quarter as compared to a net profit of AED 181 million in the same period last year and earnings before interest, tax, depreciation, amortization and exploration write-offs ("EBITDAX") stood at AED 294 million; lower by AED 69 million compared to same period last year. Net profit and EBITDAX were lower compared to Q2, 2012 mainly due to lower revenues as explained above and a one off prior period charge of AED 18 million for oil police force in the Kurdistan Region of Iraq.

Results for first half 2013

During the first half of 2013 (the "period") the Company earned revenues of AED 1,085 million as compared to AED 1,254 million in the corresponding period. The decline in revenue was mainly due to suspension of LPG production in Kurdistan as repairs continued to the damaged LPG loading bay, coupled with lower hydrocarbon prices during first half of 2013.

The Group achieved a net profit after tax of AED 341 million as compared to AED 387 million in the same period last year. This decline is net profit was mainly due to lower revenue and higher cost of sales (explained above). Consequently, EBITDAX also reduced to AED 616 million in first half of 2013from AED 822 million in first half of 2012.

The results for the quarter and first half of 2013 are set out in detail on page 6 of the interim condensed consolidated financial statements.

Liquidity and Financial Resources

Net cash generated from operations was AED 235 million as compared to AED 362 million in the same period last year. During the period, the Company collected AED 426 million from its share of receivables in Egypt and Kurdistan Region of Iraq. The Company's cash balance improved by 32% to AED 792 million by the end of Quarter 2 2013 compared to AED 601 million at 31 December 2012.

Sukuk Update

Following agreement on the Company's Sukuk reached with the Ad Hoc Committee of Sukuk holders in December 2012, the Company launched the consent solicitation process on 26 March 2013 to seek Sukuk holders consent in a Meeting of Sukuk Certificate holders ("Sukuk holders EGM") to be held on 23 April 2013. Also, the Company issued an invitation to its Shareholders to attend the Extra Ordinary General Assembly ("Shareholders EGM") on 14 March 2013, if adjourned, then on 21 March 2013, if further adjourned, then on 23 April 2013. This meeting was to consider and approve the Sukuk deal.

The first two shareholders EGM were adjourned for lack of quorum. However, on 23 April 2013, both Sukuk holders EGM and Shareholders EGM approved the Sukuk refinancing deal. The Company achieved completion on 8 May 2013. Following this, the Company perfected the securities and issued a compliance certificate dated 10 July 2013.

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 statement of financial position.

Reserves

The U.K. based advisory firm, Gaffney, Cline & Associates had carried out an independent evaluation of Dana Gas Egypt's and Sharjah Western Offshore hydrocarbon reserves as at 31 December 2012. Following this review, the Group's gross proved reserves (1P) as at 31 December 2012 were 86 millions of barrels of oil equivalent (31 December 2011: 88 mmboe). The gross proved and probable reserves (2P) as at 31 December 2012 were estimated to be 147 mmboe (31 December 2011: 159 mmboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2012 were estimated to be 256 mmboe (31 December 2011: 277 mmboe).

Egypt

The Company's production in Egypt for the 91 Days of operations in Quarter 2, 2013 was 3.1 mmboe i.e. averaging 34,300 boepd (June 2012: 2.82 mmboe, averaging 31,000 boepd). This represents an increase of 11% compared to the same period last year. The Company was successful in bringing online production from the tie-in of South Abu El Naga dry gas well, new discoveries of Allium in West El Manzala concession, West Sama in West El Qantara concession and West El Baraka in Komombo concession. Production is expected to increase further upon tie-in of South Abu El Naga rich gas wells, addition of new compression facilities in El Basant and by bringing online recently discovered Balsam field.

During Quarter 2, the company added one more gas discovery to its portfolio, "Begonia-1" which is located in the West El Manzala concession. The well encountered 15 m of net pay in a good quality sandstone reservoir of the Lower Abu Madi Formation. The evaluated resources for the Abu Madi Lower payzone are between 7 and 15 billion cubic feet (bcf) and around 100,000 barrels of condensate.

During the first half of 2013, the Group collected AED 203 million against its receivables in Egypt (first half 2012: AED 431 million). At period end, the trade receivable balance stood at AED 960 million (31 December 2012: AED 866 million). The Company continues to calibrate its capital expenditure in line with collections.

Egypt *(continued)*

On 18 April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea, in water depths of upto 1,000 meters and covering an area of 2,980 Km2. The concession has an 8 year exploration period comprised of three phases starting with an initial four year exploration period and two additional two year extension period.

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 91 Days of operations in Quarter 2 2013 was 2.46 mmboe, i.e. averaging 27,000 boepd (June 2012: 2.53 million BOE, averaging 27,900 boepd).

The LPG loading bay at the Kor Mor LPG processing facility was damaged as a result of an explosion of a LPG tanker belonging to a local trader on 22 June 2012 and therefore there has been no LPG production or sales thereafter. Subsequent to period end, the construction of LPG loading bay was completed with production commencing on 17 July 2013.

During the first half of 2013, the Group collected AED 223 million against its share of receivables in Kurdistan (first half 2012: AED 218 million). At period end the Group's share of trade receivables balance stood at AED 1,473 million (December 2012: AED 1,298 million).

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 needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC and expects an enforceable decision by the international tribunal in 2013.

Sharjah Western Offshore Concession

On 21 November 2012, Dana Gas signed a set of agreements with the Sharjah and Ajman Governments to jointly develop the shared field located around 40 kilometers off the two coasts. These included a unitisation agreement for management of the shared field, gas sales and purchase agreements and the joint operating agreement.

Following the signatures of the four chain agreements for the development of the Zora Field, a dedicated team was mobilised to execute the project. The conditions precedents for the Unitisation Agreements were satisfied in December 2012, whilst those for the Gas Sales and Purchasing Agreements were satisfied in April 2013 – thus making all of the Agreements effective.

The project had been split into several distinct sub-projects in order to maintain flexibility in contracting strategy so as to optimise cost and schedule whilst maintaining the prescribed technical scope of work.

Sharjah Western Offshore Concession (continued)

The technical and commercial evaluations of the bids received have been completed with three award recommendations being made, namely for the onshore plant, offshore platform fabrication and hookup, offshore platform transportation and installation. Bidders for the two remaining scopes, the pipeline procurement and installation, have been identified and bid award recommendations imminent.

In parallel with the above activities the project team has negotiated several project financing proposals and a term sheet has been signed with a local bank, whilst the facility agreement work is in progress.

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 Natural Gas Liquids Extraction Plant in Egypt in partnership with the Egyptian National Gas Company (EGAS) and the Arab Petroleum Investments Corporation (APICORP). The construction of the Project has since been completed, with start-up happening in August 2012.

In its first 6 months of 2013, the plant has processed a combined 20,314 metric tonnes of Propane (19,322) and Butane (992). The plant has a capacity to process 150 MMscfd of gas and it is currently processing an average of 80 MMscfd. In future, it is expected that the gas supply will increase through tie-ins with other gas fields in the vicinity.

Directors
The Directors who served during the period were:

H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman
Dr. Adel Khalid Al-Sabeeh, Chairman
Dr. Tawfeeq Abdulrahman Almoayed, Deputy Chairman
Mr. Hamid Dhiya Jafar
Mr. Ahmed Rashid Al Arbeed,
Mr. Rashid Saif Al-Jarwan, Acting Chief Executive Officer
H.E. Sheikh Sultan Bin Ahmed Bin Sultan Al-Qasimi
Mr. Abdulaziz Hamad Aljomaih
Mr. Abdullah Ali Al Majdouie
Mr. Khalid Abdul Rahman Saleh Al-Rajhi
Mr. Majid Hamid Jafar
Mr. Nasser Al Nowais
Mr. Rashad Mohammed Al-Zubair
Mr. Said Arrata
Mr. Varoujan Nerguizian
Mr. Ziad Abdulla Ibrahim Galadari
Mr. Ahmed Al Midfa
Mr. Salah Al Qahtani

Auditors

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

On behalf of the Board of Directors

Director
03 August 2013

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 condensed consolidated financial statements of Dana Gas PJSC ("the Company") and its subsidiaries ("the Group") as at 30 June 2013 comprising of the interim consolidated statement of financial position as at 30 June 2013 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 matter

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.

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

Ernst + Young

Signed by
Anthony O'Sullivan
Partner
Registration No. 687

Sharjah, United Arab Emirates
3 August 2013

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
Period ended 30 June 2013 (Unaudited)

		Six months ended				*Three months ended*			
		30 June 2013		*30 June 2012*		***30 June 2013***		*30 June 2012*	
	Notes	***USD mm***	***AED mm***	*USD mm*	*AED mm*	***USD mm***	***AED mm***	*USD mm*	*AED mm*
Revenue		**296**	**1,085**	342	1,254	**144**	**528**	151	554
Less: royalties		**(78)**	**(286)**	(66)	(242)	**(38)**	**(139)**	(31)	(114)
Net revenue		**218**	**799**	276	1,012	**106**	**389**	120	440
Cost of sales		**(32)**	**(117)**	(23)	(84)	**(20)**	**(73)**	(12)	(44)
Depreciation and depletion		**(48)**	**(176)**	(44)	(161)	**(23)**	**(84)**	(22)	(80)
Gross profit		**138**	**506**	209	767	**63**	**232**	86	316
Investment and finance income		**43**	**158**	9	33	**4**	**15**	8	29
Provision for impairment		**-**	**-**	(9)	(33)	**-**	**-**	-	-
Change in fair value of investment property	6	**-**	**-**	(2)	(7)	**-**	**-**	-	-
General and administration expenses		**(17)**	**(62)**	(20)	(73)	**(6)**	**(22)**	(9)	(33)
Share of loss of a joint venture		**(1)**	**(4)**	-	-	**-**	**-**	-	-
Exploration expenses		**(6)**	**(22)**	(2)	(7)	**(1)**	**(4)**	-	-
Finance costs		**(39)**	**(143)**	(44)	(161)	**(21)**	**(77)**	(22)	(80)
PROFIT BEFORE TAX FOR THE PERIOD		**118**	**433**	141	519	**39**	**144**	63	232
Income tax expense		**(25)**	**(92)**	(36)	(132)	**(12)**	**(44)**	(14)	(51)
PROFIT FOR THE PERIOD		**93**	**341**	105	387	**27**	**100**	49	181
Basic and diluted earnings per share (USD/ AED per share)	4	**0.014**	**0.052**	0.016	0.058	**0.004**	**0.015**	0.007	0.027

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Period ended 30 June 2013 (Unaudited)

	Six months ended				*Three months ended*			
	30 June 2013		*30 June 2012*		***30 June 2013***		*30 June 2012*	
	USD mm	***AED mm***	*USD mm*	*AED mm*	***USD mm***	***AED mm***	*USD mm*	*AED mm*
Profit for the period	**93**	**341**	105	387	**27**	**100**	49	181
Gain/ (loss) on available-for-sale financial asset (note 8)	**(9)**	**(33)**	(5)	(19)	**7**	**26**	(42)	(154)
Other comprehensive income for the period	(9)	(33)	(5)	(19)	7	26	(42)	(154)
Total comprehensive income for the period	**84**	**308**	100	368	**34**	**126**	7	27

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2013 (Unaudited)

	Note	***30 June 2013*** USD mm	***30 June 2013*** AED mm	*31 December 2012 (Audited)* USD mm	*31 December 2012 (Audited)* AED mm
				Restated	
ASSETS					
Non-current assets					
Property, plant and equipment		**961**	**3,524**	938	3,437
Intangible assets	5	**746**	**2,734**	785	2,877
Investment property	6	**28**	**103**	28	103
Investment in joint ventures	14	**567**	**2,078**	568	2,082
		2,302	**8,439**	2,319	8,499
Current assets					
Inventories		**58**	**213**	54	198
Trade and other receivables	7	**737**	**2,701**	678	2,485
Available-for-sale financial asset	8	**111**	**407**	255	935
Financial assets at fair value through profit or loss	9	**10**	**37**	10	37
Cash and cash equivalents	10	**216**	**792**	164	601
		1,132	**4,150**	1,161	4,256
TOTAL ASSETS		**3,434**	**12,589**	3,480	12,755
EQUITY					
Equity attributable to owners of the parent					
Share capital	11	**1,801**	**6,602**	1,801	6,602
Statutory reserve		**65**	**238**	65	238
Legal reserve		**65**	**238**	65	238
Retained earnings		**449**	**1,647**	349	1,280
Other reserves		**27**	**98**	85	310
Convertible sukuk- equity component		**81**	**297**	48	176
Attributable to owners of the parent		**2,488**	**9,120**	2,413	8,844
Non-controlling interests		**3**	**11**	4	15
Total equity		**2,491**	**9,131**	2,417	8,859
LIABILITIES					
Non-current liabilities					
Borrowings	12	**811**	**2,973**	-	-
Provisions		**16**	**59**	14	51
		827	**3,032**	14	51
Current liabilities					
Borrowings	12	**-**	**-**	920	3,372
Trade payables and accruals		**116**	**426**	129	473
		116	**426**	1,049	3,845
Total liabilities		**943**	**3,458**	1,063	3,896
TOTAL EQUITY AND LIABILITIES		**3,434**	**12,589**	3,480	12,755

Director
3 August 2013

Director
3 August 2013

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Period ended 30 June 2013 (Unaudited)

		Six months ended			
		30 June 2013		*30 June 2012*	
	Notes	***USD mm***	***AED mm***	*USD mm*	*AED mm*
OPERATING ACTIVITIES					
Profit before income tax		**118**	**433**	141	519
Adjustments for:					
Depreciation and depletion		**48**	**176**	44	161
Investment and finance income		**(43)**	**(158)**	(9)	(33)
Change in fair value of investment property		**-**	**-**	2	7
Provision for impairments		**-**	**-**	9	33
Finance costs		**39**	**143**	44	161
Exploration expenses		**6**	**22**	2	7
Board compensation		**(3)**	**(11)**	(2)	(8)
		165	**605**	231	847
Changes in working capital:					
Trade and other receivables		**(59)**	**(216)**	(60)	(220)
Inventories		**(4)**	**(15)**	(3)	(11)
Trade payables and accruals		**(13)**	**(47)**	(32)	(118)
Due from related parties		**-**	**-**	(1)	(4)
Net cash generated from operating activities		**89**	**327**	135	494
Income tax paid		**(25)**	**(92)**	(36)	(132)
Net cash flows from operating activities		**64**	**235**	99	362
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(37)**	**(136)**	(17)	(62)
Expenditure on intangibles	5	**(6)**	**(22)**	(7)	(26)
Investment and finance income received		**139**	**510**	9	33
Others		**-**	**-**	1	3
Net cash flows from/(used in) investing activities		**96**	**352**	(14)	(52)
FINANCING ACTIVITIES					
Proceeds from borrowings		**-**	**-**	2	7
Sukuk repayment		**(70)**	**(257)**	-	-
Finance costs paid		**(38)**	**(139)**	(35)	(127)
Net cash flows used in financing activities		**(108)**	**(396)**	(33)	(120)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**52**	**191**	52	190
Cash and cash equivalents at the beginning of the period		**164**	**601**	112	411
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	**216**	**792**	164	601

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period ended 30 June 2013 (Unaudited)

	Attributable to owners of the parent															
	Share capital		*Statutory reserve*		*Legal reserve*		*Retained earnings*		*Other reserves*		*Convertible sukuk-equity component*		*Non-controlling interest*		*Total*	
	USD mm	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*
At 1 January 2013	1,801	6,602	65	238	65	238	349	1,280	85	310	48	176	4	15	2,417	8,859
Profit for the period	-	-	-	-	-	-	93	341	-	-	-	-	-	-	93	341
Other comprehensive income	-	-	-	-	-	-	-	-	(9)	(33)	-	-	-	-	(9)	(33)
Share based reserve	-	-	-	-	-	-	10	37	(10)	(37)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	103	378	(19)	(70)	-	-	-	-	84	308
Gain on disposal of available-for-sale financial asset	-	-	-	-	-	-	-	-	(39)	(142)	-	-	-	-	(39)	(142)
Equity component of convertible sukuk	-	-	-	-	-	-	-	-	-	-	33	121	-	-	33	121
Loss to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(4)	(1)	(4)
Board compensation	-	-	-	-	-	-	(3)	(11)	-	-	-	-	-	-	(3)	(11)
At 30 June 2013	**1,801**	**6,602**	**65**	**238**	**65**	**238**	**449**	**1,647**	**27**	**98**	**81**	**297**	**3**	**11**	**2,491**	**9,131**
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	-	-	-	-	-	-	105	387	-	-	-	-	-	-	105	387
Other comprehensive income	-	-	-	-	-	-	-	-	(5)	(19)	-	-	-	-	(5)	(19)
Share based payment	-	-	-	-	-	-	-	-	1	4	-	-	-	-	1	4
Total comprehensive income for the period	-	-	-	-	-	-	105	387	(4)	(15)	-	-	-	-	101	372
Loss to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(4)	(1)	(4)
Board compensation	-	-	-	-	-	-	(2)	(8)	-	-	-	-	-	-	(2)	(8)
At 30 June 2012	1,801	6,602	48	176	48	176	323	1,185	51	185	48	176	3	11	2,322	8,511

The attached explanatory notes 1 to 14 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, jointly controlled entities/ operations and joint venture of the Group at 30 June 2013 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 Limited	100	British Virgin Islands	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 Operations	**%**	**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
Joint Ventures	**%**	**Country/Area of operation**	**Principal activities**
Egyptian Bahraini Gas Derivative Company ("EBGDCO")	26.4	Egypt	Gas Processing
Crescent National Gas Corporation Limited ("CNGCL")	35	Emirate of Sharjah	Gas Marketing
GASCITIES Ltd	50	MENASA	Gas Cities

* 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").

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.

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 152 million (Dana Gas 40% share is USD 61 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 Company's functional currency, and all the values are rounded to the nearest million except where otherwise indicated. The United Arab Emirates Dirhams (AED) amounts have been presented solely for the convenience to readers of the 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 disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Group's annual financial statement as at 31 December 2012.

New standards, interpretations and amendments adopted by the Group
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 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and amendments to IAS 1 Presentation of Financial Statements. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 Disclosure of Interest in Other Entities would result in additional disclosures in the annual consolidated financial statements of the Group.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard/ amendment is described below:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker (CODM). As a result of this amendment, the Group now also includes disclosure of total segment liabilities as these are reported to the CODM. See Note 3.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. The application of this new standard impacted the financial position of the Group by removing the option to account for joint ventures using proportionate consolidation with the equity method of accounting. IFRS 11 is effective for annual periods beginning on or after 1 January 2013. The effect of IFRS 11 is described in more detail in Note 14, which includes quantification of the effect on the consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 SEGMENTAL INFORMATION

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

Period ended 30 June 2013

	United Arab Emirates USD mm	*Egypt USD mm*	*Kurdistan Region of Iraq USD mm*	*Total USD mm*
Revenue				
External sales net of royalties	**3**	**106**	**109**	**218**
Total revenue net of royalties	**3**	**106**	**109**	**218**
Gross profit	**2**	**50**	**86**	**138**
Investment and finance income				**43**
General and administration expenses				**(17)**
Share of loss of a joint venture				**(1)**
Exploration cost write-off				**(6)**
Finance costs				**(39)**
Profit before income tax				**118**
Income tax expense				**(25)**
PROFIT FOR THE PERIOD				**93**
Segment assets as at 30 June 2013	**1,492**	**1,166**	**776**	**3,434**
Segment liabilities as at 30 June 2013	**834**	**92**	**17**	**943**

3 SEGMENTAL INFORMATION (continued)

Period ended 30 June 2012

	United Arab Emirates USD mm	*Egypt USD mm*	*Kurdistan Region of Iraq USD mm*	*Total USD mm*
Revenue				
External sales net of royalties	3	125	148	276
Total revenue net of royalties	3	125	148	276
Gross profit	2	74	133	209
Investment and finance income				9
Provision for impairment				(9)
Change in fair value of investment property				(2)
General and administration expenses				(20)
Finance costs				(44)
Exploration cost write-off				(2)
Profit before tax for the period				141
Income tax expense				(36)
PROFIT FOR THE PERIOD				105
Segment assets as at 30 June 2012	1,546	1,140	699	3,385
Segment liabilities as at 30 June 2012	946	108	9	1,063

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.

	Six months ended 30 June	
	2013	*2012*
Earnings:		
Net profit for the period- USD mm	**93**	105
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	**6,602**	6,602
EPS (Basic) – USD:	**0.014**	0.016

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.

	Six months ended 30 June	
	2013	*2012*
Earnings:		
Net profit for the period- USD mm	**93**	105
Finance cost on convertible Sukuk – USD mm	**15**	35
	108	140
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	**6,602**	6,602
Adjustments for:		
Share options / Restricted shares (million) *	**19**	11
Assumed conversion of convertible Sukuk (million)**	**2,081**	1,908
Weighted average number of ordinary shares for diluted earnings per share (million)	**8,702**	8,521

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

*During the period, the Board approved issuance of new restricted shares to key management employees in lieu of the previously held options. All options issued in prior years have been cancelled and the reserve created for the employee share option scheme has been transferred to retained earnings. These restricted shares will vest over a period of three years staring from 1 April 2013. Further in 2010 and 2011, key management employees were awarded with restricted shares, one third portion of which will vest yearly over a period of 3 years. All the above restricted shares have been taken into account in the calculation of diluted earnings per share.

** As disclosed in Note 12, the Company entered into a standstill and lockup agreement with the "Ad-Hoc committee" of Sukuk certificate holders for a refinancing transaction in relation to the Sukuk. As per the agreement, the conversion rate for the Convertible sukuk will be set at a 50% premium to the 75 calendar day volume-weighted average price, measured over a period commencing on 1 December 2012 (with a floor of AED 0.75 and cap of AED 1.00). Based on the terms of the agreement, the initial effective exchange price for the convertible sukuk was determined on 13 February 2013 and has been fixed at AED 0.75 per share (floor price).

The conversion exchange ratio for the previous convertible sukuk, which expired on 24 September 2012, was determined and was 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.

5 INTANGIBLE ASSETS

	Oil and gas interests USD mm	*Purchase, transmission, sweetening and sale rights USD mm*	*Gas processing rights USD mm*	*Goodwill USD mm*	*Total USD mm*
Cost at 1 January 2013	277	289	7	308	881
Less: provision for impairment	(96)	-	-	-	(96)
At 1 January 2013	181	289	7	308	785
Additions	6	-	-	-	6
Transfer to property, plant & equipment	(45)	-	-	-	(45)
At 30 June 2013	**142**	**289**	**7**	**308**	**746**
At 31 December 2012	181	289	7	308	785

(a) Oil and Gas Interests

Oil and gas interests of USD 142 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 15% of current production in Dana Gas Egypt. El Wastani production includes both gas and associated gas liquids. This lease has 13,017 acres of land included within its boundary and is located in the Nile Delta of Egypt.

- South El Manzala Development Leases – These development leases are held with a 100% working interest and are not currently producing. These development leases have 16,055 acres of land included within their boundaries and are located in the Nile Delta of Egypt.

- West El Manzala Development Leases (West El Manzala Concession) – These development leases are held with a 100% working interest. These development leases have 591 Km2 of land included within their boundaries and are located in the Nile Delta of Egypt. To date, nine development leases are producing both natural gas and associated liquids representing approximately 76% of Dana Gas Egypt current volumes. Further the Egyptian Natural Gas Holding Company ("EGAS") initially approved the scope of new development leases for two discoveries during the second half of 2012 and formal approval for development leases are expected by late August 2013. These leases are Balsam development lease and El Basant development lease amendment for Allium-1 well. In 2013, notification of commercialization plans was submitted to the Government for Begonia discovery.

- Sama Development Lease (West El Qantara Concession) – This development lease is held with a 100% working interest. This development lease has 17.5 Km2 of land included within its boundaries and is located in the Nile Delta of Egypt. The Egyptian Natural Gas Holding Company ("EGAS") initially approved the scope of new development lease for West Sama discovery during the second half of 2012 and formal approval for Sama development lease amendment for West Sama-1 is expected by late August 2013. To date, one development lease is producing both natural gas and associated liquids representing approximately 8% of Dana Gas Egypt current volumes.

5 INTANGIBLE ASSETS (continued)

(a) Oil and Gas Interests (continued)

- Kom Ombo Development Leases (Kom Ombo Concession) – These development leases are held with a 50% working interest with the balance of 50% interest held by Sea Dragon Energy Limited. These development leases have 119 Km2 of land included within its boundaries and is located in the Upper Egypt. In February 2013, Ganoub El Wadi Holding Petroleum Company approved the new development lease for West El Baraka. To date, two development leases have been created from this exploration concession and produces approximately 1% of Dana Gas Egypt current volumes and produces only oil.

(b) Purchase, transmission, sweetening and sale rights

Intangible assets include USD 289 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 and UGTC. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships. The intangible assets will be amortised over 25 years from the date of commencement of commercial activity in accordance with the terms of the contracts to which they relate. Commercial activity has not yet commenced. In July 2010, NIOC introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC and expects an enforceable decision by the international tribunal in 2013. 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 2012. 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 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 2012.

6 INVESTMENT PROPERTY

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

	30 June 2013 USD mm	*31 Dec 2012 USD mm (Audited)*
At 1 January	**28**	31
Change in fair value for the period/ year	**-**	(3)
At 30 June/ 31 December	**28**	28

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 such valuation exercise was carried out on 30 June 2013.

7 TRADE AND OTHER RECEIVABLES

	30 June 2013 USD mm	*31 Dec 2012 USD mm (Audited)*
Trade receivables	**674**	599
Prepaid expenses	**1**	1
Other receivables	**68**	84
Less: provision for impairment of other receivables	**(6)**	(6)
	737	678

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*
30 June 2013	**674**	**90**	**28**	**32**	**89**	**20**	**415**
31 Dec 2012	599	100	32	11	56	5	395

8 AVAILABLE-FOR-SALE FINANCIAL ASSET

	30 June 2013 USD mm	*31 Dec 2012 USD mm (Audited)*
At 1 January	**255**	226
Disposal	**(135)**	-
Change in fair value for the period/ year	**(9)**	29
At 30 June/ 31 December	**111**	255

The Group holds 1,486,116 ordinary shares in MOL (31 December 2012: 3,161,116 shares) 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 30 June 2013. On 8 February 2013, the Group sold 1,675,000 shares (53%) out of its total shareholding of 3,161,116 shares in MOL, at an average price of HUF 17,515 (USD 135 million) through a book building process.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2013 USD mm	*31 Dec 2012 USD mm (Audited)*
At 1 January	**10**	10
Investment redeemed during the period/ year	**-**	(2)
Change in fair value	**-**	2
At 30 June / 31 December	**10**	10

10 CASH AND CASH EQUIVALENTS

	30 June 2013 USD mm	*31 Dec 2012 USD mm (Audited)*
Cash at bank and on hand		
- Local Banks within UAE	**32**	39
- Foreign Banks outside UAE	**24**	41
Short term deposits		
- Local Banks within UAE	**160**	84
	216	164

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 216 million (December 2012: USD 164 million). The effective profit rate earned on short term deposits ranged between 0.3% to 2.5% (2012: between 1.25% and 3.5%) per annum. As at 30 June 2013, 89% of cash and cash equivalents were held with UAE banks.

11 SHARE CAPITAL

	30 June 2013 USD mm	*31 Dec 2012 USD mm (Audited)*
Authorised:		
6,602,001,300 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

12 BORROWINGS

	30 June 2013 USD mm	*31 Dec 2012 USD mm (Audited)*
Non-Current		
Ordinary Sukuk	**425**	-
Convertible Sukuk	**386**	920
	811	920
Total borrowings	**811**	920

a) SUKUK

In October 2007, the Group arranged to issue convertible Sukuk-al-Mudarabah (the "Sukuk") for a total value of USD 1 billion in the form of Trust Certificates through a special purpose company (the "Issuer"). The Sukuk, which were drawn up to conform to the principles of Islamic Sharia, were approved by the Company's shareholders at an Extraordinary General Meeting held in July 2007. Pursuant to the conditions of the Sukuk, the proceeds were used for the acquisition and development of assets (the "Mudarabah Assets") owned by Dana LNG Ventures Limited. The Sukuk matured on 31 October 2012 and had a profit rate of up to 7.5% payable quarterly from profits of the Mudarabah Assets. In 2008, Dana Gas purchased some of the Sukuk from the market with a nominal value of USD 80 million.

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

The Company launched the consent solicitation on 26 March 2013 to seek Sukuk holders consent in a meeting of Sukuk Certificate holders ("Sukuk holders EGM") to be held on 23 April 2013. Also, the Company issued an invitation to its Shareholders to attend the Extra Ordinary General Assembly ("Shareholders EGM") on 14 March 2013, if adjourned, then on 21 March 2013, if further adjourned, then on 23 April 2013. This meeting was to consider and approve the Sukuk deal.

The first two shareholders EGM were adjourned for lack of quorum. However, on 23 April 2013, both Sukuk holders EGM and Shareholders EGM approved the Sukuk refinancing deal. Subsequent to the period end on 8 May 2013 successful completion was achieved and the Company made the cash pay-down of USD 69.9 million and paid the accrued profit from 31 October 2012 to 7 May 2013 amounting to USD 38.4 million. Following this, the Company also perfected the securities and issued a compliance certificate dated 10 July 2013.

The salient features of the agreement were a reduction in the Company's outstanding Sukuk amount from USD 1 billion to USD 850 million via USD 70 million of cash pay-down and cancellation of another USD 80 million of the existing Sukuk already owned by the Company. The remaining USD 850 million will be split into two tranches being a USD 425 million Ordinary Sukuk and USD 425 million Convertible Sukuk (together the "New Sukuks"), each with 5-year maturity to ensure long term financing. The Ordinary Sukuk and Convertible Sukuk have a profit rate of 9% and 7% per annum, respectively.

12 BORROWINGS (continued)

a) SUKUK (continued)

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

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

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

	30 June 2013 USD mm
Face value of convertible sukuk on 8 May 2013	**425**
Less: Issuance costs	**(11)**
Less: Equity component on initial recognition	**(33)**
Liability component on initial recognition	**381**
Finance expense for convertible sukuk	**22**
Profit paid	**(13)**
	390
Current portion of profit classified under trade payables and accruals	**(4)**
Liability component at 30 June 2013	**386**

13 CONTINGENCIES AND COMMITMENTS

(a) Dana Gas Egypt

Dana Gas Egypt currently has two drilling rigs under contract. In the event that Dana Gas Egypt does not proceed with planned drilling with these rigs, it would be obligated to pay the rig operators a variable stand by rate based on days not utilised under the contracts. Maximum liability as of 30 June 2013 was USD 1 million.

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

In April 2013, Dana Gas Egypt was awarded 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean sea. As per the concession agreement, Dana Gas Egypt has committed to pay Egyptian Natural Gas Holdings a sum of USD 20 million as a signature bonus which can be offset against our outstanding receivables. In addition, Dana Gas Egypt has committed to spend USD 25.5 million on the block during the first phase of exploration.

13 CONTINGENCIES AND COMMITMENTS (continued)

(b) Pearl Petroleum Company Limited

Capital expenditure contracted for in relation to reconstruction of the damaged loading bay facility and other projects at the end of the reporting period but not yet accrued is estimated at USD 4 million (DG Share: USD 2 million). As per the terms and conditions of the insurance policies, Pearl Petroleum Company Limited insurers have confirmed their commitment to reimburse the cost incurred for the restoration of the damaged LPG loading facility.

(c) Sharjah Western Offshore

Capital expenditure contracted for at the end of the reporting period but not yet accrued amounted to USD 1 million.

14 SHARE OF INVESTMENT IN JOINT VENTURES

Interest in joint ventures (transition to IFRS 11)

As disclosed in Note 1, the Group has 26.4%, 35% and 50% interests in EBGDCO, CNGCL and Gas Cities respectively. Under IAS 31 Investment in Joint Ventures (prior to the transition to IFRS 11), the Group's interest in the above mentioned entities was classified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interest to be a joint venture in the above entities and it is required to be accounted for using the equity method. The effect of applying IFRS 11 is as follows:

Impact on the income statement – Six months and three months ended 30 June 2012: There was no material impact on the interim consolidated income statement and interim consolidated statement of cash flows or the basic or diluted EPS.

Impact on the statement of financial position (As at 31 December 2012):

USD mm	*EBGDCO* *USD mm*	*Gas Cities* *USDmm*	*CNGCL*
Increase in net investment in joint venture (non-current)	9	-	559
Decrease in Intangible assets (non-current)	-	-	(568)
Decrease in property, plant and equipment (non-current)	(47)	-	-
Decrease in cash and cash equivalent (current)	(1)	-	-
Decrease in borrowings (current & noncurrent)	31	-	-
Decrease in due to related parties (current)	3	-	5
Decrease in trade payables and accruals (current)	5	-	4
Net impact on equity	-	-	-

In accordance with the transition provision of IFRS 11, certain comparative numbers have been restated.