

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2009 (UNAUDITED)

DANA GAS PJSC

Report of the Directors

The Board of Directors of Dana Gas (“Dana Gas” or the “Company”) are pleased to announce the consolidated results of the Company and its subsidiaries (together referred to as the “Group”) for the nine month period ended 30 September 2009 (“the period”).

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 Middle East’s first and largest private sector natural gas company. The group currently operates in the MENASA (Middle East, North Africa & South Asia) Region across the natural gas value chain; from exploration and production, through gas processing and transportation, to the distribution, marketing and utilisation of gas as feedstock and fuel to the petrochemical, industrial and the power sectors. Since its establishment, the Company has grown from a small core team at its head office in Sharjah to a regional, as well as international natural gas company with over 400 professional staff and further offices in UK, Egypt, Saudi Arabia, Bahrain and the Kurdistan Region of Iraq.

Results for Quarter ended September 2009

During the quarter the Company earned Revenue of AED 359 million (30 September 2008: AED 320 million); a 12 % increase over the corresponding period. The oil and gas production increased to 3.8 million barrels oil equivalent (BOE) as compared to 2.5 million BOE, and the increase in revenue principally resulted from higher production.

Gross Profit of AED 143 million (30 September 2008: AED 87 million) was generated during the quarter from the sale of hydrocarbons and was up by 64% over the corresponding period, mainly due to the contribution of revenue from condensate sales in Kurdistan and increased production from Egypt. During the quarter the Group incurred a net loss of AED 79 million after finance cost of AED 48 million and tax charges of AED 59 million as compared to a net profit of AED 26 million in the same period last year. The net loss during the quarter was principally the direct result of exploration write-offs and provision for impairment of AED 110 million. However, Earnings before interest, tax, depreciation, amortisation and exploration (EBITDAX) increased by 41% from AED 145 million to AED 205 million. The Group also recorded a fair value gain of AED 257 million during the quarter on its investment in MOL equity shares, which as per the accounting policy adopted, was directly recognised in equity.

Results for Nine Months ended September 2009

During the nine months ended September 2009 (“the period”) the Company earned revenues of AED 909 million as compared to AED 901 million over the corresponding period. Due to lower realized LPG and condensate prices during the period, the revenue from Egypt remained lower than same period last year, however it was compensated by the commencement of revenue from sale of condensates in Kurdistan Region of Iraq.

Gross profit of AED 308 million (30 September 2008: AED 200 million) was higher by 54% over the corresponding period due to contribution from condensate sales in Kurdistan and increased in production from Egypt. This helped the Company achieve Gross Profit margins which increased from 40% in September 2008 to 50% in September 2009, an increase of 10%.

DANA GAS PJSC
Report of the Directors

Results for Nine Months ended September 2009 (continued)

The Group achieved a net profit of AED 281 million as compared to AED 85 million in September 2008. EBITDAX also increased by 173% from AED 451 million to AED 1,232 million mainly due to gain on sale of 10% interest in PPCL.

The results for the quarter and nine months ended 30 September 2009 are set out in detail on page 7 of the interim condensed consolidated financial statements.

Liquidity and Financial Resources

During the period, the operating cash flow and the company's cash and bank balances were used to fund its development program in the Kurdistan Region of Iraq.

The Group's cash and bank balances as at 30 September 2009 stood at AED 876 million.

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 aggressive growth through a strategy of targeted acquisitions and new business development across the gas value chain.

Egypt E&P operations

The Company's production for the 92 days of operations was 3.41 MMBOE i.e. averaging 37 kboepd. During the period the Company continued its exploration success by adding three more gas discoveries taking the total number of discoveries to 7 during the nine months (64% rate of success). The new exploration discoveries during the third quarter were Sharabas-1 and Marzouk-2 in the West Manzala concession and Sama-1 in West Qantara concession.

The Marzouk-2 well was drilled to a TD of 3,995 m within the Sidi Salim Formation and found gas in three zones. The upper zone, within the Messinian Abu Madi formation, yielded a gas and condensate discovery while the lower two zones, in the Sidi Salim formation, yielded non-commercial quantities of gas. Given the limited recoverable reserves from this well an impairment provision of AED 92 million has been made for the drilling costs in this area.

The internationally renowned U.K. based petroleum reserves certification firm, Gaffney, Cline & Associates ("GCA") have carried out an independent evaluation of Dana Gas Egypt hydrocarbon reserves as at 31 December 2008. Following this review, the Company's gross proved reserves (1P) as at 31 December 2008 were estimated to be 55.6 MMBOE (31 December 2007: 45.8 MMBOE). The gross proved and probable reserves (2P) as at 31 December 2008 were estimated to be 94.3 MMBOE (31 December 2007: 66.7 MMBOE). The gross proved, probable and possible reserves (3P) as at 31 December 2008 were estimated to be 157.7 MMBOE (31 December 2007: 86.4 MMBOE). The Company has announced several commercial discoveries during nine months and the next reserves review planned for December 2009 shall reflect the new reserves. An evaluation of the exploration potential of Egyptian exploration assets, the West Manzala, West Qantara and Komombo Concessions, was also carried out by GCA. Their report indicated that the risked gas potential of the blocks is in the region of 3.7 trillion cubic feet (Tcf) of gas which indicates excellent future prospects for the Company in this area.

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

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for the development of its substantial gas resources, initially to develop, process and transport natural gas on a fast-track basis from the Khor Mor Gas Field (Khor Mor Project), including processing and the extraction of LPG and condensate, in order to provide natural gas supplies to fuel domestic electric power generation plants near the major urban centers of Erbil and Suleymania. This project is being implemented jointly with Crescent Petroleum at a total investment of USD 795 million. Further development of the gas reserves are planned to supply natural gas as feedstock and energy for local industries.

The mechanical completion of the 180 km pipeline from Khor Mor to the Erbil power station was achieved in late September and the Early Production Facilities (EPF) were successfully installed. Commissioning of the EPF occurred in early August 2008, with gas deliveries to the Erbil Power Station commencing on 1 October 2008 via the 180 km pipeline– a record achievement of only 15 months' project implementation by the joint venture team of Dana Gas and its partner Crescent Petroleum.

On 15 May 2009, Dana Gas and Crescent signed a Share Sale Agreement with two Central European strategic partner companies and Nabucco Project Founders, OMV Upstream International GmbH (“OMV”) and MOL Hungarian Oil and Gas Public Limited Company (“MOL”) whereby an equity interest of 5% each was sold by Dana Gas and Crescent to OMV and MOL respectively in the special purpose company, Pearl Petroleum Limited. The high profile transaction underpinned the companies thrust and access into the huge European gas market.

Gas Cities

Dana Gas has joint venture with Crescent Petroleum known as GASCITIES Ltd for the development of a series of “Gas Cities” across the MENASA region.

On 9 September 2009, GASCITIES Ltd signed a Memorandum of Understanding to carry out a series of pre-feasibility studies to establish gas and land allocations for a Gas City in the Hodeidah Region of Yemen. The signing ceremony took place in the presence of the Prime Minister, various Ministers and members of the Dana Gas Executive Board.

The development of Kurdistan Gas City with Kurdistan Regional Government (KRG) is presently on-hold whilst the allocation of land for the proposed City is discussed with the KRG.

GASCITIES Ltd continues to develop an option for a Gas City in Egypt with feedstock integration into Dana Gas Egypt's Nile Delta fields.

UAE Gas Project

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies by National Iranian Oil Company (“NIOC”) to Crescent Petroleum. Dana Gas has a 35% interest in Crescent National Gas Corporation Limited (CNGCL) and owns 100% of SajGas and UGTC. After a delay of almost 4 years, NIOC has recently introduced hydrocarbons into the completed upstream facilities (within Iran) to progress the commissioning and testing activities. It is anticipated that NIOC's pipeline will be put on-stream towards the end of the year, thereby allowing commissioning of NIOC's compression facilities at Sirri Island and, potentially, contractual gas deliveries to commence in earnest early next year. Crescent Petroleum served NIOC with an arbitration notice several months ago and due legal process is underway.

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Joint venture with Emarat

United Gas Transmissions Company Ltd (UGTC), a subsidiary of the Company, has implemented a joint venture project with Emarat (on a 50:50 basis) that is the largest gas pipeline in the UAE (48 inch diameter, 32 km length) with a design capacity of 1000 MMscfd to transport gas within Sharjah from Sajaa to the Hamriyah at a capital cost of USD 50 million. The construction of the pipeline was completed in April 2008. The pipeline capacity is being utilised by 3 users; SEWA, FEWA and CNGCL under a 25 year contract.

Egypt Gulf of Suez – Gas Liquids (LPG) Plant

The Company, through Danagaz Bahrain, is leading a project to build, own and operate the Liquids Extraction Plant in Egypt in partnership with the Egyptian National Gas Company (EGAS) and the Arab Petroleum Investments Corporation (APICORP). The formation of a joint venture company in Egypt and the acquisition of the land for the Plant have been completed. The contract for the LPG Plant was awarded in June 2009, with construction to take up to 18 months.

Sharjah Western Offshore Concession

In March 2008, Dana Gas was awarded a 25 year oil and gas concession by the Government of Sharjah for the exploration and development of the Western Offshore Concession in Sharjah, UAE. The concession award marks Dana Gas' entry into the prestigious GCC exploration and production sector, and will also be the first offshore upstream asset for the Company. The concession agreement covers a total area of over 1,000 square kilometers including part of the Zora Gas Field, which has established gas reserves and a ready market. The field will be developed together with the government of Ajman, which controls approximately half of the reserves.

The Company has begun implementation of this important project, which includes upstream development as well as transportation of the produced gas and petroleum liquids via a 25km offshore pipeline. A detailed engineering design for the offshore platform is nearing completion, and the conceptual engineering design for the onshore gas processing plant is beginning. This project will add significant production and revenues to Dana Gas, expanding its diversified portfolio.

Nigeria / Sao Tome and Principe Joint Development Zone – Block 4

Dana Gas holds a 10% interest in Block 4 of the Nigeria/Sao Tome Joint Development Zone. Block 4 is an extension of the prolific Nigeria deep water play where a number of significant oil discoveries have been made. Based on mapping of 3D seismic, several large structures capable of containing giant size oil fields have been identified.

The Block 4 consortium, for which Addax Petroleum is the operator, has successfully drilled the first well, Kina 1-X. Studies are underway to determine if the discovered gas can be commercially developed from this setting. The second well, Malanza 1-X, is expected to begin drilling shortly and will be completed by end 2009.

DANA GAS PJSC
Report of the Directors

Directors



The Directors who served during the period were:

H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman
Mr. Hamid Dhiya Jafar, Chairman
Dr. Adel Khalid Al-Sabeeh, Deputy Chairman
Mr. Ahmed Rashid Al-Arbeed, Chief Executive Officer
Mr. Rashid Saif Al-Jarwan, Executive Director
H.E. Sheikh Sultan Bin Ahmed Bin Sultan Al-Qasimi
Sheikha Hanadi Nasser Bin Khaled Al Thani
Mr. Abdulaziz Hamad Aljomaih
Mr. Abdullah Ali Almajdouie
Mr. Abdulla Nasser Huwaileel Al-Mansoori (until 22 April 2009)
Mr. Adib Abdullah Al-Zamil
Mr. Khalid Abdul Rahman Saleh Al-Rajhi
Mr. Majid Hamid Jafar
Mr. Nasser Mohammed Al Nowais
Mr. Rashad Mohammed Al-Zubair
Mr. Said Arrata
Dr. Tawfeeq Abdulrahman Almoayed
Mr. Varoujan Nerguizian
Mr. Ziad Abdulla Ibrahim Galadari

Auditors

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

On behalf of the Board of Directors

Director
11 November 2009



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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Dana Gas PJSC (“the Company”) and its subsidiaries (“the Group”) as at 30 September 2009, the related interim consolidated income statement and the interim consolidated statement of comprehensive income for the three month and nine month periods then ended, the interim consolidated statements of cash flows and changes in equity for the nine month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

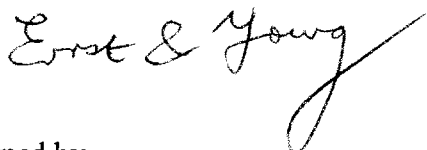
We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

Without qualifying our conclusion we draw attention to note 7 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.



Signed by
Edward Quinlan
Partner
Registration No. 93

Sharjah
11 November 2009

Dana Gas PJSC and Subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2009 (Unaudited)

Notes	Nine months ended 30 September 2009		30 September 2008		Three months ended 30 September 2009		30 September 2008	
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
Revenue	248	909	246	901	98	359	88	320
Less: royalties	(79)	(289)	(109)	(400)	(30)	(109)	(38)	(138)
Net revenue	169	620	137	501	68	250	50	182
Cost of sales	(24)	(88)	(19)	(70)	(7)	(26)	(6)	(22)
Depreciation and depletion	(61)	(224)	(63)	(231)	(22)	(81)	(20)	(73)
Gross profit	84	308	55	200	39	143	24	87
Investment and finance income	8	29	19	70	4	14	11	41
Other income/expense (net)	4	825	22	82	-	-	1	5
Change in fair value of investment property	9	(55)	33	121	-	-	5	18
General and administration expenses	(34)	(125)	(17)	(62)	(5)	(19)	(6)	(20)
Exploration expenses	(72)	(264)	(3)	(10)	(30)	(110)	-	(1)
Finance costs	(43)	(158)	(56)	(205)	(13)	(48)	(18)	(65)
PROFIT BEFORE TAX	113	413	53	196	(5)	(20)	17	65
Income tax expense	(36)	(132)	(30)	(111)	(16)	(59)	(10)	(39)
PROFIT FOR THE PERIOD	77	281	23	85	(21)	(79)	7	26
Basic and diluted earnings per share (USD / AED per share)	5	0.013	0.004	0.014	(0.003)	(0.013)	0.001	0.004

Dana Gas PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2009 (Unaudited)

	Nine months ended		30 September		Three months ended	
	30 September 2009	30 September 2008	30 September 2009	30 September 2008	30 September 2009	30 September 2008
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
Profit for the period	77	281	23	85	(21)	7
Fair value gain on available-for-sale financial asset (note 8)	80	293	-	-	70	257
Other comprehensive income for the period	80	293	-	-	70	257
Total comprehensive income for the period	157	574	23	85	49	178
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Dana Gas PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2009 (Unaudited)

	Notes	30 September 2009		31 December 2008	
		USD mm	AED mm	USD mm	AED mm
ASSETS					
Non-current assets					
Property, plant and equipment		885	3,242	817	2,996
Intangible assets	7	1,459	5,349	1,604	5,878
Available-for-sale financial assets	8	262	961	-	-
Investment property	9	55	202	110	403
		<u>2,661</u>	<u>9,754</u>	<u>2,531</u>	<u>9,277</u>
Current assets					
Inventories		60	220	58	211
Accounts receivable and prepayments		148	542	132	484
Financial assets at fair value through profit or loss	10	9	32	8	28
Cash and cash equivalents	11	239	876	217	798
		<u>456</u>	<u>1,670</u>	<u>415</u>	<u>1,521</u>
TOTAL ASSETS		<u>3,117</u>	<u>11,424</u>	<u>2,946</u>	<u>10,798</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	12	1,637	6,000	1,637	6,000
Statutory reserve		28	104	28	104
Legal reserve		28	104	28	104
Retained earnings		300	1,093	225	819
Other reserve		86	315	4	15
Convertible bonds- equity component	13	48	176	48	176
Attributable to shareholders of the Company		<u>2,127</u>	<u>7,792</u>	<u>1,970</u>	<u>7,218</u>
Minority interest in equity		1	3	1	3
Total equity		<u>2,128</u>	<u>7,795</u>	<u>1,971</u>	<u>7,221</u>
LIABILITIES					
Non-current liabilities					
Convertible bonds	13	867	3,178	856	3,138
Provisions		10	35	10	35
		<u>877</u>	<u>3,213</u>	<u>866</u>	<u>3,173</u>
Current liabilities					
Trade payables & accruals		111	413	109	403
Short term portion of finance lease obligations		-	-	-	1
Due from related parties		1	3	-	-
		<u>112</u>	<u>416</u>	<u>109</u>	<u>404</u>
Total liabilities		<u>989</u>	<u>3,629</u>	<u>975</u>	<u>3,577</u>
TOTAL EQUITY AND LIABILITIES		<u>3,117</u>	<u>11,424</u>	<u>2,946</u>	<u>10,798</u>

Director
11 November 2009

Director
11 November 2009

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONSOLIDATED CASH FLOW STATEMENT

Period ended 30 September 2009 (Unaudited)

	Notes	Nine months ended 30 September			
		2009		2008	
		USD mm	AED mm	USD mm	AED mm
OPERATING ACTIVITIES					
Profit for the period before tax		113	413	53	196
Adjustments for:					
Depreciation and depletion		61	224	63	231
Investment and finance income		(8)	(29)	(19)	(70)
Change in fair value of investment property	9	55	202	(33)	(121)
Other income / expense (net)	4	(225)	(825)	-	-
Finance costs		43	158	56	205
Exploration expenditure		72	264	3	10
Gain on disposal of assets held for sale		-	-	(12)	(45)
Provision for doubtful debts		16	55	-	-
Board compensation		(2)	(7)	(2)	(9)
		<u>125</u>	<u>455</u>	<u>109</u>	<u>397</u>
Change in working capital:					
Accounts receivable and prepayments		(32)	(113)	(34)	(125)
Inventories		(2)	(9)	(5)	(19)
Accounts payable and accruals		2	10	(22)	(82)
Due to related parties		1	3	-	-
Income tax		(36)	(132)	(30)	(111)
Net cash generated from operating activities		<u>58</u>	<u>214</u>	<u>18</u>	<u>60</u>
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(117)	(430)	(188)	(684)
Expenditure on intangibles	7	(52)	(191)	(37)	(134)
Proceeds from sale of interest in joint venture		177	650	-	-
Financial assets at fair value through profit or loss		-	-	(8)	(31)
Investment and finance income		7	22	8	29
Proceeds from sale of assets held for sale		-	-	46	170
Net cash generated from/ (used) in investing activities		<u>15</u>	<u>51</u>	<u>(179)</u>	<u>(650)</u>
FINANCING ACTIVITY					
Finance costs		(51)	(187)	(56)	(205)
Cash used in financing activity		<u>(51)</u>	<u>(187)</u>	<u>(56)</u>	<u>(205)</u>
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		22	78	(217)	(795)
Cash and cash equivalents at the beginning of the period		<u>217</u>	<u>798</u>	<u>541</u>	<u>1,983</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>239</u>	<u>876</u>	<u>324</u>	<u>1,188</u>

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY Period ended 30 September 2009 (Unaudited)

Attributable to shareholders of the Company

	Share capital		Statutory reserves		Legal reserves		Retained earnings		Other reserve*		Convertible bonds-equity component		Minority interest		Total	
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
At 1 January 2009	1,637	6,000	28	104	28	104	225	819	4	15	48	176	1	3	1,971	7,221
Other comprehensive income	-	-	-	-	-	-	-	-	80	293	-	-	-	-	80	293
Share based payment	-	-	-	-	-	-	-	-	2	7	-	-	-	-	2	7
Board compensation	-	-	-	-	-	-	(2)	(7)	-	-	-	-	-	-	(2)	(7)
Net income and expense directly recognised in equity	-	-	-	-	-	-	(2)	(7)	82	300	-	-	-	-	80	293
Profit for the period	-	-	-	-	-	-	77	281	-	-	-	-	-	-	77	281
Total income and expense for the period	-	-	-	-	-	-	75	274	82	300	-	-	-	-	157	574
At 30 September 2009	1,637	6,000	28	104	28	104	300	1,093	86	315	48	176	1	3	2,128	7,795
At 1 January 2008	1,637	6,000	25	92	25	92	200	732	-	-	52	191	-	-	1,939	7,107
Board compensation	-	-	-	-	-	-	(2)	(9)	-	-	-	-	-	-	(2)	(9)
Net income and expense directly recognised in equity	-	-	-	-	-	-	(2)	(9)	-	-	-	-	-	-	(2)	(9)
Profit for the period	-	-	-	-	-	-	23	85	-	-	-	-	-	-	23	85
Total income and expense for the period	-	-	-	-	-	-	21	76	-	-	-	-	-	-	21	76
Repurchase of convertible bonds	-	-	-	-	-	-	-	-	-	-	(1)	(5)	-	-	(1)	(5)
At 30 September 2008	1,637	6,000	25	92	25	92	221	808	-	-	51	186	-	-	1,959	7,178

* Other reserve includes fair value gain on available for sale financial asset and share based payment reserve.

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

1 ACTIVITIES

Dana Gas PJSC (“Dana Gas” or the “Company”) was incorporated in the Emirate of Sharjah, United Arab Emirates as a Public Joint Stock Company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy. Dana Gas shares are listed on the Abu Dhabi Securities Exchange (ADX).

The Company and its Subsidiaries constitute the Group (“the Group”). The Group is engaged in the business of exploration, production, ownership, transportation, processing, distribution, marketing and sale of natural gas and petroleum related products, including the development of gas related projects and services.

The Company’s registered head office is P. O. Box 2011, Sharjah, United Arab Emirates with offices in Al-Khobar, London, Kurdistan Region of Iraq, Bahrain and Cairo.

Principal subsidiaries and jointly controlled entities of the Group at 30 September 2009 and the group percentage of ordinary share capital or joint venture interest are set out below:

Subsidiaries	%	Country of incorporation	Principal activities
Dana Gas LNG Ventures	100	British Virgin Island	Oil and Gas exploration & production
Dana Gas Egypt (previously Centurion)	100	Canada	Oil and Gas exploration & production
Sajaa Gas Private Limited Company (“SajGas”)	100	Emirate of Sharjah, UAE	Gas Sweetening
United Gas Transmissions Company Limited (“UGTC”)	100	Emirate of Sharjah, UAE	Gas Transmission
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing
Joint Ventures	%	Country of operations	Principal activities
Pearl Petroleum Company* Limited (“PPCL”)	40	Kurdistan Region of Iraq	Oil and Gas exploration & production
UGTC / Emarat	50	Emirate of Sharjah	Gas Transmission
CNGCL	35	Emirate of Sharjah	Gas Marketing
EBGDCCO	26.4	Egypt	Gas Processing
GASCITIES Ltd	50	MENASA	Gas Cities

These interim condensed consolidated financial statements were approved by the Board of Directors on 11 November, 2009.

* On 5 February 2009 Dana Gas and Crescent assigned their individual 50% interest in an unincorporated joint venture to a newly formed company incorporated under the laws of British Virgin Islands called Pearl Petroleum Company Limited (PPCL). All the assets and liabilities of the Joint Venture as at 4 February 2009 were transferred at cost to PPCL.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements are prepared under the historical cost convention as modified for the measurement at fair values of certain financial assets and liabilities.

Statement of compliance

The interim condensed consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Accounting Standard (IAS) No 34, Interim Financial Reporting. Hence, the interim condensed consolidated financial statements do not contain all information and disclosure required for full financial statements prepared in accordance with International Financial Reporting Standards.

Standards and Interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the adoption of the following new Standards and Interpretations as at 1 January 2009. After adoption of IAS 1 Revised, the Group has started disclosing details of transactions with its owners and is showing a single statement

- *IFRS 2 Share Based Payment- Vesting Conditions and Cancellation*
The standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any impact on the financial position or performance of the Group.
- *IFRS 8 Operating Segments*
This Standard requires the disclosure of information about the Group's operating segments and replaces the requirement to determine primary (geographical) and secondary (business) reporting segments of the Group. Adoption of this Standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the geographical segments previously identified under IAS 14 Segment Reporting.
- *IAS 1 Revised Presentation of Financial Statements*
The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present an income statement and a separate statement of comprehensive income.
- *IAS 23 Borrowing Cost*
The Standard has been revised to require capitalisation of borrowing costs on qualifying assets. This had no impact on the Group's financial statements as its accounting policy in this regard requires capitalisation of borrowing costs.
- *IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statement – Puttable Financial Instruments and Obligations Arising on Liquidation.*
The Standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfil a number of specified criteria. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

3 SEGMENTAL INFORMATION

The Group's operating segments, based on the location of assets, are organised on a worldwide basis into four geographical segments: United Arab Emirates, Egypt, Kurdistan Region of Iraq and others. The accounting policies of the operating segments are the same as those described in note 2 above. The Group evaluates the performance of its operating segments and allocates resources to them based on this evaluation.

Period ended 30 September 2009

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Rest of the World USD mm</i>	<i>Total USD mm</i>
Revenue					
External sales net of royalties	3	139	27	-	169
Total revenue net of royalties	<u>3</u>	<u>139</u>	<u>27</u>	<u>-</u>	<u>169</u>
Results					
Profit before tax, finance cost, investment and finance income					148
Finance costs					(43)
Investment and finance income					8
Profit before income tax					113
Income tax expense					(36)
PROFIT FOR THE PERIOD					<u>77</u>
Segment assets at 30 September 2009	<u>1,677</u>	<u>1,087</u>	<u>325</u>	<u>28</u>	<u>3,117</u>

Period ended 30 September 2008

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Rest of the World USD mm</i>	<i>Total USD mm</i>
Revenue					
External sales net of royalties	4	133	-	-	137
Total revenue net of royalties	<u>4</u>	<u>133</u>	<u>-</u>	<u>-</u>	<u>137</u>
Results					
Profit before tax, finance cost, investment and finance income					90
Finance costs					(56)
Investment and finance income					19
Profit before income tax					53
Income tax expense					(30)
PROFIT FOR THE PERIOD					<u>23</u>
Segment assets at 31 December 2008	<u>1,447</u>	<u>1,131</u>	<u>291</u>	<u>77</u>	<u>2,946</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

4 OTHER INCOME / EXPENSE (NET)

	<i>Nine months ended 30 September</i>	
	<i>2009</i>	<i>2008</i>
	<i>USD mm</i>	<i>USD mm</i>
Gain on sale of interest in PPCL (note 15)	291	-
Provision for impairment	(69)	
Gain on disposal of interest in West Gharib	-	12
Others	3	10
	<u>225</u>	<u>22</u>

5 EARNINGS PER SHARE

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.

Diluted earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The information necessary to calculate basic and diluted earnings per share is as follows:

	<i>Nine months ended</i>	
	<i>2009</i>	<i>2008</i>
Earnings:		
Profit for the period- USD mm	<u>77</u>	<u>23</u>
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	6,000	6,000
Weighted average number of shares which may be issued upon conversion of the convertible notes- million	<u>1,734</u>	<u>1,734</u>
Weighted average number of shares outstanding for calculating diluted EPS- million	<u>7,734</u>	<u>7,734</u>
EPS (Basic & Diluted) - USD	<u>0.013</u>	<u>0.004</u>

As disclosed in Note 13, on 7 July 2008, the conversion rate for the convertible sukuk was determined and has been fixed at 17,343.3 shares for every USD 10,000 Sukuk Certificate. As at 30 September 2009 the conversion had an anti-dilutive effect on the EPS of the company.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

6 BUSINESS COMBINATIONS

Acquisition of Centurion Energy International Inc

On 10 January 2007, Dana Gas PJSC completed a Plan of Arrangement (“Plan”) with Centurion Energy International Inc. (“Centurion”). Under the terms of this Plan, Dana Gas acquired all of the issued and outstanding common shares of Centurion for CAD 12.00 in cash per common share for an aggregate acquisition cost of CAD 1.1 billion (approximately USD 1.1 billion) and retired debt of USD 127 million. The Plan was approved by the Centurion common share holders during a special meeting on 8 January 2007 and subsequently by the Queen’s bench of Alberta Court. The results of Centurion have been consolidated from 10 January 2007. The Centurion acquisition was funded from internal cash and an Islamic Shariah compliant facility provided by Citibank of USD 470 million, which was fully repaid on 31 October 2007 out of the proceeds of the convertible sukuk.

The fair value of the identifiable assets and liabilities as at the date of the acquisition was:

	<i>Fair value recognised on acquisition USD mm</i>	<i>Carrying value USD mm</i>
Property, plant and equipment	356	189
Intangible assets	357	24
Other non-current assets	-	2
Current assets	163	163
Total Assets	876	378
Non-current liabilities	(31)	(145)
Current liabilities	(42)	(42)
Value of net assets	803	191
Goodwill arising on acquisition	318	-
Consideration paid	1,121	
Cash flow on acquisition:		<i>USD mm</i>
Net cash acquired with the subsidiary		57
Cash paid		(1,121)
Net cash outflow		(1,064)

The total consideration of USD 1,121 million represents a cash settlement of USD 973 million, acquisition and related expenses of USD 21 million and debt repayment of USD 127 million.

Dana Gas Egypt (previously Centurion) is an independent oil and gas exploration and production company operating principally in the Egyptian Nile Delta whose common shares had previously been listed on the Toronto Stock Exchange and the London AIM. Dana Gas Egypt now forms the Upstream (Exploration and Production) Division of the Dana Gas Group. Dana Gas Egypt has a number of concessions and development leases in Egypt:

- El Wastani Development Lease – These development leases are held with a 100% working interest and represent approximately 59% of current production. El Wastani production includes both gas and associated gas liquids. These leases have 13,017 acres of land included within their boundaries and are located in the Nile Delta of Egypt.
- South El Manzala Development Leases – These development leases are held with a 100% working interest and are currently not producing. These development leases have 16,055 acres of land included within their boundaries and are located in the Nile Delta of Egypt.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

6 BUSINESS COMBINATIONS (continued)

Acquisition of Centurion Energy International Inc (continued)

- West El Manzala Exploration Concession – Dana Gas Egypt holds a 100% working interest in this Concession, which includes 476,216 acres of exploration land. The expiry date of the Exploration Concession and the total relinquishment of the non-productive land is 30th June 2012. Current drilling programs and seismic interpretation are being carried out to explore the acreage. This concession is located in the Nile Delta of Egypt. To date, four development leases have been created from this exploration concession and produce approximately 40.6% of current volumes and produce both natural gas and associated liquids.
- West El Qantara Exploration Concession – Dana Gas Egypt holds a 100% working interest in this Concession, which includes 319,618 acres of exploration land. The expiry date of the Exploration Concession and the total relinquishment of the non-productive land is 30th June 2012. Current drilling programs and seismic interpretation are being carried out to explore the acreage. This concession is located in the Nile Delta of Egypt. Three discoveries have been made (Salma, Tulip and Sama) during the last 9 months and appraisal and development plans are currently carried out.
- Kom Ombo Exploration Concession – Dana Gas Egypt holds a 50% working interest in this Concession, which includes 5,654,727 acres of exploration land. The Farm-out Agreement was completed in 2007 which gave a 50% working interest to the Kuwait International Oil and Environmental Co. (KIOEC). Dana Gas Egypt remains the Operator of the Concession. During Q1 2009, Dana Gas Egypt has sent a Notice of Default to KIOEC which was followed by a Termination Notice. This matter is not yet closed. Current drilling programs and seismic interpretation are being carried out to explore the acreage. This concession is located in the southern desert of Egypt. To date one development lease has been created from this exploration concession and produces approximately 0.4% of current volumes and produces only oil.

In addition to the above Dana Gas has the following interests which were previously under Centurion:

- Block 4 Sao Tome/Nigeria – a 9.5% working interest in the exploration block. The block is located off shore in the Nigeria/Sao Tome Joint Development Zone. The block has 15,876 acres (net share) of land in its boundaries.
- Tunisia Exploration Lease –exploration rights in relation to up to a 50 percent working interest in deeper prospective horizons that underlie upper producing horizons. The deeper prospects rights which have been retained potentially contain significant gas and petroleum liquid resources. This is based on the presence of a large neighboring structure involving the Triassic reservoir, which is one of the main producing horizons in Algeria and Tunisia.

Acquisition of Danagaz (Bahrain)

The Company entered into a Heads of Agreement on 30 September 2006 with the majority shareholder (acting for itself and other shareholders) to acquire a controlling interest (66% of the shares) in a Bahrain registered company, named Danagaz (Bahrain) subject to the fulfillment of certain conditions. It subsequently entered into a Share Purchase Agreement with all the shareholders of Danagaz Bahrain on 29 April 2007 and following fulfillment of conditions precedent to the completion of the acquisition the Company paid the initial provisional purchase price of USD 7 million in December 2007 and during the year the remaining 10%, being USD 700,000 retained for potential claims was also released.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

6 BUSINESS COMBINATIONS (continued)

Acquisition of Danagaz (Bahrain) (continued)

Danagaz (Bahrain) is developing a project that involves the installation of a plant in Egypt to extract LPG from the existing gas network. Danagaz, in partnership with Egyptian Natural Gas Holding Company and Arab Petroleum Investments Corporation (APICORP), will build, own, and operate such plant through an Egyptian incorporated Company named Egyptian Bahraini Gas Derivative Company (EBGDCO). Danagaz owns 40% of EBGDCO, a further 40% is held by the Egyptian Natural Gas Holding Company and the remaining 20% by APICORP. The project involves the engineering, fabrication, installation and operation of a high-efficiency LPG extraction plant on the western shore of the Gulf of Suez. The key project agreements (gas supply and product offtake) and the land and sea berth arrangements have already been executed. The estimated project cost is around USD 83 million and it is intended to arrange a non recourse financing for 70% of the project costs. The contract for the LPG Plant was awarded in June 2009, with construction to take up to 18 months.

7 INTANGIBLE ASSETS

	<i>Oil and gas interests USD mm</i>	<i>Purchase, transmission, sweetening and sale rights USD mm</i>	<i>Gas processing rights USD mm</i>	<i>Development cost USD mm</i>	<i>Goodwill USD mm</i>	<i>Total USD mm</i>
At 1 January 2009	431	857	7	1	308	1,604
Additions	52	-	-	-	-	52
Transfer to PP&E	(103)	-	-	-	-	(103)
Provision for Impairment	(94)	-	-	-	-	(94)
At 30 September 2009	286	857	7	1	308	1,459
At 31 December 2008	431	857	7	1	308	1,604

Intangible assets include USD 857 million which represent the fair value of the rights for the purchase, transmission, sweetening and sale of gas and related products acquired by the Company through its shareholdings in SajGas, UGTC and CNGCL. The fair value of the rights acquired 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. The ultimate supplier of gas, NIOC, has after a delay of over 3 years completed the installation of all the main components of the required upstream facilities in Iran. Commissioning of these upstream facilities is being undertaken by NIOC for completion during second half of 2009. Crescent Petroleum, which has the gas supply contract with NIOC, has recently announced that it is taking NIOC to international arbitration pursuant to its contract, in response to demands for performance by customers in the UAE given the three and a half years of delays in delivery of the contractual commitments of natural gas by NIOC.

In accordance with the IAS 36 requirement in respect of intangible assets not yet available for use, management had undertaken an impairment review of the intangible assets as at 31 December 2008. Management has reviewed the progress on the construction of the required facilities by the ultimate gas supplier and the various inputs into the original valuation model. Management believes that the inputs into the original valuation model have not significantly changed so as to require a formal calculation of the recoverable amount of the intangible assets. The Company has been provided, by Crescent, a legal opinion by an international law firm which states that Crescent has a strong claim against NIOC for its failure to deliver gas pursuant to the terms of the gas supply contract. Crescent is seeking an arbitral ruling on "specific performance" by NIOC of its contractual commitments to deliver gas. The management therefore believes that the aforementioned arbitration process will result in successful resolution so that post completion of commissioning by the ultimate gas supplier, the gas deliveries commence on this project and hence no provision is required at this stage.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

7 INTANGIBLE ASSETS (continued)

Management has carried out a review of each of the oil and gas interests and in view of the current commercial environment, has created a provision for impairment amounting to USD 69 million against certain projects. In addition a provision for impairment amounting to USD 25 million has been created against an exploration well drilled in Egypt, as the cost of the well exceeded its recoverable reserves present value amount.

Goodwill relates to the acquisition in January 2007 of Centurion (note 6) which enabled Dana Gas to acquire the upstream business qualification and therefore the rights to develop the gas fields in Kurdistan region of Iraq. As per 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 2008.

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>30 September 2009</i> <i>USD mm</i>
Balance at 1 January	-
Additions	182
Gain on change in fair value	80
Balance at 30 September	<u>262</u>

Available-for-sale financial assets are 3,135,571 ordinary shares in MOL as consideration for the disposal of an interest in PPCL and 25,545 ordinary shares in MOL received against advances paid to PPCL by the Group on their behalf. The shares are listed on the Budapest Stock Exchange.

9 INVESTMENT PROPERTY

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

	<i>30 September 2009</i> <i>USD mm</i>	<i>31 Dec 2008</i> <i>USD mm</i>
Balance at 1 January	110	77
Change in fair value of investment property	(55)	33
Balance at 30 September / 31 December	<u>55</u>	<u>110</u>

Investment property consists of freehold land transferred from property, plant and equipment. This freehold land is industrial land owned by SajGas, a subsidiary, in the Sajaa area of the Emirate of Sharjah, United Arab Emirates. This transfer has been affected as the Group now 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 a firm of qualified property consultants, with reference to comparable market transactions. This valuation reflects the recent sharp drop in property values in the UAE generally and has therefore resulted in a decrease in the fair value by USD 55 million (31 December 2008: increase of USD 33 million) which was charged to the consolidated income statement. There has been no change as at 30 September 2009 compared to 30 June 2009.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ACCOUNT

	<i>30 September 2009 USD mm</i>	<i>31 December 2008 USD mm (Audited)</i>
Balance at 1 January	8	-
Investment during the year	-	10
Investment redeemed during the year	-	(1)
Fair value gain / (loss)	1	(1)
Balance at 30 September / 31 December	<u>9</u>	<u>8</u>

11 CASH AND CASH EQUIVALENTS

Cash at bank and on hand		
- Local Banks within UAE	9	24
- Foreign Banks outside UAE	8	10
Short term deposits		
- Local Banks within UAE	222	183
	<u>239</u>	<u>217</u>

Cash at banks earn profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week and three months, depending on the immediate cash requirements of the Group, and earn profit at the respective short-term deposit rates. The fair value of cash and short-term deposits is USD 239 million (2008: USD 217 million). The effective profit rate earned on short term deposits ranged between 2.5% to 6.1% (2008: between 2.5% and 5.25%) per annum.

12 SHARE CAPITAL

	<i>30 September 2009 USD mm</i>	<i>31 December 2008 USD mm (Audited)</i>
<i>Authorised:</i>		
7,794,000,000 common shares of AED 1 each (USD 0.2728 each)		
<i>Issued and fully paid up:</i>		
6,000,000,000 common shares of AED 1 each (USD 0.2728 each)	<u>1,637</u>	<u>1,637</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

13 CONVERTIBLE BONDS

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

The Sukuk is secured by way of a pledge over the shares of Dana LNG Ventures Ltd., SajGas and UGTC in accordance with the principles of Islamic Shariah.

During 2008, the Company repurchased convertible Sukuk of a nominal value of USD 80 million.

14 CONTINGENCIES AND COMMITMENTS

Egypt

Dana Gas Egypt has two drilling rigs under contract in connection with the Years 2009 and 2010 budgeted drilling program in Egypt. 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 rate based on days not utilised under the contracts. The maximum commitment at 30 September 2009 related to those contracts is approximately USD 6.6 million which could be reduced by farm-outs to other operators.

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

On 14 March 2006, Centurion signed a Production Sharing Contract (“PSC”) and formal granting by the Joint Development Zone of its 10 percent (gross) equity interest, 9.5 percent (net) in Block 4 of the Nigeria/Sao Tome. Under the PSC Centurion has paid USD 6.8 million being its share of the total signature bonus. Dana Gas is obligated to pay USD 5 million (net) for its share in the minimum expenditure of USD 53 million for the block. This obligation is expected to be paid through 2009. This commitment is supported by a performance bond issued by BNP Paribas and supported by Export Development Bank of Canada.

Pearl Petroleum Company Limited

Dana Gas has incurred over USD 284 million in expenditure to date although commitments, not yet accrued, amount to approximately USD 16 million (40% share) for the development project in the Kurdistan Region of Iraq.

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15 DISPOSAL OF INTEREST IN JOINT VENTURE

Disposal of Interest in Pearl Petroleum Company Limited

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

The assets and liabilities transferred by Dana Gas as a result of the disposal and the related consideration is presented below:

	<i>USD mm</i>
Non-current assets	64
Other current assets	6
Current liabilities	(7)
Total carrying amount of net assets disposed	<u>63</u>
Costs on disposal	4
	<u>67</u>
Less: Total consideration	<u>358</u>
Profit on sale of interest	<u><u>291</u></u>