

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2014 (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 September 2014.

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

Results for quarter ended 30 September 2014

During the quarter ended 30 September 2014, the Group earned gross revenues of US\$ 174 million (AED 638 million) as compared to US\$ 170 million (AED 623 million) in the third quarter of 2013, a 2% year-on-year increase due to higher production levels across the Group.

The Group’s share for 92 days of production was 6.3 mmboe (million barrels of oil equivalent) [68,700 boepd (“barrels of oil equivalent per day”)], an increase of 3% compared to 6.1 mmboe (66,850 boepd) in the same period last year.

The Group achieved a gross profit of US\$ 79 million (AED 290 million) in 3Q 2014 compared to US\$ 71 million (AED 259 million) in 3Q 2013 due to higher revenues and reduced cost of sales. Net profit after tax in 3Q 2014 at US\$ 38 million (AED 139 million) was higher by 36% compared to 3Q 2013 profit of US\$ 28 million (AED 102 million). This increase was due to improved production performance and focus on decreasing cost.

Earnings before interest, tax, depreciation, amortisation and exploration write offs (“EBITDAX”) in 3Q 2014 increased to US\$ 101 million (AED 371 million) compared to US\$ 93 million (AED 340 million) in 3Q 2013.

Results for nine months of 2014

During the nine months ended 30 September 2014 (the “period”) the Company earned revenues of US\$ 541 million (AED 1,983 million) as compared to US\$ 466 million (AED 1,708 million) in the corresponding period. The increase in revenue was mainly due to increased production in Egypt and resumption of LPG production in Kurdistan which remained discontinued during first half of 2013 due to ongoing repairs to the damaged LPG loading bay.

The Group achieved a net profit after tax of US\$ 129 million (AED 472 million) as compared to US\$ 121 million (AED 443 million) in the same period last year. In first half of 2013 a one off gain of US\$ 39 million (AED 143 million) was recognised in the income statement following the partial sale of MOL shares. On an operating basis, profit from operations in 9M 2014 was therefore 57% higher as compared to that achieved in 9M 2013 resulting from improved production performance and focus on decreasing costs. EBITDAX in 9M 2014 increased to US\$ 316 million (AED 1,158 million) compared to US\$ 261 million (AED 956 million) in 9M 2013.

The results for the quarter and nine months ended 30 September 2014 are set out in detail on page 8 of the interim condensed consolidated financial statements.

DANA GAS PJSC

Report of the Directors

Liquidity and Financial Resources

Cash from operations and cash collections improved during Quarter 3 2014 as the Group received a total of US\$ 71 million during the quarter. The Company's cash collection in Egypt was US\$ 53 million, out of which US\$ 36 million was in local Egyptian Pounds earmarked to settle overdue payables to service providers to its Egypt operations and US\$ 11 million is ring-fenced towards funding for the previously announced Gas Production Enhancement Agreement in Egypt, wherein it was agreed that the money received would be reinvested into this project in Egypt going forward.

In relation to its Kurdistan operations, the Company received a cash advance amounting to US\$ 18 million (AED 66 million) as part of its 40% share in the Pearl Petroleum Joint Venture (PPCL) in the Kurdistan Region of Iraq. This is the result of the commencement of direct, domestic sale of condensate and LPG by PPCL and represents a cash advance guarantee against future production deliveries.

On a year-on-year, the Group collected a total of US\$ 99 million in cash (AED 363 million) as compared to US\$ 132 million (AED 484 million) in the corresponding period. The Company's receivables, however, were positively impacted by US\$ 46 million (AED 168 million) which was set off against the North Al Arish Offshore Block 6 signature bonus and liabilities due to other government owned contractors in Egypt.

The Company cash balance declined by 29% to US\$ 145 million (AED 531 million) by the end of September 2014, compared to US\$ 204 million (AED 748 million) at 31 December 2013.

During the period from 1 January 2014 to 30 September 2014, the Company received voluntary early conversion notices for the convertible sukuk amounting to USD 72,926,080. The conversion will result in sukuk profit saving of approximately US\$ 3 million in 2014.

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 prudently investing in growth opportunities. We continue to balance our capital expenditure with the available sources of finance to ensure we maintain a stable financial position.

Reserves & Resources

(a) Dana Gas Egypt

Gaffney, Cline & Associates (GCA), a U.K. based advisory firm, carried out an independent evaluation of Dana Gas Egypt's hydrocarbon reserves as at 31 December 2013. Following this review, the Group's gross proved reserves (1P) as at 31 December 2013 were 74 millions of barrels of oil equivalent (31 December 2012: 78 mmboe). The gross proved and probable reserves (2P) as at 31 December 2013 were estimated at 117 mmboe (31 December 2012: 131 mmboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2013 were estimated at 189mmboe (31 December 2012: 223 mmboe).

(b) Pearl Petroleum Company Limited

Pearl Petroleum Company Limited's ("Pearl Petroleum"), which operates in the KRI and where Dana Gas holds 40%, appointed GCA to evaluate its resources in the Khor Mor and Chemchemical fields in the KRI. In quarter three 2013, GCA provided an estimate of hydrocarbons in-place as at 31 December, 2012 for both the Khor Mor and Chemchemical fields based on a comprehensive data set comprising ca. 1200 km 2D seismic, the 11 wells drilled in the two fields to date and field production data over a period of five years.

DANA GAS PJSC

Report of the Directors

(b) Pearl Petroleum Company Limited (continued)

Gas initially in-place volumes (*unrisked**) have been computed by GCA and, based on its recently released report related to the individual fault blocks which comprise Khor Mor, Dana Gas has calculated an aggregated Best Estimate (P50) volume of 22 Tscf. For Chemchemical, gas initially in place volumes (*unrisked**), based on the GCA reported volumes for the individual fault blocks, have been aggregated by Dana Gas to be a Best Estimate (P50) of 30 Tscf. The report also indicates that both fields have considerable additional upside potential. Dana Gas' 40% share of these Best Estimate in-place volumes for Khor Mor and Chemchemical combined corresponds to 20 Tscf.

GCA also stated that certain Khor Mor fault blocks may contain oil instead of gas and determined oil initially in-place volumes (*unrisked**) for these individual blocks. Dana Gas has calculated an aggregated Best Estimate (P50) volume of around 1.8 billion barrels of oil, in place of around 3 Tscf of gas in these blocks.

GCA's report confirms Dana Gas' belief that Khor Mor and Chemchemical have the potential to be the largest gas fields in the KRI and indeed in the whole of Iraq and thus makes them world class assets.

**Note that a risk factor accounting for geological and commercial uncertainties has not been assessed or applied at this time. However, both fields are surrounded by producing oil and/or gas fields which calibrates and reduces the geological and reservoir risks. The reported hydrocarbon volumes are estimates based on professional judgment and are subject to future revisions, upwards or downwards, as a result of future operations or as additional information becomes available.*

(c) Sharjah Western Offshore – Zora Field

GCA carried out an independent evaluation of Sharjah Western Offshore – Zora Field's hydrocarbon reserves as at 31 December 2013. Following this review, the Company's gross proved reserves (1P) as at 31 December 2013 were 17 millions of barrels of oil equivalent (31 December 2012: 17 mmboe). The gross proved and probable reserves (2P) as at 31 December 2013 were estimated to be 33 mmboe (31 December 2012: 33 mmboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2013 were estimated to be 64mmboe (31 December 2012: 67 mmboe). Prior year reserves numbers have been restated for ease of comparison. . Following signing of concession agreement with Ajman in January 2014, the Company has a 100% interest in the Zora field which spans the territorial waters of Sharjah and Ajman.

Egypt

The Company production in Egypt for the 92 days of operations in 3Q 2014 was 3.7 MMBOE i.e. 40,500 boepd (September 2013: 3.6 MMBOE, i.e. averaging 39,350 boepd). This represents an increase of 3% compared to the same period last year.

During the nine months of 2014, the Company received cash of US\$ 81 million (AED 297 million) and EGAS/EGPC offset the Block-6 signature bonus of US\$ 20 million (AED 73 million) and payable to government owned contractors of US\$ 26 million (AED 95 million) against the amounts due to the Company. Consequently at period end, the trade receivable balance in Egypt stood at US\$ 276 million (AED 1,012 million) (31 December 2013: US\$ 274 million (AED 1,004 million)).

During the period, Dana Gas Egypt concluded a Gas Production Enhancement Agreement (GPEA) with the Egyptian Natural Gas Holding Company (EGAS) and the Egyptian General Petroleum Company (EGPC). This landmark agreement forms the basis for an important development program to increase production from current levels of over 40,000 boepd from the Company's development leases in the Nile Delta. Under the GPEA the Company will undertake a long term staged work program over a seven year period with project work expected to start in the next few months and first export sales of incremental volumes of condensate following the completion of tie-in activities. The GPEA project's capital investment is planned to be funded by a combination of internally generated funds from Dana Gas Egypt's operations and project financing.

DANA GAS PJSC

Report of the Directors

Egypt (continued)

In addition to enhancing the value of Dana Gas Egypt's assets, the GPEA generated revenues will eventually allow reduction of the Company's Egyptian outstanding receivables to nominal levels by 2018, from the proceeds of direct sales of all of the incremental condensate at international market prices.

In September 2014, Dana Gas Egypt was awarded the North El Salhiya (Block 1) and El Matariya (Block 3) onshore concessions in the Nile Delta as part of the 2014 EGAS bidding round. The awards are subject to the execution of Concession Agreements, which is expected to take place in the coming weeks. The two blocks are located adjacent to the Company's existing Development Leases and have a 6 year exploration period, comprised of two phases of 3 years each. The two concession covers 1,527 km² and 960 km², respectively.

Dana Gas Egypt will participate in the Block 3 Concession Area on a 50% basis with BP as partner and operator. BP and Dana Gas are in discussion on the terms for funding an exploration well and for possible joint participation in some of Dana Gas's adjacent Development Leases.

KRI Operations (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.

Dana Gas's share (40%) of gross production in the KRI for the 92 Days of operations in 3Q 2014 was 2.55 mmbbl, i.e. averaging 27.7 thousand BOE per day (September 2014: 2.5 million BOE, averaging 27.1 thousand BOE per day).

The Company received a cash advance amounting to US\$ 18 million (AED 66 million) as part of its 40% share in PPCL. This is the result of the commencement of direct, local sales of condensate and LPG by PPCL and represents a cash advance guarantee against future product deliveries. At period end, the Company's share of trade receivables balance stood at US\$ 712 million (AED 2,610 million) (December 2013: US\$ 515 million (AED 1,888 million)).

On 21 October 2013, Dana Gas, along with Crescent Petroleum and Pearl Petroleum (which holds petroleum rights in the Kurdistan Region of Iraq), commenced arbitration proceedings at the London Court of International Arbitration (LCIA), in accordance with the agreement with the KRG which was signed in April 2007 and is governed by the English Law.

On 21 March 2014, Dana Gas, along with Crescent Petroleum and Pearl Petroleum filed an Interim Measure Application to the Tribunal. The companies were successful in their application to the Tribunal for interim measures and the Tribunal made an order on 10 July 2014 for the KRG to restore the previous regular payments to the companies as of 21 March 2014, the date of the application, and until the case is concluded.

DANA GAS PJSC

Report of the Directors

UAE Gas Project

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies by the National Iranian Oil Company (“NIOC”) to Crescent Petroleum. Dana Gas has a 35% interest in Crescent National Gas Corporation Limited (CNGCL) and owns 100% of SajGas and UGTC. In July 2010, NIOC introduced gas into its completed transmission network and Dana Gas’ UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system, which needs rectification. Notwithstanding this, Crescent Petroleum has been in international arbitration with NIOC since June 2009 to seek a ruling on its binding 25 years gas supply contract with NIOC.

The Company was notified by Crescent Petroleum on 10 August 2014 that the Arbitration Tribunal has issued a Final Award for the merit phase of the proceedings, determining that the 25 year contract between it and NIOC is valid and binding upon the parties, and that NIOC has been obligated to deliver gas under the Contract since December 2005.

Sharjah Western Offshore Concession (Zora Gas Field)

The Zora gas field lies partly in the Sharjah Western Offshore Concession area and extends into the adjacent Ajman Concession area with approximately 50% of the volume on each side agreed as the initial unitization rate. The objective of the project is the transmission of sour rich gas from the Zora gas field to a new onshore gas processing plant within the Sharjah Hamriya Free Zone.

The project includes the engineering, construction and installation of a new unmanned platform, about 33 km offshore, together with 2 horizontal gas production wells in approximately 24 meters of water depth. The Zora Platform will be connected by means of a new 12” subsea and onshore pipeline system to a new onshore gas processing plant where the sour gas will be treated.

The platform jacket and topside fabrication is in progress at Adyard’s fabrication yard in Abu Dhabi and platform cellar deck and weather deck fabrication of structure completed. The purchase orders for all platform topside equipment have been placed. Pre-construction surveys of the offshore pipeline route corridor and the platform location have been completed. Site mobilization at Hamriya Free Zone has been completed and the first lot of vessels materials for the Onshore Plant has been received to start fabrication. The Contract for the onshore section of the pipeline was signed and a kick-off meeting was held with the contractor. Technical discussions with the Drilling Rig Contractor are in progress and the contract is expected to be awarded soon. The project is on track for first gas production in 1H 2015 with estimated production of 40 mmscfd.

The project cost will be partly financed through a US\$ 100 million Term Facility. The facility will contribute the debt component of the financing needed to complete the project and bring the Zora gas field on-stream.

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 plant has a capacity to process 150 MMscfd of gas and has processed an average of over 115 MMscfd during the period.

DANA GAS PJSC

Report of the Directors

Directors

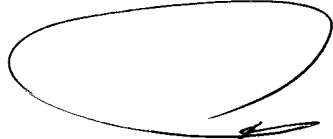
The Directors who served during the period were:

H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman
Dr. Adel Khalid Al-Sabeeh, Chairman
Dr. Tawfeeq Abdulrahman Almoayed, Deputy Chairman
Dr. Patrick Allman-Ward, Chief Executive Officer (From 23 April 2014)
Mr. Hamid Dhiya Jafar
Mr. Ahmed Rashid Al Arbeed,
Mr. Rashid Saif Al-Jarwan
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

 November 2014

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 statement of financial position of Dana Gas PJSC (the “Company”) and its subsidiaries (the “Group”) as at 30 September 2014 and the related interim condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, 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 matters

- (i) 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; and
- (ii) We also draw attention to note 1 to the interim condensed consolidated financial statements which discusses the commencement of arbitration proceedings with the Kurdistan Regional Government of Iraq.

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



Signed by
Anthony O'Sullivan
Partner
Registration No. 687

11 November 2014
Sharjah, United Arab Emirates

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2014 (Unaudited)

	Notes	Nine months ended				Three months ended			
		30 September 2014		30 September 2013		30 September 2014		30 September 2013	
		USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
Revenue		541	1,983	466	1,708	174	638	170	623
Less: royalties		(164)	(601)	(132)	(484)	(56)	(205)	(54)	(198)
Net revenue		377	1,382	334	1,224	118	433	116	425
Cost of sales		(36)	(132)	(49)	(180)	(11)	(40)	(17)	(63)
Depreciation and depletion		(90)	(330)	(76)	(279)	(28)	(103)	(28)	(103)
Gross profit		251	920	209	765	79	290	71	259
Investment and finance income		3	11	43	158	(3)	(11)	-	-
Change in fair value of investment property	6	-	-	-	-	-	-	-	-
General and administration expenses		(21)	(77)	(23)	(84)	(5)	(18)	(6)	(22)
Other expenses		(3)	(11)	-	-	(1)	(4)	-	-
Share of loss of a joint venture		(1)	(4)	(1)	(4)	-	-	-	-
Exploration expenses		(1)	(4)	(6)	(22)	(1)	(4)	-	-
Finance costs		(55)	(202)	(60)	(220)	(17)	(63)	(21)	(77)
PROFIT BEFORE TAX FOR THE PERIOD		173	633	162	593	52	190	44	160
Income tax expense		(44)	(161)	(41)	(150)	(14)	(51)	(16)	(58)
PROFIT FOR THE PERIOD		129	472	121	443	38	139	28	102
Basic earnings per share (USD/ AED per share)	4	0.019	0.069	0.018	0.067	0.005	0.020	0.004	0.015
Diluted earnings per share (USD/ AED per share)	4	0.017	0.063	0.016	0.060	0.004	0.019	0.004	0.014

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

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Period ended 30 September 2014 (Unaudited)

	Nine months ended				Three months ended			
	30 September 2014		30 September 2013		30 September 2014		30 September 2013	
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
Profit for the period	129	472	121	443	38	139	28	102
Other comprehensive income								
<i>Other comprehensive income to be classified to income statement in subsequent periods:</i>								
Gain/ (loss) on available-for-sale financial asset (note 8)	(21)	(77)	(13)	(48)	(5)	(18)	(4)	(15)
Other comprehensive income for the period	(21)	(77)	(13)	(48)	(5)	(18)	(4)	(15)
Total comprehensive income for the period	108	395	108	395	33	121	24	87

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

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

		30 September 2014 (Unaudited)		31 December 2013 (Audited)	
	<i>Notes</i>	<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
ASSETS					
Non-current assets					
Property, plant and equipment		974	3,570	960	3,519
Intangible assets	5	731	2,679	738	2,705
Investment property	6	27	99	27	99
Interest in joint ventures		566	2,075	567	2,078
		<u>2,298</u>	<u>8,423</u>	<u>2,292</u>	<u>8,401</u>
Current assets					
Inventories		51	187	59	217
Trade and other receivables	7	1,064	3,900	845	3,098
Available-for-sale financial asset	8	56	205	100	367
Financial assets at fair value through profit or loss	9	9	33	8	29
Cash and cash equivalents	10	145	531	204	748
		<u>1,325</u>	<u>4,856</u>	<u>1,216</u>	<u>4,459</u>
Assets classified as held for sale		-	-	13	47
TOTAL ASSETS		<u>3,623</u>	<u>13,279</u>	<u>3,521</u>	<u>12,907</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	11	1,899	6,961	1,801	6,602
Statutory reserve		80	293	80	293
Legal reserve		80	293	80	293
Retained earnings		608	2,228	482	1,767
Other reserves		(9)	(34)	16	58
Convertible bonds- equity component		58	212	81	297
		<u>2,716</u>	<u>9,953</u>	<u>2,540</u>	<u>9,310</u>
Attributable to shareholders of the Company		<u>2,716</u>	<u>9,953</u>	<u>2,540</u>	<u>9,310</u>
Non-controlling interest		3	11	3	11
Total equity		<u>2,719</u>	<u>9,964</u>	<u>2,543</u>	<u>9,321</u>
LIABILITIES					
Non-current liabilities					
Borrowings	12	747	2,739	815	2,988
Provisions		18	66	17	62
		<u>765</u>	<u>2,805</u>	<u>832</u>	<u>3,050</u>
Current liability					
Trade payables and accruals		139	510	141	518
		<u>139</u>	<u>510</u>	<u>141</u>	<u>518</u>
Total liabilities		<u>904</u>	<u>3,315</u>	<u>973</u>	<u>3,568</u>
Liabilities associated with the assets classified as held for sale		-	-	5	18
TOTAL EQUITY AND LIABILITIES		<u>3,623</u>	<u>13,279</u>	<u>3,521</u>	<u>12,907</u>

Director
November 2014

Director
November 2014

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

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Period ended 30 September 2014 (Unaudited)

	<i>Notes</i>	<i>Nine months ended</i>			
		<i>30 September 2014</i>		<i>30 September 2013</i>	
		<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
OPERATING ACTIVITIES					
Profit before income tax		173	633	162	593
Adjustments for:					
Depreciation and depletion		90	330	76	279
Investment and finance income		(3)	(11)	(43)	(158)
Finance costs		55	202	60	220
Exploration expenses		1	4	6	22
Share of loss of a joint venture		1	4	-	-
Board compensation		(3)	(11)	(3)	(11)
		<u>314</u>	<u>1,151</u>	<u>258</u>	<u>945</u>
Changes in working capital:					
Trade and other receivables		(244)	(894)	(144)	(528)
Inventories		10	37	(7)	(26)
Trade payables and accruals		19	69	3	11
		<u>99</u>	<u>363</u>	<u>110</u>	<u>402</u>
Net cash generated from operating activities					
		<u>(44)</u>	<u>(161)</u>	<u>(41)</u>	<u>(150)</u>
Net cash flows from operating activities		<u>55</u>	<u>202</u>	<u>69</u>	<u>252</u>
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(73)	(269)	(52)	(190)
Expenditure on intangible assets	5	-	-	(13)	(48)
Investment and finance income received		6	22	140	513
Proceeds from sale of interest		4	15	-	-
		<u>(63)</u>	<u>(232)</u>	<u>75</u>	<u>275</u>
Net cash flows (used in) / from investing activities					
FINANCING ACTIVITIES					
Sukuk repayment		-	-	(70)	(257)
Finance costs paid		(51)	(187)	(54)	(197)
		<u>(51)</u>	<u>(187)</u>	<u>(124)</u>	<u>(454)</u>
Net cash flows used in financing activities					
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(59)	(217)	20	73
Cash and cash equivalents at the beginning of the period		<u>204</u>	<u>748</u>	<u>164</u>	<u>601</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	<u>145</u>	<u>531</u>	<u>184</u>	<u>674</u>

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

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2014 (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	AED	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED
	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm
At 1 January 2014	1,801	6,602	80	293	80	293	482	1,767	16	58	81	297	3	11	2,543	9,321
Profit for the period	-	-	-	-	-	-	129	472	-	-	-	-	-	-	129	472
Other comprehensive income	-	-	-	-	-	-	-	-	(21)	(77)	-	-	-	-	(21)	(77)
Total comprehensive income for the period	-	-	-	-	-	-	129	472	(21)	(77)	-	-	-	-	108	395
Reclassification of previously recognized gain on disposed available-for-sale asset	-	-	-	-	-	-	-	-	(3)	(11)	-	-	-	-	(3)	(11)
Conversion of Sukuk (note 11)	97	355	-	-	-	-	-	-	-	-	(23)	(85)	-	-	74	270
Issuance of shares to employees	1	4	-	-	-	-	-	-	(1)	(4)	-	-	-	-	-	-
Board compensation	-	-	-	-	-	-	(3)	(11)	-	-	-	-	-	-	(3)	(11)
At 30 September 2014	1,899	6,961	80	293	80	293	608	2,228	(9)	(34)	58	212	3	11	2,719	9,964
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	-	-	-	-	-	-	121	443	-	-	-	-	-	-	121	443
Other comprehensive income	-	-	-	-	-	-	-	-	(13)	(48)	-	-	-	-	(13)	(48)
Share based reserve	-	-	-	-	-	-	10	37	(10)	(37)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on disposal of available-for-sale asset	-	-	-	-	-	-	131	480	(23)	(85)	-	-	-	-	108	395
Equity component of convertible sukuk	-	-	-	-	-	-	-	-	(39)	(142)	-	-	-	-	(39)	(142)
Loss to non-controlling interest	-	-	-	-	-	-	-	-	-	-	33	121	-	-	33	121
Board compensation	-	-	-	-	-	-	(3)	(11)	-	-	-	-	(1)	(4)	(1)	(4)
At 30 September 2013	1,801	6,602	65	238	65	238	477	1,749	23	83	81	297	3	11	2,515	9,218

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

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

1 CORPORATE INFORMATION

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, joint operations 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 presence in Bahrain, Cairo, Kurdistan Region of Iraq and London.

Principal subsidiaries and joint arrangements of the Group at 30 September 2014 and the Group percentage of ordinary share capital or 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	100	Barbados	Oil and Gas exploration & production
Dana Gas Exploration FZE	100	UAE	Oil and Gas exploration & production
Sajaa Gas Private Limited	100	UAE	Gas Sweetening Company (“SajGas”)
United Gas Transmissions	100	UAE	Gas Transmission Company Limited (“UGTC”)
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing & production
Joint Operations	%	Area 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. In accordance with the terms of the Joint Venture Agreement dated May 15, 2009, the shareholders of Pearl Petroleum appointed Crescent and Dana Gas as Subcontract Operator to conduct the business of the Company on a no-profit, no-loss basis.

1 CORPORATE INFORMATION (continued)

Pearl Petroleum and its shareholders since 18 May 2009 are engaged in an ongoing dialogue with the Ministry of Natural Resources (“MNR”) of the Kurdistan Regional Government (“KRG”) as to the interpretation of the agreement with the KRG (“the Authorisation”).

Dana Gas, along with Crescent Petroleum and Pearl Petroleum (which holds petroleum rights in the Kurdistan Region of Iraq), commenced arbitration proceedings on 21 October 2013 at the London Court of International Arbitration (LCIA), in accordance with the Authorisation which was signed in April 2007 and is governed by the English Law. The objective of the arbitration is to obtain confirmation of the long-term contractual rights for the development and marketing in respect of the Khor Mor and Chemchemal fields including the outstanding receivables owed by the MNR of the KRI.

On 21 March 2014, Dana Gas, along with Crescent Petroleum and Pearl Petroleum filed an interim measure application to the Tribunal. The companies were successful in their application for the Tribunal for interim measures and the Tribunal made an order on 10 July 2014 for the KRG to restore the previous regular payments to the companies as of 21 March 2014, the date of the application, and until the case is concluded. In September, Pearl commenced local sales of condensates and LPG to third parties and received a cash advance guarantee of \$ 45 million (DG share \$ 18 million) against future product deliveries.

The ultimate outcome of any arbitration process is uncertain. The final outcome of the arbitration process may have an impact on the carrying value of certain assets and liabilities on the statement of financial position including determination, under the terms of the Authorisation, of any amounts which may become due to the KRG over and above Pearl Petroleum’s entitlements. Pearl Petroleum and its shareholders have assessed the legal position with advice from their legal advisors and based on such legal advice are fully confident of the Company’s right under the Authorisation in accordance with applicable law. Accordingly, they believe that there should not be a material adverse impact on the state of the Company or the carrying values of its assets or liabilities.

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 property, 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 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 2013.

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 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014, which do not impact the interim condensed consolidated financial statements of the Group.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

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 September 2014

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Revenue				
External sales net of royalties	3	177	197	377
Total revenue net of royalties	<u>3</u>	<u>177</u>	<u>197</u>	<u>377</u>
Gross profit	2	77	172	251
Investment and finance income				3
General and administration expenses				(21)
Other expenses				(3)
Share of loss of a joint venture				(1)
Exploration expenses				(1)
Finance costs				(55)
Profit before income tax				173
Income tax expense				(44)
PROFIT FOR THE PERIOD				<u>129</u>
Segment assets as at 30 September 2014	<u>1,398</u>	<u>1,149</u>	<u>1,076</u>	<u>3,623</u>
Segment liabilities as at 30 September 2014	<u>790</u>	<u>77</u>	<u>37</u>	<u>904</u>
Other segment information				
Capital expenditure:				
Intangible assets	-	20	-	20
Property, plant and equipment	33	43	-	76
Total	<u>33</u>	<u>63</u>	<u>-</u>	<u>96</u>
Depreciation, depletion & amortisation	1	79	10	90

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

3 SEGMENTAL INFORMATION (continued)

Period ended 30 September 2013

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Revenue				
External sales net of royalties	4	167	163	334
Total revenue net of royalties	<u>4</u>	<u>167</u>	<u>163</u>	<u>334</u>
Gross profit	3	74	132	209
Investment and finance income	-	-	-	43
General and administration expenses	-	-	-	(23)
Share of loss of a joint venture	-	-	-	(1)
Exploration expenses	-	-	-	(6)
Finance costs	-	-	-	(60)
Profit before income tax	-	-	-	162
Income tax expense	-	-	-	(41)
PROFIT FOR THE PERIOD	-	-	-	<u>121</u>
Segment assets as at 30 September 2013	<u>1,474</u>	<u>1,190</u>	<u>814</u>	<u>3,478</u>
Segment liabilities as at 30 September 2013	<u>845</u>	<u>101</u>	<u>17</u>	<u>963</u>
Other segment information				
Capital expenditure:				
Intangible assets	-	13	-	13
Property, plant and equipment	<u>1</u>	<u>48</u>	<u>3</u>	<u>52</u>
Total	1	61	3	65
Depreciation, depletion & amortisation	2	65	9	76

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at 30 September 2014 (Unaudited)

4 EARNINGS PER SHARE

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

	<i>Nine months ended 30 September</i>	
	<i>2014</i>	<i>2013</i>
Earnings:		
Net profit for the year - USD mm	<u>129</u>	<u>121</u>
Shares:		
Weighted average number of shares outstanding for calculating basic EPS - million	<u>6,864</u>	<u>6,602</u>
EPS (Basic) – USD:	<u>0.019</u>	<u>0.018</u>

(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 two categories of dilutive potential ordinary shares: convertible sukuk 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 restricted shares the total numbers of shares which will vest over the period are considered to calculate dilution.

	<i>Nine months ended 30 September</i>	
	<i>2014</i>	<i>2013</i>
Earnings:		
Net profit for the period - USD mm	129	121
Finance cost on convertible Sukuk - USD mm	19	22
	<u>148</u>	<u>143</u>
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	6,864	6,602
Adjustments for:		
Restricted shares (million) *	2	19
Assumed conversion of convertible Sukuk (million)**	1,725	2,081
Weighted average number of ordinary shares for diluted earnings per share (million)	<u>8,591</u>	<u>8,702</u>
EPS (Diluted) – USD:	<u>0.017</u>	<u>0.016</u>

*During 2011-2013, 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 per the agreement, the conversion rate for the Convertible sukuk was 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).

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

5 INTANGIBLE ASSETS

	<i>Oil and gas Interests USD mm</i>	<i>Transmission & sweetening 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>
Cost at 1 January 2014	233	289	7	2	308	839
Less: impairment	(99)	-	-	(2)	-	(101)
Net at 1 January 2014	134	289	7	-	308	738
Additions	20	-	-	-	-	20
Transfer to property, plant and equipment/adjustment	(27)	-	-	-	-	(27)
At 30 September 2014	127	289	7	-	308	731
At 31 December 2013(audited)	134	289	7	-	308	738

(a) Oil and Gas Interests

Oil and gas interests of USD 127 million relates to Dana Gas Egypt which has a number of concessions and development leases in Egypt as described below in more detail:

- El Wastani Development Lease – This development lease is held with a 100% working interest and represents approximately 9% 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 146,039 acres of land included within their boundaries and are located in the Nile Delta of Egypt. To date, eleven development leases are producing both natural gas and associated liquids representing approximately 78% of Dana Gas Egypt current production. The Egyptian Natural Gas Holding Company (“EGAS”) approved new development lease for Balsam and Allium 1 in February 2014. EGAS initially approved the scope of new development lease for Begonia discovery during the second half of 2013 and the formal approval for Begonia is expected during Q4 2014.
- West El Qantara Development Leases (West El Qantara Concession) – These development leases are held with a 100% working interest. These development lease have 4,324 acres of land included within their boundaries and are located in the Nile Delta of Egypt. EGAS, in February 2014, approved the scope of the Sama development lease amendment for West Sama-1 and approved also new development lease for Salma in July 2014. To date, two development lease are producing both natural gas and associated liquids representing approximately 13% of Dana Gas Egypt current production.
- North Al Arish Offshore (Block-6) - In 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. As per the concession agreement, Dana Gas Egypt had to pay a signature bonus of USD 20 million to the Egyptian Natural Gas Holdings. This amount payable was offset against the outstanding receivables in January 2014.

5 INTANGIBLE ASSETS (continued)

(a) Oil and Gas Interests (continued)

- Kom Ombo Concession – On 30 December 2013, Dana Gas Egypt, entered into a Farmout Agreement with Mediterra Energy Ltd to farmout its entire 50% interest in the concession. All the necessary approvals from regulatory authorities were received in Quarter 3 2014. Accordingly all the assets and liabilities relating to the concession have been de-recognised.

(b) Transmission and sweetening rights

Intangible assets include USD 289 million which represent the fair value of the rights for the, transmission and sweetening 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 has been in international arbitration with NIOC since June 2009 to seek a ruling on its binding 25 years gas supply contract with NIOC.

The Company was notified by Crescent Petroleum on 10 August 2014 that the Arbitration Tribunal has issued a Final Award for the merit phase of the proceedings, determining that the 25 year contract between it and NIOC is valid and binding upon the parties, and that NIOC has been obligated to deliver gas under the Contract since December 2005.

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 2013. 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 2013.

6 INVESTMENT PROPERTY

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

	30 September 2014	31 Dec 2013
	USD mm	USD mm
		<i>(Audited)</i>
Balance at 1 January	27	28
Change in fair value	-	(1)
	<hr/>	<hr/>
Balance at 30 September/31 December	27	27
	<hr/>	<hr/>

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.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

7 TRADE AND OTHER RECEIVABLES

	30 September 2014 USD mm	31 December 2013 USD mm (Audited)
Trade receivables	1,001	795
Prepaid expenses	1	1
Due from joint ventures	14	11
Other receivables	54	44
Less: provision for impairment of other receivables	(6)	(6)
	1,064	845

The Group's share of trade receivables in Pearl Petroleum is in respect of condensate and LPG deliveries. The above does not include amounts invoiced by Pearl Petroleum to the KRG in respect of Excess Gas deliveries. Such amounts have not been included pending mutual agreement with the KRG regarding the commercial terms of such Excess Gas deliveries.

Trade receivables are interest bearing, however, the interest amounts have not been included in the trade receivables. The general terms of credit are 30-60 days.

The ageing analysis of trade receivables is as follows:

		<i>Neither past due nor impaired USD mm</i>	<i>Past due but not impaired</i>				
<i>Total USD mm</i>			<i><30 days USD mm</i>	<i>30-60 days USD mm</i>	<i>61-90 days USD mm</i>	<i>91-120 days USD mm</i>	<i>>120 days USD mm</i>
30 Sept. 2014	1,001	163	25	22	23	18	750
31 Dec. 2013	795	125	20	41	56	24	529

8 AVAILABLE-FOR-SALE FINANCIAL ASSET

	30 September 2014 USD mm	31 December 2013 USD mm (Audited)
At 1 January	100	255
Disposal	(23)	(135)
Change in fair value for the period/year	(21)	(20)
	56	100

The Group holds 1,136,116 ordinary shares in MOL (31 December 2013: 1,486,116 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 September 2014. On 22 September 2014, the Group sold 350,000 shares out of its total shareholding of 1,486,116 shares in MOL, at an average price of USD 51.27 per share (USD 18 million approx.) through a private placement to MET Holding AG with settlement taking place on 2 October 2014.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2014 USD mm	31 December 2013 USD mm (Audited)
Balance at 1 January	8	10
Investment redeemed during the year	-	(2)
Change in fair value	1	-
	<u>9</u>	<u>8</u>
Balance at 30 September/31 December	<u>9</u>	<u>8</u>

This represents an initial investment of USD 10 million in the Abraaj Infrastructure fund. The valuation is based on the latest indicative fair value of the fund as of 30 September 2014.

10 CASH AND CASH EQUIVALENTS

	30 September 2014 USD mm	31 December 2013 USD mm (Audited)
Cash at bank and on hand		
- Local Banks within UAE	27	9
- Foreign Banks outside UAE	41	20
Short term deposits		
- Local Banks within UAE	77	175
	<u>145</u>	<u>204</u>

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 earn profit at the respective short-term deposit rates. The fair value of cash and short-term deposits is USD 145 million (2013: USD 204 million). The effective profit rate earned on short term deposits ranged between 0.45% to 2% (2013: between 1.25% to 2.5%) per annum. As at 30 September 2014, 72% (2013: 90%) of cash and cash equivalents were held with UAE banks.

11 SHARE CAPITAL

	30 September 2014 USD mm	31 December 2013 USD mm (Audited)
<i>Authorised:</i>		
6,960,981,188 (31 Dec. 2013: 6,602,001,300) common shares of AED 1 each (USD 0.2728 each)		
<i>Issued and fully paid up:</i>		
6,960,981,188 (31 Dec. 2013: 6,602,001,300) common shares of AED 1 each (USD 0.2728 each)	<u>1,899</u>	<u>1,801</u>

11 SHARE CAPITAL (continued)

The conversion period for convertible sukuk issued on 8 May 2013 commenced on 31 October 2013 and will expire 25 trading days prior to the scheduled redemption date of 31 October 2017. During this period sukuk holders have the right to convert all or part of the convertible sukuk into ordinary shares of the Company. During the period from 1 January 2014 to 30 September 2014, the Company has received voluntary early conversion notices for the convertible sukuk amounting to USD 72,926,080. Accordingly 357,094,708 ordinary shares calculated at a conversion price of AED 0.75 (nominal value of AED 1) are required to be delivered to satisfy the said voluntary early conversion notices. As of 30 September 2014, all the required ordinary shares were issued to satisfy the notices.

The difference between the conversion price of AED 0.75 and nominal value of AED 1 calculated on ordinary shares issued up to 30 September 2014 was debited to convertible bonds – equity component reserve.

12 BORROWINGS

	<i>30 September 2014 USD mm</i>	<i>31 December 2013 USD mm (Audited)</i>
Non-current		
Ordinary Sukuk	425	425
Convertible Sukuk	322	390
Total borrowings	<u>747</u>	<u>815</u>

a) CONVERTIBLE SUKUK

In October 2007, the Group arranged to issue convertible Sukuk-al-Mudarabah (the “Sukuk”) for a total value of USD 1 billion in the form of Trust Certificates 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 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”) to consider and approve the Sukuk deal.

On 23 April 2013, both Sukuk holders EGM and Shareholders EGM approved the Sukuk refinancing deal. 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.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014 (Unaudited)

12 BORROWINGS (continued)

a) CONVERTIBLE 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 was 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 until 25 trading days prior to the Scheduled Redemption Date.

During the period from 1 January 2014 to 30 September 2014, the Company received conversion notices for the convertible sukuk amounting to USD 72.9 million (please refer note 11 for details).

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

	30 September 2014 USD mm
Liability component at 1 January 2014	390
Convertible sukuk converted into shares	(73)
Finance expense for convertible sukuk	24
Profit paid	(15)
	<hr/> 326
Current portion of profit classified under trade payables and accruals	(4)
	<hr/> 322
Liability component at 30 September 2014	322

13 CONTINGENCIES AND COMMITMENTS

(a) Dana Gas Egypt

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 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. As per the concession agreement, Dana Gas Egypt has committed to spend USD 25.5 million on the block during the first phase of exploration which is 4 years.

(b) Sharjah Western Offshore

Capital expenditure contracted for at 30 September 2014 but not yet accrued amounted to USD 91 million (2013: USD 14 million).