

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2020 (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 interim consolidated financial results of the Company, its subsidiaries and joint arrangements (together referred to as the “Group”) for the three months and six months periods ended 30 June 2020.

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 to be a regional natural gas Company with presence in the United Arab Emirates, Egypt, and the Kurdistan Region of Iraq (KRI) and headquartered in Sharjah, United Arab Emirates.

Results for first half of 2020

During the first half of 2020 (the “period”) the Company earned gross revenues of USD 181 million (AED 664 million) as compared to USD 242 million (AED 887 million) in the first half of 2019. The decrease in revenue was due to lower realized prices during the period together with lower production in Egypt. Realised prices during the first half were lower by 34% and impacted the topline by USD 42 million (AED 154 million), whilst reduced production negatively impacted the topline by USD 19 million (AED 70 million). Realised prices averaged USD 30/bbl for condensate and USD 28/boe for LPG compared to USD 51/bbl and USD 33/boe respectively in 1H 2019.

The Group share of production for 182 days was 11.5 million barrels of oil equivalent or 63,250 barrels of oil equivalent per day (“boepd”), a reduction of 7% compared to corresponding period production of 12.4 million boe (68,200 boepd).

The Group reported a net loss after tax of USD 19 million (AED 69 million) as compared to a profit of USD 140 million (AED 513 million) in the first half of 2019. Due to current economic environment and sharp decline in oil prices, the Group recognized an impairment of USD 37 million (AED 135 million) during the period. Excluding this impairment, the Group’s net profit for the period is USD 18 million (AED 66 million) as compared to an adjusted net profit (excluding exceptional income & impairment) of USD 52 million (AED 191 million) in first half 2019. The decrease in net profit during the period was mainly due to lower realised prices.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) in 1H 2020 decreased to USD 77 million (AED 283 million) down 62% from USD 205 million (AED 751 million) in 1H 2019.

Results for quarter ended 30 June 2020

During the quarter ended 30 June 2020, the Company earned gross revenues of USD 77 million (AED 282 million) as compared to USD 123 million (AED 451 million) in the second quarter of 2019, a decrease of 37% reflecting sharp decline in realized prices during the period. Realised prices during the current period remained lower by 51% and impacted the topline by USD 37 million (AED 136 million). Realised price averaged USD 20/bbl for condensate and USD 25/boe for LPG compared to USD 53/bbl and USD 34/boe respectively in Q2 2019.

The Group’s share of production for the 91 days was 5.7 million barrels of oil equivalent or 62,800 barrels of oil equivalent per day (“boepd”), a reduction of 7% compared to corresponding quarter production of 6.16 million boe (67,700 boepd).

DANA GAS PJSC

Report of the Directors

Results for quarter ended 30 June 2020 (continued)

The Group reported a net loss after tax of USD 36 million (AED 131 million) for Q2 2020 as compared to a net profit of USD 105 million (AED 385 million) in Q2 2019. During the quarter an impairment of USD 33 million (AED 120 million) was recognised following the decline in oil prices. Excluding this impairment, the Group reported a net loss of USD 3 million (AED 11 million) as compared to an adjusted net profit (excluding exceptional income & impairment) of USD 24 million (AED 89 million) in quarter 2 2019. This decline in net profit was mainly due to lower realised prices as explained above.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) in Q2 2020 decreased to USD 25 million (AED 92 million) down 82% from USD 137 million (AED 502 million) in Q2 2019.

Liquidity and Financial Resources

Cash and bank balance at period end stood at USD 366 million (AED 1,341 million), a decrease of 14% compare to year-end balance of USD 425 million (AED 1,558 million). Cash includes USD 58 million (AED 213 million) being 35% share of cash held at Pearl Petroleum. The Group collected a total of USD 90 million (AED 330 million) during the period with Egypt and KRI contributing USD 43 million (AED 158 million) and USD 47 million (AED 172 million), respectively. During the period ended 30 June 2020, the Company paid a dividend of USD 104 million (AED 383 million) and bought back Sukuk amounting to USD 17.8 million – nominal value (AED 66 million). Subsequent to period end, the Group bought back Sukuk amounting to USD 70.7 million – nominal value (AED 259 million) bringing the outstanding Sukuk to USD 309 million (AED 1,133 million).

Business Update

In line with its outlined strategy, the Dana Gas Group continues to focus on maximising the value of its existing hydrocarbon assets and projects, while pursuing growth through a strategy of organic exploration opportunities in our heartland areas and new business development in the upstream and midstream value chains. We continue to balance our capital expenditure with the available sources of cash to ensure we maintain a robust financial position.

Reserves & Resources

(a) Dana Gas Egypt

Gaffney, Cline & Associates (GCA), a leading advisory firm carried out an independent evaluation of Dana Gas Egypt’s hydrocarbon reserves as at 31 December 2019. Following this review, the Group’s gross proved reserves (1P) as at 31 December 2019 were assessed at 49 MMboe (31 December 2018: 54 MMboe). The gross proved and probable reserves (2P) as at 31 December 2019 were estimated at 73 MMboe (31 December 2018: 89 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2019 were estimated to be 106 MMboe (31 December 2018: 134 MMboe). The decrease in reserves was on account of production during the year, which was not replaced.

(b) Pearl Petroleum Company Limited

As reported previously, Dana Gas and Crescent Petroleum, joint operators of Pearl Petroleum Company Limited (“PPCL”), estimates that the P50 total geologically risked¹ resources of petroleum initially in-place (PIIP) of the Khor Mor and Chemchemal Fields at 75 Tscf (of wet gas) and 7 billion barrels of oil.

PPCL appointed Gaffney Cline Associates to carry out a certification of the reserves for these fields as at 15 May 2019. The certification is based on the earlier work carried by GCA but updated to take into account the current understanding of the field, production data and incorporating the recent appraisal well drilling and test results.

¹ Risked PIIP figures have been calculated by means of a stochastic aggregation using GeoX software with risk factors accounting for geological uncertainties calibrated by surrounding producing oil and/or gas fields.

DANA GAS PJSC

Report of the Directors

Reserves & Resources (continued)

(b) Pearl Petroleum Company Limited (continued)

In their report, GCA estimates the following reserves:

Khor Mor

- Proved plus probable (2P) gas, condensate and LPG reserves are 6.9 Tscf, 173 MMbbl and 18 MMt, respectively, of which Dana Gas' 35% share equates to 2.4 Tscf of dry gas, 61 MMbbl of condensate and 6 MMt of LPG.
- Proved plus probable (2P) oil reserves of 51.3 MMbbl of which Dana Gas' 35% share equates to 18 MMbbl

Chemchemal

- Proved plus probable (2P) gas, condensate and LPG reserves are 5.7 Tscf, 215 MMbbl and 20 MMt, respectively, of which Dana Gas' 35% share equates to 2 Tscf of dry gas, 75 MMbbl of condensate and 7 MMt of LPG.

Dana's share of the proved plus probable (2P) hydrocarbon reserves have increased by 10% following the recent certification of reserves. Management's estimate of the total share of Dana Gas is equivalent to 1,087 MMboe, up from 990 MMboe when GCA first certified the field in April 2016. This confirms that the fields located in the KRI could be the biggest gas fields in the whole of Iraq.

The balance between these 2P reserves figures and the joint operator's estimated risked initially in place (gas and oil) resources (PIIP) are classified as Contingent Resources² and Prospective Resources³.

E&P Operations

a) Egypt E&P Operations

The Company production in Egypt for the 91 days of operations in Q2 2020 was 2.8 MMboe i.e. averaging 31,200 boepd (June 2019: 3.09 MMboe i.e. averaging 33,950 boepd) a decrease of 8% over the corresponding period. The decline in production was mainly due to natural decline in fields and increase of formation water production from some wells of Balsam field. The decline was partially compensated by putting in place production optimization strategies at fields and plant level.

In Egypt, the Company collected a total USD 43 million (AED 158 million) during first half of 2020 and hence realized 88% of the period's revenue. Out of the total, USD 23 million (AED 84 million) was received in US Dollars, USD 19 million (AED 70 million) in equivalent Egyptian pounds and USD 1 million in the form of offset against payables. During the period, the Company sold a total of 6 monthly shipments of incremental condensate to EGPC with average shipment volume of 100,000 bbls and collected an amount of USD 23 million (AED 84 million) through irrevocable letter of credit. At period end, the trade receivable balance stood at USD 117 million (AED 429 million) as compared to USD 111 million (AED 407 million) at year end.

b) Pearl Petroleum Company Limited (KRI) E&P Operations

Dana Gas's share (35%) of gross production in the KRI for the 91 days of operations in Q2 2020 was 2.8 MMboe, i.e. averaging 31,000 boe per day (Q2 2019 – DG Share 35%: 2.9 MMboe, averaging 32,100 boe per day), a decrease of 3% when compared with corresponding period.

Dana Gas share of collections for the period stood at USD 47 million (AED 172 million) and hence realised 76% of the period's revenue. At period end, Dana Gas' 35% share of trade receivable balance stood at USD 39 million (AED 143 million) as compared to USD 24 million (AED 88 million) at year end.

² Those quantities of petroleum estimated to be potentially recoverable but not yet considered mature enough for commercial development due to one or more contingencies.

³ Those quantities of petroleum estimated to be potentially recoverable from undiscovered accumulations by future development projects.

DANA GAS PJSC

Report of the Directors

E&P Operations (continued)

b) Pearl Petroleum Company Limited (KRI) E&P Operations (continued)

Pearl is proceeding with the development of two world-class gas fields with in-place volumes of approximately 75 trillion cubic feet of wet gas and 7 billion bbls of oil. During the period, Pearl appointed an engineering, procurement and construction ('EPC') contractor for the first of two 250 MMscf/d gas processing trains planned at Khor Mor gas processing plant. The appointment of a contractor follows final approval by the Ministry of Natural Resources of the Kurdistan Regional Government, which oversees the project. The contract award marks a key milestone in Pearl Petroleum's long-term expansion plan. The implementation of the first 250 MMscfd gas processing train was planned to be carried out with first gas by Q1-2022. The second phase will take total production to 900 MMscfd.

As a result of the impacts of COVID 19 on business operations across the world and KRI and specifically for (a) supply chain for EPC contract and (b) local site access for construction preparatory works due to flight and other disruptions, the contractor has declared Force Majeure with respect to the execution of the project timeline under the terms of the EPC contract. Pearl has replicated Force Majeure similarly to the KRG pursuant to the terms of the GSA signed in 2019. The EPC contractor has assured Pearl that it is committed to the EPC project and is taking all commercially reasonable steps to mitigate the impact of COVID 19 on the project.

UAE Gas Project

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies from the National Iranian Oil Company ('NIOC') to Crescent Petroleum. Dana Gas has a 35% interest in Crescent National Gas Corporation Limited (CNGCL) which is entitled to market the gas and owns 100% of Saj Gas and UGTC, the entities that own the offshore riser platform, the offshore and onshore pipelines and the sour gas processing plant to transport and process the gas.

For further updates see "Arbitration Cases".

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) that has built, owns and operates 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 mmscf/d of gas and has produced 1,890 boepd of propane (DG Share 26.4%: 499 boepd) and 422 boepd of butane (DG Share 26.4%: 111 boepd) during the period.

DANA GAS PJSC

Report of the Directors

Arbitration Cases

- a) The Gas Sales & Purchase Contract between Dana Gas' partner Crescent Petroleum and the National Iranian Oil Company ('NIOC') for the supply of gas to the UAE has been the subject of international arbitration since June 2009. In August 2014, Dana Gas was notified by Crescent Petroleum that the Arbitral Tribunal has issued a Final Award on the merits, determining that the 25-year Contract between it and NIOC is valid and binding upon the parties, and that NIOC has been in breach of its contractual obligation to deliver gas under the Contract since December 2005.

On 18 July 2016, the English High Court finally dismissed the NIOCs remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum and Crescent Gas Corporation Limited on all issues. NIOC appealed the 2014 arbitration award to the English High Court. Most of the grounds of appeal were previously heard and dismissed by the Court in March 2016. The finalisation of the appeal in July 2016 confirms that the 2014 award is final and binding and that NIOC has been in breach of its gas supply obligations since 2005.

Crescent Petroleum has informed Dana Gas that the final hearing of the remedies phase against NIOC for non-performance of the contract (including claims for damages and indemnities for third party claims up to 2014) took place in November 2016. The final award on damages for the period 2005 to 2014 is awaited from the Tribunal, and in the meantime Dana Gas has been informed that Crescent Petroleum has commenced a second arbitration with a new Tribunal, to address the claims for damages from 2014 until the end of the contract period in 2030.

- b) MOL Earn Out payment arbitration: The Company, together with Crescent Petroleum, commenced arbitration proceedings against MOL Hungarian Oil and Gas Public Limited Company ('MOL') on 14 February 2020 arising out of MOL's attempts to avoid paying reserve based earn out payments to the Company and Crescent Petroleum arising out of the terms of the Sale and Purchase agreement entered into between the Parties in 2009, through which MOL acquired its 10% shareholding in Pearl Petroleum.

The reserve based earn out payment obligations are the same obligations which MOL sought to illegitimately avoid in the 20 September 2017 arbitration against MOL.

The arbitration will also address the separate and additional crude oil earn out payments arising out of the said 2009 Sale and Purchase agreement.

- c) OMV Earn Out payment arbitration: The Company, together with Crescent Petroleum, commenced arbitration proceedings against OMV Upstream International GMBH ('OMV') on 14 February 2020 arising out of OMV's attempts to avoid paying reserve based earn out payments to the Company and Crescent Petroleum arising out of the terms of the Sale and Purchase agreement entered into between the Parties in 2009, through which OMV acquired its 10% shareholding in Pearl Petroleum.

DANA GAS PJSC
Report of the Directors

Dividend

At the General Assembly of the Company held on 21 April 2020, the shareholders approved a cash dividend of AED 0.055 per share for 2019 (2018: AED 0.055 per share).

Directors

1. Mr. Hamid Dhiya Jafar, Chairman
2. Mr. Rashid Saif Al-Jarwan, Deputy Chairman
3. Mr. Abdullah Ali Al Majdouie
4. Mr. Hani Abdulaziz Hussein
5. Mr. Jassim MohamadRafi Alseddiqi
6. Mr. Majid Hamid Jafar
7. Mr. Nureddin Sehweil
8. Mr. Said Arrata
9. Mr. Shaheen Al-Muhairi
10. Mr. Varoujan Nerguizian
11. Mr. Ziad Abdulla Ibrahim Galadari

Auditors

The Company auditors, PricewaterhouseCoopers, have issued their review report on the interim condensed consolidated financial information of the Group.

On behalf of the Board of Directors



Director
13 August 2020



Report on review of interim condensed consolidated financial information 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 (together "the Group") as at 30 June 2020 and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim condensed consolidated financial information 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 information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

Emphasis of matter

We draw attention to the matter described in note 7b of the interim condensed consolidated financial information which describes the current position with respect to two arbitration proceedings that a key supplier of the Group has initiated against the ultimate supplier relating to delays in commencement of gas supplies, and the uncertainty surrounding the timing and final outcome of those arbitration proceedings. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers
13 August 2020

Rami Sarhan
Registered Auditor Number 1152
Sharjah, United Arab Emirates

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Dana Gas PJSC and Subsidiaries
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
Period ended 30 June 2020 (Unaudited)

	Notes	Six months ended				Three months ended			
		30 June 2020		30 June 2019		30 June 2020		30 June 2019	
		USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
Gross Revenue		181	664	242	887	77	282	123	451
Royalties		(64)	(234)	(87)	(319)	(31)	(113)	(47)	(172)
Net revenue		117	430	155	568	46	169	76	279
Operating costs & depletion		(78)	(286)	(81)	(297)	(40)	(147)	(42)	(154)
Gross profit		39	144	74	271	6	22	34	125
General and administration expenses		(6)	(22)	(8)	(29)	(3)	(11)	(4)	(14)
Investment and finance income		8	29	7	26	5	18	3	11
Other income		-	-	89	326	-	-	82	300
Other expenses		(6)	(22)	(4)	(15)	(4)	(15)	(2)	(8)
Impairment of oil & gas assets	6	(30)	(110)	-	-	(30)	(110)	-	-
Impairment of financial assets		(7)	(25)	(1)	(4)	(3)	(10)	(1)	(4)
Change in fair value of investment property	8	(2)	(7)	-	-	(2)	(7)	-	-
Share of loss of a joint venture		(1)	(4)	-	-	-	-	-	-
Exploration expenses/write-off		(1)	(4)	-	-	-	-	-	-
Finance cost		(9)	(33)	(8)	(29)	(5)	(18)	(4)	(14)
(LOSS) / PROFIT BEFORE INCOME TAX		(15)	(54)	149	546	(36)	(131)	108	396
Income tax expense		(4)	(15)	(9)	(33)	-	-	(3)	(11)
(LOSS) / PROFIT FOR THE PERIOD		(19)	(69)	140	513	(36)	(131)	105	385
(LOSS) / PROFIT ATTRIBUTABLE TO:									
- Equity holders of the parent		(19)	(69)	140	513	(36)	(131)	105	385
Basic & Diluted (loss)/earnings per share (USD/ AED per share)	5	(0.003)	(0.01)	0.020	0.073	(0.005)	(0.019)	0.015	0.055

The attached explanatory notes 1 to 20 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
Period ended 30 June 2020 (Unaudited)

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
(Loss) / Profit for the period	(19)	(69)	(36)	105
Other comprehensive income	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	(19)	(69)	(36)	385
ATTRIBUTABLE TO:				
- Equity holders of the parent	(19)	(69)	(36)	105
- Non-controlling interest	-	-	-	-
	(19)	(69)	(36)	385

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020 (Unaudited)		31 December 2019 (Audited)	
	Notes	USD mm	AED mm	USD mm	AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	6	1,147	4,203	1,203	4,410
Intangible assets	7	635	2,328	636	2,331
Investment property	8	20	73	22	81
Interest in joint ventures	9	562	2,060	563	2,063
Financial assets at fair value through profit or loss	11	52	190	58	213
		<u>2,416</u>	<u>8,854</u>	<u>2,482</u>	<u>9,098</u>
Current assets					
Inventories		40	147	40	147
Trade and other receivables	10	200	733	175	641
Financial assets at fair value through profit or loss	11	52	191	53	194
Funds held for development	12	-	-	27	99
Cash and cash equivalents	13	366	1,341	425	1,558
		<u>658</u>	<u>2,412</u>	<u>720</u>	<u>2,639</u>
TOTAL ASSETS		<u>3,074</u>	<u>11,266</u>	<u>3,202</u>	<u>11,737</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	1,908	6,995	1,908	6,995
Treasury shares	15	(9)	(33)	(9)	(33)
Legal reserve		132	483	132	483
Voluntary reserve		132	483	132	483
Retained earnings		337	1,234	463	1,697
Other reserves		-	-	4	15
		<u>2,500</u>	<u>9,162</u>	<u>2,630</u>	<u>9,640</u>
Attributable to equity holders of the Company		<u>2,500</u>	<u>9,162</u>	<u>2,630</u>	<u>9,640</u>
Non-controlling interest		2	8	2	8
Total equity		<u>2,502</u>	<u>9,170</u>	<u>2,632</u>	<u>9,648</u>
LIABILITIES					
Non-current liabilities					
Borrowings	16	70	256	54	198
Provisions		16	59	15	55
		<u>86</u>	<u>315</u>	<u>69</u>	<u>253</u>
Current liabilities					
Borrowings	16	382	1,400	402	1,474
Trade payables and accruals		104	381	99	362
		<u>486</u>	<u>1,781</u>	<u>501</u>	<u>1,836</u>
Total liabilities		<u>572</u>	<u>2,096</u>	<u>570</u>	<u>2,089</u>
TOTAL EQUITY AND LIABILITIES		<u>3,074</u>	<u>11,266</u>	<u>3,202</u>	<u>11,737</u>



Director
13 August 2020



CEO
13 August 2020



CFO
13 August 2020

The attached explanatory notes 1 to 20 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2020 (Unaudited)

	Note	Six months ended			
		30 June 2020		30 June 2019	
		USD mm	AED mm	USD mm	AED mm
OPERATING ACTIVITIES					
(Loss) / profit before income tax		(15)	(54)	149	546
Adjustments for:					
Depreciation and depletion	6	51	187	54	198
Investment and finance income		(8)	(29)	(7)	(26)
Other income		-	-	(89)	(326)
Impairment of oil & gas assets	6	30	110	-	-
Impairment of financial assets		7	25	1	4
Change in fair value of investment property	8	2	7	-	-
Share of loss of a joint venture		1	4	-	-
Exploration expenses		1	4	-	-
Finance costs		9	33	8	29
Directors' remuneration		(3)	(11)	-	-
		<u>75</u>	<u>276</u>	<u>116</u>	<u>425</u>
Changes in working capital:					
Trade and other receivables		(25)	(91)	38	139
Funds held for development		27	99	-	-
Inventories		-	-	1	4
Trade payables and accruals		<u>1</u>	<u>4</u>	<u>(2)</u>	<u>(7)</u>
Net cash generated from operating activities		<u>78</u>	<u>288</u>	<u>153</u>	<u>561</u>
Income tax		<u>(4)</u>	<u>(15)</u>	<u>(9)</u>	<u>(33)</u>
Net cash flows generated from operating activities		<u>74</u>	<u>273</u>	<u>144</u>	<u>528</u>
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(19)	(69)	(52)	(191)
Expenditure on intangible assets	7	(4)	(15)	(16)	(59)
Investment and finance income received		<u>5</u>	<u>18</u>	<u>6</u>	<u>22</u>
Net cash flows used in investing activities		<u>(18)</u>	<u>(66)</u>	<u>(62)</u>	<u>(228)</u>
FINANCING ACTIVITIES					
Dividends paid		(104)	(383)	(105)	(384)
Repayment of borrowings		(15)	(55)	(7)	(26)
Borrowings		14	51	35	128
Finance costs paid		<u>(10)</u>	<u>(37)</u>	<u>(8)</u>	<u>(29)</u>
Net cash flows used in financing activities		<u>(115)</u>	<u>(424)</u>	<u>(85)</u>	<u>(311)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(59)	(217)	(3)	(11)
Cash and cash equivalents at the beginning of the period		<u>425</u>	<u>1,558</u>	<u>407</u>	<u>1,492</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13	<u>366</u>	<u>1,341</u>	<u>404</u>	<u>1,481</u>

The attached explanatory notes 1 to 20 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2020 (Unaudited)

Attributable to equity holders of the Company – Six months ended

	Share capital		Legal reserve		Voluntary reserve		Retained earnings		Other reserves		Treasury Shares		Non-controlling interest		Total	
	USD	mm	USD	mm	USD	mm	USD	mm	USD	mm	USD	mm	USD	mm	USD	mm
As at 1 January 2020	1,908	6,995	132	483	132	483	463	1,697	4	15	(9)	(33)	2	8	2,632	9,648
Loss for the period	-	-	-	-	-	-	(19)	(69)	-	-	-	-	-	-	(19)	(69)
Total comprehensive loss for the period	-	-	-	-	-	-	(19)	(69)	-	-	-	-	-	-	(19)	(69)
Transfer	-	-	-	-	-	-	-	-	(4)	(15)	-	-	-	-	(4)	(15)
Dividend paid	-	-	-	-	-	-	(104)	(383)	-	-	-	-	-	-	(104)	(383)
Director remuneration	-	-	-	-	-	-	(3)	(11)	-	-	-	-	-	-	(3)	(11)
As at 30 June 2020	1,908	6,995	132	483	132	483	337	1,234	-	-	(9)	(33)	2	8	2,502	9,170
As at 1 January 2019	1,903	6,977	116	424	116	424	443	1,624	7	26	-	-	2	8	2,587	9,483
Profit for the period	-	-	-	-	-	-	140	513	-	-	-	-	-	-	140	513
Total comprehensive income for the period	-	-	-	-	-	-	140	513	-	-	-	-	-	-	140	513
Share based payment	-	-	-	-	-	-	-	-	1	4	-	-	-	-	1	4
Dividend paid	-	-	-	-	-	-	(105)	(384)	-	-	-	-	-	-	(105)	(384)
Issuance of shares to employees	5	18	-	-	-	-	-	-	(5)	(18)	-	-	-	-	-	-
As at 30 June 2019	1,908	6,995	116	424	116	424	478	1,753	3	12	-	-	2	8	2,623	9,616

The attached explanatory notes 1 to 20 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION For the six months period ended 30 June 2020 (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 at P. O. Box 2011, Sharjah, United Arab Emirates with presence in Cairo (Egypt) and Kurdistan Region of Iraq.

Principal subsidiaries and joint arrangements of the Group as at 30 June 2020 and 31 December 2019 and the Company’s (direct and indirect) percentage of ordinary share capital or interest are set out below:

<i>Subsidiaries</i>	<i>%</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Dana LNG Ventures Limited	100	British Virgin Islands	Intermediate holding company of Dana Gas Egypt
Dana Gas Red Sea Corporation	100	Barbados	Holding company of Dana Gas Egypt
Dana Gas Egypt Ltd	100	Barbados	Oil and Gas exploration (“Dana Gas Egypt”) & production
Dana Gas Explorations FZE	100	UAE	Oil and Gas exploration & production
Sajaa Gas Private Limited Company (“SajGas”)	100	UAE	Gas Sweetening
United Gas Transmissions Company Limited (“UGTC”)	100	UAE	Gas Transmission
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing
<i>Joint Operations</i>	<i>%</i>		
Pearl Petroleum Company Limited (“Pearl Petroleum”)	35	British Virgin Islands	Oil and Gas exploration & production
UGTC/ Emarat JV	50	Unincorporated	Gas Transmission
<i>Joint Ventures</i>	<i>%</i>		
Egyptian Bahraini Gas Derivative Company (“EBGDCO”)	26.4	Egypt	Gas Processing
Crescent National Gas Corporation Limited (“CNGCL”)	35	British Virgin Islands	Gas Marketing
GASCITIES Ltd	50	British Virgin Islands	Gas Cities

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION For the six months period ended 30 June 2020 (Unaudited)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial information has been prepared on the historical cost basis, except for investment property and financial assets at fair value through profit or loss that have been measured at fair value. The interim condensed consolidated financial information 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 on the face of the interim condensed consolidated financial information solely for the convenience to readers of the interim condensed consolidated financial information. AED amounts have been translated at the rate of AED 3.6655 to USD 1.

Impact of COVID-19 on the going concern assumptions

During the period, COVID-19 has grown to a pandemic disease and we have seen macro-economic uncertainty which causes disruption to economic activity that affects society as a whole. The scale and duration of this pandemic remain uncertain but had an impact on our financial results. Management seeks to obtain the best possible information to enable us to assess these risks and implement appropriate measures to respond. The Group have taken a number of measures to monitor and prevent the effects of the COVID-19 virus. This includes but is not limited to safety and health measures of our people (like social distancing and working from home), communication to our stakeholders, in-depth contract reviews and impact assessment in regards of the consequences of COVID-19.

As of today, the directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

Statement of compliance

The interim condensed consolidated financial information of the Group for the six months period ended 30 June 2020 ('the period') 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 consolidated financial statements for the year ended 31 December 2019. The results for the six months period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2020.

Standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's condensed consolidated interim financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and accompanying disclosures, and the disclosure of contingent asset and liabilities at the date of the condensed consolidated interim financial information, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

There has been no change in judgement, estimates and assumptions used at 2019 year end except for change in price assumption used in value-in-use impairment testing as a result of the changes in market prices during the period.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgement

- 3.1 Carrying value of UAE Gas project: This includes investment in CNGCL and assets relating to Sajgas and UGTC included under Property, plant and equipment (note 6) and Intangible asset (note 7). The Group assesses at each statement of financial position date whether there is any evidence of impairment in the carrying value of the UAE Gas Project assets. This requires management to estimate the value in use using estimates and assumptions such as long term hydrocarbon prices, supply volumes, discount rate, operating cost, future capital requirement and operating performance uncertainty. An increase by 100 basis point in the discount rate will not result in an impairment.

Estimates and assumptions

- 3.2 Impairment of goodwill: The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. The recoverable amount has been determined based on value in use calculation using cash flow projections approved by the senior management economic limit of the field, based on current estimate of reserves and resources. The estimated date of cessation of production depends on the interaction of a number of variables, such as recoverable quantities of hydrocarbons. The key assumptions used in the value in use calculation are hydrocarbon prices, production volumes, capital and operating expenditures and the discount rate. The actual outcomes may differ from the assumptions made. The calculation for value in use is most sensitive to the discount rate and oil prices. The future cash flows are discounted to their present value using a pre-tax discount rate of 10%. An increase by 100 basis point in the discount rate will not result in any impairment. If the oil price forecast were to increase/decrease by 10%, the value in use would have been higher/lower by USD 5 million and would not result in any impairment. The carrying amount of goodwill at 30 June 2020 was USD 308 million (2019: USD 308 million).
- 3.3 Recoverability of oil and gas assets: The Group assesses at each statement of financial position date whether there is any evidence of impairment in the carrying value of its oil and gas assets in property, plant and equipment. This requires management to estimate the recoverable value of its oil and gas assets using estimates and assumptions such as long term hydrocarbon prices, discount rates, operating costs, future capital requirements, decommissioning costs, explorations potentials, reserves and operating performance uncertainty. These estimates and assumptions are subject to risk and uncertainty. The calculation for value in use is most sensitive to the discount rate and oil price. The future cash flows are discounted to their present value using a pre-tax discount rate of 10%. Following the impairment exercise, based on revised mid and long-term oil price projections, the Group has recognised an impairment of USD 30 million. If the oil price forecast were to increase/decrease by 10%, the value in use of oil and gas assets in Egypt would have been higher/lower by USD 13 million. A 100 basis point increase/decrease in discount rate would result in value in use of oil and gas assets in Egypt to be higher/lower by USD 4 million.
- 3.4 Financial assets through profit or loss: The Group based its assumptions and estimates on parameter available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group uses various models and assumptions in measuring fair value of financial assets. Judgement is applied in identifying the most appropriate model for each type of asset as well as determining the assumptions used in these models, including assumptions around probabilities and discount rates. During the period, the Group has reviewed the discount rate, hydrocarbon prices and probability assumptions and revised for the current economic environment which did not result in material impact to the fair value of these assets at 30 June 2020. A 100 basis point increase/decrease in discount rate would impact the fair value of the financial asset at fair value through profit or loss by USD 4 million.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION For the six months period ended 30 June 2020 (Unaudited)

4 SEGMENT INFORMATION

Management has determined the reportable 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. Unallocated amounts are included in General & administration expenses, investment and finance income, other income, other expenses and finance cost.

Six months ended 30 June 2020 (Unaudited)

	United Arab Emirates USD mm	Egypt USD mm	Kurdistan Region of Iraq USD mm	Total USD mm
Gross revenue	2	117	62	181
Royalties	-	(64)	-	(64)
Net revenue	2	53	62	117
Operating cost & depletion	-	(48)	(30)	(78)
Gross profit	2	5	32	39
General and administration expenses	-	-	-	(6)
Investment and finance income	-	-	-	8
Other expenses	-	-	-	(6)
Impairment of oil & gas assets	-	(30)	-	(30)
Impairment of financial asset	(3)	(4)	-	(7)
Change in fair value of investment property	(2)	-	-	(2)
Share of loss of a joint venture	-	-	-	(1)
Exploration expenses	-	(1)	-	(1)
Finance cost	-	-	-	(9)
Loss before income tax				(15)
Income tax expense	-	(4)	-	(4)
Loss for the period				(19)
Segment assets as at 30 June 2020	1,526	723	825	3,074
Segment liabilities as at 30 June 2020	414	54	104	572
Other segment information				
Capital expenditure:				
Property, plant and equipment	-	11	10	21
Intangible assets	-	4	-	4
Total	-	15	10	25
Depreciation & depletion	1	34	16	51
Trade & other receivable	19	125	56	200

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION For the six months period ended 30 June 2020 (Unaudited)

4 SEGMENT INFORMATION (continued)

Six months ended 30 June 2019

	United Arab Emirates USD mm	Egypt USD mm	Kurdistan Region of Iraq USD mm	Total USD mm
Gross revenue	7	154	81	242
Royalties	(1)	(86)	-	(87)
Net revenue	6	68	81	155
Operating cost & depletion	(5)	(49)	(27)	(81)
Gross profit	1	19	54	74
General and administration expenses	-	-	-	(8)
Investment and finance income	-	-	-	7
Other income	-	-	-	89
Other expenses	-	-	-	(4)
Impairment of financial assets	(1)	-	-	(1)
Finance cost	-	-	-	(8)
Profit before income tax				149
Income tax expense	-	(9)	-	(9)
Profit for the period				140
Segment assets as at 30 June 2019	1,535	851	862	3,248
Segment liabilities as at 30 June 2019	434	92	99	625
Other segment information				
Capital expenditure:				
Property, plant and equipment	-	12	43	55
Intangible assets	-	34	-	34
Total	-	46	43	89
Depreciation & Depletion	1	36	17	54
Trade & other receivable	23	127	20	170

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months period ended 30 June 2020 (Unaudited)

5 EARNINGS PER SHARE

EPS (Basic)

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

	<i>Six months ended 30 June</i>		<i>Three months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>USD mm</i>		<i>USD mm</i>	
Earnings:				
Net (loss) / profit for the period - USD mm	<u>(19)</u>	<u>140</u>	<u>(36)</u>	<u>105</u>
Shares:				
Weighted average number of shares outstanding—million	<u>6,958</u>	<u>6,982</u>	<u>6,958</u>	<u>6,988</u>
(Loss per share) / Earning per share (Basic) – USD:	<u>(0.003)</u>	<u>0.020</u>	<u>(0.005)</u>	<u>0.015</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months period ended 30 June 2020 (Unaudited)

6 Property, plant and equipment

	Freehold Land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2020	14	12	1,597	384	44	119	276	2,446
Additions	-	-	11	-	-	-	10	21
Transfer from capital work in progress	-	-	2	-	-	-	(2)	-
Transfer from intangible assets (note 7)	-	-	4	-	-	-	-	4
At 30 June 2020 (Unaudited)	14	12	1,614	384	44	119	284	2,471
Depreciation/ depletion:								
At 1 January 2020	-	6	954	200	24	59	-	1,243
Depreciation/depletion charge for the period	-	-	38	10	1	2	-	51
Impairment	-	-	30	-	-	-	-	30
At 30 June 2020 (Unaudited)	-	6	1,022	210	25	61	-	1,324
Net carrying amount:								
At 30 June 2020 (Unaudited)	14	6	592	174	19	58	284	1,147
Capital work in progress comprises:		USD mm						
SajGas plant and facilities		99						
UGTC pipeline & related facilities		89						
Kurdistan Region of Iraq project		96						
		284						

Sajgas and UGTC assets included in Property, plant & equipment amounted to USD 208 million (2019: USD 208 million).

Property, plant and equipment amounting to USD 137 million (DG Share 35%) – (2019: USD 137 million – DG Share 35%) is pledged against loan facility (note 16).

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months period ended 30 June 2020 (Unaudited)

6 Property, plant and equipment (continued)

	Freehold Land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2019	14	12	1,566	381	40	119	234	2,366
Additions	-	-	16	2	1	-	57	76
Transfer from capital work in progress	-	-	11	1	3	-	(15)	-
Transfer from intangible assets	-	-	4	-	-	-	-	4
At 31 December 2019	14	12	1,597	384	44	119	276	2,446
Depreciation/ depletion:								
At 1 January 2019	-	5	880	179	21	55	-	1,140
Depreciation/ depletion charge for the year	-	1	74	21	3	4	-	103
At 31 December 2019	-	6	954	200	24	59	-	1,243
Net carrying amount:								
At 31 December 2019	14	6	643	184	20	60	276	1,203

Capital work in progress comprises:

USD mm

SajGas plant and facilities	99
UGTC pipeline & related facilities	89
Kurdistan Region of Iraq project	88
	<u>276</u>

Sajgas and UGTC assets included in Property, plant & equipment amounted to USD 208 million (2018: USD 209 million).

Property, plant and equipment amounting to USD 137 million (DG Share 35%) – (2018: Nil) is pledged against loan facility (note 16).

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months period ended 30 June 2020 (Unaudited)

7 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 2020	214	289	7	2	308	820
Less: accumulated impairment	(175)	-	(7)	(2)	-	(184)
Net book amount at 1 January 2020	39	289	-	-	308	636
Additions*	4	-	-	-	-	4
Transfer to property, plant and equipment (note 6)	(4)	-	-	-	-	(4)
Exploration write off	(1)	-	-	-	-	(1)
At 30 June 2020 (unaudited)	38	289	-	-	308	635
At 31 December 2019(audited)	39	289	-	-	308	636

* Additions relate to cost of exploration and evaluation assets

(a) Oil and Gas Interests

Oil and gas interests in Property, plant and equipment and Intangible assets 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 5% of current production in Dana Gas Egypt. El Wastani production includes both gas and associated gas liquids. This development lease has 40.7 sq. km of land included within its boundary and is 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 261.5 sq. km 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 88% of Dana Gas Egypt current production.
- West El Qantara Development Leases (West El Qantara Concession) – These development leases are held with a 100% working interest. These development leases have 76.5 sq. km of land included within their boundaries and are located in the Nile Delta of Egypt. To date, two development leases are producing both natural gas and associated liquids representing approximately 7% of Dana Gas Egypt current production.
- North El Salhiya Development Lease – This development lease is held with a 100% working interest and is not yet producing (awaiting tie-in and hook up). This development lease has 11.6 sq.km of land included within its boundaries and is located in the Nile Delta of Egypt.
- 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 currently comprises 2,000 sq. km after relinquishment of 1/3 of the original area in July 2019, offshore Nile Delta/Sinai Peninsula, in the eastern part of the Mediterranean Sea. A 3D seismic survey acquisition was carried out in the Block, covering 1,830 full fold sq. Km. The Company completed the drilling operations at its deepwater Merak-1 well in July 2019. The well was drilled to a total depth of 3,890 meters and encountered 36m of sand in the Miocene objective interval but did not encounter commercial hydrocarbons.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months period ended 30 June 2020 (Unaudited)

7 INTANGIBLE ASSETS (continued)

- El Matariya Onshore (Block-3) - In September 2014, Dana Gas Egypt was awarded a 50% working interest in the Block 3 concession area. The area is located onshore Nile Delta. As per the concession agreement, Dana Gas Egypt as a partner and BP as an operator will participate on a 50:50 basis.

(b) Transmission and sweetening rights

Intangible assets include USD 289 million which represent the fair value of the rights for the transmission and sweetening 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, National Iranian Oil Company ('NIOC') introduced gas into its completed transmission network and Dana Gas's 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 required rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration 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 Arbitral Tribunal has issued a Final Award on the merits, determining that the 25 year contract between it and NIOC is valid and binding upon the parties, and that NIOC has been in breach of its contractual obligation to deliver gas under the Contract since December 2005.

On 18 July 2016, the English High Court finally dismissed the NIOC's remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum Company International Limited and Crescent Gas Corporation Limited on all issues. NIOC appealed the 2014 arbitration award to the English High Court. Most of the grounds of appeal were previously heard and dismissed by the Court in March 2016. The finalisation of the appeal in July 2016 confirms that the 2014 award is final and binding and that NIOC has been in breach of its gas supply obligations since 2005.

Crescent Petroleum has informed Dana Gas that the final hearing of the remedies phase against NIOC for non-performance of the contract (including claims for damages and indemnities for third party claims up to 2014) took place in November 2016. The final award on damages for the period 2005 to 2014 is awaited from the Tribunal, and in the meantime Dana Gas has been informed that Crescent Petroleum has commenced a second arbitration with a new Tribunal, to address the claims for damages from 2014 until the end of the contract period in 2030. Moreover, we are aware that Crescent Petroleum has made provision in its damages claim against NIOC for reimbursement of the losses suffered by the Company including any third party claims where the damages would ultimately be assessed and decided by a court. Management believes that the final awards from both arbitrations will be sufficient to cover the existing carrying values of the related assets. However, the amount and timing of the damages award from the first arbitration and the outcome of the second arbitration remains uncertain.

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 2019. Management has reviewed the various inputs into the original valuation model and believes that the inputs into the original valuation model have not materially changed.

(c) Goodwill

Goodwill of USD 308 million related 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 development. Management has carried an impairment review during the period. (refer note 3).

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION For the six months period ended 30 June 2020 (Unaudited)

8 INVESTMENT PROPERTY

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

	30 June 2020 USD mm	31 Dec 2019 USD mm <i>(Audited)</i>
Balance at beginning of the period/year	22	22
Change in fair value	(2)	-
Balance at the end of the period/year	<u>20</u>	<u>22</u>

Investment property consists of industrial land owned by SajGas, a subsidiary, in the Sajaa area in 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 property is stated at fair value which has been determined based on a valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions. The latest valuation exercise was carried out by the consultants as at 30 June 2020 and resulted in a valuation of USD 20 million.

9 INTEREST IN JOINT VENTURES

Out of the total investment in joint ventures, USD 554 million relates to an interest in CNGCL which represents the fair value of the rights for the purchase and sale of gas and related products acquired by the Company through its 35% interest in CNGCL. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships.

Commercial activity in CNGCL has not yet commenced. In July 2010, National Iranian Oil Company ('NIOC') introduced gas into its completed transmission network and Dana Gas's 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 required rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC. Please refer Note 7 for further details.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months period ended 30 June 2020 (Unaudited)

10 TRADE AND OTHER RECEIVABLES

	30 June 2020 USD mm	31 Dec 2019 USD mm <i>(Audited)</i>
Trade receivables (net)	152	135
Prepaid expenses	17	7
Due from joint ventures	16	19
Accrued revenue (note 10 c)	8	8
Other receivables	14	13
Less: provision for impairment of other receivables	(7)	(7)
	200	175

- a) Trade receivables are interest bearing and are generally on 5-60 days credit period.
- b) The ageing analysis of trade receivables is as follows:

	<i>Past due</i>					
	<i>Total</i>	<i>Not past</i>	<i><30 days</i>	<i>30-60</i>	<i>61-90</i>	<i>91-120</i>
	USD mm	due	USD mm	days	days	days
		USD mm	USD mm	USD mm	USD mm	USD mm
30 June 2020	152	46	2	11	6	27
31 December 2019	135	68	12	1	16	38

- c) In 2019, a region-wide audit of the entire KRI pipeline metering system revealed metering issues at the Khor Mor field, which resulted in an over reporting by around 5.9% of the volume of gas supplied by Pearl to the KRG since November 2018. As an interim measure, the correct meter factors were configured on 31 July 2019, which satisfactorily addressed the estimated over reporting. It was also discovered that the way the gross heating value is measured to establish the energy content of the sales gas (which is the basis for billing) had potentially also resulted in an under reporting of the quantity of sales gas.

Pearl and the KRG have agreed a series of steps to put in place full fiscal metering with a provisional adjustment to invoices, pending final reconciliation. Pearl and the KRG agreed that a provisional adjustment be made against the invoices of July, August and September 2019 amounting to USD 23 million (DG Share: USD 8 million) relating to the period November 2018 to July 2019, with such provisional adjustment to be trued-up when the final adjustment and reconciliation is completed. The implementation schedule for the fiscal metering package cannot be ascertained until there is visibility of the post COVID 19 in-country situation. Accordingly, the provisional adjustment to amounts due from the KRG has been reflected in this financial statements as accrued revenue.

Dana Gas PJSC and Subsidiaries

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11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 USD mm	31 Dec 2019 USD mm <i>(Audited)</i>
Balance at 1 January	111	2
Recognised during the period/year	-	126
Received during the period/year	(5)	(18)
Change in fair value/unwinding of interest	(2)	1
Balance at 30 June / 31 December	104	111

Financial assets classification between non-current and current assets is as follows:

	30 June 2020 USD mm	31 Dec 2019 USD mm <i>(Audited)</i>
Current assets	52	53
Non-current assets	52	58
	104	111

During 2019, the Company has recorded certain reserve based earn out entitlements as financial assets at fair value through profit or loss. These are due from certain shareholders in Pearl Petroleum as considerations which were contingent upon proving up additional reserves in Pearl Petroleum.

In addition, as part of the settlement agreement with RWE Supply & Trading GmbH ("RWE") the Company is entitled to and has recognised certain confined payments which are due only in case and in the amount dividends are distributed to RWE by Pearl (based on RWE's 10% equity in Pearl). During the period, the Company has received an amount of USD 5 million towards such confined payments.

Financial asset at fair value through profit or loss also includes investment in the Abraaj Infrastructure Fund at USD 2 million fair value which is underpinned by the underlying assets. As the fund managing entity is under liquidation, the Company was not able to obtain an indicative fair value of the fund as of 30 June 2020, however on a prudent basis, the Company decided to full impair the investment.

12 FUNDS HELD FOR DEVELOPMENT

As part of the settlement agreement with the KRG, out of the USD 1 billion received from KRG (DG Share: USD 350 million), an amount of USD 400 million – restricted cash (DG Share: USD 140 million) was dedicated for investment exclusively for further development to substantially increase production in the Kurdistan Region of Iraq. Pearl is entitled to use any funds remaining in that account after the said development is complete or 29 February 2020, whichever occurs first. If to the reasonable satisfaction of the KRG, Pearl secures financing for all or part of the development specified in the agreement, Pearl shall be entitled to use funds from this USD 400 million (DG Share: USD 140 million) in the same amount as such financing without restriction. Up to the end of 2019, USD 322 million (DG Share: USD 113 million) was released from these funds in accordance with the terms of the Settlement Agreement. Upon award of the EPC contract in January 2020, Pearl has released the remaining USD 78 million (DG Share: USD 27 million).

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For the six months period ended 30 June 2020 (Unaudited)

13 CASH AND CASH EQUIVALENTS

	<i>30 June 2020</i> <i>USD mm</i>	<i>31 Dec 2019</i> <i>USD mm</i> <i>(Audited)</i>
Cash at bank and on hand		
- Local banks within UAE	9	12
- Foreign banks outside UAE	8	6
Short term deposits		
- Local banks within UAE	349	407
Cash and cash equivalent	<u>366</u>	<u>425</u>

Cash at bank earns profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods ranging between one week and twelve months, depending on the immediate cash requirements of the Group, earn profit at the respective short-term deposit rates and are repayable on demand. The fair value of cash and cash equivalents including short-term deposits is USD 366 million (31 December 2019: USD 425 million). The effective profit rate earned on short term deposits ranged 0.55% to 3.1% (2019: 1.6% to 3.75%) per annum. As at 30 June 2020, 98 % (31 December 2019: 99%) of cash and bank balance were held with UAE banks and the balance held outside UAE. Out of the total cash and cash equivalent of USD 366 million, 2% of the amount was held in Egyptian pounds (2019: 1%).

Cash & cash equivalent includes USD 58 million (DG Share 35%) held by Pearl joint venture.

14 SHARE CAPITAL

	<i>30 June 2020</i> <i>USD mm</i>	<i>31 Dec 2019</i> <i>USD mm</i> <i>(Audited)</i>
<i>Authorised:</i>		
9,000,000,000 common shares of AED 1 each (USD 0.2728 each)		
<i>Issued and fully paid up:</i>		
6,995,373,373 (2019: 6,995,373,373) common shares of AED 1 each (USD 0.2728 each)	<u>1,908</u>	<u>1,908</u>

15 TREASURY SHARES

The Company executed a share buyback and acquired a total 36,950,000 of its own share at an average price of AED 0.94. Out of the total, 1,250,000 shares were bought back during 2020 (2019: 35,700,000 shares).

Dana Gas PJSC and Subsidiaries

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16 BORROWINGS

	30 June 2020 USD mm	31 Dec 2019 USD mm
Non-current		
Sukuk (a)	-	-
Loan facility – Pearl Petroleum (b)	70	54
	<u>70</u>	<u>54</u>
Current		
Sukuk (a)	380	397
Loan facility – Pearl Petroleum (b)	2	5
	<u>382</u>	<u>402</u>
Total Borrowings	<u>452</u>	<u>456</u>

a) SUKUK

On 13 May 2018, the Company announced agreement with the Ad-Hoc Committee of the Sukukholders (“the AHC”) on terms and conditions of an offer for the restructuring and refinancing of its Sukuk Al-Mudarabah, the nominal value of which on 31 October 2017 was USD 700 million. Sukukholders representing in excess of 52% of the aggregate amount of the existing Exchangeable Certificates and in excess of 30% of the existing Ordinary Certificates entered into a binding lock-up and standstill agreement with the Company in connection with the mutually agreed proposed restructuring.

The salient features of the agreement were as follows:

- For holders wishing to exit their principal; an opportunity to tender their claims at 90.5¢ per \$1 of the face value of their holdings, which included an early participation fee of 2.5¢ (if elections were received within 7 days from the date of launch of the Tender Offer and Consent Solicitation process).
- For holders electing to receive a partial pay down and exchange into a new instrument; a path to full recovery including a significant repurchase obligation at par with respect to the new certificates. Such holders also received arrears of profit distribution as per the Existing Certificates until 31 October 2017, and a 4% profit rate (see below) from 01 November 2017 until closing of the transaction. For elections received within 7 days from the date of launch of the Tender Offer and Consent Solicitation process, holders received an early participation fee of 2.5¢.
- The new certificates were constituted as a Wakala Sukuk instrument (based on an underlying Ijara and deferred payment obligation structure) with a 4% profit rate and 3 year tenor with maturity on 31 October 2020.

The Company and members of the AHC involved in litigation also entered into a Litigation Dismissal Agreement that provided a mechanism for the disposal of all pending litigation and a release of certain claims.

Dana Gas launched the Tender offer and Consent Solicitation / Exchange offer on 22 May 2018 to consider approval for the terms and conditions of an offer for the restructuring and refinancing of its Sukuk Al-Mudarabah. The transaction was approved by the Sukukholders in a meeting on 13 June 2018. Also, Dana Gas issued an invitation to its Shareholders to attend the General Assembly to consider and approve issuance of the new Sukuk to replace the existing Sukuk, issued in May 2013, through a special issue to the holders of the existing Sukuk up to USD 560 million for 3 years with 4% profit rate per annum and to approve dismissal of all Sukuk litigation.

On 21 June 2018, the shareholders voted unanimously in favor of the consensual restructuring of USD 700 million Sukuk al-Mudarabah. The Transaction was completed on 13 August 2018 and the new Sukuk is now listed on Euronext Dublin (previously known as “Irish Stock Exchange”).

All legal proceedings have been completely brought to an end by the parties to the Sukuk litigation in all jurisdictions. The discontinuance in both the UK and UAE courts was agreed by all the parties following the consensual agreement to restructure the Sukuk reached in May 2018.

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For the six months period ended 30 June 2020 (Unaudited)

16 BORROWINGS (continued)

a) SUKUK (continued)

The Company paid USD 235 million on redemptions, profit payments and early participation fees. The size of new Sukuk was reduced to USD 530 million. It has a three-year life, maturing in October 2020 and a new profit rate of 4% per annum.

The New Certificates 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 Sukuk holders includes security over certain receivables of the Company's Egyptian assets and Sajaa Gas industrial land.

During 2018 and 2019, the Company bought back Sukuk amounting to USD 133 million (nominal value). The outcome is that Dana Gas has now satisfied its obligations such that it will continue to pay a profit rate of 4% until maturity of the Sukuk at the end of October 2020. During the period, the Company bought back additional Sukuk amounting to USD 17.8 million (nominal value), thereby reducing the outstanding Sukuk to USD 380 million. All bought back Sukuk have been cancelled as per the terms and conditions.

Subsequent to 30 June 2020, the Group bought back Sukuk amounting to USD 70.7 million (nominal value) bringing the outstanding Sukuk to USD 309 million.

Under the terms of the Sukuk, the Company is required to comply with the following financial covenants:

- Total Consolidated Financial Indebtedness to EBITDA over the last twelve months should be lower than 3:1
- Dividend cap of 5.5% of the paid up share capital.

The Company has complied with these covenants as of 30 June 2020.

b) LOAN FACILITY – PEARL PETROLEUM

Pearl Petroleum on 18 September 2018 signed a USD 150 million 5 year term loan facility "Facility Agreement" with a local UAE bank for financing its development activities. The Facility Agreement provides for a 2-year grace period and is repayable in equal quarterly instalments with the first repayment taking place in 31 December 2020. Pearl has since drawn down the full facility amount of USD 150 million (DG Share: USD 52 million) from the facility. The repayment schedule for the facility has been amended by way of an Agreement executed on 30 June 2020. Repayments due in 2020 have been deferred and are now payable during the course of 2021. The remaining balance of the facility (i.e. USD 137.5 million of which USD 50 million was due in 2021) is delayed by one year with the first repayment commencing from 31 March 2022 and final repayment date is 30 September 2024. The repayment instalment under the facility of USD 6.25 million (DG Share: USD 2.2 million) which are due by 30 June 2021 have been classified as current liabilities. The interest deferred on the facility for Q2 2020 has been accrued and is reflected as part of trade payables and accruals.

Pearl Petroleum signed a new term loan facility of USD 120 million on 12 December 2019 with a local UAE bank with final repayment date of 30 September 2023 for financing its development activities and working capital purposes. The facility had a 2.5 year grace period and is repayable in equal quarterly instalments, with the first repayment taking place on 30 June 2022. The repayment schedule for this facility has been amended by way of an agreement executed on 30 June 2020, with the first repayment now taking place in 30 June 2023 and final repayment date of 30 September 2024. Pearl has since drawn down USD 60 million (DG Share: USD 21 million) from the facility until 30 June 2020.

Pearl has agreed to provide security by assignment of revenue, insurance and registered pledge over Pearl's certain existing production facilities in Kurdistan for both the facilities. Assignment of revenue will be released and replaced after construction of new gas plant. This financing is non-recourse to the Company.

The borrowings under the non-current liabilities are stated net of transaction costs and are carried at amortised cost as at 30 June 2020.

Under the terms of the loan facility, Pearl is required to comply with the following financial covenants:

- Max Gearing Ratio: 4:1 (Debt/EBITDA)

Pearl has complied with these covenants as of 30 June 2020.

Dana Gas PJSC and Subsidiaries

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For the six months period ended 30 June 2020 (Unaudited)

17 CONTINGENCIES AND COMMITMENTS

Dana Gas Egypt

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 and expired on 11 February 2018. Dana Gas Egypt was granted extension for the first phase of exploration till 10 June 2019. During the 2019, Dana Gas Egypt applied for and received approval to enter second phase of exploration, until 10 June 2023. To-date Dana Gas Egypt has spent circa. USD 83 million and has fulfilled the spend commitment of both the first and second phases of exploration.

Pearl Petroleum

As at 30 June 2020, Pearl had a capital commitments of circa USD 424.6 million (DG Share: USD 148.6 million) – (30 June 2019: USD 4 million (DG Share: USD 1 million) primarily in respect of EPC contract.

18 RELATED PARTY DISCLOSURES

Transactions with related parties included in the interim condensed consolidated income statement are as follows:

	30 June 2020		30 June 2019	
	Six months ended		Six months ended	
	<i>Revenues</i>	<i>Fees for management services</i>	<i>Revenues</i>	<i>Fees for management services</i>
	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>
Joint arrangement/Major shareholder	1	1	1	1
Major shareholder	-	(1)	-	(1)

Fee for management services for joint arrangement and major shareholder relates to actual cost charged in respect of time spend by Dana Gas personnel on Joint ventures activities and time spent by major shareholder personnel on activities related to Dana Gas.

Revenue relates to pipeline capacity charges billed by UGTC to CNGCL (Joint Venture) in which the Group holds 35% interest.

19 DIVIDEND

At the General Assembly of the Company held on 21 April 2020, the shareholders approved a cash dividend of AED 0.055 per share for 2019 (2018: AED 0.055 per share) amounting in total to USD 104.5 million (AED 383 million).

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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20 FAIR VALUE ESTIMATION

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	<i>Carrying amount</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>
	<i>June 2020</i>	<i>June 2020</i>	<i>December 2019</i>	<i>December 2019</i>
	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>
Financial assets				
Trade and other receivables (excluding prepaid)	183	183	168	168
Cash and cash equivalents	366	366	425	425
Financial assets at fair value through profit or loss	104	104	111	111
Financial liabilities				
Borrowings	452	452	456	456
Trade payables and accruals	104	104	99	99

The fair value of borrowing is determined as the present value of discounted future cash flows using market based discount rate. The fair value is not materially different from its carrying value.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table presents the Group' assets that are measured at fair value on 30 June 2020:

	<i>Level 1 USD mm</i>	<i>Level 2 USD mm</i>	<i>Level 3 USD mm</i>	<i>Total USD mm</i>
Assets				
Financial assets at fair value through profit or loss	-	-	104	104
Investment property	-	20	-	20
Total	-	20	104	124

The following table presents the Group' assets that are measured at fair value on 31 December 2019:

	<i>Level 1 USD mm</i>	<i>Level 2 USD mm</i>	<i>Level 3 USD mm</i>	<i>Total USD mm</i>
Assets				
Financial assets at fair value through profit or loss	-	2	109	111
Investment property	-	22	-	22
Total	-	24	109	133

There have been no transfers between Level 1 and Level 2 during the six months ended 30 June 2020 and year ended 31 December 2019.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable from similar instruments, the instrument is included in level 2.