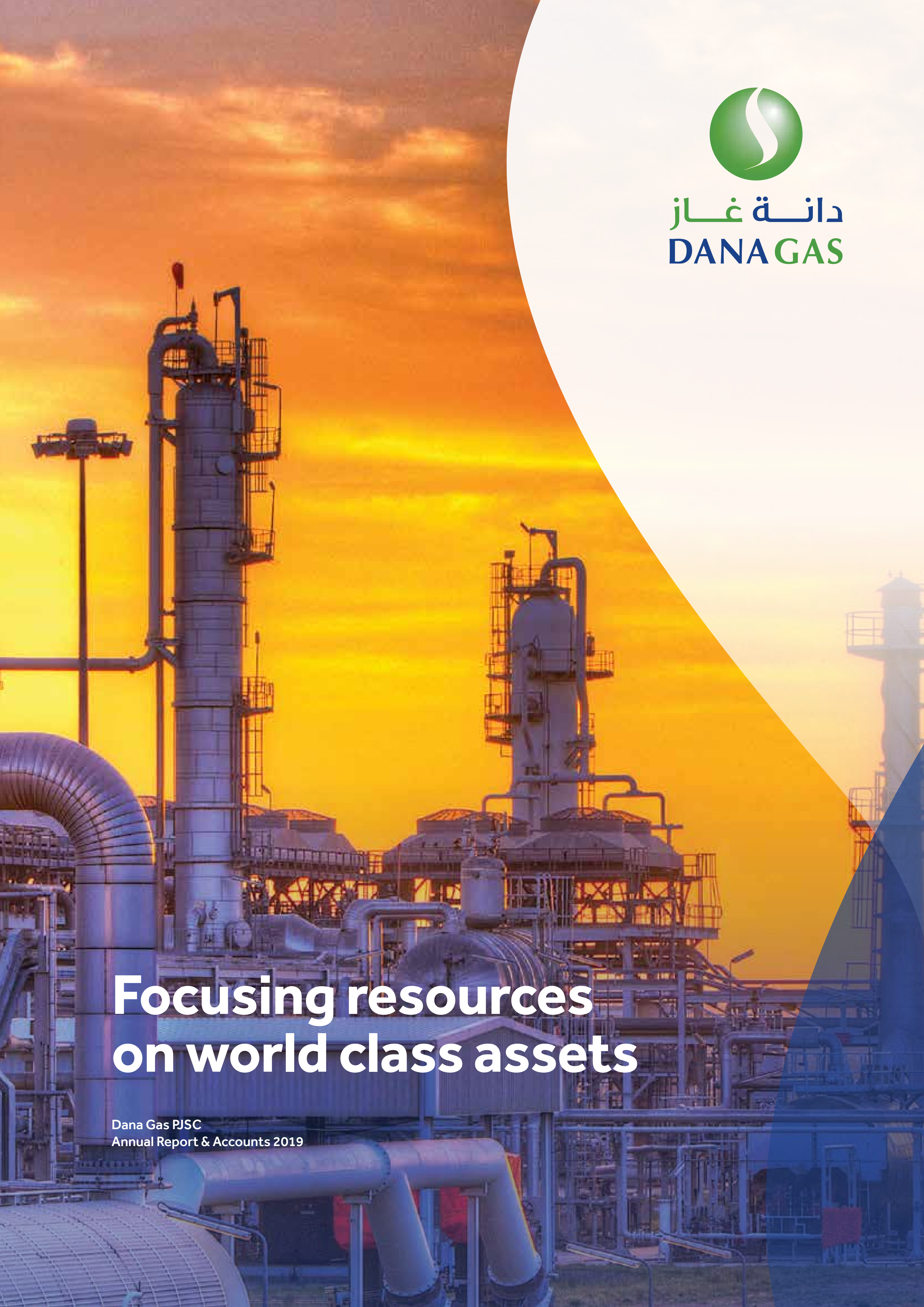
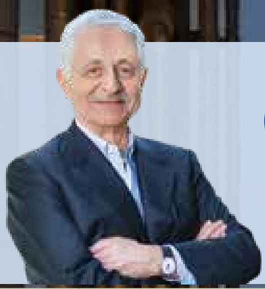


Focusing resources on world class assets

Dana Gas PJSC
Annual Report & Accounts 2019

Dana Gas is the Middle East's first and largest regional private sector natural gas company. It was established in December 2005 with a public listing on the Abu Dhabi Securities Exchange (ADX).

Dana Gas has exploration and production assets in Egypt, the Kurdistan Region of Iraq (KRI) and the United Arab Emirates (UAE), with an average production output of 66,200 boe/d in 2019. With sizeable assets and reserves in Egypt, the KRI and the UAE and further plans for expansion, Dana Gas aims to play an important role in the rapidly growing natural gas sector of the Middle East, North Africa and South Asia region (MENASA).



Contents

Highlights

We delivered both increased production and increased earnings and 2019 saw us post our highest annual profit in over seven years.

Gross revenue (million US$)

US$459mm

2018: US$470mm

EBITDA (million US$)

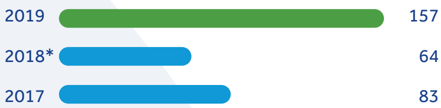
US$341mm

2018: US$230mm

Net profit (million US$)

US$157mm

2018: US$64mm



***Execluding one off impairment of $250mm**

Cash balance (million US$)

US$425mm

2018: US$407mm

Production (kboe/d)

66.2kboe/d

2018: 63.1 kboe/d

2P reserves (mmboe)

1,160mmboe

2018: 1,079 mmboe

The Middle East's first and largest regional private sector natural gas Company

66.2 kboe/d
Group production (kboe/d)

294 mmscf
Average daily gas production in 2019

9,940 bbl
Average daily condensate production in 2019

1,160 mmboe
2P reserves

US$**285**mm
Collections

US$**425**mm
Cash balance – 31 December 2019

Why invest in Dana Gas

- MENA's largest independently listed, natural gas-focused E&P Company
- Strong balance sheet and growth-oriented, cash-generative portfolio
- Highly experienced leadership and management team committed to governance, transparency, HSSE and sustainability
- World class assets in Kurdistan Region of Iraq and Egypt with significant exploration upside potential

Our vision

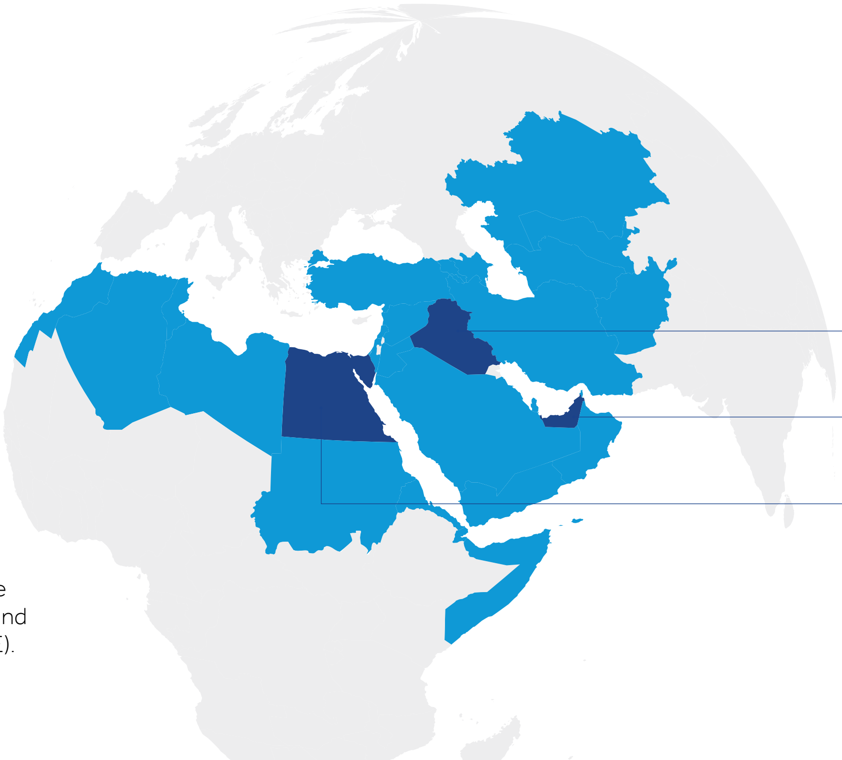
To be the leading private sector natural gas company in the Middle East, North Africa and South Asia region (MENASA) generating value for our stakeholders.

Our strategy

- Focus on sustainable growth in the MENASA region across the natural gas value chain
- Leverage strategic relationships to maintain competitive advantage
- Continuously enhance our technical and commercial skills to develop and operate assets safely and efficiently

Our values

- We set and apply the highest standards of conduct and accountability
- We respect and value everyone and embrace diversity
- We aim to provide a safe, healthy and environmentally friendly workplace for our employees and business partners and to minimise any adverse effects of our operations on communities and the environment



Where we exist

Dana Gas has exploration and production assets in Egypt, the Kurdistan Region of Iraq (KRI) and the United Arab Emirates (UAE).

KRI

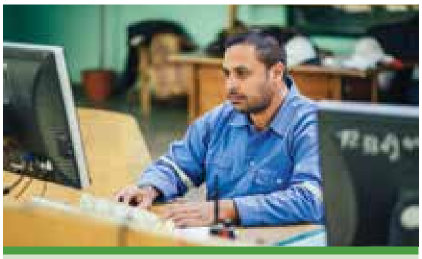
31,500boe/d

- Largest independent producer in Iraq – 100,000+ boe/d (gross)
- 11+ years of continuous production
- Two fields comprising the KRI's largest gas reserves
- Plans underway to increase current production by 125%
- Reserves up 10% to over 1 billion mmboe

Egypt

33,000boe/d

- 14 development leases and 2 exploration concessions
- Top 5 gas producer in-country
- Significant offshore exploration potential
- Production optimisation measures significantly mitigated natural field decline
- Record collection from condensate export shipments to 3rd parties and direct sale to EGPC



UAE

1,000boe/d

- Produced 1,000 boe/d in 2019
- In September 2019, the Company ceased production from the Zora Field
- Project to transport and process 600 MMscf/d of gas to the UAE

Dana Gas's profit in 2019 rose to the highest in seven years

Our ability to add production and strengthen our operations in 2019 has made us resilient to the tough trading conditions.

Dear Shareholders,

Whilst it gives me great pleasure to report that Dana Gas's profit in 2019 rose to the highest in seven years, it comes at a time when the oil and gas sector faces one of its biggest crises in decades. From the beginning of 2020, global oil prices weakened further from last year due to persistent oversupply into the market and the anticipation of reduced demand in China as a result of travel restrictions put in place in response to the spread of the Coronavirus throughout the country. From March, and as the WHO declared the Coronavirus as a global pandemic, the consequent response by governments all over the world to restrict travel and lock down, led to massive further reductions in demand. This supply-demand imbalance resulted in oil prices crashing by 50% or more, falling to the mid-twenties. Indeed many analysts predicted further price falls into single digits as global stocks were rapidly approaching full capacity, until the fortunate OPEC++ agreement put on the brakes to decelerate this trend. However, the oversupply situation is continuing, albeit at a less alarming rate which has halted the downward price spiral at least for the time being. In the meantime, the global macro-economic outlook is gloomy, creating uncertainty on the timing of an upturn in oil demand and consequently oil and gas prices. Under these circumstances the outlook is therefore very uncertain.

Our ability to add production and strengthen our operations in 2019 has made us, for now, resilient to the tough trading conditions. The leadership team has worked tremendously hard over the last years to ensure that Dana Gas is financially robust. Over half of our income is protected in low oil price environments, owing to the long-term gas sales agreements we have in place both in Egypt and the Kurdistan Region of Iraq (KRI). Furthermore, precautionary measures and contingency plans have already been put in place with respect to the Coronavirus pandemic to safeguard our personnel and assets and ensure that our production continues to be unaffected.

Financial performance summary

The Company's profit for the year increased to $157 million versus a net loss of $186 million in 2018, buoyed by an uplift in production in the Kurdistan Region of Iraq (KRI) as well as earn-out and deferred income entitlements. It is worthy of note that on a like-for-like basis, profit from core operations increased by 80% to $115 million compared to $64 million in 2018.

As a result of the Company's strong performance last year, which includes starting 2020 with a strong balance sheet of $425 million in cash, and in keeping with our objective of ensuring a regular annual dividend to shareholders, the Board has recommended to pay a dividend of 5.5 fils for 2019, which will be presented to shareholders at the coming annual meeting. If approved, it will be the Company's third consecutive dividend and highlights the positive financial and operational results that have been delivered to all our shareholders.

Operational performance - KRI

It is gratifying that the investments we have made in the KRI to date have flourished. Our most recent activity, the Khor Mor plant debottlenecking project was completed both safely and efficiently in the last quarter of 2018, increasing production output capacity by 30% and adding $40 million in 2019 to the top line. It also drove our full-year group production up by 5% to 66,200 boe/d, with the KRI production compensating for a decline in production in Egypt and the UAE. We are also very excited about the future growth potential in the KRI. Khor Mor and Chemchemal are world-class assets and we are moving ahead with the next phase of development of these fields.

In 2019 we also achieved other important milestones in the KRI. We are developing two gas processing trains of 250 MMscf/d each, boosting our gas and condensate production to 900 MMscf/d. We signed a new 20-year Gas Sales Agreement with the government for the gas production from the first train, to power the Region's electricity production. An international engineering, procurement and construction (EPC) contractor was appointed earlier this year and the work was initiated immediately following final approval by the KRG Ministry of Natural Resources. Unfortunately, as a result of the government restrictions imposed due to the Coronavirus pandemic, the contractor has had to declare Force Majeure while restrictions continue. Both the contractor and the Company are committed to executing this contract as quickly as possible, and we will be resuming activities as soon as conditions allow.

Operational performance - Egypt

Our production in Egypt exceeded our forecast for the year as a result of diligent reservoir management practices. However production continues to fall in line with the natural depletion of the reservoirs. We remain very optimistic about the exploration potential of our offshore Block 6 Concession Area which contains several exciting prospects.

As previously announced, we launched a Strategic Review of our Egypt assets last year. This was driven by the need to review our portfolio of assets comparing the resources required and the benefits delivered in terms of increasing production and further growth potential. The KRI holds over 90% of the Company's proven plus probable (2P) reserves of over 1 billion barrels of oil equivalent. The Strategic Review has resulted in bids for the Egyptian business. Discussions with the interested parties continue and further announcements will be made in due course.

Demerger

The Board and management continue to look at ways to enhance shareholder value and have been examining the possibility of splitting the Company in two distinct parts through what is technically called a demerger. The rationale is to enhance shareholder value through a separation of the different business potential of our upstream and mid-stream assets, and also allow for a revaluation of our enormous KRI reserves and resources.

We are also very excited about the future growth potential in the KRI. Khor Mor and Chemchemal are world-class assets and we are moving ahead with the next phase of development of these fields.

In this regard, we are proposing to form a new company to hold the upstream assets in the KRI and Egypt. These will be demerged from Dana Gas PJSC. Meanwhile, Dana Gas PJSC will continue to hold our collection of midstream assets, primarily the UAE gas import project and related assets. These in fact are the original projects, based upon on which the Company was created in 2005. Shareholders in Dana Gas PJSC at the time of the demerger will equally have shares in both companies. The demerger will allow shareholders greater flexibility to subsequently manage their investment, as they may individually desire to elect towards their preferred company entity with different assets, business risks and opportunities. After careful consideration and consultation with the authorities, the Board is recommending to ask the shareholders for authorization to proceed with carrying out a feasibility study for the concept. If the outcome is positive and all of the necessary authorizations have been obtained, the shareholders will be asked to approve the demerger plan.

Arbitrations

With regard to the ongoing arbitrations, I am pleased to report that along with Crescent Petroleum, the Company received an overwhelmingly positive award from the London Court of International Arbitration in the arbitration case initiated against the MOL Group in 2017. Earlier this year, we also launched two new arbitration proceedings against the MOL Group and OMV Upstream. The arbitrations arose out of MOL and OMV's attempts to avoid paying reserve-based earn-out payments under the terms of the 2009 Share Sale Agreement when both companies acquired 10% stakes each in Pearl Petroleum.

Recognition and Conclusion

Finally, on behalf of the Board of Directors, I would like to express our gratitude for the continued support of our Honorary Chairman, His Highness Sheikh Ahmed bin Sultan Al-Qassimi, Deputy Ruler of Sharjah and Chairman of the Sharjah Petroleum Council.

Importantly, we thank our shareholders for their continued support for the Company, and their confidence in the growth potential of Dana Gas.

We would also like to express our thanks to our employees, some of the best and most professional men and women in the oil and gas industry, for their commitment and contributions in 2019. The well-being of our employees is our number one priority. We always strive to provide them, as well as our service providers and community at large, a safe, healthy and environmentally friendly workplace.

In closing, I would like to thank our management team for their dedication and hard work, which have been vital to the success of Dana Gas and in achieving another year of excellent performance despite the challenges. Lastly, I would like to thank my fellow Board members for their oversight and policy guidance to the executive management team.

Mr. Hamid Dhiya Jafar
Chairman

We are proposing to form a new company to hold the upstream assets in the KRI and Egypt. These will be demerged from Dana Gas PJSC. Meanwhile, Dana Gas PJSC will continue to hold our collection of midstream assets, primarily the UAE gas import project and related assets.

Dana Gas delivered a strong financial and operational performance in 2019

$157mm
Net Profit

This was primarily due to a 18% production increase in the KRI adding $40 million to our topline.

Dear Shareholders,

Introduction

I am very pleased to announce that Dana Gas delivered a strong financial and operational performance in 2019 and thereby continued to deliver on our commitments to both our shareholders and other stakeholders. Our strong operational performance continues into 2020 despite the recent and unprecedented global events. The low oil price environment as a result of the suppressed oil demand has puts considerable stress on all sectors of the petroleum industry. However, Dana Gas is naturally hedged against low oil prices due to the Company's product mix and stable gas sales agreements. Currently, natural gas constitutes 75% of the Company's production which is sold under long term gas sale contracts with host Governments at prices which are unaffected by low oil prices. These gas sales account for approximately half of the Company's income, leading to sustainable revenues even in low oil price environments.

We have maintained a rigorous approach to expenditure since the last price downturn in 2014. Through our continued and disciplined approach to cost control, we are well positioned to withstand the current low oil price environment should it persist. We remain committed to cost discipline and will again be reviewing current expenditure and all discretionary spending. We will take all necessary and appropriate measures to protect our business performance.

Dana Gas continues to demonstrate its commitment to safe and responsible operations. Our commitment to reporting transparency continues especially in these increasingly difficult times.

Financial Performance + Collections

In 2019, the Company's profit rose due to an increase in production from the Kurdistan Region of Iraq (KRI). The Company reported a Net Profit of $157 million compared to a loss of $186 million in the previous year. Revenue was $459 million, some $11 million less than in 2018. This was primarily due to lower average oil prices for the year offset by production increase of 30% in the KRI, adding $40 million to the top line in 2019. We ended the year with a cash balance of $425 million, compared to $407 million at the end of 2018.

The Company's collections and outstanding receivables position continued to improve in 2019. Dana Gas collected $285 million during the year, of which $138 million came from Egypt, $139 million from the KRI and $8 million from the UAE. Total dividends received from Pearl amounted to $121 million and included a one-off dividend of $42 million.

KRI Performance

For more than a decade we have been an integral part of KRI's regional economic development. Our KRI activities continue to be the focus of our efforts. In May 2019, our KRI reserves were re-certified by Gaffney Cline and Associates.
This confirmed a 10% increase in our 'proved plus probable' (2P) reserves. Dana Gas's estimated total share is now 1,087 million barrels of oil equivalent, up from 990 mmboe, when Gaffney Cline first certified the fields in April 2016. This strongly suggests these two gas fields are the largest in Iraq, making them world-class assets.

Production output in the KRI jumped 18% year-on-year to 31,500 boe/d. This was a result of our debottlenecking project that came on-stream in late 2018, lifting output close to 400 MMscf/d.

$285mm
Collections

The Company's collections and outstanding receivables position continued to improve in 2019.

66,200boe/d
Group production increased 5% in 2019

This success led us to sign a new 20-year Gas Sales Agreement with the Kurdistan Regional Government (KRG) for an additional 250 MMscf/d of gas, to be supplied from the Khor Mor Field. The contracted gas now represents the first phase of additional production from a two-phase expansion project. In 2019 we completed workover and drilling activities on seven Khor Mor wells comprising five workovers and two appraisal wells together with one important appraisal well in Chemchemal.

Egypt Performance

The Egyptian economy continued to improve in 2019, allowing the Government to make significant strides in paying overdue receivables to international energy companies. We were able to successfully reduce our receivables to $111 million, a 21% reduction compared to the 2018 year-end balance of $140 million. For Dana Gas, one of the key operational achievements last year was the drilling of the Company's first offshore deep-water well, Merak-1 in 755 meters of water. The drilling operations tested the shallow objective Miocene section in mid-July, reaching a total depth of 3,890 meters.

The well encountered excellent quality reservoirs but without commercial hydrocarbons and was temporarily plugged and abandoned. This was disappointing but show-cased our ability to drill challenging wells to the highest safety and environmental standards, without any incidents, on time and below budget. Major exploration potential still remains in the deeper Oligocene reservoir section in the Merak structure, which has been designed to be accessed cost effectively by deepening the existing well. In addition, there is further material exploration potential in other prospects. The Block 6 exploration acreage remains highly prospective and we anticipate further successful exploration activity.

Production performance was above target in 2019. Significant reservoir management measures were taken to maintain maximum reservoir deliverability, producing an average of 33,000 boe/d. The team in Egypt did an outstanding job limiting the natural decline rate to only 4%. Production from the recently awarded East South Abu El Naga development lease (in the North El Salhiya concession) commenced in January 2020, two months ahead of schedule which will have a positive impact on output in 2020.

Profit from core operations increased by 80% to $115 million.

900 **MMscf/d**

Expand production output at Khor Mor from 400 to 900 MMscf/d in two phases.

Dana Gas has no funding commitments in the KRI, as the capital required is sourced from contractor financing, operating cash flow and third-party financing.

Strategic Review

In the second half of 2019, the Company launched a Strategic Review of its asset portfolio. This was triggered by increased opportunities in the KRI and the positive investment climate which encouraged further expansion of the production facilities to develop the hydrocarbon resources, which are 10 times the size of our 2P reserves in Egypt. The Board decided, in light of the Company's available resources, to focus efforts on developing these world-class resources in the KRI. As a result, a sales process for our Egyptian assets was initiated in 2019 to test the market. The process of clarifying and evaluating the offers is currently ongoing and due diligence is being carried out.

UAE

During 2019, production at the Zora Field in the UAE fell to 1,000 boe/d, down from 1,200 boe/d in 2018. From 3 September 2019, Dana Gas ceased production from the Zora Field and gave notice of relinquishment. We expect to complete the final decommissioning and abandonment activities before the end of 2020.

2020 plans and capex

Our 2020 investment plan is ambitious. The Company has been planning Pearl Petroleum's Khor Mor expansion plans since the Settlement Agreement in mid-2017. The current plan is to expand production output from the current 400 MMscf/d to 900 MMscf/d in two phases.

The first train will raise Pearl's output increase to 650 MMscf/d. The second train will see output rise to 900 MMscf/d. Pearl recently appointed an EPC contractor to construct the gas processing plant. They have regrettably had to declare Force Majeure as a result of the Covid-19 pandemic which has led to movement restrictions on staff, contractors and the delivery of goods. All parties remain committed to executing and completing this project. Construction of the gas processing plant will resume as soon as conditions allow us to do so.

Our plans in the KRI in 2020 also include drilling one exploration well, Qulaijan in Block 19, and the start of a five well development drilling campaign in Khor Mor to support the production increase. In light of the appraisal results, we are working with the KRG on a development plan for the Chemchemal Field. It is important to remember that Dana Gas has no funding commitments in the KRI, as the capital required is sourced from contractor financing, operating cash flow and third-party financing at the Pearl Petroleum level. In Egypt, our plan is to execute a well work over program this year that will further reduce the natural decline of our onshore fields and to drill some additional exploration wells in Block 3. We are also carrying out activities to mature the significant potential of Block 6 and define additional drilling locations, while seeking a farm-in partner to partner in drilling these additional deep-water exploration wells.

Cash and Sukuk

We ended 2019 with a strong balance sheet with $425 million held in cash, up from $407 million at the end of 2018. Should the sale of our Egyptian assets proceed, the funds raised will be used to pay down the outstanding amount of $397 million of our Sukuk when it matures in October this year. We will use our cash position to make up any shortfall. In case the sale does not proceed, we are already exploring different mechanisms to raise money to pay the Sukuk.

Current oil environment

I am pleased to report that our G&A and operational expenditure has remained flat since 2016, totalling around $70 million per annum. This is a result of the strict cost control programme which we have put in place since 2014. However, in the face of the current low oil price environment we are further reviewing all discretionary spending and are taking steps to reduce this where possible. We will continue to focus on cash flow optimisation, through further cost savings, and tight capex management.

HSSE + CSR

During 2019, we continued our commitment to the highest HSSE standards. We take a proactive approach in managing potential hazards and risks to protect our employees, contractors, local communities and the environment in which we work. We saw continued HSSE performance improvements through 2019 along with reducing risks to our people, environment, assets and reputation from our ongoing operations.

$425mm

Strong balance sheet with $425 million held in cash

During 2019, we continued our commitment to the highest HSSE standards. We take a proactive approach in managing.

Notwithstanding the two lost-time injures reported in 2019, we achieved some notable operational HSSE successes. These included a third-party audit of our Sharjah and Egypt offices, which demonstrated full compliance with internationally recognised ISO standards and our Zora Gas plant achieved four years of injury-free work.

Corporate social responsibility and sustainable development remain core to our values, and we continue to support our local communities. Initiatives include supplying better quality education; delivering improved medical services; and, infrastructure, such as electricity supply and roads; as well as supporting employment opportunities in our local communities.

Our fourth Sustainability Report will be published this year, in accordance with the Global Reporting Initiatives Standards. In it, we will highlight our actions, progress and initiatives related to economic, environmental and social performance matters.

Conclusion

Our overall business performance in 2019 was strong, and I would like to take the opportunity to thank the Board, Dana Gas management and staff, as well as our many contractors and other stakeholders for their support in making last year such a success. Our operations continue to remain strong. However, we are entering an unprecedented time of uncertainty with unstable oil prices impacting all industries. Our focus this year remains on what we can control: keeping our staff safe, our facilities operational, protecting our environment, supporting our local communities and prudently managing our cash position.

Dr. Patrick Allman-Ward
CEO of Dana Gas

Board of Directors

HH Sheikh Ahmed Bin Sultan Al-Qasimi
Honorary Chairman

H.H. Sheikh Ahmed Bin Sultan Al-Qasimi Honorary Chairman of Dana Gas PJSC, Deputy Ruler of Sharjah and Chairman of the Sharjah Petroleum Council.

Mr. Abdul Hameed Dhia Jafar
Chairman of the Board

Mr. Abdul Hameed Dhia Jafar attended St. Paul's School in London, and subsequently studied at Churchill College, Cambridge University, where he obtained his Bachelor's Engineering Degree (specializing in Thermodynamics & Fluid Flow), followed by a Master's Degree.

Mr. Abdul Hameed Jafar is the Founder and Chairman of the Crescent Group of companies headquartered in Sharjah in the UAE, with regional offices in the Middle East and the UK. The group is engaged in a variety of commercial ventures including container port operations, logistics, real estate, power generation and private equity.

Mr. Jafar also promoted a culture of transparency and accountability in the Gulf Region through the "Pearl Initiative" (whose Board of Governors he chairs), founded in cooperation with the United Nations Office of Partnerships.

Mr. Jafar is the founder of the UAE Chapter of the Young Presidents Organization and the World Presidents Organization (now 'YPO Gold'), and is also a member of the International Chief Executives Organization. In addition, Mr. Jafar has a wide range of philanthropic interests involving disabled and disadvantaged children, cancer treatment and education. He is a member of the Board of Trustees of the American University of Sharjah.

Mr. Rashed Saif S. Al Jarwan Al Shamsi
Vice Chairman & Chairman of the Board Steering Committee

Mr. Rashed Saif Al Jarwan Al Shamsi holds a Bachelor's Degree in Petroleum & Natural Gas Engineering from "Pennsylvania State University", USA.

Mr. Rashed Al Jarwan is the Vice Chairman of Dana Gas. He also serves on the Board of several institutions such as the Emirates General Petroleum Corporation (EMARAT), Oman Insurance Company, DIFC Investments (DIFCI), Mashreq Bank and Al Ghurair Holding Company.

He has extensive oil and gas experience over more than 40 years. Mr. Al Jarwan held the position of Acting CEO for one year and General Manager in Dana Gas for 3 years. Earlier he held the position of General Manager in ADGAS for 8 years and several technical and managerial posts in the ADNOC Group of companies in Abu Dhabi for 28 years. He also served on the board of the National Petroleum Construction Co., the National Drilling Co. in Abu Dhabi and the Sharjah Industrial Development Co. and Fertil Company in Abu Dhabi.

In addition, Mr. Al Jarwan is the Chairman of the Board Steering Committee in Dana Gas.

Mr. Varoujan A. Nerguizian

Director & Chairman of the Audit & Compliance Committee

Mr. Varoujan A. Nerguizian holds Sciences Economiques Degree from Saint Joseph University, Lebanon and from Université Lyon Lumière, France.

Mr. Varoujan Nerguizian is the General Manager of Bank of Sharjah, UAE since 1992. He is the Chairman and General Manager of Emirates Lebanon Bank SAL in Lebanon (member of the Bank of Sharjah Group) since 2008.

Mr. Nerguizian is also a Founding Member and Chairman of the Lebanese Educational Fund SA and the Lyceé Libanais Francophone Prive in Dubai, a non-profit educational initiative that caters to the needs of the Lebanese and Francophone communities of the UAE since 2003.

In addition, he serves on the Board of Growthgate PEF, "Pearl Initiative" and the Board of Trustees of the American University of Sharjah.

Mr. Nerguizian is a Founding Member of Dana Gas and the Chairman of the Audit & Compliance Committee. In addition, he also is a member of the Board Steering and Reserves Committees.

Mr. Said S. Youssef Arrata

Director & Chairman of Reserves Sub-Committee

Mr. Said S. Youssef Arrata holds a B.Sc. Degree in Petroleum Engineering from North America universities and numerous oil and gas industry technical and management course diplomas.

Mr. Said Arrata is the Chairman and Chief Executive Officer of Delta Oil and Gas in the United Kingdom, which is involved in exploration and production of oil and gas concessions.

He has extensive oil and gas experience of over 40 years. Mr. Arrata is the former Chairman and Chief Executive Officer of Sea Dragon Energy Company in Canada until 2015. He is a former Co-Founder and CEO of Centurion Energy International in Egypt in addition to having held senior management positions in major global oil companies in Canada and around the world.

In addition, Mr. Arrata is the Chairman of the Reserves Committee in Dana Gas and is a member of the Board Steering and Corporate Governance & Remuneration Committee.

Mr. Abdullah Ali I. Almajdouie

Director

Mr. Abdullah Ali I. Almajdouie holds a Bachelor's Degree in Industrial Management and Master's Degree in Business Administration from King Fahd University of Petroleum and Minerals in Saudi Arabia.

Mr. Abdullah Almajdouie is the Vice Chairman of Almajdouie Holding Company since 1986. He is holding several chairs in GCC companies as Almajdouie De Rijke Logistic Co. in KSA, Star Marines Services in Dubai, Petrology LLC in Bahrain and Raya Financing Co. in KSA.

Mr. Almajdouie is also the incumbent Vice Chairman of Dhahran International Exhibitions Co. and serves on the board of several companies as Arab Union of Land Transport in Jordan, Arab Paper Manufacturing Co. and Prince Mohammed Bin Fahd University in KSA. In addition, he is a Counseling Member in Tharawat in Dubai and a member of social & charitable organizations in Saudi Arabia and in GCC as well.

Mr. Almajdouie is a member of the Audit & Compliance Committee.

Mr. Abdul Majid Abdul Hamid D. Jafar
Board MD

Mr. Majid Jafar holds a Bachelor's and Master's Degrees in Engineering (Fluid Mechanics and Thermodynamics) from Cambridge University (Churchill College), as well as an MA (with Distinction) in International Studies and Diplomacy from the University of London's School of Oriental & African Studies, and an MBA (with Distinction) from Harvard Business School, USA.

Mr. Majid Hamid Jafar is the CEO of Crescent Petroleum, the main founder and largest shareholder of Dana Gas. He is the Vice-Chairman of the Crescent Group of companies, a diversified family business group headquartered in Sharjah in the UAE and active across different industrial sectors and countries. His previous experience was with Shell International's Exploration & Production and Gas & Power Divisions in Europe.

In addition to his energy industry positions, he serves on the Board of the Arab Forum for Environment and Development, Queen Rania Foundation and the Iraq Energy Institute. He is also a member of the GCC Board Directors Institute and the Young Presidents Organization, and is an Accredited Director of the Institute of Directors (IoD Mudara). In addition to being the Managing Director of Board Affairs he also is a member of the Audit & Compliance and Board Steering Committees.

Mr. Ziad Abdulla Ibrahim Galadari
Director

Mr. Ziad Abdulla I. Galadari holds Bachelor's of Laws (LLB) Degree from UAE University.

Mr. Ziad Galadari is the Founder and Chairman of Galadari Advocates & Legal Consultants. He has been practicing as Advocate, Legal Advisor and Arbitrator since 1983.

Mr. Galadari is the Chairman of Galadari Investments Group. In addition, he serves as a Member of the Board of Dubai World Trade Centre and Emirates Integrated Telecommunications Company PJSC (DU).

Mr. Galadari is a member of the Corporate Governance, Remuneration & Nominations Committee and Reserves Committee.

Mr. Hani Abdulaziz Hussain Al Terkait
Director & Chairman of CGR&N Committee

Mr. Hani Abdulaziz Hussain Al Terkait holds a Bachelor's Degree in Chemical Engineering from University of Tulsa in USA.

Mr. Hani Al Terkait served as the Oil Minister in Kuwait until 2013 and Chief Executive Officer of Kuwait Petroleum Corporation (KPC) from 2004 until 2007.

Mr. Al Terkait currently serves on the Board of several companies as Kuwait Foundation for the Advancement of Science and Kuwait Foundation for the Advancement of Science. Previously he held various executive positions in several oil and petrochemical companies in Kuwait as Kuwait National Petroleum Co., Petrochemical Industries Co., Public Authority for Industry, Hoechst German and Ikarus Petroleum Industries Company.

Mr. Al Terkait is the Chairman of the Corporate Governance, Remuneration & Nominations Committee and a member of the Board Steering Committee.

Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri
Director

Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri holds a Bachelor's Degree in Business Communications Technology from Staffordshire University in the UK.

Mr. Shaheen Almheiri is currently the General Manager of Al Rubaya Group since 2001. Al Rubaya Group is a leasing and real estate management company, commercial agent and represents international companies.

Mr. Almheiri also holds the position of Vice Chairman, Electromechanical Co., Sole Agent for SIEMENS in Abu Dhabi, United Arab Emirates.

Previously Mr. Almheiri was the Assistant Director of Marine Management at Abu Dhabi Environment Authority until 2010 in addition to which he has board membership in the National Corporation for Tourism and Hotels since 2010.

Mr. Shaheen Almheiri is a member of the Corporate Governance, Remuneration & Nominations Committee and the Reserves Committee.

Mr. Jassim Mohamedrafi Alseddiqi Alansaari
Director

Jassim Alseddiqi is the Chief Executive Officer of SHUAA Capital psc, the DFM-listed entity and a leading asset management and investment banking platform created by the merger of SHUAA Capital and Abu Dhabi Financial Group ("ADFG"), with c. US$14 billion in assets under management and with offices throughout the Middle East and the United Kingdom.

Jassim is known for his dynamic and innovative approach, having pioneered many investment strategies in the region. He is currently the Chairman of Gulf Finance House (GFH), SALAMA Islamic Arab Insurance Company, Eshraq Investments, Khaleeji Commercial Bank and The Entertainer. He also serves on the boards of First Abu Dhabi Bank (FAB), Abu Dhabi Capital Group, ADNOC Distribution and Dana Gas.

Jassim holds a BSc in Electrical Engineering from the University of Wisconsin-Madison and an MSc in Electrical Engineering from Cornell University. He has also served as a noted lecturer at the Abu Dhabi-based Petroleum Institute.

Mr. Nureddin S. M. Sehweil
Director

Mr. Nureddin S.M. Sehweil holds a BSC Degree in Petroleum Engineering from Louisiana State University, USA.

Mr. Nureddin Sehweil is the Chief Executive Officer of UAG and Uni-Arab Engineering & Oilfield Services in Abu Dhabi.

Mr. Sehweil's experience extends nearly 46 years in the E & P areas. He started his oil & gas career with Mobil Oil Corporation and Consolidated Natural Gas in the Gulf of Mexico area and has experience of over 7 years in the Nuclear Power generation business.

He serves on the board of several companies as Gulf Navigation Holding PJSC, Uni-Arab Group and its subsidiaries and partnerships in the Oil and Gas Engineering, Services and Supplies, Newline Soosan ENS, Newline Huvis Water and Newline Orbitech in the nuclear power generation services sector.

Mr. Sehweil is a member of the Audit & Compliance Committee, the Corporate Governance, Remuneration & Nominations Committee and the Reserves Committee.

Dana Gas has adopted the concept of the International Advisory Board (IAB). The purpose of this Board is to provide strategic advice to the Board of Directors and the management, as well as to identify specific business opportunities and build relationships worldwide.

(Left to right)

Mr. Kai Hietarinta
Former Vice Chairman of Neste Oy of Finland

Dr. Joseph Stanislaw
Former CEO of Cambridge Energy Research Associates (CERA)

Mr. Nordine Ait-Laoussine
Former Algerian Oil Minister and former Head of Sonatrach

Sir Graham Hearne
Chairman of the International Advisory Board, former Chairman of Enterprise Oil plc of the UK

Ms. Razan Jafar
Secretary of the International Advisory Board

Mr. Hamid Dhiya Jafar
Chairman of Dana Gas

Lord Simon of Highbury
Former Chairman of British Petroleum (BP)

Dr. Burckhard Bergmann
Former member of the Board of Russian gas company Gazprom

Dr. Nader Sultan
Former CEO of Kuwait Petroleum Corporation and Director of the Oxford Energy Seminar

Senior Executive Management

Dr. Patrick Allman-Ward
Chief Executive Officer

Dr. Patrick Allman-Ward is CEO of Dana Gas. He is an accomplished international energy executive with over 36 years of experience in the oil and gas industry. He has held senior positions in locations all over the world, including Europe, the Far East and the Middle East.

Dr. Allman-Ward started his career at Shell in 1982, where he gained extensive experience in a wide range of fields and held many senior positions. Dr. Allman-Ward joined Dana Gas in August 2012 as the General and Country Manager of Dana Gas Egypt. In 2013 Dr. Allman-Ward was selected by the Dana Gas Board to take over as CEO of the Dana Gas Group. Dr. Allman-Ward studied geology at Durham University and earned his PhD from the Royal School of Mines, Imperial College London.

Chris Hearne
Chief Financial Officer

Chris Hearne is the Chief Financial Officer (CFO) of Dana Gas. He joined the Company in early 2016. Previously, Mr. Hearne was with Serica Energy plc, an international oil exploration and production company listed on the AIM market in London, where he served as CFO and Director from 2005. Mr. Hearne has over 20 years' experience within the oil industry having been CFO and Senior Vice President of Erin Energy, a NYSE listed company with oil assets across Africa, and with Intrepid Energy North Sea Limited.

Mr. Hearne was originally an investment banker and has extensive experience of corporate finance transactions, including capital markets and M&A. He spent 10 years with Lehman Brothers International and Robert Fleming & Co.

Duncan Maclean
Legal and Commercial Director

Duncan Maclean is Legal and Commercial Director of Dana Gas. Mr. Maclean joined Dana Gas in 2014 as the Commercial and Business Development Director.

Previously, Mr. Maclean was a partner with a leading international law firm based in Perth, Australia, and was the Co-Chair of the firm's global energy and resources group. Mr. Maclean is admitted to the Supreme Courts of Western Australia, South Australia, the Northern Territory and the Federal and High Courts of Australia. He has over 25 years' extensive experience of practicing international energy law.

Mike Seymour
Head of HSSE & Sustainability

Mike Seymour is Head of Corporate HSSE and Sustainability for Dana Gas. He joined the Company in early 2020. He is an accomplished HSSE and Sustainability professional with over 30 years international experience in environment, health & safety, social performance and non-technical risk management, particularly in the upstream oil and gas industry.

Prior to joining Dana Gas, Mr Seymour was Principal Adviser on environmental and social risk management to the UK Government's Export Credit Agency, UK Export Finance. Previously, he spent 20 years with Shell International in various positions around the world for the Upstream Exploration & Production and Gas & Power businesses, including in the Netherlands, Brunei, China, Singapore and Australia. He started his career in UK-based consultancies, spending 10 years advising multinationals, financial institutions and donor agencies on environment and occupational health & safety.

Over his career, Mr Seymour has initiated several industry leading and innovative partnerships with scientific/academic institutions and Non-Governmental Organisations and been invited onto industry and government advisory committees. An environmental scientist by background, he also holds professional qualifications and membership of various leading institutes and associations.

Ramganesh Srinivasan
Head of Human Resources

Ramganesh Srinivasan joined Dana Gas in 2009 and is heading the HR function since 2015. He has over 18 years of human resources experience in multinational and multicultural organisations. Prior to moving to the oil & gas industry, Ram worked in various capacities in HR in the IT sector.

He is experienced in People Capability Maturity Model (PCMM), Six Sigma and Integrated Competency & Learning Management. Ram holds a MBA in HR and Systems and other professional certifications and credentials in the areas of Reward Management, Job Measurement, and Rational Emotive Behavioral Technique.

Donald Dorn-Lopez
General Manager – Egypt

Donald Dorn-Lopez is the Dana Gas Egypt "General Manager" and the acting "Group Technical Director" for Dana Gas PJSC. With more than 30 years-experience in oil and gas, Donald has held senior positions including Technical Director – Country COO for Max Petroleum in Kazakhstan as well as various other roles for Mobil Oil, British Petroleum, Conoco and Maersk. Donald began his career as a Geoscientist and progressed through technical team leadership, E&P management, operations management to executive management.

Donald holds a Bachelors' Degree in Geology and Geophysics from San Diego State University in the United States and has undergone various executive leadership training with leading institutes.

Shakir Shakir
Dana Gas Iraq Country Manager

Shakir is the Iraq Country Manager for Dana Gas and has held this position since 2007. Prior, Shakir was the Iraq-Countrywide Cognizant Technical Officer (CTO) and he was the General Development Specialist and Activity Manager for the United States Agency for International Development (USAID) – Iraq Mission, from 2003 to 2007 he was also assigned and worked in developing several sectors like Oil & Gas, Agriculture, Education, Local Governance, Economic Growth, Power Generation and building the infrastructure projects in Kurdistan region and Iraq under USAID activities and budget in Iraq.

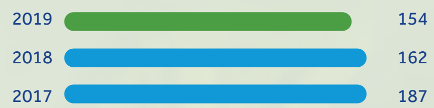
From 2001 through 2003, he managed the Integrated Rural Agricultural Rehabilitation Program in the United Nations Food and Agriculture Organization (UNFAO) in Kurdistan Region of Iraq.

Shakir is a member of the Iraqi Physics & Mathematics Society. He obtained a B.Sc. in Physics from the College of Science of the Al-Mustansiriyah University, Baghdad in 1993. He completed Iraq Public Policy & Leadership Program at the American University of Sharjah – UAE in 2013.

Egypt

Independent of the outcome of the strategic review, Dana Gas is committed to continuing the operation of its assets in Egypt to maximise production and value to the Company and its stakeholders

Gas production mmscf/d



154 **mmscf/d**

Average Gas Production

2019 Highlights

- **Produced an average of 33,000 boe/d in 2019.**
- **The Balsam field reached maximum production of 18,800 boe/d of gas and condensate.**
- **Production optimisation measures significantly mitigated natural field declines.**
- **Record collection from condensate export shipments to 3rd parties and direct sale to EGPC through irrevocable letter of credit.**

Overview

Dana Gas has operated in Egypt through its subsidiary, Dana Gas Egypt (DGE), since 2007, where it has focused on developing and providing natural gas and gas liquids, including condensate and LPG. Since entering Egypt, DGE has become the nation's fifth largest gas producer.

DGE operates 14 development leases onshore in the Nile Delta, all with 100% working interest. In addition, DGE operates Block 6 North El Arish offshore concession area with 100% working interest, currently in the exploration phase. It also owns a 50% non-operated interest in the Block 3 El Matariya concession area onshore the Nile Delta, also in the exploration phase.

The exploration portion of the onshore Block 1 North El Salhiya concession area was relinquished towards the end of 2018, with one development lease application finally awarded in late 2019. DGE also has a partial interest (through its Danagaz Bahrain subsidiary) in a high efficiency NGL recovery plant in the Gulf of Suez with annual capacity of 130,000 tons.

In 2019, the Company appointed financial advisors to look at the possible sale of its Egyptian assets as part of a strategic review. This review is a matter of portfolio management given the significant growth potential the Company has in the KRI, which contains more than 90% of the Company's proved plus probable (2P) reserves.

Independent of the outcome of the strategic review, Dana Gas is committed to continuing the operation of its assets in Egypt to maximise production and value to the Company and its stakeholders.

Condensate bbl/d

2019	4,766
2018	4,982
2017	6,020

LPG production MTPD

2019	222
2018	221
2017	196

Production Kboe/d

2019	33
2018	34.5
2017	39.5

4,766 bbl/d
Average Condensate Production

222 MTPD
Average LPG production

33,000 boe/d
Average production Egypt

Production

Production declines are a natural part of the business and therefore require investment to offset any decline. The planned workover activity in 2019 was delayed due to equipment availability. The fields' natural decline rate of 20% on average was partially compensated by production optimization strategies at the field and plant levels. Based on very good well production performance, the Balsam Field production was increased by 12% in 2018 and maintained that uplift throughout 2019. The rigless re-perforation activity on the Azhar well, which had been shut in for 4 years, further increased gas production by 3.5 MMscf/d. The operations team put significant effort into reservoir management in order to maintain maximum output which led to significant results and the Company's year-on-year output only fell by 4% to 33,000 boe/d – far lower than the natural field decline rate of circa 20%.

Strategic review of the business may result in the sale of the assets.

In 2019, daily sales gas production averaged 154 MMscf/d, condensate production averaged 4,766 bbl/d and LPG averaged a daily rate of 222 MT. This totalled 33,000 boe/d in 2019 compared to 34,500 boe/d in 2018.

The Company continued to maximise production from its onshore assets through careful reservoir optimisation, managing the rate of offtake for maximum value to our shareholders. We turn now to an update on Exploration and the prospects for future production growth:

Block 1 (North El-Salhiya concession)

The East South Abu El Naga-1 well, a successful exploration well from last year was converted into a development lease in late 2019, and production began in January 2020. The remainder of Block 1 was relinquished at the end of 2018.

Block 3 (El-Matarya onshore concession)

This concession is operated by BP. Dana Gas has identified 3 exploration prospects, proximally located to existing production. If successful, these can be quickly brought on stream through existing facilities.

Block 6

A significant 2019 activity was the drilling of the Merak-1 deep-water offshore well, where the Miocene objective section was tested, and operations concluded in July, 2019. The well reached a depth of 3,890 metres in 755 metres of water. Merak-1 well did not encounter commercial hydrocarbons and was abandoned as a dry hole.

This was the first offshore deep-water well drilled by Dana Gas, and despite many challenges, the operations were performed to the highest safety and environmental standards. The well was completed efficiently, on time and below budget, without any incidents.

Despite disappointing initial results from the shallow objective section in the Merak-1 well, the Block 6 exploration acreage remains highly prospective. Exploration potential remains in the deeper Oligocene reservoir section in the Merak structure which can be accessed cost-effectively by deepening the well. Additional major exploration potential also remains in other prospects in the Block, including multiple reservoir targets in the Thuraya Prospect, a Cretaceous reef prospect with Oligocene clastic reservoir draping the structure.

DGE operates 14 Development Leases onshore at the Nile Delta, all with 100% working interest.

Condensate shipments

Under the Gas Production Enhancement Agreement (GPEA) which provides payment of government receivables through marketing and exporting both the Company and government share of condensate for volumes accessed through Dana Gas investment, the Company continued to export incremental condensate. In all, Dana Gas has delivered 11 export cargos through the Midor export terminal from Q4 2016 to Q2 2019 at an average volume of 155,000 barrels per shipment. On average, one shipment was exported every two months. The total received for all 11 cargoes was $105 million, of which three cargoes were shipped during H1 2019 with total collections of $28 million.

Beginning in July, 2019, and driven by growing domestic demand for El Wastani condensate at the Tanta refinery, EGPC elected to exercise its right under the GPEA to buy the full volume of incremental condensate through an irrevocable revolving letter of credit. EGPC delivered a letter of credit covering the full $20 million value of the incremental condensate volume in Q3 2019 and replenished the letter of credit for Q4 2019 incremental condensate with an additional $20 million. Total collections received from direct condensate sales to EGPC during H2 2019 was $30 million.

Reserves

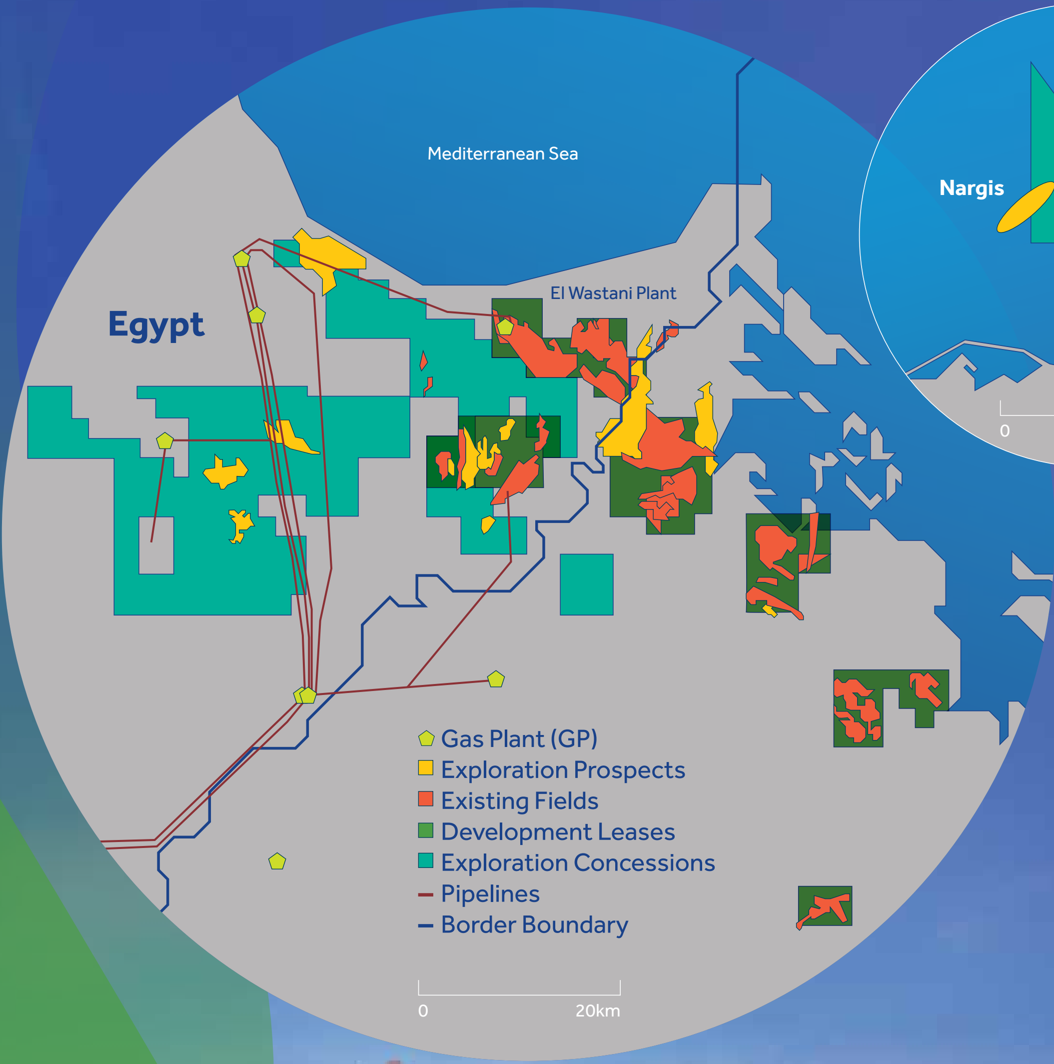
Gaffney, Cline & Associates (GCA) again carried out an independent evaluation of DGE's reserves at year-end, 2019. As of 31 December 2019, the remaining 2P reserves are 73 MMboe, compared to 89 MMboe at 31 December 2018). Reserves decrease because production was not replaced through exploration drilling activity.

EBGDCO

The Company holds a 26.4% interest in an NGL recovery plant located In the Gulf of Suez, with capacity to extract up to 130,000 tons per annum of propane and butane from a gas stream of up to 150 MMscf/d of rich gas. In 2019, the plant only received 121 MMscf/d of feed gas, from which 76,300 tons of propane and butane products were extracted. During the year, plant availability and reliability was 99%.

Two significant changes occurred in 2019. First, EGPC agreed to buy the propane directly, thus avoiding the need to import these volumes. This saved EBGDCO some cost of sales relating to marketing and transportation costs. Second, EGPC agreed to a price formula that netted an additional $150 per ton for propane compared to the export pricing.

However, even with these two positive developments, the reduction in feed gas quantity and lower than planned propane content in the feed gas failed to generate sufficient revenue. The project continues to be under pressure to meet its financial obligations and return a profit.

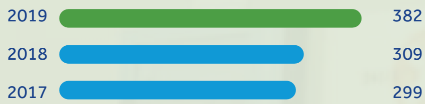

Mediterranean Sea
Egypt
El Wastani Plant
Gas Plant (GP)
Exploration Prospects
Existing Fields
Development Leases
Exploration Concessions
Pipelines
Border Boundary
0
20km


Thuraya
Nargis
Merak
Galina
Opal
Gaza
Egypt
0
80km

Kurdistan Region of Iraq (KRI)

Over 90% of Dana Gas' proven reserves are located in the KRI, so we continue to focus here to deliver on this vast potential

Gross gas production mmscf/d*



382 **mmscf/d**

*Gross gas production

***Dana Gas interest is 35%**

2019 Highlights

- **Production of 31,500 boe/d, an 18% increase.**
- **Reserves up 10% to over 1,000 MMboe.**
- **A 2-year Gas Sales Agreement was signed with the government for the supply of 250 MMscf/d of gas production.**
- **Dana Gas plans to increase current production from 400 MMscf/d to 900 MMscf/d.**

Overview

The Kurdistan Gas Project was established in 2007 in the Kurdistan Region of Iraq (KRI). Dana Gas and Crescent Petroleum entered into an agreement with the Kurdistan Regional Government (KRG) for exclusive rights to appraise, develop, produce, market, and sell hydrocarbons from the Khor Mor and Chemchemal Fields, allowing the government to benefit from stable gas supply for regional power generation. Production from the Khor Mor gas processing plant and the 180 km pipeline supplies gas to power stations in Chemchemal, Bazian and Erbil, generating over 2000 MW of electricity.

Gross condensate production bbl/d*

2019	14,638
2018	13,045
2017	12,885

Gross LPG production MTPD*

2019	991
2018	976
2017	914

Net production boe/d

2019	31.5
2018	26.7
2017	25.8

14,638bbl/d
Gross condensate production

991MTPD
Gross LPG production

31,500boe/d
Net production

Production from these newly built facilities began in October 2008, which was within 15 months from project initiation – an industry record. In 2009, Pearl Petroleum (PPCL) was formed as a consortium, with Dana Gas and Crescent Petroleum as shareholders (initially 50% each). Today, Dana Gas and Crescent Petroleum now each own 35% after OMV, MOL, and RWE joined PPCL, purchasing a 10% share each.

The Kurdistan Gas Project was the first time that an international oil and gas company began producing gas in the KRI. To date, all of the gas produced by the Company has been used for in-country power generation, providing affordable electricity in the KRI. In addition, the Khor Mor processing plant produces natural gas liquids (NGL or gas condensate) and liquefied petroleum gas (LPG), which are sold to the KRG and local traders. Initially, the Khor Mor plant produced around 300 MMscf/d.

However, as a result of de-bottlenecking activities concluding in October 2018, the daily rate has increased to approximately 400 MMscf/d, together with 15,000 bbl/d condensate and over 1,000 MTPD of LPG.

By early 2012, PPCL had invested around $1 billion in the region, increasing to $1.6 billion by the end of 2019. This investment has allowed PPCL to produce 290 MMboe, resulting in over $20 billion of fuel cost savings and other economic benefits for the KRI. Further investment is underway to expand production from the initial 300 MMscf/d up to 900 MMscf/d by 2023, together with associated liquids. This will generate up to $400 million of additional revenues and cash flow annually.

Full-time operations are predominantly staffed by local nationals, which represent over 80% of the workforce. Local staff continue to be trained to increase this further. The Company has also contributed directly to local communities, supplying local power, education, and healthcare facilities, as well as sponsoring support programs for internally displaced people in Iraq.

There was significant activity in the KRI during 2019 and KRI operations remain a key Company focus. The Company recorded strong operational and financial performance, bolstered by higher production output, regular collections, and the payment of overdue receivables.

Production output in the KRI jumped 18% year-on-year to 31,500 boe/d. This was a result of our debottlenecking project that came on-stream in late 2018. This increase in production added $40 million to the Company's top line

During the year, a work-over program was completed on five out of six existing development wells in the Khor Mor Field. Additionally, two appraisal wells were drilled in the Khor Mor Field and one in the Chemchemal Field.

The KRI operations remain exciting and the key focus for the Company going forward. In 2019 Dana Gas reserves increased by 10% to 1,087 MMboe, which constitutes 90% of the Company's reserves.

Production

The Khor Mor facilities are jointly operated by Dana Gas and Crescent Petroleum on behalf of PPCL. During 2019, daily production averaged 382 MMscf/d sales gas, 14,638 bbl/d condensate and 991 MT LPG. Dana Gas's net production averaged 31,500 boe/d, an 18% increase compared to the previous year. This was primarily due to debottlenecking activities which were completed and on-stream in Q4 2018, increasing gas output to nearly 400 MMscf/d. This was a notable achievement by the KRI team who delivered the project safely, efficiently, and cost-effectively.

Reserves

The significant reserves in Khor Mor and Chemchemal were independently audited by GCA in April 2019. Their report showed that Dana Gas' share of the Khor Mor and Chemchemal 2P reserves was 4.4 Tscf gas, 136 MMbbl condensate and 13.3 million MT LPG. The report showed that Dana Gas reserves increased by 10% to 1,087 MMboe. Part of the increase in reserves was due to the booking of 18 MMbbl of oil reserves for the first time in the Kor Mor field. This places the Khor Mor and Chemchemal fields among the biggest gas fields in the whole of Iraq, making them world-class assets.

Growth

The Company will unlock multi-billion dollars' worth of value through executing the Khor Mor and Chemchemal field development activities. The initial phase of this production increase was the fast-track de-bottlenecking project of the existing Khor Mor gas processing plant. The expansion, which was completed in October 2018, comprised a series of plant additions and modifications to debottleneck throughput, increasing daily gross output capacity by 30% (from 305 MMscf to 400 MMscf), as well as a further 2,000 bbl/d of condensate.

Early in 2019, PPCL signed a 20-year gas sale agreement with the KRG that will facilitate the production and sale of an additional 250 MMscf/d of gas. The expansion plan will see the daily gas and condensate gross outputs increase to 650 MMscf and 25,000 bbls, respectively, in 2022. By 2023, a total of 900 MMscf gas and 35,000 bbls condensate are expected. The current daily output is 400 MMscf gas and 15,000 bbls condensate; LPG production will remain unchanged at 1,000 metric tons.


Turkey
Syria
Iran
Pirdawood PP
Chemchemal
Baziyan PP
Chemchemal PP
Kurdistan Region of Iraq
Khor Mor
Block 20
Block 19
Pearl Pertroleum Blocks
Iraq Boundary
Power Plants (PP)
KM Gas Plant
Pipelines

UAE

Production ceased in the Zora Field in 2019

2019 Highlights

- **Produced 1,000 boe/d in 2019.**
- **The Company ceased production from the Zora Field in September 2019.**

Zora Field

Average production in the UAE's Zora Field fell to an average of 1,000 boe/d over the first eight months of the year. As of 3 September 2019, the Company ceased production and gave notice of relinquishment. Final decommissioning and abandonment activities are underway.

UAE Gas Project

The UAE Gas Project involves the purchase of 600 MMscf/d imported gas sourced from the National Iranian Oil Company (NIOC) for transportation, processing, and sale in the UAE. Gas was to be received at the offshore riser platform, connected to the Mubarak oil field infrastructure then transported via a 30-inch pipeline to the SajGas processing plant in Sharjah. At SajGas, the gas was to be sweetened to remove the sulphur content and natural gas liquids (condensate) extracted for sale within the UAE. Both the offshore riser platform and pipeline are owned by the United Gas Transmission Company, which is wholly owned by Dana Gas, as is the SajGas processing plant.

CNGCL (in which Dana Gas owns a 35% equity share) is the gas marketing company set up to sell gas domestically within the UAE and market the liquids and sulphur products to regional and international customers. However, gas was never supplied by NIOC when the project was scheduled to start in 2005.

Accordingly, gas sales and purchase contract between Dana Gas' partner, Crescent Petroleum, and the NIOC for the supply of gas has been the subject of international arbitration since June 2009. In 2014, the tribunal ruled in favour of Crescent Petroleum, finding NIOC to be in breach of contract and liable for damages.

A hearing was held in October 2017 to determine the amount of damages payable by NIOC for the breach of contract during the period from 2005 to 2014, with a final Award expected within 12 months of that hearing. Unfortunately the Tribunal did not issue its Award within that period with members of the Tribunal resigning prior to the issuing of an Award. A new Tribunal was constituted through the ICC following the resignations of some members of the original Tribunal. The new Tribunal has indicated that an Award can be made on the basis of the existing evidence and papers and that additional hearings do not need to take place other than one to clarify certain legal questions. That clarification hearing was held in August 2020. The new Tribunal is expected to issue its damages Award in early 2021.

In 2019, Dana Gas was informed that Crescent Petroleum had commenced a second arbitration with a new tribunal, this time addressing a claim for damages from 2014 until the end of the contract period in 2030.

Net production boe/d

2019	1,000
2018	1,200
2017	1,650

1,000 boe/d

Net production

The UAE Gas Project involves the purchase of 600 MMscf/d imported gas for transportation, processing and sale in the UAE.

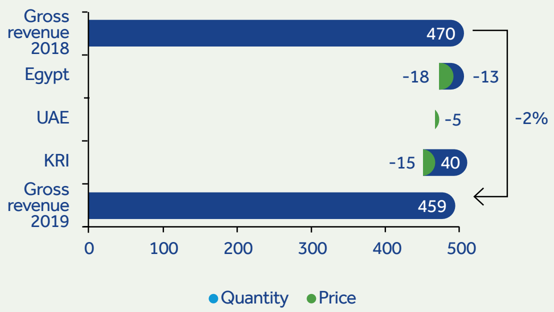
The Company reported its highest annual profit in over seven years delivering another year of strong financial and operational performance

Key financial metrics

	2019 ($ million)	2018 ($ million)	Change $ million	% Change
Gross Revenue	459	470	(11)	(2)
Gross Profit	127	140	(13)	(9)
Net Profit / (Loss)	157	(186)	343	184
Adjusted Net Profit excluding impairment, earn out and deferred income	115	64	51	80
EBITDA	341	230	111	48
Cash From Operations	253	315	(62)	(20)

Gross revenue

US$mm



Net Profit for the year was $157 million as compared to a loss of $186 million in 2018.

Overview

For the year ended 31 December 2019, Dana Gas reported its highest annual profit in over seven years, delivering another 12 months of strong financial and operational performance. The Company delivered this positive result despite geopolitical challenges in our key operating region and lower energy prices.

During the year, the Company earned gross revenues of $459 million compared to $470 million in 2018. This decrease of 2% was due to lower realised prices which were partly offset by an increase in production in the KRI.

Net Profit for the year was $157 million compared to a loss of $186 million in 2018. On a like for like basis, excluding one off impairments and earn out and deferred income, profit from core operations increased by $51 million to $115 million compared to $64 million in 2018. The increase in like for like profit reflected the Company's strong underlying operational performance.

At year-end 2019, the Company's cash position was $425 million, an increase of 4% compared to $407 million at the end of 2018. The Company collected a total of $285 million during the year, out of which $138 million was collected in Egypt, $139 million in the KRI and $8 million in the UAE.

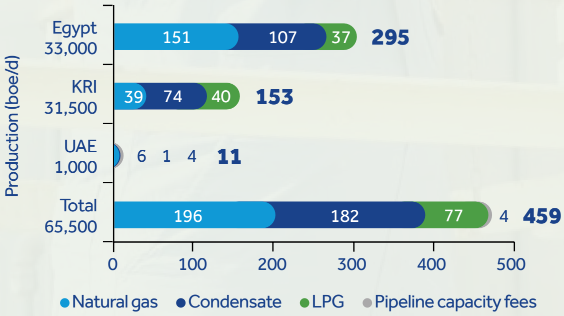
The Company continued its policy of paying an annual dividend to its shareholders and paid a dividend of $105 million in May 2019.

Gross Revenue

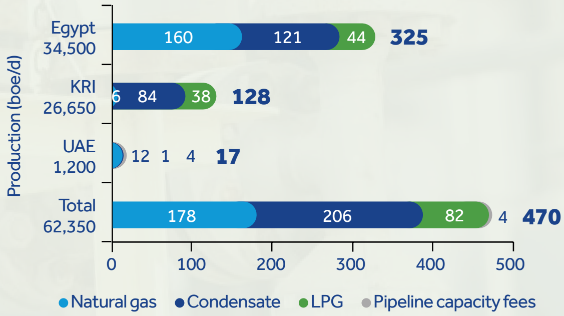
Gross revenue at $459 million was 2% lower than the $470 million earned in 2018. Realised prices for liquids were lower by 15% in 2019 and impacted revenues negatively by $33 million. The decline in production in Egypt and the UAE also negatively impacted revenues, eroding $18 million from the top line. However, these declines were more than offset by the production increase in the KRI which added $40 million to revenues. Realised prices averaged $49/bbl for condensate and $30/boe for LPG compared to $59/bbl and $34/boe, respectively, in 2018.

The Group ended the year with an average production of 66,200 boe/d, an increase of 5% compared to last year's production of 63,050 boe/d. In the KRI, production increased to 31,500 boe/d from 26,650 boe/d in 2018, an increase of 18%. This increase was due to the full year impact of production coming online from the de-bottlenecking project which was completed in quarter four of 2018. The average rate per day of gas, condensate, and LPG in 2019 was 382 MMscf/d, 14,638 bbls/d and 991 MTPD, respectively.

2019 Split Gross revenue by product and geography
US$mm



2018 Split Gross revenue by product and geography
US$mm



In Egypt, the Company's production for the full year averaged 33,000 boe/d compared to the 2018 average production of 34,500 boe/d. This 4% decrease was mainly due to natural field declines and increased formation water production from some wells of the Balsam Field. The decline was partially compensated by the Company putting in place production optimisation strategies at its fields and plant level. The average rate per day of gas, condensate, and LPG in 2019 was 154 MMscf/d 4,766 bbls/d and 222 MTPD respectively.

Egypt contributed $295 million to gross revenue compared to $326 million in 2018. The Company's share of revenue from the joint operations in the KRI stood at $153 million, higher by 20% compared to $128 million in 2018.

Gross Profit

Gross profit of $127 million was lower compared to $140 million in 2019. However, the decline was due to a one-off reversal of $13 million in the first half of 2018. On a like for like basis gross profit remained flat year on year. Gross margins on a like for like basis also remained flat during the year.

Operating and General & Administration (G&A) Expenses

The Company has successfully achieved significant reductions in cost, year on year, since 2014 and has maintained operating cost and G&A expenditure at almost the same level in 2019. Dana Gas is pleased to have kept a tight control on these expenditures and remains focused on improving profitability.

Net Profit

Net profit for the year was $157 million compared to a loss of $186 million in 2018. This increase was mainly due to higher other income and lower finance cost. However, this was partly offset by provision for impairment of $60 million against the Merak-1 exploration well in Block-6 Egypt. The loss in 2018 was mainly due to a one-off non-cash impairment provision of $250 million recognised mainly in respect of Zora Field in the UAE.

On a like for like basis, excluding one-off impairments, earn out and deferred income, profit from core operations increased by $51 million to $115 million compared to $64 million in 2018. The like for like profit performance reflects the strong underlying operations performance of the Company.

Balance Sheet

The balance sheet of the Group remained strong, with total assets of $3.2 billion compared to liabilities of $570 million. Consequently, equity attributable to shareholders stood at $2.63 billion translating into a book value per share of AED 1.38 (2018: AED 1.36).

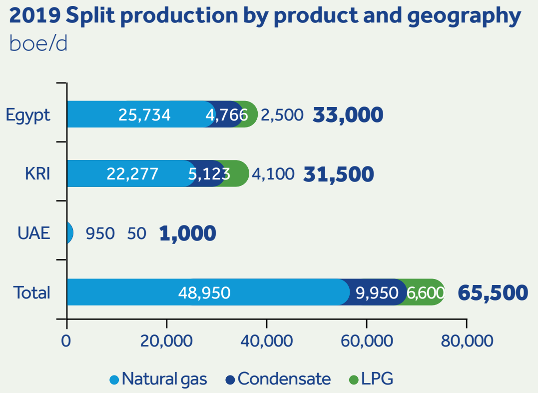
Non-Current Assets

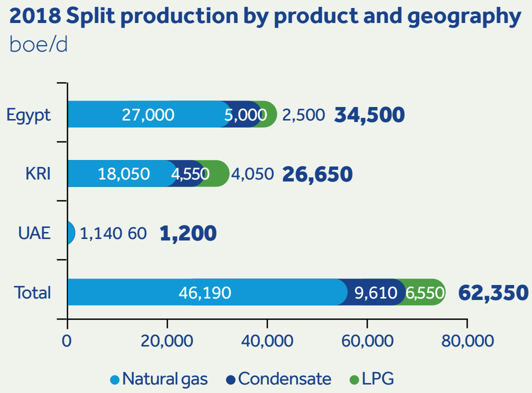
Non-current assets of the Group stood at $2.48 billion as of 31 December 2019, compared to $2.46 billion in 2018, an increase of 1%, mainly due to ongoing capital expenditure in the KRI.

Current Assets

Current assets of the Group stood at $720 million, a 2% increase compared to $706 million as of 31 December 2018. The increase was primarily due to recognition of financial asset at fair value through profit or loss during 2019.

Cash and cash equivalents increased from $407 million to $425 million in 2019, an increase of 4%. Total inflows for the year were $412 million with operational outflows of $258 million. In addition, $136 million was used for debt and equity payments and included $23 million of Sukuk buyback and servicing, $9 million of share buyback and $105 million dividend payment to shareholders.





Dana Gas share of funds held for development decreased from $69 million to $27 million as $42 million was released during the year from these funds to Dana Gas by Pearl Petroleum in accordance with the Settlement Agreement.

Liabilities

Total liabilities reduced from $580 million in 2018 to $570 million in 2019. The decrease in liability was primarily due to reduction in trade payables and accruals offset by the drawdown of funds from project finance in Pearl Petroleum.

Capital Investment

The Company incurred $127 million of capital expenditure during the year of which $70 million was incurred in Egypt and $57 million in the KRI.

In Egypt, the main capital expenditure was on the deep water Merak-1 well in the North El Arish (Block-6) Concession. The well did not encounter commercial hydrocarbons and was temporarily plugged and abandoned and the cost of $60 million was fully provided for in 2019.

In 2019, two appraisal wells in Khor Mor and one appraisal well in Chemchemal were drilled and an additional 5 workovers in Khor Mor were also performed.

The Company's expansion plan in the KRI is on schedule and will raise production to 650 MMscf/d from the current rate of circa 400 MMscf/d.

The Group's trade receivables at the end of the year stood at $135 million as compared to $163 million in 2018. The decrease in receivable was mainly due to higher collections in Egypt as compared to revenue billed.

The Group collected a total of $285 million during the year with Egypt, the KRI and UAE contributing $138 million, $139 million and $8 million, respectively.

In Egypt, the Company collected a total of $138 million and hence realized 127% of the year's revenue. Out of the total, $97 million was received in US dollars, $36 million in equivalent Egyptian pounds and $5 million in the form of offsets against payables. During the year, the Company sold a total of 3 cargoes of condensate with average cargo volumes of 157,000 bbls and collected an amount of $28 million. Starting 1 July 2019, EGPC elected to purchase the full volume of incremental condensate and provided an irrevocable letter of credit for the value of estimated incremental condensate in 2H of 2019.

An amount of $30 million was collected through the letter of credit during the year. At the year end, the trade receivable balance reduced by 21% to $111 million from $140 million at end of 2018.

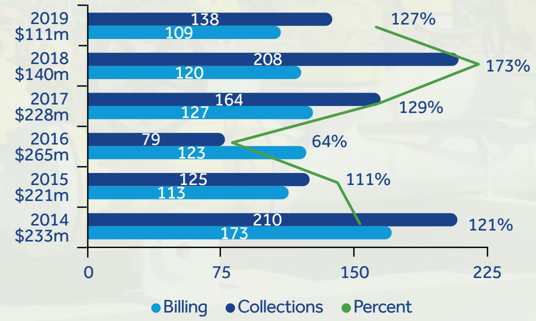
In the KRI, Dana Gas' share of collections for the year 2019 was $139 million and hence the Company realized 91% of the year's revenue. At year end, Group's share of trade receivable stood at $24 million and represented amounts due against local sales for the month of November and December 2019.

Cash Flow

Cash flow from operations decreased from $315 million in 2018 to $253 million in 2019. The decrease in net cash flow from operating activities was primarily due to decrease in collections as compared to 2018. In addition during 2018, $71 million was released by Pearl Petroleum from funds held for development, whereas in 2019 only $42 million was released.

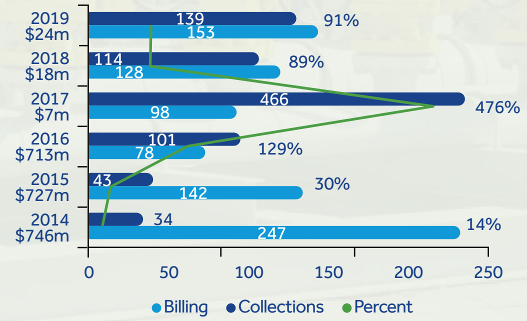
Net cash used in investing activities increased from $56 million in 2018 to $143 million in 2019, an increase of 155%. The increase was mainly due to a higher level of capital expenditure in Egypt and Pearl Petroleum.

Trade receivables – Dana Gas Egypt
US$mm



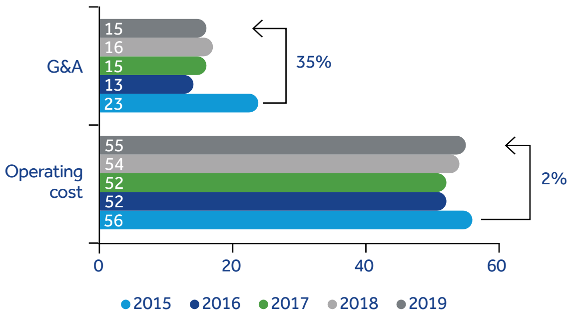
Note: percent calculated as collections divided by net revenue

Trade receivables – Pearl Petroleum
US$mm

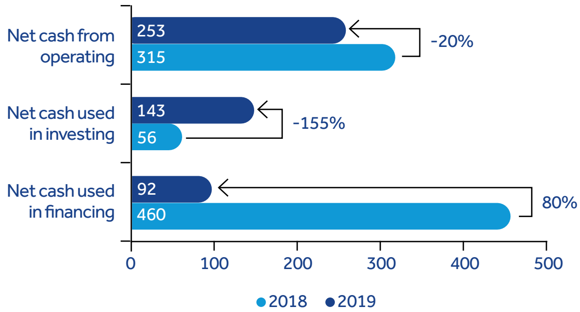


Note: percent calculated as collections divided by net revenue

Operating & General & Administration Expenses
US$mm



Cash flow
US$mm



Net cash used in financing activities for the year 2019 was $92 million, an 80% decrease compared to $460 million in the previous year. In 2018, cash was primarily used for payment of $235 million in respect of upfront principal, accrued profit and costs upon completion of Sukuk restructuring and thereafter Sukuk buybacks amounting to $116 million. In addition a dividend of $95 million was also paid to the shareholders in May 2018. Whereas in 2019, cash was used for buyback of shares and Sukuk amounting to $9 million and $7 million, respectively. In addition a dividend of $105 million was also paid to the shareholders. This was partly offset by a drawdown and distribution of $49 million (DG: 35% share) of the funds preserved for development in KRI by Pearl Petroleum after securing a loan facility.

The Group ended the year with cash and bank balance of $425 million slightly higher than the opening balance of $407 million.

Financing

The outstanding nominal amount of the Company's Sukuk at 31 December 2019 stood at $397 million. The Sukuk matures on 31st October 2020. As reported last year, in September 2018, Pearl Petroleum entered into a $150 million term loan facility for financing its development activities. This financing is non-recourse to the Company. Consequently, the Company's total debt stood at $456 million including it's 35% consolidated share of the Pearl facility.

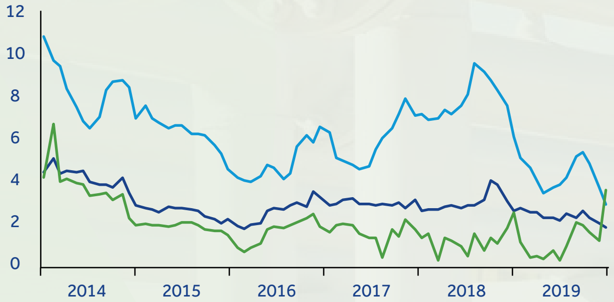
The Company is pursuing various financing options available to deal with the maturity of $397 million of outstanding Sukuk in October 2020. If Dana Gas Egypt is sold, then the Sukuk will be settled immediately using the proceeds from that transaction. If Dana Gas Egypt is retained, the Company is exploring several options for a small financing facility from a number of sources which, along with the Company's current cash balance, and ongoing operating cash flow would be used to settle the Sukuk.

Global energy market overview

The oil price was more stable in 2019 than the previous year. However, several significant events impacted the market. These included the continued commitment from OPEC+ to maintain production cuts, Permian-led US production growth offsetting declining production from Venezuela and Iran due to continued US sanctions, and social and political unrest in Libya. Concerns surrounding supply disruptions also became an issue when Saudi Aramco's Abqaiq plant and the Khurais complex were attacked but quickly dissipated after the 5.7 MMbbls/d of lost volumes were restored over the following month. Global markets continued to rally as the concerns about the US – China trade war and stagnating global growth started to evaporate towards the end of the year.

- Over the year, Brent crude averaged $64/bbl, increasing from $54/bbl at the beginning of the year to $68/bbl by year end. Price volatility, expressed as Brent's low-high spread reduced to $21/bbl in 2019 (from the low of $54/bbl at the start of the year to the high of $75/bbl in April) compared to $36/bbl in 2018. The year ended in steep backwardation as a result OPEC+ cutting more than 2 MMbbl/d of crude production which put the market into a position of undersupply.
- Gas prices in 2019 remained below the low of 2018 due to improving supply and intense supplier competition. The NBP price (UK spot price) averaged $4.8/MMBtu (down 39% from $7.9/MMBtu in 2018). The average JKMLNG import price (Japan spot price) was $5.6/MMBtu in 2019 (down 43% from 2018 when it averaged $9.8/MMBtu). Henry Hub prices (US domestic spot price) averaged $2.50/MMBtu (down 19% from $3.1/MMBtu in 2018). Gas prices for Dana Gas remain fixed in Egypt for its onshore production at $2.65/MMBtu. The gas price in the KRI is linked to the Brent oil price with a defined floor and ceiling.

Gas price performance (Gas price – US$/mmbtu)



Source: Bloomberg. Market data

Oil price performance (Oil price – US$/bbl)

Source: Bloomberg. Market data

During 2019, Dana Gas continued its commitment to improving HSSE standards, strengthening competency development, and driving desired HSSE culture and behaviours

During 2019, Dana Gas continued its commitment to improving HSSE standards, strengthening competency development, and driving desired HSSE culture and behaviours throughout the organisation. The Company takes a proactive approach to managing potential hazards and risks to protect its employees, contractors, local communities, and the environment in which we work.

2019 Highlights

- HSSE performance improvements in terms of lower incident frequency rates and better reporting compared to 2018.
- Zora gas plant achievement of four years injury-free in November 2019.
- Khor Mor plant achievement of 1,276 days with no lost time injury by the end of 2019, representing a period of over three years.
- Improved quality of incident reporting and increased numbers of safety observations.
- More efficient and timely close out of actions from investigations/observations and application of lessons learned, enabling a more proactive approach towards incident prevention and overall safety mitigation.
- A higher number of site visits and safety inspections by middle and senior management teams to operational sites has improved leadership visibility and employee engagement and promoted positive and consistent messages on safety.
- Completion of HSSE training and competency development programs for employees and contractors across the Group. The key focus is on Behaviour-based Safety, Permit to Work, Risk Assessment, Working Offshore, Defensive Driving, Safety Observations, and Incident Investigation.
- Operational environmental improvements at Khor Mor to reduce air emissions from flaring and non-routine events.
- Ongoing development and implementation of asset integrity improvement programs for the Egypt, Kurdistan, and UAE operations, providing greater assurance that each operating asset continues to meet acceptable safety risk and integrity standards.
- Successful third-party compliance audits across all main assets and offices in the UAE, Egypt, and Kurdistan to maintain HSE Management System certifications to international standards (OHSAS 18001, ISO 14001, ISO 45001, and ISO 9001).

Incidents in 2019

Dana Gas Egypt suffered two lost-time injuries during the year, both were contractor staff. One was a sub-contractor who suffered severe burn injuries during truck loading of formation water at a WASCO well site, prior to its transport to a water treatment and disposal plant. The other was a contract rigger, who fractured his leg after slipping from a truck during offloading of pipes for a drilling operation. The incidents were thoroughly investigated by joint teams from Dana Gas, WASCO and the contractor companies and improvements subsequently made to prevent recurrence. As a result, there has been increased emphasis on contractor safety management, in particular the engagement of sub-contractors and HSE competence assurance to help drive improved safety culture and performance.

Challenges faced

The key HSSE challenge areas for Dana Gas in 2019 included:

- Application of consistent and expected workplace safety behaviours and practices.
- Risk identification, assessment, and controls.
- Consistent application of safety and environment procedures and practices.
- Taking proactive actions to prevent near misses and high potential incidents.
- Improved incident investigation and close out of actions.
- Continuous improvement of process safety and safety critical elements.
- Improving contractor safety culture, competence, and quality of on-site supervision.
- Improving community relationships linked to environmental and social impacts.
- Ongoing security threats related to conflicts and acts of terrorism in the regions of operation.

Throughout 2019, the leadership team continued to emphasize reducing HSSE risks and achieving positive progress against the performance targets.

Measuring HSSE Performance

The Group remains committed to open reporting of incidents (major and minor) across the Company, enabling learning and improvements. Group KPIs to measure HSSE performance are as follows:

- Number of fatalities.
- Total recordable injury frequency.
- Number of safety observations.
- Number observation close out actions.
- Vehicle incident frequency.

Key Metric	2019	2018	2017	2016	2015
Fatalities	0	1	0	0	0
Man Hours Worked (Million Man Hours)	6.9	5.9	4.5	5.4	7.9
Recordable Injury Cases	7	9	5	10	7
Total Recordable Injury Frequency	0.20	0.33	0.22	0.36	0.18
Number of Safety Observations	45454	31040	12657	21398	18122
Number Observation Close Out Actions	95%	88%	85%	83%	71%
High Potential Incidents	1	5	6	9	14
Major Road accidents	4	4	0	10	1
Kilometers driven (million)	6.5	6.4*	5.7	6.4	8.0
Vehicle Incident Frequency	0.13	0.12	0.00	0.31	0.21

HSSE event – the educational Government Authority in Dakahlya November 2019.

HSSE Risks and Measures for Reducing Risks

Throughout 2019, the leadership team continued to emphasise HSSE risk reduction and achieving positive progress against performance targets. Each business unit maintains asset-based risk registers and risk matrices. The key risk themes are further collated at Dana Gas Group level and reviewed on a quarterly basis at Senior Management and Board of Directors meetings.

Risk Theme	Controls In Place in 2019 (highlights)
Developing a consistent safety culture in the Group	• Khor Mor plant operations place priority of workplace safety commitment from site leadership, a focus on safety critical competency development and improved permit-to-work procedures and compliance. • DGE focus on safety culture awareness, safety behaviours, and site and office leadership accountability for improved safety performance, with emphasis on contractor safety. • Exterran and DG management work on Zora de-commissioning strategies.
Security, crisis management and business continuity	• Credan security monitor developments in Northern Iraq with responsive plans in place to evacuate personnel if required. • The Egypt security team monitor, control and manage security and crisis management. Cairo and Nile Delta are rated a medium security risk. • Emergency response drills at KRI drilling locations, Khor Mor plant, Zora onshore and offshore facilities and Egypt El Wastani operations.
Asset integrity and process safety	• Continued implementation of the DGE/Wasco Asset Integrity Management System project. • Maintain the Asset Integrity Program for Zora gas plant as a fully integrated system with Operations, Maintenance and HSSE. • Khor Mor development and implementation of Asset Integrity System.
Project HSSE Assurance	• Projects and Operations to utilise the Project Stage Gate method. • Projects subject to controls set out in the DG HSSE plans and Projects Practice, as noted in Project Assurance Standards, ORMS and SMS.
Consistency in contractor management	• HSSE focus in Egypt and KRI on contractor compliance and risk assessment improvements. Emphasis on permit-to-work, hazard awareness, improved site supervision, driving safety, and safety behavioural and attitude improvements.

Dana Gas has a robust Enterprise Risk Management process across the Group

Risk Management is an integral part of running the business at Dana Gas. Dana Gas has fully adopted best practice in Enterprise Risk Management (ERM) covering strategic, operational, project, financial, compliance and HSSE risks. An ability to identify, assess and successfully manage current and emerging risks is critical in securing the success of the business and protecting long term shareholder value.

Interlinked ERM risk profile considering strategic, operational, financial and compliance risks

Dana Gas has a robust Enterprise Risk Management process across the Group, which ensures risk is considered at every level of the organisation. It also operates a bottom-up escalation from the country level and functions to the Group and from the Board down to the country level and functions. On a semi-annual basis the Executive Committee carries out an assessment of the principal risks facing the Group. Key risks are submitted and discussed at Board level and the management of these principal risks is delegated to the Executive Team and Senior Management and is overseen by the Board of Directors and its committees. Robust risk management, assurance, and performance management processes, incentivised by balanced key performance indicators (KPIs) in the Group scorecard, enable Dana Gas to manage the opportunities and risks in all activities and respond to the concerns of stakeholders. Dana Gas considers strategic, operational, financial and compliance risks as part of its ERM framework.

Board and Executive Responsibility

The Board sets the risk management tone for the Group and it is fully implemented by the Executive and Management teams. The Board provides strategic oversight and stewardship of the Company and has responsibility for maintaining effective risk management and internal control systems. This includes evaluating risks to the delivery of the business and strategic plan and oversight of mitigating strategies. The Audit & Compliance Committee (A&CC) has delegated responsibility from the Board for oversight of the risk management process, supported by Group Internal Audit. Risk management is also an integral part of the annual business planning process and ongoing business performance management. Key strategic risks and opportunities are reviewed quarterly by the Board and the A&CC.

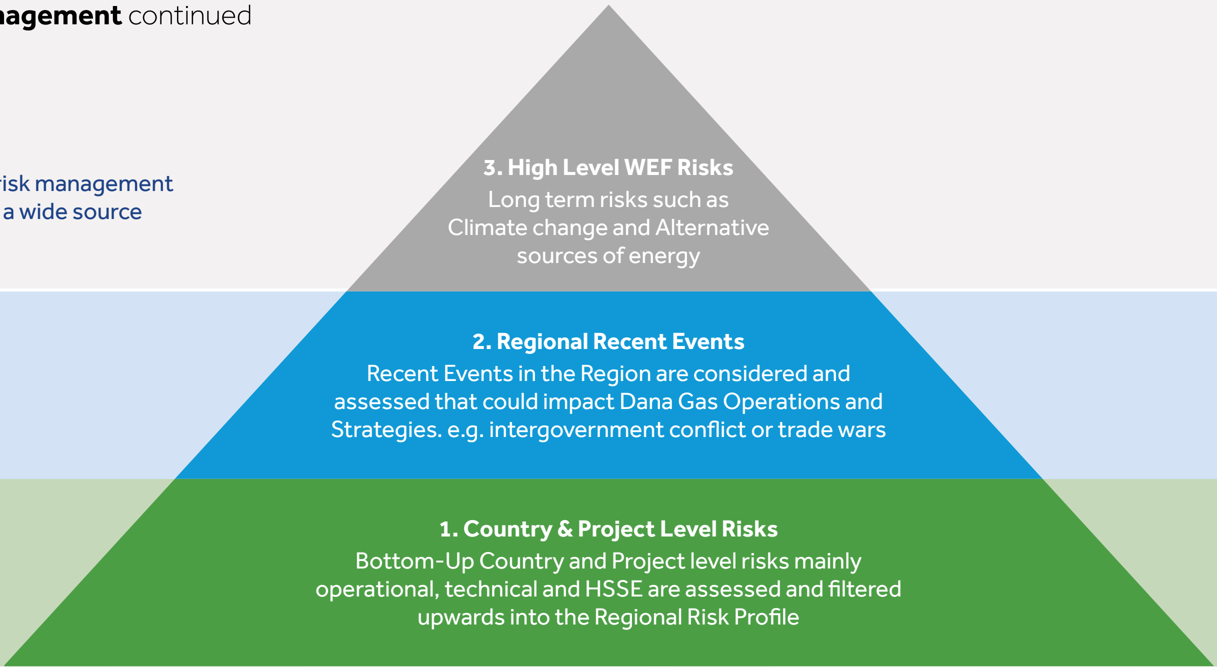
The Executive Team, Group functional heads and Business Delivery teams are responsible and accountable for risk monitoring and management in their parts of the business.

Individual leaders and managers identify and assess the probability and impact of specific day-to-day risks. Each risk is assessed within the appropriate level of authority and the activity is either terminated, mitigated, transferred (either by way of insurance or contractually) or accepted.

Risk Management Process

During 2019, risk management processes were further enhanced by including more detailed risk exposures for Dana Gas at regional level. These included the geo-political uncertainties in Middle Eastern countries that could impact Dana Gas production and/or assets. Issues such as the US/Iran conflict, change of leadership in Iraq and continuing unrest in other North African countries were discussed and presented to the Board. In addition, the Executive Team actively reviewed risks to the business plan and brought greater focus on action planning to the Group risk register. This assessment enabled risk owners to determine the strength of existing controls and mitigating actions and to identify the additional treatment required to reduce the risk to the agreed tolerance level. The quarterly risk and audit review sessions created a platform in which new risks and opportunities were discussed and risk-informed decisions about optimal courses of action were made. In addition to the short- to medium-term risks associated with the delivery of the business plan, the Executive Committee and Board also considered the medium- and long-term risks and opportunities faced by Dana Gas. As in previous years, a further high-level review was carried out in 2019 by integrating the World Economic Forum risk mapping approach to the region and to the oil and gas industry. Top-down global risks are integrated into Dana Gas bottom-up, business driven risk assessments.

Dana Gas risk management input from a wide source



Risk registers and maps capture risks facing the Group and are assessed at an inherent and residual level against their likelihood to impact the Group. Impact includes financial, HSSE, timeline and reputation effects. Risk owners use these assessments to understand how strong the existing controls are and what mitigating actions need to be taken. Throughout the risk management process assurances are obtained at each level from the business unit.

Dana Gas' risk management process is underpinned by the Internal Controls Framework, which sets out the mandatory policies, standards, and controls necessary to manage the Company's business activities and associated risks. During 2019, core internal controls have been progressively reviewed, updated, and further rolled out throughout the organisation. Key policies include Code of Conduct (CoC), Anti-money Laundering (AML), Anti-Bribery & Corruption (ABC), Delegation of Authority Manual, Technical Management Systems and Workplace Policy. Other financial and operational controls are reviewed with respect to the status of their development, communication, understanding, and implementation and monitoring to ensure they remain effective in mitigating the risks.

In Q1 2019, employees and business units confirmed compliance with key controls such as the CoC, AML and ABC rolled out during 2017/2018. An independent internal audit was carried out on ABC and AML compliance in April 2019 and compliance with the Share Dealing Code in October 2019.

Risk Factors and Uncertainties

Dana Gas businesses in the MENA region are exposed to a number of risks and uncertainties, which potentially have, either on their own or in combination with others, a material effect on the Group's strategy, business performance or reputation. In turn, these may impact shareholders' returns, including dividends or the Dana Gas share price. The Group continues to define and develop processes for identifying and managing these risks. Some of the risks listed below may be outside the control of Dana Gas and the Group may also be affected by other additional risks and uncertainties.

Financial

Receivables, Liquidity and Asset Impairment

Dana Gas is exposed to liquidity risks, including risks associated with refinancing borrowings as they mature, and the risk that financial assets cannot readily be converted to cash without loss of value. The Group may be required to record asset impairment charges as a result of events beyond the Group's control.

Dana Gas exposure to receivables and liquidity risk takes the form of a loss that would be recognized if counterparties (including sovereign entities) failed or were unable to meet their payment or performance obligations. These risks may arise in certain agreements in relation to amounts owed for physical product sales.

Corporate and Project Funding

Dana Gas corporate and project funding requirements depend on a broad range of factors, including revenue and cash flow generated from operations, servicing the Sukuk due for maturity in October 2020, variations in the planned level of capital expenditure, success with new development leases, proceeds realised from any asset disposals, hydrocarbon prices and new agreements with governments for production increase. Dana Gas' ability to access project finance on attractive terms may be constrained by its business performance and liquidity/receivables position. In addition, funding could be affected by any future asset write-off impacting the balance sheet and goodwill. An increasing Environment, Social and Governance (ESG) focus and anti-oil and gas sentiments is emerging in investment markets can impact the Company's ability to access capital markets if it didn't adhere to certain operational standards.

Insurance
The transfer of risks to the insurance market may be affected and influenced by constraints on the availability of cover, market appetite, capacity, pricing, and the decisions of regulatory authorities. Some of the major risks associated with the Group's activities cannot or may not be reasonably or economically insured. Dana Gas may incur significant losses from different types of risks that are not covered by insurance.

Strategic

Geo-political and Sovereign Risk
The success of the Group depends in part upon understanding and managing the political, economic and market conditions in the diverse economies in the MENA Region. Specific country risks that could have an effect on the Group's business and reputation include volatility of national currencies; unexpected changes in local laws, regulations and standards; cancellation, variation or breach of contractual rights; aggressive re-interpretation of existing tax laws; economic sanctions imposed on Iran; regional and governmental instability; government intervention in licence awards; increased royalty payments or taxes mandated by governments; expropriation of assets; and political obstacles to key project delivery. Over 2019, there was an increase in country level protests for socio-economic reasons, reprising the Arab Spring and political uncertainties of 2011.

Access to New Gas Markets
Inability to adequately analyse, understand, respond, and access new gas markets and the competitive environment could result in a loss of market share and have an impact on the Group's financial position. This could be due to inability to deliver new gas projects on time and understand the competitive environment from new gas supplies coming into the UAE, Egypt, the Kurdistan Region of Iraq, and nearby markets. Dana Gas faces strong competition from both the national oil companies (NOCs), which control a substantial percentage of the world's reserves, and the international oil companies (IOCs) that operate in the region. This competition has the potential to make securing access to acreage, reserves, and gas markets more challenging.

People, Resource and Succession Planning
Dana Gas takes a systematic and strategic approach to resourcing to ensure it can meet its long-term human resource needs, operating short- and long-term resourcing demand models to predict and manage the people requirements that underpin the Group's business plans. The Group's performance, operating results and future growth depend on its ability to attract, retain, motivate, and organise people with the appropriate level of expertise and knowledge as Dana Gas pursues its business objectives. The Group aims to identify the best people through succession planning and talent management, coupled with effective recruitment.

Operational

HSSE
Exploration, production, transmission, and processing activities carry significant inherent risks relating to HSSE impacts. Epidemics and pandemics originating from other parts of the world could impact operations, projects, and employees. Major accidents and the failure to manage the associated risks could result in injury or loss of life, delay in completion of projects, cancellation of exploration, damage to the environment, or loss of certain facilities with an associated loss or deferment of production and revenues.

Inability to Replenish Depleted Reserves
The rate of production from natural gas and oil reservoirs declines as reserves are depleted. The Group needs to replace these reserves with new, proved reserves cost-effectively and on a consistent basis. Delivery of production growth depends upon a number of factors, including successful discovery and development of hydrocarbon resources; the acquisition of sufficient new resource opportunities; sufficient field appraisal; reservoir quality and performance; accurate interpretation of received data; drilling conditions or costs; rig availability; and adequate human or technical resources. Competition for exploration and development rights, and access to gas and oil resources, is intense. A failure to secure appropriate new resources could impact upon the Group's production growth prospects beyond the next decade.

Asset Performance and Asset Integrity
The Company's levels of production (and therefore revenues) are dependent on the continued operational performance of its producing assets The Company's producing assets are subject to a number of operational issues including reduced availability of those assets due to planned activities such as maintenance or shutdowns, unplanned outages, productivity and efficiency of wells, contamination of product and the performance of joint venture partners and contractors. In addition, asset integrity failure could lead to loss of containment of hydrocarbons, major accident hazards, marine incidents and wells out of control.

Compliance and Regulation

Corporate Reputation and Licence to operate
The Group could be exposed to loss of corporate reputation due to failings in corporate governance, corporate social responsibility, HSSE, regulatory compliance, misreporting and/or restatement of results. This could impact future revenue, increased operating, capital or regulatory costs, or destruction of shareholder value. Over the years the Group has implemented robust corporate governance, corporate conduct, asset integrity and HSSE systems and processes and will continue to enhance this in line with any changes in the regulatory and compliance frameworks in the countries in which it operates.

Other Risks
Other risks that are regularly reviewed and assessed by the Dana Gas Executive Committee include commodity prices, stakeholder management and cyber security.

The Board of Dana Gas is committed to strong corporate governance, effective risk management and robust internal audit practices as prescribed in the provisions of the UAE Corporate Governance Code

Background

The Board of Dana Gas is committed to strong corporate governance, effective risk management and robust internal audit practices as prescribed in the provisions of the UAE Corporate Governance Code (the Code) issued by the Chairman of the Securities and Commodities Authority's Decision No. 7 (R.M) of 2016 and its amendments. The Board is accountable to shareholders for sustainable financial performance and long-term shareholder value. It meets these aims by approving the Group's strategy and operational targets and ensuring that the necessary resources are in place to achieve the agreed strategic aims and objectives. It further approves the Company's key policies and reviews management and financial performance. The Board is pleased to share the manner in which the principles of the Code have been applied within the Group in respect of the financial year ended 31 December 2019.

Dana Gas has always aspired to high standards of corporate governance with emphasis on accountability, transparency and integrity. It has recognized that the adoption of best corporate governance practices is fundamental to building a robust business and ensuring sound commercial reputation in the Middle East and internationally. In 2015, Dana Gas commissioned 'Hawkamah', the Institute of Corporate Governance in the MENA Region, to carry out an audit of the corporate governance practices with reference to the Ministerial Resolution No 518/2009. The review confirmed that the Company's corporate governance practices remained top quartile and identified a number of improvements to ensure that the Company maintains the highest possible standards of corporate governance.

Corporate Governance Processes During 2019

Internal Audit Review

In July 2019, Dana Gas appointed the Internal Auditors Association UAE (IAA) to assess the internal audit activity and processes of Dana Gas. The principal objectives of the quarterly assessment (QA) were to assess internal audit's conformance to the IAA's the IIA's International Standards for the Professional Practice of Internal Auditing (Standards). Following the comprehensive review, in October 2019 Dana Gas achieved the highest of three possible ratings, rated as 'Generally Conforms' with certification by the IAA. Certification on best practice remains active for five years to October 2024 although self-assessments will continue to be carried out on an annual basis.

This review indicates the resolve of the internal audit activity of Dana Gas to improve its quality performance, professionalism and use of best practices as well as its conformity to the IAA's Standards.

Gulf Integrity Indicator Assessment

During 2018, Dana Gas was assessed for the maturity of its Business Integrity Framework and Practices as part of the Pearl Initiative Gulf Integrity Indicator Project. This project is the leading independent, non-profit organisation working to improve corporate accountability and transparency in the Gulf and is supported by a wide range of partner companies across the region.

The Gulf Integrity Indicator Framework assessed the business on six key pillars:

1. The Company's Integrity Framework (ranked level 4).
2. Integrity risk assessment (ranked level 3).
3. Implementation of integrity policies (ranked level 4).
4. Management of integrity incidents (ranked level 4).
5. The role of Board and Executives (ranked level 4).
6. Business integrity reporting (ranked level 3).

Dana Gas scored 4 out of a maximum 5 in four of the pillars and a score of 3 out of 5 in the remaining 2 pillars. During 2019, actions plans will be developed and implemented to respond to identified areas for improvement in the Company's integrity practices allowing the business to continue to enhance its corporate governance practices. A re-assessment of the Integrity Framework will be carried out during 2020.

Implementation and Enhancement of Corporate Governance practices

During 2017/18, a number of new controls were introduced and rolled out to the business. Awareness sessions for employees provided understanding of the key terms and application of these controls. The controls included the Code of Conduct, Anti Bribery & Corruption Policy (ABC), Anti-money Laundering Policy (AML) and the Workplace Policy and Corporate Share Dealing Code compliance. A year end exercise was conducted to seek employee confirmation on understanding and compliance with these five key controls during 2019. An audit of the application of ABC and AML was conducted in 2019. A compliance review of the Share Dealing Code was conducted, and an updated policy will be rolled out in 2020.

A Board Effectiveness Survey was carried out by an external consultant in 2017 at the Board's request. An action plan from the eight key recommendations was implemented during 2018, identifying 27 separate actions items. These actions were progressively implemented during 2019, further strengthening corporate governance processes.

High standards of corporate governance are a key contributor to the long-term success of the Company, creating trust between the Company and its stakeholders. Dana Gas will continue to review and develop its governance framework in view of changes in the external environment, business performance and best practice frameworks.

The Board of Directors and Responsibilities

The Board of Directors (the Board) is elected by the General Assembly every three years. In April 2015, the number of members of the Board, originally 18 was reduced to 12 and further reduced to 11 members in April 2016 pursuant to the new Commercial Companies Law of 2015. The Annual General Assembly elected the current Board in its meeting held on 18 April 2018, including three new members who replaced retiring members the term 2018-2021.

Several incumbent Directors have been on the Board since the incorporation of the Company in November 2005. The Board continues to attract leading businessmen who have considerable oil and gas industry experience in Gulf Cooperation Council countries.

The responsibilities of the Board include formulating and approving the Company's strategy and business plans; approving the annual budget and the allocation of resources; setting investment priorities and approving business opportunities; overseeing the accuracy of the financial statements and financial reporting and the effectiveness of the internal controls; assessing Executive Management performance; developing and adopting by-laws and regulations, policies and procedures in connection with the Company's administration, financial matters and personnel affairs; and appointing and planning the succession of senior executives.

The Board is independent of management and is formed of non-executive and independent directors. At all times, at least one third of the directors are independent, and a majority of directors are non-executives with the technical and financial skills and experience required to be of benefit to Dana Gas. The current Board comprises eight independent directors and three non-executive directors.

Board Committees

The Board has three permanent committees, each having a written charter setting out their respective scopes and responsibilities. These committees are:

- Audit & Compliance Committee.
- Corporate Governance, Remuneration & Nominations Committee.
- Board Steering Committee.

In addition, in light of the importance of the quantification of the Company's hydrocarbon resources, the Board has appointed a Reserves Sub-committee to the Board Steering Committee to provide it with specialist knowledge required for proper oversight in this area.

The Audit & Compliance Committee (A&CC)

The principal duties of the A&CC are monitoring the integrity of the Company's financial statements and its reports (annual reports, semi-annual reports, and quarterly reports), reviewing the financial and accounting policies and procedures of the Company and ensuring the independence of the Company's external auditor. It is also responsible for evaluating the integrity and quality of the Company's risk management and internal control policies and each of the duties stated in the Chairman of the Securities and Commodities Exchange's Resolution No. 7/R.M. of 2016 and its amendments.

The Audit & Committee members are:

- Varoujan A. Nerguizian, Independent Director (Chair).
- Abdullah Ali I. Almajdouie, Independent Director.
- Nureddin S.M. Sehweil, Independent Director.
- Jassim Mohamedrafi Alseddiqi Alansaari, Independent Director.
- Abdul Majid Abdul Hamid D. Jafar, Non-Executive Director.

The A&CC convenes not less than once every three months and additionally whenever the need arises. The minutes of A&CC meetings are signed by the Committee Chair and the Committee Secretary. Management provides the necessary information to the A&CC to enable it to discharge its functions.

Corporate Governance, Remuneration & Nominations Committee (CGR&NC)

The CGR&NC oversees compliance by the governing bodies of the Company, the General Assembly, the Board and Executive Management within established corporate governance standards. The Committee assists the Board in relation to the appointment of senior executives, appraisal of management performance, succession planning and remuneration policies. The CGR&NC is responsible for nominations and election to the Board of Directors membership.

The CGR&NC members are:

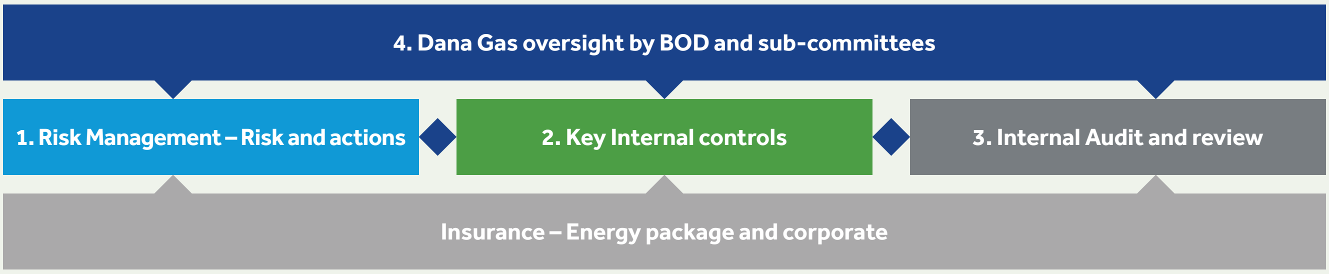
- Mr. Hani Abdulaziz Hussain Al Terkait, Independent Director (Chair)
- Mr. Said S. Youssef Arrata, Non-Executive Director.
- Mr. Ziad Abdulla I. Galadari, Independent Director.
- Mr. Shaheen Mohamed Abdulaziz Rubaya Almheiri, Independent Director.
- Mr. Nureddin S.M. Sehweil, Independent Director.

Most of the members of the Committee are independent directors. They possess relevant knowledge and expertise in corporate governance, nominations, remuneration, salaries, and benefits policies.

The Board Steering Committee (BSC)

The principal role of the BSC is to provide support to and facilitate the deliberations and decision-making processes of the Board through prior consideration of matters submitted for the Board's consideration relating to strategy, business planning, budgets, and new investment opportunities. The BSC recommends to the Board the business performance targets and annual corporate scorecard for each year and reviews progress against the scorecard as may be required from time to time. It also considers reports from the Sub-committee on the Company's Reserves.

Fully integrated risk management, internal controls, audit, and insurance process



The BSC members are:

- Mr. Rashed Saif Al Jarwan Al Shamsi, Independent Director (Chair).
- Mr. Varoujan A. Nerguizian, Independent Director.
- Mr. Hani Abdulaziz Hussain Al Terkait, Independent Director.
- Mr. Said S. Youssef Arrata, Non-Executive Director.
- Abdul Majid Abdul Hamid D. Jafar, Non-Executive Director.

The Reserves Sub-committee (RSC)

The main purpose of the RSC is to review and approve the Company's reserves reports. The RSC reviews the Company reserves reports, discusses these with management and the external reserves auditors and recommends their adoption where appropriate to the Board Steering Committee in accordance with the provisions of its Charter.

The RSC members are:

- Mr. Said S. Youssef Arrata, Non-Executive Director (Chair).
- Mr. Varoujan A. Nerguizian, Independent Director.
- Mr. Ziad Abdulla I. Galadari, Independent Director.
- Mr. Shaheen Mohamed Abdulaziz Rubaya Almheiri, Independent Director.
- Mr. Nureddin S.M. Sehweil, Independent Director.

Delegation of Responsibilities to Executive Management

The Board has delegated to the Company's Executive Management the following responsibilities:

- To implement the strategies, plans and policies laid down by the Board for achieving the Company's objectives.
- To identify, pursue and submit studies and proposals relating to business development and new investment opportunities.
- To submit to the Board periodic reports about the status of the business of the Company, its financial position, internal control procedures and the measures taken to manage risks.
- To provide the Board, on a timely basis, the information and documents required for the efficient conduct of Board meetings.
- To provide regulatory bodies (for example, Ministry of Economy, Securities and Commodities Authority, Abu Dhabi Securities Exchange) with information, disclosure statements and documents as required in accordance with applicable laws, rules and regulations and the Company's Articles of Association.

The Executive Management consists of the following:

- Dr. Patrick Allman-Ward, Chief Executive Officer
- Mr. Chris Hearne, Chief Financial Officer
- Mr. Duncan Maclean, Legal & Commercial Director
- Mr. Donald Dorn-Lopez, GM Egypt
- Mr. Mike Seymour, Head of HSSE & Sustainability
- Mr. Ramganesh Srinivasan, Head of Human Resources

Company's External Auditors

The Annual General Assembly in its meeting held on 17 April 2019 approved the appointment of the new auditors, PricewaterhouseCoopers (PwC), and determination of their fees to perform the Group's audit work for the financial year 2019.

PWC is a multinational professional services network of firms based in London, UK, and is considered one of the Big Four accounting firms, along with Deloitte, EY and KPMG.

PwC has a network of 276,000 employees in more than 157 countries and, as of 2019, is the fifth largest privately owned company in the US. It provides services to 422 out of 500 fortune companies according to the Fortune index.

Internal Control

Internal Controls and Risk Management

The Board acknowledges its responsibility for the Company's internal control system, review of its work mechanism and ensuring its effectiveness. Dana Gas has in place a fully integrated internal control system that links corporate governance rules, risk management, internal controls, and assurance processes.

The Head of Internal Controls & Risk Management (IC&RM), Mr Bob Sehmi, is responsible for overseeing the internal audit and the internal controls functions with a direct reporting line to the A&CC and is ultimately accountable to the Board. Mr Sehmi is primarily and directly responsible for auditing the Company's internal controls to confirm that they are adequate for their intended purpose, for identifying and reviewing any perceived shortfalls or weaknesses in the internal controls, and for testing compliance with the internal control framework. He is authorised to take the necessary action to implement the directives of the Board, and to report violations of the Company's regulations, policies and the Board's directives identified during the audit process to the Board and the A&CC.

IC&RM is responsible for identifying and assessing the risks facing the Company and assisting management in developing and implementing an effective internal controls system which address the key risks. The Company's internal controls are policies, processes and standards designed to achieve the effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations. There is a continuous verification in place that the Company and its staff comply with applicable laws and regulations, and resolutions that govern the Company's operations as well as internal procedures and policies.

Mr Sehmi prepares an annual audit plan, which is submitted to the Board for approval. The plan takes into consideration a comprehensive assessment of the risks facing the Company. The Board approved in its meeting held on 19 November 2019 the department's audit report for 2019 and 2020 audit plan.

Audit reports are shared with the Company's external auditors when auditing the Company's Annual Financial Statements.

Internal audit reports are shared with the Company's external auditors when auditing the Company's annual financial statements.

Whistle Blowing Mechanism

The Company has established a whistleblowing mechanism whereby employees can anonymously make complaints pertaining to maladministration, fraud, or corruption. The Compliance Officer leads the Business Ethics Committee which is responsible for addressing complaints made through this procedure. Any financial-related complaints are addressed by the Head of IC&RM and promptly communicated to the A&CC.

Since the Head of UC&RM reports directly to the Board of Directors, any major problems with respect to internal control or incidence of fraudulent activities are promptly communicated to the Board. During 2019, no major issues were identified that warranted disclosure in the annual financial statements for the year.

The Head of Internal Controls & Risk Management

Mr. Bob Sehmi was appointed Corporate Internal Controls & Risk Manager in July 2015 and subsequently as Head of IC&RM in April 2019. He has over 30 years' experience working with multinational organisations listed in the London, New York and Frankfurt Stock exchanges and the Abu Dhabi Securities Exchange. Mr. Sehmi is a Fellow of the Chartered Institute of Management Accountants, a Member of the Institute of Risk Management, a Member of the Institution of Civil Engineers and Member of the Institution of Structural Engineers.

Compliance Officer

Mr. Duncan Maclean was appointed as Compliance Officer by Board Resolution No. 27/2016 dated 22 June 2016, to carry on the duties and functions prescribed in article 51 of the Chairman of the Securities and Commodities Authority's Resolution No. 7 (R.M) of 2016 and its amendments concerning Corporate Discipline and Governance. Mr. Maclean is an Australian qualified lawyer, admitted as a Barrister and Solicitor of the High Court of Australia, Federal Court of Australia, and the Supreme Courts of the Northern Territory, South Australia, and Western Australia. He holds of a Bachelor Degree in Law (LLB) and a Master's Degree in Commercial Law (MCommLaw) and has over 25 years' experience in corporate, commercial and oil and gas legal practice in international law firms. He is also the Company's Legal and Commercial Director.

Social Responsibility

Dana Gas focuses on achieving commercial success that creates shared value, ethics compliance, and respects all stakeholders and the environment.

The Company's inaugural sustainability report in 2016 marked a new milestone towards advancing its sustainability journey. As stated in 2017, and continuing in 2018 and 2019, the Company is committed to integrating environmental, social, and economic considerations into its business decisions and vision. In 2019, the Company continued to engage with stakeholders through public consultations and supported economic growth and infrastructure improvements within its countries of operation.

Improvements on sustainability data reporting and recording were made and commitments established to continue its focus on social and environmental performance metrics.

The Company commits to the UAE vision by reporting sustainability indicators against key priorities and objectives represented in the vision and Sustainable Development Goals. The Environment, Social and Governance (ESG) key initiatives issued by Abu Dhabi Securities Exchange complement the Securities and Commodities Authority's Corporate Governance Code, which provides guidelines on corporate governance requirements. It is important to understand stakeholders' needs to enhance market competitiveness and drive cost reduction by measuring and monitoring some issues such as water, energy consumption, materials use and waste.

Complying with ESG metrics, the Company introduced in June 2019 an approach to embrace sustainability on environmental operations through an initiative to reduce the use of plastic water bottles through replacement with refillable glass bottles. The Company's electricity consumption has also reduced in 2019 compared to 2018. Furthermore, the Company continues to support and work with 'Bee'ah', UAE's leading integrated environmental, recycling and waste management company, by sending surplus paper for recycling to their waste management facility, a program that has been in place since 2010.

The people who work at Dana Gas are and will continue to be the most important factor contributing to the Company's success

'As of December 2019, Dana Gas employed staff from 17 countries.'

'As of December 2019, nearly 18.5% of the Company's overall full-time employees were female.'

Talent attraction and retention

Talent drives the Dana Gas business. The Company offers extensive career opportunities and a positive work environment within which employees can continuously learn, grow, and flourish. The priority of Human Resources is to attract, retain and develop the talent needed to deliver the Company's business objectives.

People strategies are aligned with the Dana Gas business. These strategies strengthen and support the successful delivery of objectives and are a key aspect in enhancing shareholder value. Dana Gas continues its success in building and maintaining capability at all levels by identifying, attracting, and retaining skilled people. The Company's evolving culture incorporates valuing expertise in ways that generate the necessary proficiencies required across the Group today and for the future.

Diversity and equality

Diversity and equality are engrained deeply in the organisation's culture. Dana Gas upholds inclusivity, where all people are valued and encouraged to realise their potential. The Company has a strong focus on creating and sustaining a collaborative and nurturing environment for employees from diverse backgrounds.

By demonstrating respect and value for all employees and embracing diversity, the Company promotes understanding and connection to the communities in which it operates. Dana Gas is committed to providing equal opportunities and does not condone discrimination of any kind. The Company's Code of Conduct, workplace policies and practices offer an inclusive environment where employees contribute and develop freely and equitably. These values have helped the Company to build and maintain the diverse and robust community that is Dana Gas.

Employee engagement

The Company focuses on building a lean, well-defined, and efficient organisation enabling empowerment and faster decision-making while enhancing effectiveness. Dana Gas also has a strong focus on maintaining a healthy and safe working environment and encourages all employees to report any incidents that affect their health and safety. The Company's goal is to cause no accidents or harm to people and minimise any adverse effect on the environment.

Dana Gas believes in open dialogue and values employees' feedback and suggestions. Regular staff 'Town Hall' sessions serve to communicate operational and financial results and keep the Dana Gas workforce informed about changes and progress that affect them as well as the Group.

Development

The Company continuously aligns learning and development investment with business imperatives together with the evolving expectations of its workforce. By supporting employees in the development of their competencies and capabilities, Dana Gas ensures it achieves the full potential of its people in support of business objectives.

Developing people and helping them to reach their full potential are key elements in delivering the Company's people strategy. Dana Gas recognises that successful strategy delivery depends on its employees and provides learning and development opportunities for employees at all levels.

In 2019, the Company spent 301 person days in learning and development activities across all disciplines via external, internal, and on-the-job learning. As a part of its social commitment towards building a capable and sustainable workforce, in 2019 Dana Gas engaged with academic institutions in the UAE and Egypt to provide internship and learning opportunities across multiple disciplines to eight university students.

Performance and reward

Dana Gas ensures individual roles and responsibilities are clearly articulated and understood, and that expected outcomes and key results are defined. Dana Gas has a robust performance management program that defines the criteria by which business success is measured. Goals are set accordingly, performance reviewed periodically, and employees are assessed for delivery against KPIs and recognised for their contributions. The Company's performance management system is designed to achieve holistic development for all employees through performance differentiation, consistent evaluation, and continuous feedback.

Dana Gas understands that employee motivation is essential and that effective teamwork drives delivery and progress. The Company's reward philosophy is performance-driven across all levels, delivering a solid employee value proposition designed to effectively support corporate strategy. A compensation and benefits program leverages this philosophy to enhance employee performance and productivity whilst maintaining a means of differentiating high performers.

This approach assists the Company to maintain an able workforce that is motivated and capable of delivering the Company's business objectives. Dana Gas pursues sound practices that enable employees to take pride in being outcome-oriented and which contribute to the growth of the organisation.

Head Count, Net to the Company's Interest as of 31st December 2019.

The table below sets out the number of employees and contractors employed by Dana Gas through its subsidiaries and joint ventures as of 31st December 2019.

	Employees	Contractors
Dana Gas Head Office	35	1
Dana Gas UAE Units (Saj, UGTC & Zora)	12	3
DG Kurdistan Region of Iraq	4	0
Dana Gas Egypt	85	25
Wasco (Egypt)	5	0
TOTAL	**141**	**29**

The table below sets out the number of employees as of 31st December 2019 employed by joint ventures in which Dana Gas has an interest.

	Ownership interest held by Dana Gas	JV employees (net to Dana Gas's interest)	JV Contractors (net to Dana Gas's interest)
Wasco (Egypt)	100 per cent	399	324
EBGDCo (Egypt)	26.4 per cent	16	20
Credan (KRI)	35 per cent	172	0
TOTAL		**587**	**344**

We continue to proactively engage with and support the local communities in which we operate in the UAE, Egypt and Kurdistan

CSR and sustainable development are key components of the Company's corporate values. Dana Gas continues to proactively engage with and support the local communities in which it operates in the UAE, Egypt, and Kurdistan.

Dana Gas operates in a responsible way by minimising the negative social impact of its activities, whilst make a long-lasting and positive impact on those surrounding communities. The Company has made a firm commitment to maintain relations and positive interactions between business and people, the environment, and communities, by contributing to economic and social development whilst protecting natural resources and respecting the rights of each individual. A core part of this commitment is ensuring it proactively engages with key stakeholders who are affected by or interested in the activities of the Company. Dana Gas manages the impacts of its businesses in the region to participate in a prosperous future with shareholders, governments, communities, employees, and industry partners alike.

Throughout 2019, the Company delivered sustainable long-term value to its stakeholders and fully engaged in fostering community social responsibility strategies and ethics into its business activities and practices.

Corporate Social Responsibility Commitment

'In 2019 Dana Gas continued to be fully committed to its corporate social responsibility activities.'

Stakeholder Engagement Objectives

1. **Identify** all those affected by or interested in the Company's operations and projects and include them in the engagement process.
2. **Understand** the views of key stakeholders to ensure they understand the positive and negative impacts of the activities.
3. **Inform** the public and partners about the Company's activities in a transparent and honest manner.
4. **Build relationships and trust** through supporting communications, dialogue, and engagement with stakeholders, and acting with transparency.
5. **Engage with stakeholders** including vulnerable and marginalised groups using an inclusive approach to consultation and participation.
6. **Manage expectations and concerns** by providing a method for stakeholders to engage with the Company about their concerns and expectations.
7. **Maintain compliance** with local and national government regulations and international best practices as defined by recognised standards and associations.

Social and Economic Impact

Dana Gas makes long-term economic investments and generates significant direct and indirect benefits in the regions in which it operates.

In the KRI, Dana Gas contributes to the provision of low-cost natural gas and supports the generation of electricity at internationally and nationally competitive rates by the KRI's Ebril and Chemchemal power plants supplied through the Pearl Petroleum venture.

Such reliable, affordable gas-fired power generation currently supplies approximately 80% of the energy used for electricity generation in the KRI achieving an average of 22 hours per day compared to eight hours per day in 2006, in an area that is fundamentally short of power. This has provided an important stimulus to the KRI economy and delivered a cleaner source of energy compared with traditional diesel alternatives. It has achieved significant greenhouse gas emission savings and had a positive operational impact on local employment through 2,200 permanent jobs, 1,200 of which are from direct employment, the balance through local supply chain activities.

In Egypt, gas supplies from the Dana Gas/WASCO ventures and other producers account for 71% of the energy used for electricity generation in the country. It is estimated that over the past 10 years, the energy produced has supported up to 2% of Egypt's economic activity (GDP). The supply of clean burning natural gas has enabled the avoidance of more carbon emitting heavy oil (mazout) for electricity generation and reduced reliance on more expensive imports of LNG. Approximately 1,000 full-time employees are engaged in day-to-day operations, creating a positive direct economic impact on local communities in the Nile Delta region.

CSR Focus Areas

Social investment initiatives for 2019 were developed with country/asset teams and targeted towards specific local community issues in those areas. Initiatives were broadly based on four main themes:

1. **Education** – supporting better quality education.
2. **Health** – improved medical services and community healthcare.
3. **Energy and infrastructure** – improved infrastructure, such as roads and water supply, and access to reliable sources of electricity.
4. **Employment and income generation** – employment opportunities for local communities, provision of small business grants, and assistance for those negatively impacted by conflict.

UAE

Dana Gas Head Office continues to support to a Sharjah-based academic empowerment project providing orphans with access to education. It has provided education for five orphaned children over the past two years. The Company also created IT and finance internships for two students during 2019.

Egypt

The strategic focus of CSR activities in 2019 related to health care, medical assistance, education support and small business assistance across the three Governorates in which the Company operates.

Dana Gas continued to promote sustainable business development and partnering with local businesses to further enhance growth and employment opportunities. A teacher training program was launched with the American University of Cairo to select and support the development of 100 teachers from different schools around Dana Gas facilities. The program includes various initiatives to encourage and promote academic excellence and stimulate interest in pursuit of technical study and careers in industry. A successful program of women's empowerment in conjunction with the Misr El Khier Foundation saw the establishment of over 30 different income generation projects for the neediest women in Dakahlia Governorate, including the set-up of enterprises such as stationery shops, grocery stores, shoes, poultry breeding, needlework and knitting services.

Throughout 2019, Dana Gas staff actively participated in a range of community volunteering and engagement activities. Employees held awareness sessions with local authority and community groups on road safety, home safety and First Aid in the El Mansoura, Dakahlia and Damietta Governorates. Staff also participated in an industry-led blood donation campaign, continued the annual tradition of distributing Ramadan boxes amongst the community, and assisted at a local orphanage.

Kurdistan Region of Iraq

Under the joint operatorship of Crescent Petroleum and Dana Gas, Pearl Petroleum's Community Action Plan (CAP) contributes employee time and financial resources to local villages, businesses and schools in supporting improved living standards, health, well-being, security and development of human capital in the KRI. A comprehensive CAP strategy and five-year plan covers three areas of impact to address the urgent needs of communities surrounding operational areas and the implementation of larger-scale projects for villages, public services, and communities. These projects aim to offer improvements to electricity supply and provision of clean water, enhance healthcare and sites of worship, to reduce poverty and improve quality of life through promoting access to education, employment, and recreational activities.

In 2019, the venture received $1.94 million in aid and support. Of this, $1.35 million was for electricity generation and supply to Qadir Karam Town and five other smaller nearby villages. Electricity was generated by the Khor Mor plant for these villages throughout the entire year.

Since 2011, as part of its CSR program, Crescent Petroleum and Dana Gas provided free electricity supplies from the Khor Mor plant to local villages in and around Qadir Karam and Khor Mor. Electricity provided during 2019 was approximately 16,000 kWh per day, approximately 30% of the total electric power generated at the Khor Mor plant. Based on a commercial cost of $0.2/kWh, the commercial value of this initiative is some US$96,000/month. Since it began, the total electric value to the community is estimated to have been around US$ 8.6 million.

Approximately $590,000 has been directed to a range of education, community healthcare, youth development, rural water supply, agricultural development, and social assistance programs in 2019.

1. PWC "Kurdistan Gas Project: A ten-year look back and look ahead, Impact Assessment Report 2018"
2. PWC "Clean Energy for a Better Tomorrow: Dana Gas Impact Assessment Report 2019"

Additionally, Dana Gas provided an annual donation to the AMAR International Charitable Foundation which operates the Khanke Camp for Internally Displaced People (IDP) on the outskirts of Dohuk in northern Kurdistan. The camp, which has 18,000 mostly Yazidi residents, includes a medical and health care centre and provides education facilities for children and adults.

Summary

The support by Dana Gas of a such a wide range of programs continues to make a demonstrable difference to the communities in which the Company operates.

- Dana Gas is committed to social investment and community development activities to make a positive and lasting contribution to society.
- Dana Gas recognises the importance of managing interactions between business and people, environment, and communities.
- The Company's objective is to directly contribute to economic and social development while protecting natural resources and respecting the rights of individuals.
- The Company is committed to achieving its goals by empowering communities and providing them with the necessary resources required for successful and sustainable results.
- Dana Gas recognises the importance of employee engagement in achieving its CSR and sustainability goals.
- The Company is committed to maintaining a reputable corporate governance system in order to achieve its sustainability goals.

"Dana Gas assures its stakeholders that as a responsible business it will continue to focus on the environment and the people who work and live in the regions in which it operates. The Company is committed to delivering sustainable, long-term value, while making a positive contribution to the communities it serves."


Building a future in the KRI
6 CLEAN WATER AND SANITATION
Community Development Project


دانة غاز
DANAGAS
دانة غاز
DANAGAS

Financial Statements

Independent Auditor's Report to the Shareholders of Dana Gas PJSC

Report on the Audit of the Consolidated Financial Statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dana Gas PJSC (the "Company") and its subsidiaries (together the "Group") as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated income statement for the year ended 31 December 2019;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matters	• Carrying value of UAE Gas project assets and legal arbitration • Estimation of fair value of financial assets at fair value through profit or loss • Impairment of Goodwill and Oil and Gas interests

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matter	How our audit addressed the Key audit matter
Carrying value of UAE gas project assets and legal arbitration	
The Group's statement of financial position includes assets related to the UAE Gas Project as at 31 December 2019 comprising of: (a) Property, plant and equipment of USD 208 million (note 12); (b) intangible assets of USD 289 million (note 13b); and (c) investment in joint venture of USD 555 million (note 15), collectively "the UAE gas project assets" (Note 3.1)	Our procedures in relation to management's assessment of the recoverability of the UAE gas project assets included: • Inspecting legal documents including the decision of the English High Court of July 2016 relating to dismissal of the NIOC challenge of the Award, discussing the progress and status with the Group's legal department, and inspecting the legal advice provided to management by external lawyers involved in the arbitration;

Key audit matter	How our audit addressed the Key audit matter
Carrying value of UAE gas project assets and legal arbitration continued	
As disclosed in Note 3, management has determined that the carrying value of the UAE Gas project assets depends on the commencement of gas supplies by the National Iranian Oil Company ("NIOC") to Crescent Petroleum, which is in turn dependent upon the final Tribunal Award on the damages claim against NIOC and the resultant share of Dana Gas. We focused on this area because it is fundamental to users' understanding of the financial statements in view of (a) the amounts relating to the UAE gas project are material to the consolidated financial statements; (b) continued delay in commencement of gas supplies has prompted a key supplier of the Group to initiate arbitration proceedings against the ultimate supplier; (c) the uncertainty surrounding the timing and final outcome of those arbitration proceedings; and (d) management had to exercise judgement and make assumptions on a number of uncertain factors and events, including the supply of gas by NIOC, the final outcome of the arbitration, timing of cash flows, pricing, and discount rate.	• Assessing management's assumptions around the probability of receipt of the award and whether the award will be sufficient to cover damages from losses; • Assessing management's judgement in respect of supply of gas and supply volumes; • Comparing management's hydrocarbon price assumptions for reasonableness against third party forecasts, peer information, contractual arrangements and relevant market data; • Assessing the reasonableness of the discount rates used in impairment tests with input from PwC valuation specialists; • Inspecting publicly available information of case involving Iran in international arbitrations, Iran's adherence to the decisions by courts, form and timing of related settlements; • Assessing the adequacy of the related disclosures in the consolidated financial statements, including management's judgements surrounding the carrying value of the assets and the uncertainty over the amount and timing of the arbitration award.
Estimation of fair value of financial assets at fair value through profit or loss	
As disclosed in Note 19 to the consolidated financial statements, the Group has financial assets at fair value through profit or loss of USD 111 million at 31 December 2019. USD 109 million of these are the assets arising from certain reserve based earn out entitlements from Joint Operations Partners MOL Hungarian Oil and Gas Public Limited Company ('MOL'), OMV Upstream International GMBH ('OMV') and certain confined payments from RWE. Estimating the fair value of these assets is complex and involves a high estimation uncertainty. As disclosed in note 35 subsequent to the year end, the Group together with Crescent Petroleum commenced arbitration proceedings against MOL and OMV due to their attempts to avoid paying reserve based earn out payments to the Group and Crescent Petroleum arising out of the terms of the Sale and Purchase agreement entered into between the Parties in 2009 through which both MOL and OMV, acquired their respective 10% shareholding in Pearl Petroleum. We focused on this area because the financial asset balances are material to the consolidated financial statements and the recognition of financial assets at fair value through profit or loss requires significant judgements and estimates by management. Key estimates in management's fair value model are probability and discount rates.	Our procedures in relation to management's assessment of the fair value of financial assets included: • Assessing reasonableness of management's rationale for concluding on the probability of the collection, reviewing the cash received during the year and reviewing independent external legal confirmations for disputes from Joint Operations Partners; • Inspecting legal documents related to the filing of the arbitration; • Independently assessing the reasonableness of discount rates used in the model with input from PwC valuation specialists; and • Assessing the adequacy of the related disclosures in the consolidated financial statements, including management's judgements and estimation uncertainty surrounding the carrying value of the assets.
Impairment of Goodwill and Oil & Gas interests	
As at 31 December 2019, the Group has goodwill of USD 308 million (note 13) relating to Egyptian assets and tangible oil and gas interests of USD 682 million (note 12). As required by IAS 36 'Impairment of Assets', management performed annual impairment test of Goodwill and tangible Oil and Gas Interests with value in use model supported by an independent expert's reserve report.	Our procedures in relation to management's assessment of the recoverability of goodwill and oil & gas assets included: • Comparing management's hydrocarbon price assumptions against third party forecasts, peer information, contractual arrangements and relevant market data to determine whether the price assumptions were within the range of such forecasts; • Assessing the reasonableness of the discount rates used in impairment tests with input from PwC valuation specialists;

Report on the Audit of the Consolidated Financial Statements continued

Our audit approach continued

Key audit matter	How our audit addressed the Key audit matter
Impairment of Goodwill and Oil & Gas interests continued	
We focused on this area because of the materiality of the balances, and because it requires significant management judgements and assumptions that are affected by future market conditions, particularly future hydrocarbon prices, expected reserves additions from the development activities currently in progress, commercial recoverability of resources from prospects considered for goodwill evaluation, and macro-economic conditions.	• Inspecting reports provided by external experts and assessing their scope of work and conclusions, assessing the competence, capability and objectivity of external reserve experts; • Reviewing reserves estimation methods applied by the experts; • Comparing production forecasts and proved and probable reserves to reserve reports and our understanding of the life of fields, performing a look-back analysis to check for indications of bias over time. • Verifying estimated future capital and operational costs by comparison to the approved budgets and assessed them with reference to field production forecasts; • Assessing the adequacy of the Group's disclosures in relation to impairment, assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of oil and gas assets and goodwill, which are disclosed in note 3 to the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises information included in the Group's 2019 Annual Report but does not include the consolidated financial statements and our auditor's report thereon. We obtained the Report of the Directors prior to the date of this auditor's report, and we expect to obtain the Group's complete Annual report, which is expected to be made available to us after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read Group's 2019 Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and report the fact.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

(i) we have obtained all the information we considered necessary for the purposes of our audit;

(ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

(iii) the Group has maintained proper books of account;

(iv) the financial information included in the Report of the Directors is consistent with the books of account of the Group;

(v) as disclosed in note 19 to the consolidated financial statements the Group has not purchased or invested in any shares during the year ended 31 December 2019;

(vi) note 30 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;

(vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2019 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2019.

(viii) note 34 to the financial statements discloses the social contributions made during the year ended 31 December 2019.

PricewaterhouseCoopers
11 March 2020

Rami Sarhan
Registered Auditor Number 1152
Sharjah, United Arab Emirates

Consolidated Income Statement

For the year ended 31 December 2019

	Notes	2019 USD mm	2019 AED mm	2018 USD mm	2018 AED mm
Gross Revenue	5	**459**	**1,682**	470	1,723
Royalties	5	**(174)**	**(638)**	(176)	(645)
Net revenue	5	**285**	**1,044**	294	1,078
Operating costs & Depletion	6	**(158)**	**(579)**	(154)	(564)
Gross profit		**127**	**465**	140	513
General and administration expenses		**(15)**	**(55)**	(16)	(59)
Investment and finance income	7	**15**	**55**	22	81
Other income	8	**135**	**495**	12	44
Other expenses		**(8)**	**(29)**	(22)	(81)
Impairment of oil & gas assets	13	**(60)**	**(220)**	(248)	(909)
Impairment of financial assets		**(6)**	**(22)**	(2)	(7)
Share of profit of a joint venture – net	15	**(1)**	**(4)**	1	4
Exploration expenses/write-off		**–**	**–**	(6)	(22)
Finance cost	9	**(16)**	**(59)**	(36)	(132)
PROFIT/(LOSS) BEFORE INCOME TAX		**171**	**626**	(155)	(568)
Income tax expense	10	**(14)**	**(51)**	(31)	(114)
PROFIT/(LOSS) FOR THE YEAR		**157**	**575**	(186)	(682)
PROFIT/(LOSS) ATTRIBUTABLE TO:					
- Equity holders of the parent		**157**	**575**	(187)	(686)
- Non-controlling interest		**–**	**–**	1	4
		157	**575**	(186)	(682)
EARNINGS PER SHARE:					
Basic & Diluted earnings/(loss) per share					
(USD/AED per share)	11	**0.022**	**0.082**	(0.027)	(0.098)

The attached notes 1 to 35 form part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2019

	2019		2018	
	USD mm	**AED mm**	USD mm	AED mm
Profit/(loss) for the year	**157**	**575**	(186)	(682)
Other comprehensive income	**–**	**–**	–	–
Other comprehensive income for the year	**–**	**–**	–	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**157**	**575**	(186)	(682)
ATTRIBUTABLE TO:				
- Equity holders of the parent	**157**	**575**	(187)	(686)
- Non-controlling interest	**–**	**–**	1	4
	157	**575**	(186)	(682)

The attached notes 1 to 35 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	2019 USD mm	2019 AED mm	2018 USD mm	2018 AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	12	**1,203**	**4,410**	1,226	4,494
Intangible assets	13	**636**	**2,331**	649	2,379
Investment property	14	**22**	**81**	22	81
Interest in joint ventures	15	**563**	**2,063**	564	2,067
Financial assets at fair value through profit or loss	19	**58**	**213**	–	–
		2,482	**9,098**	2,461	9,021
Current assets					
Inventories	17	**40**	**147**	37	136
Trade and other receivables	18	**175**	**641**	191	700
Financial assets at fair value through profit or loss	19	**53**	**194**	2	7
Funds held for development	20	**27**	**99**	69	253
Cash and cash equivalents	21	**425**	**1,558**	407	1,492
		720	**2,639**	706	2,588
TOTAL ASSETS		**3,202**	**11,737**	3,167	11,609
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	22	**1,908**	**6,995**	1,903	6,977
Treasury shares	23	**(9)**	**(33)**	–	–
Legal reserve	24	**132**	**483**	116	424
Voluntary reserve	24	**132**	**483**	116	424
Retained earnings		**463**	**1,697**	443	1,624
Other reserve	25	**4**	**15**	7	26
Attributable to equity holders of the Company		**2,630**	**9,640**	2,585	9,475
Non-controlling interest		**2**	**8**	2	8
Total equity		**2,632**	**9,648**	2,587	9,483
Non-current liabilities					
Borrowings	26	**54**	**198**	414	1,517
Provisions	27	**15**	**55**	15	55
		69	**253**	429	1,572
Current liabilities					
Borrowings	26	**402**	**1,474**	–	–
Trade payables and accruals	28	**99**	**362**	151	554
		501	**1,836**	151	554
Total liabilities		**570**	**2,089**	580	2,126
TOTAL EQUITY AND LIABILITIES		**3,202**	**11,737**	3,167	11,609

Director

11 March 2020

Director

11 March 2020

The attached notes 1 to 35 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 USD mm	2019 AED mm	2018 USD mm	2018 AED mm
OPERATING ACTIVITIES					
Profit/(loss) before income tax		**171**	**626**	(155)	(568)
Adjustments for:					
Depreciation and depletion	12	**103**	**377**	113	414
Investment and finance income	7	**(15)**	**(55)**	(22)	(81)
Other income		**(135)**	**(494)**	(14)	(51)
Provision for impairments		**66**	**242**	250	916
Change in fair value of investment property	14	**–**	**–**	2	7
Share of profit of a joint venture – net	15	**1**	**4**	(1)	(4)
Exploration expenses		**–**	**–**	6	22
Finance cost	9	**16**	**59**	36	132
Directors' fee		**–**	**–**	(2)	(7)
		207	**759**	213	780
Changes in working capital:					
Trade and other receivables		**38**	**139**	102	374
Funds held for development		**42**	**154**	71	260
Inventories		**(3)**	**(11)**	3	11
Trade payables and accruals		**(17)**	**(63)**	(43)	(157)
Net cash generated from operating activities		**267**	**978**	346	1,268
Income tax		**(14)**	**(51)**	(31)	(114)
Net cash flows generated from operating activities		**253**	**927**	315	1,154
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(105)**	**(385)**	(38)	(140)
Expenditure on intangible assets	13	**(51)**	**(188)**	(32)	(117)
Investment and finance income received		**13**	**48**	13	48
Investment redeemed during the year		**–**	**–**	1	4
Net cash flows used in investing activities		**(143)**	**(525)**	(56)	(205)
FINANCING ACTIVITIES					
Dividends paid		**(105)**	**(384)**	(95)	(348)
Acquisition of treasury shares	23	**(9)**	**(33)**	–	–
Repayment of borrowings		**(7)**	**(26)**	(305)	(1,118)
Borrowings		**49**	**180**	10	37
Finance costs paid		**(20)**	**(73)**	(70)	(257)
Net cash flow used in financing activities		**(92)**	**(336)**	(460)	(1,686)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**18**	**66**	(201)	(737)
Cash and cash equivalents at the beginning of the year	21	**407**	**1,492**	608	2,229
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	**425**	**1,558**	407	1,492

The attached notes 1 to 35 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to equity holders of the Company														Non-controlling interest		Total	
	Share capital		Legal reserve		Voluntary reserve		Retained earnings		Other reserves		Treasury Shares		Convertible sukuk – equity component					
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
As at 1 January 2018	1,903	6,977	116	424	116	424	669	2,453	4	15	–	–	58	212	1	4	2,867	10,509
Loss for the year	–	–	–	–	–	–	(187)	(686)	–	–	–	–	–	–	1	4	(186)	(682)
Total comprehensive income for the period	–	–	–	–	–	–	(187)	(686)	–	–	–	–	–	–	1	4	(186)	(682)
Share based payment	–	–	–	–	–	–	–	–	3	11	–	–	–	–	–	–	3	11
Transfer	–	–	–	–	–	–	58	212	–	–	–	–	(58)	(212)	–	–	–	–
Dividend paid	–	–	–	–	–	–	(95)	(348)	–	–	–	–	–	–	–	–	(95)	(348)
Board compensation	–	–	–	–	–	–	(2)	(7)	–	–	–	–	–	–	–	–	(2)	(7)
As at 31 December 2018	1,903	6,977	116	424	116	424	443	1,624	7	26	–	–	–	–	2	8	2,587	9,483
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**157**	**575**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**157**	**575**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**157**	**575**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**157**	**575**
Share based payment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**7**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**7**
Transfer to reserves	**–**	**–**	**16**	**59**	**16**	**59**	**(32)**	**(118)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(105)**	**(384)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(105)**	**(384)**
Acquisition of treasury shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(9)**	**(33)**	**–**	**–**	**–**	**–**	**(9)**	**(33)**
Issuance of shares to employees	**5**	**18**	**–**	**–**	**–**	**–**	**–**	**–**	**(5)**	**(18)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
As at 31 December 2019	**1,908**	**6,995**	**132**	**483**	**132**	**483**	**463**	**1,697**	**4**	**15**	**(9)**	**(33)**	**–**	**–**	**2**	**8**	**2,632**	**9,648**

The attached notes 1 to 35 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

At 31 December 2019

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 at 31 December 2019 and 2018 and the Company's (direct and indirect) percentage of ordinary share capital or interest are set out below:

Subsidiaries	%	Country of incorporation	Principal activities
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
Joint Operations			
Pearl Petroleum Company Limited ("Pearl Petroleum")	35	British Virgin Islands	Oil and Gas exploration & production
UGTC/Emarat JV	50	Unincorporated	Gas Transmission
Joint Ventures			
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

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment property and financial assets at fair value through profit or loss account that have been measured at fair value. The 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 (USD mm) 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.

2.2 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as issued by the International Accounting Standards Board (IASB).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.3 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16 Leases
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Annual Improvements to IFRS Standard 2015-2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments

2 Summary of significant accounting policies continued

2.3 New and amended standards adopted by the Group continued

These new standards and interpretations did not have any major impact on the accounting policies, financial position or performance of the Group. The Group had to change its accounting policies as a result of adopting IFRS 16 as discussed below.

IFRS 16 *Leases*

The Group has adopted IFRS 16 'Leases' issued in January 2016, with date of initial application of 1 January 2019. The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information is not restated. The Group has assessed that adoption of IFRS 16 did not have any material impact on retaining earnings as at the reporting date and has presented right-of-use assets amounting to circa USD 524,843 within 'Property, plant and equipment' and corresponding lease liabilities of USD 678,475 within 'Trade and other payables' in the consolidated statement of financial position.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprises IT-equipment.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

Where the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement(s) with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gain or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Inter-company transactions, balances and unrealised gains on transaction between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2 Summary of significant accounting policies continued

2.4 Basis of consolidation continued

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the Group loses control over a subsidiary, it dercognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss.

(d) Joint arrangements

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interest in joint operations, the Group recognises its:
- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from sale of its share of the output arising from the joint operations
- Share of the revenue from the sale of the output by the joint operations
- Expenses, including its share of any expenses incurred jointly.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker. The Chief Operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD which is the Company's functional currency and AED is presented as the Group's presentation currency for the convenience of the users of the consolidated financial statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each items of financial position presented are translated at the closing rate at the date of statement of financial position;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) All resulting exchange differences are recognised in other comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated.

Depreciation/depletion is computed on a straight line basis over the estimated useful lives of the assets as follows:

	Useful lives
Oil and gas interest	unit-of-production
Buildings	25 years
Plant and equipment	15 – 25 years/unit-of-production
Pipelines & related facilities	25 years/unit-of-production
Other assets	2-5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively if appropriate.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

2 Summary of significant accounting policies continued

2.7 Property, plant and equipment continued

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Capital work-in-progress is stated at cost. On commissioning, capital work-in-progress is transferred to property, plant and equipment and depreciated or depleted in accordance with Group policies.

Oil and gas properties are depleted using the unit-of-production method. Unit-of-production rates are based on proved reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods.

2.8 Intangible assets

Intangible assets acquired as part of a business combination relating to oil and gas properties are recognised separately from goodwill if the asset is separable or arises from contractual or legal rights and its fair value can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life when the asset is available for use and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually either individually or at the cash-generating unit level. When development in respect of the oil and gas properties is internally approved, the related amount is transferred from intangible assets to property, plant and equipment and depleted in accordance with the Group's policy. If no future activity is planned, the remaining balance is written off.

(a) Oil and gas assets

Oil and natural gas exploration and evaluation expenditures are accounted for using the 'successful efforts' method of accounting. Pre-license costs are expensed in the period in which they are incurred. License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Exploration license and leasehold property acquisition costs are capitalised in intangible assets. Geological and geophysical costs are recognised in the income statement, as incurred.

Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to a technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proven reserves of oil and natural gas are determined and development is sanctioned, capitalisation is made within property, plant and equipment.

(b) Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less cost to sell and their value in use.

2.9 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset or a cash generating unit (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's or CGU's recoverable amount. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case, the asset is tested as part of a large CGU to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset or CGU is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

2.11 Financial assets and liabilities

Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows and is determined at the time of initial recognition. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For assets measured at fair value, gain and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business mode for managing those assets changes.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 Summary of significant accounting policies continued

2.11 Financial assets and liabilities continued

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss. This category includes the Group's trade and other receivables.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses when are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is recycled to profit or loss and recognised in other gain/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises

Equity Instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in other gain/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed

an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

2.12 Profit-bearing loans and borrowings

All profit-bearing loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs directly attributable to the borrowing. The effective profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

After initial recognition, profit-bearing loans and borrowings are subsequently measured at amortised cost using the effective profit rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

2.13 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent expenditure is added to the carrying value of investment properties when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance expenses and is charged to the consolidated income statement in the period in which it is accrued.

Subsequently investment properties are stated at fair value, which reflects market conditions at the reporting date. Any gains or loss arising from changes in fair values of investment properties are included in the income statement. Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price, cost of production, transportation and other directly allocable expenses. Costs of spares and consumables are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Trade and other receivables

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.17 Trade payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

2.18 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of that particular asset. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The abandonment and site restoration costs initially recorded are depleted using the unit-of-production method based on proven oil and gas reserves. Subsequent revisions to abandonment and site restoration costs are considered as a change in estimates and are accounted for on a prospective basis.

Employees› end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

2 Summary of significant accounting policies continued

2.19 Royalty
Royalty is recognised when associated revenue is earned. Royalties are government's share of sales and is either a per barrel amount from sales volume or a percentage of the revenue from sales of hydrocarbons. Accordingly, royalties are excluded to arrive at Net revenue.

2.20 Income Taxes
In Egypt, the Government receives production in lieu of income tax. The Group records this production as a current income tax expense.

2.21 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of respective assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as finance cost in the income statement in the period in which they are incurred.

2.22 Share based payment transactions
Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for either equity instruments ("equity settled transactions") or restricted shares. Service-based restricted shares are granted at no cost to key employees and generally vest one third each year over a three year period from the date of grant. Restricted shares vest in accordance with the terms and conditions established by the Board of Directors and are based on continued service.

The fair value of service-based restricted shares is determined based on the numbers of shares granted and the closing price of the Company's common stock on the date of grant. The cost is being amortised on a straight line method, based on the vesting period.

2.23 Current versus non-current classification
The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

2.24 Revenue recognition
The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15.

Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the Company satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) The Group's performance does not create an asset with an alternate use to the Company and the Company has as an enforceable right to payment for performance completed to date.

(b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

(c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

The Company identified one performance obligation which is the delivery of condensate, LPG and gas to the customers as per the terms of the customer contracts. Accordingly, revenue is recognised point in time when the performance obligation is fulfilled.

Finance income

Income from surplus funds invested with financial institutions and interest charged to debtors for overdue receivables is recognised as the profit/interest accrues.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements 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 consolidated financial statements, 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

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 12) and Intangible asset (note 13). 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 10% in the discount rate will not result in an impairment.

3.2 Exploration and evaluation expenditures: The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether it is likely that future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

3.3 Joint arrangements: As at 31 December 2019, the Group holds 35% (31 December 2018: 35%) of the voting rights in PPCL. The group has joint control over PPCL as under the contractual arrangements, unanimous consent is required from all parties to the arrangement for majority of the relevant activities. Though PPCL is structured as a limited liability company, the underlying agreements provide the company with rights and obligations to its share of jointly owned assets/income and jointly incurred liabilities/expenses. Therefore, this arrangement is classified as joint operations.

3 Significant accounting judgements, estimates and assumptions continued

Estimates and assumptions

The Group has identified the following areas where significant estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Changes in estimates are accounted for prospectively. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the consolidated financial statements. 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.

3.4 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 10% 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 51 million and would not result in any impairment The carrying amount of goodwill at 31 December 2019 was USD 308 million (2018: USD 308 million).

3.5 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%. An increase by 10% 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 of oil and gas assets in Egypt would have been higher/lower by USD 18 million and would result in an impairment of USD 12 million.

3.6 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. A 10% 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.

3.7 Decommissioning costs: Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The Group has used a discount rate of 2.25% in its calculation. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

3.8 Hydrocarbon reserve and resource estimates: Oil and gas properties are depreciated on a UOP basis at a rate calculated by reference to total proved reserves determined in accordance with the Society of Petroleum Engineers' rules and incorporating the estimated future cost of developing those reserves. The Group estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates.

Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the relevant commercial arrangements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. The carrying amount of oil and gas properties at 31 December 2019 is shown in Note 12.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of oil and gas properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change.
- Provisions for decommissioning may change as the changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

3.9 Investment Property: The Group carries its investment property at fair value, with changes in fair values being recognised in the consolidated income statement. The Group engaged a qualified independent property consultant to determine fair value reflecting market conditions at 31 December 2019.

3.10 Units of production depreciation of oil and gas properties: Oil and gas properties are depreciated using the units of production (UOP) method over total proved reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field. Each items' life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates changes. Changes to proved reserves could arise due to changes in the factors or assumptions used in estimating reserves and are accounted for prospectively.

4 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. Unallocated amounts are included in General & administration expenses, investment and finance income, other income, other expenses and finance cost.

Year ended 31 December 2019

	United Arab Emirates USD mm	Egypt USD mm	Kurdistan Region of Iraq USD mm	Total USD mm
Gross revenue	11	295	153	459
Royalties	(1)	(173)	–	(174)
Net revenue	10	122	153	285
Operating cost & depletion	(9)	(97)	(52)	(158)
Gross profit	1	25	101	127
General and administration expenses				(15)
Investment and finance income				15
Other income				135
Other expenses				(8)
Impairments	(6)	(60)	–	(66)
Share of profit of a joint venture				(1)
Finance cost				(16)
Profit before income tax				171
Income tax expense		(14)		(14)
Profit for the year				157
Segment assets as at 31 December 2019	1,613	766	823	3,202
Segment liabilities as at 31 December 2019	436	51	83	570
Other segment information				
Capital expenditure:				
Property, plant and equipment	–	19	57	76
Intangible assets	–	51	–	51
Total	–	70	57	127
Depreciation & depletion	2	70	31	103
Trade receivable	–	111	24	135

4 Segmental information continued

Year ended 31 December 2018

	United Arab Emirates USD mm	Egypt USD mm	Kurdistan Region of Iraq USD mm	Total USD mm
Gross revenue	16	326	128	470
Royalties	(1)	(175)	–	(176)
Net revenue	15	151	128	294
Operating cost & depletion	(23)	(91)	(40)	(154)
Gross profit	(8)	60	88	140
General and administration expenses				(16)
Investment and finance income				22
Other income				12
Other expenses				(22)
Provision for impairment	(189)	(59)	(2)	(250)
Share of profit of a joint venture – net				1
Exploration expenses	–	(6)	–	(6)
Finance cost				(36)
Loss before income tax				(155)
Income tax expense		(31)		(31)
Loss for the year				(186)
Segment assets as at 31 December 2018	1,481	868	818	3,167
Segment liabilities as at 31 December 2018	442	82	56	580
Other segment information				
Capital expenditure:				
Property, plant and equipment	20	24	50	94
Intangible assets	–	32	–	32
Total	20	56	50	126
Depreciation & Depletion	15	66	32	113
Trade receivable	5	140	18	163

5 Revenue

	2019 USD mm	2018 USD mm
Gross revenue	**455**	466
Tariff fee	**4**	4
	459	470
Less: royalties	**(174)**	(176)
Net revenue	**285**	294

Royalties relate to Government share of production in Egypt and the United Arab Emirates.

Tariff fees relates to fixed pipeline capacity fees earned by UGTC. As the contract includes monthly fixed fee, revenue is recognised over a period of time when customers are invoiced.

6 Operating costs & Depletion

	2019 USD mm	2018 USD mm
Production costs	**37**	38
Staff costs	**18**	16
Depreciation and depletion (note 12)	**103**	113
Reversal of accrued operating cost	**–**	(13)
	158	154

7 Investment and finance income

	2019 USD mm	2018 USD mm
Gain on buyback of Sukuk	**–**	14
Profit on short term deposit	**14**	13
Fair value loss on financial assets at fair value through profit or loss (note 19)	**–**	(6)
Others	**1**	1
	15	22

8 Other income

	2019 USD mm	2018 USD mm
Financial asset recognised during the year (note 19)	**126**	14
Reimbursement of arbitration cost	**6**	–
Change in fair value of investment property (note 14)	**–**	(2)
Others	**3**	–
	135	12

9 Finance cost

	2019 USD mm	2018 USD mm
Profit on Sukuk (note 26a)	**16**	18
Consent fee	**–**	16
Egypt equipment and building loan	**–**	2
	16	36

10 Income tax expense

(a) UAE

The Company is not liable to corporate income tax in its primary jurisdiction (UAE). Dana Gas Exploration FZE is however, liable to income tax at a rate of 50%.

(b) Egypt

The income tax expense in the income statement relates to Dana Gas Egypt operations which is taxed at an average tax rate of 40.55% (2018: 40.55%). This tax is paid by Egyptian General Petroleum Corporation (EGPC)/Egyptian Natural Gas Holding Company (EGAS) on behalf of the Company from their share of production. Dana Gas Egypt does not have any deferred tax asset/liability at year end.

(c) Kurdistan Region of Iraq

The PDA provides that corporate income tax in the Kurdistan Region of Iraq will be paid directly by the KRG to the relevant tax authorities on behalf PPCL.

The relationship between the tax expense and the accounting profit can be explained as follows:

	2019 USD mm	2018 USD mm
Profit/(loss) before tax	**171**	(155)
Profit not subject to tax	**137**	232
Accounting profit subject to tax	**34**	77
Current income tax expense	**14**	31
UAE applicable income tax rate	**0%**	0%
Effective tax rate as percentage of accounting profit	**40.5%**	40.5%

11 Earnings per share

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

	2019 USD mm	2018 USD mm
Earnings:		
Net profit/(loss) for the year – USD mm	**157**	(187)
Shares:		
Weighted average number of shares outstanding – million	**6,983**	6,977
Earnings/(loss) per share (Basic) – USD:	**0.022**	(0.027)

EPS (Diluted)

Employee restricted shares are dilutive, however they have no material impact on the EPS for the year ended 31 December 2018.

12 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 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 (note 13)	**–**	**–**	**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
	276

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 26).

	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 2018	14	12	1,604	450	39	162	208	2,489
Additions	–	–	32	11	1	–	49	93
Adjustment	–	–	–	–	–	1	–	1
Transfer from capital work in progress	–	–	–	12	–	–	(12)	–
Impairment*	–	–	(78)	(92)	–	(44)	(11)	(225)
Transfer from intangible assets (note 13)	–	–	8	–	–	–	–	8
At 31 December 2018	14	12	1,566	381	40	119	234	2,366
Depreciation/depletion:								
At 1 January 2018	–	4	804	154	19	46	–	1,027
Depreciation/depletion charge for the year	–	1	76	25	2	9	–	113
At 31 December 2018	–	5	880	179	21	55	–	1,140
Net carrying amount:								
At 31 December 2018	14	7	686	202	19	64	234	1,226

Capital Work in Progress comprises:	USD mm
SajGas plant and facilities	99
UGTC pipeline &related facilities	89
Kurdistan Region of Iraq project	46
	234

*During 2018, an impairment of USD 225 million was recognized in respect of Zora and certain Egyptian assets.

13 Intangible assets

	Oil and gas interests USD mm	**Transmission & sweetening rights USD mm**	**Gas processing rights USD mm**	**Development cost USD mm**	**Goodwill USD mm**	**Total USD mm**
Cost at 1 January 2019	**167**	**289**	**7**	**2**	**308**	**773**
Less: impairment	**(115)**	**–**	**(7)**	**(2)**	**–**	**(124)**
At 1 January 2019	**52**	**289**	**–**	**–**	**308**	**649**
Additions*	**51**	**–**	**–**	**–**	**–**	**51**
Transfer to property, plant						
and equipment (note 12)	**(4)**	**–**	**–**	**–**	**–**	**(4)**
Impairment	**(60)**	**–**	**–**	**–**	**–**	**(60)**
At 31 December 2019	**39**	**289**	**–**	**–**	**308**	**636**

	Oil and gas interests USD mm	Transmission & sweetening rights USD mm	Gas processing rights USD mm	Development cost USD mm	Goodwill USD mm	Total USD mm
Cost at 1 January 2018	149	289	7	2	308	755
Less: impairment	(102)	–	(7)	(2)	–	(111)
At 1 January 2018	47	289	–	–	308	644
Additions	32	–	–	–	–	32
Transfer to property, plant						
and equipment (note 12)	(8)	–	–	–	–	(8)
Impairment/Exploration expense	(19)	–	–	–	–	(19)
At 31 December 2018	52	289	–	–	308	649

* Additions relate to cash outflows in respect of cost of exploration and evaluation assets

13 Intangible assets continued

(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. An amount of USD 60 million relating to cost of this well was impaired during the year.
- 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 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 development. Management has carried an impairment review during 2019. (refer note 3).

14 Investment property

	2019 USD mm	2018 USD mm
Balance at 1 January	**22**	24
Change in fair value	**–**	(2)
Balance at 31 December	**22**	22

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 this 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 a qualified property consultants, with reference to comparable market transactions. The latest valuation exercise was carried out by the consultants as at 31 December 2019 and resulted in a valuation of USD 22 million.

15 Interest in joint ventures

The following table summarises the statement of financial position of the joint ventures as at 31 December 2019:

	EBGDCO USD mm	Gas Cities USD mm	CNGCL USD mm	Total USD mm
Current assets				
Cash and cash equivalent	**3**	**–**	**–**	**3**
Other current assets	**9**	**2**	**–**	**11**
Total current assets	**12**	**2**	**–**	**14**
Non-current assets	**76**	**–**	**1**	**77**
Current liabilities				
Financial liabilities (exc. payable)	**(8)**	**–**	**–**	**(8)**
Other current liabilities	**(18)**	**(9)**	**(41)**	**(68)**
Total current liabilities	**(26)**	**(9)**	**(41)**	**(76)**
Non-current liabilities				
Financial liabilities (exc. payable)	**(33)**	**–**	**–**	**(33)**
Other non-current liabilities	**(11)**	**–**	**–**	**(11)**
Total non-current liabilities	**(44)**	**–**	**–**	**(44)**
Net assets	**18**	**(7)**	**(40)**	**(29)**
Reconciliation to carrying amount				
Opening net assets as of 1 January 2019	**19**	**(7)**	**(36)**	**(24)**
Loss for the year	**(1)**	**–**	**(4)**	**(5)**
Closing net assets as of 31 December 2019	**18**	**(7)**	**(40)**	**(29)**
Group share in %age	**40%**	**50%**	**35%**	
Group share of net assets	**8**	**(3)**	**(14)**	**(9)**
Fair value/adjustment	**–**	**3**	**569**	**572**
Carrying amount as of 31 December 2019	**8**	**–**	**555**	**563**

The following table summarises the income statement of the joint ventures for the year ended 31 December 2019:

	EBGDCO USD mm	Gas Cities USD mm	CNGCL USD mm	Total USD mm
Revenue	**25**	**–**	**–**	**25**
Interest Income	**–**	**–**	**–**	**–**
Depreciation and amortisation	**(7)**	**–**	**–**	**(7)**
Interest expense	**(3)**	**–**	**–**	**(3)**
Income tax expense	**–**	**–**	**–**	**–**
Total comprehensive loss for the year	**(1)**	**–**	**(4)**	**(5)**

15 Interest in joint ventures continued

The Joint ventures had no other contingent liabilities or capital commitments as at 31 December 2019 and 2018 except as disclosed in note 29.

The following table summarises the statement of financial position of the joint ventures as at 31 December 2018:

	EBGDCO USD mm	Gas Cities USD mm	CNGCL USD mm	Total USD mm
Current assets				
Cash and cash equivalent	4	–	–	4
Other current assets	7	2	–	9
Total current assets	11	2	–	13
Non-current assets	83	–	1	84
Current liabilities				
Financial liabilities (exc. payable)	(8)	–	–	(8)
Other current liabilities	(20)	(9)	(37)	(66)
Total current liabilities	(28)	(9)	(37)	(74)
Non-current liabilities				
Financial liabilities (exc. payable)	(36)	–	–	(36)
Other non-current liabilities	(11)	–	–	(11)
Total non-current liabilities	(47)	–	–	(47)
Net assets	19	(7)	(36)	(24)
Reconciliation to carrying amount				
Opening net assets as of 1 January 2018	13	(9)	(30)	(26)
Profit/(loss) for the year	6	2	(6)	2
Closing net assets as of 31 December 2018	19	(7)	(36)	24
Group share in %age	40%	50%	35%	
Group share of net assets	8	(3)	(13)	(8)
Fair value/adjustment	–	3	569	572
Carrying amount as of 31 December 2018	8	–	556	564

The following table summarises the income statement of the joint ventures for the year ended 31 December 2018:

	EBGDCO USD mm	Gas Cities USD mm	CNGCL USD mm	Total USD mm
Revenue	34	–	–	34
Interest Income	–	–	–	–
Depreciation and amortisation	(6)	–	–	(6)
Interest expense	(4)	–	–	(4)
Income tax expense	–	–	–	–
Total comprehensive income/(loss) for the year	6	2	(6)	2

Out of the total investment in joint ventures, USD 555 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.

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.

16 Interest in joint operations

(a) Kurdistan Region of Iraq Project

Pearl was incorporated in the British Virgin Islands as a BVI Business Company on 19 January 2009. The activities of the Company include exploration, development, production, ownership, transportation, processing, distribution, marketing and sale of natural gas and petroleum related products, including the development of gas related projects and services in the KRI. Pearl is owned 35% each by Crescent Petroleum and Dana and 10% each by OMV Upstream International GmbH ("OM"), MOL Hungarian Oil and Gas Public Limited Company ("MOL") and RWE Middle East Holding BV ("RWE").

Pursuant to the Head of Agreement with the KRG dated 4 April 2007 (supplemented with a detailed accounting procedure dated 25 January 2008) which was subsequently amended on 30 August 2017 and termed as the "Petroleum Development Agreement" ("PDA"), Pearl is the contractor and consequently takes title to and enjoys exclusive rights to appraise, develop, produce, market and sell petroleum, including natural gas domestically and for export, from certain areas in the KRI. Crescent and Dana have been appointed as the Operator (for and on behalf of Pearl Petroleum) for the purposes of the implementation of the PDA.

The following amounts represent the Group's 35% share of the assets, liabilities and income of the joint operation:

	2019 USD mm	2018 USD mm
Assets:		
Non-current assets	**713**	687
Current assets	**110**	131
Total Assets	**823**	818
Liabilities:		
Non-current liabilities	**55**	11
Current liabilities	**28**	45
Total Liabilities	**83**	56
Net Assets	**740**	762
Revenue	**153**	128
Operating cost	**(21)**	(21)
Depreciation	**(31)**	(32)
Reversal of accrued operating cost	**–**	13
Gross profit	**101**	88

16 Interest in joint operations continued

(b) UGTC/Emarat Joint Venture

The Group has a 50% interest in the UGTC/Emarat jointly controlled operations which owns one of the largest gas pipelines in the UAE (48 inch diameter) with an installed capacity of 1,000 MMscfd, to transport gas in the Emirates of Sharjah from Sajaa to Hamriyah. The following amounts represent the Group's 50% share of the assets, liabilities and income of the joint operations:

	2019 USD mm	2018 USD mm
Assets:		
Non-current assets	**15**	16
Current assets	**15**	17
Total Assets	**30**	33
Liabilities:		
Current liabilities	**–**	–
Net Assets	**30**	33
Revenue	**4**	4
Operating cost	**(1)**	(1)
Depreciation	**(1)**	(1)
Gross profit	**2**	2

17 Inventories

	2019 USD mm	2018 USD mm
Spares and consumables	**59**	57
Less: provision for impairment of inventory	**(19)**	(19)
Less: reclassification to property, plant and equipment	**–**	(1)
	40	37

Inventory recognized as an expense during the year ended 31 December 2019 was $1.2 million (2018: $1 million).

18 Trade and other receivables

	2019 USD mm	2018 USD mm
Trade receivables (net)	**135**	163
Prepaid expenses	**7**	7
Due from joint ventures	**19**	14
Accrued revenue (note c)	**8**	–
Other receivables	**13**	14
Less: provision for impairment of other receivables	**(7)**	(7)
	175	191

(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:

			Past due				
	Total USD mm	Not past due USD mm	<30 days USD mm	30-60 days USD mm	61-90 days USD mm	91-120 days USD mm	>120 days USD mm
31 December 2019	**135**	**68**	**12**	**1**	**16**	**–**	**38**
31 December 2018	163	75	22	1	14	22	29

(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 by October 2020 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 in 2020. This provisional adjustment to amounts due from the KRG has been reflected in these financial statements as accrued revenue.

19 Financial assets at fair value through profit or loss

	2019 USD mm	2018 USD mm
Balance at 1 January	**2**	9
Recognised during the year	**126**	–
Received during the year	**(18)**	(1)
Change in fair value	**1**	(6)
Balance at 31 December	**111**	2

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

	2019 USD mm	2018 USD mm
Current assets	**53**	2
Non-current assets	**58**	–
	111	2

During the year, 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 year, the Company has received an amount of USD 18 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 31 December 2019. On a prudent basis, with reference to the last valuation as of 31 December 2018, the Company has estimated the fair value of this investment as at 31 December 2019.

The Company did not make any investment in shares or stock during the year ended 31 December 2019.

20 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) has been released from these funds in accordance with the terms of the Settlement Agreement and the balance as at 31 December 2019 is USD 78 million (DG Share: USD 27 million).

21 Cash and cash equivalents

	2019 USD mm	2018 USD mm
Cash at bank		
- Local Banks within UAE	**12**	15
- Foreign Banks outside UAE	**6**	20
Short-term deposits		
- Local Banks within UAE	**407**	372
Cash and cash equivalents	**425**	407

21 Cash and cash equivalents continued

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 bank balance including short-term deposits is USD 425 million (31 December 2018: USD 407 million). The effective profit rate earned on short term deposits ranged 1.6% to 3.75% (2018: 1.4% to 3. 5%) per annum. As at 31 December 2019, 99 % (31 December 2018: 95%) of cash and bank balance were held with UAE banks and the balance held outside UAE. Out of the total cash and bank balance of USD 425 million, 1% of the amount was held in Egyptian pounds (2018: 4%).

22 Share capital

	2019 USD mm	2018 USD mm
Authorised:		
9,000,000,000 common shares of AED 1 each (USD 0.2728 each)		
Issued and fully paid up:		
6,995,373,373 (2018: 6,976,623,422) common shares of AED 1 each (USD 0.2728 each)	**1,908**	1,903

During the year, the Company issued 18,749,951 shares to its employees (note 25).

23 Treasury Shares

During the year, the Company executed a share buyback and acquired 35,700,000 of its own shares at an average price of AED 0.94 per share totalling AED 33.6 million.

24 Legal and voluntary reserve

	Legal reserve USD mm	Voluntary reserve USD mm
At 1 January 2018	**116**	**116**
Transfer for the year	**–**	**–**
At 31 December 2018	**116**	**116**
Transfer for the year	**16**	**16**
At 31 December 2019	**132**	**132**

(a) Legal Reserve

In accordance with the U.A.E. Federal Law No. (2) of 2015, the Company has established a legal reserve by appropriation of 10% of the Group's net profit for each year. The allocation may cease by the decision of the General Assembly when the reserve equals 50% of the Company's paid up capital. This reserve may not be distributed to the shareholders. However, the legal reserve in excess of 50% of the paid up capital may be distributed as profits to the shareholders in the years in which the Company does not make sufficient net profits.

(b) Voluntary Reserve

As per the Article of Association of the Company, 10% of the Group's net profit for each year will be allocated to the voluntary reserve. The General Assembly may stop the allocation upon the recommendation of the Board of Directors or when the reserve reaches 50% of the paid up capital. The voluntary reserve shall be expended in accordance with a resolution of the Board of Directors on matters that serve the interests of the Company.

25 Other reserve

	Share based reserve USD mm
At 1 January 2018	4
Recognised during the year	3
At 31 December 2018	7
Recognised during the year	2
Shares issued to employees	(5)
At 31 December 2019	4

During the year company issued shares to its employees under the share based payment plan. The amount recognised during the year was expensed in the consolidated income statement

26 Borrowings

	2019 USD mm	2018 USD mm
Non-current		
Sukuk (a)	**–**	404
Loan facility (b)	**54**	10
	54	414
Current		
Sukuk (a)	**397**	–
Loan facility (b)	**5**	–
	402	–
Total Borrowings	**456**	414

(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.

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, the Company bought back Sukuk amounting to USD 126 million (nominal value). During the year, the Company bought back additional Sukuk amounting to USD 7 million (nominal value), thereby reducing the outstanding Sukuk to USD 397 million. All bought back Sukuk have been cancelled as per the terms and conditions. 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.

26 Borrowings continued

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 throughout the reporting period.

(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 until 31 December 2019. The first repayment instalment of USD 12.5 million which is due on 31 December 2020 has been classified as current liabilities.

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 has a 2.5 year grace period and is repayable in equal quarterly instalments, with the first repayment taking place on 30 June 2022. Pearl has since drawn down USD 20 million (DG Share: USD 7 million) form the facility until 31 December 2019.

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 31 December 2019.

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 throughout the reporting period.

27 Provisions

	2019 USD mm	2018 USD mm
Non-current		
Asset decommissioning obligation (a)	**12**	12
Employee's end of service benefits (b)	**3**	3
	15	15

(a) The asset decommissioning provision is based on the Company's best estimate of the expenditure required to settle the obligation at the end of the field life. During the year an amount of USD 580,000 was added in relation to inflation/accretion.

(b) Provision for employee's end of service benefits represents the present value of the obligations to employees in accordance with the UAE Labor Law. During the year an additional provision of USD 673,263 was recognized as an expense and USD 359,600 of provision was utilized.

28 Trade payables and accruals

	2019 USD mm	2018 USD mm
Trade payables	**35**	31
Accruals and other payables	**30**	82
Asset decommissioning obligation (note 27)	**20**	20
Other liabilities	**14**	18
	99	151

29 Commitments

Dana Gas Egypt

In March 2006, Centurion Petroleum Corporation ("CPC") (re-named Dana Gas Egypt on 3 April 2009) 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 ("CTIP transaction"), CPC held a 100% participating interest in each of these Concessions. As agreed under the terms of the said acquisition agreement CPC has granted a three percent net profits interest to CTIP on future profit from the Concessions.

On 26 February 2007, Dana Gas acquired CPC as part of the acquisition of Centurion Energy International Inc. and inherited the obligations and liabilities of CPC in relation to the CTIP transaction. CPC was re-named Dana Gas Egypt on 3 April 2009.

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 third quarter, Dana Gas Egypt applied for and received approval to enter into second phase of exploration, until 10 June 2023. To-date Dana Gas Egypt has spent circa. USD 70 million and has fulfilled the spend commitment of both the first and second phases of exploration.

Pearl Petroleum

As at 31 December 2019, Pearl had capital commitments of circa USD 1.9 million (DG Share: USD 0.7 million).

30 Related party disclosures

Note 1 provides information about the Group's structure, including details of the subsidiaries and joint arrangement.

	2019		2018	
	Revenues USD mm	**Fees for management services USD mm**	Revenues USD mm	Fees for management services USD mm
Joint arrangement/Major shareholder	**1**	**5**	1	3
Major shareholder	**–**	**(1)**	–	(4)

Fees 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 spend 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.

Due from related parties as at 31 December 2019 mainly represents amount Due from CNGCL and Pearl Petroleum (note 18) in respect of time cost and related charges, other cost incurred on behalf of the Company and pipeline capacity charges. In addition an amount of USD 430 thousand is due to Crescent Petroleum at year end.

Board committee fees for the year amounted to USD 2 million.

Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	2019 USD mm	2018 USD mm
Short-term benefits	**4**	5
Share based payment	**2**	2
	6	7

31 Dividend

At the Annual General Meeting of the Company held on 17 April 2019 the shareholders approved a cash dividend of AED 5.5 fils per share for 2018 (2017: AED 5 fils) amounting in total to USD 105 million (AED 384 million).

32 Financial risk management objectives and policies

Financial risk factors

The Group's principal financial liabilities comprise borrowings, decommissioning obligations (provisions), trade payables, other payables and due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Board of Directors on their activities.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

32 Financial risk management objectives and policies continued

Financial risk factors continued

(a) Foreign currency risk

The Group is exposed to foreign currency risks in relation to its cash balance in Egyptian pounds held in Egypt with local banks and Egyptian pound payables amounting to USD 7 million.

At 31 December 2019, if the Egyptian pounds had strengthened/weakened by 10% against the USD with all other variables held constant, total comprehensive profit for the year would have been USD 0.5 million higher/lower (2018: USD 2 million), as a result of foreign exchange gains/losses on translation of Egyptian pounds denominated cash and bank balance.

(b) Profit rate risk

The Group has minimal exposure to Profit rate risk on bank deposits. The Sukuk carries fixed profit rate and hence is not exposed to profit rate risk. The Group has exposure to interest rate risk on its share of borrowing in Pearl. If the interest rate would have increase/decrease by 10% with all other variable held constant, total comprehensive profit for the year would have been USD 0.4 million higher/lower (2018: USD 0.07 million).

(c) Price risk

The Group is exposed to commodity price risk (oil price), however this is partially mitigated due to long term fixed price agreements for sale of natural gas which constitute approximately 43 % (2018: 38%) of the Group's gross revenue. At 31 December 2019, if the average price of oil for the year had increased/decreased by 10% with all other variable held constant the Group's total comprehensive profit for the year would have been USD 16 million higher/lower (2018: USD 14 million). The Group is also exposed to price risk on its investment in Abraaj's infrastructure fund (note 19).

(d) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from trade receivables and bank balances. Credit risk is managed on a group basis. Bank balances are placed with banks having investment grade rating. Out of the total bank balance, 70% of the balance was with one investment grade bank. The Group's trade receivable is considered to have low credit risk. The credit rating of the counterparties is monitored for any credit deterioration.

(i) Trade receivables

The trade receivables arise from its operations in UAE (Nil. 2018: USD 5 million), Egypt (USD 111 million. 2018: USD 140 million) and Kurdistan Region of Iraq (USD 24 million. 2018: USD 18 million). The requirement for impairment is analysed at each reporting date on an individual basis for major customers (Government related entities). The calculation is based on actual historical data and the status of the customer. The maximum exposure to credit risk at the reporting date is the carrying amount as illustrated in note 18.

(ii) Bank balances

Credit risk from balances with banks and financial institutions is managed by Group's Treasury in accordance with the Group policy. Investment of surplus funds is made only with counterparties approved by the Group's Board of Directors. Bank balances are placed with banks having investment grade ratings. Out of the total bank balance, 70% of the balance was with one investment grade bank. The Group's maximum exposure to credit risk in respect of bank balances as at 31 December 2019 is the carrying amount as illustrated in note 21.

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings, trade payables and other payables. The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

Year ended 31 December 2019	**Less than 1 month USD mm**	**Less than 1 year USD mm**	**1 to 5 years USD mm**	**>5 years USD mm**	**Total USD mm**
Borrowings (including profit)	**4**	**418**	**61**	**–**	**483**
Trade payables and accruals	**3**	**96**	**–**	**–**	**99**
Provisions	**–**	**2**	**8**	**6**	**16**
	7	**516**	**69**	**6**	**598**

Year ended 31 December 2018	Less than 1 month USD mm	Less than 1 year USD mm	1 to 5 years USD mm	>5 years USD mm	Total USD mm
Borrowings (including profit)	1	13	432	–	446
Trade payables and accruals	3	135	13	–	151
Provisions	–	2	6	8	16
	4	150	451	8	613

Capital risk management

The primary objective of the Group›s capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018. Capital comprises issued capital, retained earnings and other reserves attributable to the equity holders of the Parent and is measured at USD 2,630 million as at 31 December 2019 (2018: USD 2,585 million).

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2019 USD mm	2018 USD mm
Cash and cash equivalent	**425**	407
Borrowings	**(456)**	(414)
Net debt	**(31)**	(7)

	Borrowing USD mm	Cash USD mm	Total USD mm
Net debt as at 1 January 2018	(723)	608	(115)
Cash flow movement during the year	295	(201)	94
Gain on buyback of Sukuk	14	–	14
Net debt as at 31 December 2018	(414)	407	(7)
Cash flow movement during the year	(42)	18	(24)
Net debt as at 31 December 2019	(456)	425	(31)

The gearing ratio at 31 December 2019 and 31 December 2018 were as follows:

	2019 USD mm	2018 USD mm
Net debt	**31**	7
Total equity	**2,630**	2,585
Net debt to equity ratio	**1.2%**	0.3%

Financial covenants relating to borrowings are disclosed in note 26.

33 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:

	Carrying amount 2019 USD mm	**Fair value 2019 USD mm**	Carrying amount 2018 USD mm	Fair value 2018 USD mm
Financial assets				
Trade and other receivables	**175**	**175**	191	191
Financial assets at fair value through profit or loss	**111**	**111**	2	2
Cash and short term deposits	**425**	**425**	407	407
Financial liabilities				
Borrowings	**456**	**456**	414	414
Trade payables and accruals	**99**	**99**	151	151

33 Fair value estimation continued

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)

Valuation of investment property is determined with reference to comparable market transactions.

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

	Level 1 USD mm	Level 2 USD mm	Level 3 USD mm	Total USD mm
Assets				
Financial assets at fair value through profit or loss	**–**	**2**	**109**	**111**
Investment property	**–**	**22**	**–**	**22**
Total	**–**	**24**	**109**	**133**

The following table presents the Group' assets that are measured at fair value on 31 December 2018:

	Level 1 USD mm	Level 2 USD mm	Level 3 USD mm	Total USD mm
Assets				
Financial assets at fair value through profit or loss	–	2	–	2
Investment property	–	22	–	22
Total	–	24	–	24

There have been no transfers between Level 1 and Level 2 during the years 2019 and 2018.

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, the instrument is included in level 2.

34 Social contributions

As part of the Corporate Social Responsibility Initiatives, the Group spent USD 621,600 (2018: USD 370,058) during the year.

35 Subsequent events

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.

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.

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