

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 MARCH 2021 (Unaudited)

DANA GAS PJSC

Report of the Directors

The Board of Directors of Dana Gas PJSC (“Dana Gas” or the “Company”) are pleased to announce the consolidated financial results of the Company, its subsidiaries and joint arrangements (together referred to as the “Group”) for the period ended 31 March 2021.

Principal Activities

Dana Gas was incorporated in the Emirate of Sharjah (“Sharjah”), United Arab Emirates, as a public joint stock company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy.

Dana Gas is the Middle East’s first and largest private sector natural gas company. The Group currently operates in the MENASA (Middle East, North Africa & South Asia) Region across the natural gas value chain; from exploration and production, through gas processing and transportation, to the distribution, marketing and utilisation of gas as feedstock and fuel to the petrochemical, industrial and the power sectors. Since its establishment, the Company has grown to be a regional natural gas Company with presence in the United Arab Emirates, Egypt, and the Kurdistan Region of Iraq (KRI) and headquartered in Sharjah, United Arab Emirates.

Results for the quarter ended 31 March 2021 – including discontinued operations

During the quarter ended 31 March 2021, the Group earned gross revenues of USD 106 million (AED 389 million) as compared to USD 104 million (AED 382 million) in the first quarter of 2020, an increase of 2%. Higher production in Kurdistan contributed USD 6 million to the top line whilst decline in production in Egypt impacted the top line by USD 7 million. Realised price averaged USD 44/bbl for condensate and USD 33/boe for LPG compared to USD 41/bbl and USD 30/boe respectively in Q1 2020, resulting in higher revenues by USD 2 million.

The Group’s share of production for the 90 days was 5.84 million barrels of oil equivalent or 64,900 barrels of oil equivalent per day (“boepd”), an increase of 2% compared to corresponding quarter production of 5.79 million boe (63,650 boepd).

The Group achieved a net profit after tax of USD 24 million (AED 88 million) as compared to USD 17 million (AED 62 million) in Q1 2020, an increase of 41%. The increase in net profit was due to higher revenue as explained above, reduction in impairment costs and reduction in finance costs due to lower borrowing base and profit rate in Q1 2021 as compared to Q1 2020.

Net profit from continuing operations during the period was USD 24 million (AED 88 million) which reflects the strong underlying operating performance.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) was slightly lower at USD 50 million (AED 183 million) in Q1 2021 compared to USD 52 million (AED 191 million) in Q1 2020.

Discontinued operations

The Company announced on 25 October 2020 that it had entered into an agreement with IPR Wastani Petroleum Ltd, a member of the IPR Energy Group (“IPR”) for the sale of its onshore Egyptian producing oil and gas assets for a consideration of up to USD 236 million including contingent payments. Under the terms of the sale, the consideration was to comprise (i) a base cash consideration of USD 153 million, including the net working capital associated with the assets and before any closing adjustments, and (ii) contingent payments of up to USD 83 million subject to average Brent prices and production performance between 2020-2023 as well as realization of potential third party business opportunities. Upon closing, the base consideration was to be adjusted by the collections received and payments made by the Company during the intervening period between the economic date and the closing date.

DANA GAS PJSC

Report of the Directors

Discontinued operations (continued)

The perimeter of the transaction was to include Dana Gas' 100% working interests in the El Manzala, West El Manzala, West El Qantara and North El Salhiya onshore concessions and associated development leases. These assets produced 30,300 boepd in 2020.

All the assets and liabilities directly associated with these assets have been classified as held for sale at their fair values.

Subsequent to period end, on 23 April 2021 the Company terminated its agreement for the sale of its Egyptian assets, previously announced on 25 October 2020.

A number of conditions precedent to the transaction could not be completed to the satisfaction of both parties prior to the long stop date of the Sale and Purchase Agreement (SPA), which was Wednesday 14 April 2021. The Board therefore decided to retain and operate the assets in Egypt alongside the highly prospective exploration acreage offshore Block-6.

IPR Wastani Petroleum Limited, the counterparty to the terminated SPA, has notified Dana Gas Egypt ("DGE") that it has submitted a Request for Arbitration disputing DGE's right to terminate the SPA. DGE will defend the proceedings.

Liquidity and Financial Resources

Cash and bank balance at period end stood at USD 149 million (AED 546 million), an increase of 38% compared to the year-end balance of USD 108 million (AED 396 million). Cash includes USD 39 million (AED 143 million) being 35% share of cash held at Pearl Petroleum.

The Group collected a total of USD 58 million (AED 213 million) during the period with Egypt and KRI contributing USD 23 million (AED 84 million) and USD 35 million (AED 128 million), respectively.

Business Update

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

Reserves & Resources

Pearl Petroleum Company Limited

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

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

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

DANA GAS PJSC

Report of the Directors

Reserves & Resources (continued)

Pearl Petroleum Company Limited (continued)

In their report, GCA estimates the following reserves:

Khor Mor

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

Chemchemal

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

Dana's share of the proved plus probable (2P) hydrocarbon reserves have increased by 10% following the 2019 certification of reserves. Management's estimate of the total share of Dana Gas is equivalent to 1,087 MMboe, up from 990 MMboe when GCA first certified the field in April 2016. This confirms that the fields located in the KRI could be the biggest gas fields in the whole of Iraq.

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

Dana Gas Egypt

Gaffney, Cline & Associates (GCA), a leading advisory firm carried out an independent evaluation of Dana Gas Egypt's hydrocarbon reserves as at 31 December 2020. Following this review, the Group's gross proved reserves (1P) as at 31 December 2020 were assessed at 35 MMboe (31 December 2019: 49 MMboe). The gross proved and probable reserves (2P) as at 31 December 2020 were estimated at 59 MMboe (31 December 2019: 73 MMboe) and the gross provided, probable and possible reserves (3P) as at 31 December 2020 were estimated to be 85 MMboe (31 December 2019: 106 MMboe).

E&P Operations

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

Dana Gas's share (35%) of gross production in the KRI for the 90 days of operations in Q1 2021 was 3.17 MMboe, i.e. averaging 35,300 boe per day (Q1 2020 – DG Share 35%: 2.9 MMboe, averaging 32,400 boe per day), an increase of 9% when compared with corresponding period.

Dana Gas share of collections for the period stood at USD 35 million (AED 128 million) and hence realised 79% of the period's revenue. At period end, Dana Gas' 35% share of trade receivable balance stood at USD 48 million (AED 176 million) as compared to USD 39 million (AED 143 million) at year end 2020.

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

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

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Report of the Directors

E&P Operations (continued)

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

Pearl is proceeding with the development of two world-class gas fields with in-place volumes of approximately 75 trillion cubic feet of wet gas and 7 billion bbls of oil. In January 2020, Pearl appointed an engineering, procurement and construction ('EPC') contractor for the first of two 250 MMscf/d gas processing trains planned at Khor Mor gas processing plant. The appointment of a contractor follows final approval by the Ministry of Natural Resources of the Kurdistan Regional Government, which oversees the project. The contract award marks a key milestone in Pearl Petroleum's long-term expansion plan. The implementation of the first 250 MMscf/d gas processing train was planned to be carried out with first gas by Q1-2022. The second phase will take total production to 900 MMscf/d.

As a result of the impacts of COVID 19 on business operations both globally and in the KRI and specifically on (a) the supply chain for EPC contract and (b) local site access for construction preparatory works due to flight and other disruptions, has resulted in the contractor declaring Force Majeure under the terms of the EPC contract. In March 2020, Pearl replicated a back-to-back declaration of Force Majeure to the Contractor under the EPC contract and to the KRG pursuant to the terms of the GSA 2 due to the COVID 19 pandemic. Throughout the remainder of 2020, both the contractor and Pearl took all commercially reasonable steps to mitigate the impact of COVID 19 on the delivery of the project and its timelines.

In December 2020, Pearl resumed work on the civil engineering works for the expansion project at the Khor Mor field and on 26 April 2021 an agreement was reached to lift the force majeure with the Kurdistan Regional Government. Pearl and the Contractor have agreed in principal to lift Force Majeure under the EPC Contract. The restarting of the expansion plans in the KRI demonstrates that all the parties working on the project are fully committed to executing the expansion project as quickly and as safely as possible. The Pearl consortium remains focused on completing the first 250 MMscf/d gas processing train in Q2 2023 and is also examining ways to bring forward the current schedule. During the year it will prepare for the drilling of up to five development wells in the KRI which will begin the following year.

(b) Egypt E&P operations

The Group's production in Egypt for the 90 days of operations in Q1 2021 was 2.61 MMboe i.e. averaging 29,050 boepd (March 2020: 2.79 MMboe i.e. averaging 30,700 boepd), a decrease of 5% over the corresponding period. The decline in production is mainly due to natural decline in fields and increased formation water production from some wells of the Balsam Field. This decline was partially compensated by putting in place production optimization strategies at the field and plant level.

In Egypt, the Group collected a total USD 23 million (AED 84 million) during the period and hence realized 96% of the period's revenue. At period end, the trade receivable balance stood at USD 131 million (AED 480 million) as compared to USD 130 million (AED 477 million) at the end of 2020.

Egypt Gulf of Suez – Gas Liquids Extraction Plant

The Company, through its subsidiary Danagaz Bahrain, is a 26.4% owner (effective) in Egyptian Bahraini Gas Derivative Company (Joint Venture) that has built, owns and operates a Natural Gas Liquids Extraction Plant in Egypt in partnership with the Egyptian National Gas Company (EGAS) and the Arab Petroleum Investments Corporation (APICORP). The plant has a capacity to process 150 mmscf/d of gas and has produced 1,627 boepd of propane (DG Share 26.4%: 430 boepd) and 397 boepd of butane (DG Share 26.4%: 105 boepd) during the period.

DANA GAS PJSC

Report of the Directors

UAE Gas Project

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

Arbitration Cases

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

On 18 July 2016, the English High Court finally dismissed the NIOCs remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum and Crescent Gas Corporation Limited on all issues. NIOC appealed the 2014 arbitration award to the English High Court. Most of the grounds of appeal were heard and dismissed by the Court in March 2016. The finalisation of the appeal in July 2016 confirmed that the 2014 award was final and binding and that NIOC had 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. Some members of the Tribunal which heard the case resigned prior to the issuing of an Award and as result a new Tribunal was constituted. The new Tribunal agreed that they could issue an Award on the basis of the existing evidence following a clarification hearing which was held in August 2020. The final award on damages for the period 2005 to 2014 is awaited from the Tribunal, and in the meantime Dana Gas has been informed that Crescent Petroleum has commenced a second arbitration with a new Tribunal, to address the claims for damages from 2014 until the end of the contract period in 2030.

- b) MOL Earn Out payment arbitration: The Company, together with Crescent Petroleum, commenced arbitration proceedings against MOL Hungarian Oil and Gas Public Limited Company ('MOL') on 14 February 2020 arising out of MOL's attempts to avoid paying reserve based earn out payments to the Company and Crescent Petroleum in accordance with 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 and which was the subject of the 20 September 2017 arbitration award against MOL.

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

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

DANA GAS PJSC

Report of the Directors

Dividend

Subsequent to period end, at the General Assembly of the Company held on 28 April 2021, the shareholders approved a cash dividend of AED 0.055 per share for the year 2020 (2019: AED 0.055 per share).

Directors

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

Auditors

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

On behalf of the Board of Directors



Director
09 May 2021



Report on review of interim condensed consolidated financial information to the board of directors and shareholders of Dana Gas PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Dana Gas PJSC (“the Company”) and its subsidiaries (together “the Group”) as at 31 March 2021 and the related interim condensed consolidated income statement and interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’.

Emphasis of matter

We draw attention to the matter described in note 8b of the interim condensed consolidated financial information which describes the current position with respect to two arbitration proceedings that a key supplier of the Group has initiated against the ultimate supplier relating to delays in commencement of gas supplies, and the uncertainty surrounding the timing and final outcome of those arbitration proceedings. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers
9 May 2021

Rami Sarhan
Registered Auditor Number 1152
Sharjah, United Arab Emirates

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2021 (Unaudited)

Notes	Three months ended 31 March 2021						Three months ended 31 March 2020					
	Continuing operations			Discontinued operations			Continuing operations			Discontinued operations		
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
Revenue	45	165	61	224	92	106	39	143	65	239	104	382
Royalties	-	-	(36)	(132)	(37)	(36)	-	-	(33)	(121)	(33)	(121)
Net revenue	45	165	25	92	55	70	39	143	32	118	71	261
Operating costs & depletion	(15)	(55)	(10)	(37)	(25)	(25)	(14)	(51)	(24)	(88)	(38)	(139)
Gross profit	30	110	15	55	45	45	25	92	8	30	33	122
General and administration expenses	(3)	(11)	-	-	(3)	(11)	(3)	(11)	-	-	(3)	(11)
Investment & finance income	1	4	-	-	1	4	3	11	-	-	3	11
Other expenses	(2)	(7)	-	-	(2)	(7)	(2)	(7)	-	-	(2)	(7)
Impairment of financial assets	(1)	(4)	-	-	(1)	(4)	-	-	(4)	(15)	(4)	(15)
Change in fair value of asset held for sale	-	-	(14)	(51)	(14)	(51)	-	-	-	-	-	-
Share of loss of a joint venture	-	-	-	-	-	-	(1)	(4)	-	-	(1)	(4)
Exploration expenses/write off	-	-	-	-	-	-	-	-	(1)	(4)	(1)	(4)
Finance costs	(1)	(4)	-	-	(1)	(4)	(4)	(15)	-	-	(4)	(15)
PROFIT BEFORE INCOME TAX	24	88	1	4	25	92	18	66	3	11	21	77
Income tax expense	-	-	(1)	(4)	(1)	(4)	-	-	(4)	(15)	(4)	(15)
PROFIT/(LOSS) FOR THE PERIOD	24	88	-	-	24	88	18	66	(1)	(4)	17	62
PROFIT/(LOSS)/ ATTRIBUTABLE TO:												
- Equity holders of the parent	24	88	-	-	24	88	18	66	(1)	(4)	17	62
Basic & Diluted earnings/(loss) per share (USD/AED per share)	0.003	0.012	-	-	0.003	0.012	0.002	0.009	(0.0001)	(0.0006)	0.002	0.009

The attached notes 1 to 21 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER
COMPREHENSIVE INCOME

Period ended 31 March 2021 (Unaudited)


	<i>Three months ended</i>			
	<i>31 March 2021</i>		<i>31 March 2020</i>	
	<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
Profit for the period	24	88	17	62
Other comprehensive income	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	24	88	17	62
ATTRIBUTABLE TO:				
- Equity holders of the parent	24	88	17	62
- Non-controlling interest	-	-	-	-
	24	88	17	62
ATTRIBUTABLE TO EQUITY HOLDERS FROM:				
- Continuing operations	24	88	18	66
- Discontinued operations	-	-	(1)	(4)
	24	88	17	62

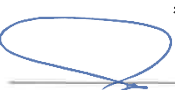
The attached notes 1 to 21 form part of these interim condensed consolidated financial information.


Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 March 2021

		31 March 2021 (Unaudited)		31 December 2020 (Audited)	
	Notes	USD mm	AED mm	USD mm	AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	7	953	3,493	948	3,475
Intangible assets	8	458	1,679	458	1,679
Investment property	9	20	73	20	73
Interest in joint ventures	10	561	2,056	561	2,056
Financial assets at fair value through profit or loss	12	46	168	47	172
		<u>2,038</u>	<u>7,469</u>	<u>2,034</u>	<u>7,455</u>
Current assets					
Inventories		4	15	4	15
Trade and other receivables	11	74	268	69	253
Financial assets at fair value through profit or loss	12	49	181	51	188
Cash and cash equivalents	13	149	546	108	396
		<u>276</u>	<u>1,010</u>	<u>232</u>	<u>852</u>
Assets classified as held for sale	6	146	538	156	572
		<u>422</u>	<u>1,548</u>	<u>388</u>	<u>1,424</u>
TOTAL ASSETS		<u>2,460</u>	<u>9,017</u>	<u>2,422</u>	<u>8,879</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	1,908	6,995	1,908	6,995
Treasury shares	15	-	-	(9)	(33)
Legal reserve		132	483	132	483
Voluntary reserve		132	483	132	483
Retained earnings / (Accumulated losses)		2	6	(20)	(75)
		<u>2,174</u>	<u>7,967</u>	<u>2,143</u>	<u>7,853</u>
Attributable to equity holders of the Company		<u>2,174</u>	<u>7,967</u>	<u>2,143</u>	<u>7,853</u>
Non-controlling interest		2	8	2	8
		<u>2,176</u>	<u>7,975</u>	<u>2,145</u>	<u>7,861</u>
Total equity		<u>2,176</u>	<u>7,975</u>	<u>2,145</u>	<u>7,861</u>
LIABILITIES					
Non-current liabilities					
Borrowings	16	76	279	68	249
Provisions		3	11	3	11
		<u>79</u>	<u>290</u>	<u>71</u>	<u>260</u>
Current liabilities					
Borrowings	16	97	355	95	349
Trade payables and accruals		62	227	65	239
		<u>159</u>	<u>582</u>	<u>160</u>	<u>588</u>
Liabilities directly associated with assets classified as held for sale	6	46	170	46	170
		<u>205</u>	<u>752</u>	<u>206</u>	<u>758</u>
Total current liabilities		<u>205</u>	<u>752</u>	<u>206</u>	<u>758</u>
Total liabilities		<u>284</u>	<u>1,042</u>	<u>277</u>	<u>1,018</u>
TOTAL EQUITY AND LIABILITIES		<u>2,460</u>	<u>9,017</u>	<u>2,422</u>	<u>8,879</u>


Director
09 May 2021


CEO
09 May 2021


CFO
09 May 2021

The attached notes 1 to 21 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2021 (Unaudited)

	Notes	Three months ended			
		31 March 2021		31 March 2020	
		USD mm	AED mm	USD mm	AED mm
OPERATING ACTIVITIES					
Profit/(loss) before income tax from					
Continuing operations		24	88	18	66
Discontinued operations		1	4	3	11
Adjustments for:					
Depreciation and depletion	7	10	37	25	92
Investment and finance income		(1)	(4)	(3)	(11)
Other income		-	-	-	-
Impairment of financial assets		1	4	4	15
Change in fair value of assets held for sale		14	51	-	-
Share of loss of a joint venture		-	-	1	4
Exploration expenses/write-off		-	-	1	4
Finance costs		1	4	4	15
		<u>50</u>	<u>184</u>	<u>53</u>	<u>196</u>
Changes in working capital:					
Trade and other receivables		(3)	(11)	(24)	(89)
Funds held for development		-	-	27	99
Inventories		-	-	-	-
Trade payables and accruals		(8)	(29)	(11)	(41)
Net cash generated from operating activities		<u>39</u>	<u>144</u>	<u>45</u>	<u>165</u>
Income tax		<u>(1)</u>	<u>(4)</u>	<u>(4)</u>	<u>(15)</u>
Net cash flows generated from operating activities		<u>38</u>	<u>140</u>	<u>41</u>	<u>150</u>
INVESTING ACTIVITIES					
Payment for property, plant and equipment		(14)	(51)	(9)	(33)
Payment for intangible assets		-	-	(1)	(4)
Investment and finance income received		1	4	3	11
Net cash flows used in investing activities		<u>(13)</u>	<u>(47)</u>	<u>(7)</u>	<u>(26)</u>
FINANCING ACTIVITIES					
Proceeds from sale of treasury shares		7	26	-	-
Repayment of borrowings		(1)	(4)	-	-
Proceeds from borrowings		11	40	14	51
Finance costs paid		(1)	(4)	(5)	(18)
Net cash flows from financing activities		<u>16</u>	<u>58</u>	<u>9</u>	<u>33</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>41</u>	<u>151</u>	<u>43</u>	<u>157</u>
Cash and cash equivalents at the beginning of the period		<u>109</u>	<u>399</u>	<u>425</u>	<u>1,558</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13	<u>150</u>	<u>550</u>	<u>468</u>	<u>1,715</u>

The attached notes 1 to 21 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2021 (Unaudited)

Attributable to equity holders of the Company – Three months ended

	Share capital		Legal reserve		Voluntary reserve		Retained earnings/ (Accumulated losses)		Other reserves		Treasury Shares		Non-controlling interest		Total	
	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED
	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm
As at 1 January 2021	1,908	6,995	132	483	132	483	(20)	(75)	-	-	(9)	(33)	2	8	2,145	7,861
Profit for the period	-	-	-	-	-	-	24	88	-	-	-	-	-	-	24	88
Total comprehensive profit for the period	-	-	-	-	-	-	24	88	-	-	-	-	-	-	24	88
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	7	26	-	-	7	26
Transfer	-	-	-	-	-	-	(2)	(7)	-	-	2	7	-	-	-	-
As at 31 March 2021	1,908	6,995	132	483	132	483	2	6	-	-	-	-	2	8	2,176	7,975
As at 1 January 2020	1,908	6,995	132	483	132	483	463	1,697	4	15	(9)	(33)	2	8	2,632	9,648
Profit for the period	-	-	-	-	-	-	17	62	-	-	-	-	-	-	17	62
Total comprehensive income for the period	-	-	-	-	-	-	17	62	-	-	-	-	-	-	17	62
Transfer	-	-	-	-	-	-	-	-	(4)	(15)	-	-	-	-	(4)	(15)
As at 31 March 2020	1,908	6,995	132	483	132	483	480	1,759	-	-	(9)	(33)	2	8	2,645	9,695

The attached notes 1 to 21 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION For the three months period ended 31 March 2021 (Unaudited)

1 Corporate information

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

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

The Company’s registered head office is at P. O. Box 2011, Sharjah, United Arab Emirates with presence in Cairo (Egypt) and Kurdistan Region of Iraq.

The Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

Principal subsidiaries and joint arrangements of the Group at 31 March 2021 and 31 December 2020 and the Company’s (direct and indirect) percentage of ordinary share capital or interest are set out below:

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

2 Summary of significant accounting policies

Basis of preparation

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

The interim condensed consolidated income statement and the interim condensed consolidated statements of comprehensive for the prior period have been re-presented to reflect discontinued operations both those operations reported as discontinued in the comparative period together with those classified as discontinued in the current year, separately.

Statement of compliance

The interim condensed consolidated financial information of the Group for the three months period ended 31 March 2021 ("the period") are prepared in accordance with International Accounting Standard (IAS) No 34, Interim Financial Reporting. Hence, the interim condensed consolidated financial information do not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards and should be read with the Group's consolidated financial statements for the year ended 31 December 2020. The results for the three months period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2021.

Standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's interim condensed 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 interim condensed 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.

There has been no change in judgement, estimate and assumption used at 2020 year end.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2021 (Unaudited)

4 Segment 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.

Three months ended 31 March 2021 (Unaudited)

	Continuing Operations				Discontinued operations	
	United Arab Emirates USD mm	Kurdistan Region of Iraq USD mm	Egypt USD mm	Total USD mm	Egypt USD mm	Total USD mm
Revenue	1	44	-	45	61	106
Royalties	-	-	-	-	(36)	(36)
Net revenue	1	44	-	45	25	70
Operating cost & depletion	(1)	(14)	-	(15)	(10)	(25)
Gross profit	-	30	-	30	15	45
General and administration expenses				(3)	-	(3)
Investment and finance income				1	-	1
Other expenses				(2)	-	(2)
Impairment of financial asset	(1)			(1)	-	(1)
Change in fair value of asset held for sale					(14)	(14)
Finance cost				(1)	-	(1)
Profit/(loss) for the period from continuing operations				24	1	25
Income tax expense				-	(1)	(1)
Profit/(loss) for the period				24	-	24
Segment assets	1,316	812	186	2,314	-	2,314
Assets classified as held for sale	-	-	-	-	146	146
Total assets	1,316	812	186	2,314	146	2,460
Segment liabilities	116	115	7	238	-	238
Liabilities directly associated with asset held for sale	-	-	-	-	46	46
Total liabilities	116	115	7	238	46	284
Other segment information						
Capital expenditure:						
Property, plant and equipment	-	15	-	15	8	23
Intangible assets	-	-	-	-	-	-
Total	-	15	-	15	8	23
Depreciation & depletion	1	9	-	10	-	10
Trade & other receivable	16	58	-	74	140	214

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2021 (Unaudited)

4 Segment information (continued)

Three months ended 31 March 2020 (Unaudited)

	Continuing operations				Discontinued operations	
	United Arab Emirates USD mm	Kurdistan Region of Iraq USD mm	Egypt USD mm	Total USD mm	Egypt USD mm	Total USD mm
Revenue	1	38	-	39	65	104
Royalties	-	-	-	-	(33)	(33)
Net revenue	1	38	-	39	32	71
Operating cost & depletion	-	(14)	-	(14)	(24)	(38)
Gross profit	1	24	-	25	8	33
General and administration expenses				(3)	-	(3)
Investment and finance income				3	-	3
Other income				-	-	-
Other expenses				(2)	-	(2)
Impairment of oil & gas assets	-	-	-	-	-	-
Impairment of financial asset	-	-	-	-	(4)	(4)
Share of loss of a joint venture				(1)	-	(1)
Exploration expenses					(1)	(1)
Finance cost				(4)	-	(4)
Profit for the year from continuing operations				18	3	21
Income tax expense				-	(4)	(4)
Profit/(loss) for the year				18	(1)	17
Segment assets	1,661	803	759	3,223		
Segment liabilities	434	89	55	578		

Other segment information

Capital expenditure:						
Property, plant and equipment	-	6	6	12		
Intangible assets	-	-	1	1		
Total	-	6	7	13		
Depreciation & depletion	1	8	-	9	16	25
Trade & other receivable	20	54	125	199		

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2021 (Unaudited)

5 Earnings per share

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

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>USD mm</i>	<i>USD mm</i>
Earnings:		
Net profit for the period from continuing operations- USD mm	<u>24</u>	<u>18</u>
Net profit/(loss) for the period from discontinued operations – USD mm	<u>-</u>	<u>(1)</u>
Shares:		
Weighted average number of shares outstanding – million	<u>6,961</u>	<u>6,958</u>
Earnings per share (Basic) from continuing operations– USD:	<u>0.003</u>	<u>0.002</u>
Profit / (loss) per share (Basic) from discontinued operations	<u>-</u>	<u>(0.0001)</u>

6 Assets and Liabilities classified as held for sale

The Group announced on 25 October 2020 that it had entered into an agreement with IPR Wastani Petroleum Ltd, a member of the IPR Energy Group (“IPR”) for the sale of its onshore Egyptian producing oil and gas assets for a consideration of up to USD236 million including contingent payments. The perimeter of the transaction was to include Dana Gas’ 100% working interest in the El Manzala, West El Manzala, West El Qantara and North El Salhiya onshore concessions and associated development leases. The Company, through its wholly-owned subsidiary Dana Gas Egypt, was to retain its interest in its onshore and offshore exploration concessions, respectively El Matariya (Block-3) and North El Arish (Block-6). Under the terms of the agreement, the consideration was to comprise (i) a base cash consideration of USD 153 million, including the net working capital associated with the assets and before any closing adjustments, and (ii) contingent payments of up to USD 83 million subject to average Brent prices and production performance between 2020-2023 as well as the realisation of potential third party business opportunities. Upon closing, the base consideration was to be adjusted by the collections received and payments made by the Company during the intervening period between the economic date and the closing date.

Subsequent to period end, the Company terminated its agreement for the sale of its Egyptian assets, announced on 25 October 2020. Please refer note 21 for details.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2021 (Unaudited)

6 Assets and Liabilities classified as held for sale (continued)

The following assets and liabilities have been reclassified as held for sale at 31 March 2021:

	<i>31 March 2021</i> <i>USD mm</i>
Property, plant & equipment	203
Intangible assets	15
Goodwill	163
Trade and other receivables	140
Inventory	36
Cash at bank	1
Total assets	558
Decommissioning provision	(13)
Trade payables and accruals	(41)
Total liabilities	(54)
Total net assets	504
Impairment on assets	(209)
Impairment on Goodwill	(163)
Change in fair value of asset held for sale	(32)
Total net assets of disposal group held for sale	100

The Cash flow from discontinued operations during the period ended 31 March 2021 is as follows:

	<i>31 March 2021</i> <i>USD mm</i>	<i>Three months ended</i> <i>31 March 2020</i> <i>USD mm</i>
Net cash inflow from operating activities	14	14
Net cash outflow from investing activities	(5)	(3)
Net increase in cash generated	9	11

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2021 (Unaudited)

7 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 2021	14	12	521	244	34	119	301	1,245
Additions	-	-	-	-	-	-	15	15
At 31 March 2021 (Unaudited)	14	12	521	244	34	119	316	1,260
Depreciation/ depletion:								
At 1 January 2021	-	6	93	109	25	63	1	297
Depreciation/depletion charge for the period	-	-	6	3	-	1	-	10
At 31 March 2021 (Unaudited)	-	6	99	112	25	64	1	307
Net carrying amount:								
At 31 March 2021 (Unaudited)	14	6	422	132	9	55	315	953

Capital Work in Progress comprises:

SajGas plant and facilities	99
UGTC pipeline & related facilities	89
Kurdistan Region of Iraq project	127
	<u>315</u>

Sajgas and UGTC assets included in Property, plant & equipment amounted to USD 206 million (2020: USD 207 million).

Some of Pearl Petroleum's property, plant and equipment is pledged against loan facility (note 16).

Property, plant and equipment include financing cost amounting to USD 10 million as at 31 March 2021 (2020: USD 8 million) on borrowings for ongoing development and capitalised using effective interest rate of the specific borrowing.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2021 (Unaudited)

7 Property, plant and equipment (continued)

Cost:

	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
At 1 January 2020	14	12	1,597	384	44	119	276	2,446
Additions	-	-	17	-	-	-	27	44
Transfer from capital work in progress	-	-	2	-	-	-	(2)	-
Transfer from intangible assets	-	-	4	-	-	-	-	4
Assets classified as held for sale	-	-	(1,099)	(140)	(10)	-	-	(1,249)
At 31 December 2020	14	12	521	244	34	119	301	1,245

Depreciation/ depletion:

At 1 January 2020	-	6	954	200	24	59	-	1,243
Depreciation/depletion charge for the year	-	-	60	17	2	4	1	84
Impairment	-	-	30	-	-	-	-	30
Assets classified as held for sale	-	-	(951)	(108)	(1)	-	-	(1,060)
At 31 December 2020	-	6	93	109	25	63	1	297

Net carrying amount:

At 31 December 2020	14	6	428	135	9	56	300	948

Capital Work in Progress comprises:

	USD mm
SajGas plant and facilities	99
UGTC pipeline & related facilities	89
Kurdistan Region of Iraq project	112
	<u>300</u>

Sajgas and UGTC assets included in Property, plant & equipment amounted to USD 207 million (2019: USD 208 million).

Some of Pearl Petroleum's property, plant and equipment is pledged against loan facility (note 16).

Property, plant and equipment include financing cost amounting to USD 8 million as at 31 December 2020 (2019: USD 4 million) on borrowings for ongoing development and capitalised using effective interest rate of the specific borrowing.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2021 (Unaudited)

8 Intangible assets

	<i>Oil and gas interests USD mm</i>	<i>Transmission & sweetening rights USD mm</i>	<i>Gas processing rights USD mm</i>	<i>Development cost USD mm</i>	<i>Goodwill USD mm</i>	<i>Total USD mm</i>
Cost at 1 January 2021	199	289	7	2	145	642
Less: accumulated impairment	(175)	-	(7)	(2)	-	(184)
Net book amount at 1 January 2021	24	289	-	-	145	458
At 31 March 2021 (unaudited)	24	289	-	-	145	458
At 31 December 2020 (audited)	24	289	-	-	145	458

(a) Oil and Gas Interests

Oil and gas interests in Intangible assets relates to retained concessions in Dana Gas Egypt as described below in more detail:

- 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. In 2020 an amount of USD 7.5 million had been impaired in relation to signature bonus paid. In January 2021, the area was relinquished.
- 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. In 2020, the Company carried out reprocessing of 1,000 sq. km and acquisition of further 345 sp. km 3D seismic over the Thuraya prospect.

(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.

Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2021 (Unaudited)

8 Intangible assets (continued)

(b) Transmission and sweetening rights (continued)

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 was valid and binding upon the parties, and that NIOC had 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. Some members of the Tribunal which heard the case resigned prior to the issuing of an Award and as result a new Tribunal was constituted. The new Tribunal agreed that they could issue an Award on the basis of the existing evidence following a clarification hearing which was held in August 2020. 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, Impairment of assets, requirement relating to intangible assets not yet available for use, management had undertaken an impairment review of the intangible assets as at 31 December 2020. Management has reviewed the various inputs into the original valuation model and believes that the inputs into the original valuation model have not materially changed.

(c) Goodwill

Goodwill of USD 308 million related to the acquisition of Dana Gas Egypt in January 2007 which enabled Dana Gas to acquire the upstream business qualification and therefore the rights to development. Management had carried out an impairment review during 2020. Goodwill of USD 163 million was impaired (refer note 6).

9 Investment property

	31 March 2021 USD mm	31 Dec 2020 USD mm (Audited)
Balance at 1 January	20	22
Change in fair value	-	(2)
Balance at 31 March	20	20

Investment property consists of industrial land owned by SajGas, a subsidiary, in the Sajaa area in the Emirate of Sharjah, United Arab Emirates. The Group considers a portion of land to be surplus to their operational requirements and will be used for earning rentals or held for capital appreciation.

Investment property is stated at fair value which has been determined based on a valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions. The latest valuation exercise was carried out by the consultants as at 31 December 2020 and resulted in a valuation of USD 20 million.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2021 (Unaudited)

10 Interest in joint ventures

Out of the total investment in joint ventures, USD 553 million relates to an interest in CNGCL which represents the fair value of the rights for the purchase and sale of gas and related products acquired by the Company through its 35% interest in CNGCL. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships.

Commercial activity in CNGCL has not yet commenced. In July 2010, National Iranian Oil Company ('NIOC') introduced gas into its completed transmission network and Dana Gas's UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which required rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC. Please refer Note 8 (b) for further details.

11 Trade and other receivables

	31 March 2021 USD mm	31 Dec 2020 USD mm (Audited)
Trade receivables (net)	48	39
Prepaid expenses	1	1
Due from joint ventures	15	18
Accrued revenue (note c)	8	8
Other receivables	3	4
Less: provision for impairment	(1)	(1)
	<u>74</u>	<u>69</u>

a) Trade receivables are interest bearing and are generally on 5-30 days credit period.

b) The ageing analysis of trade receivables is as follows:

	Total USD mm	Not past due USD mm	Past due				>120 days USD mm
			<30 days USD mm	30-60 days USD mm	61-90 days USD mm	91-120 days USD mm	
31 March 2021	<u>48</u>	<u>21</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
31 December 2020	<u>39</u>	<u>13</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23</u>

c) In July 2019, an audit of the KRI pipeline metering system revealed that a meter at the Khor Mor plant had, since November 2018, been over-reporting the volume of gas supplied by the Company to the KRG by 5.9%. Another issue also discovered concurrently was an under-reporting of the heating value of the sales gas.

Whilst interim steps were taken to correct the over-reporting in July 2019, the Company and the KRG also agreed a series of steps to install full fiscal metering to resolve this issue. In the meantime, a provisional interim adjustment, relating to the period November 2018 to July 2019, was applied to the invoices of July, August and September 2019. This adjustment amounted to USD 23 million with the final resolution of the provisional adjustment only once the final adjustment and reconciliation is completed. The implementation schedule for the fiscal metering package cannot be ascertained until there is visibility of the post COVID 19 situation. Accordingly, the provisional adjustment to amounts due from the KRG has been reflected in this financial statement as an accrued revenue asset.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2021 (Unaudited)

12 Financial assets at fair value through profit or loss

	<i>31 March 2021</i> <i>USD mm</i>	<i>31 Dec 2020</i> <i>USD mm</i> <i>(Audited)</i>
Balance at 1 January	98	111
Received during the period/year	(3)	(11)
Change in fair value	-	(2)
Balance at 31 March/December	<u>95</u>	<u>98</u>

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

	<i>31 March 2021</i> <i>USD mm</i>	<i>31 Dec 2020</i> <i>USD mm</i> <i>(Audited)</i>
Current assets	49	51
Non-current assets	<u>46</u>	<u>47</u>
	<u>95</u>	<u>98</u>

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

In addition, as part of the settlement agreement with RWE Supply & Trading GmbH ("RWE") the Company is entitled to and has recognised certain confined payments which are due only in case and in the amount dividends are distributed to RWE by Pearl (based on RWE's 10% equity in Pearl). During the period, the Company has received an amount of USD 3 million towards such confined payments.

Financial assets at fair value through profit or loss also includes investment in the Abraaj Infrastructure Fund. 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 March 2021, however on a prudent basis, the investment was fully impaired in prior year.

13 Cash and cash equivalents

	<i>31 March 2021</i> <i>USD mm</i>	<i>31 Dec 2020</i> <i>USD mm</i> <i>(Audited)</i>
Cash at bank		
- Local Banks within UAE	22	13
- Foreign Banks outside UAE	7	6
Short-term deposits		
- Local Banks within UAE	<u>120</u>	<u>89</u>
Cash and cash equivalents	<u>149</u>	<u>108</u>

Cash at bank earns profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods ranging between one week and twelve months, depending on the immediate cash requirements of the Group, earn profit at the respective short-term deposit rates and are repayable on demand. The fair value of cash and bank balance including short-term deposits is USD 149 million (31 December 2020: USD 108 million). The effective profit rate earned on short term deposits ranged 0.14% to 2.25% (2020: 0.14% to 3.6%) per annum. As at 31 March 2021, 95 % (31 December 2020: 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 149 million, 4% of the amount was held in Egyptian pounds (2020: 5%).

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13 Cash and cash equivalents (continued)

Cash and cash equivalent includes USD 39 million (DG Share 35%) held by Pearl joint venture.

For the purpose of the interim condensed statement of cash flows, cash and cash equivalent comprise the following at 31 March 2021:

	31 March 2021 USD mm	31 Dec 2020 USD mm <i>(Audited)</i>
Cash at bank and on hand	29	19
Short term deposits	120	89
Cash at bank attributable to discontinued operations (note 6)	1	1
Cash and cash equivalents	150	109

14 Share capital

	31 March 2021 USD mm	31 Dec 2020 USD mm <i>(Audited)</i>
Issued and fully paid up: 6,995,373,373 (2019: 6,995,373,373) common shares of AED 1 each (USD 0.2728 each)	1,908	1,908

15 Treasury Shares

The Company executed a share buyback during the period December 2019 to January 2020 and acquired a total 36,950,000 of its own shares at an average price of AED 0.94.

During Quarter 1 2021, the Company sold 36,950,000 of its own shares at an average price of AED 0.746.

16 Borrowings

	31 March 2021 USD mm	31 Dec 2020 USD mm <i>(Audited)</i>
Non-current		
Loan facility (b)	76	68
Current		
Term loan facility (a)	90	90
Loan facility (b)	7	5
	97	95
Total Borrowings	173	163
	31 March 2021 USD mm	31 Dec 2020 USD mm <i>(Audited)</i>
Total Borrowings (including Pearl joint operations)	173	163
Less: Pearl's Loan facility— Non recourse to Dana Gas	(83)	(73)
Dana Gas borrowings	90	90

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16 Borrowings (continued)

(a) Term loan facility

Dana Gas PJSC and Dana Gas Egypt Ltd (“DGE”) together (“the borrowers”) entered into a term loan facility with a local UAE bank on 14 October 2020 (“Signing date”), for partly refinancing the Company’s Sukuk. The term loan facility amounts to USD 90 million for a period of one year at an initial 3% per annum margin over LIBOR. The facility can be extended for a further four years at the Company’s option. The facility was fully drawn down on 22 October 2020. The first repayment date falls on the six month anniversary of the signing date with original termination date falling one year from the signing date, with an option to extend for a further period of four years.

The term loan facility is secured against the shares of Dana Gas Red Sea Corporation, Dana Gas Egypt Ltd, and Dana LNG Ventures (BVI). Security also includes UAE Movable pledge (accounts), UAE Real Estate Mortgage (Sajaa Gas industrial land), Egyptian Account pledge, Egyptian Insurance Assignment, Egyptian Contracts Assignment, Egyptian Commercial Mortgage (tangible and intangible assets of DGE), Egyptian Real Estate Mortgage (DGE Land).

Under the terms of the facility, the company is required to comply with certain financial covenants and the Company has complied with these covenants as of 31 March 2021. Subsequent to the period end, the Company paid the first instalment of the term loan amounting to USD 4.7 million on 14 April 2021.

(b) Loan facility – Pearl Petroleum

Pearl Petroleum on 18 September 2018 signed a USD 150 million non-recourse (to its shareholders including Dana Gas) loan facility “Facility Agreement” with a local UAE bank with original final repayment date of 30 September 2023 for financing its development activities. The Facility Agreement provides for a 2-year grace period followed by repayment in twelve 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. The repayment schedule for the facility has been amended by way of an Agreement executed on 30 June 2020. Repayments due in 2020 (USD 12.5 million) have been deferred and are now payable during the course of 2021. The remaining balance of the facility (i.e. USD 137.5 million of which USD 50 million was due in 2021) has been deferred by one year with the first repayment commencing from 31 March 2022 and final repayment date is 30 September 2024. The repayment instalments under the facility of USD 21.8 million which are due by 31 March 2022 have been classified as current liabilities. The first of the four instalments for the amounts deferred from 2020 were paid on 31 March 2021. The amended facility agreement also provides for capitalisation of interest payable during 2021, at the option of Pearl, with the repayment on 30 September 2024.

Pearl Petroleum signed a new term loan facility of USD 120 million non-recourse (to its shareholders including Dana Gas) on 12 December 2019 with a local UAE bank with final repayment date of 30 September 2023 for financing its development activities and working capital purposes. The facility had a 2.5 year grace period and was repayable in eight equal quarterly instalments, with the first repayment taking place on 30 June 2022. The repayment schedule for this facility has been amended by way of an agreement executed on 30 June 2020, with the first repayment now taking place in 30 June 2023 and final repayment date of 30 September 2024. Pearl has since drawn down USD 91 million (DG Share: USD 32 million) from the facility until 31 March 2021.

Pearl has provided pari-passu security to the Lender by way of assignment of revenue, insurance and registered pledge over Pearl’s certain existing production assets 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 March 2021.

Under the terms of the loan facility, Pearl is required to comply with certain financial covenants and Pearl has complied with these covenants as of 31 March 2021.

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17 Commitments

Dana Gas Egypt

In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. As per the concession agreement, Dana Gas Egypt had 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 2019, Dana Gas Egypt applied for and received approval to enter second phase of exploration, until 10 June 2021. To-date Dana Gas Egypt has spent USD 88 million and has fulfilled the spend commitment of both the first and second phase of exploration.

Pearl Petroleum

As at 31 March 2021, Pearl had capital commitments of circa USD 385.1 million (DG Share: USD 134.8 million) – (2020: USD 396.24 million – DG share: USD 138.69 million).

18 Related party disclosures

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

	31 March 2021 Three months ended		31 March 2020 Three months ended	
	Revenues USD mm	Fees for management services USD mm	Revenues USD mm	Fees for management services USD mm
Joint arrangement/Major shareholder	1	-	1	1
Major shareholder	-	(1)	-	-

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.

19 Dividend

At the Annual General Meeting of the Company held on 28 April 2021, the shareholders approved a cash dividend of AED 5.5 fils per share for 2020 (2019: AED 5.5 fils) amounting in total to USD 105 million (AED 384.7 million).

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20 Fair value estimation

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

	Carrying amount March 2021 USD mm	Fair value March 2021 USD mm	Carrying amount 2020 USD mm	Fair value 2020 USD mm
Financial assets				
Trade and other receivables (excluding prepaid)	73	73	68	68
Financial assets at fair value through profit or loss	95	95	98	98
Cash and short term deposits	149	149	108	108
Financial liabilities				
Borrowings	173	173	163	163
Trade payables and accruals	62	62	65	65

The fair value of borrowings 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's assets that are measured at fair value on 31 March 2021:

	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	-	-	95	95
Investment property	-	20	-	20
Total	-	20	95	115

The following table presents the Group's assets that are measured at fair value on 31 December 2020:

	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	-	-	98	98
Investment property	-	20	-	20
Total	-	20	98	118

There have been no transfers between Level 1 and Level 2 during the three months ended 31 March 2021 and year ended 31 December 2020.

Dana Gas PJSC and Subsidiaries

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20 Fair value estimation (continued)

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.

21 Subsequent event

Subsequent to period end, on 23 April 2021 the Company terminated its agreement for the sale of its Egyptian assets, previously announced on 25 October 2020.

A number of conditions precedent to the transaction could not be completed to the satisfaction of both parties prior to the long stop date of the Sale and Purchase Agreement (SPA), which was Wednesday 14 April 2021. The Board therefore decided to retain and operate the assets in Egypt alongside the highly prospective exploration acreage offshore Block-6.

IPR Wastani Petroleum Limited, the counterparty to the terminated SPA, has notified Dana Gas Egypt ("DGE") that it has submitted a Request for Arbitration disputing DGE's right to terminate the SPA. DGE will defend the proceedings.