

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 SEPTEMBER 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 30 September 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 nine months of 2021

During the nine months of 2021 (the “period”), the Group earned gross revenues of USD 334 million (AED 1,224 million) as compared to USD 262 million (AED 960 million) in the nine months of 2020, an increase of 27%. This increase was mainly due to higher realised prices during the period which contributed USD 69 million to the top line. Realised price averaged USD 51/bbl for condensate and USD 34/boe for LPG compared to USD 30/bbl and USD 28/boe respectively in 9M 2020.

The Group’s share of production was 17.25 million barrels of oil equivalent or 63,200 barrels of oil equivalent per day (“boepd”), at levels similar to the corresponding period production of 17.2 million barrels of oil equivalent or 63,000 boepd. Production in the Kurdistan Region of Iraq increased by 7% whereas in Egypt it declined by 4% during the period.

The Group achieved a net profit after tax of USD 279 million (AED 1,025 million) as compared to a loss of USD 379 million (AED 1,390 million) in the corresponding period. 9M 2021 profit includes other income of USD 608 million (AED 2,229), relating to the amount due following an arbitration award, reversal of impairments of USD 78 million (AED 286 million) and is after impairment of USD 360 million (AED 1,319 million) relating to the UAE Gas Project assets and an impairment of goodwill of USD 145 million (AED 531 million).

Excluding the other income and impairments, the Group’s net profit for the period is USD 99 million (AED 363 million) as compared to the corresponding period adjusted net profit (excluding impairment) of USD 31 million (AED 113 million), an increase of 220%, reflecting strong underlying operating performance on the back of higher oil prices.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) was higher at USD 179 million (AED 656 million) in 9M 2021 compared to USD 110 million (AED 403 million) in 9M 2020.

Results for quarter ended 30 September 2021

During the quarter ended 30 September 2021, the Company earned gross revenues of USD 118 million (AED 432 million) as compared to USD 81 million (AED 296 million) in the third quarter of 2020, an increase of 46% reflecting higher realised prices during the period. Realised prices were higher by 77% and averaged USD 57/bbl for condensate and USD 34/boe for LPG compared to USD 28/bbl and USD 25/boe respectively in Q3 2020.

DANA GAS PJSC

Report of the Directors

Results for quarter ended 30 September 2021 (continued)

The Group's share of production for the 92 days was 5.75 million barrels of oil equivalent or 62,500 barrels of oil equivalent per day ("boepd") compared to corresponding quarter production of 5.77 million boe (62,750 boepd).

The Group reported net profit after tax of USD 140 million (AED 514 million) for Q3 2021 as compared to a net loss of USD 360 million (AED 1,321 million) in Q3 2020. Net profit for the quarter includes one off other income net of impairments of USD 103 million (AED 379 million) as explained above. Q3 2020 included an impairment of USD 373 million (AED 1,368 million) in respect of the Egyptian assets.

Excluding the other income and impairments, the Group's net profit for the period is USD 38 million (AED 139 million) as compared to corresponding period adjusted net profit (excluding impairment) of USD 13 million (AED 47 million), an increase of 192%, reflecting strong underlying operating performance on the back of higher oil prices.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") in Q3 2021 increased to USD 69 million (AED 253 million) up 109% from USD 33 million (AED 121 million) in Q3 2020.

Discontinued operations/Asset held for Sale

The Company announced on 25 October 2020 that Dana Gas Egypt ("DGE") 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 consideration of up to USD 236 million including contingent payments.

On 23 April 2021 DGE terminated its agreement for the sale of its Egyptian assets, previously announced on 25 October 2020.

IPR submitted a Request for Arbitration disputing DGE's right to terminate the SPA. By an award dated 17 July 2021 the Tribunal dismissed IPR's claim in its entirety, and ruled that Dana Gas' termination of the SPA was valid.

Liquidity and Financial Resources

Cash and bank balance at period end stood at USD 200 million (AED 733 million), an increase of 85% compared to the year-end balance of USD 108 million (AED 396 million). Cash includes USD 123 million (AED 451 million) being 35% share of cash held at Pearl Petroleum.

The Group collected a total of USD 256 million (AED 938 million) during the period with Egypt and KRI contributing USD 125 million (AED 458 million) and USD 131 million (AED 480 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.

DANA GAS PJSC

Report of the Directors

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 Chemchemal 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.

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).

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.

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

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

DANA GAS PJSC

Report of the Directors

E&P Operations

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

Dana Gas's share (35%) of gross production in the KRI for the 92 days of operations in Q3 2021 was 3.06 MMboe, i.e. averaging 33,300 boe per day (Q3 2020 – DG Share 35%: 2.98 MMboe, averaging 32,400 boe per day), an increase of 3% when compared with corresponding period.

Dana Gas share of collections for the period stood at USD 131 million (AED 480 million) and hence realised 97% of the period's revenue. At period end, Dana Gas' 35% share of trade receivable balance stood at USD 43 million (AED 158 million) as compared to USD 39 million (AED 143 million) at year end 2020.

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 second phase will take total production to 900 MMscfd.

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, had 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 April 2021, Pearl lifted Force Majeure under the GSA 2 with the Kurdistan Regional Government, agreeing a new target start date for first gas deliveries of 30 April 2023. In June 2021, Pearl and the Contractor also lifted Force Majeure under the EPC Contract and have agreed on a new completion date of 30 April 2023. 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 by 30 April 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 92 days of operations in Q3 2021 was 2.7 MMboe i.e. averaging 29,200 boepd (Q3 2020: 2.7 MMboe i.e. averaging 29,600 boepd), a decrease of 1% over the corresponding period.

In Egypt, the Group collected a total of USD 125 million (AED 458 million) during the period and hence realized 160% of the period's revenue. At period end, the trade receivable balance stood at USD 65 million (AED 238 million) as compared to USD 130 million (AED 477 million) at the end of 2020.

DANA GAS PJSC

Report of the Directors

UAE Gas Project

The UAE Gas Project includes Dana Gas' 35% interest in Crescent National Gas Corporation Limited (CNGCL), which is entitled to market the gas, and 100% interests in UGTC and Saj Gas, the entities that own the offshore riser platform, the offshore and onshore pipelines to transport the gas and the sour gas processing plant to 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.

The parties to the arbitrations are Crescent Petroleum and NIOC, who are the parties to the Gas Sales & Purchase Contract (GSPC) at issue in the arbitration. Dana Gas is not a party to the GSPC, or to the arbitration.

Dana Gas has been informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has been made by the international arbitration tribunal on 27 September 2021. This first arbitration covers the period of the first 8.5 years of the 25 year gas sales agreement from 2005 to mid-2014. Dana Gas will receive USD 608 million (AED 2.23 Billion).

In addition, a second arbitration with a much larger claim for the 16.5 years covering the remainder of the gas supply period from 2014 to 2030 is currently underway, with the final hearing fixed for October of next year (2022) in Paris, and for which a final award on damages is expected the following year in 2023. Dana Gas will also receive as portion of the next award which is expected to be more than the sum received from the first arbitration.

- 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 illegitimately sought to 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

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 (to 28 April 2021)
4. Mr. Ajit Vijay Joshi (from 28 April 2021)
5. Mr. Hani Abdulaziz Hussein
6. Mr. Jassim MohamadRafi Alseddiqi
7. Mr. Majid Hamid Jafar
8. Ms. Najla Ahmed Al-Midfa (from 28 April 2021)
9. Mr. Nureddin Sehweil (to 28 April 2021)
10. Mr. Said Arrata (to 28 April 2021)
11. Mr. Shaheen Al-Muhairi
12. Mr. Varoujan Nerguizian
13. H.E. Younis Al Khoori (from 28 April 2021)
14. Mr. Ziad Abdulla Ibrahim Galadari

Auditors

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

On behalf of the Board of Directors



Director
11 November 2021

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF DANA GAS PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Dana Gas PJSC (“the Company”) and its subsidiaries (“the Group”) as at 30 September 2021 comprising of the interim condensed consolidated statement of financial position as at 30 September 2021 and the related interim condensed consolidated income statements and interim condensed consolidated statements of other comprehensive income for the three month period and nine month period then ended, interim condensed consolidated statements of cash flows and interim condensed consolidated statements of changes in equity for the nine month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of matter

We draw attention to the matter described in note 9 (b) of the interim condensed consolidated financial information which describes the current position with respect to 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.

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 and the interim condensed consolidated financial statements of the Group as at and for the three and nine month periods ended 30 September 2020, were audited and reviewed, respectively, by another auditor, whose reports dated 10 March 2021 and 12 November 2020 expressed an unmodified audit opinion and unmodified review conclusion, respectively.

For Ernst & Young



Signed by:
Anthony O'Sullivan
Partner
Registration No. 687

11 November 2021

Sharjah, United Arab Emirate

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2021 (Unaudited)

	Notes	Nine months ended				Three months ended			
		30 September 2021		30 September 2020		30 September 2021		30 September 2020	
		USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
Gross revenue		334	1,224	262	960	118	432	81	296
Royalties		(100)	(366)	(93)	(341)	(32)	(117)	(29)	(107)
Net revenue		234	858	169	619	86	315	52	189
Operating costs & depletion		(88)	(322)	(115)	(421)	(31)	(113)	(37)	(135)
Gross profit		146	536	54	198	55	202	15	54
General and administration expenses		(7)	(26)	(9)	(33)	(2)	(8)	(3)	(11)
Other expenses		(7)	(26)	(8)	(29)	-	-	(2)	(7)
Investment and finance income		2	7	15	55	1	3	7	26
Other income	6	608	2,229	-	-	608	2,229	-	-
Reversal of / (charge for) impairment of oil & gas assets	7	78	286	(402)	(1,474)	-	-	(372)	(1,364)
Impairment of PP&E, intangible & joint venture	8/9/11	(360)	(1,319)	-	-	(360)	(1,319)	-	-
Impairment of goodwill	9	(145)	(531)	-	-	(145)	(531)	-	-
Impairment of financial assets		(1)	(4)	(8)	(29)	(1)	(4)	(1)	(4)
Change in fair value of asset held for sale	7	(14)	(51)	-	-	-	-	-	-
Change in fair value of investment property	10	-	-	(2)	(7)	-	-	-	-
Share of profit / (loss) of a joint venture	11	4	15	(1)	(4)	(1)	(3)	-	-
Exploration expenses/write-off		(5)	(18)	(1)	(4)	(5)	(18)	-	-
Finance cost		(3)	(11)	(13)	(48)	(1)	(4)	(4)	(15)
PROFIT / (LOSS) BEFORE INCOME TAX		296	1,087	(375)	(1,375)	149	547	(360)	(1,321)
Income tax expense		(17)	(62)	(4)	(15)	(9)	(33)	-	-
PROFIT / (LOSS) FOR THE PERIOD		279	1,025	(379)	(1,390)	140	514	(360)	(1,321)
PROFIT / (LOSS) ATTRIBUTABLE TO:									
- Equity holders of the parent		277	1,018	(379)	(1,390)	140	514	(360)	(1,321)
- Non-controlling interest		2	7	-	-	-	-	-	-
Basic & Diluted earnings/(loss) per share	5	0.040	0.145	(0.054)	(0.2)	0.020	0.073	(0.052)	(0.19)

The attached notes 1 to 22 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Period ended 30 September 2021 (Unaudited)

	Nine months ended				Three months ended			
	30 September 2021		30 September 2020		30 September 2021		30 September 2020	
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
Profit / (loss) for the period	279	1,025	(379)	(1,390)	140	514	(360)	(1,321)
Other comprehensive income	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	279	1,025	(379)	(1,390)	140	514	(360)	(1,321)
ATTRIBUTABLE TO:								
- Equity holders of the parent	277	1,018	(379)	(1,390)	140	514	(360)	(1,321)
- Non-controlling interest	2	7	-	-	-	-	-	-
	279	1,025	(379)	(1,390)	140	514	(360)	(1,321)

The attached notes 1 to 22 form part of these interim condensed consolidated financial information.


Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		30 September 2021 (Unaudited)		31 December 2020 (Audited)	
	Notes	USD mm	AED mm	USD mm	AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	8	999	3,662	948	3,475
Intangible assets	9	216	792	458	1,679
Investment property	10	20	73	20	73
Interest in joint ventures	11	364	1,334	561	2,056
Financial assets at fair value through profit or loss	12	43	158	47	172
		<u>1,642</u>	<u>6,019</u>	<u>2,034</u>	<u>7,455</u>
Current assets					
Inventories		22	81	4	15
Financial assets at fair value through profit or loss	12	50	183	51	188
Sum due following arbitration award	13	608	2,229	-	-
Trade and other receivables	14	148	542	69	253
Cash and cash equivalents	15	200	733	108	396
		<u>1,028</u>	<u>3,768</u>	<u>232</u>	<u>852</u>
Assets classified as held for sale	7	-	-	156	572
Total current assets		<u>1,028</u>	<u>3,768</u>	<u>388</u>	<u>1,424</u>
TOTAL ASSETS		<u>2,670</u>	<u>9,787</u>	<u>2,422</u>	<u>8,879</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	16	1,908	6,995	1,908	6,995
Treasury shares	17	-	-	(9)	(33)
Legal reserve		132	483	132	483
Voluntary reserve		-	-	132	483
Retained earnings / (Accumulated losses)		282	1,034	(20)	(75)
		<u>2,322</u>	<u>8,512</u>	<u>2,143</u>	<u>7,853</u>
Attributable to equity holders of the Company		<u>2,322</u>	<u>8,512</u>	<u>2,143</u>	<u>7,853</u>
Non-controlling interest		-	-	2	8
Total equity		<u>2,322</u>	<u>8,512</u>	<u>2,145</u>	<u>7,861</u>
LIABILITIES					
Non-current liabilities					
Borrowings	18	111	407	68	249
Trade payable and accruals		19	70		
Provisions		17	62	3	11
		<u>147</u>	<u>539</u>	<u>71</u>	<u>260</u>
Current liabilities					
Borrowings	18	95	348	95	349
Trade payables and accruals		106	388	65	239
		<u>201</u>	<u>736</u>	<u>160</u>	<u>588</u>
Liabilities directly associated with assets classified as held for sale	7	-	-	46	170
Total current liabilities		<u>201</u>	<u>736</u>	<u>206</u>	<u>758</u>
Total liabilities		<u>348</u>	<u>1,275</u>	<u>277</u>	<u>1,018</u>
TOTAL EQUITY AND LIABILITIES		<u>2,670</u>	<u>9,787</u>	<u>2,422</u>	<u>8,879</u>


Director
11 November 2021


CEO
11 November 2021


CFO
11 November 2021

The attached notes 1 to 22 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2021 (Unaudited)

	Notes	Nine months ended			
		30 September 2021		30 September 2020	
		USD mm	AED mm	USD mm	AED mm
OPERATING ACTIVITIES					
Profit/(loss) before income tax from		296	1,087	(375)	(1,375)
Adjustments for:					
Depreciation and depletion	8	43	158	74	271
Investment and finance income		(2)	(7)	(15)	(55)
Other income	6	(608)	(2,229)	-	-
(Reversal of)/charge for impairment of oil & gas asset	7	(78)	(286)	402	1,474
Impairment of PP&E, intangible & joint venture	8/9/11	360	1,319	-	-
Impairment of goodwill	9	145	531	-	-
Impairment of financial assets		1	4	8	29
Change in fair value of investment property		-	-	2	7
Change in fair value of assets held for sale		14	51	-	-
Share of (profit) / loss of a joint venture		(4)	(15)	1	4
Exploration expenses/write-off		5	18	1	4
Finance costs		3	11	13	48
Directors' remuneration		-	-	(3)	(11)
		175	642	108	396
Changes in working capital:					
Trade and other receivables		47	172	(32)	(117)
Funds held for development		-	-	27	99
Trade payables and accruals		(8)	(29)	(20)	(73)
Net cash generated from operating activities		214	785	83	305
Income tax		(17)	(62)	(4)	(15)
Net cash flows generated from operating activities		197	723	79	290
INVESTING ACTIVITIES					
Payment for property, plant and equipment		(61)	(223)	(21)	(76)
Payment for intangible assets		(1)	(4)	(4)	(15)
Proceeds from sale of interest in Joint venture		15	55	-	-
Investment and finance income received		2	7	6	22
Net cash flows used in investing activities		(45)	(165)	(19)	(69)
FINANCING ACTIVITIES					
Dividend paid		(105)	(385)	(104)	(383)
Proceeds from sale of treasury shares		7	26	-	-
Repayment of borrowings		(16)	(59)	(80)	(293)
Proceeds from borrowings		59	216	14	51
Finance costs paid		(6)	(22)	(14)	(51)
Net cash flows used in financing activities		(61)	(224)	(184)	(676)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		91	334	(124)	(455)
Cash and cash equivalents at the beginning of the period		109	399	425	1,558
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15	200	733	301	1,103

The attached notes 1 to 22 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2021 (Unaudited)

Attributable to equity holders of the Company – Nine 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	USD	mm	USD	mm	USD	mm	USD	mm	USD	mm	USD	mm	USD	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	-	-	-	-	-	-	277	1,018	-	-	-	-	2	7	279	1,025
Total comprehensive profit for the period	-	-	-	-	-	-	277	1,018	-	-	-	-	2	7	279	1,025
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	7	26	-	-	7	26
Transfer	-	-	-	-	(132)	(483)	132	483	-	-	-	-	-	-	-	-
Disposal of Interest	-	-	-	-	-	-	-	-	-	-	-	-	(4)	(15)	(4)	(15)
Loss on treasury shares	-	-	-	-	-	-	(2)	(7)	-	-	2	7	-	-	-	-
Dividend paid (note 21)	-	-	-	-	-	-	(105)	(385)	-	-	-	-	-	-	(105)	(385)
As at 30 September 2021	1,908	6,995	132	483	-	-	282	1,034	-	-	-	-	-	-	2,322	8,512
As at 1 January 2020	1,908	6,995	132	483	132	483	463	1,697	4	15	(9)	(33)	2	8	2,632	9,648
Loss for the period	-	-	-	-	-	-	(379)	(1,390)	-	-	-	-	-	-	(379)	(1,390)
Total comprehensive loss for the period	-	-	-	-	-	-	(379)	(1,390)	-	-	-	-	-	-	(379)	(1,390)
Transfer	-	-	-	-	-	-	-	-	(4)	(15)	-	-	-	-	(4)	(15)
Dividend paid	-	-	-	-	-	-	(104)	(383)	-	-	-	-	-	-	(104)	(383)
Director remuneration	-	-	-	-	-	-	(3)	(11)	-	-	-	-	-	-	(3)	(11)
As at 30 September 2020	1,908	6,995	132	483	132	483	(23)	(87)	-	-	(9)	(33)	2	8	2,142	7,849

The attached notes 1 to 22 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 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 a 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 have obtained shareholders and regulatory approvals to amend its Article of Association to be in compliance with the said law.

Principal subsidiaries and joint arrangements of the Group at 30 September 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>		
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 Dirham (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.

2 Summary of significant accounting policies (continued)

Statement of compliance

The interim condensed consolidated financial information of the Group for the nine months period ended 30 September 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 nine months period ended 30 September 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, except for the adoption of new standards and interpretations as of 1 January 2021. These new standards and interpretations did not have any major impact on the accounting policies, financial position or performance of the Group.

The Group did not early adopt any standard, interpretation or amendment that was issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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 except for the following.

Judgment

3.1 Carrying value of UAE Gas Project: This includes an investment in CNGCL (note 11) and assets relating to Sajgas and UGTC included under Property, plant and equipment (note 8) and Intangible assets (note 9). The Gas Sales & Purchase Contract between Dana Gas's partner Crescent Petroleum and the National Iranian Oil Company ("NIOC") for the supply of gas to the UAE Gas Project has been the subject of international arbitration since June 2009 (refer note 11). In September 2021, Dana Gas was informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has now been made by the international arbitration tribunal. This first arbitration covers the period of the first 8.5 years of the 25 year gas sales agreement from 2005 to mid-2014. The damages sum due to the Company is USD 608 million which has been recognised during the period. Based on advice from Crescent Petroleum, the management believes that the final award from the second arbitration will be sufficient to recover an amount in excess of the remaining carrying value of the related assets. 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.

Estimates and assumptions

3.2 Sum due following arbitration award: Sum due following arbitration award recorded during the period is based on the assumption that full recovery will take place within twelve months. The sum due is subject to interest for delayed payments.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 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.

Nine months ended 30 September 2021 (Unaudited)

	United Arab Emirates USD mm	Egypt USD mm	Kurdistan Region of Iraq USD mm	Total USD mm
Gross revenue	3	196	135	334
Royalties	-	(100)	-	(100)
Net revenue	3	96	135	234
Operating cost & depletion	(2)	(42)	(44)	(88)
Gross profit	1	54	91	146
General and administration expenses	-	-	-	(7)
Other expenses	-	-	-	(7)
Investment and finance income	-	-	-	2
Other income	608	-	-	608
Reversal of impairment of oil & gas assets	-	78	-	78
Impairment of PP&E, Intangible & Joint venture	(360)	-	-	(360)
Impairment of Goodwill	-	(145)	-	(145)
Impairment of financial assets	(1)	-	-	(1)
Change in fair value of asset held for sale	-	(14)	-	(14)
Share of profit of a joint venture	-	-	-	4
Exploration expenses/write-off	-	-	-	(5)
Finance cost	-	-	-	(3)
Profit before income tax				296
Income tax expense	-	(17)	-	(17)
Net Profit for the period				279
Segment assets as at 30 September 2021	1,512	232	926	2,670
Segment liabilities as at 30 September 2021	107	55	186	348
Other segment information				
Capital expenditure:				
Property, plant and equipment	-	27	64	91
Total	-	27	64	91
Depreciation & depletion	2	16	25	43

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2021 (Unaudited)

4 Segment information (continued)

Nine months ended 30 September 2020 (Unaudited)

	United Arab Emirates USD mm	Egypt USD mm	Kurdistan Region of Iraq USD mm	Total USD mm
Gross Revenue	3	168	91	262
Royalties	-	(93)	-	(93)
Net revenue	3	75	91	169
Operating cost & depletion	(2)	(70)	(43)	(115)
Gross profit	1	5	48	54
General and administration expenses	-	-	-	(9)
Other expenses	-	-	-	(8)
Investment and finance income	-	-	-	15
Impairment of oil & gas assets	-	(402)	-	(402)
Impairment of financial asset	(4)	(4)	-	(8)
Change in fair value of investment property	(2)	-	-	(2)
Share of loss of a joint venture	-	-	-	(1)
Exploration expenses/write off	-	(1)	-	(1)
Finance cost	-	-	-	(13)
Loss before income tax				(375)
Income tax				(4)
Loss for the period				(379)
Segment assets as at 30 Sept 2020	1,486	179	799	2,464
Assets classified as held for sale	-	166	-	166
Total assets	1,486	345	799	2,630
Segment liabilities as at 30 Sept 2020	343	4	95	442
Liabilities directly associated with asset held for sale	-	46	-	46
Total liabilities	343	50	95	488
Other segment information				
Capital expenditure:				
Property, plant and equipment	-	-	16	16
Intangible assets	-	-	-	-
Total	-	-	16	16
Depreciation & depletion	2	-	25	27

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 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>Nine months ended 30 September</i>		<i>Three months ended 30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>USD mm</i>		<i>USD mm</i>	
Earnings:				
Net profit / (loss) for the period - USD mm	<u>277</u>	<u>(379)</u>	<u>140</u>	<u>(360)</u>
Shares:				
Weighted average number of shares outstanding—million	<u>6,984</u>	<u>6,958</u>	<u>6,995</u>	<u>6,958</u>
Earning / (loss per share) per share (Basic) – USD:	<u>0.040</u>	<u>(0.054)</u>	<u>0.020</u>	<u>(0.052)</u>

6 Other income

	<i>Nine months ended 30 September 2021</i>	<i>Nine months ended 30 September 2020</i>
	<i>USD mm</i>	<i>USD mm</i>
Sum due following arbitration award (refer Note 13)	<u>608</u>	<u>-</u>
	<u>608</u>	<u>-</u>

7 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.

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

IPR, notified Dana Gas Egypt (“DGE”) that it has submitted a request for Arbitration disputing DGE’s right to terminate the SPA.

By an award dated 17 July 2021 the Tribunal dismissed IPR’s claim in its entirety, and ruled that Dana Gas’ termination of the SPA was valid.

Upon termination of the SPA, the Company transferred the related assets and liabilities from “assets /liabilities held for sale” to the respective statement of financial position categories and reassessed the previously recognised impairment in light of the intention to now retain these assets. This resulted in reversal of impairment of USD 78 million which has been recognised in current period income statement.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2021 (Unaudited)

8 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	-	-	13	-	-	-	64	77
Transfer from asset held for sale	-	-	1,115	140	10	-	-	1,265
At 30 September 2021 (Unaudited)	14	12	1,649	384	44	119	365	2,587
Depreciation/ depletion:								
At 1 January 2021	-	6	93	109	25	63	1	297
Depreciation/depletion charge for the period	-	1	30	10	-	2	-	43
Impairment	-	-	-	9	-	-	65	74
Transfer from asset held for sale	-	-	1,026	140	8	-	-	1,174
At 30 September 2021 (Unaudited)	-	7	1,149	268	33	65	66	1,588
Net carrying amount:								
At 30 September 2021 (Unaudited)	14	5	500	116	11	54	299	999

Some of Pearl Petroleum's property, plant and equipment is pledged against a loan facility (note 18).

Property, plant and equipment includes financing cost amounting to USD 13 million as at 30 September 2021 (2020: USD 8 million) on borrowings for ongoing development and capitalised using the effective interest rate of the specific borrowing.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2021 (Unaudited)

8 Property, plant and equipment (continued)

The majority of Saj Gas and UGTC assets have not been depreciated as commercial activity has not yet begun. SajGas assets are to be used for processing and sweetening of the gas received from CNGCL and UGTC assets are to be used in transportation of the same gas. CNGCL was to receive gas from Crescent Petroleum who relied on its contracted gas supplier NIOC. The failure by NIOC to supply gas meant that Saj Gas and UGTC assets could not be put to use. Crescent Petroleum is continuing with an international arbitration in relation to NIOC's supply failure in default of its 25 year gas supply contract.

Dana Gas has been informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has been made by the international arbitration tribunal on 27 September 2021. This first arbitration covers the period of the first 8.5 years of the 25 year gas sales agreement from 2005 to mid-2014. Following the first arbitration award, management has carried out an assessment of the recoverable values of the Saj Gas and UGTC assets at the period end and based on the expected future cash flows to be generated by the assets has recognised an impairment provision of USD 74 million against these assets.

Oil and Gas Interests

Oil and gas interests relates to retained concessions in Dana Gas 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 6% of Dana Gas Egypt current production.
- North El Salhiya Development Lease - This development lease is held with a 100% working interest. This development lease has 11.6 sq.km of land included within its boundaries and is located in the Nile Delta of Egypt. To date, this development lease is producing both natural gas and associated liquids representing 1% of Dana Gas Egypt current production.
- 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.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2021 (Unaudited)

8 Property, plant and equipment (continued)

	Freehold Land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 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

Some of Pearl Petroleum's property, plant and equipment is pledged against a loan facility (note 18).

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 the effective interest rate of the specific borrowing.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2021 (Unaudited)

9 Intangible assets

	<i>Oil and gas interests USD mm</i>	<i>Transmission & sweetening rights USD mm</i>	<i>Goodwill USD mm</i>	<i>Total USD mm</i>
Cost at 1 January 2021	199	289	145	633
Less: accumulated impairment	(175)	-	-	(175)
Net book amount at 1 January 2021	24	289	145	458
Addition	1	-	-	1
Impairment	-	(98)	(145)	(243)
At 30 September 2021 (unaudited)	25	191	-	216
At 31 December 2020 (audited)	24	289	145	458

(a) Oil and Gas Interests

Oil and gas interests in intangible assets relates to North Al Arish Offshore (Block-6) concession in 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 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 sq. km 3D seismic over the Thuraya prospect. In Quarter 2 2021, Dana Gas Egypt was granted a nine month extension for the second exploration phase to 10 March 2022.

(b) Transmission and sweetening rights

Intangible assets include USD 191 million (2020: USD 289 million) which represent the fair value of the rights, for the transmission and sweetening of gas and related products, acquired by the Company through its shareholdings in SajGas and UGTC. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships. The intangible assets will be amortised 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. Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC. The parties to the arbitrations are Crescent Petroleum and NIOC, who are the parties to the Gas Sales & Purchase Contract (GSPC) at issue in the arbitration. Dana Gas is not a party to the GSPC, or to the arbitration.

Dana Gas has been informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has been made by the international arbitration tribunal on 27 September 2021. This first arbitration covers the period of the first 8.5 years of the 25 year gas sales agreement from 2005 to mid-2014. Dana Gas will receive USD 608 million (AED 2.23 Billion). Following the first arbitration award, management has carried out an assessment of the recoverable values of the transmission & sweetening rights at the period end and based on the expected future cash flows to be generated by these assets has recognised an impairment provision of USD 98 million.

In addition, a second arbitration with a much larger claim for the 16.5 years covering the remainder of the gas supply period from 2014 to 2030 is currently underway, with the final hearing fixed for October of next year (2022) in Paris, and for which a final award on damages is expected the following year in 2023. Dana Gas will also receive a portion of the next award. Based on advice from Crescent Petroleum, management believes that the sums expected from the second arbitration will be sufficient to cover the remaining carrying value of the related assets.

(c) Goodwill

Goodwill of USD 145 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. In 2020 Dana Gas was selling its onshore business in Egypt and as part of the sale had recorded impairment of USD 163 million against goodwill. In Q2 2021 the sale was terminated, however the goodwill previously impaired was not reversed. During the period, management has carried out further assessments and has recognised full impairment of the remaining goodwill.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION For the nine months period ended 30 September 2021 (Unaudited)

10 Investment property

	30 September 2021 USD mm	31 December 2020 USD mm (Audited)
Balance at 1 January	20	22
Change in fair value	-	(2)
Balance at 30 September / 31 December	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 30 June 2021 and resulted in a valuation of USD 20 million.

11 Interest in joint ventures

	CNGCL USD mm	EBGDCO USD mm	Total
Balance at 1 January	553	8	561
Share of (loss)/profit	(1)	5	4
Impairment	(188)	-	(188)
Disposal of interest	-	(13)	(13)
Balance at 30 September / 31 December	364	-	364

Investment in joint venture at the period end relates to Dana Gas' 35% interest in CNGCL and represents the fair value of the rights for the purchase and sale of gas and related products acquired by the Company in 2005. The fair value of the rights acquired was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships.

CNGCL is a company established on 22 July 2003 and is owned by Crescent Petroleum (65%) and Dana Gas (35%). Its primary purpose is to market natural gas and its associated products in the UAE purchased from Crescent Petroleum whose contracted gas supplier was NIOC. Commercial activity in CNGCL has not yet commenced. NIOC's failure to supply gas meant that CNGCL could not source any gas to on-sell to end users. Crescent Petroleum is continuing with international arbitration in relation to NIOC's default. The parties to the arbitrations are Crescent Petroleum and NIOC, who are the parties to the Gas Sales & Purchase Contract (GSPC) at issue in the arbitration. Dana Gas is not a party to the GSPC, or to the arbitration.

Dana Gas has been informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has been made by the international arbitration tribunal on 27 September 2021. This first arbitration covers the period of the first 8.5 years of the 25 year gas sales agreement from 2005 to mid-2014 and Dana Gas will receive USD 608 million (AED 2.23 Billion). Following the first arbitration award, management has carried out an assessment of the recoverable values of the interest in joint venture at the period end and based on the expected future cash flows to be generated has recognised an impairment provision of USD 188 million.

In addition, a second arbitration with a much larger claim for the 16.5 years remainder of the contract from 2014 to 2030 is currently underway, with the final hearing fixed for October of next year (2022) in Paris, and for which a final award on damages is expected the following year in 2023. Dana Gas will also receive a portion of the next award. Based on advice from Crescent Petroleum, management believes that the sums expected from the second arbitration will be sufficient to cover the remaining carrying value of the related assets.

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 damages would ultimately be assessed and decided by a Court.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2021 (Unaudited)

12 Financial assets at fair value through profit or loss

	30 September 2021 USD mm	31 Dec 2020 USD mm (Audited)
Balance at 1 January	98	111
Received during the period/year	(5)	(11)
Change in fair value	-	(2)
Balance at 30 September/31 December	<u>93</u>	<u>98</u>

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

	30 September 2021 USD mm	31 Dec 2020 USD mm (Audited)
Current assets	50	51
Non-current assets	43	47
	<u>93</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 5 million towards such confined payments.

Financial assets at fair value through profit or loss also includes an investment in the Abraaj Infrastructure Fund. As the fund managing entity is under liquidation, this investment was fully impaired in the prior year.

13 Sum due following arbitration award

	30 September 2021 USD mm	31 December 2020 USD mm (Audited)
Recognised during the period	<u>608</u>	<u>-</u>

During the period, the Company was informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has been made by the international arbitration tribunal on 27 September 2021. The first arbitration covers the period of the first 8.5 years of the 25 years gas sales agreement from 2005 to mid-2014.

The damages sum due to Dana Gas is USD 608 million (AED 2.23 billion) which has been recorded during the period. The amount is expected to be fully recovered through an enforcement process to be undertaken by Crescent Petroleum and the Company expects to receive the sum due to it within the next twelve months.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2021 (Unaudited)

14 Trade and other receivables

	30 September 2021 USD mm	31 December 2020 USD mm (Audited)
Trade receivables (net)	108	39
Prepaid expenses	2	1
Due from joint ventures	16	18
Accrued revenue (note c)	8	8
Other receivables	14	4
Less: provision for impairment	-	(1)
	148	69

- 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:

		Past due					
	<i>Total</i>	<i>Not past</i>	<i><30 days</i>	<i>30-60 days</i>	<i>61-90 days</i>	<i>91-120</i>	<i>>120 days</i>
	<i>USD mm</i>	<i>due</i>	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>	<i>days</i>	<i>USD mm</i>
		<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>
30 September 2021	108	36	27	15	15	6	9
31 December 2020	39	13	3	-	-	-	23

- 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 has been delayed due to COVID-19. The new system is expected to be operational in mid-2022. Accordingly, the provisional adjustment to amounts due from the KRG has been reflected in this financial statement as an accrued revenue asset.

15 Cash and cash equivalents

	30 September 2021 USD mm	31 December 2020 USD mm (Audited)
Cash at bank		
- Local Banks within UAE	46	13
- Foreign Banks outside UAE	13	6
Short-term deposits		
- Local Banks within UAE	141	89
Cash and cash equivalents	200	108

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2021 (Unaudited)

15 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 200 million (31 December 2020: USD 108 million). The effective profit rate earned on short term deposits ranged 0.14% to 1.75% (2020: 0.14% to 3.6%) per annum. As at 30 September 2021, 94 % (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 200 million, 6% of the amount was held in Egyptian pounds (2020: 5%).

Cash and cash equivalent includes USD 123 million (DG Share 35%) held by the Pearl joint venture.

For the purpose of the interim condensed statement of cash flows, cash and cash equivalent comprise the following at 30 September 2021/31 December 2020:

	<i>30 September 2021 USD mm</i>	<i>31 December 2020 USD mm (Audited)</i>
Cash at bank and on hand	59	19
Short term deposits	141	89
Cash at bank attributable to discontinued operations (note 7)	-	1
Cash and cash equivalents	200	109

16 Share capital

	<i>30 September 2021 USD mm</i>	<i>31 December 2020 USD mm (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

17 Treasury Shares

The Company executed a share buyback during the period December 2019 to January 2020 and acquired a total of 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.

18 Borrowings

	<i>30 September 2021 USD mm</i>	<i>31 December 2020 USD mm (Audited)</i>
Non-current		
Loan facility (b)	111	68
	111	68
Current		
Term loan facility (a)	81	90
Loan facility (b)	14	5
	95	95
Total Borrowings	206	163

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2021 (Unaudited)

18 Borrowings (continued)

	30 September 2021 USD mm	31 December 2020 USD mm (Audited)
Total Borrowings (including Pearl joint operations)	206	163
Less: Pearl's Loan facility– Non recourse to Dana Gas	(125)	(73)
Dana Gas borrowings	81	90

(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. Subsequent to period end, the Company has exercised its option to extend the facility for a further period of four years. As of 30 September 2021, the amount outstanding towards principal is USD 80.6 million.

The term loan facility is secured against the shares of Dana Gas Red Sea Corporation, Dana Gas Egypt Ltd, and Dana LNG Ventures (BVI) and against certain other assets in UAE and Egypt.

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 30 September 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 40.625 million which are due by 30 September 2022 have been classified as current liabilities. The three of the four instalments for the amounts deferred from 2020 were paid on 31 March 2021, 30 June 2021 and 30 September 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 revised to be from 30 June 2023 and final repayment date of 30 September 2024. Pearl has since drawn down the full facility amount of USD 120 million (DG Share: USD 42 million) from the facility as at 30 September 2021.

Pearl also signed a USD 30 million (DG Share: USD 10.5 million) bridge loan with a local UAE bank on 15 August 2021 pending execution of new credit facilities. From this facility USD 10 million (DG Share: USD 3.5 million) was utilized and fully repaid on 20 September 2021.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2021 (Unaudited)

18 Borrowings (continued)

(b) *Loan facility – Pearl Petroleum (continued)*

Pearl signed on 7 September 2021 a USD 250 million term loan facility with the U.S. International Development Finance Corporation (“DFC”) with a final repayment date of 17 July 2028 for financing the construction, development and operation of a new 250 MMscfd gas processing facility and associated infrastructure located in the Khor Mor gas field. The facility has a 2.5 year grace period and is repayable in eighteen equal quarterly instalments, with the first repayment taking place on 17 April 2024. Pearl has drawn down USD 99.55 million (DG Share: USD 35 million) from the facility as at 30 September 2021.

Pearl has provided pari-passu security to the Lender by way of assignment of revenue, insurance, major construction contracts, registered pledge over Pearl’s certain existing production assets in Kurdistan for all the facilities and registered pledge over the new 250 mmscfd gas processing facility once the facility is fully operational. This financing is non-recourse to the Company.

The borrowings under the non-current liabilities are stated net of transaction costs and are carried at amortised cost as at 30 September 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 30 September 2021.

19 Commitments

Pearl Petroleum

As at 30 September 2021, Pearl had capital commitments of circa USD 308.2 million (DG Share: USD 108 million) – (2020: USD 396.24 million – DG share: USD 138.69 million) which mainly includes commitment relating to engineering, procurement and construction contract for development of 250 MMscfd gas processing train in Khor Mor.

20 Related party disclosures

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

	Period Ended 30 September 2021 USD mm	Period ended 30 September 2020 USD mm
Fee for management services by shareholder	2	1
Fees for management services to Joint arrangement	2	2
Revenues billed to Joint arrangement	1	1
Sum due following arbitration award (note 13)	608	-

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.

21 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).

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION For the nine months period ended 30 September 2021 (Unaudited)

22 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 September 2021 USD mm	Fair value September 2021 USD mm	Carrying amount December 2020 USD mm	Fair value December 2020 USD mm
Financial assets				
Trade and other receivables (excluding prepaid)	146	146	68	68
Financial assets at fair value through profit or loss	93	93	98	98
Cash and short term deposits	200	200	108	108
Financial liabilities				
Borrowings	206	206	163	163
Trade payables and accruals	125	125	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' assets that are measured at fair value on 30 September 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	-	-	93	93
Investment property	-	20	-	20
Total	-	20	93	113

The following table presents the Group' 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 nine months ended 30 September 2021 and year ended 31 December 2020.

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.