

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 SEPTEMBER 2022 (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 interim condensed consolidated financial results of the Company, its subsidiaries and joint arrangements (together referred to as the “Group”) for the nine months period ended 30 September 2022.

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 2022

During the nine months of 2022 (the “period”), the Group earned gross revenue of USD 415 million (AED 1,521 million) as compared to USD 334 million (AED 1,224 million) in the nine months of 2021, an increase of 24%. This increase was due to higher realised prices during the period which contributed USD 109 million to the top line. Realised price averaged USD 85/bbl for condensate and USD 43/boe for LPG compared to USD 51/bbl and USD 34/boe, respectively in 9M 2021. This positive price impact was partly offset by the production decline in Egypt.

The Group’s share of production was 16.5 million barrels of oil equivalent or 60,600 barrels of oil equivalent per day (“boepd”), a decrease of 4% compared to corresponding period production of 17.25 million boe (63,200 boepd). Production in Kurdistan Region was slightly higher by 1% compared to the corresponding period, however, production in Egypt declined by 10% during the period.

The Group achieved a net profit after tax of USD 161 million (AED 589 million) as compared to net profit of USD 279 million (AED 1,025 million) in 9M 2021. Excluding the one off other income and impairments recognised in 9M 2021, the Group’s current period net profit was higher by 64% at USD 161 million (AED 589 million) compared to adjusted net profit of USD 98 million (AED 360 million) in 9M 2021, reflecting strong underlying operating performance.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) was higher at USD 240 million (AED 880 million) in 9M 2022 compared to USD 179 million (AED 656 million) in 9M 2021.

Results for the quarter ended 30 September 2022

During the quarter ended 30 September 2022, the Group earned gross revenues of USD 131 million (AED 480 million) as compared to USD 118 million (AED 432 million) in the third quarter of 2021, an increase of 11% due to higher realised prices. Realised price averaged USD 81/bbl for condensate and USD 39/boe for LPG compared to USD 57/bbl and USD 34/boe respectively in Q3 2021.

The Group achieved net profit of USD 50 million (AED 182 million) as compared to USD 140 million (AED 514 million) in Q3 2021. Excluding the one off other income and impairments in Q3 2021, current quarter net profit of USD 50 million (AED 182 million) was higher by 35% compared to adjusted net profit of USD 37 million (AED 135 million) in Q3 2021.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) was higher at USD 76 million (AED 279 million) compared to USD 69 million (AED 253 million) in Q3 2021.

DANA GAS PJSC

Report of the Directors

Results for the quarter ended 30 September 2022 (continued)

The Group's share of production in the third quarter was 5.5 million barrels of oil equivalent or 59,800 barrels of oil equivalent per day ("boepd"), a decrease of 4% compared to corresponding period production of 5.75 million boe (62,500 boepd). This decline was mainly due to natural field depletion in Egypt which resulted in production decline of 12% to 25,800 boepd as compared to 29,200 in Q3 2021.

Liquidity and Financial Resources

Cash and bank balance at period end stood at USD 214 million (AED 784 million), an increase of 16% compared to 2021 year-end balance of USD 185 million (AED 678 million). Cash includes USD 74 million (AED 271 million) being 35% share of cash held at Pearl Petroleum and is before interim dividend payment of USD 86 million (AED 315 million) which was made in October 2022.

The Group collected a total of USD 246 million (AED 902 million) during the period with Egypt and KRI contributing USD 60 million (AED 220 million) and USD 186 million (AED 682 million), respectively. During the period ended 30 September 2022, the Company paid a final dividend for 2021 of USD 86 million (AED 315 million) bringing the total cash dividend for the financial year ended 31 December 2021 to 8 fils per share (2020: 5.5 fils per share). Subsequent to the period end, the Company paid an interim dividend for the first half of 2022 of 4.5 fils per share amounting in total to USD 86 million (AED 315 million).

Business Update

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

Reserves & Resources

(a) 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.

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.

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Reserves & Resources (continued)

(a) Pearl Petroleum Company Limited (continued)

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.

(b) 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 2021. Following this review, the Group's gross proved reserves (1P) as at 31 December 2021 were assessed at 30 MMboe (31 December 2020: 35 MMboe). The gross proved and probable reserves (2P) as at 31 December 2021 were estimated at 44 MMboe (31 December 2020: 59 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2021 were estimated to be 73 MMboe (31 December 2020: 85 MMboe). The decrease in reserve was on account of production during the year, which was not replaced.

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 2022 was 3.13 MMboe, i.e. averaging 34,000 boe per day (Q3 2021 – DG Share 35%: 3.06 MMboe, averaging 33,300 boe per day).

Dana Gas' share of collections for the period stood at USD 186 million (AED 682 million) and hence realised 92% of the period's revenue. At period end, Dana Gas' 35% share of trade receivable balance stood at USD 59 million (AED 216 million) as compared to USD 43 million (AED 158 million) at year end 2021.

Pearl is proceeding with the development of its 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 the Khor Mor gas processing plant. The appointment of the contractor followed 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.

In January 2020, Exterran – a leading oil and gas services provider, was appointed to carry out engineering, procurement and construction ('EPC') of a 250 MMSCFD gas processing train and provide operations related technical assistance services for 5 years post hand over of the plant. The EPC contract terms reflect Exterran's contractor financing whereby the plant will be predominantly funded by Exterran with repayment of principal with interest over five years following completion of the plant. Pearl and Exterran agreed on a completion date of 30 April 2023, following similar declarations of force majeure under the EPC contract.

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)

Production, drilling operations and non-EPC contract activities have continued throughout as normal. However, work on the KM 250 onsite EPC contract activities was temporarily suspended in June while security enhancements were carried out. Work on KM 250 expansion project remains suspended, and the Company, together with the KRG, and with support of other stakeholders is actively taking all necessary steps to enhance security measures in Khor Mor to further protect the facilities and personnel and enable the resumption of onsite EPC contract activities.

(b) Egypt E&P operations

The Group's production in Egypt for the 92 days of operations in Q3 2022 was 2.37 MMboe i.e. averaging 25,800 boepd (September 2021: 2.7 MMboe i.e. averaging 29,200), a decrease of 12% over the corresponding period.

In Egypt, the Group collected a total USD 60 million (AED 220 million) during the period and hence realized 82% of the period's revenue. At period end, the trade receivable balance stood at USD 37 million (AED 136 million) as compared to USD 24 million (AED 88 million) at the end of 2021.

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 share of award is 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. The final hearing was scheduled to commence in October 2022 in Paris, however the hearing has now been delayed to March 2023. The final award on damages is expected by 2023/2024. Dana Gas will also receive a portion of the next award which is expected to be more than the sum due from the first arbitration in keeping with the longer time period.

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Arbitration Cases (continued)

- 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.

Directors

1. Mr. Hamid Dhiya Jafar, Chairman
2. Mr. Rashid Saif Al-Jarwan, Deputy Chairman
3. Mr. Ajit Vijay Joshi
4. Mr. Hani Abdulaziz Hussein
5. Mr. Jassim MohamadRafi Alseddiqi
6. Mr. Majid Hamid Jafar
7. Ms. Najla Ahmed Al-Midfa
8. Mr. Shaheen Al-Muhairi
9. Mr. Varoujan Nerguizian
10. H.E. Younis Al Khoori
11. 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 Board of Directors



Directors
08 November 2022

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 2022 comprising of the interim condensed consolidated statement of financial position as at 30 September 2022 and the related interim condensed consolidated income statement and interim condensed consolidated statement of other comprehensive income for the three month period and nine month period ended, interim condensed consolidated statement of cash flows and interim condensed consolidated statements of change 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 notes 6, 7 and 9 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.

For Ernst & Young



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

8 November 2022

Dubai, United Arab Emirates

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2022 (Unaudited)

	Notes	Nine months ended				Three months ended			
		30 September 2022	AED mm	USD mm	AED mm	30 September 2022	AED mm	USD mm	AED mm
Gross revenue		415	1,521	334	1,224	131	480	118	432
Royalties		(118)	(433)	(100)	(366)	(35)	(129)	(32)	(117)
Net revenue		297	1,088	234	858	96	351	86	315
Operating costs & depletion		(95)	(348)	(88)	(322)	(32)	(117)	(31)	(113)
Gross profit		202	740	146	536	64	234	55	202
General and administration expenses		(9)	(33)	(7)	(26)	(3)	(11)	(2)	(8)
Other expenses		(5)	(18)	(7)	(26)	(1)	(3)	-	-
Investment and finance income		2	7	2	7	1	3	1	3
Other income		1	4	608	2,229	1	4	608	2,229
Reversal of impairment of oil & gas assets		-	-	78	286	-	-	-	-
Impairment of PP&E, intangible & joint venture		(1)	(4)	(505)	(1,850)	(1)	(4)	(505)	(1,850)
Impairment of financial assets		(2)	(7)	(1)	(4)	-	-	(1)	(4)
Change in fair value of asset held for sale		-	-	(14)	(51)	-	-	-	-
Share of (loss) / profit of a joint venture		(1)	(4)	4	15	-	-	(1)	(3)
Exploration expenses/write-off		-	-	(5)	(18)	-	-	(5)	(18)
Finance cost		(7)	(26)	(3)	(11)	(5)	(19)	(1)	(4)
PROFIT BEFORE INCOME TAX		180	659	296	1,087	56	204	149	547
Income tax expense		(19)	(70)	(17)	(62)	(6)	(22)	(9)	(33)
PROFIT FOR THE PERIOD		161	589	279	1,025	50	182	140	514
PROFIT ATTRIBUTABLE TO:									
- Equity holders of the parent		161	589	277	1,018	50	182	140	514
- Non-controlling interest		-	-	2	7	-	-	-	-
		161	589	279	1,025	50	182	140	514
Basic earnings per share	5	0.023	0.084	0.040	0.145	0.007	0.026	0.020	0.073

The attached notes 1 to 19 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 2022 (Unaudited)

	Nine months ended		30 September		Three months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
Profit for the period	161	589	279	1,025	182	514
Other comprehensive income	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	161	589	279	1,025	182	514
ATTRIBUTABLE TO:						
- Equity holders of the parent	161	589	277	1,018	182	514
- Non-controlling interest	-	-	2	7	-	-
	161	589	279	1,025	182	514

The attached notes 1 to 19 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 2022

		30 September 2022 (Unaudited)		31 December 2021 (Audited)	
	Notes	USD mm	AED mm	USD mm	AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	6	1,045	3,830	1,013	3,713
Intangible assets	7	191	700	191	700
Investment property	8	20	73	20	73
Interest in joint ventures	9	362	1,327	363	1,331
Financial assets at fair value through profit or loss	10	53	194	66	242
		<u>1,671</u>	<u>6,124</u>	<u>1,653</u>	<u>6,059</u>
Current assets					
Inventories		19	70	21	77
Financial assets at fair value through profit or loss	10	53	194	53	194
Sum due following arbitration award	11	608	2,229	608	2,229
Trade and other receivables	12	142	520	107	392
Cash and cash equivalents	13	214	784	185	678
		<u>1,036</u>	<u>3,797</u>	<u>974</u>	<u>3,570</u>
Total current assets		<u>1,036</u>	<u>3,797</u>	<u>974</u>	<u>3,570</u>
TOTAL ASSETS		<u>2,707</u>	<u>9,921</u>	<u>2,627</u>	<u>9,629</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	1,908	6,995	1,908	6,995
Legal reserve		164	599	164	599
Voluntary reserve		32	116	32	116
Retained earnings		175	643	189	695
Proposed dividend		86	315	-	-
		<u>2,365</u>	<u>8,668</u>	<u>2,293</u>	<u>8,405</u>
Total equity		<u>2,365</u>	<u>8,668</u>	<u>2,293</u>	<u>8,405</u>
LIABILITIES					
Non-current liabilities					
Borrowings	15	149	546	162	594
Trade payables and accruals		63	231	36	132
Provisions		18	66	17	62
		<u>230</u>	<u>843</u>	<u>215</u>	<u>788</u>
Current liabilities					
Borrowings	15	50	183	37	136
Trade payables and accruals		62	227	82	300
		<u>112</u>	<u>410</u>	<u>119</u>	<u>436</u>
Total current liabilities		<u>112</u>	<u>410</u>	<u>119</u>	<u>436</u>
Total liabilities		<u>342</u>	<u>1,253</u>	<u>334</u>	<u>1,224</u>
TOTAL EQUITY AND LIABILITIES		<u>2,707</u>	<u>9,921</u>	<u>2,627</u>	<u>9,629</u>


Director
08 November 2022


CEO
08 November 2022


CFO
08 November 2022

The attached notes 1 to 19 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2022 (Unaudited)

		Nine months ended			
		30 September 2022		30 September 2021	
	Notes	USD mm	AED mm	USD mm	AED mm
OPERATING ACTIVITIES					
Profit before income tax		180	659	296	1,087
Adjustments for:					
Depreciation and depletion	6	53	194	43	158
Investment and finance income		(2)	(7)	(2)	(7)
Other income		-	-	(608)	(2,229)
Reversal of Impairment of oil & gas assets		-	-	(78)	(286)
Impairment of PP&E, intangible & joint venture		1	4	505	1,850
Impairment of financial assets		2	7	1	4
Change in fair value of assets held for sale		-	-	14	51
Share of loss / (profit) of a joint venture		1	4	(4)	(15)
Exploration expenses/write-off		-	-	5	18
Finance costs		7	26	3	11
Directors' remuneration		(3)	(11)	-	-
		<u>239</u>	<u>876</u>	<u>175</u>	<u>642</u>
Changes in working capital:					
Trade and other receivables		(23)	(84)	47	172
Trade payables and accruals		(11)	(41)	(8)	(29)
		<u>205</u>	<u>751</u>	<u>214</u>	<u>785</u>
Net cash generated from operating activities		<u>205</u>	<u>751</u>	<u>214</u>	<u>785</u>
Income tax		(19)	(70)	(17)	(62)
		<u>186</u>	<u>681</u>	<u>197</u>	<u>723</u>
Net cash flows generated from operating activities		<u>186</u>	<u>681</u>	<u>197</u>	<u>723</u>
INVESTING ACTIVITIES					
Payment for property, plant and equipment		(61)	(223)	(61)	(223)
Payment for intangible assets		-	-	(1)	(4)
Proceeds from sale of interest in joint venture		-	-	15	55
Investment and finance income received		2	7	2	7
		<u>(59)</u>	<u>(216)</u>	<u>(45)</u>	<u>(165)</u>
Net cash flows used in investing activities		<u>(59)</u>	<u>(216)</u>	<u>(45)</u>	<u>(165)</u>
FINANCING ACTIVITIES					
Dividend paid		(86)	(315)	(105)	(385)
Proceeds from sale of treasury shares		-	-	7	26
Repayment of borrowings		(28)	(103)	(16)	(59)
Proceeds from borrowings		27	99	59	216
Finance costs paid		(11)	(40)	(6)	(22)
		<u>(98)</u>	<u>(359)</u>	<u>(61)</u>	<u>(224)</u>
Net cash flows used in financing activities		<u>(98)</u>	<u>(359)</u>	<u>(61)</u>	<u>(224)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS					
		29	106	91	334
Cash and cash equivalents at the beginning of the period		185	678	109	399
		<u>214</u>	<u>784</u>	<u>200</u>	<u>733</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13	214	784	200	733

The attached notes 1 to 19 form part of these interim condensed consolidated financial information

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2022 (Unaudited)

The attached notes 1 to 19 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 2022 (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.

For the period ended 30 September 2022, the Group is in compliance with the provisions of the UAE Federal Law No. (2) of 2015 (as amended). On 20 September 2021, the UAE Federal Decree Law No. (32) of 2021 concerning Commercial Companies Law (New Companies Law) was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. (2) of 2015 (as amended). The New Companies Law granted companies 12 months from 2 January 2022 to comply with the provisions of New Companies Law and to adjust their positions.

Principal subsidiaries and joint arrangements of the Group at 30 September 2022 and 31 December 2021 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 (“Saj Gas”)	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

In Kurdistan, production, drilling operations and non-EPC contract activities have continued throughout as normal. However, work on the KM 250 onsite EPC contract activities was temporarily suspended in June while security enhancements were carried out. Work on KM 250 expansion project remains suspended, and the Company, together with the KRG, and with support of other stakeholders is actively taking all necessary steps to enhance security measures in Khor Mor to further protect the facilities and personnel and enable the resumption of onsite EPC contract activities.

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.

Statement of compliance

The interim condensed consolidated financial information of the Group for the nine months period ended 30 September 2022 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 2021. The results for the nine months period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2022.

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 2021, except for the adoption of new standards and interpretations as of 1 January 2022. 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 2022, 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 2021 year end.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2022 (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 2022 (Unaudited)

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Gross revenue	3	210	202	415
Royalties	-	(118)	-	(118)
Net revenue	3	92	202	297
Operating cost & depletion	(2)	(46)	(47)	(95)
Gross profit	1	46	155	202
General and administration expenses	-	-	-	(9)
Other expenses	-	-	-	(5)
Investment and finance income	-	-	-	2
Other income	-	-	-	1
Impairment of PP&E, intangible & joint venture	-	(1)	-	(1)
Impairment of financial assets	(2)	-	-	(2)
Share of loss of a joint venture	(1)	-	-	(1)
Finance cost	-	-	-	(7)
Profit before income tax				180
Income tax expense	-	(19)	-	(19)
Net profit for the period				161
Segment assets as at 30 Sept 2022	1,588	165	954	2,707
Segment liabilities as at 30 Sept 2022	82	37	223	342
Other segment information				
Capital expenditure:				
Property, plant and equipment	-	11	74	85
Total	-	11	74	85
Depreciation & depletion	2	24	27	53

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2022 (Unaudited)

4 SEGMENT INFORMATION (continued)

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)	(145)	-	(505)
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

Total

-	27	64	91
-	27	64	91

Depreciation & depletion

2	16	25	43
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Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2022 (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>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>USD mm</i>		<i>USD mm</i>	
Earnings:				
Net profit for the period - USD mm	<u>161</u>	<u>277</u>	<u>50</u>	<u>140</u>
Shares:				
Weighted average number of shares outstanding—million	<u>6,995</u>	<u>6,984</u>	<u>6,995</u>	<u>6,995</u>
Earning per share (Basic) – USD:	<u>0.023</u>	<u>0.040</u>	<u>0.007</u>	<u>0.020</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2022 (Unaudited)

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2022	14	12	1,658	385	44	119	389	2,621
Additions	-	-	9	2	-	-	74	85
At 30 September 2022	14	12	1,667	387	44	119	463	2,706
Depreciation/ depletion:								
At 1 January 2022	-	7	1,165	269	34	67	66	1,608
Depreciation/depletion charge for the period	-	-	40	8	2	3	-	53
At 30 September 2022	-	7	1,205	277	36	70	66	1,661
Net carrying amount:								
At 30 September 2022	14	5	462	110	8	49	397	1,045

Some of Pearl Petroleum's property, plant and equipment is pledged against loan facility (note 15).

Property, plant and equipment include financing cost amounting to USD 22 million as at 30 September 2022 (2021: USD 15 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 nine months period ended 30 September 2022 (Unaudited)

6 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold Land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2021	14	12	521	244	34	119	301	1,245
Additions (net)	-	-	22	1	-	-	88	111
Transfer from asset held for sale	-	-	1,115	140	10	-	-	1,265
At 31 December 2021	14	12	1,658	385	44	119	389	2,621
Depreciation/ depletion:								
At 1 January 2021	-	6	93	109	25	63	1	297
Depreciation/depletion charge for the year	-	1	46	11	1	4	-	63
Impairment	-	-	-	9	-	-	65	74
Transfer from asset held for sale	-	-	1,026	140	8	-	-	1,174
At 31 December 2021	-	7	1,165	269	34	67	66	1,608
Net carrying amount:								
At 31 December 2021	14	5	493	116	10	52	323	1,013

Some of Pearl Petroleum's property, plant and equipment is pledged against loan facility (note 15).

Property, plant and equipment include financing cost amounting to USD 15 million as at 31 December 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 nine months period ended 30 September 2022 (Unaudited)

6 PROPERTY, PLANT AND EQUIPMENT (continued)

The majority of Saj Gas and UGTC assets have not been depreciated as commercial activity has not yet begun. Saj Gas 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 carried out an assessment of the recoverable values of the Saj Gas and UGTC assets and based on the expected future cash flows to be generated by the assets had recognised an impairment provision of USD 74 million against these assets in 2021.

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 2% 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 90% 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 8% of Dana Gas Egypt current production.

7 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 2022	201	289	145	635
Less: accumulated impairment	(201)	(98)	(145)	(444)
Net book amount at 1 January 2022	-	191	-	191
Addition	-	-	-	-
At 30 September 2022 (unaudited)	-	191	-	191
At 31 December 2021 (audited)	-	191	-	191

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2022 (Unaudited)

7 INTANGIBLE ASSETS (continued)

(a) Transmission and sweetening rights

Intangible assets include USD 191 million (2021: USD 191 million) which represent the rights, for the transmission and sweetening of gas and related products, acquired by the Company through its shareholdings in Saj Gas 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 had carried out an assessment of the recoverable values of the transmission & sweetening rights and based on the expected future cash flows to be generated by these assets recognised an impairment provision of USD 98 million in 2021.

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 The final hearing was scheduled to commence in October 2022 in Paris, however the hearing has now been delayed to March 2023. The final award on damages is expected by 2023/2024. 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.

8 INVESTMENT PROPERTY

	30 September 2022 USD mm	31 Dec 2021 USD mm (Audited)
Balance at 1 January	20	20
Change in fair value	-	-
Balance at 30 September/31 December	20	20

Investment property consists of industrial land owned by Saj Gas, 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 2021 and resulted in a valuation of USD 20 million.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2022 (Unaudited)

9 INTEREST IN JOINT VENTURES

Investment in joint venture at the period end relates to Dana Gas' 35% interest in CNGCL and represents 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 had carried out an assessment of the recoverable values of the interest in joint venture and based on the expected future cash flows to be generated recognised an impairment provision of USD 188 million in 2021.

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. The final hearing was scheduled to commence in October 2022 in Paris, however the hearing has now been delayed to March 2023. The final award on damages is expected by 2023/2024. 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.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2022 USD mm	31 Dec 2021 USD mm (Audited)
Balance at 1 January	119	98
Recognised during the period/year	-	34
Received during the period/year	(13)	(13)
Balance at 30 September/31 December	<u>106</u>	<u>119</u>

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

	30 September 2022 USD mm	31 Dec 2021 USD mm (Audited)
Current assets	53	53
Non-current assets	<u>53</u>	<u>66</u>
	<u>106</u>	<u>119</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2022 (Unaudited)

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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 13 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 previous years.

11 SUM DUE FOLLOWING ARBITRATION AWARD

	<i>30 September 2022 USD mm</i>	<i>31 Dec 2021 USD mm (Audited)</i>
Sum due following arbitration award	<u>608</u>	<u>608</u>

In 2021, 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 2021. 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.

12 TRADE AND OTHER RECEIVABLES

	<i>30 September 2022 USD mm</i>	<i>31 December 2021 USD mm (Audited)</i>
Trade receivables (net)	96	67
Prepaid expenses	2	1
Due from joint ventures	18	17
Accrued revenue (note c)	8	8
Other receivables	18	14
	<u>142</u>	<u>107</u>

a) Trade receivables are interest bearing and are generally on 5-60 days credit period.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2022 (Unaudited)

12 TRADE AND OTHER RECEIVABLES (continued)

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	
30 Sept. 2022	96	45	37	14	-	-	-
31 Dec. 2021	67	51	16	-	-	-	-

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 (DG Share: USD 8 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 and subsequent delivery delays. The new system is expected to be operational in mid-2023. Accordingly, the provisional adjustment to amounts due from the KRG has been reflected in this financial statement as an accrued revenue asset.

13 CASH AND CASH EQUIVALENTS

	30 September 2022 USD mm	31 Dec 2021 USD mm (Audited)
Cash at bank		
- Local Banks within UAE	119	53
- Foreign Banks outside UAE	13	17
Short-term deposits		
- Local Banks within UAE	82	115
Cash and cash equivalents	214	185

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 214 million (31 December 2021: USD 185 million). The effective profit rate earned on short term deposits ranged 0.10% to 2.4% (2021: 0.11% to 2.25%) per annum. As at 30 September 2022, 94 % (31 December 2021: 91%) 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 214 million, 6% of the amount was held in Egyptian pounds (2021: 9%).

Cash & cash equivalent includes USD 74 million (DG Share 35%) held by Pearl joint venture.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2022 (Unaudited)

14 SHARE CAPITAL

	<i>30 September 2022 USD mm</i>	<i>31 Dec 2021 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)	<u>1,908</u>	<u>1,908</u>

15 BORROWINGS

	<i>30 September 2022 USD mm</i>	<i>31 Dec 2021 USD mm (Audited)</i>
Non-current		
Term loan facility (a)	43	57
Loan facility (b)	<u>106</u>	<u>105</u>
	<u>149</u>	<u>162</u>
Current		
Term loan facility (a)	19	19
Loan facility (b)	<u>31</u>	<u>18</u>
	<u>50</u>	<u>37</u>
Total Borrowings	<u>199</u>	<u>199</u>
	<i>30 September 2022 USD mm</i>	<i>31 Dec 2021 USD mm (Audited)</i>
Total Borrowings (including Pearl joint operations)	199	199
Less: Pearl's Loan facility– Non recourse to Dana Gas	(137)	(123)
Dana Gas borrowings	<u>62</u>	<u>76</u>

(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 was fully drawn down on 22 October 2020. The first repayment date was 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. During 2021, the Company has exercised its option to extend the facility for a further period of four years. As of 30 September 2022, the amount outstanding towards principal is USD 62 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 2022.

15 BORROWINGS (continued)

(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 principally 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 was amended by way of an Agreement executed on 30 June 2020. Repayments deferred from 2020 (USD 12.5 million) have been repaid during 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 made on 31 March 2022 and final repayment date on 30 September 2024. The repayment instalments under the facility of USD 50 million which are due by 30 September 2023 have been classified as current liabilities. In 2021, Pearl opted to capitalize the interest payable during 2021 (USD 10.02 million) over the remaining balance of the facility (i.e. USD 137.5 million), with repayment due on this capitalized interest on 30 September 2024, in accordance with the amended facility agreement. During the nine month period ended 30 September 2022, Pearl has paid USD 37.5 million for repayment of principal under the facility (cumulative principal repayment until Q3 2022 is at USD 50 million).

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 principally financing its development activities. 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 quarterly repayment revised to be on 30 June 2023 and final repayment date of 30 September 2024. The repayment instalments under the facility of USD 40 million which are due by 30 September 2023 have been classified as current liabilities. Pearl has since drawn down the full facility amount of USD 120 million (DG Share: USD 42 million).

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 176.05 million (DG Share: USD 61.6 million) from the facility as at 30 September 2022.

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 2022.

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 2022.

16 COMMITMENTS

Pearl Petroleum

As at 30 September 2022, Pearl had capital commitments of circa USD 162 million (DG Share: USD 57 million) – (2021: USD 255.7 million – DG share: USD 89.5 million) which mainly includes commitments relating to engineering, procurement and construction contract for development of 250 MMscfd gas processing train in Khor Mor.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2022 (Unaudited)

17 RELATED PARTY DISCLOSURES

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

	<i>Period Ended 30 September 2022 USD mm</i>	<i>Period ended 30 September 2021 USD mm</i>
Fee for management services by shareholder	1	2
Fees for management services to Joint arrangement	2	2
Revenues billed to Joint arrangement	1	1
Sum due following arbitration award (note 11)	-	608

Fees for management services relates to actual cost charged in respect of time spent by Dana Gas personnel on Joint venture activities and time spent by major shareholder personnel on activities related to Dana Gas.

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

18 DIVIDEND

At the Board meeting held on 21 September 2022, the Board approved an interim cash dividend of 4.5 fils per share for the first half of 2022 which was paid to the Shareholders in October 2022.

19 FAIR VALUE ESTIMATION

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

	<i>Carrying amount September 2022 USD mm</i>	<i>Fair value September 2022 USD mm</i>	<i>Carrying amount 2021 USD mm</i>	<i>Fair value 2021 USD mm</i>
Financial assets				
Trade and other receivables (excluding prepaid)	140	140	106	106
Financial assets at fair value through profit or loss	106	106	119	119
Cash and short term deposits	214	214	185	185
Financial liabilities				
Borrowings	199	199	199	199
Trade payables and accruals	125	125	118	118

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.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months period ended 30 September 2022 (Unaudited)

19 FAIR VALUE ESTIMATION (continued)

The following table presents the Group' assets that are measured at fair value on 30 September 2022:

	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	-	-	106	106
Investment property	-	20	-	20
Total	-	20	106	126

The following table presents the Group' assets that are measured at fair value on 31 December 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	-	-	119	119
Investment property	-	20	-	20
Total	-	20	119	139

There have been no transfers between Level 1 and Level 2 during the nine months ended 30 September 2022 and year ended 31 December 2021.

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.