

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018 (Unaudited)

DANA GAS PJSC

Report of the Directors

The Board of Directors of Dana Gas (“Dana Gas” or the “Company”) are pleased to announce the consolidated financial results of the Company, its subsidiaries and joint arrangements (together referred to as the “Group”) for the period ended 31 March 2018.

Principal Activities

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

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

Results for the quarter ended 31 March 2018

During the quarter ended 31 March 2018, the Company earned gross revenues of USD 120 million (AED 440 million) as compared to USD 118 million (AED 432 million) in the first quarter of 2017, an increase of 2% reflecting increase in realised hydrocarbon prices during the current quarter. Realised prices were up by 14 % in Q1 2018 and impacted the topline by USD 12 million (AED 45 million). This increase was partly offset by production decline in Egypt and Zora which impacted the topline by USD 10 million (AED 37 million). Realised price averaged USD 57/bbl for condensate and USD 33/boe for LPG compared to USD 47/bbl and USD 34/boe respectively in Q1 2017.

The Group’s share of production for the first 90 days was 5.85 million barrels of oil equivalent [65,000 barrels of oil equivalent per day (“boepd”)], a decrease of 7% compared to corresponding quarter production of 6.3 million boe (69,900 boepd). Production in Egypt and Zora were down by 10% and 22%, respectively.

The Group achieved a net profit after tax of USD 14 million (AED 51 million) as compared to USD 11 million (AED 40 million) in Q1 2017, an increase of 27%. This increase was mainly due to reversal of accruals made by Pearl Petroleum for certain operating charges in prior years which are no longer required following the positive arbitration settlement with the Kurdistan Regional Government (KRG).

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) in Q1 2018 increased to USD 71 million (AED 259 million) compared to USD 69 million (AED 252 million) in Q1 2017.

Liquidity and Financial Resources

Cash and bank balance at period end stood at USD 636 million (AED 2,331 million), an increase of 5% compare to year-end balance of USD 608 million (AED 2,229 million). The increase was mainly due to collections in Q1. The Group collected a total of USD 48 million (AED 176 million) during the period with Egypt, Kurdistan Region of Iraq (KRI) and U.A.E. contributing USD 27 million (AED 99 million), USD 18 million (AED 66 million) and USD 3 million (AED 11 million), respectively.

DANA GAS PJSC

Report of the Directors

Sukuk

As at 30 June 2017, Capital Received on Issuance of Sukuk amounting to USD 700 million was reclassified from Borrowings. Legal advice received from independent UAE legal advisers states that the terms of the Company's Sukuk Al Mudarabah are unlawful under the laws of the UAE and are not compliant with Shari'a principles and therefore are void and unenforceable. Accordingly, the Company instituted legal action in UAE court for declaration to that effect seeking liquidation of the Mudarabah and a reconciliation of the amounts paid.

On 15 February 2018, the UK High Court ordered that the outstanding UAE law issues relating to the validity of the Mudarabah Agreement, and any consequent reconciliation are matters that should be heard and determined in the UK. Additionally, that the Company should take steps from 29 March 2018 to discontinue the legal proceedings currently pending in the U.A.E. Court. Conversely, on 13 March 2018 on the application of a Company shareholder, the UAE Court ordered the Company not to discontinue and to proceed with the legal proceedings currently pending in the UAE Court. It also suspended the enforcement in the UAE of the English Court orders pending consideration by the UAE Court of the enforceability of the English Court orders in the UAE.

External legal counsel have advised the Company that the outcome of the ongoing litigation finally in UAE courts could result in a significant liability for the Sukukholders to repay the Company excess 'on account profit payments' based on a lawful reconciliation of the transaction. The Company up to 30 April 2017 has made total on account profit payments of USD 635 million to the Sukukholders since January 2008.

The Company, in line with detailed public disclosures that it has made to the Securities and Commodities Authority (SCA) and through ADX, is pursuing the litigation route to resolve the matter and is confident pursuant to independent legal advice of prevailing in its interpretation of the outcome.

The unlawful nature of the current Sukuk and the ongoing litigation process raise a number of accounting issues which may have a material impact on the carrying value of certain assets and liabilities on the statement of financial position. Management and the Directors will carefully review these with the external auditors on an ongoing basis.

Subsequent Event

On 13 May 2018, the Company announced agreement with the Ad-Hoc committee of the Sukukholders ("the AHC"). For details please refer to Note 18.

The consensual transaction represents a means to resolve amicably all current issues and disputes facing the Company and the Sukukholders.

Business Update

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

Reserves & Resources

(a) Dana Gas Egypt

Gaffney, Cline & Associates (GCA), a leading advisory firm carried out an independent evaluation of Dana Gas Egypt's hydrocarbon reserves as at 31 December 2017. Following this review, the Group's gross proved reserves (1P) as at 31 December 2017 were assessed at 75 MMboe (31 December 2016: 89 MMboe). The gross proved and probable reserves (2P) as at 31 December 2017 were estimated at 117 MMboe (31 December 2016: 132 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2017 were estimated to be 160 MMboe (31 December 2016: 184 MMboe). The decrease in reserves was on account of production during the year and which was not replaced.

DANA GAS PJSC

Report of the Directors

Reserves & Resources (continued)

(b) Pearl Petroleum Company Limited

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

PPCL appointed Gaffney Cline Associates (“GCA”), to carry out a certification of the reserves for these fields as at 31 December 2015 based on a comprehensive data set comprising ca. 1200 km 2D seismic, the 11 wells drilled in the two fields to date plus field production data over a period of seven years.

In their report dated April 2016, GCA provide the following reserves estimates for both fields²:

- Proved plus Probable (2P) gas and condensate reserves for Khor Mor are 8.5 Tscf and 191 MMbbl respectively of which Dana Gas’ 35% share equates to 3 Tscf of dry gas and 67 MMbbl of condensate.
- For Chemchemical, Proved plus Probable (2P) gas and condensate reserves are 6.6 Tscf and 119 MMbbl respectively, with Dana Gas’ 35% share being 2.3 Tscf of dry gas and 42 MMbbl of condensate.

The above figures are based on data from 2 of the 12 defined compartments in the Khor Mor Field and 1 of the 3 compartments in the Chemchemical Field. Total Dana Gas share of the Khor Mor and Chemchemical 2P reserves is therefore 5.3 Tcf gas and 109 MMbbls condensate, equivalent to 990 MMboe.

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 Resources³ and Prospective Resources⁴.

GCA’s report confirms Dana Gas’ and Crescent Petroleum’s belief that Khor Mor and Chemchemical have the potential to be the largest gas fields in the KRI and indeed in the whole of Iraq and thus makes them world class assets.

(c) Sharjah Western Offshore – Zora Field

Following signing of a concession agreement with Ajman in January 2014, Dana Gas has a 100% working interest in the Zora field which spans the territorial waters of Sharjah and Ajman. Gaffney, Cline & Associates carried out an independent evaluation of Sharjah Western Offshore concession – Zora Field’s hydrocarbon reserves as on 31 December 2017. Following this review, the Group’s gross proved reserves (1P) as at 31 December 2017 were assessed at 8 MMboe (31 December 2016: 17 MMboe). The gross proved and probable reserves (2P) as at 31 December 2017 were estimated to be 24 MMboe (31 December 2016: 33 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2017 were estimated to be 61 MMboe (31 December 2016: 65 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 The reported hydrocarbon volumes are estimates based on professional judgment and are subject to future revisions, upwards or downwards, as a result of future operations or as additional information becomes available.

³ Those quantities of petroleum estimated to be potentially recoverable but not yet considered mature enough for commercial development due to one or more contingencies.

⁴ Those quantities of petroleum estimated to be potentially recoverable from undiscovered accumulations by future development projects.

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E&P Operations

a) Egypt E&P Operations

The Company production in Egypt for the first 90 days of operations in 2018 was 3.3 MMboe i.e. averaging 36,800 boepd (March 2017: 3.7 MMboe, i.e. averaging 40,950 boepd) a decrease of 10% over the corresponding period. The decline in production is mainly due to natural decline in fields and increase of formation water production from Balsam 3 and 5 wells.

In Egypt, the Company collected USD 27 million (AED 99 million) during the period and hence realised 84% of the quarter's revenue. Out of the total USD 26 million (AED 95 million) was received in US Dollars and USD 1 million (AED 4 million) in equivalent Egyptian pounds.

At period end, the trade receivable balance increased to USD 234 million (AED 858 million) from USD 228 million (AED 836 million) at end of 2017. During the period, the company exported an additional cargo on 8 January 2018 with average cargo volume of 150,000 barrels and collected an amount of USD 10.5 million (AED 39 million). Cash generated from the export of Government's share of the incremental condensate is being used to pay down the outstanding receivables owed to the Company by the Egyptian Government.

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

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for developing the significant petroleum (including gas) resources in the Khor Mor and Chemchemal fields. Since then, the focus has been on developing, processing and transporting natural gas from the Khor Mor Field including processing and extracting LPG and condensate and providing natural gas supplies to domestic power generation plants near Erbil and Sulaimaniya. Further development of both fields is planned following resolution of the legal dispute. As envisaged under the agreements, such further development is expected to provide significant natural gas supplies for future expansion of power generation and local industries as well as for export and sale abroad as and when the political circumstances permit.

Dana Gas's share (35%) of gross production in the KRI for the first 90 days of operations in 2018 was 2.4 MMboe, i.e. averaging 26,300 boe per day (Q1 2017 – DG Share 35%: 2.4 MMboe, averaging 26,500 boe per day).

Dana Gas share of collections for the period stood at USD 18 million (AED 66 million) and hence realised 62% of the quarter's revenue. At period end, Dana Gas' 35% share of trade receivable balance stood at USD 16 million (AED 59 million) and represents amounts due against local sales for the month of February and March 2018 all of which was subsequently collected in April 2018.

Pearl is going ahead with the development of two world-class gas field with in-place volumes of approximately 75 trillion cubic feet of wet gas and 7 billion bbls of oil and is targeting an production increase of 20% this year and 170% within two to three years.

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E&P Operations (continued)

c) Zora Gas Field

The Zora gas field lies partly in the Sharjah Western Offshore Concession area and extends into the adjacent Ajman Concession area with approximately 50% of the volume on each side as agreed under the initial unitization agreement. The field produces slightly sour gas via an unmanned platform in approximately 24 meters of water depth located about 33km offshore. The platform is connected by means of 12” subsea and onshore pipeline system to a gas processing plant located within Sharjah Hamriyah Free Zone.

The gas plant has been in continuous production since 28 February 2016, currently delivering approximately 8 mmscf/d sales gas to Sharjah power station and producing on average 76 bbl/day of condensate. Production from the Zora field during the period averaged 1,400 boepd (Q1 2017: 1,819 boepd). As the current production rate of the Sharjah-2 well has continued to decline, a detailed geo-technical study was carried out, based on production data, to determine the range of well intervention options which could enhance production and to assess their economic viability. This work was further extended into a Field Development Plan to evaluate possible future options for further development and to determine the gas price required to make such further development economically viable. At this time it is unlikely that further well interventions can be economically justified and this has been taken into consideration during the 2017 annual reserves evaluation audit. However, any final decision on future expenditure will also be subject to the outcome of negotiations on sales gas price.

During the period, collections stood at USD 3 million (AED 11 million). At period end, the trade receivable balance stood at USD 1 million (AED 4 million) (31 December 2017: USD 1 million / AED 4 million).

UAE Gas Project

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

For further updates see “Arbitration Cases”.

Egypt Gulf of Suez – Gas Liquids Extraction Plant

The Company, through its subsidiary Danagaz Bahrain, is a 26.4% owner (effective) in Egyptian Bahraini Gas Derivative Company (Joint Venture) that has built, owns and operates a Natural Gas Liquids Extraction Plant in Egypt in partnership with the Egyptian National Gas Company (EGAS) and the Arab Petroleum Investments Corporation (APICORP). The plant has a capacity to process 150 mmscf/d of gas and has produced 1,685 boepd of propane (DG Share 26.4%: 445 boepd) and 118 boepd of butane (DG Share 26.4%: 31 boepd) during the period.

DANA GAS PJSC

Report of the Directors

Arbitration Cases

On 30 August 2017, the Company announced the settlement of the International arbitration commenced on 21 October 2013 in the London Court of International Arbitration ('LCIA') in relation to the Heads of Agreement on Khor Mor and Chemchemal fields on 4 April 2007 ('HOA') between Dana Gas, Crescent Petroleum Company International Limited ("Crescent Petroleum"), Pearl Petroleum (the 'Consortium') and the Kurdistan Regional Government ('KRG'), (together the 'Parties').

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

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

Crescent Petroleum has informed Dana Gas that the final hearing of the remedies phase against NIOC for non-performance of the contract (including claims for damages and indemnities for third party claims) took place in November 2016. Due to a long post-hearing submissions timetable, the tribunal indicated that its award will likely be delivered in 2H of 2018.

The Company, together with Crescent Petroleum, commenced arbitration proceedings against MOL Group ('MOL') on 20 September 2017 arising out of MOL's conduct as a 10% shareholder in Pearl Petroleum relating to the settlement of the arbitration with the KRG.

On 30 August 2017, the Company announced settlement of the long running dispute between itself, Crescent Petroleum and Pearl Petroleum Company Limited ("Pearl") and the Kurdistan Regional Government of Iraq (the "KRG") on beneficial terms which paved the way for immediate development of world class resources in Khor Mor and Chemchemal to maximise their potential for mutual benefit as well as the benefit of the people of the Kurdistan Region and all of Iraq.

The Settlement Agreement with the KRG was welcomed and endorsed by Dana Gas, Crescent Petroleum, OMV and RWE, together holding 90% of the shares of Pearl Petroleum. MOL (a 10% shareholder of Pearl) unreasonably sought to link its endorsement of the settlement to a renegotiation of the terms by which it first secured its participation in Pearl back in May 2009 (namely its commitment to certain contingent payments) and now complains about Dana Gas and Crescent Petroleum for their handling of the settlement alongside Pearl, expressing dissatisfaction with the outcome as compared to the alternative of pursuing a final litigation and enforcement outcome against the KRG. MOL has issued a default notice under the terms of the Pearl Petroleum shareholders agreement alleging that the actions of Dana Gas and Crescent Petroleum in concluding the Settlement Agreement amounts to a breach of the Pearl Petroleum shareholders agreement.

Dana Gas and Crescent Petroleum reject the allegations and the default notice, and have been forced to initiate arbitration in The London Court of International Arbitration in order to obtain a formal declarations to resolve these matters. The hearing of these matters is scheduled for up to three weeks commencing in London on 26 November 2018.

DANA GAS PJSC
Report of the Directors

Board of Directors

H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman

1. Mr. Hamid Dhiya Jafar, Chairman
2. Mr. Rashid Saif Al-Jarwan, Deputy Chairman
3. H.E. Sheikh Sultan Bin Ahmed Bin Sultan Al-Qasimi (to 18 April 2018)
4. Mr. Abdullah Ali Al Majdouie
5. Ms. Fatima Obaid Al-Jaber (to 18 April 2018)
6. Mr. Hani Abdulaziz Hussein
7. Mr. Majid Hamid Jafar
8. Mr. Nasser Al Nowais (to 18 April 2018)
9. Mr. Said Arrata
10. Mr. Varoujan Nerguizian
11. Mr. Ziad Abdulla Ibrahim Galadari
12. Mr. Adel Al-Awadhi (from 18 April 2018)
13. Mr. Nureddin Schweil (from 18 April 2018)
14. Mr. Shaheen Al-Muhairi (from 18 April 2018)

Auditors

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

On behalf of the Board of Directors



Director

13 May 2018

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS 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 31 March 2018 comprising of the interim condensed consolidated statement of financial position as at 31 March 2018 and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the three 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 matters

We draw attention to the following matters:

- (i) note 6 to the interim condensed consolidated financial statements which discloses that the continued delay in commencement of gas supplies has prompted a key supplier of the Group to initiate arbitration proceedings against its ultimate supplier;
- (ii) note 14 to the interim condensed consolidated financial statements which discloses the ongoing legal actions with respect to the Company’s Sukuk which matured in October 2017; and
- (iii) note 1 to the interim condensed consolidated financial statements which discloses arbitration between the Group and a joint venture partner.

Our conclusion is not qualified in respect of the above matters.

For Ernst & Young



Signed by:
Anthony O’Sullivan
Partner
Registration No: 687

13 May 2018

Sharjah, United Arab Emirates

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2018 (Unaudited)

	Notes	<i>Three months ended</i>			
		<i>31 March 2018</i>		<i>31 March 2017</i>	
		<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
Revenue		120	440	118	432
Royalties		(46)	(169)	(45)	(165)
Net revenue		74	271	73	267
Operating costs		(13)	(47)	(10)	(37)
Depreciation and depletion		(29)	(106)	(25)	(92)
Reversal of accrued operating cost	4	13	47	-	-
Gross profit		45	165	38	138
General and administration expenses		(4)	(15)	(3)	(11)
Investment and finance income		2	7	7	26
Other income		3	11	5	18
Reversal of surplus over entitlement	15	-	-	6	22
Other expenses		(1)	(4)	(2)	(7)
Provision for impairment		(2)	(7)	(1)	(4)
Share of loss of a joint venture		(1)	(4)	-	-
Exploration expenses		(5)	(18)	(8)	(29)
Finance cost		(14)	(51)	(20)	(73)
PROFIT BEFORE INCOME TAX		23	84	22	80
Income tax expense		(9)	(33)	(11)	(40)
PROFIT FOR THE PERIOD		14	51	11	40
PROFIT ATTRIBUTABLE TO:					
- Equity holders of the parent		14	51	11	40
- Non-controlling interest		-	-	-	-
		14	51	11	40
EARNINGS PER SHARE:					
- Basic earnings per share (USD/AED per share)	5	0.002	0.007	0.001	0.005
- Diluted earnings per share (USD/AED per share)	5	0.002	0.007	0.001	0.005

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2018 (Unaudited)

	<i>Three months ended</i>			
	<i>31 March</i>		<i>31 March</i>	
	<i>2018</i>		<i>2017</i>	
	<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
Profit for the period	14	51	11	40
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	14	51	11	40
	<u><u>14</u></u>	<u><u>51</u></u>	<u><u>11</u></u>	<u><u>40</u></u>
ATTRIBUTABLE TO:				
- Equity holders of the parent	14	51	11	40
- Non-controlling interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>14</u></u>	<u><u>51</u></u>	<u><u>11</u></u>	<u><u>40</u></u>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

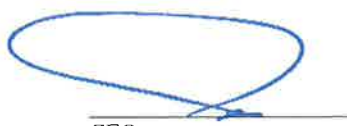
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018 (Unaudited)

	Notes	31 March 2018		31 December 2017 (Audited)	
		USD mm	AED mm	USD mm	AED mm
ASSETS					
Non-current assets					
Property, plant and equipment		1,433	5,254	1,462	5,360
Intangible assets	6	645	2,365	644	2,361
Investment property	7	24	87	24	87
Interest in joint ventures		559	2,049	560	2,053
		<u>2,661</u>	<u>9,755</u>	<u>2,690</u>	<u>9,861</u>
Current assets					
Inventories		49	179	50	183
Trade and other receivables	8	294	1,078	285	1,045
Financial assets at fair value through profit or loss	9	6	22	9	33
Funds held for development	10	140	513	140	513
Cash and cash equivalents	11	636	2,331	608	2,229
		<u>1,125</u>	<u>4,123</u>	<u>1,092</u>	<u>4,003</u>
TOTAL ASSETS		<u>3,786</u>	<u>13,878</u>	<u>3,782</u>	<u>13,864</u>
EQUITY					
Capital and reserves attributable to equity holders of the Parent					
Share capital	12	1,903	6,977	1,903	6,977
Statutory reserve		116	424	116	424
Legal reserve		116	424	116	424
Retained earnings		683	2,504	669	2,453
Other reserves		5	19	4	15
Convertible bonds- equity component		58	212	58	212
		<u>2,881</u>	<u>10,560</u>	<u>2,866</u>	<u>10,505</u>
Attributable to equity holders of the Parent		<u>2,881</u>	<u>10,560</u>	<u>2,866</u>	<u>10,505</u>
Non-controlling interest		1	4	1	4
Total equity		<u>2,882</u>	<u>10,564</u>	<u>2,867</u>	<u>10,509</u>
LIABILITIES					
Non-current liabilities					
Borrowings	13	18	66	19	70
Provisions		14	51	14	51
		<u>32</u>	<u>117</u>	<u>33</u>	<u>121</u>
Current liabilities					
Capital received on issuance of Sukuk	14	700	2,566	700	2,566
Borrowings	13	4	15	4	15
Trade payables and accruals		168	616	178	653
		<u>872</u>	<u>3,197</u>	<u>882</u>	<u>3,234</u>
Total liabilities		<u>904</u>	<u>3,314</u>	<u>915</u>	<u>3,355</u>
TOTAL EQUITY AND LIABILITIES		<u>3,786</u>	<u>13,878</u>	<u>3,782</u>	<u>13,864</u>



Director
13 May 2018



CEO
13 May 2018



CFO
13 May 2018

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 31 March 2018 (Unaudited)

	Note	Three months ended			
		31 March 2018		31 March 2017	
		USD mm	AED mm	USD mm	AED mm
OPERATING ACTIVITIES					
Profit before income tax		23	84	22	80
Adjustments for:					
Depreciation and depletion		29	106	25	92
Investment and finance income		(2)	(7)	(7)	(26)
Other income		(3)	(11)	(5)	(18)
Reversal of surplus over entitlement		-	-	(6)	(22)
Provision for impairment		2	7	1	4
Share of loss of a joint venture		1	4	-	-
Exploration expenses		5	18	8	29
Finance costs		14	51	20	73
		<u>69</u>	<u>252</u>	<u>58</u>	<u>212</u>
Changes in working capital:					
Trade and other receivables		(4)	(15)	(16)	(58)
Inventories		1	4	1	4
Trade payables and accruals		(23)	(84)	2	7
		<u>43</u>	<u>157</u>	<u>45</u>	<u>165</u>
Net cash generated from operating activities		<u>43</u>	<u>157</u>	<u>45</u>	<u>165</u>
Income tax		(9)	(33)	(11)	(40)
Net cash flows from operating activities		<u>34</u>	<u>124</u>	<u>34</u>	<u>125</u>
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(3)	(11)	(6)	(21)
Expenditure on intangible assets		(6)	(22)	(1)	(4)
Investment and finance income received		3	11	2	7
Investment redeemed during the period		1	4	-	-
		<u>(5)</u>	<u>(18)</u>	<u>(5)</u>	<u>(18)</u>
Net cash flows used in investing activities		<u>(5)</u>	<u>(18)</u>	<u>(5)</u>	<u>(18)</u>
FINANCING ACTIVITIES					
Repayment of loan		(1)	(4)	(18)	(66)
Finance costs paid		-	-	(15)	(56)
Deposit – Murabaha facility		-	-	8	29
		<u>(1)</u>	<u>(4)</u>	<u>(25)</u>	<u>(93)</u>
Net cash flows used in financing activities		<u>(1)</u>	<u>(4)</u>	<u>(25)</u>	<u>(93)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS					
		<u>28</u>	<u>102</u>	<u>4</u>	<u>14</u>
Cash and cash equivalents at the beginning of the period		<u>608</u>	<u>2,229</u>	<u>292</u>	<u>1,070</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	<u><u>636</u></u>	<u><u>2,331</u></u>	<u><u>296</u></u>	<u><u>1,084</u></u>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2018 (Unaudited)

	<i>Atributable to the equity holders of the parent</i>																
	Share capital		Statutory reserve		Legal reserve		Retained earnings		Other reserves		Convertible bonds-equity component		Non-controlling interest		Total		
	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED	
As at 1 January 2018	1,903	6,977	116	424	116	424	669	2,453	4	15	58	212	1	4	2,867	10,509	
Profit for the period	-	-	-	-	-	-	14	51	-	-	-	-	-	-	-	14	51
Total comprehensive income for the period	-	-	-	-	-	-	14	51	-	-	-	-	-	-	-	14	51
Share based payment	-	-	-	-	-	-	-	-	1	4	-	-	-	-	-	1	4
As at 31 March 2018	1,903	6,977	116	424	116	424	683	2,504	5	19	58	212	1	4	2,882	10,564	
As at 1 January 2017	1,901	6,969	108	395	108	395	603	2,210	3	11	58	212	1	4	2,782	10,196	
Profit for the period	-	-	-	-	-	-	11	40	-	-	-	-	-	-	-	11	40
Total comprehensive income for the period	-	-	-	-	-	-	11	40	-	-	-	-	-	-	-	11	40
Share based payment	-	-	-	-	-	-	-	-	1	4	-	-	-	-	-	1	4
Issuance of shares to employees	2	8	-	-	-	-	-	-	(2)	(8)	-	-	-	-	-	-	-
As at 31 March 2017	1,903	6,977	108	395	108	395	614	2,250	2	7	58	212	1	4	2,794	10,240	

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

1 CORPORATE INFORMATION

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

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

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

Principal subsidiaries and joint arrangements of the Group at 31 March 2018 and 31 December 2017 and the Company (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. (“Dana Gas Egypt”)	100	Barbados	Oil and Gas exploration & 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>	<i>Area of operation</i>	<i>Principal activities</i>
Pearl Petroleum Company Limited (“Pearl Petroleum”)*	35	Kurdistan Region of Iraq	Oil and Gas exploration & production
UGTC/ Emarat JV	50	Emirate of Sharjah	Gas Transmission
<i>Joint Ventures</i>	<i>%</i>	<i>Country/Area of operation</i>	<i>Principal activities</i>
Egyptian Bahraini Gas Derivative Company (“EBGDCO”)	26.4	Egypt	Gas Processing
Crescent National Gas Corporation Limited (“CNGCL”)	35	Emirate of Sharjah	Gas Marketing
GASCITIES Ltd	50	MENASA	Gas Cities

1 CORPORATE INFORMATION (continued)

* On 30 August 2017, the Company announced the settlement of the International arbitration commenced on 21 October 2013 in the London Court of International Arbitration ('LCIA') in relation to the Heads of Agreement on Khor Mor and Chemchemal fields on 4 April 2007 ('HOA') between Dana Gas, Crescent Petroleum, Pearl Petroleum (the 'Consortium') and the Kurdistan Regional Government ('KRG'), (together the 'Parties').

The Settlement Agreement with the KRG was welcomed and endorsed by Dana Gas, Crescent Petroleum, OMV and RWE, together holding 90% of the shares of Pearl Petroleum. MOL (a 10% shareholder of Pearl) unreasonably sought to link its endorsement of the settlement to a renegotiation of the terms by which it first secured its participation in Pearl back in May 2009 (namely its commitment to certain contingent payments) and now complains about Dana Gas and Crescent Petroleum for their handling of the settlement alongside Pearl, expressing dissatisfaction with the outcome as compared to the alternative of pursuing a final litigation and enforcement outcome against the KRG. MOL has issued a default notice under the terms of the Pearl Petroleum shareholders agreement alleging that the actions of Dana Gas and Crescent Petroleum in concluding the Settlement Agreement amounts to a breach of the Pearl Petroleum shareholders agreement.

Dana Gas and Crescent Petroleum reject the allegations and the default notice, and have been forced to initiate arbitration in The London Court of International Arbitration in order to obtain a formal declarations to resolve these matters. The hearing of these matters is scheduled for up to three weeks commencing in London on 26 November 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment property and financial assets at fair value through profit or loss account that have been measured at fair value. The 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 except where otherwise indicated. The United Arab Emirates Dirhams (AED) amounts have been presented solely for the convenience to readers of the consolidated financial statements. AED amounts have been translated at the rate of AED 3.6655 to USD 1.

Statement of compliance

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard (IAS) No 34, Interim Financial Reporting. Hence, the interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Group's annual financial statement as at 31 December 2017. In addition, results for the three month period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2018.

Standards and Interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations as of 1 January 2018. 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.

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and Interpretations (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective approach. The Group has assessed its contracts with customer and is of the view that the adoption of IFRS 15 does not have any impact on the timing of revenue recognition and the amount of revenue to be recognised. Therefore there was no effect of adopting IFRS 15 on the retained earnings and no impact on the accounting policy for the revenue recognition.

IFRS 9 Financial Instruments

IFRS 9 replaces the provision of IAS 39 that related to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial instruments from 1 January 2018 resulted in changes in accounting policies with no changes to the amount recognised in the financial statements which are described below.

a) Classification and measurement

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivable and available for sale.

The Group's management has assessed which business model apply to the financial assets held by the group and has classified its financial instruments into the appropriate IFRS 9 categories. The reclassification criteria based on IFRS 9 did not have any impact on the classification or measurement of the financial assets.

b) Impairment

The adoption of IFRS 9 has changed the Group's accounting policy for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Trade and other receivable, the Group has applied the standard's simplified approach. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Based on its assessment, the Group concluded that the application of IFRS 9 has no impact on its condensed consolidated interim financial information.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies

Financial Instruments – accounting policies applied from 1 January 2018

Classification and measurement of financial assets and liabilities

Classification

From 1 January 2018, the group classifies its financial assets in the following measurement categories:

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows and is determined at the time of initial recognition.

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

Measurement

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

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

Debt Instruments

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies (continued)

Measurement (continued)

Equity Instrument

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

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

Impairment

From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

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

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

3 SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. The CEO considers the business from a geographic perspective which is divided into three geographical units.

Period ended 31 March 2018

	<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>
Revenue net of royalties	4	41	29	74
Gross profit				45
General and administration expenses				(4)
Investment and finance income				2
Other income				3
Other expenses				(1)
Provision for impairment				(2)
Share of loss of a joint venture				(1)
Exploration expenses				(5)
Finance cost				(14)
Profit before income tax				23
Income tax expense				(9)
PROFIT FOR THE PERIOD				14
Segment assets as at 31 March 2018	1,931	1,008	847	3,786
Segment liabilities as at 31 March 2018	778	103	23	904
	<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>
Other segment information				
Capital expenditure:				
Property, plant and equipment	-	1	1	2
Intangible assets	-	6	-	6
Total	-	7	1	8
Operating costs	2	6	5	13
Depreciation, depletion & amortisation	5	16	8	29
Exploration expenses	-	5	-	5

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

3 SEGMENTAL INFORMATION (continued)

Period ended 31 March 2017

	<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>
Revenue net of royalties	5	42	26	73
Gross profit				38
General and administration expenses				(3)
Investment and finance income				7
Other income				5
Reversal of surplus over entitlement				6
Other expenses				(2)
Provision for Impairment				(1)
Exploration expenses				(8)
Finance cost				(20)
Profit before income tax				22
Income tax expense				(11)
PROFIT FOR THE PERIOD				11
Segment assets as at 31 March 2017	1,655	1,102	1,000	3,757
Segment liabilities as at 31 March 2017	777	126	60	963
	<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>
Other segment information				
Capital expenditure:				
Property, plant and equipment	-	6	-	6
Intangible assets	-	1	-	1
Total	-	7	-	7
Operating costs	2	4	4	10
Depreciation, depletion & amortisation	4	17	4	25
Exploration expenses	-	8	-	8

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

4 REVERSAL OF ACCRUED OPERATING COST

Reversal of accrued operating costs amounting to USD 13 million relates to accrual made by Pearl Petroleum for certain operating charges in prior years which are no longer required as a result of the positive arbitration settlement with the KRG. In line with IFRS requirements this reversal has been recorded before the Gross Profit with a corresponding amount being reversed from Trade payable and accruals.

5 EARNINGS PER SHARE

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2018</i>	<i>2017</i>
Earnings:		
Net profit for the period - USD mm	<u>14</u>	<u>11</u>
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	<u>6,977</u>	<u>6,977</u>
EPS (Basic) – US per share:	<u>0.002</u>	<u>0.001</u>
EPS (Diluted)		

Employee restricted shares are anti-dilutive and have no impact on the EPS for the period ended 31 March 2018 and 31 March 2017.

6 INTANGIBLE ASSETS

	<i>Oil and gas</i>	<i>Transmission</i>	<i>Gas</i>	<i>Development</i>	<i>Goodwill</i>	<i>Total</i>
	<i>Interests</i>	<i>& sweetening</i>	<i>processing</i>	<i>cost</i>	<i>USD mm</i>	<i>USD mm</i>
	<i>USD mm</i>	<i>rights</i>	<i>rights</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>	<i>USD mm</i>	<i>USD mm</i>
Cost at 1 January 2018	149	289	7	2	308	755
Less: impairment	(102)	-	(7)	(2)	-	(111)
At 1 January 2018	<u>47</u>	<u>289</u>	<u>-</u>	<u>-</u>	<u>308</u>	<u>644</u>
Additions	6	-	-	-	-	6
Transfer to property, plant and equipment	-	-	-	-	-	-
Exploration expenses	(5)	-	-	-	-	(5)
At 31 March 2018	<u>48</u>	<u>289</u>	<u>-</u>	<u>-</u>	<u>308</u>	<u>645</u>
At 31 December 2017(audited)	<u>47</u>	<u>289</u>	<u>-</u>	<u>-</u>	<u>308</u>	<u>644</u>

(a) Oil and Gas Interests

Oil and gas interests of USD 48 million relates to Dana Gas Egypt which has a number of concessions and development leases in Egypt as described below in more detail:

- El Wastani Development Lease – This development lease is held with a 100% working interest and represents approximately 8% of current production in Dana Gas Egypt. El Wastani production includes both gas and associated gas liquids. This lease has 13,017 acres of land included within its boundary and is located in the Nile Delta of Egypt.
- South El Manzala Development Leases – These development leases are held with a 100% working interest and are not currently producing. These development leases have 16,055 acres of land included within their boundaries and are located in the Nile Delta of Egypt.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

6 INTANGIBLE ASSETS (continued)

(a) Oil and Gas Interests (continued)

- West El Manzala Development Leases (West El Manzala Concession) – These development leases are held with a 100% working interest. These development leases have 146,039 acres 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 85% 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 4,324 acres of land included within their boundaries and are located in the Nile Delta of Egypt. To date, two development leases are producing both natural gas and associated liquids representing approximately 7% of Dana Gas Egypt current production.
- North Al Arish Offshore (Block-6) - In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. A 3D seismic acquisition was recently carried out in the Block, covering 1,830 full fold sq. Km.
- North Al Salhiya Onshore (Block-1) - In September 2014, Dana Gas Egypt was awarded a 100% working interest in the North El Salhiya Onshore (Block 1) concession area. The area is located onshore Nile Delta.
- 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. The first deep target exploration well in the concession was spud in May 2016. During the year, the BP operated Mocha-1 exploration well in Block 3 has been completed. It reached total depth at 5,940 metres, making it the deepest onshore Nile Delta well drilled to date. Whilst the Messinian objective encountered wet gas, the primary Oligocene target did not encounter gas in commercial quantities and the well has been P&A'ed. Under the terms of the agreement signed in June 2015, BP agreed to carry Dana Gas for its 50% share of the cost of the well. Consequently, Dana Gas has achieved its objective of drilling this important calibration well at no cost to itself.

(b) Transmission and sweetening rights

Intangible assets include USD 289 million which represent the fair value of the rights for the transmission and sweetening gas and related products acquired by the Company through its shareholdings in SajGas and UGTC. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships. The intangible assets will be amortised over 25 years from the date of commencement of commercial activity in accordance with the terms of the contracts to which they relate. Commercial activity has not yet commenced. In July 2010, National Iranian Oil Company (NIOC) introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC.

The Company was notified by Crescent Petroleum on 10 August 2014 that the Arbitral Tribunal has issued a Final Award on the merits, determining that the 25 year contract between it and NIOC is valid and binding upon the parties, and that NIOC has been in breach of its contractual obligation to deliver gas under the Contract since December 2005.

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

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

6 INTANGIBLE ASSETS (continued)

(b) Transmission and sweetening rights (continued)

Crescent Petroleum has informed Dana Gas that the final hearing of the remedies phase against NIOC for non-performance of the contract (including claims for damages and indemnities for third party claims) took place in November 2016. Due to a long post-hearing submissions timetable, the tribunal indicated that its award will likely be delivered in 2H of 2018.

In accordance with IAS 36 requirement relating to intangible assets not yet available for use, management had undertaken an impairment review of the intangible assets as at 31 December 2017. Management has reviewed the various inputs into the original valuation model and believes that the inputs into the original valuation model have not materially changed.

(c) Goodwill

Goodwill of USD 308 million relates to the acquisition of Dana Gas Egypt in January 2007 which enabled Dana Gas to acquire the upstream business qualification and therefore the rights to develop the gas fields in the Kurdistan Region of Iraq. As per the requirement of IAS 36, an impairment review has to be carried out annually by the management and the last such review was carried out in December 2017.

7 INVESTMENT PROPERTY

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

	<i>31 March 2018</i> <i>USD mm</i>	<i>31 Dec 2017</i> <i>USD mm</i> <i>(Audited)</i>
Balance at 1 January	24	24
Change in fair value	-	-
Balance at 31 March / 31 December	<u>24</u>	<u>24</u>

Investment property consists of industrial land owned by SajGas, a subsidiary, in the Sajaa area of the Emirate of Sharjah, United Arab Emirates. The Group considers 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 2017 and resulted in a valuation of USD 24 million.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2018 (Unaudited)

8 TRADE AND OTHER RECEIVABLES

	<i>31 March 2018</i> <i>USD mm</i>	<i>31 Dec 2017</i> <i>USD mm</i> <i>(Audited)</i>
Trade receivables (net)	254	239
Prepaid expenses	2	2
Due from joint ventures	20	20
Other receivables	25	31
Less: provision for impairment of other receivables	(7)	(7)
	<u>294</u>	<u>285</u>

- a) Trade receivables are interest bearing and are generally on 30-60 days credit period.
- b) The Group's share of trade receivables in Pearl Petroleum is in respect of condensate and LPG deliveries amounting to USD 16 million (31 December 2017: USD 7 million).

As at 30 August 2017, the Group share of trade receivable from KRG amounted to USD 695 million. Pursuant to the Settlement Agreement with the KRG dated 30 August 2017, KRG settled the receivable by payment of USD 1 billion (DG Share: USD 350 million) in cash with the residual receivable being converted to petroleum cost and reclassified to Oil and Gas interest under "property, plant and equipment".

- c) The ageing analysis of trade receivables is as follows:

	<i>Total</i> <i>USD mm</i>	<i>Neither past due nor impaired</i> <i>USD mm</i>	<i>Past due but not impaired</i>				
			<i><30 days</i> <i>USD mm</i>	<i>30-60 days</i> <i>USD mm</i>	<i>61-90 days</i> <i>USD mm</i>	<i>91-120 days</i> <i>USD mm</i>	<i>>120 days</i> <i>USD mm</i>
31 March 2018	254	100	-	8	25	8	113
31 Dec. 2017	239	92	8	-	2	16	121

- d) As part of the settlement agreement, the Company is entitled to further confined payments from RWE only in case and in the amount dividends are distributed to RWE by Pearl (based on RWE's 10% equity share in Pearl). During the period, on an accrual basis, an amount of USD 3 million has been recognised in other income and other receivable.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>31 March 2018</i> <i>USD mm</i>	<i>31 Dec 2017</i> <i>USD mm</i> <i>(Audited)</i>
Balance at 1 January	9	9
Repayment during the period	(1)	-
Change in fair value	(2)	-
	<u>6</u>	<u>9</u>
Balance at 31 March / 31 December	<u>6</u>	<u>9</u>

This represents an investment in the Abraaj Infrastructure fund. The valuation is based on the latest indicative fair value of the fund as of 31 March 2018.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

10 FUNDS HELD FOR DEVELOPMENT

As part of the Settlement Agreement with the KRG (refer note 1), out of the USD 1 billion received from KRG (DG Share: USD 350 million), an amount of USD 400 million (DG Share: USD 140 million) is dedicated for investment exclusively for further development to substantially increase production in Kurdistan Region of Iraq. Pearl is entitled to use any funds remaining in that account after the said development is complete or 29 February 2020, whichever occurs first. If to the reasonable satisfaction of the KRG, Pearl secures financing for all or part of the development specified in the agreement, Pearl shall be entitled to use funds from this USD 400 million (DG Share: USD 140 million) in the same amount as such financing without restriction.

11 CASH AND CASH EQUIVALENTS

	<i>31 March 2018</i> <i>USD mm</i>	<i>31 Dec 2017</i> <i>USD mm</i> <i>(Audited)</i>
Cash at bank and on hand		
- Local Banks within UAE	37	42
- Foreign Banks outside UAE	5	6
Short term deposits		
- Local Banks within UAE	594	560
Cash and cash equivalent	<u>636</u>	<u>608</u>

Cash at bank earns profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week and three months, depending on the immediate cash requirements of the Group, and earn profit at the respective short-term deposit rates. The fair value of cash and bank balance including short-term deposits is USD 636 million (2017: USD 608 million). The effective profit rate earned on short term deposits ranged 0.95% to 3.25% (2017: 0.95% to 2.5%) per annum. As at 31 March 2018, 99 % (31 December 2017: 99%) of cash and bank balance were held with UAE banks and the balance held outside UAE.

12 SHARE CAPITAL

	<i>31 March 2018</i> <i>USD mm</i>	<i>31 Dec 2017</i> <i>USD mm</i> <i>(Audited)</i>
<i>Authorised:</i>		
9,000,000,000 common shares of AED 1 each (USD 0.2728 each)		
<i>Issued and fully paid up:</i>		
6,976,623,422 (2017: 6,976,623,422) common shares of AED 1 each (USD 0.2728 each)	<u>1,903</u>	<u>1,903</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2018 (Unaudited)

13 BORROWINGS

	<i>31 March 2018</i> <i>USD mm</i>	<i>31 Dec 2017</i> <i>USD mm</i> <i>(Audited)</i>
Non-current		
Equipment loan (a)	9	10
Egypt Building loan (b)	9	9
	<u>18</u>	<u>19</u>
Current		
Equipment loan (a)	2	2
Egypt Building loan (b)	2	2
	<u>4</u>	<u>4</u>
Total Borrowings	<u>22</u>	<u>23</u>

a) EQUIPMENT LOAN

Dana Gas Egypt (“DGE”) entered into a “Sale and Lease back” finance lease arrangement with Corporate Leasing Company Egypt SAE on 29 January 2015, for certain inventory equipment (casings, wellheads, piping etc.) that belong to DGE that have not been used to date. The total facility consisting of three contracts amounts to USD 12.6 million and have been fully drawn down up to 30 June 2015. After the full draw down, an additional contract of USD 1.1 million (note 13b) was added to the facility thereby increasing the facility to USD 13.7 million. The payments are over a period of 29 quarters commencing from Quarter 3 2015 including grace period of 2 quarters for interest and principal. As of the reporting date, the amount outstanding toward principal is USD 11 million.

b) EGYPT BUILDING LOAN

Pearl Properties Egypt (“PPE”) has entered into a “Sale and Lease back” finance lease arrangement for Egypt Building with Corporate Leasing Company Egypt SAE on 9 June 2015. The total facility originally consisted of three contracts amounting to USD 13.8 million which was reduced by USD 1.1 million to USD 12.7 million. The facility was fully drawn down up to 30 April 2016. The payments are over a period of 29 quarters including grace period of 2 quarters for lease payments. As of the reporting date, the amount outstanding toward principal is USD 11 million.

14 CAPITAL RECEIVED ON ISSUANCE OF SUKUK

As at 30 June 2017, Capital Received on Issuance of Sukuk amounting to USD 700 million was reclassified from Borrowings. Legal advice received from independent legal advisers states that the terms of the Company’s Sukuk Al Mudarabah are unlawful under UAE law and are not compliant with Shari’a principles and therefore are void and unenforceable. Accordingly, the Company instituted legal action in UAE court for declaration to that effect seeking liquidation of the Mudarabah and a reconciliation of the amounts paid.

Initially, the Company offered to roll over the Sukuk in accordance with a new instrument fully compliant with UAE law and on commercial terms that take into consideration current market conditions and the considerable improvement in the Company’s assets value and financial position, which was declined by a Sukukholders’ Ad Hoc Committee consisting of Blackrock and Goldman Sachs.

On 15 February 2018, the UK High Court ordered that the outstanding UAE law issues relating to the validity of the Mudarabah Agreement, and any consequent reconciliation are matters that should be heard and determined in the UK. Additionally, that the Company should take steps from 29 March 2018 to discontinue the legal proceedings currently pending in the U.A.E. Court. Conversely, on 13 March 2018 on the application of a Company shareholder, the UAE Court ordered the Company not to discontinue and to proceed with the legal proceedings currently pending in the UAE Court. It also suspended the enforcement in the UAE of the English Court orders pending consideration by the UAE Court of the enforceability of the English Court orders in the UAE.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

14 CAPITAL RECEIVED ON ISSUANCE OF SUKUK (continued)

External legal counsel have advised the Company that the outcome of the ongoing litigation finally in UAE court could result in a significant liability for the Sukukholders to repay the Company excess 'on account profit payments' based on a lawful reconciliation of the transaction. The Company up to 30 April 2017 has made total on account profit payments of USD 635 million to the Sukukholders since January 2008.

The Company, in line with detailed public disclosures that it has made to the Securities and Commodities Authority (SCA) and through ADX, is pursuing the litigation route to resolve the matter and is confident pursuant to independent legal advice of prevailing in its interpretation of the outcome.

The unlawful nature of the current Sukuk and the ongoing litigation process raise a number of accounting issues which may have a material impact on the carrying value of certain assets and liabilities on the statement of financial position. Management and the Directors will carefully review these with the external auditors on an ongoing basis.

Subsequent Event

On 13 May 2018, the Company announced agreement with the Ad-Hoc committee of the Sukukholders ("the AHC"). For details please refer Note 18.

Background

In October 2007, the Group arranged to issue convertible Sukuk-al-Mudarabah (the "Sukuk") for a total value of USD 1 billion in the form of Trust Certificates through a special purpose company (the "Issuer"). The Sukuk, which were intended to conform to the principles of Islamic Shari'a, were approved by the Company's shareholders at an Extraordinary General Meeting held in July 2007. Pursuant to the terms of the Sukuk, the proceeds were applied to the acquisition and development of assets (the "Mudarabah Assets") owned by Dana LNG Ventures Limited. The Sukuk had a profit rate of 7.5% per annum to be paid quarterly from profits generated by the Mudarabah Assets. In 2008, Dana Gas purchased Sukuk from the market with an aggregate value of USD 80 million.

The Sukuk matured on 31 October 2012. On 23 April 2013, the Sukuk holders (by Extraordinary Resolution passed at a meeting of Holders) and the Company's shareholders (by EGM) approved the Sukuk refinancing Transaction. The salient features of the agreement were a reduction in the capital received on issuance of Sukuk from USD 1 billion to USD 850 million via USD 70 million of cash pay-down and cancellation of another USD 80 million of the existing Sukuk already owned by the Company. The remaining USD 850 million was split into two tranches being a USD 425 million Ordinary Sukuk and USD 425 million Exchangeable Sukuk (together the "New Sukuk"), each with 5-year maturity. The Ordinary Sukuk and Exchangeable Sukuk have a profit rate of 9% and 7% per annum, respectively, to be paid quarterly from profits generated by the Mudarabah Assets. The initial effective exchange price for the exchangeable Sukuk was determined on 13 February 2013 and was fixed at AED 0.75 per share (floor price).

The New Sukuk are secured against the shares of Dana LNG Ventures Limited (BVI), Sajaa Gas Company Limited (Sharjah) and United Gas Transmission Company Limited (Sharjah). In addition to the above, the security package available to holders of the New Sukuk was enhanced by USD 300 million of value comprising security over certain receivables of the Company's Egyptian assets, Company's interest in Danagaz W.L.L. and Sajaa Gas industrial land.

During the previous years the Company bought back Sukuk amounting to USD 77.4 million and a further USD 72.9 million worth of Sukuk was converted into shares of Dana Gas PJSC. The outstanding Sukuk is USD 700 million.

15 PROVISION FOR SURPLUS OVER ENTITLEMENT (NET)

a) Surplus over Entitlements

As per the terms of the Petroleum Development Agreement, Pearl takes title to all petroleum produced and accordingly recognises 100% revenue from the sale of condensate and LPG. From such revenue received in cash, Pearl is entitled to retain the petroleum costs and remuneration fee as per the Petroleum Development Agreement ("Entitlements") and any residual amount is to be paid to the KRG ("Surplus"). The right under the Petroleum Development Agreement to receive such revenue in full was upheld by the Arbitration Tribunal in its second Partial Final Award dated 27 November 2015.

On an accruals basis, the cumulative revenue recognised by Pearl as at 31 December 2016 exceeded its net Entitlements under the Petroleum Development Agreement, if all invoices and outstanding receivables were to be paid by the KRG in an amount of USD 326 million (DG Share 35%: USD 114 million). This notional Surplus was only due on the assumption that all the outstanding liquid petroleum invoices as at 31 December 2016 had been paid in full by the KRG as of that date, which they had not.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

15 PROVISION FOR SURPLUS OVER ENTITLEMENT (NET) (continued)

a) Surplus over Entitlements (continued)

Furthermore, Pearl has a right under the terms of the Authorisation to offset this Surplus, when payable, against any other outstanding payments due from the KRG. Accordingly, as at 31 December 2016, the aforementioned Surplus has been reduced by other outstanding amounts due from KRG, the net result being that a net amount of USD 117 million (DG Share 35%: USD 41 million) would be repayable to the KRG, even if the entire amount of USD 2.04 billion (DG Share 35%: USD 713 million) in outstanding receivables to Pearl by 31 December 2016 were to be settled in full.

Pursuant to the Settlement Agreement dated 30 August 2017, an amount of USD 1 billion was paid in cash by the KRG and the residual debt of USD 1.24 billion (including interest and transportation costs receivable) was converted to petroleum cost under the Petroleum Development Agreement. Post this conversion of the residual debt to petroleum costs, Pearl is again in a cost recovery mode wherein Pearl is yet to recover its full Entitlement under the Petroleum Development Agreement. Accordingly, the provision for Surplus over Entitlement of USD 260 million (DG Share 35%: USD 91 million) as of 30 August 2017 was no longer required and has been fully reversed to the income statement in 2017.

b) Interest and other receivable from KRG (net)

Pearl Petroleum ("Pearl") is contractually entitled to charge interest cost on overdue receivables due from KRG. Previously, without giving up its contractual entitlement to actual interest costs, Pearl invoiced interest on overdue KRG invoices at the rate of LIBOR plus 2%. In the absence of settlement of overdue invoices, Pearl decided to invoice by applying 9% interest (quarterly compounded) on 50% of the total overdue receivables, while the remaining 50% overdue receivables were subject to an interest rate of LIBOR plus 2% which is the minimum specified under the Authorisation.

As part of the Third Award received on 13 February 2017 the Tribunal ruled that Pearl is entitled to interest on overdue receivable at Libor plus 2% compounded monthly. Based on the above, Dana Gas share (35%) of the total interest on overdue receivables (for condensate and LPG sales and transportation costs paid on behalf of KRG) from KRG as at 31 December 2016 stood at USD 67 million.

Pursuant to Settlement Agreement with the KRG dated 30 August 2017, total interest at LIBOR plus 2% compounded monthly on overdue receivables from KRG (towards liquids sales and transportation costs paid on behalf of KRG) amounting to USD 237 million (DG Share 35%: USD 83 million) as on 30 August 2017 has been converted to petroleum cost. For the purposes of these financial statements, this amount has been recorded as Oil & Gas Properties and included under Property, plant & equipment. At 31 March 2018, no interest is receivable from KRG.

16 CONTINGENCIES AND COMMITMENTS

Dana Gas Egypt

In March 2006, Dana Gas Egypt entered into an agreement with CTIP Oil and Gas Limited ("CTIP") to acquire a 25% percent working interest in the West El Manzala and West El Qantara Concessions. Following the closing of this acquisition, the Company held a 100% participating interest in each of these Concessions. As agreed under the terms of the said acquisition agreement Dana Gas Egypt has paid USD 13 million as a result of the first Government approved plan of Development in the West El Manzala Concession. In addition, Dana Gas Egypt has agreed to pay additional payments that could total up to a further USD 12.5 million as and when total Proved Reserves for both El Manzala and West El Qantara concessions collectively and in the aggregate exceeds 1 Trillion cubic feet of natural gas. Dana Gas Egypt has also granted a three percent net profits interest to CTIP on future profit from the Concessions.

In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. As per the concession agreement, Dana Gas Egypt has committed to spend USD 25.5 million on the block during the first phase of exploration which is 4 years and expired on 11 February 2018. Dana Gas Egypt is granted a one year extension for the first phase of exploration till 10 February 2019. To-date Dana Gas Egypt has spent circa. USD 15.8 million out of the total commitment.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

16 CONTINGENCIES AND COMMITMENTS (continued)

Dana Gas Egypt (continued)

In October 2014, Dana Gas Egypt was awarded a 100% working interest North El Salhiya (Block 1) concession area. The area is located in Nile delta next to DGE existing development leases. As per the concession agreement, Dana Gas Egypt has committed to spend USD 20 million on the block during the first phase of exploration which is 3 years and expired on 14 January 2018. Dana Gas Egypt is granted a six month extension for the first phase of exploration till 14 July 2018. To-date Dana Gas Egypt has spent circa. USD 11.7 million out of the total commitment.

In October 2014, Dana Gas Egypt was also awarded El Matariya (Block 3) onshore concession area in the Nile Delta. Dana Gas Egypt with BP Exploration (Delta) Limited "BP" as partner and operator will participate in the concession on a 50:50 basis. Dana Gas Egypt and BP have committed to spend USD 60 million on the block during the first phase of exploration which is 3 years. As per the terms of the agreement with BP, BP will fund all of the cost (including Dana Gas's share) of the first exploration well up to an agreed maximum limit. BP also has the option to acquire 50% in the deep potential of some of Dana Gas' adjacent Development leases. The Mocha-1 and West Ward Delta-2 exploration wells were drilled during the first exploration phase. Dana Gas Egypt and BP elected to carry on with the block for the second phase of exploration with commitment to spend USD 15 million during 3 years. The Mocha-1 and West Ward Delta-2 wells drilling costs have fulfilled the spend commitment of first and second phases of exploration.

17 DIVIDEND

Subsequent to the period end, at the Annual General Meeting of the Company held on 18 April 2018, despite a recommendation from the Board to defer the consideration of a dividend at a later date, the shareholders of the Company approved a cash dividend of AED 0.05 per share for 2017 amounting in total to USD 95 million (AED 349 million).

18 SUBSEQUENT EVENT

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

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

In order to successfully complete the Transaction the Company will seek the consent of its shareholders and existing Sukukholders. It is currently expected that the Transaction will be completed by the first half of July 2018

The consensual transaction represents a means to resolve amicably all current issues and disputes facing the Company and the Sukukholders.