



Corporate Governance Annual Report 2012

1. Dana Gas: Early Corporate Governance Vision

Dana Gas has recognized from the outset that the adoption of best corporate governance practices is fundamental to building a strong, firm and successful reputation as a leading company in the Region and in the oil and gas sector of the Middle East.

The first step in this regard was taken in April 2006 a few months after the incorporation of the Company. Dana Gas commissioned the International Finance Corporation (part of the World Bank Group) to assess corporate governance practices within the Company with a view to improve the efficiency and effectiveness of the Board of Directors, strengthening the control environment and ensuring that the disclosure and transparency practices of the Company are consistent with the latest developments in international standards.

The Board of Directors of Dana Gas is committed to ensuring long term value growth for its Shareholders and strongly believes in the role of effective corporate governance standards in the realization of sustained growth. By establishing appropriate strategic objectives and translating them into business plans, this will further the growth of the Company.

The Board of Directors and Executive Management adhere strictly to implement corporate governance practices and see it as a means to develop and improve the standards of transparency, honesty, effective control, and professional conduct. This in turn enhances the confidence of investors and serves the interest of both shareholders and employees, as well as society, partners and customers locally, regionally and internationally.

Dana Gas is committed to implementing UAE Ministerial Resolution No. 518/2009 related to Corporate Governance Regulations and Institutional Control Standards. Dana Gas amended its Articles of Association in 2010 to fully conform with the requirements of the Ministerial Resolution 518/2009.

The Company follows the principles prescribed in the Ministerial Resolution No. 518/2009 relating to Corporate Governance Regulations and Institutional Control Standards at all levels: The Compliance Officer, Corporate Secretary and the Internal Control Manager oversee commitment and adherence to corporate governance guidelines by employees, departments and subsidiaries. At the level of the Board of Directors, the Audit Committee and the Corporate Governance Committee are committed to ensure compliance with applicable policies and regulations. The Committees present reports on corporate governance matters periodically to the Board of Directors.

2. Dealings of Directors and Employees and their Relatives in the Securities of the Company

In June 2011, the Company issued the Rules Governing Dealings by Directors and Employees in the securities of the Company.

The Rules include all relevant provisions in the regulations and rules issued by the Securities and Commodities Authority and Abu Dhabi Stock Exchange. It defines the periods during which Directors and Employees are not permitted to deal in the Company's securities. None of the Directors or Employees traded in the Company's securities during the ban periods set out in the Securities and Commodities Authority Resolution No. 2/2001.

There were no dealings by the Board of Directors or their relatives in the Securities of the Company during the year 2012.

3. Functions and Composition of the Board of Directors

The Company's Articles of Association provide that the Board of Directors is vested with full authority and powers for oversight of the affairs of the Company and is generally responsible for approval of the Company's strategy and business plans and supervision of the Executive Management.

Functions of the Board of Directors:

The Board of Directors works on achieving the desired Company growth in value for the shareholders. The main responsibilities of the Board of Directors are as stated below:

1. Establishing the strategy and business plan;
2. Approving the annual budget and the allocation of resources;
3. Defining investment priorities and approving business opportunities;
4. Supervising soundness of financial results and reports and effectiveness of internal controls;
5. Establishing the responsibility and accountability matrix with appropriate powers;
6. Assessment of executive management performance; and
7. Deciding on the appointment and succession of senior executives

The Chairman presides over the meetings of the Board and ensures effectiveness of its deliberations and availability of the necessary information for discharging its functions. The responsibilities of the Chairman of the Board of Directors include the following:

1. Ensuring the effective performance by the Board and timely discussion of all main topics presented to the Board of Directors;
2. Preparing and approving the agenda of the meetings of the Board of Directors taking into consideration matters proposed by the other Directors.

The Chairman may delegate this responsibility under his supervision to a Director or the Corporate Secretary;

3. Encouraging Directors to actively participate in the deliberations of the Board of Directors to achieve the best interests of the Company;
4. Taking appropriate actions to ensuring efficient communication with Shareholders and communicating their opinions to the Board of Directors;
5. Facilitating efficient means for participation by the Directors in particular Non-Executive Directors and to promote constructive working relationship between Executive and Non Executive Directors.

3.1 Constitution of the Board of Directors

The Board of Directors consists of 18 Members. The majority of them are leading businessmen from the GCC countries, in addition to other Members with outstanding experience in the oil and gas sector.

The Board includes 12 Independent Members: 17 Non-Executive Members and 1 Executive Member. Most of the Directors have occupied their seats in the Board since the incorporation of the Company in November 2005. 3 Members were elected in April 2009 and 2 new Members were elected in April 2012.

The Board is elected by the General Assembly every 3 years. The current Board of Directors was elected on 26 April 2012.

The current Board of Directors Members are as follows:

SN	Directors	Category	Date of Joining	Qualifications	Experience
1	Dr. Adel Khalid Al-Sabeeh, Chairman	Non-Executive Independent	Nov. 2005	PhD in Mechanical Engineering "North Carolina State University" USA	Dr. Al-Sabeeh is the Chairman and Managing Director of National Industries Company (NIC) in Kuwait. He is also the Chairman of the Board of Directors of Dana Gas. Dr. Adel was a former Chairman of Kuwait Petroleum Company (KPC). He also held several ministerial posts like Ministry of Oil, Electricity and Water, Housing Affairs and Health. In addition, he held high esteemed positions at Kuwait University as Vice President for research.
2	Dr. Tawfeeq Abdulrahman Almoayed, Vice Chairman	Non-Executive Independent	Nov. 2005	Bachelors Degree in Electrical Engineering with First Class Honors	Dr. Almoayed is the Chairman of T.A. Almoayed and Sons WLL and Chairman of Almoayed Wilhelmsen Ltd.

				<p>PHD in Telecommunications "Queen Mary College, London University"</p> <p>Fellow of the Institution of Engineering and Technology UK</p>	<p>He is also the Vice Chairman of the Board of Directors of Dana Gas. In addition, he is Vice-Chairman of A.K. Almoayed Group and Board Member of Kimberly Clark Holding Company.</p> <p>Through numerous positions in his professional expertise in the intricacies of successfully doing business in the Middle East. Dr. Almoayed is recognized as a partner, co-investor and strategic advisor to regional and internal multinationals operating in the Gulf Cooperative Council States. His working experience ranges from petrochemical, telecom, consultancy and shipping.</p>
3	Mr. Hamid Dhiya Jafar	<p>Non-Executive</p> <p>Non-Independent</p>	Nov. 2005	<p>Masters Degree in Engineering (Thermodynamics and Fluid Flow) "Cambridge University" UK</p>	<p>Mr. Hamid Jafar is the Chairman of the Board of the Crescent Group of companies.</p> <p>In addition to his primary business in oil and gas, Mr. Hamid has a variety of global commercial interests including container shipping, terminal operations, transport and logistics, real estate, power generation and private equity. Mr. Hamid has also promoted important projects in higher education at Cambridge University. He is also an active supporter of many charities.</p>
4	HE Sheikh Sultan Bin Ahmed Al-Qasimi	<p>Non-Executive</p> <p>Non-Independent</p>	Nov. 2005	<p>B.Sc. in Business Administration "Arkansas State University", USA</p> <p>Masters in Computer Information Systems "University of Detroit Mercy" USA</p>	<p>HE Sheikh Al-Qasimi is the Deputy Chairman of the Sharjah Petroleum Council and Chairman of Sharjah Pipeline Co. (Anabeeb).</p> <p>In addition, he is the Chairman of the Board of several companies as Basma Group, Green Plant LLC, Sharjah Media Corporation and the Medical Waste Company (WEKAYA) LLC.</p> <p>HE Sheikh Al-Qasimi has extensive experience in the areas of trade development, tourism, media, and oil as well as in the commercial sector.</p>

5	Sheikha Hanadi Nasser Al-Thani	Non-Executive Independent	April 2009	Executive MBA "London Business School" Bachelors Degree in Economics "Qatar University" Masters Degree in Economics "University of London"	Sheikha Al-Thani is the Founder and Chairperson of AMWAL, CEO of Al Waab City Real Estate development project and Vice Chairman of Nasser Bin Khaled Al Thani & Sons Group in Qatar. In addition, she is the Founding Chairperson of "INJAZ QATAR" and a Board Member of "INJAZ AL-ARAB". She is fervent supporter of community activities and serves as a trustee on the Board of the Arab Women's International Forum.
6	Mr. Ahmed Rashid Al-Arbeed	Non-Executive Non-Independent	Nov. 2005	Bachelors Degree in Petroleum & Natural Gas Engineering "Pennsylvania State University" USA	Mr. Al-Arbeed is the General Manager of Seven Sisters Company in Kuwait. He served as a former Chief Executive Officer of Dana Gas. He is a former Chairman & Managing Director of Kuwait Oil Company (KOC) and also for Kuwait Foreign Petroleum Exploration Co. (KUFPEC). He established the Oil Development Company (ODC), a subsidiary of KPC.
7	Mr. Said Youssef Arrata	Non-Executive Non-Independent	Feb. 2007	B.Sc. in Petroleum Engineering "Cairo University" Several post-graduate accreditations at various universities in North America	Mr. Arrata is the Chairman and CEO of Sea Dragon Energy in Canada, a public Company involved in exploration and production of oil and gas concessions operating and producing in Egypt. He is a Board Member at Deep Well Oil and Gas Incorporation. He is a former CEO of Centurion Energy International, and served in senior management positions in major global oil companies in Canada and around the world.
8	Mr. Ziad Abdulla Galadari	Non-Executive Independent	Nov. 2005	Bachelors of Laws (LLB) "UAE University"	Mr. Galadari is the Founder & Chairman of Galadari Advocates & Legal Consultants. He is also the Chairman of Galadari Investments Group and the Higher Organizing Committee for Dubai International Arabian Horse Championship.

9	Mr. Majid Hamid Jafar	Non-Executive Non-Independent	Nov. 2005	<p>Bachelors and Masters Degree in Engineering (Fluid Mechanics and Thermodynamics) "Cambridge University, Churchill College" UK</p> <p>MA (with distinction) in International Studies and Diplomacy from "University of London's School" of Oriental & African Studies</p> <p>MBA (with distinction) from "Harvard Business School" USA</p>	<p>Mr. Majid Jafar is the CEO of Crescent Petroleum, the Middle East's oldest private oil & gas Company, and Vice-Chairman of the Crescent Group of companies. In addition, he is the Board Managing Director of Dana Gas. His previous experience was with Shell International's Exploration & Production and Gas & Power Divisions.</p> <p>Mr. Majid Jafar is also an active member of the World Economic Forum Global Agenda Council for Youth Unemployment, the Royal Institute for International Affairs in London, the Young Presidents Organization and the Young Arab Leaders Organization, and is an accredited Director of the Institute of Directors (IoD Mudara) in Dubai.</p>
10	Mr. Rashid Saif Al-Jarwan	Executive Non-Independent	January 2008	<p>Bachelors Degree in Petroleum & Natural Gas Engineering "Pennsylvania State University" USA</p>	<p>Mr. Al-Jarwan is the Executive Director of Dana Gas in addition to his current role as Acting CEO. He was the General Manager for Dana Gas for 3 years and ADGAS for 8 years.</p> <p>He held various executive and technical positions in the ADNOC Group of companies for 28 years in Abu Dhabi. He served on the Board of National Petroleum Construction Co., National Drilling Co., FERTIL, Abu Dhabi and Sharjah Industrial Development.</p>
11	Mr. Abdulaziz Hamad Al-Jomaih	Non-Executive Independent	Nov. 2005	<p>Masters Degree in Public Administration "University of Southern California" USA</p> <p>Bachelors Degree in Engineering "King Saud University" Saudi Arabia</p>	<p>Mr. Al-Jomaih is the Managing Director of International Investments of Aljomaih Group. In addition, he is Vice-Chairman of Arcapita Bank in Bahrain and Managing Director of Pergola Holding & its subsidiaries.</p>
12	Mr. Abdullah Ali Al-Majdouie	Non-Executive Independent	April 2009	<p>Bachelors and Masters Degree in Science College of Industrial Management, King Fahd University for Petroleum & Mineral (KFUPM), KSA</p>	<p>Mr. Al-Majdouie is the Group President and Vice Chairman of Almajdouie Group since 1986. In addition, he serves as Chairman of several companies in Saudi Arabia and UAE.</p>

					In addition, he is a Counseling Member at Tharawat in Dubai and a member of several social and charitable institutions.
13	Mr. Ahmed Mohammed Al-Midfa	Non-Executive Independent	April 2012	Bachelors Degree in Business Administration "Cairo University" Egypt	<p>Mr. Al-Midfa is the Chairman of Sharjah Chamber of Commerce & Industry, and Expo Centre Sharjah. In addition, he serves as Chairman of Ruwad Establishment in Sharjah and Third Vice President of the Germany Arab Chamber of Commerce, and also Chairman of International Association of Exposition Management Arabian Gulf Chapter.</p> <p>He is a Former Director of the Bureau of H.H the Ruler of Sharjah and Director General of Sharjah Ports and Customs Department and Second Deputy Chairman of the Federal National Council.</p> <p>In addition, he serves on the Board of various Chambers of Commerce and Business Councils.</p>
14	Mr. Varouj Abraham Nerguizian	Non-Executive Independent	Nov. 2005	Sciences Economiques "Universite' Saint Joseph" Lebanon "Universite' Lyon Lumiere" France	Mr. Nerguizian is the Executive Director and General Manager of Bank of Sharjah since 1992. He is the Chairman and General Manager of Emirates Lebanon Bank SAL, Lebanon (member of Bank of Sharjah Group) since 2008. He is also a Founding Member and Chairman of the Lebanese Educational Fund SA and of the Lycee' Libanais Francophone Prive, Dubai a non-profit educational initiative that caters to the needs of the Lebanese and Francophone communities of the UAE since 2003.
15	Mr. Nasser Mohamed Al-Nowais	Non-Executive Independent	April 2009	Bachelors Degree in Business & Public Administration "New York University" USA	Mr. Al-Nowais is the Chairman of Rotana Hotel Management Corp. Ltd. and Aswaq Management & Services. In addition, he is the Managing Director of Abu Dhabi Trade Center. He served as Former Under-Secretary of UAE Ministry of

					Finance, and a Former Chairman of Arab Insurance Group.
16	Mr. Salah Abdul Hadi Al-Qahtani	Non-Executive Independent	April 2012	Bachelors Degree in Business Administration "Houston University" USA	Mr. Al-Qahtani is the Vice Chairman of Abdel Hadi Abdullah Al-Qahtani & Sons Group of Companies in Dammam, and the Chairman of Young Arab Leaders. He serves on the Board of several companies.
17	Mr. Khalid Abdulrahman Al-Rajhi	Non-Executive Independent	Nov. 2005	Bachelors Degree in Finance "King Fahd University for Petroleum & Minerals" (KFUPM) KSA	Mr. Al-Rajhi is the Chief Executive Officer of Al-Rajhi Partners & Al-Rajhi Holdings in KSA. The companies invest in financial services, infrastructure, telecoms, real estate oil, gas and natural resources both in Saudi Arabia and abroad. In addition, he serves as Chairman/Member of the Board of several companies.
18	Mr. Rashad Muhammad Al-Zubair	Non-Executive Independent	Nov. 2005	Bachelors Degree in Business Administration "University of Colorado" USA	Mr. Al-Zubair is the Chairman of The Zubair Corporation (Z-Corp) in Sultanate of Oman. He is also the Chairman of Oman Arab Bank and Vice Chairman of Barr Al Jissah Resort Co. operated by Shangri-La. He is a former Deputy Chairman of the Oman Business Council and member of its founding Directors and also a former Director of Oman International Development and Investment Company SAOG (OMNIVEST) and also a Director of the Capital Market Authority.

3.2 Membership of Boards of Directors in other companies

Dana Gas' Directors act as board members of leading companies, banks and business institutions as stated below:

SN	Directors	Directorship in other companies
1	Dr. Adel Khalid Al-Sabeeh, Chairman	<ul style="list-style-type: none"> -Chairman, Proclad Group International Ltd. (subsidiary of National Industry Group), Kuwait -Former Chairman, Kuwait Petroleum Corporation -Chairman, Saudi Lime Industries, Saudi Arabia -Chairman, Saudi Insulated Blocks, Saudi Arabia -Deputy Chairman, Ikarus Petroleum Industries Company, Kuwait -Board Member, Kuwait Foundations of Advancement of Science
2	Dr. Tawfeeq Abdulrahman Almoayed, Vice Chairman	<ul style="list-style-type: none"> -Chairman, TA Almoayed and Sons WLL -Chairman, Almoayed Wilhelmsen Ltd. -Vice-Chairman, A.K. Almoayed Group -Board Member, Kimberly Clark Holding Company -Founding Chairman & Managing Director, Gulf Petro-Chemical Industries Co. -Former First Deputy Chairman, Bahrain Telecommunications Co. (BATELCO) and Executive Committee Member -Fellow of the Institution of Engineering and Technology, UK
3	Mr. Hamid Dhiya Jafar	<ul style="list-style-type: none"> -Chairman, the Board of the Crescent Group of companies -Chairman, Gulfainer Ltd. -Founding Shareholder, URUK Group -Founding Shareholder, Abraaj Capital -Founder, UAE Chapters of the Young Presidents Organization and the World Presidents Organization -Member, International Chief Executives Organization -Chairman of the Finance Committee, American University of Sharjah -Member of the Board of Trustees, American University of Sharjah
4	HE Sheikh Sultan Bin Ahmed Al-Qasimi	<ul style="list-style-type: none"> -Deputy Chairman, Sharjah Petroleum Council -Deputy Chairman, Sharjah Equestrian & Racing Club -Chairman, Sharjah Pipeline Company (Anabeeb) -Deputy Chairman, Sharjah LPG Co. -Chairman, Basma Group -Chairman, Green Plant LLC -Chairman, Sharjah Commerce and Tourism Development Authority -Chairman, Sharjah Media Corporation -Member of Sharjah Executive Council -Chairman of the Medical Waste Co. (WEKAYA) LLC -Chairman, Sharjah National Oil Company
5	Sheikha Hanadi Nasser Al-Thani	<ul style="list-style-type: none"> -Founder and Chairperson, AMWAL, Qatar -CEO, Al-Waab City Real Estate Development Project, Qatar -Deputy CEO, Nasser Bin Khaled Al Thani & Sons Group, Qatar -Chairperson, INJAZ Qatar -Board Member, INJAZ AL-ARAB -Board of Trustee, Arab Women's International Forum -Board of Trustee, College of Business and Economics, Qatar University

		-Member, Advisory Board of The Arab Business Angels Network (ABAN) -Founding Member, Qatar National Competitiveness Council	
6	Mr. Ahmed Rashid Al-Arbeed	-Member, Kuwait Engineering Society -Member, Society of Petroleum Engineers in USA -Member, Association of International Petroleum Negotiators	
7	Mr. Said Youssef Arrata	-Chairman and Chief Executive Officer, Sea Dragon Energy in Canada -Board Member, Deep Well Oil and Gas Incorporation	
8	Mr. Ziad Abdulla Galadari	-Founder & Chairman, Galadari Advocates & Legal Consultants -Chairman, Galadari Investments Group -Chairman, Dubai International Arabian Horse Championship -Board Member, Emirates Equestrian Federation & Jebel Ali Racecourse Council -Board Member, Dubai World Trade Centre -Board Member, DU Telecommunications Services	
9	Mr. Majid Hamid Jafar	-CEO, Crescent Petroleum -Vice-Chairman, Crescent Group of companies -Board Member, Arab Forum for Environment and Development (AFED) -Board Member, Sharjah Chamber of Commerce -Board Member, Sharjah Expo -Board Member, Iraq Energy Institute -Board Member, Carnegie Middle East Center -Board Member, the New Leaders of International Institute of Education (IIE)	
10	Mr. Rashid Saif Al-Jarwan	- Board Member, Emirates General Petroleum Corporation (EMARAT) - Board Member, Oman Insurance Company - Board Member, Dubai International Financial Centre Investments (DIFC)	
11	Mr. Abdulaziz Hamad Al-Jomaih	-Managing Director, International Investments of Aljomaih Group -Vice-Chairman, Arcapita Bank, Bahrain -Managing Director, Pergola Holding & its subsidiaries -Board Member, Etihad Etisalat Company, KSA -Board Member, Pearl Initiative (A United Nations Initiative), UAE	
12	Mr. Abdullah Ali Al-Majdouie	-Vice Chairman, Almajdouie Group -Chairman, Almajdouie PSC Heavy Lift Co., Bahrain -Chairman, Almajdouie De Rijke Logistic Co. -Chairman, Rabigh Petrochemical Logistic LLC -Chairman, Star Marines Services, Dubai -Board Member, Al Hassa Development Co. -Board Member, Arbah Capital Investment Co. -Board Member, Prince Mohammed Bin Fahd University -Counseling Member, Tharawat, Dubai -Member of several social and charitable institutions	
13	Mr. Ahmed Mohammed Al-Midfa	-Chairman, Sharjah Chamber of Commerce & Industry -Chairman, Expo Centre Sharjah -Chairman, International Association of Exposition Management (IAEM) Arabian Gulf Chapter -Chairman, Ruwad Establishment at Sharjah -Co-Chairman of Joint Business Council UAE-Germany -Vice President, Federation Arab of Industry Leather -Board Member, UAE Federation of Chambers of Commerce and Industry	

		<ul style="list-style-type: none"> -Board Member, University of Sharjah -Board Member, Arab Federation for Protection of Intellectual Property Rights -Board Member, the Joint Portuguese-Arab Chamber of Commerce -Board Member, Germany-Arab Chamber of Commerce -Board Member, National US-Arab Chamber of Commerce -Board Member, Egyptian-UAE Business Council -Board Member, Oman-UAE Business Council -Board Member, Tunisian-UAE Business Council 	
14	Mr. Varouj Abraham Nerguizian	<ul style="list-style-type: none"> -Executive Director and General Manager, Bank of Sharjah -Chairman and General Manager, Emirates Lebanon Bank SAL, Lebanon -Board Member, Growthgate PEF -Founding Member and Chairman, Lebanese Educational Fund SA -Founding Member and Chairman, Lycee' Libanais Francophone Prive', Dubai (non-profit educational institution) 	
15	Mr. Nasser Mohamed Al-Nowais	<ul style="list-style-type: none"> -Chairman, Rotana Hotel Management Corp Ltd -Chairman, Aswaq Management & Services -Managing Director, Abu Dhabi Trade Center -Board Member, Abu Dhabi Council for Economic Development 	
16	Mr. Salah Abdul Hadi Al-Qahtani	<ul style="list-style-type: none"> -Vice Chairman, Abdel Hadi Abdullah Al-Qahtani & Sons Group of Companies -Chairman, Young Arab Leaders -Founder and Director, United Gas Technology Co. -Board Member, Evolvence Capital -Board Member, Merchant Bridge & Company -Board Member, "Business Owner Union" (Islamic Chamber of Commerce & Industry), Jeddah, ICC -Board Member, Strategic Planning Committee of FFA Private Bank -Board Member, National Committee for Saudi Red Crescent 	
17	Mr. Khalid Abdulrahman Al-Rajhi	<ul style="list-style-type: none"> -CEO, Al Rajhi Partners & Al-Rajhi Holdings, KSA -Chairman, Procare Hospitals, Khobar -Chairman, Al-Salam Schools, Khobar -Chairman, Fakhri Hospital, Khobar -Chairman, Saudi Cement Company -Board Member, Bank Al Bilad -Board Member, Walaa Insurance Company -Board Member, Takween Advance Industries -Member, Research & Scientific Programs Fund (KFUPM) -Member, Higher Council, Eastern Province (Government Sector) -Member, Prisoners' Affairs Committee (Government Sector) -Member, "UN Pearl Initiative Program" 	
18	Mr. Rashad Muhammad Al-Zubair	<ul style="list-style-type: none"> -Chairman, The Zubair Corporation ("Z-Corp"), Sultanate of Oman -Chairman, Oman Arab Bank -Vice Chairman, Barr Al Jissah Resort Co. SAOC 	

3.3 Directors' Remuneration

The Directors receive an annual payment in addition to an attendance fee. The Remuneration and Nominations Committee proposes the annual Directors' remuneration and if endorsed by the Board of Directors, the proposal will be submitted to the General Assembly for approval in accordance with the Company's Articles of Association. The Directors' remuneration is disclosed in the annual financial statements of the Company. Executive Directors are not entitled to any Directors' remuneration.

- a. The following table shows the total remuneration for the Members of Board of Directors and Committees during the fiscal year of 2011, which was approved by the Annual General Assembly in April 2012:

Board Member	Total Remuneration (AED)
HH Sheikh Ahmed Bin Sultan Al-Qasimi	500,000
Dr. Adel Al-Sabeeh	500,000
Dr. Tawfeeq Almoayed	500,000
Mr. Hamid Jafar	500,000
HE Sheikh Sultan Bin Ahmed Al-Qasimi	500,000
Sheikha Hanadi Nasser Al-Thani	500,000
Mr. Ahmed Al-Arbeed	-
Mr. Said Arrata	500,000
Mr. Ziad Galadari	500,000
Mr. Majid Jafar	500,000
Mr. Rashid Al-Jarwan	-
Mr. Abdulaziz Al-Jomaih	500,000
Mr. Abdullah Al-Majdouie	500,000
Mr. Varouj Nerguizian	500,000
Mr. Nasser Al-Nowais	500,000
Mr. Khalid Al-Rajhi	500,000
Mr. Adib Al-Zamil	500,000
Mr. Rashad Al-Zubair	500,000
Total	8,000,000

Attendance Allowance for Board and Committee Meetings:

In addition to the annual remuneration, the Members of the Board of Directors received a lump sum of 15,000 AED as attendance allowance for Board and Committee meetings, which is not paid in case of no show.

- b. Proposed remuneration of the Board of Directors for the Year 2012:

The Board of Directors has approved the recommendation presented by the Remuneration & Nominations Committee on the Directors' remuneration for the year 2012 to be similar as the previous year 2011 (as above table). The recommendation will be presented to the next Annual General Assembly Meeting in April 2013 for ratification.

Even if the Company has not distributed dividends to Shareholders, the Board Members may be granted remuneration for the financial year according to Article (33) of the Company's Article of Association which provides that the Company may pay Directors a fixed annual remuneration, or an additional fee or compensation to any member as determined by the Board and approved by the Annual General Assembly. The Company is an exempt Company in accordance with the provisions of Federal Law No. 15/1998.

- c. The following table shows the attendance allowances in AED for Board Committees during the fiscal year of 2011 which was approved by the Annual General Assembly in April 2012:

Board Member	Corporate Governance, Remuneration & Nominations Committee	Audit & Compliance Committee	Board Steering Committee	Total (AED)
Dr. Adel Al-Sabeeh, Chairman			75,000	75,000
Dr. Tawfeeq Almoayed, Vice Chairman	100,000		75,000	175,000
Mr. Hamid D. Jafar			100,000	100,000
HE Sheikh Sultan Bin Ahmed Al-Qasimi		75,000		75,000
Sheikha Hanadi Nasser Al-Thani	75,000			75,000
Mr. Ahmed Al-Arbeed	-	-	-	-
Mr. Said Arrata	75,000		75,000	150,000
Mr. Ziad Galadari	75,000		75,000	150,000
Mr. Majid Jafar	75,000			75,000
Mr. Rashid Al-Jarwan				-
Mr. Abdulaziz Al-Jomaih		75,000		75,000
Mr. Abdullah Al-Majdouie		75,000		75,000
Mr. Varouj Nerguizian		100,000	75,000	175,000
Mr. Nasser Al Nowais		75,000		75,000
Mr. Khalid Al-Rajhi		75,000		75,000
Mr. Adib Al-Zamil	75,000			75,000
Mr. Rashad Al-Zubair	75,000			75,000
Total	550,000	475,000	475,000	1,500,000

Mr. Salah Al-Qahtani joined the Audit Committee and Mr. Ahmed Al-Midfa joined the Corporate Governance, Remuneration & Nominations Committee in September, 2012. Therefore, they are not entitled for committees' attendance allowance for 2011. Their annual remuneration and attendance allowance for Board and committee meetings for 2012 will be subject to approval by the next General Assembly in April 2013.

Committees' attendance allowances for 2012 will be presented in the General Assembly Meeting in April 2013. Allowances are fixed amount paid to Committee Members where the amount of AED 100,000 is paid to Committee Chair and AED 75,000 is paid to Committee Member. The Committees have been reconstituted in September 2012, therefore membership in committees has changed.

The table below shows the committees' attendance allowances for 2012 that will be presented in the General Assembly Meeting for ratification.

Board Member	Corporate Governance, Remuneration & Nominations Committee	Audit & Compliance Committee	Board Steering Committee	Total (AED)
Dr. Adel Al-Sabeeh, Chairman			91,670	91,670
Dr. Tawfeeq Almoayed, Vice Chairman	66,670		75,000	141,670
Mr. Hamid D. Jafar			33,330	33,330
HE Sheikh Sultan Bin Ahmed Al-Qasimi		50,000		50,000
Sheikha Hanadi Nasser Al-Thani	50,000			50,000
Mr. Ahmed Al-Arbeed				-
Mr. Said Arrata	75,000		50,000	125,000
Mr. Ziad Galadari	83,330		75,000	158,330
Mr. Majid Jafar	50,000	25,000	25,000	100,000
Mr. Rashid Al-Jarwan				-
Mr. Abdulaziz Al-Jomaih		75,000		75,000
Mr. Abdullah Al-Majdouie	25,000	50,000		75,000
Mr. Ahmed Al-Midfa	250,000			25,000
Mr. Varouj Nerguizian		100,000	75,000	175,000
Mr. Nasser Al Nowais		75,000		75,000
Mr. Salah Al-Qahtani		25,000		25,000
Mr. Khalid Al-Rajhi		50,000		50,000
Mr. Adib Al-Zamil	25,000			25,000
Mr. Rashad Al-Zubair	75,000			75,000
Total	475,000	450,000	425,000	1,350,000

3.4 Board of Directors' Meetings

According to the Company's Articles of Association, the Board of Directors meets every 3 months. The Board of Directors had (8) meetings during the year 2012 as shown in the below table, exceeding the rules of governance prescribed by the Securities and Commodities Authority which requires (6) Board meetings per year.

Board of Directors' Meetings during 2012								
Board Members	4 January	22 February	25 April	7 June	29 July	26 Sept.	5 Nov.	18 Nov.
Dr. Adel Al-Sabeeh, Chairman	x	✓	✓	x	✓	✓	✓	✓
Dr. Tawfeeq Almoayed, Vice Chairman	✓	✓	✓	✓	✓	✓	x	✓
Mr. Hamid Jafar	✓	✓	✓	✓	✓	✓	✓	✓
HE Sheikh Sultan Bin Ahmed Al-Qasimi	x	✓	✓	x	✓	✓	x	x
Sheikha Hanadi Nasser Al Thani	x	✓	✓	x	✓	x	✓	x
Mr. Ahmed Al-Arbeed	✓	✓	✓	✓	✓	✓	x	✓
Mr. Said Arrata	✓	✓	✓	x	x	x	✓	✓
Mr. Ziad Galadari	✓	✓	✓	✓	x	✓	x	✓
Mr. Majid Jafar	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Rashid Al-Jarwan	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Abdulaziz Al-Jomaih	✓	✓	✓	x	✓	✓	✓	x
Mr. Abdullah Al-Majdouie	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Ahmed Al-Midfa (from April 2012)	N/A	N/A	N/A	N/A	✓	✓	x	x
Mr. Varouj Nerguizian	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Nasser Al-Nowais	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Salah Al-Qahtani (from April 2012)	N/A	N/A	N/A	N/A	x	✓	✓	✓
Mr. Khalid Al-Rajhi	✓	✓	x	x	x	x	x	✓
Mr. Adib Al-Zamil (till April 2012)	✓	✓	x	N/A	N/A	N/A	N/A	N/A
Mr. Rashad Al-Zubair	x	x	x	✓	✓	✓	✓	✓

(✓) Attend

(x) Absent

(N/A) Not Applicable

3.5 Responsibilities of the Executive Management

The Board of Directors has delegated the Company's Executive Management the following functions and responsibilities:

1. Management of the day to day affairs and business of the Company and plans laid down by the Board of Directors to achieve Company's strategies and to execute the policies;
2. To submit to the Board of Directors accurate periodic reports about the financial position of the Company, its business, actions taken to manage risks and internal control procedures;
3. To provide the Board of Directors with all information and documents required for the meetings of the Board of Directors on a timely basis;
4. To identify and submit studies and proposals relating to business development and new investment opportunities;
5. To provide regulatory bodies (Ministry of Economy, Securities and Commodities Authority, Abu Dhabi Securities Exchange) with information, statements and documents as required in accordance with applicable laws, rules and regulations.

During 2012, the Board of Directors delegated Mr. Hamid Jafar, Board Director, the task of leading the negotiations with the Sukukholders concerning restructuring of the Company's Sukuk issued in 2007.

3.6 Details of transactions with related parties (Stakeholders)

Related parties represent joint ventures, major Shareholders, Directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

	<u>2012</u>		<u>2011</u>	
	<u>Revenues</u>	<u>Fees for Mgmt Svcs</u>	<u>Revenues</u>	<u>Fees for Mgmt Svcs</u>
	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>
Joint ventures	1	-	1	-
Major Shareholders	-	1	-	-
	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>

3.7 Senior Executives of the Company

The following table shows the names of the Senior Executives of the Company with their designations, appointment dates and total remuneration and bonus paid to them.

Full Name	Job Title	Date of appointment	Total remuneration for 2012 (Salary + Allowances) excluding expenses claims	Total Bonuses Paid in 2012
Mr. Rashid S. Al-Jarwan	Executive Director Acting CEO	April 2009 Sept. 2012	AED 1,589,531	AED 812,552
Mr. Donald Dorn-Lopez	Technical Director	Sept. 2009	AED 1,617,939	AED 789,260

4. External Auditors

a. Brief Summary on External Auditors

In April 20th, 2011 the Annual General Assembly re-appointed Ernst & Young as external auditors for the Company's financial accounts for the year 2012. They have been appointed as external auditors for the past seven years. No other external auditor other than the Company's auditor provided any other services during the fiscal year 2012.

Ernst & Young is one of the top four audit firms in the world with a network of 167,000 in more than 140 countries. It is an independent professional firm, which has been in the region since 1923 and has evolved during this period to become one of the largest four companies for accounting services in the world.

The industries covered by the firm include oil and gas, financial/banking, technology and communications, healthcare, manufacturing and industrial services, infrastructure & PPP services, hotel and leisure, consumer's products and allied sectors. The firm's enterprises, major clients include government ministries, major oil companies, in public as well as private, airlines, central banks and financial institutions.

b. External Auditors' Fees

The external auditors' fees are disclosed in the annual financial statements. The statutory fees for 2012 amounted to AED 350,000 as approved by the AGM.

5. The Audit and Compliance Committee

a. The Audit and Compliance Committee is composed of the following Members:

Members of the Committee	Title
Mr. Varouj Nerguizian	Chair-Independent Director
Mr. Majid Hamid Jafar	Non-Executive Director
Mr. Abdulaziz Al-Jomaih	Independent Director
Mr. Nasser Al-Nowais	Independent Director
Mr. Salah Al-Qahtani	Independent Director

Most of the Members of the Audit Committee come from a financial business or banking background and are familiar with financial, accounting, banking and business administration matters. A majority of the Members are independent directors.

The role of the Audit and Compliance Committee is to assist the Board of Directors in performing its function of supervision over the finances of the Company and ensuring compliance with applicable regulations. In order to perform the tasks entrusted to it, the Committee carries out the functions prescribed by the Ministerial Resolution No. 518/2009 including:

1. Reviewing the quarterly financial statements;
2. Supervision of the preparation and compiling of the Company's financial statements, and the procedure for preparation of financial reports;
3. Ensuring the soundness and correctness of the Company's financial statements and reports;
4. Reviewing risk management and internal control procedures;
5. Recommendation of the fees of the Company's external auditors;
6. Recommendation related to the Internal Audit Department's plans and activities in the Company.

In addition to the above the Committee performs the functions and competencies prescribed in the Ministerial Resolutions No. 518/2009.

- b. The table below shows the number and dates of meetings held by A&C Committee during 2012:

Members of the A&C Committee	Dates of meetings					
	29 Jan.	13 May	8 Aug.	25 Sept.	31 Oct.	17 Nov.
Mr. Varouj Nerguizian (Chair)	✓	✓	✓	✓	✓	✓
Mr. Majid Jafar (from Sept. 2012)	N/A	N/A	N/A	X	✓	✓
Mr. Abdulaziz Al-Jomaih	X	✓	X	✓	x	x
Mr. Abdullah Al-Majdouie (till August 2012)	X	X	✓	X	N/A	N/A
Mr. Nasser Al-Nowais	✓	✓	✓	✓	✓	✓
Mr. Salah Al-Qahtani (from Sept. 2012)	N/A	N/A	N/A	X	✓	✓
HE Sheikh Sultan Bin Ahmed Al-Qasimi (till August 2012)	X	X	X	X	N/A	N/A
Mr. Khalid Al-Rajhi (till August 2012)	✓	✓	✓	X	N/A	N/A

6. Corporate Governance, Remuneration & Nominations Committee

- a. The Corporate Governance, Remuneration & Nominations Committee is composed of the following Members:

Members of the Committee	Title
Mr. Ziad Galadari	Chair-Independent Director
Mr. Said Arrata	Non-Executive Director
Mr. Abdulla Al-Majdouie	Independent Director
Mr. Ahmed Al-Midfa	Independent Director
Mr. Rashad Al-Zubair	Independent Director

The majority of the Members of the Committee including its Chair are independent directors and are possessed of considerable knowledge and expertise in Corporate Governance related regulations, Remuneration, Salaries and Benefits policies.

The Committee oversees the compliance of the governing bodies of the Company including the General Assembly and the Board of Directors with corporate governance best practice, in addition to assisting the Board in relation to the appointment of senior executives, appraisal of management performance, succession plans, remuneration policies and nominations to the Board of Directors membership as provided by the Ministerial Resolution No. 518/2009.

To achieve its objectives the Committee exercises the following functions:

1. Preparing proposals of remuneration, salary, benefits and incentives policies;
2. Preparing proposals for human resources policies to improve performance and promote work environment and loyalty;
3. Recommending appropriate corporate governance standards and overseeing related Board of Directors' procedures and performance;
4. Reviewing non-financial disclosure standards;
5. Reviewing directors' remuneration and making appropriate recommendations to the Board;
6. Reviewing and approving senior employees' succession plans;
7. Maintaining good relationships with Shareholders, investors and regulators;
8. Conducting and supervising nominations to the Board of Directors.

- b. The table below shows the number and dates of meetings held by CGR&N Committee during 2012:

Members of the CGR&N Committee	Dates of meetings		
	25 April	28 July	25 Sept.
Dr. Tawfeeq Almoayed (Chair till Aug. 2012)	✓	✓	✓
Mr. Said Arrata	✓	x	x
Mr. Ziad Galadari (Chair from Sept. 2012)	x	✓	✓
Mr. Majid Jafar (till August 2012)	✓	✓	✓
Mr. Abdulla Al-Majdouie (from Sept. 2012)	N/A	N/A	✓
Mr. Ahmed Al-Midfa (from Sept. 2012)	N/A	N/A	✓
Sheikha Hanadi Al-Thani (till August 2012)	✓	x	N/A
Mr. Adib Al-Zamil (till April 2012)	x	N/A	N/A
Mr. Rashad Al-Zubair	x	✓	✓

7. Internal Control System

- a. The Board of Directors established an Internal Control Department and defined its functions and appointed a manager for the department who reports to the Board of Directors on the following:
1. Assessing and scrutinizing the various risks facing the Company;
 2. Preparing risks register to be updated quarterly and annually;
 3. Preparing audit plan for the risks and the register in accordance with the directions of the Board of Directors and the Audit and Compliance Committee;
 4. Ensuring availability of resources to carry out audit work and internal audit plan;

5. Implementing the plan and submit a periodical report to the Board of Directors and to the Audit Committee with observations on the procedures taken by the Executive Management with respect to them.
- b. The Internal Control Department enjoys independence in performing its functions. It reports to the Board of Directors which acknowledges its responsibility for the internal control system and its effectiveness. The Internal Control Manager adopts the appropriate procedures to ensure the implementation of the directives of the Board of Directors in this regard. He raises any irregularities of the control system or Company's regulations and its policies and the Board's directives to the Board of Directors to take the appropriate action.

The Internal Control Department audits the internal control systems of the Company, its subsidiaries and affiliates with significant shares owned by Dana Gas. The Department has full power and authority to obtain information on those companies from any of its employees and its various departments at group level.

- c. The Internal Control Manager prepares an annual audit plan and submits it to the Board of Directors for approval as deemed appropriate. The plan involves the comprehensive assessment of the risks facing the Company to address them properly and effectively.

The annual plan includes a list of the work and activities of the Department during the year including audit work. It also includes a specific oversight work scope with its timeline.

The Internal Control Manager, Mr. Mohammed Ali Baig, was appointed in December 2010. He has 22 years of experience working with multinational organizations in Pakistan, Middle East, United States and in the GCC countries with "Arthur Andersen" Company for 6 years and with "Qatar Gas" for 4 years.

8. Compliance during 2012

The Company has no fines during the fiscal year of 2012.

9. Corporate Social Responsibility

Dana Gas' corporate social responsibility activities span the countries where it operates. The Company's objective has been to play an active role supporting local communities located within its vicinity. Dana Gas has implemented a number of projects and programs in education, health and social activities in accordance with an annual corporate social responsibility plan approved by the Board of Directors.

The table below shows some of the Company's social contributions during the year 2012:

The Company's Corporate Social Responsibility during the year 2012		
Institution	Purpose	Activity
UAE		
The American University in Sharjah (AUS)	Educational	Educational Research
The American University in Sharjah (AUS)	Educational	Dana Gas Award for Distinguished
The Supreme Council for Energy in Dubai	Relations	Global Energy Forum
Egypt		
Educational Enhancement	Educational	Renovation of public nursery
Regional Study on Responsible Business	Study	Regional Study with 15 partners
National CSR Center	Training	Public Awareness on CSR
Skool Portal (ESI)	Educational	Free educational material on internet
Petro CSR Committee	Industrial	Development of a joint committee on CSR
Iraq		
	Health	Providing the maternity hospital with ultrasound machine and lab for patients in Chamchamal.
	Educational	Providing school supplies, stationaries and renovation works to 5 schools in Qadir Karam town. Providing nurseries in Chamchamal and school in Qarachwar village. In addition to awarding scholarships for an MBA at the American University of Iraq, Suleymania to 10 students.
	Health	Supplying potable water to 21 villages in Qadir Karam town during summer. Drilling two wells in two remote villages to provide potable water. Drilling water wells in Chamchamal, Shores and Qadir Karam as part of the Dought Program. Cleaning water sources and irrigation canals of 18 villages in Qadir Karam. In addition to providing Shwan area with a chlorine water purification system.
	Community	Providing electricity to Qadir Karam town and three villages near the plant. Providing electricity to Qadir Karam town and three villages near the plant. Providing power generators to 8 villages in Qadir Karam town. Donation of 250 kva and 400 kva generators to Qadir Karam town and Sangaw District.

10. General Information

- a. Schedule of share price in the market at the end of each month of the fiscal year of 2012

Dana Gas Share Price (AED) – 2012			
	Month-End	High	Low
31 January	0.40	0.41	0.38
28 February	0.52	0.53	0.50
31 March	0.49	0.50	0.49
30 April	0.45	0.46	0.44
31 May	0.39	0.40	0.39
30 June	0.37	0.38	0.37
31 July	0.39	0.40	0.38
31 August	0.38	0.39	0.38
30 September	0.42	0.43	0.42
31 October	0.41	0.41	0.41
30 November	0.40	0.41	0.40
31 December	0.45	0.46	0.44

- b. Statement on Company's shares performance with the market index

Date	DG Price	ADX Index	Energy Index
1 January	0.45	2397	1222
1 February	0.42	2466	1228
1 March	0.50	2624	1313
1 April	0.50	2568	1372
1 May	0.44	2505	1237
1 June	0.39	2427	1168
1 July	0.38	2460	1212
1 August	0.40	2517	1250
1 September	0.38	2557	1271
1 October	0.43	2635	1295
1 November	0.42	2673	1317
1 December	0.40	2677	1272

- c. Statement of Shareholders' ownership as of 31/12/2012

Type	UAE	GCC	Arab	Others
Individuals	1,236,215,278	1,131,068,621	254,911,136	152,015,129
Companies	799,709,060	786,539,758	58,096,887	1,836,175,015
Governments	287,879,989	59,390,427	-	-
TOTAL	2,323,804,327	1,976,998,806	313,008,023	1,988,190,144

d. Statement of Shareholders owning 5% or more of the Company's capital

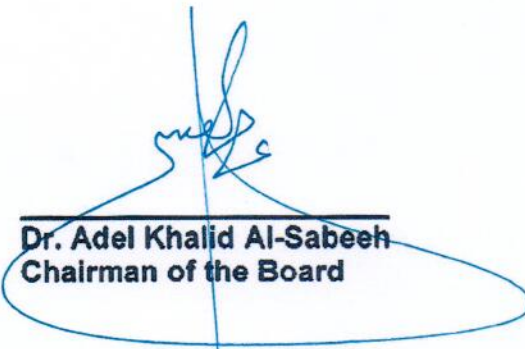
Citizenship	Investor Name	Quantity	%
GBR	Crescent Petroleum Co. Ltd.	1,328,108,236	20.12%

e. Major events encountered by the Company during 2012

1. Election of a new Board of Directors of the Company which comprising of Eighteen (18) Members in April 2012.
2. In 2012, the Group conducted a seven-well exploration program with a 57% success rate. Out of these seven exploration wells, five were drilled in the Nile Delta concession.
3. Due to the delay of payment of the Company's receivables, the Group production decreased by 10% compared to year 2011 producing 59,800 boepd. The gross proved, probable and possible reserves are estimated to be 256 MMBOE.
4. The Group's net profit after tax is Dhs 605 million during this year; an increase of 20% over 2011 records.
5. In June, two LPG road tankers, belonging to a third party LPG trader, caused a fire during filling at the loading facility of Khor Mor LPG Plant in Kurdistan Region of Iraq, leading to 5 fatalities and damaging the loading bay which is currently under rebuild.
6. In September, the Company was awarded for recognition good governance practice by the regulatory authorities. The Company has also been recognized for complying with best practice by the International Finance Corporation, the private sector arm of the World Bank Group.
7. In November, the Company signed a set of agreements with the Sharjah and Ajman Governments to jointly develop the shared field located around 40 km of the two coasts. These included a unitization agreement for management of the shared field, gas sales and purchase agreements and the joint operating agreement.
8. In December, two new gas discoveries were made (Balsam-1 and Alyam-1) by the Company in the Nile Delta in Egypt.
9. The Egyptian Bahrain Gas Derivative Company's (EBGDCO) natural gas liquids extraction plant in Egypt started operating commercially in August 2012 and exported its first cargo from Ras Shukeir in October 2012. Dana Gas owns 26% of EBGDCO.
10. The Company and the Ad Hoc Committee of Sukukholders reached an agreement in November 2012 to restructure the existing Sukuk maturing after five years, and reduce the Sukuk's outstanding debt to US\$850 Million.

Communication with Shareholders, Investors and Media:

Dana Gas is keen to maintain regular contacts with its Shareholders, investors and financial analysts to inform them on the Company's business activities and financial position through regular direct meetings with financials, press and Shareholders through the Annual General Assembly Meetings in addition to regular press releases for important developments and activities. All information about the Company's activities and its financial affairs are also available at the Company's website www.danagas.com



Dr. Adel Khalid Al-Sabeeh
Chairman of the Board

16th April, 2013