

29 January 2012

The Board of Directors
Dana Gas PJSC
P O Box 2011
Sharjah
United Arab Emirates

Preliminary results for the year ended 31 December 2011

Dear Sirs

We have pleasure in returning the preliminary results of Dana Gas PJSC for the year ended 31 December 2011 in the English and Arabic languages. As requested these are stamped by us for identification purposes.

Yours faithfully

A handwritten signature in blue ink that reads 'J Murphy'.

Joseph A. Murphy
Partner
Registration No. 492



Preliminary Unaudited Results of Public Joint Stock Company

First - General Information:

Name of the Company	:	Dana Gas PJSC
Establishment date	:	20 th November 2005
Paid up capital	:	AED 6.602 billion
Subscribed capital	:	AED 6.602 billion
Authorized capital	:	AED 8.396 billion
Chairman of the Board	:	Mr. Hamid Dhiya Jafar
Chief Executive Officer	:	Mr. Ahmed Rashid Al-Arbeed
Name of the external auditor	:	Ernst & Young
Company's mailing address	:	P.O.Box 2011, Sharjah
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Second - Preliminary Unaudited Results for the Year ended 31 December 2011

	<u>All figures in Million</u>			
	2011 US\$	2010 US\$	2011 AED	2010 AED
Total Assets	3,307	3,228	12,121	11,831
Shareholders' Equity	2,224	2,171	8,151	7,956
Gross Revenues	690	487	2,529	1,785
Gross Profit	364	213	1,335	781
Net Profit for the year after tax	138	43	506	158
Total Comprehensive Income for the Year	49	75	180	276
Earnings per share	0.020	0.006	0.077	0.024

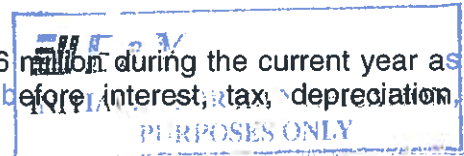
Summary of the Company's Performance for Year ended 31 December 2011:

Results for the year ended 31 December 2011

During the year, Dana Gas achieved Gross Revenues of AED 2.53 billion as compared to AED 1.78 billion in 2010; an increase of 42%. This increase in revenue was due to higher production during the year coupled with higher hydrocarbon prices. As a result the company realised a record gross profit of AED 1.33 billion, which was 71% higher than the AED 781 million realised in 2010.

The Group average production in 2011 grew to 66,200 barrels of oil equivalent per day (boepd), an increase of 19% over last year's production of 55,500 boepd. This increase was mainly due to production growth in Kurdistan due to the commencement of production from 2 new LPG trains. Commercial (2P) reported reserves grew to 159 million barrels of oil equivalent (mmboe), an increase of 5% over last year's reserves of 152 mmboe.

The Group achieved a net profit after tax of AED 506 million during the current year as compared to AED 158 million in 2010. Earnings before interest, tax, depreciation,



amortization and exploration write offs ("EBITDAX") increased to AED 1.6 billion compared to AED 1 billion in 2010.

Comprehensive income for the year stood at AED 180 million down from AED 276 million recorded in 2010. The main reason for this decline, despite a significant increase in net profits, was the reduction in value of Available for Sale Assets ("AFS" / investment in MOL shares) by AED 327 million during the year. Under the adopted accounting standards the AFS is marked to prevailing market value and the resulting gain or loss is booked directly into equity. This significant decline in the market value of MOL shares was due to the ongoing European financial crisis.

Liquidity and Financial Resources

During the period, the operating cash flow and the Group's cash and bank balances were principally used to fund its capital expenditure programme in Egypt, and Sharjah Offshore.

The Group's cash and bank balances as at 31 December 2011 stood at AED 411 million (2010: AED 583 million) of which 84% was held with local banks in the UAE.

Business Update

In line with its outlined strategy, the Group continues to maximize the value of its existing oil and gas assets and projects. However, given the current regional turmoil and global financial crisis (Eurozone debt in particular), Dana Gas' business objective is to preserve and protect value of its assets for its stakeholders and therefore it continues to balance operating and necessary capital expenditure within the available financial resources.

Group Reserves

The U.K. based advisory firm, Gaffney, Cline & Associates has carried out an independent evaluation of Dana Gas Egypt's and Sharjah Western Offshore hydrocarbon reserves, and following this review, the Group's gross proved reserves (1P) as at 31 December 2011 are estimated to be 88 millions of barrels of oil equivalent "MMBOE (31 December 2010: 89 MMBOE). The gross proved and probable reserves (2P) as at 31 December 2011 are estimated to be 159 MMBOE (31 December 2010: 152 MMBOE). The gross proved, probable and possible reserves (3P) as at 31 December 2011 are estimated to be 277 MMBOE (31 December 2010: 253 MMBOE).

Dana Gas Egypt

Dana Gas Egypt ended 2011 with production for the full year of operations of 15.5 MMBOE i.e. averaging 42,500 boepd (2010: 15.3 MMBOE, i.e averaging 42,300 boepd). Sustained production plateau over the last year was achieved with production commencing from 6 new wells to compensate for the natural decline in production from previously producing wells.

During 2011, Dana Gas drilled 3 exploration and 5 appraisal/development wells. This programme resulted in 3 new pool discoveries, which have been added to the company's resource base.



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Kurdistan Region of Iraq (KRI) Project (Pearl Petroleum Company Limited)

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for the development of its 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 the extraction of LPG and condensate and providing natural gas supplies to fuel domestic electric power generation plants near the major urban centers of Erbil and Suleymania. Further development of the gas reserves are planned to include allowing expansion of electricity generation and to supply natural gas as feedstock and energy for local industries.

During 2011, the group's gross production in the Kurdistan Region of Iraq (Dana Gas 40% share) was 8.6 MMBOE, i.e. averaging 23,700 boepd (2010: 4.8 MMBOE, averaging 13,200 boepd). The first LPG plant train was commissioned in January 2011 and the second LPG train was commissioned in April 2011.

Dana Gas has a 40% share holding in Pearl Petroleum Company Limited and as at 31 December 2011, Dana Gas' net investment in Kurdistan exceeds AED 1.3 billion.

UAE Gas Project

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies by the National Iranian Oil Company ("NIOC") to Crescent Petroleum. Dana Gas has a 35% interest in Crescent National Gas Corporation Limited (CNGCL) and owns 100% of SajGas and UGTC. In July 2010, 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 it is now rectifying. This repair may take several months. Notwithstanding this, Crescent Petroleum is continuing with the international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC and expects an enforceable decision by the international tribunal in 2012.

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) to build, own and operate a Liquids Extraction Plant in Egypt in partnership with the Egyptian National Gas Company (EGAS) and the Arab Petroleum Investments Corporation (APICORP). The contract for the Gas liquids extraction plant was awarded in June 2009. Financing for this project is in place, construction of the facilities is well underway and start up is planned to be achieved in second quarter of 2012.

Sharjah Western Offshore Concession

In March 2008, Dana Gas was awarded a twenty-five year oil and gas concession by the Government of Sharjah for the exploration and development of the Western Offshore Concession in Sharjah, UAE. The concession award marks Dana Gas' entry into the GCC exploration and production sector and will also be the first offshore upstream asset for the Company. The concession agreement covers a total area of over 1,000 square kilometers including part of the Zora Gas Field, which has established gas reserves and a ready market.



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Sharjah Western Offshore Concession (continued)

The project entails engineering, construction and installation of a new unmanned platform, together with 2-3 horizontal gas production wells in approximately 24 meters of water depth. These planned facilities are about 33 km offshore from the Sharjah Hamriyah Free Zone coast line, linked by a new 12" gas and condensate pipeline, to a new onshore gas processing plant to be constructed within the Sharjah Hamriyah Free Zone Area.

In October 2011, the Company appointed Worley Parsons to provide project management consultancy services on the Project. The planned gas production of 60 million scfd is targeted to begin at the end of 2012.

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About Dana Gas PJSC

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 utilization of gas as feedstock and fuel to the petrochemical, industrial and the power sectors. Since its establishment, the Company has grown from a small core team at its head office in Sharjah to a regional, as well as international natural gas company.

