



## **Corporate Governance Annual Report 2011**

### **1. Dana Gas: Early Corporate Governance Vision**

Dana Gas has realized from the outset that the realization of best corporate governance practices is fundamental to building a strong and successful commercial name in the oil and gas sector.

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 to assess a corporate governance practices within the company with a view to improve the efficiency and effectiveness of the Board of Directors by strengthening the control environment and ensuring that the disclosure and transparency practices of the company are consistent with 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 corporate governance in the realization of continued growth and in defining appropriate strategic objectives and the business plans furthering such growth.

Dana Gas is committed to implementing the Ministerial Resolution No. (518) for the year 2009 related to Corporate Governance Regulations and Institutional Control Standards. Dana Gas amended its Articles of Association in 2011 to be in line with the requirements of the Ministerial Resolution (518) for the year 2009 relating to Corporate Governance Standards.

The Board of Directors and Executive Management implement corporate governance practices as a means to develop and improve the standards of transparency, honesty, internal control, and professional conduct and to enhance the confidence of shareholders and investors and to serve the interest of the society, employees, partners and customers locally, regionally and internationally.

The Company applies the principles prescribed in the Ministerial Resolution No. (518) for the year 2009 relating to Corporate Governance Regulations and Institutional Control Standards on several levels starting with the Executive level where the Compliance Officer in the Legal Department, Board of Directors Under-secretary and Internal Control Manager have to direct people and departments to commitment and adherence to the corporate governance guidelines. At the level of Board of Directors, the Audit & Compliance Committee is committed to ensure the compliance with the applicable proper regulations of those systems. The Committee presents its corporate governance report periodically to the Board of Directors.

### **2. Dealings in the Securities of the Company**

The company has issued the guidelines in governing dealings by directors and employees in the securities of the company or subsidiaries and sister companies.

Guidelines include all the relevant provisions in the regulations and rules issued by the Securities and Commodities Authority and Abu Dhabi Securities Exchange. It also defines the periods during which directors and employees are not allowed or permitted to deal in the company's securities. None of the directors or employees has dealt with the company's securities during the bans periods defined in the Securities and Commodities Authority Resolution No. 2/2001.

The following table presents the dealings of Board of Directors and their relatives of first degree in the Securities of the Company during the year 2011; only one Board Member had exchange dealings during the year.

Board Member	Investor No.	Exchange Type	Amount	Date
<b>Mr. Ziad Abdullah Ibrahim Galadari</b>	UAE201000635003	Buying	7,000,000	11/08/2011
		Selling	4,572,270	14/09/2011
		Selling	127,730	15/09/2011
		Selling	4,000,000	28/11/2011

### 3. Board of Directors

The Board of Directors is vested with all the powers for the management of the affairs of the company and is responsible for approving the company's strategy and business plans and to supervise and control the Executive Management.

#### **Functions of the Board of Directors:**

The main responsibilities of the Board of Directors are as follows:

1. To work on achieving the desired company growing value for the shareholders;
2. Establishment of the strategy and business plan;
3. Approval of the annual budget and the allocation of resources;
4. Defining investment priorities and approving business opportunities;
5. Supervising accuracy of financial results and reports and effectiveness of internal controls;
6. Establishing accountability procedures with appropriate powers;
7. Assessment of the executive management performance; and
8. To decide on the appointment and succession of senior executives

The Chairman leads the Board in ensuring its effectiveness and availability of the necessary information for discharging its functions. The tasks and responsibilities of the Chairman of the Board of Directors shall include without limitation:

1. To ensure the efficiency and timely performance and discussion of any and all main issues by the Board of Directors;
2. To be mainly responsible for drafting and approving the agenda of every meeting of the Board of Directors taking into consideration any matter proposed by the other Directors, this responsibility can be conferred by the Chairman to a Director or the Rapporteur of the Board of Directors;



3. To encourage all Directors to fully and efficiently participate in handling the affairs of the Board of Directors for ensuring that the Board of Directors is working in the best interests of the Company;
4. To take proper actions for ensuring efficient communication with Shareholders and communicating their opinions to the Board of Directors;
5. To allow efficient participation of the Non Executive Directors in particular and to promote constructive relations between Executive and Non Executive Directors.

### 3.1 Institution of the Board of Directors

The Board of Directors consists of 17 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 independent members: 5 non-executive members and 2 executive members. Most of the directors have occupied their seats in the Board since the incorporation of the company in November 2005 except for 3 members who were elected in April 2009.

The Directors are elected by the General Assembly every 3 years. The current Board of Directors was elected on 22 April 2009.

SN	Directors	Qualifications	Experience
1	Mr. Hamid Dhiya Jafar	Bachelor Degree in Engineering "Cambridge University" UK  Post-graduate studies in Thermodynamics & Fluid Flow in 1967	Mr. Hamid Jafar is the Chairman for Dana Gas and Crescent Petroleum Group of companies. In addition, Mr. Jafar has a variety of other regional and international commercial interests including container shipping terminal operations, trucking, logistics, other industrial undertakings, private equity investments and real estate holdings.
2	Dr. Adel Khalid Al-Sabeeh	PhD in Mechanical Engineering "North Carolina State Univ." USA	Dr. Adel is the Chairman and Managing Director of National Industries Company (NIC) in Kuwait. Dr. Adel was the 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.
3	Shaikh Sultan Bin Ahmed Sultan Al-Qasimi	B.Sc in Business Administration "Arkansas State University" USA	Shaikh Sultan is the Deputy Chairman of Sharjah Petroleum Council.

		Masters in Computer Information Systems "University of Detroit Mercy" USA	Sheikh Sultan has extensive experience in the areas of trade development, tourism, media, and oil as well as in the commercial sector.
4	Mr. Abdulaziz Hamad Aljomaih	Masters in Public Administration "University of Southern California" USA  Bachelor of Engineering "King Saud Univ." Saudi Arabia	Mr. Abdulaziz is the Managing Director of International Investments of Aljomaih Group And the Vice-Chairman of Arcapita Bank in Bahrain.
5	Mr. Abdullah Ali Almajdouie	Bachelor Science "King Fahad University for Petroleum & Minerals" (KFUPM)  Master in Business Administration	Mr. Abdullah is the President of Almajdouie Group since 1986. In addition, he is the Chairman of many organizations in Saudi Arabia and UAE.
6	Mr. Adib Abdulla Al-Zamil	Bachelors in Business Administration "Portland State University" USA	Mr. Adib is the Managing Director for Finance and Investments of Zamil Group Holding Company.
7	Mr. Ahmed Rashid Al-Arbeed	Bachelor Degree in Petroleum & Natural Gas Engineering "Pennsylvania State Univ." USA	Mr. Ahmed is the Chief Executive Officer for Dana Gas. He was the Former Chairman and Managing Director, Kuwait Oil Company (KOC), Kuwait Foreign Petroleum Exploration Co. (KUFPEC) and Oil Development Co. (ODC).
8	Mr. Khalid Abdul Rahman Saleh Al-Rajhi	Bachelor Degree in Finance "King Fahd University" Saudi Arabia	Mr. Khalid is the Chief Executive Officer of Al-Rajhi Partners & Al-Rajhi Holdings. In addition, he serves on the Board of several companies.
9	Shaikha Hanadi Nasser Bint Khaled Al Thani	Executive MBA "London Business School"  Bachelors Degree in Economics "Qatar University"  Masters Degree in Economics "University of London"	Shaikha Hanadi is the Founder and Chairperson of AMWAL, Al Waab City and Nasser Bin Khaled Al Thani & Sons Group.  In addition, she serves on the Board of several companies.



10	Mr. Majid Hamid Jafar	<p>Bachelor and Master Degrees in Engineering (Fluid Mechanics and Thermodynamics) "Cambridge University" UK</p> <p>MA (with distinction) in International Studies and Diplomacy from "University of London's School" of Oriental &amp; African Studies</p> <p>MBA (with distinction) from "Harvard Business School" USA</p>	<p>Mr. Majid is the Chief Executive Officer, Crescent Petroleum, Sharjah and Vice Chairman of Crescent Group of companies.</p> <p>Mr. Majid worked earlier at Shell International Exploration and production sectors and gas and power in London within the international group of LNG. In addition to his contribution at the Royal Institute of international affairs in London.</p>
11	Mr. Nasser Al-Nowais	<p>Bachelor Degree in Business &amp; Public Administration "New York University" USA</p>	<p>Mr. Nasser is the Managing Director, Abu Dhabi Trade Center and the Chairman of Rotana Hotel Management Corp Ltd.</p> <p>He served as Former Under-Secretary of Finance and Director of the Abu Dhabi Development Fund.</p>
12	Mr. Mohammed Al-Zubair	<p>BA in Business Administration "University of Colorado" USA</p>	<p>Mr. Mohammed is the Chairman of The Zubair Corporation in Sultanate of Oman and the Chairman of Oman Arab Bank.</p> <p>He was the Deputy Chairman of the Oman Business Council and member of its founding Directors. He was Director at Oman International Development and Investment Company SAOG (OMNIVEST) and at the Capital Market Authority.</p>
13	Mr. Said Arrata	<p>B.Sc. in Petroleum Engineering "North America Universities"</p>	<p>Mr. Said 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 was the CEO of Centurion Energy International and the Executive Manager of Fuel X Energy and Deep Well Oil and Gas.</p>
14	Dr. Tawfeeq Abdulrahman Almoayed	<p>Bachelor Degree in Electrical Engineering with Honors</p> <p>PHD in Telecommunications "London University"</p> <p>Fellowship of the Institute of Engineering and Technology of the UK</p>	<p>Dr. Tawfeeq is the Chairman of T A Almoayed and Sons WLL and the Director of Bahrain Philanthropic Society. He was the First Deputy Chairman of Bahrain Telecommunications Co. (BATELCO) and Executive Committee Member. He was also the Founding Chairman and the Managing Director of Gulf Petro-Chemical Industries Company.</p>

15	Mr. Varoujan Nerguizian	Sciences Economiques "Universite' Saint-Joseph" Lebanon	Mr. Varouj is the Executive Director and General Manager of Bank of Sharjah. He is also the Chairman and General Manager of Emirates Lebanon Bank SAL, Lebanon. 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.
16	Mr. Ziad Abdullah Ibrahim Galadari	BA in Law "UAE University"	Mr. Ziad is the Founder & Chairman of Galadari & Associates. He is also the Chairman of Group Galadari Investments and the Supreme Committee for Dubai International Arabian Horse and Equestrian and Jebel Ali Equestrian and Race Federation.
17	Mr. Rashid Saif Al Jarwan	Bachelor Degree in Petroleum & Natural Gas Engineering "Pennsylvania State Univ." USA	Mr. Rashid is the Executive Director of Dana Gas. He was the General Manager for Dana Gas for 3 years and Adgas for 8 years. 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.

### 3.2 Membership of Boards of Directors in other companies

Dana Gas Board of Directors consists of leading businessmen who are members of leading companies, banks and business institutions.

SN	Directors	Directorship in other companies
1	Mr. Hamid Dhiya Jafar	<ul style="list-style-type: none"> <li>-Chairman, Crescent Petroleum Group of Companies</li> <li>-Chairman, Gulfainer Ltd.</li> <li>-Chairman of the Board of Governors of "Pearl Initiative" (in cooperation with the United Nations)</li> <li>-Founding Shareholder of Abraaj Capital</li> <li>-Director, URUK Group</li> <li>-Founder, UAE Chapters of the Young Presidents Organization and the World Presidents Organization</li> <li>-Member, International Chief Executives Organization</li> <li>-Member of the Board of Trustees, American University of Sharjah</li> <li>-Chairman of the Finance Committee, American University of Sharjah</li> </ul>



2	Dr. Adel Khalid Al-Sabeeh	<ul style="list-style-type: none"> <li>-Chairman, Proclad Group International Ltd. (subsidiary of National Industry Group)</li> <li>-Chairman, NIC, UK</li> <li>-Chairman, Kuwait Petroleum Corporation</li> <li>-Deputy Chairman, Ikarus Petroleum Industries Company, Kuwait</li> <li>-Board Member, Higher Planning Board, Kuwait</li> <li>-Member, Kuwait Foundations of Advancement of Science, Kuwait</li> </ul>
3	Shaikh Sultan Bin Ahmed Sultan Al-Qasimi	<ul style="list-style-type: none"> <li>-Deputy Chairman, Sharjah Petroleum Council</li> <li>-Deputy Chairman, Sharjah Equestrian &amp; Racing Club</li> <li>-Chairman, Sharjah Pipeline Company (Anabeeb)</li> <li>-Deputy Chairman, Sharjah LPG Co.</li> <li>-Chairman, Basma Group</li> <li>-Chairman, Green Plant LLC</li> <li>-Chairman, Sharjah Commerce and Tourism Development Authority</li> <li>-Chairman, Sharjah Media Corporation</li> <li>-Member of Sharjah Executive Council</li> <li>-Chairman of the Medical Waste Co. (WEKAYA) LLC</li> <li>-Chairman, Sharjah National Oil Company</li> </ul>
4	Mr. Abdulaziz Hamad Aljomaih	<ul style="list-style-type: none"> <li>-Managing Director, International Investments of Aljomaih Group</li> <li>-Vice-Chairman, Arcapita Bank, Bahrain</li> <li>-Director, Ettihad Etisalat Company, KSA</li> <li>-Managing Director, Pergola Holding &amp; its subsidiaries</li> <li>-Director, Pearl Initiative (A United Nations Initiative), UAE</li> </ul>
5	Mr. Abdullah Ali Almajdouie	<ul style="list-style-type: none"> <li>-Vice Chairman, Almajdouie Group</li> <li>-Chairman, Almajdouie Heavy Lift Co., Bahrain</li> <li>-Chairman, Almajdouie De Rijke Logistic Co.</li> <li>-Chairman, Rabigh Petrochemical Logistic LLC</li> <li>-Chairman, Star Marines Services, Dubai</li> <li>-Director, Arbah Capital Investment Company</li> <li>-Director, Prince Mohammed Bin Fahad University</li> <li>-Director, Makhazen Co., Abu Dhabi</li> <li>-Consulting Member, Tharawat, Dubai</li> </ul>
6	Mr. Adib Abdulla Al-Zamil	<ul style="list-style-type: none"> <li>-Director, Zamil Group Holding Company</li> <li>-Director, Zamil Industrial and Investment Company (ZIIC)</li> <li>-Director, Bank Al-Bilad (Saudi Joint Stock Company)</li> <li>-Director, Jadwa Investments</li> <li>-Director, Methanol Chemical Co. Ltd (CHEMANOL)</li> </ul>
7	Mr. Ahmed Rashid Al-Arbeed	<ul style="list-style-type: none"> <li>-Director, Kuwait Petroleum Corporation</li> <li>-Member, Kuwait Engineering Society and Society of Petroleum Engineers in USA, Association of International Petroleum Negotiators</li> </ul>
8	Mr. Khalid Abdul Rahman Saleh Al-Rajhi	<ul style="list-style-type: none"> <li>-CEO, Al Rajhi Partners &amp; Al-Rajhi Holdings</li> <li>-Chairman, Procure Hospitals</li> <li>-Chairman, Al-Salam Schools</li> <li>-Director, Saudi Telecom Company</li> </ul>

		<ul style="list-style-type: none"> <li>-Director, Saudi Cement Company</li> <li>-Director, Walaa Insurance Company</li> <li>-Director, Takweens Advance Industries</li> <li>-Director, The Research &amp; Scientific Programs Fund (KFUPM)</li> <li>-Member, The Higher Consul, Eastern Province (Governmental Sector)</li> <li>-Member, The Prisoners Affairs Committee (Governmental Sector)</li> <li>-Member, The "UN Pearl Initiative Program"</li> </ul>
9	Shaikha Hanadi Nasser Bint Khaled Al Thani	<ul style="list-style-type: none"> <li>-Founder and Chairperson, AMWAL, Qatar</li> <li>-CEO, Al-Waab City Real Estate Development Project, Qatar</li> <li>-Deputy CEO, Nasser Bin Khaled Al Thani &amp; Sons Group, Qatar</li> <li>-Board of Trustee, Arab Women's International Forum</li> <li>-Board of Trustee, College of Business and Economics, Qatar University</li> <li>-Member, Advisory Board of The Arab Business Angels Network (ABAN)</li> <li>-Founding member, Qatar National Competitiveness Council</li> <li>-Chairperson, INJAZ Qatar</li> <li>-Board Member, INJAZ AL-ARAB</li> </ul>
10	Mr. Majid Hamid Jafar	<ul style="list-style-type: none"> <li>-Board Member, Arab Forum for Environment and Development (AFED)</li> <li>-Board Member, Sharjah Chamber of Commerce</li> <li>-Board Member, Sharjah Expo</li> <li>-Board Member, Iraqi-British Friendship Society</li> <li>-Board Member, the New Leaders of International Institute of Education (IIE)</li> <li>-Board Member, the Royal Institute for International Affairs in London</li> <li>-Member, the Young Arab Leaders (YAL)</li> <li>-Accredited Director, the Institute of Directors (IoD Mudara)</li> </ul>
11	Mr. Nasser Al-Nowais	<ul style="list-style-type: none"> <li>-Managing Director, Abu Dhabi Trade Center</li> <li>-Board Member, Abu Dhabi Council for Economic Development</li> <li>-Chairman, Aswaq Management &amp; Services</li> <li>-Chairman, Rotana Hotel Management Corp Ltd.</li> </ul>
12	Mr. Mohammed Al-Zubair	<ul style="list-style-type: none"> <li>-Chairman, The Zubair Corporation ("Z-Corp"), Sultanate of Oman</li> <li>-Chairman, Oman Arab Bank</li> <li>-Vice Chairman, Barr Al Jissah Resort Co. SAOC</li> </ul>
13	Mr. Said Arrata	<ul style="list-style-type: none"> <li>-Chairman and Chief Executive Officer, Sea Dragon Energy in Canada</li> </ul>
14	Dr. Tawfeeq Abdulrahman Almoayed	<ul style="list-style-type: none"> <li>-Chairman, TA Almoayed and Sons WLL</li> <li>-Director, Bahrain Philanthropic Society</li> <li>-Founding Chairman &amp; Managing Director, Gulf Petro-Chemical Industries Co.</li> <li>-Vice Chairman, A.K. Almoayed Group WLL</li> <li>-Chairman, Almoayed Wilhelmsen Ltd.</li> <li>-Member, British Institution of Engineering and Technology</li> <li>-Former First Deputy Chairman, Bahrain Telecommunications Co. (BATELCO) and Executive Committee Member</li> </ul>



15	Mr. Varoujan Nerguizian	<ul style="list-style-type: none"> <li>-Executive Director and General Manager, Bank of Sharjah</li> <li>-Chairman and General Manager, Emirates Lebanon Bank SAL, Lebanon</li> <li>-Director, Growthgate PEF</li> <li>-Founding Member and Chairman, Lebanese Educational Fund SA</li> <li>-Founding Member and Chairman, Lycee' Libanais Francophone Prive, Dubai</li> </ul>
16	Mr. Ziad Abdullah Ibrahim Galadari	<ul style="list-style-type: none"> <li>-Founder &amp; Chairman, Galadari &amp; Associates</li> <li>-Chairman, Galadari Investments Group</li> <li>-Chairman, Dubai International Arabian Horse Championship and Jebel Ali Race Course Council</li> <li>-Vice-Chairman, UAE Equestrian and Racing Federation</li> <li>-Director, Dubai World Trade Centre</li> <li>-Director, DU Telecommunications Services</li> </ul>
17	Mr. Rashid Saif Al Jarwan	<ul style="list-style-type: none"> <li>-Board Member, Emirates General Petroleum Corporation (EMARAT)</li> <li>-Board Member, Oman Insurance Company</li> </ul>

### 3.3 Directors' Remuneration

The directors receive an annual payment in addition to an attendance fee. The Corporate Governance and Remuneration Committee propose the annual directors' remuneration and if it is endorsed by the Board, it will be submitted to the General Assembly for approval. Directors' remuneration is disclosed in the annual financial statements of the company. The Executive Directors are not entitled to any directors' remuneration.

The following table shows the remuneration and attendance allowances for the members of Board of Directors and Committees during the fiscal year of 2011.

Board Member	Board Meetings	Corporate Governance & Remuneration Committee	Audit & Compliance Committee	Board Steering Committee	Total
HH Sheikh Ahmed bin Sultan Al-Qasimi	500,000				500,000
Mr. Hamid Dhiya Jafar	500,000			100,000	600,000
Dr. Adel Khalid Al-Sabeeh	500,000			75,000	575,000
Sheikh Sultan bin Ahmed bin Sultan Al-Qasimi	500,000		75,000		575,000
Mr. Abdulaziz Hamad Aljomaih	500,000		75,000		575,000
Mr. Adib Abdullah Al-Zamil	500,000	75,000			575,000
Mr. Ahmed Rashid Al-Arbeed	0	0	0	0	0
Mr. Khalid Abdul Rahman Saleh Al-Rajhi	500,000		75,000		575,000
Sheikha Hanadi Al Thani	500,000	75,000			575,000
Mr. Majid Hamid Jafar	500,000	75,000			575,000
Mr. Rashad Mohammed Al-Zubair	500,000	75,000			575,000
Dr. Tawfeeq Abdulrahman Almoayed	500,000	100,000		75,000	675,000
Mr. Varoujan Nerguizian	500,000		100,000	75,000	675,000
Mr. Ziad Abdulla Ibrahim Galadari	500,000	75,000		75,000	650,000
Mr. Said Arrata	500,000	75,000		75,000	650,000
Mr. Rashid Al Jarwan	0				0
Mr. Abdullah Al-Majdouie	500,000		75,000		575,000
Mr. Nasser Al Nowais	500,000		75,000		575,000
<b>Total</b>	<b>8,000,000</b>	<b>550,000</b>	<b>475,000</b>	<b>475,000</b>	<b>9,500,000</b>



### 3.4 Board of Directors' Meetings

According to the company's Articles of Association, the Board of Directors meets every 3 months in compliance with the Corporate Governance Regulations. The Board of Directors met five (5) times during the year 2010 in the following dates:

23 February, 20 April, 6 July, 28 September and 22 November.

<b>Board of Directors' Meetings during 2011</b>					
<b>Board Members</b>	23 February	20 April	6 July	28 Sept.	22 Nov.
Mr. Hamid Dhiya Jafar, Chairman	✓	✓	✓	✓	✓
Dr. Adel Khalid Al-Sabeeh, Vice Chairman	✓	✓	✓	✓	✓
Shaikh Sultan Bin Ahmed Sultan Al-Qasimi	✓	✓	X	X	X
Mr. Abdulaziz Hamad Aljomaih	✓	✓	X	X	X
Mr. Abdullah Ali Almajdouie	✓	✓	X	✓	X
Mr. Adib Abdulla Al-Zamil	✓	✓	X	✓	X
Mr. Ahmed Rashid Al-Arbeed	✓	✓	✓	✓	✓
Mr. Khalid Abdul Rahman Saleh Al-Rajhi	✓	✓	X	X	X
Shaikha Hanadi Nasser Bint Khaled Al Thani	✓	X	✓	✓	X
Mr. Majid Hamid Jafar	✓	✓	✓	✓	✓
Mr. Nasser Al-Nowais	✓	✓	X	✓	✓
Mr. Mohammed Al-Zubair	X	✓	X	✓	✓
Mr. Said Arrata	✓	X	X	✓	X
Dr. Tawfeeq Abdulrahman Almoayed	✓	✓	✓	X	X
Mr. Varoujan Nerguizian	✓	✓	✓	✓	✓
Mr. Ziad Abdullah Ibrahim Galadari	✓	✓	✓	✓	✓
Mr. Rashid Saif Al Jarwan	✓	✓	✓	✓	✓

### 3.5 Functions delegated by the Board of Directors to the Executive Management

1. Management of the business of the company and its day to day administration to achieve company's strategies and to execute the policies and plans laid down by the Board of Directors;
2. To provide the Board of Directors through accurate periodical reports about the financial position of the company, its business, actions taken to manage risks and internal control operations;
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. Submit studies and recommendations relating to business development and investment opportunities;
5. To provide regulatory bodies (Ministry of Economy, Securities and Commodities Authority, Abu Dhabi Stock Market) with information, statements and documents as required in accordance with applicable laws, rules and regulations.

### 3.6 Details of Senior Executives in the company

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

Full Name	Job Title	Date of Joining	Total remuneration & bonus
Mr. Ahmed Al Arbeed	Chief Executive Officer	2-Jan-2008	5,731,440
Mr. Rashed Saif Al Jarwan	Executive Director	1-Feb-2006	1,648,716
<b>TOTAL</b>			<b>7,380,156</b>

### 3.7 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>2011</u>		<u>2010</u>	
	<u>Revenues</u>	<u>Fees for Management Svcs</u>	<u>Revenues</u>	<u>Fees for Management Svcs</u>
	USD mm	USD mm	USD mm	USD mm
Joint ventures	1	-	1	-
Major Shareholders	-	1	-	-
	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>-</u></u>



#### 4. External Auditors

##### a. Brief Summary on External Auditors

The Annual General Assembly appoints the external auditors on an annual basis. The Annual General Meeting held in April 2011 re-appointed Ernst & Young as external auditors for the company's financial accounts for the year 2011. Ernst & Young is one of the top four professional services firms in the world with a network of 144,000 practitioners in more than 700 locations worldwide. It is an independent professional firm, which has been present in the region since 1923 and is a member firm of Ernst & Young Global.

Today, they have over than 4,100 professionals, out of 18 offices in 14 countries in the Middle East. A significant number of these staff, including partners, is bilingual in Arabic and English. The practice's industry specialties include Financial / Banking, Oil and Gas sectors, Technology and Communications, Healthcare, Manufacturing and Industrial services, Infrastructure & PPP services, Hotel and Leisure, Consumer's products and allied sectors. Its major clients include government ministries, major oil companies in the public as well as private sectors, airlines, central banks, and major financial institutions

##### b. External Auditors' Fees

The external auditors' fees are disclosed in the annual financial statements. The statutory fees for 2011 amounted to AED 350,000.

#### 5. The Audit and Compliance Committee

The Audit and Compliance Committee consists of the following members:

Members of the Committee	Title
1. Mr. Varoujan Nerguizian	Chair-Independent Director
2. Shaikh Sultan Bin Ahmed Sultan Al-Qasimi	Non-Executive Member
3. Mr. Abdulaziz Hamad Aljomaih	Independent Director
4. Mr. Abdullah Ali Almajdouie	Independent Director
5. Mr. Khalid Abdul Rahman Saleh Al-Rajhi	Independent Director
5. Mr. Nasser Al-Nowais	Independent Director

Most of the members of the Audit Committee come from a financial business or banking background and are very familiar with financial and audit operations.

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. The committee exercises the functions prescribed by the Ministerial Resolution No. (518) for the year of 2009 including:

1. Reviewing the quarterly financial statements;
2. Supervising 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;

5. Recommendation of the fees of the company's external auditors;
6. Recommendation relating to the Internal Audit Department's organization plus activities.

The company is examining the relationship and transactions between Dana Gas and the bank presided by the Chair of the Audit and Compliance Committee to ascertain whether these transactions fall within the definition of Independent Director as defined in the Ministerial Resolution No. 518-2009. The company's Legal Advisor will submit a legal opinion on the matter to the Audit and Compliance Committee to enable it to make appropriate recommendations to the Board of Directors in accordance with the requirements of the Ministerial Resolution No. 518-2009.

The Committee held five meetings (5) during 2011 as follows:

<b>Audit &amp; Compliance Meetings in 2011</b>					
<b>Committee Members</b>	30 January	10 May	9 August	27 Sept.	12 Nov.
Mr. Varoujan Nerguizian	✓	✓	✓	✓	✓
Mr. Khalid Al Rajhi	✓	x	x	x	✓
Sheikh Sultan Bin Ahmed Al-Qasimi	x	x	x	x	x
Mr. Abdulaziz Aljomaih	✓	✓	✓	x	✓
Mr. Abdullah Almajdouie	✓	x	✓	✓	✓
Mr. Nasser Al-Nowais	x	x	✓	✓	x

#### **6. Corporate Governance and Remuneration Committee**

The Corporate Governance and Remuneration Committee is composed of the following:

<b>Members of the Committee</b>	<b>Title</b>
1. Dr. Tawfeeq Abdulrahman Almoayed	Chair-Independent Director
2. Mr. Majid Hamid Jafar	Non-Executive Member
3. Shaikha Hanadi Nasser Bint Khaled Al Thani	Independent Director
4. Mr. Said Arrata	Non-Executive Member
5. Mr. Ziad Abdullah Ibrahim Galadari	Independent Director
6. Mr. Adib Abdullah Al-Zamil	Independent Director
7. Mr. Mohammed Al-Zubair	Independent Director

The majority of the members of the Committee including its Chair is independent and is possessed of considerable knowledge and expertise in Corporate Governance, Remuneration and Salaries and Benefits policies.



The Committee ensures the effectiveness of the procedures and processes of the General Assembly and the Board of Directors and assists the Board in relation to the appointment and succession of senior executives, appraisal of executive performance, succession plans, remuneration policies and nominations to the Board of Directors membership as provided by the Ministerial Resolution No. 518-2009.

The Committee exercises the following functions:

1. Establishing remuneration, salary, benefits and incentives policies;
2. Preparation of human resources policies;
3. Recommending corporate governance standards and guidelines and supervising the Board of Directors' procedures and performance;
4. Supervising and reviewing financial disclosure standards;
5. Reviewing directors' remuneration and making appropriate recommendations to the Board;
6. Review and approval of senior employees' succession plans;
7. Ensuring and maintaining good relationships with shareholders, investors and regulators;
8. Conducting and supervising nominations to the Board of Directors.

<b>Corporate Governance and Remuneration Committee Meetings in 2011</b>			
<b>Committee Members</b>	<b>22 February</b>	<b>27 September</b>	<b>21 November</b>
Dr. Tawfeeq Abdulrahman Almoayed	✓	✓	X
Mr. Majid Jafar	✓	✓	✓
Mr. Ziad Galadari	✓	✓	✓
Shaikha Hanadi Nasser Al Thani	✓	✓	✓
Mr. Said Arrata	✓	✓	X
Mr. Ahmed Al Arbeed	✓	✓	✓
Mr. Rashad Al-Zubair	X	X	✓
Mr. Adib Al-Zamil	X	✓	X

## **7. Internal Control System**

The Board of Directors established an Internal Control Department defined with its functions and powers and appointed a manager for the department who reports directly to the Board of Directors in accordance with the following:

1. to assess and scrutinize the various risks facing the company;
2. to prepare a risks register to be updated quarterly and annually;
3. to prepare an 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. to ensure availability of resources to carry out audit work and internal audit plan; and to implement the plan and submit a periodical report to the Board of Directors and to the Audit Committee with its observations and the actions taken by the Executive Management with respect to them.

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 Department audits the internal control systems in the company and their subsidiaries and affiliates that own a significant share at Dana Gas. The Department has the full power to obtain information about those companies from any of its employees and its various departments at group level.

The Internal Audit 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 confirmation and advisory work. It also includes a specific oversight work scope with its timeline.

#### **8. Compliance during 2011**

The company has only one fine during the fiscal year of 2011 concerning the delay in the disclosure date of the Board of Directors' Meeting dated 23 February 2011 to the Securities & Commodities Authority and ADX for a period of two days.

#### **9. Corporate Social Responsibility**

Dana Gas' corporate social responsibility activities span in the countries where we operate. From the outset, the company's objective has been to lay an active role and development and support of local communities. Dana Gas has currently 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.

<b>The Company's Corporate Social Responsibility during the year 2011</b>		
<b>Institution</b>	<b>Purpose</b>	<b>Activity</b>
The American University in Sharjah	Educational	Educational Research
Al Qasba, Sharjah	Relations	Sharjah Logos
Sharjah Chamber of Commerce & Tourism	Relations	Sharjah Light Festival
The American University in Sharjah	Educational	Dana Gas Excellence Award
Khorfakan Club for Handicapped	Humanitarian	Handicapped Publication Advertisement
Sharjah Police-Amiri Guard Unit	Relations	Al Amiri Magazine
Sharjah Chamber of Commerce	Relations	GCC Business Forum
Sharjah Commerce & Tourism Dvlpt Authority	Environment	Bu Na'eer Traditional Festival
Economic Development Department	Relations	Economic Development Activities
Emirates Association of Blind	Humanitarian	Sight Me Conference & Exhibition
Higher Colleges of Technology	Entrepreneurship	Youth at the Crossroads
The UAE Board on books for Young People	Educational	Printing Young People Books
Handicapped Guardian's Association	Humanitarian	Handicapped Youth Event
Ministry of Foreign Trade	Relations	Annual International Business Award
Civil Defense	Environment	1 <sup>st</sup> GCC Safety Conference in Industrial Areas
Int'l Wheelchair & Amputee Sports (IWAS)	Humanitarian	2011 World Games



10. **General Information**

a. Schedule of share price in the market

Dana Gas Share Price (AED) – 2011			
	High	Low	Month-End
January	0.79	0.64	0.64
February	0.70	0.60	0.60
March	0.65	0.58	0.65
April	0.71	0.65	0.68
May	0.69	0.63	0.64
June	0.65	0.59	0.61
July	0.63	0.59	0.62
August	0.62	0.54	0.57
September	0.57	0.55	0.55
October	0.54	0.52	0.54
November	0.57	0.51	0.52
December	0.52	0.44	0.45

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

Date	ADX Index	DG Price	Energy Index
January	2,701.34	0.45	167.12
February	2,656.26	0.52	155.16
March	2,603.56	0.54	153.97
April	2,660.52	0.55	166.36
May	2,655.37	0.57	1364.06
June	2,711.98	0.62	1412.29
July	2,696.07	0.61	1414.8
August	2,601.89	0.64	1337.54
September	2,571.40	0.68	1329.44
October	2,478.61	0.65	1264.64
November	2,460.94	0.60	1301.96
December	2,409.80	0.64	1272.15

c. Statement of Shareholders' ownership as of 31/12/2011

Type	No. of Investors	Holdings	Percentage
UAE	84,605	2,449,909,204	37.11%
GCC	152,458	1,909,361,173	28.92%
Arab	5,269	307,427,998	4.66%
Others	4,744	1,935,302,925	29.31%
<b>TOTAL</b>	<b>247,076</b>	<b>6,602,001,300</b>	<b>100 %</b>

Type	No. of Investors	Holdings	Percentage
Individuals	245,937	2,702,499,877	40.94 %
Companies	1,124	3,575,468,883	54.16 %
Governments	15	324,032,540	4.9 %
<b>TOTAL</b>	<b>247,076</b>	<b>6,602,001,300</b>	<b>100 %</b>

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 2011

1. Dana Gas announced its first discovery in "South Abu El Naga-2" well in Egypt in May 2011.
2. Dana Gas participated and sponsored in the 2<sup>nd</sup> Middle East Prospect Exhibition (MEPEX) in Bahrain in September 2011.
3. Dana Gas participated in the World Economic Forum (WEF) in Jordan in October 2011. The delegation was led by the Chairman of the Board accompanied by the company's senior officials.
4. Dana Gas group production posted 19% rise in production reaching 66,200 barrel of oil equivalent. The gross proved plus probable reserves were 159 million barrel of oil equivalent reaching production replacement ratio of 145%.

Dana Gas is keen to maintain regular contacts with its shareholders through periodical press releases and meetings with groups of shareholders. Information about the company's activities and its financial affairs are available at the company's website [www.danagas.com](http://www.danagas.com)

The Executive Management holds regular meetings with investors, shareholders, financial analysts to review and discuss the company's business activities and financial position. Shareholders are given ample opportunity to ask questions to the Board and to the Executive Management during the meetings of the General Assembly.

  
Hamid Diliya Jafar

Chairman of the Board of Directors



April 11<sup>th</sup>, 2012