ANNUAL REPORT 2012
MOVING ENERGY FORWARD

DONG
energy

MANAGEMENT'S REVIEW

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED NON-FINANCIAL STATEMENTS

PARENT COMPANY FINANCIAL STATEMENTS

MANAGEMENT STATEMENT, INDEPENDENT AUDITOR'S REPORT AND ASSURANCE REPORT

ADDITIONAL INFORMATION

FURTHER INFORMATION

Media Relations
Karsten Anker Petersen
+45 9955 9662
Investor Relations
Allan Bødskov Andersen
+45 9955 9769

www.dongenergy.com

DONG Energy A/S
CVR No. 36213728
Kraftværksvej 53
7000 Fredericia
Denmark
Tel +45 9955 1111

Language

The report has been prepared in Danish and in English. In the event of any discrepancies between the Danish and the English reports, the Danish version shall prevail.

Focused transformation to the sustainable energy system of the future

As Denmark's largest energy company DONG Energy has a vital role to play in keeping the Danes supplied with energy. DONG Energy owns more than one-third of Danish electricity generation capacity (wind and thermal) and produces district heat equivalent to one-third of Denmark's consumption, and more than one-third of Danish households receive their electricity or gas via DONG Energy's supply network. DONG Energy therefore plays an important role when it comes to keeping the wheels of Danish society turning. We are very aware of this responsibility.

The merger in 2006 provided DONG Energy with the firm foundation it needed to be able to compete on equal footing with other large energy companies in the liberalised European energy market. However, it was also clear that the company's earnings base, in the form of the large gas contracts with DUC and generation from power stations, would not be enough to take the company into the next decade. Both the gas and the electricity markets were undergoing major changes, and if Denmark was to continue to have a powerful energy company, new growth areas had to be developed that could provide the company with the necessary competitive edge.

Our strategy has therefore been to develop two strong business arms – offshore wind and oil and gas production – to supplement our Danish supply business. Offshore wind is the fastest-growing renewable energy technology in Europe, and with a share of more than one-third of installed capacity, DONG Energy is an unrivalled market leader. However, oil and gas will remain crucial building blocks for modern society for many years to come, and with increasing global demand for these resources and decreasing European self-sufficiency, DONG Energy aims to continue drawing on its strong expertise to develop oil and gas resources and create value. As a result, DONG Energy now plays a part in supplying energy not only to the Danes, but also to customers and homes across Northern Europe.

Another focus area is increasing the share of sustainable biomass in the generation of electricity and heat by converting Danish power stations that currently use fossil fuels. This will provide more clean energy and by investing in innovation we will develop new technologies for more efficient utilisation of biomass and waste.

In our supply of energy to end customers, enhanced energy efficiency will become an important focus area for DONG Energy in the years ahead. We want to be our business customers' preferred supplier of attractive energy solutions that improve their competitive position and the environment-conscious choice for our residential customers, with the customer experience in focus.

In 2012, DONG Energy faced considerable financial challenges, partly due to a number of structural changes in the gas market, and our full-year result was not satisfactory. The Board of Directors and the Executive Board have therefore taken various steps, in the areas of costs, investments and capital, in order to ensure a return to profitability.

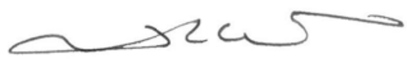
In January 2013, the Danish National Audit Office, Rigsrevisionen, published its report on DONG Energy. The report confirmed, among other things, that DONG Energy's financial position is under pressure, especially in 2012, primarily due to losses in the gas market. The above initiatives are designed to restore the Group's financial capacity.

At the start of March 2012, the Board of Directors let CEO Anders Eldrup go. On 27 August, Henrik Poulsen took up his post as the new CEO.

Together, we look forward to continuing the development of DONG Energy as one of Europe's most progressive energy companies with the potential to make a vital contribution to the sustainable energy system of the future.

On behalf of the Board of Directors, I would like to thank all our employees for their efforts in 2012. It was a turbulent year for DONG Energy, but thanks to the competent and persistent efforts of our committed employees, the Group is on the right track.

27 February 2013



Fritz H. Schur
Chairman of the Board of Directors

One of the leading energy groups in Northern Europe

DONG Energy is one of the leading energy groups in Northern Europe.

Our business is based on procuring, producing, distributing and trading in energy and related products in Northern Europe.

DONG Energy has 7,000 employees and is head-quartered in Denmark.

Owners at 31.12.2012

The Danish State	79.96%
SEAS-NVE Holding	10.88%
Others	9.16%

PERFORMANCE HIGHLIGHTS

		2012	2011	2010
Revenue	DKK million	67,243	56,842	54,616
EBITDA	DKK million	8,632	13,770	14,135
Profit (loss) for the year	DKK million	(4,021)	2,882	4,499
Cash flows from operating activities	DKK million	7,701	12,624	14,214
Net investments	DKK million	(14,642)	(13,060)	(8,530)
Interest-bearing net debt	DKK million	33,494	23,615	22,139
Adjusted net debt / EBITDA	x	4.1	1.9	1.9
Return on capital employed (ROCE)	%	(7.4)	5.7	9.6
CO_2 emissions per energy unit generated	g/kWh	443	486	524
Lost time injury frequency (LTIF)	per one million hours worked	3.6	4.1	4.6

Note: All the Group's performance highlights are set out on pages 15-16.

	EXPLORATION & PRODUCTION	WIND POWER	THERMAL POWER	ENERGY MARKETS	SALES & DISTRIBUTION
Revenue, DKK billion (%)[1,2]	11.9 (14%)	7.8 (9%)	9.0 (10%)	41.4 (47%)	17.1 (20%)
EBITDA, DKK billion (%)[1]	6.6 (76%)	2.5 (29%)	2.1 (24%)	-4.6 (-53%)	2.1 (24%)
Gross investments, DKK billion (%)[1]	5.1 (26%)	12.7 (65%)	0.3 (2%)	0.3 (1%)	1.2 (6%)
Employees, FTE (%)[1]	762 (11%)	1,951 (28%)	1,116 (16%)	324 (5%)	1,517 (22%)
Core activities	Oil and gas exploration and production	Development, construction and operation of offshore wind farms	Electricity and heat generation from power stations	Optimisation and hedging of energy portfolio, including wholesale trading in gas and electricity	Sales and distribution of electricity and gas
Market position	• Geographically concentrated positions in North West Europe • Favourable access to infrastructure • One of the largest E&P companies in DK • Among top ten E&P companies in Norway • Leading exploration company in West of Shetland (UK)	• Market leader in offshore wind, has built 38% of European capacity • Strong pipeline of projects in lead-up to 2020	• 48% of available thermal generation capacity in Denmark • Generates one-third of Danish district heat consumption	• Leading wholesale seller of electricity and gas in Denmark • Electricity and gas positions in the UK, Germany and the Netherlands	• Leading Danish electricity and gas distributor with market shares of 27% and 28% respectively • Retail sales in Denmark, Sweden, the Netherlands and the UK
Business drivers	• Oil and gas prices • Expenditure on oil and gas finds • Retention of high uptime for plants • Development in underlying cost level in supplier industry	• Wind conditions • Availability • Electricity prices and subsidies • Industrialisation and maturing of value chain • Securing supplies via framework agreements and partnerships • Partnerships with industrial and financial investors	• Development in electricity prices, primarily Nord Pool • Development in fuel and CO_2 prices • The market's need for flexibility • Regulatory framework conditions	• Development in energy prices • Seasonal fluctuations in gas prices • Market liquidity • Renegotiation of long-term gas contracts	• Distribution tariffs (regulated) • Development in electricity and gas margins • Ensuring cost efficiency • Ensuring security of supply • Delivering customer service
ROCE targets	• 2016: > 20% • 2020: > 20%	• 2016: 6-8% • 2020: 12-14%			• 2016: 7-9% • 2020: 7-9%
Strategic targets for 2020	• Oil and gas production: 150,000 boe/day • Reserves replacement: R/P ratio ≥ 10	• Installed offshore wind capacity (before divestments): 6.5 GW • Reducing offshore wind Cost of Energy to below EUR 100/MWh[3]	• Among the best in Europe in terms of flexible and efficient operation of power stations • Biomass share of electricity and heat generation in Denmark: 50%	• Among the best in Europe in terms of handling energy exposures with the aim of creating value and mitigating risks	• Retaining high security of supply (electricity) • 1st quartile on customer satisfaction • Quadrupling energy savings among Danish customers

[1] The percentages indicate the proportion of the Group that each business unit represented in 2012.
[2] Intragroup revenue means that the business units' combined revenue exceeds consolidated revenue.
[3] Cost to society based on projects in the UK where investment decisions will be made in 2020.

Q1

23 February

Divestment of 50% of Borkum Riffgrund 1 offshore wind farm to KIRKBI and the Oticon Foundation

50% of the German offshore wind farm Borkum Riffgrund 1 was sold for DKK 4.7 billion. The farm is under construction and will consist of 77 3.6 MW wind turbines.

27 February

Development of the Hejre field in the Danish North Sea

DONG Energy and Bayerngas decided to develop the Hejre field. DONG Energy is the operator and has a 60% stake in the field, while Bayerngas owns 40%. DONG Energy's share of the investment is DKK 7.3 billion.

12 March

CEO steps down

Anders Eldrup resigned from his role of CEO.

21 March

Development of Round 3 project in the Irish Sea

Centrica and DONG Energy formed a joint venture to co-develop offshore wind farms in the Round 3 Irish Sea Zone, which has a potential capacity of 4.2 GW.

23 March

New jack-up vessel for offshore wind turbines

A2SEA, owned 51% by DONG Energy and 49% by Siemens Wind Power, signed a contract for a new vessel designed to install offshore wind turbines. The new jack-up vessel is scheduled for delivery in 2014. The contract has a value of DKK 890 million.

Q2

18 April

New CEO

Henrik Poulsen was appointed as the new CEO. He took up his post on 27 August 2012, joining from TDC, where he was CEO.

Q3

19 July

Framework agreement on 6 MW offshore wind turbines

DONG Energy and Siemens Energy signed a framework agreement on the supply and servicing of a total of 300 offshore wind turbines of 6 MW each. The turbines will be installed at offshore wind farms in the UK in 2014-2017.

14 August

Acquisition of three German offshore wind development projects

DONG Energy acquired Gode Wind 1, 2 and 3 from PNE Wind AG. The projects have a total capacity of up to 900 MW and are located in the German North Sea.

Q4

24 October

DONG Energy's S&P rating downgraded to BBB+

Standard & Poor's (S&P) lowered DONG Energy's rating to 'BBB+' with a negative outlook from 'A-' as a consequence of the challenging gas and electricity markets.

1 November

Efficiency plan

DONG Energy announced an efficiency plan to improve its earnings capacity and enhance its capital structure. The plan entails cost cuts of DKK 1 billion annually from 2013, partly by cutting 625 jobs. DONG Energy also expects to make divestments to a value of DKK 10 billion in 2013-2014.

6 November

Two new Executive Vice Presidents

Samuel Leupold was appointed as new Executive Vice President of Wind Power. He comes from the position as Executive Vice President with the Swiss energy company BKW FMB Energie. In Energy Markets, Morten Hultberg Buchgreitz, until then Senior Vice President of Group Treasury & Risk Management and, since March 2012, Acting Deputy Executive Vice President of Wind Power, was appointed as new Executive Vice President. They will both take up their new posts on 4 March 2013.

A complete list of company announcements can be found on page 108.

Strategic transformation and focused growth

DONG Energy's financial results for 2012 are not satisfactory. This was primarily due to earnings in Energy Markets being substantially lower than assumed, and we had to make provisions for onerous contracts on gas storage facilities and LNG capacity and write down the value of our gas-fired power stations in the Netherlands and the UK. The situation reflects excess capacity, low coal and CO_2 prices and a negative trend in key margins in the European gas market - issues that most European energy groups have been struggling with in recent years.

The challenges were aggravated by production problems at some of our oil and gas fields and late start-up of operation of new wind assets. Because earnings did not develop as planned - coupled with the fact that our business is in the middle of an investment-intensive transformation - we did not achieve the financial objective we have for our debt/earnings ratio in 2012. The unsatisfactory results and the fact that many of our investments in new oil and gas fields and offshore wind farms are not yet operational and therefore have yet to contribute earnings also mean that we did not deliver a sufficiently high return on capital employed.

DONG Energy has therefore put in place an extensive financial action plan that is to restore a robust financial platform for the Group's continued growth and strategic transformation. The plan for 2013 and 2014 is five-pronged:

- Divestment of non-core assets for DKK 10 billion
- Reduction of ownership interests in core activities
- Cost reductions with effect of DKK 1.2 billion in 2013
- Restructuring of the loss-making gas business
- Injection of additional equity of at least DKK 6-8 billion

Coupled with earnings from new assets that will become operational, including three new offshore wind farms in 2013, the plan will enhance the Group's capital structure and return on capital employed.

DONG Energy must have a sharp focus on financial value creation in order to be able to continue its ambitious growth strategy and transformation to green energy. Going forward, the Group will therefore adopt return on capital employed (ROCE) as its core financial target. At the latest from 2016 onwards, the return must be at least 10%.

Focused strategic transformation and growth

DONG Energy is involved in a long-term transformation of its operations. Energy Markets and the power stations, which historically speaking provided a considerable part of the Group's earnings, have been under pressure in recent years as a result of structural changes in the European energy market. Our strategy has therefore been to develop two new business areas – offshore wind and oil and gas production – that would be able to create a robust and expanding basis for the Group's activities. Our aim has been to develop DONG Energy from a predominantly Danish utility into a Northern European energy group with the expertise and financial capacity to develop the energy system in a green direction while still contributing to a high degree of security of supply and a competitive return on capital employed.

The Group's strategy for the years up to 2020 is to continue this transformation of the business by continuing to focus on four areas:

1. Offshore wind, where DONG Energy is the global market leader
2. Oil and gas exploration and production, where the Group has a strong regional position in North West Europe
3. Efficient, flexible and biomass-based power station operation, where DONG Energy is among the leaders in Europe
4. Smart and energy-efficient customer solutions that provide high satisfaction.

Within these four priority areas, we will invest in continued innovation and developing our processes and technologies. The four main strategic benchmarks for the Group's development in the period up to 2020 will therefore be:

- Quadrupling installed offshore wind capacity
- Doubling oil and gas production
- Doubling the biomass share in generation from Danish power stations
- Quadrupling energy savings among Danish customers

The investments in the further development of offshore wind and oil and gas production will be the key growth drivers for the Group and make up the bulk of our overall capital expenditure. In the field of green production technologies – offshore wind and biomass – we will strive to be among the global leaders, while in oil and gas we intend to further strengthen our regional market position. Our investments will remain concentrated in Denmark, the UK, Norway and Germany, with France as a possible new market.

Our Danish and international energy supply business, which currently supplies energy to more than 1.1 million customers, will also be an important part of DONG Energy's future business. Our aim is to offer efficient and smart solutions that will reduce the energy consumption and improve the competitive position of our business customers and to enable our residential customers to live a modern, environment-conscious life. We will work purposefully to develop our customers' service experience and ensure that we maintain a high security of supply via our supply network.

We will pursue these goals because we are convinced that we can generate growth and financial value and point the way to significantly lower CO_2 emissions while at the same time enhancing our competitiveness.

The ongoing focusing of DONG Energy's business means that we will no longer be investing in areas such as waste-based power stations, gas-fired power stations, LNG, gas storage facilities, hydro power, electric cars or onshore wind.

Priorities for the business units

DONG Energy's business units will all play important roles in the implementation of our strategy. For each unit, ambitions and priorities have been defined for the coming years:

Exploration & Production

→ Regional position of strength → Growth and value creation
- Optimise production at existing fields, partly via satellite development
- Develop new production from Hejre (Denmark) and West of Shetland (UK)
- Escalate investments in exploration to secure long-term reserves
- Complete repair work to Siri platform

Wind Power

→ Market leadership → Growth and value creation
- Improve efficiency of and standardise operation of offshore wind farms
- Mature and build strong pipeline of new wind projects
- Reduce Cost of Energy via industrialisation of value chain and technological development
- Further develop industrial and financial partnerships

Thermal Power

→ Leader in biomass-to-energy → Solid, positive cash flow
- Develop position as one of Europe's most efficient power station businesses
- Convert Danish power stations to biomass
- Provide flexible back-up capacity to the Danish energy system
- Commercialise new, innovative biotechnologies such as Inbicon, REnescience and Pyroneer

Sales & Distribution

→ Energy efficiency and high customer satisfaction → Stable, regulated return
- Maintain high security of supply and develop intelligent grid
- Increase sale of energy solutions and climate partnerships
- Further enhance product and service experience for consumers
- Strengthen product platform, synergies and earnings in the UK and the Netherlands

Energy Markets

→ Efficient market unit → Financial turnaround
- Optimise DONG Energy's energy flows and mitigate market risks
- Renegotiate long-term gas contracts to eliminate losses
- Maximise value of gas-fired power stations, gas storage facilities and LNG activities
- Enhance earnings within wholesale gas sales

The strategy and priorities are underpinned by specific targets as illustrated in the table. Financial value creation, employee safety and customer satisfaction must be improved at the same time as the long-term transformation to more green energy is implemented. The strategy means that we will accelerate the green conversion of electricity and heat generation so that the target is now a 60% reduction of our CO_2 emissions by 2020 compared with our original target of 50% relative to our emissions in 2006.

DONG Energy's leading market positions have been achieved by committed and talented employees who, especially in a demanding year like 2012, have shown great fighting spirit and the ability to deal with turbulent times without losing sight of the goal. In order to improve our competitive position we will continue to invest in the safety, job satisfaction and skills of our employees.

Likewise, we will continue the digitisation of our work processes and interfaces with customers and partners. Flexible, scalable IT platforms will be vital in the continued development of DONG Energy.

International energy group with strong Danish roots

In a broader economic perspective, DONG Energy's continued investments in maintaining a global leadership position in offshore wind will be a cornerstone in the development of the Danish wind industry. Offshore wind is the fastest-growing renewable energy technology in Europe, and with a share of more than one-third of installed capacity, DONG Energy is an unrivalled market leader. The market is expected to grow substantially in the period leading up to 2020, and it is our aim to maintain our leadership position by developing our processes and technology and making targeted investments.

With a strong presence in the most active oil and gas development licences in the Danish sector of the North Sea, DONG Energy will continue to be a driving force in the development of these valuable resources for Danish society. The expansion of our E&P business across our geographical focus area from an output of 78,000 boe/day in 2012 to 150,000 boe/day in 2020 will enhance the robustness of our portfolio, helping to ensure that DONG Energy can continue to play an important role in Danish and European energy supply.

DONG Energy will remain a market leader in the transformation of the energy system towards more renewable and sustainable energy. We are not pursuing this vision with the sole aim of becoming greener, but because we are strongly competitive and can create financial value in these areas.

The strategic direction and the benchmarks that we have mapped out for the period leading up to 2020 are designed to secure DONG Energy's role as a market-leading, innovative and value-creating Northern European energy group.

Henrik Poulsen
CEO

Strategic targets	2012	Target in 2016	Target in 2020
Return on capital employed (ROCE)	(7.4%)	> 10%	> 12%
EBITDA	DKK 8.6 bn	DKK ~20 bn	
Adjusted net debt / EBITDA	4.1	< 2.5	< 2.5
Minimum rating	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1
CO_2 emissions	443 g/kWh	350 g/kWh	260 g/kWh
Lost time injury frequency (LTIF)	3.6	< 2.5	< 1.5
Installed offshore wind capacity (before divestments)[1]	1.7 GW	3.5 GW	6.5 GW
Offshore wind Cost of Energy[2]			< EUR 100/MWh
Oil and gas production	78,000 boe/day		150,000 boe/day
Oil and gas reserves / annual production (R/P ratio)	15	≥ 10	≥ 10
Biomass share of Danish CHP generation	21%	> 40%	> 50%
Customer satisfaction in Denmark, Germany and the UK		Top quartile	Top quartile
Energy savings among Danish customers (TWh)[3]	1.6	3.7	5.9

[1] Of the 1.7 GW of capacity at 31/12 2012, 1.2 GW was owned by DONG Energy.
[2] Cost to society based on projects in the UK where investment decisions will be made in 2020.
[3] Accumulated first-year effect of energy savings since 2006.

Our activities

DONG Energy's integrated business model involves oil and gas production, electricity generation from wind turbines and electricity and heat generation from power stations (upstream) on the one hand and gas and electricity sales and distribution (downstream) on the other. Activities in between (midstream) link and optimise the Group's energy production and energy positions.

Oil and gas

In recent years, DONG Energy has established itself as a strong player with considerable expertise in oil and gas exploration and production, doubling its production over the last five years. These activities now make an important contribution to the Group's earnings and to security of supply. DONG Energy is one of the largest E&P companies in Denmark and the tenth largest in Norway, with production from a total of 13 fields in these two countries. In 2012, production amounted to 78,000 boe per day, 82% of which came from Norway, the majority from the Ormen Lange gas field. To this should be added a strong position in the West of Shetland area, where DONG Energy is one of the largest licence holders and participates in the development of the first overall infrastructure connecting this area to the UK mainland markets.

Increased production

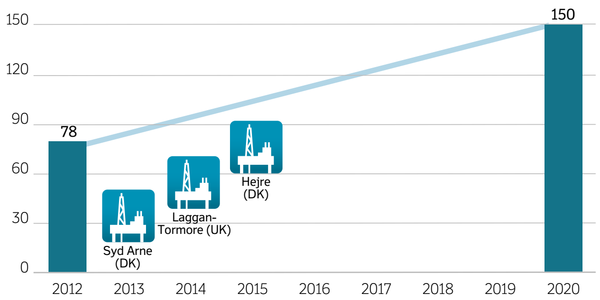
Based on the investment projects in Denmark and the UK that have already been decided, oil and gas production in 2016 is expected to be significantly higher than in 2012. Production from the Laggan-Tormore gas fields in the UK West of Shetland area, where first gas is expected in the second half of 2014, and the Hejre field in Denmark, where first oil is expected at the end of 2015, will make a sizeable contribution to this increase. DONG Energy operates Hejre, which is Denmark's largest oil and gas field under development. In connection with both Laggan-Tormore and Hejre, DONG Energy is participating in the construction of pipelines and onshore plants that will help to open the possibility of production from other finds in these areas in which DONG Energy also has stakes. DONG Energy also participates in the ongoing development of the Syd Arne field, where production from two new satellite platforms from the second half of 2013 will create the basis for increasing and extending production.

In addition, there are initiatives for maintaining production from the other fields, including new production wells in a number of existing fields, investment in compression at Ormen Lange and considerable repair work to the Siri platform, which is the production centre for the five fields in the Siri area.

Repair work to the Siri platform

Throughout 2012, DONG Energy progressed the repair work to the Siri platform whilst keeping production close to budget. The project is still challenging and complex and has experienced delays in component delivery from subsuppliers. However, the long-term stabilisation of the platform is still expected in 2014. DONG Energy continuously monitors and evaluates the integrity of the Siri platform to ensure that the platform remains safe at all times. DONG Energy is continuously optimising design and schedule and the project is expected within the previously announced costs of DKK 3.5 billion.

Expected development in oil and gas production, 1,000 boe/day



In the period leading up to 2020, DONG Energy has set a target to increase production up to a level of 150,000 boe per day by developing a number of existing finds where no decision on investment has yet been made.

Building up reserves

With growing production comes the need to build up new oil and gas reserves to maintain value creation. DONG Energy's oil and gas reserves (2P) totalled 454 million boe at the end of 2012, equivalent to 15 years' production. In order to maintain a ratio of oil and gas reserves to annual production (R/P) of at least 10 in the period leading up to 2020, DONG Energy plans to significantly increase its investments in exploration in the period 2012-2014 compared with 2009-2011.

It is expected that exploration will focus on areas like West of Shetland, where DONG Energy has already had considerable success with exploration and is established as one of the leading E&P companies. Another focus area will be the Barents Sea, where there is a potential for major discoveries. In the more mature areas in Denmark and Norway, exploration activities will be concentrated more on finds that can be produced using existing production assets. In order to diversify its portfolio, DONG Energy is also working on setting up new activities, for example in the central part of the UK North Sea and in Greenland.

In addition to the activities already mentioned, DONG Energy will be making ongoing adjustments to the composition of its portfolio by buying and selling licence shares. Here attention will particularly focus on optimising the risk/return ratio and the opportunities for setting up new activities in attractive areas.

Wind power

DONG Energy is the market leader in the field of offshore wind power and, at the end of 2012, had installed wind capacity of 1.7 GW, of which the Group owns 1.2 GW. The market share of installed offshore wind power in Europe is 38%. In order to maintain this leading position in the market, we consider it important to have a robust and balanced pipeline of offshore wind projects and to build, operate and maintain a portfolio of wind farms efficiently. We also consider it important to have our own expertise available in those parts of the value chain that are essential to the Group's strategy.

In the years leading up to 2020, we aim to achieve significant growth, measured in both output and capacity. Our ambition is to have installed 6.5 GW offshore wind capacity in North West Europe in 2020.

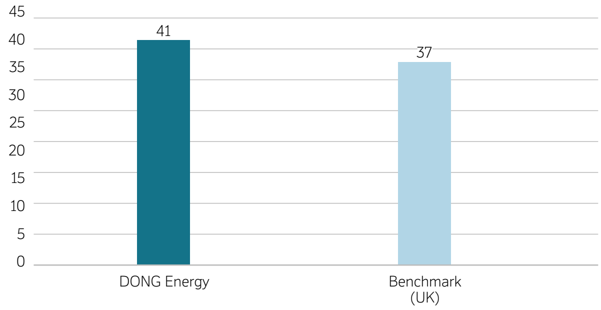
Three new offshore wind farms will become fully operational in 2013 – Anholt in Denmark and London Array 1 and Lincs in the UK. The three farms will have a total capacity of 1.3 GW (equivalent to the annual electricity consumption of 1.1 million households), and DONG Energy's ownership interest is 583 MW. A demonstration project at Gunfleet Sands using two Siemens 6 MW turbines will also become operational in 2013. In addition, at the end of 2012, decisions had been taken to build the farms West of Duddon Sands in the UK and Borkum Riffgrund 1 in Germany with a total capacity of 0.7 GW. These wind farms are expected to start up production in 2014 and 2015.

Wind energy must be competitive

In 2012, DONG Energy entered into a major new framework agreement with Siemens to supply 300 of the newly-developed 6 MW offshore wind turbines. The offshore wind farm Westermost Rough in the UK on which DONG Energy made an investment decision in January 2013 will be the first project under the framework agreement. This means that we are once again playing a leading part in the expansion of the offshore wind industry. The framework agreement is one of the initiatives that should help to reduce the unit cost per megawatt hour generated from offshore wind power (Cost of Energy). The aim is to reduce the offshore wind Cost of Energy to below EUR 100/MWh in 2020 (cost to society based on projects in the UK where investment decisions will be made in 2020) bringing the costs of electricity generation from offshore wind power to a competitive level. This corresponds to a reduction of approx. 30% compared with 2011.

The majority of the costs during the lifetime of a wind farm are incurred during the construction phase. It is therefore crucially important to reduce these costs while at the same time increasing productivity. We will do this by continuing to industrialise the supply chain and improving its efficiency, for example through installation concepts and framework agreements with suppliers. This will reduce the cost level for turbines, foundations and cables and the installation of these components.

Load factor for offshore wind farms, %



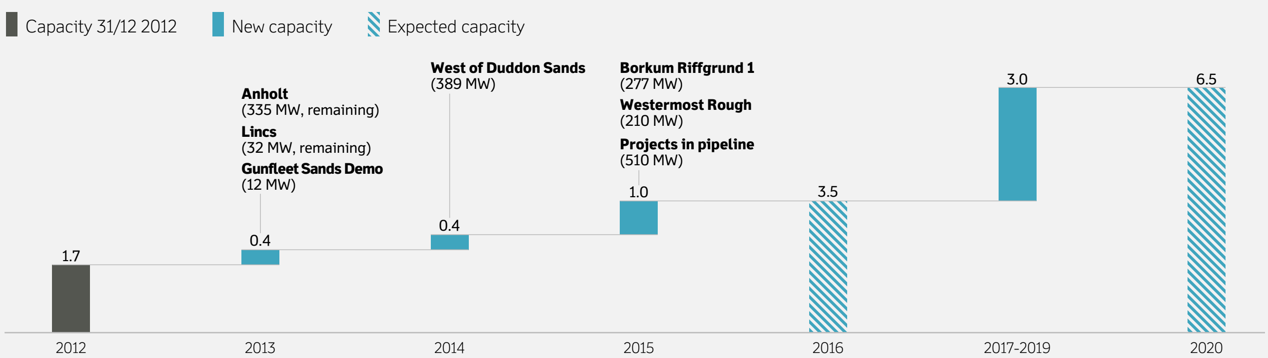
The load factor is the ratio of the actual annual energy output to the theoretical maximum energy output in a given year.

Where the ongoing operation and maintenance of the wind farms is concerned, we are also intent on optimising value creation during the entire lifetime of the wind farm. DONG Energy has succeeded in maintaining a high availability on offshore wind farms in operation and, as a result, the load factor for the offshore wind farms operated by DONG Energy averaged 41% in 2012. By way of comparison, the Department of Energy & Climate Change in the UK measured the average load factor in the UK offshore wind turbine market as 37% in 2011. With a load factor of 52% in 2012, the Danish offshore wind farm Horns Rev 2 achieved the highest load factor measured in the world for a wind farm using Siemens turbines.

In parallel with the development of these wind farms, DONG Energy will continue to enter into partnerships with industrial and financial players to secure co-funding for its projects and diversify risks. DONG Energy has successfully applied this partnership model, divesting ownership interests to, for example, PensionDanmark, PKA, the KIRKBI Foundation, William Demant and Marubeni.

DONG Energy owns 51% of the company A2SEA, which owns and operates vessels that have been optimised to install offshore wind turbines. From the start of 2013, the Sea Installer 1 vessel will commence installation at DONG Energy's offshore wind farms, and it will be joined by another vessel, Sea Installer 2, in 2014, taking the fleet to six vessels. A2SEA has a 67% stake in the company CT Offshore, which specialises in subsea cable-laying assignments and maintenance and repair of offshore wind farms.

Expected development in installed offshore wind capacity, GW



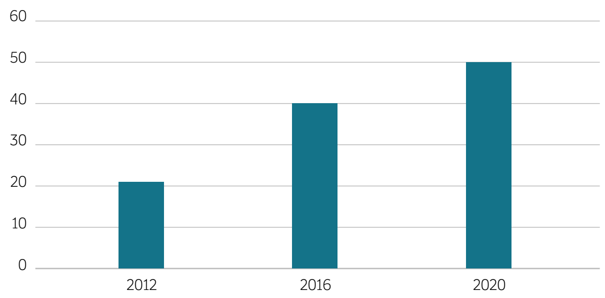
Installed capacity is shown gross, i.e. before any divestments.
Named wind farms are farms for which investment decisions had been made at 31/12 2012, except for Westermost Rough, where the decision was made in January 2013.
Wind farms in 2013 have been installed in part in 2012. Therefore, only the remaining part is shown.

Besides its offshore wind farm activities, DONG Energy owns onshore wind turbines equivalent to a total capacity of 321 MW. In February 2013, an agreement was entered into on the divestment of the Polish wind farms, which have a capacity of 112 MW.

Power stations

DONG Energy's power stations are a crucial part of the Danish energy system. The Group's power station portfolio accounts for 48% of available thermal generation capacity in Denmark. The power stations' electricity output is sold on the Nordic power exchange, Nord Pool. DONG Energy supplies heat to a number of heat customers in Denmark and generates one-third of Danish district heat consumption. These power stations use biomass, gas, coal, oil and waste as fuel.

Biomass in electricity and heat generation at thermal power stations in Denmark, %



Our strategy for the power stations is that they should be operated in a flexible and efficient way in order to support and enable the large-scale expansion of wind and solar energy. At the same time, the conversion of electricity and heat generation from coal to sustainable biomass will continue. In 2012, 21% of generation in Denmark was based on biomass and the aim is to increase this proportion to 40% in 2016 and 50% in 2020. These targets will be achieved by converting selected units at the central power stations to biomass.

Increased flexibility at power stations will increase the potential to quickly ramp generation up or down depending on whether the wind is blowing and the sun shining. The need for balancing in the Danish energy system is growing in proportion to the increasing share of energy production from wind turbines and solar cells. The central power stations in Denmark are among the most efficient and flexible in the world as a result of co-generation of electricity and district heat coupled with a targeted drive to optimise generation. International benchmarking analyses show that the operating costs for DONG Energy's Danish power stations are relatively low compared with other thermal power generators in Europe.

Outside Denmark, DONG Energy has three gas-fired power stations: one in the Netherlands, one in the UK and one in Norway. Gas-fired power stations are more climate-friendly than coal-fired plants but they are currently challenged on profitability, as coal-fired power stations are benefiting from low coal and CO_2 prices.

Sales and distribution

DONG Energy is Denmark's largest supplier of energy, with market shares of 27% for electricity distribution and 28% for gas distribution. DONG Energy sells electricity and gas to more than 1.1 million residential customers, companies and public institutions in Denmark, the Netherlands, Sweden and the UK. The distribution business is subject to public regulation, while energy sales have predominantly been liberalised.

The market shares for electricity and gas sales in Denmark are 20% and 29% respectively, and in Sweden the market share for gas sales is 26%. In 2012, Denmark was still DONG Energy's largest market for electricity sales, accounting for 92% of the Group's sales to end customers. Accounting for 46% of the Group's gas sales to end customers, the UK was the largest market in 2012 due to the acquisition of a gas sales company in May 2012.

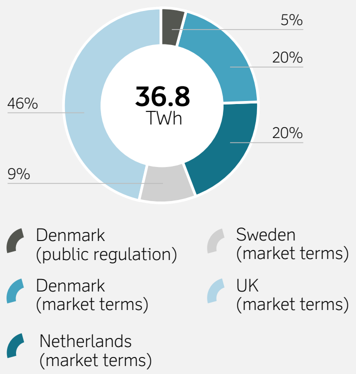
Besides cost efficiency, reliable energy supplies and customer satisfaction are the main priority areas for the Group's downstream activities.

Maintaining a high degree of security of electricity supply is thus an important target. DONG Energy's aim is for customers to experience average power failures amounting to no more than 35 minutes a year, which implies maintaining the current level.

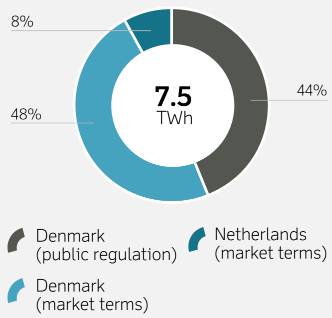
In 2012, DONG Energy continued to work on putting the customer first through employee training and by improving customer-facing processes. This work will continue in the years to come in order to ensure the best customer experience for our customers. In Denmark, improving customer satisfaction is still an important element of our strategy to ensure that DONG Energy will be positioned in the top quartile.

DONG Energy is a leader in the development of climate partnerships with more than 130 partners among public and private companies in Denmark, including many of the country's largest companies. A climate partnership helps the company to reduce energy consumption, use renewable energy and ensure a transparent climate profile. DONG Energy's aim is to be the business community's preferred partner for energy and climate and to have partnerships with 30 of the 50

Gas sales to end customers in 2012



Electricity sales to end customers in 2012



largest and most important Danish companies in 2020. In order to achieve this aim, we are prioritising our investment in continuing to build up specific skills in the provision of energy advice and increasing our understanding of, for example, energy-consuming processes in selected industries.

In 2012, DONG Energy introduced 'Dansk Vindstrøm uden merpris' (Danish wind energy without additional charges) in order to offer Danish residential consumers the opportunity to be more actively involved in the expansion of renewable energy.

Optimisation and trading in energy

The optimisation of DONG Energy's energy portfolio – covering all the Group's activities – is handled by our Energy Markets business unit. This business unit is also responsible for the effective reduction and control of the Group's market risks. This optimisation ensures cohesion between energy production from wind turbines, power stations and oil and gas fields on the one hand and the sale of energy to customers on the other. At the same time, this business unit focuses on increasing the value of the energy flows.

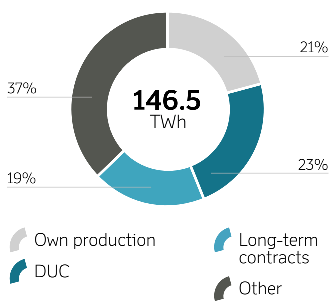
Besides production from the Group's assets, DONG Energy's energy portfolio consists of long-term gas purchase contracts, including LNG, and gas storage facilities.

An important focus area for the coming years will be to return the Group's currently loss-making midstream activities to profitability. We intend to do this primarily by renegotiating our long-term gas purchase contracts in order to obtain prices that reflect the changed conditions in the gas market, where oil and gas prices no longer keep pace with one another. Another focus area is the optimisation of the LNG terminal in Rotterdam, where we need to make better use of the capacity.

In 2012, the Group procured gas mainly from equity production, purchases from DUC and long-term contracts.

In addition to bilateral purchases and sales, electricity and gas are traded on the Northern European energy exchanges and hubs, primarily Nord Pool, EEX, NBP and TTF.

Gas sourcing 2012



Potential growth areas

DONG Energy invests in projects that can provide opportunities for future growth.

New technologies using biomass and waste

The development of new bio-refining technologies is still a focus area in our 2020 strategy.

DONG Energy has developed the Inbicon technology for the production of second-generation bioethanol, turning agricultural waste into transport fuel. The ongoing work of development and demonstration focuses on achieving wider and more effective use of biomass within the Inbicon technology.

Our REnescience technology can treat unsorted household waste with enzymes and extract the organic waste fractions. At the same time, it provides an efficient way of recycling the remaining plastic, metal and glass. A REnescience plant can help to increase energy production based on the biological fraction of household waste, so this technology opens new opportunities for turning waste into a useful resource.

DONG Energy has also developed a new gasification technology called Pyroneer, which improves the utilisation of biomass as an energy source to replace coal and other fossil fuels at power stations. Pyroneer can increase the use of biomass as an energy source and the current demonstration of this technology is proceeding satisfactorily.

What the three technologies have in common is that they address the need to be able to make ever greater use of the resources available in the form of rural and urban waste. DONG Energy is making a determined effort to realise the commercial potential of these technologies. In China, framework conditions have been created for second-generation bioethanol, so DONG Energy has taken significant steps towards introducing the Inbicon technology to the Chinese market. In 2012, we entered into collaboration agreements with two Chinese partners with a view to developing specific Inbicon projects in China.

Smart Energy – the energy system of the future

The future Danish energy system is expected to be dominated by renewable energy sources that mainly produce electricity. This makes it essential to transform the energy system, which needs to become smarter and more flexible to ensure the greatest possible cohesion between the production and consumption of energy. It is also necessary in order to maintain a very high degree of security of supply.

DONG Energy has a number of projects aimed at creating an intelligent infrastructure covering the entire energy system – a so-called Smart Grid. This is designed to ensure increased flexibility in energy consumption to help address the challenge of keeping a balance between generation and consumption when the energy system is more reliant on renewable energy, which is dependent on nature. As a specific step in this direction, DONG Energy successfully implemented a new technology, Power Hub, with a number of customers in 2012. Power Hub can help to manage consumption and optimise any local generation in the way that is best for both the electricity grid and the customer's finances.

In addition to increased flexibility in energy consumption, it is vital that Denmark should continue to strengthen the energy interconnection with the Northern European electricity market so that the different countries' energy systems can help with mutual balancing across national borders to an even greater extent.

CSR report

DONG Energy's Board of Directors has adopted a responsibility policy that applies to the whole Group and for which the Group Executive Management has ultimate responsibility. The policy is based on the UN Global Compact and commits DONG Energy to deliver continuous performance improvement in the four issue areas of the Global Compact: climate and environment, human rights, labour rights, and anti-corruption.

The responsibility policy also sets out four principles that govern DONG Energy's work on responsibility: stakeholder engagement, materiality, action and transparency. The principles are embodied in descriptions of how DONG Energy works with corporate responsibility in practice.

This work is based on the firm belief that the expectations of the outside world are of major importance to DONG Energy's business. Stakeholder engagement is therefore a key part of the Group's responsibility work. By systematically engaging with its stakeholders, DONG Energy aims to identify areas in which the Group has a particular corporate responsibility. One example of the way in which DONG Energy does this is to arrange round-table meetings at which NGOs are invited to voice their opinions on the Group's activities.

In the light of this, DONG Energy has identified five corporate responsibility challenges that are important to the Group's stakeholders and relevant to DONG Energy's activities. These are presented below.

These challenges form the basis for DONG Energy's corporate responsibility work and are an integral part of its business strategy. Two of DONG Energy's key strategic priorities are therefore to achieve significant developments in renewable energy from offshore wind in the years ahead and to convert coal-fired power stations to biomass in order to generate more clean energy. During the transformation to more clean energy, society must still have access to the energy it needs in order to be able to function. Another of DONG Energy's priorities is therefore to increase oil and gas extraction. By developing and investing in the energy technologies of tomorrow, DONG Energy contributes to innovation and the development of new expertise, stimulating economic growth and a competitive society.

The Group must achieve its strategy at the same time as promoting increasingly safer working conditions and greater opportunities for development. DONG Energy's attention is constantly focused on the safety culture of its employees and suppliers and the company strives to create a good framework for the development of individual employees. As a large company, it is vital for DONG Energy to ensure a high level of integrity and ethics in the way the business is run, so the Group implements targeted initiatives, both internally and in relation to suppliers, in order to reinforce these values.

The overview on the following three pages shows the specific targets that DONG Energy has set in response to the five corporate responsibility challenges arising from the Group's responsibility policy. The overview shows how DONG Energy worked on these targets in 2012, the actions taken and the status at 31 December 2012 as well as how these efforts tie in with the UN Global Compact.

Further information on DONG Energy's responsibility work can be found at dongenergy.com.

Corporate responsibility challenges

Clean energy
How do we accelerate the expansion of renewable energy when it currently only makes up 13% of global energy consumption and traditional energy technologies are still dominant?

Access to energy
How do we ensure continued access to essential energy when global demand is rising and traditional energy resources are limited?

A competitive society
How can the energy industry best contribute to growth, value-creation and a competitive society?

People matter
How do we promote increasingly safe working conditions and support development of skills in an industry characterised by large and complex infrastructure, powerful natural forces and a need for highly-qualified people?

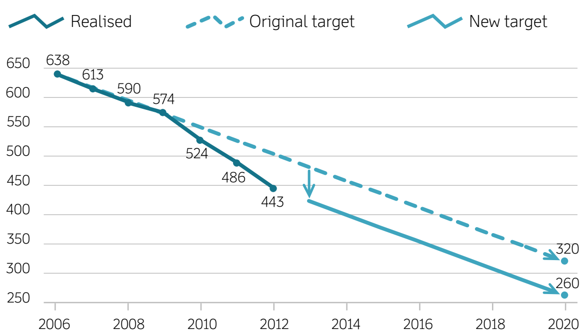
Business integrity
As a large company, how do we ensure integrity, transparency and responsiveness in the way we run our business while operating in a complex and competitive market?

Corporate responsibility challenge	DONG Energy's main response	Target	Actions and implementation in 2012	Status at 31 Dec 2012
Promotes Global Compact's principles on climate and environment	Reduction of CO_2 emissions	Reduction of CO_2 emissions from electricity and heat generation: ▪ 350 g CO_2/kWh in 2016 ▪ 260 g CO_2/kWh in 2020 ▪ 100 g CO_2/kWh in 2040 ▪ 50% green electricity and heat generation in 2020	Key initiatives include (see also the following targets and actions): ▪ New investments in offshore wind farms ▪ Increased use of biomass in energy production ▪ Coal-fired power stations to be taken out of primary operation to become stand-by plants	▪ 443 g of CO_2/kWh ▪ 37% green electricity and heat generation
Promotes Global Compact's principles on climate and environment	Development of offshore wind	Increased energy production from offshore wind farms (installed capacity, before divestments): ▪ 6.5 GW in 2020	In 2012, DONG Energy decided to invest in the construction of new offshore wind farms and brought new farms on line. DONG Energy installed offshore wind turbines with a gross capacity totalling 0.5 GW in 2012.	▪ 1.7 GW of installed offshore wind capacity[1]
Promotes Global Compact's principles on climate and environment	Reduction of offshore wind Cost of Energy	Reduction of offshore wind Cost of Energy: ▪ Lower than EUR 100/MWh in 2020[2]	Continuous implementation of initiatives by integration in DONG Energy's pipeline of offshore wind farm projects.	▪ Target for reduction of offshore Cost of Energy adopted
Promotes Global Compact's principles on climate and environment	Increased use of biomass	Biomass must represent a larger share relative to fossil fuels in electricity and heat generation at Danish power stations: ▪ 40% in 2016 ▪ 50% in 2020	In 2012, DONG Energy prepared the conversion of the Studstrup, Avedøre and Skærbæk power stations from fossil fuels to biomass.	▪ 21% biomass

[1] Of the 1.7 GW of capacity at 31/12 2012, 1.2 GW was owned by DONG Energy.
[2] Cost to society based on projects in the UK where investment decisions will be made in 2020.

DONG Energy has made great strides in the transformation of energy production to lower emissions of CO_2. The target of max. 260 g of CO_2 emissions per kWh in 2020 will be achieved by continued investment in wind power and conversion of power station activities from fossil fuels to biomass.

Reducing CO_2 emissions, g CO_2 per kWh

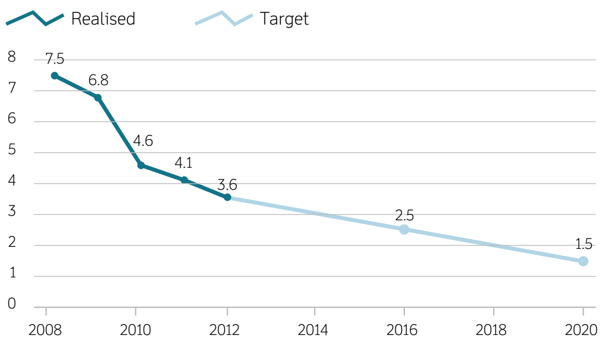


Corporate responsibility challenge	DONG Energy's main response	Target	Actions and implementation in 2012	Status at 31 Dec 2012
Promotes Global Compact's principles on climate and environment	Improved energy efficiency	Improved energy efficiency in DONG Energy compared with 2010: • 10% in 2015	The Group continuously seeks to improve its energy efficiency, partly by optimising energy consumption at its power stations and in offices. Measures in 2012 included improving energy efficiency at power stations by reducing the need for pumps for, for example, desulphurisation systems and oil distribution while maintaining reliable and environment-friendly production.	• 0.5% improvement in energy efficiency
Promotes Global Compact's principles on climate and environment	Improved energy efficiency	Improved energy efficiency at customers: • Climate partnerships with 30 of the 50 largest and most important Danish companies in 2020 • Energy savings among Danish customers of 5.9 TWh in 2020[3]	Prioritised action to continue the development of specific skills in the provision of energy advice and increase understanding of, for example, energy-consuming processes in selected industries.	• Nine existing climate partnerships • Energy savings of 1.6 TWh
	Increased oil and gas production	Increased oil and gas production: • 150,000 boe/day in 2020	In 2012, DONG Energy decided to invest in a new oil and gas field and brought several new fields on stream. Oil and gas production increased by 6,000 boe/day in total in 2012 compared with 2011.	• 78,000 boe/day
Promotes Global Compact's principles on climate and environment	Reduced air pollution from SO_2 and NO_x emissions	Reduction in SO_2 and NO_x emissions compared with 1990: • 95% reduction in SO_2 in 2020 • 90% reduction in NO_x in 2020	SO_2 has been at a satisfactory level since 2011 relative to DONG Energy's target. In 2012, the focus was therefore on reducing specific NO_x emissions. Key measures were the installation of deNO_x facilities, replacement of spent catalysts and optimisation of incineration processes.	• SO_2 reduction of 99% • NO_x reduction of 88%

[3] Accumulated first-year effect of energy savings since 2006.

When it comes to safety, DONG Energy's guiding principle is 'The safe way - or no way'. Throughout the Group, the focus is always on increasing safety through prevention and training. The aim is to minimise the risk of injury among both employees and external suppliers. DONG Energy's safety efforts have led to a falling injury frequency since 2006, and the target for 2020 is a marked further reduction of LTIF to max. 1.5.

Lost time injury frequency (LTIF), per 1 million hours worked

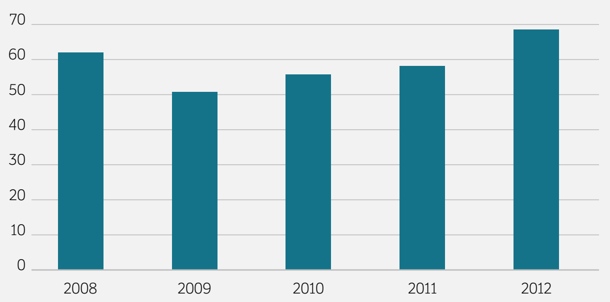


Corporate responsibility challenge	DONG Energy's main response	Target	Actions and implementation in 2012	Status at 31 Dec 2012
Promotes Global Compact's principles on climate and environment	Increased recycling of waste	Increased recycling of waste: • Waste from administration: 50% in 2015 • Waste from facilities: 70% in 2015 • Waste from facilities: max 8% to landfill in 2015	DONG Energy seeks to minimise waste production and create resources from waste, partly by increasing recycling of waste from facilities and administration. The existing targets, which expired in 2012, have been tightened and extended to 2015 and expanded with the focus on waste fractions taken to landfill.	• 44% of waste from administration recycled • 77% of waste from facilities recycled • 8% of waste from facilities to landfill
Promotes Global Compact's principles on labour and human rights	Ensuring employee and supplier safety	• No fatal accidents • LTIF < 2.5 in 2016 • LTIF < 1.5 in 2020	Safety has top priority at DONG Energy. In 2012, the Group continued its efforts to further strengthen its safety culture focusing on risk assessment and proactive prevention as well as follow-up on all incidents.	• 1 fatality • LTIF of 3.6
Promotes Global Compact's principles on labour and human rights	Ensuring continuous improvement in employee satisfaction and motivation	The employees' evaluation of own satisfaction and motivation must be (scale 1-100): • 75 in 2016 • 77 in 2020	Overall, the satisfaction and motivation score for DONG Energy's employees exceeds, by a sizeable margin, the average in Ennova's European Employee Index (EEI) in the countries in which the Group has employees. Providing an optimum framework for employee job satisfaction is a strategic priority area for DONG Energy. Key initiatives in 2012 included follow-up on the People Matter survey from 2011.	• According to People Matter 2012, satisfaction and motivation has increased from 72 in 2011 to 74 in 2012
Promotes Global Compact's principles on human rights	Ensuring responsible supply chain management	• Alignment of responsible supply chain management with heightened focus on operational risk management and human rights in 2013	The most important action was an extensive assessment of DONG Energy's approach to responsible supply chain management to ensure that it is in keeping with the times and adequate. In addition, DONG Energy implemented a number of self-assessments of high-risk suppliers, and the Bettercoal initiative, of which DONG Energy is a founder member, developed a new code of practice on coal mining, partly via a global consultation process.	• To assess the approach to responsible supply chain management, DONG Energy has received input from external parties and mapped current and forward-looking requirements and expectations following from the UN Guiding Principles on business and human rights and the OECD Guidelines for Multinational Enterprises
Promotes Global Compact's principles on anti-corruption	Preventing fraud and corruption	• All employees must complete a course on good business conduct • No reported cases of fraud or corruption	In 2012, DONG Energy continued its efforts to ensure compliance with UK Bribery Act. To this end, a new e-learning course training employees in good business conduct, including the rules in UK Bribery Act, was rolled out in summer 2012. As part of the course, employees must confirm that they have read and understood the Group's policy on this issue. The course underpins the Group's efforts to prevent corruption.	• 95% of the Group's employees have completed the course on good business conduct • No internally reported cases of fraud or corruption
	Ensuring continuous improvement in customer satisfaction	• Ranking among top quartile compared with benchmark companies in 2016	DONG Energy intensified its focus on customer satisfaction in 2012. Most of the employees and managers in Sales & Distribution in Denmark have attended the Customer First College; processes have been optimised, including at the customer centre; and electricity bills have been simplified. DONG Energy's customer ambassador in Denmark handled 83 cases, finding wholly or partly in the customer's favour in 40% of cases.	• Customer satisfaction target adopted. DONG Energy's ranking will be measured for the first time in 2013

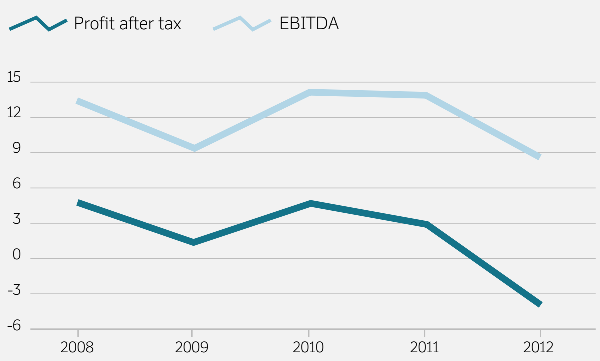
More detailed information is available in DONG Energy's annual GRI performance report at:
dongenergy.com/responsibility2012.

		DKK million					EUR million	
		2012	2011	2010	2009	2008	2012	2011
BUSINESS PERFORMANCE								
Statement of comprehensive income								
Revenue:		67,243	56,842	54,616	49,569	60,642	9,034	7,630
Exploration & Production		11,871	10,469	8,264	6,416	7,322	1,595	1,405
Wind Power		7,774	4,312	2,952	1,676	1,453	1,044	579
Thermal Power		8,980	10,665	11,731	10,855	13,800	1,206	1,431
Energy Markets		41,416	33,689	31,516	28,889	37,357	5,564	4,522
Sales & Distribution		17,061	13,009	14,185	13,386	15,595	2,292	1,746
Other activities/eliminations		(19,859)	(15,302)	(14,032)	(11,653)	(14,885)	(2,667)	(2,053)
EBITDA:		8,632	13,770	14,135	9,311	13,428	1,160	1,848
Exploration & Production		6,552	5,684	5,051	3,264	4,261	880	763
Wind Power		2,502	1,799	1,730	609	677	336	241
Thermal Power		2,058	2,255	2,228	388	2,388	276	303
Energy Markets		(4,601)	1,963	2,959	2,735	4,352	(617)	263
Sales & Distribution		2,124	2,027	2,036	2,239	1,827	285	272
Other activities/eliminations		(3)	42	131	76	(77)	0	6
EBITDA adjusted for hydrocarbon tax		6,858	12,254	13,118	8,842	12,681	921	1,644
EBIT		(3,481)	6,100	8,120	4,228	7,809	(467)	818
Adjusted operating profit (loss)		(6,095)	4,444	6,985	3,658	6,842	(819)	596
Profit (loss) for the year		(4,021)	2,882	4,499	1,492	4,669	(539)	386
Key ratios								
Adjusted net debt / EBITDA	x	4.1	1.9	1.9	3.3	1.4		
Financial gearing	x	0.67	0.41	0.43	0.60	0.33		
Return on capital employed (ROCE)	%	(7.4)	5.7	9.6	5.5	11.6		
Volumes								
Oil and gas production	million boe	28.5	26.4	24.4	24.0	18.5		
Electricity generation	TWh	16.1	20.4	20.2	18.1	18.5		
- thermal	TWh	11.5	16.0	16.2	15.3	16.0		
- wind and hydro	TWh	4.6	4.4	4.0	2.8	2.6		
Heat generation	PJ	43.0	42.6	53.2	46.7	46.4		
Gas sales (excl. own consumption at power stations)	TWh	149.9	138.1	131.5	121.1	118.4		
Electricity sales	TWh	12.6	9.9	10.4	10.7	10.9		
Gas distribution	TWh	9.1	9.9	11.4	10.0	10.3		
Electricity distribution	TWh	8.7	8.8	9.1	9.2	9.4		

Revenue, DKK billion



Profit, DKK billion



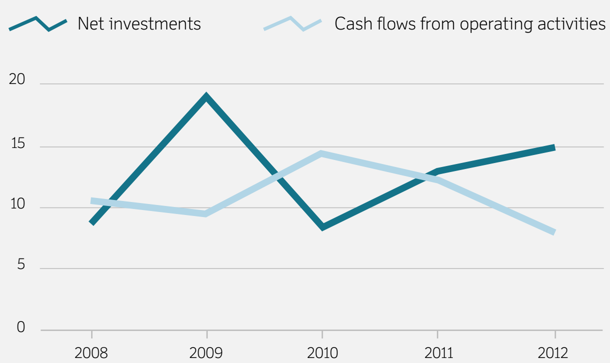
	DKK million					EUR million	
	2012	2011	2010	2009	2008	**2012**	2011
IFRS							
Statement of comprehensive income							
Revenue[1]	65,924	58,437	54,598	49,262	60,777	8,857	7,845
EBITDA	7,159	15,595	14,089	8,840	13,622	962	2,093
EBIT	(4,954)	7,925	8,074	3,757	8,004	(665)	1,064
Gain (loss) on disposal of enterprises	2,675	225	905	(62)	917	360	30
Net finance costs	(1,353)	(282)	(1,595)	(1,362)	(1,134)	(182)	(38)
Profit (loss) for the year	(5,126)	4,250	4,464	1,138	4,815	(688)	571
Balance sheet							
Assets	159,594	154,073	137,339	120,552	106,085	21,392	20,725
Additions to property, plant and equipment	17,762	19,591	15,082	15,726	9,529	2,386	2,631
Net working capital	(612)	(181)	2,466	3,898	5,548	(82)	(24)
Net working capital excl. trade payables relating to capital expenditure	2,576	2,868	3,603	3,898	5,548	345	386
Interest-bearing debt	54,543	40,961	38,397	35,926	19,258	7,311	5,511
Interest-bearing net debt	33,494	23,615	22,139	26,930	15,253	4,490	3,177
Equity	50,016	57,740	51,308	44,808	46,190	6,704	7,767
Capital employed	83,510	81,355	73,448	71,737	61,443	11,194	10,943
Cash flows							
Funds from Operation (FFO)	7,366	11,706	12,498	7,529	11,340	990	1,571
Cash flows from operating activities	7,701	12,624	14,214	9,468	10,379	1,034	1,694
Cash flows from investing activities	(20,004)	(19,338)	(14,793)	(21,199)	(8,629)	(2,688)	(2,595)
Gross investments	(19,083)	(18,451)	(15,692)	(18,131)	(11,146)	(2,564)	(2,477)
Net investments	(14,642)	(13,060)	(8,530)	(19,040)	(8,666)	(1,967)	(1,752)

[1] For an explanation of the development in revenue, see page 20.

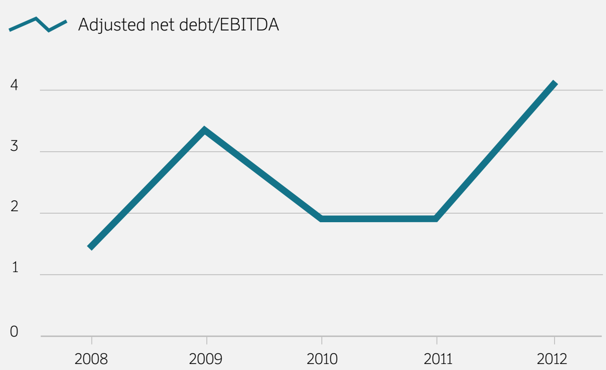
Definitions of performance highlights are set out in note 1 to the consolidated financial statements.

For a description of the performance measure 'business performance', see page 20 and note 1 on accounting policies in the consolidated financial statements.

Investments and cash flows, DKK billion



Capital structure, times



Financial performance

DONG Energy's 2012 revenue was 18% ahead of 2011. EBITDA and the result for the year fell by DKK 5.1 billion and DKK 6.9 billion respectively, while cash inflow from operating activities decreased by DKK 4.9 billion.

DKK million	2012	2011	Δ
Revenue	67,243	56,842	10,401
EBITDA	8,632	13,770	(5,138)
Profit (loss) for the year	(4,021)	2,882	(6,903)
Cash flows from operating activities	7,701	12,624	(4,923)

EBITDA in 2012 was DKK 8.6 billion, which was at the low end of the outlook of DKK 8.5-9 billion in the interim financial report for the first nine months of 2012 and significantly below the outlook at the start of the year. The steep decline in EBITDA and the result for the year was mainly due to the Energy Markets business unit, whose EBITDA fell by DKK 6.6 billion from DKK 2.0 billion in 2011 to a loss of DKK 4.6 billion in 2012.

The main reason was provisions totalling DKK 2.9 billion for onerous contracts for gas storage capacity and capacity in an LNG terminal in the third quarter of 2012. The reason for the provisions for gas storage capacity was that DONG Energy entered into three long-term leases for gas storage capacity in Germany in 2006 and 2007. At that time, access to storage capacity was a prerequisite for operating in the German gas market. Since these leases were entered into, the liberalisation and greater liquidity have gradually led to this no longer being the case. The value of access to gas storage facilities has diminished over time as well-supplied markets have resulted in low summer/winter spreads. With limited growth forecast for Europe and because markets continue to be well-supplied, the situation is now unlikely to improve significantly. A DKK 2.3 billion provision was therefore made for the three, now onerous, contracts. At the same time, a DKK 0.6 billion provision was made relating to an onerous contract for capacity in an LNG terminal in the Netherlands due to an expected oversupply of LNG terminal capacity in Europe in the short and medium terms. These provisions did not have any effect on cash flows.

The remainder of the fall in Energy Markets' EBITDA reflected non-recurring income of around DKK 1 billion in 2011 from the renegotiation of gas contracts, lower earnings from gas-fired power stations abroad and a negative effect from a wider spread between oil and gas prices.

The other four business units largely performed in line with expectations, and their combined EBITDA increased by DKK 1.5 billion from 2011 to 2012.

BUSINESS PERFORMANCE

Management's review comments on the business performance results, unless otherwise stated. For an explanation of differences between business performance and IFRS results, reference is made to page 20.

GLOSSARY

Reference is made to the glossary on page 109 for definitions of terms.

Market prices

(average)		2012	2011	Δ
Oil, Brent	USD/bbl	112	111	0%
Oil, Brent	DKK/bbl	646	594	9%
Gas, TTF	EUR/MWh	25	23	10%
Gas, NBP	EUR/MWh	25	22	13%
Electricity, Nord Pool System	EUR/MWh	31	47	-34%
Electricity, Nord Pool, DK [1]	EUR/MWh	37	49	-24%
Electricity, EEX	EUR/MWh	43	51	-17%
Green dark spread, DK [1]	EUR/MWh	4.0	5.0	-20%
Green spark spread, UK	EUR/MWh	2.3	5.8	-61%
Green spark spread, NL	EUR/MWh	(4.5)	1.9	-
USD exchange rate	DKK/USD	5.8	5.4	8%
GBP exchange rate	DKK/GBP	9.2	8.6	7%

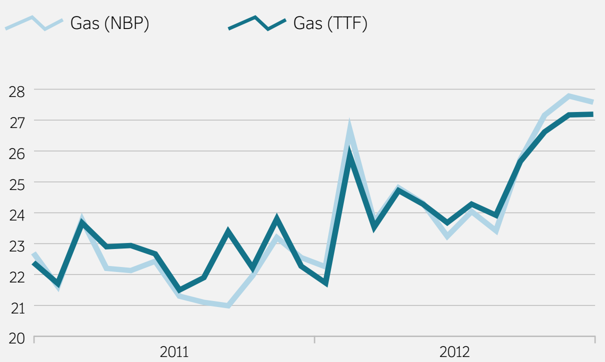
Source: Platts, Argus, Nord Pool, LEBA, APX, ECX.

[1] Based on average prices in DK1 and DK2.

Oil and gas prices

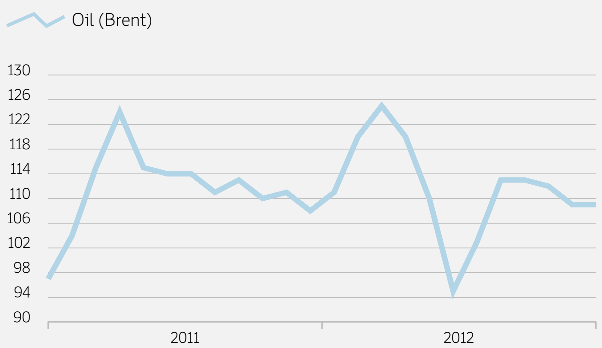
The oil price averaged USD 112/bbl in 2012, in line with 2011. The oil price fluctuated widely in 2012, reaching USD 125/bbl in March, then falling to USD 95/bbl in June and rising to around USD 112/bbl from September to the end of the year. The wide fluctuations primarily reflected the market players' varying weighting of two factors: the geopolitical tensions between the West and Iran on the one hand and the latest developments in the EU debt crisis and the weaker growth outlook for China and the USA on the other.

Gas, EUR/MWh



Source: Argus

Oil, USD/bbl



Source: Platts

The gas hub price (TTF) in Continental Europe averaged EUR 25/MWh in 2012, 10% higher than in 2011. Prices benefited from a reduced supply due to maintenance of the North Sea production installations coupled with a low supply of liquefied gas (LNG) to the European market caused by high demand in Asia. This was partly offset by weak demand for gas in Europe due to the economic downturn. The fact that low coal prices made it more profitable for generators to use coal than gas exacerbated the situation.

Electricity prices and spreads

The electricity price in the two Danish price areas averaged EUR 37/MWh in 2012, 24% less than in 2011. The price level in the Danish price areas was far lower than normal in 2012, mainly reflecting the demand side, which was characterised by a high supply of inexpensive electricity from Norway and Sweden, where reservoir levels were unusually high throughout 2012. Increasing generation from wind turbines was also instrumental in pushing prices down. On the demand side, mild weather and a lower level of economic activity due to the crisis in Europe also drove prices down.

The relatively large differential between prices in the Nordic countries and Continental Europe meant that the transmission interconnectors between the two regions have largely been used to full capacity since July 2011. The limitations in transmission capacity meant that prices were only partly levelled out. The electricity price in Germany in 2012 was adversely affected, to a great extent, by weak demand for electricity and lower coal prices. Prices in the Netherlands and the UK were also down on 2011, but higher gas prices kept the decline in check.

In the Danish price areas, the green dark spread was EUR 4.0/MWh, 20% less than in 2011 due to lower electricity prices. The Dutch green spark spread was negative in 2012, while the UK green spark spread was marginally positive.

Revenue

DKK million	2012	2011	Δ
Revenue	67,243	56,842	10,401

Revenue was DKK 67.2 billion in 2012, up from DKK 56.8 billion in 2011. The 18% increase mainly reflected higher gas prices, higher electricity sales and income from contracts for the construction of offshore wind farms for co-investors.

Oil and gas production was 28.5 million boe against 26.4 million boe in 2011. The increase primarily reflected increased production from the Siri, Ormen Lange and Trym fields and start-up of production at the Norwegian fields Oselvar and Marulk in the second quarter of 2012.

Electricity generation was 16.1 TWh in 2012 compared with 20.4 TWh in 2011. The decrease was due to lower thermal electricity and heat generation in Denmark due to milder weather, import of inexpensive electricity from Norway and Sweden and reduced generation from the Severn power station in the UK following the breakdown of both turbines in July 2011. This was partly offset by higher output from offshore wind farms, primarily Walney 1 and Walney 2, which became operational in the second quarter of 2011 and the second quarter of 2012 respectively. The London Array and Anholt farms generated first power in the second half of 2012.

Gas sales (excluding own consumption at power stations) totalled 149.9 TWh, 9% ahead of 2011 due to higher UK sales as a result of the acquisition of the UK gas sales company Shell Gas Direct, which was recognised from May 2012.

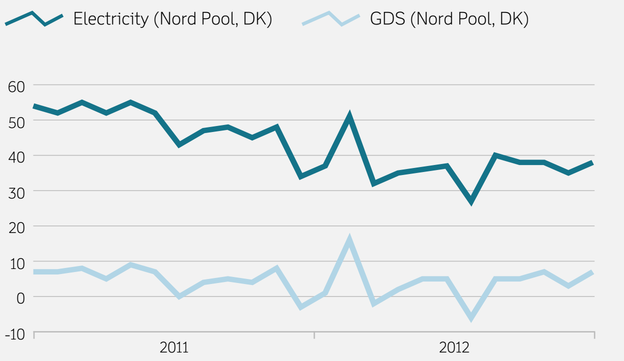
EBITDA

DKK million	2012	2011	Δ
Exploration & Production	6,552	5,684	868
Wind Power	2,502	1,799	703
Thermal Power	2,058	2,255	(197)
Energy Markets	(4,601)	1,963	(6,564)
Sales & Distribution	2,124	2,027	97
Other activities/eliminations	(3)	42	(45)
Consolidated EBITDA	**8,632**	**13,770**	**(5,138)**

EBITDA was DKK 8.6 billion in 2012 compared with DKK 13.8 billion in 2011. The decline was 37% and can be broken down by business unit as follows:

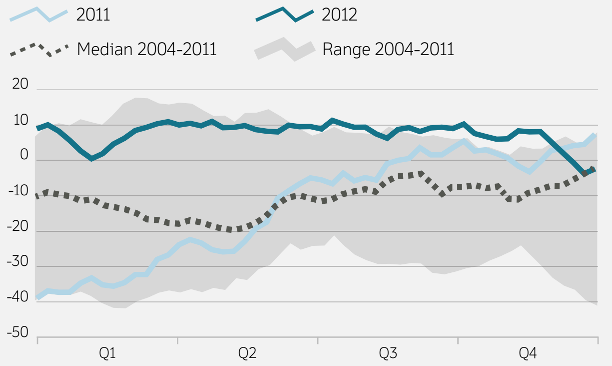
- in Exploration & Production, EBITDA was DKK 0.9 billion ahead at DKK 6.6 billion due to higher gas prices and higher oil prices in DKK, higher output from the Ormen Lange and Trym fields and the new fields Oselvar and Marulk and a higher share of output from Siri due to the ownership interest being increased from 50% to 100% at the end of 2011. This was partly offset by higher costs for the repair work to the Siri platform and higher exploration costs
- in Wind Power, EBITDA rose by DKK 0.7 billion to DKK 2.5 billion due to earnings from contracts for the construction of the Anholt offshore wind farm for co-investors and higher output from Walney 1 and Walney 2, whereas higher costs due to the increase in operating activities depressed EBITDA
- in Thermal Power, EBITDA was DKK 2.1 billion, down DKK 0.2 billion on 2011. The decline reflected lower electricity generation due to significantly lower spreads driven by a high hydrological balance and milder weather. Furthermore, the divestment of Oil Terminals in January 2012 resulted in lower earnings than in 2011. This was partly offset by the full-year effect of tolling income from foreign power stations

Electricity and green dark spread (GDS), EUR/MWh



Source: Nord Pool, Argus and ECX

Hydrological balance, TWh



Source: SKM Market Predictor

- in Energy Markets, EBITDA declined by DKK 6.6 billion to a loss of DKK 4.6 billion, primarily reflecting the DKK 2.3 billion provision for three long-term, onerous gas storage facility contracts in Germany referred to above and the DKK 0.6 billion provision relating to an onerous contract for capacity in the LNG terminal in the Netherlands. Furthermore, in 2011, EBITDA benefited from non-recurring income of around DKK 1 billion from the renegotiation of gas contracts. EBITDA also reflected negative effects of lower earnings from the gas-fired power stations in the UK and the Netherlands due to low production and low spreads and of oil-indexed gas contracts due to the sustained high spread between oil and gas prices in 2012
- in Sales & Distribution, EBITDA was DKK 0.1 billion ahead at DKK 2.1 billion.

Depreciation, amortisation, impairment losses and EBIT

DKK million	2012	2011	Δ
Depreciation and amortisation	9,201	6,852	2,349
Impairment losses, net	2,912	818	2,094
EBIT	(3,481)	6,100	(9,581)

Depreciation, amortisation and impairment losses were DKK 12.1 billion, DKK 4.4 billion higher than in 2011, primarily reflecting:

- a DKK 2.0 billion impairment loss on gas-fired power stations due to low coal and CO_2 prices, making gas-fired power stations less profitable than coal-fired power stations
- impairment losses of DKK 0.9 billion on other assets
- higher depreciation of DKK 1.0 billion in Exploration & Production due to higher production from Trym and Ormen Lange, start-up of operation of Oselvar and Marulk in the second quarter of 2012, and higher depreciation of fields with short remaining useful lives
- higher depreciation of DKK 0.9 billion in Thermal Power, primarily due to a review of the useful lives of the stand-by CHP plants in Denmark
- higher depreciation of DKK 0.5 billion in Wind Power due to new wind farms.

Impairment losses in 2011 included DKK 0.6 billion on the offshore gas pipelines from the North Sea to Denmark and DKK 0.3 billion on goodwill due to changed pricing in the Dutch market.

EBIT was a loss of DKK 3.5 billion in 2012, a decline of DKK 9.6 billion due to the lower EBITDA as well as impairment losses and higher depreciation.

Gain on disposal of enterprises

DKK million	2012	2011	Δ
Gain on disposal of enterprises	2,675	225	2,450

The gain on disposal of enterprises was DKK 2.7 billion versus DKK 0.2 billion in 2011. The gain in 2012 related to the disposal of Oil Terminals, which yielded a gain of DKK 2.5 billion, and the disposal of small-scale power stations, which yielded a gain of DKK 0.2 billion.

Profit of associates

DKK million	2012	2011	Δ
Share of profit (loss) of associates	(553)	36	(589)

Share of profit of associates was a loss of DKK 0.6 billion and related primarily to a negative prior-year tax adjustment in Kraftgården AB that was offset by a similar positive adjustment of tax on profit for the year and therefore did not affect consolidated profit after tax.

Net finance costs

DKK million	2012	2011	Δ
Interest expense, net	(809)	(641)	(168)
Interest element of provisions	(286)	(176)	(110)
Other, net	(258)	535	(793)
Net finance costs	**(1,353)**	**(282)**	**(1,071)**

Net finance costs amounted to a net charge of DKK 1.4 billion compared with DKK 0.3 billion in 2011.

Net interest expense increased by DKK 0.2 billion, primarily reflecting an increase in average interest-bearing net debt from DKK 23 billion in 2011 to DKK 29 billion in 2012. The low net interest expense in 2011 also benefited from the conversion of part of the loan portfolio to floating-rate loans in 2011.

Other finance costs in 2012 primarily related to losses on foreign exchange contracts.

Income tax

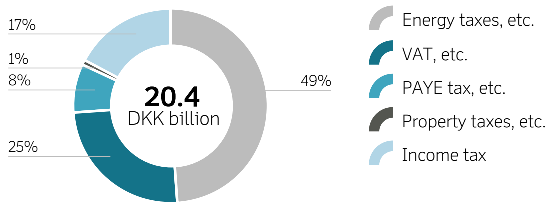
DKK million	2012	2011	Δ
Income tax expense	(1,309)	(3,197)	1,888

Tax on profit for the year was DKK 1.3 billion, which was DKK 1.9 billion less than in 2011. The tax rate was -48% compared with 53% in 2011, primarily reflecting a positive result before tax from oil and gas production in Norway, where hydrocarbon income is taxed at 78%, while the result before tax outside Norway was a loss due to the lower EBITDA and higher depreciation and impairment losses.

Total tax contribution

DONG Energy's contribution to society in the form of direct and indirect taxes amounted to DKK 20.4 billion in 2012 compared with DKK 17.6 billion in 2011. Of the contribution in 2012, 84% (DKK 17.1 billion) accrued to Denmark. The contribution has been calculated using the TTC model (Total Tax Contribution).

Total direct and indirect taxes (TTC model)



Profit for the year and dividends

DKK million	2012	2011	Δ
Profit (loss) for the year	(4,021)	2,882	(6,903)

The result for the year was a loss of DKK 4.0 billion, a reduction of DKK 6.9 billion on 2011. The decline reflected the lower EBIT and higher net finance costs, partly offset by gains on disposal of enterprises.

The Board of Directors will recommend at the AGM that no dividend be paid for 2012.

Cash flows from operating activities

DKK million	2012	2011	Δ
Cash flows from operating activities	7,701	12,624	(4,923)

Cash inflow from operating activities was DKK 7.7 billion in 2012 compared with DKK 12.6 billion in 2011. The decrease was primarily due to the lower EBITDA before provision for onerous contracts, payment of previously made provisions and higher taxes paid. In addition, the positive cash flow effect from a reduction in net working capital was lower in 2012 than in 2011.

Investments

DKK million	2012	2011	Δ
Gross investments	**(19,083)**	**(18,451)**	**(633)**
Disposals of assets and enterprises	4,311	1,981	2,330
Net debt on acquisition/disposal of enterprises	(101)	0	(101)
Transactions with non-controlling interests	231	3,410	(3,178)
Net investments	**(14,642)**	**(13,060)**	**(1,582)**

Net investments were DKK 14.6 billion in 2012 versus DKK 13.1 billion in 2011 and were made up of gross investments of DKK 19.1 billion and disposals of assets and enterprises as well as transactions with non-controlling interests of DKK 4.4 billion.

The main gross investments in 2012 were as follows:

- development of wind activities (DKK 12.7 billion), including the UK offshore wind farms London Array (DKK 5.0 billion), Walney (DKK 1.8 billion), Lincs (DKK 1.0 billion) and West of Duddon Sands (DKK 0.3 billion), the Danish offshore wind farm Anholt (DKK 1.2 billion), project development relating to the German offshore wind farms Gode Wind (DKK 0.5 billion), and the jack-up vessels Sea Installer 1 and 2 for installation of wind turbines (DKK 0.6 billion)
- development of oil and gas fields and infrastructure (DKK 5.1 billion), including the Norwegian gas fields Oselvar (DKK 0.8 billion), Marulk (DKK 0.5 billion) and Ormen Lange (DKK 0.5 billion) as well as Laggan-Tormore in the UK (DKK 0.9 billion) and the Syd Arne field in Denmark (DKK 0.7 billion).

Disposals in 2012 primarily related to Oil Terminals (DKK 2.6 billion) and small-scale power stations (DKK 0.2 billion) in Thermal Power, transmission assets related to the Walney 2 wind farm (DKK 1.0 billion) and 50% of the Borkum Riffgrund 1 project (DKK 0.4 billion) in Wind Power.

Cash flows from financing activities

DKK million	2012	2011	Δ
Cash flows from financing activities	13,026	4,918	8,108

Cash inflow from financing activities was DKK 13.0 billion compared with DKK 4.9 billion in 2011. The increase primarily related to the issuance of bonds, a GBP 750 million bond with a 20-year maturity and an EUR 750 million bond with a 10-year maturity respectively.

Balance sheet

DKK million	2012	2011	Δ
Assets	159,594	154,073	5,521
Interest-bearing net debt	33,494	23,615	9,879
Equity	50,016	57,740	(7,724)

The balance sheet total increased by DKK 5.5 billion to DKK 159.6 billion in 2012. The increase primarily reflected DONG Energy's continued investment activities in wind farms and oil and gas fields.

Interest-bearing net debt increased by DKK 9.9 billion, standing at DKK 33.5 billion at the end of 2012, as cash inflow from operating activities and disposals was lower than cash outflow for gross investments and dividend payments.

Return on capital employed (ROCE)

DKK million	2012	2011	Δ
Operating profit (loss) (EBIT)	(3,481)	6,100	(9,581)
Share of profit (loss) of associates	(553)	36	(589)
Hydrocarbon tax	(1,775)	(1,516)	(258)
Interest element of provisions	(286)	(176)	(111)
Adjusted operating profit (loss)	**(6,095)**	**4,444**	**(10,539)**
Non-interest-bearing assets	138,545	136,728	1,817
Non-interest-bearing liabilities	55,035	(55,373)	(338)
Capital employed	**83,510**	**81,355**	**2,155**
Return on capital employed (ROCE)[1], %	(7.4%)	5.7%	(13%)

[1] Return calculated as earnings as a percentage of average capital employed.

The return on capital employed was -7.4% in 2012 versus 5.7% in 2011. The negative return in 2012 was due to the previously described negative development in EBIT.

Capital structure

Adjusted net debt to EBITDA was 4.1 times at the end of 2012 compared with 1.9 times the previous year and was thus unsatisfactory in relation to the target of not exceeding 2.5 times.

More details about the capital structure can be found in the chapter Outlook.

Difference in EBITDA between business performance and IFRS in 2012

As described in further detail in the annual report for 2011, DONG Energy introduced an alternative performance measure in 2011 to supplement its IFRS financial statements. The business performance results have been adjusted for temporary fluctuations in the market value of contracts (including hedging transactions) relating to other periods and therefore represent the underlying financial performance of the Group in the reporting period.

The difference between the two performance measures is reflected in revenue and cost of sales. In 2012, the difference in EBITDA was DKK -1.5 billion.

EBITDA, DKK million	2012
Business performance	**8,632**
Market value adjustments for the period of financial and physical hedging contracts relating to other periods	(460)
Deferred losses/gains relating to financial and physical hedging contracts where the hedged production or trading is recognised in the period under review	(1,013)
Total adjustments	**(1,473)**
Of which recognised in revenue	(1,319)
IFRS	**7,159**

Market value adjustments relating to other periods thus amounted to an expense of DKK 0.5 billion and primarily related to hedging of exchange rate contracts concluded at higher exchange rates than market prices at the end of 2012, and gas and coal contracts concluded at lower gas prices and higher coal prices respectively than market prices at the end of 2012. This was partly offset by a positive effect from hedging of electricity.

Deferred losses/gains had a negative effect of DKK 1.0 billion, reflecting a net gain in the IFRS results in previous periods that was recognised as a gain in the business performance results in 2012. The gain primarily related to hedging of gas and electricity.

Results deferred for recognition in business performance results after 2012

At the end of 2012, the deferred earnings impact of financial and physical contracts entered into as part of the risk management of the Group's commercial exposure and hedging of its loan portfolio was negative with DKK 2.2 billion. The deferred impact will be recognised in the business performance results in the period in which the commercial exposure is recognised. In 2013, these contracts will not have any significant net effect on the business performance results assuming unchanged market prices. There will be a positive effect on EBITDA, but a negative effect on net finance costs.

		Expected transfer to business performance results	
DKK million	**Deferred for subsequent recognition end-2012**	2013	Other years
Oil	266	156	110
Gas	322	469	(147)
Electricity	(343)	50	(393)
Coal	(237)	(158)	(79)
Currency	(899)	(540)	(360)
Interest	(1,287)	(13)	(1,273)
Total derivative financial instruments	**(2,178)**	**(36)**	**(2,142)**

Commodities are recognised in revenue and cost of sales, while interest is recognised in net finance costs and currency in all these items.

Non-financial performance

The Group's non-financial performance highlights and associated accounting policies are set out on pages 87-90 of the Group's non-financial statements. The figures are commented on below and on pages 23-26. For a detailed description, reference is made to the Group's verified GRI reporting at dongenergy.com/responsibility2012 and the responsibility pages of dongenergy.com.

Environment

		2012	2011	Δ
EU ETS CO_2 emissions	million tonnes	7.8	10.8	(3.0)
CO_2 emissions per energy unit generated (electricity and heat)	g/kWh	443	486	(43)
Green proportion of electricity and heat generation	%	37	29	8

Power station EU ETS CO_2 emissions totalled 7.8 million tonnes in 2012 compared with 10.8 million tonnes in 2011. In 2012, recent years' reduction in CO_2 emissions per kWh generated continued as a result of increased consumption of biomass at power stations and increased wind generation. CO_2 emissions per energy unit generated (electricity and heat) were 443 g/kWh in 2012 against 486 g/kWh in 2011.

Green electricity and heat generation accounted for 37% versus 29% in 2011. The increase was due to lower generation from power stations coupled with a higher share of biomass in generation and increased wind generation.

Health and safety

		2012	2011	Δ
Lost time injuries	number	71	74	(3)
Lost time injury frequency (LTIF)	per 1 million hours worked	3.6	4.1	(0.5)
Fatalities	number	1	3	(2)

At DONG Energy, safety has always been an integral part of the day-to-day operations, and in 2012 the Group decided to also include safety in its values. The reason for this was to highlight the fact that safety is not a separate academic discipline, but an integral part of the employees' and managers' everyday working lives.

There were 71 lost time injuries in 2012, including 31 at DONG Energy and 40 among the Group's suppliers. Converted to lost time injuries per one million hours worked (LTIF), the total number of injuries at DONG Energy and its suppliers fell for the fifth successive year, from 4.1 in 2011 to 3.6 in 2012.

The injury frequency target set for 2012 was 4.1, and the target for 2013 is a frequency below 3.2.

A tragic incident occurred in 2012 in which a person lost his life while replacing a heavy steel cable on a vessel while it was in dock. DONG Energy takes this type of accident very seriously and will step up preventive action further in 2013.

In 2012, the Group's ongoing efforts to develop a strong safety culture included arranging safety days with suppliers in several business units. Efforts also included the introduction of a course for new managers that focuses on helping managers take the lead when it comes to disseminating the Group's safety culture.

Review of business units' performance

The financial and environmental performance of each of the Group's five business units in 2012 is commented on in the following.

Exploration & Production

Performance highlights		2012	2011
Volumes			
Oil and gas production	million boe	28.5	26.4
- oil	million boe	10.0	9.3
- gas	million boe	18.5	17.1
Financial performance			
Revenue	DKK million	11,871	10,469
EBITDA	DKK million	6,552	5,684
EBITDA adjusted for hydrocarbon tax	DKK million	4,793	4,208
EBIT	DKK million	3,091	3,204
Adjusted operating profit	DKK million	1,211	1,628
Gross investments	DKK million	(5,064)	(5,626)
Capital employed	DKK million	17,507	18,186
Return on capital employed (ROCE)	%	6.8	9.2
Working conditions and environment			
Full time equivalents (FTE)	number	762	652
Lost time injury frequency (LTIF)	per 1 million hours worked	0.4	1.8
EU ETS CO_2 emissions	million tonnes	0.1	0.1
Gas flaring	million Nm^3	7.8	8.0
Oil discharged to sea	tonnes	16	16
Reinjection of produced water on production platforms	%	83	68

Volumes

Oil and gas production was up 8% at 28.5 million boe in 2012.

Oil production amounted to 10.0 million boe, 6% ahead of 2011. The increase primarily reflected start-up of production at the Norwegian oil and gas fields Oselvar and Marulk in the second quarter of 2012 and a more than doubling of production at Siri due to the increase in the ownership interest from 50% to 100% at the end of 2011. This was partly offset by lower production from the Danish fields Syd Arne and Nini and the Norwegian fields Ula, Gyda and Tambar.

Gas production, which came primarily from the Ormen Lange field in Norway, increased by 9% to 18.5 million boe in 2012, representing 65% of total output. The main contributors to the increase were Ormen Lange, Oselvar and Marulk as well as Trym due to full production in 2012 (start-up of production in February 2011).

The Norwegian fields accounted for 82% of production and the Danish fields 18%.

Financial performance

Revenue was DKK 11.9 billion, DKK 1.4 billion ahead of 2011 due to higher production, higher gas prices and higher oil prices in DKK.

EBITDA rose by DKK 0.9 billion to DKK 6.6 billion in 2012. The increase primarily reflected Ormen Lange and Trym as well as the new fields Oselvar and Marulk, which became operational in the second quarter of 2012. This was partly offset by higher exploration costs and higher costs for the repair work to the subsea structure at the Siri platform, which amounted to DKK 1.2 billion in 2012.

EBIT was down DKK 0.1 billion at DKK 3.1 billion, as the higher EBITDA was offset by higher depreciation in Norway, primarily due to higher production and higher depreciation of fields with short remaining useful lives.

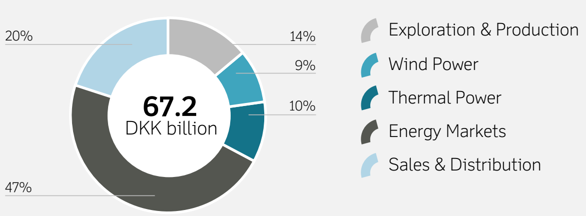
Environment

Discharges of oil to sea together with produced water from the oil and gas activities amounted to 16 tonnes in 2012, in line with 2011. At the Siri platform, which is operated by DONG Energy, 2.9 tonnes of oil was discharged compared with 1.7 tonnes in 2011. The increase primarily reflected a short period of reduced reinjection and a high concentration of oil in the produced water discharged in February.

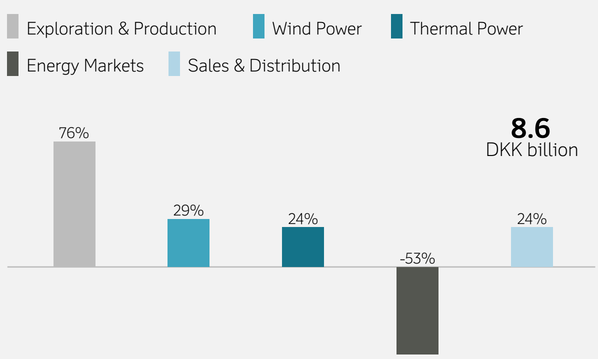
Reinjection of oil-containing produced water improved, overall, from 68% to 83% in 2012, primarily due to the higher ownership interest in Siri and increased reinjection on the Syd Arne platform. At 98%, reinjection from the Siri platform remained at the same high level as in 2011.

Gas flaring decreased from 8.0 million Nm^3 to 7.8 million Nm^3 in 2012, mainly due to reduced flaring on the Syd Arne platform.

Revenue 2012



EBITDA breakdown 2012



Wind Power

Performance highlights		2012	2011
Volumes			
Electricity generation, wind and hydro	TWh	4.6	4.4
Financial performance			
Revenue	DKK million	7,774	4,312
EBITDA	DKK million	2,502	1,799
EBIT	DKK million	700	856
Adjusted operating profit	DKK million	159	861
Gross investments	DKK million	(12,674)	(10,872)
Capital employed	DKK million	39,703	29,443
Return on capital employed (ROCE)	%	0.5	3.4
Working conditions			
Full time equivalents (FTE)	number	1,951	1,219
Lost time injury frequency (LTIF)	per 1 million hours worked	3.7	5.9

Volumes

Generation from wind and hydro increased by 5% in 2012, to 4.6 TWh. The increase in output from the offshore wind farms was primarily assisted by Walney 1 and Walney 2 (start-up of production in the second quarter of 2011 and the second quarter of 2012 respectively). This was partly offset by reduced output from Gunfleet Sands due to the divestment of 50% of the wind farm at the end of 2011. The London Array and Anholt farms generated first power in the second half of 2012.

Output from wind and hydro power accounted for 29% of the Group's total electricity output in 2012 compared with 22% in 2011.

Financial performance

Revenue increased by DKK 3.5 billion in 2012, to DKK 7.8 billion, of which DKK 2.7 billion related to income from contracts for the construction of the offshore wind farms Anholt and Borkum Riffgrund 1 for co-investors.

Around two-thirds of revenue in 2012 (excluding construction contracts) came from government revenue schemes, the most important components of which were fixed tariffs (primarily Denmark) and guaranteed minimum prices for green certificates (primarily the UK). The rest of revenue was sold at market prices, but as a large proportion had been hedged at fixed prices, the development in electricity prices only had limited effect on revenue.

EBITDA rose by DKK 0.7 billion to DKK 2.5 billion in 2012. The increase was primarily driven by earnings from contracts for the construction of the Anholt offshore wind farm for co-investors (start-up in the fourth quarter of 2011) and higher electricity production. EBITDA also benefited from the gain on the sale of 50% of the Borkum Riffgrund 1 project, while higher costs due to the increase in operating activities depressed EBITDA.

EBIT was DKK 0.7 billion, down DKK 0.2 billion on 2011. The development in EBIT compared with EBITDA was due to depreciation of new wind farms and impairment losses of DKK 0.3 billion.

Thermal Power

Performance highlights		2012	2011
Volumes			
Electricity generation, thermal	TWh	9.2	12.6
Heat generation	PJ	43.0	42.6
Financial performance			
Revenue	DKK million	8,980	10,665
EBITDA	DKK million	2,058	2,255
EBIT	DKK million	(2,814)	752
Adjusted operating profit (loss)	DKK million	(2,862)	720
Gross investments	DKK million	(309)	(714)
Capital employed	DKK million	13,712	17,882
Return on capital employed (ROCE)	%	(18.1)	3.9
Working conditions and environment			
Full time equivalents (FTE)	number	1,116	1,285
Lost time injury frequency (LTIF)	per 1 million hours worked	5.8	3.7
EU ETS CO_2 emissions	million tonnes	6.8	9.5

Volumes

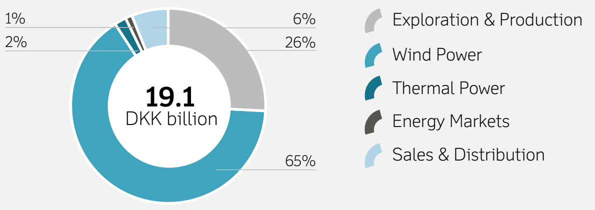
Heat generation was 43.0 PJ in 2012, in line with 2011, while electricity generation was down 27% at 9.2 TWh. Electricity generation was adversely affected by the high hydrological balance in Norway and Sweden, which led to large supplies of inexpensive electricity in the Nord Pool area, and milder weather.

Financial performance

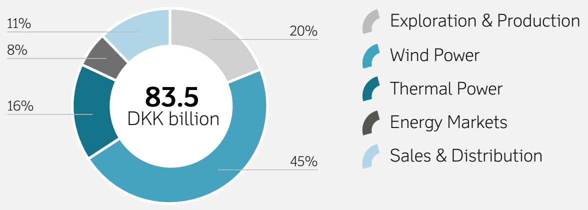
Revenue was down DKK 1.7 billion at DKK 9.0 billion in 2012 due to the lower electricity output and lower settlement prices for electricity in Denmark.

EBITDA was DKK 2.1 billion, down DKK 0.2 billion on 2011. The decline primarily reflected the lower revenue and higher prices for the fuel consumed, primarily related to FIFO effect on coal. Furthermore,

Gross investments 2012



Capital employed 2012



the disposal of Oil Terminals in January 2012 resulted in lower earnings than in 2011. This was partly offset by the full-year effect of tolling income from the gas-fired Enecogen power station in the Netherlands, which became operational at the end of 2011, and income on adjustment of decommissioning obligations relating to property, plant and equipment that had been fully depreciated.

EBIT was down by DKK 3.6 billion, amounting to a loss of DKK 2.8 billion in 2012. This was due to the lower EBITDA, impairment losses of DKK 2.5 billion, primarily on the gas-fired power stations, and higher depreciation due to a review of the useful lives of the stand-by CHP plants in Denmark.

Environment

Danish power station EU ETS CO_2 emissions totalled 6.8 million tonnes compared with 9.5 million tonnes in 2011. The decline reflected divestment of small-scale power stations, lower generation and an increased share of biomass.

Energy Markets

Performance highlights		2012	2011
Volumes			
Gas sales	TWh	146.5	144.7
Electricity sales	TWh	12.6	9.9
Electricity generation, thermal	TWh	2.3	3.4
Financial performance			
Revenue	DKK million	41,416	33,689
EBITDA	DKK million	(4,601)	1,963
EBIT	DKK million	(5,298)	778
Adjusted operating profit (loss)	DKK million	(5,437)	751
Gross investments	DKK million	(273)	(333)
Capital employed	DKK million	7,308	6,553
Return on capital employed (ROCE)	%	(78.5)	13.8
Working conditions and environment			
Full time equivalents (FTE)	number	324	330
Lost time injury frequency (LTIF)	per 1 million hours worked	0.0	1.9
EU ETS CO_2 emissions	million tonnes	0.9	1.2
Gas flaring	million Nm^3	1.1	1.0

Volumes

Gas sales (including sales to own power stations) totalled 146.5 TWh, in line with 2011.

Electricity sales were 12.6 TWh, up 27% on 2011 due to higher electricity sales in the UK, where some of the offshore wind farm-generated electricity is sold. Electricity output from the gas-fired Severn power station amounted to 1.7 TWh in 2012, which was significantly less than in 2011 due to an unfavourable trend in green spark spreads in 2012. Furthermore, the power station was shut down for periods of time in connection with repair work following the breakdown of both turbines in July 2011. One unit was shut down for repairs in September 2012, and the other in January 2013. Both units are expected to be brought back on line in March 2013. The gas-fired Enecogen power station in the Netherlands became operational at the end of 2011, generating 0.6 TWh in 2012. The low output reflected the continuation of very low green spark spreads, as low coal and CO_2 prices placed coal-fired power stations in a better position than gas-fired power stations.

Financial performance

Revenue was up DKK 7.7 billion at DKK 41.4 billion due to higher gas prices and higher electricity sales than in 2011, partly offset by lower electricity prices.

EBITDA amounted to a loss of DKK 4.6 billion, down DKK 6.6 billion on 2011. This mainly reflected the DKK 2.3 billion provision for three long-term, onerous gas storage facility contracts in Germany and the DKK 0.6 billion provision relating to an onerous contract for capacity in the LNG terminal in the Netherlands.

The fall also reflected the fact that, in 2011, EBITDA benefited from non-recurring income of around DKK 1 billion from the renegotiation of gas contracts, and a negative EBITDA in 2012 from the gas-fired power stations due to the low green spark spreads (partly offset by a positive EBITDA from these in Thermal Power). In addition, oil-indexed gas contracts had a negative effect due to the wider spread between oil and gas prices in 2012, despite a large proportion of this exposure having been hedged. This was due to time lag in the contracts.

EBIT decreased by DKK 6.1 billion to a loss of DKK 5.3 billion in 2012, primarily reflecting the lower EBITDA. EBIT in 2011 included a DKK 0.6 billion impairment loss on the offshore gas pipelines from the North Sea to Denmark.

Environment

EU ETS CO_2 emissions from the Nybro gas treatment plant and the foreign gas-fired power stations Severn and Enecogen fell by 0.3 million tonnes to 0.9 million tonnes in 2012. This was due to reduced output from Severn.

Sales & Distribution

Performance highlights		2012	2011
Volumes			
Gas sales	TWh	36.8	20.3
Gas distribution	TWh	9.1	9.9
Electricity sales	TWh	7.5	7.6
Electricity distribution	TWh	8.7	8.8
Oil transportation, Denmark	million bbl	66	72
Financial performance			
Revenue	DKK million	17,061	13,009
EBITDA	DKK million	2,124	2,027
EBIT	DKK million	950	566
Adjusted operating profit	DKK million	961	584
Gross investments	DKK million	(1,169)	(810)
Capital employed	DKK million	9,759	10,944
Return on capital employed (ROCE)	%	9.3	5.1
Working conditions			
Full time equivalents (FTE)	number	1,517	1,409
Lost time injury frequency (LTIF)	per 1 million hours worked	4.0	3.7

Volumes

Gas sales were 36.8 TWh in 2012, up 81% on 2011, mainly due to the acquisition of the UK gas sales company Shell Gas Direct, which was recognised from May 2012.

Gas distribution was 9.1 TWh in 2012, down 8% on 2011 due to milder weather.

Furthermore, electricity sales and distribution and oil transportation were slightly lower than in 2011.

Financial performance

Revenue rose by DKK 4.1 billion to DKK 17.1 billion in 2012. The increase was primarily driven by gas sales in the UK.

EBITDA increased by DKK 0.1 billion to DKK 2.1 billion in 2012. This was primarily due to the recognition as income of adjustment of decommissioning obligations on property, plant and equipment that had been fully depreciated. Positive effects from higher electricity distribution tariffs and lower expenses than in 2011 were more than offset by lower earnings from gas distribution due to fewer volumes distributed and lower tariffs as well as lower earnings from gas sales due to lower margins.

EBIT rose by DKK 0.4 billion to DKK 1.0 billion in 2012. In 2011, an impairment loss of DKK 0.3 billion was recognised on goodwill related to the Dutch sales subsidiary due to changed pricing in the Dutch market.

Environment

There were three significant environmental incidents in 2012. A leaky cable caused an oil leakage of 1.8 m^3. Internal and external emergency plans functioned as planned and the damage was quickly repaired.

At the oil storage facility in Fredericia, a sewage well overflow caused a discharge of waste water containing chloride, contaminating a nearby field. The area has subsequently been cleaned up.

Lastly, at the Nybro gas treatment plant a leakage caused a 500-litre sulfinol spill to the ground. In accordance with the contingency plan, clean-up was launched in cooperation with the authorities to limit the spread, contain the damage and dispose of the contaminated soil.

Outlook

As described in the CEO's statement on pages 5-6 of this annual report, an extensive action plan was put in place in 2012 that is to restore a robust financial platform for the Group's continued growth and strategic transformation.

The timing of the implementation of the individual measures is subject to some uncertainty, especially with respect to divestments and other measures aimed at enhancing the capital structure, including the injection of equity of at least DKK 6-8 billion. The outlook for net investments therefore covers a two-year period, while the outlook provided for the capital structure key ratio is for the end of 2014 only, equivalent to the time frame for the action plan.

Outlook	2013	2014
EBITDA (billion DKK)	11.5-12.5	
Net investments (billion DKK)	25-30	
Adjusted net debt/EBITDA		~2.5x

EBITDA outlook for 2013

Business performance EBITDA for 2013 is expected to amount to DKK 11.5-12.5 billion. The estimate is based on financial forecasts for each business unit and thus reflects specific expectations concerning production from existing and new assets, income from construction contracts, renegotiation of gas contracts, costs for the repair work to the Siri platform, realisation of the ongoing cost cuts, loss of EBITDA in connection with divestments and the market prices and exchange rates set out in the table. In addition, a large proportion of price exposure for 2013 has been hedged using financial contracts.

Market prices

(average)		**Estimate 2013**	Actual 2012
Oil, Brent	USD/bbl	107	112
Gas, TTF	EUR/MWh	26	25
Gas, NBP	EUR/MWh	27	25
Electricity, Nord Pool System	EUR/MWh	38	31
Electricity, Nord Pool, DK [1]	EUR/MWh	43	37
Electricity, EEX	EUR/MWh	44	43
Electricity, UK	EUR/MWh	61	55
Coal, API 2	USD/tonne	94	93
CO_2, EUA	EUR/tonne	6.6	7.5
Green dark spread, DK [1]	EUR/MWh	10.6	4.0
Green spark spread, UK	EUR/MWh	5.1	2.3
Green spark spread, NL	EUR/MWh	(4.5)	(4.5)
USD exchange rate	DKK/USD	5.6	5.8
GBP exchange rate	DKK/GBP	9.1	9.2

Source: Platts, Argus, Nord Pool, LEBA, ECX.

[1] Based on average prices in DK1 and DK2.

Net investments outlook

Net investments for the period 2013-2014 are expected to amount to DKK 25-30 billion, which is slightly less than the previous outlook of average annual net investments of DKK 15 billion in 2011-2013.

Capital structure outlook

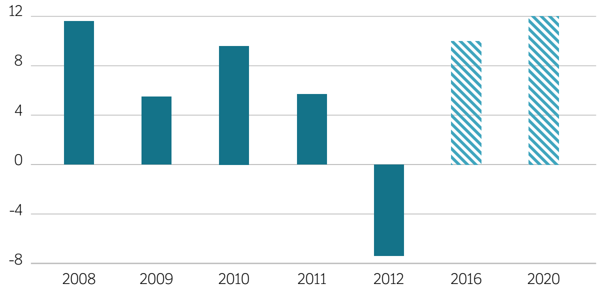
The key ratio adjusted net debt/EBITDA is expected to be reduced to around 2.5 at the end of 2014 compared with 4.1 at the end of 2012 (3.1 excluding the provision relating to gas storage capacity and LNG terminal capacity). The long-term objective is still for adjusted net debt not to exceed 2.5 times EBITDA.

FORWARD-LOOKING STATEMENTS

The annual report contains forward-looking statements, which include projections of short and long-term financial performance and targets. These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends may differ materially from what is forecast in this annual report due to a variety of factors, including, but not limited to, changes in temperature and precipitation levels; the development in oil, gas, electricity, coal, CO_2, currency and interest rate markets; changes in legislation, regulation or standards; renegotiation of contracts; changes in the competitive environment in DONG Energy's markets; and security of supply. Reference is made to the chapter on Risk and risk management, and note 25 to the consolidated financial statements.

DONG Energy has set objectives for its financial management. The key financial management objectives are described below

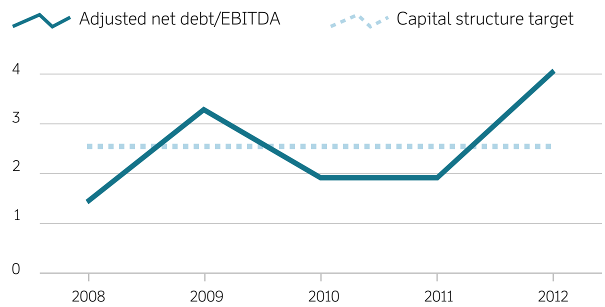
ROCE, %



The business units' ROCE targets for 2016 and 2020 can be seen on pages 2-3.

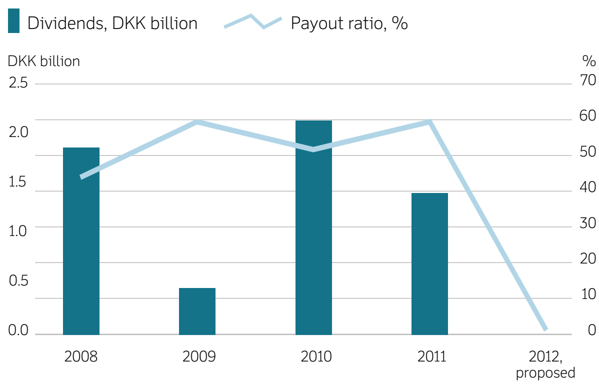
Capital structure

Adjusted net debt must not exceed 2.5 times EBITDA.



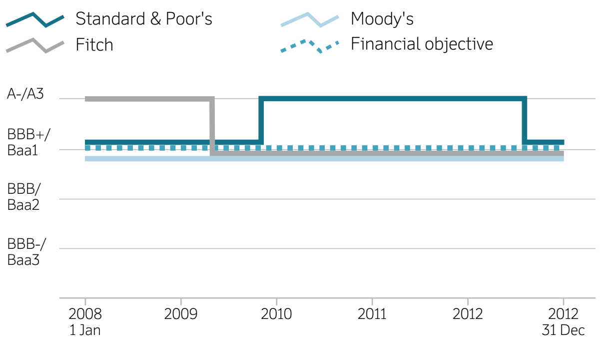
Adjusted net debt is defined as net debt for accounting purposes plus 50% of hybrid capital maturing in 3005.

Dividends



Rating

Rating of minimum BBB+/Baa1



Proposed dividend for the year will be determined based on the following principle:

- A fixed amount of DKK 8.00 per share (in 2012), which will be increased by DKK 0.25 per year if the shareholders' share of profit for the year after tax is within the payout ratio range
- A payout ratio of minimum 40% and maximum 60% of the shareholders' share of the business performance results for the year after tax less coupon after tax to hybrid capital holders and the non-controlling interests' share of profit for the year.

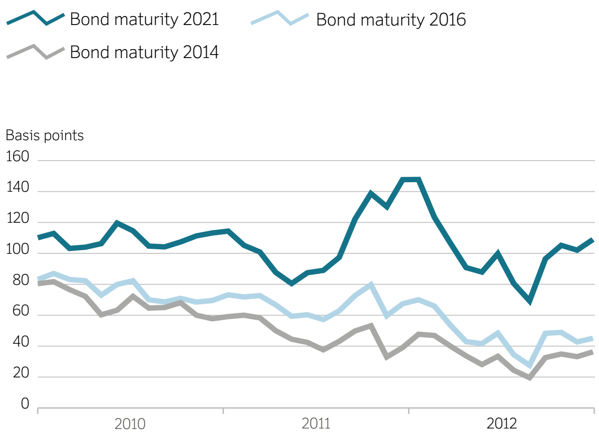
Diversified borrowing in the international bond market

The Group is a reputable player in the bond market and engages in continuous dialogue with bond investors and bond analysts, for example via quarterly presentations and roadshows.

Outstanding bonds

Currency	Principal amount (million)	Coupon (%)	Maturity	Listed in
Corporate bonds				
EUR	500	4.875	7 May 2014	London
EUR	500	4.000	16 Dec 2016	London
EUR	500	6.500	7 May 2019	London
EUR	500	4.875	16 Dec 2021	London
EUR	750	2.625	19 Sep 2022	London
GBP	750	4.875	12 Jan 2032	London
GBP	500	5.750	9 Apr 2040	London
Hybrid bonds				
EUR	600	5.500	Year 3005	Luxembourg
EUR	700	7.750	Year 3010	Luxembourg

Spread (credit margin) compared with swap rate for selected bonds



Significant financing activities in 2012

Date	Activity
05 Jan	Issuance of GBP 750 million bond
11 Jan	Raising of loan from KfW (EUR 90 million)
10 Sep	Issuance of EUR 750 million bond

Rating

	Moody's	Standard & Poor's	Fitch
Company rating	Baa1	BBB+	BBB+
Ordinary bonds	Baa1	BBB+	BBB+
Hybrid bonds	Baa3	BBB- / BB	BBB-
Outlook	Stable	Negative	Negative
Latest rating report	Dec 2012	Feb 2013	Nov 2012

Financial calendar 2013

Date	Activity
27 Feb	Annual report 2012
22 Apr	Annual General Meeting
22 Apr	Interim financial report - Q1 2013
20 Aug	Interim financial report - H1 2013
23 Oct	Interim financial report - 9M 2013

Contact

Investor Relations: Allan Bødskov Andersen
E-mail: investorrelations@dongenergy.com
Telephone: +45 9955 9769

www.dongenergy.com/en/investor

Risk is a part of DONG Energy's business. The Group works actively to identify and handle risks

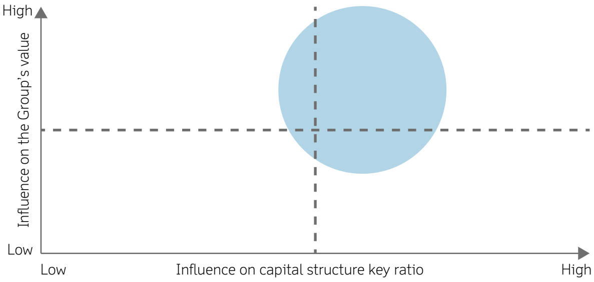
Risks are an integral part of DONG Energy's business. Some market risks are managed with a view to striking the desired balance between value creation and associated risks. Here, movements in market prices can be an earnings opportunity as well as a competitive parameter. As far as other risks such as environmental, safety and technical risks are concerned, DONG Energy endeavours to completely eliminate these or, if this is not possible, to mitigate them as far as possible.

Risk management

The objective of risk management is to ensure that the risks that may affect DONG Energy's business are taken into account. This helps underpin and optimise value creation. As a result of its business strategy, DONG Energy has a commercial exposure to the energy markets in several countries in North West Europe, and its exposure is concentrated, to a greater extent, in DONG Energy's growth areas, Wind Power and Exploration & Production.

Material risks can be divided into four main categories and are, to some extent, interdependent. The Group identifies and prioritises its risks annually in a matrix based on an assessment of their importance both to the Group's value and its capital structure key ratio.

Risk matrix



Selected material risks

Market, liquidity and credit risks

Market risks

- Oil and gas prices
- Prices for thermal electricity generation
- Prices for renewable generation
- Market trading
- Exchange rates
- Interest rates

Liquidity and financing risks

Credit risks

Regulatory risks

- Regulatory frameworks
- Tax regimes
- Financial regulation

Operational risks

- Construction and operation of facilities
- Subsuppliers
- Environment
- Contractual risks
- Partnerships
- Changed demand-side characteristics
- Extensive damage to property
- The weather

Staff and organisational risks

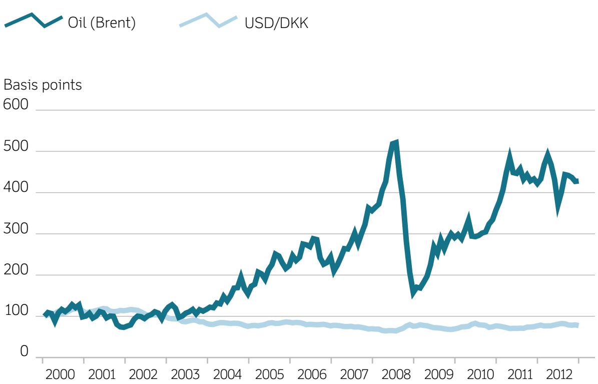
- Employee safety
- Attracting and retaining talented employees
- Fraud

The highlighted risks are explained on the following pages.

Market, liquidity and credit risks

DONG Energy's material market risks relate to the energy markets, including the oil, gas and electricity markets. These markets have special characteristics that affect DONG Energy's risk exposure. Firstly, prices are subject to great uncertainty as energy markets are characterised by being highly volatile. They are far more volatile than, for example, currency markets, cf. the figure to the right, which shows indexed oil prices and USD exchange rates. Secondly, the magnitude of DONG Energy's energy exposure is subject to uncertainty. Examples of this are uncertainty relating to production volumes or special contractual risks applying in the energy markets. Examples of the latter are flexibility in gas purchases or renegotiation clauses, both of which will depend on the future energy price trend and the general economy. The exposure scenario for DONG Energy is therefore based on expectations concerning the factors outlined above.

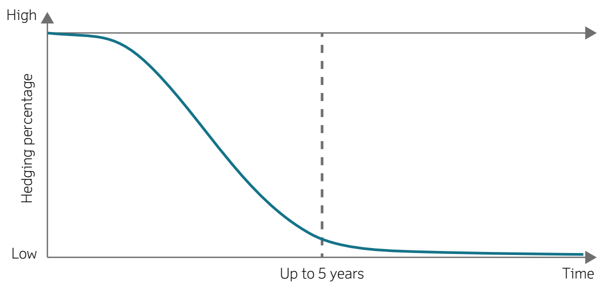
Indexed oil price and USD exchange rate



January 2000 = 100

The figure below illustrates the Group's hedging strategy. The Group's long-term and structural market risks are determined by its strategic choices and the associated asset composition. Coupled with balancing of its oil and gas portfolio, the Group's technological and geographical diversification - including the transformation to greener electricity and heat generation - provides a diversified portfolio of assets with varying risk profiles.

Hedging strategy

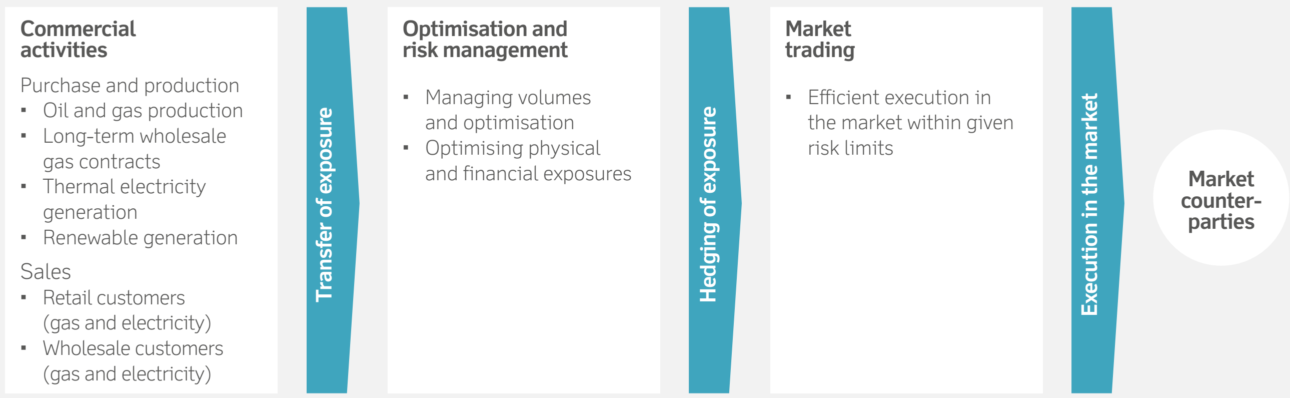


To further reduce the fluctuations in its cash flows in the short and medium terms, the Group enters into price hedging contracts within its risk management time frame (up to five years). At the short end of the time frame, the Group wants a high level of hedging to achieve a high degree of certainty with regard to cash flows, while the hedging level is lower in subsequent years. This approach is chosen partly because the underlying longer-term exposure is subject to greater uncertainty, and partly because the financial and physical markets are less liquid in the longer term.

DONG Energy's principle for managing market risks is illustrated below. The Group optimises its exposures from production and purchase and sales contracts within its management time frame and hedges them taking a consolidated view in which account is taken of internal hedging in the Group.

The Group then hedges the consolidated exposure via DONG Energy's trading function (Market Trading), which is responsible for executing physical and financial transactions in the market to the extent possible. This activity may be restricted by market liquidity.

Risk management principle



Market risks can be divided into energy price risks and currency and interest rate risks. Energy price risks arise as a result of fluctuations in the prices of oil, gas, electricity, coal, CO_2 and, to a lesser extent, other commodities. Part of the exposure depends on one specific price (direct price risks), while other parts depend on the difference between two or more prices (spread risks). Market price risk on direct price risks is normally higher than for spread-based exposures as the prices of individual commodities are typically more volatile than the difference between wholly or partly correlated energy prices.

GLOSSARY

Reference is made to the glossary on page 109 for definitions of terms.

Oil and gas prices

Oil and gas price risks come primarily from equity production of oil and gas and from differences in the indexation of sales and purchase prices for gas.

DONG Energy's production of oil contributes to reducing its oil price exposure from oil price-indexed gas purchase contracts. Viewed in isolation, oil-indexed gas purchase contracts entail a long gas position and a short oil position.

The risk to future cash flows from oil and gas exposures is managed with a time frame of three years based on a target for cash flow-at-risk. Oil and gas exposures are hedged after adjustment for hydrocarbon taxation to achieve the desired cash flow effect after tax.

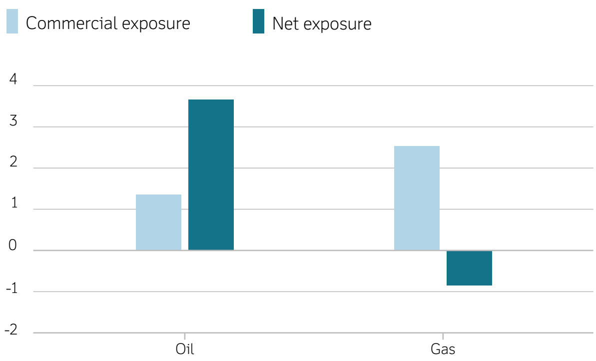
The oil and gas exposure profile is expected to change in the years to come, primarily due to rising equity production of oil. DONG Energy will be affected financially when oil and gas price trends diverge in the short term (decouple), as was the case in 2009-2012.

The long-term purchase and sales contracts contain embedded options, for example in the form of volume flexibility and renegotiation clauses that may alter DONG Energy's risk profile in both the short and the long term. Like other European companies, DONG Energy is in the process of renegotiating long-term gas purchase contracts. This may lead to a significant reduction in the oil price indexing of its gas purchase contracts.

At the end of 2012, renegotiation of gas contracts led to considerable changes in gas and oil exposures. DONG Energy's gas and oil positions were both long, overall, at the end of 2012. Before the renegotiations, the Group had a long gas position and a short oil position. At the end of 2012, hedging transactions had not been aligned to the new conditions.

At the start of 2013, the net exposure to oil and gas for 2013 had largely been balanced using hedging transactions.

Oil and gas exposures in 2013, DKK billion



Prices for thermal electricity generation

The electricity price is determined by fuel prices, prices for CO_2 emissions allowances and general supply side and demand side characteristics, where weather conditions play a part. For example, the electricity price in the UK is driven, to a great extent, by the gas price.

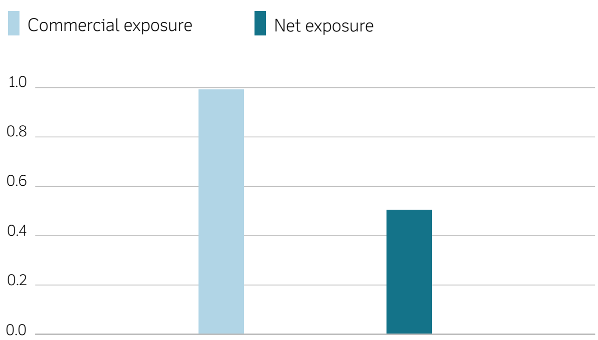
Risk management of thermal electricity generation is based on freezing the contribution margin for future electricity generation by selling electricity and buying fuel and CO_2. The spread-based price exposure for the Danish and foreign electricity generation is managed with a time frame of up to five years. The time frame reflects the given liquidity conditions for trading in the forward market.

The power station portfolio consists of gas, coal and biomass-fired plants in Denmark, the UK and the Netherlands. The profitability of each power station will depend on prices of competing fuels, for example gas relative to coal.

At the end of 2012, the price exposure relating to 49% of expected thermal generation in 2013 had been hedged.

The currently relatively low exposure to thermal electricity generation mainly reflects unfavourable correlations between electricity and fuel prices, i.e. a low contribution margin. For a given expected output, this results in a low exposure.

Thermal electricity generation exposure in 2013, DKK billion



Risk and risk policy

Exposure and hedging

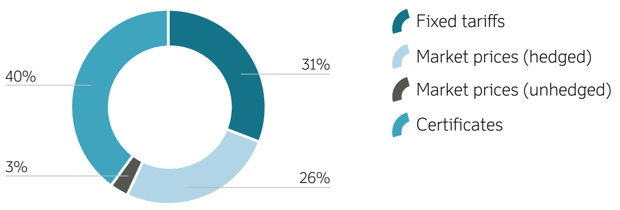
Prices for renewable generation

In connection with the development of renewable energy sources, primarily offshore wind farms, a major part of the earnings from wind power will come from activities subject to regulated pricing. The key components are fixed tariffs (Denmark and Germany) and guaranteed minimum prices for green certificates (the UK and Poland).

The market price risk to the wind power portfolio is treated as a direct price risk and managed with a time frame of three years based on a target for cash flow-at-risk.

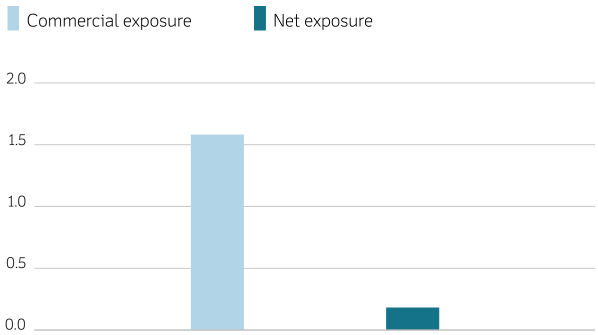
At the end of 2012, fixed tariffs and guaranteed minimum prices for green certificates accounted for approx. two-thirds of expected revenue from the wind power portfolio in 2013.

Income by wind farm in 2013



88% of the exposure to market prices in Wind Power has been hedged in 2013.

Renewable generation exposure in 2013, DKK billion



Market trading

When the Group's desired hedging level has been determined, the Market Trading function is responsible for executing the physical and financial transactions in the market. It is not always possible to hedge the transferred price risks in full. DONG Energy therefore has some remaining exposure resulting from these activities.

Market Trading also balances physical volumes in the market and, to a lesser extent, takes positions to ensure an ongoing market presence and thus gain more detailed market insight. Furthermore, DONG Energy has assumed the role of market maker in the Danish electricity market, which entails further market risks.

At the end of 2012, the energy price exposure amounted to DKK 4.2 billion before hedging and DKK -464 million after hedging.

Overall one-day 95% Value-at-Risk (VaR) was DKK 38 million.

Exchange rates

The majority of DONG Energy's activities entail exposure to fluctuations in exchange rates. The key currencies are USD, GBP, NOK, PLN, SEK and EUR. The net exposure is calculated on an ongoing basis for the Group as a whole. The Group aims to minimise its net exposure via forward contracts, swaps and options. Currency positions are determined on the basis of estimated operating cash flows with a five-year time frame. Currency risks in connection with net investments in foreign subsidiaries and loans without any time frame are also included.

GBP and USD represent the largest exposures. At the end of 2012, 97% of the currency exposure in 2013 had been hedged.

Risk and risk policy

Exposure and hedging

Interest rates
DONG Energy's interest rate risks relate to interest-bearing assets, financial price hedges, non-current liabilities and current interest payments. The Group wants to limit the effect of changes in interest rates. As a result, the loan portfolio, including hybrid capital, was predominantly fixed-rate at the end of 2012. Interest rate risk is managed actively via a target for the duration of the net debt.

The table below shows the key indicators for interest rate risk. 79% of the Group's borrowings are at fixed rates. In 2013, a one percentage point interest rate increase would result in a DKK 46 million increase in net interest expense compared with a total annual cost for net debt and hybrid capital of DKK 2.3 billion at the end of 2012.

The loan portfolio (excluding hybrid capital) has an average term to maturity of 10.5 years. This reflects the fact that DONG Energy has endeavoured to reduce its refinancing risk.

Loan portfolio profile (excl. hybrid capital) at 31 Dec 2012

Fixed-interest portion[1] (%)	79.0
Modified duration (years)	6.8
Average time to maturity (years)	10.5
Average interest rate (%)	3.9

[1] The fixed-interest portion incl. hybrid capital was 82.4%.

Liquidity and financing risks
Implementation of DONG Energy's strategy assumes financing in the form of asset disposals or the raising of loans in addition to the cash inflow from operating activities. The refinancing risk is reduced by having a diversified debt mix and maturity profile and ample cash resources in the form of committed loan facilities, cash or liquid securities.

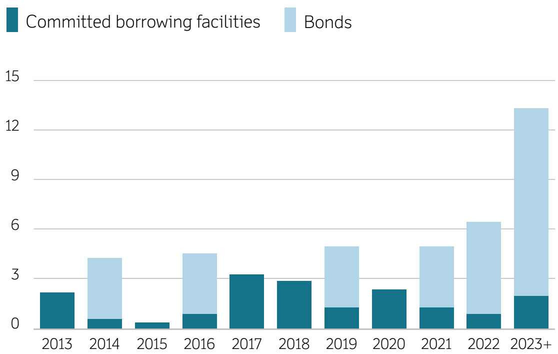
To secure financing on attractive terms, DONG Energy has set targets for its credit rating and capital structure (see page 28). The credit rating target is ratings of at least BBB+ (Standard & Poor's and Fitch) and Baa1 (Moody's), while the capital structure target is for adjusted net debt not to exceed 2.5 times EBITDA.

At the end of 2012, cash resources were DKK 25.8 billion, of which DKK 11.6 billion was committed borrowing facilities and DKK 14.2 billion available cash and cash equivalents and securities.

DONG Energy's current ratings are BBB+ with a negative outlook (Standard & Poor's and Fitch) and Baa1 (Moody's).

At the end of 2012, adjusted net debt amounted to 4.1 times EBITDA.

Maturity profile, DKK billion



Note: Excluding hybrid capital, which comprises: EUR 600 million maturing in 3005 with first call date in 2015 and EUR 700 million maturing in 3010 with first call date in 2021.

Credit risks
DONG Energy seeks to mitigate its credit risks by systematically credit-rating counterparties, by using financial standard contracts and by requiring collateral. Allocated credit lines are monitored continuously and counterparties in the areas of energy trading and financial activities are monitored daily.

Monitoring of counterparties and allocation of credit lines are based on limits determined by the Board of Directors and the Executive Board. An internal credit rating is required for major counterparties. Information from external credit rating agencies, information in the public domain and DONG Energy's own analyses are used to establish the internal rating and assess the maximum permitted commitment for each counterparty.

DONG Energy did not suffer any losses on individual major counterparties in 2012.

Despite the continued financial crisis, the number of retail customers in arrears fell in 2012, especially in the business customer segment. However, if the slow economic growth persists, it may have a negative effect on this, going forward.

For an overview of credit quality at the end of 2012, reference is made to note 24 to the consolidated financial statements.

Regulatory risks

Regulatory frameworks

Changes in the regulatory frameworks in both Denmark and abroad are material to DONG Energy's strategic opportunities and thus also its future earnings. However, DONG Energy's growing international presence is reducing its dependence on regulatory changes in the individual countries, such as changes to subsidy schemes in connection with investments in wind generation and changes to public regulation of electricity and gas. DONG Energy's activities in several stages of the value chain contribute to mitigating the effects of regulatory changes in individual stages of the chain. Furthermore, DONG Energy follows political and regulatory developments closely in the relevant countries, and takes an active part in connection with consultations on draft legislation and other regulatory proposals that involve a risk of material changes.

Tax regimes

Changed tax regimes may have a material effect on the Group's financial results, including in connection with oil and gas extraction. DONG Energy's tax risks are assessed and managed on a continuous basis using the Group's tax policy and tax strategy. DONG Energy seeks open dialogue with tax authorities and other public authorities and, wherever possible, endeavours to obtain binding advance indications from the authorities to clarify major tax-related risks. Because of the Group's international presence, DONG Energy maintains a fair transfer pricing system based on OECD guidelines.

Financial regulation

The financial crisis has led to a desire among European regulators to tighten the rules on trading in financial instruments, including commodity derivatives. This has led to three strands of new regulations (REMIT, EMIR and MiFID II) that may have considerable implications for DONG Energy, not only in terms of tied-up funds but also stricter capital requirements. DONG Energy follows developments closely and continually analyses whether it is necessary to adjust the current business model. DONG Energy implemented the REMIT regulation on market abuse at the start of 2012. The EMIR regulation, which introduces mandatory clearing of, for example, OTC derivatives, is expected to have a major impact in 2013 on the way in which such derivatives are traded and collateral is provided.

Operational risks

Construction and operation of facilities

There are a variety of risks associated with DONG Energy's development, construction, operation and maintenance of production equipment and facilities, and these risks cannot all be directly hedged. DONG Energy continuously focuses on avoiding and preventing high-risk scenarios by means of inspection, improved maintenance as well as internal and external checks of production equipment and facilities. Where possible, a number of insurance policies have been taken out to protect the value of assets.

The subsidiary DONG Insurance A/S was established to optimise the insurance portfolio. DONG Insurance A/S is a wholly-owned subsidiary of DONG Energy A/S and, in principle, only insures companies and risks in the DONG Energy Group. The most important areas of insurance comprise the Group's major fixed assets. As an insurance company, DONG Insurance is subject to supervision by the Danish Financial Supervisory Authority.

Subsuppliers

There are risks of delays associated with the execution of investment projects involving many subsuppliers, such as delays in installation and transit vessels, commercial and partner-related factors, breach of contract by suppliers and subcontractors and, for wind farms, delays in cable-laying. Moreover, a large part of the equipment required is ordered in markets that are often characterised by a high level of activity and where competition may be limited. To mitigate these risks, DONG Energy has acquired extensive internal knowledge and expertise. As far as concerns wind farm construction, the Group has secured control of key capabilities in installation logistics via its ownership of A2SEA and CT Offshore, enabling it to optimise processes.

Environment

As an energy company DONG Energy leaves a significant mark on the environment. The Group therefore has an obligation to society to work in a long-term, systematic manner to limit these impacts. Consideration for the climate and the environment is an integral part of the Group's activities and decision-making processes.

DONG Energy has an overall environment policy, partly to minimise its environmental impact, and partly to endeavour to continually optimise the relevant systems and processes. The policy is followed up by international certified management systems in the parts of the Group where this creates value and where risk exposure is highest. The ISO 14001 environmental management standard is applied at, for example, all Danish facilities that generate electricity and heat, in electricity distribution and in the Group's oil and gas activities.

Identification and reduction of potential environmental risks and social risks is a statutory requirement on large projects, for example the construction of offshore wind farms and power stations and exploration and production activities. Such EIAs (Environmental Impact Assessments) help achieve the objective of having a low environmental impact in all phases – from project planning, through construction and consumption to decommissioning.

DONG Energy works systematically on recording, managing and following up on environmental incidents. The Group applies the principle that the severity of an incident should determine the level of management, and has implemented a system for risk assessment and systematic follow-up in connection with incidents.

Staff and organisational risks

Employee safety

For DONG Energy, a stimulating, healthy working environment coupled with a high level of safety in the workplace is a prerequisite for operating a responsible and efficient company. Safety is therefore an integral part of the Group's values. Safety awareness is high in connection with all activities, and the Group continuously strives to improve its safety performance through prevention, training, education and involvement of employees to embed our safety culture 'The safe way – or no way'.

DONG Energy makes extensive use of suppliers, especially on major construction projects such as wind farms and oil and gas installations. Based on the company's growth strategy, DONG Energy expects to make increasing use of suppliers in the years ahead. Contractual issues relating to safety and supplier safety in practice are therefore key components in DONG Energy's efforts to minimise risks to personal safety. DONG Energy focuses on and monitors supplier safety in the same way as the safety of its own employees.

Incidents and near-misses as well as observations relating to hazardous conditions for both own and supplier employees are systematically recorded, risk assessed and handled across the Group in order to minimise the risk of employee injuries. The knowledge acquired in this way is used to continuously put in place new initiatives to minimise relevant risks. These initiatives have resulted in a markedly falling injury frequency in recent years.

The target is an injury frequency (LTIF) of max. 1.5 in 2020, which is a significant improvement on 2012, when the frequency was 3.6. The Group has therefore increased its focus on the overall safety plan, including safety at suppliers, and associated systems. The new measures include heightened awareness of the safety culture, with safety being made a clear managerial priority across DONG Energy. The initiatives also comprise development of an e-learning programme that all the Group's employees and suppliers must complete. This ensures that DONG Energy's values and requirements in relation to safety become firmly embedded in the way the Group's own and suppliers' employees work.

Attracting and retaining competent employees

DONG Energy competes internationally for the resources and skills that are to secure its future growth. This applies especially to commercial and technical skills in Exploration & Production and Wind Power and commercial skills in Energy Markets.

DONG Energy therefore has a recruitment risk in relation to the recruitment of skilled labour. To reduce this risk, the Group has focused in recent years on a variety of activities, including employer branding, identification of key skills, talent and skills development and improvement of the conditions for attracting skilled foreign labour.

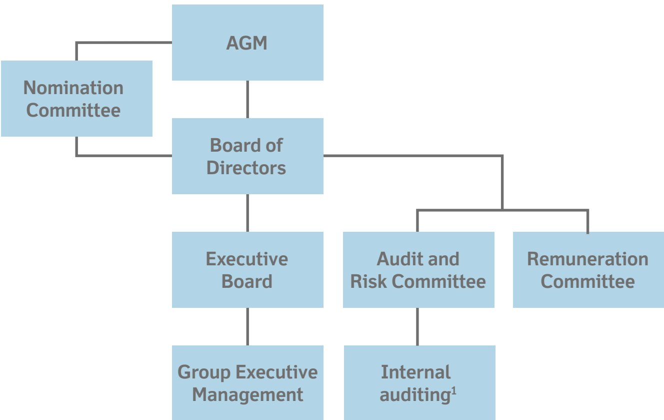
Statutory report on corporate governance, cf. Section 107(c) of the Danish Financial Statements Act

Corporate governance

DONG Energy has elected to address the recommendations of the Committee on Corporate Governance and applies 77 of its 79 recommendations.

The Board of Directors has overall responsibility for corporate governance at DONG Energy. The Board has appointed committees that are to assist the Board in its work, and an Executive Board that takes care of the day-to-day management of the Group.

Management bodies and committees in DONG Energy A/S



[1]Internal auditing will be introduced in spring 2013

Shareholders

The state, as principal shareholder (79.96% interest), exercises its ownership in accordance with the principles in the publication 'The state as shareholder'.

For shareholders, annual and extraordinary general meetings are supplemented by an annual shareholder meeting at which management briefs the shareholders on the Group's activities.

The Nomination Committee consists of six members: the Chairman and Deputy Chairman of the Board and four members appointed by each of the four largest registered shareholders. As the members have not been appointed by the Board, the Committee's composition differs from that proposed in Recommendations on Corporate Governance.

The Nomination Committee's role is to review the Board's composition and recommend suitable candidates to the Board for election by the shareholders at the AGM. No age limit has been set for Board members, but age is one of the factors taken into account in the overall assessment of the Board's composition.

Board of Directors

The Board of Directors consists of 12 members. Eight members are elected at the AGM, and four by the employees. One of the members elected at the AGM has been on the Board for more than 12 years and therefore does not meet the definition of independence in Recommendations on Corporate Governance.

The Board determines DONG Energy's overall objectives and strategy and is responsible for appointing a competent Group Executive Management. The Board makes decisions on major investments and divestments, capital base, key policies, control and audit issues, risk management, and significant operational issues. The duties of the Board and its Chairman are set out in the Board's rules of procedure, which are reviewed and updated annually by the full Board.

The Board has undertaken a structured self-assessment based on assessment forms distributed to the individual Board members and subsequent discussion of the responses by the full Board.

The Board met 13 times in 2012.

Members of the Board of Directors and the Group Executive Management may not buy shares in DONG Energy, and DONG Energy has not issued any options or warrants.

Remuneration details for the members of the Board of Directors and the Group Executive Management are provided in note 6 to the consolidated financial statements.

The Board has appointed an Audit and Risk Committee and a Remuneration Committee.

Terms of reference for the Audit and Risk Committee and the Remuneration Committee and rules of procedure for the Nomination Committee can be found on DONG Energy's website: **dongenergy.com/corporate governance**

DONG Energy's report on corporate governance can be found at dongenergy.com/corporate_governance/2012 Recommendations on Corporate Governance can be found on the website of the Committee on Corporate Governance **corporategovernance.dk**

Audit and Risk Committee

The Audit and Risk Committee consists of four members appointed by the Board of Directors. The members meet the requirements made with respect to independence, experience and expertise in accordance with current recommendations, including in accounting, so that the Committee as a whole has the necessary skills.

The Audit and Risk Committee must assist the Board in its monitoring of the financial reporting, financial risks, the internal control environment and compliance with legislation and other requirements from public authorities. The Committee must also set the framework for the external auditors, evaluate their qualifications and independence and conclude engagement letters. Audit planning is discussed with the external auditors, and the services provided are evaluated. The Committee has established a whistleblowing procedure.

The Committee had five meetings in 2012.

Internal auditing

In 2012, the Board decided to establish internal auditing reporting to the Audit and Risk Committee. An internal auditor has been appointed who will take up her post in spring 2013, following which tasks and responsibilities in relation to internal auditing will be determined.

Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board and two members of the Board. Its primary tasks include assessing and preparing recommendations to the Board on remuneration policy for the Board and for the Executive Board registered with the Danish Business Authority prior to approval at general meetings, salary adjustment for the Group Executive Management, bonus for the Group Executive Management for the preceding and the coming year, application of retention schemes for key employees, application of one-off payments to the Group Executive Management and Senior Vice Presidents and application and introduction of new compensation components for employees in Leadership Forum, including new bonus components.

The Committee had two meetings in 2012.

Group Executive Management

CEO Henrik Poulsen and CFO Carsten Krogsgaard Thomsen make up the Executive Board of DONG Energy A/S.

The Board of Directors lays down the detailed rules for the Executive Board, including the segregation of duties between the Board of Directors and the Executive Board and the latter's powers to enter into agreements on behalf of the company.

The Group Executive Management is responsible for the day-to-day management of the company and had five members at the end of 2012, including the Executive Board. In spring 2013, the Group Executive Management will be supplemented by a further two members appointed in 2012.

Employee diversity

DONG Energy has signed the Danish Ministry for Gender Equality's charter for more women in management and has put initiatives in place throughout the organisation to ensure, among other things, that more women with leadership potential are identified and developed. In 2012, 25% of all managers in the Group were women and 16% of the Top 300 managers were women. Of all employees in DONG Energy, 31% were women.

DONG Energy wants to offer all its existing and potential employees the same opportunities, regardless of nationality, ethnic origin, religion, political beliefs or social background. This applies in all areas, including recruitment, employee benefits, safety, education and management. No cases of discrimination were reported in 2012.

DONG Energy has initiated collaboration with, among others, Disabled Peoples Organisations Denmark (Danske Handicaporganisationer), focusing especially on recruitment of disabled candidates and offering traineeships to young disabled people. In addition, in 2012, DONG Energy joined the Accessibility Label scheme Godadgang.dk. As a result, accessibility to the Group's largest location has now been registered and labelled.

Internal control and risk management in relation to financial reporting

DONG Energy's internal control and risk management in relation to its financial reporting is planned so as to present financial statements that are in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and IFRS issued by IASB.

The internal control and risk management system is updated on an ongoing basis and is designed to ensure that material errors or irregularities in the financial reporting are prevented or detected and corrected so that interim financial reports and annual reports give true and fair views without material misstatement.

DONG Energy has used the internationally recognised COSO framework as a basis for its work on risk management and the determination of internal control in relation to its financial reporting.

Control environment

The Board of Directors and the Executive Board have overall responsibility for the Group's risk management and internal control in relation to its financial reporting. The Audit and Risk Committee helps the Board of Directors monitor the financial reporting process and the key risks related to it. The Audit and Risk Committee also monitors the development in the internal control and risk management systems and the ongoing reporting on assessed risks and internal controls from the business units.

The Executive Board is responsible for ensuring that the internal control and risk management systems are effective and that controls have been implemented to mitigate risks in relation to the financial reporting. Managers at various levels are responsible for the internal control and risk management in their respective units. For jointly controlled operations and entities, such requirements are determined and approved in collaboration with the partners in these operations and entities.

The Board of Directors and the Executive Board approve DONG Energy's overall policies and guidelines in key areas. Overall policies and other management-approved guidelines include risk policy, finance policy, IT security policy and policy on good business conduct. Based on these policies, the business units issue more detailed guidelines and monitor the application of policies and procedures.

Risk assessment

Each year, management carries out an overall risk assessment of the accounting areas and processes that entail a special risk of material errors in the financial reporting. During the review, management identifies the items and companies that involve the highest risk of material errors, and these areas are comprised by reporting on internal control to management. As part of its risk assessment, management considers the risk of fraud and the measures put in place to mitigate this risk. Any opportunities for the day-to-day management to override controls and manipulate the financial statements are also assessed.

Control activities

The control activities in place are designed to prevent or detect and correct material errors in order to reduce the risk of material errors in the financial statements to an acceptable level. The control activities are based on the risk assessment and comprise approvals, segregation of duties, analyses, reconciliation and controls relating to IT applications and general IT controls.

DONG Energy has established a reporting process for identification of material risks and has performed internal control in relation to the risks assessed. Material risks and the associated internal controls are compiled in control catalogues for the Group's business units and significant Group functions. Material risks and controls included in the business units' control catalogues are reviewed at least annually.

Information and communication

DONG Energy's information and communication systems in relation to its financial reporting are designed to ensure timely and reliable in-

Of the Group's companies, 24 are comprised by the reporting process on internal control. Based on the identified internal controls, these companies represent 91% of revenue and 68% of assets.

formation on financial and compliance-related issues. Information and communication systems include:

- financial management systems
- consolidation system
- system for reporting on internal controls
- fixed meeting structures
- various internal networks

To ensure that the reporting for the consolidated financial statements is carried out on a uniform basis and is of a high quality, a financial reporting manual, reporting instructions and guidelines for the performance of internal controls have been prepared. These are available to relevant employees. Changes to these and current focus areas are communicated on a regular basis via meetings with business units and via various internal networks. Networks include a finance network, an accounting network and an internal control network.

Monitoring

The business units' monthly financial reporting is analysed and monitored by their controllers and management. The business units' reporting and the overall consolidated financial statements are controlled at corporate level.

DONG Energy has implemented an IT-based reporting system for reporting and monitoring material risks and controls performed in relation to these risks. The business units' control catalogues have been incorporated in the system, and reporting on internal control performed is taken care of directly in the reporting system by the controller performing the control. The persons responsible in the business units monitor the performance of internal control in the system and, each quarter, report a conclusion in summary form on the internal control performed supplemented by any action plans for identified weaknesses. The results of the internal control performed are consolidated in the reporting system and reported to the Audit and Risk Committee on a quarterly basis. The latter monitors that any weaknesses or failings are addressed effectively. The reporting is part of the Board of Directors' monitoring of internal control and risk management.

The future

Internal control and risk management is a continuous process that is developed and improved on an ongoing basis so that it meets the requirements of a growth company at all times. DONG Energy will therefore continue to focus on improving its internal control and risk management systems and its reporting on same. Particular focus areas in 2013 will be the setting-up of internal auditing and the alignment of internal controls to the updated COSO framework.

Carsten Krogsgaard Thomsen

Registered with the Danish Business Authority as CFO
Chief Financial Officer (CFO) since 2002
Education: MSc (Economics), Copenhagen University, 1983

Remuneration: DKK 6,317,000

Career and posts

- 1983-1985 Danish Ministry of the Interior
- 1985-1986 Danish Ministry of Finance
- 1986-1988 Andelsbanken
- 1988-1991 McKinsey, Consultant
- 1991-1995 Rigshospitalet, Director of Finance
- 1995-2002 Danish State Railways, CFO
- 2002- DONG Energy A/S, CFO

Other management positions

Deputy Chairman:

- NNIT A/S

Member:

- GN Store Nord A/S, Chairman of the Audit Committee, and two wholly-owned subsidiaries (GN Resound and GN Netcom)

GROUP EXECUTIVE MANAGEMENT

Besides the Executive Board, the Group Executive Management included the following persons at the end of 2012:

- Søren Gath Hansen
- Thomas Dalsgaard
- Lars Clausen

On 4 March 2013, Morten Hultberg Buchgreitz and Samuel Leupold will join the Group Executive Management.

Henrik Poulsen

Registered with the Danish Business Authority as CEO
Chief Executive Officer (CEO) since August 2012
Education: MSc (Finance and Accounting), Aarhus School of Business, 1994

Remuneration: DKK 3,464,000

Career and posts

- 1994-1995 Novo Nordisk A/S, Controller
- 1995-1996 Aarsø Nielsen & Partners, Senior Consultant
- 1996-1999 McKinsey & Co., Senior Engagement Manager
- 1999-2006 LEGO, VP, Business Development (1999-2000), SVP, Global Segment 8+ (2000-02), SVP, Global Innovation and Marketing (2002-03), Regional Managing Director, Europe and Asia (2004-05), EVP, Markets and Products (2005-06)
- 2006-2008 Kohlberg Kravis Roberts & Co. London, Operating Partner
- 2008-2012 TDC A/S, CEO and President
- 2012- DONG Energy A/S, CEO

Other management positions

Member:

- Chr. Hansen Holding A/S, Chairman of the Audit Committee
- Falck A/S and one wholly-owned subsidiary
- Denmark-America Foundation

Member of Shareholders' Committee:

- Danske Bank A/S

Adviser:

- EQT Partners

	Name	Joined/ Re-elected	Term of office expires	Present posts	Other management positions
	Fritz H. Schur (Chairman since 2005)	2005 / 2012	2013	CEO, Chairman, Deputy Chairman or Member of the Board of Directors of companies in the Fritz Schur Group	Member of the Board of Directors and/or CEO of F. Schur & Co. A/S, FSS MID ApS, Havnefrontens Selskabslager 909 ApS. Member of the Board of Directors and CEO of Fritz Schur A/S and CEO or Chairman of the Board of Directors of two wholly-owned subsidiaries. CEO of FS 1 ApS and Chairman of the Board of Directors of a wholly-owned subsidiary. CEO of FS 11 ApS and Chairman of the Board of Directors of two wholly-owned subsidiaries. CEO of FS 12 ApS and Deputy Chairman of one directly and one indirectly wholly-owned subsidiary. Chairman: SAS AB (Sweden), PostNord AB, F. Uhrenholt Holding A/S, Relationscore ApS and Chairman of the Board of Directors of a wholly-owned subsidiary, C.P. Dyvig & Co. A/S. Deputy Chairman: Brd. Klee A/S. Member: WEPA Industrieholding SE, Experimentarium – Center for formidling af naturvidenskab og moderne teknologi (foundation).
	Lars Nørby Johansen (Deputy Chairman since 2001)	1997 / 2012	2013		Chairman: Falck A/S and a wholly-owned subsidiary, Codan A/S and one wholly-owned subsidiary, William Demant Holding A/S, Dansk Vækstkapital, Syddansk Universitet. Deputy Chairman: Rockwool Foundation. Member: Index Award A/S, Institut for Selskabsledelse ApS, Arp-Hansen Hotel Group.
	Hanne Sten Andersen (employee representative)	2007 / 2011	2014	DONG Energy A/S, Lead HR Business Partner, Sales & Distribution	
	Jakob Brogaard	2007 / 2012	2013		Chairman: Finansiel Stabilitet A/S. Deputy Chairman: LR Realkredit A/S. Member: OW Bunker & Trading A/S, Newco AEP A/S.
	Pia Gjellerup	2012	2013	Djøf, Commissioner	Chairman: Vanførefonden. Member: Gefion Gymnasium, Fondet Dansk-Norsk Samarbejde.
	Benny Gøbel (employee representative)	2011	2014	DONG Energy A/S, Engineer, Thermal Power	

Remuneration: Chairman: DKK 500,000 Deputy Chairman: DKK 300,000 Member: DKK 175,000

	Name	Joined/ Re-elected	Term of office expires	Present posts	Other management positions
	Jørn Peter Jensen	2011 / 2012	2013	Carlsberg Breweries and Carlsberg A/S, Deputy CEO and CFO	Chairman, Deputy Chairman or Member: 20 wholly-owned subsidiaries of the Carlsberg Group in Denmark and abroad. Member of management: Boliginteres-sentskabet Tuborg. Member: Danske Bank A/S. Member of the Corporate Governance Committee. Director: Ekeløf Invest ApS.
	Benny D. Loft	2012	2013	Novozymes A/S, Executive Vice President and CFO	Deputy Chairman: Bygningsfonden Den Blå Planet. Member: 5 wholly-owned companies in the Novozymes-Group, Xellia Pharmaceuticals ApS.
	Jytte Koed Madsen (employee representa-tive)	2011	2014	DONG Energy A/S, Technical Coordina-tor, Group Functions	
	Poul Arne Nielsen	2006 / 2012	2013	Stevns Municipality, Mayor	Chairman: SEAS-NVE A.m.b.a. and a wholly-owned subsidiary, SEAS-NVE Strømmen A/S, Sjællandske Medier A/S, Dansk Energi. Member: Sampension KP Livsforsikring A/S and a wholly-owned subsidiary.
	Jens Nybo Stilling Sørensen (employee representa-tive)	2007 / 2011	2014	DONG Energy A/S, Habour Master, Thermal Power	
	Mogens Vinther	2010 / 2012	2013	Advokatfirmaet Langberg & Vinther, (law firm) partner	Chairman: Fonden Det Gamle Apotek i Ribe, Foreningen Gammelt Præg - Ribe Bybevaring. Member: Syd Energi Holding A/S, Syd Energi A.m.b.a., Fonden Ribe Byferie, Fonden til Ribe Bys Forskønnelse.

Committees, members and annual fee

	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Fritz H. Schur		DKK 50,000 (C)	DKK 0 (C)
Lars Nørby Johansen	DKK 100,000 (C)	DKK 25,000 (M)	DKK 0 (M)
Jakob Brogaard	DKK 50,000 (M)		
Pia Gjellerup [1]		DKK 25,000 (M)	
Jørn Peter Jensen	DKK 50,000 (M)		
Benny D. Loft [1]	DKK 50,000 (M)		

C: Chairman M: Member

[1] Until the AGM in April 2012, this position was held by Jens Kampmann, former member of the Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive income

		2012			2011		
DKK million	Note	Business performance	Adjustments	IFRS	Business performance	Adjustments	IFRS
Revenue	2, 3	67,243	(1,319)	65,924	56,842	1,595	58,437
Cost of sales	5	(47,403)	(154)	(47,557)	(31,605)	230	(31,375)
Other external expenses	33	(8,177)	-	(8,177)	(7,884)	-	(7,884)
Staff costs	6	(3,639)	-	(3,639)	(3,593)	-	(3,593)
Other operating income	4	852	-	852	280	-	280
Other operating expenses		(244)	-	(244)	(270)	-	(270)
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		**8,632**	**(1,473)**	**7,159**	**13,770**	**1,825**	**15,595**
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	2, 10, 11	(12,113)	-	(12,113)	(7,670)	-	(7,670)
Operating profit (loss) (EBIT)		**(3,481)**	**(1,473)**	**(4,954)**	**6,100**	**1,825**	**7,925**
Gain on disposal of enterprises	29	2,675	-	2,675	225	-	225
Share of profit (loss) of associates	16	(553)	-	(553)	36	-	36
Finance income	23	3,692	-	3,692	5,811	-	5,811
Finance costs	23	(5,045)	-	(5,045)	(6,093)	-	(6,093)
Profit (loss) before tax		**(2,712)**	**(1,473)**	**(4,185)**	**6,079**	**1,825**	**7,904**
Income tax expense	7	(1,309)	368	(941)	(3,197)	(457)	(3,654)
Profit (loss) for the year		**(4,021)**	**(1,105)**	**(5,126)**	**2,882**	**1,368**	**4,250**
Other comprehensive income:							
Value adjustments for the year				(590)			(912)
Value adjustments transferred to revenue				14			300
Value adjustments transferred to cost of sales				(62)			(88)
Value adjustments transferred to net finance costs				413			147
Tax on value adjustments of hedging instruments				46			127
Foreign exchange adjustments, foreign enterprises				707			463
Foreign exchange adjustments, equity-like loans, etc.				(492)			(216)
Tax on foreign exchange adjustments, equity-like loans, etc.				134			42
Other comprehensive income				**170**			**(137)**
Total comprehensive income				**(4,956)**			**4,113**
Profit (loss) for the year is attributable to:							
Equity holders of DONG Energy A/S		(4,130)	(1,105)	(5,235)	2,428	1,368	3,796
Coupon payments after tax, hybrid capital holders of DONG Energy A/S		549	-	549	269	-	269
Non-controlling interests		(440)	-	(440)	185	-	185
Profit (loss) for the year		**(4,021)**	**(1,105)**	**(5,126)**	**2,882**	**1,368**	**4,250**
Total comprehensive income for the year is attributable to:							
Equity holders of DONG Energy A/S				(5,256)			3,422
Coupon payments after tax, hybrid capital holders of DONG Energy A/S				549			269
Non-controlling interests				(249)			422
Total comprehensive income				**(4,956)**			**4,113**
Earnings per share (EPS) and diluted earnings per share (DEPS) of DKK 10, in DKK	9			(17.82)			12.92

Balance sheet

Assets

DKK million	Note	2012	2011
Intangible assets	**2, 11**	**2,425**	**2,729**
Land and buildings		3,806	4,142
Production assets		70,671	65,438
Exploration assets		1,401	1,611
Fixtures and fittings, tools and equipment		266	282
Property, plant and equipment under construction		20,163	23,037
Property, plant and equipment	**2, 10**	**96,307**	**94,510**
Investments in associates	16	3,055	3,226
Other equity investments		382	418
Deferred tax	8	294	181
Receivables	13	3,777	3,314
Other non-current assets		**7,508**	**7,139**
Non-current assets		**106,240**	**104,378**
Inventories	12	3,794	4,244
Derivative financial instruments	13, 21	12,622	16,060
Receivables	13	13,906	16,432
Income tax		189	19
Securities	18	14,914	9,914
Cash	18	3,586	2,342
Current assets		**49,011**	**49,011**
Assets classified as held for sale	**28**	**4,343**	**684**
Assets		**159,594**	**154,073**

Equity and liabilities

DKK million	Note	2012	2011
Share capital		2,937	2,937
Reserves		7,892	7,913
Retained earnings		22,592	29,400
Equity attributable to equity holders of DONG Energy A/S		**33,421**	**40,250**
Hybrid capital		9,538	9,538
Non-controlling interests		7,057	7,952
Equity	**26**	**50,016**	**57,740**
Deferred tax	8	6,975	9,336
Pension obligations	6	13	15
Provisions	20	12,496	11,936
Bank loans and issued bonds	17, 19	48,563	34,715
Other payables	19	3,337	2,329
Non-current liabilities		**71,384**	**58,331**
Provisions	20	597	517
Bank loans and issued bonds	17, 19	5,632	5,512
Derivative financial instruments	19	12,523	13,095
Trade payables	19	9,581	9,377
Other payables	19	7,821	8,353
Income tax		1,859	763
Current liabilities		**38,013**	**37,617**
Liabilities		**109,397**	**95,948**
Liabilities associated with assets classified as held for sale	**19, 28**	**181**	**385**
Equity and liabilities		**159,594**	**154,073**

Statement of changes in equity

DKK million	Share capital	Hedging reserve	Translation reserve	Share premium	Retained earnings	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2012	2,937	(1,523)	188	9,248	29,400	40,250	9,538	7,952	57,740
Comprehensive income for the year									
Profit (loss) for the year	-	-	-	-	(5,235)	(5,235)	549	(440)	(5,126)
Other comprehensive income:									
Value adjustments of hedging instruments	-	(591)	-	-	-	(591)	-	1	(590)
Value adjustments transferred to revenue	-	14	-	-	-	14	-	-	14
Value adjustments transferred to cost of sales	-	(62)	-	-	-	(62)	-	-	(62)
Value adjustments transferred to net finance costs	-	413	-	-	-	413	-	-	413
Foreign exchange adjustments, foreign enterprises	-	-	517	-	-	517	-	190	707
Foreign exchange adjustments, equity-like loans, etc.	-	-	(492)	-	-	(492)	-	-	(492)
Tax on other comprehensive income	-	46	134	-	-	180	-	-	180
Total comprehensive income	**-**	**(180)**	**159**	**-**	**(5,235)**	**(5,256)**	**549**	**(249)**	**(4,956)**
Transactions with owners:									
Coupon payments, hybrid capital	-	-	-	-	-	-	(648)	-	(648)
Tax on coupon and costs, hybrid capital	-	-	-	-	-	-	99	-	99
Dividends paid	-	-	-	-	(1,457)	(1,457)	-	(1,061)	(2,518)
Addition, non-controlling interests	-	-	-	-	(83)	(83)	-	415	332
Disposal, non-controlling interests	-	-	-	-	(33)	(33)	-	-	(33)
Changes in equity in 2012	**-**	**(180)**	**159**	**-**	**(6,808)**	**(6,829)**	**-**	**(895)**	**(7,724)**
Equity at 31 December 2012	**2,937**	**(1,703)**	**347**	**9,248**	**22,592**	**33,421**	**9,538**	**7,057**	**50,016**
Equity at 1 January 2011	2,937	(1,108)	147	9,248	28,481	39,705	8,088	3,515	51,308
Comprehensive income for the year									
Profit for the year	-	-	-	-	3,796	3,796	269	185	4,250
Other comprehensive income:									
Value adjustments of hedging instruments	-	(917)	-	-	-	(917)	-	5	(912)
Value adjustments transferred to revenue	-	300	-	-	-	300	-	-	300
Value adjustments transferred to cost of sales	-	(88)	-	-	-	(88)	-	-	(88)
Value adjustments transferred to net finance costs	-	147	-	-	-	147	-	-	147
Foreign exchange adjustments, foreign enterprises	-	15	215	-	-	230	-	233	463
Foreign exchange adjustments, equity-like loans, etc.	-	-	(216)	-	-	(216)	-	-	(216)
Tax on other comprehensive income	-	128	42	-	-	170	-	(1)	169
Total comprehensive income	**-**	**(415)**	**41**	**-**	**3,796**	**3,422**	**269**	**422**	**4,113**
Transactions with owners:									
Coupon payments, hybrid capital	-	-	-	-	-	-	(515)	-	(515)
Tax on coupon and costs, hybrid capital	-	-	-	-	-	-	246	-	246
Addition, hybrid capital	-	-	-	-	-	-	5,127	-	5,127
Disposal, hybrid capital	-	-	-	-	-	-	(3,802)	-	(3,802)
Adjustments amortisation original hybrid capital	-	-	-	-	(125)	(125)	125	-	-
Dividends paid	-	-	-	-	(2,203)	(2,203)	-	(16)	(2,219)
Addition, non-controlling interests	-	-	-	-	96	96	-	4,080	4,176
Disposal, non-controlling interests	-	-	-	-	(41)	(41)	-	(35)	(76)
Adjustments disposals	-	-	-	-	(604)	(604)	-	(14)	(618)
Changes in equity in 2011	**-**	**(415)**	**41**	**-**	**919**	**545**	**1,450**	**4,437**	**6,432**
Equity at 31 December 2011	**2,937**	**(1,523)**	**188**	**9,248**	**29,400**	**40,250**	**9,538**	**7,952**	**57,740**

The hedging reserve comprises the accumulated net change in the fair value of hedging transactions that qualify for designation as hedges of future cash flows, and where the hedged transaction has yet to be realised, less the related tax.

The translation reserve comprises exchange differences arising on translation of the financial statements of foreign entities with a functional currency that is different from the Group's presentation currency, foreign exchange adjustments relating to assets and liabilities that form a part of the Group's net investment in such entities, and foreign exchange adjustments relating to hedging transactions that hedge the Group's net investment in such entities, less the related tax. The foreign exchange adjustments are recognised in profit for the year on realisation or partial realisation of the net investment.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares in connection with capital increases. The reserve is part of DONG Energy's distributable reserves.

Statement of cash flows

DKK million	Note	2012	2011
Operating profit before depreciation, amortisation and impairment losses (EBITDA)		7,159	15,595
Other items[1]		3,695	(1,413)
Interest income and similar items		3,347	5,979
Interest expense and similar items		(4,192)	(6,808)
Income tax paid	7	(2,643)	(1,647)
Cash flows from operating activities before change in net working capital (FFO)		**7,366**	**11,706**
Change in inventories		478	(1,144)
Change in trade receivables		397	1,976
Change in other receivables		(424)	(949)
Change in trade payables		(442)	749
Change in other payables		326	286
Change in net working capital		**335**	**918**
Cash flows from operating activities		**7,701**	**12,624**
Purchase of intangible assets and property, plant and equipment		(17,813)	(17,851)
Sale of intangible assets and property, plant and equipment		1,389	1,936
Acquisition of enterprises		(422)	(22)
Disposal of enterprises	29	2,922	45
Acquisition of associates		-	(133)
Acquisition of other equity investments		(11)	(63)
Disposal of other equity investments		49	-
Purchase of securities		(10,184)	(8,124)
Sale of securities		5,184	6,061
Change in other non-current assets		(102)	(166)
Financial transactions with associates		(1,046)	(1,081)
Dividends received and capital reduction		30	60
Cash flows from investing activities		**(20,004)**	**(19,338)**
Proceeds from raising of loans		21,042	9,371
Instalments on loans		(8,334)	(7,121)
Coupon payments on hybrid capital		(648)	(515)
Repurchase of hybrid capital		-	(3,802)
Proceeds from issuing of hybrid capital		-	5,127
Dividends paid to equity holders of DONG Energy A/S		(1,457)	(2,203)
Transactions with non-controlling interests	30	2,503	3,945
Change in other non-current liabilities		(80)	116
Cash flows from financing activities		**13,026**	**4,918**
Net increase (decrease) in cash and cash equivalents		**723**	**(1,796)**
Cash and cash equivalents at 1 January		1,440	3,625
Net increase (decrease) in cash and cash equivalents		723	(1,796)
Cash classified as held for sale		23	(352)
Foreign exchange adjustments of cash and cash equivalents		26	(37)
Cash and cash equivalents at 31 December	**18**	**2,212**	**1,440**

[1] Other items primarily comprise changes in other provisions, changes in prepayments and deferred income, changes in value adjustments of derivative financial instruments and loans and reversal of drilling expenses charged to the income statement.

Statement of cash flows – continued

DKK million	2012	2011
Supplementary information		
Cash flows from investing activities	(20,004)	(19,338)
Dividends received and capital reduction, reversal	(30)	(60)
Purchase and sale of securities, reversal	5,000	2,063
Loans to jointly controlled entities, reversal	262	865
Sale of property, plant and equipment and intangible assets as well as enterprises, reversal	(4,311)	(1,981)
Gross investments	**(19,083)**	**(18,451)**
Transactions with non-controlling interests	231	3,410
Interest-bearing balances on acquisition of enterprises	(101)	-
Sale of property, plant and equipment and intangible assets as well as enterprises	4,311	1,981
Net investments	**(14,642)**	**(13,060)**
Dividends, net	(2,488)	(2,160)
Coupon payments on hybrid capital	(648)	(515)
Dividends and hybrid capital coupon	**(3,136)**	**(2,675)**
Analysis of change in interest-bearing net debt		
Interest-bearing net debt at 1 January	23,615	22,139
Cash flows from operating activities	(7,701)	(12,624)
Net investments	14,642	13,060
Dividends and hybrid capital coupon	3,136	2,675
Repurchase and issuing of hybrid capital	-	(1,325)
Foreign exchange adjustments of interest-bearing net debt	(198)	(310)
Interest-bearing net debt at 31 December	**33,494**	**23,615**
50% of hybrid capital due in 3005	2,206	2,206
Adjusted interest-bearing net debt at 31 December	**35,700**	**25,821**

Statement of cash flows | Accounting policies

Cash flows from operating activities are determined using the indirect method as operating profit before depreciation, amortisation and impairment losses adjusted for other items, change in net working capital, interest received and interest paid, and income tax paid. Trade payables relating to purchases of intangible assets and property, plant and equipment are not recognised in change in net working capital.

Cash flows from investing activities comprise payments in connection with acquisition and disposal of enterprises and activities; purchase and sale of intangible assets, property, plant and equipment and other non-current assets; and purchase and sale of securities that are not recognised as cash and cash equivalents.

Cash flows from financing activities comprise changes in the size or composition of the share capital and costs associated with such changes as well as the raising of loans, repayment of interest-bearing debt, and dividend payments to owners and coupon payments on hybrid capital.

Finance leases are accounted for as non-cash transactions. Cash flows relating to assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash flows in currencies other than the functional currency are translated at the average exchange rates for the month in question, unless these differ significantly from the rates at the transaction date.

01 Basis of reporting

DONG Energy A/S is a public limited company with its registered office in Denmark.

The annual report for the period 1 January - 31 December 2012 comprises the consolidated financial statements of DONG Energy A/S and its subsidiaries (the Group) as well as separate financial statements for the parent company, DONG Energy A/S.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and also comply with IFRSs issued by the IASB.

The consolidated financial statements have been prepared in accordance with Danish disclosure requirements for annual reports of listed and state-owned public limited companies, see the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The annual report is presented in million Danish kroner (DKK), unless otherwise stated.

The consolidated financial statements have been prepared on the historical cost basis except that derivative financial instruments, financial instruments in trading portfolio, financial instruments classified as available for sale and CO_2 emissions allowances in trading portfolio are measured at fair value.

The accounting policies have been applied consistently to the financial year and the comparative figures.

01| Accounting policies

The accounting policies applied to the consolidated financial statements as a whole are described below, while the remaining accounting policies are described in connection with the notes to which they relate.

The aim is to assist with a better understanding of individual items. The Group has elected not to include a reproduction of standards except in the case of descriptions of accounting policies within the framework of IFRS or where deemed particularly important to the understanding of the note in question. The descriptions of accounting policies in the notes form part of the overall description of accounting policies:

- Revenue — note 3
- Income tax expense — note 7
- Deferred tax — note 8
- Property, plant and equipment — note 10
- Intangible assets — note 11
- Inventories — note 12
- Receivables — note 13
- Construction contracts — note 14
- Jointly controlled assets and entities — note 15
- Associates — note 16
- Cash and cash equivalents and securities — note 18
- Loans and borrowings — note 19
- Provisions — note 20
- Derivative financial instruments — note 21
- Operating lease obligations — note 22
- Finance income and costs — note 23
- Equity — note 26
- Acquisition of enterprises — note 27
- Assets classified as held for sale — note 28
- Transactions with non-controlling interests — note 30

Business performance

To provide readers of the consolidated financial statements with relevant and reliable information on how the business is performing, the Group presents an alternative performance measure, business performance, in connection with the statement of profit for the year. Business performance has been determined in accordance with the internal management reporting. In determining business performance results, fair value adjustments on hedging transactions relating to commodity risks and related currency exposures are recognised in the period in which the hedged transaction affects profit, regardless of whether the hedging meets all criteria prescribed by IFRS. This means that transactions are recognised at the hedged value. No adjustments are made in respect of gains and losses on other financial instruments.

The adjustments column consists of fair value adjustments of commodity hedge transactions and realised gains and losses on these transactions and therefore solely reflects timing differences. The additional information is presented in accordance with IAS 1.

Consolidated financial statements

Consolidated financial statements include the parent company DONG Energy A/S and subsidiaries controlled by DONG Energy A/S.

Enterprises in which the Group holds or has the ability to exercise, directly or indirectly, between 20% and 50% of the voting rights, but does not exercise control, are accounted for as associates. However, this is based on a specific assessment of the possibility of exercising influence. Any such enterprises that satisfy the criteria for joint control are instead accounted for as investments in jointly controlled entities.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared in accordance with the Group's accounting policies. Intragroup income and expenses, shareholdings, balances and dividends as well as realised and unrealised gains and losses arising from intragroup transactions are eliminated on consolidation. Unrealised gains resulting from transactions with associates and entities under joint control are eliminated to the extent of the Group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains to the extent that there has been no impairment.

Investments in jointly controlled assets and entities are recognised in the consolidated balance sheet using proportionate consolidation. Accordingly, shares of income and expenses from jointly controlled assets and entities are recognised on a proportionate basis in profit for the year. Own liabilities and expenses incurred in respect of jointly controlled assets and entities are also recognised. In connection with proportionate consolidation, intragroup income and expenses, balances and realised and unrealised gains and losses arising from intragroup transactions between fully consolidated enterprises and proportionately consolidated assets and entities are eliminated to the extent of the Group's investment.

Foreign currency translation

For each reporting enterprise in the Group, items are determined in the currency of the primary economic environment in which the individual reporting enterprise operates (functional currency). Transactions in currencies other than the functional currency of each enterprise are accounted for as transactions in foreign currencies and translated on initial recognition at the exchange rate at the transaction date. Exchange differences arising between the exchange rate at the transaction date and at the date of payment are recognised in profit for the year as finance income or costs.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and at the date at which the receivable or payable arose is recognised in profit for the year as finance income or costs.

For foreign subsidiaries, proportionately consolidated enterprises and associates, the statements of comprehensive income are translated at monthly average exchange rates in so far as these do not deviate materially from the actual exchange rates at the transaction dates. Balance sheet items are translated at the exchange rates at the balance sheet date. All exchange differences are recognised in profit for the year, except for exchange differences arising on:

- translation of the opening equity of these enterprises at the exchange rates at the balance sheet date
- translation of the statements of comprehensive income of these enterprises from the rates at the transaction date to the exchange rates at the balance sheet date
- translation of balances accounted for as part of the total net investment
- translation of the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises and that provides an effective hedge against corresponding foreign exchange gains/losses on the net investment in the enterprise

The above types of exchange differences are recognised in other comprehensive income. Such foreign exchange adjustments are allocated between the parent company's and the non-controlling interests' equity.

When a foreign entity is disposed of, in full or in part, and control is lost, or when balances that are considered part of the net investment are repaid, the share of the cumulative exchange adjustments that is recognised directly in equity relating to that foreign entity is reclassified to profit for the year together with any gain or loss on disposal. The part of the translation

01 Basis of reporting – continued

reserve that relates to non-controlling interests is not transferred to profit for the year.

On partial disposal of foreign subsidiaries that does not result in a loss of control, a proportionate share of the translation reserve is transferred from the parent company shareholders' share of equity to the non-controlling interests' share of equity.

Repayment of balances that are considered part of the net investment does not constitute a partial disposal of the subsidiary.

Implementation of new standards and interpretations
In 2012, DONG Energy implemented the following standards (IASs and IFRSs) and interpretations (IFRICs), effective for reporting periods beginning on or after 1 January 2012:

- Amendments to IFRS 7 Financial Instruments: Disclosures – Enhancing Disclosures about Transfers of Financial Assets
- Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

The implementation of the amended standards in the consolidated financial statements for 2012 has not had any impact on DONG Energy's consolidated financial statements for 2012.

New standards and interpretations
The IASB has issued a number of new or amended standards and interpretations that have not yet become effective and are consequently not mandatory in connection with the preparation of DONG Energy's consolidated financial statements for 2012.

DONG Energy will early adopt IFRS 10, IFRS 11 and IFRS 12 and amendments to IAS 27 and IAS 28 on 1 January 2013. IFRS 11 will mean that the option to apply proportionate consolidation to jointly controlled entities will cease in some cases. In such cases, profit must instead be presented in profit for the year as one aggregate amount, in the same way as the share of profit (loss) of associates, but through EBITDA. In the balance sheet, assets and liabilities relating to jointly controlled entities must also be presented as a net amount in future, like investments in associates. This will mainly affect property, plant and equipment. The early adoption will have limited impact on the financial reporting.

DONG Energy will adopt IFRS 13 on 1 January 2013. IFRS 13 introduces a new definition of fair value and guidance on how it should be determined, and the standard includes disclosure requirements on the value determined. It is assessed that the adoption will have limited impact on the financial reporting.

DONG Energy has initiated assessments of the impact of other new or amended standards and interpretations and expects that these will not have any material impact on the financial reporting. DONG Energy expects to adopt other new or amended standards and interpretations as they become mandatory.

01 | Critical accounting estimates
In the process of preparing the consolidated financial statements, a number of accounting estimates have been made that affect assets and liabilities at the balance sheet date, income and expenses in the reporting period and disclosures on contingent assets and contingent liabilities at the balance sheet date. Management regularly reassesses these estimates, partly on the basis of historical experience and a number of other factors in the given circumstances.

Management is of the opinion that no accounting estimates are made in connection with the presentation of the consolidated financial statements applying the Group's accounting policies that are material to the financial reporting, other than those disclosed in the notes:

▪ Deferred tax	note 8
▪ Impairment testing of property, plant and equipment	note 10
▪ Useful lives for production assets	note 10
▪ Impairment testing of intangible assets	note 11
▪ Valuation of receivables	note 13
▪ Construction contracts	note 14
▪ Investments in associates	note 16
▪ Decommissioning obligations	note 20
▪ Onerous contracts	note 20
▪ Litigation	note 20
▪ Receivables from the disposal of equity investments to non-controlling interests	note 30

01 Basis of reporting – continued

Definitions of performance highlights

EBITDA adjusted for hydrocarbon tax	EBITDA adjusted for hydrocarbon tax. Hydrocarbon tax is a result of the Group's oil and gas extraction.
Funds From Operation (FFO)	Cash flows from operating activities before change in net working capital.
Gross investments	Cash flows from investing activities, excluding dividends received from associates and equity investments, purchases and sales of securities, loans to jointly controlled entities, and disposals of assets and enterprises.
Net investments	Gross investments less disposals of assets and enterprises. To/from this is added/deducted acquired/transferred debt in connection with acquisitions and disposals of enterprises, and deducted non-controlling interests' share of investments in fully consolidated investment projects, and deducted the selling price of non-controlling interests.
Financial gearing [1]	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$
Adjusted net debt	Interest-bearing net debt plus 50% of the hybrid capital due in 3005.
Adjusted net debt to EBITDA	$\frac{\text{Adjusted net debt}}{\text{EBITDA}}$
Return on capital employed (ROCE)	$\frac{\text{Adjusted operating profit}}{\text{Average capital employed}}$
Adjusted operating profit	EBIT adjusted for hydrocarbon tax plus profit from associates less interest element of provisions.
Capital employed	Non-interest-bearing net assets corresponding to non-interest-bearing assets less non-interest-bearing liabilities.
Average capital employed	$\frac{\text{(Capital employed beg. of year + capital employed year end)}}{2}$
Earnings per share (EPS) of DKK 10 [2]	$\frac{\text{Profit for the year}}{\text{Average number of shares}}$
Proposed dividends per share (DPS) of DKK 10 [1]	$\frac{\text{Total proposed dividend}}{\text{Number of shares year end}}$
Payout ratio	$\frac{\text{Total proposed dividend}}{\text{Profit for the year attributable to equity holders}}$
Average number of shares [3]	$\frac{\text{(Shares beg of year x D) + (Shares year end x (365-D))}}{365}$
Net working capital, external transactions	Inventories, trade receivables, associates and jointly controlled entities and other operating current assets less trade payables and liabilities to associates and jointly controlled entities and other operating current liabilities. Prepayments and deferred income are not recognised in the determination of net working capital.
Net working capital, intragroup transactions	Intragroup trade receivables less intragroup trade payables.
Net working capital excl. trade payables	Net working capital excl. trade payables relating to purchases of intangible assets and property, plant and equipment.

[1] The calculation is in accordance with 'Recommendations & Financial Ratios 2010' published by the Danish Society of Financial Analysts.
[2] Earnings per share (EPS) is determined in accordance with IAS 33.
[3] D = number of days prior to a capital increase, including the day on which the proceeds are received.

02 Segment information

Management has defined the Group's business segments based on the reporting regularly presented to the Group Executive Management, and which forms the basis for management's strategic decisions.

Reportable segments comprise the following products and services:

- **Exploration & Production:** Oil and gas exploration and production in Denmark, Norway, the UK, the Faroe Islands and Greenland as well as an ownership interest in the Gassled natural gas pipeline network connecting the Norwegian fields with the European continent and the UK.
- **Wind Power:** Development, construction and operation of wind farms in Denmark, the UK, Poland, Norway, Sweden and Germany as well as an ownership interest in a hydro electric station in Sweden.
- **Thermal Power:** Generation and sale of electricity and heat from thermal power stations in Denmark and ownership of gas-fired power stations in the Netherlands and the UK, leasing of a gas-fired power station in Norway to Statoil under a finance lease, and a demonstration plant for production of second-generation bioethanol in Denmark.
- **Energy Markets:** Optimisation and hedging of DONG Energy's energy portfolio, including trading in natural gas and electricity with energy producers and wholesale customers and on European energy hubs and exchanges.
- **Sales & Distribution:** Sales and distribution of electricity and gas to wholesale and end customers in Denmark, the Netherlands, Sweden and the UK.

02| Accounting policies

The Group operates with two performance measures, both measured on business performance. EBITDA is the primary performance measure and EBIT the secondary performance measure. Segment assets and segment liabilitities are measured in accordance with the accounting policies applied in the consolidated financial statements.

Segment income, segment expense, segment assets and segment liabilities are those items that, in the internal management reporting, are directly attributable to the individual segment or can be indirectly allocated to the individual segment on a reliable basis. Other activities primarily comprise income and expenses, assets and liabilities, investing activities, taxes, etc., that are not directly employed by the individual segment in its operating activities. Intersegment transactions are priced on arm's length terms.

Activities

2012 **DKK million**	Exploration & Production	Wind Power	Thermal Power	Energy Markets	Sales & Distribution	**Reportable segments**	Other activities/ eliminations	**Business performance**	Adjustments	**IFRS**
External revenue	6,175	6,820	7,773	29,752	16,762	67,282	(39)	67,243	(1,319)	65,924
Intragroup revenue	5,696	954	1,207	11,664	299	19,820	(19,820)[1]	-	-	-
Revenue	**11,871**	**7,774**	**8,980**	**41,416**	**17,061**	**87,102**	**(19,859)**	**67,243**	**(1,319)**	**65,924**
EBITDA	**6,552**	**2,502**	**2,058**	**(4,601)**	**2,124**	**8,635**	**(3)**	**8,632**	**(1,473)**	**7,159**
Depreciation and amortisation	(3,461)	(1,472)	(2,448)	(540)	(1,173)	(9,094)	(107)	(9,201)	-	(9,201)
Impairment losses, net	-	(330)	(2,424)	(157)	(1)	(2,912)	-	(2,912)	-	(2,912)
Operating profit (loss) (EBIT)	**3,091**	**700**	**(2,814)**	**(5,298)**	**950**	**(3,371)**	**(110)**	**(3,481)**	**(1,473)**	**(4,954)**
Gain on disposal of enterprises										**2,675**
Share of profit (loss) of associates										**(553)**
Net finance costs										**(1,353)**
Profit (loss) before tax, see consolidated statement of comprehensive income, page 44										**(4,185)**
Adjusted operating profit (loss)	**1,211**	**159**	**(2,862)**	**(5,437)**	**961**	**(5,968)**	**(127)**	**(6,095)**	**(1,473)**	**(7,568)**

[1] Of which elimination of intragroup revenue accounts for an outflow of DKK 22,004 million.

DKK million	Exploration & Production	Wind Power	Thermal Power	Energy Markets	Sales & Distribution	**Reportable segments**	Other activities	Eliminations	**IFRS**
Net working capital, external transactions	(2,337)	(1,580)	529	3,986	582	1,180	(1,837)	45	(612)
Net working capital, intragroup transactions	1,032	469	(655)	837	(2,082)	(399)	444	(45)	-
Net working capital	**(1,305)**	**(1,111)**	**(126)**	**4,823**	**(1,500)**	**781**	(1,393)	**-**	**(612)**
Net working capital excl. trade payables relating to capital expenditure	56	696	(106)	4,823	(1,500)	3,969	(1,393)	-	2,576
Capital employed	17,507	39,703	13,712	7,308	9,759	87,989	(4,513)	34	83,510
Gross investments	(5,064)	(12,674)	(309)	(273)	(1,169)	(19,489)	406	-	(19,083)
Segment assets	36,955	56,366	21,111	30,499	24,651	169,582	87,364	(97,835)	159,111
Deferred tax	482	472	1,082	286	357	2,679	(2,385)	-	294
Income tax receivable	-	762	185	268	79	1,294	(1,105)	-	189
Total assets, see consolidated balance sheet, page 45	**37,437**	**57,600**	**22,378**	**31,053**	**25,087**	**173,555**	**83,874**	**(97,835)**	**159,594**

Oil and gas exploration expenditure of DKK 1,230 million has been recognised in Exploration & Production. Oil and gas exploration assets and liabilities amounted to DKK 3,801 million and DKK 886 million respectively on 31 December 2012. Operating and investing cash flows arising from oil and gas exploration absorbed DKK 2,504 million and DKK 917 million respectively.

02 Segment information – continued

2011 DKK million	Exploration & Production	Wind Power	Thermal Power	Energy Markets	Sales & Distribution	**Reportable segments**	Other activities/ eliminations	**Business performance**	Adjustments	**IFRS**
External revenue	5,784	3,589	9,711	25,320	12,504	56,908	(66)	56,842	1,595	58,437
Intragroup revenue	4,685	723	954	8,369	505	15,236	(15,236)[1]	-	-	-
Revenue	**10,469**	**4,312**	**10,665**	**33,689**	**13,009**	**72,144**	**(15,302)**	**56,842**	**1,595**	**58,437**
EBITDA	**5,684**	**1,799**	**2,255**	**1,963**	**2,027**	**13,728**	**42**	**13,770**	**1,825**	**15,595**
Depreciation and amortisation	(2,480)	(943)	(1,562)	(585)	(1,184)	(6,754)	(98)	(6,852)	-	(6,852)
Impairment losses, net	-	-	59	(600)	(277)	(818)	-	(818)	-	(818)
Operating profit (EBIT)	**3,204**	**856**	**752**	**778**	**566**	**6,156**	**(56)**	**6,100**	**1,825**	**7,925**
Gain on disposal of enterprises										**225**
Share of profit of associates										**36**
Net finance costs										**(282)**
Profit before tax, see consolidated statement of comprehensive income, page 44										**7,904**
Adjusted operating profit	**1,628**	**861**	**720**	**751**	**584**	**4,544**	**(100)**	**4,444**	**1,825**	**6,269**

[1] Of which elimination of intragroup revenue accounts for an outflow of DKK 17,497 million.

DKK million	Exploration & Production	Wind Power	Thermal Power	Energy Markets	Sales & Distribution	**Reportable segments**	Other activities	Eliminations	**IFRS**
Net working capital, external transactions	(951)	(2,767)	299	2,717	965	263	(463)	19	(181)
Net working capital, intragroup transactions	808	(53)	(199)	(175)	(698)	(317)	336	(19)	-
Net working capital	**(143)**	**(2,820)**	**100**	**2,542**	**267**	**(54)**	**(127)**	**-**	**(181)**
Net working capital excl. trade payables relating to capital expenditure	532	(465)	119	2,542	267	2,995	(127)	-	2,868
Capital employed	18.186	29,443	17,882	6,553	10,944	83,008	(1,653)	-	81,355
Gross investments	(5,626)	(10,872)	(714)	(333)	(810)	(18,355)	(96)	-	(18,451)
Segment assets	33.087	48,027	33,155	32,625	22,197	169,091	78,275	(93,493)	153,873
Deferred tax	354	538	272	15	392	1,571	(1,390)	-	181
Income tax receivable	-	108	69	0	62	239	(220)	-	19
Total assets, see consolidated balance sheet, page 45	**33,441**	**48,673**	**33,496**	**32,640**	**22,651**	**170,901**	**76,665**	**(93,493)**	**154,073**

Oil and gas exploration expenditure of DKK 997 million has been recognised in Exploration & Production. Oil and gas exploration assets and liabilities amounted to DKK 2,758 million and DKK 395 million respectively at 31 December 2011. Operating and investing cash flows arising from oil and gas exploration absorbed DKK 2,108 million and DKK 984 million respectively.

Geographical information

	Revenue		Intangible assets and property, plant and equipment	
DKK million	**2012**	2011	**2012**	2011
Denmark	27,219	27,101	41,785	42,428
UK	18,916	13,467	35,382	31,860
Germany	11,442	8,222	1,396	843
Norway	843	1,993	17,851	17,930
Netherlands	6,598	3,747	20	14
Other	2,225	2,312	2,298	4,164
Consolidated total	**67,243**	**56,842**	**98,732**	**97,239**

A significant part of the Group's sales takes place via power exchanges and gas hubs in Europe, the physical location of which does not reflect the Group's market risks. Segment revenue is broken down, as far as possible, by the customer's geographical location based on supply point. However, when delivery is made directly from production platforms in the North Sea, the final supply point is not known to DONG Energy. In such cases, the customer's geographical location is defined on the basis of invoicing address.

Non-current assets are broken down geographically based on the physical location of the assets and comprise intangible assets and property, plant and equipment.

No single customer accounts for more than 10% of consolidated revenue.

03 Revenue

	Business performance		IFRS	
DKK million	**2012**	2011	**2012**	2011
Sales and transportation of natural gas	28,953	23,308	28,117	24,993
Sales and transportation of oil	6,368	5,769	6,368	5,769
Sales of electricity	17,610	16,376	17,372	15,757
Sales of district heat	2,857	2,532	2,857	2,532
Distribution and storage of natural gas	1,187	1,387	1,187	1,387
Distribution of electricity	3,964	3,281	3,964	3,281
Construction contracts	3,237	335	3,237	335
Trading activities, net	415	633	415	633
Economic hedging, net	(12)	38	(285)	897
Hedge accounting, net	-	-	28	(330)
Other revenue	2,664	3,183	2,664	3,183
Revenue	**67,243**	**56,842**	**65,924**	**58,437**

03 | Accounting policies

Revenue from sales and transportation of oil and gas, distribution and storage of natural gas, and sales and distribution of electricity and heat is recognised in profit for the year when delivery and transfer of risk to buyer have taken place and to the extent that the income can be measured reliably and is expected to be received. Revenue is measured at the fair value of the agreed consideration excluding VAT and other indirect taxes collected on behalf of third parties. All forms of discounts granted are recognised as revenue.

Construction contracts are recognised as revenue as the work is performed to the effect that revenue corresponds to the selling price of the work performed during the year (percentage of completion method). When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of costs incurred that it is probable will be recoverable.

Fair value adjustments of physical and financial contracts relating to commodities that are concluded in the course of the Group's trading activities with a view to generating gains from short-term price fluctuations are recognised as revenue. Likewise, fair value adjustments of financial contracts offered to customers with a view to price hedging and financial instruments that have been entered into to hedge the Group's primary operating activities are recognised as revenue.

04 Other operating income

DKK million	**2012**	2011
Gain on sale of property, plant and equipment and intangible assets	217	165
Adjustment of decommissioning obligations	465	-
Miscellaneous operating income	170	115
Other operating income	**852**	**280**

Adjustment of decommissioning obligations relates to production assets with a carrying amount of nil.

05 Cost of sales

	Business performance		IFRS	
DKK million	**2012**	2011	**2012**	2011
Natural gas	23,951	17,540	23,951	17,540
Electricity	9,063	5,466	9,063	5,466
Coal	1,568	2,000	1,568	2,000
Biomass	1,266	1,256	1,266	1,256
Oil	288	220	288	220
Transportation costs, etc.	7,813	3,320	7,813	3,320
Economic hedging	(353)	32	(141)	(157)
Hedge accounting	-	-	(58)	(41)
Costs associated with construction contracts	2,354	223	2,354	223
Other cost of sales	1,453	1,548	1,453	1,548
Cost of sales	**47,403**	**31,605**	**47,557**	**31,375**

Transportation costs, etc., are affected by a DKK 2,347 million provision for three long-term contracts for leasing of gas storage capacity in Germany and a DKK 564 million provision for an onerous contract for capacity in the LNG terminal in the Netherlands. These contracts have become onerous due to market developments, the value of gas storage capacity having deteriorated significantly since the contracts were concluded.

06 Staff costs

DKK million	2012	2011
Wages, salaries and remuneration	3,962	3,669
Pensions	338	312
Other social security costs	123	83
Other staff costs	74	39
Staff costs before transfer to assets	**4,497**	**4,103**
Transfer to assets	(858)	(510)
Staff costs	**3,639**	**3,593**

The Group's pension plans are primarily defined contribution plans that do not commit DONG Energy beyond the amounts contributed. The defined benefit plans relate to obligations to pay a defined benefit to a few power station employees that are no longer with the company and to public servants taken over from municipally owned regional companies. In 2012, these obligations amounted to DKK 13 million (2011: DKK 15 million). The average number of employees in DONG Energy in 2012 was 6,735 (2011: 5,966 employees).

In connection with the efficiency plan that has been initiated with a view to cutting costs, 324 employees were made redundant. A DKK 94 million provision has been made to cover wages, salaries, etc., in accordance with contracts of employment.

Remuneration of Board of Directors, Executive Board and other senior executives

	2012					2011				
DKK '000	Salaries	Bonus	Pension	Termination benefit	**Total**	Salaries	Bonus	Pension	Termination benefit	**Total**
Parent company Board of Directors:[1]										
Chairman	550	-	-	-	550	550	-	-	-	550
Deputy Chairman	425	-	-	-	425	425	-	-	-	425
Other members	2,031	-	-	-	2,031	1,995	-	-	-	1,995
Executive Board and other senior executives in the Group:										
CEO (from 27 August 2012)	2,863	600	1	-	3,464	-	-	-	-	-
CEO (until 12 March 2012)[2]	6,218	1,401	2	-	7,621	5,006	1,084	2	-	6,092
CFO[3]	5,113	1,202	2	-	6,317	4,565	1,141	2	-	5,708
Other senior executives in the Group[4]	15,186	3,341	2,473	3,467[5]	24,467	12,956	3,014	1,931	-	17,901
Remuneration	**32,386**	**6,544**	**2,478**	**3,467**	**44,875**	**25,497**	**5,239**	**1,935**	**-**	**32,671**

[1] Annual remuneration was DKK 175 thousand (2011: DKK 175 thousand) per member in 2012, while the Chairman and the Deputy Chairman received DKK 500 thousand (2011: DKK 500 thousand) and DKK 300 thousand (2011: DKK 300 thousand) respectively. The annual remuneration for the Audit and Risk Committee was DKK 50 thousand (2011: DKK 50 thousand) and the Remuneration Committee DKK 25 thousand (2011: DKK 25 thousand) per member in 2012, while the Committee Chairmen received twice that amount.
[2] Comprises salaries, bonus and pension during notice period.
[3] Comprises compensation of DKK 500 thousand for temporarily also assuming the role of CEO.
[4] Comprises salaries, bonus and pension during notice period for Executive Vice President who stepped down on 30 November 2012.
[5] Termination benefit for Executive Vice President who stepped down on 30 November 2012.

At 31 December 2012, the Executive Board and other senior executives consisted of five persons in total (2011: six persons).

The CEO, the CFO and the Group's other senior executives will be entitled to 24 months' salary, including pension, if their contracts of service are terminated by the company (2011: 24 months), consisting of salary during the notice period (12 months) and termination benefit (12 months).

On 12 March 2012, CEO Anders Eldrup was dismissed by DONG Energy's Board of Directors. In accordance with the termination terms in his service contract, Anders Eldrup will receive salary during the notice period (12 months), less any other earnings. Under his service contract Anders Eldrup is entitled to termination benefit of up to 21.5 months' salary subject to certain conditions. Both the legal inquiry that was conducted and the Legal Adviser to the Danish Government have concluded that Anders Eldrup's termination will not trigger any payment of termination benefit. No provision for termination benefit has therefore been made. Anders Eldrup has commenced arbitration proceedings against DONG Energy, claiming payment of termination benefit. The arbitration case is expected to be concluded in summer 2013.

07 Income tax expense

DKK million	2012	2011
Income tax expense	(941)	(3,654)
Tax on other comprehensive income	(180)	169
Tax for the year	**(1,121)**	**(3,485)**
Tax for the year can be broken down as follows:		
Current tax (income tax and hydrocarbon tax) calculated applying normal tax rates	(1,815)	(1,218)
Current tax, hydrocarbon tax calculated applying higher tax rate	(2,150)	(1,076)
Deferred tax, calculated applying normal tax rates	2,106	(1,021)
Deferred tax, hydrocarbon tax calculated applying higher tax rate	376	(439)
Adjustments in respect of prior years, etc.	542	100
Income tax expense	**(941)**	**(3,654)**

	2012		2011	
	DKK million	%	DKK million	%
Income tax expense can be explained as follows:				
Calculated 25% tax on profit before tax	1,046	25	(1,976)	25
Adjustments of calculated income tax in foreign subsidiaries in relation to 25%	(73)	(2)	(92)	1
Hydrocarbon tax	(1,774)	(42)	(1,515)	19
Tax effect of:				
Non-taxable income and non-deductible costs, net	(98)	(2)	(54)	0
Unrecognised tax assets and capitalisation of tax assets not previously capitalised	(428)	(10)	(49)	1
Share of profit (loss) of associates	(138)	(3)	9	0
Adjustments to tax in respect of prior years	78	1	23	0
Adjustments to tax relating to associates	446	11	-	-
Effective tax for the year	**(941)**	**(22)**	**(3,654)**	**46**

Income tax expense was DKK 941 million despite a loss before tax of DKK 4,185 million.

The tax rate primarily reflected positive earnings from oil and gas production in Norway, where hydrocarbon income is taxed at 78%, and non-deductible amortisation of licence rights in Norway.

Income tax expense was also affected by unrecognised tax assets relating to losses in companies in which utilisation of tax loss carryforwards in the foreseeable future is uncertain, including losses from oil and gas exploration and other development costs, where a final investment decision has not yet been made.

Lastly, income tax expense was affected by adjustment of tax relating to associates due to an expected refund of overpayment of tax in previous tax years, which is to be paid by the associate Kraftgården AB.

DKK million	2012	2011
Total income tax paid	2,643	1,647

07 | Accounting policies

The Group is taxed jointly with its Danish and foreign subsidiaries (international joint taxation). The Group's subsidiaries are included in the joint taxation from the date they are included in the consolidation in the consolidated financial statements and up to the date on which they are no longer included in the consolidation.

The current Danish income tax is allocated in full among the jointly taxed Danish subsidiaries in proportion to their taxable income (full allocation).

Income tax expense, which consists of current tax and changes in deferred tax, is recognised in profit for the year except for the portion that relates to entries directly to other comprehensive income.

Subsidiaries that are engaged in oil and gas recovery (hydrocarbons) are subject to the hydrocarbon tax legislation in the countries in which they operate. Hydrocarbon taxes are calculated on the basis of taxable hydrocarbon income and comprise taxes calculated applying the respective country's ordinary income tax rate as well as taxes calculated applying increased tax rates. Hydrocarbon taxes are recognised within income tax expense.

08 Deferred tax

2012

DKK million	Balance sheet at 1 January	Foreign exchange adjustments	Additions, individual assets and activities, net	Recognised in profit for the year	Recognised in other comprehensive income	Adjustments in respect of prior years, etc.	Transfers to assets classified as held for sale	**Balance sheet at 31 December**
Intangible assets	(10)	-	-	361	-	(126)	-	225
Property, plant and equipment	11,597	287	(2)	(933)	(66)	(44)	66	10,905
Other non-current assets	27	(1)	15	49	-	28	-	118
Current assets	158	17	(8)	(321)	48	(48)	-	(154)
Non-current liabilities	(3,311)	(104)	-	(736)	26	(118)	-	(4,243)
Current liabilities	(125)	33	12	184	-	(392)	3	(285)
Retaxation	2,548	-	-	208	-	155	-	2,911
Tax loss carryforwards	(1,729)	1	(5)	(1,294)	-	227	4	(2,796)
Deferred tax	**9,155**	**233**	**12**	**(2,482)**	**8**	**(318)**	**73**	**6,681**
2011								
Intangible assets	479	-	-	(444)	-	-	(45)	(10)
Property, plant and equipment	9,785	61	-	1,187	2	562	-	11,597
Other non-current assets	89	(1)	-	(12)	-	(49)	-	27
Current assets	(154)	-	-	209	65	38	-	158
Non-current liabilities	(3,063)	(8)	-	(242)	63	(61)	-	(3,311)
Current liabilities	(6)	(2)	-	(162)	(95)	140	-	(125)
Retaxation	1,701	-	-	839	-	8	-	2,548
Tax loss carryforwards	(1,047)	(21)	(59)	85	(34)	(653)	-	(1,729)
Deferred tax	**7,784**	**29**	**(59)**	**1,460**	**1**	**(15)**	**(45)**	**9,155**

DKK million	2012	2011
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (assets)	(294)	(181)
Deferred tax (liabilities)	6,975	9,336
Deferred tax at 31 December, net	**6,681**	**9,155**
Deferred tax assets not recognised in the balance sheet relate to:		
Temporary differences	(3,654)	(2,626)
Tax loss carryforwards	19,139	15,973
Unrecognised deferred tax assets at 31 December	**15,485**	**13,347**

The deferred tax is due after twelve months.

The tax base of taxable losses includes DKK 577 million (2011: DKK 0 million) relating to unutilised deductible net finance costs.

Unrecognised deferred tax assets relate primarily to unutilised losses in hydrocarbon income. It is considered unlikely that these losses will be utilised in the foreseeable future.

08 | Accounting policies

Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amounts and the tax base of assets and liabilities, with the exception of deferred tax on temporary differences in respect of goodwill not deductible for tax purposes, office properties and other items – apart from business combinations – where temporary differences have arisen at the acquisition date without having any effect on either profit/loss or taxable income.

Deferred tax is measured on the basis of management's planned use of the asset or settlement of the liability respectively.

Deferred tax assets are recognised at the value at which they are expected to be utilised either by elimination against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustment of deferred tax is made relating to eliminations of unrealised intragroup profits and losses.

Deferred tax is measured in accordance with the tax rules and tax rates in the respective countries that will apply under the legislation enacted at the balance sheet date when the deferred tax is expected to crystallise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in profit for the year.

Deferred tax on temporary differences between the carrying amounts and the tax base of acquisitions of jointly controlled assets, including licence interests, is not provided for.

08 | Critical accounting estimates

Deferred tax assets, including the tax base of tax loss carryforwards, are reassessed annually and recognised to the extent that it is probable that they will be utilised in the foreseeable future. Management's reassessment is based on whether a final investment decision has been made in companies involved in oil and gas exploration and companies with other development costs, and on the long-term outlook for the Group.

09 Earnings per share

DKK million	2012	2011
Attributable to DONG Energy Group	(5,235)	3,796
Average number of shares of DKK 10	293,709,900	293,709,900
Earnings per share (EPS) and diluted earnings per share (DEPS) of DKK 10, in DKK	(17.82)	12.92

10 Property, plant and equipment

DKK million	Land and buildings	Production assets	Exploration assets	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2012	5,076	100,169	1,611	698	23,054	130,608
Foreign exchange adjustments	4	2,088	41	6	412	2,551
Addition on acquisition of enterprises	-	406	-	-	-	406
Additions	41	1,138	917	57	15,609	17,762
Disposal on sale of enterprises	-	-	-	-	(20)	(20)
Disposals	(131)	(206)	(688)	(18)	(187)	(1,230)
Adjustment of decommissioning obligations	-	(1,122)	74	-	377	(671)
Transfers to assets classified as held for sale	-	(2,511)	-	(59)	(2,786)	(5,356)
Transfers	24	16,470	(554)	61	(16,001)	-
Reclassifications	6	141	-	14	-	161
Cost at 31 December 2012	**5,020**	**116,573**	**1,401**	**759**	**20,458**	**144,211**
Depreciation and impairment losses at 1 January 2012	(934)	(34,731)	-	(416)	(17)	(36,098)
Foreign exchange adjustments	(2)	(543)	-	1	-	(544)
Depreciation and impairment losses, disposals	22	200	-	21	17	260
Depreciation	(250)	(8,475)	-	(85)	-	(8,810)
Impairment losses	(44)	(2,565)	-	(1)	(295)	(2,905)
Impairment losses reversed	-	114	-	-	-	114
Transfers to assets classified as held for sale	-	240	-	1	-	241
Reclassifications	(6)	(142)	-	(14)	-	(162)
Depreciation and impairment losses at 31 December 2012	**(1,214)**	**(45,902)**	**-**	**(493)**	**(295)**	**(47,904)**
Carrying amount at 31 December 2012	**3,806**	**70,671**	**1,401**	**266**	**20,163**	**96,307**
Cost at 1 January 2011	3,507	86,249	975	482	19,161	110,374
Foreign exchange adjustments	1	472	39	-	466	978
Additions	126	1,344	984	79	17,107	19,640
Disposals	(54)	(322)	(476)	(16)	(188)	(1,056)
Adjustment of decommissioning obligations	0	1,995	89	0	383	2,467
Transfers to assets classified as held for sale	(25)	(1,642)	-	(5)	(120)	(1,792)
Transfers	1,521	12,073	-	158	(13,755)	(3)
Cost at 31 December 2011	**5,076**	**100,169**	**1,611**	**698**	**23,054**	**130,608**
Depreciation and impairment losses at 1 January 2011	(648)	(28,747)	-	(277)	(17)	(29,689)
Foreign exchange adjustments	-	(64)	-	-	-	(64)
Depreciation and impairment losses, disposals	1	34	-	10	-	45
Depreciation	(199)	(6,115)	-	(81)	-	(6,395)
Impairment losses	-	(527)	-	-	-	(527)
Impairment losses reversed	-	59	-	-	-	59
Transfers to assets classified as held for sale	2	466	-	3	-	471
Transfers	(90)	163	-	(71)	-	2
Depreciation and impairment losses at 31 December 2011	**(934)**	**(34,731)**	**-**	**(416)**	**(17)**	**(36,098)**
Carrying amount at 31 December 2011	**4,142**	**65,438**	**1,611**	**282**	**23,037**	**94,510**

At 31 December 2012, DONG Energy had entered into agreements on investments in property, plant and equipment (primarily wind farms) totalling DKK 36,775 million (2011: DKK 19,746 million).

Mortgage loans totalling DKK 1,760 million (2011: DKK 1,502 million) are secured on power stations and vessels with a carrying amount of DKK 2,506 million (2011: DKK 2,812 million).

10 Property, plant and equipment – continued

Impairment of production assets

Gas-fired power stations

An impairment loss totalling DKK 2,017 million was recognised on gas-fired power stations in 2012. Of this, DKK 1,393 million related to Severn in the UK and DKK 624 million to Enecogen in the Netherlands, which is 50%-owned by DONG Energy. The reason for the impairment losses was that green spark spreads have deteriorated significantly. The Group expects that green spark spreads will remain at a low level in the coming years but will improve in the years after 2016. The value in use of the power stations is based on the overall level of activity in Thermal Power and Energy Markets relating to the power stations. The impairment loss on property, plant and equipment was made in the Thermal Power segment.

Other impairment losses

In addition, a DKK 888 million impairment loss was recognised on property, plant and equipment, of which DKK 254 million related to Wind Power, DKK 521 million to Thermal Power and DKK 113 million to Energy Markets.

Offshore gas pipelines

In 2011, a DKK 527 million impairment loss was recognised in the Energy Markets segment on the offshore gas pipelines from the North Sea to Denmark.

10 | Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. In the case of property, plant and equipment, cost is, as a rule, depreciated on a straight-line basis over the estimated future useful lives, which are:

Buildings	20 - 50 years
Production assets, oil and gas[1]	20 - 40 years
Wind turbines	20 - 24 years
Production assets, electricity (thermal) and district heat	20 - 35 years
Gas transportation system (marine pipelines) and gas storage facilities	20 - 40 years
Oil transportation system (marine pipeline)	15 years
Distribution networks, natural gas	20 - 40 years
Distribution networks, electricity	20 - 40 years
Fixtures and fittings, tools and equipment	3 - 10 years

[1] Depreciation is charged using the unit-of-production method based on the ratio of current production to estimated reserves by individual field

Cost comprises purchase price and any costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers and labour. Borrowing costs relating to both specific and general borrowing directly attributable to assets under construction with a lengthy construction period are recognised in cost during the construction period. Cost is increased by the present value of the estimated obligations for decommissioning and restoration to the extent that they are recognised as a provision.

Subsequent costs, for example in connection with replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when it is probable that future economic benefits will flow to the Group from the expenses incurred. Replaced parts are derecognised from the balance sheet, and their carrying amount is recognised in profit for the year. All other repair and maintenance expenses are recognised in profit for the year as incurred.

Exploration assets comprise acquired licences and reserves as well as exploration expenses that relate to successful wells. Costs are recognised using the successful efforts method. Under the successful efforts method, exploration expenses for drilling specific exploration wells are recognised in the balance sheet if the well is successful. Recognition in the balance sheet is maintained pending determination of commercial viability. Recognised exploration expenses for commercial discoveries are transferred to property, plant and equipment under construction on commencement of the construction of a field. All exploration expenses determined as unsuccessful are recognised in profit for the year as other external expenses. Application of the successful efforts method means that the value of the Group's exploration assets is lower than if the full cost method had been applied. Exploration assets are not depreciated, as depreciation of such assets does not commence until the assets are available for use, on which date they are transferred to production assets.

10 | Critical accounting estimates

Impairment testing

Property, plant and equipment are tested for impairment if there is any indication of impairment. In an impairment test, the recoverable amount of the tested asset or cash-generating unit (CGU) is compared with its carrying amount. An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less expected disposal costs and the present value of the expected future net cash flows (value in use). The assumptions and criteria used to determine the assets' recoverable amounts constitute management's best estimates.

The determination of the recoverable amount for production assets is based on a number of assumptions where estimates are made that are material to the determination. Such assumptions include future market conditions, market prices of oil, gas, electricity, biofuel, coal, CO_2, estimated oil and gas reserves, weighted average cost of capital, and exchange rates, etc. The assessment of oil and gas reserves is based on estimates of both proved and probable reserves (Proved plus Probable/2P). Proved reserves are the estimated volumes of oil and gas that, under existing economic conditions, are recoverable using known technology from reservoirs in which oil or gas has been proved. Probable reserves are those additional reserves that are less likely to be recovered than proved reserves. DONG Energy conducts an annual internal evaluation and review of the Group's reserves. An independent valuer has reviewed DONG Energy's reserves classification system and guidelines and has verified that the internal guidelines are in agreement with the SPE-PRMS guidelines.

Exploration assets are tested for impairment when sufficient data have been obtained to assess each asset's technical and commercial potential and if there is any indication of impairment. Impairment testing is also carried out at the time commercial finds of oil or gas have been identified, and when exploration assets are reclassified to assets under construction. Significant estimates made in determining the recoverable amount of exploration assets include the timing and the timing of costs in connection with the exploration wells, the results of existing exploration wells and the expectations concerning future exploration wells in the individual fields, including the probability that the exploration wells will result in commercial finds.

Useful lives for production assets

The expected useful lives of production assets are determined based on historical experience and expectations concerning the future use of these assets. The expected future applications may subsequently prove not to be realisable, which may require useful lives to be reassessed. Oil and gas production assets are depreciated using the unit-of-production method, which means that the useful lives of these production assets are determined based on expectations concerning annual production and estimated reserves for each field. Changed expectations concerning future annual production and/or estimated reserves for each field may therefore result in a need to reassess the useful lives of the production assets of the individual fields.

The Group has reassessed estimates of the useful lives of CHP plants. The useful lives of the plants were changed in 2012 so that these assets will have been written off in full by the date on which it has been decided they should be operated as stand-by plants. Stand-by CHP plants are no longer part of day-to-day production, but are kept on stand-by in case they are needed to meet DONG Energy's supply obligations. The accounting effect of the reassessed estimate was DKK 802 million in 2012.

11 Intangible assets

DKK million	Goodwill	Rights	CO_2 allowances	Completed development projects	In-process development projects	Total
Cost at 1 January 2012	650	3,279	927	1,023	22	5,901
Foreign exchange adjustments	5	-	1	-	1	7
Addition on acquisition of enterprises	188	14	-	-	-	202
Additions	-	33	208	1	65	307
Disposals	-	(41)	(398)	-	-	(439)
Transfers	-	1	-	3	(4)	-
Cost at 31 December 2012	**843**	**3,286**	**738**	**1,027**	**84**	**5,978**
Amortisation and impairment losses at 1 January 2012	(277)	(2,058)	(93)	(744)	-	(3,172)
Foreign exchange adjustments	-	-	-	(1)	-	(1)
Amortisation, disposals	-	39	93	-	-	132
Amortisation	-	(284)	-	(107)	-	(391)
Impairment losses	(76)	(45)	-	-	-	(121)
Transfers	-	-	-	-	-	-
Amortisation and impairment losses at 31 December 2012	**(353)**	**(2,348)**	**-**	**(852)**	**-**	**(3,553)**
Carrying amount at 31 December 2012	**490**	**938**	**738**	**175**	**84**	**2,425**

Cost at 1 January 2011	651	3,198	476	995	21	5,341
Foreign exchange adjustments	(1)	(1)	-	-	2	0
Additions	-	86	652	15	34	787
Disposals	-	(26)	(201)	-	(3)	(230)
Transfers	-	22	-	13	(32)	3
Cost at 31 December 2011	**650**	**3,279**	**927**	**1,023**	**22**	**5,901**
Amortisation and impairment losses at 1 January 2011	-	(1,658)	(294)	(638)	-	(2,590)
Amortisation, disposals	-	26	201	-	-	227
Amortisation	-	(351)	-	(106)	-	(457)
Impairment losses	(277)	(73)	-	-	-	(350)
Transfers	-	(2)	-	-	-	(2)
Amortisation and impairment losses at 31 December 2011	**(277)**	**(2,058)**	**(93)**	**(744)**	**-**	**(3,172)**
Carrying amount at 31 December 2011	**373**	**1,221**	**834**	**279**	**22**	**2,729**

Rights consist primarily of gas purchase rights and a connection right relating to gas transportation. At 31 December 2012, the carrying amount of gas purchase rights was DKK 653 million (2011: DKK 768 million) and the carrying amount of the connection right DKK 122 million (2011: DKK 170 million).

Impairment of intangible assets

Impairment of goodwill

An impairment loss totalling DKK 76 million was recognised on goodwill in Wind Power in 2012.

The goodwill allocation for each CGU and the key assumptions applied in the impairment testing are set out below:

	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	Central power stations	Central power stations	**A2SEA**	A2SEA	**Energy Markets**	Energy Markets	**DONG Energy S&D UK Limited**	DONG Energy S&D UK Limited
Segment	Thermal Power	Thermal Power	Wind Power	Wind Power	Energy Markets	Energy Markets	Sales & Distribution	Sales & Distribution
Share of consolidated goodwill, in DKK million	125	125	157	157	93	91	115	-
Share of consolidated goodwill (%)	26	34	32	42	19	24	23	-
Discount rate before tax (%)	8	8	11	12	10	10	9	-
Expected growth in net cash flows in terminal period (%)	-	-	-	-	2	2	2	-

The recoverable amount of CGUs is determined as a value in use, where net cash flows are determined on the basis of business plans and budgets that have been approved by management.

The main assumptions used to determine the recoverable amount for central power stations are the green dark spread and the discount rate. The calculation of expected net cash flows is based on the Group's own forecasting model, which forecasts net cash flows for the period 2012-2030. The

11 Intangible assets – continued

model does not operate with terminal values, as it comprises the assets' expected remaining useful lives. The model is designed so as to take into account the history of each power station and the Group's experience in power station operation, including useful lives, maintenance, etc.

The main assumptions used to determine the recoverable amount for A2SEA, which owns and operates vessels that have been optimised for the installation of offshore wind turbines, are the utilisation rate used, daily rates for A2SEA's vessels, synergies in the installation process for offshore wind turbines and the discount rate. The assumptions on which budgeted utilisation rates are based include the existence of contracts for part of revenue and expectations concerning new projects in the immediate future. Budgeted daily rates are based on evaluation of the current level of daily rates and the prices of vessel newbuilds. The determination of net cash flows is based on the company's business plan and expected net cash flows for the period 2012-2032. The model does not operate with terminal values, as it comprises the assets' expected remaining useful lives.

The main assumptions used to determine the recoverable amount for the Energy Markets CGU, which is responsible for optimising DONG Energy's energy portfolio, are oil and gas prices, gross margins, portfolio composition and the discount rate used. The determination of expected net cash flows is based on budgets and forecasts for the period 2012-2020 and a terminal value. The model has been designed so as to take into account the contract composition during the period and the Group's portfolio management experience.

The CGU DONG Energy S&D UK Limited sells electricity and gas in the UK market. The main assumptions used to determine the recoverable amount for this CGU are gross margins and the discount rate applied. The determination of expected net cash flows is based on the company's business plan and forecasts for the period 2013-2048 and a terminal value.

11 | Accounting policies

Goodwill is measured at cost on recognition. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, and impairment losses charged in previous years are not reversed. The carrying amount of goodwill is allocated to the Group's cash-generating units on recognition. The determination of cash-generating units follows the Group's organisational and internal reporting structure.

Rights are measured at cost less accumulated amortisation and impairment losses. Gas purchase rights are amortised using the unit-of-production method. Other rights are amortised on a straight-line basis over their estimated future useful lives, which are 5-20 years.

Allocated and purchased CO_2 emissions allowances, including CO_2 credits, that are accounted for as rights are measured on recognition at cost. If a grant is received in connection with an allocation, the cost constitutes the actual consideration paid for the allowances, i.e. nil if the allowances are allocated free of charge. CO_2 emissions allowances are not amortised, as their residual value equals their cost.

Development projects that are clearly defined and identifiable, and for which technical feasibility, adequate resources and a future application in the enterprise can be demonstrated, and which the enterprise intends to manufacture or use, are recognised within intangible assets if the cost can be determined reliably and if there is reasonable certainty that the future earnings will cover all costs. Other development costs are recognised in profit for the year as incurred. Cost comprises wages and salaries and other costs attributable to the Group's development activities. Borrowing costs relating to specific and general borrowing directly attributable to the development of development projects are recognised in cost. On completion of the development work, development projects are amortised on a straight-line basis over their estimated future useful lives from the date the asset is available for use. The amortisation period is usually five years.

11 | Critical accounting estimates

Impairment testing

Goodwill and in-process development projects are tested for impairment annually. Other intangible assets are tested for impairment if there is any indication of impairment. In an impairment test, the recoverable amount of the tested asset or cash-generating unit (CGU) is compared with its carrying amount. An impairment loss is recognised whenever the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less expected disposal costs and the present value of the expected future net cash flows (value in use). The assumptions and criteria used to determine the assets' recoverable amounts constitute management's best estimates.

Impairment testing related to goodwill is carried out for the business units or activities that represent the lowest level of CGUs to which the carrying amount of goodwill can be allocated on a reasonable and consistent basis. Acquired enterprises are established either as new activities or are integrated as quickly as possible with existing activities to utilise potential synergies. For acquisitions that are not established as separate activities the implication of this is that, after a short time, it will no longer be possible to allocate the carrying amount of goodwill to the acquirees on a reasonable and consistent basis, and it will therefore no longer be possible to test goodwill from each acquisition for impairment.

The determination of the recoverable amount for CGUs to which goodwill has been allocated is based on a number of assumptions. Such assumptions include future market conditions, market prices of oil, gas, electricity, biofuel, CO_2, estimated gas reserves, green dark spread, weighted average cost of capital (discount rate) and exchange rates, etc.

12 Inventories

DKK million	2012	2011
Raw materials and consumables	96	96
Fuel	939	1,158
Natural gas	2,252	2,179
CO_2 allowances	2	79
Green certificates	505	726
Other inventories	0	6
Inventories at 31 December	**3,794**	**4,244**

12 | Accounting policies

In the case of natural gas, cost is determined as a weighted average of the previous month's buying prices, including transportation costs.

Allocated and purchased CO_2 emissions allowances that form part of the Group's trading activities with a view to generating gains from short-term price fluctuations are measured at fair value.

Other inventories are measured at cost using the first-in, first-out (FIFO) principle or net realisable value. Inventories are written down to net realisable value whenever the cost exceeds the net realisable value.

13 Receivables

DKK million	2012 Current receivables	2012 Non-current receivables	2012 Total	2011 Current receivables	2011 Non-current receivables	2011 Total
Trade receivables	7,888	-	7,888	7,634	-	7,634
Receivables from associates and jointly controlled entities	667	1,471	2,138	553	874	1,427
Receivables from the disposal of activities and equity investments	267	179	446	1,261	293	1,554
Capital contributions receivable from non-controlling interests	-	-	-	2,103	-	2,103
Assets held under finance leases	42	2,022	2,064	38	2,056	2,094
Fair value of derivative financial instruments	12,622	-	12,622	16,060	-	16,060
Construction contracts	853	-	853	41	-	41
Other receivables	4,189	105	4,294	4,802	91	4,893
Receivables at 31 December	**26,528**	**3,777**	**30,305**	**32,492**	**3,314**	**35,806**

Apart from the fair value of derivative financial instruments, current receivables fall due within one year of the close of the financial year. The remaining maturity of derivative financial instruments appears from note 21. Other receivables include VAT, other indirect taxes, prepayments, etc.

13 |Critical accounting estimates

Contracts relating to the disposal of activities and equity investments may contain provisions that are contingent on future conditions. The recognition of receivables is therefore subject to uncertainty. The determination is based on management's estimates of the most likely outcomes of future events.

Assets held under finance leases with DONG Energy as lessor

DKK million	2012 Present value	2012 Interest	2012 Minimum lease income	2011 Present value	2011 Interest	2011 Minimum lease income
0 – 1 year	42	(118)	160	38	(120)	158
1 – 5 years	230	(443)	673	207	(454)	661
Over 5 years	1,792	(801)	2,593	1,849	(902)	2,751
Assets held under finance leases	**2,064**	**(1,362)**	**3,426**	**2,094**	**(1,476)**	**3,570**

Assets held under finance leases with DONG Energy as the lessor comprise a gas-fired power station constructed for Statoil in Mongstad in Norway. The lease has a 20-year term, but includes an option for two five-year extensions.

The present value of the lease has been calculated applying the interest rate implicit in the lease. There is no contingent rent under the lease.

Trade receivables that are past due but not individually impaired

DKK million	2012	2011
Up to 30 days	282	442
30 – 90 days	59	108
More than 90 days	280	373
Impairment losses	(165)	(152)
Trade receivables that are past due but not individually impaired	**456**	**771**

Write-downs for the year totalled DKK 93 million (2011: DKK 60 million). The loss for the year totalled DKK 75 million (2011: DKK 76 million).

13 | Accounting policies

A write-down for bad or doubtful debts is made if there is any indication of impairment of a receivable or a portfolio of receivables. The write-down is calculated as the difference between the carrying amount and the present value of estimated future cash flows associated with the receivable. The discount rate used is the effective interest rate for the individual receivable or portfolio.

13 | Critical accounting estimates

Assessment for impairment is carried out on the basis of due date, a credit rating in conformity with the Group's credit risk management policy, and historical experience. As a result of the international financial crisis the risk of bad debts is still heightened, and this has been taken into account in the assessment of the Group's receivables.

14 Construction contracts

DKK million	2012	2011
Selling price of construction contracts	3,462	481
Progress billings	(3,048)	(901)
Payments on account to suppliers	371	-
Construction contracts at 31 December	**785**	**(420)**
Construction contracts (assets)	853	41
Construction contracts (liabilities)	(68)	(461)
Construction contracts at 31 December	**785**	**(420)**

Selling price and progress billings at 31 December 2012 relate primarily to the construction of 50% of the offshore wind farms Anholt and Borkum Riffgrund 1, which are owned by co-investors. The offshore wind farms are scheduled for completion and start-up in 2013 and 2015 respectively.

14 | Accounting policies

Construction contracts are recognised in revenue and primarily comprise the construction of assets for third parties involving a high degree of customisation in terms of design.

When the outcome of a construction contract can be estimated reliably, the contract is measured at the selling price of the work performed less progress billings, based on the stage of completion of the contract at the balance sheet date and total expected income on each contract.

When it is probable that total contract costs on a construction contract will exceed total contract revenue, the expected loss on the construction contract is recognised as an expense and a provision.

Where the selling price of work performed on construction contracts exceeds progress billings and expected losses, the contracts are recognised as receivables. Where progress billings and expected losses exceed the selling price of construction contracts, the contracts are recognised as liabilities. Prepayments from customers are recognised as liabilities.

14 | Critical accounting estimates

The determination of the expected selling price of construction contracts includes estimates of the value of incentive agreements, liabilities assumed, etc., based on the individual contract. The determination of profit on payments received on account and the recognition of receivables are therefore subject to uncertainty. The determination is based on management's estimates of the most likely outcomes of future events.

15 Jointly controlled assets and entities

The Group's recognised share of the income, expenses, assets and liabilities of jointly controlled entities is as follows:

DKK million	2012	2011
Income	1,553	854
Expenses	(1,595)	(589)
Non-current assets	19,591	13,641
Current assets	5,255	2,213
Assets at 31 December	**24,846**	**15,854**
Non-current liabilities	9,636	3,853
Current liabilities	3,188	3,362
Liabilities at 31 December	**12,824**	**7,215**

DONG Energy has ownership interests in jointly controlled assets via its participation in oil and gas exploration and production licences and participates in jointly controlled entities whose activities primarily comprise ownership and operation of wind farms.

The Group has assumed investment obligations totalling DKK 9,004 million (2011: DKK 0 million) in connection with investments in jointly controlled entities and through participation in licences (jointly controlled assets) and entities for DKK 10,304 million (2011: DKK 8,848 million). The Group has provided guarantees, and guarantees under which the Group assumes primary liability, in respect of the construction and operation of facilities, and leases, decommissioning obligations, purchase and sales contracts, etc., in connection with participation in licences and jointly controlled entities.

16 Associates

DKK million	2012	2011
Revenue	3,818	2,134
Profit	(606)	144
Profit (loss) attributable to DONG Energy	**(553)**	**36**
Assets	15,722	13,470
Liabilities	3,035	1,344
Equity	12,687	12,126
Equity attributable to DONG Energy	**3,055**	**3,226**

Profit (loss) of associates attributable to DONG Energy was affected by a tax adjustment in respect of prior years in the associate Kraftgården AB.

16 | Accounting policies

Investments in associates are measured in the consolidated financial statements using the equity method. Associates with negative net assets are measured at nil. If the Group has a legal or constructive obligation to cover the associate's deficit, the obligation is recognised as a liability. Receivables from associates are measured at amortised cost and write-downs are made for bad debts.

The proportionate share of associates' profit after tax and non-controlling interests and after elimination of the proportionate share of intragroup profits/losses is recognised in profit for the year.

On acquisition of investments in associates, the purchase method is applied. Gains or losses on disposal of investments in associates are determined as the difference between the selling price and the carrying amount of net assets, including goodwill at the date of disposal and transaction costs. Gains/losses are recognised in profit for the year as gain (loss) on disposal of enterprises.

16 | Critical accounting estimates

Investments in associates are tested for impairment if there is any indication of impairment. Such indications may include changes in regulatory, financial and technological factors and general market conditions.

17 Capital employed and interest-bearing debt

DKK million	2012	2011
Non-interest-bearing assets	138,545	136,727
Non-interest-bearing debt	(55,035)	(55,372)
Capital employed	**83,510**	**81,355**
Issued bonds	31,567	22,678
Bank loans	22,628	17,549
Payables to associates	348	10
Other interest-bearing liabilities	0	724
Interest-bearing debt	**54,543**	**40,961**
Securities	14,914	9,914
Cash	3,569	2,294
Receivables from associates and jointly controlled entities	2,138	1,416
Receivables from the disposal of equity investments to non-controlling interests	173	1,345
Capital contributions receivable from non-controlling interests	-	2,103
Assets classified as held for sale	255	274
Interest-bearing assets	**21,049**	**17,346**
Interest-bearing net debt	**33,494**	**23,615**
Capital employed	83,510	81,355
Interest-bearing net debt	(33,494)	(23,615)
Equity	**50,016**	**57,740**

18 Cash and cash equivalents and securities

DKK million	2012	2011
Available cash	2,259	1,554
Bank overdrafts that are part of the ongoing cash management, see note 19	(47)	(114)
Cash and cash equivalents at 31 December, see statement of cash flows	**2,212**	**1,440**
Cash can be broken down into the following balance sheet items:		
Available cash	2,259	1,554
Cash not available for use	1,327	788
Cash at 31 December	**3,586**	**2,342**
Securities can be broken down into the following balance sheet items:		
Available securities	11,907	8,129
Securities not available for use	3,007	1,785
Securities at 31 December	**14,914**	**9,914**

Cash not available for use primarily comprises cash and cash equivalents tied up for use in jointly controlled wind turbine projects and operated oil and gas licences, cash and cash equivalents pledged as collateral for trading in financial instruments, cash and cash equivalents to cover insurance-related provisions, and cash and cash equivalents received from the users of the North Sea oil pipeline for use for pipeline maintenance.

The Group's securities are primarily highly liquid AAA-rated Danish mortgage bonds that qualify for repos in the Danish Central Bank.

The securities are part of the ongoing cash management. In accordance with IAS 7, cash flows from securities are recognised in cash flows from investing activities.

Securities not available for use comprise securities that form part of genuine sale and repurchase transactions (repo transactions) amounting to DKK 2,752 million (2011: DKK 1,536 million) and securities used to cover insurance-related provisions.

Securities – overview of bond portfolio

2012

DKK million	Nominal value	Carrying amount	Avg. interest rate (%)	Maturity 2013	2014	2015	2016	2017	After 2017
Fixed-interest	8,293	8,543	2.8%	5,003	1,630	-	1,146	138	626
Floating-rate	3,351	3,364	0.6%	591	672	1,500	451	-	150
Distributable securities	**11,644**	**11,907**		**5,594**	**2,302**	**1,500**	**1,597**	**138**	**776**
Fixed-rate securities forming part of repo transactions	2,676	2,752	2.3%	683	783	1,245	-	41	-
Fixed-interest securities pledged as collateral in respect of insurance-related provisions	255	255	2.0%	255	-	-	-	-	-
At 31 December	**14,575**	**14,914**		**6,532**	**3,085**	**2,745**	**1,597**	**179**	**776**

2011

DKK million	Nominal value	Carrying amount	Avg. interest rate (%)	Maturity 2012	2013	2014	2015	2016	After 2016
Fixed-interest	4,929	4,968	2.9%	205	559	2,125	206	1,148	725
Floating-rate	3,156	3,161	1.5%	1,724	397	687	-	353	-
Distributable securities	**8,085**	**8,129**		**1,929**	**956**	**2,812**	**206**	**1,501**	**725**
Fixed-rate securities forming part of repo transactions	1,502	1,536	2.0%	-	509	-	1,027	-	-
Fixed-interest securities pledged as collateral in respect of insurance-related provisions	250	249	2.6%	249	-	-	-	-	-
At 31 December	**9,837**	**9,914**		**2,178**	**1,465**	**2,812**	**1,233**	**1,501**	**725**

18 | Accounting policies

Securities comprise bonds that are monitored, measured and reported at fair value on an ongoing basis in conformity with the Group's investment policy. Changes in fair value are recognised in profit for the year as finance income and costs.

For listed securities, fair value equals the market price, and for unlisted securities, fair value is estimated based on generally accepted valuation methods and market data.

Sold securities where a repurchase agreement (repo transactions) has been made at the time of sale are recognised in the balance sheet at the settlement date as if the securities were still held. The amount received is recognised as a liability, and the difference between the selling price and the purchase price is recognised in profit for the year over the term as interest. The return on the securities is recognised in profit for the year.

19 Loans and borrowings

Maturity analysis of loans and borrowings, including interest payments

2012

DKK million	Carrying amount	Payment obligation	2013	2014	2015	2016	2017	After 2017
Non-derivative financial instruments								
Bank loans and issued bonds	54,195	77,544	8,000	6,149	2,046	6,271	4,786	50,292
Trade payables	9,581	9,581	9,581	-	-	-	-	-
Payables to associates	348	348	348	-	-	-	-	-
Other payables	10,810	10,810	7,473	230	136	105	89	2,777
Derivative financial instruments								
Derivative financial instruments	12,523	12,543	7,771	2,328	544	264	417	1,219
At 31 December incl. liabilities classified as held for sale	**87,457**	**110,826**	**33,173**	**8,707**	**2,726**	**6,640**	**5,292**	**54,288**
Liabilities relating to assets classified as held for sale	181	181	181	-	-	-	-	-
At 31 December adjusted for liabilities classified as held for sale	**87,638**	**111,007**	**33,354**	**8,707**	**2,726**	**6,640**	**5,292**	**54,288**

2011

DKK million	Carrying amount	Payment obligation	2012	2013	2014	2015	2016	After 2016
Non-derivative financial instruments								
Bank loans and issued bonds	40,227	56,411	7,096	3,370	5,748	1,618	5,826	32,753
Trade payables	9,377	9,377	9,377	-	-	-	-	-
Payables to associates	10	10	10	-	-	-	-	-
Other payables	10,672	10,672	8,343	2,329	-	-	-	-
Derivative financial instruments								
Derivative financial instruments	13,095	13,378	9,374	1,830	729	139	110	1,196
At 31 December, incl. liabilities classified as held for sale	**73,381**	**89,848**	**34,200**	**7,529**	**6,477**	**1,757**	**5,936**	**33,949**
Liabilities relating to assets classified as held for sale	385	385	385	-	-	-	-	-
At 31 December adjusted for liabilities classified as held for sale	**73,766**	**90,233**	**34,585**	**7,529**	**6,477**	**1,757**	**5,936**	**33,949**

At 31 December 2012, DONG Energy had issued hybrid capital with a principal of DKK 9,664 million due in 3005 (DKK 4,460 million) and 3010 (DKK 5,204 million).

The maturity analysis is based on undiscounted cash flows, including estimated coupon payments. Coupon payments are based on current market conditions. Derivative financial instruments have been used to hedge interest rate and currency risks on the Group's loan portfolio.

Other payables primarily comprise deferred income and payable pay-related items and VAT.

DKK million	2012	2011
Bank loans and issued bonds:		
Issued bonds	31,567	22,678
Bank loans	22,513	17,352
Lease debt	68	83
Bank overdrafts	47	114
Carrying amount	**54,195**	**40,227**
Bank loans and issued bonds are recognised in the balance sheet as follows:		
Non-current liabilities	48,563	34,715
Current liabilities	5,632	5,512
Carrying amount	**54,195**	**40,227**
Nominal value	54,558	40,584

19 Loans and borrowings – continued

At 31 December 2012, DONG Energy had loans totalling DKK 15.7 billion (2011: DKK 13.9 billion), primarily from the European Investment Bank and the Nordic Investment Bank. The loans are recognised in the balance sheet under bank loans. The loans offered by these multilateral financial institutions include loans to co-fund infrastructure and energy projects on favourable terms and with maturities exceeding those normally available in the commercial banking market.

In connection with these loans, the Group may be met with demands concerning collateral in the event of a player other than the Danish State acquiring more than 50% of the share capital or voting rights in DONG Energy A/S (change of control), or repayment in the event of Moody's or Standard & Poor's downgrading DONG Energy A/S's rating to Baa3 or BBB- or less respectively.

At 31 December 2012, DONG Energy also had loans totalling DKK 0.7 billion (2011: DKK 0 billion) from KfW-IPEX Bank and non-cancellable revolving credit facilities totalling DKK 11.6 billion (2011: DKK 11.6 billion). These revolving credit facilities are primarily used as cash resources and remained undrawn at 31 December 2012.

In connection with these credit facilities and the loan from KfW-IPEX Bank, the Group may be met with demands concerning collateral in the event of other players than a group consisting of the Danish State and Danish electricity distribution companies acquiring more than 50% of the share capital or voting rights in DONG Energy A/S, or in the event of the Danish State ceasing to hold at least 20% of the share capital.

The Group's financing agreements are not subject to any other unusual terms or conditions. Further details of the Group's risk management are provided in the chapter on Risk and risk management on pages 30-31 of Management's review.

19 | Accounting policies

Issued bonds, bank loans, lease obligations and other payables are recognised at inception at fair value (typically proceeds received) net of transaction costs incurred. In subsequent periods, the liabilities are measured at amortised cost so that the difference between the cost (proceeds) and the nominal amount is recognised in profit for the year as finance costs over the term of the loan, using the effective interest rate method.

Bank loans and issued bonds include the capitalised residual lease commitment under finance leases.

Financial liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability to at least one year after the balance sheet date.

20 Provisions

	2012			2011		
DKK million	Decommissioning obligations	Other	**Total**	Decommissioning obligations	Other	**Total**
Provisions at 1 January	9,386	3,067	12,453	7,123	2,739	9,862
Foreign exchange adjustments	187	10	197	47	3	50
Provisions used during the year	(32)	(1,860)	(1,892)	(7)	(220)	(227)
Provisions reversed during the year	(8)	(275)	(283)	(50)	(225)	(275)
Provisions made during the year	880	3,596	4,476	1,417	677	2,094
Change in interest rate estimates	(2,790)	-	(2,790)	799	-	799
Change in estimates of other factors	775	-	775	311	-	311
Transfers to/from liabilities relating to assets classified as held for sale	(124)	(5)	(129)	(349)	12	(337)
Reclassifications	-	-	-	(81)	81	-
Interest element of provisions	242	44	286	176	-	176
Provisions at 31 December	**8,516**	**4,577**	**13,093**	**9,386**	**3,067**	**12,453**

Decommissioning obligations mainly comprise expected future expenses relating to decommissioning and restoration of oil and gas fields, power stations and wind farms. The decrease in provisions for decommissioning obligations in 2012 primarily reflected a change in discount rate estimates. The value of the provision is recognised in property, plant and equipment and depreciated together with the associated asset. The depreciation charge for the year on capitalised decommissioning obligations was DKK 1,193 million (2011: DKK 488 million).

Other provisions primarily include provisions for onerous contracts; guarantee obligations; expected repayments to electricity consumers, etc., relating to litigation and contractual disputes, etc.

The increase in other provisions is made up of a DKK 2,347 million provision for three long-term contracts for leasing of gas storage capacity in Germany and a DKK 564 million provision for an onerous contract for capacity in the LNG terminal in the Netherlands. These contracts have become onerous due to market developments, the value of gas storage capacity having deteriorated significantly since the contracts were concluded.

	2012			2011		
DKK million	Decommissioning obligations	Other	**2012**	Decommissioning obligations	Other	2011
0 - 1 year	50	547	597	6	511	517
1 - 5 years	1,538	2,197	3,735	968	2,450	3,418
5 - 10 years	2,870	861	3,731	3,226	78	3,304
10 - 20 years	1,825	624	2,449	2,201	24	2,225
20 - 30 years	1,719	348	2,067	1,850	4	1,854
30 - 40 years	514	-	514	1,133	-	1,133
More than 40 years	-	-	-	2	-	2
Provisions at 31 December	**8,516**	**4,577**	**13,093**	**9,386**	**3,067**	**12,453**

20 Provisions – continued

20 | Accounting policies

Provisions are recognised when, as a result of an event occurring before or at the balance sheet date, the Group has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the Group of resources embodying economic benefits. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Decommissioning obligations are measured at the present value of the future liability in respect of decommissioning and restoration as expected at the balance sheet date. The value of the provision is recognised in property, plant and equipment and depreciated together with the associated asset. The increase in time of the present value of the provision is recognised in profit for the year as finance costs.

20 | Critical accounting estimates

Estimates of the Group's provisions are updated quarterly on the basis of management's expectations.

Decommissioning obligations

Estimates of decommissioning obligations are based on management's expectations concerning timing and scope, future cost level, and adopted laws and regulations on decommissioning.

The timing of decommissioning obligations depends on the useful lives of the assets. In the case of oil and gas fields, the expected useful lives depend on the current estimates of oil and gas reserves. The determination of these reserve estimates is subject to uncertainty, see the section on impairment testing in note 10 on property, plant and equipment.

In measuring provisions, the costs required to settle the liability are discounted. In determining the decommissioning obligations at 31 December 2012, a discount rate of 4.5% was used compared with 1.75-2.5% last year. Previously, the discount rate used was the current interest rate on ten-year government bonds in the individual countries. This is no longer deemed to provide a true and fair view, as these interest rates are estimated to be exceptionally low due to the financial crisis. The reason for this is that the countries in which DONG Energy operates are primarily AAA-rated. This has reduced interest rates on government bonds, providing a negative real rate of interest. Against this background, DONG Energy has opted to change the discount rate used. The estimate was changed on 1 October 2012, and the change has reduced decommissioning obligations by DKK 3,012 million.

The discount rate of 4.5% that has been used is expected to be used over a prolonged period. The rate has been estimated on the basis of expectations concerning the future, long-term interest rate level, based on the historical interest rate level.

The extent to which decommissioning and restoration will be required is estimated based on current legislation and standards in this area. Expectations concerning the future cost level are based on variables such as expectations concerning the general price trend or the oil price trend, demand conditions and the development in existing technologies.

Onerous contracts

In the course of the Group's operations, a number of commercial contracts have been entered into with fixed terms of contract that may result in the contracts becoming onerous depending on market developments, etc., and the liabilities incurred by the Group as a result of these contracts may also be subject to uncertainty. The judgements concerning these complex contracts and their future effects are subject to significant uncertainties.

Litigation

The factors taken into account when exercising a judgement about a potential liability in connection with litigation include the nature of the litigation, claim or statement. Other factors taken into account are the development of the case, the judgements and recommendations of legal or other advisers, experience from similar cases, and management's decision on how the Group will react to the litigation, claim or statement.

21 Derivative financial instruments

Categories of financial instruments

DKK million	2012 Carrying amount	2012 Fair value	2011 Carrying amount	2011 Fair value
Derivative financial instruments included in trading portfolio	11,053	11,053	16,301	16,301
Securities	14,914	14,914	9,914	9,914
Financial assets at fair value through profit or loss	**25,967**	**25,967**	**26,215**	**26,215**
Derivative financial instruments entered into to hedge net investments in foreign subsidiaries	1,310	1,310	455	455
Derivative financial instruments entered into to hedge fair values	259	259	405	405
Financial assets used as hedging instruments	**1,569**	**1,569**	**860**	**860**
Trade receivables	7,888	7,888	7,634	7,634
Receivables from the disposal of activities	446	446	1,554	1,554
Other receivables	6,849	6,849	8,530	8,530
Cash	3,586	3,586	2,342	2,342
Loans and receivables	**18,769**	**18,769**	**20,060**	**20,060**
Other equity investments	382	382	418	418
Available-for-sale financial assets	**382**	**382**	**418**	**418**
Derivative financial instruments included in trading portfolio	8,991	8,991	11,755	11,755
Financial liabilities at fair value through profit or loss	**8,991**	**8,991**	**11,755**	**11,755**
Derivative financial instruments entered into to hedge future cash flows	1,373	1,373	1,028	1,028
Derivative financial instruments entered into to hedge net investments in foreign subsidiaries	2,021	2,021	1,293	1,293
Derivative financial instruments entered into to hedge fair values	138	138	120	120
Financial liabilities used as hedging instruments	**3,532**	**3,532**	**2,441**	**2,441**
Issued bonds	31,567	35,574	22,678	25,228
Bank loans	22,628	23,549	17,549	18,271
Other payables	11,782	11,782	12,546	12,546
Financial liabilities measured at amortised cost	**65,977**	**70,905**	**52,773**	**56,045**

The fair value has been determined as the present value of expected future instalments and interest payments using the Group's current interest rate on loans as discount rate.

Fair value of derivative financial instruments

DKK million	2012 Positive	2012 Negative	2012 Net	2011 Positive	2011 Negative	2011 Net
Commodities:						
Oil swaps	2,145	(1,514)	631	2,255	(1,952)	303
Oil options	104	(31)	73	514	(101)	413
Gas swaps	1,893	(1,304)	589	4,083	(2,538)	1,545
Electricity swaps	6,473	(5,295)	1,178	6,566	(4,731)	1,835
Electricity options	7	(424)	(417)	23	(529)	(506)
CO_2 emissions allowances	240	(113)	127	417	(130)	287
Coal forwards	835	(1,144)	(309)	715	(797)	(82)
Currency:						
Forward exchange contracts	407	(296)	111	920	(939)	(19)
Currency swaps	277	(851)	(574)	423	(449)	(26)
Currency options	-	(193)	(193)	-	-	-
Interest:						
Interest rate swaps	241	(1,358)	(1,117)	144	(929)	(785)
At 31 December	**12,622**	**(12,523)**	**99**	**16,060**	**(13,095)**	**2,965**

21 Derivative financial instruments – continued

	2012			2011		
DKK million	Positive	Negative	**Net**	Positive	Negative	**Net**
0-6 months	4,973	(4,309)	664	7,612	(6,288)	1,324
6-12 months	3,828	(3,458)	370	3,739	(3,018)	721
1-2 years	2,401	(2,319)	82	2,495	(1,789)	706
2-3 years	771	(538)	233	936	(709)	227
More than 3 years	649	(1,899)	(1,250)	1,278	(1,291)	(13)
At 31 December	**12,622**	**(12,523)**	**99**	**16,060**	**(13,095)**	**2,965**

The Group uses derivative financial instruments as part of its risk management, trading and position taking. The maturity analysis for interest rate swaps reflects the expected maturity for each contract.

21 | Accounting policies

Derivative financial instruments and loans are used to hedge currency and interest rate risks and risks related to the price of oil, gas, electricity, coal and CO_2 emissions allowances.

This section describes accounting policies under IFRS. For a description of accounting policies under business performance, reference is made to note 1.

Derivative financial instruments are recognised from the trade date as receivables (positive fair values) and other payables (negative fair values) respectively and are measured in the balance sheet at fair value, determined on the basis of current market data and assumptions and generally accepted valuation methods. Transaction costs are added to the fair value on initial recognition, unless the financial asset or the financial liability is measured at fair value with recognition of fair value adjustments in profit for the year. Positive and negative fair values are only offset if the enterprise is entitled to and intends to settle several financial instruments net.

The Group applies the provisions on hedge accounting to derivative financial instruments and loans that hedge currency and interest rate risks. Commodity hedge transactions and related foreign exchange exposures are no longer accounted for as cash flow hedge accounting. Market value adjustments of these, which were previously recognised in comprehensive income and a special reserve in equity, are recognised in profit for the year as the underlying transactions are realised or if the hedges are judged to no longer be effective.

Value adjustments of derivative financial instruments that act as economic hedges of the Group's primary activities but do not meet the criteria for hedge accounting are recognised as revenue and cost of sales respectively. Likewise, value adjustments of financial contracts offered to customers with a view to price hedging and financial contracts entered into as part of efforts to optimise the Group's primary activities are also recognised as revenue. Value adjustments of financial contracts that are not used as economic hedges of the Group's primary activities or that are part of the Group's trading portfolio are recognised as finance income and costs.

Some contracts feature terms that correspond to derivative financial instruments. Such embedded financial instruments are recognised separately and measured at fair value on a continuing basis if they differ significantly from the host contract, unless the combined contract is recognised and measured at fair value on a continuing basis.

Under IFRS, contracts that involve physical delivery may, in certain circumstances, be accounted for as derivative financial instruments. The classification is determined based on an evaluation of the purpose of the contract compared with the Group's other activities. Contracts entered into in the course of the Group's trading activities or as part of certain hedging activities are classified and accounted for as derivative financial instruments, even though they are settled on physical delivery.

Cash flow hedging

Changes in the portion of the fair value of derivative financial instruments and foreign exchange adjustments of loans that is designated as and qualifies for recognition as a hedge of future cash flows and that provides an effective hedge against changes in the value of the hedged item are recognised in other comprehensive income within a separate hedging reserve until the hedged cash flow is realised. On realisation of the hedged cash flow, the resulting gain or loss is transferred from equity and recognised in the same item as the hedged item. However, on hedging of the proceeds from future loans, the resulting gain or loss is transferred from equity over the term of the loan.

If the hedged cash flows are no longer expected to be realised, the accumulated value adjustment is transferred immediately to profit for the year.

21 Derivative financial instruments – continued

2012	Total		Trading portfolio and economic hedging		Cash flow hedging					
								Expected date of transfer to profit for the year		
DKK million	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Recognised in other comprehensive income	2013	2014	After 2014
Commodities:										
Oil swaps	8,182	631	8,182	631	-	-	(94)	(39)	(55)	-
Oil options	289	73	289	73	-	-	109	109	-	-
Gas swaps	23,359	589	23,359	589	-	-	-	-	-	-
Electricity swaps	16,382	1,178	16,382	1,178	-	-	(5)	(4)	(1)	-
Electricity options	2,545	(417)	2,545	(417)	-	-	-	-	-	-
CO_2 emissions allowances	607	127	607	127	-	-	-	-	-	-
Coal forwards	1,741	(309)	1,741	(309)	-	-	9	9	-	-
Currency:										
Forward exchange contracts	10,966	(81)	6,089	(3)	4,876	(78)	(1,122)	(485)	(457)	(180)
Currency swaps	5,129	207	4,952	216	177	(8)	136	38	65	33
Currency options	6,008	(193)	6,008	(193)	-	-	-	-	-	-
Interest:										
Interest rate swaps	22,495	(1,117)	11,952	170	10,544	(1,287)	(1,287)	(13)	(6)	(1,268)
Total derivative financial instruments	**97,703**	**688**	**82,106**	**2,062**	**15,597**	**(1,373)**	**(2,254)**	**(385)**	**(454)**	**(1,415)**

2011	Total		Trading portfolio and economic hedging		Cash flow hedging					
								Expected date of transfer to profit for the year		
DKK million	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Recognised in other comprehensive income	2012	2013	After 2013
Commodities:										
Oil swaps	6,129	303	6,129	303	-	-	(184)	(90)	(39)	(55)
Oil options	1,192	413	1,192	413	-	-	317	208	109	-
Gas swaps	22,032	1,545	22,032	1,545	-	-	-	-	-	-
Electricity swaps	19,006	1,835	19,006	1,835	-	-	(69)	(65)	(4)	-
Electricity options	444	(506)	444	(506)	-	-	-	-	-	-
CO_2 emissions allowances	512	287	512	287	-	-	-	-	-	-
Coal forwards	1,636	(82)	1,636	(82)	-	-	56	45	11	-
Currency:										
Forward exchange contracts	9,240	300	3,751	467	5,489	(167)	(1,457)	(392)	(486)	(579)
Currency swaps	7,014	352	6,177	367	837	(15)	153	20	34	99
Interest:										
Interest rate swaps	10,033	(929)	550	(83)	9,483	(846)	(848)	(6)	(25)	(817)
Total derivative financial instruments	**77,238**	**3,518**	**61,429**	**4,546**	**15,809**	**(1,028)**	**(2,032)**	**(280)**	**(400)**	**(1,352)**

Commodity hedge transactions, DKK 19 million (2011: DKK 120 million), all of which relate to hedging transactions entered into in or before 2010 are recognised in hedging of future cash flows. All commodity hedges and related currency exposures recognised in hedging of future cash flows are expected to be realised by 2015 as the Group discontinued the use of hedge accounting for commodity risks and related currency exposures in 2011.

Ineffectiveness arising from hedging of future cash flows from commodity hedging and related currency exposures is recognised in the item effect of economic hedging with a charge of DKK 42 million (2011: DKK 30 million), see note 3, and in cost of sales with DKK 4 million (2011: DKK 47 million), see note 5.
Ineffectiveness of interest rate and currency hedging amounted to a charge of DKK 14 million (2011: DKK 27 million).

21 Derivative financial instruments – continued

Hedging of fair values – currency

2012

DKK million	Assets	Liabilities	Hedged using hedging instruments	Net position	Fair value of hedging instrument
EUR	18,912	(44,559)	6,558	(19,089)	47
USD	1,241	(4,595)	1,418	(1,936)	(72)
GBP	3,135	(17,143)	10,776	(3,232)	147
SEK	1,451	(47)	-	1,404	-
NOK	1,591	(1,176)	(17)	398	(1)
Other	1	(2)	-	(1)	-
Total	**26,331**	**(67,522)**	**18,735**	**(22,456)**	**121**

In 2012, the Group used fair value hedges to hedge currency exposures only. In 2011, in addition to the above, the fair value of the Group's interest payments was hedged in the form of interest rate swaps from fixed to floating-rate. Interest swaps with a nominal value of DKK 4,386 million and a fair value of DKK 144 million were entered into in 2011. Recognised value adjustments amounted to DKK 133 million in 2011, which was offset by fair value adjustments of a share of the loan portfolio that matures in 2014-2016 with a total amount outstanding of DKK 4,386 million.

21 | Accounting policies
Changes in the fair value of derivative financial instruments that are designated as and qualify for recognition as hedges of the fair value of a recognised asset or liability are recognised in profit for the year together with changes in the value of the hedged asset or liability to the extent of the hedged risk. Hedging of future cash flows in accordance with an agreement (firm commitment) is accounted for as fair value hedging, except in the case of foreign currency hedging.

2011

DKK million	Assets	Liabilities	Hedged using hedging instruments	Net position	Fair value of hedging instrument
EUR	16,592	(40,252)	18,095	(5,565)	(5)
USD	4,607	(7,659)	1,439	(1,613)	(48)
GBP	6,155	(9,085)	-	(2,930)	-
SEK	1,154	(84)	-	1,070	-
NOK	919	(2,964)	-	(2,045)	-
Other	137	(118)	-	19	-
Total	**29,564**	**(60,162)**	**19,534**	**(11,064)**	**(53)**

Hedging of net investments in foreign subsidiaries

	2012				2011			
DKK million	Net investment including equity-like loans	Hedged amount in currency	**Net position**	Net foreign exchange adjustment recognised in other comprehensive income	Net investment including equity-like loans	Hedged amount in currency	**Net position**	Net foreign exchange adjustment recognised in other comprehensive income
GBP	42,662	(32,574)	10,088	(269)	25,771	(22,400)	3,371	236
NOK	10,281	(1,983)	8,298	777	10,932	(3,361)	7,571	349
SEK	2,449	(336)	2,113	(169)	2,776	(1,407)	1,369	(254)
EUR	5,458	-	5,458	14	5,974	-	5,974	(9)
PLN	1,500	(1,366)	134	(89)	1,243	(1,183)	60	(38)
Total	**62,350**	**(36,259)**	**26,091**	**264**	**46,696**	**(28,351)**	**18,345**	**284**

Ineffectiveness relating to hedging of net investments in foreign subsidiaries was a charge of DKK 35 million (2011: DKK 28 million).

21 | Accounting policies
Changes in the fair value of derivative financial instruments and borrowings that are used to hedge net investments in foreign subsidiaries or associates and that provide effective hedges against changes in foreign exchange rates in these enterprises are recognised in the consolidated financial statements directly in equity within a separate translation reserve.

21 Derivative financial instruments – continued

Fair value hierarchy of financial instruments

	2012				2011			
DKK million	Quoted prices (Level 1)	Observ-able inputs (Level 2)	Non-observ-able inputs (Level 3)	**Total**	Quoted prices (Level 1)	Observ-able inputs (Level 2)	Non-observ-able inputs (Level 3)	**Total**
Derivative financial instruments	1,727	10,056	839	12,622	-	13,967	2,093	16,060
Securities	14,914	-	-	14,914	9,914	-	-	9,914
Assets	**16,641**	**10,056**	**839**	**27,536**	**9,914**	**13,967**	**2,093**	**25,974**
Derivative financial instruments	(2,626)	(9,158)	(739)	(12,523)	-	(12,135)	(960)	(13,095)
Liabilities	**(2,626)**	**(9,158)**	**(739)**	**(12,523)**	**-**	**(12,135)**	**(960)**	**(13,095)**

Level 1 comprises quoted securities and derivative financial instruments that are traded in active markets.

Level 2 comprises derivative financial instruments, where valuation models with observable inputs are used to measure fair value, but with discounting to present value applying one of the discount rates set by the Group.

Level 3 comprises primarily long-term contracts on purchase/sale of, in particular, electricity and gas, and oil options. The fair values are based on assumptions concerning the long-term prices of, in particular, electricity, gas, coal, USD, EUR, volatilities as well as risk premiums in respect of liquidity and market risks and are determined by discounting of expected cash flows. Level 3 also includes other financial instruments in which primarily electricity, oil and gas prices have been estimated, and where the sum of these estimated, non-observable inputs may affect fair value.

Reconciliation of financial instruments based on non-observable inputs

	2012		2011	
DKK million	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)
Fair value at 1 January	2,093	(960)	1,642	(38)
Gains and losses recognised in profit for the year as revenue	(1,484)	765	(54)	(449)
Purchases	277	(676)	561	(196)
Other transfers to and from Level 3	(47)	132	(56)	(277)
Fair value at 31 December	**839**	**(739)**	**2,093**	**(960)**

Gains and losses in respect of assets and liabilities that are valued based on non-observable inputs and were still recognised in the balance sheet at 31 December 2012 were recognised with a loss of DKK 1,118 million (2011: loss of DKK 137 million) in profit for the year as revenue.

The fair value of financial instruments based on non-observable inputs is significantly affected by the non-observable inputs used. As a result of the long-term and illiquid nature of the contracts, the fair value may change significantly in the event of a change in the Group's reasonable expectations relating to the non-observable inputs used.

22 Operating lease obligations

DKK million	**2012**	2011
0-1 year	373	306
1-5 years	1,081	850
Over 5 years	1,884	1,257
Minimum lease payments	**3,338**	**2,413**

Assets held under operating leases comprise land and seabed relating to wind farms in the UK, Poland and Germany until 2039, natural gas storage facilities in Germany until 2025, a power station site in the Netherlands until 2037, office premises until 2026 and vehicles, etc.

Lease payments relating to leasing of sea bed in connection with wind farms in the UK vary with the MWh generated, but with agreed minimum lease payments. Seabed leases typically have a five-year term with an option for five-year extensions.

The Group has concluded operating leases in respect of jack-up vessels for the construction of wind farms for the period 2013-2017 and a port in Belfast in Northern Ireland for the period 2013-2017 (with an option for extension for a further five years). The minimum lease payments relating to the above leases have been determined at DKK 563 million (2011: DKK 1,153 million) and have not been recognised in the above determination of minimum lease payments under lease arrangements commenced.

In 2012, operating lease payments totalling DKK 401 million (2011: DKK 414 million) were recognised in profit for the year.

22 | Accounting policies

Lease payments under operating leases are recognised in profit for the year over the term of the lease on a straight-line basis.

23 Finance income and costs

DKK million	2012	2011
Interest income from cash, etc.	545	643
Interest income from securities at fair value	340	264
Capital gains on securities at fair value	21	249
Foreign exchange gains	2,339	2,815
Value adjustments of derivative financial instruments	351	1,818
Other finance income	96	22
Finance income	**3,692**	**5,811**
Interest expense relating to payables	(2,355)	(1,921)
Transfers to assets	661	373
Interest element of provisions	(286)	(176)
Capital losses on securities at fair value	(98)	(22)
Foreign exchange losses	(2,569)	(2,658)
Value adjustments of derivative financial instruments	(389)	(1,654)
Other finance costs	(9)	(35)
Finance costs	**(5,045)**	**(6,093)**
Net finance costs	**(1,353)**	**(282)**

Foreign exchange adjustments are recognised in revenue and cost of sales for the year with a charge of DKK 221 million (2011: DKK 340 million) and in profit for the year with a charge of DKK 451 million (2011: DKK 497 million).

Borrowing costs transferred to assets under construction were calculated at the weighted average effective interest rate for general borrowing, which was 4.43% (2011: 4.42%).

23 | Accounting policies

Finance income and finance costs comprise interest income and interest expense, capital gains and capital losses and impairment losses relating to securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including lease commitments under finance leases, as well as extra payments and repayments under the on-account tax scheme, etc. Finance income and finance costs also include realised and unrealised gains and losses relating to hedging of interest rate and currency risks that has not been entered into to hedge revenue, cost of sales or non-current assets.

Borrowing costs relating to general borrowing or loans directly attributable to the acquisition, construction or development of qualifying assets form part of the cost of such assets.

24 Credit risks

DKK million	Clearing centres	AAA/Aaa	AA/Aa	A/A	BBB/Baa	Other	Total
2012	**2,441**	**14,921**	**5,124**	**7,252**	**3,992**	**10,783**	**44,513**
2011	3,430	8,350	5,226	8,621	1,471	9,078	**36,176**

Credit risks

The quality of the Group's financial assets is primarily assessed for the items derivative financial instruments, cash and bond portfolios and receivables, and is based on the individual counterparty's ratings with Standard & Poor's and Moody's. No set-off is made in respect of any collateral, and the figures therefore do not reflect the Group's actual credit risk.

DONG Energy's counterparty risks are largely concentrated on large international energy companies and banks. Such trading is regulated under standard agreements, such as EFET and ISDA agreements, which feature credit rating and netting provisions. DONG Energy's largest counterparties maintain an external investment grade rating, although there has been a gradual shift towards lower rating levels in recent years as DONG Energy's counterparties are also feeling the negative effects of the European financial crisis.

The AAA/Aaa category covers DONG Energy's position in Danish AAA-rated government and mortgage bonds and the category Other predominantly consists of trade receivables from customers such as end users and PSO customers.

Further details of the Group's risk management are provided in the chapter on Risk and risk management on pages 30-31 of Management's review.

25 Market risks

Market risk is the risk that changes in market prices such as commodity prices, exchange rates and interest rates will affect the Group's profit and/or equity.

The market risk on commodities primarily relates to portfolio management and trading activities. The Group is exposed to two types of energy risk: fluctuations in market prices and fluctuations in volumes due to the fluctuating needs of the underlying business.

By virtue of its day-to-day activities, the Group is exposed to fluctuations in the prices of gas, oil, electricity, coal and CO_2 and, to a lesser extent, other commodities. The Group trades actively in these commodities in the relevant markets to hedge and optimise its supply requirements and secure the Group's supply chain. In this connection, the Group uses derivatives to hedge its positions.

As a result of its activities, the Group is primarily exposed to USD, GBP and NOK. The Group hedges currency risk to mitigate the effect of exchange rate movements.

Sensitivity analysis

The sensitivity analysis below shows the effect of market value changes assuming a relative price change at 31 December 2012. The effect on profit before tax comprises financial instruments that remained open at the balance sheet date and have an effect on profit in the financial year in question. The effect on equity before tax comprises financial instruments that remained open at the balance sheet date and are value-adjusted directly on equity. Besides derivative financial instruments on commodities and currency, financial instruments in this context include receivables and payables in foreign currencies.

The illustrated sensitivities only comprise the Group's financial instruments and therefore exclude the effect from contracts concluded under which physical delivery of the underlying assets is made, as these are not recognised as financial instruments in accordance with IAS 39. The sensitivity thus only comprises the derivative financial instruments and not the physical contracts they hedge.

The use of business performance has made the Group more sensitive to changes in commodity prices and exchange rates in the statement of comprehensive income, but has reduced its sensitivity in equity. The financial instruments that form part of the sensitivity analysis are financial instruments and financial contracts measured at market value and the Group's receivables, cash and trade payables and its external financing such as bank loans and issued bonds.

Net investments and associated hedging of net investments in foreign subsidiaries are not included in the table, as the effect of the sum of the investment and the hedging is considered to be neutral to price changes. A 10% increase in the currencies hedged in connection with net investments would result in a DKK 3,626 million decrease in equity (2011: decrease of DKK 2,835 million). All other conditions being equal, a decrease in the exchange rate would have had a corresponding opposite effect. For further details on currency positions hedged by hedging of net investments, reference is made to note 21, hedging of net investments in foreign subsidiaries.

Further details of the Group's risk management are provided in the chapter on Risk and risk management on pages 30-31 of Management's review.

		At 31 December 2012		At 31 December 2011	
Risk	Price change	**Effect on profit before tax**	**Effect on equity before tax**	Effect on profit before tax	Effect on equity before tax
Oil	+10%	1,058	-	751	-
	-10%	(1,034)	-	(719)	-
Gas	+10%	(1,835)	-	(1,572)	-
	-10%	1,835	-	1,572	-
Electricity	+10%	(866)	-	(636)	-
	-10%	823	-	599	-
Coal	+10%	(90)	-	25	-
	-10%	90	-	(25)	-
USD	+10%	1,464	-	1,617	-
	-10%	(1,231)	-	(1,617)	-
GBP	+10%	120	(488)	(369)	(94)
	-10%	(120)	488	369	94
NOK	+10%	60	-	(205)	(5)
	-10%	(60)	-	205	5
SEK	+10%	20	-	75	(3)
	-10%	(1)	-	(68)	3
EUR	+10%	(2,269)	-	(535)	-
	-10%	2,407	-	535	-
Other	+10%	-	-	2	9
	-10%	-	-	(2)	(9)
Interest	+100 basis points	(171)	486	(237)	448

26 Equity

Share capital

DKK million	2012	2011
Share capital at 1 January	2,937	2,937
Share capital at 31 December	**2,937**	**2,937**

The company's share capital is DKK 2,937,099,000, divided into shares of DKK 10. All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up. The shares may only be assigned or otherwise transferred with the written consent of the Danish Finance Minister.

Resolutions concerning amendments to the Articles of Association or DONG Energy A/S's dissolution require at least two thirds of the votes cast and of the voting share capital to be represented at the general meeting in order to be carried.

Cash management and capital structure

Management evaluates the Group's capital structure on an ongoing basis to ensure that it is aligned with the Group's and the shareholders' interests and underpins the Group's strategy.

DONG Energy's liquidity and financing risks are managed centrally in accordance with principles and delegated authorities laid down by the Board of Directors. One of the most important financial management tasks in DONG Energy is to secure sufficient and flexible financial resources in relation to the day-to-day operations and the Group's investment programme. To this end, internal management targets have been set for the required level of financial resources, taking into account primarily factors such as the investment programme, cash flows from operating activities and debt maturity profile.

Equity, hybrid capital and bank loans and issued bonds are considered to be capital.

It is DONG Energy's financing policy to concentrate loans in the parent company in order to optimise the Group's borrowing. New investments are primarily financed by cash flows from operating activities, supplemented by the raising of debt.

DONG Energy manages its debt profile and cash resources via various policies aimed at minimising costs and refinancing risks. This is achieved partly via a spread of sources of funding and maturities, and partly by ensuring that cash resources are sound, either in the form of cash and cash equivalents or committed borrowing facilities. Cash resources totalled DKK 25.8 billion at the end of 2012 (2011: DKK 23.1 billion), including undrawn committed borrowing facilities of DKK 11.6 billion (2011: DKK 13.4 billion) and available cash and securities of DKK 14.2 billion (2011: DKK 9,7 billion).

To secure financing on attractive terms at all times, DONG Energy has set targets for its credit rating and capital structure. The credit rating target is for ratings of at least BBB+ and Baa1 respectively to be maintained with the rating agencies Standard & Poor's and Moody's. DONG Energy has been rated BBB+ with a negative outlook by Standard & Poor's and Baa1 with a stable outlook by Moody's. The capital structure target is for adjusted net debt not to exceed 2.5 times EBITDA.

Dividends

The Board of Directors will recommend that no dividend be paid for the 2012 financial year. In 2012, a dividend of DKK 4,96 per share was paid for the 2011 financial year. It is the Board of Directors' intention to distribute DKK 8.25 per share for the 2013 financial year, and, in the years after the 2013 financial year and until a decision, if any, on an IPO is made, to generally increase distributions by DKK 0.25 per share per year, although in such a way that the payout ratio does not fall below 40% or exceed 60% of the business performance result for the year determined as the shareholders' share of the business performance result after tax (i.e. after payment of coupon to hybrid capital holders and non-controlling interests).

Dividend distributions to shareholders have no tax implications for DONG Energy A/S. Dividend paid per share (DPS) of DKK 10 amounted to DKK 4.96 (2011: DKK 7.50).

26 | Accounting policies

Proposed dividends are recognised as a liability at the date of their adoption at the Annual General Meeting (declaration date). Extraordinary dividends are recognised as a liability at the declaration date.

Hybrid capital

The hybrid capital totalling DKK 9,538 million (EUR 1.3 billion nominal value) comprises EUR hybrid bonds issued in the European capital markets to which a series of special terms are attached. The hybrid capital is subordinate to the Group's other creditors. The purpose of issuing hybrid capital was to strengthen the Group's capital base and to fund the Group's CAPEX and acquisitions.

The total hybrid capital consists of hybrid bonds due in 3005 and hybrid bonds due in 3010. Further details on the two hybrid bonds are provided in the table below.

Coupon on the hybrid capital is settled annually. Coupon payments and their tax effect are recognised directly in equity.

DONG Energy A/S may, at its sole discretion, omit or defer coupon payments to bond holders. However, deferred coupon payments will fall due for payment in the event of DONG Energy A/S subsequently making any distributions to its shareholders. So far, DONG Energy A/S has not used the option to defer coupon payments.

For the hybrid bond due in 3010, DONG Energy A/S must defer coupon payments to bond holders in the event of S&P downgrading DONG Energy A/S's credit rating to BB+ or less. In the event of such mandatory deferral, the coupon must not be paid until five years after the deferral date, or when the credit rating again exceeds BB+.

Via a trust deed in connection with the issuing of the hybrid bonds due in 3010, DONG Energy A/S has committed to not redeeming these bonds without replacing them with similar bonds or other subordinated capital contributions. This commitment, which has been made to the investors at any given time in one or more of DONG Energy A/S's other bond issues, will remain in effect until 2046. DONG Energy A/S may be released from this obligation subject to certain conditions being met.

26 | Accounting policies

Hybrid capital comprises issued bonds that qualify for treatment in accordance with the rules on compound financial instruments due to the special characteristics of the loan. The principal amount, which constitutes a liability, is recognised at present value, and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability. Accordingly, any coupon payments are accounted for as dividends, which are recognised directly in equity at the time the payment obligation arises. This is because the coupon payments are discretionary and relate to the part of the hybrid capital that is recognised in equity. Coupon payments consequently do not have any effect on profit for the year.

The part of the hybrid capital that is accounted for as a liability is measured at amortised cost. However, as the carrying amount of this component amounted to nil on initial recognition, and, as a result of the 1,000-year term of the hybrid capital, amortisation charges will only impact on profit for the year towards the end of the 1,000-year term of the hybrid capital. Coupon payments are recognised in the statement of cash flows in the same way as dividend payments within financing activities.

	Hybrid capital due 3005	Hybrid capital due 3010
Carrying amount	DKK 4,411 million	DKK 5,127 million
Notional amount	EUR 600 million (DKK 4,460 million)	EUR 700 million (DKK 5,204 million)
Issued	June 2005	January 2011
Maturing	June 3005	June 3010
First call date	29 June 2015	1 June 2021
Interest	Coupon for the first ten years is fixed at 5.5% p.a., after which it becomes floating at 3 months' EURIBOR + 3.2%	Coupon for the first ten years is fixed at 7.75% p.a., after which it becomes floating at 12 months' EURIBOR + 5.5%
Deferral of coupon payment	Optional deferral option	Optional deferral option, plus mandatory deferral in the event of DONG Energy A/S's credit rating with S&P being downgraded to BB+ or less

27 Acquisition of enterprises

Acquisition of enterprises in 2012

In 2012, DONG Energy obtained control of CT Offshore A/S and Shell Gas Direct Ltd.

At the acquisition date, the cost of assets and liabilities acquired was DKK 125 million and DKK 247 million respectively. After adjustment of net assets to fair value, goodwill has been determined at DKK 186 million. Goodwill relates to employee skills, expected cost synergies and access to the UK market. The goodwill recognised in respect of the transactions is not deductible for tax purposes.

The allocation of the cost of identifiable assets acquired and liabilities and contingent liabilities assumed had yet to be finalised at the time of publication of the consolidated financial statements for 2012, and the items in the opening balance sheet may therefore subsequently be changed.

Revenue and result in CT Offshore A/S since the acquisition amount to DKK 162 million and a loss of DKK 92 million respectively.

Revenue and result in Shell Gas Direct Ltd. since the acquisition amount to DKK 3,725 million and a loss of DKK 19 million respectively.

If the two companies had been acquired on 1 January 2012, consolidated revenue and profit would have been DKK 67,888 million and a loss of DKK 5,122 million.

Acquisition of enterprises in 2011

There were no business combinations in 2011.

DKK million	Existing ownership interest	Ownership interest acquired	DONG Energy ownership interest, total	Acquisition date	Core activity
CT Offshore A/S	29%	37.67%	66.67%	9 January 2012	Offshore cable installation
Shell Gas Direct Ltd	-	100.00%	100.00%	30 April 2012	Gas sales

27 | Accounting policies

Enterprises acquired or formed are recognised in the consolidated financial statements from the date of acquisition or formation. The acquisition date is the date on which DONG Energy obtains control of the acquiree. On acquisition of new enterprises whereby the parent company obtains control of the acquiree, the purchase method is applied, whereby the acquiree's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date.

The consideration transferred in exchange for an acquiree is measured at the fair value of the agreed consideration in the form of assets acquired, liabilities assumed and issued equity instruments. If parts of the consideration are contingent on future events, these are recognised in the consideration at the acquisition-date fair value. Costs incurred in connection with business combinations are recognised directly in profit for the year as incurred.

The excess of the cost of the consideration transferred in exchange for the acquiree, the amount of any non-controlling interests in the acquiree and the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill. Goodwill is not amortised, but is tested for impairment, at least annually. The first impairment test is carried out before the end of the year of acquisition.

Any excess of the fair value over the cost of acquisition (negative goodwill) is recognised in profit for the year at the date of acquisition.

If there is any uncertainty, at the acquisition date, concerning the measurement of identifiable assets acquired and liabilities and contingent liabilities assumed, initial recognition is based on provisional fair values. Subsequent adjustments, including goodwill, are made retrospectively within twelve months of the acquisition date, and comparative figures are restated. Changes in estimates of contingent consideration are generally recognised directly in profit for the year.

Non-controlling interests are measured on initial recognition either at fair value or at their proportionate interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The measurement of non-controlling interests is elected on a transaction-by-transaction basis.

Comparative figures are not restated to reflect acquisitions or disposals; however, discontinued operations are presented separately.

28 Assets classified as held for sale

DKK million	2012	2011
Property, plant and equipment	3,961	320
Other non-current assets	35	-
Non-current assets	**3,996**	**320**
Current assets	347	364
Assets classified as held for sale at 31 December	**4,343**	**684**
Non-current liabilities	127	355
Current liabilities	54	30
Liabilities relating to assets classified as held for sale at 31 December	**181**	**385**

Assets classified as held for sale at 31 December 2012 comprise offshore transmission networks in the UK (Wind Power segment), which are being divested as a result of statutory requirements, and the Group's Polish wind activities (Wind Power segment). The Group sold its Polish wind activities for approx. PLN 1.0 billion (corresponding to approx. DKK 1.8 billion) in February 2013. The divestment of offshore transmission networks is expected to be completed in the first half of 2013.

In 2011, this item primarily comprised oil terminals and a number of small-scale power stations belonging to the Thermal Power segment, all of which were sold in 2012. Reference is made to note 29.

28 | Accounting policies

Assets classified as held for sale are measured at the lower of carrying amount before the reclassification and fair value less costs to sell.

29 Disposal of enterprises

DKK million	2012	2011
Other non-current assets	513	14
Other current assets	354	11
Assets classified as held for sale	-	395
Non-current liabilities	(336)	-
Current liabilities	(47)	-
Liabilities relating to assets classified as held for sale	-	(395)
Gain on disposal of enterprises	2,675	225
Selling price	**3,159**	**250**
Non-controlling interest	-	-
Of which selling price receivable	-	26
Of which other provisions selling price	40	(221)
Received in respect of prior year disposals	-	-
Cash transferred	(277)	(10)
Cash selling price	**2,922**	**45**

Gain/(loss) on disposal of enterprises

DKK million	2012	2011
Oil Terminals (Thermal Power)	2,490	-
Small-scale CHP plants (Thermal Power)	160	-
Purchase price adjustment relating to Energi E2 Renewables Ibericas S.L. (Wind Power)	-	221
Other	25	4
Gain on disposal of enterprises	**2,675**	**225**

30 Transactions with non-controlling interests

Transactions with non-controlling interests

DKK million	2012	2011
Dividends paid to non-controlling interests	(1,061)	(16)
Acquisition of equity investments from non-controlling interests	-	(76)
Disposal of equity investments to non-controlling interests	1,185	1,541
Other capital transactions with non-controlling interests[1]	2,379	2,496
Transactions with non-controlling interests	**2,503**	**3,945**

[1] Other capital transactions with non-controlling interests primarily comprise capital contributions.

Disposal of equity investments to non-controlling interests

DKK million	2012	2011
Selling price	(33)	1,767
Transaction costs	-	(53)
Of which receivables	1,186	(173)
Of which payables	32	-
Cash selling price	**1,185**	**1,541**

30 | Accounting policies

Transactions with non-controlling interests are accounted for as transactions with the group of owners. Gains and losses on disposal of equity investments to non-controlling interests are recognised in equity to the extent that the sale does not result in a loss of control. Net assets acquired are not revalued on acquisition of non-controlling interests.

30 | Critical accounting estimates

Contracts relating to the disposal of equity investments to non-controlling interests may contain provisions that are contingent on future conditions. The determination of gains and the recognition of receivables are therefore subject to uncertainty. The determination is based on management's estimates of the most likely outcomes of future events.

31 Contingent assets and liabilities

Contingent assets
Significant unrecognised contingent assets comprise deferred tax assets at DKK 15.5 billion (2011: DKK 13.3 billion). Reference is made to note 8.

DONG Energy has advanced claims against a few trading partners and insurance companies. Management is of the opinion that the claims are justified. The claims have not been recognised, as the existence of these assets is subject to several uncertain future events that are outside DONG Energy's control.

Contingent liabilities

Liability to pay compensation

According to the legislation, DONG Energy's natural gas companies DONG Oil Pipe A/S, DONG E&P A/S and DONG E&P Grønland A/S are liable to pay compensation for damage caused by their gas and oil activities, even where there is no proof of negligence (strict liability). Usual insurance has been taken out to cover any such claims.

Guarantees

DONG Energy A/S has furnished the Danish Ministry for Economic Affairs and the Interior with a guarantee for fulfilment of obligations and liability in damages towards the Danish State or third parties incurred by DONG E&P A/S as co-holder of the licences in which the company participates, irrespective of whether the obligations and liability rest on DONG E&P A/S alone or jointly and severally with others. However, the guarantee is limited to a sum corresponding to twice DONG E&P's share of each obligation or liability.

As a condition for approval of its participation in gas and oil exploration and production on the Norwegian, UK, Greenland and Faroese continental shelves, DONG Energy A/S has provided a guarantee under which it assumes primary liability as normally required by the local authorities. The guarantee covers obligations and liability incurred or assumed by the DONG E&P Group in connection with its exploration and production activities. The guarantee is not capped and the DONG E&P Group is jointly and severally liable with the other partners for obligations and liability.

Indemnities

Through subsidiaries and jointly controlled assets and entities, DONG Energy participates in oil and gas exploration and production, construction and operation of wind farms, renewable energy projects, geothermal plants and natural gas facilities. The Group has provided guarantees, and guarantees under which the Group assumes primary liability, in respect of the construction and operation of facilities, and leases, decommissioning obligations, and purchase, sales and supply contracts, etc. In addition, the Group is jointly and severally liable with the other joint venturers for obligations and liability under agreements with jointly controlled assets and entities.

DONG Energy Thermal Power A/S is liable as a partner for financial losses at certain CHP plants.

Litigation

DONG Energy is a party to actions relating to the competition authorities' claim that Elsam A/S and Elsam Kraft A/S charged excessive prices in the Danish wholesale electricity market in some periods. Following a merger in 2008, Elsam Kraft A/S is part of DONG Energy Thermal Power A/S.

The Competition Appeals Tribunal has concluded that Elsam A/S and Elsam Kraft A/S abused their dominant positions in the wholesale electricity market in Western Denmark to some extent in the periods 1 July 2003 to 31 December 2004 and 1 January 2005 to 30 June 2006 by charging excessive prices. DONG Energy disputes the rulings and has appealed them to the Copenhagen Maritime and Commercial Court.

A group of electricity consumers has filed a claim with the Copenhagen Maritime and Commercial Court for compensation of up to DKK 4.4 billion with addition of interest in connection with the above actions relating to excessive prices in Western Denmark. DONG Energy has recognised a provision of DKK 298 million, which has been determined on the basis of the Danish Competition Council's calculation of the consumers' losses.

DONG Energy is a party to a case concerning cancellation of an arbitration award relating to, in particular, an alleged competition law infringement in connection with the purchase of gas, where the arbitration found in favour of DONG Energy. The plaintiff has requested that a reference for a preliminary ruling be made to the EU Court of Justice. This request has been rejected by the Maritime and Commercial Court. The Maritime and Commercial Court has set the case down for trial in 2014. The Group has not made a loss provision, as it considers the probability of the court finding for the plaintiff to be small.

In connection with collaboration agreements entered into by the Group concerning jointly controlled assets and entities, etc., various minor litigation cases are pending, the outcome of which is not expected, either individually or collectively, to have any significant effect on the Group's financial position. The Group is also a party to a number of litigation proceedings and legal disputes that will not have any significant effect on the Group's financial position, either individually or collectively.

Contractual obligations

The Group is a party to a number of long-term purchase, sales and supply contracts entered into in the course of its ordinary operations. Reference is made to notes 10, 11 and 15. Apart from the liabilities already recognised in the balance sheet, the Group does not expect to incur any significant financial losses as a result of the performance of these contracts.

32 Related party transactions

Related parties that have control over the Group comprise the Danish State, represented by the Danish Ministry of Finance, which owns 79.96% of the parent company.

Other related parties are the Group's jointly controlled entities and associates, the members of the Board of Directors and the Executive Board and other senior executives.

Reference is made to note 36 for an overview of the Group's jointly controlled entities and associates.

Transactions with jointly controlled entitles and associates appear from the table below. Remuneration to the Board of Directors, the Executive Boards and other senior executives is disclosed in note 6.

	Jointly controlled entities		Associates	
DKK million	**2012**	2011	**2012**	2011
Dividends received and capital reductions	-	-	30	60
Capital transactions, net	-	-	340	259
Trade receivables	248	2,179	-	5
Trade payables	(35)	(55)	(107)	(435)
Purchase of property, plant and equipment	(2,578)	(1,792)	-	-
Interest, net	52	38	23	64
Receivables	1,143	870	995	557
Payables	-	-	(348)	(10)

Transactions with related parties are made on arm's length terms. Intra-group transactions have been eliminated in the consolidated financial statements.

There were no other transactions with related parties during the year.

33 Fee to auditor appointed at the Annual General Meeting

DKK million	**2012**	2011
Audit fees	13	12
Other assurance engagements	3	2
Tax and VAT advice	14	7
Non-audit services	26	30
Total fees to PricewaterhouseCoopers	**56**	**51**

34 Events after the reporting period

Construction of the Westermost Rough offshore wind farm

DONG Energy has decided to build the offshore wind farm Westermost Rough in the North Sea off the east coast of the UK. The construction will represent a total investment of approximately EUR 1 billion, including the construction of the transmission assets. When the wind farm goes into operation, the transmission assets will be sold to a transmission operator, as required by UK regulation.

Westermost Rough will consist of 35 turbines from Siemens Wind Power, each of 6.0 MW, with a total capacity of 210 MW.

Offshore construction of the Westermost Rough offshore wind farm will begin in the first half of 2014 and DONG Energy expects that the farm will be fully commissioned in the first half of 2015.

Divestment of Polish onshore wind activities

DONG Energy has signed an agreement on the sale of the Group's Polish onshore wind activities comprising three wind farms with a total installed capacity of 111.5 MW and a development portfolio of more than 700 MW. The aggregate selling price for the wind activities is approximately PLN 1.0 billion (equivalent to approximately DKK 1.8 billion) and the transaction is expected to result in a net gain before tax of up to DKK 600 million. The gain will not have any impact on EBITDA.

Completion of the transaction is subject to approval by the relevant competition authorities.

35 Licence overview

Hydrocarbon exploration and extraction licences in Denmark and abroad

Country	Licence	Ownership interest
Denmark	7/86 Amalie Part	30%
Denmark	7/86 Lulita part	44%
Denmark	7/89 Syd Arne Field	37%
Denmark	1/90 Lulita	22%
Denmark	4/95 Nini Field	40%
Denmark	6/95 Siri	100%
Denmark	9/95 Maja	27%
Denmark	4/98 Svane/Solsort	35%
Denmark	5/98 Hejre	60%
Denmark	16/98 Cecilie Field	22%
Denmark	1/06 Hejre Extension	48%
Denmark	7/06 Rau	40%
Denmark	3/09 Solsort	35%
Denmark	1/12 Nena/Nelly	80%
Faroe Islands	F008 Sula/Stelkur	30%
Faroe Islands	F016 Kúlubøkan	30%
Greenland	G2007/26 Puilasoq	29%
Greenland	G2011/11 Qamut	26%
Norway	PL019 Ula	20%
Norway	PL019B Gyda	34%
Norway	PL019C Kark	35%
Norway	PL019D	34%
Norway	PL065 Tambar	45%
Norway	PL113 Mjølner	70%
Norway	PL122 Marulk	30%
Norway	PL122B Marulk	30%
Norway	PL122C Marulk	30%
Norway	PL122D Marulk	30%
Norway	PL147 Trym/Trym South	50%
Norway	PL159B Alve	15%
Norway	PL208 Ormen Lange	45%
Norway	PL250 Ormen Lange	9%
Norway	PL274 Oselvar	55%
Norway	PL274CS Oselvar	55%
Norway	PL289 Musling	50%
Norway	PL299 Frode	20%

Country	Licence	Ownership interest
Norway	PL300 Tambar East	45%
Norway	PL360 Lupin	20%
Norway	PL360B	20%
Norway	PL385 Jette	20%
Norway	PL481	50%
Norway	PL518 Zapffe	60%
Norway	PL518B	60%
Norway	PL529 Himmelbjerget/Bønna	20%
Norway	PL530	20%
Norway	PL536	20%
Norway	PL613 Fafner	40%
Norway	PL624 Ve	20%
Norway	PL656 Clipper	20%
Norway	PL658 Gram	50%
Norway	Gassled	1%
UK	P911 Laggan	20%
UK	P967 Tobermory	33%
UK	P1026 Rosebank	10%
UK	P1028 Cambo	20%
UK	P1159 Tormore	20%
UK	P1189 Cambo	20%
UK	P1190 Tornado	20%
UK	P1191 Rosebank South	10%
UK	P1195 Glenlivet	80%
UK	P1262 Tornado	20%
UK	P1272 Rosebank	10%
UK	P1453 Edradour	25%
UK	P1454 Glenrothes	40%
UK	P1598 Cragganmore	40%
UK	P1636 Longmorn	30%
UK	P1678 Dalmore	20%
UK	P1830 Black Rock	25%
UK	P1838 Tomintoul	20%
UK	P1846 Sula/Stelkur	30%
UK	P1847 Milburn	30%

36 Company overview

Segment/company	Type[1]	Registered office	Ownership interest
Parent company			
DONG Energy A/S		Fredericia, Denmark	-
Exploration & Production			
DONG Central Graben E&P Ltd.[2]	S	Fredericia, Denmark	100%
DONG E&P A/S[3]	S	Fredericia, Denmark	100%
DONG E&P Føroyar P/F	S	Torshavn, Faroe Islands	100%
DONG E&P Grønland A/S	S	Sermersooq, Greenland	100%
DONG E&P Norge AS	S	Stavanger, Norway	100%
DONG E&P nr. 1 2008 A/S[2]	S	Fredericia, Denmark	100%
DONG E&P Services (UK) Ltd.	S	London, UK	100%
DONG E&P Siri (UK) Ltd.	S	London, UK	100%
DONG E&P (UK) Ltd.	S	London, UK	100%
Shetland Land lease Ltd.	A	London, UK	20%
Wind Power			
Anholt Havvindmøllepark I/S	J	Fredericia, Denmark	50%
A2SEA A/S	S	Fredericia, Denmark	51%
A2SEA Deutschland GmbH	S	Hamburg, Germany	100%
A2SEA Ltd.	S	London, UK	100%
Barrow Offshore Wind Ltd.	J	Berkshire, UK	50%
Borkum Riffgrund I Holding A/S	S	Fredericia, Denmark	100%
Borkum Riffgrund I Offshore Windpark A/S GmbH & Co. oHG	J	Norden, Germany	50%
Breeveertien II Wind Farm B.V.	J	Rotterdam, Netherlands	50%
Celtic Array Limited	J	Berkshire, UK	50%
CT Offshore A/S	S	Odense, Denmark	67%
Den Helder Wind Farm B.V.	J	Rotterdam, Netherlands	50%
DE POWER NR. 1 2011 ApS[2]	S	Fredericia, Denmark	100%
DE POWER NR. 2 2011 ApS[2]	S	Fredericia, Denmark	100%
DONG Energy 1 Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy 2 Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy 3 Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy 4 Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy 5 Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy 6 Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy – Anholt Offshore A/S	S	Fredericia, Denmark	100%
DONG Energy Borkum Riffgrund I HoldCo GmbH	S	Hamburg, Germany	100%
DONG Energy Borkum Riffgrund II GmbH	S	Cuxhaven, Germany	100%
DONG Energy Borkum Riffgrund West I GmbH	S	Hamburg, Germany	100%
DONG Energy Bukowo Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy Burbo (UK) Limited	S	London, UK	100%
DONG Energy Burbo Extension (UK) Ltd.	S	London, UK	100%
DONG Energy Gasiorowo Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy Gunfleet Sands Demo (UK) Ltd.	S	London, UK	100%
DONG Energy Horns Rev I A/S	S	Fredericia, Denmark	100%
DONG Energy Horns Rev 2 A/S	S	Fredericia, Denmark	100%
DONG Energy Humber Renewables Ltd.	S	London, UK	100%
DONG Energy Hydro Power Holding AB	S	Malmö, Sweden	100%
DONG Energy Karcino Sp. z o.o.	S	Koszalin, Poland	100%
DONG Energy Karnice III Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Kraftwerke Greifswald Beteiligungs-GmbH	S	Rubenow, Germany	100%
DONG Energy Lincs (UK) Ltd.	S	London, UK	100%
DONG Energy London Array Ltd.	S	London, UK	100%
DONG Energy London Array II Ltd.	S	London, UK	100%
DONG Energy NearshoreLAB, Frederikshavn A/S	S	Frederikshavn, Denmark	100%
DONG Energy Nysted I A/S	S	Fredericia, Denmark	86%
DONG Energy Olecko Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Pancerzyn Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Polska S.A.	S	Warsaw, Poland	100%
DONG Energy Power (Gunfleet Sands) Ltd.	S	London, UK	100%
DONG Energy Power (Participation) Ltd.	S	London, UK	100%

36 Company overview – continued

Segment/company	Type[1]	Registered office	Ownership interest
DONG Energy Power (UK) Ltd.	S	London, UK	100%
DONG Energy Power UK I Ltd.	S	London, UK	100%
DONG Energy Power Vind Norge AS	S	Stavanger, Norway	100%
DONG Energy Renewables Germany GmbH	S	Hamburg, Germany	100%
DONG Energy Renewables Polska Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Shell Flats (UK) Limited	S	London, UK	100%
DONG Energy Tuszyny Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy UK III Limited	S	London, UK	100%
DONG Energy Walney Extension (UK) Ltd.	S	London, UK	100%
DONG Energy West of Duddon Sands (UK) Limited	S	London, UK	100%
DONG Energy Wind Power A/S	S	Fredericia, Denmark	100%
DONG Energy Wind Power Denmark A/S	S	Fredericia, Denmark	100%
DONG Energy Wind Power Holding A/S[3]	S	Fredericia, Denmark	100%
DONG VE A/S	S	Fredericia, Denmark	100%
DONG Vind A/S	S	Fredericia, Denmark	100%
DONG Wind I (UK) Ltd.	S	London, UK	100%
E2 Landvind A/S	S	Fredericia, Denmark	100%
E2 Landvind A/S af 15. september 2003	S	Fredericia, Denmark	100%
E2 Landvind A/S af 20. oktober 2003	S	Fredericia, Denmark	100%
Energi E2 Renewables A/S	S	Fredericia, Denmark	100%
Eolien Maritimes de France S.A.S.	A	Paris, France	40%
First Flight Wind Limited	J	Belfast, UK	50%
Gode Wind I GmbH	S	Hamburg, Germany	100%
Gode Wind II GmbH	S	Hamburg, Germany	100%
Greenpower (Broadmeadows) Limited	J	Aberdeen, UK	50%
Gunfleet Grid Company Limited	S	London, UK	100%
Gunfleet Sands Ltd.	S	London, UK	100%
Gunfleet Sands II Ltd.	S	London, UK	100%
Gunfleet Sands Holding Ltd.	S	London, UK	50%
Heron Wind Limited	A	London, UK	33%
Heysham Offshore Wind Ltd.	S	London, UK	100%
Kappa Sp. z o.o.	S	Szczecin, Poland	100%
Kraftgården AB	A	Ragunda, Sweden	26%
Kvalheim Kraft DA	A	Drammen, Norway	33%
Lincs Renewable Energy Holdings Limited	J	London, UK	50%
Lincs Wind Farm Ltd.	J	Edinburgh, UK	50%
London Array Ltd.	J	Coventry, UK	50%
Morecambe Wind Ltd.	J	London, UK	50%
Nesa Vind A/S	S	Gentofte, Denmark	100%
Njord Limited	A	London, UK	33%
Omikron Sp. z o.o.	S	Szczecin, Poland	100%
Ploudalmezeau – Breiz Avel 01 S.A.S.	S	Paris, France	100%
Polska Energia Wiatrowa Sp. z o.o.	S	Szczecin, Poland	100%
P/S New Energy Solutions	A	Copenhagen, Denmark	22%
Rhiannon Wind Farm Limited	J	Windsor, UK	100%
Scarweather Sands Ltd.	J	Coventry, UK	50%
Storrun Vindkraft AB	S	Uddevalla, Sweden	80%
Storrun Vindkraft Elnät AB	S	Stockholm, Sweden	100%
Universal Foundation A/S	A	Aalborg, Denmark	27%
Walney (UK) Offshore Windfarms Ltd.	S	London, UK	50%
West Rijn Wind Farm B.V.	J	Rotterdam, Netherlands	50%
Westermost Rough Gridco Limited	S	London, UK	100%
Westermost Rough Ltd.	S	London, UK	100%
Zephyr AS	A	Sarpsborg, Norway	33%
Thermal Power			
Carron Engineering & Construction Limited	S	Stokesley, UK	100%
DONG Energy Holding Ludwigsau I GmbH	S	Hamburg, Germany	100%
DONG Energy Holding Ludwigsau II GmbH	S	Hamburg, Germany	100%
DONG Energy Kraftwerke Emden GmbH i. L.	S	Hamburg, Germany	100%
DONG Energy Kraftwerke Greifswald Verwaltungs GmbH i. L.	S	Rubenow, Germany	100%
DONG Energy Kraftwerke Holding GmbH	S	Hamburg, Germany	100%

36 Company overview – continued

Segment/company	Type[1]	Registered office	Ownership interest
DONG Energy Maabjerg Energy Concept A/S	S	Fredericia, Denmark	70%
DONG Energy Power Rotterdam B.V.	S	Rotterdam, Netherlands	100%
DONG Energy UK I Ltd.[3]	S	London, UK	100%
DONG Energy Thermal Power A/S[3]	S	Fredericia, Denmark	100%
DONG Energy Waste (UK) Ltd.	S	London, UK	100%
DONG Generation Norge AS	S	Lindås, Norway	100%
Dublin Waste to Energy (Holdings) Limited	A	Dublin, Ireland	49%
Emineral A/S	J	Aalborg, Denmark	50%
Enecogen V.O.F	J	Rotterdam, Netherlands	50%
Haderslev Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
Horsens Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
I/S Ensted Transithavn	J	Aabenraa, Denmark	50%
Inbicon A/S	S	Fredericia, Denmark	100%
Konsortiet for etablering af Maabjerg Energy Concept I/S	S	Holstebro, Denmark	50%
Kraftwerk Ludwigsau GmbH & Co, KG	S	Hamburg, Germany	100%
Kraftwerk Ludwigsau Verwaltungs GmbH	S	Hamburg, Germany	100%
Måbjergværket A/S	S	Fredericia, Denmark	100%
Pyroneer A/S	S	Fredericia, Denmark	100%
REnescience A/S	S	Fredericia, Denmark	100%
Severn Gas Transportation Limited	S	Newport, UK	100%
Severn Power Funding Limited	S	Newport, UK	100%
Severn Power Holdings Limited	S	Newport, UK	100%
Severn Power Limited	S	Newport, UK	100%
Stigsnæs Vandindvinding I/S	NC	Slagelse, Denmark	64%
Vejen Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
Energy Markets			
DONG Energy Business GmbH	S	Hamburg, Germany	100%
DONG Energy Financial Solutions GmbH	S	Leipzig, Germany	100%
DONG Energy Infrastruktur Holding GmbH[3]	S	Hamburg, Germany	100%
DONG Energy Leitung E GmbH	S	Hamburg, Germany	100%
DONG Energy Markets B.V.	S	Amsterdam, Netherlands	100%
DONG Energy Markets GmbH	S	Dorsten, Germany	100%
DONG Energy Pipelines A/S	S	Fredericia, Denmark	100%
DONG Energy Pipelines GmbH[3]	S	Kiel, Germany	100%
DONG Energy Speicher E GmbH	S	Hamburg, Germany	100%
DONG Energy Speicher R GmbH	S	Kiel, Germany	100%
DONG Naturgas A/S[3]	S	Fredericia, Denmark	100%
DONG Offshore Gas Systems A/S	S	Fredericia, Denmark	100%
Etzel Kavernenbetriebsverwaltungsgesellschaft mbH	A	Hamburg, Germany	33%
Etzel Kavernenbetriebsgesellschaft mbH & Co. KG	A	Hamburg, Germany	33%
Kielspeicher 103 GmbH & Co. KG	J	Kiel, Germany	49%
Kielspeicher 103 Verwaltungs-GmbH	J	Kiel, Germany	49%
Sales & Distribution			
Dansk Gasteknisk Center A/S	A	Rudersdal, Denmark	36%
DONG Energy Aktiebolag	S	Gothenburg, Sweden	100%
DONG Energy El & Gas A/S	S	Fredericia, Denmark	100%
DONG Energy Eldistribution A/S	S	Frederica, Denmark	100%
DONG Energy Gasforsyning A/S	S	Fredericia, Denmark	100%
DONG Energy Kabler A/S	S	Fredericia, Denmark	100%
DONG Energy Power Sales UK Limited	S	London, UK	100%
DONG Energy S&D UK Limited	S	London, UK	100%
DONG Energy Sales B.V.	S	Hertogenbosch, Netherlands	100%
DONG Energy Sales (UK) Limited	S	London, UK	100%
DONG Energy Sales & Distribution A/S[3]	S	Fredericia, Denmark	100%
DONG Energy Service 1 A/S	S	Fredericia, Denmark	100%
DONG Energy Service 2 A/S	S	Fredericia, Denmark	100%
DONG Gas Distribution A/S[3]	S	Fredericia, Denmark	100%
DONG Oil Pipe A/S[3]	S	Fredericia, Denmark	100%
DONG Storage A/S[3]	S	Fredericia, Denmark	100%

36 Company overview – continued

Segment/company	Type[1]	Registered office	Ownership interest
DONG Sverige Distribution AB[3]	S	Gothenburg, Sweden	100%
FordonsGas Sverige AB	A	Gothenburg, Sweden	50%
PowerSense A/S	A	Rudersdal, Denmark	28%
Stadtwerke Lübeck GmbH	A	Lübeck, Germany	25%
Other			
DONG EGJ A/S	S	Fredericia, Denmark	100%
DONG El A/S[3]	S	Fredericia, Denmark	100%
DONG Energy (UK) Ltd.	S	London, UK	100%
DONG Energy IT Malaysia Sdn. Bhd.	S	Kuala Lumpur, Malaysia	100%
DONG Energy IT Polska Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy Oil & Gas A/S[3]	S	Fredericia, Denmark	100%
DONG Energy Vangede A/S[3]	S	Fredericia, Denmark	100%
DONG Insurance A/S[3]	S	Fredericia, Denmark	100%
EM El Holding A/S	S	Fredericia, Denmark	100%
EnergiGruppen Jylland El A/S	S	Fredericia, Denmark	100%
EnergiGruppen Jylland El Holding A/S	S	Fredericia, Denmark	100%
Lithium Balance A/S	A	Ishøj, Denmark	20%

[1] S = subsidiary, A = associate, J = jointly controlled entity NC = non-consolidated enterprise.
[2] The company applies the provision in section 6 of the Danish Financial Statements Act to omit presenting a separate annual report.
[3] Subsidiaries owned directly by DONG Energy A/S.

Performance highlights - non-financial

		2012	2011	2010	2009	2008
Volumes						
Production:						
Oil and gas production	million boe	28.5	26.4	24.4	24.0	18.5
- oil	million boe	10.0	9.3	9.0	8.5	10.0
- gas	million boe	18.5	17.1	15.4	15.5	8.5
Electricity generation	TWh	16.1	20.4	20.2	18.1	18.5
- thermal	TWh	11.5	16.0	16.2	15.3	16.0
- wind and hydro	TWh	4.6	4.4	4.0	2.8	2.6
Heat generation	PJ	43.0	42.6	53.2	46.7	46.4
Sales and distribution:						
Gas sales (excl. own consumption at power stations)	TWh	149.9	138.1	131.5	121.1	118.4
Electricity sales	TWh	12.6	9.9	10.4	10.7	10.9
Gas distribution	TWh	9.1	9.9	11.4	10.0	10.3
Electricity distribution	TWh	8.7	8.8	9.1	9.2	9.4
Oil transportation, Denmark	million bbl	66	72	78	85	91
Environment						
EU ETS CO_2 emissions	million tonnes of CO_2	7.8	10.8	11.8	11.9	12.6
CO_2 emissions per energy unit generated (electricity and heat) [1]	g/kWh	443	486	524	574	590
Green proportion of electricity and heat generation [1]	%	37	29	30	27	25
Nitrogen oxides (NO_x)	g/kWh	0.39	0.36	0.38	0.50	0.61
Sulphur dioxide (SO_2)	g/kWh	0.07	0.06	0.07	0.14	0.19
Gas flaring (offshore and at gas storage facility)	million Nm^3	8.9	9.0	33.0	7.3	8.6
Oil discharged to sea from production platforms	tonnes	16	16	8	18	24
Reinjection of produced water on production platforms	%	83	68	78	49	51
Recycling of waste in administration	%	44	48	32	31	10
Recycling of waste in facilities	%	77	59	57	57	52
Significant environmental incidents	number	3	5	6	5	1
Working conditions						
Full time equivalents (FTE)	number	7,000	6,098	5,874	5,865	5,644
Average age	years	42	42	43	43	43
Employee turnover	%	10	12	12	11	12
Lost time injuries	number	71	74	93	129	112
Lost time injury frequency (LTIF)	per one million hours worked	3.6	4.1	4.6	6.8	7.5
Fatalities	antal	1	3	3	1	1

[1] Measured on a proportionate basis for all activities and consequently includes associates and non-consolidated enterprises.

Accounting policies for non-financial data

General

The overview of non-financial highlights for the reporting period 1 January – 31 December 2012 on page 87 and the reviews of the Group's non-financial performance and the business units' non-financial performance in 2012 on pages 22-26 include data from the whole of the DONG Energy Group.

DONG Energy's non-financial reporting is audited externally. Reference is made to the assurance statement on page 107.

The collection and determination of non-financial data comprise data relating to production, environment, health and safety and employees, applying the same delimitations and basis as for the financial data, except as otherwise described in the following sections. In practice, this means that the reporting comprises all operative operating activities in DONG Energy and the Group's subsidiaries and jointly controlled entities.

Reporting and materiality criteria

Management's reasons for choosing the environmental data included in this report are based on the evaluations in 2007 of the business units' environmental impacts, the subsequently set corporate targets and the underlying key performance indicators (KPIs) identified for one or more of the business units. Within occupational health and safety, occupational injuries and injury frequency have been chosen as the key parameters based on a management evaluation. The same applies to the employee data chosen.

Standards applied

DONG Energy is a signatory to the UN Global Compact and prepares an annual 'Communication on Progress' report to the UN. DONG Energy's report for 2012 can be found at dongenergy.com and Global Compact's website at unglobalcompact.org/participant/2968-DONG-Energy-A-S.

DONG Energy reports annually in accordance with the Global Reporting Initiative's (GRI) Reporting Guidelines G3.0. DONG Energy also reports in accordance with selected indicators from the GRI's sector supplement for electricity generators and electricity distributors, called EUSS (Electric Utilities Sector Supplement). The reporting is in accordance with application level B+.

DONG Energy has carried out an assessment of materiality of the GRI indicators based on the methodology proposed by the GRI. The methodology in its entirety has not been changed in the period 2008–2012, and appears in DONG Energy's GRI report at dongenergy.com.

Organisation and data quality

The business units' reporting has been systematised and harmonised via a common reporting system that forms the basis for the consolidated reporting. The business units are responsible for the quality of their data based on a reporting procedure designed to support a Group-wide harmonised approach to data quality. The procedure also ensures that data in the consolidated reporting can be reproduced in accordance with the stated methods for recognition, measurement and determination of data described below. Data have been recognised in the consolidated reporting based on the data reported by the business units and following an accounting technical analysis at Group level.

Additions and disposals during the year

If an activity has not been owned for the entire reporting period, it is, in principle, recognised from the date on which operation began, the acquisition date or up to the date of transfer.

For information on acquisitions and disposals of enterprises, reference is made to notes 27 and 29 on 'Acquisition of enterprises' and 'Disposal of enterprises' in the consolidated financial statements.

At plant level, the Fredericia biogas plant was established in 2012.

Changes to reported data compared with 2011

In connection with DONG Energy's 2020 strategy, the CSR report on pages 11-14 has been expanded and includes new and more targets.

Accounting policies for data collection

The reporting of production and environmental data comprises all operative operating activities in DONG Energy and the Group's subsidiaries and jointly controlled entities. The latter are determined based on ownership interest. The reporting does not include associates. However, special considerations apply to the key performance indicators CO_2 emissions per energy unit generated (g CO_2/kWh) and green proportion of electricity and heat generation, as described in a separate section.

Production and sales

Electricity generation has been determined as net generation sold based on settlements from the official Danish production database. Generation data for foreign and non-operated renewable energy facilities are provided by the operators.

Heat generation is measured as net output sold. Heat generation from renewable sources is measured on the basis of monthly heat withdrawals from geothermal water. The Margretheholmen geothermal plant is not recognised, as DONG Energy does not have a share in the production, but only owns the substrata in which the facility lies.

For the hydro-electric power station Indalselven, the ownership interest has been converted to an annual withdrawal right from the plant, and the reporting is consequently based on annual withdrawals and not on total output based on ownership interest.

Oil and gas production is determined on the basis of meter readings on delivery to shore.

Bioethanol and bio natural gas production and sales on a pilot basis are not reported.

Electricity sales are determined as physical electricity sales to identifiable counterparties and reported on a gross basis in the financial statements. Electricity volumes and revenue are based on readings from the trading systems.

Gas sales have been determined as the physical sales recorded in the financial management system from the trading systems. Wholesale sales (including intragroup sales) are reported as total volume of gas sold less any possibilities for selling the gas back to Energy Markets under the supply contract in question. Gas sold on gas hubs in the course of the Group's physical sales and purchase activities and gas sold as part of physical swap contracts are reported on a net basis.

Data relating to gas and electricity distribution comprise Denmark only.

Electricity distribution has been determined on the basis of data from the official system in Denmark (El-Panda), which measures and calculates total area consumption.

Gas distribution has been determined on the basis of data from the official system in Denmark (Gas-Panda) that have been calculated internally based on total volumes and calorific values received from Energinet.dk.

Oil transportation has been determined on the basis of flow meter readings on delivery to shore.

Environment

Environmental data comprise resource consumption, emissions and discharges, waste and environmental incidents. Construction projects and development projects and similar activities that are not part of the ordinary operations are not included in the reporting.

In the case of activities in Exploration & Production, Wind Power and Energy Markets where DONG Energy is not the operator, only environmental impacts from the production activities are included, and not any impact from administrative support functions. Construction projects, exploration and drilling projects, development projects and non-operated gas storage facilities, including the LNG terminal and similar activities that are not part of the Group's ordinary operating activities, are not included in the reporting. Waste data are not received from fields not operated by DONG Energy.

Emissions and discharges

Calculations of EU ETS (CO_2) emissions are made at facilities that are subject to these emissions trading schemes and for which DONG Energy is responsible in its capacity as operator or its capacity as accountable for operations, and in accordance with the methods laid down in the Danish Act on (CO_2) Emissions Allowances. EU ETS CO_2 emissions reported for the Enecogen plant for 2012 had not been externally verified at the time of publication of the annual report.

CO_2 emissions per energy unit generated (g CO_2/kWh) have been determined as physical CO_2 emissions relative to total physical generation of electricity, heat and steam supplied to the grid. For the purposes of calculating specific emissions in connection with the key performance indicator 'CO_2 emissions per energy unit generated', electricity, heat and steam supplies as well as CO_2 emissions from all generating installations are recognised, excluding the Exploration & Production business unit, based on DONG Energy's ownership interest. This means that directly owned associates and investments are also recognised based on DONG Energy's proportionate overall ownership interest. However, a triviality rule has been introduced, which means that facilities with a total installed electricity, heat or steam capacity of less than 10 MW are omitted. Mongstad power station is also included as it is owned and operated by DONG Energy (however, the plant is not consolidated financially).

Specific CO_2 emissions (g CO_2/kWh) are calculated by converting heat and steam to electricity equivalents. The equivalent electricity supplies represent the volume of additional electricity that could have been supplied if the power stations had not been generating heat and/or steam.

Waste is not recognised as being a 100% CO_2-neutral fuel: a conversion factor of 35 kg CO_2/GJ from incinerated waste to CO_2 emissions is applied. Biomass, biogas, landfill gas and livestock manure are recognised as CO_2-neutral.

Emission and production data are collected applying the normal quality criteria, with the exception of data from associates, where a lower quality level is accepted. Data from the associate Stadtwerke Lübeck GmbH have not been recognised, as no data were available.

Power station nitrogen oxide (NO_x) and sulphur dioxide (SO_2) emissions are mainly determined based on continuous measurement. A few power stations use plant-specific emission factors to calculate emissions. Specific emissions are determined as physical NO_x/SO_2 emissions from power stations relative to their total physical production of electricity, heat and steam supplied to the grid.

Specific emissions (g NO_x/SO_2 per kWh) are calculated by converting heat and steam to electricity equivalents using the same method as for calculating specific CO_2 emissions.

Flaring of natural gas at offshore installations is determined using ultrasonic measurements. Volumes for the Stenlille gas storage facility are calculated based on pressure and the dimension of the emptied process plant.

Oil discharged to sea from production platforms is determined on the basis of extracted and reinjected volume, including measurements of content (oil and water). Oil discharged with produced water is calculated on the basis of three daily samples that are analysed for oil content and one sample every 24 hours based on ballast water.

Reinjection of produced water at production platforms is determined based on pump capacity, pressure and time.

Green proportion of electricity and heat generation and biomass proportion of Danish power station generation

The green proportion of electricity and heat generation is determined as generation from renewable energy, including generation from biomass and waste at power stations. In that connection, half of the electricity and heat generated from waste is recognised as green, while the other half is recognised as fossil. The proportion of power station generation that is based on biomass and waste is calculated as the ratio of the energy content of the fuels concerned to the total energy content of the fuels used at each plant. To allow a compilation of generation at power stations that generate both electricity and heat, and for the Group as a whole, heat generation is converted to equivalent electricity generation using the same method as for calculating specific emissions. The same delimitation is used for measuring the green proportion of electricity and heat generation as is used for calculating specific CO_2 emissions.

The biomass proportion of Danish power station generation is calculated as the proportion of total generation at the Danish power stations that is based on biomass. The same delimitation is used as described for green proportion of electricity and heat generation.

Energy efficiency

Energy efficiency is determined as the improvement in energy consumption relative to activity, e.g. production, flow or building capacity (m^2), at DONG Energy's facilities overall since 2010. The target comprises facilities that are at least 50%-owned by DONG Energy or are operated by DONG Energy and covers activities such as power station operation, gas treatment and storage, electricity and gas distribution and facility management. The reporting does not include leased buildings or buildings in which 1% or less of DONG Energy's total number of employees work.

Furthermore, power stations sold since 2010, international power stations, waste incineration plants, peak-load stations, and facilities with few or no operational hours are not included either.

For power stations, own electricity consumption and non-boiler related process losses are included in the calculation of energy consumption. For all other facilities, the calculation includes all significant energy consumption as well as natural gas flaring at offshore production platforms.

Recycling of waste

Waste and recycling of same are measured on the basis of invoices received from waste recipients and/or using plant-specific measuring methods for production facilities, including construction activities.

Waste from buildings that accommodate 1% or less of the total number of employees is not reported. Waste from the construction of office buildings is not recognised, as the contractor disposes of waste as part of the design-build contract.

For offshore installations and power stations, the reporting includes drilling projects and projects at existing installations, as waste data from projects form part of the plants' overall waste data.

Significant environmental incidents

The impact and materiality of all environmental incidents at facilities for which DONG Energy is responsible in its capacity as operator or its capacity as accountable for operations are evaluated applying the Group's procedure for impact assessment of environmental incidents. In this context, an environmental incident is defined as an adverse event that has a negative environmental impact. Only incidents with actual environmental impact are reported. Incidents are only determined for DONG Energy-operated facilities and the Group's operating activities.

Labour

Labour comprises employee data and safety data in the form of occupational injuries.

Employees

Employees working under contract in Danish and foreign DONG Energy companies are included in the reporting if the company is more than 50%-owned, but not employees of associates. Employee data are recognised based on records from the Group's ordinary registration systems. The number of employees, including by gender and country, is determined as the number of employees at the end of the financial year converted to full-time equivalents (FTE). Employees that have been made redundant are recognised until the expiry of their notice period, regardless of whether they have been released from all or part of their duties during the notice period.

Employee turnover is calculated as the number of permanent employees that have left the company relative to the average number of permanent employees at the end of the financial year. The average number of employees is determined as a weighted average of recorded permanent employees during the year.

Average age has been measured as the average age of employees at the end of the financial year.

Occupational injuries

Occupational injuries and lost time injuries for own employees and suppliers are included for companies that are wholly or partly owned by DONG Energy and where DONG Energy is directly responsible for safety. Energy Markets only reports data for its own employees.

Data are recognised for own employees and for suppliers working in or providing services in areas in which DONG Energy is directly responsible for safety in its capacity as operator or because of the operating assignment or construction/design assignment. Data from Danish and most of the foreign sites are recognised. The criteria for the recognition of suppliers vary for the individual business units and over time.

A lost time injury is defined as an injury that results in incapacity for work of one or more calendar days in addition to the day of the incident. Fatalities are included.

The lost time injury frequency is calculated as the number of lost time injuries per one million hours worked. Working hours are based on 1,667 working hours annually per full time equivalent (FTE) and monthly records of the number of employees converted to FTE. For suppliers, the actual number of hours worked is recognised on the basis of data provided by the supplier, access control systems at locations or estimates. The injury frequency, and the development of the injury frequency, is subject to some uncertainty as a result of the data basis for hours worked and varying criteria for recognition of suppliers.

PARENT COMPANY FINANCIAL STATEMENTS

Statement of comprehensive income

DKK million	Note	2012	2011
Revenue	2	141	119
Other external expenses		(325)	(276)
Staff costs	3	(32)	(25)
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		**(216)**	**(182)**
Other operating income		38	-
Depreciation and impairment losses on property, plant and equipment	6	(5)	(5)
Operating profit (loss) (EBIT)		**(183)**	**(187)**
Finance income	13	16,792	14,820
Finance costs	13	(15,719)	(12,194)
Profit before tax		**890**	**2,439**
Income tax expense	4	190	169
Profit for the year		**1,080**	**2,608**
Other comprehensive income:			
Value adjustments for the year		(673)	(732)
Value adjustments transferred to finance income and costs		229	147
Tax on value adjustments of hedging instruments		111	146
Other comprehensive income		**(333)**	**(439)**
Total comprehensive income		**747**	**2,169**
Profit for the year is attributable to:			
Equity holders of DONG Energy A/S		531	2,339
Coupon payments after tax, hybrid capital holders of DONG Energy A/S		549	269
Profit for the year		**1,080**	**2,608**
Total comprehensive income for the year is attributable to:			
Equity holders of DONG Energy A/S		198	1,900
Coupon payments after tax, hybrid capital holders of DONG Energy A/S		549	269
Total comprehensive income		**747**	**2,169**
Proposed dividend per share of DKK 10, in DKK		-	4.96

Balance sheet

Assets

DKK million	Note	2012	2011
Investment property		34	38
Fixtures and fittings, tools and equipment		7	8
Property, plant and equipment	**6**	**41**	**46**
Investments in subsidiaries	8	35,706	25,683
Receivables from subsidiaries		57,725	54,649
Receivables from jointly controlled entities		480	328
Other non-current assets		**93,911**	**80,660**
Non-current assets		**93,952**	**80,706**
Receivables from subsidiaries		7,543	8,103
Receivables from jointly controlled entities		343	0
Other receivables	7	124	1,774
Derivative financial instruments	11	7,165	6,274
Income tax		615	601
Securities	9	14,659	9,665
Cash	9	0	4
Current assets		**30,449**	**26,421**
Assets		**124,401**	**107,127**

Equity and liabilities

DKK million	Note	2012	2011
Share capital		2,937	2,937
Reserves		8,277	8,610
Retained earnings		22,044	22,970
Equity attributable to equity holders of DONG Energy A/S		**33,258**	**34,517**
Hybrid capital		9,538	9,538
Equity	**15**	**42,796**	**44,055**
Deferred tax	5	2,632	1,714
Bank loans and issued bonds	10	45,969	32,959
Other payables	10	1,315	0
Non-current liabilities		**49,916**	**34,673**
Bank loans and issued bonds	10	7,063	9,207
Trade payables	10	68	19
Payables to subsidiaries	10	14,133	10,509
Other payables	10	945	622
Derivative financial instruments	10	9,480	8,042
Current liabilities		**31,689**	**28,399**
Liabilities		**81,605**	**63,072**
Equity and liabilities		**124,401**	**107,127**

Statement of changes in equity

DKK million	Share capital	Hedging reserve	Share premium	Retained earnings	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Total
Equity at 1 January 2012	2,937	(638)	9,248	22,970	34,517	9,538	44,055
Comprehensive income for the year							
Profit for the year	-	-	-	531	531	549	1,080
Other comprehensive income:							
Value adjustments of hedging instruments	-	(673)	-	-	(673)	-	(673)
Value adjustments transferred to finance income and costs	-	229	-	-	229	-	229
Tax on other comprehensive income	-	111	-	-	111	-	111
Total comprehensive income	**-**	**(333)**	**-**	**531**	**198**	**549**	**747**
Transactions with owners:							
Coupon payments, hybrid capital	-	-	-	-	-	(648)	(648)
Tax on coupon and costs, hybrid capital	-	-	-	-	-	99	99
Addition, hybrid capital	-	-	-	-	-	-	-
Disposal, hybrid capital	-	-	-	-	-	-	-
Adjustments amortisation original hybrid capital	-	-	-	-	-	-	-
Dividends paid	-	-	-	(1,457)	(1,457)	-	(1,457)
Total changes in equity in 2012	**-**	**(333)**	**-**	**(926)**	**(1,259)**	**-**	**(1,259)**
Equity at 31 December 2012	**2,937**	**(971)**	**9,248**	**22,044**	**33,258**	**9,538**	**42,796**

DKK million	Share capital	Hedging reserve	Share premium	Retained earnings	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Total
Equity at 1 January 2011	2,937	(199)	9,248	22,959	34,945	8,088	43,033
Comprehensive income for the year							
Profit for the year	-	-	-	2,339	2,339	269	2,608
Other comprehensive income:							
Value adjustments of hedging instruments	-	(732)	-	-	(732)	-	(732)
Value adjustments transferred to finance income and costs	-	147	-	-	147	-	147
Tax on other comprehensive income	-	146	-	-	146	-	146
Total comprehensive income	**-**	**(439)**	**-**	**2,339**	**1,900**	**269**	**2,169**
Transactions with owners:							
Coupon payments, hybrid capital	-	-	-	-	-	(515)	(515)
Tax on coupon and costs, hybrid capital	-	-	-	-	-	246	246
Addition, hybrid capital	-	-	-	-	-	5,127	5,127
Disposal, hybrid capital	-	-	-	-	-	(3,802)	(3,802)
Adjustments amortisation original hybrid capital	-	-	-	(125)	(125)	125	-
Dividends paid	-	-	-	(2,203)	(2,203)	-	(2,203)
Total changes in equity in 2011	**-**	**(439)**	**-**	**11**	**(428)**	**1,450**	**1,022**
Equity at 31 December 2011	**2,937**	**(638)**	**9,248**	**22,970**	**34,517**	**9,538**	**44,055**

Statement of cash flows

DKK million	Note	2012	2011
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		(216)	(182)
Other items		110	1,010
Interest income and similar items		11,374	11,056
Interest expense and similar items		(11,394)	(11,215)
Income tax paid		1,305	715
Cash flows from operating activities before change in net working capital (FFO)		**1,179**	**1,384**
Change in trade receivables		(122)	(4)
Change in other receivables		(3)	183
Change in trade payables		(98)	77
Change in other payables		1,341	(198)
Change in net working capital		**1,118**	**58**
Cash flows from operating activities		**2,297**	**1,442**
Financial transactions with subsidiaries		(2,394)	(7,033)
Capital contributions to subsidiaries		(10,023)	-
Financial transactions with jointly controlled entities		(494)	(328)
Purchase of securities		(9,667)	(8,124)
Sale of securities		4,672	6,160
Other investments		0	(105)
Dividends received		1,689	3,113
Cash flows from investing activities		**(16,217)**	**(6,317)**
Proceeds from raising of loans		23,823	8,985
Instalments on loans		(8,000)	(6,426)
Coupon payments on hybrid capital		(648)	(515)
Repurchase of hybrid capital		-	(3,802)
Proceeds from issuing of hybrid capital		-	5,127
Dividends paid		(1,457)	(2,203)
Receivables from Group trading partner		1,713	(1,713)
Cash flows from financing activities		**15,431**	**(547)**
Net increase (decrease) in cash and cash equivalents		**1,511**	**(5,422)**
Cash and cash equivalents at 1 January		(3,916)	1,506
Net increase (decrease) in cash and cash equivalents		1,511	(5,422)
Cash and cash equivalents at 31 December	**9**	**(2,405)**	**(3,916)**

01 Basis of reporting

Parent company accounting policies

The parent company financial statements are prepared pursuant to the requirements in the Danish Financial Statements Act concerning preparation of separate parent company financial statements for companies applying IFRS.

The parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and also comply with IFRSs issued by the IASB.

The financial statements have been prepared in accordance with Danish disclosure requirements for annual reports of listed and state-owned public limited companies, see the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The annual report is presented in million Danish kroner (DKK), unless otherwise stated.

Parent company financial statements

The parent company accounting policies are consistent with the accounting policies described for the consolidated financial statements (see notes 1-33 to the consolidated financial statements), with the following exceptions:

Foreign currency translation

Foreign exchange adjustments of balances accounted for as part of the total net investment in enterprises that have a functional currency other than DKK are recognised in profit for the year as finance income and costs in the parent company financial statements. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises are recognised directly in profit for the year as finance income and costs.

Revenue

Rental income comprises income from commercial leases and is recognised over the term of the lease. Income from services is recognised when delivery has taken place.

Dividends from investments in subsidiaries

Dividends from investments in subsidiaries are credited to profit for the year in the financial year in which they are declared. If distributions exceed the subsidiary's comprehensive income for the period, an impairment test is carried out.

Property, plant and equipment

Investment property is property that is held to earn rental income and is used for own purposes to an insignificant extent only.

Investment property is measured at cost less accumulated depreciation and impairment losses. Investment property is depreciated over 20 years.

Fixtures and fittings, tools and equipment are depreciated over 3-5 years.

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent company financial statements. Impairment testing is carried out if there is any indication of impairment, as described in the consolidated financial statements. The carrying amount is written down to the recoverable amount whenever the carrying amount exceeds the recoverable amount. The impairment loss is recognised as a finance cost in profit for the year.

If the parent company has a legal or constructive obligation to cover a deficit in subsidiaries, a provision for this is recognised.

Critical accounting estimates and judgements

In the process of preparing the parent company financial statements, a number of accounting estimates and judgements have been made that affect assets and liabilities at the balance sheet date and income and expenses for the reporting period. Management regularly reassesses these estimates and judgements, partly on the basis of historical experience and a number of other factors in the given circumstances.

Management is of the opinion that no accounting estimates or judgements are made in connection with the presentation of the parent company financial statements applying the parent company accounting policies that are material to the financial reporting, other than those disclosed in notes 10 and 11 to the consolidated financial statements concerning impairment testing.

New standards and interpretations

Reference is made to the description in note 1 to the consolidated financial statements.

02 Revenue

DKK million	2012	2011
Rental income and sales of services	141	119
Revenue	**141**	**119**

03 Staff costs

DKK million	2012	2011
Wages, salaries and remuneration	31	24
Pensions	1	1
Other social security costs	0	0
Staff costs	**32**	**25**

DONG Energy A/S had an average of nine employees in 2012 (2011: seven employees).

Remuneration of the Executive Board

	2012				2011			
DKK '000	Salaries	Bonus	Pension	**Total**	Salaries	Bonus	Pension	**Total**
Parent company Executive Board:								
CEO (from 27 August 2012)	2,863	600	1	3,464	-	-	-	-
CEO (until 12 March 2012)[1]	6,218	1,401	2	7,621	5,006	1,084	2	6,092
CFO[2]	5,113	1,202	2	6,317	4,565	1,141	2	5,708
Remuneration	**14,194**	**3,203**	**5**	**17,402**	**9,571**	**2,225**	**4**	**11,800**

[1] Comprises salaries, bonus and pension during notice period.
[2] Comprises compensation of DKK 500 thousand for temporarily also assuming the role of CEO.

Reference is made to note 6 to the consolidated financial statements for a description of the parent company's remuneration of the Executive Board, termination and bonus scheme for the Executive Board and details on remuneration to the Board of Directors.

04 Income tax expense

DKK million	2012	2011
Income tax expense	190	169
Tax on other comprehensive income	111	146
Tax for the year	**301**	**315**
Tax for the year can be broken down as follows:		
Current tax for the year	86	134
Adjustments to deferred tax for the year	128	34
Adjustments to deferred tax in respect of prior years	(1,046)	(578)
Adjustments to current tax in respect of prior years	1,022	579
Income tax expense	**190**	**169**

	2012		2011	
	DKK million	**%**	DKK million	%
Income tax expense can be explained as follows:				
Calculated 25% tax on profit before tax	(223)	25	(610)	25
Tax effect of:				
Non-taxable income	460	(52)	778	(32)
Non-deductible expenses	(23)	3	(1)	0
Net adjustments to tax in respect of prior years	(24)	3	2	0
Effective tax for the year	**190**	**(21)**	**169**	**(7)**

05 Deferred tax

	2012			2011		
DKK million	Balance sheet at 1 January	Recognised in profit for the year	**Balance sheet at 31 December**	Balance sheet at 1 January	Recognised in profit for the year	**Balance sheet at 31 December**
Property, plant and equipment	18	16	34	18	-	18
Current assets	(65)	65	0	(10)	(55)	(65)
Non-current liabilities	17	(158)	(141)	17	-	17
Current liabilities	128	(134)	(6)	-	128	128
Retaxation	2,548	363	2,911	1,701	847	2,548
Tax loss carryforwards	(932)	766	(166)	(556)	(376)	(932)
Deferred tax	**1,714**	**918**	**2,632**	**1,170**	**544**	**1,714**

06 Property, plant and equipment

DKK million	Investment property	Fixtures and fittings, tools and equipment	**Total**
Cost at 1 January 2012	88	11	99
Cost at 31 December 2012	**88**	**11**	**99**
Depreciation at 1 January 2012	(50)	(3)	(53)
Depreciation charge	(4)	(1)	(5)
Depreciation at 31 December 2012	**(54)**	**(4)**	**(58)**
Carrying amount at 31 December 2012	**34**	**7**	**41**
Cost at 1 January 2011	88	11	99
Cost at 31 December 2011	**88**	**11**	**99**
Depreciation at 1 January 2011	(46)	(2)	(48)
Depreciation charge	(4)	(1)	(5)
Depreciation at 31 December 2011	**(50)**	**(3)**	**(53)**
Carrying amount at 31 December 2011	**38**	**8**	**46**

Total rental income for the year from investment property, DKK 4 million (2011: DKK 4 million), is recognised in profit for the year as revenue. Operation and maintenance costs for investment property are borne by the lessee. Investment property was let to subsidiaries throughout the year.

No mortgages or other restrictions on the use of investment property were registered at 31 December 2012.

07 Other receivables

DKK million	**2012**	2011
Receivables from Group trading partner	0	1,713
Deposits	21	23
Other receivables	103	38
Other receivables at 31 December	**124**	**1,774**

08 Subsidiaries

	Investments in subsidiaries	
DKK million	**2012**	2011
Cost at 1 January	25,702	25,702
Additions	10,023	-
Disposals	-	-
Cost at 31 December	**35,725**	**25,702**
Value adjustments at 1 January	(19)	(19)
Value adjustments at 31 December	**(19)**	**(19)**
Carrying amount at 31 December	**35,706**	**25,683**

An overview of subsidiaries and associates is set out in note 36 to the consolidated financial statements.

Investments in subsidiaries were tested for impairment in 2012. No impairment losses have been recognised, as the recoverable amount exceeded the cost.

In 2012, debt of DKK 10,023 million in DONG Energy Wind Power Holding A/S was converted to share capital.

09 Cash and cash equivalents and securities

DKK million	**2012**	2011
Available cash	0	4
Bank overdrafts that are part of the ongoing cash management, see note 10	(2,405)	(3,920)
Cash and cash equivalents at 31 December, see statement of cash flows	**(2,405)**	**(3,916)**
Securities can be broken down into the following balance sheet items:		
Available securities	11,907	8,129
Securities not available for use	2,752	1,536
Securities at 31 December	**14,659**	**9,665**

Securities are primarily highly liquid AAA-rated Danish mortgage bonds that qualify for repos in the Danish Central Bank.

The securities are part of the ongoing cash management. In accordance with IAS 7, cash flows from securities are recognised in cash flows from investing activities.

Securities not available for use comprise securities that form part of genuine sale and repurchase transactions (repo transactions) amounting to DKK 2,752 million (2011: DKK 1,536 million).

10 Loans and borrowings

Maturity analysis of loans and borrowings, including interest payments

2012

DKK million	Carrying amount	Payment obligation	2013	2014	2015	2016	2017	After 2017
Non-derivative financial instruments:								
Bank loans and issued bonds	53,032	75,051	8,803	5,974	1,940	6,201	4,705	47,428
Trade payables	68	68	68	-	-	-	-	-
Payables to subsidiaries	14,133	14,133	14,133	-	-	-	-	-
Other payables	2,260	2,260	945	-	-	-	-	1,315
Derivative financial instruments:								
Fair value of derivative financial instruments	9,480	9,505	3,575	2,071	1,068	616	961	1,214
Loans and borrowings	**78,973**	**101,017**	**27,524**	**8,045**	**3,008**	**6,817**	**5,666**	**49,957**

2011

DKK million	Carrying amount	Payment obligation	2012	2013	2014	2015	2016	After 2016
Non-derivative financial instruments:								
Bank loans and issued bonds	42,166	57,508	10,751	3,252	5,636	1,539	5,784	30,546
Trade payables	19	19	19	-	-	-	-	-
Payables to subsidiaries	10,509	10,509	10,509	-	-	-	-	-
Other payables	622	622	622	-	-	-	-	-
Derivative financial instruments:								
Fair value of derivative financial instruments	8,042	8,239	3,646	1,761	1,066	436	134	1,196
Loans and borrowings	**61,358**	**76,897**	**25,547**	**5,013**	**6,702**	**1,975**	**5,918**	**31,742**

The company's financing agreements are not subject to any unusual terms or conditions, apart from those disclosed in note 19 to the consolidated financial statements.

At 31 December 2012, DONG Energy A/S had issued hybrid capital with a principal of DKK 9,664 million (2011: DKK 9,664 million) due in 3005 and 3010.

The maturity analysis is based on undiscounted cash flows relating to financial liabilities.

DKK million	2012	2011
Bank loans and issued bonds:		
Issued bonds	31,567	22,678
Bank loans	19,060	15,567
Bank overdrafts	2,405	3,921
Carrying amount	**53,032**	**42,166**
Bank loans and issued bonds are recognised in the balance sheet as follows:		
Non-current liabilities	45,969	32,959
Current liabilities	7,063	9,207
Carrying amount	**53,032**	**42,166**
Nominal value	53,395	42,523

11 Derivative financial instruments

Categories of financial instruments

DKK million	2012 Carrying amount	2012 Fair value	2011 Carrying amount	2011 Fair value
Derivative financial instruments included in trading portfolio	6,906	6,906	6,613	6,613
Securities	14,659	14,659	9,665	9,665
Financial assets at fair value through profit or loss	**21,565**	**21,565**	**16,278**	**16,278**
Derivative financial instruments entered into to hedge fair values	259	259	405	405
Financial assets used as hedging instruments	**259**	**259**	**405**	**405**
Other receivables	65,627	65,627	64,854	64,854
Cash	0	0	4	4
Loans and receivables	**65,627**	**65,627**	**64,858**	**64,858**
Derivative financial instruments included in trading portfolio	8,055	8,055	7,820	7,820
Financial liabilities at fair value through profit or loss	**8,055**	**8,055**	**7,820**	**7,820**
Derivative financial instruments entered into to hedge future cash flows	1,287	1,287	846	846
Derivative financial instruments entered into to hedge fair values	138	138	120	120
Financial liabilities used as hedging instruments	**1,425**	**1,425**	**966**	**966**
Issued bonds	31,567	35,574	22,678	25,228
Bank loans	21,465	22,272	19,488	20,135
Other payables	15,148	15,148	11,150	11,150
Financial liabilities measured at amortised cost	**68,180**	**72,994**	**53,316**	**56,513**

The fair value has been determined as the present value of expected future instalments and interest payments using the Group's current interest rate on loans as discount rate.

Fair value hierarchy of financial instruments

DKK million	2012 Quoted prices (Level 1)	2012 Observable inputs (Level 2)	2012 Non-observable inputs (Level 3)	2012 **Total**	2011 Quoted prices (Level 1)	2011 Observable inputs (Level 2)	2011 Non-observable inputs (Level 3)	2011 **Total**
Derivative financial instruments	46	6,833	286	7,165	-	5,198	1,076	6,274
Securities	14,659	0	0	14,659	9,665	-	-	9,665
Assets	**14,705**	**6,833**	**286**	**21,824**	**9,665**	**5,198**	**1,076**	**15,939**
Derivative financial instruments	(46)	(9,228)	(206)	(9,480)	-	(7,322)	(720)	(8,042)
Liabilities	**(46)**	**(9,228)**	**(206)**	**(9,480)**	**-**	**(7,322)**	**(720)**	**(8,042)**

Reference is made to note 21 to the consolidated financial statements for a description of levels of fair value hierarchy of financial instruments.

11 Derivative financial instruments – continued

Categories of financial instruments

DKK million	2012 Derivative financial instruments (assets)	2012 Derivative financial instruments (liabilities)	2011 Derivative financial instruments (assets)	2011 Derivative financial instruments (liabilities)
Fair value at 1 January	1,076	(720)	381	-
Gains and losses recognised in profit for the year as revenue	(669)	(88)	696	(701)
Purchases	64	(38)	8	(28)
Other transfers to and from Level 3	(186)	640	(9)	9
Fair value at 31 December	**285**	**(206)**	**1,076**	**(720)**

A loss in respect of assets and liabilities that are valued based on non-observable inputs and were still recognised in the balance sheet at 31 December 2012 was recognised with DKK 732 million (2011: loss of DKK 25 million) in profit for the year as revenue.

12 Operating lease obligations

DKK million	2012 Minimum lease payments	2012 Subleasing	2012 Net	2011 Minimum lease payments	2011 Subleasing	2011 Net
0-1 year	(148)	133	(15)	(98)	85	(13)
1-5 years	(256)	243	(13)	(97)	87	(10)
Over 5 years	(239)	239	0	(77)	77	0
Minimum lease payments	**(643)**	**615**	**(28)**	**(272)**	**249**	**(23)**

DONG Energy A/S has entered into operating leases for leasing of office premises until 2026 and vehicle leasing on behalf of the Group's companies. There are no significant restrictions in the leases. In 2012, an amount of DKK 132 million (2011: DKK 102 million) was recognised in profit for the year in respect of operating lease payments.

DONG Energy A/S has entered into operating leases with subsidiaries for subleasing of office premises and leasing of investment property. There are no significant restrictions in the leases. In 2012, an amount of DKK 121 million (2011: DKK 104 million) was recognised in profit for the year in respect of rental income.

13 Finance income and costs

DKK million	2012	2011
Interest income from cash, etc.	272	284
Interest income from subsidiaries	1,669	1,731
Interest income from securities at fair value	335	259
Capital gains on securities at fair value	21	249
Foreign exchange gains	2,727	2,381
Value adjustments of derivative financial instruments	9,892	6,793
Dividends received	1,689	3,113
Other finance income	186	10
Finance income	**16,791**	**14,820**
Interest expense relating to payables	(1,993)	(1,548)
Interest expense to subsidiaries	(37)	(130)
Capital losses on securities at fair value	(95)	(19)
Foreign exchange losses	(2,072)	(2,042)
Value adjustments of derivative financial instruments	(11,461)	(8,455)
Other finance costs	(60)	0
Finance costs	**(15,718)**	**(12,194)**
Net finance income	**1,073**	**2,626**

14 Market risks

Risk management policy

DONG Energy A/S acts as the Group's internal banker in relation to funding, currency, interest rate and cash management and the conclusion of some commodity-related contracts.

As part of its financial management, DONG Energy A/S hedges currency risks and interest rate risks. Full or partial hedging of recognised assets and liabilities (hedging of fair value) and of future transactions (hedging of cash flows) is carried out in accordance with the framework laid down in the financial risk policy implemented by DONG Energy. Both primary financial instruments, primarily loans (only currency risks) and derivative financial instruments such as forwards, swaps and options, are used as hedges. In some cases, the company has also entered into contracts to hedge risks in subsidiaries.

The financial risks to which DONG Energy A/S is exposed are described in the following. Reference is also made to the Risk and risk management chapter in Management's review on pages 30-31.

Currency risks

A substantial part of DONG Energy A/S's activities and investments are made in other currencies than Danish kroner. The company's net position in individual currencies at 31 December is shown below:

	2012				2011			
DKK million	Cash and cash equivalents and receivables	Payables	Hedged using hedging instruments	**Net position**	Cash and cash equivalents and receivables	Payables	Hedged using hedging instruments	**Net position**
EUR	7,001	(36,390)	2,776	(26,613)	4,490	(30,424)	9,911	(16,023)
USD	2,151	(4,129)	12,793	10,815	3,375	(4,790)	(388)	(1,803)
GBP	24,353	(12,506)	(21,036)	(9,189)	20,012	(5,366)	(18,439)	(3,793)
SEK	0	(64)	(674)	(738)	40	(38)	(1,399)	(1,397)
NOK	7,392	(428)	847	7,811	8,007	-	(3,393)	4,614
Other	970	0	0	970	1,012	-	(1,194)	(182)
Total	**41,867**	**(53,517)**	**(5,294)**	**(16,944)**	**36,936**	**(40,618)**	**(14,902)**	**(18,584)**

As part of its financial management, DONG Energy A/S enters into a number of hedging instruments to hedge currency risks. At 31 December 2012, unrealised value adjustments of derivative financial instruments for currency hedging of recognised assets and liabilities totalled a charge of DKK 530 million (2011: charge of DKK 775 million).

Sensitivity analysis for currency risks

DONG Energy A/S's principal currency risks relate to USD, GBP, SEK and NOK. The company also calculates and manages the currency risk vis-à-vis EUR. However, as price fluctuations between DKK and EUR are small, the risk is considered to be insignificant.

		At 31 December 2012		At 31 December 2011	
Risk	Price change	**Effect on profit before tax**	**Effect on equity before tax**	Effect on profit before tax	Effect on equity before tax
USD	+10%	1,357	1,357	(180)	(180)
	-10%	(1,123)	(1,123)	180	180
GBP	+10%	(919)	(919)	(379)	(379)
	-10%	919	919	379	379
SEK	+10%	(74)	(74)	(140)	(140)
	-10%	74	74	140	140
NOK	+10%	781	781	461	461
	-10%	(781)	(781)	(461)	(461)

Interest rate risks

The parent company is exposed to interest rate changes in connection with its cash portfolio, primarily floating-rate bank balances. For an analysis of the company's interest rate sensitivity, reference is made to note 25 to the consolidated financial statements.

As part of its financial management, DONG Energy A/S swaps the interest basis on loans from a floating rate to a fixed rate or vice versa using interest rate swaps. For interest rate swaps converting floating-rate loans to fixed-rate loans, value adjustments recognised directly in equity amounted to a loss of DKK 1,287 million (2011: loss of DKK 848 million).

Credit risks

DONG Energy A/S's credit risk relates to loans to subsidiaries, investment of cash surplus in securities, and positive market value of derivative financial instruments. Credit risk related to securities is reduced by investing in securities with high credit ratings, primarily Danish mortgage bonds.

In the company's opinion, there are no special concentrations of counterparty risks. The company's counterparty risk in connection with derivative financial instruments entered into is limited as such instruments have primarily been entered into with major international banks or other counterparties with high credit ratings.

Liquidity risks

DONG Energy A/S endeavours to mitigate its liquidity risk via a diversified loan portfolio and maturity profile and by making sure it has available committed borrowings and facilities.

15 Equity

Share capital composition and dividends are disclosed in note 26 to the consolidated financial statements.

16 Contingent assets and liabilities

Contingent assets

In previous financial years, DONG Energy A/S has concluded agreements on the disposal of enterprises that feature contingent consideration, the consideration depending in part on several uncertain future events outside DONG Energy A/S's control.

Contingent liabilities

Guarantees

DONG Energy A/S has provided guarantees in connection with participation by subsidiaries and participation by joint ventures in which subsidiaries are partners in natural gas and oil exploration and production, construction and operation of wind farms, and geothermal plants and natural gas installations. DONG Energy A/S has also provided guarantees in respect of leases, decommissioning obligations, purchase and sales and supply contracts, etc.

DONG Energy A/S acts as guarantor with primary liability for bank balances in subsidiaries for DKK 1,701 million (2011: DKK 1,294 million).

Litigation

DONG Energy A/S is a party to a number of litigation proceedings and legal disputes that do not have any effect on the company's financial position, either individually or collectively.

17 Related party transactions

Trading with subsidiaries

DKK million	2012	2011
Rental income and services to subsidiaries	141	119
Purchases of goods and services from subsidiaries	(197)	(195)
Interest, subsidiaries (net income)	1,632	1,601

Capital transactions and balances with subsidiaries and jointly controlled entities at 31 December

DKK million	2012	2011
Receivables from subsidiaries	65,268	62,752
Receivables from jointly controlled entities	823	328
Payables to subsidiaries	(14,133)	10,509
Dividends received from subsidiaries	1,689	3,113

For a description of related parties, reference is made to note 32 to the consolidated financial statements.

Remuneration to the Board of Directors and the Executive Board is disclosed in note 6 to the consolidated financial statements.

Transactions with related parties are made on arm's length terms. There were no other transactions with related parties during the year.

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and approved the annual report of DONG Energy A/S for the financial year 1 January - 31 December 2012.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and state-owned public limited companies.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2012 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 1 January - 31 December 2012.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

DONG Energy's non-financial reporting has been prepared in accordance with the international guidelines for sustainability reporting from Global Reporting Initiative with application level B+ (GRI G3.0 Guidelines and selected indicators from the Electric Utilities Sector Supplement). In our opinion, the non-financial report represents a reasonable and balanced representation of the Company's corporate responsibility and sustainability performance.

We recommend that the annual report be approved at the Annual General Meeting.

Skærbæk, 27 February 2013

Executive Board:

Henrik Poulsen *CEO*	Carsten Krogsgaard Thomsen *CFO*

Board of Directors:

Fritz H. Schur *Chairman*	Lars Nørby Johansen *Deputy Chairman*	Hanne Steen Andersen*	Jakob Brogaard
Benny Gøbel*	Jørn P. Jensen	Pia Gjellerup	Jytte Koed Madsen*
Poul Arne Nielsen	Jens Nybo Stilling Sørensen*	Benny D. Loft	Mogens Vinther

* Employee representative

Independent Auditor's Report

To the Shareholders of DONG Energy A/S

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DONG Energy A/S for the financial year 1 January to 31 December 2012, which comprise statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and State-owned public limited companies.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and State-owned public limited companies, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2012 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and State-owned public limited companies.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements.

On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Copenhagen, 27 February 2013

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Mogens Nørgaard Mogensen
State Authorised Public Accountant

Fin T. Nielsen
State Authorised Public Accountant

Independent Auditor's Assurance Report

Independent Auditor's Assurance Report for DONG Energy's stakeholders

We have reviewed DONG Energy's 2012 non-financial statements for the purpose of expressing an opinion on DONG Energy's CSR data.

Criteria used to prepare the non-financial statements

The criteria used to prepare the non-financial statements are set out in the description of accounting policies on pages 88-90. The description contains information on which of DONG Energy Group's business units and activities are comprised by the reporting and Management's reasons for choosing the data included. Data are recognised in accordance with the described applied accounting policies for non-financial data.

Responsibilities

DONG Energy Management is responsible for preparing the non-financial statements, including for establishing registration and internal control systems with a view to ensuring a reliable reporting basis, specifying acceptable reporting criteria and choosing data to be collected. Based on our review, it is our responsibility to express an opinion on the CSR data in the non-financial statements.

Scope

We have planned and performed our work in accordance with the international standard on assurance engagements ISAE 3000 ("Assurance Engagements Other than Audits or Reviews of Historical Financial Information") for the purpose of obtaining limited assurance that the CSR data presented on page 87 have been recognised in accordance with the criteria used to prepare the non-financial statements. The obtained assurance is limited as our engagement has been limited compared to an audit engagement. Based on an assessment of materiality and risk, our work has first and foremost comprised enquiries regarding applied instructions, registration and reporting systems, procedures with focus on internal controls, auditing analyses of the master data used to prepare the non-financial statements, sample testing of data and underlying documentation, including visits at selected local entities, and control of whether the non-financial data comply with DONG Energy's described accounting policies.

Opinion

Based on our work, nothing has come to our attention causing us to believe that the CSR data presented on page 87 of the 2012 Annual Report have not been recognised in accordance with the criteria used to prepare the non-financial statements.

Special statement on reporting in accordance with GRI's Sustainability Reporting Guidelines and opinion on social responsibility statement

We have assessed the extent to which DONG Energy has applied GRI's Sustainability Reporting Guidelines (GRI G3.0), application level B+, for the 2012 financial year. Our work has primarily comprised a review of the documentation presented, including chosen enquiries and sample testing of information and data, to determine whether the documentation meets the requirements of GRI G3.0. Based on our work, nothing has come to our attention contradicting DONG Energy's self-assessment of the extent to which DONG Energy in its reporting complies with GRI G3.0. We are thus able to state that nothing has come to our attention causing us to believe that DONG Energy has not reported in a reasonable and balanced manner in accordance with GRI G3.0, application level B+. We have furthermore assessed if and can confirm that DONG Energy in its reporting complies with the requirements for presenting a social responsibility statement as set out in section 99 a of the Danish Financial Statements Act.

Copenhagen, 27 February 2013

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Mogens Nørgaard Mogensen	Fin T. Nielsen
State-Authorised Public Accountant	*State-Authorised Public Accountant*

Company announcements published in 2012

Q4

21 December
DONG Energy and partners to let Svane licence expire

11 December
DONG Energy advances its involvement in Vestas' prototype testing of the V164-8MW turbine in Østerild

13 November
Fitch confirms rating on DONG Energy but revises outlook to negative

7 November
DONG Energy prolongs the ratings from Fitch

6 November
New head of Investor Relations in DONG Energy

6 November
DONG Energy appoints two new Executive Vice Presidents

1 November
Interim financial report for the first nine months of 2012 – Lower full-year outlook

29 October
DONG Energy to present first 9 months results

24 October
DONG Energy's S&P rating downgraded to BBB+

Q3

26 September
Disposal of the transmission assets at the offshore wind farm Walney 2

10 September
DONG Energy successfully issues Eurobond

10 September
DONG Energy to issue Eurobond

17 August
DONG Energy contemplates bond issuance

14 August
DONG Energy acquires three German offshore wind development projects

13 August
DONG Energy's S&P rating placed on CreditWatch Negative

10 August
Interim financial report for the first half-year 2012 – unfavourable price trend

3 August
DONG Energy to present first half-year results

19 July
DONG Energy enters into framework agreement on 6 megawatt offshore wind turbines with Siemens Energy

Q2

31 May
DONG Energy prolongs ratings from Fitch

25 May
DONG Energy completes divestment of 50% of offshore wind farm Borkum Riffgrund 1 to KIRKBI A/S and Oticon Foundation

14 May
Strategic considerations about ownership interest in Stadtwerke Lübeck GmbH

11 May
Interim financial report – Q1 2012 – sound performance

10 May
DONG Energy invests in Studstrup power station

3 May
DONG Energy to present first quarter results

1 May
From Shell Gas Direct to DONG Energy Sales UK

18 April
Increased cost related to Siri platform repair – Still a solid business case

18 April
Henrik Poulsen to be new CEO of DONG Energy

17 April
DONG Energy to test new next-generation turbines in the UK

16 April
DONG Energy A/S' survey of information published pursuant to Section 27b of the Danish Securities Trading

Q1

28 March
Legal investigation: Anders Eldrup neglected his duties as CEO

23 March
A2SEA invests in a new jack-up vessel

21 March
Centrica and DONG Energy establish joint venture to co-develop Round 3 Irish Sea wind farms

14 March
DONG Energy investigating terms of employment

12 March
Anders Eldrup to step down as CEO of DONG Energy

09 March
Announcement of financial results for 2011 – a solid performance

2 March
DONG Energy to present full year 2011 results

27 February
DONG Energy and Bayerngas to develop Hejre field

23 February
DONG Energy divests 50 per cent of German offshore wind farm to KIRKBI and the Oticon Foundation

23 January
Financial calendar 2012

11 January
Divestment of Oil Terminals now closed

5 January
DONG Energy A/S successfully issued Sterling bond

5 January
DONG Energy A/S to issue Sterling bond

Glossary

2P reserves: Sum of Proved reserves plus Probable reserves (Society of Petroleum Engineers and World Petroleum Congress (SPE/WPC) reserve classification standards).

APX: Amsterdam Power Exchange, Dutch power exchange.

Biomass: Also known as biomass fuel. A term for all combustible organic materials, including straw, wood chips and wood pellets. CO_2 emissions produced by the combustion of biomass are not covered by EU ETS. Biomass can be used in both central power stations and small-scale CHP plants.

CHP plant: A Combined Heat and Power (CHP) plant generates both heat and electricity in the same process. The heat generated may be used for industrial purposes and/or district heating.

Climate partnerships: A climate partnership helps the company to reduce energy consumption, use renewable energy and ensure a transparent climate profile.

CO_2 allowances: Carbon dioxide emissions allowances subject to the European Union Emissions Trading Scheme (EU ETS).

Cost of Energy: Average cost measured as present value per megawatt hour (MWh) generated from offshore wind power covering costs for development and construction as well as subsequent operation and maintenance of the wind farm.

DK1 and DK2: Area prices for electricity in West Denmark (DK1) and East Denmark (DK2).

EEX: European Energy Exchange, German power exchange.

Exploration and appraisal wells: Wells drilled to discover and evaluate natural gas or oil in an unproved area to find new reserves in an area in which hydrocarbon discoveries have previously been made or to delineate a known accumulation.

FIFO principle - coal inventories: First in, first out. DONG Energy buys physical coal up to one year ahead of delivery. To ensure security of supply, the inventory of coal typically corresponds to 4 to 6 months' consumption. As the value of coal inventories is recognised in the balance sheet using the FIFO principle, coal purchased in a period with high market prices, followed by a period with declining coal prices, will be recognised as a cost of sales item at prices exceeding the current market price level.

Fossil fuels: Fuel resources such as coal, coal products, natural gas, crude oil and other hydrocarbon products.

FTE: Full Time Equivalent. The number of full-time employees during a fixed time period. An FTE of 1.0 indicates that the person is equivalent to a full-time worker, while an FTE of 0.5 indicates that the person works part time only.

Green certificates: Certificate awarded to generators of environment-friendly electricity as a supplement to the market price of electricity in the given price area.

Green dark spread (GDS): Green dark spread represents the contribution margin per MWh of electricity generated at a coal-fired power station of a given efficiency. It is determined as the difference between the market price of electricity and the cost of the coal (including associated freight costs) and CO_2 allowances used to generate the electricity.

Green spark spread (GSS): Green spark spread represents the contribution margin per MWh generated at a gas-fired power station of a given efficiency. It is determined as the difference between the market price of electricity and the costs of the gas and CO_2 allowances used to generate the electricity.

Hedging instruments: Financial and physical instruments that can be used to guarantee a specific price for the purchase or sale of, for example, commodities and currency.

Hydrological balance: Most of the electricity generated in the Nordic countries comes from hydro electric stations, and their output depends on their water reservoir levels. The hydrological balance reflects whether the levels in the Norwegian and Swedish water and snow reservoirs are above or below normal.

LEBA: London Energy Brokers' Association.

LNG: Liquefied Natural Gas. Gas that has been liquefied by cooling to minus 161 degrees Celsius. LNG takes up 600 times less space than conventional gas. LNG can be transported in customised tankers, enabling it to be transported from remote destinations. In the receiving terminal, the LNG is vaporised and pressurised before being routed into the transmission system for onwards distribution and sale.

LTIF: Lost Time Injury Frequency. DONG Energy defines lost time injuries as occupational injuries resulting in at least one day's absence from work in addition to the day of the injury.

Million boe: Million barrels of oil equivalent.

NBP: National Balancing Points, UK gas hub.

Nord Pool: The Norwegian-based Nordic power exchange, which facilitates electricity trading in Norway, Sweden, Finland and Denmark.

Oil/gas spread: The difference in price between a TWh of gas traded on a gas hub and a TWh of gas bought or sold under an oil price-indexed contract.

Operator: The company appointed to conduct operations under an exploration, production and/or development licence or concession governing an oil or natural gas licence or concession area.

PJ: Petajoule, a unit of energy. 1 PJ is equivalent to 1,000 TJ or 1,000,000 GJ or 1,000,000,000 MJ.

Power station: A power station generates electricity only. A large (central) power station typically has a net installed capacity of more than 100 MW. A small-scale power station typically has a net installed capacity of less than 100 MW.

SPE-PRMS guidelines: Internationally accepted guidelines for the evaluation of gas and oil reserves prepared by Society of Petroleum Engineers (SPE).

Supply obligation: A company with a supply obligation is bound by law to deliver electricity or natural gas to a certain geographic area at prices approved by the Danish Energy Regulatory Authority.

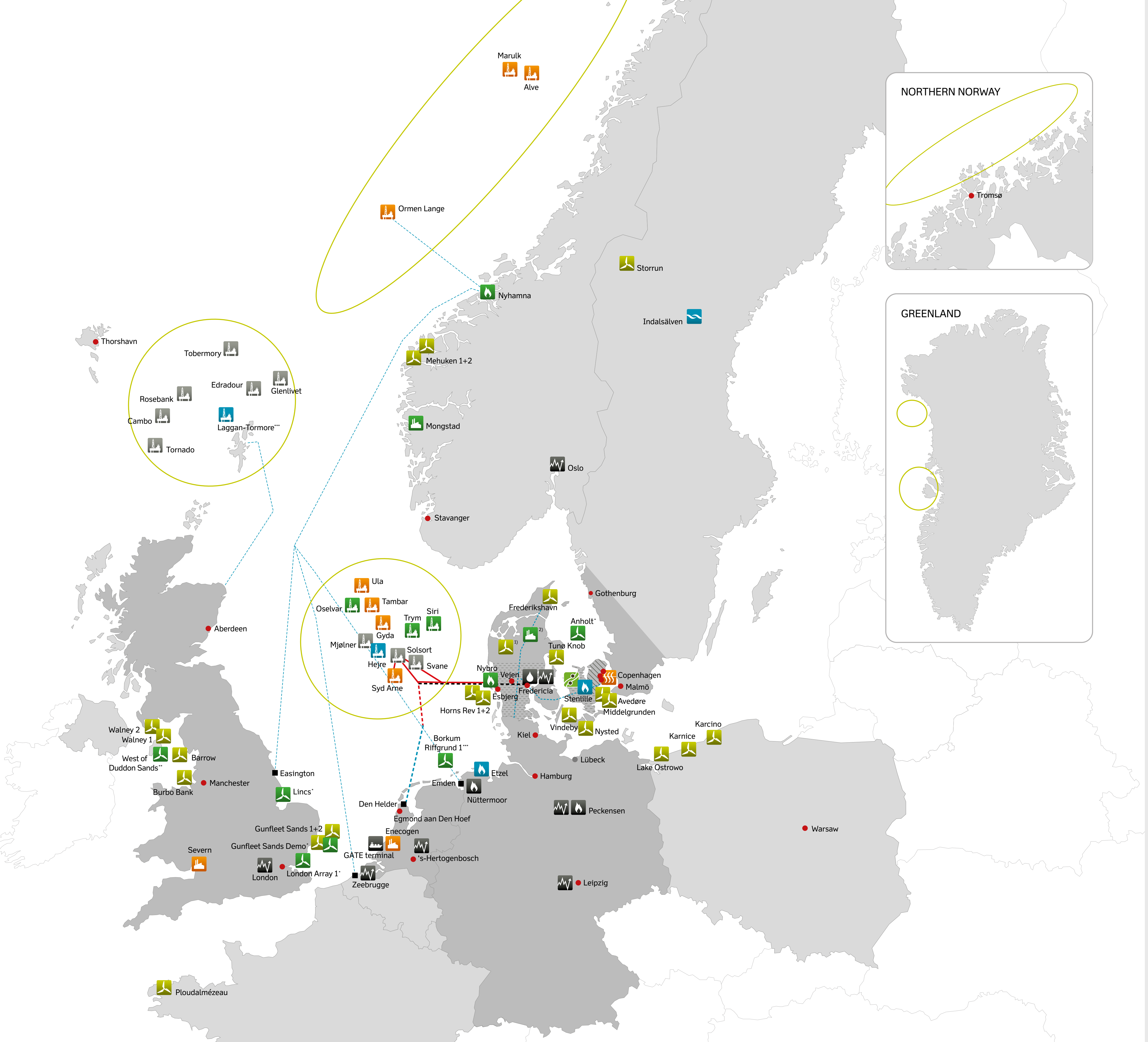
Thermal generation: Electricity and heat generated through the combustion of fossil fuels, biomass or waste.

Time lag: Oil price changes and changes in the USD exchange rate impact on gas sales prices relatively quickly, whereas purchase prices are adjusted with a major time lag effect. Oil price changes may lead to considerable fluctuations in operating profit from one period to the next. However, the fluctuations will balance each other out over a number of years.

TTF: Title Transfer Facility, Dutch gas hub.

TWh: Terawatt hour. The amount of energy generated in one hour with the effect of 1 TW. 1 TWh is equivalent to 1,000 GWh or 1,000,000 MWh.

Value at Risk (VaR): Indicator that reflects the maximum amount by which the value of a position will fall in the course of one day, with a probability of 95%, given normal market conditions.



INDEX

- Current geographic focus area for oil and natural gas exploration and production
- Natural gas pipeline owned by DONG Energy
- Natural gas pipeline owned by third parties
- Natural gas pipeline partly owned by DONG Energy
- Gassled, natural gas transmission system partly owned by DONG Energy
- Oil pipeline owned by DONG Energy
- Oil processing plant
- Gas and/or electricity sales
- Electricity distribution
- Natural gas distribution
- Natural gas storage facility
- Leased natural gas storage facility
- Natural gas treatment plant
- Gas receiving facility
- Heat and electricity generation
- Electricity generation, gas-fired power station
- Wind capacity in operation
- Wind project under development and/or construction
- Hydro electric station, partly owned by DONG Energy
- Generation of geothermal heat
- Energy hub or exchange
- DONG Energy office
- Stadtwerke Lübeck partly owned by DONG Energy
- GATE terminal. Liquefied natural gas (LNG) terminal, partly owned by DONG Energy
- Producing oil/gas field. DONG Energy is a licence partner
- Producing oil/gas field DONG Energy is the licence operator
- Oil/gas field under development
- Oil/gas field under evaluation
- Inbicon bioethanol plant

* Expected operational in 2013

** Expected operational in 2014

*** Expected operational in 2015

1) 258 onshore wind turbines in Denmark

2) 14 central power stations and small-scale CHP plants in Denmark