MOVING ENERGY FORWARD

GROUP ANNUAL REPORT **2011**





DONG energy

AT A GLANCE

One of the leading energy groups in Northern Europe

DONG Energy is one of the leading energy groups in Northern Europe. We are headquartered in Denmark. Our business is based on procuring, producing, distributing and trading in energy and related products in Northern Europe. At the end of 2011, DONG Energy employed 6,098 people.

Owners at 31.12.2011

The Danish State	76.49%
SEAS-NVE Holding	10.88%
Syd Energi Net	6.95%
Others	5.68%

RESULTS 2011

REVENUE DKK
56.8 BN

EBITDA DKK
13.8 BN

PROFIT FOR THE YEAR DKK
2.9 BN

CASH FLOWS FROM OPERATIONS DKK
12.6 BN

NET INVESTMENTS DKK
13.1 BN

RATING
A-/Baa1

MARKET SHARES

Offshore wind in operation

Denmark 45%
UK 21%

Electricity generation

Denmark 54%

Heat generation

Denmark 35%

Electricty sales

Denmark 20%
Netherlands 1%

Gas sales

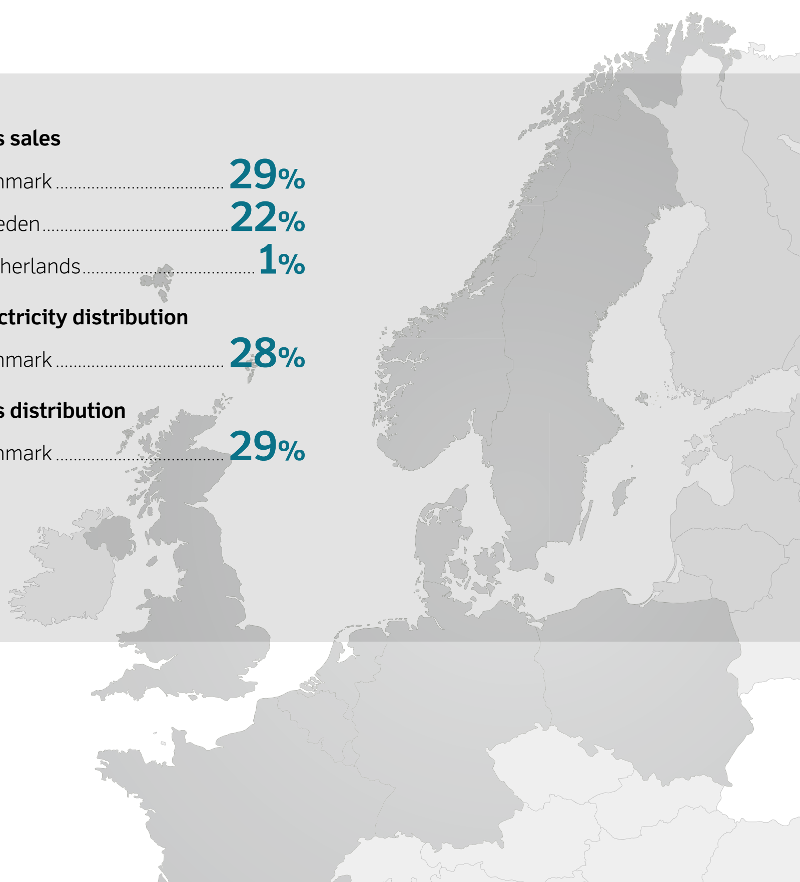
Denmark 29%
Sweden 22%
Netherlands 1%

Electricity distribution

Denmark 28%

Gas distribution

Denmark 29%



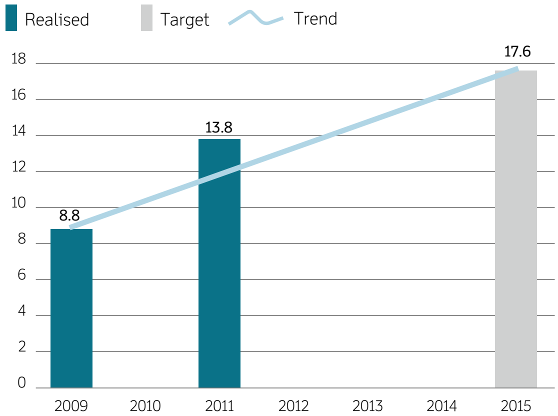
WHY

More reliable and clean energy

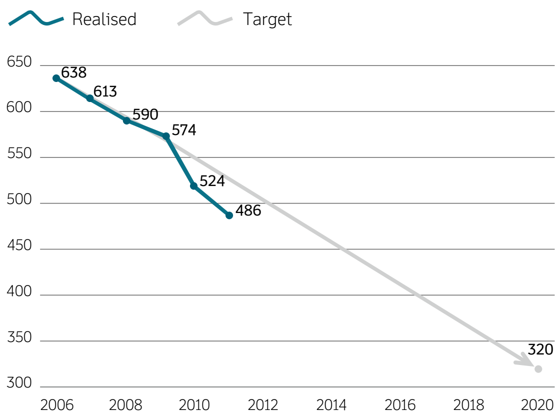
DONG Energy works concertedly to produce more energy and to reduce emissions of CO_2. Production of oil and gas is being increased to meet the growing demand for energy. Many new wind turbines are also being brought on stream. And we plan to convert our Danish power stations to more green generation through increased use of biomass. The financial statements show that it is possible to meet both the challenges in the energy area and achieve satisfactory financial results.

WHERE TO

Doubling EBITDA, DKK billion



Halving CO_2 emissions, g CO_2 per kWh



HOW

DONG Energy's strategic directions

Wind and biomass growth

Robustness via the integrated business model

Growth in the production and sourcing of oil and gas

Development of the flexible energy system of the future

CONTENTS

Group annual report

To make the annual report more user friendly, DONG Energy has, for the first time, chosen to publish a Group annual report that does not include accounting policies for the financial statements and non-financial statements, licence overview, company overview, the financial statements of the parent company, DONG Energy A/S, or the statement on corporate governance, including internal control and risk management systems in connection with the financial reporting. Pursuant to section 149(2) of the Danish Financial Statements Act, the Group annual report is an extract of DONG Energy's complete annual report. The complete annual report, including accounting policies for the financial statements and non-financial statements, licence overview, company overview, the parent company financial statements and the statutory corporate governance statement, can be downloaded at www.dongenergy.com. Following adoption at the AGM, the complete annual report will also be available from the Danish Business Authority (Erhvervsstyrelsen).

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Front and back cover photo
Establishment of the Horns Rev 2 offshore wind farm

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.

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More reliable and clean energy

Modern society is using more and more energy. At the same time, we want to slow down the impact on the environment to which traditional energy production contributes. This is the dual challenge that we are facing.

DONG Energy sees it as its task to work concertedly on both fronts. On a sound business basis, of course.

We are producing more energy by increasing our production of oil and gas, which will remain necessary sources of energy for many years to come. At the same time, DONG Energy is a world leader in wind energy, and we are currently bringing row after row of new offshore wind turbines on stream.

At the same time, we are planning to convert our Danish power stations to more green generation. Consumption of coal is being reduced markedly while consumption of various forms of biofuel will be increased. Pollution with CO_2 and other harmful substances is being reduced, and we are thus producing the necessary energy more responsibly.

The aim is to deliver reliable and clean energy that meets the requirements of modern society. The ability to achieve satisfactory financial results at the same time is reflected in DONG Energy's financial statements. We are thus well on the way towards our business target to double operating income in 2015 compared with 2009.

In the context of the global challenge, DONG Energy's initiatives may seem modest. But every effort counts. And our rapid transition is equipping us well for the future while also demonstrating that it is possible to deliver more energy and more green energy on a sound commercial basis.

9 March 2012

Fritz H. Schur
Chairman of the Board of Directors

Anders Eldrup
CEO

SELECTED HIGHLIGHTS IN 2011

Q1

13 January

New hybrid capital bonds issued

DONG Energy has successfully issued new hybrid capital with a coupon rate of 7.75% for EUR 700 million due in 3010 and repurchased EUR 500 million of the existing hybrid capital due in 3005. The capital base was strengthened by DKK 1.3 billion.

24 February

Construction of the offshore wind farm Borkum Riffgrund 1

Decision to build the offshore wind farm Borkum Riffgrund 1 in the German sector of the North Sea. The total investment will be approximately EUR 1.25 billion. The farm will have a total capacity of 320 MW and will supply power from 2014.

28 March

PensionDanmark and PKA to become co-owners of Anholt offshore wind farm

A consortium consisting of PensionDanmark and PKA has signed an agreement with DONG Energy on the acquisition of 50% of Anholt offshore wind farm for approximately DKK 6 billion.

Q2

16 June

Construction of West of Duddon Sands offshore wind farm

Decision to build the offshore wind farm West of Duddon Sands in the Irish Sea in a 50/50 partnership between DONG Energy and ScottishPower Renewables with expected commissioning in 2014. The total investment is expected to be GBP 1.6 billion.

20 June

Divestment of Oil Terminals

DONG Energy and the Canadian energy infrastructure business Inter Pipeline Fund agreed that Inter Pipeline Fund will take over DONG Energy Oil Terminals.
The price was DKK 2.6 billion and the transaction was completed in January 2012.

Note: Only selected highlights in 2011 are listed. A complete list of company announcements is available on page 126.

Q3

17 August

Signing of EUR 1.3 billion credit facility

DONG Energy has signed a EUR 1.3 billion 5-year revolving credit facility which includes two 1 year extension options.

26 August

DONG Energy co-founder of bioenergy consortium in Måbjerg

Together with local players, DONG Energy established a green energy consortium, Måbjerg Energy Concept. Over 15 months, the consortium will determine whether a number of bioenergy projects are feasible and will be profitable.

31 August

Acquisition of Noreco's interest in the Siri field

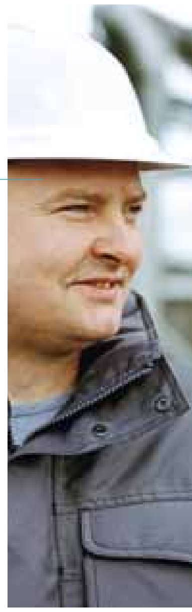
DONG Energy made an agreement to acquire Noreco's interest in the Siri field in the Danish North Sea for DKK 70 million. The transaction was completed at the end of 2011 and DONG Energy is now the sole owner of the field.

01 September

Marubeni Corporation co-owner of Gunfleet Sands offshore wind farm

Marubeni Corporation has entered into an agreement with DONG Energy whereby Marubeni acquires a 49.9% stake in the 172 MW Gunfleet Sands offshore wind farm. Marubeni paid a cash consideration of approximately GBP 210 million for the stake.

Q4



18 October

Acquisition of UK Shell Gas Direct

DONG Energy and Shell UK signed an agreement for DONG Energy to acquire the gas sales company Shell Gas Direct for GBP 30 million. The transaction has subsequently been approved by the EU competition authorities.

27 October

Vestas and DONG Energy enter into agreement on testing of new 7 MW offshore wind turbine

Vestas and DONG Energy have entered into cooperation on testing of Vestas' new V164-7.0 MW offshore wind turbine at DONG Energy's demonstration site in the waters off Frederikshavn. DONG Energy's total investment in the establishment of the test site will amount to around DKK 240 million.

04 November

Acquisition of rights to further develop Borkum Riffgrund West 1

DONG Energy acquired the rights to further develop the offshore wind project Borkum Riffgrund West 1 from Energie-kontor AG for approximately EUR 30 million.

16 December

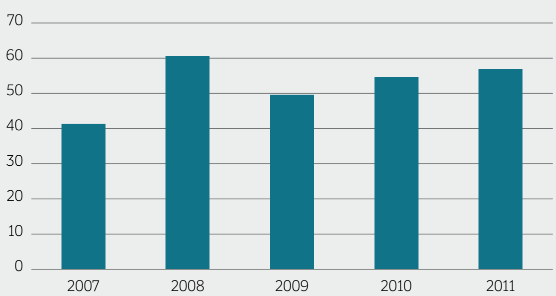
Acquisition of stake in the first two projects in SMart Winds Hornsea zone

DONG Energy acquired a 33.3% stake in the first two offshore wind farm projects in the Hornsea Zone from SMart Wind. The purchase price is approximately GBP 15 million with an option to acquire the remaining 66.7% of the shares at a fixed market price. DONG Energy also acquired an option over an additional 1 GW from the Hornsea Zone.

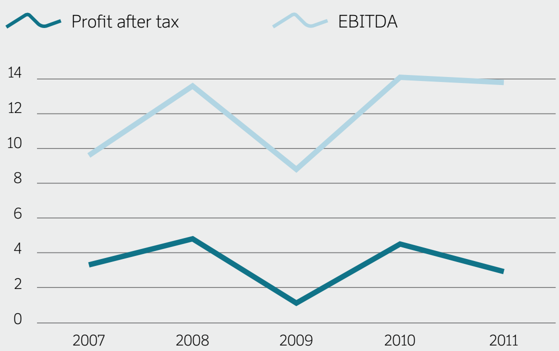
PERFORMANCE HIGHLIGHTS, FINANCIAL

		DKK million					EUR million	
		2011	2010	2009	2008	2007	**2011**	2010
BUSINESS PERFORMANCE								
Statement of comprehensive income								
Revenue:		56,842	54,616	49,569	60,642	41,342	7,630	7,333
Exploration & Production		10,469	8,264	6,416	7,322	4,486	1,405	1,109
Wind Power		4,312	2,952	1,676	1,453	1,201	579	397
Thermal Power		10,665	11,731	10,855	13,800	11,130	1,431	1,575
Energy Markets		33,689	31,516	28,889	37,357	20,263	4,522	4,232
Sales & Distribution		13,009	14,185	13,386	15,595	14,551	1,746	1,905
Other activities/eliminations		(15,302)	(14,032)	(11,653)	(14,885)	(10,289)	(2,053)	(1,884)
EBITDA:		13,770	14,135	9,311	13,428	9,323	1,848	1,898
Exploration & Production		5,684	5,051	3,264	4,261	2,366	763	678
Wind Power		1,799	1,730	609	677	605	241	233
Thermal Power		2,255	2,228	388	2,388	3,096	303	299
Energy Markets		1,963	2,959	2,735	4,352	1,583	263	398
Sales & Distribution		2,027	2,036	2,239	1,827	1,961	272	273
Other activities/eliminations		42	131	76	(77)	(288)	6	18
EBITDA adjusted for special hydrocarbon tax		12,254	13,118	8,842	12,681	9,301	1,644	1,761
EBIT		6,100	8,120	4,228	7,809	4,500	818	1,090
Adjusted operating profit		4,444	6,985	3,658	6,842	4,314	596	938
Profit for the year		2,882	4,499	1,492	4,669	3,046	386	604
Key ratios								
Financial gearing	x	0.41	0.43	0.60	0.33	0.35	0.41	0.43
Adjusted net debt / EBITDA	x	1.9	1.9	3.3	1.4	2.0	1.9	1.9
Adjusted net debt / Cash flows from operating activities	x	2.0	1.8	3.3	1.9	2.1	2.0	1.8
Return on capital employed (ROCE)	%	5.7	9.6	5.5	11.6	7.4	5.7	9.6
Adjusted return on capital employed	%	9.2	15.1	7.7	16.1	10.1	9.2	15.1
IFRS								
Statement of comprehensive income								
Revenue[1]:		58,437	54,598	49,262	60,777	41,625	7,845	7,331
Exploration & Production		9,931	8,224	6,579	7,114	4,409	1,333	1,104
Wind Power		4,520	2,947	1,676	1,453	1,201	607	396
Thermal Power		10,231	11,330	10,818	13,890	11,198	1,373	1,521
Energy Markets		36,211	31,764	28,201	38,087	20,262	4,861	4,265
Sales & Distribution		13,178	14,185	13,386	15,595	14,552	1,769	1,905
Other activities/eliminations		(15,634)	(13,852)	(11,398)	(15,362)	(9,996)	(2,098)	(1,860)

Revenue, DKK billion



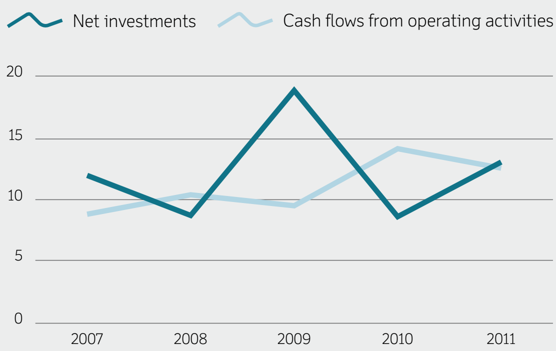
Profit, DKK billion



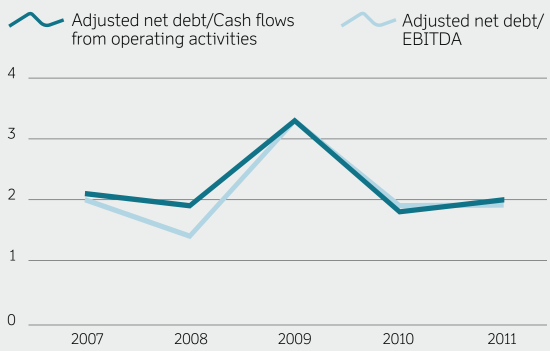
	DKK million					EUR million	
	2011	2010	2009	2008	2007	**2011**	2010
IFRS							
Statement of comprehensive income (continued)							
EBITDA:	15,595	14,089	8,840	13,622	9,606	2,093	1,892
Exploration & Production	5,146	5,012	3,427	4,053	2,290	691	673
Wind Power	2,007	1,725	609	677	605	269	232
Thermal Power	1,776	1,864	306	2,478	3,164	238	250
Energy Markets	4,731	3,207	2,046	5,082	1,582	635	431
Sales & Distribution	2,196	2,036	2,239	1,827	1,961	295	273
Other activities/eliminations	(261)	245	213	(495)	4	(35)	33
EBIT	7,925	8,074	3,757	8,004	4,783	1,064	1,084
Gain (loss) on disposal of enterprises	225	905	(62)	917	29	30	121
Net finance costs	(282)	(1,595)	(1,362)	(1,134)	(740)	(38)	(214)
Profit for the year	4,250	4,464	1,138	4,815	3,259	571	599
Balance sheet							
Assets	154,073	137,339	120,552	106,085	89,710	20,725	18,424
Additions to property, plant and equipment	22,057	16,286	16,530	9,853	11,142	2,962	2,187
Net working capital	(181)	2,466	3,898	5,548	4,555	(24)	331
Interest-bearing debt	40,961	38,397	35,926	19,258	18,170	5,511	5,148
Interest-bearing net debt	23,615	22,139	26,930	15,253	14,792	3,177	2,970
Equity	57,740	51,308	44,808	46,190	42,211	7,767	6,883
Capital employed	81,355	73,448	71,737	61,443	57,002	10,943	9,853
Adjusted capital employed	50,190	46,306	46,303	48,287	36,685	6,751	6,212
Cash flows							
Funds from Operation (FFO)	11,706	12,498	7,529	11,340	10,083	1,571	1,678
Cash flows from operating activities	12,624	14,214	9,468	10,379	8,842	1,694	1,908
Cash flows from investing activities	(19,338)	(14,793)	(21,199)	(8,629)	(11,803)	(2,595)	(1,987)
Gross investments	(18,451)	(15,692)	(18,131)	(11,146)	(17,512)	(2,477)	(2,107)
Net investments	(13,060)	(8,530)	(19,040)	(8,666)	(12,013)	(1,752)	(1,146)

[1] For an explanation of the development in revenue, see page 33.
Definitions of performance highlights are set out on the inside of the back cover.
For a description of the performance measure 'business performance', see pages 33-34 and note 40 on accounting policies in the complete annual report.

Investments and cash flows, DKK billion



Capital structure, times



PERFORMANCE HIGHLIGHTS, NON-FINANCIAL

		2011	2010	2009	2008	2007
Volumes						
Production:						
Oil and gas production	million boe	26.4	24.4	24.0	18.5	11.3
- oil	million boe	9.3	9.0	8.5	10.0	9.1
- gas	million boe	17.1	15.4	15.5	8.5	2.2
Electricity generation	TWh	20.4	20.2	18.1	18.5	20.5
- thermal	TWh	16.0	16.2	15.3	16.0	17.3
- wind and hydro	TWh	4.4	4.0	2.8	2.6	3.2
Heat generation	PJ	42.6	53.2	46.7	46.4	47.3
Sales and distribution:						
Gas sales (excl. own consumption at power stations)	TWh	115.6	108.5	94.0	99.4	78.8
Electricity sales	TWh	9.9	10.4	10.7	10.9	10.9
Gas distribution	TWh	9.9	11.4	10.0	10.3	10.2
Electricity distribution	TWh	8.8	9.1	9.2	9.4	9.3
Oil transportation, Denmark	million bbl	72	78	85	91	100
Environment						
EU ETS CO_2 emissions	million tonnes of CO_2	10.8	11.8	11.9	12.6	13.8
CO_2 emissions per energy unit generated (electricity and heat) [1]	g/kWh	486	524	574	590	613
Green proportion of electricity and heat generation [1]	%	29	30	27	25	24
Nitrogen oxides (NO_x)	g/kWh	0.36	0.38	0.50	0.61	-
Sulphur dioxide (SO_2)	g/kWh	0.06	0.07	0.14	0.19	-
Gas flaring (offshore and at gas storage facility)	million Nm^3	9.0	33.0	7.3	8.6	9.7
Oil discharged to sea from production platforms	tonnes	16	8	18	24	23
Reinjection of produced water on production platforms	%	68	78	49	51	56
Recycling of waste in administration	%	48	32	31	10	45
Recycling of waste in facilities	%	59	57	57	52	45
Significant environmental incidents	number	5	6	5	1	2
Working conditions						
Full time equivalents (FTE)	number	6,098	5,874	5,865	5,644	5,042
Average age	years	42	43	43	43	43
Employee turnover	%	12	12	11	12	14
Lost time injuries	number	74	93	129	112	112
Lost time injury frequency (LTIF)	per one million hours worked	4.1	4.6	6.8	7.5	10.4
Fatalities	number	3	3	1	1	0

[1] Measured on a proportionate basis for all activities and consequently includes associates and non-consolidated enterprises.
The accounting policies are set out in the complete annual report on pages 152-155.

CSR report

Being responsible and responsive are core values in DONG Energy. The Group believes that no company can achieve lasting success without ethical integrity, environmental stewardship and the development of positive relationships with the people, communities and organisations affected by its activities.

In 2011, the Board of Directors adopted a responsibility policy that sets out the overall principles for the Group's work on responsibility. Furthermore, DONG Energy adheres to the ten principles of the UN Global Compact and follows the guidelines set out in the Global Reporting Initiative.

The DONG Energy Group's policies, actions and results can be seen on the following page.

Further information can be found on the responsibility page at dongenergy.com.

UN Global Compact Principle	In line with the responsibility policy, DONG Energy is committed to	Actions and implementation 2011	Targets	Status at 31.11.2011
Climate and environment (Principles 7-9)	Reducing greenhouse gas emissions	DONG Energy is committed to reducing its CO_2 emissions from electricity and heat generation. Key initiatives include: ▪ New investments in offshore wind farms ▪ Increased use of biomass in energy production ▪ Continued phasing-out of coal-fired units	▪ 320g/kWh by 2020 ▪ 100g/kWh by 2040	486g CO_2 /kWh
		DONG Energy continuously aims to increase energy efficiency, partly through optimisation of production processes	10% improvement in energy efficiency by 2015 (compared with 2010)	Target was new for 2011. Status will be presented in 2012 annual report
	Minimising local environmental impacts	DONG Energy strives to limit local air pollution from SO_2 and NO_x emissions from electricity and heat generation by, among other things, installing environmental facilities for flue gas treatment and taking the most obsolete power station units out of service	By 2020 compared with 1990: ▪ 95% reduction in SO_2 ▪ 90%reduction in NO_x	▪ SO_2 99% ▪ NO_x 89%
		DONG Energy increased its recycling of waste from facilities and administration in 2011 still further through continuous improvement and monitoring of waste handling	65% of waste from facilities and 50% of waste from administration must be recycled by 2012	59% of waste from facilities and 48% of waste from administration recycled in 2011
Labour rights (Principles 3-6)	Ensuring the safety of employees and suppliers	Safety is the top priority in DONG Energy. In 2011, the Group continued its efforts to develop a strong safety culture focusing on risk assessment and proactive prevention as well as follow-up on all incidents	No fatalities and LTIF of 5.2 in 2011. The LTIF target for 2012 is 4.1	Three fatalities and LTIF of 4.1
	Ensuring the long-term availability of sufficient numbers of skilled employees	DONG Energy has a strategic focus on recruitment and retention of skilled employees and long-term development of talent. Initiatives in 2011 included: ▪ Implementation of a diversity policy ▪ Follow-up on the results of the employee survey 'People Matter' 2010	Image and leadership are focus areas for 2011/2012	According to 'People Matter' 2011, the following aspects have improved compared with 2010: ▪ Satisfaction and motivation ▪ Perception of image ▪ Employment security
Human rights (Principles 1-2)	Ensuring responsible supply chain management	DONG Energy is committed to countering any abuse of human rights from the Group's as well as its suppliers' activities. In 2011, the Group became a founding member of 'Better Coal', which aims to advance CSR issues in the coal supply chain	Updated supply chain audit strategy to be implemented in 2012	Follow-up audit in Colombia completed in December 2011
Anti-corruption (Principle 10)	Preventing fraud and corruption	In 2011, DONG Energy conducted a comprehensive analysis of selected management systems and business practices, which will help support the Group's future efforts to prevent corruption	Continue to raise awareness of policy on good business conduct as well as the Group's whistle-blower system	No data for 2011 as improved methodology for collecting data on training on good business conduct is in progress

Energy markets are affected by the economic climate, political priorities and natural phenomena

2011 started on an optimistic note, with signs of improvements in the European economies following the financial and economic crises that struck Europe from mid-2008.

Over the summer and autumn, the optimism was replaced by economic uncertainty in the shape of the debt crisis in Europe, large government budget deficits, the weakening of the euro against the US dollar, limited economic growth and the resulting lower demand for energy.

At the same time, the challenges in relation to global warming remain high on the political agenda. However, this has not had any visible effect on the pricing of CO_2 emissions allowances, as efforts to achieve global endorsement of targets for reducing CO_2 emissions have yet to succeed. Since summer 2011, it has become more likely that there will be an oversupply of CO_2 emissions allowances in Europe, and the prices of allowances were at the lowest level to date at the end of 2011.

In Europe, there is still the will to support green investments. In both the UK and Germany, initiatives were undertaken in 2011 to strengthen renewable energy.

The European energy sector faces large investments in renewable energy and infrastructure. However, access to capital has become more difficult as a consequence of the debt crisis and the beleaguered financial sector. As an alternative, other sources are therefore increasingly being used, such as pension funds and other institutional investors.

The prices of oil and gas fell sharply in 2008-09 in the wake of the financial and economic crises. There was no corresponding trend in 2011, when oil and gas prices remained at a higher level (USD 111/bbl on average in 2011 against USD 62/bbl in 2009 for oil and EUR 23/MWh against EUR 12/MWh for gas). The wider spread between oil and gas prices, with relatively higher oil prices (decoupling), which arose in spring 2009, continues to prevail.

The accident at the Fukushima nuclear power station in connection with the earthquake in Japan in March 2011 led to a change in the approach to nuclear power in several countries. In Germany, several older nuclear power stations were immediately shut down and a decision was taken to phase out the remaining stations faster than originally planned.

Despite this, there is still surplus capacity for the generation of electricity in Europe, and demand is lower than before the financial crisis. The surplus capacity is not expected to be reduced until a number of the most polluting coal-fired power stations in Europe are phased out in the coming 3-8 years.

Biomass must be sustainable

Coal is on the way out of DONG Energy's power stations. The plan is for wood pellets, in particular, to replace coal. Wood pellets can be produced in several different ways. If they are produced sustainably, they reduce CO_2 emissions without harming biodiversity. To ensure a sustainable production of wood pellets, DONG Energy will make further requirements of wood pellet producers.

There are currently no general standards for sustainability in relation to solid biomass. Therefore, DONG Energy has worked with other European energy companies to draw up sustainability criteria for the production of wood pellets. The criteria are designed to ensure that the wood pellets that DONG Energy uses continue to reduce CO_2 emissions and preserve biodiversity.

"With wood pellets, Danish power stations can deliver green electricity and heat to supplement the more variable wind energy. I hope that the European authorities will be inspired by the criteria that DONG Energy and our partners have established and will develop pan-European standards for sustainability for biomass. That would enable us to talk to the producers of wood pellets with even greater conviction so we can ensure that the wood pellets we use in Europe continue to be sustainable," says Thomas Dalsgaard, Executive Vice President of Thermal Power.

Spearheading the development of the energy of the future

The strategy will push DONG Energy to the forefront in the transition to the energy of the future

DONG Energy's ambitious business strategy takes as its starting point some of the world's biggest challenges in the energy market, as DONG Energy aims to create value by delivering ever cleaner and more reliable energy with no emissions of CO_2.

The global population passed the seven billion mark in 2011 and this number will continue to grow. As the growing global population strives to secure a share in the world's prosperity, the world's energy needs will grow. These two challenges also present the world with a third challenge: to reduce emissions of CO_2 so that man-made climate change can be reduced.

By 2020, DONG Energy wants to halve its CO_2 emissions from electricity and heat generation compared with 2006. At the same time, DONG Energy wants to double EBITDA by 2015 compared with 2009 by means of organic investments. The Group is well on the way to achieving these targets.

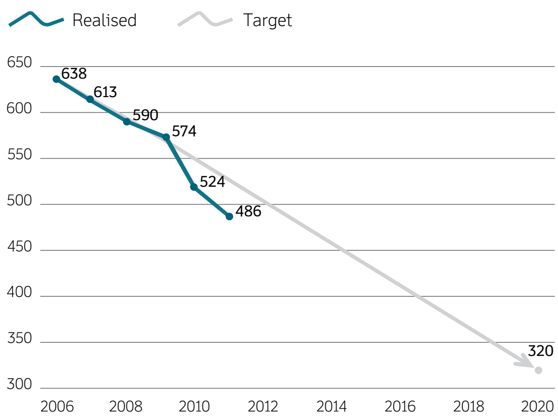
The investments will increase DONG Energy's production of energy and are being made primarily in the two business areas in which DONG Energy has the greatest competitive edge and strong capabilities: design, construction and operation of offshore wind farms, and oil and gas exploration and production.

To retain its ability to gauge, at an early stage, the changes in the market and society that are of importance to DONG Energy's strategic priorities, the Group works concertedly on innovation to retain its lead.

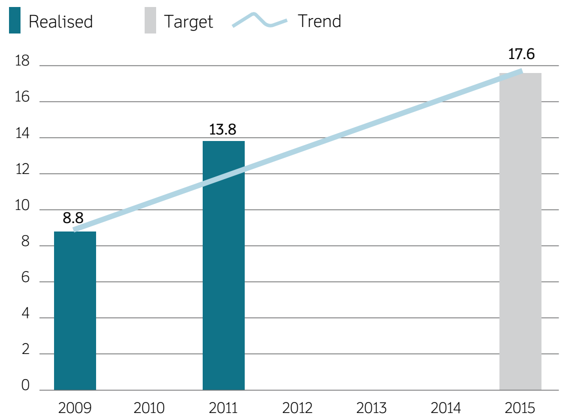
The four main strategic directions

DONG Energy pursues four main strategic directions to achieve the Group's ambitious objectives. They are illustrated below and will be explained in further detail on the following pages.

Halving CO_2 emissions, g CO_2 per kWh



Doubling EBITDA, DKK billion



DONG Energy's strategic directions

Wind and biomass growth

Robustness via the integrated business model

Growth in the production and sourcing of oil and gas

Development of the flexible energy system of the future

Wind and biomass growth

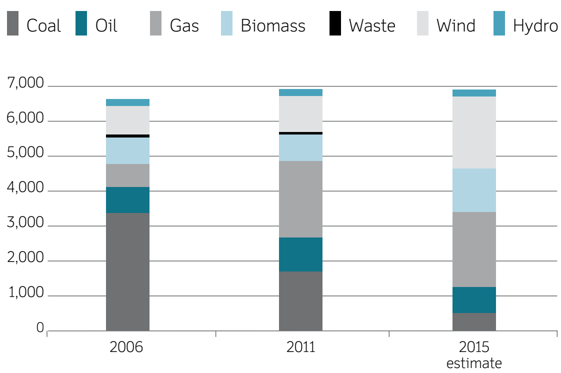
DONG Energy wants to change the Group via organic growth by means of investments in green energy from offshore wind farms and conversion of power stations to biomass

By 2020, the target is to halve DONG Energy's CO_2 emissions per kWh generated compared with 2006, and CO_2 emissions should be reduced to 100 g/kWh by 2040.

These ambitious targets will be achieved by radical conversion of DONG Energy's electricity generation from fossil to renewable energy. DONG Energy continues to develop offshore wind farms in Denmark, the UK and Germany, and the plan is for coal-fired power stations to be converted to biomass. DONG Energy has also made investments in power stations that use gas, which emits significantly less CO_2 than coal. This is the best alternative, among fossil fuels, for safeguarding reliable energy supply. DONG Energy operates gas-fired power stations in Denmark, the UK, Norway and the Netherlands.

The transition to greener energy generation entails greater technological and geographical diversification. DONG Energy wants to maintain its position as the market-leading energy producer in Denmark, while reducing its dependence on the Danish market by increasing its presence in the markets in northwestern Europe. In 2006, 91% of the Group's electricity generation capacity was located in Denmark. The Danish proportion was reduced to 67% in 2011 and is expected to account for just over half of capacity in 2015.

Renewable and thermal energy generation capacity, MW



More renewable energy

Efficient utilisation of DONG Energy's unique capabilities in the area of offshore wind has meant that DONG Energy is the global market leader in the design, construction and operation of offshore wind farms.

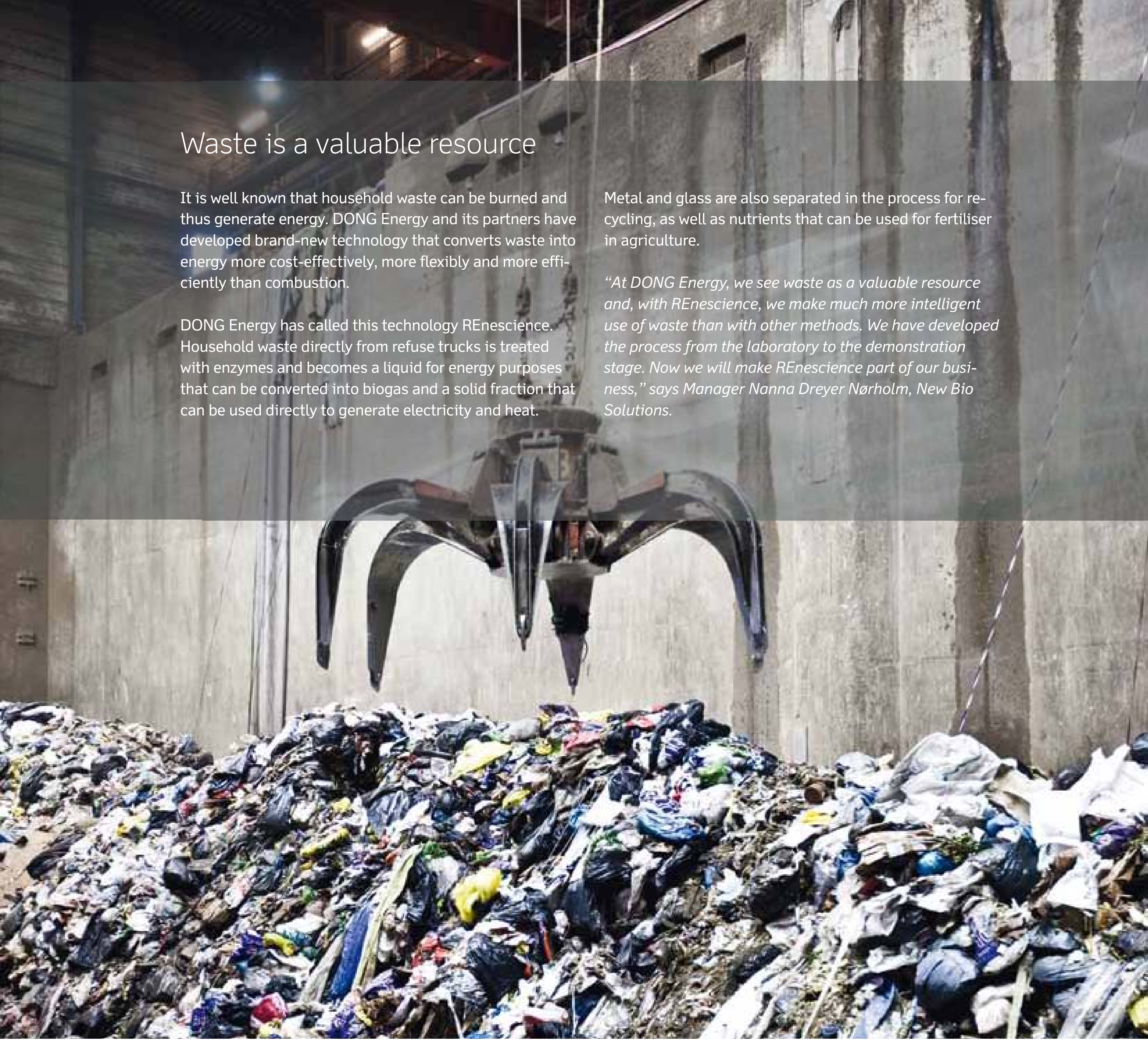
The electricity generation capacity from wind continues to rise. Together with electricity generation from power stations based on biomass and waste, plus hydro power, renewable energy accounted for 31% of DONG Energy's total electricity generation capacity in 2011.

The use of coal has been reduced and, compared with 2006, the coal-fired power stations' proportion of total capacity for energy production was halved to 24% at the end of 2011. DONG Energy had five coal-fired power station units fewer than in 2006. At the end of 2011, gas-fired capacity accounted for 31% of total electricity generation capacity.

Global market leader in offshore wind farms

The first offshore wind farms in the world were built on Danish territory. DONG Energy has since built several Danish and British offshore wind farms and, in 2013, construction begins on a German offshore wind farm, Borkum Riffgrund 1.

The first offshore wind farms were established project by project, but, since the start of 2009, DONG Energy has been working intensively to develop and install offshore wind farms in an assembly line concept and to enhance efficiency in all stages of the offshore wind farm value chain. The first step was DONG Energy's large-scale contract with Siemens to buy over 500 offshore wind turbines and the purchase of the installation company A2SEA, which is jointly owned with Siemens. With these and other measures, the farms can be established in a continuous process with a constant focus on optimum use of skills and resources and thus maximum value creation at all stages from design to operation. As the construction cost makes up three quarters of the total cost in the service life of an



Waste is a valuable resource

It is well known that household waste can be burned and thus generate energy. DONG Energy and its partners have developed brand-new technology that converts waste into energy more cost-effectively, more flexibly and more efficiently than combustion.

DONG Energy has called this technology REnescience. Household waste directly from refuse trucks is treated with enzymes and becomes a liquid for energy purposes that can be converted into biogas and a solid fraction that can be used directly to generate electricity and heat.

Metal and glass are also separated in the process for recycling, as well as nutrients that can be used for fertiliser in agriculture.

"At DONG Energy, we see waste as a valuable resource and, with REnescience, we make much more intelligent use of waste than with other methods. We have developed the process from the laboratory to the demonstration stage. Now we will make REnescience part of our business," says Manager Nanna Dreyer Nørholm, New Bio Solutions.

offshore wind farm, it is essential to keep to schedules so that the capital invested can start to be repaid as soon as possible.

Wind power challenges power stations

In 2015, half of DONG Energy's electricity generation capacity will be CO_2-free or CO_2-neutral, as electricity from wind and hydro is expected to account for 36% of total capacity, while biomass will account for 17%. Gas will account for 30%, while electricity generation capacity from coal and oil will have been reduced to 17%.

DONG Energy works concertedly to select and develop new offshore wind turbine projects. It is essential to have a large pipeline to enable us to meet our objective of continuously increasing the proportion of electricity generation from renewable energy sources. On top of its 1,025 MW of wind capacity at the end of 2011, DONG Energy has made final investment decisions regarding the construction of around 1,500 MW additional wind turbines, some of which are expected to be built together with partners thus reducing DONG Energy's share (see figure on page 21).

The fast-increasing volume of electricity from wind turbines in the Danish grid sets the Danish power stations completely new challenges. The power stations will play a different role in a future in which much more wind power is available as there will still be a need to balance electricity generation. DONG Energy is continuously striving to become more efficient at flexible, market-aligned operation of its power stations.

Growth in the production and sourcing of oil and gas

DONG Energy is producing increasing volumes of oil and gas to help meet the increasing demand for energy

In the years to come, DONG Energy will focus on increasing its production of oil and gas to help maintain security of supply and the Group's earnings. This will be done via investments in exploration and production (E&P) of oil and gas from its own fields, for example in the North Sea. The Group's equity production of gas will continue to be an important source of its gas sales. The proportion of oil in the portfolio will be increased in order to reduce the oil price risk in DONG Energy's gas purchase contracts and to ensure high value creation.

The Group has strong capabilities in oil and gas exploration and production. The objective is to make use of this expertise to achieve solid growth in the production of oil and gas and also safeguard continuous replenishment of reserves, partly via exploration.

DONG Energy will also secure the supply of gas to the Group's markets in Northern Europe by means of a diversified gas supply strategy, which, besides increasing equity production, will be based on contracts with other producers of natural gas, including LNG (liquefied natural gas).

Infrastructure and production

DONG Energy has built up an E&P company that has a strong position in Denmark, Norway and the promising West of Shetland area in the UK. The total reserves amount to more than 17 times the annual production (R/P ratio) in 2011, which secures production for many years to come and shows that, in recent years, DONG Energy has built up a robust E&P business that has strong capabilities in this field.

In Denmark, E&P has developed its production around the Siri platform, where major repair work is underway to extend its life to 2020 and maybe beyond. Furthermore, E&P has made new attractive finds on the Danish shelf that can contribute to an extension of security of supply and value creation from the Danish shelf in the years to come.

In Norway, E&P has gained a position among the Top 10 companies, partly based on its position in the large Ormen Lange gas field. E&P has also contributed to the development of a model for commercial development of and production from small, but attractive, fields such as Oselvar and Trym.

In the area between the Shetland Islands and the Faroe Islands, DONG Energy has made a number of finds of both oil and gas. Advanced exploration technology and in-depth knowledge of precisely the type of subterranean structure that exists in the West of Shetland area have resulted in seven out of nine exploration wells being successful. Together with the French oil company Total, E&P has contributed to a solution to the challenge in the area in terms of the lack of infrastructure, as the companies are establishing a pipeline system in connection with the development of the Laggan-Tormore gas fields that will create a link from production in the area to the UK market. DONG Energy has a 20% stake in Laggan-Tormore.

Diversified gas supply strategy

Until 2006, the gas portfolio consisted primarily of long-term contracts with Dansk Undergrunds Consortium (DUC). The portfolio has since become more diversified with a continued rise in equity production of gas, purchases from other producers in the North Sea and purchases on gas hubs. Diversification was increased further in 2011 via DONG Energy's co-ownership of the new LNG terminal Gate in Rotterdam, which became operational in September 2011, plus new long-term gas purchase contracts. Diversification is also a key word in the sale of gas, which now covers DONG Energy's entire market territory. A breakdown of gas production and gas sales in 2011 is shown in a graph on page 25.

DONG Energy involves local operators in oil exploration

Exploration for oil and gas is linked to environmental risks that must be managed on the basis of the best possible knowledge base. One of the ways in which DONG Energy ensures this is by working with relevant local operators who can contribute knowledge and challenge the solutions chosen.

In Norway, in recent years, DONG Energy has worked with local fishermen and public authorities on the Group's mapping of potential environmental impacts of drilling in the Barents Sea. One of the results of the dialogue has been joint environmental emergency plans that are designed to protect the coastline in the event of accidents.

"Risk is part of business in our industry. But by involving stakeholders and being open and responsive in relation to oil drilling, we believe that we have created trust in DONG Energy and have reassured the local community," says QHSE Manager Morten A. Torgersen, DONG E&P Norge.

Robustness via the integrated business model

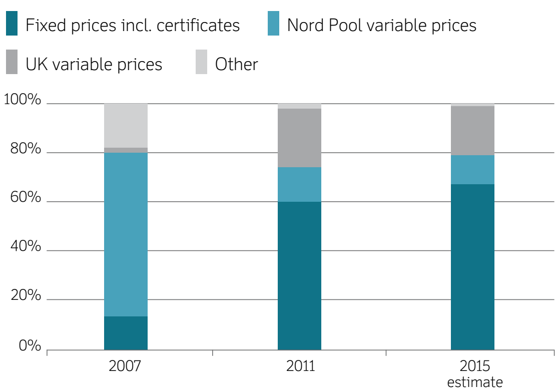
DONG Energy wants to create value by optimising and developing the total energy portfolio with assets and market positions throughout the value chain

DONG Energy's business model is fully integrated with value creation in all stages of the energy value chain. Upstream with oil and gas exploration and production and electricity generation, midstream with all types of trading, wholesale sales and energy distribution, and downstream with direct energy sales to end customers.

The integrated business model, with a diversified portfolio of assets, secures both robustness and balancing of risks as the individual stages of the value chain are, to some extent, affected differently by market developments.

There is also an active management of risks in the individual stages of the value chain. The investments in DONG Energy's two growth areas, Exploration & Production and Wind Power, are spread over several countries and made in partnership with different partners in order to achieve diversification of the risk. In the E&P sector, partnerships have been the norm for several years. However, DONG Energy has now also succeeded in introducing partnerships in connection with the establishment and operation of offshore wind farms. The partners include other energy companies, privately owned companies and institutional investors, including pension funds.

Breakdown of electricity generation[1]



[1] The proportion is calculated on the basis of revenue from wind farms and contribution margin from thermal power stations.

These two growth areas complement each other in terms of risk. The investments in Wind Power are characterised by producing relatively stable income, partly as a consequence of regulation and the subsidy regimes established to support the development of the industry. The investments in Exploration & Production are characterised by providing a less certain return but also have considerable potential.

The increased geographical spread of electricity generation from wind turbines and power stations reduces the Group's market price risks. In 2007, two-thirds of the value of electricity generation was sold at market prices on the Nord Pool power exchange. This proportion is expected to be reduced to 12% by 2015. In terms of price, this part of generation depends greatly on temperature and precipitation levels in the Nordic countries and is thus very difficult to predict and very variable. However, the proportion of electricity generation settled at fixed prices is expected to rise from 13% in 2007 to 67% in 2015 as a consequence of the transition to more green energy.

With the various developments in oil and gas prices in recent years (decoupling), the composition of purchase and sales contracts in the gas portfolio has assumed greater importance for earnings for both DONG Energy and other players in the market. This is because the settlement prices for gas in long-term purchase contracts are closely linked to changes in the price of oil, while sales contracts are more dependent on gas hub prices. Therefore, a higher increase in the price of oil than the price of gas is negative for DONG Energy. However, these effects are mitigated as far as possible via the Group's diversification strategy, which results in DONG Energy being less financially vulnerable to the decoupling. DONG Energy has a relatively balanced gas portfolio composition between the purchase and sales side. For example, our equity production of oil and gas helps reduce this problem considerably.

The ambitious business strategy means stricter requirements for managers

The execution of DONG Energy's ambitious business strategy means stricter requirements for individual managers. The managers must help ensure the right balance between growth and discipline in relation to the overall business strategy.

To obtain a thorough analysis of the current managerial resources in DONG Energy, an extensive assessment of the Top 200 managers was carried out in the first half of 2011. The ongoing assessment and development of managers in relation to the overall strategy are linked to the annual dialogue with all employees on performance and development.

"Each employee must understand his or her role in relation to the strategy. We achieve this by means of annual performance and development reviews between managers and employees. The reviews take place after the managers' performance and development have been assessed in relation to the strategy. This enables us to create cohesion at all levels," says Hanne Blume, Vice President of People & Development.

Strategic robustness

DONG Energy has focused its operations in recent years. Growth will be in wind, biomass and oil and gas. At the same time, a number of activities have been divested, including interests in hydro power, small-scale CHP plants and oil terminals.

This focus has helped DONG Energy come through the financial crisis and subsequent debt turmoil in Europe unscathed. Its robustness is also the reason why DONG Energy is continuously able to raise the necessary capital for investments on attractive terms.

Development of the flexible energy system of the future

With a rising proportion of wind energy, there is a growing need to be able to both sell and source electricity to and from the surrounding markets

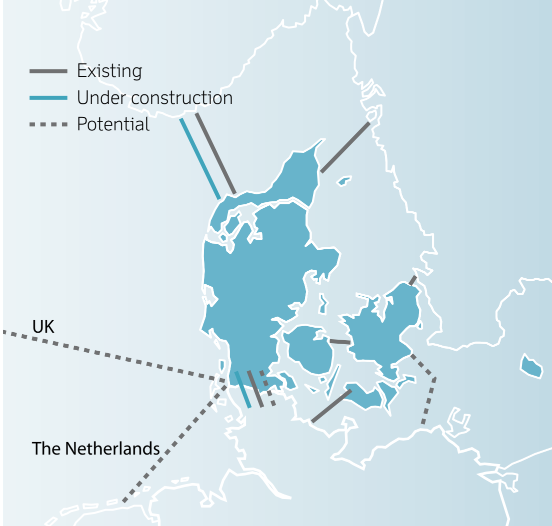
Denmark is undergoing a rapid transition, with the volume of renewable energy being expanded and dependence on fossil fuels being reduced. The Danish energy system is an important market for DONG Energy. Therefore, DONG Energy is playing an active role in the development of the energy system of the future.

Need for greater flexibility

When an ever higher proportion of energy in the system comes from wind turbines, the generation of energy becomes less predictable and more variable. Therefore, it will be necessary to have flexible systems to ensure there is a balance between energy demand and energy generation.

The challenge is to make use of the surplus energy during windy periods and also be able to supply sufficient energy when there is no wind. Responsibility for balancing energy supply rests with the system operators (in Denmark it is Energinet.dk). At the same time, DONG Energy is involved in the work to develop market-based mechanisms and new technologies that can help create a balance between generation and consumption. One way of balancing supply and demand would be to build capacity to transmit electricity through cables to surrounding markets.

Electricity interconnectors to surrounding markets



In terms of generation, Denmark's high proportion of electricity from wind turbines means that the power stations have to be extremely flexible. Where power stations previously generated the majority of electricity, their task is increasingly to contribute to a reliable supply of elec-tric-ity by supplementing wind generation so that there is sufficient electricity in the system to meet demand. This requires extensive adaptation of operations. DONG Energy is also planning to convert the Danish power stations to green electricity generation by increasing its use of biomass.

New energy technologies on the way to the market

In the future, biomass will supplement wind power to secure a clean and reliable energy supply. Over the past ten years, DONG Energy has conducted research into how biomass can be used intelligently for the production of energy. This research has resulted in the development of, among other things, three biorefining technologies called Pyroneer, Inbicon and REnescience. The technologies make it possible to convert biomass residual products from agriculture and households into gas, bioethanol and other biobased energy resources.

DONG Energy's targeted contributions to the development of the energy system of the future are being made in close collaboration between innovative incubators internally at DONG Energy and external research and university environments and enterprises.

DONG Energy contributes to green growth by establishing offshore wind farms

While the rising generation of electricity from wind benefits customers in the form of greener electricity, DONG Energy also contributes to value creation and economic growth in the local areas in which the Group operates. In connection with the construction and operation of the Group's new offshore wind farm at Anholt in Denmark, it is expected that 8,000 jobs will be created in each of the two years in which the farm is being constructed.

"The Anholt project shows that the Danish suppliers in the industry can hold their own internationally. All the work was put out to tender on equal EU conditions, but Danish-based companies won two thirds of the orders," says Flemming Thomsen, Project Manager of Anholt offshore wind farm.

Impact on customer consumption

On the consumption side, efforts are being made to make consumer demand for energy more flexible so that consumption more closely matches the periods in which high levels of wind energy are being generated. Electric cars are a good example of how flexibility can be incorporated in electricity consumption. An electric car needs to be charged with electricity to run. However, the charging does not need to take place at the time at which the plug is inserted in the socket. Customer needs will typically dictate that charging takes place during the evening and the night, so that the car is ready for use the following morning. With intelligent systems in the grid and at the customer's home, it is possible to ensure that charging takes place at a time at which there is surplus electricity generation from wind turbines but consumption is low.

In 2011, DONG Energy began a trial of intelligent, flexible electricity consumption in 155 private households. The households were supplied with a 'smart' unit that reacts to a price signal and starts or stops heat pumps, charging of electric cars or other units with high electricity consumption. The aim of the trial is to study the customers' ability and desire to interact with their electricity supplier to achieve flexible electricity consumption.

EXPLORATION & PRODUCTION
AT A GLANCE

Continued growth and value creation

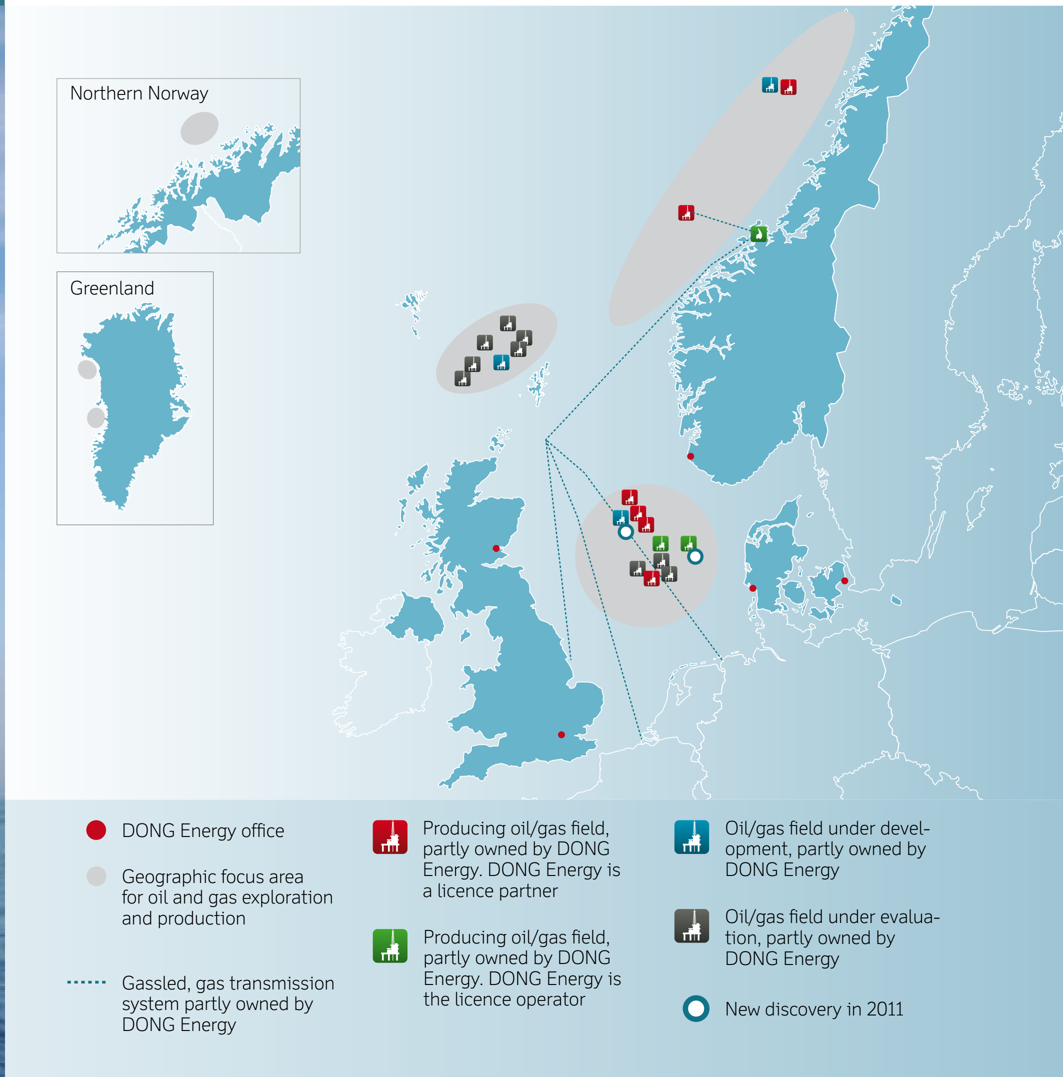
Exploration & Production explores for and produces oil and gas. In 2011, daily production averaged 72 thousand boe, of which 82% came from Norwegian fields and 18% from Danish fields. The portfolio of reserves (2P) is robust and amounted to 446 million boe at the end of 2011, equivalent to 17 years' production.

Exploration & Production has 65 licences: 13 in Denmark, 21 in the UK (West of Shetland), 27 in Norway, 2 in Greenland and 2 on the Faroe Islands. Constant exploration for oil and gas is part of the foundation of the Group's growth strategy. The objective is solid growth in production to enhance security of supply and earnings.

Executive Vice President
Søren Gath Hansen

Read more about Exploration & Production:
www.dongenergy.com/EN/EP

The photo shows the Siri platform in the Danish part of the North Sea.



REVENUE DKK 10.5BN

14%

EBITDA DKK 5.7BN

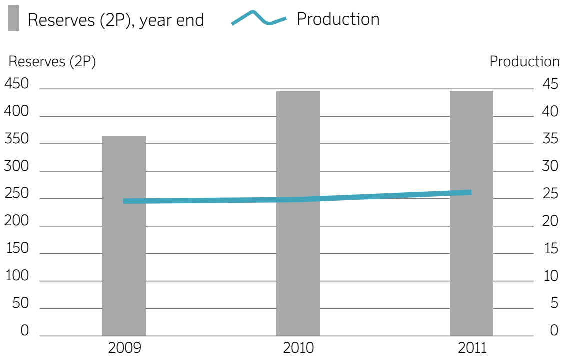
41%

EMPLOYEES (FTE) **652**

11%

The percentages indicate the proportion of the Group that each business area accounted for in 2011.

Production and reserves (2P) of oil and gas, million boe



R/P-ratio

2009	2010	2011
15	18	17

New producing fields 2011-2015

2011	2012	2013	2014	2015
Trym Norway	**Oselvar** Norway **Marulk** Norway	**Syd Arne Phase 3** Denmark	**Laggan-Tormore** UK	**Hejre*** Denmark

For 2012-2015, oil and gas fields for which a final investment decision has been made are shown.
* Decided February 2012.

WIND POWER AT A GLANCE

Global market leader in offshore wind power

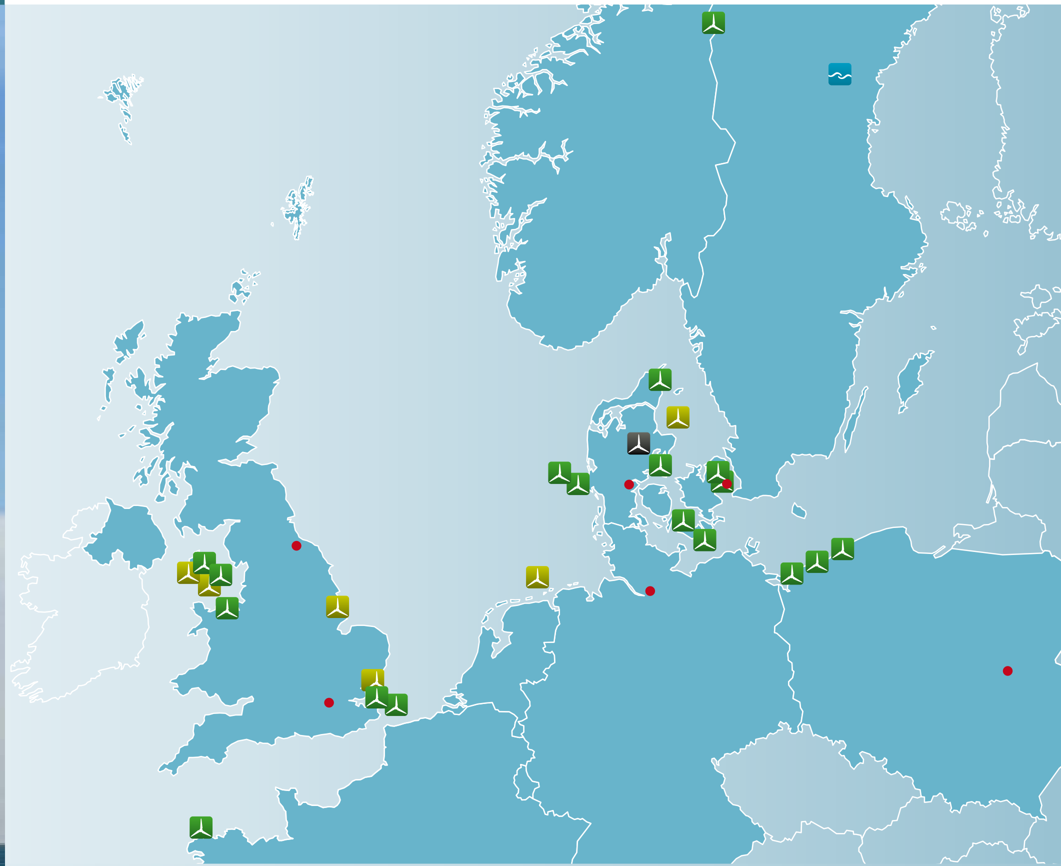
Wind Power develops, constructs and operates wind farms in Northern Europe. The focus is on the UK and Germany as the largest growth markets.

To maintain its position as the global market leader, DONG Energy focuses on developing a robust and balanced project pipeline across countries and markets and on having in-house capabilities in all stages of the project value chain. To reduce costs, the Group also focuses on enhancing the efficiency of projects via installation concepts and framework agreements. In addition, Wind Power enters into partnerships with industrial and financial partners to spread risks and secure co-financing for projects.

CEO
Anders Eldrup

Read more about Wind Power:
www.dongenergy.com/EN/Wind_Power

The photo shows the construction of the Walney offshore wind farm in the UK.



DONG Energy office

Wind farms in operation

Wind farms under construction

283 onshore wind turbines in Denmark

Hydro electric station – partly owned by DONG Energy

REVENUE
DKK 4.3BN

6%

EBITDA
DKK 1.8BN

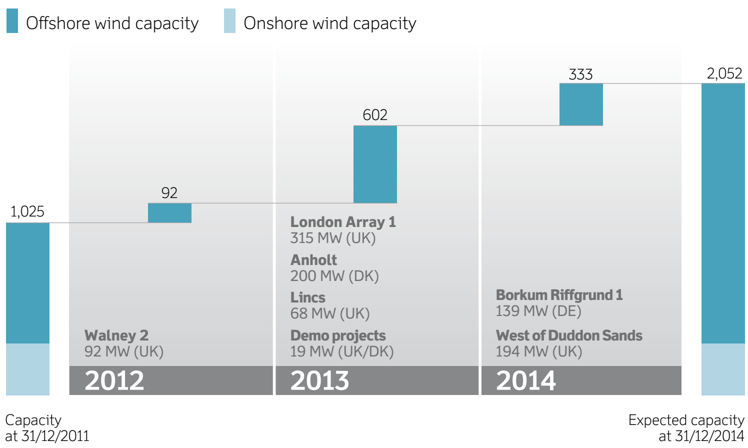
13%

EMPLOYEES (FTE)
1,219

20%

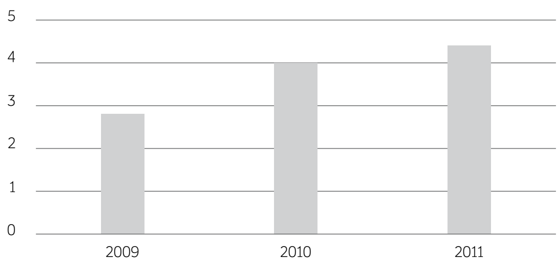
The percentages indicate the proportion of the Group that each business area accounted for in 2011.

Existing and planned wind capacity, MW



For 2012-2014, wind farms for which a final investment decision has been made are shown. MW denotes DONG Energy's proportionate ownership interest.

Electricity generation, TWh



Transition to greener energy generation at the power stations

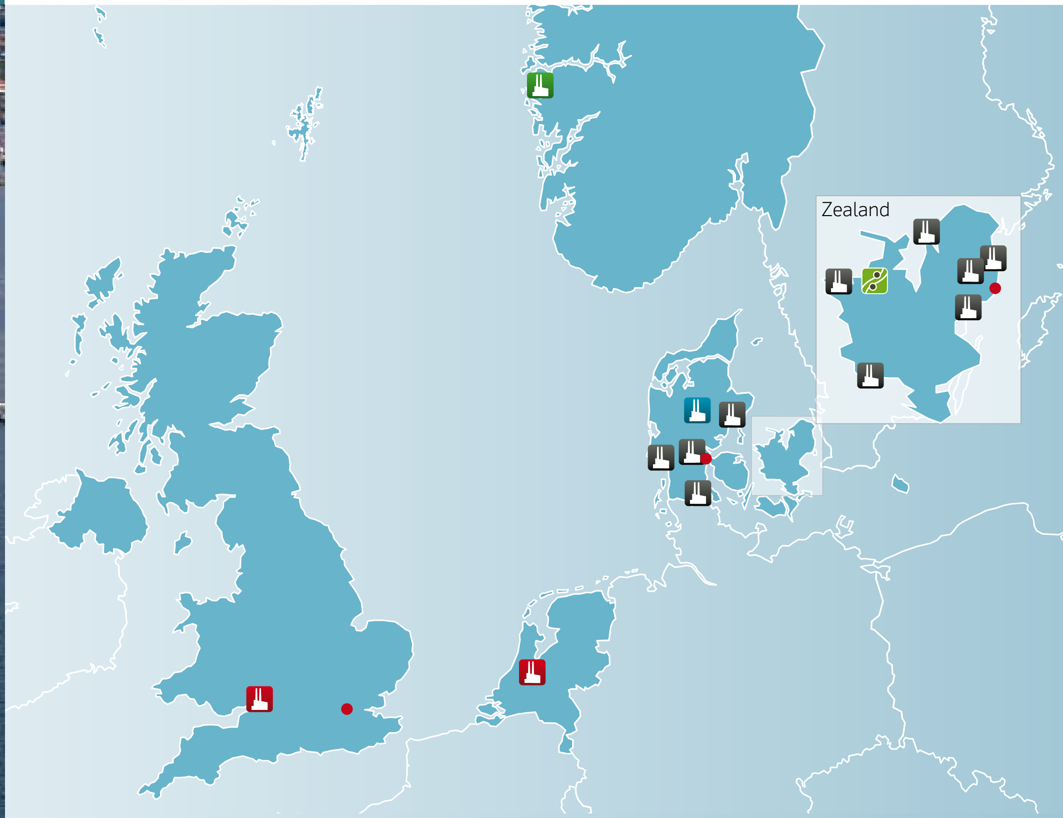
Thermal Power generates electricity and heat from thermal power stations. Most electricity and heat is generated at central coal-fired, gas-fired and biomass-fired CHP plants in Denmark and at new gas-fired power stations in Norway, the Netherlands and the UK. In the years to come, it is expected that coal and gas can largely be replaced by biomass at the Danish power stations. This will reduce CO_2 emissions significantly for a substantial part of the heat supply in large Danish cities. Work is also in progress to make generation more flexible so that it can be better aligned to the varying generation by wind turbines.

Biomass is an important resource in the energy system of the future. Based on new refining technologies, innovative solutions are being developed for efficient and flexible utilisation of waste and biomass for both energy and other resources, for example nutrients.

Executive Vice President
Thomas Dalsgaard

Read more about Thermal Power:
www.dongenergy.com/EN/Thermal_Power

The photo shows one of the Group's central power stations – Skærbæk power station.



DONG Energy office

Inbicon bioethanol plant

Central power stations

Electricity generation, gas-fired power station

Electricity and heat generation, gas-fired power station

A long-term lease has been entered into with Statoil as a result of which the plant is accounted for as held under a finance lease.

Small-scale CHP plants

On 31/12 2011, DONG Energy was the owner of nine small-scale and three waste-fired CHP plants in Denmark. Four of the small-scale CHP plants were sold on 1/1 2012.

REVENUE
DKK 10.7BN

15%

EBITDA
DKK 2.3BN

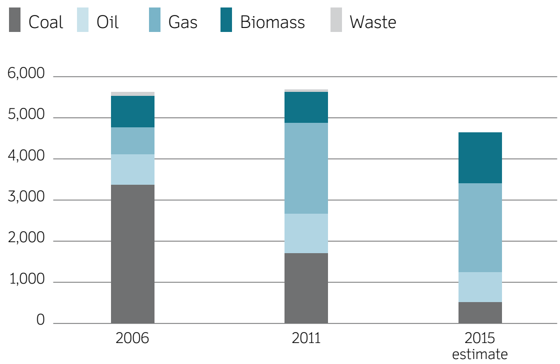
17%

EMPLOYEES (FTE)
1,285

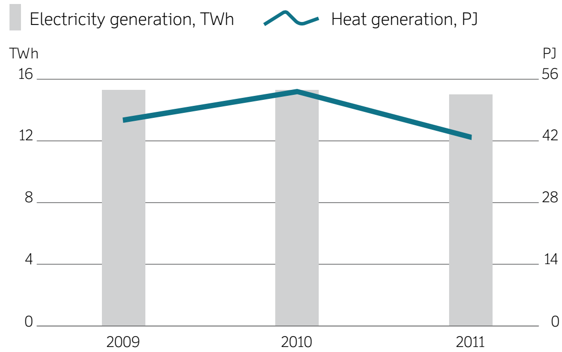
21%

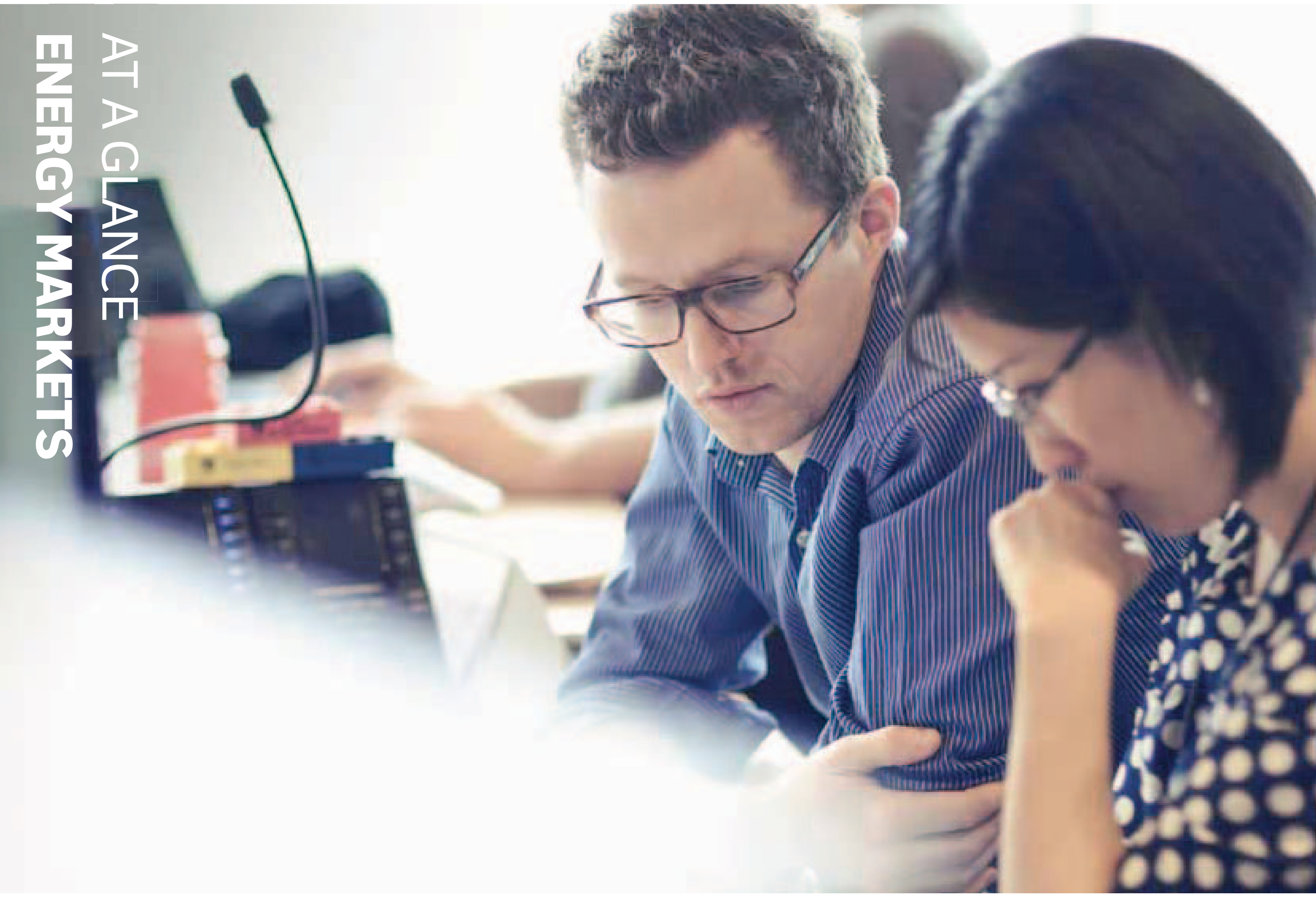
The percentages indicate the proportion of the Group that each business area accounted for in 2011.

Thermal power station capacity by fuel, MW



Electricity and heat generation





Energy Markets optimises energy flows

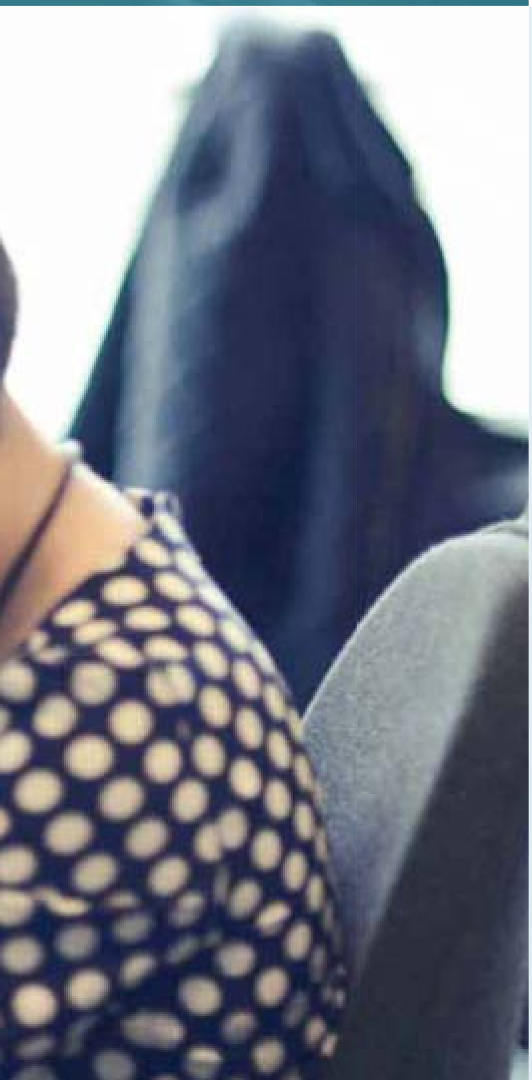
Energy Markets connects the energy production from wind turbines, power stations and gas fields with wholesale customers in North West Europe in the most optimum way.

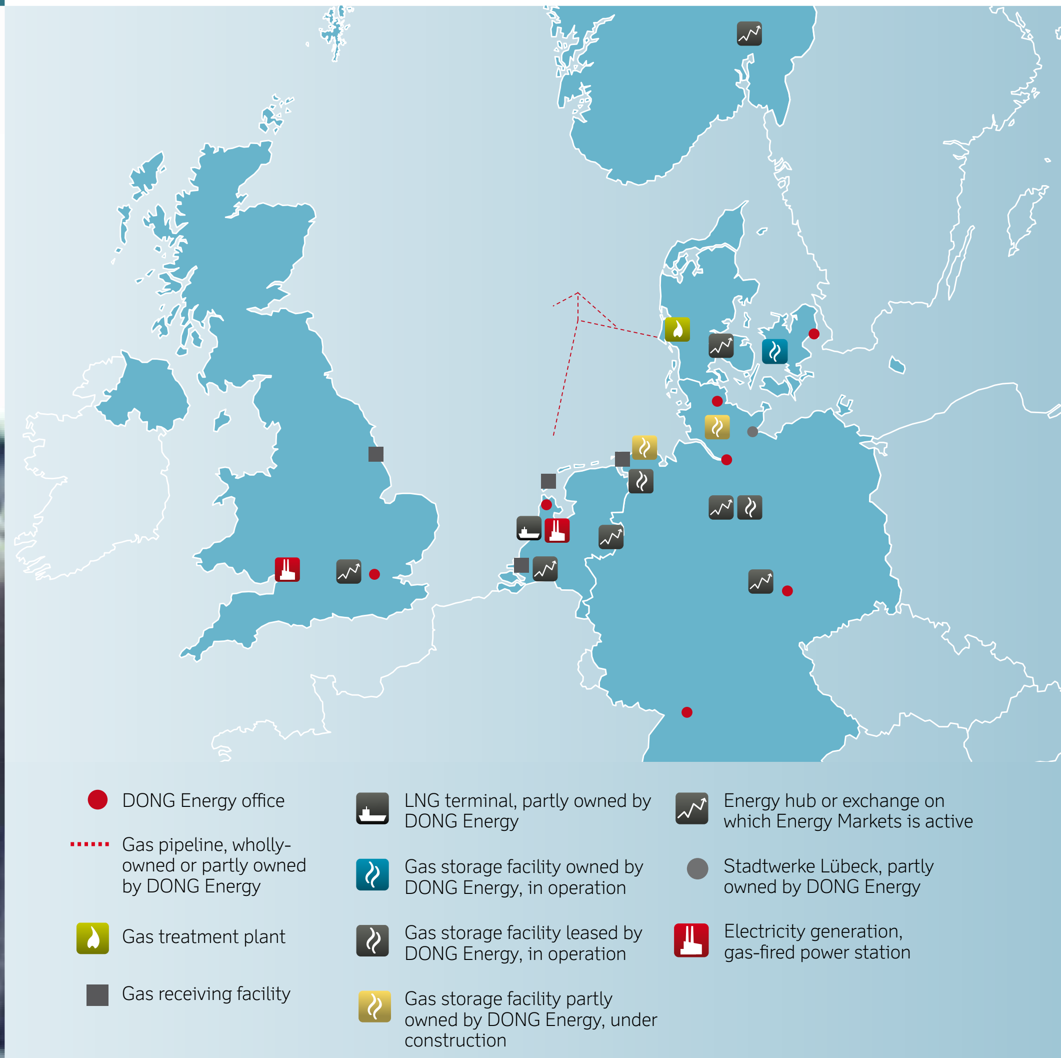
With strong market insight from its experienced employees, Energy Markets adds value to energy flows and secures stable, long-term earnings for the Group by levelling out fluctuations in energy prices. This also creates optimum conditions for long-term investments in new wind turbines, power stations and oil and gas fields.

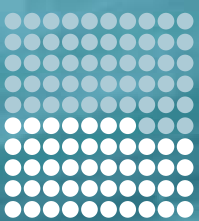
Executive Vice President
Kurt Bligaard Pedersen

Read more about Energy Markets:
www.dongenergy.com/EN/EM

Strong market insight from experienced and talented people is Energy Markets' core asset.

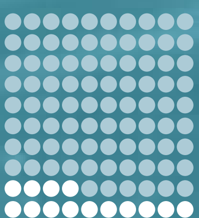






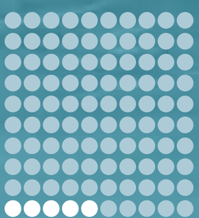
REVENUE DKK 33.7BN

47%



EBITDA DKK 2.0BN

14%

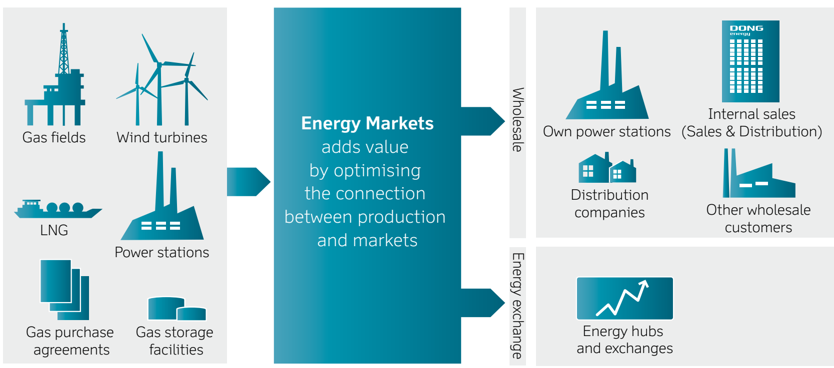


EMPLOYEES (FTE) **330**

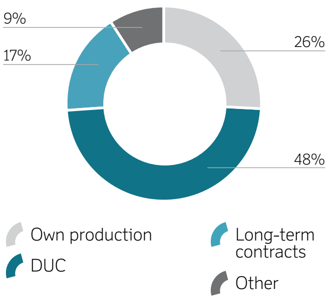
5%

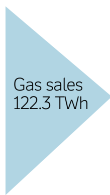
The percentages indicate the proportion of the Group that each business area accounted for in 2011..

Optimising energy flows

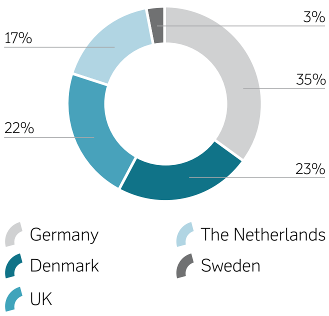


Gas sourcing 2011





Gas sales 2011



SALES & DISTRIBUTION
AT A GLANCE

Efficient and reliable electricity and gas supply

Sales & Distribution is Denmark's largest energy supplier and is responsible for efficient and reliable supply to more than 1.2 million customers in Denmark, the Netherlands and Sweden. Value is created primarily via the sale of electricity and gas and via operation of distribution networks.

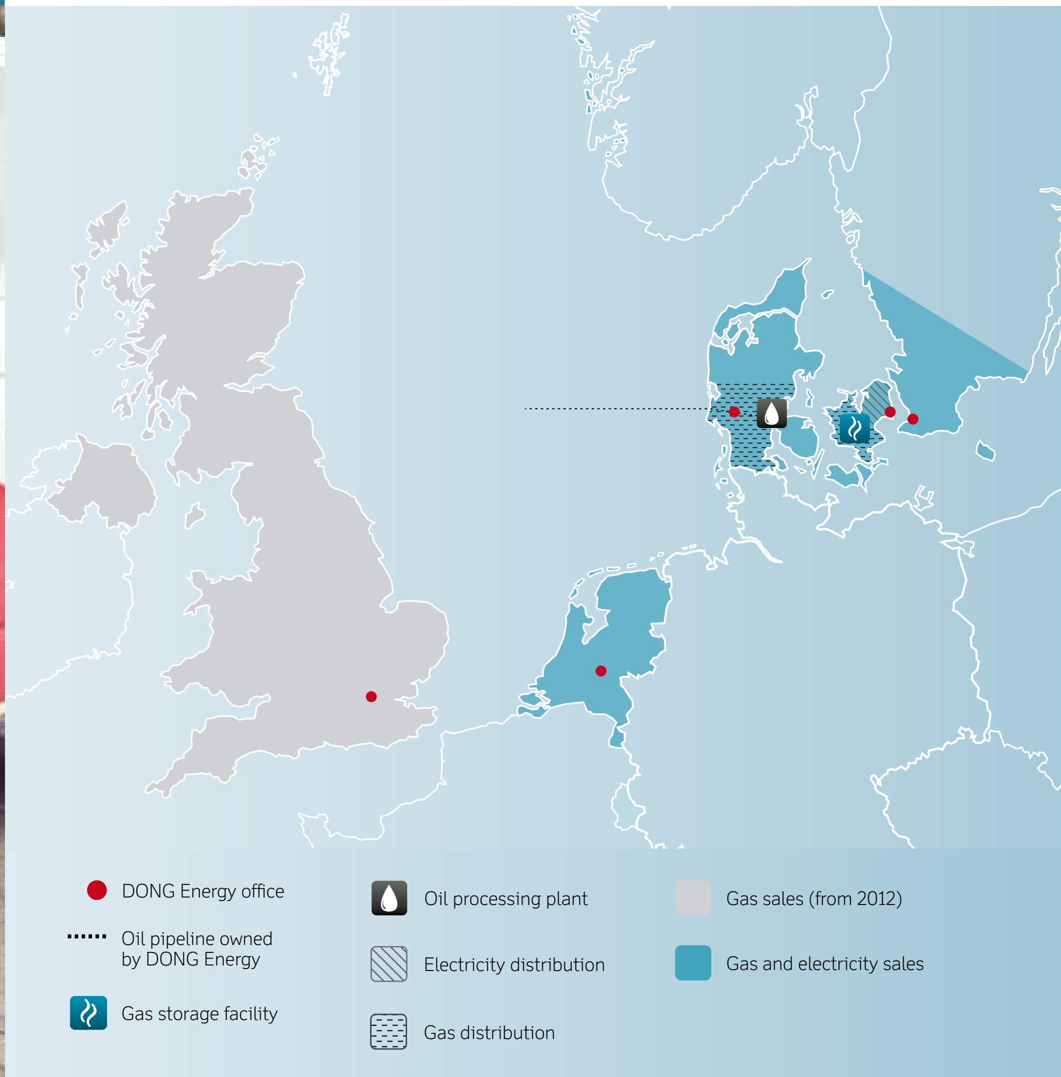
To this should be added development of products and climate-friendly solutions for customers. Intelligent consumption and production methods of the future (Smart Energy) is an important focus area. With more than 100 climate partnerships, DONG Energy engages in close dialogue with large companies, organisations and municipalities on optimising their energy consumption.

The Group is also expanding internationally and acquired the gas trading company Shell Gas Direct in the UK in the autumn. The acquisition date is 30 April 2012.

Executive Vice President
Lars Clausen

Read more about Sales & Distribution:
www.dongenergy.com/EN/SD

The photo shows a meter technician calling on a customer to replace an electricity meter.



REVENUE
DKK 13.0BN

18%

EBITDA
DKK 2.0BN

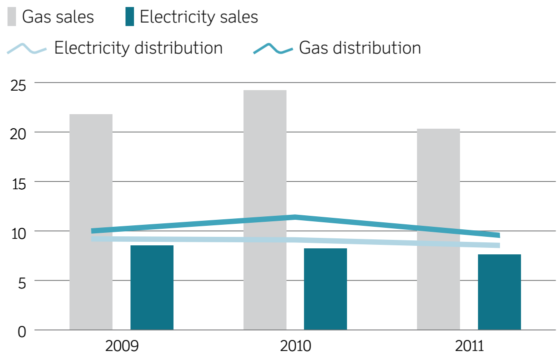
15%

EMPLOYEES (FTE)
1,409

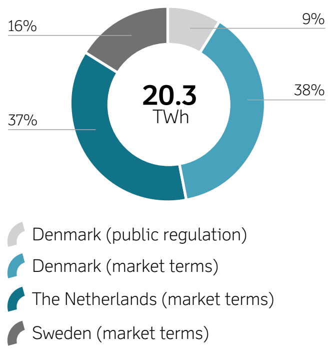
23%

The percentages indicate the proportion of the Group that each business area accounted for in 2011.

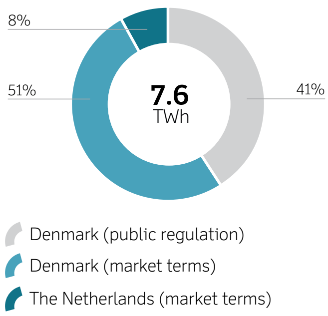
Sales and distribution of electricity and gas, TWh



Gas sales by country in 2011



Electricity sales by country in 2011



Financial performance

BUSINESS PERFORMANCE

As described on pages 33 and 34, DONG Energy introduced a new business performance income statement in 2011. Unless otherwise stated, the financial results in this review are based on that. Comments to the balance sheet are based on the IFRS consolidated balance sheet. 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.

RESULTS FOR THE YEAR DETERMINED IN ACCORDANCE WITH IFRS

EBITDA for the year determined in accordance with IFRS was DKK 15.6 billion versus DKK 14.1 billion in 2010. As described on page 33, with effect from 1 January 2011, DONG Energy discontinued the application of the provisions on cash flow hedge accounting for commodities and related currency exposures. Unlike 2010, the results for 2011 determined in accordance with IFRS were therefore affected by unrealised market value adjustments on such transactions. As the IFRS results for the two years are therefore not comparable, no further comments will be made on the IFRS results.

DONG Energy's revenue for 2011 was 4% ahead of 2010. EBITDA was largely in line with 2010, matching the outlook in the 2010 annual report. Operating cash flows were down, primarily reflecting an increase in tax paid in Norway.

DKK million	2011	2010	Δ
Revenue	56,842	54,616	2,226
EBITDA	13,770	14,135	(365)
Cash flows from operating activities	12,624	14,214	(1,590)

The results for 2011 were affected by falling earnings in Energy Markets due to a lower margin on gas sales, despite a positive effect from renegotiation of gas contracts. Exploration & Production, on the other hand, had a positive effect on the results due to higher production and energy prices, which were at a significantly higher level, throughout 2011, than in 2010.

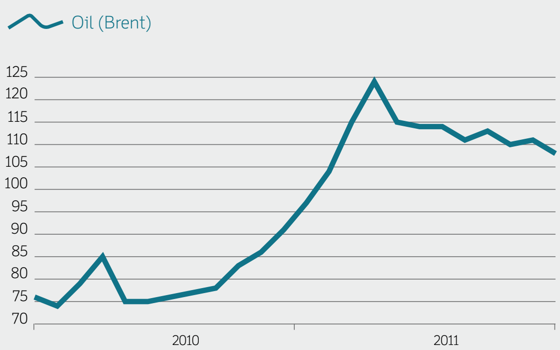
Market prices

Oil and gas prices

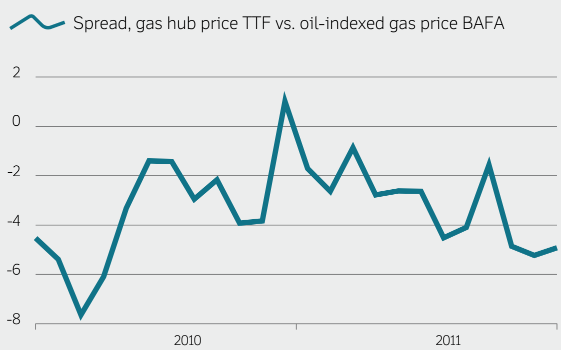
The oil price was 40% higher, on average, than in 2010, peaking in spring, when the market was affected by the unrest in the Middle East and North Africa, including the halting of production in Libya. Higher demand from emerging markets, including India and China, helped prop up the oil price.

The gas price remained relatively stable during the year, with monthly average prices of EUR 22-23/MWh, and was 31% higher, on average, than in 2010. The gas price

Oil, USD/bbl



Spread, gas hub price vs. oil-indexed gas price, EUR/MWh



Source: Calculated by DONG Energy on the basis of input from Argus and BAFA

GLOSSARY
Reference is made to the glossary on pages 127-128 for definitions of terms.

Monthly average		2011	2010	Δ
Oil, Brent	USD/bbl	111	80	40%
Gas, TTF	EUR/MWh	23	17	31%
Gas, NBP	EUR/MWh	22	17	31%
Gas/oil spread	EUR/MWh	(3.2)	(3.5)	9%
Electricity, Nord Pool system	EUR/MWh	47	53	(11%)
Electricity, Nord Pool, DK avg.	EUR/MWh	49	52	(6%)
Electricity, EEX	EUR/MWh	51	44	15%
Green dark spread, DK [1]	EUR/MWh	5	14	15%

Source: Nord Pool, EEX, Platts, Argus and BAFA.
[1] Based on average prices in DK1 and DK2.

was being sustained by the indirect effects of the earthquake in Japan, including the phasing out of nuclear power stations in Germany, and the interruption of gas production in Libya. The European natural gas markets were generally well supplied in 2011, which was part of the reason why gas hub prices remained significantly lower than the oil-indexed gas prices. This price spread had an adverse effect on earnings from gas trading. By contrast, the rising oil and gas prices had a positive effect on earnings from oil and gas production.

Electricity prices and green dark spread

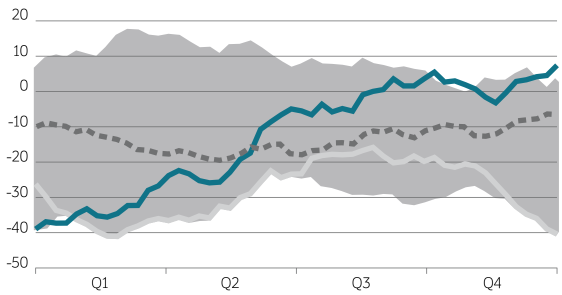
The average electricity price in the two Danish price areas, DK1 and DK2, was EUR 49/MWh in 2011, a decrease of 6% on 2010. The hydrological balance was low at the start of 2011, and the year began with a cold, dry winter. It ended with a high hydrological balance and a mild, wet autumn and winter. Consequently, electricity prices were relatively high at the start of the year, following which they dropped to a lower level.

Due to the high hydrological balance of almost 10 TWh above the normal level, the Nord Pool electricity price was significantly lower than the German EEX electricity price from September, helping drive Danish electricity prices down. At the same time, higher electricity generation from wind farms in the North Sea put downward pressure on and led to higher fluctuations in the electricity price.

The green dark spread in Denmark showed a downward trend throughout 2011, from approx. EUR 7/MWh at the start of the year to around EUR 0/MWh in autumn, after which it increased slightly again. The sharp decrease in the CO_2 price from the middle of the year had a positive effect on the spread at the end of 2011. It averaged EUR 5/MWh, EUR 9/MWh less than in 2010.

Hydrological balance, TWh

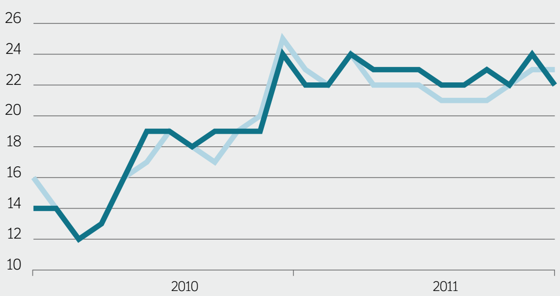
2010 2011 Median 2003-2010
Range 2003-2010



Source: SKM Market Predictor

Gas, EUR/MWh

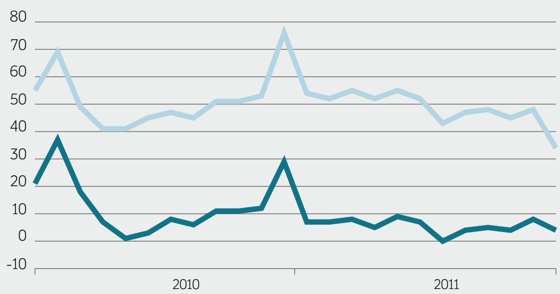
Gas (TTF) Gas (NBP)



Source: Argus

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

Electricity (Nord Pool, DK) GDS (Nord Pool, DK)



Source: Nord Pool, Argus and ECX

Revenue

DKK million	2011	2010	Δ
Revenue	56,842	54,616	2,226

Revenue was DKK 56.8 billion in 2011, up from DKK 54.6 billion in 2010. The 4% increase reflected higher oil and gas production and higher energy prices.

Oil and gas production was 26.4 million boe, up from 24.4 million boe in 2010, primarily reflecting the start-up of production at Trym and higher production from Ormen Lange.

Electricity generation was 20.3 TWh, in line with 2010. Generation benefited from higher generation from the gas-fired Severn power station in the UK, which was brought fully on stream at the end of 2010, higher generation from wind farms becoming operational in 2010, and generation from new wind farms in 2011. By contrast, thermal electricity and heat generation in Denmark decreased due to milder weather in the first quarter of 2011 compared with the same period in 2010.

Gas sales (excluding own consumption at power stations) were up 7% at 115.6 TWh in 2011, mainly reflecting higher gas hub sales. The increase was partly offset by lower wholesale sales in Sweden due to expired contracts and lower sales in the Danish market due to a lower market share.

EBITDA

DKK million	2011	2010	Δ
Exploration & Production	5,684	5,051	633
Wind Power	1,799	1,730	69
Thermal Power	2,255	2,228	27
Energy Markets	1,963	2,959	(996)
Sales & Distribution	2,027	2,036	(9)
Other activities/ eliminations	42	131	(89)
Consolidated EBITDA	**13,770**	**14,135**	**(365)**

EBITDA was DKK 13.8 billion in 2011 against DKK 14.1 billion in 2010. The decrease of 3% can be broken down by business area as follows:

- in Exploration & Production, EBITDA was up DKK 0.6 billion at DKK 5.7 billion due to higher oil and gas prices and higher production, partly offset by higher costs for exploration and for repair of the Siri platform
- in Wind Power, EBITDA was DKK 0.1 billion ahead at DKK 1.8 billion in 2011, driven by higher revenue, whereas higher costs due to higher operating activity and development of the business area had an adverse impact on EBITDA
- in Thermal Power, EBITDA was DKK 2.3 billion, in line with 2010. The positive effect from the new gas-fired power stations outside Denmark that became operational at the end of 2010 and higher sales of system services, etc., was partly offset by lower electricity and heat generation in Denmark due to milder weather and a significantly lower green dark spread
- in Energy Markets, EBITDA was down DKK 1.0 billion at DKK 2.0 billion, primarily reflecting lower earnings from gas sales under fixed-price and oil-indexed contracts. Renegotiation of gas contracts had a significant positive effect of around DKK 1 billion in 2011. The new gas-fired power stations adversely affected EBITDA due to low green spark spreads. The effect on consolidated EBITDA from the new gas-fired power stations was neutral
- in Sales & Distribution, EBITDA remained unchanged at DKK 2.0 billion. Lower revenue from gas sales was offset by a lower cost level.

Depreciation, amortisation, impairment losses and EBIT

DKK million	2011	2010	Δ
Depreciation, amortisation and impairment losses	7,670	6,015	1,655
EBIT	6,100	8,120	(2,020)

Depreciation, amortisation and impairment losses amounted to DKK 7.7 billion, an increase of DKK 1.7 billion on 2010. The increase reflected new assets in operation and higher impairment losses. The impairment losses in 2011 were made up of DKK 0.6 billion on the offshore gas pipelines from the North Sea to Denmark due to an officially instigated transmission tariff reduction and DKK 0.3 billion on goodwill due to changed pricing in the Dutch market.

EBIT was consequently DKK 6.1 billion compared with DKK 8.1 billion in 2010. The DKK 2.0 billion decrease was made up of a DKK 0.3 billion decrease in EBITDA and, as mentioned above, a DKK 1.7 billion increase in depreciation, amortisation and impairment losses.

Gain (loss) on disposal of enterprises

Disposals of enterprises generated a gain of DKK 0.2 billion against DKK 0.9 billion in 2010 and related mainly to a purchase price adjustment from the sale of the Spanish and Portuguese wind activities (Energi E2 Renewables Ibericas S.L.) in 2007.

Net finance costs

DKK million	2011	2010	Δ
Interest expense, net	(642)	(1,218)	576
Interest element of decommissioning obligations	(176)	(196)	20
Other, net	536	(181)	717
Net finance costs	**(282)**	**(1,595)**	**1,313**

Net finance costs amounted to DKK 0.3 billion compared with DKK 1.6 billion in 2010. Net interest expense was cut by half to DKK 0.6 billion in 2011, reflecting partly the falling interest rate level, which led to lower interest expense as a large proportion of the loan portfolio was converted to floating-rate loans through 2011, and partly higher interest income from business partners and a finance lease. The conversion of the loan portfolio has now been terminated against the background of the falling interest rate level, and the loan portfolio now again consists primarily of fixed-interest rate loans.

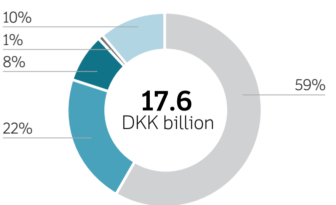
Other finance costs amounted to income of DKK 0.5 billion net and related partly to positive capital gains on the bond portfolio due to the falling interest rate level, and partly to foreign exchange adjustments related to rising USD and GBP exchange rates in the second half. This had a positive net effect on cash and cash equivalents, margin accounts, receivables and trade payables.

Income tax

Tax on profit for the year was an expense of DKK 3.2 billion versus DKK 3.0 billion in 2010. The tax rate was 53% against 40% in 2010. The increase mainly reflected the fact that earnings in Norway, where hydrocarbon income is taxed at 78%, represented a larger portion of total earnings than in 2010.

Total tax contribution

DONG Energy's contribution to society in the form of direct and indirect taxes relating to its activities has been determined using the TCC (Total Tax Contribution) model.



The total contribution to society for 2011 was DKK 17.6 billion, of which 94% (DKK 16.6 billion) accrued to the Danish State in the form of direct taxes, energy taxes, value added tax, PAYE tax, etc.

Profit for the year and dividends

DKK million	2011	2010	Δ
Profit for the year	2,882	4,499	(1,617)

Profit for the year was DKK 2.9 billion, down DKK 1.6 billion on 2010, primarily reflecting a lower gain on disposal of enterprises and an increase in tax paid in Norway.

The Board of Directors will recommend at the AGM that a dividend of DKK 4.96 per share be paid for 2011 (2010: DKK 7.50 per share). This provides dividend of DKK 1.5 billion (2010: DKK 2.2 billion), equivalent to 60% of profit for the year, less coupon after tax to hybrid capital holders and non-controlling interests' share of profit for the year.

Cash flows from operating activities

DKK million	2011	2010	Δ
Cash flows from operating activities	12,624	14,214	(1,590)

Cash inflow from operating activities decreased by DKK 1.6 billion to DKK 12.6 billion in 2011, principally due to an increase in tax paid in Norway. Having the opposite effect were lower paid net finance costs and realised gains on hedging of net investments in foreign subsidiaries compared with a realised loss in 2010.

Investments

DKK million	2011	2010	Δ
Gross investments	**(18,451)**	**(15,692)**	**(2,759)**
Disposals of assets and enterprises	1,981	3,217	(1,236)
Transactions with non-controlling interests	3,410	3,945	(535)
Net investments	**(13,060)**	**(8,530)**	**(4,530)**

For a more detailed breakdown of investments, reference is made to the statement of cash flows on page 67.

Net investments were DKK 13.1 billion against DKK 8.5 billion in 2010 and consisted of gross investments of DKK 18.5 billion and sale of assets and companies and transactions with non-controlling interests amounting to DKK 5.4 billion.

The main gross investments in new activities, expansion of existing areas of activity and efficiency improvement and renewal of existing facilities in 2011 were:

- expansion of wind activities (DKK 10.9 billion), including the UK offshore wind farms Walney (DKK 4.8 billion), London Array (DKK 3.6 billion) and Lincs (DKK 0.9 billion), the Danish offshore wind farm Anholt (DKK 0.2 billion) and the German offshore wind farm Borkum Riffgrund 1 (DKK 0.2 billion)
- development of oil and gas fields and infrastructure (DKK 5.6 billion), including the Norwegian gas fields Oselvar (DKK 1.0 billion), Marulk (DKK 0.5 billion), Ormen Lange (DKK 0.5 billion) and Trym (DKK 0.4 billion), UK Laggan-Tormore (DKK 0.9 billion) and the Syd Arne field in Denmark, primarily from phase three (DKK 0.7 billion)
- thermal activities (DKK 0.7 billion), including the construction of the gas-fired Enecogen power station in the Netherlands (DKK 0.4 billion)
- underground installation of power cables in North Zealand and other capital expenditure in the electricity distribution network in Denmark (DKK 0.5 billion)

Disposals represented mainly transmission assets related to the Barrow, Walney 1 and Gunfleet Sands wind farms and transactions with non-controlling interests, including the disposal of 49.9% of Gunfleet Sands, capital contributions in respect of Walney and an adjustment to the selling price for accounting purposes of Walney.

Cash flows from financing activities

DKK million	2011	2010	Δ
Cash flows from financing activities	4,918	1,122	3,796

Cash flows from financing activities were DKK 4.9 billion compared with DKK 1.1 billion in 2010. The positive effect was primarily attributable to transactions with non-controlling interests (including a reduction in interest-bearing balances from previous years) of DKK 3.9 billion. To this should be added a net effect from the issuing and partial repurchase of hybrid capital in January 2011 of DKK 1.3 billion and the raising of DKK 1.5 billion short-term debt (repo transactions) and DKK 1.0 billion long-term debt for partial financing of the Danish offshore wind farm Anholt.

Dividend paid to shareholders was DKK 2.2 billion and coupon to hybrid capital holders DKK 0.5 billion.

Balance sheet

DKK million	2011	2010	Δ
Assets	154,073	137,339	16,734
Interest-bearing net debt	23,615	22,139	1,476
Equity	57,740	51,308	6,432

The balance sheet total increased by DKK 16.7 billion to DKK 154.1 billion at the end of 2011. The increase primarily reflected DONG Energy's continued investment activities in wind farms and oil and gas fields.

Net interest-bearing debt increased by DKK 1.5 billion only, amounting to DKK 23.6 billion at the end of 2011, as cash outflow from investing activities was largely financed by cash inflow from operating activities and disposals.

Equity increased by DKK 6.4 billion, standing at DKK 57.7 billion at the end of 2011. The increase was primarily driven by profit for the year of DKK 2.9 billion, the issuing of hybrid capital in January 2011 with a net effect of DKK 1.3 billion and transactions with non-controlling interests amounting to DKK 4.0 billion, while dividend paid and coupon payments to hybrid capital holders had an adverse effect on equity.

Return on capital employed (ROCE)

DKK million	2011	2010
Operating profit (EBIT)	6,100	8,120
Share of profit of associates	36	77
Hydrocarbon tax	(1,516)	(1,017)
Interest element of decommissioning obligations	(176)	(196)
Adjusted operating profit	**4,444**	**6,985**
Non-interest-bearing assets	136,728	121,082
Non-interest-bearing liabilities	(55,373)	(47,634)
Capital employed	**81,355**	**73,448**
Property, plant and equipment under construction	(23,037)	(19,145)
Exploration assets	(1,611)	(975)
Production assets transferred from property, plant and equipment under construction in the past six months	(6,517)	(7,022)
Adjusted capital employed	**50,190**	**46,306**
Return on capital employed (ROCE), %	5.7	9.6
Adjusted return on capital employed, %	9.2	15.1

The return on capital employed was 5.7% in 2011 versus 9.6% in 2010, while the adjusted return on capital employed was 9.2% in 2011 versus 15.1% in 2010. The return on capital employed is calculated on the basis of operating assets, defined as non-interest-bearing net assets. Adjusted return on capital employed has been calculated by also deducting the cost of assets under construction and exploration assets as well as production assets transferred from assets under construction in the six months preceding the balance sheet date. The reason for this is to take account of the fact that earnings are limited during the start-up phase in connection with the start-up of operation of an asset.

Capital structure

Adjusted net debt amounted to 2.0 times cash flows from operating activities at the end of 2011. This was on a par with 2010 and significantly below the target of adjusted net debt not exceeding 3.0 times cash flows from operating activities.

The financial key ratio for capital structure will be changed, from and including 2012, with EBITDA replacing cash flows from operating activities in the denominator. The change is being made to link the capital structure target to EBITDA, which is DONG Energy's overall performance measure, and which, following the introduction of business performance results, better represents the Group's underlying financial performance. This financial key ratio stood at 1.9 times at the end of 2011, which was also on a par with 2010.

Further information on the capital structure can be found in the chapter Financial outlook for 2012.

New presentation of profit for the year focusing on business performance

DONG Energy has expanded its business activities in several energy markets in recent years. As a result, the Group has adopted a more active risk management approach in some areas in order to enhance value creation and create a greater degree of certainty with respect to the Group's financial position.

This is achieved by hedging all or part of the value of the Group's production and purchases and sales of energy to avoid performance being affected by unfavourable movements in market prices.

As a hedging instrument that precisely matches the underlying commercial exposure (production or trading) or is sufficiently liquid is not always available, the Group uses approximation hedging, to some extent, i.e. hedging in alternative markets or with different time frames. For example, Danish electricity generation is, to some extent, hedged using financial contracts for the EEX and Nord Pool areas, as these prices normally move uniformly over time.

Accordingly, only a portion of the Group's economic hedging meets the IFRS criteria for cash flow hedge accounting, even though they have been entered into precisely for this purpose. If the criteria are not satisfied, the hedging transactions must be market value adjusted on a continuous basis, which may give rise to large fluctuations in the income statement, regardless of the fact that the hedging transactions have reduced the financial risk.

With effect from 1 January 2011, the Group therefore changed the way in which it accounts for derivative financial instruments used to hedge future cash flows relating to commodities and related currency exposures, so that these are no longer classified as hedge accounting.

Instead, an alternative performance measure, business performance, has been introduced to ensure greater transparency in the financial reporting. In the income statement, the business performance results are shown in connection with the results determined in accordance with IFRS. The difference between the two performance measures is shown as adjustments.

Connection between these performance measures

The business performance results reflect the internal management of the Group. The results have been adjusted for temporary fluctuations in the market value of contracts, including hedging transactions relating to other periods. The financial effect of this hedging is therefore recognised in the income statement in the same period as the hedged commercial exposure. This way, the business performance income statement better represents the underlying financial performance of the Group during the period.

In future, hedging transactions relating to the commercial exposures referred to above will be recognised at fair value with value adjustment via the income statement in the IFRS financial statements, regardless of the period to which they relate. As DONG Energy enters into hedging transactions with terms of up to five years, this may have a major impact on the results for individual reporting periods. The timing differences relating to movements in the market value of contracts, including hedging transactions that are deferred to the period in which they are to be recognised, are shown as an adjustment between the performance measures. These adjustments will accumulate to nil over time.

The accounting treatment of trading activities remains unchanged compared with previous periods so that market value adjustments of these transactions are recognised in the period in which the change in value occurs and with the same effect on the IFRS and business performance results.

Unless otherwise stated, Management's review comments on the business performance results.

Physical electricity and gas contracts

As part of its overall risk management, the Group enters into fixed-price contracts on purchase and sale of physical electricity and gas on exchanges and hubs with a view to mitigate risk related to future settlement prices. The Group also enters into fixed-price contracts with customers in the course of its commercial activities.

Under IFRS, these contracts must, as a rule, be classified as financial contracts with continuous market value adjustment in the income statement, if a liquid market exists in which the underlying commercial exposure (production, purchase or sale) can be traded. If this is not the case, the financial effect of the contracts will not be recognised until the reporting period in which the commercial exposure is realised (accrual accounting).

Physical fixed-price electricity and gas contracts will, in future, be recognised in the business performance results in the period in which the hedged exposure is realised, regardless of whether the market is liquid or illiquid.

As the Group's risk management comprises both financial and physical fixed-price contracts, these are reported on collectively as hedging transactions.

Difference in EBITDA for 2011 between business performance and IFRS

The difference between the business performance and IFRS results affects both revenue and cost of sales. In 2011, the difference in EBITDA was DKK 1.8 billion.

EBITDA, DKK million	2011
Business performance	**13,770**
Initial recognition of certain physical fixed-price electricity and gas contracts for delivery in other periods	(1,817)
Market value adjustments for the period of financial and physical hedging contracts relating to other periods	3,267
Deferred losses/gains relating to financial and physical hedging contracts where the hedged production or trading is recognised in the period under review	375
Total adjustments	**1,825**
Of which recognised in revenue	1,595
IFRS	**15,595**

A large portion of the difference was due to the discontinuation of hedge accounting for commodities and related currency exposures and initial recognition of certain fixed-price contracts. This part of the difference would consequently not have arisen if the existing classification had been retained.

Initial recognition of certain contracts

Based on the development in the European energy markets, including increased liquidity and trading in the markets, certain physical electricity and gas contracts that have not previously been fair value adjusted in the financial statements are now classified as financial contracts. The market value of these contracts at 1 January 2011 was therefore recognised in the income statement in the IFRS financial statements.

As these contracts had not been realised at the start of the year, and therefore should not affect the business performance results, they were recognised in the adjustment between the two performance measures and will continue to be recognised in this adjustment until they are realised.

The market value of these contracts was negative with DKK 1.8 billion at 1 January 2011. The contracts related primarily to net forward sales of gas on the Dutch TTF gas hub at fixed prices with a view to reducing the Group's exposure to the price development and electricity sales in Denmark at fixed prices at auction (terms of up to three years). These sales form an integral part of the hedging of the Danish thermal electricity generation.

The negative market value reflected the fact that the electricity and gas were sold at prices below the forward prices at the start of 2011.

Market value adjustments relating to other periods

The IFRS results include a DKK 3.3 billion market value adjustment of financial and physical hedging contracts, as the value of these hedging transactions is not to be recognised in the business performance results until subsequent periods.

The positive market value adjustment related primarily to a positive effect from hedging of electricity and gas at higher prices and USD at a lower exchange rate than the respective market prices at 31 December 2011.

A large portion of the market value adjustment in the IFRS results reflected the discontinuation of hedge accounting for commodities and related exposures as well as initial recognition of certain fixed-price contracts, and therefore would not have affected the income statement if the existing classification had been retained.

Deferred losses/gains

Lastly, deferred losses and gains on financial and physical hedging transactions from previous periods have been recognised where the commercial exposure (production, purchase or sale) has been recognised in 2011.

The positive effect of DKK 0.4 billion reflected a loss in the IFRS results in previous years that is to be recognised as a loss in the business performance results in 2011.

The loss for recognition in the business performance results related primarily to higher electricity prices in 2011 than at the dates of the hedging. The loss were partly offset by a gain on gas hedging.

Cash flows and equity

The new presentation of the results has not had any effect on the Group's cash flows from operating activities. It has simply resulted in a redistribution between the "EBITDA" and "other adjustments" items, equivalent to the difference between the market value adjustments.

The new presentation has not had any effect on the Group's total equity.

Non-financial performance

The Group's non-financial performance highlights are set out on page 6 and commented on here and on page 7. For a detailed description, reference is made to the Group's verified GRI reporting and the responsibility part of dongenergy.com.

Environment

		2011	2010
EU ETS CO_2 emissions	million tonnes	10.8	11.8
CO_2 emissions per energy unit generated (electricity and heat)	g/kWh	486	524
Green proportion of electricity and heat generation	%	29	30

Power station EU ETS CO_2 emissions totalled 10.8 million tonnes in 2011 compared with 11.8 million tonnes in 2010.

In 2011, the downward trend in CO_2 emissions per kWh generated continued as a result of lower consumption of coal and increased wind generation. CO_2 emissions per electricity and gas energy unit generated were 486 g/kWh in 2011 against 524 g/kWh in 2010.

Green electricity and heat generation accounted for 29% versus 30% in 2010. The marginal decline was due to higher generation from new gas-fired power stations, which was only partly offset by higher generation from wind farms.

Health and safety

		2011	2010
Lost time injuries	number	74	93
Lost time injury frequency (LTIF)	per one million hours worked	4.1	4.6
Fatalities	number	3	3

Health and safety factors form part of the ambition to operate the company responsibly and have committed and highly skilled employees.

There were 74 lost time injuries in 2011, including 40 among suppliers. Converted to lost time injuries per one million hours worked (LTIF), the total number of injuries at DONG Energy and the Group's suppliers fell from 4.6 in 2010 to 4.1 in 2011, the lowest ever in DONG Energy's history. The injury frequency target set for 2011 was 5.2. For 2012, the target has been tightened to 4.1, equivalent to the level achieved in 2011.

In 2011, there were two tragic incidents in which three persons lost their lives. Onboard a coal tanker, two persons died when they entered an area below deck where there was no oxygen. At a construction site, a subcontractor employee died during a fire in a tower. DONG Energy takes these accidents very seriously and has stepped up preventive action.

In 2011, the Group continued its efforts to develop a strong safety culture focusing on risk assessment and proactive prevention as well as follow-up on all incidents to continuously improve safety performance at both DONG Energy and its contractors and partners.

Performance

The financial and environmental performance of each of the Group's five business areas in 2011 is commented on in the following.

Exploration & Production

Performance highlights		2011	2010
Volumes			
Oil and gas production	million boe	26.4	24.4
- oil	million boe	9.3	9.0
- gas	million boe	17.1	15.4
Financial performance			
Revenue	DKK million	10,469	8,264
EBITDA	DKK million	5,684	5,051
EBITDA adjusted for hydrocarbon tax	DKK million	4,208	4,085
EBIT	DKK million	3,204	3,101
Adjusted operating profit	DKK million	1,628	2,036
Gross investments	DKK million	(5,626)	(4,023)
Capital employed			
Capital employed	DKK million	18,186	17,122
PPE under construction	DKK million	(8,381)	(6,357)
Exploration assets	DKK million	(1,611)	(975)
Production assets transferred from PPE under construction in the past six months	DKK million	(335)	(417)
Adjusted capital employed	DKK million	7,859	9,373
Environment			
EU ETS CO_2 emissions	million tonnes	0.1	0.1
Gas flaring	million Nm^3	8	32
Oil discharged to sea	tonnes	16	8
Reinjection of produced water on production platforms	%	68	78

Volumes

Oil and gas production was up 8% at 26.4 million boe in 2011.

Oil production was 3% ahead at 9.3 million boe, primarily due to the start-up of production at the Trym oil and gas field. Production from Siri was lower due its periodical closure as a result of tightened safety precautions while the platform is being repaired.

Gas production, which came primarily from the Ormen Lange field in Norway, rose by 11% to 17.1 million boe in 2011, representing 65% of total production. 18% of production came from Danish fields and 82% from Norwegian fields.

Financial performance

Revenue was DKK 10.5 billion, DKK 2.2 billion ahead of 2010. Revenue benefited from the higher oil and gas prices and higher production. Oil price hedging had a negative impact due to the higher oil prices.

EBITDA increased by DKK 0.6 billion to DKK 5.7 billion in 2011, primarily due to the increase in revenue, which was partly offset by higher exploration costs. Costs for the repair of the subsea structure at the Siri platform were DKK 0.8 billion in 2011, of which DKK 0.6 billion related to the permanent repair solution. The repair work on the Siri platform is expected to be completed in 2013.

EBIT was up DKK 0.1 billion on 2010, which was less than the increase in EBITDA as a result of higher depreciation in Norway, primarily reflecting the start-up of production at Trym.

Environment

Discharges of oil to sea together with produced water from the oil and gas exploration activities amounted to 16 tonnes in 2011 against 8 tonnes in 2010. The increase mainly reflected significantly higher volumes of produced water at the older Norwegian fields Ula and Gyda, as a natural outcome of their production patterns.

On the Siri platform, which is operated by DONG Energy, 2.2 tonnes of oil was discharged, compared with 2.7 tonnes in 2010. The reduction primarily reflected an unchanged cleaning efficiency and increased reinjection of produced water into the reservoir.

Reinjection of oil-containing produced water was reduced to 68%, overall, compared with 78% in 2010, while reinjection from the Siri platform improved from 94% to 97% in 2011.

DONG Energy's share of gas flaring on the Siri platform was 3 million Nm^3 in 2011, matching the 2009 level, which led to a decrease in EU ETS CO_2 emissions. The unusually high level of gas flaring on the Siri platform in 2010, 29 million Nm^3, was due to challenges related to treatment of the gas from the new satellite platform Nini Øst, which is connected to the Siri platform.

Wind Power

Performance highlights		2011	2010
Volumes			
Electricity generation, wind and hydro	TWh	4.4	4.0
Financial performance			
Revenue	DKK million	4,312	2,952
EBITDA	DKK million	1,799	1,730
EBIT	DKK million	856	959
Adjusted operating profit	DKK million	861	979
Gross investments	DKK million	(10,872)	(6,378)
Capital employed			
Capital employed	DKK million	29,443	21,097
PPE under construction	DKK million	(13,859)	(7,483)
Production assets transferred from PPE under construction in the past six months	DKK million	(1,851)	(792)
Adjusted capital employed	DKK million	13,733	12,822

Volumes

Generation from wind and hydro was 11% ahead at 4.4 TWh in 2011. Generation from offshore wind farms increased due to the start-up of production at Walney 1, more turbines in operation at Gunfleet Sands and higher output from Horns Rev 2. Generation from onshore wind farms in Poland and Denmark also increased, while hydro output in Sweden was less than in 2010.

Generation from wind and hydro represented 22% of the Group's overall electricity generation in 2011 compared with 20% in 2010.

Financial performance

Revenue was up DKK 1.4 billion at DKK 4.3 billion in 2011. Around 2/3 of revenue came from government revenue schemes, the key elements of which were fixed tariffs (primarily Denmark) and guaranteed minimum prices for green certificates (primarily the UK). The rest of revenue in 2011 was sold at market prices, but as a large portion had been hedged at fixed prices, the development in the electricity price only had limited effect on revenue.

EBITDA was DKK 0.1 billion ahead at DKK 1.8 billion in 2011, driven by higher revenue, whereas higher costs due to the higher operating activity and building up of the business area had an adverse impact on EBITDA. EBIT amounted to DKK 0.9 billion and was marginally lower than in 2010, as the higher EBITDA was offset by higher depreciation on the new wind farms.

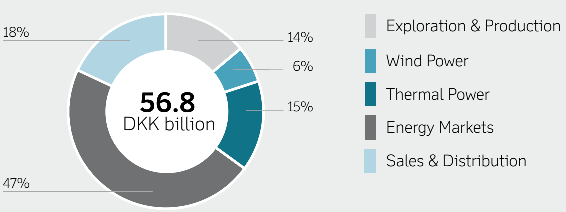
Thermal Power

Performance highlights		2011	2010
Volumes			
Electricity generation, thermal	TWh	12.6	15.3
Heat generation	PJ	42.6	53.2
Financial performance			
Revenue	DKK million	10,665	11,731
EBITDA	DKK million	2,255	2,228
EBIT	DKK million	752	557
Adjusted operating profit	DKK million	720	511
Gross investments	DKK million	(714)	(3,853)
Capital employed			
Capital employed	DKK million	17,882	19,085
PPE under construction	DKK million	(214)	(3,596)
Production assets transferred from PPE under construction in the past six months	DKK million	(3,883)	(5,345)
Adjusted capital employed	DKK million	13,785	10,144
Environment			
EU ETS CO_2 emissions	million tonnes	9.5	11.1

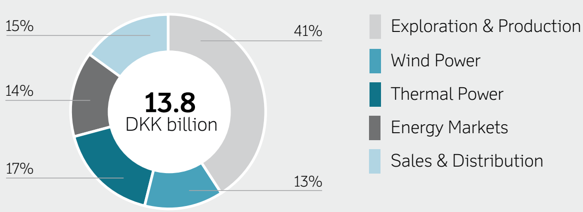
Volumes

Both electricity and heat generation were lower in 2011 than the previous year due to a milder winter. Electricity generation was thus 12.6 TWh, down 18% on 2010, while heat generation was down 20% at 42.6 PJ.

Revenue 2011



EBITDA 2011



Financial performance

Revenue was down DKK 1.1 billion at DKK 10.7 billion in 2011 due to lower electricity and heat generation and lower electricity prices in Denmark. The decline was partly offset by higher sales of system services etc. to Energinet.dk and the full-year effect of the new gas-fired power stations in the UK (Severn) and Norway (Mongstad), which became operational at the end of 2010.

EBITDA was DKK 2.3 billion in 2011, in line with 2010. The new gas-fired power stations had a positive effect on EBITDA, but this was offset by lower earnings from the Danish power stations due to lower electricity and heat generation and a significantly lower spread.

EBIT increased by DKK 0.2 billion to DKK 0.8 billion in 2011. The improvement relative to EBITDA reflected impairment losses on small-scale power stations in 2010.

Environment

Danish power station EU ETS CO_2 emissions totalled 9.5 million tonnes compared with 11.1 million tonnes in 2010. The decline reflected lower generation.

There were four significant environmental incidents in 2011. At Kyndby power station, there was an increased release of nitrogen after operating problems at the wastewater treatment plant. At Stigsnæs power station, there was a spill of 8 m^3 of fuel oil, partly onto soil and partly into a tank yard with a concrete base. In addition, there were two spills of significant volumes of oil onto soil from the oil storage tank facility in Skælskør. In all cases, the cleaning up of the areas were accepted by the environmental authorities.

Energy Markets

Performance highlights		2011	2010
Volumes			
Gas sales	TWh	122.3	118.5
Electricity sales	TWh	9.9	10.4
Electricity generation, thermal	TWh	3.4	0.9
Financial performance			
Revenue	DKK million	33,689	31,516
EBITDA	DKK million	1,963	2,959
EBIT	DKK million	778	2,394
Adjusted operating profit	DKK million	751	2,386
Gross investments	DKK million	(333)	(477)
Capital employed			
Capital employed	DKK million	6,553	4,327
PPE under construction	DKK million	(133)	(106)
Adjusted capital employed	DKK million	6,420	4,221
Environment			
EU ETS CO_2 emissions	million tonnes	1.2	0.5
Gas flaring	million Nm^3	1.0	1.0

Volumes

Gas sales (incl. sales to own power stations) increased by 3% to 122.3 TWh, reflecting significantly higher sales on hubs. Wholesale sales were lower, on the other hand, primarily due to milder weather than in 2010. This led to lower sales in Denmark, Sweden and Germany and to own power stations.

Electricity sales were 9.9 TWh, a decrease of 5% on 2010. Electricity generation from the gas-fired Severn power station, which became operational in 2010, amounted to 3.2 TWh in 2011. Both units were shut down following damage to both turbines in July 2011. One unit

was brought back online in October 2011, while the other unit is expected to be brought back online in the first half of 2012. Both units are running at reduced output until the repairs have been completed. The gas-fired Enecogen power station in the Netherlands became operational at the end of 2011, generating 0.2 TWh.

Financial performance

Revenue increased by DKK 2.2 billion to DKK 33.7 billion due to higher electricity generation and gas sales and higher gas sales prices than in 2010.

EBITDA was DKK 2.0 billion, DKK 1.0 billion down on 2010, primarily reflecting lower earnings from gas sales under fixed-priced and oil-indexed contracts than in 2010. Renegotiation of gas contracts had a significant positive effect of around DKK 1 billion in 2011, while the new gas-fired power stations in the UK and the Netherlands depressed EBITDA due to the low green spark spreads. The consolidated EBITDA effect of the new gas-fired power stations was neutral.

EBIT was down DKK 1.6 billion at DKK 0.8 billion in 2011 due to the lower EBITDA and a DKK 0.6 billion impairment loss on offshore gas pipelines in the first half of 2011.

Environment

EU ETS CO_2 emissions rose compared with 2010, as 2011 was the first full year of operation for the Severn power station. A small portion of CO_2 emissions was due to flaring at the Nybro gas treatment plant. This portion was in line with 2010.

Sales & Distribution

Performance highlights		2011	2010
Volumes			
Gas sales	TWh	20.3	24.2
Gas distribution	TWh	9.9	11.4
Electricity sales	TWh	7.6	8.2
Electricity distribution	TWh	8.8	9.1
Oil transportation, Denmark	million bbl	72	78
Financial performance			
Revenue	DKK million	13,009	14,185
EBITDA	DKK million	2,027	2,036
EBIT	DKK million	566	1,057
Adjusted operating profit	DKK million	584	1,072
Gross investments	DKK million	(810)	(858)
Capital employed			
Capital employed	DKK million	10,944	12,064
PPE under construction	DKK million	(530)	(507)
Production assets transferred from PPE under construction in the past six months	DKK million	(447)	(511)
Adjusted capital employed	DKK million	9,967	11,046

Volumes

Gas sales were 20.3 TWh, down 16% on 2010, primarily reflecting the milder winter than in 2010 and growing competition in the Danish market, with a resulting decline in market share.

Gas distribution was also affected by the milder winter, amounting to 9.9 TWh, a decrease of 13% on 2010.

There was also a small decline in both distribution and sales of electricity and in transportation in the oil pipeline compared with 2010.

Financial performance

Revenue was down DKK 1.2 billion, at DKK 13.0 billion, primarily reflecting lower gas volumes being sold due to intensifying competition and milder weather in 2011 as well as a fall in payments recovered from consumers on behalf of Energinet.dk. These collected payments have no EBITDA effect.

The lower revenue was offset by a lower cost level. EBITDA was consequently DKK 2.0 billion in 2011, the same level as the previous year.

EBIT was down DKK 0.5 billion, amounting to DKK 0.6 billion in 2011. The decline primarily reflected a DKK 0.3 billion impairment loss on goodwill related to the Dutch sales subsidiary in 2011 due to changed pricing in the Dutch market.

Environment

A significant environmental incident occurred in 2011 in connection with the establishment of a motorway, when a gas pipe suffered excavation damage by the contractor, resulting in a leak of 36 thousand m^3 of methane. After the fracture, the gas supply was shut off immediately to prevent a major gas leak. Internal and external emergency plans functioned as planned and the damage was rapidly repaired.

External assumptions and market conditions

Europe is still affected by the economic crisis, not least by the government debt crisis in Southern Europe. The future price development and energy demand are therefore subject to particular uncertainty.

Market prices and hedging

The movements in a variety of market prices, including oil, gas, electricity, coal, CO_2 and the USD and GBP exchange rates, impact on DONG Energy's financial performance. The profit outlook for 2012 is based on the average market prices in the table.

A large portion of market price exposure in 2012 has been hedged, which means that any deviations from assumed prices will not filter through in full to financial performance. Price hedging of oil and gas is carried out after adjustment for hydrocarbon taxation (primarily in Norway) to achieve the desired cash flow effect after tax. As will be seen from the table below, DONG Energy's overall exposure to changes in energy prices is limited from a short-term perspective. All other things being equal, a concurrent 10% increase in prices will change EBITDA by around DKK 0.8 billion in 2012. The corresponding change in EBITDA after hydrocarbon taxation is around DKK 0.2 billion.

Market prices

(average)		Estimate 2012	Actual 2011
Oil, Brent	USD/bbl	105	111
Gas, TTF	EUR/MWh	23	23
Gas, NBP	EUR/MWh	23	22
Electricity, Nord Pool system	EUR/MWh	37	47
Electricity, Nord Pool, DK [1]	EUR/MWh	46	49
Electricity, EEX	EUR/MWh	52	51
Electricity, UK	EUR/MWh	53	55
Coal, API 2	USD/tonne	112	122
CO_2, EUA	EUR/tonne	7.1	13.3
Green dark spread, DK [1]	EUR/MWh	8.2	5.0
Green spark spread, UK	EUR/MWh	4.6	7.8
Green spark spread, NL	EUR/MWh	2.5	4.0
USD exchange rate	DKK/USD	5.7	5.4

Source: Platts, Argus, Nord Pool, LEBA, ECX.
[1] Based on average prices in DK1 and DK2.

Hedging 2012

		Hedging percentage			
		Before hydrocarbon tax	After hydrocarbon tax	Avg. hedging price	10% price increase (DKK million)
Oil	USD/bbl	10%	28%	86	276
Gas	EUR/MWh	53%	91%	23	366
Thermal electricity generation (GDS/GSS)	EUR/MWh	56%	56%	10/6	38
Renewable generation, market price share [1]	EUR/MWh	32%	32%	61	82

[1] Fixed tariffs and guaranteed minimum prices for green certificates account for approx. 2/3 of expected revenue from the wind power portfolio.

FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements, which include projections of financial performance in 2012. 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 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; 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 notes 32 and 33 to the consolidated financial statements.

Further information on DONG Energy's market risks and risk-mitigating initiatives are set out in the section on market and credit risks in the Risk and risk management chapter on page 44. This section also explains the expected effect on the business performance results of financial and physical hedging transactions where the effects on the results are deferred to subsequent periods.

New activities and other assumptions

Compared with 2011, EBITDA in 2012 is expected to benefit from new or significantly expanded activities. This will be offset by increased costs for the repair work on the Siri platform, lower income in Thermal Power and the fact that, in 2012, there will not be a positive effect from renegotiation of gas contracts.

EBITDA outlook for 2012

Based on the market price outlook referred to above and price hedging and the described expectations concerning new activities and other assumptions, business performance EBITDA is expected to be in line with 2011.

EBITDA target

Based on planned investments, the target is still a doubling of EBITDA in the period up to 2015 compared with 2009, when EBITDA was DKK 8.8 billion.

EBITDA in 2013 is expected to be significantly ahead of 2012 due to the start-up of production of new assets. To this should be added the full-year effect of new assets that become operational in 2012.

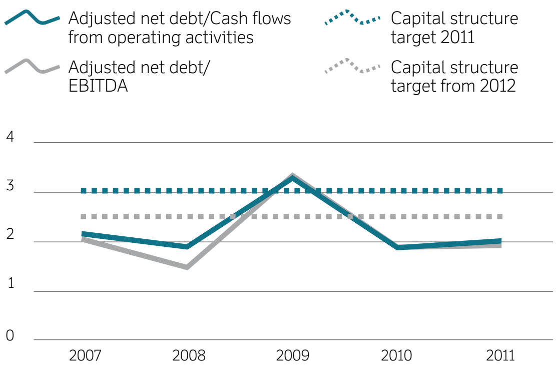
Outlook for net investments

Net investments in the period 2011-13 are still expected to be around DKK 40 billion, remaining unchanged from the outlook in the 2010 annual report.

Target for capital structure

From and including 2012, the long-term target for capital structure has been changed so that adjusted net debt must not exceed 2.5 times EBITDA. The change of the denominator from cash flows from operating activities to EBITDA is being made to link the capital structure objective to EBITDA, which is DONG Energy's overall performance measure, and which, following the introduction of business performance income statement, better represents the Group's underlying financial performance.

Capital structure



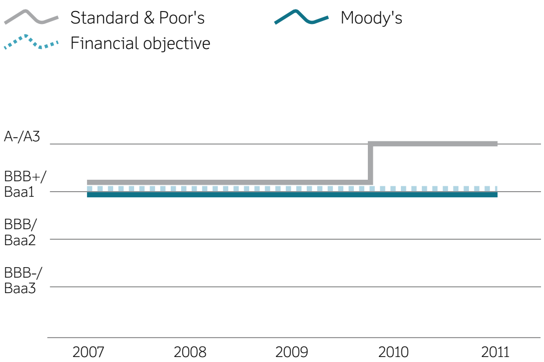
Adjusted net debt is defined as net debt for accounting purposes plus 50% of hybrid capital maturing in 3005.

FINANCIAL OBJECTIVES

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

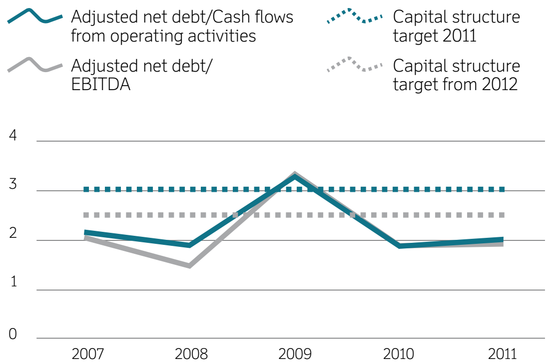
Rating

Rating of minimum BBB+/Baa1



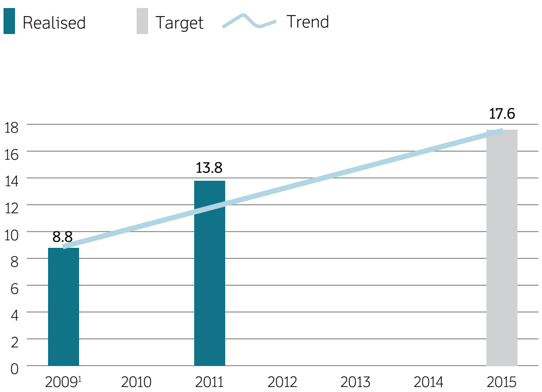
Capital structure

Adjusted net debt must not exceed 2.5 times EBITDA.



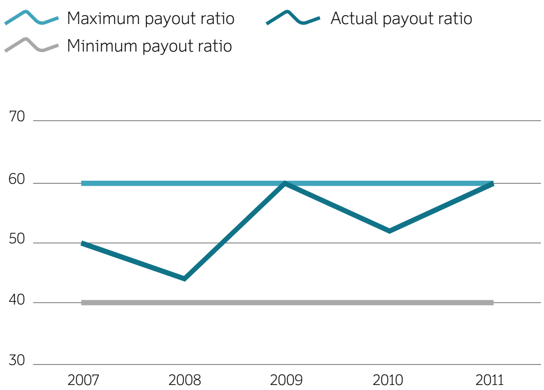
Adjusted net debt is defined as net debt for accounting purposes plus 50% of hybrid capital maturing in 3005.

Doubling EBITDA, DKK billion



[1] EBITDA for 2009 is based on the IFRS financial statements presented.

Dividends, %



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

- A fixed amount of DKK 7.75 per share (in 2011), 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.

DONG Energy has a diversified loan portfolio, with the international bond market as the primary source of funding

DONG Energy 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

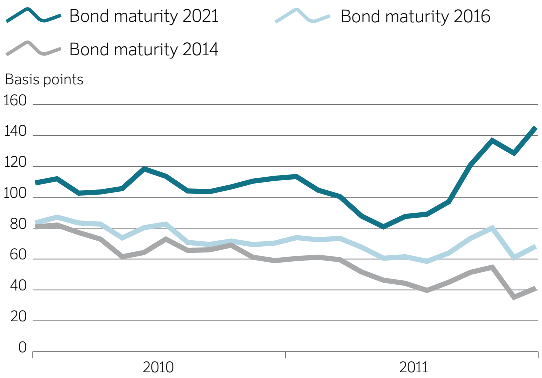
Currency	Principal amount (million)	Coupon (%)	Maturity	Listed in
Corporate bonds				
EUR	500	3.500	29 Jun 2012	Luxembourg
EUR	500	4.875	7 May 2014	London
EUR	500	4.000	16 Dec 2016	London
EUR	500	6.500	7 May 2019	London
EUR	500	4.875	16 Dec 2021	London
GBP [1]	750	4.875	12 Jan 2032	London
GBP	500	5.750	9 Apr 2040	London
Hybrid bonds				
EUR	600	5.500	Year 3005	Luxembourg
EUR	700	7.750	Year 3010	Luxembourg

[1] Issued in January 2012.

Significant financing activities in 2011

Date	Activity
24 Jan	Issuing of hybrid bonds and concurrent partial repurchase of previously issued hybrid bonds
17 Aug	Establishment of new EUR 1,300 million credit facility
20 Sep	Raising of loan from the Nordic Investment Bank (EUR 240 million)

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



Rating

	Standard & Poor's	Moody's
Company rating	A-	Baa1
Ordinary bonds	A-	Baa1
Hybrid bonds	BBB og BB+	Baa3
Outlook	Stable	Stable
Latest rating report	Dec 2011	Jan 2012

DONG ENERGY AND THE CAPITAL MARKET

Financial calendar 2012

Date	Activity
9 Mar	Annual report 2011
18 Apr	Annual General Meeting
11 May	Interim financial report – Q1 2012
10 Aug	Interim financial report – H1 2012
1 Nov	Interim financial report – 9M 2012

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RISK AND RISK MANAGEMENT

Risk is part of the business for DONG Energy. The Group works actively to balance these risks, so that they either create value or are reduced

BUSINESS PERFORMANCE
Unless otherwise stated, Management's review comments on the business performance results.

GLOSSARY
Reference is made to the glossary on pages 127-128 for definitions of terms.

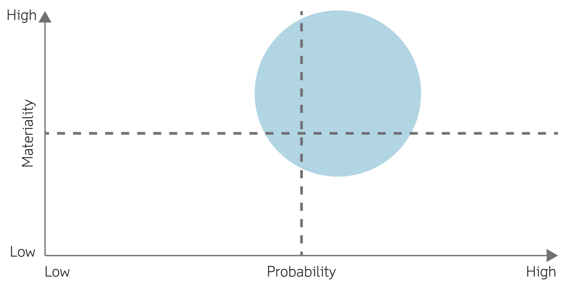
Risks are an integral part of DONG Energy's business. Some market risks are managed with a view to striking the right balance between value creation and associated risks. Here, movements in market prices can be an earnings opportunity as well as a competitive parameter. As far as other risks such as 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 implementation of strategy, including expected earnings, are identified, assessed and form an active part of day-to-day decision-making process. This helps underpin and optimise future value creation in accordance with DONG Energy's strategy. In the years to come, the strategy will contribute to diversifying the Group's risks, partly because DONG Energy's international growth will reduce the relative importance of Danish energy markets.

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 risk matrix on the basis of materiality and probability.

Risk matrix



Selected material risks

Market and credit risks

Energy price risks
- Oil and gas price risks
- Price risks for thermal electricity generation
- Price risks for renewable generation
- Market trading

Financial risks
- Currency risks
- Interest rate risks
- Liquidity and financing risks

Credit risks

Regulatory risks
- Regulatory conditions
- Tax regimes
- Financial regulation

Operational risks
- Construction and operation of facilities
- Subcontractors
- Environment
- Contractual risks
- Partnerships
- Changed demand side characteristics
- Extensive damage to property

Staff and organisational risks
- Employee safety
- Attracting and retaining competent employees
- Fraud

The highlighted risks are explained on the following pages.

Market and credit risks

The Group's net exposure to market risks is illustrated below. In the long term, the Group's market risks are determined by its strategic choices and associated asset mix. DONG Energy mitigates its structural risks through, among other things, its technical and geographical diversification and the transition to greener electricity and heat generation, as described in the chapter Wind and biomass growth. Coupled with balancing of the oil and gas portfolio, this provides a diversified portfolio of assets with different risk profiles.

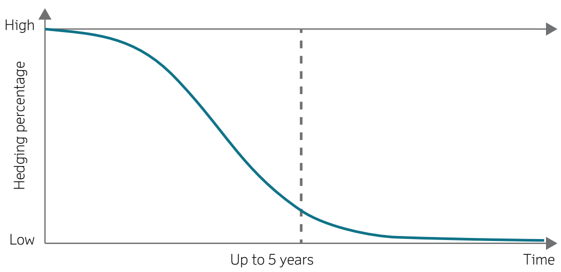
To further reduce the fluctuations in the Group's cash flows in the short and medium terms, price hedging contracts are entered into within the risk management time frame (up to five years). At the short end of the time frame, we want a high level of hedging to achieve a high degree of certainty with 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.

Overall, the diversification of the structural risk and management of the Group's cash flows in the short and medium terms has a positive effect on DONG Energy's capital structure target, as the fluctuations in earnings from the different activities are largely independent of each other and can therefore be assumed to balance each other out to some extent.

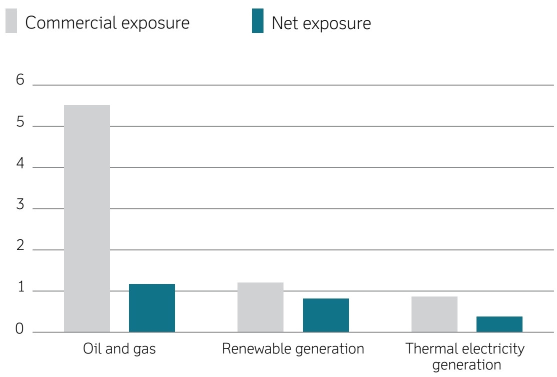
DONG Energy's principle for managing market risks is shown below. Where possible, all of the Group's exposures from production and purchase and sales contracts within the management time frame are combined in the activity Asset-backed optimisation, where they are consolidated and optimised together. The consolidated exposure is then hedged via DONG Energy's trading function (Market trading), which trades exposures in the market within given risk parameters.

Market risks can be divided into energy price risks and financial risks. Financial risks comprise currency risks, interest rate risks and liquidity and financing risks. Energy price risks are affected by 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 higher than for spread-based exposures as the prices of individual commodities are typically more volatile than the levels of wholly or partly correlated energy prices. The figure shows the exposure values for 2012 before and after hedging.

Hedging strategy



Exposure to energy prices in 2012, DKK billion



Risk management principle

Commercial activities

Purchase and production
- Oil and gas production
- Long-term wholesale gas contracts
- Thermal electricity generation
- Renewable generation

Sale
- Retail customers (gas and electricity)
- Wholesale customers (gas and electricity)

Transfer of exposure

Asset backed optimisation
- Managing contract volumes and optimising contracts
- Optimising physical and financial exposures

Hedging of exposure

Market trading
- Efficient execution in the market within given risk limits

Execution in the market

Market counter-parties

Risk and risk policy

Oil and gas price risks

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. The integrated business model thus has a stabilising effect on the company's cash flows and overall risk profile.

The risk to future cash flows from oil and gas price positions is managed with a time frame of five 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 2009-2011.

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.

Exposure and hedging

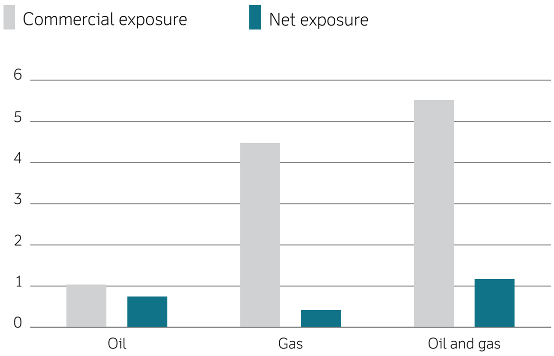
Overall, DONG Energy's oil and gas exposure consists of a long gas position (positive effect if prices rise) and a short oil position. As oil and gas prices have, historically, correlated positively over long periods of time, the long gas exposure will, to some extent, be offset by the short oil exposure, reducing the direct gas price exposure. The net oil and gas price exposure is treated as a spread risk.

In the very short term, the exposure profile may differ from the normal profile. For example, this is the case for oil exposure in 2012, which is marginally long as the proportion of oil-indexed gas sales contracts that have been entered into is higher than normal.

At the end of 2011, 28% of the expected oil exposure and 91% of the expected gas exposure for 2012 had been hedged, equivalent to a total hedging percentage of 79% for oil and gas.

In 2012, a 10% decrease in the price of oil and gas would reduce EBITDA after hydrocarbon tax by DKK 117 million.

Exposure profile for oil and gas in 2012, DKK billion



Price risks for thermal electricity generation

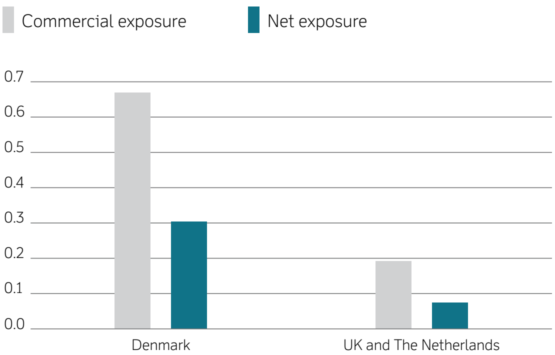
The electricity price is determined by fuel prices, weather conditions, prices for CO_2 emissions allowances and general supply side and demand side characteristics. Risk management of thermal electricity generation is based on freezing the contribution margin for future electricity generation by selling 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 strategic measures involving adaptation of Danish thermal electricity generation and the establishment of new gas-fired power stations in the UK (Severn) and the Netherlands (Enecogen) will, in the years to come, reduce DONG Energy's electricity exposure to Nord Pool from 67% of the value in 2007 to an expected 12% in 2015. This will contribute to a more diversified position in the market.

At the end of 2011, the price exposure relating to 56% of expected generation in 2012 for Denmark, the Netherlands and the UK had been hedged.

Exposure profile for thermal electricity generation in 2012, DKK billion



Price risks 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 regulated pricing. The most important elements are fixed tariffs (Denmark and Germany) and guaranteed minimum prices for green certificates (the UK and Poland).

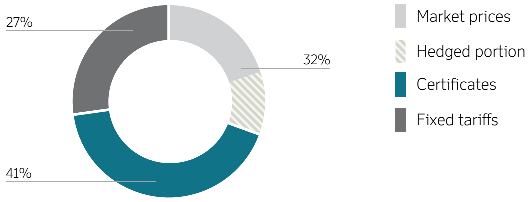
The market price risk for the wind power portfolio is treated as a direct price risk and managed with a time frame of up to five years based on a target for Cash-Flow-at-Risk.

At the end of 2011, fixed tariffs and guaranteed minimum prices for green certificates accounted for two-thirds of expected earnings from the wind power portfolio in 2012.

Wind Power has hedged 32% of its market price exposure in 2012.

In 2012, a 10% decrease in the electricity price would lead to a DKK 82 million decrease in EBITDA.

Breakdown of income from wind farms in 2012



Market trading

When the Group's desired hedging level has been determined, the exposures are transferred to the market trading function, which is then 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.

The market trading function also balances the physical volumes in the market and, to a lesser extent, engages in active taking of 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.

The energy price exposure in market trading was DKK 2 billion at the end of 2011.

The overall one-day 95% Value-at-Risk (VaR) was DKK 55 million.

Currency risks

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 total net exposure is calculated on an ongoing, consolidated basis. 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 in 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 constitute the largest exposures, made up of a long GBP position and a short USD position. At the end of 2011, 97% of the currency exposure in 2012 had been hedged.

Interest rate risks

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 2011. 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. Total interest rate risk at the end of 2011 was DKK 3.1 billion, calculated as the amount by which the market value of debt, hybrid capital and cash and cash equivalents would fall in the event of a one percentage point increase across the interest rate curve. The interest rate risk corresponds to the loan portfolio (excluding hybrid capital) having a duration of 7.7 years.

In 2012, a one percentage point increase in the interest rate would result in a DKK 32 million increase in net interest expense compared with a total cost in 2012 for net debt and hybrid capital at the end of 2011 of DKK 2.1 billion.

Loan portfolio profile
(excl. hybrid capital) at 31 Dec. 2011

Fixed-interest portion[1] (%)	88.9
Duration (years)	7.7
Average time to maturity (years)	9.4
Average interest rate (%)	4.1

[1] The fixed-interest portion incl. hybrid capital was 91.5%

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 42). The credit rating target is ratings of at least BBB+ (Standard & Poor's) and Baa1 (Moody's).

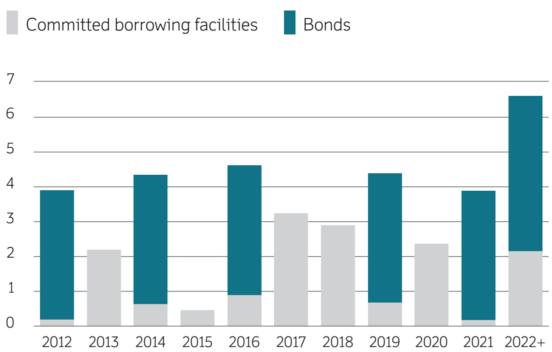
Up to and including 2011, the capital structure target was for adjusted net debt not to exceed three times cash flows from operating activities. From and including 2012, the target has been changed so that adjusted net debt must not exceed 2.5 times EBITDA.

At the end of 2011, cash resources were DKK 23.1 billion, of which DKK 13.4 billion was committed borrowing facilities and DKK 9.7 billion available cash and cash equivalents and securities.

DONG Energy's current ratings are A- (Standard & Poor's) and Baa1 (Moody's).

At the end of 2011, adjusted net debt amounted to 2.0 times cash flows from operating activities and 1.9 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 security. 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 fixed by the Board of Directors and the Executive Board. An internal credit rating is required for major counterparties. Information from external credit rating analyses, information in the public domain and DONG Energy's own analyses are used to establish the internal rating and to assess the extent of the commitment with each counterparty.

DONG Energy did not suffer any losses on individual major counterparties in 2011. However, the recession has led to a certain rise in the number of cases of arrears among retail customers, although from a very low level, and the number appears to have peaked.

For an overview of the credit quality, reference is made to note 32 to the consolidated financial statements.

Results deferred for subsequent recognition in the business performance results

At the end of 2011, 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 the loan portfolio was DKK -0.5 billion. The deferred earnings impact will be recognised in the business performance results in the period in which the commercial exposure is recognised. In 2012, the effect of the contracts on the business performance results will be DKK +0.9 billion, assuming market prices, most of which will have an impact on EBITDA, remain unchanged.

DKK million	Deferred for subsequent recognition end-2011	Expected transfer to business performance results 2012	Expected transfer to business performance results Other years
Oil	361	114	247
Gas	1,188	1,032	156
Electricity	(134)	(78)	(56)
Coal	(103)	(30)	(73)
Currency	(946)	(177)	(769)
Interest	(848)	(6)	(842)
Total derivative financial instruments	(482)	855	(1,337)

Commodities and currency are recognised in revenue and cost of sales. Interest is recognised in net finance costs.

Regulatory risks

Regulatory conditions
Changes in regulatory conditions 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 presence in several stages of the value chain is contributing to reducing the effects of regulatory changes in individual stages of the value chain. Furthermore, DONG Energy follows political and regulatory developments closely in the countries in which this is relevant, 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 for a tightening of the rules on derivatives trading. This has led to three strands of new regulations (EMIR, MiFID and REMIT) that may have considerable implications for DONG Energy in terms not only 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. The REMIT Regulation came into force on 28 December 2011.

Operational risks

Construction and operation of facilities
DONG Energy has a number of risks associated with the development, construction, operation and maintenance of facilities, and these risks cannot all be directly hedged. DONG Energy continuously focuses on avoiding and preventing inexpedient situations by means of inspection, improvement of maintenance programmes and internal and external checks of production equipment and facilities. A number of insurance policies have been taken out to protect the value of the assets, where possible. The subsidiary DONG Insurance A/S was established to optimise the insurance portfolio and is subject to supervision by the Danish Financial Supervisory Authority.

Subcontractors
There are risks associated with the implementation of investment projects, which may be delayed due to factors such as delays in installation and transit vessels, commercial and partner-related factors, breach of contract by suppliers and subcontractors and, for wind farms, 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. By acquiring A2SEA and CT Offshore, the Group has gained control of important expertise in installation logistics related to the establishment of wind farms, enabling the processes to be optimised.

Risk governance

The Board of Directors has the overall responsibility for DONG Energy's risk policy. To achieve transparent, efficient risk management, DONG Energy has organised its risk management in a number of decision-making bodies.

- The Audit and Risk Committee's main risk management role is to support the Board of Directors in its supervision of the risk policy pursued.
- The Executive Board continuously assesses and adjusts the internal control and risk management systems.
- The Finance Committee monitors the Group's risks and financing as well as the management of mandates relating to market price risks.

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 being continuously integrated as a natural part of the Group's activities and decision-making processes.

DONG Energy has an overall environment policy in which the Group takes responsibility for minimising its environmental impact and aims to continually optimise its systems and processes. The policy is followed up by international certified management systems in the parts of the business where this creates value and which entail the highest risks. The environmental management standard ISO 14001 is applied at all Danish facilities that generate electricity and heat, in electricity distribution and in oil and gas activities in the North Sea. Identification and reduction of potential environmental risks and social risks is a statutory requirement on large projects, for example offshore wind farms, 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 disposal and decommissioning.

DONG Energy works systematically to record, manage and follow 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 factored into all the Group's activities. Safety awareness is high, and the Group continuously strives to improve its safety performance through prevention, training, education and involvement of employees to cement the culture: "The safe way – or no way". These initiatives have resulted in a markedly falling injury frequency in recent years.

Despite this positive development and the lowest injury frequency in the history of the Group, DONG Energy did not meet its ambition of zero fatalities in 2011. There were two accidents at the Group's subcontractors that led to three fatalities. DONG Energy takes these extremely seriously.

The Group has therefore increased its focus on the overall safety plan, including safety at subcontractors, 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 programme also comprises development of an e-learning programme that all the Group's employees and suppliers must complete in 2012. This ensures that DONG Energy's core values and safety requirements reach both all the Group's own employees and all supplier employees.

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 the commercial and technical skills in Exploration & Production and Wind Power and commercial skills in Energy Markets.

As DONG Energy is still very 'Danish' in many respects, difficulties may arise in connection with both recruitment and retention of international employees.

In a worst case scenario, an inadequate supply of skilled labour could result in DONG Energy not being able to implement its planned strategy. To reduce this risk, the Group has focused in recent years on a variety of activities, including employer branding, identification of key skills, talent/skills development and improvement of the conditions for attracting skilled foreign labour.

- Group Risk Control is responsible for controlling that DONG Energy's financial risks, associated operational risks, IT risks and strategic risks are identified, measured and accounted for in accordance with the Group's guidelines. Group Risk Control reports to the Chairman of the Board of Directors' Audit and Risk Committee.

DONG Energy also has a central risk management function that continuously monitors the Group's overall financial and energy-related risks and ensures the Group applies appropriate limits for its risk management. The risk management function reports regularly to DONG Energy's Finance Committee, and the Board of Directors' Audit and Risk Committee receives a quarterly report on the risks identified as well as reporting on compliance with guidelines. Market and credit risks are managed under powers approved by the Board of Directors which the Executive Board has delegated via an overall risk policy for DONG Energy and the individual business areas.

DONG Energy also has an independent central function that checks all investment proposals before they are submitted to the management. The function also ensures optimum focus on value creation in the execution of approved investments.

Lastly, DONG Energy is committed to ensuring that the company is a safe workplace and limiting any impacts on the climate and the environment. These efforts are coordinated by the corporate function QHSE (quality, health, safety, environment).

BOARD OF DIRECTORS 2011

CORPORATE GOVERNANCE

DONG Energy's Board of Directors and Executive Board continually strive to improve its corporate governance. The Board of Directors and the Executive Board endeavour to enhance transparency and promote active ownership, partly by ensuring a high information level and engaging in dialogue with shareholders and other relevant stakeholders.

As a State-owned public limited company, DONG Energy operates on terms very similar to those applying to listed companies. The Group has therefore elected to generally comply with the recommendations of the Committee on Corporate Governance that apply to listed companies. The recommendations can be viewed at www.corporategovernance.dk.

In accordance with section 107(c) of the Danish Financial Statements Act, DONG Energy's Board of Directors has prepared a statement on corporate governance. The statement forms an integral part of management's review for the financial year 1 January – 31 December 2011, and is included in the complete annual report on pages 52-55.

The statement includes a description of DONG Energy's management structure, information on the company's positions on 'Recommendations on Corporate Governance' and a description of the principal elements of DONG Energy's internal control and risk management systems in connection with the financial reporting.

28 of the Group's companies are included in the reporting process on internal control. Based on the internal controls identified, these companies represent 86% of revenue and 66% of assets.

FRITZ H. SCHUR

Chairman

b. 1951. Joined the board as Chairman in 2005, re-elected 2011. Term of office expires in 2012. Chairman of Remuneration Committee and Nomination Committee.

Education: BSc (Business Administration), Copenhagen Business School, 1973

Remuneration, Board: DKK 500,000
Remuneration, Committees: DKK 50,000

Career and posts

1973	Formation of FSC A/S (Fritz Schur Consumer Products A/S)
1978-	CEO, Chairman, Deputy Chairman or member of companies in the Fritz Schur Group
1988-1996	Reconstruction and winding up of companies in distress, primarily for banks

Other management positions

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 Boards 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 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 teknik (foundation)

LARS NØRBY JOHANSEN

Deputy Chairman

b. 1949. Joined the board in 1997, re-elected 2011. Deputy Chairman since 2001. Term of office expires in 2012. Chairman of Audit and Risk Committee.
Member of Remuneration Committee and Nomination Committee.

Education: MPhil, Århus University, 1974

Remuneration, Board: DKK 300,000
Remuneration, Committees: DKK 125,000

Career and posts

1974-1983	Odense University, Lecturer in Political Science and from 1978 Associate Professor
1977-1979	European University Center, Florence (Italy), Associate Professor
1982	Harvard University, Visiting Fellow
1983-1985	Danish School of Public Administration, Management Consultant
1986	Danish Insurance Association, Vice President
1986-1988	Baltica, Claims Manager, Vice President
1988-1995	Falcks Redningskorps A/S and Falck Holding A/S, CEO
1995-2000	Falck A/S, CEO
2000-2004	Group 4 Falck A/S, CEO
2004-2005	Group 4 Securicor, CEO

Other management positions
Chairman: Falck A/S and a wholly-owned subsidiary, Georg Jensen A/S, William Demant Holding A/S, Dansk Vækstkapital, University of Southern Denmark

Deputy Chairman: Rockwool Fonden

Member: Codan A/S and a wholly-owned subsidiary, Index Award A/S, Institut for selskabsledelse Aps, Arp-Hansen Hotel Group

HANNE STEN ANDERSEN

Employee representative

b. 1960. Joined the board in 2007. Term of office expires in 2014.

Education: Graduate Diploma in Business Administration, Copenhagen Business School, 1990.
Remuneration, Board: DKK 175,000

Career and posts

1985-1992	Industrirådet (replaced by Confederation of Danish Industry (DI)), Information Consultant
1992-1998	DI, HR Consultant
1998-2000	Leo Pharma A/S, HR Partner for Production
2000-2003	Danisco A/S, Group HR, HR Consultant
2003-	NESA A/S (now DONG Energy A/S), Lead HR Business Partner, Sales & Distribution

JAKOB BROGAARD

b. 1947. Joined the board in 2007, re-elected 2011. Term of office expires in 2012. Member of Audit and Risk Committee.

Education: Academy Foundation Degree (Management Accounting and Business Finance), 1976
Remuneration, Board: DKK 175,000
Remuneration, Committees: DKK 50,000

Career and posts

1964-2007	Danske Bank A/S (member of Executive Committee 1996-2007)

Other management positions
Chairman: FS Finans A/S

Deputy Chairman: LR Realkredit A/S, Finansiel Stabilitet A/S

Member: OW Bunker & Trading A/S, Newco AEP A/S

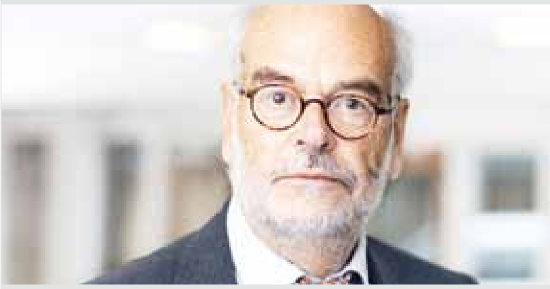
BENNY GØBEL

Employee representative

b. 1967. Joined the board in 2011. Term of office expires in 2014.
Education: MSc (Civil Engineering), Energy Resources Engineering, Technical University of Denmark (DTU), 1995.
PhD, Technical University of Denmark, 2000.
Remuneration, Board: DKK 175,000

Career and posts

2000-2005	Technical University of Denmark, Associate Professor
2005-	Energi E2 A/S (now DONG Energy A/S), Engineer, Thermal Power



JENS KAMPMANN

b. 1937. Joined the board in 2005, re-elected 2011.
Term of office expires in 2012. Member of Audit and Risk Committee and Remuneration Committee.
Education: MSc (Economics), Copenhagen University, 1962
Remuneration, Board: DKK 175,000
Remuneration, Committees: DKK 75,000

Career and posts

1962-1964	Danish Ministry of Education
1964-1971	Danish Ministry of Finance (Ministry of Economic Affairs)
1966-1978	Member of Danish Parliament and, in 1971, 1972-1973 and 1977-1978, also Minister
1974-1977	Danish Ministry of Finance (Ministry of Economic Affairs)
1978-1990	Danish Environmental Protection Agency, Director
1990-2006	Invest Miljø A/S, CEO

Other management positions

Chairman: Frydenholm Holding A/S and a wholly-owned subsidiary, Dalum Holding A/S, Desmi A/S, Special Waste Systems A/S

Member: White Arkitekter A/S, JKC ApS, Retrocom Holding A/S, Genan A/S, Genan Business & Development A/S, Genan Global A/S, Kampus.NU ApS, Frydenholm Fødevarer A/S

CEO: JKC ApS, Toftøje Invest ApS

JØRN PETER JENSEN

b. 1964. Joined the board in 2011. Term of office expires in 2012. Member of Audit and Risk Committee.
Education: MSc (Economics and Business Administration), Copenhagen Business School, 1988.
Remuneration, Board: DKK 175,000
Remuneration, Committees: DKK 50,000

Career and posts

1992-1993	Brüel & Kjær, Group Controller
1994-1999	Foss Electric A/S, CFO
1999-2000	Nilfisk Advance A/S, Executive Vice President and CFO
2000-2001	Carlsberg A/S, CFO
2001-2004	Carlsberg A/S, CEO
2004-2007	Carlsberg Breweries and Carlsberg A/S, CFO
2007-	Carlsberg Breweries og Carlsberg A/S, Deputy CEO and CFO

Other management positions

Member of the management: Member of the management of 27 wholly-owned Danish and foreign subsidiaries of the Carlsberg Group and member of the management of Boliginteressentskabet Tuborg

Member of Committe on Corporate Governance

CEO: Ekeløf Invest ApS

JYTTE KOED MADSEN

Employee representative

b. 1953. Joined the board in 2011. Term of office expires in 2014.
Education: Commercial college, 1973,
Technical Assistant, Faculty of Mechanical Engineering, 1988
Remuneration, Board: DKK 175,000

Career and posts

1988-2004	Skærbækværket, Technical Assistant
2004-	Elsam A/S (now DONG Energy A/S), Technical Coordinator, Group Finance & Services

POUL ARNE NIELSEN

b. 1944. Joined the board in 2006, re-elected 2011. Term of office expires in 2012.
Education: Agricultural college, 1968, and MSc (Sports, Social Science and Business Economics), 1981
Remuneration, Board: DKK 175,000

Career and posts

1982-1998	Høje-Taastrup Upper Secondary School, Lecturer
1994-2007	Vallø Municipality, Mayor
2007-	Stevns Municipality, Mayor

Other management positions
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 representative

b. 1968. Joined the board in 2007. Term of office expires in 2014.
Education: Unskilled
Remuneration, Board: DKK 175,000

Career and posts

1990-2000	SK Power Company A/S
2000-	Energi E2 A/S (now DONG Energy A/S) Semi-skilled Worker, Thermal Power

LARS REBIEN SØRENSEN

b. 1954. Joined the board in 2007, re-elected 2011. Term of office expires in 2012.
Education: MSc (Forestry) (Royal Veterinary and Agricultural University, Copenhagen), 1981
Graduate Diploma in International Trade, Copenhagen Business School, 1983
Remuneration, Board: DKK 175,000

Career and posts

1982-	Novo Nordisk A/S, CEO since 2000

Other management positions
Member: Bertelsmann AG (Germany), Thermo Fisher Scientific Inc. (US), Danmarks Nationalbank's Board of Directors

MOGENS VINTHER

b. 1947. Joined the board in 2010, re-elected 2011. Term of office expires in 2012.
Education: LL.M. (Master of Laws), 1973. Lawyer 1976.
Entitled to appear before the Danish High Court and Supreme Court.
Remuneration, Board: DKK 175,000

Career and posts

1973	Advokatfirma Langberg & Vinther (law firm)
1980-	Advokatfirma Langberg & Vinther, partner

Other management positions
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

EXECUTIVE BOARD 2011

CARSTEN KROGSGAARD THOMSEN

Registered with the Danish Commerce and Companies Agency as CFO.
b. 1957. CFO since 2002.

Education: MSc (Economics), Copenhagen University, 1983

Remuneration: DKK 5,708,013

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 and two whollyowned subsidiaries (GN ReSound and GN Netcom)
Chairman of the Audit Committee of GN Store Nord A/S

ANDERS ELDRUP

Registered with the Danish Commerce and Companies Agency as CEO
b. 1948. CEO since 2001.

Education: MSc (Political Science), Århus University,1972

Remuneration: DKK 6,092,882

Career and posts

1972-1973	Office of the Auditor General of Denmark
1973-1980	Danish Ministry of Finance, Principal
1980-1984	Danish Ministry of Finance, Personal Secretary to Minister
1984-1988	Danish Ministry of Finance, Head of Division
1988-1990	Danish Ministry of Finance, Deputy Permanent Secretary
1990-1991	Danish Ministry of Finance, Department of the Budget, Director
1991-2001	Danish Ministry of Finance, Permanent Secretary
2001-	DONG Energy A/S, CEO

Other management positions

Chairman: Copenhagen Cleantech Cluster

Member:
Technical University of Denmark - DTU
Experimentarium - Center for formidling af naturvidenskab og moderne teknik (foundation)
Lindoe Offshore Renewables Center (fund)
Rockwool Fonden
Terma A/S

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The Group annual report, which, pursuant to section 149 of the Danish Financial Statements Act, is an extract of DONG Energy's complete annual report, does not include accounting policies for the financial statements and non-financial statements, licence overview, company overview, the financial statements of the parent company, DONG Energy A/S, and the statement on corporate governance, including internal control and risk management systems in connection with the financial reporting. The complete annual report, including accounting policies for the financial statements and non-financial statements, licence overview, company overview, the parent company financial statements and the statutory corporate governance statement, can be downloaded at www.dongenergy.com. Following adoption at the AGM, the complete annual report will also be available from the Danish Business Authority (Erhvervsstyrelsen).

Management has made the following statement in respect of the complete annual report.

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 2011.

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 2011 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 2011.

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 2006 Guidelines and 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, 9 March 2012

Executive Board:

Anders Eldrup *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	Jens Kampmann	Jytte Koed Madsen*
Poul Arne Nielsen	Jens Nybo Stilling Sørensen*	Lars Rebien Sørensen	Mogens Vinther

* Employee representative

CONSOLIDATED FINANCIAL STATEMENTS

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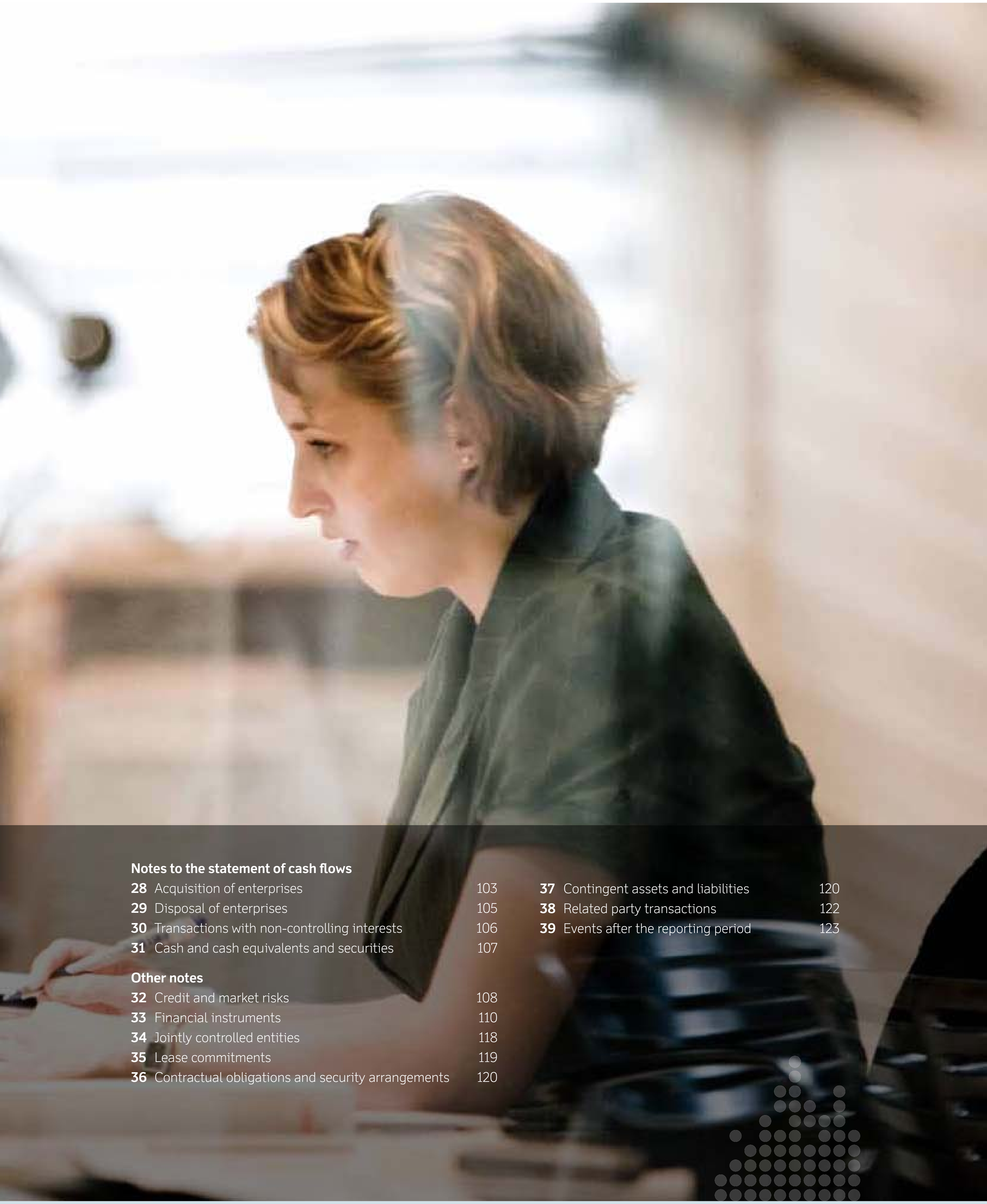
Notes

Notes to the statement of comprehensive income

Notes to the balance sheet



Notes to the statement of cash flows

Other notes

Year ended 31 December

DKK million	Note	2011 Business performance	2011 Adjustments	2011 IFRS	2010 Business performance	2010 Adjustments	2010 IFRS
Revenue	3, 4, 10	56,842	1,595	58,437	54,616	(18)	54,598
Fuel and energy	5	(31,605)	230	(31,375)	(31,408)	(28)	(31,436)
Other external expenses	7, 8	(7,884)	-	(7,884)	(6,365)	-	(6,365)
Staff costs	6	(3,593)	-	(3,593)	(2,946)	-	(2,946)
Other operating income	9, 10	280	-	280	295	-	295
Other operating expenses	9	(270)	-	(270)	(57)	-	(57)
Operating profit before depreciation, amortisation and impairment losses (EBITDA)		**13,770**	**1,825**	**15,595**	**14,135**	**(46)**	**14,089**
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	3, 15, 16	(7,670)	-	(7,670)	(6,015)	-	(6,015)
Operating profit (EBIT)		**6,100**	**1,825**	**7,925**	**8,120**	**(46)**	**8,074**
Gain on disposal of enterprises	29	225	-	225	905	-	905
Share of profit of associates	17	36	-	36	77	-	77
Finance income	11	5,811	-	5,811	3,407	-	3,407
Finance costs	12	(6,093)	-	(6,093)	(5,002)	-	(5,002)
Profit before tax		**6,079**	**1,825**	**7,904**	**7,507**	**(46)**	**7,461**
Income tax expense	13	(3,197)	(457)	(3,654)	(3,008)	11	(2,997)
Profit for the year		**2,882**	**1,368**	**4,250**	**4,499**	**(35)**	**4,464**
Other comprehensive income							
Value adjustments for the year				(912)			(979)
Value adjustments transferred to revenue				300			(1,052)
Value adjustments transferred to fuel and energy				(88)			(128)
Value adjustments transferred to net finance costs				147			7
Value adjustments transferred to inventories				-			(204)
Tax on value adjustments of hedging instruments				127			599
Foreign exchange adjustments, foreign enterprises				463			716
Foreign exchange adjustments, equity-like loans, etc.				(216)			36
Tax on foreign exchange adjustments, equity-like loans, etc.				42			(9)
Other comprehensive income				**(137)**			**(1,014)**
Total comprehensive income				**4,113**			**3,450**

DKK million	Note	2011 Business perform-ance	2011 Adjust-ments	2011 IFRS	2010 Business perform-ance	2010 Adjust-ments	2010 IFRS
Profit for the year is attributable to:							
Equity holders of DONG Energy A/S		2,428	1,368	3,796	4,272	(35)	4,237
Hybrid capital holders of DONG Energy A/S (adjusted for tax effect)		269	-	269	334	-	334
Non-controlling interests	22	185	-	185	(107)	-	(107)
Profit for the year		**2,882**	**1,368**	**4,250**	**4,499**	**(35)**	**4,464**
Total comprehensive income for the year is attributable to:							
Equity holders of DONG Energy A/S				3,422			3,268
Hybrid capital holders of DONG Energy A/S (adjusted for tax effect)				269			334
Non-controlling interests				422			(152)
Total comprehensive income				**4,113**			**3,450**
Earnings per share (EPS) and diluted earn-ings per share (DEPS) of DKK 10, in DKK	14			12.92			14.43

At 31 December

Assets

DKK million	Note	2011	2010
Goodwill		373	651
Rights		1,221	1,540
CO_2 emissions allowances		834	182
Completed development projects		279	357
In-process development projects		22	21
Intangible assets	**3, 15**	**2,729**	**2,751**
Land and buildings		4,142	2,859
Production assets		65,438	57,502
Exploration assets		1,611	975
Fixtures and fittings, tools and equipment		282	205
Property, plant and equipment under construction		23,037	19,144
Property, plant and equipment	**3, 16**	**94,510**	**80,685**
Investments in associates	17	3,226	2,919
Other securities and equity investments	17	418	374
Deferred tax	23	181	404
Receivables	19	3,314	2,862
Other non-current assets		**7,139**	**6,559**
Non-current assets		**104,378**	**89,995**
Inventories	18	4,244	3,091
Receivables	19	32,492	31,614
Income tax	27	19	27
Securities	31	9,914	7,620
Cash	31	2,342	4,147
Current assets		**49,011**	**46,499**
Assets classified as held for sale	**21**	**684**	**845**
Assets		**154,073**	**137,339**

Equity and liabilities

DKK million	Note	2011	2010
Share capital		2,937	2,937
Reserves		7,913	8,287
Retained earnings		27,943	26,278
Proposed dividends		1,457	2,203
Equity attributable to DONG Energy A/S		**40,250**	**39,705**
Hybrid capital		9,538	8,088
Non-controlling interests		7,952	3,515
Equity	**22**	**57,740**	**51,308**
Deferred tax	23	9,336	8,188
Pension obligations	6	15	22
Provisions	24	11,936	9,418
Bond loans	25	18,961	22,833
Bank loans	25	15,754	10,673
Other payables	25	2,329	1,688
Non-current liabilities		**58,331**	**52,822**
Provisions	24	517	444
Bond loans	25	3,717	3,737
Bank loans	25	1,795	660
Other payables	25	30,825	27,584
Income tax	27	763	621
Current liabilities		**37,617**	**33,046**
Liabilities		**95,948**	**85,868**
Liabilities associated with assets classified as held for sale	**21, 25**	**385**	**163**
Equity and liabilities		**154,073**	**137,339**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December

DKK million	Share capital	Hedging reserve	Translation reserve	Share premium	Retained earnings	Proposed dividends	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2011	2,937	(1,108)	147	9,248	26,278	2,203	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 for the year	-	(917)	-	-	-	-	(917)	-	5	(912)
Value adjustments transferred to revenue	-	300	-	-	-	-	300	-	-	300
Value adjustments transferred to fuel and energy	-	(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	**0**	**(415)**	**41**	**0**	**3,796**	**0**	**3,422**	**269**	**422**	**4,113**
Transactions with owners										
Coupon payments, hybrid capital	-	-	-	-	-	-	0	(515)	-	(515)
Tax on coupon and costs, hybrid capital	-	-	-	-	-	-	0	246	-	246
Addition, hybrid capital	-	-	-	-	-	-	0	5,127	-	5,127
Disposal, hybrid capital	-	-	-	-	-	-	0	(3,802)	-	(3,802)
Adjustments amortisation original hybrid capital	-	-	-	-	(125)	-	(125)	125	-	0
Proposed dividends	-	-	-	-	(1,457)	1,457	0	-	-	0
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	**0**	**(415)**	**41**	**0**	**1,665**	**(746)**	**545**	**1,450**	**4,437**	**6,432**
Equity at 31 December 2011	**2,937**	**(1,523)**	**188**	**9,248**	**27,943**	**1,457**	**40,250**	**9,538**	**7,952**	**57,740**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK million	Share capital	Hedging reserve	Translation reserve	Share premium	Retained earnings	Proposed dividends	**Equity attributable to equity holders of DONG Energy A/S**	Hybrid capital	Non-controlling interests	**Total**
Equity at 1 January 2010	2,937	658	(650)	9,248	23,944	481	36,618	8,088	102	44,808
Comprehensive income for the year										
Profit (loss) for the year	-	-	-	-	4,237	-	4,237	334	(107)	4,464
Other comprehensive income										
Value adjustments for the year	-	(979)	-	-	-	-	(979)	-	-	(979)
Value adjustments transferred to revenue	-	(1,059)	-	-	-	-	(1,059)	-	7	(1,052)
Value adjustments transferred to fuel and energy	-	(128)	-	-	-	-	(128)	-	-	(128)
Value adjustments transferred to net finance costs	-	7	-	-	-	-	7	-	-	7
Value adjustments transferred to inventories	-	(204)	-	-	-	-	(204)	-	-	(204)
Foreign exchange adjustments, foreign enterprises	-	(2)	770	-	-	-	768	-	(52)	716
Foreign exchange adjustments, equity-like loans, etc.	-	-	36	-	-	-	36	-	-	36
Tax on other comprehensive income	-	599	(9)	-		-	590	-	-	590
Total comprehensive income	**0**	**(1,766)**	**797**	**0**	**4,237**	**0**	**3,268**	**334**	**(152)**	**3,450**
Transactions with owners										
Coupon payments, hybrid capital	-	-	-	-	-	-	0	(451)	-	(451)
Tax on coupon hybrid capital	-	-	-	-	-	-	0	117	-	117
Proposed dividends	-	-	-	-	(2,203)	2,203	0	-	-	0
Dividends paid	-	-	-	-	-	(481)	(481)	-	(16)	(497)
Addition, non-controlling interests	-	-	-	-	475	-	475	-	3,544	4,019
Disposal, non-controlling interests	-	-	-	-	(175)	-	(175)	-	37	(138)
Changes in equity in 2010	**0**	**(1,766)**	**797**	**0**	**2,334**	**1,722**	**3,087**	**0**	**3,413**	**6,500**
Equity at 31 December 2010	**2,937**	**(1,108)**	**147**	**9,248**	**26,278**	**2,203**	**39,705**	**8,088**	**3,515**	**51,308**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December

DKK million	Note	2011	2010
Operating profit before depreciation, amortisation and impairment losses (EBITDA)		15,595	14,089
Other adjustments		(1,413)	(364)
Interest income and similar items		5,979	3,743
Interest expense and similar items		(6,808)	(4,864)
Income tax paid	27	(1,647)	(106)
Cash flows from operating activities before change in net working capital (FFO)		**11,706**	**12,498**
Change in inventories		(1,144)	305
Change in trade receivables		1,976	(1,501)
Change in other receivables		(949)	696
Change in trade payables		749	1,072
Change in other payables		286	1,144
Change in net working capital		**918**	**1,716**
Cash flows from operating activities		**12,624**	**14,214**
Purchase of intangible assets and property, plant and equipment		(17,851)	(15,209)
Sale of intangible assets and property, plant and equipment		1,936	939
Acquisition of enterprises	28	(22)	(33)
Disposal of enterprises	29	45	2,279
Acquisition of associates	17	(133)	(57)
Acquisition of other equity investments	17	(63)	(248)
Purchase of securities		(8,124)	(3,680)
Sale of securities		6,061	1,303
Change in other non-current assets		(166)	99
Financial transactions with associates		(1,081)	(245)
Dividends received and capital reduction	17	60	59
Cash flows from investing activities		**(19,338)**	**(14,793)**
Proceeds from raising of loans		9,371	5,226
Instalments on loans		(7,121)	(2,928)
Coupon payments on hybrid capital		(515)	(451)
Repurchase of hybrid capital		(3,802)	-
Proceeds from issuing of hybrid capital		5,127	-
Dividends paid		(2,203)	(481)
Transactions with non-controlling interests	30	3,945	330
Change in other non-current liabilities		116	(574)
Cash flows from financing activities		**4,918**	**1,122**
Net increase (decrease) in cash and cash equivalents		**(1,796)**	**543**
Cash and cash equivalents at 1 January		3,625	2,915
Net increase (decrease) in cash and cash equivalents		(1,796)	543
Cash classified as held for sale, etc.		(352)	-
Foreign exchange adjustments of cash and cash equivalents		(37)	167
Cash and cash equivalents at 31 December	31	**1,440**	**3,625**

DKK million	Note	2011	2010
Supplementary information			
Cash flows from investing activities		(19,338)	(14,793)
Dividends received and capital reduction, reversal		(60)	(59)
Purchase and sale of securities, reversal		2,063	2,377
Loans to jointly controlled entities, reversal		865	-
Sale of property, plant and equipment and intangible assets as well as enterprises, reversal		(1,981)	(3,217)
Gross investments		**(18,451)**	**(15,692)**
Transactions with non-controlling interests, change in interest-bearing balances	19	(535)	3,615
Transactions with non-controlling interests, other	30	3,945	330
Sale of property, plant and equipment and intangible assets as well as enterprises		1,981	3,217
Net investments [1]		**(13,060)**	**(8,530)**
Dividends, net		(2,152)	(422)
Coupon payments on hybrid capital		(515)	(451)
Dividends and hybrid capital coupon		**(2,667)**	**(873)**
Analysis of change in interest-bearing net debt			
Interest-bearing net debt at 1 January		22,139	26,929
Cash flows from operating activities		(12,624)	(14,214)
Net investments		13,060	8,530
Dividends and hybrid capital coupon		2,667	873
Repurchase and issuing of hybrid capital		(1,325)	-
Foreign exchange adjustments of interest-bearing net debt		(302)	21
Interest-bearing net debt at 31 December		**23,615**	**22,139**
50% of hybrid capital due in 3005		2,206	4,044
Adjusted interest-bearing net debt at 31 December		**25,821**	**26,183**

[1] Net investments are defined as the effect on DONG Energy's interest-bearing net debt of investments and acquisitions and disposals of enterprises. Definitions of financial highlights are set out on the inside of the back cover.

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 2011 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 annual report has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and also complies with International Financial Reporting Standards issued by the IASB.

The annual report has 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 Danish kroner (DKK), rounded to the nearest million, unless otherwise stated.

The annual report has been prepared on the historical cost basis except that derivative financial instruments, financial instruments held for trading, financial instruments classified as available for sale and CO_2 emissions allowances held for trading are measured at fair value.

Non-current assets and disposal groups classified as held for sale are stated at the lower of carrying amount before the reclassification and fair value less costs to sell.

The accounting policies described in note 40 in the complete annual report have been applied consistently to the financial year and the comparative figures.

Implementation of new standards and interpretations

In 2011, DONG Energy implemented the following standards (IASs and IFRSs) and interpretations (IFRICs), which are relevant to DONG Energy and will apply to reporting periods beginning on or after 1 January 2011:

- Revised IAS 24 Related Party Disclosures
- Improvements to IFRSs May 2010

The implementation has not had a material effect on the annual report for 2011.

New International Financial Reporting Standards and IFRIC Interpretations

The IASB has issued the following 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 annual report for 2011:

Adopted by the EU

- Amendments to IFRS 7 Financial Instruments: Disclosures

DONG Energy has considered the effect of this financial reporting standard. This amended standard is not expected to have a material effect on DONG Energy's financial reporting.

Not adopted by the EU

- Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- Deferred Tax: Recovery of Underlying Assets: Disclosure (Amendments to IAS 12)
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)
- Amendments to IAS 19 Employee Benefits
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
- IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine

DONG Energy has started assessing the effect of these financial reporting standards and expects that IFRS 10 and 11 will have limited effect on the financial reporting. IFRS 10 and 11 become effective on 1 January 2013.

DONG Energy expects to implement the new standards and interpretations from their mandatory effective dates.

02 Critical accounting estimates and judgements

In the process of preparing the consolidated financial statements, management makes a number of estimates and judgements that affect the reported amounts of assets and liabilities at the balance sheet date, the reported amounts of income and expenses in the reporting period and disclosures on contingent assets and contingent liabilities at the balance sheet date.

Estimation uncertainties

Estimates made are based on historical experience and other factors that are believed by management to be reasonable under the circumstances, but that, by their nature, are uncertain and unpredictable. The effect of such estimates and judgements may lead to results that differ significantly from those that would result from the use of other judgements and assumptions.

Again in 2011, the international financial crisis led to heightened focus on the estimates made in respect of, for example, discount rates and expectations concerning the future development of energy prices and exchange rates to ensure that the consolidated financial statements are not affected by short-term fluctuations that are not expected to apply in the long term.

Estimates and judgements relating to impairment testing of intangible assets and property, plant and equipment, and relating to recoverable oil and gas reserves, have had a significant effect on the consolidated financial statements for 2011. These areas are described in the following.

Impairment testing

DONG Energy has significant investments in intangible assets and property, plant and equipment, including primarily production assets, DKK 65.4 billion (2010: DKK 57.5 billion), the values of which are sensitive to various factors, including changes in energy prices, exchange rates, interest rates and regulatory provisions.

Goodwill and in-process development projects, DKK 0.4 billion (2010: DKK 0.7 billion), are tested annually for impairment. Other intangible assets and property, plant and equipment are tested if there are any indications of impairment. Such indications may include, for example, long-term changes in future market conditions, market prices of oil, gas, electricity, fuel and CO_2, changes in the weighted average cost of capital, reductions in estimated reserves, or changes in regulatory provisions.

If a specific judgement indicates a possible impairment, and neither quoted market prices in active markets nor prices of similar assets are available, discounted cash flows are used to measure the recoverable amount to determine whether the value of the assets is impaired. The assumptions and criteria applied to determine the assets' recoverable amounts constitute management's best estimates based on the available information such as market prices, cost levels, revenue growth rates and reserve estimates.

Determination of oil and gas reserves

The evaluation of oil and gas reserves affects the assessment of the recoverable amount and depreciation profile for DONG Energy's Exploration & Production's assets, DKK 33.1 billion (2010: DKK 29.0 billion). The assessment of oil and gas reserves is based on estimates of both proved and probable reserves (Proved and 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. Oil and gas exploration and extraction technology is undergoing continuous development. 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 directives.

Useful lives and residual values for production assets

The expected useful lives and residual values of production assets, DKK 65.4 billion (2010: DKK 57.5 billion), are determined based on historical experience and expectations concerning the future use of these assets. The depreciation profile for production assets depends on the type of production asset and is described in note 40 in the complete annual report. The expected future applications and residual values may subsequently prove not to be realisable, which may require useful lives and residual values to be reviewed and may result in a need for the recognition of impairment losses or the charging of a loss on disposal of the assets. The depreciation periods applied are set out in note 40 in the complete annual report.

Investments in associates, other securities and equity investments, and other non-current investments

Investments in associates, other securities and equity investments, and other non-current investments, DKK 7.1 billion in total (2010: DKK 6.6 billion), are tested for impairment if there are indications of impairment. Such indications may include changes in regulatory, financial and technological factors and general market conditions.

02 Critical accounting estimates and judgements

Valuation of receivables
Trade receivables etc. total DKK 16.4 billion (2010: DKK 17.2 billion). Write-downs are made for bad and doubtful debts on the basis of due date and historical experience. These judgements are subject to uncertainties, as they are based on assessments of the counterparty's ability and willingness to pay. The risk of bad debts remains higher than normal due to the international financial crisis, and this has been taken into account in connection with the valuation of the Group's receivables.

Receivables from the disposal of equity investments to non-controlling interests
DONG Energy's receivables from the disposal of equity investments to non-controlling interests total DKK 1.4 billion (2010: DKK 1.8 billion). The contracts entered into in connection with the disposal of equity investments to non-controlling interests may contain provisions that are contingent on specific future conditions. The determination of gains and the recognition of receivables are therefore subject to uncertainty. The gains and receivables recognised are based on management's estimates of the most likely outcomes of future events.

Unlisted financial contracts
DONG Energy has concluded financial contracts based on, among other things, oil, gas, electricity and coal that are unlisted and are measured at fair value, including a single long-term contract that runs until 2020. Fair values are determined based on fixed valuation models by reference to market data and the outlook concerning long-term prices and exchange rates, etc., each of which is subject to uncertainty. Reference is made to the information about the fair value hierarchy in note 33.

Decommissioning obligations
DONG Energy has significant decommissioning obligations, DKK 9.4 billion (2010: DKK 7.1 billion). The estimates of the Group's decommissioning obligations are updated on a quarterly basis.

Decommissioning obligations are affected by changes in expected decommissioning and restoration costs, the future date on which the costs will be incurred, and official requirements. Expected decommissioning and restoration costs are based either on examinations carried out by external experts or internal estimates. Estimated costs include a risk premium, based on experience data. The discount rate applied reflects the general risk-free interest rate level in the given market

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.

Other provisions and contingent items
Management continuously evaluates provisions, DKK 3.1 billion (2010: DKK 2.7 billion), contingent assets and contingent liabilities as well as the probable outcome of pending and potential litigation, etc. The outcome depends on future factors, which, by their nature, are uncertain. Reference is made to the description of contingent assets and contingent liabilities in note 37.

The factors taken into account when exercising a judgement about a potential liability are 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.

The Group is a party to various litigation proceedings. The decision as to whether a provision should be made in such disputes requires conclusions to be drawn concerning various factual and legal matters outside the Group's control. If the judgements do not reflect the subsequent development or the final outcome of the dispute, this will have a significant impact on the Group's future profits (losses), balance sheet and cash flows.

Business combinations
No business combinations were recognised in the years 2010 and 2011.

On acquisitions, the acquiree's assets, liabilities and contingent liabilities are recognised at fair value at the acquisition date. For a significant part of the assets acquired and liabilities assumed, no effective markets exist on the basis of which the fair value can be determined. This applies to intangible assets, in particular. In such cases, fair value is determined using models that are based on calculations of present values of future cash flows. Management therefore makes estimates in connection with the determination of the fair value of assets, liabilities and contingent liabilities acquired. Depending on the nature of the items, these estimates, and therefore also the fair values, may be subject to uncertainty and may subsequently be adjusted.

The excess of the cost of the acquiree over the fair value of the assets, liabilities and contingent liabilities acquired is recognised as goodwill and allocated to the cash-generating units, which subsequently form the basis for impairment testing. In that connection, management makes estimates of acquired and existing cash-generating units and the associated allocation of goodwill.

Judgements in connection with accounting policies

As part of the Group's accounting policies, management makes judgements, apart from those involving estimations, that may have a significant effect on the consolidated financial statements. These judgements primarily comprise a) choice of recognition methods for exploration assets, b) recognition and classification of derivative financial instruments and commodity contracts, c) classification of hybrid capital, d) jointly controlled assets and entities, and e) business combinations.

Accounting treatment of exploration

When capitalising exploration costs, DONG Energy applies the successful efforts method rather than the full cost method. Accordingly, general exploration costs and costs for unsuccessful exploration wells are expensed as incurred. DONG Energy will therefore have a lower value of exploration assets than companies that apply the full cost method. At 31 December 2011, exploration assets amounted to DKK 1.6 billion (2010: DKK 1.0 billion). Depreciation of production assets that have been transferred from exploration assets will also be lower when applying the successful efforts method than when applying the full cost method.

Accounting treatment of derivative financial instruments and commodity contracts

DONG Energy hedges commodity, currency and interest rate risks. These hedging transactions predominantly relate to future income from the sale of oil, gas and electricity, and costs for the purchase of coal, gas and CO_2. From and including 1 January 2011, new and existing commodity hedge transactions and related foreign currency exposures are no longer accounted for as cash flow hedge accounting.

As part of its financial risk management, the Group enters into transactions to hedge certain physical and financial risks in oil, gas, coal, electricity, CO_2 and related currency exposures. The Group considers the hedging transactions entered into on the basis of its internal processes for optimisation of its purchase, sale and consumption of oil, gas, coal, electricity and CO_2, as effective economic hedges. Some of the hedging transactions will meet IAS 39's criteria for cash flow hedge accounting, while others will not. For this reason, the Group has elected to no longer apply the provisions on hedge accounting to these transactions from 1 January 2011. When determining profit for the year, fair value adjustments to these derivative financial instruments are therefore recognised in the period in which they arise, regardless of the date of realisation of the hedged transaction. Value adjustments from financial contracts therefore have a greater impact on the income statement for 2011 than in previous years.

Contracts to which the Group is a party are reviewed to assess whether they contain any components that are required to be recognised and measured as separate financial instruments. The Group enters into contracts that include price formulas that are indexed to various energy prices, commodity indices, etc. Based on a review of these contracts, it has been judged that the individual components of the contracts feature identical characteristics and therefore do not differ significantly. Separation of the individual components of the contracts is therefore not required, except in the case of the assessment of hybrid capital.

Under IFRS, contracts that involve physical delivery must, under 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. It is generally assumed that those of the Group's contracts that are settled on physical delivery do not satisfy the criteria for classification as derivative financial instruments, as they are normal purchase and sale contracts. By contrast, contracts entered into in the course of the Group's trading activities or as part of certain hedging activities are recognised as derivative financial instruments, even though they are settled on physical delivery.

Accounting treatment of hybrid capital

Hybrid capital, DKK 9.5 billion (2010: DKK 8.1 billion), comprises issued bonds that have been recognised in a special item in equity due to the special characteristics of the loan and the provisions on compound financial instruments. Accordingly, any coupon payments are accounted for as dividends that 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 and are recognised in financing activities in the statement of cash flows in the same way as dividend payments.

Jointly controlled assets and entities

DONG Energy has opted to recognise the Group's jointly controlled assets and entities using proportionate consolidation. These primarily comprise oil and gas exploration and production licences, and wind farms and power stations. New

02 Critical accounting estimates and judgments

international financial reporting standards (IFRS 10 and 11) relating to consolidation and jointly controlled assets will become effective from and including 2013. The new standards 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 as one aggregate amount, in the same way as the share of profit (loss) of associates. 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 new standards are expected to have a limited effect on DONG Energy's financial statements.

Business combinations
In connection with acquisitions, the Group makes judgements of the contracts concluded in order to determine whether the acquiree should be classified as a subsidiary, a jointly controlled entity or an associate. Such judgements are made on an acquisition-by-acquisition basis based on purchase contracts concluded, shareholders' agreements and similar agreements, which determine the extent to which control of the acquiree has been transferred. The classification is important, as the recognition of proportionately consolidated jointly controlled entities has a different effect on the financial statements than full consolidation of a subsidiary or recognition of an associate using the equity method.

No business combinations were recognised in 2010 and 2011.

Transactions with non-controlling interests are accounted for as transactions with the group of owners. If the acquisition of further ownership interests in a subsidiary results in a difference between the purchase price and the carrying amount of the acquired non-controlling interest, the difference is taken directly to equity. Gains and losses on disposal of equity investments to non-controlling interests are also recognised in equity to the extent that the sale does not result in a loss of control. The determination of whether a sale results in a loss of control relies on judgements on a case-by-case basis based on contracts concluded.

03 Segment information

Segmentation

Management has defined the Group's operating segments based on the reporting regularly presented to the Group Executive Management, and which forms the basis for management's strategic decisions. The Group Executive Management adopts a product-driven approach to the management of activities, managing each segment differently from a commercial point of view.

With effect from 1 January 2011, DONG Energy has elected to no longer apply the provisions on cash flow hedge accounting for certain derivative financial instruments, see note 40 in the complete annual report. Accordingly, IFRS no longer reflects the way in which management manages the business, and the Group's internal management reporting has therefore been adjusted by the implementation of business performance results. The comparative figures for 2010 have been restated accordingly.

Adjustments between business performance and IFRS consist of timing differences relating to movements in the market value of contracts, including hedging transactions, that are deferred to the period in which they are to be recognised. The adjustments column will accumulate to nil over time.

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 expense, assets and liabilities, investing activities, income taxes, etc., relating to the Group's administrative functions and certain initial stages of research and development that do not relate to the Group's primary activities.

The Group operates with two performance measures, with EBITDA as the primary performance measure and EBIT as the secondary performance measure. For definitions of gross investments, net working capital and capital employed, reference is made to the explanations of these terms. Intersegment transactions are priced on arm's length terms.

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 as well as ownership of gas-fired power stations in the Netherlands and the UK and a demonstration plant for production of second-generation bioethanol in Denmark.

- **Energy Markets:** Optimisation and risk management 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, Germany, the Netherlands and Sweden.

Further details of the Group's reportable segments are given in Management's review.

Geographical breakdown

DONG Energy primarily sells products and services in the market in Northern Europe. A large 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 information in respect of geographical markets is determined by breaking revenue down, as far as possible, by customer location based on supply point. 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, customer 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.

Reference is made to note 4 for a breakdown of the Group's sales by products and services.

Activities 2011

DKK million	Exploration & Production	Wind Power	Thermal Power	Energy Markets	Sales & Distribution	Reportable segments
External revenue	5,784	3,589	9,711	25,320	12,504	56,908
Intragroup revenue	4,685	723	954	8,369	505	15,236
Revenue	**10,469**	**4,312**	**10,665**	**33,689**	**13,009**	**72,144**
EBITDA	**5,684**	**1,799**	**2,255**	**1,963**	**2,027**	**13,728**
Depreciation and amortisation	(2,480)	(943)	(1,562)	(585)	(1,184)	(6,754)
Impairment losses	-	-	59	(600)	(277)	(818)
Operating profit (EBIT)	**3,204**	**856**	**752**	**778**	**566**	**6,156**
Adjusted operating profit [1]	**1,628**	**861**	**720**	**751**	**584**	**4,544**

[1] Adjusted operating profit is defined as EBIT corrected for hydrocarbon tax plus profit of associates less the interest element of decommissioning obligations.

NOTES

03 Segment information

Activities 2011 – continued

DKK million	Reportable segments	Other activities	Eliminations	Business performance	Adjustments	IFRS
External revenue	56,908	(66)	-	56,842	1,595	58,437
Intragroup revenue	15,236	2,261	(17,497)	0	-	0
Revenue	**72,144**	**2,195**	**(17,497)**	**56,842**	**1,595**	**58,437**
EBITDA	**13,728**	**42**	**-**	**13,770**	**1,825**	**15,595**
Depreciation and amortisation	(6,754)	(98)	-	(6,852)	-	(6,852)
Impairment losses	(818)	-	-	(818)	-	(818)
Operating profit (EBIT)	**6,156**	**(56)**	**0**	**6,100**	**1,825**	**7,925**
Adjusted operating profit	**4,544**	**(100)**	**0**	**4,444**	**1,825**	**6,269**

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)	0
Net working capital	**(143)**	**(2,820)**	**100**	**2,542**	**267**	**(54)**	**(127)**	**0**	**(181)**
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
Capital employed	18,186	29,443	17,882	6,553	10,944	83,008	(1,653)	-	81,355
Adjusted capital employed [1]	7,859	13,733	13,785	6,420	9,967	51,764	(1,574)	-	50,190

[1] Adjusted capital employed is defined as capital employed less property, plant and equipment under construction and exploration assets, and less production assets transferred from property, plant and equipment under construction in the past six months.

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 on 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 breakdown 2011

DKK million	Denmark	UK	Germany	Netherlands	Rest of World	**Consolidated total**
Revenue	28,646	13,512	8,222	3,747	4,310	**58,437**

DKK million	Denmark	UK	Norway	Rest of World	**Consolidated total**
Intangible assets and property, plant and equipment	42,428	31,860	17,930	5,021	**97,239**

Activities 2010

DKK million	Exploration & Production	Wind Power	Thermal Power	Energy Markets	Sales & Distribution	**Reportable segments**
External revenue	5,016	2,510	11,564	21,971	13,739	54,800
Intragroup revenue	3,248	442	167	9,545	446	13,848
Revenue	**8,264**	**2,952**	**11,731**	**31,516**	**14,185**	**68,648**
EBITDA	**5,051**	**1,730**	**2,228**	**2,959**	**2,036**	**14,004**
Depreciation and amortisation, excluding purchased CO_2 emissions allowances	(1,950)	(771)	(1,270)	(565)	(970)	(5,526)
Impairment losses	-	-	(401)	-	(9)	(410)
Operating profit (EBIT)	**3,101**	**959**	**557**	**2,394**	**1,057**	**8,068**
Adjusted operating profit	**2,036**	**979**	**511**	**2,386**	**1,072**	**6,984**

DKK million	**Reportable segments**	Other activities	Eliminations	**Business performance**	Adjustments	**IFRS**
External revenue	54,800	(184)	-	54,616	(18)	54,598
Intragroup revenue	13,848	1,780	(15,628)	0	-	0
Revenue	**68,648**	**1,596**	**(15,628)**	**54,616**	**(18)**	**54,598**
EBITDA	**14,004**	**131**	**-**	**14,135**	**(46)**	14,089
Depreciation and amortisation, excluding purchased CO_2 emissions allowances	(5,526)	(79)	-	(5,605)	-	(5,605)
Impairment losses	(410)	-	-	(410)	-	(410)
Operating profit (EBIT)	**8,068**	**52**	**0**	**8,120**	**(46)**	**8,074**
Adjusted operating profit	**6,984**	**1**	**0**	**6,985**	**(46)**	**6,939**

NOTES

03 Segment information

Activities 2010 – continued

DKK million	Exploration & Production	Wind Power	Thermal Power	Energy Markets	Sales & Distribution	**Reportable segments**	Other activities	Eliminations	**IFRS**
Net working capital, external transactions	(430)	(420)	163	2,162	1,953	3,428	(983)	21	2,466
Net working capital, intragroup transactions	1,099	(49)	28	557	(1,611)	24	(3)	(21)	0
Net working capital	**669**	**(469)**	**191**	**2,719**	**342**	**3,452**	**(986)**	**0**	**2,466**
Gross investments	(4,023)	(6,378)	(3,853)	(477)	(858)	(15,589)	(103)	-	(15,692)
Segment assets	29,026	35,203	33,522	30,745	22,423	150,919	60,141	(74,152)	136,908
Capital employed	17,122	21,097	19,085	4,327	12,064	73,695	(247)	-	73,448
Adjusted capital employed	9,373	12,822	10,144	4,221	11,046	47,606	(1,300)	-	46,306

Oil and gas exploration expenditure of DKK 420 million has been recognised in Exploration & Production. Oil and gas exploration assets and liabilities amounted to DKK 1,404 million and DKK 371 million respectively at 31 December 2010.

Operating and investing cash flows arising from oil and gas exploration absorbed DKK 625 million and DKK 346 million respectively.

Geographical breakdown 2010

DKK million	Denmark	UK	Germany	Netherlands	Rest of World	**Consolidated total**
Revenue	31,364	6,226	7,364	6,319	3,325	**54,598**

DKK million	Denmark	UK	Norway	Rest of World	**Consolidated total**
Intangible assets and property, plant and equipment	43,348	16,809	18,916	4,363	**83,436**

Reconciliations

DKK million	2011	2010
EBITDA for reportable segments	**13,728**	**14,004**
Depreciation, amortisation and impairment losses for reportable segments, excluding purchased CO_2 emissions allowances	(7,572)	(5,936)
EBIT for reportable segments	**6,156**	**8,068**
EBIT other activities	(56)	52
EBIT business performance	**6,100**	**8,120**
Adjustments (from business performance to IFRS)	1,825	(46)
EBIT IFRS, see consolidated statement of comprehensive income, page 60	**7,925**	**8,074**
Gain on disposal of enterprises	225	905
Share of profit of associates	36	77
Net finance costs	(282)	(1,595)
Profit before tax, see consolidated statement of comprehensive income, page 60	**7,904**	**7,461**
Segment assets for reportable segments	**169,091**	**150,919**
Assets, other activities	78,275	60,141
Assets, eliminations	(93,493)	(74,152)
Deferred tax	181	404
Income tax receivable	19	27
Total assets, see consolidated balance sheet, page 62	**154,073**	**137,339**

04 Revenue

	Business performance		IFRS	
DKK million	**2011**	2010	**2011**	2010
Sales and transportation of natural gas	23,308	23,464	24,993	23,464
Sales and transportation of oil	5,769	4,356	5,769	4,356
Sales of electricity	16,376	15,217	15,757	14,981
Sales of district heat	2,532	2,701	2,532	2,701
Distribution and storage of natural gas	1,387	1,210	1,387	1,210
Distribution of electricity	3,281	3,444	3,281	3,444
Construction contracts	483	469	483	469
Trading activities, net	633	478	633	478
Effect of economic hedges, net	38	723	897	(111)
Effect of hedge accounting, net	-	-	(330)	1,052
Other revenue	3,035	2,554	3,035	2,554
Revenue	**56,842**	**54,616**	**58,437**	**54,598**

NOTES

05 Fuel and energy

DKK million	Business performance 2011	Business performance 2010	IFRS 2011	IFRS 2010
Natural gas	(17,540)	(17,850)	(17,540)	(17,850)
Electricity	(5,466)	(5,023)	(5,466)	(5,023)
Coal	(2,000)	(1,982)	(2,000)	(1,982)
Biomass	(1,256)	(1,343)	(1,256)	(1,343)
Oil	(220)	(320)	(220)	(320)
Transportation costs, etc.	(3,320)	(3,609)	(3,320)	(3,609)
Economic hedging	(32)	(208)	157	(364)
Hedge accounting	-	-	41	128
Costs associated with construction contracts	(223)	-	(223)	-
Other cost of sales	(1,548)	(1,073)	(1,548)	(1,073)
Fuel and energy	**(31,605)**	**(31,408)**	**(31,375)**	**(31,436)**

06 Staff costs

DKK million	2011	2010
Wages, salaries and remuneration	(3,669)	(3,246)
Pensions	(312)	(295)
Other social security costs	(83)	(66)
Other staff costs	(39)	(36)
Staff costs before transfer to assets	**(4,103)**	**(3,643)**
Transfer to assets	510	697
Staff costs	**(3,593)**	**(2,946)**

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 2011, these obligations amounted to DKK 15 million (2010: DKK 22 million). The average number of employees in DONG Energy in 2011 was 5,966 (2010: 5,800 employees).

Remuneration of Board of Directors, Executive Board and other senior executives in 2011

DKK '000	Salaries	Bonus	Pension	Total
Parent company Board of Directors:				
Chairman	(500)	-	-	(500)
Deputy Chairman	(300)	-	-	(300)
Other members[1]	(1,838)	-	-	(1,838)
Audit and Risk Committee:				
Chairman	(100)	-	-	(100)
Other members[2]	(138)	-	-	(138)
Remuneration Committee:				
Chairman	(50)	-	-	(50)
Other member	(44)	-	-	(44)
Executive Board and other senior executives in the Group:				
CEO	(5,006)	(1,084)	(2)	(6,092)
CFO	(4,565)	(1,141)	(2)	(5,708)
Other senior executives in the Group	(12,956)	(3,014)	(1,931)	(17,901)
Remuneration	**(25,497)**	**(5,239)**	**(1,935)**	**(32,671)**

[1] Annual remuneration was DKK 175 thousand per member in 2011.
[2] Annual remuneration was DKK 50 thousand per member in 2011.

At 31 December 2011, the Executive Board and other senior executives consisted of six persons in total (2010: six persons).

DONG Energy has prepared a remuneration policy for the remuneration of the Board of Directors and for the Executive Board registered with the Danish Business Authority, and overall guidelines for incentive pay for these officers were adopted at DONG Energy's Annual General Meeting in January 2008. Both the remuneration policy and the overall guidelines for incentive pay can be viewed on DONG Energy's website.

Remuneration of the Board of Directors and of the Executive Board registered with the Danish Business Authority complied with the remuneration policy and the overall guidelines for incentive pay in 2011.

The service contract of the CEO includes a termination package under which he will be entitled to salary equivalent to 33½ months' salary, including pension, if his service contract is terminated by the company (2010: 33½ months) consisting of salary during the notice period (12 months) and termination benefit (21½ months).

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 (2010: 24 months) consisting of salary during the notice period (12 months) and termination benefit (12 months).

Further details of the Group Executive Management are provided in the Corporate governance sections on pages 52-53 and the section on the Board of Directors and the Group Executive Management on pages 56-60 of Management's review.

NOTES

06 Staff costs

Remuneration of Board of Directors, Executive Board and other senior executives in 2010

DKK '000	Salaries	Bonus	Pension	Total
Parent company Board of Directors:				
Chairman	(500)	-	-	(500)
Deputy Chairman	(300)	-	-	(300)
Other members[1]	(1,706)	-	-	(1,706)
Audit and Risk Committee:				
Chairman	(100)	-	-	(100)
Other members[2]	(100)	-	-	(100)
Remuneration Committee:				
Chairman	(50)	-	-	(50)
Other member	(25)	-	-	(25)
Executive Board and other senior executives in the Group:				
CEO	(4,822)	(827)	(2)	(5,651)
CFO	(4,399)	(1,198)	(2)	(5,599)
Other senior executives in the Group	(12,930)	(1,889)	(1,658)	(16,477)
Remuneration	**(24,932)**	**(3,914)**	**(1,662)**	**(30,508)**

[1] Annual remuneration was DKK 175 thousand per member in 2010.
[2] Annual remuneration was DKK 50 thousand per member in 2010.

07 Research and development costs

DKK million	2011	2010
Research and development costs incurred during the year	(669)	(821)
Amortisation and impairment losses on development costs recognised in intangible assets	(105)	(97)
Development costs recognised in intangible assets	48	137
Research and development costs recognised in profit for the year	**(726)**	**(781)**

Research and development costs incurred in 2011 comprised primarily development of wind farms in Denmark, the UK, Germany and Poland, development of bioethanol technology, biogas technology and biomass conversion as well as IT systems. In 2010, research and development costs primarily included development of wind farms in Denmark, development of thermal generation, bioethanol technology and IT systems.

08 Fee to auditor appointed at the Annual General Meeting

DKK million	2011	2010
Audit fees	(12)	(12)
Other assurance engagements	(2)	(1)
Tax and VAT advice	(7)	(6)
Non-audit services	(30)	(7)
Total fees to PricewaterhouseCoopers	**(51)**	**(26)**

09 Other operating income and expenses

DKK million	2011	2010
Gain on sale of intangible assets and property, plant and equipment	165	184
Miscellaneous operating income	115	111
Other operating income	**280**	**295**
Loss on sale of intangible assets and property, plant and equipment	(229)	(46)
Miscellaneous operating expenses	(41)	(11)
Other operating expenses	**(270)**	**(57)**
Other operating income and expenses, net	**10**	**238**

The gain on sale of intangible assets and property, plant and equipment comprised primarily sale of the Gunfleet Sands and Barrow Offshore Wind offshore wind farm transmission networks and 50% of the Walney network (Walney 1). The loss on sale of intangible assets and property, plant and equipment was attributable to a loss on scrapping of production assets on the Gyda oil field. The gain in 2010 comprised primarily Nysted Offshore Wind Farm 1.

10 Government grants

DKK million	2011	2010
Government grants recognised in profit for the year as revenue	311	315
Government grants recognised in profit for the year as other operating income	21	20
Government grants recognised in the balance sheet	4	(15)
Government grants recognised during the year	**336**	**320**

Grants recognised as revenue related to electricity generation based on biomass and waste, and natural gas at small-scale power stations.

DONG Energy also received grants for feasibility studies in connection with the establishment of installations and for the construction of facilities. Government grants received have been recognised in liabilities and transferred to other operating income as the assets to which the grants relate are depreciated.

NOTES

11 Finance income

DKK million	2011	2010
Interest income from cash, etc.	642	356
Interest income and capital gains on securities at fair value	513	376
Foreign exchange gains	2,815	2,531
Value adjustments of derivative financial instruments	1,818	137
Other finance income	23	7
Finance income	**5,811**	**3,407**

12 Finance costs

DKK million	2011	2010
Interest expense relating to payables	(1,921)	(2,227)
Transfers to assets	373	328
Interest element of decommissioning obligations	(176)	(196)
Capital loss on securities at fair value	(22)	(73)
Foreign exchange losses	(2,658)	(2,677)
Value adjustments of derivative financial instruments	(1,654)	(152)
Other finance costs	(35)	(5)
Finance costs	**(6,093)**	**(5,002)**

Foreign exchange adjustments are recognised in revenue and cost of sales for the year with DKK 340 million (2010: DKK 253 million) and in profit for the year with DKK 497 million (2010: DKK 107 million).

Borrowing costs transferred to assets under construction were calculated at the weighted average effective interest rate for general borrowing, which was 4.42% (2010: 4.46%).

13 Income tax expense

DKK million	2011	2010
Income tax expense	(3,654)	(2,997)
Tax on other comprehensive income	169	590
Tax for the year	**(3,485)**	**(2,407)**
Tax for the year can be broken down as follows:		
Current tax (income tax and hydrocarbon tax) calculated applying normal tax rates	(1,218)	(1,145)
Current tax, hydrocarbon tax calculated applying higher tax rate	(1,076)	(568)
Deferred tax, calculated applying normal tax rates	(1,021)	(810)
Deferred tax, hydrocarbon tax calculated applying higher tax rate	(439)	(448)
Effect of reduction of income tax rate	(4)	1
Adjustments to current tax in respect of prior years	85	(65)
Adjustments to deferred tax in respect of prior years	19	38
Income tax expense	**(3,654)**	**(2,997)**

2011	DKK million	%
Income tax expense can be explained as follows:		
Calculated 25% tax on profit before tax	(1,976)	25
Adjustments of calculated income tax in foreign subsidiaries in relation to 25%	(92)	1
Hydrocarbon tax	(1,515)	19
Tax effect of:		
Non-taxable income	107	(2)
Capitalisation of tax assets not previously capitalised	77	(1)
Non-deductible expenses	(161)	2
Unrecognised tax assets	(126)	2
Effect of reduction of income tax rate	(4)	-
Share of profit of associates	9	-
Adjustments to tax in respect of prior years	27	-
Effective tax for the year	**(3,654)**	**46**

2010	DKK million	%
Income tax expense can be explained as follows:		
Calculated 25% tax on profit before tax	(1,865)	25
Adjustments of calculated income tax in foreign subsidiaries in relation to 25%	(62)	1
Hydrocarbon tax	(1,017)	14
Tax effect of:		
Non-taxable income	283	(4)
Capitalisation of tax assets not previously capitalised	(26)	-
Non-deductible expenses	(256)	3
Unrecognised tax assets	(73)	1
Share of profit of associates	19	-
Effective tax for the year	**(2,997)**	**40**

NOTES

14 Earnings per share

DKK million	2011	2010
Profit for the year	4,250	4,464
Coupon on hybrid capital after tax	(269)	(334)
Attributable to non-controlling interests	(185)	107
Attributable to DONG Energy Group	**3,796**	**4,237**
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	12.92	14.43

15 Intangible assets

DKK million	Goodwill	Rights	CO_2 emissions allowances	Completed development projects	In-process development projects	Total
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 charge	-	(351)	-	(106)	-	(457)
Impairment charge	(277)	(73)	-	-	-	(350)
Transfers	-	(2)	-	-	-	(2)
Amortisation and impairment losses at 31 December 2011	**(277)**	**(2,058)**	**(93)**	**(744)**	**0**	**(3,172)**
Carrying amount at 31 December 2011	**373**	**1,221**	**834**	**279**	**22**	**2,729**

DKK million	Goodwill	Rights	CO_2 emissions allowances	Completed development projects	In-process development projects	**Total**
Cost at 1 January 2010	663	3,163	597	827	144	5,394
Foreign exchange adjustments	1	-	29	-	-	30
Adjustments relating to acquisition of enterprises	(13)	-	-	-	-	(13)
Additions	-	-	384	6	131	521
Disposals	-	(4)	(187)	(34)	(7)	(232)
Transfers	-	39	-	196	(235)	0
Reclassifications	-	-	(347)	-	(12)	(359)
Cost at 31 December 2010	**651**	**3,198**	**476**	**995**	**21**	**5,341**
Amortisation and impairment losses at 1 January 2010	-	(1,474)	(186)	(582)	-	(2,242)
Foreign exchange adjustments	-	-	-	1	-	1
Amortisation, disposals	-	-	187	29	-	216
Amortisation charge	-	(184)	(202)	(86)	-	(472)
Impairment charge	-	-	(93)	-	-	(93)
Amortisation and impairment losses at 31 December 2010	**0**	**(1,658)**	**(294)**	**(638)**	**0**	**(2,590)**
Carrying amount at 31 December 2010	**651**	**1,540**	**182**	**357**	**21**	**2,751**

Impairment testing

Goodwill and in-process development projects are tested for impairment annually. The carrying amounts of rights, CO_2 emissions allowances and completed development projects are assessed annually to determine whether there is any indication of impairment. If any such indication exists, an impairment test is carried out.

In an impairment test, the asset's recoverable amount is compared with its carrying amount. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an intangible asset is the higher of its fair value less expected disposal costs and the present value of the expected future net cash flows (value in use).

Goodwill

Testing for impairment is carried out for the business areas 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 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. For some CGUs, value in use is determined on the basis of a definite period of years, while, for other CGUs, a terminal value after the budget period is determined based on the general growth outlook for the relevant markets. Net cash flows have been discounted using a discount rate before tax that reflects the cost of capital associated with the activity.

The goodwill allocation for each CGU and significant assumptions applied in connection with the impairment tests carried out are set out below:

NOTES

15 Intangible assets

2011

	Central power stations	A2SEA	Energy Markets
Segment	Thermal Power	Wind Power	Energy Markets
Share of consolidated goodwill, in DKK million	125	157	91
Share of consolidated goodwill (%)	34	42	24
Discount rate before tax (%)	8	12	10
Expected growth in net cash flows in terminal period (%)	n.a.	n.a	2

2010

	Central power stations	A2SEA	Energy Markets	DONG Energy Sales B.V.
Segment	Thermal power	Wind Power	Energy Markets	Sales & Distribution
Share of consolidated goodwill, in DKK million	125	157	92	277
Share of consolidated goodwill (%)	19	24	14	43
Discount rate before tax (%)	9	11	9	9
Expected growth in net cash flows in terminal period (%)	n.a.	n.a.	2	2

In 2011, a goodwill impairment of DKK 277 million was recognised in respect of DONG Energy Sales B.V. due to changed pricing in the Dutch market.

The result of the year's other impairment tests was that the recoverable amount exceeded the carrying amount of goodwill. It was consequently not deemed necessary to write down goodwill further in 2011.

Central power stations

The main criteria used for determining the recoverable amount 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 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.

A2SEA

A2SEA specialises in the construction of offshore wind farms.

The main criteria used for determining the recoverable amount are the utilisation rate, 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 the setting-up of 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.

Energy Markets

Energy Markets optimises DONG Energy's energy portfolio, forming the link between the Group's procurement and sale of energy.

The main criteria used for determining the recoverable amount 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. The model has been prepared so that account is taken of contract composition during the period and the Group's portfolio management experience.

DONG Energy Sales B.V.

DONG Energy Sales B.V. sells gas and electricity to end users in the Netherlands.

The main criteria used for determining the recoverable amount are gross margins and the discount rate applied. Budgeted gross margins are based on recently realised margins. Expected net cash flows have been determined on the basis of the company's business plan and budgets for the period 2012-2018.

As mentioned above, a goodwill impairment of DKK 277 million was recognised, to the effect that the goodwill relating to DONG Energy Sales B.V. has been fully written off. The impairment was recognised in the Sales & Distribution segment.

Rights

Rights consist predominantly of gas purchase rights and a connection right relating to gas transportation. At 31 December 2011, the carrying amount of gas purchase rights was calculated at DKK 768 million (2010: DKK 875 million) and the carrying amount of the connection right at DKK 170 million (2010: DKK 292 million).

In June 2011, the Danish Energy Regulatory Authority (DERA) declared that the tariff for DONG Energy's gas pipelines must only amount to DKK 0.07/m^3 compared with the current tariff of DKK 0.13/ m^3. As a consequence of this, in 2011, a DKK 73 million impairment loss was recognised on the connection right relating to gas transportation and DKK 527 million on the offshore gas pipelines from the North Sea to Denmark (recognised in production assets). The impairment loss reflects a reduction of the tariff to DKK 0.10/m^3, equivalent to the tariff reduction offered by DONG Energy to DERA. The impairment was recognised in the Energy Markets segment.

There were no other indications of impairment of rights in 2011. Consequently, no further impairment testing of rights was carried out.

CO_2 emissions allowances

CO_2 emissions allowances for own use amounted to DKK 834 million (2010: DKK 182 million). There were no indications of impairment of CO_2 emissions allowances in 2011. Consequently, these were not tested for impairment. In 2010, a DKK 93 million impairment loss was recognised in respect of rights relating to CO_2 emissions allowances. The impairment loss reflected a change in the Group's estimate relating to the allocation of CO_2 emissions allowances in the Netherlands. CO_2 emissions allowances are recognised in the Thermal Power segment.

Completed development projects

Completed development projects relate primarily to IT software and development of technical solutions, for example for the electricity grid. The carrying amount of completed development projects was DKK 279 million at 31 December 2011 (2010: DKK 357 million).

There were no indications of impairment of completed development projects. Consequently, these were not tested for impairment.

In-process development projects

In-process development projects are tested annually for impairment.

In-process development projects relate primarily to the implementation of new IT systems. The carrying amount of in-process development projects stood at DKK 22 million at 31 December 2011 (2010: DKK 21 million).

The Group tested the carrying amounts of recognised in-process development projects for impairment in 2011. The result of the year's other impairment tests was that the recoverable amount exceeded the carrying amount of in-process development projects. It was consequently not deemed necessary to write down in-process development projects.

16 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 2011	3,507	86,249	975	482	19,161	110,374
Foreign exchange adjustments	1	472	39	-	466	978
Additions	126	3,339	1,073	79	17,490	22,107
Disposals	(54)	(322)	(476)	(16)	(188)	(1,056)
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 charge	(199)	(6,115)	-	(81)	-	(6,395)
Impairment charge	-	(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)**	**0**	**(416)**	**(17)**	**(36,098)**
Carrying amount at 31 December 2011	**4,142**	**65,438**	**1,611**	**282**	**23,037**	**94,510**

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 2010	3,482	74,257	2,997	473	13,043	94,252
Foreign exchange adjustments	2	1,426	49	-	433	1,910
Additions	20	2,840	386	12	13,046	16,304
Disposals	(27)	(744)	(100)	(13)	(196)	(1,080)
Transfers to assets classified as held for sale	(4)	(1,046)	-	(1)	(1)	(1,052)
Transfers	6	9,516	(2,357)	11	(7,176)	0
Reclassifications	28	-	-	-	12	40
Cost at 31 December 2010	**3,507**	**86,249**	**975**	**482**	**19,161**	**110,374**
Depreciation and impairment losses at 1 January 2010	(469)	(23,430)	-	(206)	(17)	(24,122)
Foreign exchange adjustments	-	(324)	-	(1)	-	(325)
Depreciation, disposals	11	171	-	13	-	195
Depreciation charge	(141)	(5,111)	-	(84)	-	(5,336)
Impairment charge	(23)	(294)	-	-	-	(317)
Transfers to assets classified as held for sale	2	241		1	-	244
Reclassifications	(28)	-	-	-	-	(28)
Depreciation and impairment losses at 31 December 2010	**(648)**	**(28,747)**	**0**	**(277)**	**(17)**	**(29,689)**
Carrying amount at 31 December 2010	**2,859**	**57,502**	**975**	**205**	**19,144**	**80,685**

Impairment testing

DONG Energy tests property, plant and equipment for impairment if there is any indication of impairment.

In an impairment test, the asset's recoverable amount is compared with its carrying amount. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of property, plant and equipment is the higher of the assets' fair value less expected disposal costs and the present value of the expected future net cash flows (value in use).

Production assets

Oil and gas fields

Producing oil and gas fields in the Exploration & Production segment were tested for impairment in 2011. Based on the impairment testing of oil and gas-producing fields, it was estimated that the recoverable amount exceeded the carrying amount, and no impairment losses were therefore recognised on the Group's producing oil and gas fields in 2011.

The main criteria used for determining the recoverable amount are the expectations concerning reserves, oil and gas prices, exchange rates and discount rates.

Electricity distribution network

The electricity distribution network was tested for impairment in 2011. The electricity distribution network is recognised in the Sales & Distribution segment.

Based on the impairment testing of the electricity distribution network, it is estimated that the recoverable amount exceeds the carrying amount. No impairment loss was consequently recognised on the Group's electricity distribution network in 2011. The main criteria in connection with the determination of the recoverable amount are the regulatorily permitted return, discount rates, expected volume of transported kWh, operation and maintenance as well as the associated investment level.

NOTES

16 Property, plant and equipment

Other production assets
As described under rights in note 15, a DKK 527 million impairment loss was recognised on the offshore gas pipelines from the North Sea to Denmark in 2011. The impairment was recognised in the Energy Markets segment.

Other significant production assets were tested for impairment, including primarily power stations and wind farms. It is estimated that the recoverable amount of other production assets exceeds the carrying amount, and no impairment losses were consequently recognised in respect of other production assets.

In 2010, a DKK 317 million impairment loss was recognised, including DKK 299 million in respect of small-scale power stations. Part of this impairment loss related to the small-scale Maribo-Sakskøbing CHP plant, which was subsequently sold in 2011. Therefore, of the impairment loss recognised in 2010, DKK 59 million has been reversed.

Exploration assets
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 and/or gas have been identified, and when exploration assets are reclassified to assets under construction.

Significant parameters in connection with the determination of the recoverable amount of exploration assets are expectations concerning reserves, oil and gas prices, exchange rates and discount rates.

There were no indications of impairment in 2011, and no impairment losses were therefore recognised in 2011 on the Group's exploration assets.

Property, plant and equipment under construction
Significant items of property, plant and equipment under construction, including wind farms and oil and gas fields, were tested for impairment. It is estimated that the recoverable amount of property, plant and equipment under construction exceeds the carrying amount.

Other property, plant and equipment
The carrying amounts of other property, plant and equipment are assessed annually to determine whether there is any indication of impairment. If any such indication exists, an impairment test is carried out.

Based on the impairment testing of other property, plant and equipment, it is estimated that the recoverable amount exceeds the carrying amount. No impairment losses were consequently recognised in 2011 in respect of the Group's other property, plant and equipment.

17 Associates and other securities

DKK million	Investments in associates 2011	Investments in associates 2010	Other equity investments 2011	Other equity investments 2010	Other securities 2011	Other securities 2010
Cost at 1 January	3,317	4,143	517	269	-	1,173
Foreign exchange adjustments	5	7	-	-	-	-
Additions	133	57	63	248	-	130
Disposals	-	-	(19)	-	-	(1,303)
Disposal on disposal of associates	-	(1,103)	-	-	-	-
Capital contributions	259	232	-	-	-	-
Capital reductions	(9)	-	-	-	-	-
Transfers to assets classified as held for sale	-	(19)	-	-	-	-
Cost at 31 December	**3,705**	**3,317**	**561**	**517**	**0**	**0**
Value adjustments at 1 January	(398)	(538)	(143)	(68)	-	-
Foreign exchange adjustments	17	309	-	-	-	-
Share of profit for the year	36	77	-	-	-	-
Disposal on disposal of associates	-	(196)	-	-	-	-
Dividends received	(51)	(59)	-	-	-	-
Impairment charge	-	-	-	(75)	-	-
Value adjustments carried directly in equity of associates	(83)	-	-	-	-	-
Transfers to assets classified as held for sale	-	9	-	-	-	-
Value adjustments at 31 December	**(479)**	**(398)**	**(143)**	**(143)**	**0**	**0**
Carrying amount at 31 December	**3,226**	**2,919**	**418**	**374**	**0**	**0**

Investments in associates include rights with indefinite useful lives. These rights have been tested for impairment. There was deemed to be no need to write down rights with indefinite useful lives in 2011 and 2010.

Other equity investments comprise investments in unlisted securities classified as assets available for sale. The investments are measured at the lower of cost and recoverable amount, as the fair value of the assets cannot be determined reliably.

No impairment losses were charged in respect of other equity investments in 2011. In 2010, DONG Energy recognised a DKK 75 million impairment loss on the Group's participation in development project companies.

17 Associates and other securities

DKK million	2011	2010
Revenue	2,134	4,867
Profit	144	313
Profit attributable to DONG Energy	**36**	**77**
Assets	13,470	13,417
Liabilities	1,344	2,324
Equity	12,126	11,093
Equity attributable to DONG Energy	**3,226**	**2,919**

The accounting figures disclosed in the note have been determined on the basis of the recognised values in the Group. For an overview of the Group's ownership interests in associates, reference is made to note 42 in the complete annual report.

18 Inventories

DKK million	2011	2010
Raw materials and consumables	96	102
Fuel	1,158	1,125
Natural gas and crude oil	2,179	1,118
CO_2 emissions allowances	79	513
Green certificates	726	230
Other inventories	6	3
Inventories at 31 December	**4,244**	**3,091**

The bulk of the inventories is expected to be used within one year.

19 Receivables

DKK million	2011	2010
Receivables from associates	546	542
Receivables from jointly controlled entities	328	12
Receivables from the disposal of activities	108	103
Receivables from the disposal of equity investments to non-controlling interests	185	76
Assets held under finance leases	2.056	2.027
Other receivables	91	102
Non-current receivables at 31 December	**3.314**	**2.862**
Trade receivables	7.634	9.451
Receivables from associates	11	2
Receivables from jointly controlled entities	542	259
Receivables from the disposal of activities	101	131
Receivables from the disposal of equity investments to non-controlling interests	1.160	1.664
Receivable capital contributions from non-controlling interests	2.103	2.212
Assets held under finance leases	38	73
Fair value of derivative financial instruments, see note 33	16.060	14.461
Deposits	246	102
Construction contracts, see note 20	41	61
Other receivables	4.556	3.198
Current receivables at 31 December	**32.492**	**31.614**
Current and non-current receivables at 31 December	**35.806**	**34.476**

Other receivables include VAT, other indirect taxes, prepayments, etc.

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 33.

Further details of credit risks associated with receivables are disclosed in the Credit risks section in the Risk and risk management chapter in Management's review, pages 44-51, and in note 32.

NOTES

19 Receivables

Assets held under finance leases with DONG Energy as lessor

	2011			2010		
DKK million	Present value	Interest	Minimum lease income	Present value	Interest	Minimum lease income
0 - 1 year	38	(120)	158	73	(122)	195
1 - 5 years	207	(454)	661	183	(466)	649
More than 5 years	1,849	(902)	2,751	1,844	(1,069)	2,913
Assets held under finance leases	**2,094**	**(1,476)**	**3,570**	**2,100**	**(1,657)**	**3,757**

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.

Receivables that are past due but not individually impaired

DKK million	2011	2010
Days past due:		
Up to 30 days	442	653
30 - 90 days	108	92
More than 90 days	715	173
General write-offs	(152)	(148)
Trade receivables that are past due but not individually impaired	**1,113**	**770**

General write-downs on trade receivables are assessed on the basis of due date and historical experience. Write-downs are recorded on a summary account.

The Group's trade receivables at 31 December 2011 include receivables totalling DKK 26 million (2010: DKK 171 million) that have been written down to DKK 11 million following individual assessment (2010: DKK 130 million). The individual write-down on trade receivables was DKK 15 million (2010: DKK 41 million).

Movements in general and individual write-downs

DKK million	2011	2010
Write-downs at 1 January	189	183
Write-downs for the year	60	72
Reversal of previous write-downs	(6)	(3)
Receivables written off	(76)	(63)
Write-downs at 31 December	**167**	**189**

20 Construction contracts

DKK million	2011	2010
Selling price of construction contracts	481	43
Progress billings	(901)	-
Net value of construction contracts at 31 December	**(420)**	**43**
Which can be broken down as follows:		
Construction contracts (assets)	41	61
Construction contracts (liabilities)	(461)	(18)
Net value of construction contracts at 31 December	**(420)**	**43**

Selling price and progress billings at 31 December 2011 relate primarily to the construction of 50% of Anholt offshore wind farm, which is owned by external parties. The offshore wind farm is scheduled for completion and start-up in autumn 2013.

Construction contracts are recognised as receivables, see note 19, and payables, see note 25.

21 Assets classified as held for sale

DKK million	2011	2010
Property, plant and equipment	320	805
Other non-current assets	-	13
Non-current assets	**320**	**818**
Current assets	364	27
Assets classified as held for sale at 31 December	**684**	**845**
Non-current liabilities	355	66
Current liabilities	30	97
Liabilities relating to assets classified as held for sale at 31 December	**385**	**163**

Assets classified as held for sale at 31 December 2011 comprise DONG Energy's oil terminals and the small-scale CHP plants Ringsted CHP plant, Masnedø CHP plant, Slagelse CHP plant, Køge CHP plant, Haslev CHP plant, Grenå CHP plant and DTU CHP plant. The oil terminals and three of the CHP plants have been sold and transferred in 2012 (Thermal Power segment).

Assets classified as held for sale at 31 December 2010 comprise certain completed offshore transmission networks in the UK (Wind Power segment), Odense CHP plant and Frederikshavn Affaldskraftvarmeværk (Thermal Power segment) as well as DONG Energy's ownership interest in DELPRO (Sales & Distribution segment), which was sold in 2011. Reference is made to note 29.

NOTES

22 Equity

Share capital

DKK million	2011	2010
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.

Dividends

The Board of Directors recommends that dividend of DKK 1,457 million be paid for the 2011 financial year, equivalent to 60% of the business performance result determined as the share of the business performance result after tax (i.e. excluding coupon to hybrid capital holders and non-controlling interests) that is attributable to the company's shareholders, equivalent to DKK 4.96 per share (2010: DKK 7.50 per share). It is the Board of Directors' intention to distribute DKK 7.75 per share in 2012, and, in the years after the 2012 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. excluding 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 7.50 (2010: DKK 1.64).

Cash management and capital structure

Management continuously evaluates the Group's capital structure to ensure that it is aligned with the Group's and the shareholders' interests and supports 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 bond and mortgage loans are considered to be capital.

It is DONG Energy's financing policy to concentrate loans in the parent company in order to optimise the loan portfolio on a consolidated basis. Non-current assets 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 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 committed borrowing facilities or cash and cash equivalents. At the end of 2011, cash resources stood at DKK 23.1 billion, including undrawn committed borrowing facilities of DKK 13.4 billion and cash and securities of 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 to maintain ratings of at least BBB+ and Baa1 respectively with the rating agencies Standard & Poor's and Moody's. DONG Energy considers that poorer ratings would restrict its scope for effective implementation of the investment programme that is part of its strategy. DONG Energy has been rated A- by Standard & Poor's and Baa1 by Moody's, both with a stable outlook.

Up to and including 2011, the capital structure target was for adjusted net debt not to exceed three times cash flows from operating activities. From and including 2012, the target has been changed so that adjusted net debt must not exceed 2.5 times EBITDA.

Hybrid capital

The hybrid capital totalling DKK 9,538 million (EUR 1.3 billion nominal value) comprises the 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 of the two hybrid capital issues are given in the table below.

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

	Hybrid capital due 3005	Hybrid capital due 3010
Carrying amount	DKK 4,411 million	DKK 5,127 million
Principal 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
Coupon	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 variable 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

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 capital 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.

Of the hybrid bonds due in 3005, DONG Energy repurchased bonds with a nominal value of EUR 0.5 billion in January 2011 while at the same time issuing new hybrid bonds with a nominal value of EUR 0.7 billion due in 3010.

Non-controlling interests

Non-controlling interests' share of recognised profit and equity in the Group relates to:

	2011		2010	
DKK million	**Profit for the year**	**Equity**	Profit for the year	Equity
DONG Energy Sales GmbH	-	-	5	-
DONG Energy Kraftwerke Greifswald GmbH & Co. KG	-	-	(43)	-
DONG Energy Nysted I A/S	6	43	-	67
EnergiGruppen Jylland F&B A/S	6	7	(15)	-
DONG Energy Germany AG	-	-	2	32
MIG Business Development A/S	-	-	-	1
A2SEA A/S	42	746	(7)	318
Storrun Vindkraft AB	2	62	1	61
Walney (UK) Windfarms Ltd.	62	5,417	(50)	3,036
Gunfleet Sands Holding Ltd.	67	1,677	-	-
Non-controlling interests	**185**	**7,952**	**(107)**	**3,515**

23 Deferred tax

DKK million	2011	2010
Deferred tax at 1 January	7,784	6,385
Foreign exchange adjustments	29	179
Addition on acquisition of individual assets	(59)	-
Deferred tax for the year recognised in profit for the year	1,460	1,258
Deferred tax for the year recognised in other comprehensive income	1	(1)
Adjustments in respect of prior years	(19)	(38)
Transfers to assets classified as held for sale	(45)	2
Effect of reduction of income tax rate	4	(1)
Deferred tax at 31 December	**9,155**	**7,784**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (assets)	(181)	(404)
Deferred tax (liabilities)	9,336	8,188
Deferred tax at 31 December, net	**9,155**	**7,784**
Deferred tax relates to:		
Intangible assets	(10)	479
Property, plant and equipment	11,597	9,785
Other non-current assets	27	89
Current assets	158	(154)
Non-current liabilities	(3,311)	(3,063)
Current liabilities	(125)	(6)
Retaxation	2,548	1,701
Tax loss carryforwards	(1,729)	(1,047)
Deferred tax at 31 December	**9,155**	**7,784**
Deferred tax assets not recognised in the balance sheet relate to:		
Temporary differences	(2,626)	(1,305)
Tax loss carryforwards	15,973	12,114
Unrecognised deferred tax assets at 31 December	**13,347**	**10,809**

Of the deferred tax totalling DKK 9,155 million (2010: DKK 7,784 million), DKK 9,155 million is due for payment after 12 months (2010: DKK 7,784 million).

The tax base of taxable losses includes DKK 0 million (2010: DKK 144 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 the losses will be utilised in the foreseeable future.

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Change in temporary differences in 2011

DKK million	Balance sheet at 1 January	Foreign exchange adjustments	Additions, individual assets	Recognised in profit for the year	Recognised in other comprehensive income	Adjustments in respect of prior years	Transfers to assets classified as held for sale	Effect of change in tax rate	**Balance sheet at 31 December**
Intangible assets	479	-	-	(444)	-	-	(45)	-	(10)
Property, plant and equipment	9,785	61	-	1,187	2	566	-	(4)	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)	(661)	-	8	(1,729)
Deferred tax	**7,784**	**29**	**(59)**	**1,460**	**1**	**(19)**	**(45)**	**4**	**9,155**

Change in temporary differences in 2010

DKK million	Balance sheet at 1 January	Foreign exchange adjustments	Additions, individual assets	Recognised in profit for the year	Recognised in other comprehensive income	Adjustments in respect of prior years	Transfers to assets classified as held for sale	Effect of change in tax rate	**Balance sheet at 31 December**
Intangible assets	470	-	-	32	-	(23)	-	-	479
Property, plant and equipment	8,380	210	-	1,280	-	(50)	(28)	(7)	9,785
Other non-current assets	27	-	-	144	-	(82)	-	-	89
Current assets	(125)	-	-	(20)	-	(7)	(2)	-	(154)
Non-current liabilities	(2,646)	(35)	-	(328)	(69)	6	9	-	(3,063)
Current liabilities	(1)	(1)	-	(116)	102	(13)	23	-	(6)
Retaxation	1,049	-	-	549	-	103	-	-	1,701
Tax loss carryforwards	(769)	5	-	(283)	(34)	28	-	6	(1,047)
Deferred tax	**6,385**	**179**	**0**	**1,258**	**(1)**	**(38)**	**2**	**(1)**	**7,784**

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24 Provisions

	2011			2010		
DKK million	Decom-missioning obligations	Other	**Total**	Decom-missioning obligations	Other	**Total**
Provisions at 1 January	7,123	2,739	9,862	5,667	1,805	7,472
Foreign exchange adjustments	47	3	50	123	2	125
Provisions used during the year	(7)	(220)	(227)	(20)	(80)	(100)
Provisions reversed during the year	(50)	(225)	(275)	-	-	0
Provisions made during the year	1,417	677	2,094	363	1,012	1,375
Change in interest rate estimates	799	-	799	798	-	798
Change in estimates of other factors	311	-	311	62	-	62
Transfers to/from assets classified as held for sale	(349)	12	(337)	(66)	-	(66)
Reclassifications	(81)	81	0	-	-	0
Interest element of decommissioning obligations	176	-	176	196	-	196
Provisions at 31 December	**9,386**	**3,067**	**12,453**	**7,123**	**2,739**	**9,862**

Decommissioning obligations relate to expected future costs for decommissioning of production facilities, including primarily decommissioning of power stations and wind farms, and restoration of gas and oil drilling sites. The equivalent value of these obligations is recognised in production assets (property, plant and equipment) and depreciated together with the production assets. The increase in the provision for decommissioning obligations in 2011 was primarily due to new wind farms and gas and oil drilling sites.

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

Provisions are determined as expected future payments with addition of a risk premium and discounted to present value. The discount rate applied reflects the general risk-free interest rate level in the given country. The range is 1.75%-5.75% (2010: 2.75%-5.75%).

DKK million	**2011**	2010
0 - 1 year	517	444
1 - 5 years	3,418	3,445
5 - 10 years	3,304	2,202
10 - 20 years	2,225	2,220
20 - 30 years	1,854	621
30 - 40 years	1,133	608
More than 40 years	2	322
Provisions at 31 December	**12,453**	**9,862**

25 Loans and borrowings

DKK million	2011 Current liabilities	2011 Non-current liabilities	2011 Total	2010 Current liabilities	2010 Non-current liabilities	2010 Total
Non-derivative financial instruments:						
Bond loans	3,717	18,961	22,678	3,737	22,833	26,570
Bank overdrafts	114	-	114	19	-	19
Other bank loans	1,681	15,754	17,435	641	10,673	11,314
Trade payables	9,377	-	9,377	6,148	-	6,148
Payables to associates	10	-	10	43	-	43
Other payables	6,793	616	7,409	7,416	54	7,470
Derivative financial instruments:						
Fair value of derivative financial instruments, see note 33	13,095	-	13,095	13,350	-	13,350
Non-financial liabilities:						
Construction contracts, see note 20	461	-	461	18	-	18
Deferred income	1,089	1,713	2,802	609	1,634	2,243
Loans and borrowings before obligations relating to assets classified as held for sale	**36,337**	**37,044**	**73,381**	**31,981**	**35,194**	**67,175**
Liabilities relating to assets classified as held for sale	385	-	385	163	-	163
Loans and borrowings at 31 December, incl. obligations relating to assets classified as held for sale	**36,722**	**37,044**	**73,766**	**32,144**	**35,194**	**67,338**

At 31 December 2011, DONG Energy had loans totalling DKK 11,851 million (2010: DKK 9,097 million) from the European Investment Bank and the Nordic Investment Bank to fund certain assets, including marine gas pipelines, Avedøre power station and a number of offshore wind farms in Denmark and the UK. The loans offered by these multilateral financial institutions include loans to co-fund infrastructure and energy projects on favourable terms and with maturities that often exceed 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 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 2011, the Group also had non-cancellable revolving credit facilities totalling EUR 1.6 billion (2010: EUR 1.0 billion). These revolving credit facilities are primarily used as cash resources and remained undrawn at 31 December 2011. In connection with these credit facilities, 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. Pledging of collateral in connection with loans is disclosed in note 36.

26 Interest-bearing debt and capital employed

DKK million	2011	2010
Interest-bearing net debt can be broken down as follows:		
Interest-bearing debt		
Bond loans	22,678	26,570
Bank loans	17,549	11,333
Payables to associates	10	43
Other interest-bearing liabilities	724	450
Interest-bearing debt	**40,961**	**38,396**
Interest-bearing assets		
Securities	9,914	7,620
Cash	2,342	4,147
Of which non-interest-bearing	(48)	(15)
Receivables from associates and jointly controlled entities	1,427	815
Of which non-interest-bearing	(11)	(262)
Receivables from the disposal of equity investments to non-controlling interests	1,345	1,740
Capital contributions receivable from non-controlling interests	2,103	2,212
Interest-bearing assets classified as held for sale	274	-
Interest-bearing assets	**17,346**	**16,257**
Interest-bearing net debt	**23,615**	**22,139**
Capital employed can be broken down as follows:		
Operating assets		
Total assets	154,073	137,339
Interest-bearing assets	(17,346)	(16,257)
Non-interest-bearing assets	**136,727**	**121,082**
Operating liabilities		
Total liabilities	96,333	86,031
Interest-bearing debt	(40,961)	(38,396)
Non-interest-bearing debt	**55,372**	**47,635**
Non-interest-bearing net assets	**81,355**	**73,447**
Reconciliation		
Non-interest-bearing net assets	81,355	73,447
Interest-bearing net debt	(23,615)	(22,139)
Equity	**57,740**	**51,308**

27 Income tax receivable and payable

DKK million	2011	2010
Income tax payable at 1 January, net	594	(383)
Foreign exchange adjustments	4	12
Adjustments to current tax in respect of prior years	(85)	65
Payments in respect of prior years	(505)	451
Current tax for the year	2,294	1,713
Current tax for the year from other comprehensive income	(170)	(590)
Current tax for the year relating to hybrid capital	(246)	(117)
Payments for the year	(1,142)	(557)
Income tax payable at 31 December, net	**744**	**594**
Income tax at 31 December is recognised as follows:		
Income tax receivable (assets)	19	27
Income tax payable (liabilities)	(763)	(621)
Income tax payable at 31 December, net	**(744)**	**(594)**

28 Acquisition of enterprises

Acquisition of enterprises in 2011
There were no business combinations in 2011 or 2010. Reversal of provisions relating to acquisitions in previous years amounted to DKK 22 million in 2011 (2010: DKK 33 million).

Acquisition of enterprises in 2012
In January 2012, DONG Energy obtained control of CT Offshore A/S when it exercised a purchase option. The ownership interest was previously classified as an associate and recognised using the equity method.

Existing ownership interests are valued at fair value, with recognition of the DKK 17 million fair value adjustment in gain on disposal of enterprises. The allocation of the cost of identifiable assets, liabilities and contingent liabilities had yet to be finalised at the time of publication of the consolidated financial statements for 2011, and the items in the opening balance sheet may therefore subsequently be changed. The accounting treatment of the acquisition will be completed within one year in accordance with IFRS 3.

The step acquisition of CT Offshore is in keeping with DONG Energy's strategy in offshore wind. Goodwill relates to employee skills and expected cost synergies. The goodwill recognised in respect of the transaction is not deductible for tax purposes.

The fair value of non-controlling interests is based on the present value of the acquiree's expected future cash flows. The key assumptions applied are expected daily rates for vessels and the level of activity.

Assets acquired in stages include trade receivables of DKK 38 million. None of the trade receivables acquired was deemed to be uncollectible at the date of acquisition.

DKK million	Existing ownership interest	Ownership interest acquired	DONG Energy ownership interest, total	Acquisition date	Core activity	Cost	Cash purchase price, net
CT Offshore A/S	29%	37.67%	66.67%	9 January 2012	Offshore cable installation	244	153

NOTES

28 Acquisition of enterprises

DKK million	CT Offshore
Consideration for ownership interest acquired	153
Fair value of existing ownership interest	91
Consideration	**244**
Fair value of identifiable assets, liabilities and contingent liabilities	251
Non-controlling interests	(82)
Goodwill	75
Total	**244**
Determination of gain on value adjustment of existing ownership interest in enterprise acquired in stages:	
Fair value of existing ownership interest	91
Carrying amount of existing ownership interest	(74)
Gain recognised in gain on disposal of enterprises	**17**

	CT Offshore	
DKK million	Carrying amount before acquisition date	Fair value at acquisition date
Intangible assets	-	75
Property, plant and equipment	238	406
Receivables	45	45
Non-current liabilities	(97)	(138)
Current liabilities	(61)	(61)
Net assets	**125**	**327**
Non-controlling interests		(83)
DONG Energy's share of net assets		**244**
Intragroup debt acquired		-
Cash acquired		-
Cash purchase price, net		**244**

29 Disposal of enterprises

DKK million	2011	2010
Other non-current assets	14	1,373
Other current assets	406	48
Current liabilities	(395)	(28)
Adjustment of purchase price	(221)	-
Gain on disposal of enterprises	225	905
Selling price	**29**	**2,298**
Of which selling price receivable	(4)	-
Received in respect of prior year disposals	30	-
Cash transferred	(10)	(19)
Cash selling price	**45**	**2,279**

2011

DKK million	Gain/(loss)
Elsamprojekt Polska (Thermal Power)	1
Odense Kraftvarmeværk A/S (Thermal Power)	-
Frederikshavn Affaldskraftvarmeværk A/S (Thermal Power)	-
DELPRO A/S and adjustment Fiber Newco A/S earn-out (Sales & Distribution)	3
Purchase price adjustment relating to Energi E2 Renewables Ibericas S.L. (Wind Power)	221
Gain on disposal of enterprises	**225**

An amount of DKK 221 million has been recognised as income in respect of purchase price adjustment relating to the disposal of Energi E2 Renewables Ibericas S.L. (wind activities in Spain and Portugal) in 2007.

2010

DKK million	Gain/(loss)
Nordkraft AS and Salten Kraftsamband AS (Wind Power)	696
Elsam France S.A.S. (Wind Power)	25
Dansk Gasteknisk Center A/S (Sales & Distribution)	-
Swedegas AB (Energy Markets)	184
Gain on disposal of enterprises	**905**

NOTES

30 Transactions with non-controlling interests

Transactions with non-controlling interests

DKK million	2011	2010
Dividends paid to non-controlling interests	(16)	-
Acquisition of equity investments from non-controlling interests	(76)	(138)
Disposal of equity investments to non-controlling interests	1,541	119
Other capital transactions with non-controlling interests	2,496	349
Transactions with non-controlling interests	**3,945**	**330**

Acquisition of equity investments from non-controlling interests

DKK million	2011	2010
Purchase price	76	138
Of which payable	-	-
Cash purchase price	**76**	**138**

Acquisition of equity investments from non-controlling interests in 2011 comprises the acquisition of 16.43% of DONG Energy Germany AG and the payment of contingent consideration relating to Borkum Riffgrund I Holding A/S.

Acquisition of equity investments from non-controlling interests in 2010 comprises the acquisition of 25.1% of DONG Energy Kraftwerke Greifswald GmbH & Co. KG and 25% of DONG Energy Sales GmbH.

Disposal of equity investments to non-controlling interests

DKK million	2011	2010
Selling price	1,767	1,666
Transaction costs	(53)	(41)
Of which receivables	(173)	(1,506)
Cash selling price	**1,541**	**119**

Disposal of equity investments to non-controlling interests in 2011
Disposal of equity investments to non-controlling interests comprises the disposal of 49.9% of Gunfleet Sands Holding Limited and adjustments in respect of prior year disposals. The selling price for Gunfleet Sands Holding Limited is contingent on certain future conditions. The selling price was determined based on management's best estimate of the probability of these conditions being met.

Disposal of equity investments to non-controlling interests in 2010
Disposal of equity investments to non-controlling interests comprises the disposal of 24.8% of Walney (UK) Offshore Windfarms Ltd. and 14.5% of DONG Energy Nysted I A/S. The selling price for Walney (UK) Offshore Windfarms Ltd. is contingent on certain future conditions being met. The selling price was determined based on management's best estimate of the probability of these conditions being met.

Other capital transactions with non-controlling interests

DKK million	2011	2010
Capital contributions from non-controlling interests	2,668	2,613
Other payments from non-controlling interests	1,931	-
Of which receivables	(2,103)	(2,264)
Cash contribution	**2,496**	**349**

Cash contribution primarily represents contributions from non-controlling interests in respect of the construction of wind farms.

31 Cash and cash equivalents and securities

DKK million	2011	2010
Available cash	1,554	3,644
Bank overdrafts that are part of the ongoing cash management, see note 25	(114)	(19)
Cash and cash equivalents at 31 December, see statement of cash flows	**1,440**	**3,625**
Cash can be broken down into the following balance sheet items:		
Available cash	1,554	3,644
Cash not available for use	788	503
Cash at 31 December	**2,342**	**4,147**
Securities can be broken down into the following balance sheet items:		
Available securities	8,129	7,470
Securities not available for use	1,785	150
Securities at 31 December	**9,914**	**7,620**

Cash not available for use primarily comprises cash and cash equivalents tied up for use in jointly controlled wind turbine projects, 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 securities are part of DONG Energy's ongoing cash management. In accordance with IAS 7, cash flows from securities are recognised in cash flows from investing activities.

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

Securities not available for use comprise securities that form part of genuine sale and repurchase transactions (repo transactions) amounting to DKK 1,536 million (2010: DKK 0 million) and securities used to cover insurance-related provisions.

32 Credit and market risks

DKK million	Clearing centres	AAA/Aaa	AA/Aa	A/A	BBB/Baa	Other	Total
2011	**3,430**	**8,350**	**5,226**	**8,621**	**1,471**	**9,078**	**36,176**
2010	7,153	7,097	4,883	8,212	357	7,897	**35,599**

Credit risks

The table above provides an overview of the credit quality of the market value of derivative financial instruments, cash and bond portfolios and trade receivables at 31 December 2011 in the DONG Energy Group based on the individual counterparty's ratings with Standard & Poor's and Moody's.

The amounts stated do not include any collateral and therefore do not reflect the actual credit risk.

Like previous years, DONG Energy's counterparty risks are concentrated on companies with a rating of A/A or above. The AA/Aa and A/A categories cover trading with 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. The AAA/Aaa category covers DONG Energy's position in Danish AAA-rated mortgage bonds.

The value of trading at clearing centres decreased significantly compared with 2010, whereas the other categories increased. This reflected a combination of changed trading activity in connection with hedging of DONG Energy's market risk and market value changes in relation to the date of conclusion of each transaction determined at 31 December. The 'Other' group 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 44-49 of Management's review.

Market risks

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.

The sensitivity analysis below shows the effect of market value changes assuming a relative price change at 31 December 2011. The illustrated effect on profit comprises financial instruments that remained open at the balance sheet date and have an effect on profit in the financial year in question. Besides derivative financial instruments on commodities and currency, financial instruments in this context include receivables and payables in foreign currencies.

It should be noted that 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 implementation 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 bond loans.

Net investments and associated hedging of net investments in foreign subsidiaries are not included, as the effect of the sum of the investment and the hedging is considered to be neutral to price changes. For further details of the Group's net investments and hedging of same, reference is made to note 33.

NOTES

Risk	Price change	At 31 December 2011		At 31 December 2010	
		Effect on profit before tax	**Effect on equity before tax**	Effect on profit before tax	Effect on equity before tax
Oil	+10%	751	-	867	(427)
	-10%	(719)	-	(923)	522
Gas	+10%	(1,572)	-	(17)	-
	-10%	1,572	-	17	-
Electricity	+10%	(636)	-	523	(308)
	-10%	599	-	(524)	308
Coal	+10%	25	-	(173)	176
	-10%	(25)	-	173	(176)
USD	+10%	393	-	(152)	1,531
	-10%	(393)	-	152	(1,531)
GBP	+10%	(369)	(94)	17	156
	-10%	369	94	(17)	(156)
NOK	+10%	(205)	(5)	(282)	21
	-10%	205	5	282	(21)
SEK	+10%	75	(3)	70	(43)
	-10%	(68)	3	(70)	43
EUR	+10%	(535)	-	(1,479	(75)
	-10%	535	-	1,479	75
Other	+10%	2	9	-	-
	-10%	(2)	(9)	-	-
Interest	+100 basis points	(237)	448	(482)	279

NOTES

33 Financial instruments

Maturity analysis of financial liabilities, including interest payments

2011

DKK million	Carrying amount	Payment obligation	2012	2013	2014	2015	2016	After 2016
Bond loans	22,678	35,618	4,856	1,009	4,726	827	4,544	19,656
Bank overdrafts	114	114	114	-	-	-	-	-
Other bank loans	17,435	20,679	2,126	2,361	1,022	791	1,282	13,097
Trade payables	9,377	9,377	9,377	-	-	-	-	-
Payables to associates	10	10	10	-	-	-	-	-
Fair value of derivative financial instruments	13,095	13,378	9,374	1,830	729	139	110	1,196
Other payables	7,409	7,409	6,793	616	-	-	-	-
At 31 December	**70,118**	**86,585**	**32,650**	**5,816**	**6,477**	**1,757**	**5,936**	**33,949**

In this connection, on 31 December 2011, DONG Energy issued hybrid capital with a principal of DKK 9,664 million and maturity in the year 3005 (DKK 4,460 million) and 3010 (DKK 5,204 million).

The maturity analysis is based on undiscounted cash flows relating to financial liabilities. Derivative financial instruments have been used to hedge interest rate and currency risks on the Group's loan portfolio.

Apart from the fair value of derivative financial instruments, current liabilities fall due for payment less than one year after the end of the financial year. Other liabilities predominantly comprised VAT and indirect taxes as well as deferred income.

2010

DKK million	Carrying amount	Payment obligation	2011	2012	2013	2014	2015	After 2015
Bond loans	26,570	40,401	5,044	4,980	1,004	4,728	822	23,823
Bank overdrafts	19	19	19	-	-	-	-	-
Other bank loans	11,314	13,260	879	383	2,194	617	539	8,648
Trade payables	6,148	6,148	6,148	-	-	-	-	-
Payables to associates	43	43	43	-	-	-	-	-
Fair value of derivative financial instruments	13,350	13,350	10,542	1,519	523	153	17	596
Other payables	7,470	7,470	7,416	54	-	-	-	-
At 31 December	**64,914**	**80,691**	**30,091**	**6,936**	**3,721**	**5,498**	**1,378**	**33,067**

Categories of financial instruments

DKK million	2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Derivative financial instruments included in trading portfolio	16,301	16,301	10,359	10,359
Securities	9,914	9,914	7,620	7,620
Financial assets measured at fair value via profit for the year	**26,215**	**26,215**	**17,979**	**17,979**
Derivative financial instruments entered into to hedge future cash flows	-	-	4,174	4,174
Derivative financial instruments entered into to hedge net investments in foreign enterprises	455	455	203	203
Derivative financial instruments entered into to hedge fair values	405	405	170	170
Financial assets used as hedging instruments	**860**	**860**	**4,547**	**4,547**
Trade receivables	7,634	7,634	9,451	9,451
Receivables from the disposal of activities	1,554	1,554	1,974	1,974
Other receivables	8,530	8,530	7,525	7,525
Cash	2,342	2,342	4,147	4,147
Loans and receivables	**20,060**	**20,060**	**23,097**	**23,097**
Other equity investments	418	418	374	374
Financial assets available for sale	**418**	**418**	**374**	**374**
Derivative financial instruments included in trading portfolio	11,755	11,755	8,681	8,681
Financial liabilities measured at fair value via profit for the year	**11,755**	**11,755**	**8,681**	**8,681**
Derivative financial instruments entered into to hedge future cash flows	1,028	1,028	4,545	4,545
Derivative financial instruments entered into to hedge net investments in foreign enterprises	1,293	1,293	433	433
Derivative financial instruments entered into to hedge fair values	120	120	136	136
Financial liabilities used as hedging instruments	**2,441**	**2,441**	**5,114**	**5,114**
Bond loans	22,678	25,228	26,570	28,149
Bank loans	17,549	18,271	11,333	11,770
Other payables	12,546	12,546	12,205	12,205
Financial liabilities measured at amortised cost	**52,773**	**56,045**	**50,108**	**52,124**

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.

The nominal value of bond loans, bank overdrafts and other bank loans was DKK 40,584 million (2010: DKK 38,028 million).

33 Financial instruments

Fair value of derivative financial instruments

	2011			2010		
DKK million	Positive	Negative	**Net**	Positive	Negative	**Net**
Commodities:						
Oil swaps	2,255	(1,952)	303	1,346	(1,171)	175
Oil options	514	(101)	413	829	-	829
Gas swaps	4,083	(2,538)	1,545	1,258	(1,369)	(111)
Electricity swaps	6,566	(4,731)	1,835	8,850	(8,407)	443
Electricity options	23	(529)	(506)	6	(7)	(1)
CO_2 emissions allowances	417	(130)	287	131	(126)	5
Coal forwards	715	(797)	(82)	1,099	(855)	244
Currency:						
Forward exchange contracts	920	(939)	(19)	368	(607)	(239)
Currency swaps	423	(449)	(26)	340	(199)	141
Interest:						
Interest rate swaps	144	(929)	(785)	234	(609)	(375)
At 31 December	**16,060**	**(13,095)**	**2,965**	**14,461**	**(13,350)**	**1,111**

	2011			2010		
DKK million	Positive	Negative	**Net**	Positive	Negative	**Net**
0-6 months	7,612	(6,288)	1,324	6,808	(7,232)	(424)
6-12 months	3,739	(3,018)	721	3,284	(3,310)	(26)
1-2 years	2,495	(1,789)	706	2,049	(1,519)	530
2-3 years	936	(709)	227	829	(523)	306
More than 3 years	1,278	(1,291)	(13)	1,491	(766)	725
At 31 December	**16,060**	**(13,095)**	**2,965**	**14,461**	**(13,350)**	**1,111**

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

Securities

2011

DKK million	Nominal value	Carrying amount	Avg. interest rate (%)	Maturity 2012	2013	2014	2015	2016	After 2016
Fixed-interest	4,929	4,968	2.94	205	559	2,125	206	1,148	725
Floating-rate	3,156	3,161	1.51	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	2.00	-	509	-	1,027	-	-
Fixed-interest securities pledged as collateral in respect of insurance-related provisions	250	249	2.60	249	-	-	-	-	-
At 31 December	**9,837**	**9,914**		**2,178**	**1,465**	**2,812**	**1,233**	**1,501**	**725**

2010

DKK million	Nominal value	Carrying amount	Avg. interest rate (%)	Maturity 2011	2012	2013	2014	2015	After 2015
Fixed-interest	5,551	5,569	3.20	4,014	-	502	-	483	570
Floating-rate	1,896	1,901	1.43	398	1,503	-	-	-	-
Distributable securities	**7,447**	**7,470**		**4,412**	**1,503**	**502**	**0**	**483**	**570**
Fixed-interest securities pledged as collateral in respect of insurance-related provisions	150	150	4.00	150	-	-	-	-	-
At 31 December	**7,597**	**7,620**		**4,562**	**1,503**	**502**	**0**	**483**	**570**

In 2011, DONG Energy started using genuine sale and repurchase transactions (repo transactions) in connection with the management of the Group's ongoing cash flow management. In this connection, DONG Energy uses its bond portfolio as sales instrument.

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33 Financial instruments

Trading portfolio, economic hedging and cash flow hedging

2011	Total		Trading portfolio and economic hedging	
DKK million	Notional amount	Fair value	Notional amount	Fair value
Commodities:				
Oil swaps	6,129	303	6,129	303
Oil options	1,192	413	1,192	413
Gas swaps	22,032	1,545	22,032	1,545
Electricity swaps	19,006	1,835	19,006	1,835
Electricity options	444	(506)	444	(506)
CO_2 emissions allowances	512	287	512	287
Coal forwards	1,636	(82)	1,636	(82)
Currency:				
Forward exchange contracts	9,240	300	3,751	467
Currency swaps	7,014	352	6,177	367
Interest:				
Interest rate swaps	10,033	(929)	550	(83)
Total derivative financial instruments	**77,238**	**3,518**	**61,429**	**4,546**

Cash flow hedging

				Expected date of transfer to profit for the year			
DKK million	Notional amount	Fair value	Recognised in equity	2012	2013	2014	After 2014
Commodities:							
Oil swaps	-	-	(184)	(90)	(39)	(55)	-
Oil options	-	-	317	208	109	-	-
Gas swaps	-	-	-	-	-	-	-
Electricity swaps	-	-	(69)	(65)	(4)	-	-
Electricity options	-	-	-	-	-	-	-
CO_2 emissions allowances	-	-	-	-	-	-	-
Coal forwards	-	-	56	45	11	-	-
Currency:							
Forward exchange contracts	5,489	(167)	(1,457)	(392)	(486)	(477)	(102)
Currency swaps	837	(15)	153	20	34	64	35
Interest:							
Interest rate swaps	9,483	(846)	(848)	(6)	(25)	(5)	(812)
Total derivative financial instruments	**15,809**	**(1,028)**	**(2,032)**	**(280)**	**(400)**	**(473)**	**(879)**

Trading portfolio, economic hedging and cash flow hedging

2010	Total		Trading portfolio and economic hedging	
DKK million	Notional amount	Fair value	Notional amount	Fair value
Commodities:				
Oil swaps	11,603	175	9,794	557
Oil options	8,148	829	-	-
Gas swaps	1,272	(111)	1,272	(111)
Electricity swaps	13,848	442	8,689	1,257
CO_2 emissions allowances	258	34	258	34
Coal forwards	1,959	244	71	14
Currency:				
Forward exchange contracts	7,563	(141)	-	-
Currency swaps	10,778	221	5,305	53
Interest:				
Interest rate swaps	18,494	(386)	13,650	(126)
Total derivative financial instruments	**73,923**	**1,307**	**39,039**	**1,678**

Cash flow hedging

DKK million	Notional amount	Fair value	Recognised in equity	Expected date of transfer to profit for the year: 2011	2012	2013	After 2013
Commodities:							
Oil swaps	1,809	(382)	(370)	(186)	(90)	(39)	(55)
Oil options	8,148	829	493	176	208	109	-
Gas swaps	-	-	-	-	-	-	-
Electricity swaps	5,159	(815)	(552)	(482)	(65)	(4)	(1)
CO_2 emissions allowances	-	-	-	-	-	-	-
Coal forwards	1,888	230	144	70	63	11	-
Currency:							
Forward exchange contracts	7,563	(141)	(1,280)	(64)	(220)	(423)	(573)
Currency swaps	5,473	168	339	163	73	(3)	106
Interest:							
Interest rate swaps	4,844	(260)	(265)	-	-	(26)	(239)
Total derivative financial instruments	**34,884**	**(371)**	**(1,491)**	**(323)**	**(31)**	**(375)**	**(762)**

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33 Financial instruments

In 2011, in connection with the introduction of business performance, the Group discontinued the application of hedge accounting for commodities and related currency exposures. Commodity hedge transactions, 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 2014.

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 DKK 30 million (2010: DKK 390 million), see note 4, and in fual and energy with DKK 47 million (2010: loss of DKK 9 million).

Ineffectiveness of interest rate and currency hedging amounted to DKK 27 million (2010: DKK 7 million).

Hedging of fair values, currency

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)**

2010

DKK million	Assets	Liabilities	Hedged using hedging instruments	**Net position**	Fair value of hedging instrument
EUR	15,921	(43,262)	12,553	(14,788)	41
USD	2,020	(4,707)	1,437	(1,250)	(82)
GBP	7,333	(6,459)	-	874	-
SEK	725	(61)	-	664	-
NOK	478	(3,298)	-	(2,820)	-
Other	182	(68)	-	114	-
Total	**26,659**	**(57,855)**	**13,990**	**(17,206)**	**(41)**

In addition to the above, the fair value of the Group's interest payments has been hedged in the form of interest rate swaps from fixed to floating-rate. Interest swaps with a total value of DKK 4,386 million were entered into (2010: DKK 4,398 million) and a fair value of DKK 144 million (2010: DKK 11 million). Recognised value adjustments amounted to DKK 133 million (2010: DKK 11 million), which was offset by fair value adjustments of a share of the portfolio that matures in 2014-2016 with a total amount outstanding of DKK 4,386 million (2010: maturity 2014-2016 and outstanding amount DKK 4,398 million). The value adjustment of the hedging of the Group's portfolio of CO_2 emissions allowances was DKK 0 in 2011 (2010: loss of DKK 55 million), which was offset by fair value adjustment of the hedged CO_2 emissions allowance.

Hedging of net investments in foreign subsidiaries

DKK million	2011 Net investment including equity-like loans	2011 Hedged amount in currency	2011 Net position	2011 Foreign exchange adjustments recognised in equity	2010 Net investment including equity-like loans	2010 Hedged amount in currency	2010 Net position	2010 Foreign exchange adjustments recognised in equity
GBP	25,771	(22,400)	3,371	236	21,678	(15,886)	5,792	147
NOK	10,932	(3,361)	7,571	349	10,437	(3,962)	6,475	399
SEK	2,776	(1,407)	1,369	(254)	2,714	(1,782)	932	(261)
EUR	5,974	-	5,974	(9)	5,143	0	5,143	7
PLN	1,243	(1,183)	60	(38)	1,457	(1,265)	192	(17)
Total	**46,696**	**(28,351)**	**18,345**	**284**	**41,429**	**(22,895)**	**18,534**	**275**

Ineffectiveness relating to hedging of net investments in foreign subsidiaries was DKK 28 million (2010: DKK 3 million).

Fair value hierarchy of financial instruments

DKK million	2011 Quoted prices (Level 1)	2011 Observable inputs (Level 2)	2011 Non-observable inputs (Level 3)	2011 Total	2010 Quoted prices (Level 1)	2010 Observable inputs (Level 2)	2010 Non-observable inputs (Level 3)	2010 Total
Derivative financial instruments	-	13,967	2,093	16,060	-	12,819	1,642	14,461
Securities	9,914	-	-	9,914	7,620	-	-	7,620
Assets	**9,914**	**13,967**	**2,093**	**25,974**	**7,620**	**12,819**	**1,642**	**22,081**
Derivative financial instruments	-	(12,135)	(960)	(13,095)	-	(13,312)	(38)	(13,350)
Liabilities	**0**	**(12,135)**	**(960)**	**(13,095)**	**0**	**(13,312)**	**(38)**	**(13,350)**

Level 1 comprises quoted securities 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 2 also comprises quoted securities that have not been traded in the market sufficiently for a reliable fair value to be obtained.

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.

33 Financial instruments

Reconciliation of financial instruments based on non-observable inputs

DKK million	2011 Derivative financial instruments (assets)	2011 Derivative financial instruments (liabilities)	2010 Derivative financial instruments (assets)	2010 Derivative financial instruments (liabilities)
Opening at 1 January	1,642	(38)	1,600	(126)
Gains and losses recognised in profit for the year as revenue	(54)	(449)	(421)	103
Purchases	561	(196)	12	(15)
Other transfers to and from Level 3	(56)	(277)	451	-
Closing at 31 December	**2,093**	**(960)**	**1,642**	**(38)**

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 2011 was recognised with DKK 137 million (2010: loss of DKK 323 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.

34 Jointly controlled entities

DONG Energy has ownership interests in jointly controlled entities that primarily comprise ownership and operation of wind farms and power stations. The Group's ownership interests in jointly controlled entities appear from note 42 in the complete annual report.

DONG Energy has assumed investment obligations through its participation in jointly controlled entities and has made capital commitments to jointly controlled entities, as shown in note 36.

Contingent liabilities relating to jointly controlled entities are shown in note 37.

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

DKK million	2011	2010
Income	854	570
Expenses	(589)	(421)
Non-current assets	15,160	5,823
Current assets	2,286	1,481
Assets at 31 December	**17,446**	**7,304**
Non-current liabilities	4,299	378
Current liabilities	4,246	465
Liabilities at 31 December	**8,545**	**843**

35 Lease commitments

2011

DKK million	Operating leases: Minimum lease payments	Operating leases: Subleasing	Operating leases: Net	Finance leases: Minimum lease payments	Finance leases: Interest	Finance leases: Present value
0-1 year	306	-	306	30	(3)	27
1-5 years	850	-	850	28	(8)	20
More than 5 years	1,257	-	1,257	29	(27)	2
Minimum lease payments	**2,413**	**0**	**2,413**	**87**	**(38)**	**49**

2010

DKK million	Operating leases: Minimum lease payments	Operating leases: Subleasing	Operating leases: Net	Finance leases: Minimum lease payments	Finance leases: Interest	Finance leases: Present value
0-1 year	415	(177)	238	40	(2)	38
1-5 years	692	-	692	156	(20)	136
Over 5 years	813	-	813	46	(33)	13
Minimum lease payments	**1,920**	**(177)**	**1,743**	**242**	**(55)**	**187**

Assets held under operating leases comprise land and seabed relating to wind farms in the UK, Poland and Germany until 2037, natural gas storage facilities in Germany until 2023, a power station site in the Netherlands until 2037, office premises until 2022 and vehicles etc.

Lease payments in respect of leasing of sea bed relating to wind farms in the UK vary with the MWh generated, but with agreed minimum lease payments.

The Group has concluded operating leases in respect of an installation vessel for the construction of wind farms for the period 2013-2015, a port in Belfast in Northern Ireland for the period 2013-2017 and seabed for wind farms in the UK from 2012 and up to 50 years thereafter (including options for extension). The lease relating to the port includes an option under which it may be extended by five years.

The minimum lease payments under these leases amount to DKK 1,153 million and have not been recognised in the above calculation of minimum lease payments under lease arrangements commenced.

In 2011, operating lease payments totalling DKK 414 million were recognised (2010: DKK 529 million) in profit for the year.

Obligations relating to assets held under finance leases are recognised in bank loans. The present value of minimum lease payments has been calculated using the interest rate in the respective leases. There is no contingent rent under the leases.

Assets held under finance leases are recognised as property, plant and equipment in the balance sheet at 31 December, with the following carrying amounts:

DKK million	2011	2010
Production assets	18	32
Property, plant and equipment under construction	98	91
Carrying amount at 31 December	**116**	**123**

36 Contractual obligations and security arrangements

DKK million	2011	2010
Investment obligations relating to jointly controlled entities:		
Share of jointly controlled entities' investment obligations	2,060	2,518
Investment obligations in relation to participation in jointly controlled entities	-	1,413
Obligations relating to natural gas and oil exploration and production licences:		
Share of licences' investment obligations	6,788	6,211
Other investment obligations:		
Investment obligations relating to property, plant and equipment	19,746	24,621

Contractual obligations

Investment obligations in respect of jointly controlled entities and other investment obligations relate primarily to wind farms.

The Group is a party to a number of long-term purchase and sales contracts entered into in the course of the Group's ordinary operations. 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.

Security arrangements

Mortgage loans totalling DKK 1,502 million (2010: DKK 1,502 million) were secured on power stations with a carrying amount of DKK 2,812 million (2010: DKK 3,238 million).

Furthermore, the Group provided cash collateral in respect of trading in financial instruments, see note 31.

37 Contingent assets and liabilities

Contingent assets

Significant unrecognised contingent assets comprise deferred tax assets at DKK 13.3 billion (2010: DKK 10.8 billion). Reference is made to note 23.

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.

In previous financial years, the Group concluded agreements on the sale of companies that feature contingent consideration. This consideration has not been recognised, as its existence is subject, in part, 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). The usual insurance has been taken out to cover any such claims.

Guarantees

DONG Energy A/S has furnished the Danish Ministry of Economic Affairs and the Interior with a guarantee for fulfilment of all obligations and liability to 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 has no maximum limit and the DONG E&P Group is jointly and severally liable with the other partners for obligations and liability.

Through subsidiaries and jointly controlled assets and entities, DONG Energy participates in gas and oil exploration and production, construction and operation of wind farms, 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, purchase and sales contracts, etc.

Joint and several liability

DONG Energy participates in a number of jointly controlled assets and entities, including renewable energy projects and gas and oil exploration and production licences. The Group is jointly and severally liable with the other joint venturers for obligations and liability under agreements concluded.

DONG Energy 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 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 power 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.

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.

NOTES

38 Related party transactions

Related parties

Related parties that have control over the Group comprise the Danish State, represented by the Danish Ministry of Finance, which owns 76% of the parent company.

Other related parties are the Group's Board of Directors, Executive Board, senior executives and close members of their families. Related parties also comprise companies that are controlled or jointly controlled by the persons referred to above.

Related parties also include the Group's jointly controlled entities, i.e. companies that are jointly controlled by DONG Energy and other venturers, and associates in which DONG Energy has significant influence. Reference is made to note 42 in the complete annual report for an overview of the Group's jointly controlled entities and associates.

Related party transactions

Remuneration to the Board of Directors, the Executive Boards and other senior executives is disclosed in note 6.

The Group had the following transactions with jointly controlled entitles and associates during the financial year:

	Jointly controlled entities		Associates	
DKK million	**2011**	2010	**2011**	2010
Dividends received	178	39	51	59
Capital transactions, net	625	643	-	-
Trade receivables	2,179	81	5	1
Trade payables	(55)	(40)	(435)	(126)
Purchase of property, plant and equipment	(1,792)	-	-	-
Interest, net	-	-	64	32
Receivables	870	271	557	544
Payables	-	(271)	(10)	(43)

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

Transactions with related parties are made on arm's length terms.

39 Events after the reporting period

Sterling-denominated bond issue

In January 2012, DONG Energy issued a GBP 750 million bond with a maturity of 20 years. The bond carries a coupon of 4.875%. The bond was issued under the company's existing bond programme (EMTN programme) and the transaction will strengthen DONG Energy's strong liquidity position.

Disposal of Oil Terminals

In June 2011, DONG Energy and the Canadian energy infrastructure business Inter Pipeline Fund agreed that Inter Pipeline Fund would take over DONG Energy Oil Terminals. The selling price for DONG Energy Oil Terminals was DKK 2.9 billion. The transaction was completed in January 2012, yielding a gain before tax of approx. DKK 2.6 billion.

Development of the Danish Hejre field

DONG Energy and Bayerngas have decided to develop the Hejre field in the Danish sector of the North Sea. DONG Energy is the operator and has a 60% stake in the field. Bayerngas owns 40%. DONG Energy's investment totals DKK 9.2 billion. The development of the field represents DKK 7.3 billion, equivalent to 60% of the total development costs. The remaining DKK 1.9 billion represents costs for the expansion of DONG Energy's terminal in Fredericia, which will be processing the oil from the Hejre field. DONG Energy estimates the total reserves of the Hejre field at approx. 170 million barrels of oil equivalent and expects first oil from the end of 2015.

Disposal of stake in the German offshore wind farm Borkum Riffgrund 1

In February 2012, the LEGO Group's parent company, KIRKBI A/S, and the Oticon Foundation, via its wholly-owned investment company, William Demant Invest A/S, signed an agreement with DONG Energy to acquire 50% of the German Borkum Riffgrund 1 offshore wind farm for a sum of approx. DKK 4.7 billion. The transaction is subject to approval by the competition authorities and is expected to be completed in the second quarter of 2012. Borkum Riffgrund 1 will consist of 77 3.6 MW wind turbines from Siemens Wind Power. The wind farm will be able to supply CO_2-free power equivalent to the annual electricity consumption of more than 285,000 households. Construction of Borkum Riffgrund 1 is expected to commence in 2013, and first power is expected to be generated in 2014.

Independent Auditor's Report

The Group annual report, which, pursuant to section 149 of the Danish Financial Statements Act, is an extract of DONG Energy's complete annual report, does not include accounting policies for the financial statements and non-financial statements, licence overview, company overview, the financial statements of the parent company, DONG Energy A/S, and the statement on corporate governance, including internal control and risk management systems in connection with the financial reporting. The complete annual report, including accounting policies for the financial statements and non-financial statements, licence overview, company overview, the parent company financial statements and the statutory corporate governance statement, can be downloaded at www.dongenergy.com. Following adoption at the AGM, the complete annual report will also be available from the Danish Business Authority (Erhvervsstyrelsen).

Auditor has made the following statement in respect of the complete annual 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 2011, 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 2011 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 2011 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, 9 March 2012

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Fin T. Nielsen
State Authorised Public Accountant

Mogens Nørgaard Mogensen
State Authorised Public Accountant

Assurance Statement

Independent auditor's Assurance Statement for DONG Energy's stakeholders

We have reviewed DONG Energy's non-financial statements for 2011 for the purpose of expressing a conclusion on 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 152-155 in the Annual Report. These contain information on which of the Group's business areas and activities are included in the reporting and Management's reasons for choosing the data included. Data are recognised in accordance with the description of applied accounting policies for non-financial data.

Responsibilities

Company 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 a conclusion 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 6 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 inquiries regarding applied instructions, registration and reporting systems, procedures with focus on internal controls, auditing analyses of the data basis used to prepare the non-financial statements, sample testing of data and underlying documentation, including visits at selected local entities, and control of compliance with the description of accounting policies for the 2011 non-financial statements.

Conclusion

Based on our work, nothing has come to our attention causing us to believe that the CSR data presented on page 6 of the Group Annual Report and the Annual Report for 2011 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+, including Electric Utilities Sector Supplement, for the financial year 2011. Our work has primarily comprised a review of the documentation presented, including chosen inquiries 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 it in its reporting complies with GRI G3.0, including the Electric Utilities Sector Supplement. 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+, including the Electric Utilities Sector Supplement.

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, 9 March 2012

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Fin T. Nielsen
State Authorised Public Accountant

Mogens Nørgaard Mogensen
State Authorised Public Accountant

Company announcements in 2011

Q4

23 December
Changes to previous announcement about the divestment of Oil Terminals

16 December
DONG Energy acquires a stake in the first two projects in SMart Wind's Hornsea zone

04 November
DONG Energy acquires the right to further develop German offshore wind farm

04 November
Interim financial report – Q3 2011 – Stable results for the first nine months of the year

01 November
Completion of Marubeni Corporation's acquisition of an ownership stake in Gunfleet Sands offshore windfarm

31 October
DONG Energy to present first 9 months' results

27 October
Vestas and DONG Energy enter into agreement on testing of new 7 MW offshore wind turbine

21 October
Divestment of the transmission assets at the offshore wind farm Walney 1

20 October
Divestment of stakes in Anholt offshore wind farm has been approved

18 October
DONG Energy enters into agreement to acquire UK Shell Gas Direct

03 October
DONG Energy increases stake in Syd Arne field

Q3

29 September
DONG Energy appoints new Executive Vice President

27 September
Disposal of Barrow offshore wind farm transmission assets

01 September
Marubeni Corporation to become co-owner of Gunfleet Sands offshore wind farm

31 August
DONG Energy acquires Noreco's stake in the Siri field

26 August
DONG Energy co-founder of bioenergy consortium in Måbjerg

22 August
Executive Vice President Niels Bergh-Hansen retires

17 August
DONG Energy A/S signs a new EUR 1.3bn credit facility

16 August
DONG Energy sells its stake in Nordkraft Vind

16 August
Interim financial report - Q2 2011 – High energy prices ensured strong results

10 August
DONG Energy to present first half results for 2011

25 July
DONG Energy and Noreco make an agreement on the Siri field in the North Sea

19 July
Terms in place for the divestment of the transmission assets at the Gunfleet Sands offshore wind farm

Q2

28 June
DONG Energy and Bladt Industries sign long-term cooperation agreement on wind turbine foundations

20 June
DONG Energy enters into agreement to divest Oil Terminals to Inter Pipeline Fund

16 June
DONG Energy and ScottishPower Renewables to build West of Duddon Sands offshore wind farm

15 June
DONG Energy's repair solution only sufficient solution for Siri

15 June
Permanent solution for North Sea platform Siri

19 May
Interim financial report - Q1 2011 – Sound and satisfactory results

16 May
New and more transparent presentation of income statement

12 May
DONG Energy to present first quarter results for 2011

Q1

28 March
PensionDanmark and PKA to become co-owners of Denmark's largest offshore wind farm

11 March
DONG Energy A/S' list of information published pursuant to Section 27b of the Danish Securities Trading Act

11 March
Announcement of financial results for 2010

08 March
DONG Energy to present full year 2010 results

24 February
DONG Energy to build German offshore wind farm

18 February
Change of reporting segments

27 January
Notice to holders of GBP 500,000,000 5.75% securities due 2040, issued by DONG Energy on 9 April 2010 (ISIN XS0499449261)

21 January
Announcement of final pricing regarding DONG Energy's invitation to tender hybrid capital bonds for repurchase

20 January
Announcement of results and acceptance regarding DONG Energy's invitation to tender hybrid capital bonds for repurchase

13 January
DONG Energy has successfully issued new hybrid capital bonds

13 January
DONG Energy resumes intention to issue new hybrid capital bonds and announces invitation to tender existing hybrid capital bonds for repurchase

11 January
Financial calendar 2011

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.

BAFA: Bundesamt für Wirtschaft und Ausfuhrkontrolle.

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 ETS. Biomass can be used in both central power stations and small-scale CHP plants.

Cash-Flow-at-Risk (CFaR): Indicator that reflects the maximum amount by which cash flow may fall, with a probability of 95%, compared with expected cash flow over the risk management time frame.

Central power station: A larger power station, typically with a net installed power capacity of more than 100 MW.

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.

CHP plant, small-scale: A Combined Heat and Power Plant (CHP), typically with a net installed power capacity of less than 100 MW.

Climate partnerships: The possibility of providing customers with energy-saving solutions. Including the possibility of offering residential customers energy-saving Cleantech solutions and advice, typically in the form of geothermal heating, window insulation, etc. The possibility of offering business customers actual partnerships by providing energy-saving advice, with the energy savings achieved typically being used to buy green electricity (from wind turbines) from DONG Energy. Partnerships with business customers open up other opportunities for collaboration between energy company and customer in the longer term.

CO_2: Carbon dioxide.

CO_2 allowances: Carbon dioxide emissions allowances subject to the European Union Emissions Trading Scheme (EU ETS).

Derivatives: Financial and physical instruments that can be used to guarantee a specific price for the purchase or sale of, for example, commodities and currency.

DK1 and DK2: Area prices for electricity in West Denmark (DK1) and East Denmark (DK2).

DUC: Dansk Undergrunds Consortium.

EEX: European Energy Exchange, German power exchange.

EFET: European Federation of Energy Traders. Develops European standard contract documentation that can be used for mutual trading in energy.

EMIR: European Market Infrastructure Regulation. Its purpose is to improve transparency and enhance market safety and regulatory oversight.

ETS: The EU Emissions Trading Scheme, which aims to reduce emissions of carbon dioxide and combat climate change by means of a system that grants CO_2 emissions allowances and enables electricity producers and other emitters to trade these CO_2 emissions allowances.

EUA: European Union Allowance. The allowances available within the EU borders.

Exploration and appraisal wells: Wells drilled to discover and evaluate 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, 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 dark spread (GDS) and contribution margin from electricity generation: Green dark spread represents the contribution margin per MWh of electricity generated at a coal-fired power station of a given efficiency. It is calculated 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. DONG Energy's contribution margin from electricity generation is affected, among other things, by whether electricity is generated at times during the 24-hour cycle when prices are relatively high (peak) or at times when prices are relatively low (off-peak). The contribution margin is also affected by the fact that the cost of coal for accounting purposes differs from the market price resulting from application of the FIFO (first-in, first-out) principle to inventories. In addition, DONG Energy is allocated a specific volume of CO_2 emissions allowances.

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 measured as the difference between the market price of electricity and the costs of gas and CO_2 allowances used for generating the electricity.

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 level in the Norwegian and Swedish water and snow reservoirs is above or below normal.

ISDA: The International Swaps and Derivatives Association. Develops standard contract documentation that can be used for mutual trading in derivative financial instruments.

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.

MiFID: Markets in Financial Instruments Directive. EU Directive designed to harmonise the European Union's financial markets and increase cross-border investments.

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.

NO_x: Nitrogen oxides.

Operator: The company appointed to conduct operations under an exploration, production and/or development licence or concession governing an oil or gas licence or concession area.

Peak and off-peak: Reflects prices for electricity generated at times during the 24-hour cycle with high demand and low demand respectively.

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.

REMIT: Regulation on Energy Markets Integrity and Transparency. EU Regulation on integrity and transparency in energy markets to prevent insider dealing and market manipulation.

SO_2: Sulphur dioxide.

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 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 time lag effect of up to a year and a half. For example, a change in the price of oil and/or the USD exchange rate in January may affect DONG Energy's sales prices already in February, but may not be felt on purchase prices before the summer of the following year. The impact on the individual periods consequently varies, and this may lead to considerable fluctuations in operating profit from one period to the next in the case of oil price changes. 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.

Wood pellets: Wood that has been pulverised and pelletised under heat and high pressure.

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 to cash flows from operating activities	$\frac{\text{Adjusted net debt}}{\text{Cash flows from operating activities}}$
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)	$\frac{\text{Adjusted operating profit}}{\text{Average invested capital}}$
Adjusted operating profit	EBIT adjusted for hydrocarbon tax plus profit from associates less interest element of decom-missioning obligations.
Capital employed	Non-interest-bearing net assets corresponding to non-interest-bearing assets less non-interest-bearing liabilities.
Average capital employed	$\frac{\text{(Capital employed beg. of year + capital employed year end)}}{2}$
Adjusted return on capital employed	$\frac{\text{Adjusted operating profit}}{\text{Average adjusted capital employed}}$
Adjusted capital employed	Capital employed less property, plant and equipment under construction and exploration assets, and less production assets transferred from property, plant and equipment under construction in the past six months.
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.

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.





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