

# GROUP FINANCIAL STATEMENTS, Q3 2006

Revenue	EBIT	Profit after tax
DKKm <b>8,948</b>	DKKm <b>(231)</b>	DKKm <b>643</b>

The third quarter was the first quarter in which the acquired electricity companies Elsam, Energi E2, Nesa and the electricity activities from the City of Copenhagen and the Municipality of Frederiksberg featured in full. Profit after tax was eroded by net non-recurring expenses of DKK 573 million. Corrected for this, profit after tax was DKK 1,216 million, which is considered satisfactory.

## HIGHLIGHTS

- Third-quarter revenue was DKK 8,948 million compared with DKK 3,391 million in 2005.
- Third-quarter EBIT was a loss of DKK 231 million compared with DKK 494 million. YTD EBIT was DKK 3,577 million compared with DKK 2,943 million. Third-quarter EBIT was adversely affected by a non-recurring expense of DKK 2,185 million
- Third-quarter profit after tax was DKK 643 million compared with DKK 397 million. YTD profit after tax was DKK 3,813 million compared with DKK 2,057 million. Third-quarter profit after tax was depressed by net non-recurring items of DKK 573 million
- Third-quarter operating cash flow was DKK 1,627 million versus DKK 1,481 million. Investing activities generated an inflow of DKK 5,345 million compared with an outflow of DKK 1,244 million. The principal disposals/investments were the payment for Elsam and Energi E2's sale of assets to Vattenfall, the acquisition of the remaining 35% of the shares in Elsam from Vattenfall, less cash and cash equivalents acquired, and investment in the Ormen Lange and Langeled projects.
- The profit outlook of DKK 4.9 billion is reaffirmed, despite of the described non-recurring items

### Group financial statements – Q3 2006

# GROUP

## FINANCIAL HIGHLIGHTS

<b>Financial highlights</b>					
DKKm	<b>Q3 2006</b>	<b>Q3 2005</b>	<b>YTD 2006</b>	<b>YTD 2005</b>	<b>Difference</b>
<b>Revenue by business area:</b>	<b>8,948</b>	<b>3,391</b>	<b>22,980</b>	<b>12,700</b>	<b>10,280</b>
Exploration & Production	1,281	943	4,012	2,854	1,158
Natural gas, Trade & Supply	4,318	2,267	14,787	9,316	5,471
Electricity & Renewable energy	5,005	48	5,623	174	5,449
Natural gas, Distribution & Storage	173	141	664	614	50
Oil pipeline	123	125	347	347	-
Other (including eliminations)	(1,952)	(133)	(2,453)	(605)	(1,848)
<b>EBIT by business area:</b>	<b>(231)</b>	<b>494</b>	<b>3,577</b>	<b>2,943</b>	<b>634</b>
Exploration & Production	666	293	2,228	1,074	1,154
Natural gas, Trade & Supply	(1,293)	210	714	1,680	(966)
Electricity & Renewable energy	465	(7)	496	(7)	503
Natural gas, Distribution & Storage	29	(38)	236	111	125
Oil pipeline	25	30	62	64	(2)
Other (including eliminations)	(123)	6	(159)	21	(180)
Financial items, net	(181)	203	(320)	(126)	(194)
<b>Profit after tax<sup>1</sup></b>	<b>643</b>	<b>397</b>	<b>3,813</b>	<b>2,057</b>	<b>1,756</b>
EBITDA <sup>2</sup>	910	1,065	5,703	4,518	1,185
EBITDA margin (%)	10	31	25	36	(11)
EBIT margin (operating margin) (%)	(3)	15	16	23	(7)
Free cash flow to equity (with acquisitions) <sup>3</sup>	6,972	237	2,372	(4,097)	6,469
Free cash flow to equity (without acquisitions) <sup>4</sup>	11,821	675	16,509	2,672	13,837
Assets	100,349	45,468	100,349	45,468	54,881
Cash and cash equivalents <sup>5</sup>	11,908	7,932	11,908	7,932	3,976
Interest-bearing debt <sup>6</sup>	27,497	7,205	27,497	7,205	20,292
Net interest-bearing debt	15,589	(727)	15,589	(727)	16,316
Equity	39,963	25,845	39,963	25,845	14,118
Capital employed <sup>7</sup>	55,733	26,228	55,733	26,228	29,505
Financial gearing <sup>8</sup>	0.39	(0.03)	0.39	(0.03)	0.42

Note 1 : Profit after tax was depressed by net non-recurring items of DKK 573 million and DKK 385 million for the quarter and YTD respectively

Note 2 : Earnings before interest, tax, depreciation and amortisation

Note 3 : Cash flows from operating activities and investing activities

Note 4 : Cash flows from operating activities and investing activities, excluding cash flows from acquisitions/disposals of enterprises

The purchase price for Ormen Lange is recognised as an acquisition

Note 5 : Cash and cash equivalents comprise available cash + securities that are part of the ongoing cash management less bank overdrafts

Note 6 : Interest-bearing debt is exclusive of bank overdrafts

Note 7 : Equity +/- losses/gains in respect of hedging instruments on equity + net interest-bearing debt

Note 8 : Net interest-bearing debt divided by equity

The announcement of Group financial statements is presented in accordance with the recognition and measurement provisions in International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed and State-owned public limited companies.

# GROUP RESULTS AND OUTLOOK

The third quarter was the first quarter in which Elsam, Energi E2, Nesa and the electricity activities from the City of Copenhagen and the Municipality of Frederiksberg featured in full in DONG Energy's group financial statements. Elsam, Energi E2 and Nesa are included as subsidiaries from 1 July, while the electricity activities from the City of Copenhagen and the Municipality of Frederiksberg feature from 1 May. The proportionate shares of the results of Elsam, Energi E2 and Nesa are recognised as profit of associates in the period before 1 July.

## THIRD-QUARTER GROUP RESULTS

### Revenue

Third-quarter revenue was DKK 8,948 million versus DKK 3,391 million in 2005. After adjustment for the newly acquired electricity companies revenue was DKK 2,419 million ahead, driven by higher oil and gas prices, partly offset by lower oil production and gas sales than in 2005. The oil price (Brent) averaged 69.5 USD/bbl versus 61.5 USD/bbl in 2005, equivalent to a 13% increase.

### EBIT

Third-quarter EBIT was a loss of DKK 231 million versus DKK 494 million in 2005. EBIT from the acquired electricity companies amounted to DKK 471 million.

EBIT was adversely affected in 2006 by a non-recurring expense of DKK 2,185 million concerning a transaction of an intragroup nature that arose in connection with DONG Naturgas' termination of existing intragroup agreements. Because transactions between legal entities must be on arm's length terms, compensation in respect of their value is due on termination of the agreements. This resulted in a DKK 2,185 million accounting loss for DONG Naturgas. The corresponding gain was recognised in the opening balance sheets at 1 July 2006 and consequently was not recognised as income in the group financial statements, resulting in an expense of DKK 2,185 million for the Group. The accounting treatment is based on US GAAP (EITF-04-01), which IFRS relies on in this instance. The accounting technical loss also depressed the cash flow from operating activities and benefited the cash flow from investing activities. The free cash flows thus will not be affected.

Excluding acquired electricity companies and non-recurring items, EBIT increased by DKK 989 million. In Exploration & Production, EBIT increased by DKK 373 million as a result of the higher oil prices and a lower adverse impact of hedging instruments than in 2005, partially offset by lower production. Excluding non-recurring items, EBIT in Natural gas, Trade & Supply, increased by DKK 624 million, mainly reflecting higher gas prices. The so-called time lag effect accelerated the effect of the higher gas prices. The time lag effect arises as a result of the price of oil and the USD exchange rate featuring with different time lags in DONG Energy's natural gas purchase and sales contracts. This means that oil price changes impact on selling prices relatively quickly, whereas purchase prices are adjusted with a delay of up to 15 months. The price increases yielded a substantial gain exceeding the corresponding gain for the third quarter of 2005. The time lag effect will be negative in the event of a falling oil price.

### Profit on disposal of enterprises

Profit on sale of enterprises (see Appendix 1) included a gain on the sale of the gas storage facilities in LI. Torup to Energinet.dk, which contributed a preliminary profit of DKK 1,000 million. Energinet.dk's final acquisition of the storage facilities is on 1 May 2007, when the free cash flows are expected to benefit by approx. DKK 2 billion before offsetting of transferred net debt. The free cash flows consequently will not be affected by the transaction in the current year.

## Financial items

Third-quarter financial items amounted to a net charge of DKK 181 million versus net income of DKK 203 million last year. 2005 benefited from a DKK 239 million classification change related to hedging instruments. This is because hedging instruments that are considered as economic hedges but do not meet the hedge accounting criteria have been recognised as EBIT (revenue) rather than as financial items from and including the third quarter of 2005.

<b>Financial items</b>			
DKKm	<b>Q3 2006</b>	<b>Q3 2005</b>	<b>Difference</b>
Interest income (expense), net	(188)	(43)	(145)
Interest element of abandonment costs	(27)	(14)	(13)
Dividends on equity investments	-	-	-
Other	34	260	(226)
<b>Financial items, net</b>	<b>(181)</b>	<b>203</b>	<b>(384)</b>

Excluding the classification change in 2005, financial items increased by DKK 145 million. The increase related to the net interest expense, with average net interest-bearing debt amounting to approx. DKK 14 billion, while net cash and cash equivalents amounted to approx. DKK 1 billion in 2005.

## Income tax

Third-quarter income tax expense was an inflow of DKK 46 million compared with a tax expense of DKK 301 million in 2005. The tax rate - excluding the tax-free profit on disposal of LI. Torup (2006) and the non-recurring item relating to the termination of intragroup agreements - was 32% in the third quarter compared with 43% in 2005. The tax rate exceeded 28% as a result of the 78% hydrocarbon tax rate in Norway.

## Profit after tax

Third-quarter profit after tax was DKK 643 million versus DKK 397 million in 2005.

Profit was depressed by net non-recurring items of DKK 573 million, relating partly to the termination of the intragroup agreements, and partly to the sale of the gas storage facility at LI. Torup. Acquired electricity companies contributed DKK 358 million.

Excluding the above, profit was DKK 462 million ahead of 2005, driven primarily by higher oil and gas prices, including a positive time lag effect, partially offset by higher financial expenses.

## Cash flows

Third-quarter operating cash flow was DKK 1,627 million, up from DKK 1,481 million in 2005 due to less funds tied up in working capital. Investing activities generated an inflow of DKK 5,345 million compared with an outflow of DKK 1,244 million in 2005. The principal disposals/investments in 2006 were the payment for Elsam and Energi E2's sale of assets to Vattenfall, the acquisition of the remaining 35% of the shares in Elsam from Vattenfall, less cash and cash equivalents acquired and the cash flow effect of the termination of intragroup agreements, and investment in the Ormen Lange and Langeled projects.

## YTD GROUP RESULTS, 9 MONTHS

### Revenue

YTD revenue was DKK 22,980 million compared with DKK 12,700 million in 2005.

Excluding the acquired electricity companies, revenue was up DKK 6,679 million. The increase reflected the higher oil prices and an increase in volumes of natural gas sold, partly offset by the decline in oil production.

The oil price averaged USD 67.0/bbl compared with USD 53.5/bbl in 2005, up 25%.

### EBIT

YTD EBIT was DKK 3,577 million compared with DKK 2,943 million in 2005.

In 2006 EBIT was eroded by non-recurring expenses of DKK 2,008 million, DKK 2,185 million of which related to termination of intragroup agreements. Other non-recurring items related to profit on sale of licences and profit on sale of cushion gas. Acquired electricity companies contributed DKK 503 million.

Excluding non-recurring items and contributions from acquired electricity companies, EBIT increased by DKK 2,139 million.

Excluding non-recurring items, EBIT in Exploration & Production increased by DKK 1,020 million as a result of the higher oil prices and a lower adverse impact of hedging instruments than in 2005, partially offset by lower production. A substantial amount of the income is generated in Norway and taxed at 78% (hydrocarbon tax). Excluding non-recurring items, EBIT in Natural gas, Trade & Supply, was up DKK 1,161 million, mainly reflecting higher gas prices. The time lag effect accelerated the effect of the higher gas prices.

### Financial items

YTD financial items amounted to a net charge of DKK 320 million versus a net charge of DKK 126 million in 2005.

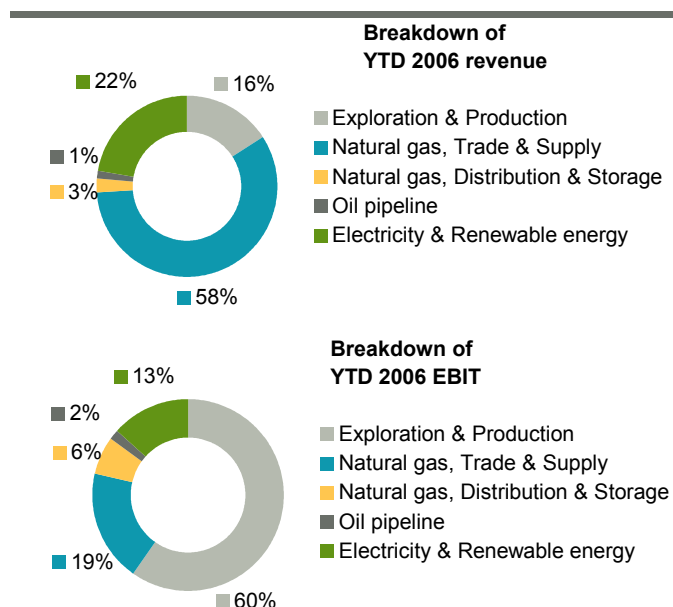
Financial items			
DKKm	YTD 2006	YTD 2005	Difference
Interest income (expense), net	(314)	(202)	(112)
Interest element of abandonment costs	(53)	(41)	(12)
Dividends on equity investments	4	112	(108)
Other	43	5	38
<b>Financial items, net</b>	<b>(320)</b>	<b>(126)</b>	<b>(194)</b>

YTD net interest expense was up DKK 112 million, with average net interest-bearing debt amounting to approx. DKK 7 billion compared with approx. DKK 5 billion in 2005.

Dividend from investments was DKK 108 million down on 2005, when it included dividend from Elsam.

### Income tax

Income tax expense for the period was DKK 1,140 million compared with DKK 765 million in 2005. The tax rate – adjusted for the fact that associates are recognised after tax (2006), tax-free profits (2006) and extraordinary tax



credits of DKK 320 million (2005) – was 36% compared with 39% in 2005. The tax rate exceeded 28% as a result of the 78% hydrocarbon tax rate in Norway.

### Profit after tax

Profit after tax for the period was DKK 3,813 million versus DKK 2,057 million in 2005. Profit was depressed by non-recurring expenses of DKK 385 million, while acquired electricity companies contributed DKK 1,029 million.

Excluding non-recurring items and results from acquired electricity companies, the increase was DKK 1,549 million, due primarily to higher oil and gas prices, including time lag effect, partially offset by higher financial expenses.

### Cash flows

YTD operating cash inflow was DKK 5,897 million, up from DKK 4,549 million in 2005 due to a higher EBITDA, partly offset by lower paid financial expenses. Investing activities absorbed DKK 3,525 million versus DKK 8,646 million in 2005. The principal investments were the acquisitions of the electricity activities of the City of Copenhagen and the Municipality of Frederiksberg (incl. Energi E2 shares), the remaining 75% of the shares in Elsam (incl. Nesa and Energi E2 shares), 30% of the shares in Energi E2 and the investments in the Ormen Lange and Langeled projects. The purchase price for the electricity companies is recognised as a net sum after offsetting acquired cash and cash equivalents and the DKK 10,041 million capital increase to SEAS-NVE and a number of former Elsam shareholders. The purchase price for the City of Copenhagen's electricity activities does not feature in full, a payment of DKK 6.7 billion still outstanding. Cash flows relating to investing activities include payment for Elsam and Energi E2's sale of assets to Vattenfall and the impact of the termination of intragroup agreements on cash and cash equivalents.

### Equity

Equity stood at DKK 39,963 million at 30 September 2006 compared with DKK 26,278 million at the end of 2005. Equity increased by the DKK 10,041 million capital increase to SEAS-NVE and a number of former Elsam shareholders in April, profit for the period, and the change in the effect of value adjustments of hedging instruments, partly offset by dividend payments totalling DKK 486 million.

### Balance sheet

The balance sheet total increased from DKK 46,854 million at the end of 2005 to DKK 100,349 million, mainly as a consequence of the recognition of the acquired electricity companies and a gross increase in balance sheet items relating to hedging instruments.

Net interest-bearing debt was DKK 15,589 million versus a positive DKK 208 million at the end of 2005.

## OUTLOOK FOR 2006

The full-year profit outlook of DKK 4.9 billion is reaffirmed despite the fact that profit was affected by net non-recurring expenses of DKK 0.6 billion realised in the third quarter. These were not known at the time the interim financial statements for the second quarter were issued. Excluding net non-recurring expenses, profit outlook has thus been boosted by DKK 0.6 billion, mainly reflecting higher electricity prices and electricity production.

A net charge of DKK 0.4 million has been recognised relating to integration costs and synergies in connection with the merger and interest expense on the purchase price for the acquired electricity companies.

### Forward-looking statements

The quarterly financial statements contain forward-looking statements, which include projections of financial performance in 2006. 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, the development in the oil, coal, electricity, CO<sub>2</sub>, currency and interest rate markets; changes in legislation, regulation or standards; changes in the competitive situation in DONG Energy's markets and security of supply.

## SPECIAL EVENTS

### ■ Gas Release Auction

DONG Energy held its first Gas Release auction on 30 August, auctioning 400 million m<sup>3</sup> of natural gas (10 lots of 40 million m<sup>3</sup> each), equivalent to 10% of the Danish gas market. The auction was part of DONG Energy's commitment to the European Commission following its approval of the merger. The result of the auction, which was arranged as a two-way gas release, was that DONG Energy will deliver natural gas in Denmark against taking equivalent gas volumes in the UK, Belgium and Germany.

### ■ Rating

On 31 August, Standard and Poor's revised its outlook on DONG Energy A/S from BBB+ Stable Outlook to BBB+ Positive Outlook, thereby echoing Moody's, which changed its credit rating correspondingly on 11 August.

The change came about, among other factors, because DONG Energy has successfully finalised its acquisition transactions within the energy sector in Denmark, and because the Ormen Lange project continues to be on schedule.

## EVENTS AFTER THE BALANCE SHEET DATE

### ■ Announcement concerning Initial Public Offering

On 25 October the Danish Ministry of Finance issued a press release announcing that it had initiated the preparations for an Initial Public Offering (IPO) of shares in DONG Energy on the Copenhagen Stock Exchange. The IPO is scheduled for the second half of 2007, market conditions allowing.

### ■ New reporting structure

From and including the interim financial statements for the fourth quarter of 2006 the segment reporting will be changed so that it will give a more appropriate picture of the new Group. The existing five segments will be replaced by four new segments, called Exploration & Production, Generation (incl. Renewables), Infrastructure, and Markets, respectively. The new segments have already been described in the 2005 annual report.

# DONG ENERGY'S BUSINESS AREAS

## EXPLORATION & PRODUCTION

<b>Financial highlights, Exploration &amp; Production</b>					
DKKm	Q3 2006	Q3 2005	YTD 2006	YTD 2005	Difference
Oil & gas production (million boe)	3.4	4.2	10.8	13.3	(2.5)
Revenue	1,281	943	4,012	2,854	1,158
EBITDA	875	630	2,926	1,998	928
EBIT	666	293	2,228	1,074	1,154
Investments	676	591	1,780	6,597	(4,817)

### Production/Sales

Third-quarter production reached 3.4 million boe (barrels of oil equivalent), down from 4.2 million boe in the third quarter of 2005 due primarily to lower production as a result of the natural decline in production from mature fields.

The Danish fields accounted for 60% of third-quarter production and the Norwegian fields for the remaining 40%.

### Revenue

Third-quarter revenue was DKK 1,281 million, up from DKK 943 million in the same period in 2005 due to higher oil prices and a lower adverse impact from price hedging in 2006 than in 2005.

YTD revenue was DKK 4,012 million, up from DKK 2,854 million in 2005 due to higher prices, a lower adverse impact from price hedging in 2006 than in 2005, and income from sale of licences in 2006.

### EBIT

Third-quarter EBIT amounted to DKK 666 million, up from DKK 293 million in 2005, primarily reflecting the increase in revenue.

YTD EBIT was DKK 2,228 million, up from DKK 1,074 million in 2005, due primarily to the increase in revenue, which, however, was partially offset by increased production costs related to production-enhancing activities aimed at countering the decline in production from mature fields.

In October it was found that the Brugdan (Faroe Islands) and Stork (Denmark) exploration wells did not indicate sufficient traces of hydrocarbon for commercial production. The drilling costs will be recognised in the fourth-quarter income statement.

### Capital expenditure/Exploration

Capital expenditure in the third quarter amounted to DKK 676 million, DKK 453 million of which related to the Norwegian Ormen Lange gas field and the Langeled/Gasled gas pipeline.

YTD capital expenditure totalled DKK 1,780 million compared with DKK 6,597 million in 2005. The reduction was due to the fact that 2005 was affected by the purchase price for Ormen Lange and the Langeled pipeline. YTD capital expenditure on development of the Ormen Lange gas field and the Langeled pipeline amounted to DKK 1,241 million. At the end of September the Ormen Lange/Langeled project was 87% complete, in line with the programme and the budget. On 1 October gas exports through the southern part of the Langeled transportation pipeline to the UK started up.



## NATURAL GAS, TRADE & SUPPLY

<b>Financial highlights, Natural gas, Trade &amp; Supply</b>					
DKKm	Q3 2006	Q3 2005	YTD 2006	YTD 2005	Difference
Natural gas sales (million m <sup>3</sup> )	1,370	1,435	5,921	5,808	113
Revenue	4,318	2,267	14,787	9,316	5,471
EBITDA	(1,218)	282	944	1,896	(952)
EBIT	(1,293)	210	714	1,680	(966)
Investments	20	389	56	1,823	(1,767)

### Sales

Third-quarter natural gas sales were 65 million m<sup>3</sup> down on 2005 due predominantly to lower sales to some of the large export customers. YTD sales were up 113 million m<sup>3</sup>, overall, on 2005 due to a cold first quarter in 2006 and higher export sales.

### Revenue

Third-quarter revenue was DKK 4,318 million, up from DKK 2,267 million in 2005 due primarily to higher gas selling prices and a positive time lag effect.

YTD revenue was DKK 14,787 million, up from DKK 9,316 million in 2005 due mainly to higher selling prices and a positive time lag effect. In addition, higher volumes than in 2005 were sold.

### EBIT

Third-quarter EBIT was a loss of DKK 1,293 million compared with DKK 210 million in 2005. EBIT was depressed by a non-recurring charge of DKK 2,127 million relating to the termination of intragroup agreements. Excluding non-recurring expenses, third-quarter EBIT was DKK 624 million ahead of 2005. The increase was due to higher selling prices, including a positive time lag effect, partly offset by reduced volumes sold.

YTD EBIT was DKK 714 million, down from DKK 1,680 million in 2005. Excluding non-recurring expenses of DKK 2,127 million, EBIT was up DKK 1,161 million. The increase primarily reflected higher selling prices and the resulting positive time lag effect as well as increased volumes sold.

### Capital expenditure

Capital expenditure in 2006 related mainly to IT. Capital expenditure in 2005 related primarily to the acquisition of the ownership interest in Ormen Lange, the acquisition of a 25.1% stake in the company Energie und Wasser Lübeck GmbH and the acquisition of the Dutch energy supply company Intergas Levering.

## NATURAL GAS, DISTRIBUTION & STORAGE

<b>Financial highlights, Natural gas, Distribution &amp; Storage</b>					
DKKm	Q3 2006	Q3 2005	YTD 2006	YTD 2005	Difference
Transported volumes (million m <sup>3</sup> )	113	139	681	709	(28)
Revenue	173	141	664	614	50
EBITDA	104	67	508	407	101
EBIT	29	(38)	236	111	125
Investments	21	17	65	71	(6)

### Sales

Transportation of gas was down 26 million m<sup>3</sup> during the third quarter and down 28 million m<sup>3</sup> YTD compared with 2005, due primarily to a decline in purchases by a single large customer.

### Revenue

Third-quarter revenue was DKK 32 million ahead of 2005. YTD revenue was DKK 50 million up on 2005. The revenue growth primarily reflected increased sales of storage capacity and tariff increases.

### EBIT

Third-quarter EBIT was DKK 29 million compared with a loss of DKK 38 million in 2005. In 2005, EBIT was depressed by an impairment loss on a service line in the distribution network that was no longer in use. Apart from this, the improvement primarily related to growing sales of storage capacity and higher tariffs.

YTD EBIT was DKK 125 million up on 2005, partly reflecting the extraordinary sale of surplus cushion gas in March, which generated a DKK 43 million gain. The surplus gas was the result of DONG Energy being granted permission by the Danish Energy Regulatory Authority to lower the pressure in the cavern at the gas storage facility in LI. Torup. The increase also reflected the impairment loss in 2005, increased sales of storage capacity, and tariff increases.

### Disposal of activity

In connection with the European Commission's approval of the merger of the energy companies DONG, Energi E2, Elsam, Nesa, Frederiksberg Forsyning and Copenhagen Energy (electricity activities), DONG Energy made a commitment to sell the storage facility in LI. Torup. During the quarter under review, DONG Energy concluded an agreement to sell the gas storage facility in LI. Torup to Energinet.dk.

## OIL PIPELINE

<b>Financial highlights, Oil pipeline</b>					
DKKm	<b>Q3 2006</b>	<b>Q3 2005</b>	<b>YTD 2006</b>	<b>YTD 2005</b>	<b>Difference</b>
Transported volumes (million barrels)	27	28	80	86	(6)
Revenue	123	125	347	347	-
EBITDA	39	41	105	97	8
EBIT	25	30	62	64	(2)
Investments	-	-	-	-	-

### Revenue

Third-quarter revenue was DKK 123 million, down from DKK 125 million in 2005 due to a decrease in reimbursable expenses (re-invoiced to the users of the oil pipeline). The resulting impact exceeded the positive effect of the higher oil prices in 2006. YTD revenue amounted to DKK 347 million, unchanged from 2005. Despite the higher oil prices in 2006 revenue was not up on 2005 due to lower transported volumes and a decrease in reimbursable expenses.

### EBIT

Third-quarter EBIT was DKK 25 million compared with DKK 30 million in 2005, reflecting a decrease in reimbursable expenses that exceeded the positive effect of the higher oil prices. YTD EBIT was DKK 2 million down on 2005.

## ELECTRICITY & RENEWABLE ENERGY

<b>Financial highlights, Electricity &amp; Renewable energy</b>					
DKKm	<b>Q3 2006</b>	<b>Q3 2005</b>	<b>YTD 2006</b>	<b>YTD 2005</b>	<b>Difference</b>
Revenue	5,005	48	5,623	174	5,449
EBITDA	1,206	10	1,315	36	1,279
EBIT	465	(7)	496	(7)	503
Investments	714	86	841	274	567

### Revenue

Third-quarter revenue was DKK 5,005 million versus DKK 48 million in 2005.

Elsam, Energi E2 and Nesa feature from 1 July, while the electricity activities from the City of Copenhagen and the Municipality of Frederiksberg feature from 1 May. Revenue from acquired electricity companies was DKK 4,938 million. YTD revenue was DKK 5,623 million compared with DKK 174 million in 2005. The acquired electricity companies contributed revenue of DKK 5,428 million.

### EBIT

Third-quarter EBIT was DKK 465 million compared with a loss of DKK 7 million in 2005. The acquired electricity companies contributed DKK 471 million.

YTD EBIT was DKK 496 million compared with a loss of DKK 7 million in 2005. The acquired electricity companies contributed EBIT of DKK 503 million.

### Capital expenditure

Third-quarter capital expenditure amounted to DKK 714 million versus DKK 86 million in 2005. Capital expenditure included new wind farms in the UK and Spain, upgrading of existing power stations in Denmark, cable laying, upgrading of the electricity grid, and fibre network and outdoor lighting. YTD capital expenditure totalled DKK 841 million.

# STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Executive and Supervisory Boards have today considered and approved the announcement of the Group's financial statements for the period 1 January – 30 September 2006.

The announcement of the financial statements has been prepared in accordance with the recognition and measurement provisions in International Financial Reporting Standards (IFRS) as adopted by the EU, and additional Danish disclosure requirements for listed and State-owned public limited companies. We consider the accounting policies applied to be appropriate. Accordingly, the announcement gives a true and fair view of the Group's financial position at 30 September 2006 and of the results of the Group's operations and cash flows for the period 1 January – 30 September 2006.

Skærbæk, 14 November 2006

## Executive Board:

Anders Eldrup  
CEO

## Supervisory Board:

Fritz H. Schur  
*Chairman*

Lars Nørby Johansen  
*Deputy Chairman*

Asbjørn Larsen

Svend Sigaard

Lars Torpe Christoffersen

Jens Kampmann

Kresten Philipsen

Poul Arne Nielsen

Jesper Magtengaard  
*Employee-elected member*

Thorkild Meiner-Jensen  
*Employee-elected member*

Bent Stubkjær Pedersen  
*Employee-elected member*

## APPENDIX 1 OF 3

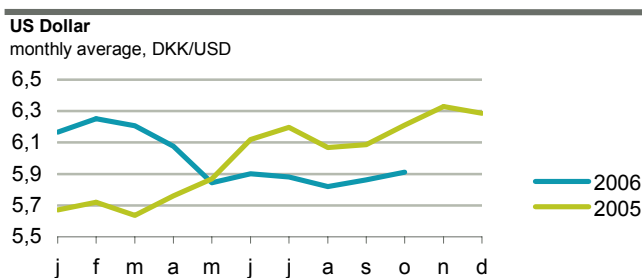
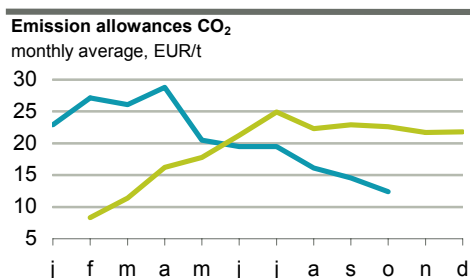
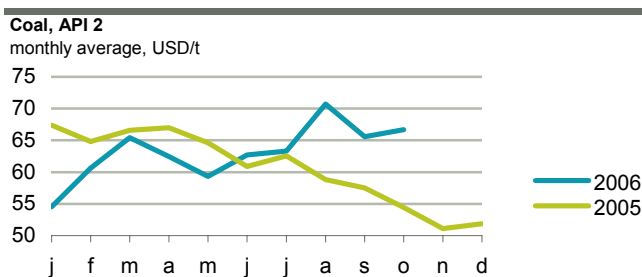
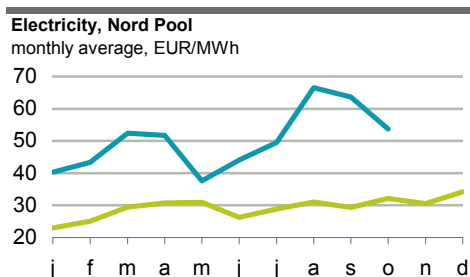
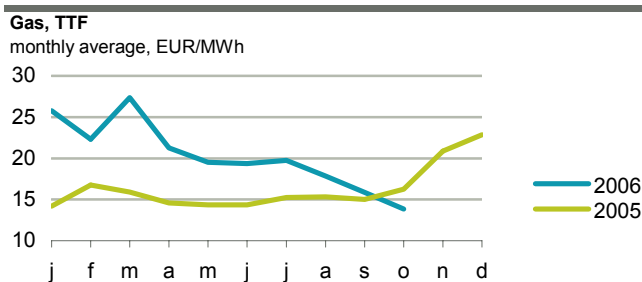
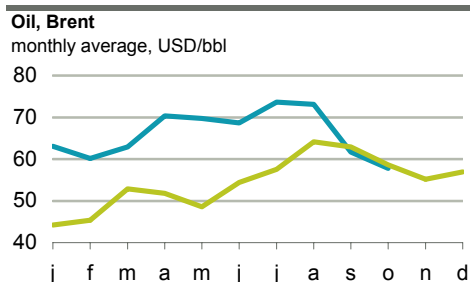
<b>The Group in figures</b>					
DKKm	<b>Q3 2006</b>	<b>Q3 2005</b>	<b>YTD 2006</b>	<b>YTD 2005</b>	<b>Difference</b>
<b>Income statement</b>					
Domestic sales	4,241	1,032	10,354	5,387	4,967
Export sales	4,707	2,359	12,626	7,313	5,313
<b>Revenue</b>	<b>8,948</b>	<b>3,391</b>	<b>22,980</b>	<b>12,700</b>	<b>10,280</b>
Export share (per cent)	53	70	55	58	(3)
<b>Gross profit</b>	<b>2,496</b>	<b>629</b>	<b>6,640</b>	<b>3,324</b>	<b>3,316</b>
Loss regarding termination of intragroup agreements	(2,185)	-	(2,185)	-	(2,185)
Fixed costs	(542)	(135)	(878)	(381)	(497)
<b>Operating profit (EBIT)</b>	<b>(231)</b>	<b>494</b>	<b>3,577</b>	<b>2,943</b>	<b>634</b>
Gain on disposal of enterprises	1,000	-	1,023	-	1,023
Share of post-tax profits (losses) of associates	9	1	673	5	668
Financial items, net	(181)	203	(320)	(126)	(194)
<b>Profit before tax</b>	<b>597</b>	<b>698</b>	<b>4,953</b>	<b>2,822</b>	<b>2,131</b>
Tax	46	(301)	(1,140)	(765)	(375)
<b>Profit after tax</b>	<b>643</b>	<b>397</b>	<b>3,813</b>	<b>2,057</b>	<b>1,756</b>
<b>Balance sheet</b>					
Intangible assets	4,987	2,130	4,987	2,130	2,857
Property, plant and equipment	53,952	22,289	53,952	22,289	31,663
Other fixed assets	5,435	6,409	5,435	6,409	(974)
<b>Total fixed assets</b>	<b>64,374</b>	<b>30,828</b>	<b>64,374</b>	<b>30,828</b>	<b>33,546</b>
Inventories	2,739	433	2,739	433	2,306
Receivables	21,633	6,164	21,633	6,164	15,469
Securities	108	140	108	140	(32)
Cash	11,495	7,903	11,495	7,903	3,592
<b>Total current assets</b>	<b>35,975</b>	<b>14,640</b>	<b>35,975</b>	<b>14,640</b>	<b>21,335</b>
<b>Total assets</b>	<b>100,349</b>	<b>45,468</b>	<b>100,349</b>	<b>45,468</b>	<b>54,881</b>
Share capital	2,937	2,144	2,937	2,144	793
Retained earnings	28,862	14,895	28,862	14,895	13,967
Proposed dividends	-	-	-	-	-
Hybrid capital	8,124	8,088	8,124	8,088	36
Minority interests	40	718	40	718	(678)
<b>Total equity</b>	<b>39,963</b>	<b>25,845</b>	<b>39,963</b>	<b>25,845</b>	<b>14,118</b>
Non-current liabilities	34,326	10,428	34,326	10,428	23,898
Current liabilities	26,060	9,195	26,060	9,195	16,865
<b>Total equity and liabilities</b>	<b>100,349</b>	<b>45,468</b>	<b>100,349</b>	<b>45,468</b>	<b>54,881</b>
Return on equity (%)	8	8	15	13	2
Equity ratio (%)	40	57	40	57	(17)

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<b>The Group in figures</b>					
DKKm	Q3 2006	Q3 2005	YTD 2006	YTD 2005	Difference
<b>Statement of changes in equity</b>					
<b>Equity at start of period</b>	<b>39,302</b>	<b>25,190</b>	<b>26,278</b>	<b>16,343</b>	<b>9,935</b>
Profit after tax	643	397	3,813	2,057	1,756
Value adjustments of hedging instruments after tax	229	260	432	(875)	1,307
Capital increase	-	-	10,041	-	10,041
Dividends paid	-	-	(35)	-	(35)
Dividend payment on hybrid capital	-	-	(451)	-	(451)
Change in hybrid capital	162	(7)	95	8,088	(7,993)
Change in minority interests' share of equity	(1)	-	(1)	15	(16)
Foreign exchange and other adjustments	(372)	5	(209)	217	(426)
<b>Equity at end of period</b>	<b>39,963</b>	<b>25,845</b>	<b>39,963</b>	<b>25,845</b>	<b>14,118</b>
<b>Cash flows</b>					
<b>Operating cash flows before changes in working capital and non-recurring items</b>					
	<b>1,600</b>	<b>1,882</b>	<b>6,669</b>	<b>4,177</b>	<b>2,492</b>
Changes in working capital	1,600	(401)	801	372	429
Loss regarding termination of intragroup agreements	(1,573)	-	(1,573)	-	(1,573)
<b>Cash flows from operating activities</b>	<b>1,627</b>	<b>1,481</b>	<b>5,897</b>	<b>4,549</b>	<b>1,348</b>
Investments	(3,534)	(1,244)	(14,217)	(9,683)	(4,534)
- hereof property, plant and equipment	(833)	(753)	(2,152)	(1,959)	(193)
Proceeds from disposals	59	-	1,872	1,037	835
Proceeds from sale of assets to Vattenfall	8,820	-	8,820	-	8,820
<b>Cash flows from investing activities</b>	<b>5,345</b>	<b>(1,244)</b>	<b>(3,525)</b>	<b>(8,646)</b>	<b>5,121</b>
<b>Free cash flow to equity</b>	<b>6,972</b>	<b>237</b>	<b>2,372</b>	<b>(4,097)</b>	<b>6,469</b>
Issuing of hybrid capital	-	(7)	-	8,088	(8,088)
Dividends paid	-	-	(35)	-	(35)
Dividend payment on hybrid capital	-	-	(451)	-	(451)
Other financing activities	(2,820)	(5,534)	2,238	3,796	(1,558)
<b>Cash flows from financing activities</b>	<b>(2,820)</b>	<b>(5,541)</b>	<b>1,752</b>	<b>11,884</b>	<b>(10,132)</b>
Foreign exchange rate adjustment of cash and cash equivalents	(4)	-	(3)	-	(3)
<b>Net cash flow</b>	<b>4,148</b>	<b>(5,304)</b>	<b>4,121</b>	<b>7,787</b>	<b>(3,666)</b>
<b>Cash and cash equivalents at start of period</b>	<b>7,329</b>	<b>13,236</b>	<b>7,356</b>	<b>145</b>	<b>7,211</b>
<b>Cash and cash equivalents at end of period</b>	<b>11,477</b>	<b>7,932</b>	<b>11,477</b>	<b>7,932</b>	<b>3,545</b>

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## MARKET PRICES



Market prices	Q3			YTD		
	2006	2005	Δ%	2006	2005	Δ%
Oil, Brent (USD/bbl)	69,5	61,5	13%	67,0	53,5	25%
Gas, TTF (EUR/MWh)	17,8	15,2	17%	21,0	15,1	39%
Electricity, Nord Pool (EUR/MWh)	59,9	29,7	101%	49,9	28,3	76%
Coal, API 2 (USD/t)	66,5	59,6	12%	62,7	63,4	-1%
Emission allowances CO <sub>2</sub> , (EUR/t)	16,7	23,4	-28%	21,7	18,1	19%
US Dollar, (DKK/USD)	5,9	6,1	-4%	6,0	5,9	2%

**Abbreviations:**

TTF: Title Transfer Facility, gas hub in the Netherlands  
API 2: Coal price CIF ARA (Amsterdam, Rotterdam and Antwerp)

DONG Energy is one of the leading energy groups in the Nordic region. Our headquarters are in Denmark. Our business is based on procuring, producing, distributing, trading and selling energy and related products in Northern Europe. We employ approx. 4,500 people and generate DKK 33 billion in revenue. It is planned to list DONG Energy's shares on the Copenhagen Stock Exchange in the second half of 2007, market conditions allowing.

**Further information:**

Louise Münter  
*Media Relations*  
Telephone: +45 4517 1545

Michael Steen-Knudsen  
*Investor Relations*  
Telephone: +45 4517 1556