

# INTERIM FINANCIAL REPORT – FIRST NINE MONTHS 2008

<b>Revenue</b>	<b>EBITDA</b>	<b>Profit after tax</b>
<b>41,612</b> DKK million	<b>10,993</b> DKK million	<b>5,177</b> DKK million

## Strong financial results

The Supervisory Board of DONG Energy A/S has today approved the interim financial report for the first nine months of 2008, which developed as follows compared with the first nine months of 2007:

- Revenue was DKK 41,612 million versus DKK 27,401 million
- EBITDA was DKK 10,993 million compared with DKK 6,443 million, with the following distribution between DONG Energy's four business segments:
  - Exploration & Production DKK 4,106 million, up from DKK 1,469 million due to higher production and higher oil and gas prices
  - Generation DKK 2,454 million, down from DKK 2,788 million due to lower thermal production and lower positive effect of price hedging
  - Distribution DKK 1,311 million, up from DKK 1,137 million, mainly reflecting lower costs
  - Markets DKK 3,268 million, up from DKK 1,345 million due primarily to increased gas sales, higher gas selling prices and a positive time lag effect driven by rising oil prices.
- Profit after tax was DKK 5,177 million versus DKK 2,211 million

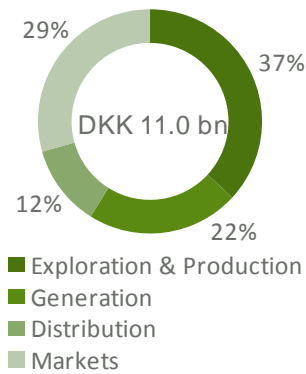
"For the first nine months of 2008 earnings increased in almost all DONG Energy's business segments. Growth was particularly strong in Exploration & Production and Markets, predominantly reflecting increasing production from the Norwegian gas field Ormen Lange and a substantial positive time lag effect driven by the high oil prices during the period under review," says CEO Anders Eldrup, continuing: "Based on the strong financial development in the third quarter we expect our 2008 results to be significantly better than 2007 – despite anticipated lower prices in international markets in the last quarter of the year."

## Outlook for 2008

EBITDA and profit after tax for 2008 are expected to be significantly higher than 2007, when EBITDA was DKK 9.6 billion and profit after tax DKK 3.3 billion. The results reported for the third quarter exceeded the outlook expressed in the interim financial report for the first half and more than make up for the fact that the fourth-quarter results are expected to be lower than forecast due to recent sharp falls in oil prices.

# MANAGEMENT'S REVIEW FOR THE FIRST NINE MONTHS OF 2008

## EBITDA 9 months 2008



>> *Exploration & Production benefited from production from Ormen Lange*

>> *Generation adversely affected by lower production and lower positive effect of price hedging*

>> *Increased earnings in Distribution*

>> *Markets benefited from rising oil prices and higher gas sales*

The development in EBITDA in DONG Energy's four business segments during the first nine months of 2008 was affected by the development in market prices for oil, gas, power, coal and the USD exchange rate, and higher gas production as a consequence of start-up of production on the Norwegian gas field Ormen Lange in October 2007.

In the first nine months of 2007, more than 40% of the total EBITDA was generated by Generation, while Exploration & Production, Distribution and Markets contributed to the remainder in largely equal shares. In the first nine months of 2008, Exploration & Production contributed 37% of EBITDA, Markets 29%, Generation 22% and Distribution 12%.

The majorly improved performance in Exploration & Production was driven by rising oil and gas prices and increasing gas production from Ormen Lange, which has been in production throughout 2008.

Generation's performance, on the other hand, was affected by rising fuel prices, both for coal and gas. At the same time, a generally high power output from hydroelectric plants in Norway and Sweden, has resulted in thermal generation dictating prices for fewer hours, which is why fuel price increases were only partly reflected in the power prices realised. Overall, this has resulted in an, on average, negative green dark spread for the period. The low contribution margin from power generation (green dark spread) meant that thermal generation was lower than in the first nine months of 2007.

However, earnings from renewable energy have developed positively, when adjusted for the divestment of the Spanish and Portuguese wind power activities. This was due partly to the fact that capacity was increased by about 120 MW in the third quarter of 2007, and partly to higher settled power prices. Price hedging produced a positive effect of around DKK 1.7 billion in the first nine months of 2007, which was reduced to around DKK 0.1 billion in the same period in 2008. Overall, EBITDA in Generation was down on the first nine months of 2007.

EBITDA from regulated activities in Distribution rose as a consequence of a reduction in costs.

The significant increase in Markets' EBITDA was due partly to higher gas sales compared with the first nine months of 2007, and

partly to rising oil prices, which had a substantial positive time lag effect. The time lag effect arises as a result of oil price changes impacting on selling prices relatively quickly, whereas purchase prices are adjusted with a substantially longer delay.

Profit before tax increased by 222%. However, due to the increasing tax rate, profit after tax only increased by 134%. The increasing tax rate was the result of a continuously increasing proportion of production from Exploration & Production being generated in Norway, where the overall tax rate is significantly higher than in Denmark.

### EVENTS SINCE THE INTERIM FINANCIAL REPORT FOR THE FIRST HALF OF 2008

#### >>Development plan for Trym

DONG Energy and its licence partners Bayerngas Norge and Faroe Petroleum have prepared a development plan for the Norwegian oil and gas field Trym that is to provide a tie-in to the Danish production platform Harald.

The investment is expected to total DKK 2.4 billion, with DONG Energy's share amounting to around DKK 1 billion. The development plan has been submitted for consideration and approval by the relevant Norwegian authorities.

Subject to official approval by 1 January 2009, DONG Energy expects Trym to go into production by the end of 2010.

#### >>Conversion plan for Herning CHP Plant

Herning CHP Plant is being converted for co-firing with wood pellets from autumn 2009. Wood chips currently account for 70-75% of the fuel consumption, with the remainder being made up of natural gas. On completion of the conversion, biomass in the form of wood chips and wood pellets will account for up to 97% of the fuel consumption.

The total investment is DKK 114 million.

The conversion will mean that around 97% of the heat supply to the Herning and Ikast areas, as well as Herning CHP Plant's power generation, will use a CO<sub>2</sub>-neutral energy source.

### Assumptions for 2008 outlook

#### >>Outlook for 2008

DONG Energy's financial results are affected by the development in a number of commodity prices, including oil, gas, power, coal and CO<sub>2</sub> certificates, as well as exchange rate movements, in particular the USD exchange rate. The outlook for the rest of the year is based on the following average market prices for the remainder of the year:

- Crude oil (Brent): USD 70 per barrel (changed from USD 100 per barrel);

- TTF gas hub price: EUR 29 per MWh (changed from EUR 25 per MWh);
- Power (Nord Pool system price): EUR 52 per MWh (changed from EUR 42 per MWh);
  - Power (Nord Pool DK West): EUR 60 per MWh (changed from EUR 57 per MWh);
  - Power (Nord Pool DK East): EUR 60 per MWh (changed from EUR 55 per MWh);
- Coal (API 2): USD 135 per tonne (changed from USD 145 per tonne);
- CO<sub>2</sub> certificates: EUR 23 per tonne (changed from EUR 24 per tonne);
- USD exchange rate: DKK 5.5 to the USD (changed from DKK 4.75 to the USD).

A substantial proportion of oil price exposure in 2008 has already been hedged. The financial effect of deviations relative to the assumed oil price level of USD 70/bbl will consequently not fully impact the financial results. Similarly, a large proportion of anticipated coal consumption for the remainder of the year has already been purchased at prices below USD 135/tonne.

#### Outlook for 2008

Based on the assumptions outlined in the foregoing in terms of commodity prices, exchange rates and other factors, EBITDA and profit after tax for 2008 are expected to be significantly higher than in 2007, when EBITDA was DKK 9.6 billion and profit after tax DKK 3.3 billion.

The results reported for the third quarter exceeded the outlook in the interim financial report for the first half and more than make up for the fact that the fourth-quarter results are expected to be lower than forecast due to recent sharp falls in oil prices.

#### TELEPHONE CONFERENCE

A telephone conference for analysts will be held on Wednesday 12 November at 03.00pm CET:  
 DK +45 3271 4573  
 UK +44 (0)20 3023 4423

The presentation for the conference can be downloaded from DONG Energy's website from 12 noon CET at the following address:

<http://www.dongenergy.com/DA/Investor/presentations/Teleconference.htm>

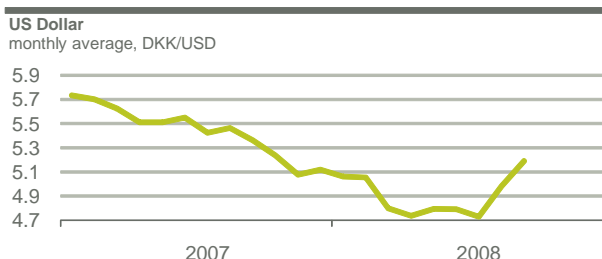
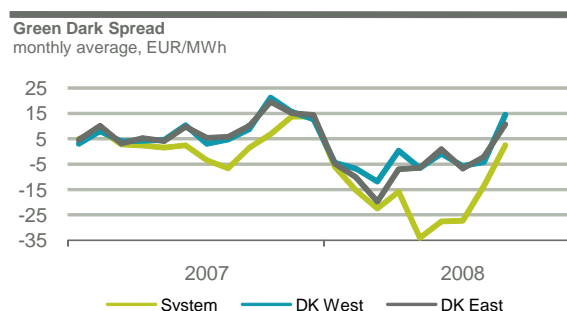
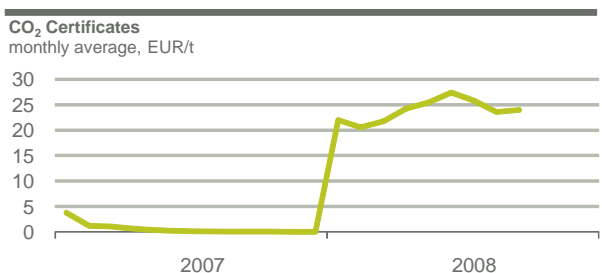
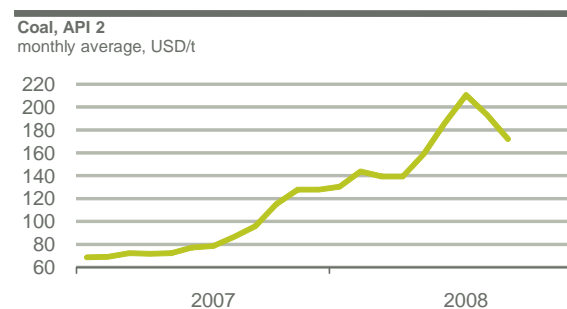
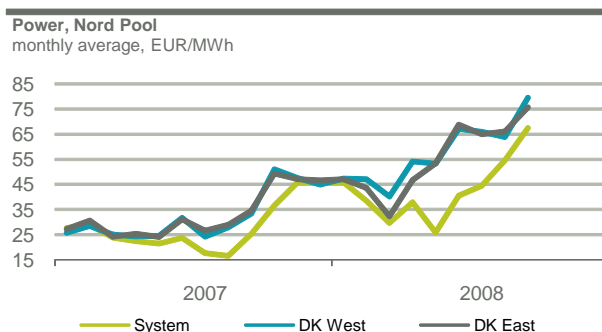
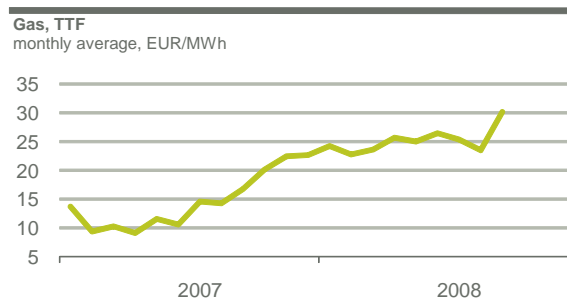
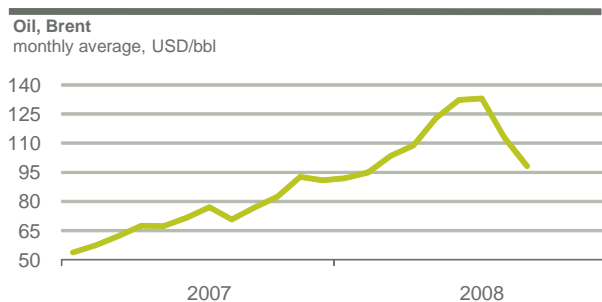
*>> Outlook of significantly higher EBITDA and profit after tax in 2008 than in 2007 reaffirmed*

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# MARKET PRICES



Market prices	Year to date			Q3		
	2008	2007	Δ%	2008	2007	Δ%
Oil, Brent (USD/bbl)	111.0	67.1	65%	114.8	74.9	53%
Gas, TTF <sup>1)</sup> (EUR/MWh)	25.2	12.3	106%	26.4	15.2	73%
Power, Nord Pool system (EUR/MWh)	42.7	23.0	86%	55.5	19.8	180%
Power, Nord Pool DK West (EUR/MWh)	57.6	27.2	112%	69.8	28.5	145%
Power, Nord Pool DK East (EUR/MWh)	55.5	28.1	97%	69.0	30.1	129%
Coal, API 2 <sup>2)</sup> (USD/t)	163.6	76.8	113%	191.8	86.9	121%
CO <sub>2</sub> Certificates (EUR/t)	23.9	0.8	n/a	24.5	0.1	n/a
Green Dark Spread <sup>3)</sup> , (EUR/MWh)	-17.7	1.5	n/a	-12.8	-2.9	n/a
US Dollar, (DKK/USD)	4.9	5.5	-12%	5.0	5.4	-8%

**Notes:**

1) TTF: Title Transfer Facility, gas hub in the Netherlands

2) API 2: Coal price CIF ARA (Amsterdam, Rotterdam and Antwerp)

3) Green Dark Spread represents contribution per MWh generated at coal-fired thermal generation plants and is calculated considering the price of power (Nord Pool system price) minus the cost of coal (API 2) and CO<sub>2</sub> Certificates. The Green Dark Spread has been calculated assuming a net power efficiency of 39%, an energy content of 25.12 GJ/ton for coal and a CO<sub>2</sub> emission factor for coal of 95 kg/GJ

# CONSOLIDATED FINANCIAL HIGHLIGHTS

DKK million	9M 2008	9M 2007	Q3 2008	Q3 2007	2007
Revenue	41,612	27,401	13,792	7,224	41,625
<b>EBITDA<sup>1</sup></b>	<b>10,993</b>	<b>6,443</b>	<b>4,342</b>	<b>1,689</b>	<b>9,606</b>
EBITDA margin (%)	26	24	31	23	23
<b>EBIT</b>	<b>8,063</b>	<b>2,978</b>	<b>3,381</b>	<b>520</b>	<b>4,783</b>
EBIT margin (operating margin) (%)	19	11	25	7	11
Financial items, net	(580)	(496)	(216)	(247)	(740)
<b>Profit for the period</b>	<b>5,177</b>	<b>2,211</b>	<b>2,095</b>	<b>108</b>	<b>3,259</b>
EBITDA adjusted for special hydrocarbon tax <sup>2</sup>	10,173	6,582	4,046	1,706	9,584
Funds From Operation (FFO) <sup>3</sup>	9,133	6,976	3,885	2,447	10,046
Free cash flow to equity (with acquisitions/disposals) <sup>4</sup>	1,862	(1,455)	(321)	3,201	(2,981)
Free cash flow to equity (without acquisitions/disposals) <sup>5</sup>	676	2,108	463	(172)	641
Assets	100,064	84,109	100,064	84,109	89,710
Additions to property, plant and equipment	8,418	8,076	3,748	2,314	11,151
Interest-bearing assets <sup>6</sup>	2,757	3,480	2,757	3,480	2,517
Interest-bearing debt <sup>7</sup>	17,834	16,793	17,834	16,793	17,309
Net interest-bearing debt	15,077	13,313	15,077	13,313	14,792
Equity	44,517	42,116	44,517	42,116	42,211
Capital employed <sup>8</sup>	59,594	55,429	59,594	55,429	57,003
Financial gearing <sup>9</sup>	0.34	0.32	0.34	0.32	0.35
Number of shares, end of year <sup>10</sup>	293,709,900	293,709,900	293,709,900	293,709,900	293,709,900
Average, number of shares <sup>10</sup>	293,709,900	293,709,900	293,709,900	293,709,900	293,709,900
Earnings per share <sup>10</sup>	16	6	7	0	10
Cash flows from operating activities per share <sup>10</sup>	27	26	10	6	30
Free cash flow to equity (without acquisitions/disposals) per share <sup>10</sup>	2	7	2	(1)	2

Note 1 : Earnings before interest, tax, depreciation and amortisation. From and including the third quarter of 2007, EBITDA has been calculated inclusive of amortisation of purchased CO<sub>2</sub> certificates, as purchased CO<sub>2</sub> certificates are accounted for as a cost of sales item. See note 5.

Note 2 : EBITDA adjusted for special hydrocarbon taxes that follow from the Group's oil and gas exploration and production.

Note 3 : Cash flows from operating activities before change in working capital plus dividends received from associates and equity investments less 50% of coupon on hybrid capital.

Note 4 : Cash flows from operating activities and investing activities.

Note 5 : Cash flows from operating activities and investing activities, excluding cash flows from acquisitions/disposals of enterprises. Purchase prices for exploration licences are recognised as acquisitions.

Note 6 : Interest-bearing assets include bank overdrafts.

Note 7 : Interest-bearing debt is exclusive of bank overdrafts.

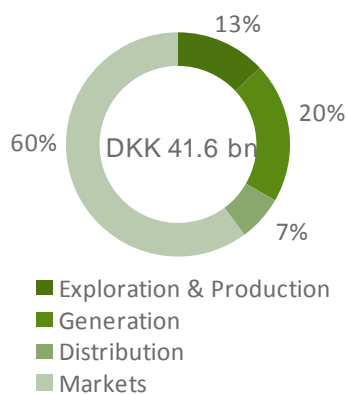
Note 8 : Equity + net interest-bearing debt.

Note 9 : Net interest-bearing debt divided by equity .

Note 10 : Number of shares and financial ratios per share are based on shares of DKK 10 and stated in whole DKK.

# CONSOLIDATED RESULTS FOR THE FIRST NINE MONTHS OF 2008

Revenue 9 months 2008



## REVENUE

Revenue increased by 52%, amounting to DKK 41,612 million for the first nine months of 2008 compared with DKK 27,401 million in the same period in 2007.

The increase primarily reflected higher selling prices for oil, gas and power, and higher oil and gas production. Conversely, lower power generation led to a drop in revenue.

The oil price (Brent) averaged USD 111.0/bbl compared with USD 67.1/bbl in the first nine months of 2007, up 65%. Oil and gas production was 77% ahead of the same period in 2007, mainly as a result of production from the Ormen Lange gas field, which came on stream in October 2007.

The power price (Nord Pool, system) was EUR 42.7/MWh compared with EUR 23.0/MWh in the first nine months of 2007, up 86%. Power prices in the two Danish price areas DK West and DK East were 112% and 97% higher, respectively. However, the power price increases were offset by increases in fuel prices, with coal prices increasing by 113% and gas prices by 106%. Furthermore, the price of CO<sub>2</sub> certificates was EUR 23.9/tonne in the first nine months of 2008 compared with EUR 0.8/tonne in the same period in 2007. Overall, this provided a significantly lower contribution margin (green dark spread) than in the first nine months of 2007. As a result of the low green dark spread, thermal generation was down 9%, at 10,527 GWh. Power price hedging in Generation generated a positive effect of about DKK 0.1 billion in the first nine months of 2008 compared with about DKK 1.7 billion in the same period in 2007.

Natural gas sales (excluding own consumption at the power stations) increased by 44% to 5,921 million m<sup>3</sup>. The increase was largely due to the fact that the weather in Denmark and Europe was very mild in the first half of 2007, in particular, resulting in a decline in demand and very low prices at gas hubs. Large wholesale customers reduced their purchases from DONG Energy, buying gas at gas hubs instead. In 2008 sales to large wholesale customers increased considerably. Sales at gas hubs were also significantly higher than in the same period in 2007. Prices on the Dutch TTF gas hub averaged EUR 25.2/MWh in the first nine months of 2008 compared with EUR 12.3/MWh in the same period in 2007.

>> EBITDA up by  
DKK 4,550 million

## OPERATING PROFIT

EBITDA amounted to DKK 10,993 million compared with DKK 6,443 million in the first nine months of 2007. The contribution from each business segment to the DKK 4,550 million increase was as follows:

- In Exploration & Production, EBITDA increased by DKK 2,637 million to DKK 4,106 million as a result of increased revenue, driven by higher production and higher oil and gas prices
- In Generation, EBITDA fell by DKK 334 million, to DKK 2,454 million, principally reflecting lower thermal generation and a lower positive effect of price hedging
- In Distribution, EBITDA was up DKK 174 million, at DKK 1,311 million, due to lower costs
- In Markets, EBITDA was up DKK 1,923 million, at DKK 3,268 million, primarily reflecting increased gas sales and higher gas prices due to the development in oil prices, which had a significant positive time lag effect.

>> EBIT up by  
DKK 5,085 million

EBIT for the first nine months of 2008 was up DKK 5,085 million, with the increase in EBITDA accounting for DKK 4,550 million. In addition, amortisation fell by DKK 535 million to DKK 2,930 million, primarily as a result of the discontinuation of amortisation in Generation of DKK 809 million related to consumption of the CO<sub>2</sub> certificates that were recognised at market value in the balance sheet in connection with the initial recognition of Elsam and Energi E2 on 1 July 2006. This reduction was partly offset by a DKK 329 million increase in depreciation in Exploration & Production as a result of increased production (unit-of-production depreciation).

## FINANCIAL ITEMS

>> Financial expenses  
DKK 84 million higher

Financial items for the first nine months of 2008 amounted to a DKK 580 million charge compared with DKK 496 million in the same period in 2007.

Financial items DKK million	9M 2008	9M 2007	Difference
Interest expenses, net	(499)	(481)	(18)
Interest element of restoration obligations	(144)	(112)	(32)
Dividends on equity investments	1	0	1
Other	62	97	(35)
<b>Financial items, net</b>	<b>(580)</b>	<b>(496)</b>	<b>(84)</b>

This included net interest expense of DKK 499 million and DKK 481 million, respectively. Financial expenses for the first nine months of 2008 included an interest compensation charge of DKK 30 million compared with interest compensation income of DKK 20 million in the same period in 2007. Adjusted for this, net interest expense fell



from DKK 501 million to DKK 469 million in the first nine months of 2008, reflecting the fall in average net interest-bearing debt from DKK 17 billion in the first nine months of 2007 to just over DKK 14 billion in the same period in 2008. The interest element of restoration obligations was DKK 144 million in the first nine months of 2008, up from DKK 112 million in the same period in 2007 due to commissioning of new construction projects and an increased price level for external costs. Other financial items, mainly foreign exchange adjustments, amounted to a gain of DKK 62 million in the first nine months of 2008 compared with a gain of DKK 97 million in the same period in 2007.

### GAIN ON DIVESTMENT OF ENTERPRISES

The sale of the 132 kV transmission grid in North Zealand to Energinet.dk and the sale of DONG Energy's share of EnergiGruppen Jylland's water and district heating activities to EnergiMidt were completed in June and August, generating accounting gains totalling DKK 576 million.

### INCOME TAX

Income tax expense for the first nine months of 2008 was a charge of DKK 2,949 million compared with DKK 312 million in the same period in 2007. The first nine months of 2007 included tax income of DKK 372 million relating to a reduction of the Danish tax rate from 28% in 2006 to 25% in 2007. Adjusted for the tax-free gain on divestment of enterprises, the tax income relating to the reduction of the tax rate and the fact that associates are recognised after tax, the tax rate was 39% in the first nine months of 2008 compared with 28% in the same period in 2007. The principal reason for the increase in the tax rate was increased earnings in Norway, where hydrocarbon income is taxed at 78% in total.

### PROFIT AFTER TAX

Profit after tax was DKK 5,177 million for the first nine months of 2008 compared with DKK 2,211 million in the same period in 2007. The higher EBIT and the gain on sale of enterprises were partly offset by the higher tax rate in the first nine months of 2008 compared with the same period in 2007 and the fact that the non-recurring tax income in the first nine months of 2007 was not repeated in the same period in 2008.

### CASH FLOWS

Operating cash inflow for the first nine months of 2008 was DKK 7,996 million compared with DKK 7,569 million in the same period

>> Profit after tax up  
DKK 2,966 million

>> Operating cash  
flows increased by  
DKK 427 million

in 2007. The increase in EBITDA was offset by an increase in working capital in the first nine months of 2008 versus a reduction in the same period in 2007. The increase in working capital in the first nine months of 2008 primarily reflected an increase in inventories related to rising coal and gas prices and establishment of new gas storage capacity. To this should be added the fact that the item other adjustments was negative in 2008 but positive in 2007. Other adjustments in 2008 relate primarily to adjustment for effect of price hedging that is recognised in EBITDA, but has no effect on cash flow, and price hedging that is not recognised in EBITDA, but has an effect on cash flow.

*>> Cash flows from investing activities improved by DKK 2,890 million*

Investing activities absorbed DKK 6,134 million in the first nine months of 2008 compared with DKK 9,024 million in the same period in 2007. The main items of capital expenditure in 2008 were investments in wind power activities (outflow of DKK 2,166 million), thermal activities (outflow of DKK 1,367 million), development of oil and gas fields and infrastructure (outflow of DKK 1,750 million), underground installation of power cables in North Zealand (outflow of DKK 544 million) and establishment of fibre optic network and outdoor lighting (outflow of DKK 546 million).

*>>M&A activities contributed DKK 1,186 million net*

Cash flows from M&A activities contributed DKK 1,186 million net to cash flow from investing activities in the first nine months of 2008 compared with an outflow of DKK 3,563 million in the same period in 2007. In the first nine months of 2008 the divestment of the 132 kV transmission grid contributed a cash inflow of DKK 2,046 million and the divestment of DONG Energy's share of EnergiGruppen Jylland's water and district heat activities to EnergiMidt contributed a cash inflow of DKK 134 million, while the acquisition of additional stakes in the Ula and Trym licences in Norway and Hejre in Denmark jointly accounted for a cash outflow of DKK 870 million. Lastly, there was a cash outflow of DKK 125 million relating to enterprises acquired in 2006. The first nine months of 2007 were adversely affected by the final payment to the City of Copenhagen in respect of the acquisition of KE Drift (including shares in Energi E2) (outflow of DKK 6,675 million) and the acquisition of ConocoPhillips' E&P activities in Denmark (outflow of DKK 1,748 million), but benefited from the sale of the Spanish and Portuguese wind power activities (inflow of DKK 3,430 million) and the gas storage facility near LI. Torup (inflow of DKK 1,490 million).

## EQUITY

Equity stood at DKK 44,517 million at 30 September 2008 versus DKK 42,211 million at the end of 2007. The increase reflected the fact that profit for the period exceeded dividends paid to

shareholders, interest to holders of hybrid capital and negative value adjustments taken directly to equity.

### BALANCE SHEET

The balance sheet total stood at DKK 100,064 million at 30 September 2008 compared with DKK 89,710 million at the end of 2007. The DKK 10 billion increase was mainly due to receivables and payables relating to financial instruments having doubled since the end of 2007. This was due, in particular, to rising market prices having inflated the market value of financial instruments, and the fact that financial instruments related to trading activities and portfolio management for external customers must remain part of the balance sheet until maturity, even though the positions have been closed using offsetting contracts. The increase consequently does not imply any significant increase in the company's net exposure.

Net interest-bearing debt was DKK 15,077 million at 30 September 2008 compared with DKK 14,792 million at the end of 2007.

*>> Net interest-bearing debt DKK 15,077 million – on a par with the end of 2007*

# SEGMENT RESULTS

## EXPLORATION & PRODUCTION

Financial highlights, Exploration & Production				
DKK million	9M 2008	9M 2007	Q3 2008	Q3 2007
Oil & gas production (million boe)	13.3	7.5	4.5	2.4
- oil production (million boe)	7.5	6.6	2.5	2.1
- gas production (million boe)	5.8	0.9	2.0	0.3
Oil transportation, Denmark (million bbl)	68.6	75.6	22.7	25.8
Revenue	6,069	3,202	2,221	1,108
EBITDA	4,106	1,469	1,433	572
EBIT	3,188	880	1,124	358
Capital expenditure/Investments	2,619	4,294	1,428	987

### Production

Production in the first nine months of 2008 was 13.3 million boe (barrels of oil equivalent) compared with 7.5 million boe in the same period in 2007. The increase was mainly due to the Ormen Lange gas field, which came on stream in October 2007, but also to a positive contribution from new wells on existing fields. Gas production, converted to boe, amounted to 43% of total production in the first nine months of 2008 compared with 11% in the first nine months of 2007.

Danish fields accounted for 33% and Norwegian fields for 67% of production for the first nine months of 2008.

### Revenue

Revenue for the first nine months of 2008 was DKK 6,069 million, up from DKK 3,202 million in the same period in 2007 due to the increase in production referred to in the foregoing and the positive effect of higher oil and gas prices.

### Operating profit

EBITDA for the first nine months of 2008 was DKK 4,106 million, up from DKK 1,469 million in the same period in 2007 due to the increase in revenue.

EBIT for the first nine months of 2008 was DKK 3,188 million compared with DKK 880 million in the same period in 2007. The higher EBIT was due to the increase in EBITDA, partly offset by the fact that depreciation was DKK 329 million higher than in the first nine months of 2007, reflecting increased production (unit-of-production depreciation).

## Capital expenditure/Exploration

Investments and capital expenditure for the first nine months of 2008 amounted to DKK 2,619 million compared with DKK 4,294 million in the same period in 2007, and related primarily to development of producing oil and gas fields.

Investments in the first nine months of 2007 were affected by the acquisition of ConocoPhillips' Danish E&P activities (DKK 1,748 million). Investments in the first nine months of 2008 were affected by the acquisition of additional stakes in the Norwegian licences Trym (DKK 78 million) and Ula (DKK 540 million) and the Danish licence Hejre (DKK 252 million).

## GENERATION

Financial highlights, Generation DKK million	9M 2008	9M 2007	Q3 2008	Q3 2007
Power generation (GWh)	12,441	13,471	3,527	3,751
- thermal (GWh)	10,527	11,525	3,032	3,351
- renewable (GWh)	1,914	1,946	495	400
Heat generation (TJ)	29,796	29,632	3,840	4,872
Revenue	9,456	8,447	2,720	1,954
- thermal power	6,302	5,414	1,890	1,301
- thermal heat	1,553	1,448	306	286
- renewable energy	1,022	876	329	212
- other	579	709	195	155
EBITDA	2,454	2,788	578	378
- including renewable energy	504	452	113	116
EBIT	1,443	1,021	238	(185)
Capital expenditure/Investments	3,589	2,582	1,362	705

## Production

Thermal power generation for the first nine months of 2008 was 10,527 GWh compared with 11,525 GWh in the first nine months of 2007. The decline was due to the contribution margin from power generation (green dark spread) being down on the first nine months of 2007. The power price (Nord Pool, system) averaged EUR 42.7/MWh, 86% up on the first nine months of 2007. The power price in the two Danish price areas, DK West and DK East, was 112% and 97% higher, respectively, than in the same period in 2007. However, the higher power prices were more than offset by higher fuel prices. Coal and gas prices were 113% and 106% higher, respectively, than in the first nine months of 2007, and the price of CO<sub>2</sub> certificates was EUR 23.9/tonne in the first nine months of 2008 compared with EUR 0.8/tonne in the same period in 2007.

Power generation from renewable energy was 1,914 GWh in the first nine months of 2008 compared with 1,946 GWh in the same period in 2007. The small decrease was due to the loss of production from the Spanish and Portuguese activities, which were disposed of in the third quarter of 2007. The fall was partly made up for by increased production from Burbo Banks in the UK and Lake Ostrowo in Poland, which became fully operational in the third quarter of 2007.

Heat generation in the first nine months of 2008 was 29,796 TJ compared with 29,632 TJ in the same period in 2007.

### **Revenue**

Revenue for the first nine months of 2008 was DKK 9,456 million compared with DKK 8,447 million in the same period in 2007. The increase in revenue from thermal power was due to higher power prices, partly offset by lower power generation. Price hedging contributed approx. DKK 0.1 billion, considerably less than in the same period in 2007, when the effect was an inflow of approx. DKK 1.7 billion, as a very large proportion of generation had been hedged at prices significantly exceeding the spot price. Revenue from renewable energy was higher than in the first nine months of 2007, primarily due to higher power prices.

### **Operating profit**

EBITDA for the first nine months of 2008 was DKK 2,454 million compared with DKK 2,788 million in the same period in 2007. The decline was due to the fact that the increase in revenue was more than cancelled out by increased fuel costs resulting from higher coal and gas prices. However, the average coal price realised in the first nine months of 2008 was only just over USD 100/tonne due to application of the FIFO formula (first in first out), compared with an average market price of USD 164/tonne. EBITDA from renewables was 12% ahead in the first nine months of 2008, at DKK 504 million, accounting for 21% of Generation's total EBITDA.

EBIT for the first nine months of 2008 was DKK 1,443 million compared with DKK 1,021 million for the same period in 2007. The DKK 334 million reduction in EBITDA was offset by a DKK 756 million decrease in amortisation. The decrease was primarily due to the discontinuation of amortisation of DKK 809 million in relation to consumption of the CO<sub>2</sub> certificates that were recognised at market value in the balance sheet in connection with the initial recognition of Elsam and Energi E2. The CO<sub>2</sub> certificates that were recognised initially in the balance sheet at 1 July 2006 had been written off in full at 31 December 2007.

## Capital expenditure

Capital expenditure in the first nine months of 2008 amounted to DKK 3,589 million compared with DKK 2,582 million in the same period in 2007. Capital expenditure in the first nine months of 2008 related primarily to the offshore wind farms at Gunfleet Sands (DKK 846 million) and Horns Rev II (DKK 999 million) as well as the gas-fired power station at Mongstad in Norway (DKK 664 million). Capital expenditure on plant life extensions and maintenance investments at Danish power stations and enlargement of the coal harbour terminal at Stigsnæs Power Station amounted to DKK 640 million.

## DISTRIBUTION

Financial highlights, Distribution DKK million	9M 2008	9M 2007	Q3 2008	Q3 2007
Power distribution (GWh)	6,857	6,765	2,132	2,125
Natural gas distribution (million m <sup>3</sup> )	592	569	123	128
Revenue	3,074	3,237	896	1,017
EBITDA	1,311	1,137	345	330
EBIT	728	393	175	58
Capital expenditure/Investments	977	981	329	364

## Distributed volumes

Gas distribution in the first nine months of 2008 amounted to 592 million m<sup>3</sup>, 23 million m<sup>3</sup> more than in the same period in 2007. The increase was due to slightly cooler weather. Power distribution amounted to 6,857 GWh in the first nine months of 2008 compared with 6,765 GWh in the same period in 2007.

## Revenue

At DKK 3,074 million, revenue for the first nine months of 2008 was slightly down on the same period in 2007. The decline was primarily due to lower invoicing of the tariff element to the energy efficiency pool (PSO) charged by DONG Energy from consumers on behalf of the Danish Energy Regulatory Authority. Revenue benefited from an increase in gas distribution tariffs and more distributed gas volumes.

## Operating profit

EBITDA for the first nine months of 2008 was DKK 1,311 million compared with DKK 1,137 million in the same period in 2007. The increase mainly reflected lower costs, including significant IT project costs in 2007 that have not been repeated in 2008, and a positive effect from gas distribution activities.

EBIT for the first nine months of 2008 was up DKK 335 million as a result of the DKK 174 million increase in EBITDA and the DKK 161 million decrease in depreciation. The lower depreciation was due to a decrease in collection of previous years' shortfall revenue, which has been capitalised in the balance sheet.

### Capital expenditure

Capital expenditure in the first nine months of 2008 amounted to DKK 977 million compared with DKK 981 million in the same period in 2007. Capital expenditure in the first nine months of 2008 related primarily to underground installation of power cables in North Zealand (DKK 544 million) and other capital expenditure on the power distribution network (DKK 271 million).

## MARKETS

Financial highlights, Markets DKK million	9M 2008	9M 2007	Q3 2008	Q3 2007
Power sales (GWh)	7,961	7,956	2,188	2,483
Natural gas sales (million m <sup>3</sup> )	6,479	4,636	1,925	1,205
Revenue	27,996	15,522	9,545	4,042
EBITDA	3,268	1,345	2,004	555
EBIT	2,882	1,001	1,873	442
Capital expenditure/Investments	826	775	243	285

### Sales

Natural gas sales for the first nine months of 2008 amounted to 6,479 million m<sup>3</sup> compared with 4,636 million m<sup>3</sup> in the same period in 2007. The increase was largely due to the fact that the weather in Denmark and Europe was very mild in the first half of 2007, in particular, resulting in a decline in demand and very low prices at gas hubs. Large wholesale customers reduced their purchases from DONG Energy, buying gas at gas hubs instead. The relatively mild weather in 2008 did not result in a similar oversupply of gas and consequential very low prices. Sales to large wholesale customers consequently increased considerably. Sales at gas hubs were also significantly higher than in the same period in 2007. The TTF gas price averaged EUR 25.2/MWh in the first nine months of 2008 compared with EUR 12.3/MWh in the same period in 2007.

Power sales for the first nine months of 2008 were 7,961 GWh – on a par with the same period in 2007.

### Revenue

Revenue for the first nine months of 2008 was DKK 27,996 million compared with DKK 15,522 million in the same period in 2007. The increase primarily reflected higher gas selling prices and increased



volumes of gas sold. The higher gas selling prices were due partly to higher oil prices, which led to an increase in oil-price-regulated gas prices, and partly to an increase in gas hub prices, as described above.

### **Operating profit**

EBITDA for the first nine months of 2008 was DKK 3,268 million, up from DKK 1,345 million in the same period in 2007 due to increased revenue partly offset by higher natural gas purchase costs due to the increase in volumes sold. The combined effect of gas purchase allocation (inflow of approx. DKK 50 million for the first nine months of 2008 compared with an outflow of approx. DKK 80 million in the same period in 2007) and the time lag effect in gas contracts (inflow of approx. DKK 1,300 million for the first nine months of 2008 compared with an outflow of approx. DKK 410 million in the same period in 2007) was an inflow of DKK 1,840 million compared with the same period in 2007.

EBIT for the first nine months of 2008 was DKK 1,881 million ahead of the same period in 2007. The increase was due to a DKK 1,923 million increase in EBITDA offset by a DKK 42 million increase in depreciation, partly as a result of capital expenditure on the fibre optic network.

### **Capital expenditure**

Capital expenditure in the first nine months of 2008 was DKK 826 million compared with DKK 775 million in the same period in 2007. Capital expenditure in the first nine months of 2008 related primarily to the establishment of fibre optic network and outdoor lighting in North Zealand and the metropolitan area (DKK 546 million) and infrastructure activities in Germany (DKK 172 million).

# CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2008

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This interim financial report has been prepared in Danish and English. In the event of discrepancies, the Danish version shall prevail.

The interim financial report has not been audited.

# STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Supervisory and Executive Boards have today considered and approved the condensed consolidated interim financial report of DONG Energy A/S for the periods 1 July – 30 September 2008 and 1 January – 30 September 2008.

The condensed interim financial report, which is unaudited and has not been reviewed by the Group's auditors, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed and state-owned public limited companies.

In our opinion, the interim financial report gives a true and fair view of the Group's financial position at 30 September 2008 and of the results of the Group's operations and cash flows for the periods 1 July – 30 September 2008 and 1 January to 30 September 2008.

Further, in our opinion, the Management's review gives a true and fair review of the development in the Group's operations and financial matters, the results of the Group's operations and the Group's financial position as a whole and a true and fair description of the significant risks and uncertainties pertaining to the Group.

Skærbæk, 12 November 2008

## Executive Board:

Anders Eldrup  
CEO

Carsten Krogsgaard Thomsen  
Executive Vice President, Finance

## Supervisory Board:

Fritz H. Schur  
Chairman

Lars Nørby Johansen  
Deputy Chairman

Hanne Steen Andersen\*

Jakob Brogaard

Poul Dreyer\*

Jørgen Peter Jensen\*

Jens Kampmann

Poul Arne Nielsen

Kresten Philipsen

Jens Nybo Stilling Sørensen\*

Lars Rebien Sørensen

\* Employee representative

## CONSOLIDATED INCOME STATEMENT

DKK million	Note	9M 2008	9M 2007	Q3 2008	Q3 2007	2007
Revenue	4	41,612	27,401	13,792	7,224	41,625
Production costs		(32,153)	(22,324)	(9,969)	(6,005)	(33,917)
<b>Gross profit</b>		<b>9,459</b>	<b>5,077</b>	<b>3,823</b>	<b>1,219</b>	<b>7,708</b>
Sales and marketing		(368)	(487)	(92)	(165)	(1,002)
Management and administration		(1,055)	(1,661)	(367)	(543)	(2,241)
Other operating income		43	83	23	24	395
Other operating expenses		(16)	(34)	(6)	(15)	(77)
<b>Operating profit (EBIT)</b>	<b>4</b>	<b>8,063</b>	<b>2,978</b>	<b>3,381</b>	<b>520</b>	<b>4,783</b>
Gain on divestment of enterprises		576	30	99	(2)	29
Share of profit after tax of associates		67	11	12	3	(5)
Financial income		1,176	1,218	269	430	1,478
Financial expenses		(1,756)	(1,714)	(485)	(677)	(2,218)
<b>Profit before tax</b>		<b>8,126</b>	<b>2,523</b>	<b>3,276</b>	<b>274</b>	<b>4,067</b>
Income tax expense	9	(2,949)	(312)	(1,181)	(166)	(808)
<b>Profit for the period</b>		<b>5,177</b>	<b>2,211</b>	<b>2,095</b>	<b>108</b>	<b>3,259</b>
Attributable to:						
Equity holders of DONG Energy A/S		4,876	1,997	1,961	36	2,915
Hybrid capital owners of DONG Energy A/S		253	214	84	72	338
Minority interests		48	0	50	0	6
Earnings per share (EPS) and diluted earnings per share (DEPS) of DKK 10, in whole DKK						
		16	6	7	0	10

# CONSOLIDATED BALANCE SHEET

<b>Assets</b>		<b>30.09 2008</b>	<b>31.12 2007</b>	<b>30.09 2007</b>
DKK million	<b>Note</b>			
Goodwill		447	322	322
Rights		1,982	2,037	2,543
Completed development projects		256	186	204
In-process development projects and prepayments for intangible assets		151	191	169
<b>Intangible assets</b>		<b>2,836</b>	<b>2,736</b>	<b>3,238</b>
Land and buildings		2,970	2,834	2,897
Production assets		42,475	43,487	41,667
Exploration assets		2,943	2,103	2,131
Fixtures and fittings, tools and equipment		297	321	284
Property, plant and equipment in the course of construction and prepayments for property, plant and equipment		9,985	5,185	5,472
<b>Property, plant and equipment</b>	<b>7</b>	<b>58,670</b>	<b>53,930</b>	<b>52,451</b>
Investments in associates		3,801	3,912	4,006
Other equity investments		44	29	4
Deferred tax		9	31	306
Receivables		800	651	663
<b>Other non-current assets</b>		<b>4,654</b>	<b>4,623</b>	<b>4,979</b>
<b>Non-current assets</b>		<b>66,160</b>	<b>61,289</b>	<b>60,668</b>
Inventories		3,955	2,785	2,501
Trade receivables		26,387	19,649	14,863
Income tax receivable		29	753	594
Securities		721	134	137
Cash and cash equivalents		2,609	2,562	2,819
Assets classified as held for sale		203	2,538	2,527
<b>Current assets</b>		<b>33,904</b>	<b>28,421</b>	<b>23,441</b>
<b>Assets</b>		<b>100,064</b>	<b>89,710</b>	<b>84,109</b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

Equity and liabilities		30.09 2008	31.12 2007	30.09 2007
DKK million	Note			
Share capital		2,937	2,937	2,937
Hedging reserve		(879)	(389)	215
Translation reserve		(402)	96	462
Retained earnings		34,725	29,964	30,375
Proposed dividends		0	1,469	0
Hybrid capital		8,088	8,088	8,088
<b>Equity attributable to the equity holders of DONG Energy A/S</b>		<b>44,469</b>	<b>42,165</b>	<b>42,077</b>
Minority interests		48	46	39
<b>Equity</b>		<b>44,517</b>	<b>42,211</b>	<b>42,116</b>
Deferred tax		5,735	5,038	4,575
Pensions		32	41	40
Provisions	10	5,994	5,715	5,653
Bond loans		7,909	7,923	7,925
Bank loans		8,606	6,780	7,622
Other payables		1,443	1,020	931
<b>Non-current liabilities</b>		<b>29,719</b>	<b>26,517</b>	<b>26,746</b>
Provisions		62	69	81
Bank loans		2,198	2,512	1,282
Other payables		22,888	17,776	12,790
Income tax payable		664	39	495
Liabilities relating to assets classified as held for sale		16	586	599
<b>Current liabilities</b>		<b>25,828</b>	<b>20,982</b>	<b>15,247</b>
<b>Liabilities</b>		<b>55,547</b>	<b>47,499</b>	<b>41,993</b>
<b>Equity and liabilities</b>		<b>100,064</b>	<b>89,710</b>	<b>84,109</b>

## STATEMENT OF RECOGNISED INCOME AND EXPENSE

DKK million	Note	9M 2008	9M 2007	Q3 2008	Q3 2007
<b>Profit for the period</b>		<b>5,177</b>	<b>2,211</b>	<b>2,095</b>	<b>108</b>
Foreign exchange adjustments relating to foreign enterprises and equity-like loans, etc.		(503)	484	(361)	265
Value adjustments of hedging instruments		(650)	(848)	1,386	(232)
Tax on equity items		249	303	(323)	79
<b>Income and expense recognised directly in equity</b>		<b>(904)</b>	<b>(61)</b>	<b>702</b>	<b>112</b>
<b>Total recognised income and expense for the period</b>		<b>4,273</b>	<b>2,150</b>	<b>2,797</b>	<b>220</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK million	Note	9M 2008	9M 2007	Q3 2008	Q3 2007
Equity at start of period		<b>42,211</b>	<b>42,268</b>	<b>41,767</b>	<b>41,896</b>
Adjustments to prior periods		0	122	0	0
<b>Restated equity at start of period</b>		<b>42,211</b>	<b>42,390</b>	<b>41,767</b>	<b>41,896</b>
Total recognised income and expense for the period		4,273	2,150	2,797	220
Dividends paid to shareholders		(1,469)	(1,967)	0	0
Interests paid, hybrid capital		(451)	(450)	0	0
Dividends paid to minority shareholders		0	(7)	0	0
Change in minority interests on divestment of subsidiaries		(46)	0	(46)	0
Acquisition of minority interests		(1)	0	(1)	0
<b>Total changes in equity in the period</b>		<b>2,306</b>	<b>(274)</b>	<b>2,750</b>	<b>220</b>
<b>Equity at end of period</b>		<b>44,517</b>	<b>42,116</b>	<b>44,517</b>	<b>42,116</b>

# CONSOLIDATED CASH FLOW STATEMENT

DKK million	Note	9M 2008	9M 2007	Q3 2008	Q3 2007
Operating profit before depreciation and amortisation (EBITDA) <sup>1)</sup>		10,993	6,443	4,342	1,689
Other restatements		(644)	1,252	92	972
Change in working capital		(1,350)	475	(835)	(538)
Interest income and similar items		1,379	1,661	376	1,101
Interest expense and similar items		(1,875)	(2,311)	(669)	(1,348)
Income tax paid		(507)	49	(283)	(15)
<b>Cash flows from operating activities</b>		<b>7,996</b>	<b>7,569</b>	<b>3,023</b>	<b>1,861</b>
Purchase of intangible assets		(97)	(228)	(24)	(6)
Purchase of exploration assets		(846)	(1,873)	(578)	(181)
Purchase of other plant, property and equipment		(7,228)	(5,884)	(2,851)	(1,815)
Sale of intangible assets and plant, property and equipment		55	419	15	5
Acquisition of enterprises	6	(125)	(6,735)	(125)	(57)
Disposal of enterprises	6	2,180	4,920	134	3,430
Changes in other non-current assets		(86)	249	58	(84)
Dividends received		13	108	27	48
<b>Cash flows from investing activities</b>		<b>(6,134)</b>	<b>(9,024)</b>	<b>(3,344)</b>	<b>1,340</b>
Proceeds from raising of loans	8	2,008	5,480	1,876	0
Instalments on loans		(809)	(8,524)	(58)	(5,580)
Dividends paid to shareholders and interests paid on hybrid capital		(1,920)	(2,417)	0	0
Dividends paid to minority shareholders		0	(7)	0	0
Changes in other non-current liabilities		(748)	(133)	2	(135)
<b>Cash flows from financing activities</b>		<b>(1,469)</b>	<b>(5,601)</b>	<b>1,820</b>	<b>(5,715)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>393</b>	<b>(7,056)</b>	<b>1,499</b>	<b>(2,514)</b>
Cash and cash equivalents at start of period		1,780	9,106	592	4,351
Cash for assets held for sale		29	702	122	914
Foreign exchange adjustments of cash and cash equivalents		35	(2)	24	(1)
<b>Cash and cash equivalents at end of period</b>		<b>2,237</b>	<b>2,750</b>	<b>2,237</b>	<b>2,750</b>

Note 1 : From and including the third quarter of 2007, EBITDA has been calculated inclusive of amortisation of purchased CO<sub>2</sub> certificates, as purchased CO<sub>2</sub> certificates are accounted for as a cost of sales item. See note 5.



# NOTES

## 1. ACCOUNTING POLICIES

DONG Energy A/S (the Company) is a public limited company with its registered office in Denmark. This interim financial report comprises the Company and its consolidated subsidiaries (the Group).

The condensed interim financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed and state-owned public limited companies.

The accounting policies are consistent with those applied in the 2007 annual report, to which reference is made. The accounting policies are described in full in the 2007 annual report, including the definitions of financial ratios, which have been calculated in accordance with the definitions in the Danish Society of Financial Analysts' "Recommendations & Ratios 2005", unless otherwise stated.

The annual report can be downloaded from the Company's website [www.dongenergy.com](http://www.dongenergy.com).

The interim financial report is presented in Danish kroner (DKK), rounded to the nearest million (DKK).

## 2. ADJUSTMENTS TO PRIOR PERIODS

As stated in the 2007 annual report, adjustments have been made to the approved and published 2006 annual report pursuant to IAS 8. Accordingly, the following restatements have been effected for the period 1 January – 30 September 2007.

The recognition of revenue and production costs relating to certain derivative financial instruments used for hedging has been reclassified, and recognised values of certain derivative financial instruments under other receivables and other payables in the balance sheet have been reclassified. The reclassifications have no impact on profit, equity or cash flow for the period under review, but have increased revenue and production costs by DKK 2,010 million in the period 1 January – 30 September 2007. The reclassifications have no impact on the third quarter of 2007.

Furthermore, development projects have been reclassified among production costs, sales and marketing, and management and administration. The reclassifications have no impact on profit, assets, liabilities, equity or cash flows for the period under review, but, in the period 1 January – 30 September 2007, have increased production costs by DKK 104 million, reduced sales and marketing by DKK 106 million and increased management and administration by DKK 2 million. The reclassifications have no impact on the third quarter of 2007.

## 3. ACCOUNTING ESTIMATES AND JUDGEMENTS

Determining the carrying amounts of some assets and liabilities requires judgements, estimates and assumptions regarding future events. The estimates and assumptions 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 assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the DONG Energy Group is subject to risks and uncertainties that may cause actual results to differ from these estimates. An overview of estimates and associated judgments that are important for the financial reporting, in the opinion of the management of DONG Energy, is set out in note 2 to the 2007 annual report, to which reference is made.

## 4. SEGMENT INFORMATION

DKK million	9M 2008	9M 2007	Q3 2008	Q3 2007	2007
<b>Revenue</b>					
Exploration & Production	6,069	3,202	2,221	1,108	4,869
Generation	9,456	8,447	2,720	1,954	12,335
Distribution	3,074	3,237	896	1,017	4,510
Markets	27,996	15,522	9,545	4,042	24,583
Other (including eliminations)	(4,983)	(3,007)	(1,590)	(897)	(4,672)
<b>Total revenue</b>	<b>41,612</b>	<b>27,401</b>	<b>13,792</b>	<b>7,224</b>	<b>41,625</b>
<b>EBITDA<sup>1)</sup></b>					
Exploration & Production	4,106	1,469	1,433	572	2,406
Generation	2,454	2,788	578	378	3,696
Distribution	1,311	1,137	345	330	1,636
Markets	3,268	1,345	2,004	555	2,213
Other (including eliminations)	(146)	(296)	(18)	(146)	(345)
<b>Total EBITDA</b>	<b>10,993</b>	<b>6,443</b>	<b>4,342</b>	<b>1,689</b>	<b>9,606</b>
<b>EBIT</b>					
Exploration & Production	3,188	880	1,124	358	1,544
Generation	1,443	1,021	238	(185)	1,376
Distribution	728	393	175	58	533
Markets	2,882	1,001	1,873	442	1,695
Other (including eliminations)	(178)	(317)	(29)	(153)	(365)
<b>Total EBIT</b>	<b>8,063</b>	<b>2,978</b>	<b>3,381</b>	<b>520</b>	<b>4,783</b>

Note 1 : Earnings before interest, tax, depreciation and amortisation. From and including the third quarter of 2007, EBITDA has been calculated inclusive of amortisation of purchased CO<sub>2</sub> certificates, as purchased CO<sub>2</sub> certificates are accounted for as a cost of sales item. See note 5.

## 5. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES INCLUDED IN OPERATING PROFIT (EBIT)

DKK million	9M 2008	9M 2007	Q3 2008	Q3 2007
CO <sub>2</sub> Certificates, first-time consolidation	0	809	0	253
CO <sub>2</sub> Certificates, purchase	293	88	85	34
Other depreciations and amortisations	2,930	2,655	961	916
<b>Depreciations and amortisations in total</b>	<b>3,223</b>	<b>3,552</b>	<b>1,046</b>	<b>1,203</b>

## 6. ACQUISITIONS AND DIVESTMENTS OF ENTERPRISES

### Acquisitions of enterprises

No significant acquisitions were made in the period 1 January – 30 September 2008. A further purchase price of DKK 125 million, which will be allocated to goodwill, has been triggered in respect of the enterprises acquired in 2006. The purchase price was paid in the third quarter of 2008.

### Divestments of enterprises

The sale of DONG Energy's share of EnergiGruppen Jylland's water and district heat activities to EnergiMidt was completed in August 2008. The accounting gain generated by the sale has been calculated at DKK 99 million, including minority interests, with DONG Energy's share amounting to DKK 53 million. Up to completion of the sale, the activities were classified as assets held for sale. A payment of DKK 134 million, net of selling costs, was received in connection with the sale.

Furthermore, in the period 1 January – 30 September 2008 a sum of DKK 477 million was recognised as income and a payment of DKK 2,046 million, net of selling costs, was received relating to the sale of the 132 kV transmission grid in North Zealand to Energinet.dk.

Divestments of enterprises in the period 1 January – 30 September 2008 can be summarised as follows:

DKK million	30.09 2008	30.09 2007
Intangible assets	0	858
Property, plant and equipment	1,956	5,372
Other non-current assets	7	63
Current assets	227	511
Non-current liabilities	(443)	(2,404)
Current liabilities	(95)	(1,489)
Other adjustments	0	521
Gain on divestment of enterprises	576	30
<b>Sales price including minority interests</b>	<b>2,228</b>	<b>3,462</b>
Attributable to minority interests	(48)	0
Proceeds relating to prior years' divestments	0	1,458
<b>Divestment of enterprises</b>	<b>2,180</b>	<b>4,920</b>

Divestments of enterprises in the period 1 January – 30 September 2007 comprise LI. Torup Gaslager A/S and wind power activities in Spain and Portugal.

## 7. PROPERTY, PLANT AND EQUIPMENT

In the period 1 January – 30 September 2008 the Group acquired property, plant and equipment totalling DKK 8,418 million. The acquisitions primarily related to wind farms as well as exploration and production assets within the oil and gas activity.

No material disposals of property, plant and equipment were made in the period 1 January – 30 September 2008.

In the period 1 January – 30 September 2008, the Group assumed contractual obligations to acquire property, plant and equipment to a value of DKK 3,631 million, DKK 2,271 million of which related to the third quarter of 2008. The obligations primarily related to investments in property, power distribution network, wind turbines and other production assets.

## 8. LOAN ARRANGEMENTS

DONG Energy's proceeds on inception of loans in the period 1 January – 30 September 2008 consisted primarily of a DKK 1,800 million floating-rate EUR loan maturing in 2017. The loan was raised in July 2008.

## 9. INCOME TAX EXPENSE

DKK million	9M 2008	9M 2007	Q3 2008	Q3 2007
<b>Income tax expense</b>	<b>(2,949)</b>	<b>(312)</b>	<b>(1,181)</b>	<b>(166)</b>
<b>Income tax expense can be explained as follows:</b>				
Calculated 25% tax on profit before tax	(2,032)	(631)	(819)	(69)
Adjustments of calculated tax in foreign subsidiaries in relation to 25%	(51)	5	(14)	13
Special tax, hydrocarbon tax	(820)	139	(296)	17
<b>Tax effect of:</b>				
Non-taxable income	158	36	28	2
Non-deductible expenses	(167)	(93)	(65)	(87)
Share of profit after tax in associates	17	3	4	1
Unrecognised losses	(75)	(57)	(46)	(17)
Reduction of Danish income tax rate from 28% to 25%	0	372	0	0
Adjustments of tax relating to prior years	21	(86)	27	(26)
<b>Income tax expense</b>	<b>(2,949)</b>	<b>(312)</b>	<b>(1,181)</b>	<b>(166)</b>
<b>Effective tax rate</b>	<b>36</b>	<b>12</b>	<b>36</b>	<b>61</b>

Income tax expense for the period 1 January – 30 September 2008 was DKK 2,949 million compared with DKK 312 million in the same period in 2007. The effective tax rate was 36% in the period 1 January – 30 September 2008 compared with 12% in the same period in 2007. The high effective tax rate in the period 1 January – 30 September 2008 was primarily due to costs relating to the hydrocarbon tax scheme in Norway. The effective tax rate in the period 1 January – 30 September 2007 benefited from a reduction of the tax rate in Denmark from 28% to 25%.

The effective tax rate in the third quarter of 2008 was 36% compared with 61% in the third quarter of 2007. The high effective tax rate in the third quarter of 2008 was due primarily to expenses relating to the hydrocarbon tax scheme in Norway. The high effective tax rate in the third quarter of 2007 was due primarily to the relationship between non-deductible expenses and profit before tax during the period under review.

## 10. PROVISIONS

There have been no material changes in provisions since the 2007 annual report. For further details of provisions, see note 25 to the 2007 annual report.

## 11. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The legal action referred to in note 27 to the 2007 annual report (parent company) was settled in the second quarter of 2008 without any material effect on operating profit. There have been no other material changes to contingent assets or contingent liabilities since the 2007 annual report. Reference is made to note 38 to the 2007 annual report.

## 12. NON-RECURRING ITEMS

Profit after tax for the period 1 January – 30 September 2008 was affected by non-recurring income of DKK 477 million relating to the divestment of DONG Energy's 132 kV transmission grid in North Zealand and non-recurring income of DKK 99 million relating to the sale of DONG Energy's share of EnergiGruppen Jylland's water and district heat activities to EnergiMidt.

Profit after tax for the period 1 January – 30 September 2007 was affected by non-recurring income of DKK 404 million, DKK 372 million of which related to the reduction of the tax rate from 28% to 25%, while DKK 32 million related to a subsequent adjustment of the profit on the divestment of the gas storage facility near Ll. Torup.

## 13. RELATED PARTY TRANSACTIONS

DONG Energy paid dividend of DKK 1,072 million to the Danish State in the period 1 January – 30 September 2008.

Under the Danish Pipeline Act, DONG Oil Pipe A/S is under obligation to pay duty to the Danish State of 95% of its profit. In the period 1 January – 30 September 2008 DONG Oil Pipe A/S paid DKK 1,693 million in duty to the Danish State, DKK 586 million of which was paid in the third quarter of 2008. Several of DONG E&P A/S's Danish fields are not connected to DONG Oil Pipe A/S's pipeline, and DONG E&P A/S consequently pays exemption duty to the Danish State. In the period 1 January – 30 September 2008, DONG E&P A/S paid DKK 108 million in exemption duty to the Danish State, DKK 35 million of which was paid in the third quarter of 2008.

In June 2008, DONG Energy completed the sale of its 132 kV transmission grid in North Zealand to Energinet.dk, which is owned by the Danish State. The selling price was DKK 2,046 million, which was received in the period 1 January – 30 September 2008.

Receivables from associates stood at DKK 513 million at 30 September 2008, and payables to associates amounted to DKK 25 million.

There were no other material related party transactions in the period 1 January – 30 September 2008. Reference is also made to note 40 to the 2007 annual report.

## 14. EVENTS AFTER THE BALANCE SHEET DATE

### Development plan for Trym

DONG Energy and its licence partners Bayerngas Norge and Faroe Petroleum have prepared a development plan for the Norwegian oil and gas field Trym that is to provide a tie-in to the Danish production platform Harald.

The investment is expected to total DKK 2.4 billion, with DONG Energy's share amounting to around DKK 1 billion. The development plan has been submitted for consideration and approval by the relevant Norwegian authorities.

Subject to official approval by 1 January 2009, DONG Energy expects Trym to go into production by the end of 2010.

### Conversion plan for Herning CHP Plant

Herning CHP Plant is being converted for co-firing with wood pellets from autumn 2009. Wood chips currently account for 70-75% of the fuel consumption, with the remainder being made up of natural gas. On completion of the conversion, biomass in the form of wood chips and wood pellets will account for up to 97% of the fuel consumption.

The total investment is DKK 114 million.

The conversion will mean that around 97% of the heat supply to the Herning and Ikast areas, as well as Herning CHP Plant's power generation, will use a CO<sub>2</sub>-neutral energy source.

### *Forward-looking statements*

The interim financial report contains forward-looking statements, which include projections of financial performance in 2008. 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, the development in the oil, gas, power, coal, 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.

DONG Energy is one of Northern Europe's leading energy groups. We are headquartered in Denmark. Our business is based on procuring, producing, distributing, trading and selling energy and related products in Northern Europe. The company delivered revenue of DKK 41.6 billion in 2007 (approx. EUR 5.6 billion or USD 7.6 billion). DONG Energy has approx. 5,000 employees.

For further information, see [www.dongenergy.com](http://www.dongenergy.com)