

# INTERIM FINANCIAL REPORT

## Q1 2008

**Revenue****15,080** DKK million**EBITDA****3,186** DKK million**Profit after tax****1,252** DKK million

The Supervisory Board of DONG Energy A/S has today approved the interim financial report for the first quarter of 2008 with the following highlights:

- First-quarter 2008 revenue was DKK 15,080 million
- EBITDA was DKK 3,186 million, up 3% from DKK 3,102 million in the first quarter of 2007, and can be broken down as follows among DONG Energy's four segments:
  - E&P DKK 1,262 million, up 167% from DKK 473 million in the first quarter of 2007 due to significantly higher production and higher oil and gas prices
  - Generation DKK 803 million, down 54% from DKK 1,750 million in the first quarter of 2007 due to a less positive effect of price hedging and lower thermal generation
  - Distribution DKK 592 million, up 33% from DKK 444 million in the first quarter of 2007, primarily reflecting lower costs in the quarter
  - Markets DKK 554 million, up 11% from DKK 499 million in the first quarter of 2007, primarily reflecting higher gas sales
- Profit after tax was DKK 1,252 million compared with DKK 1,255 million in the first quarter of 2007
- EBITDA and profit after tax for 2008 are still expected to be on a par with 2007, as most recently announced in connection with the presentation of the 2007 annual report on 11 March 2008

"It was a satisfactory first quarter on a par with the same quarter last year – and we are on track to deliver the full-year 2008 result that we have promised.

The first quarter was characterised by new exciting business initiatives for DONG Energy. We started construction of our second-generation bioethanol plant in Kalundborg and, in March, announced our electric car project the aim of which is to offer an electric infrastructure that will significantly reduce CO<sub>2</sub> emissions from the Danish car population. Lastly, we held our gas release auction, which proceeded satisfactorily.", says Anders Eldrup, President and CEO

# CONSOLIDATED FINANCIAL HIGHLIGHTS

| DKK million   | Q1<br>2008   | Q1<br>2007   | 2007         |
|---|--------------|--------------|--------------|
| Revenue   | 15,080       | 11,580       | 41,625       |
| <b>EBITDA<sup>1</sup></b>   | <b>3,186</b> | <b>3,102</b> | <b>9,606</b> |
| EBITDA margin (%)   | 21           | 27           | 23           |
| <b>EBIT</b>   | <b>2,173</b> | <b>1,925</b> | <b>4,783</b> |
| EBIT margin (operating margin) (%)  | 14           | 17           | 11           |
| Financial items, net  | (135)        | (180)        | (740)        |
| <b>Profit for the period</b>  | <b>1,252</b> | <b>1,255</b> | <b>3,259</b> |
| EBITDA adjusted for special hydrocarbon tax <sup>2</sup>                          | 2,949        | 3,103        | 9,584        |
| Funds From Operation (FFO) <sup>3</sup>   | 3,050        | 1,918        | 10,046       |
| Free cash flow to equity (with acquisitions/disposals) <sup>4</sup>               | 719          | 1,720        | (2,981)      |
| Free cash flow to equity (without acquisitions/disposals) <sup>5</sup>            | 719          | 1,888        | 641          |
| Assets  | 94,784       | 95,579       | 89,710       |
| Additions to property, plant and equipment  | 1,960        | 1,628        | 11,151       |
| Interest-bearing assets <sup>6</sup>  | 4,290        | 11,223       | 2,517        |
| Interest-bearing debt <sup>7</sup>  | 18,313       | 27,321       | 17,309       |
| Net interest-bearing debt   | 14,023       | 16,098       | 14,792       |
| Equity  | 43,254       | 43,740       | 42,211       |
| Capital employed <sup>8</sup>   | 57,277       | 59,838       | 57,003       |
| Financial gearing <sup>9</sup>  | 0.32         | 0.37         | 0.35         |
| Number of shares, end of year <sup>10</sup>                                       | 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  |
| Earnings per share <sup>10</sup>  | 4            | 4            | 10           |
| Proposed dividend per share <sup>10</sup>   | 0            | 0            | 5            |
| Cash flows from operating activities per share <sup>10</sup>                      | 10           | 10           | 30           |
| Free cash flow to equity (without acquisitions/disposals) per share <sup>10</sup> | 2            | 6            | 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. EBITDA for the first quarter of 2007 is reduced by DKK 59 million. 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. The purchase price for ConocoPhillips' E&P activities in Denmark is recognised as acquisition

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 AND OUTLOOK

## FIRST-QUARTER CONSOLIDATED RESULTS

### Revenue

First-quarter 2008 revenue was 30% ahead, amounting to DKK 15,080 million compared with DKK 11,580 million in the first quarter of 2007.

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

The oil price (Brent) averaged USD 96.8/bbl compared with USD 57.8/bbl in the first quarter of 2007, up 68%. Oil and gas production was 64% up on the first quarter of 2007, mainly as a result of production from the Ormen Lange gas field, which came on stream in the fourth quarter of 2007.

The power price (Nord Pool, system) was EUR 38.0/MWh compared with EUR 26.7/MWh in the first quarter of 2007, up 42%. Power prices in the two Danish price areas DK West and DK East were 70% and 50% higher, respectively. However, the higher power prices were more than offset by higher fuel prices. Overall, this resulted in a contribution margin from power generation, the so-called green dark spread, that was down from EUR 5.4/MWh in the first quarter of 2007 to EUR (14.5)/MWh in the first quarter of 2008. The low green dark spread led to a 926 GWh reduction in thermal power generation compared with the first quarter of 2007, down 19%. In addition, power price hedging yielded a positive effect of approx. DKK 300 million in the first quarter of 2008 compared with approx. DKK 900 million in the first quarter of 2007.

Natural gas sales increased by 522 million m<sup>3</sup> to 3,060 million m<sup>3</sup>, due predominantly to the special situation in the first quarter of 2007, when mild weather coupled with full gas inventories led to a reduction in demand for gas and substantially reduced gas hub prices. In 2007, the lower hub prices led to falling sales to large wholesale customers and reduced sales on gas hubs. Gas hub prices were at a significantly higher level in the first quarter of 2008 despite mild weather. This meant partly that sales on gas hubs were significantly higher than in the first quarter of 2007, and partly that gas sales to wholesale customers were not reduced in the same way as in the first quarter of 2007, when these customers could buy at lower prices on gas hubs than via contract prices. The price on the Dutch TTF gas hub averaged EUR 23.6/MWh in the first quarter of 2008 compared with EUR 11.1/MWh in the first quarter of 2007.

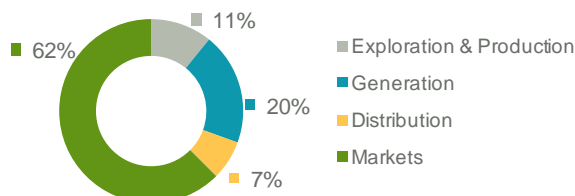
### Operating profit

First-quarter 2008 EBITDA increased by DKK 84 million, amounting to DKK 3,186 million compared with DKK 3,102 million in the first quarter of 2007.

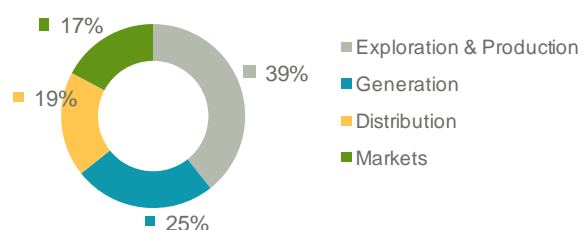
There were significant changes in the segments' operating results:

- In Exploration & Production, EBITDA increased by DKK 789 million to DKK 1,262 million as a result of higher revenue, driven by higher oil and gas prices and production
- In Generation, EBITDA was more than halved, falling by DKK 947 million to DKK 803 million as a result of the fall in revenue and rising fuel prices, as described above.

Breakdown of revenue first-quarter 2008



Breakdown of EBITDA first-quarter 2008



- In Distribution, EBITDA was up DKK 148 million, at DKK 592 million, due to higher gas distribution tariffs and lower capacity costs, etc.
- In Markets, EBITDA was up DKK 55 million, at DKK 554 million, primarily reflecting higher gas sales.

First-quarter 2008 EBIT was up DKK 248 million, with falling amortisation amounting to DKK 164 million, mainly due to the discontinuation of amortisation in Generation of DKK 290 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 reduction in amortisation was partly offset by higher depreciation on wind power assets in Generation due to the commissioning of new wind farms in the UK and Poland. Depreciation in Exploration & Production was up DKK 87 million due to higher production (unit-of-production depreciation).

## Financial items

Financial items amounted to an expense of DKK 135 million in the first quarter of 2008 compared with an expense of DKK 180 million in the first quarter of 2007, including net interest expenses of DKK 181 million in the first quarter of 2008 compared with DKK 174 million in the first quarter of 2007. The interest expenses increased despite the fact that net interest-bearing debt averaged DKK 14 billion in the first quarter of 2008 compared with DKK 17 billion in the first quarter of 2007. The interest rate element of decommissioning obligations amounted to DKK 45 million in the first quarter of 2008, up DKK 19 million on the first quarter of 2007 due to commissioning of new construction projects, including Ormen Lange, and a higher price level for external costs. Other financial items, mainly foreign exchange adjustments, amounted to a gain of DKK 91 million in the first quarter of 2008 compared with a gain of DKK 20 million in the first quarter of 2007.

| Financial items<br>DKK million              | Q1<br>2008   | Q1<br>2007   | Difference |
|---|--------------|--------------|------------|
| Interest expenses, net                      | (181)        | (174)        | (7)        |
| Interest element of restoration obligations | (45)         | (26)         | (19)       |
| Dividends on equity investments             | 0            | 0            | 0          |
| Other                                       | 91           | 20           | 71         |
| <b>Financial items, net</b>                 | <b>(135)</b> | <b>(180)</b> | <b>45</b>  |

## Income tax

Income tax expense for the first quarter of 2008 was a charge of DKK 816 million compared with DKK 517 million in the first quarter of 2007. Adjusted for the fact that associates are recognised after tax, the tax rate was 40% in the first quarter of 2008 compared with 30% in the first quarter of 2007. The tax rate rose as a result of increased earnings in Norway, where hydrocarbon income is taxed at 78% in total.

## Profit after tax

First-quarter 2008 profit after tax was on a par with the first quarter of 2007, amounting to DKK 1,252 million compared with DKK 1,255 million in the first quarter of 2007. The higher EBIT and lower negative financial items were offset by the higher tax rate in the first quarter of 2008 compared with the first quarter of 2007.

## Cash flows

First-quarter 2008 operating cash inflow fell to DKK 2,833 million compared with DKK 2,961 million in the first quarter of 2007. The decline was partly due to an increase in trade receivables as a result of rising selling prices, partly offset by an adjustment for the negative effect of hedging, which forms part of EBITDA, but has no cash flow effect. Furthermore, interest and tax payments in the first quarter of 2008 were higher than in the first quarter of 2007.

Investing activities absorbed DKK 2,114 million in the first quarter of 2008 compared with DKK 1,241 million in the first quarter of 2007. The main items of capital expenditure in the first quarter of 2008 were investments in wind power activities (outflow of DKK 389 million), thermal activities (outflow of DKK 446 million), development of oil and gas fields and infrastructure (outflow of DKK 652 million), underground installation of power cables in North Zealand

(outflow of DKK 185 million) and establishment of fibre optic network and outdoor lighting (outflow of DKK 154 million).

### Equity

Equity stood at DKK 43,254 million at 31 March 2008 compared with DKK 42,211 million at the end of 2007. The increase was due to the addition of profit for the period, partly offset by value adjustments directly on equity.

### Balance sheet

The balance sheet total was DKK 94,784 million at 31 March 2008 compared with DKK 89,710 million at the end of 2007. The increase primarily reflected rising trade receivables from higher selling prices and an increase in cash and cash equivalents.

Net interest-bearing debt was DKK 14,023 million at 31 March 2008 compared with DKK 14,792 million at the end of 2007. The reduction in net interest-bearing debt was primarily due to the fact that positive operating cash flows exceeded capital expenditure in the first quarter.

## OUTLOOK FOR 2008

### Assumptions for 2008 outlook

DONG Energy's financial results are affected by developments in a number of commodity prices, including oil, gas, power 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 assumptions (average prices for the remainder of the year):

- Crude oil (Brent): USD 90 per barrel;
- TTF gas hub price: EUR 24 per MWh;
- Power (Nord Pool system price): EUR 44 per MWh;
- Coal (API 2): USD 129 per tonne;
- CO<sub>2</sub> certificates: EUR 19 per tonne; and
- USD rate: DKK 4.75 to the USD

A substantial proportion of, in particular, DONG Energy's oil price exposure in 2008 is hedged. The financial effect of deviations relative to the assumed oil price level of USD 90/bbl will consequently not be felt in full on profit.

### Outlook for 2008

Based on the commodity price, currency exchange rate and other assumptions outlined above, the outlook for EBITDA and profit after tax for 2008 on a par with 2007 is affirmed.

## EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after the end of the period under review.

## TELEPHONE CONFERENCE

A telephone conference for analysts will be held at 03.00pm CET:

DK +45 3271 4573

UK +44 (0)20 3023 4423

### 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.

The presentation for the conference will be available at DONG Energy's website from 1.00pm CET at the following address: <http://www.dongenergy.com/EN/Investor/presentations/>

## DONG ENERGY'S SEGMENTS

### EXPLORATION & PRODUCTION

| <b>Financial highlights, Exploration &amp; Production</b> |                    |                    |
|---|--------------------|--------------------|
| DKK million   | <b>Q1<br/>2008</b> | <b>Q1<br/>2007</b> |
| Oil & gas production (million boe)                        | 4.4                | 2.7                |
| - oil production (million boe)                            | 2.6                | 2.5                |
| - gas production (million boe)                            | 1.8                | 0.2                |
| Oil transportation, Denmark (million bbl)                 | 23.1               | 24.0               |
| Revenue   | 1,830              | 1,067              |
| EBITDA  | 1,262              | 473                |
| EBIT  | 972                | 270                |
| Investments   | 652                | 825                |

#### Production

First-quarter 2008 production was 4.4 million boe versus 2.7 million boe in the first quarter of 2007. The increase was predominantly due to the Ormen Lange gas field, which came on stream in the fourth quarter of 2007. First-quarter 2008 gas production (converted to barrels of oil equivalent) amounted to 42% of total production compared with 9% in the first quarter of 2007.

Danish fields accounted for 31% of first-quarter 2008 production and the Norwegian fields for 69%.

#### Revenue

First-quarter 2008 revenue was DKK 1,830 million, up from DKK 1,067 million in the first quarter of 2007 due to the increase in production referred to in the foregoing and the positive effect of higher oil and gas prices.

#### Operating profit

First-quarter 2008 EBITDA was DKK 1,262 million, up from DKK 473 million in the first quarter of 2007 due to higher revenue and to costs in the first quarter of 2007 that were not repeated in the first quarter of 2008 related to trials with new drilling technology on the Siri field and exploration costs related to the Cygnus well on the Norwegian shelf. These positive effects were partly offset by the effect of higher costs as a result of higher production, including operating costs on Ormen Lange.

First-quarter 2008 EBIT was DKK 972 million compared with DKK 270 million in the first quarter of 2007. The higher EBIT was due to the increase in EBITDA, partly offset by the fact that depreciation was DKK 87 million higher than in the first quarter of 2007. The increase in depreciation was due to higher production.

#### Capital expenditure/Exploration

First-quarter 2008 capital expenditure was DKK 652 million compared with DKK 825 million in the first quarter of 2007. Capital expenditure in the first quarter of 2008 related primarily to development of producing oil and gas fields.

## GENERATION

| <b>Financial highlights, Generation</b> | <b>Q1</b>   | <b>Q1</b>   |
|---|-------------|-------------|
| DKK million                             | <b>2008</b> | <b>2007</b> |
| Power generation (GWh)                  | 4,878       | 5,836       |
| - thermal (GWh)                         | 4,019       | 4,945       |
| - renewable (GWh)                       | 859         | 891         |
| Heat generation (TJ)                    | 18,149      | 17,873      |
| Revenue                                 | 3,342       | 3,699       |
| - thermal power                         | 1,988       | 2,555       |
| - thermal heat                          | 813         | 682         |
| - renewable energy                      | 404         | 388         |
| - other                                 | 137         | 74          |
| EBITDA                                  | 803         | 1,750       |
| - including renewable energy            | 267         | 238         |
| EBIT                                    | 438         | 1,108       |
| Investments                             | 834         | 559         |

### Production

First-quarter 2008 thermal power generation was 4,019 GWh compared with 4,945 GWh in the first quarter of 2007. The decline was due to the contribution margin from power generation, the so-called green dark spread, being significantly lower. The Nord Pool system price averaged EUR 38.0/MWh, 42% up on the first quarter of 2007. The power price in the two Danish price areas DK West and DK East was 70% and 50% higher, respectively, than in the first quarter of 2007. However, the higher power prices were more than offset by higher fuel prices. The coal price was 97% ahead of the first quarter of 2007 and the price of CO<sub>2</sub> certificates was EUR 21.4/tonne in the first quarter of 2008 compared with EUR 2.0/tonne in the first quarter of 2007. Overall, this provided a green dark spread that was down from EUR 5.4/MWh in the first quarter of 2007 to EUR (14.5)/MWh in the first quarter of 2008.

Power generation from renewable energy was 859 GWh in the first quarter of 2008 compared with 891 GWh in the first quarter of 2007. The fall was due to the loss of production from the Spanish and Portuguese activities, which were disposed of in the second half of 2007. The fall was partly offset by increased production from Burbo Banks in the UK and Lake Ostrowo in Poland, which became fully operational in the second half of 2007.

Heat generation in the first quarter of 2008 was 18,149 TJ, in line with the first quarter of 2007 (17,873 TJ).

### Revenue

First-quarter 2008 revenue was DKK 3,342 million compared with DKK 3,699 million in the first quarter of 2007. The fall in revenue from thermal power was due to a substantially lower contribution margin from power generation, resulting in reduced generation. Price hedging contributed approx. DKK 300 million, but not on the same scale as in the first quarter of 2007 (inflow of DKK 900 million), when a very large proportion of generation was hedged at significantly higher prices than the spot price. Revenue from renewable energy was higher than in the first quarter of 2007, primarily due to higher power prices.

### Operating profit

First-quarter 2008 EBITDA amounted to DKK 803 million compared with DKK 1,750 million in the first quarter of 2007. The DKK 947 million decline was mainly due to the DKK 357 million reduction in revenue and higher fuel costs as a result of higher coal and gas prices, partly offset by lower fuel consumption due to lower production. First-quarter 2008 EBITDA from renewable energy increased by 12%, accounting for 33% of Generation's total EBITDA compared with 14% in the first quarter of 2007.

First-quarter 2008 EBIT was down DKK 670 million, at DKK 438 million, with the reduction in EBITDA accounting for DKK 947 million. Amortisation was DKK 277 million lower, primarily as a result of the discontinuation of amortisation in Generation of DKK 290 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 had been written off in full at 31 December 2007.

### Capital expenditure

First-quarter 2008 capital expenditure was DKK 834 million compared with DKK 559 million in the first quarter of 2007. The principal items of capital expenditure were:

- Horns Rev II offshore wind farm (DKK 247 million)
- Gas-fired power station near Mongstad in Norway (DKK 205 million)
- Plant life extension and maintenance investments at Danish power stations (DKK 196 million).

### DISTRIBUTION

| <b>Financial highlights, Distribution</b><br>DKK million | <b>Q1</b><br><b>2008</b> | <b>Q1</b><br><b>2007</b> |
|--|--------------------------|--------------------------|
| Power distribution (GWh)                                 | 2,536                    | 2,517                    |
| Natural gas distribution (million m <sup>3</sup> )       | 308                      | 289                      |
| Revenue  | 1,174                    | 1,164                    |
| EBITDA   | 592                      | 444                      |
| EBIT   | 371                      | 229                      |
| Investments  | 285                      | 280                      |

### Sales

Gas distribution in the first quarter of 2008 amounted to 308 million m<sup>3</sup>, 19 million m<sup>3</sup> ahead of the first quarter of 2007. The increase was due to slightly cooler weather. First-quarter 2008 power distribution was 2,536 GWh versus 2,517 GWh in the first quarter of 2007.

### Revenue

At DKK 1,174 million, first-quarter 2008 revenue was on a par with the first quarter of 2007.

### Operating profit

First-quarter 2008 EBITDA was DKK 592 million, up from DKK 444 million in the first quarter of 2007, primarily reflecting lower capacity costs, etc.

First-quarter 2008 EBIT increased by DKK 142 million as a result of the increase in EBITDA. Depreciation in the first quarter of 2008 was on a par with the first quarter of 2007.

### Capital expenditure

First-quarter 2008 capital expenditure amounted to DKK 285 million compared with DKK 280 million in the first quarter of 2007. First-quarter 2008 capital expenditure related primarily to the underground installation of power cables in North Zealand (DKK 185 million) and other capital expenditure on the power distribution network (DKK 74 million).



## MARKETS

| <b>Financial highlights, Markets</b>        | <b>Q1</b>   | <b>Q1</b>   |
|---|-------------|-------------|
| DKK million                                 | <b>2008</b> | <b>2007</b> |
| Power sales (GWh)                           | 3,257       | 3,037       |
| Natural gas sales (million m <sup>3</sup> ) | 3,060       | 2,538       |
| Revenue                                     | 10,577      | 6,549       |
| EBITDA                                      | 554         | 499         |
| EBIT  | 428         | 387         |
| Investments                                 | 195         | 165         |

### Sales

First-quarter 2008 natural gas sales reached 3,060 million m<sup>3</sup> compared with 2,538 mio. m<sup>3</sup> in the first quarter of 2007. The increase was due, in particular, to the special situation in the first quarter of 2007, when mild weather coupled with full gas inventories led to reduced demand for gas and substantially reduced gas hub prices. The lower hub prices led to falling sales to large wholesale customers and reduced sales on gas hubs. Gas hub prices were at a significantly higher level in the first quarter of 2008 despite mild weather. As a consequence, gas hub sales were significantly higher than in the first quarter of 2007, and gas sales to wholesale customers did not fall in the same way as in the first quarter of 2007, when these customers could buy at lower prices on gas hubs than via contract prices. The TTF gas price averaged EUR 23.6/MWh in the first quarter of 2008 compared with EUR 11.1/MWh in the first quarter of 2007.

First-quarter 2008 power sales were 3,257 GWh, up from 3,037 GWh in the first quarter of 2007, primarily reflecting higher sales outside Denmark.

### Revenue

First-quarter 2008 revenue was DKK 10,577 million compared with DKK 6,549 million in the first quarter of 2007. The increase primarily reflected increased volumes of gas sold and higher gas selling prices. The higher prices were due partly to higher oil prices, which led to an increase in the oil-price-regulated gas prices, and partly to an increase in gas hub prices, as described above.

### Operating profit

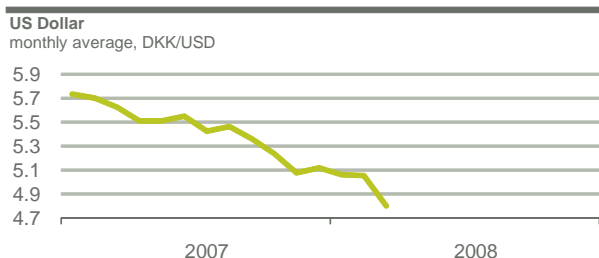
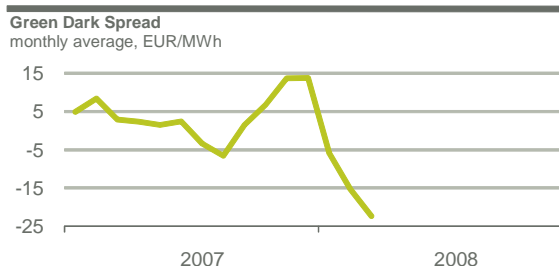
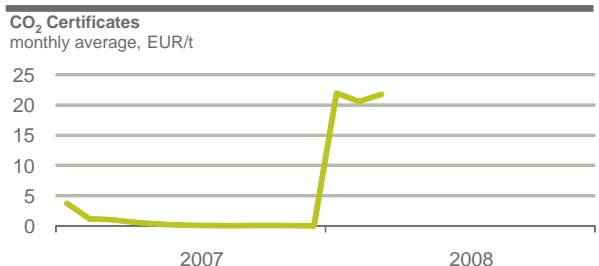
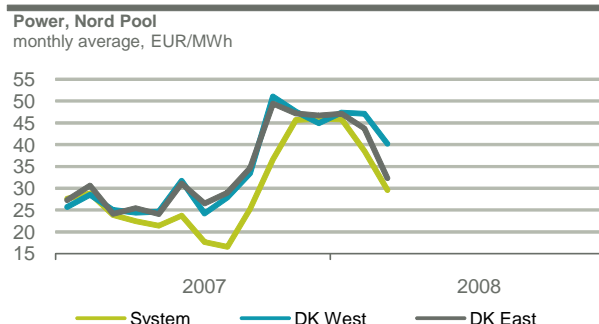
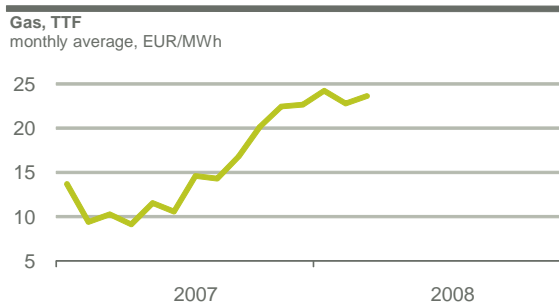
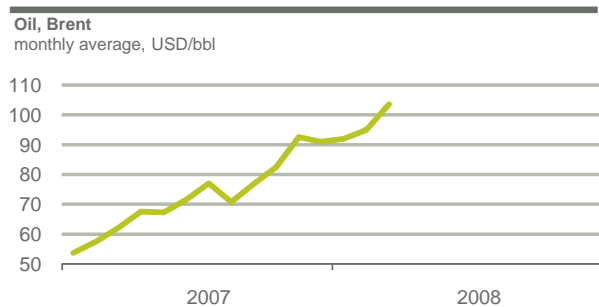
First-quarter 2008 EBITDA was DKK 554 million, up from DKK 499 million in the first quarter of 2007 due to higher revenue partly offset by higher natural gas purchase costs due to the increase in volumes sold. The combined effect of gas purchase allocations (outflow of approx. DKK 350 million in the first quarter of 2008 compared with an outflow of approx. DKK 60 million in the first quarter of 2007) and the time lag effect in gas contracts (approx. DKK 290 million in the first quarter of 2008 compared with an outflow of approx. DKK 100 million in the first quarter of 2007) was an inflow of DKK 100 million compared with the first quarter of 2007.

First-quarter 2008 EBIT was DKK 41 million ahead of the first quarter of 2007 due to a DKK 55 million increase in EBITDA offset by a DKK 14 million increase in depreciation as a result of capital expenditure on the fibre optic network.

### Capital expenditure

First-quarter 2008 capital expenditure amounted to DKK 195 million compared with DKK 165 million in the first quarter of 2007. First-quarter 2008 capital expenditure related primarily to the establishment of fibre optic network and outdoor lighting in North Zealand and the metropolitan area (DKK 154 million).

# MARKET PRICES



| Market prices                               | Q1    |      |      |
|---|-------|------|------|
|   | 2008  | 2007 | Δ%   |
| Oil, Brent (USD/bbl)                        | 96.8  | 57.8 | 68%  |
| Gas, TTF <sup>1)</sup> (EUR/MWh)            | 23.6  | 11.1 | 112% |
| Power, Nord Pool system (EUR/MWh)           | 38.0  | 26.7 | 42%  |
| Power, Nord Pool DK West (EUR/MWh)          | 44.9  | 26.4 | 70%  |
| Power, Nord Pool DK East (EUR/MWh)          | 41.0  | 27.3 | 50%  |
| Coal, API 2 <sup>2)</sup> (USD/t)           | 137.7 | 69.9 | 97%  |
| CO <sub>2</sub> Certificates (EUR/t)        | 21.4  | 2.0  | 958% |
| Green Dark Spread <sup>3)</sup> , (EUR/MWh) | -14.5 | 5.4  | n/a  |
| US Dollar, (DKK/USD)                        | 5.0   | 5.7  | -13% |

**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

# CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE PERIOD 1 JANUARY TO 31 MARCH 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 period 1 January – 31 March 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 annual report gives a true and fair view of the Group's financial position at 31 March 2008 and of the results of the Group's operations and cash flows for the financial year 1 January - 31 March 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, 15 May 2008

## Executive Board:

Anders Eldrup  
*President and 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     | Q1<br>2008   | Q1<br>2007   | 2007         |
|--|----------|--------------|--------------|--------------|
| Revenue  | 4        | 15,080       | 11,580       | 41,625       |
| Production costs   |          | (12,421)     | (8,944)      | (33,917)     |
| <b>Gross profit</b>  |          | <b>2,659</b> | <b>2,636</b> | <b>7,708</b> |
| Sales and marketing  |          | (131)        | (216)        | (1,002)      |
| Management and administration  |          | (351)        | (518)        | (2,241)      |
| Other operating income   |          | 5            | 34           | 395          |
| Other operating expenses   |          | (9)          | (11)         | (77)         |
| <b>Operating profit (EBIT)</b>   | <b>4</b> | <b>2,173</b> | <b>1,925</b> | <b>4,783</b> |
| Gain on disposal of enterprises  |          | 0            | 0            | 29           |
| Share of profit after tax of associates  |          | 30           | 27           | (5)          |
| Financial income   |          | 411          | 255          | 1,478        |
| Financial expenses   |          | (546)        | (435)        | (2,218)      |
| <b>Profit before tax</b>   |          | <b>2,068</b> | <b>1,772</b> | <b>4,067</b> |
| Income tax expense   | 7        | (816)        | (517)        | (808)        |
| <b>Profit for the period</b>   |          | <b>1,252</b> | <b>1,255</b> | <b>3,259</b> |
| Attributable to:   |          |              |              |              |
| Equity holders of DONG Energy A/S  |          | 1,167        | 1,186        | 2,915        |
| Hybrid capital owners of DONG Energy A/S   |          | 84           | 81           | 338          |
| Minority interests   |          | 1            | (12)         | 6            |
| Earnings per share (EPS) and diluted earnings per share (DEPS) of DKK 10, in whole DKK |          |              |              |              |
|  |          | 4            | 4            | 10           |

# CONSOLIDATED BALANCE SHEET

| <b>Assets</b>   |             | <b>31.03 2008</b> | <b>31.12 2007</b> | <b>31.03 2007</b> |
|---|-------------|-------------------|-------------------|-------------------|
| DKK million   | <b>Note</b> |                   |                   |                   |
| Goodwill  |             | 322               | 322               | 322               |
| Rights  |             | 2,031             | 2,037             | 3,299             |
| Completed development projects  |             | 290               | 186               | 123               |
| In-process development projects and prepayments for intangible assets   |             | 116               | 191               | 239               |
| <b>Intangible assets</b>  |             | <b>2,759</b>      | <b>2,736</b>      | <b>3,983</b>      |
| Land and buildings  |             | 2,983             | 2,834             | 2,943             |
| Production assets   |             | 42,563            | 43,487            | 31,042            |
| Exploration assets  |             | 2,166             | 2,103             | 366               |
| Fixtures and fittings, tools and equipment  |             | 306               | 321               | 282               |
| Property, plant and equipment in the course of construction and prepayments for property, plant and equipment |             | 6,621             | 5,185             | 12,230            |
| <b>Property, plant and equipment</b>  | <b>6</b>    | <b>54,639</b>     | <b>53,930</b>     | <b>46,863</b>     |
| Investments in associates   |             | 3,922             | 3,912             | 4,037             |
| Other equity investments  |             | 35                | 29                | 5                 |
| Deferred tax  |             | 15                | 31                | 40                |
| Receivables   |             | 775               | 651               | 1,117             |
| <b>Other non-current assets</b>   |             | <b>4,747</b>      | <b>4,623</b>      | <b>5,199</b>      |
| <b>Non-current assets</b>   |             | <b>62,145</b>     | <b>61,289</b>     | <b>56,045</b>     |
| Inventories   |             | 2,096             | 2,785             | 1,677             |
| Trade receivables   |             | 22,105            | 19,649            | 18,553            |
| Income tax receivable   |             | 241               | 753               | 33                |
| Securities  |             | 131               | 134               | 115               |
| Cash and cash equivalents   |             | 5,530             | 2,562             | 10,152            |
| Assets classified as held for sale  |             | 2,536             | 2,538             | 9,004             |
| <b>Current assets</b>   |             | <b>32,639</b>     | <b>28,421</b>     | <b>39,534</b>     |
| <b>Assets</b>   |             | <b>94,784</b>     | <b>89,710</b>     | <b>95,579</b>     |

## CONSOLIDATED BALANCE SHEET (CONTINUED)

| Equity and liabilities  |      | 31.03 2008    | 31.12 2007    | 31.03 2007    |
|---|------|---------------|---------------|---------------|
| DKK million   | Note |               |               |               |
| Share capital   |      | 2,937         | 2,937         | 2,937         |
| Hedging reserve   |      | (468)         | (389)         | 796           |
| Translation reserve   |      | (64)          | 96            | 79            |
| Retained earnings   |      | 31,245        | 29,964        | 29,846        |
| Proposed dividends  |      | 1,469         | 1,469         | 1,967         |
| Hybrid capital  |      | 8,088         | 8,088         | 8,088         |
| <b>Equity attributable to the equity holders of DONG Energy A/S</b> |      | <b>43,207</b> | <b>42,165</b> | <b>43,713</b> |
| Minority interests  |      | 47            | 46            | 27            |
| <b>Equity</b>   |      | <b>43,254</b> | <b>42,211</b> | <b>43,740</b> |
| Deferred tax  |      | 5,116         | 5,038         | 4,492         |
| Pensions  |      | 41            | 41            | 41            |
| Provisions  | 8    | 5,578         | 5,715         | 4,516         |
| Bond loans  |      | 7,920         | 7,923         | 7,929         |
| Bank loans  |      | 6,661         | 6,780         | 6,375         |
| Other payables  |      | 1,202         | 1,020         | 851           |
| <b>Non-current liabilities</b>                                      |      | <b>26,518</b> | <b>26,517</b> | <b>24,204</b> |
| Provisions  |      | 294           | 69            | 94            |
| Bond loans  |      | 0             | 0             | 1,795         |
| Bank loans  |      | 3,677         | 2,512         | 2,703         |
| Other payables  |      | 20,456        | 17,776        | 18,965        |
| Income tax payable  |      | 28            | 39            | 587           |
| Liabilities relating to assets classified as held for sale          |      | 557           | 586           | 3,491         |
| <b>Current liabilities</b>  |      | <b>25,012</b> | <b>20,982</b> | <b>27,635</b> |
| <b>Liabilities</b>  |      | <b>51,530</b> | <b>47,499</b> | <b>51,839</b> |
| <b>Equity and liabilities</b>                                       |      | <b>94,784</b> | <b>89,710</b> | <b>95,579</b> |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| DKK million  | Note | Q1<br>2008    | Q1<br>2007    |
|--|------|---------------|---------------|
| Equity at start of period                          |      | 42,211        | 42,268        |
| Adjustments relating to prior periods              | 2    | 0             | 122           |
| <b>Restated equity at start of period</b>          |      | <b>42,211</b> | <b>42,390</b> |
| Value adjustments of hedging instruments after tax |      | (78)          | (13)          |
| Value adjustments of equity-like loans after tax   |      | (8)           | 74            |
| Tax relating to interests on hybrid capital        |      | 28            | 32            |
| Foreign exchange adjustments                       |      | (151)         | 2             |
| <b>Net gains recognised directly in equity</b>     |      | <b>(209)</b>  | <b>95</b>     |
| Profit for the period                              |      | 1,252         | 1,255         |
| <b>Total changes in equity in the period</b>       |      | <b>1,043</b>  | <b>1,350</b>  |
| <b>Equity at end of period</b>                     |      | <b>43,254</b> | <b>43,740</b> |



# CONSOLIDATED CASH FLOW STATEMENT

| DKK million  | Note | Q1<br>2008     | Q1<br>2007     |
|--|------|----------------|----------------|
| Operating profit before depreciation and amortisation (EBITDA) <sup>1)</sup> |      | 3,186          | 3,102          |
| Other restatements   |      | 584            | (991)          |
| Change in working capital  |      | (238)          | 1,043          |
| Interest income and similar items  |      | 543            | 185            |
| Interest expense and similar items   |      | (1,077)        | (417)          |
| Income tax paid  |      | (165)          | 39             |
| <b>Cash flows from operating activities</b>                                  |      | <b>2,833</b>   | <b>2,961</b>   |
| Purchase of intangible assets  | 6    | (46)           | (86)           |
| Purchase of exploration assets   | 6    | (33)           | (92)           |
| Purchase of other plant, property and equipment                              | 6    | (1,926)        | (1,491)        |
| Sale of intangible assets and plant, property and equipment                  | 6    | 1              | 373            |
| Acquisition of enterprises   |      | 0              | (168)          |
| Changes in other non-current assets  |      | (88)           | 223            |
| Dividends received   |      | (22)           | 0              |
| <b>Cash flows from investing activities</b>                                  |      | <b>(2,114)</b> | <b>(1,241)</b> |
| Proceeds from the raising of loans   |      | 79             | 833            |
| Instalments on loans   |      | (183)          | (1,317)        |
| Changes in other non-current liabilities                                     |      | 1,151          | (1)            |
| <b>Cash flows from financing activities</b>                                  |      | <b>1,047</b>   | <b>(485)</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                  |      | <b>1,766</b>   | <b>1,235</b>   |
| Cash and cash equivalents at start of period                                 |      | 1,780          | 9,106          |
| Cash for assets held for sale  |      | 5              | (144)          |
| Foreign exchange adjustments of cash and cash equivalents                    |      | (1)            | 0              |
| <b>Cash and cash equivalents at end of period</b>                            |      | <b>3,550</b>   | <b>10,197</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. EBITDA in the cash flow statement for the first quarter of 2007 is reduced by DKK 59 million and DKK. 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 following new and amended standards and interpretations have become operative with effect for the 2008 financial year:

- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12 - Service Concession Arrangements (yet to be endorsed by the EU)
- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (yet to be endorsed by the EU)

The application of these new and amended standards and interpretations has not led to any changes to the accounting policies as far as concerns recognition and measurement.

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 – 31 March 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 receivables and other payables in the balance sheet have been reclassified. The reclassifications have no impact on profit, equity or cash flows for the period under review, but have increased revenue and production costs by DKK 973 million, and reduced assets and liabilities at 31 March 2007 by DKK 5,527 million.

Likewise, an adjustment has been made to the timing of the recognition in the income statement of a hedging contract. The restatements for the first quarter of 2007 result in a reduction in revenue for the period 1 January – 31 March 2007 by DKK 66 million and of profit after tax by DKK 47 million. The effect on equity at 31 March 2007 is an increase by DKK 90 million and for the period 1 January – 31 March 2007 a DKK 47 million reduction. The restatements have not had any effect on the cash flows for the period.

Furthermore, the comparative figures for the period 1 January – 31 March 2007 have been adjusted as a result of final purchase price allocation concerning companies acquired in 2006. The value of property, plant and equipment has been increased by DKK 443 million, current assets have been reduced by DKK 1,011 million, non-current liabilities have been reduced by DKK 132 million, and current liabilities have been reduced by DKK 451 million. Equity has been reduced by DKK 15 million.

### 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                    | Q1<br>2008    | Q1<br>2007    | 2007          |
|--------------------------------|---------------|---------------|---------------|
| <b>Revenue</b>                 |               |               |               |
| Exploration & Production       | 1,830         | 1,067         | 4,869         |
| Generation                     | 3,342         | 3,699         | 12,335        |
| Distribution                   | 1,174         | 1,164         | 4,510         |
| Markets                        | 10,577        | 6,549         | 24,583        |
| Other (including eliminations) | (1,843)       | (899)         | (4,672)       |
| <b>Total revenue</b>           | <b>15,080</b> | <b>11,580</b> | <b>41,625</b> |
| <b>EBITDA<sup>1)</sup></b>     |               |               |               |
| Exploration & Production       | 1,262         | 473           | 2,406         |
| Generation                     | 803           | 1,750         | 3,696         |
| Distribution                   | 592           | 444           | 1,636         |
| Markets                        | 554           | 499           | 2,213         |
| Other (including eliminations) | (25)          | (64)          | (345)         |
| <b>Total EBITDA</b>            | <b>3,186</b>  | <b>3,102</b>  | <b>9,606</b>  |
| <b>EBIT</b>                    |               |               |               |
| Exploration & Production       | 972           | 270           | 1,544         |
| Generation                     | 438           | 1,108         | 1,376         |
| Distribution                   | 371           | 229           | 533           |
| Markets                        | 428           | 387           | 1,695         |
| Other (including eliminations) | (36)          | (69)          | (365)         |
| <b>Total EBIT</b>              | <b>2,173</b>  | <b>1,925</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 CO2 certificates, as purchased CO2 certificates are accounted for as a cost of sales item. EBITDA for the first quarter of 2007 is reduced by DKK 59 million. See note 5.

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

| DKK million  | Q1<br>2008   | Q1<br>2007   |
|--|--------------|--------------|
| CO <sub>2</sub> Certificates, first-time consolidation | 0            | 290          |
| CO <sub>2</sub> Certificates, purchase                 | 55           | 59           |
| Other depreciations and amortisations                  | 1,013        | 887          |
| <b>Depreciations and amortisations in total</b>        | <b>1,068</b> | <b>1,236</b> |

## 6. PROPERTY, PLANT AND EQUIPMENT

In the period 1 January – 31 March 2008 the Group acquired property, plant and equipment totalling DKK 1,960 million. The acquisitions primarily relate to wind farms and a thermal power station under construction as well as production assets within the oil and gas activity.

In the period 1 January – 31 March 2008, the Group assumed contractual obligations to acquire property, plant and equipment to a value of DKK 1,148 million. The obligations primarily relate to production assets.

No material disposals of property, plant and equipment were made in the period 1 January – 31 March 2008.

## 7. INCOME TAX EXPENSE

| DKK million   | Q1<br>2008   | Q1<br>2007   |
|---|--------------|--------------|
| <b>Income tax expense</b>   | <b>(816)</b> | <b>(517)</b> |
| <b>Income tax expense can be explained as follows:</b>                        |              |              |
| Calculated 25% (2007: 28%) tax on profit before tax                           | (517)        | (496)        |
| Adj. of calculated tax in foreign subsidiaries in relation to 25% (2007: 28%) | (19)         | (2)          |
| Special tax, hydrocarbon tax  | (237)        | 1            |
| <b>Tax effect of:</b>   |              |              |
| Non-taxable income  | 9            | 3            |
| Non-deductible expenses   | (50)         | (20)         |
| Share of profit after tax in associates                                       | 7            | 7            |
| Unrecognised losses   | (9)          | (15)         |
| Other adjustments of tax relating to prior years                              | 0            | 5            |
| <b>Income tax expense</b>   | <b>(816)</b> | <b>(517)</b> |
| <b>Effective tax rate</b>   | <b>39</b>    | <b>29</b>    |

Income tax expense for the period 1 January – 31 March 2008 was DKK 816 million compared with DKK 517 million in the same period in 2007. The effective tax rate was 39% in the period 1 January – 31 March 2008 compared with 29% in the same period in 2007. The higher effective tax rate was primarily due to costs relating to the hydrocarbon tax scheme in Norway.

## 8. 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.

## 9. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities or contingent assets since the 2007 annual report. Reference is made to note 38 to the 2007 annual report.

## 10. RELATED PARTY TRANSACTIONS

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 – 31 March 2008, DKK 529 million was paid in duty to the Danish State.

Receivables from associates stood at DKK 680 million at 31 March 2008, and payables to associates amounted to DKK 14 million.

There were no other material related party transactions in the first quarter of 2008. Reference is also made to note 40 to the 2007 annual report.

## 11. EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after the end of the period under review.

DONG Energy is one of the leading energy groups in the Nordic region. 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)

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