

GROUP FINANCIAL STATEMENTS

FOR 2006 AND Q4 2006

Revenue	EBIT	Profit after tax
DKKm 35,661	DKKm 5,534	DKKm 4,917

2006 was a highly satisfactory year. Profit benefited from high oil, gas and electricity prices. The acquired electricity companies Elsam, Energi E2, Nesa and the electricity activities from Copenhagen Energy and the Municipality of Frederiksberg featured in part in the first half and in full in the second half.

HIGHLIGHTS FOR THE YEAR

- Full-year revenue was DKK 35,661 million compared with DKK 18,493 million in 2005
- Full-year EBITDA was DKK 8,793 million compared with DKK 6,314 million. Full-year EBIT was DKK 5,534 million compared with DKK 4,099 million. The results were adversely affected by non-recurring expenses of DKK 2,008 million
- Profit after tax was DKK 4,917 million compared with DKK 2,687 million, in line with the expectations announced after the third quarter. Profit after tax was eroded by non-recurring items of DKK 385 million net, including a DKK 1,000 million gain on sale of the gas storage facility near LI. Torup and the adverse impact of termination of intragroup agreements, which depressed profit by DKK 1,573 million. The acquired companies contributed profit of DKK 2,042 million
- Operating cash flow amounted to DKK 8,169 million compared with DKK 5,866 million. Investing activities absorbed DKK 7,809 million compared with DKK 10,128 million. The main investments were the acquisitions within the electricity sector
- EBITDA for 2007 is expected to be slightly lower than in 2006, while profit after tax is expected to be significantly lower

Group financial statements - 2006 and Q4 2006

GROUP FINANCIAL HIGHLIGHTS

Financial highlights					
DKKm	2006	2005	difference	Q4 2006	Q4 2005
Revenue by segment:	35,661	18,493	17,168	12,681	5,793
Generation	7,620	114	7,506	4,491	33
Exploration & Production	5,556	4,346	1,210	1,198	1,146
Distribution	2,560	857	1,703	956	243
Markets	24,115	13,885	10,230	8,487	4,569
Other (including eliminations)	(4,190)	(709)	(3,481)	(2,451)	(198)
EBITDA¹ by segment:	8,793	6,314	2,479	3,090	1,796
Generation	2,695	47	2,648	1,501	9
Exploration & Production	3,499	2,692	807	468	606
Distribution	1,012	565	447	294	158
Markets	1,601	2,921	(1,320)	480	1,025
Other (including eliminations)	(14)	89	(103)	347	(2)
EBIT	5,534	4,099	1,435	1,957	1,156
Financial items, net	(592)	(152)	(440)	(272)	(26)
Profit after tax	4,917	2,687	2,230	1,104	761
EBITDA margin (%)	25	34	(9)	24	31
EBIT margin (operating margin) (%)	16	22	(6)	15	20
Free cash flow to equity (with acquisitions) ²	360	(4,262)	4,622	(2,011)	(165)
Free cash flow to equity (without acquisitions) ³	14,302	3,325	10,977	(2,207)	653
Assets	105,586	46,854	58,732	105,586	46,854
Interest-bearing assets ⁴	9,981	7,356	2,625	9,981	7,356
Interest-bearing debt ⁵	27,760	7,148	20,612	27,760	7,148
Net interest-bearing debt	17,779	(208)	17,987	17,779	(208)
Equity	42,268	26,278	15,990	42,268	26,278
Capital employed ⁶	59,237	26,611	32,626	59,237	26,611
Financial gearing ⁷	0.42	(0.01)	0.43	0.42	(0.01)

Note 1 : Earnings before interest, tax, depreciation and amortisation

Note 2 : Cash flows from operating activities and investing activities

Note 3 : Cash flows from operating activities and investing activities, excluding cash flows from acquisitions/disposals of enterprises
The purchase price for Ormen Lange is recognised as an acquisition

Note 4 : Interest-bearing assets include bank overdrafts

Note 5 : Interest-bearing debt is exclusive of bank overdrafts

Note 6 : Equity +/- losses/gains in respect of hedging instruments on equity + net interest-bearing debt

Note 7 : Net interest-bearing debt divided by equity

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

DONG Energy has implemented the amendment to IAS 39 concerning the fair value option with effect from 1 January 2006. The comparative figures have been restated to reflect the change in accounting policy, which reduces profit for 2005 by DKK 131 million.

GROUP RESULTS AND OUTLOOK

Both EBITDA, EBIT and profit after tax were considerably higher than expected at the start of the year. The results benefited from the fact that oil and gas prices were higher than expected. Furthermore, the electricity companies featured with profit after tax of DKK 2,042 million, the recognition of which was not assumed at the start of the year. The results of the acquired companies benefited from high electricity prices. The acquired companies Elsam, Energi E2, Nesa and the electricity activities from the City of Copenhagen and the Municipality of Frederiksberg featured in full in DONG Energy's group financial statements for the third and fourth quarters. Elsam, Energi E2 and Nesa were included as subsidiaries from 1 July, while the electricity activities from the City of Copenhagen and the Municipality of Frederiksberg were recognised from 1 May. The shares of the results of Elsam, Energi E2 and Nesa were recognised as profit of associates in the period before 1 July.

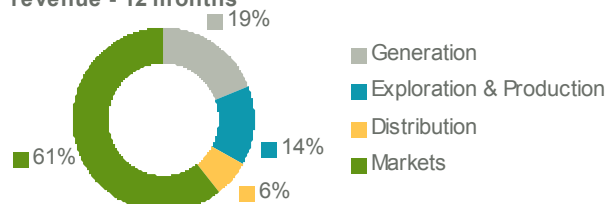
GROUP RESULTS FOR THE YEAR

Revenue

Full-year revenue was DKK 35,661 million versus DKK 18,493 million in 2005. Excluding the acquired electricity companies, revenue was DKK 6,399 million ahead, driven by higher oil and gas prices, partly offset by lower oil production and gas sales than in 2005. The oil price (Brent) averaged USD 65.2/bbl versus USD 54.4/bbl in 2005, equivalent to a 20% increase.

Breakdown of 2006

revenue - 12 months

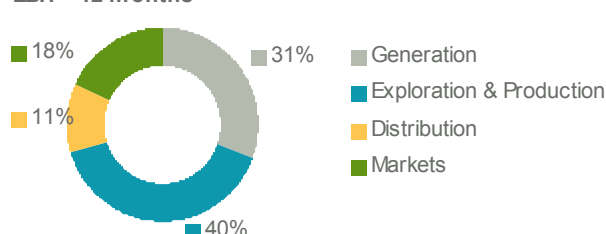


EBIT

EBIT was DKK 5,534 million compared with DKK 4,099 million in 2005. The acquired electricity companies contributed EBIT of DKK 1,821 million.

Breakdown of 2006

EBIT - 12 months



Full-year EBIT was adversely affected by non-recurring items of DKK 2,008 million, while, in 2005, non-recurring items contributed DKK 40 million to EBIT. The sum of DKK 2,008 million included a sum of DKK 2,185 million relating to an

intragroup adjustment that arose in connection with DONG Naturgas' termination of intragroup agreements. The corresponding gain was recognised in the opening balance sheets at 1 July 2006 and consequently was not recognised as income in the group financial statements, resulting in an expense of DKK 2,185 million for the Group. The accounting treatment is based on US GAAP (EITF-04-01), which IFRS relies on in this instance.

Excluding acquired electricity companies and non-recurring items, EBIT was up by DKK 1,662 million, reflecting several counterbalancing items. On the positive front were the increasing oil and gas prices from which both Exploration & Production and Markets benefited.

Markets' results benefited from the so-called time lag effect. The time lag effect arises as a result of the price of oil and the USD exchange rate featuring with different time lags in DONG Energy's main natural gas purchase and sales contracts. Oil price changes consequently impact on selling prices relatively quickly, whereas purchase prices are adjusted with a delay of up to 17 months. The price increases yielded a substantial gain in 2006, which, however, was even bigger in 2005, when oil prices also rose significantly. The time lag effect will be negative in the event of falling oil prices.

Markets' results also benefited from the fact that gas was purchased in 2006 under purchase contracts with favourable price indexing. DONG Energy buys gas under several types of contracts with different price indexing. The purchases under the individual contracts are made within the gas year, which runs from 1 October to 30 September, although there is some flexibility with respect to which contracts purchases can be made under in the individual months during the gas year. Accordingly, in some years, the effect may be positive, while, in others, it may be negative. In 2006, there was a significant positive effect, while the effect was neutral in 2005.

The total effect of time lag and gas purchase allocation was at the same level in 2006 as in 2005.

To this should be added the effect of the fact that a large proportion of the oil price exposure was hedged in 2005 at low prices, which meant that the full impact of the high oil prices was not felt. In 2006, a smaller proportion of the oil price exposure was hedged at low prices.

The results were adversely affected by declining production in Exploration & Production. Production decreased by 3.9 million boe (barrels of oil equivalent), reflecting the fact that large parts of production come from mature fields, where production is naturally diminishing.

Profit on disposal of enterprises

Profit on sale of enterprises included a gain on the sale of the gas storage facility near LI. Torup to Energinet.dk, which contributed a preliminary profit of DKK 1,000 million. Energinet.dk's acquisition of the storage facility will be completed on 1 May 2007, when the free cash flows are expected to benefit by approx. DKK 2 billion before offsetting of transferred net debt. The free cash flows consequently were not affected by the transaction in 2006.

Financial items

Financial items amounted to a net charge of DKK 592 million versus DKK 152 million in 2005, including interest expense of DKK 529 million compared with DKK 211 million in 2005. Interest expense increased as a result of the increase in average interest-bearing debt in 2006 following the acquisitions made. Net interest-bearing debt averaged DKK 9.4 billion versus DKK 3.3 billion in 2005.

Financial items			
DKKm	2006	2005	Difference
Interest income (expense), net	(529)	(211)	(318)
Interest element of abandonment costs	(83)	(55)	(28)
Dividends on equity investments	4	112	(108)
Other	16	2	14
Financial items, net	(592)	(152)	(440)

Income tax

Full-year income tax expense was DKK 1,518 million compared with DKK 1,322 million in 2005. The tax rate – adjusted for the fact that associates are recognised after tax (2006), the tax-free profit on the sale of the gas storage facility near LI. Torup (2006) was 32% compared with 39% in 2005. The tax rate exceeded 28% as a result of the overall tax rate of 78% due to hydrocarbon tax in Norway.

Profit after tax

Full-year profit after tax was DKK 4,917 million compared with DKK 2,687 million in 2005.

Profit was adversely affected by non-recurring items of DKK 385 million net relating to the termination of intragroup agreements, partly offset by a gain on the sale of the gas storage facility near LI. Torup and the disposal of minor activities. In 2005, profit benefited from non-recurring items of DKK 229 million. Acquired electricity companies contributed DKK 2,042 million to profit. Profit for 2005 included dividends of DKK 115 million from ownership interests in the acquired electricity companies.

Excluding the above, profit was DKK 917 million ahead of 2005, driven primarily by improvements in EBIT, partially offset by higher financial expenses due to higher net interest-bearing debt, as described above.

Cash flows

Operating cash inflow was DKK 8,169 million, up from DKK 5,866 million in 2005 due to higher EBITDA, partly offset by higher income tax expense. Cash flows from investing activities amounted to DKK (7,809) million versus DKK (10,128) million in 2005. The principal investments were the acquisitions of the electricity activities of the City of Copenhagen and the Municipality of Frederiksberg (incl. Energi E2 shares), the remaining 75% of the shares in Elsam (incl. Nesa and Energi E2 shares), 30% of the shares in Energi E2, and the expansion of the Ormen Lange and Langeled projects. The purchase price for the electricity companies is recognised as a net sum after offsetting acquired cash and cash equivalents and the DKK 10,041 million capital increase to SEAS-NVE and a number of former Elsam shareholders in April. The purchase price for the electricity activities of the City of Copenhagen does not feature in full, as a payment of DKK 6.7 billion is still outstanding. Cash flows from investing activities also include payment for Elsam's and Energi E2's sale of assets to Vattenfall.

Equity

Equity stood at DKK 42,268 million at year end compared with DKK 26,278 million at the end of 2005. Equity increased by the DKK 10,041 million capital increase to SEAS-NVE and a number of former Elsam shareholders in April, profit for the period and the change in the effect of value adjustments of hedging instruments, partly offset by dividend payments totalling DKK 486 million.

Balance sheet

The balance sheet total increased from DKK 46,854 million at the end of 2005 to DKK 105,586 million at the end of 2006, mainly as a consequence of the recognition of the acquired electricity companies and an increase in balance sheet items relating to hedging instruments.

Net interest-bearing debt was DKK 17,779 million compared with net cash and cash equivalents of DKK 208 million at the end of 2005.

Proposed dividend

The Supervisory Board recommends that a dividend of 40% of profit after tax for 2006 be paid, resulting in a dividend payment of DKK 1,967 million.

FOURTH-QUARTER GROUP RESULTS

Revenue

Fourth-quarter revenue was DKK 12,681 million compared with DKK 5,793 million in 2005.

Excluding the acquired electricity companies, revenue was up DKK 1,203 million. The increase reflected higher oil and gas prices, partly offset by a decline in production and volumes sold.

The oil price averaged USD 59.7/bbl compared with USD 56.9/bbl in 2005, up 5%.

EBIT

EBIT amounted to DKK 1,957 million compared with DKK 1,156 million in 2005. EBIT from acquired electricity companies contributed DKK 1,319 million. In 2005, EBIT benefited from non-recurring income of DKK 40 million.

Excluding contributions from acquired electricity companies and non-recurring items, EBIT was down DKK 478 million, reflecting several counterbalancing items. EBIT benefited from the fact that the impact from the high oil prices was felt to a greater extent than in 2005, as a smaller proportion of the total oil price exposure was hedged at low prices in 2006. Production in Exploration & Production fell by 1.4 million boe (barrels of oil equivalent) due to the natural decline in production from mature fields, adversely affecting EBIT. To this should be added the fact that the amount of exploration expenditure expensed in 2006 was higher than in 2005. The exploration expenditure on the exploration wells on Stork, Ravn and Karlebo on the Danish shelf and Brugdan on the Faroese shelf was expensed in the fourth quarter, as the wells did not indicate sufficient traces of hydrocarbon for commercial production.

Financial items

Financial items amounted to a net charge of DKK 272 million compared with DKK 26 million in 2005.

Financial items			
DKKm	Q4 2006	Q4 2005	Difference
Interest income (expense), net	(215)	(9)	(206)
Interest element of abandonment costs	(30)	(14)	(16)
Dividends on equity investments	0	0	0
Other	(27)	(3)	(24)
Financial items, net	(272)	(26)	(246)

Net interest expense was up DKK 207 million, as net interest-bearing debt averaged approx. DKK 16.6 billion compared with cash and cash equivalents of DKK 0.5 billion net in 2005.

Income tax

Fourth-quarter income tax expense was DKK 378 million compared with DKK 426 million in 2005. The fourth-quarter tax rate – adjusted for the fact that associates are recognised after tax (2006), and tax-free profits (2005) – was 22% compared with 39%. The low tax rate was due to a tax correction in the fourth quarter.

Profit after tax

Fourth-quarter profit after tax was DKK 1,104 million versus DKK 761 million in 2005. The results of acquired electricity companies contributed DKK 1,013 million to profit for 2006, while profit for 2005 benefited from non-recurring income of DKK 40 million.

Excluding non-recurring items and the results from acquired electricity companies, profit after tax was down DKK 630 million due primarily to the fall in EBIT and higher financial expenses.

Cash flows

Fourth-quarter operating cash inflow was DKK 87 million compared with DKK 1,317 million in 2005. The decline primarily reflected higher income tax expense and interest expense, only partly offset by higher EBITDA. Cash flows from investing activities amounted to DKK (2,098) million versus DKK (1,482) million in 2005. The principal investments in the fourth quarter were the Ormen Lange and Langeled projects, trenching of cables in North Zealand, foreign wind power activities, and plant life extension and maintenance investments at the Danish power stations.

OUTLOOK FOR 2007

Assumptions

DONG Energy's financial results are affected by developments in a number of commodity prices, including oil, gas, power, coal and CO₂, as well as exchange rate movements, in particular the US Dollar. In 2006 oil, gas and electricity prices were considerably higher, on average, than the levels experienced so far in 2007. Our forecasts for oil, gas and electricity prices and the USD exchange rate in 2007 are based on prices prevailing in early 2007.

Scope of operations

2007 will be the first year that DONG Energy's consolidated position will benefit from a full year contribution from the recently acquired power companies.

Ormen Lange is expected to go on stream in the fourth quarter, having only a small impact on the 2007 results, due to the limited production period.

Various assets are classified for sale in the 2006 closing balance sheet. The disposals are not expected to have a significant effect on the 2007 revenue and results.

Factors impacting the 2007 outlook

The expected lower commodity prices in 2007 will have a negative impact on 2007 results compared with 2006. In addition to the effects of the underlying movement, DONG Energy is affected by two specific factors in relation to commodity price movements: the effect of time lags on contract prices, and DONG Energy's management of its gas purchase contract portfolio.

Changes in oil prices are reflected with different time lags in a number of DONG Energy's natural gas purchase and sales contracts. Oil price changes impact selling prices relatively quickly, whereas purchase prices are adjusted with a lag of up to 17 months. As a consequence of the lower oil price that we expect to prevail in 2007 relative to 2006 the time lags have a negative effect on profitability in 2007, whereas in 2006 due to rising oil prices the impact was positive.

DONG Energy buys gas under several types of contracts with different price indexing. The purchases under the individual contracts are made within the gas year, which runs from 1 October to 30 September, although there is some flexibility with respect to which contracts purchases are made under in the individual months during the gas year. Depending on current prices and the future price outlook, in some quarters the optimal solution is to buy gas under relatively costly contracts, and use the volumes available under less costly contracts in other quarters. Our expectations for prices in 2007 would make it advantageous to buy the relatively more costly gas in the 2007 calendar year.

In addition, whilst DONG Energy will continue to experience restructuring costs these will be partially offset by synergies coming through in 2007.

The results from the power generation activities are also negatively impacted by the one-off depreciation of the 2007 CO₂ allowances allocated to Elsam and Energi E2. These allowances are recognised and depreciated for accounting purposes as a result of the first time consolidation of the acquired companies. CO₂ allowances used for own production do not normally impact the profit & loss account and no such depreciation effect will occur in 2008 when new CO₂ allocations are made.

Finally, due to the increase in debt following the acquisitions of the power companies in 2006 DONG Energy will incur higher interest expenses.

Statements about the future

The group financial statements contains statements about future conditions, including financial expectations for 2007. These statements are in their nature uncertain and associated with risks. Several factors can result in the actual development differing substantially from the expectations. Examples of such factors include, but are not limited to, developments in the oil, gas, power, coal, CO₂, foreign exchange and interest rate markets, changes in legislation, regulations or standards, changes in the competitive situations on DONG Energy's markets, security of supply and the integration of acquired activities.

Results outlook

Based on the assumptions outlined above, DONG Energy's EBITDA for 2007 is expected to be slightly lower than in 2006. DONG Energy's profit after tax for 2007, however, is expected to be substantially lower than in 2006 due to depreciation of CO₂ quotas and higher interest expense.

SPECIAL EVENTS IN THE FOURTH QUARTER

■ Gunfleet Sands offshore wind farm

DONG Energy has acquired the rights for construction of the Gunfleet Sands offshore wind farm in the UK. The wind farm will have an installed capacity of 108 MW and will be constructed in the Thames Estuary seven kilometres off the east coast of the UK. All environmental approvals are in place, and the preparations for the construction work are expected to commence in 2007. The offshore wind farm is scheduled for completion in autumn 2009.

■ Five local power plants sold

In connection with the Competition Council's approval of Elsam's acquisition of Nesa in spring 2004, Elsam agreed to sell its portfolio of gas-fired local CHP plants. Most of these have already been sold. The remaining five plants with a total generating capacity of approx. 30 MW have now been sold to a consortium of buyers consisting of the district heating plants in Ringkøbing, Skjern, Hanstholm and Nibe. The acquisitions were completed on 1 January 2007.

■ Power plant in Germany

DONG Energy is exploring the option to construct a coal-fired power plant near the town of Greifswald in Germany. The development of the project is currently in process and will continue until mid-2008. A final investment decision concerning the construction of the power plant will be made hereafter.

■ CO₂ allocation plan for 2008-2012

On 21 December, the Government published the national allocation plan for CO₂ quotas. The allocation plan distributes Denmark's total CO₂ quotas based on a sector division of the production units comprised by the plan. The plan operates with three sectors: industry, heat generation and power generation. Under the plan, power generation from DONG Energy's central power stations will be allocated about 30% fewer quotas in the period 2008-2012 than the allocation of CO₂ quotas in the period 2005-2007.

EVENTS AFTER THE BALANCE SHEET DATE

■ Gas agreements with Wingas

In February 2007, Wingas and DONG Energy concluded a gas swap agreement. DONG Energy will deliver 5 billion m³ of gas to Wingas in the UK in the period from 2007 to 2017. In return, Wingas will deliver 5 billion m³ of gas to DONG Energy in Northern Germany in the period from 2010 to 2020. In addition, DONG Energy and Wintershall Erdgas Handelshaus have concluded an agreement on gas deliveries in Germany under which Wintershall Erdgas Handelshaus will deliver up to 0.7 billion m³ of gas per year in the period from 2010 to 2020.

DONG ENERGY'S SEGMENTS

GENERATION

Financial highlights, Generation

DKKm	2006	2005	difference	Q4 2006	Q4 2005
Power production (GWh)	13,200	247	12,953	6,491	73
Heat production (TJ)	17,165	0	17,165	13,491	0
Revenue	7,620	114	7,506	4,491	33
EBITDA	2,695	47	2,648	1,501	9
EBIT	1,517	(1)	1,518	994	(2)
Investments	1,770	329	1,441	1,285	55

Besides DONG's existing renewable energy activities, Generation includes thermal and renewable power generation from Energi E2 and Elsam. Some of the power stations, along with the renewable energy activities, were sold to Vattenfall immediately before the companies were recognised as subsidiaries of DONG Energy. The acquired companies are recognised from 1 July 2006.

Production

Full-year electricity generation was 13,200 GWh versus 247 GWh in 2005. The increase was due to the fact that the acquired companies, Elsam and Energi E2, did not feature until from 1 July 2006. Renewable energy accounted for 11% of power generation in 2006, and thermal energy for 89%. Heat generation was 17,165 TJ, consisting exclusively of production in the second half, following the recognition of the acquired companies.

Fourth-quarter power generation was 6,491 GWh compared with 73 GWh in 2005, with renewable energy accounting for 16% and thermal energy for 84%. Heat generation amounted to 13,491 TJ in the fourth quarter.

Revenue

Full-year revenue was DKK 7,620 million compared with DKK 114 million in 2005. The acquired companies contributed DKK 7,452 million.

Fourth-quarter revenue was DKK 4,491 million compared with DKK 33 million in 2005. The acquired companies contributed DKK 4,425 million.

EBIT

Full-year EBIT was DKK 1,517 million compared with DKK (1) million in 2005. The acquired companies contributed DKK 1,515 million.

Fourth-quarter EBIT amounted to DKK 994 million versus DKK (2) million in 2005.

Capital expenditure

Capital expenditure for 2006 totalled DKK 1,770 million and related primarily to acquisitions of shares and assets in a number of Spanish wind turbine projects and plant life extension and maintenance investments at the Danish power stations.

In 2006, the Barrow-in-Furness offshore wind farm in the Irish Sea came on stream, and another offshore wind farm, which is scheduled for operation in 2007, is being constructed off Burbo Banks on the west coast of the UK.

Disposal of activity

Five local CHP plants with a total generating capacity of approx. 30 MW were sold, with 1 January 2007 as the completion date.

EXPLORATION & PRODUCTION

Financial highlights, Exploration & Production					
DKKm	2006	2005	difference	Q4 2006	Q4 2005
Oil & gas production (million boe)	13.8	17.7	(3.9)	3.0	4.4
Oil transportation (million barrels)	107	114	-7	27	28
Revenue	5,556	4,346	1,210	1,198	1,146
EBITDA	3,499	2,692	807	468	606
EBIT	2,437	1,412	1,025	147	274
Investments	2,150	7,097	-4,947	370	500

Production/Oil transportation

Full-year production was 13.8 million boe (barrels of oil equivalent), down from 17.7 million boe in 2005 due primarily to lower production as a result of the natural decline in production from mature fields. The Danish fields accounted for 57% of production in 2006 and the Norwegian fields for the remaining 43%.

Fourth-quarter production reached 3.0 million boe, down from 4.4 million boe in the fourth quarter of 2005 due essentially to lower production as a result of the natural decline in production from mature fields.

The volume of oil transported in Denmark in 2006 was 107 million barrels of oil versus 114 million in 2005. The oil volume transported in the fourth quarter was on a par with 2005.

Revenue

Full-year revenue amounted to DKK 5,556 million, up from DKK 4,346 million in 2005 due to higher prices, a lower adverse impact from price hedging in 2006 than in 2005, and income from sale of licence shares in 2006, which more than offset the decline in the volume produced.

Fourth-quarter revenue amounted to DKK 1,198 million, up from DKK 1,146 million in the same period in 2005 due to higher oil prices and a lower adverse impact from price hedging in 2006, partly offset by lower output.

EBIT

Full-year EBIT was DKK 2,437 million, up from DKK 1,412 million in 2005, due primarily to the increase in revenue, which, however, was partially offset by increased production costs related to production-enhancing activities aimed at countering the decline in production from mature fields.

Fourth-quarter EBIT was DKK 147 million compared with DKK 274 million in 2005. The lower EBIT primarily reflected higher exploration activity resulting in the charging to income of the exploration wells Stork, Ravn and Karlebo on the Danish shelf and Brugdán on the Faroese shelf.

Capital expenditure

Capital expenditure for 2006 totalled DKK 2,150 million compared with DKK 7,097 million in 2005, when capital expenditure was affected by the purchase price for the Norwegian Ormen Lange gas field and the Langeled pipeline. Full-year capital expenditure on the expansion of the Ormen Lange gas field and the Langeled pipeline amounted to DKK 1,544 million. At the end of the year, the Ormen Lange/Langeled project was 91% complete, in line with the programme and the budget. The field is expected to come on stream in the fourth quarter of 2007. Gas exports through the southern part of the Langeled transportation pipeline to the UK started up on 1 October.

Capital expenditure in the fourth quarter amounted to DKK 370 million, DKK 303 million of which related to Ormen Lange and the Langeled/Gassled gas pipeline.

DISTRIBUTION

Financial highlights, Distribution					
DKKm	2006	2005	difference	Q4 2006	Q4 2005
Power distribution (GWh)	5,116	0	5,116	2,459	0
Natural gas distribution (million m ³)	912	978	(66)	231	269
Revenue	2,560	857	1,703	956	243
EBITDA	1,012	565	447	294	158
EBIT	467	161	306	136	50
Investments	758	99	659	533	28

Besides DONG's existing gas storage and gas distribution activities, Distribution includes the electricity distribution activities from the City of Copenhagen and the Municipality of Frederiksberg, which feature from 1 May 2006. The corresponding activities from Nesa are recognised from 1 July.

Sales

In 2006, 5,116 GWh of electricity and 912 million m³ of gas were distributed. The gas volume distributed was 66 million m³ down on 2005 due to lower purchases from a single large customer and milder weather in the last quarter of the year than in 2005.

Electricity distribution in the fourth quarter was 2,459 GWh and gas distribution 231 million m³. The gas volume distributed was 38 million m³ down on 2005 due to lower purchases from a single large customer and milder weather than in the same period in 2005.

Revenue

Full-year revenue was DKK 2,560 million compared with DKK 857 million in 2005. The acquired companies contributed DKK 1,720 million. Revenue from the gas activities was DKK 17 million down on 2005 due to lower distributed volumes and the disposal of the gas storage facility near LI. Torup.

Fourth-quarter revenue was DKK 956 million compared with DKK 243 million in 2005. The acquired companies contributed DKK 780 million. Revenue from the gas activities was DKK 67 million down on 2005 due to lower distributed volumes and the disposal of the gas storage facility near LI. Torup.

EBIT

Full-year EBIT was DKK 467 million compared with DKK 161 million in 2005. The acquired companies accounted for DKK 215 million. EBIT from the gas activities was DKK 91 million ahead of 2005, partly reflecting the extraordinary sale in March of excess cushion gas, which generated a DKK 43 million gain. The surplus gas was the result of DONG Energy being granted permission by the Danish Energy Regulatory Authority to lower the pressure in the cavern at the gas storage facility near LI. Torup. The increase also reflected increased sales of storage capacity, tariff increases and the fact that, in 2005, EBIT was depressed by an impairment loss on a service line in the distribution network that was no longer in use.

Fourth-quarter EBIT was DKK 136 million compared with DKK 50 million in 2005. The acquired companies contributed DKK 120 million. EBIT from the gas activities was DKK 34 million down on 2005, primarily reflecting the lower fourth-quarter sales.

Capital expenditure

Capital expenditure for 2006 totalled DKK 758 million and related primarily to trenching of cables in North Zealand and reinvestments in the electricity distribution network, but also to expansion of the gas storage capacity near Stenlille in 2006.

Disposal of activity

In connection with the European Commission's clearance of the merger of the energy companies DONG, Energi E2, Elsam, Nesa, Frederiksberg Forsyning and Copenhagen Energy (electricity activities), DONG Energy made a commitment to sell the storage facility near Ll. Torup. DONG Energy concluded an agreement in the third quarter to sell the Ll. Torup gas storage facility to Energinet.dk, and this activity was therefore only recognised up to and including 30 September 2006.

MARKETS

Financial highlights, Markets					
DKKm	2006	2005	difference	Q4 2006	Q4 2005
Power sales (GWh)	5,870	771	5,099	2,598	209
Natural gas sales (million m ³)	8,202	8,241	(39)	2,281	2,433
Revenue	24,115	13,885	10,230	8,487	4,569
EBITDA	1,601	2,921	(1,320)	480	1,025
EBIT	1,217	2,582	(1,365)	356	902
Investments	530	1,919	(1,389)	278	96

In addition to DONG's existing gas sales activities, Markets comprises electricity sales activities from the City of Copenhagen and the Municipality of Frederiksberg from 1 May 2006 and from Nesa from 1 July 2006.

Sales

Full-year natural gas sales amounted to 8,202 million m³, down 39 million m³ on 2005, predominantly reflecting lower sales to some of the large export customers, and the fact that the weather was warmer in 2006 than in 2005, partly offset by increased sales through DONG Energy's sales companies in Germany and the Netherlands. Electricity sales totalled 5,870 GWh and came mainly from the acquired companies. Fourth-quarter natural gas sales were down 152 million m³ on 2005, primarily due to the warmer weather, although partly offset by higher sales to Generation.

The market share accounted for by direct gas sales to customers in Denmark was 59% versus 61% in 2005. On the electricity side, DONG Energy has approx. 820,000 residential electricity customers, equivalent to a market share of approx. 30%.

Revenue

Full-year revenue amounted to DKK 24,115 million, up from DKK 13,885 million in 2005. Excluding revenue from the acquired companies, the increase was DKK 3,794 million. The increase was due primarily to higher selling prices and a positive time lag effect.

Fourth-quarter revenue amounted to DKK 8,487 million, up from DKK 4,569 million in 2005. Excluding revenue from the acquired companies, the increase was DKK 1,142 million. The increase was due primarily to higher selling prices and a positive time lag effect, partly offset by lower volumes sold.

EBIT

Full-year EBIT was DKK 1,217 million compared with DKK 2,582 million in 2005. EBIT was depressed by a non-recurring charge of DKK 2,185 million relating to the termination of intragroup agreements. Excluding non-recurring income and acquired companies, EBIT was DKK 729 million ahead of 2005, reflecting higher selling prices. A lower positive time lag effect than in 2005 was offset by the positive effect of gas purchase allocation (purchases from proportionately less costly purchase contracts).

Fourth-quarter EBIT was DKK 356 million compared with DKK 902 million in 2005. Excluding acquired companies, EBIT was down DKK 428 million, primarily due to lower volumes sold.

Capital expenditure

Capital expenditure for 2006 totalled DKK 530 million and related primarily to IT and the underground installation of an optical fibre network in North Zealand and the metropolitan area. In addition, a major expansion of the property facilities in Vangede was undertaken.

Capital expenditure in 2005 related primarily to the acquisition of the stake in Ormen Lange, the setting up of a partnership with Stadtwerke Lübeck Holding GmbH as part of which a 25.1% ownership interest in Stadtwerke Lübeck GmbH was acquired, and the acquisition of Intergas Levering B.V.

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Executive and Supervisory Boards have today considered and approved the announcement of the Group's financial statements for the period 1 January – 31 December 2006.

The announcement of the financial statements has been prepared in accordance with the recognition and measurement provisions in International Financial Reporting Standards (IFRS) as adopted by the EU, and additional Danish disclosure requirements for listed and State-owned public limited companies. We consider the accounting policies applied to be appropriate. Accordingly, the announcement gives a true and fair view of the Group's financial position at 31 December 2006 and of the results of the Group's operations and cash flows for the period 1 January – 31 December 2006.

Skærbæk, 12 March 2007

Executive Board:

Anders Eldrup
CEO

Carsten Krogsgaard Thomsen
CFO

Supervisory Board:

Fritz H. Schur
Chairman

Lars Nørby Johansen
Deputy Chairman

Asbjørn Larsen

Svend Sigaard

Lars Torpe Christoffersen

Jens Kampmann

Kresten Philipson

Poul Arne Nielsen

Jesper Magtengaard
Employee-elected member

Thorild Meiner-Jensen
Employee-elected member

Bent Stubkjær Pedersen
Employee-elected member

APPENDIX 1 OF 4

The Group in figures					
DKKm	2006	2005	difference	Q4 2006	Q4 2005
Income statement					
Domestic sales	17,273	7,907	9,366	6,919	2,520
Export sales	18,388	10,586	7,802	5,762	3,273
Revenue	35,661	18,493	17,168	12,681	5,793
Export share (per cent)	52%	57%	45%	45%	56%
Gross profit	9,213	4,743	4,470	2,573	1,354
Loss regarding termination of intragroup agreements	-2,185	0	-2,185	0	0
Fixed costs	-1,494	-644	-850	-616	-198
Operating profit (EBIT)	5,534	4,099	1,435	1,957	1,156
Gain on disposal of enterprises	1,023	0	1,023	0	0
Share of post-tax profits (losses) of associates	470	62	408	-203	57
Financial items, net	-592	-152	-440	-272	-26
Profit before tax	6,435	4,009	2,426	1,482	1,187
Tax	-1,518	-1,322	-196	-378	-426
Profit after tax	4,917	2,687	2,230	1,104	761
Balance sheet					
Intangible assets	4,203	2,083	2,120	4,203	2,083
Property, plant and equipment	46,961	22,591	24,370	46,961	22,591
Other fixed assets	5,194	6,807	-1,613	5,194	6,807
Total fixed assets	56,358	31,481	24,877	56,358	31,481
Inventories	2,583	690	1,893	2,583	690
Receivables	28,590	7,275	21,315	28,590	7,275
Securities	132	1,594	-1,462	132	1,594
Cash	9,521	5,781	3,740	9,521	5,781
Assets classified as held for sale	8,402	33	8,369	8,402	33
Total current assets	49,228	15,373	33,855	49,228	15,373
Total assets	105,586	46,854	58,732	105,586	46,854
Share capital	2,937	2,144	793	2,937	2,144
Retained earnings	29,171	15,901	13,270	29,171	15,901
Proposed dividends	1,967	35	1,932	1,967	35
Hybrid capital	8,154	8,155	-1	8,154	8,155
Minority interests	39	43	-4	39	43
Total equity	42,268	26,278	15,990	42,268	26,278
Non-current liabilities	31,700	11,514	20,186	31,700	11,514
Liabilities related to assets classified as held for sale	2,971	0	2,971	2,971	0
Current liabilities	28,647	9,062	19,585	28,647	9,062
Total equity and liabilities	105,586	46,854	58,732	105,586	46,854
Return on equity (%)	14	13	2	13	14
Equity ratio (%)	40	56	-16	40	56

APPENDIX 2 OF 4

The Group in figures					
DKKm	2006	2005	difference	Q4 2006	Q4 2005
Statement of changes in equity					
Equity at start of period	26,278	16,360	9,918	39,963	25,845
Profit after tax	4,917	2,687	2,230	1,104	761
Value adjustments of hedging instruments after tax	1,351	(302)	1,653	919	573
Capital increase	10,041	0	10,041	0	0
Dividends paid	(35)	0	(35)	0	0
Dividend payment on hybrid capital	(451)	0	(451)	0	0
Change in hybrid capital	(1)	8,155	(8,156)	30	67
Change in minority interests' share of equity	(3)	(660)	657	(5)	(675)
Foreign exchange and other adjustments	171	38	133	257	(293)
Equity at end of period	42,268	26,278	15,990	42,268	26,278
Cash flows					
Operating cash flows before changes in working capital and non-recurring items					
	6,882	5,322	1,560	(398)	1,145
Changes in working capital	1,287	544	743	485	172
Cash flows from operating activities	8,169	5,866	2,303	87	1,317
Investments	(19,678)	(11,238)	(8,440)	(3,275)	(1,340)
- hereof property, plant and equipment	(4,945)	(7,490)	2,545	(2,793)	(567)
Proceeds from disposals	2,049	1,110	939	177	(142)
Proceeds from sale of assets to Vattenfall	9,820	0	9,820	1,000	0
Cash flows from investing activities	(7,809)	(10,128)	2,319	(2,098)	(1,482)
Free cash flow to equity	360	(4,262)	4,622	(2,011)	(165)
Issuing of hybrid capital	0	8,088	(8,088)	0	0
Dividends paid	(35)	(358)	323	0	(358)
Dividend payment on hybrid capital	(451)	0	(451)	0	0
Other financing activities	2,152	3,743	(1,591)	(86)	(53)
Cash flows from financing activities	1,666	11,473	(9,807)	(86)	(411)
Foreign exchange rate adjustment of cash and cash equivalents	16	0	16	18	0
Net cash flow	2,026	7,211	(5,185)	(2,097)	(576)
Cash and cash equivalents at start of period	7,356	145	7,211	11,477	7,932
Cash and cash equivalents at end of period	9,106	7,356	1,750	9,106	7,356

APPENDIX 3 OF 4 – FIVE-YEAR SUMMARY

Five-year financial highlights					
DKKm	2006	2005	2004	2003	2002
Revenue by segment:	35,661	18,493	14,209	14,267	13,729
Generation	7,620	114	116	56	3
Exploration & Production	5,556	4,346	3,565	3,632	4,090
Distribution	2,560	857	861	1,806	} 9,650
Markets	24,115	13,885	10,022	9,988	
Other (including eliminations)	(4,190)	(709)	(355)	(1,215)	(14)
EBITDA¹ by segment:	8,793	6,314	4,687	5,547	4,896
Generation	2,695	47	59	23	0
Exploration & Production	3,499	2,692	1,995	2,079	2,328
Distribution	1,012	565	596	1,139	} 2,642
Markets	1,601	2,921	1,907	2,147	
Other (including eliminations)	(14)	89	130	159	(74)
EBIT	5,534	4,099	2,421	3,168	2,546
Financial items, net	(592)	(152)	171	56	154
Profit after tax	4,917	2,687	2,074	1,941	1,476
EBITDA margin (%)	25	34	33	39	36
EBIT margin (operating margin) (%)	16	22	17	22	19
Free cash flow to equity (with acquisitions) ²	360	(4,262)	(1,061)	1,517	500
Free cash flow to equity (without acquisitions) ³	14,302	3,325	1,653	1,592	1,063
Assets	105,586	46,854	31,436	33,230	28,930
Cash and cash equivalents ⁴	9,981	7,356	145	3,448	3,195
Interest-bearing debt ⁵	27,760	7,148	3,331	5,890	6,459
Net interest-bearing debt	17,779	(208)	3,186	2,442	3,264
Equity	42,268	26,278	16,360	16,794	14,655
Capital employed ⁶	59,237	26,611	19,791	19,519	17,731
Financial gearing ⁷	0.42	(0.01)	0.19	0.14	0.22

Note 1 : Earnings before interest, tax, depreciation and amortisation

Note 2 : Cash flows from operating activities and investing activities

Note 3 : Cash flows from operating activities and investing activities, excluding cash flows from acquisitions/disposals of enterprises

The purchase price for Ormen Lange is recognised as an acquisition

Note 4 : Interest-bearing assets include bank overdrafts

Note 5 : Interest-bearing debt is exclusive of bank overdrafts

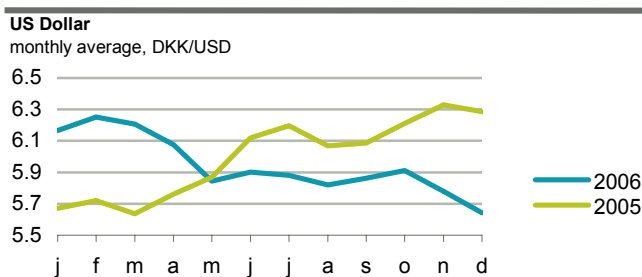
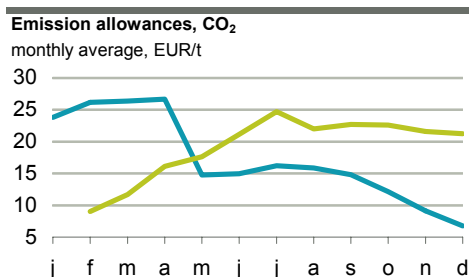
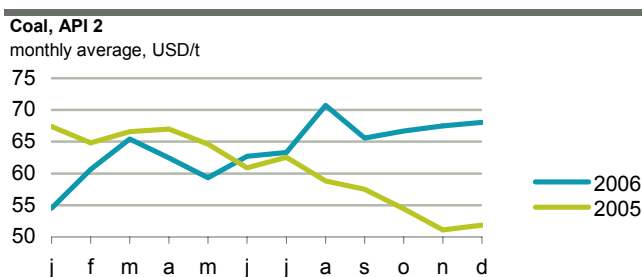
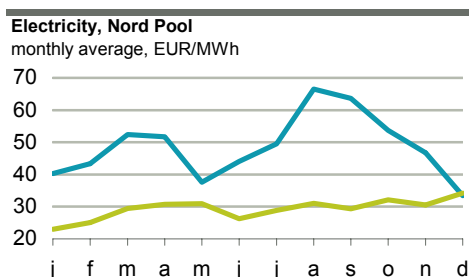
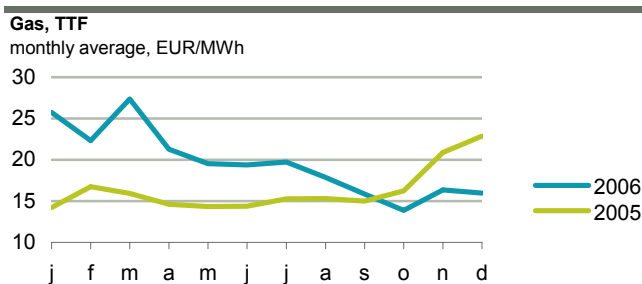
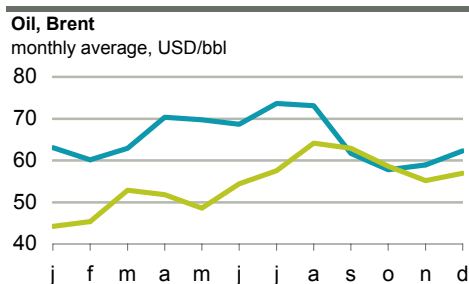
Note 6 : Equity +/- losses/gains in respect of hedging instruments on equity + net interest-bearing debt

Note 7 : Net interest-bearing debt divided by equity

The financial highlights for 2004-2006 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The comparative figures for 2002-2003 have not been restated to reflect the changed accounting policies, but have been prepared in accordance with the accounting policies up to now based on the provisions in the Danish Financial Statements Act and Danish Accounting Standards.

APPENDIX 4 OF 4

MARKET PRICES



Market prices	Q4			12 months		
	2006	2005	Δ%	2006	2005	Δ%
Oil, Brent (USD/bbl)	59.7	56.9	5%	65.2	54.4	20%
Gas, TTF (EUR/MWh)	15.4	20.0	-23%	19.6	16.3	20%
Electricity, Nord Pool (EUR/MWh)	44.6	32.3	38%	48.6	29.3	66%
Coal, API 2 (USD/t)	67.4	52.5	28%	63.9	60.6	5%
Emission allowances, CO ₂ , (EUR/t)	9.3	21.8	-57%	17.3	18.1	-4%
US Dollar, (DKK/USD)	5.8	6.3	-8%	5.9	6.0	-1%

Abbreviations:

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

DONG Energy is one of the leading energy groups in the Nordic region. Our headquarters are in Denmark. Our business is based on procuring, producing, distributing, trading and selling energy and related products in Northern Europe. We employ approx. 4,500 people and generate DKK 36 billion in revenue. It is planned to list DONG Energy's shares on the Copenhagen Stock Exchange in the second half of 2007, market conditions allowing.

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