ANNUAL REPORT 2008

DONG energy

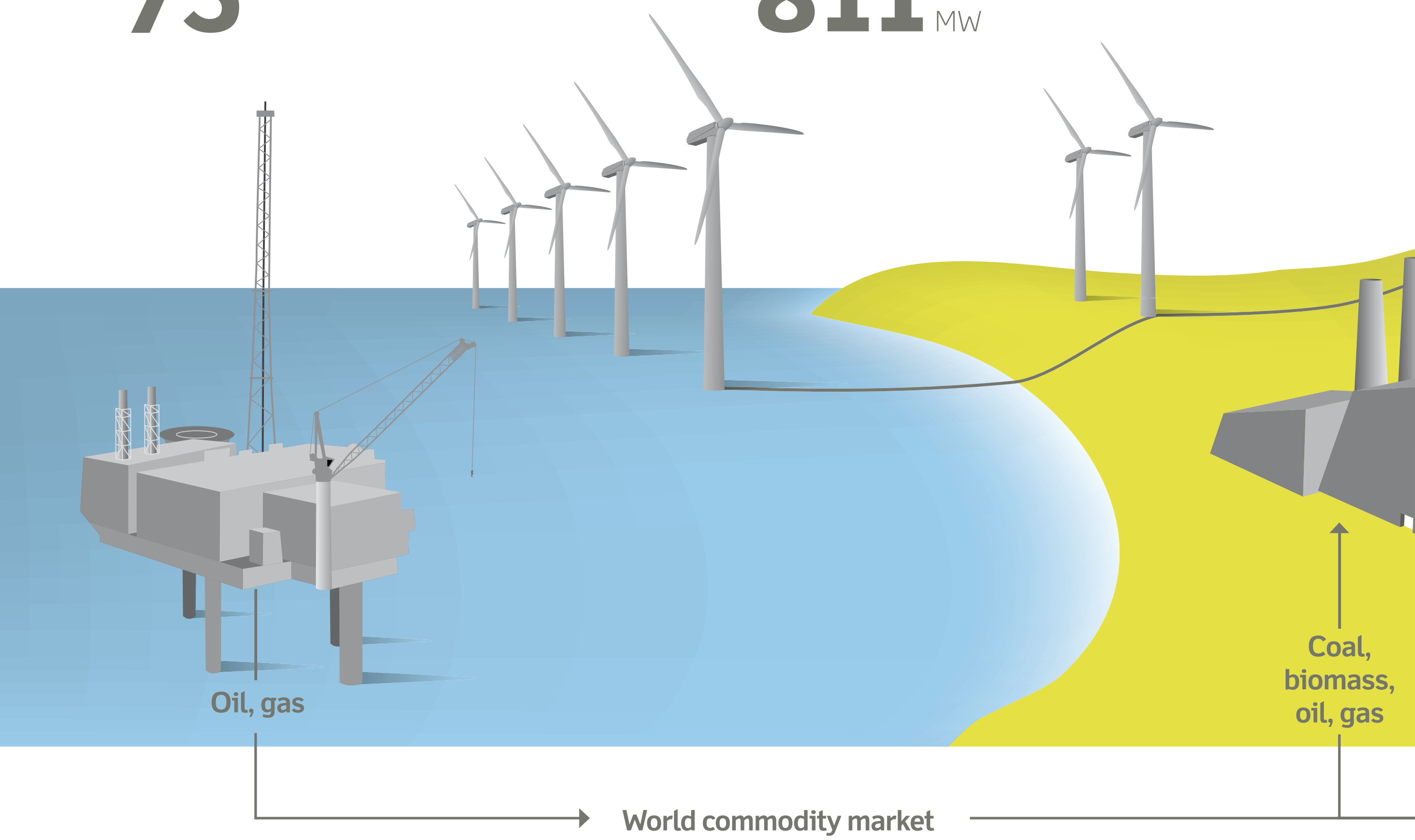
DONG Energy is one of the leading energy groups in Northern Europe. We are headquartered in Denmark. Our business is based on procuring, producing, distributing and trading in energy and related products in Northern Europe. We have approximately 5,500 employees and generated more than DKK 60 billion in revenue in 2008.

Oil and gas reserves (2P)
392 million boe

Licences (exploration and production)
75

Net power capacity (thermal)
5,620 MW

Net power capacity (renewable energy)
811 MW



Power distribution network

19,000 km

Gas distribution network

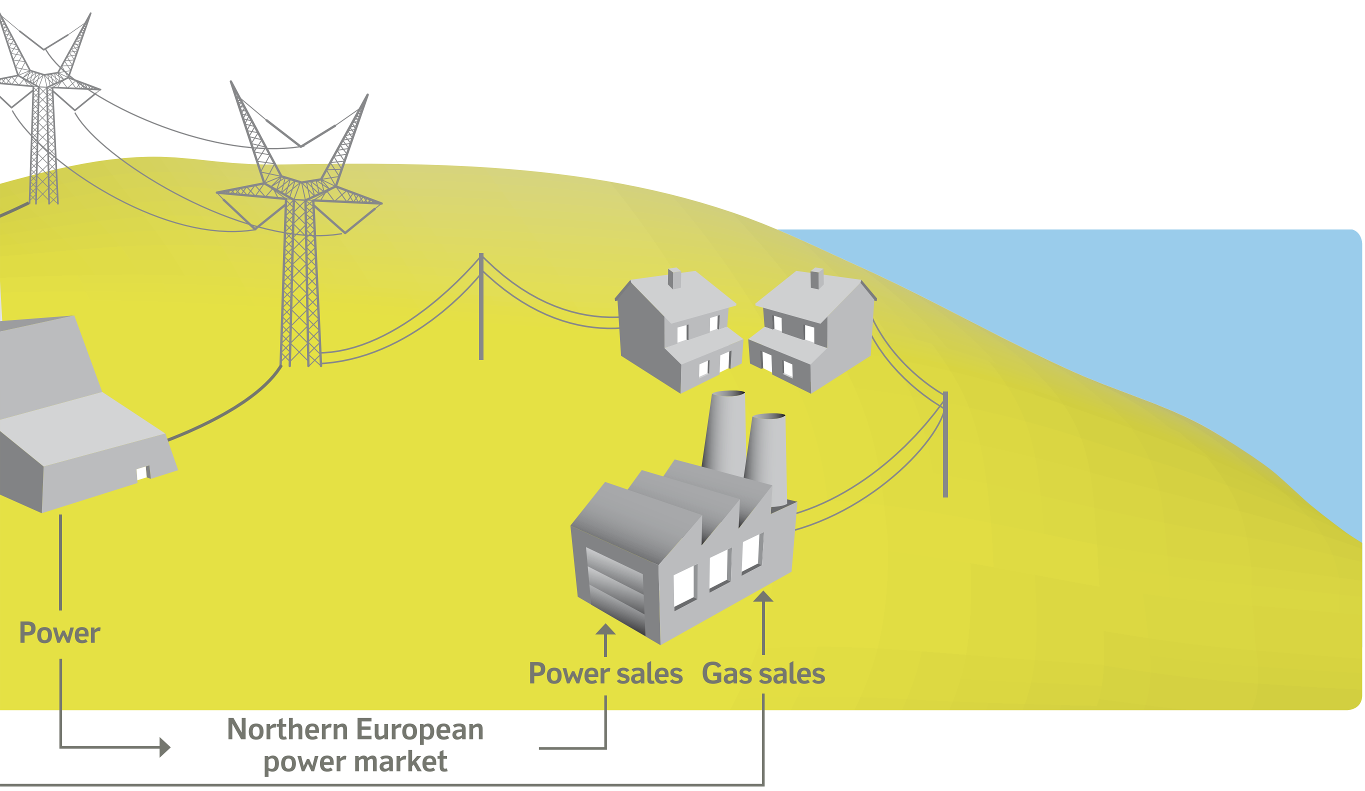
6,600 km

Number of power customers

982,000

Number of gas customers

240,000



Exploration & Production explores for and produces oil and gas. The activities are focused in the waters around Denmark, Norway, the UK (West of Shetland area), the Faroe Islands and Greenland.

Generation produces power and heat from efficient, flexible power stations and renewable energy sources. Generation is a market leader in the construction and operation of offshore wind farms and clean coal technology.

Energy Markets optimises DONG Energy's energy portfolio, forming the link between the Group's procurement and sale of energy. Energy Markets sells gas and power to wholesale customers and trades on energy exchanges.

Sales & Distribution sells gas, power and related products to private customers, companies and public institutions in Denmark, Sweden and the Netherlands. Sales & Distribution operates the gas distribution network and power grids, gas storage facility and oil pipeline owned by DONG Energy in Denmark.

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INCREASINGLY STRONGER BUSINESS PLATFORM

DONG Energy took two important strategic steps in 2008 towards sustained growth and value creation. One was the investment of just over DKK 11 billion in new activities, expansion of existing areas of activity, and efficiency improvement and upgrading of existing plants. The other was the disposal of activities outside the Group's strategic focus to the tune of DKK 2.4 billion.

The financial performance for 2008 showed strong progress:

- Revenue was 46% ahead, at more than DKK 60 billion, primarily as a result of growing production from the Norwegian gas field Ormen Lange, higher gas sales, and significantly higher oil and gas prices
- Operating profit (EBITDA) was up 42% at DKK 13.6 billion compared with DKK 9.6 billion in 2007
- Profit for the year was DKK 4.8 billion compared with DKK 3.3 billion the previous year

In 2008, the Group reaped noticeable benefits from the integrated business model, with considerable market positions in significant parts of the value chain. The business areas Energy Markets and Exploration & Production delivered significantly improved financial performances, the financial performance of Sales & Distribution remained largely unchanged, while the financial performance of Generation declined compared with 2007.

Despite investments DONG Energy's net interest-bearing debt increased only marginally in 2008, and the Group's financial health remains robust. The ratio of net interest-bearing debt plus hybrid capital to EBITDA (adjusted for special hydrocarbon tax) thus amounted to 1.8 at the end of the year.

The Group's strategy still focuses on the following key points:

- Investment-driven growth
- Actively addressing the climate challenge
- Optimisation of existing activities
- Development of the organisation's knowledge resources

Like most other companies, DONG Energy is subject to ever-changing conditions and challenges both in the commercial and the financial markets. And especially so today, with the present slowdown in economic activity and greater uncertainty. However, the Group's business platform is deemed to be stronger than ever, and the future holds good prospects for a customer-driven and efficient energy company.

CONSOLIDATED FINANCIAL HIGHLIGHTS

DKK million		2008	2007	2006	2005	2004
CONSOLIDATED INCOME STATEMENT						
Revenue:		**60,777**	**41,625**	**36,564**	**18,493**	**14,209**
Exploration & Production		7,114	4,409	5,111	3,879	3,109
Generation		15,298	12,358	7,682	114	116
Energy Markets		38,087	20,262	18,286	14,550	10,635
Sales & Distribution		15,595	14,552	12,254		
Other (including eliminations)		(15,317)	(9,956)	(6,769)	(50)	349
EBITDA:		**13,622**	**9,606**	**8,950**	**6,314**	**4,637**
Exploration & Production		4,053	2,290	3,370	2,569	1,850
Generation		3,155	3,769	2,663	47	59
Energy Markets		5,082	1,582	1,803	3,609	2,598
Sales & Distribution		1,827	1,961	1,303		
Other (including eliminations)		(495)	4	(189)	89	130
EBITDA adjusted for special hydrocarbon tax		12,876	9,584	8,727	5,886	4,460
EBIT		8,004	4,783	5,691	4,099	2,371
Financial items, net		(1,134)	(740)	(592)	(152)	171
Profit after tax		**4,815**	**3,259**	**5,039**	**2,687**	**2,074**
CONSOLIDATED BALANCE SHEET						
Assets		106,085	89,710	99,255	46,854	31,436
Additions to property, plant and equipment		9,853	11,151	5,281	8,041	2,464
Interest-bearing assets		2,794	2,517	9,981	7,356	145
Interest-bearing debt		18,047	17,309	27,760	7,148	3,331
Net interest-bearing debt		15,253	14,792	17,779	(208)	3,186
Equity		46,190	42,211	42,390	26,278	16,360
Capital employed		61,443	57,003	60,169	26,070	19,546
CONSOLIDATED CASH FLOW						
Funds From Operation (FFO)		11,165	10,046	6,694	5,419	4,302
Cash flows from operating activities		10,379	8,842	8,169	5,866	3,539
Cash flows from investing activities		(8,629)	(11,803)	(7,809)	(9,542)	(4,423)
Free cash flow to equity (with acquisitions/disposals)		1,750	(2,961)	360	(3,676)	(884)
Free cash flow to equity (without acquisitions/disposals)		430	641	14,302	3,325	1,653
KEY RATIOS						
EBITDA margin	%	22	23	24	34	33
EBIT margin (operating margin)	%	13	11	16	22	17
Financial gearing	x	0.33	0.35	0.42	(0.01)	0.19
Net interest-bearing debt + hybrid capital / EBITDA adjusted for special hydrocarbon tax	x	1.8	2.4	3.0	1.3	0.7
Number of shares, end of year	1,000	293,710	293,710	293,710	214,360	214,360
Average, number of shares	1,000	293,710	293,710	270,167	214,360	214,360
Earnings per share	DKK	15	10	17	12	9
Proposed dividend per share	DKK	7	5	7	0	0
Cash flows from operating activities per share	DKK	35	30	30	27	17
Free cash flow to equity (without acquisitions/disposals) per share	DKK	1	2	53	15	8

For definitions of financial highlights, reference is made to the description of accounting policies in note 40 of the consolidated financial statements.

FINANCIAL RESULTS FOR 2008

The results for 2008 and the distribution of same among the business areas were affected by two factors, in particular: partly great volatility in market prices for oil, gas, power, coal, CO_2 certificates and the USD exchange rate, and partly the switch from oil to gas production that commenced with the start-up of production on the Norwegian gas field Ormen Lange in October 2007.

The results were substantially better than anticipated at the start of the year. Oil and gas production, oil and gas prices, and the contribution margin from power generation, exceeded expectations and were only to a limited extent offset by lower power generation.

DONG Energy's activities in various parts of the value chain are reflected in the make-up of consolidated operating profit (EBITDA). In 2008, Exploration & Production thus accounted for 29% (2007: 24%) of EBITDA; Generation for 22% (39%); Energy Markets for 36% (17%); and Sales & Distribution for 13% (20%). The large difference between each area's contribution demonstrates the strength of the Group's diversification.

Development in market prices

Market prices for oil, gas, coal and CO_2 certificates rose by 25%-60% from the start of 2008 to the peak in the summer months and then fell to levels at the end of 2008 that were lower than at the start of the year. For example, the oil price rose from USD 97/bbl at the start of 2008 to USD 144/bbl in July, falling to USD 37/bbl at the end of the year. The reverse trend was the case for the USD exchange rate, which often moves in the opposite direction to the oil price.

The average oil price rose by 34% to USD 97/bbl compared with USD 73/bbl in 2007, while the average gas price on the Dutch gas hub TTF was up 70% at EUR 25/MWh from EUR 15/MWh in 2007.

Power prices in the Nord Pool area fell in the first quarter of the year and rose in the second and third quarters, falling back to the level at the start of 2008 in the fourth quarter. The relative development in power and coal prices and the price of CO_2 certificates led to a green dark spread (see fact box on same) for the Danish price areas that was negative until August, but showed a slightly positive trend for the year as a whole.

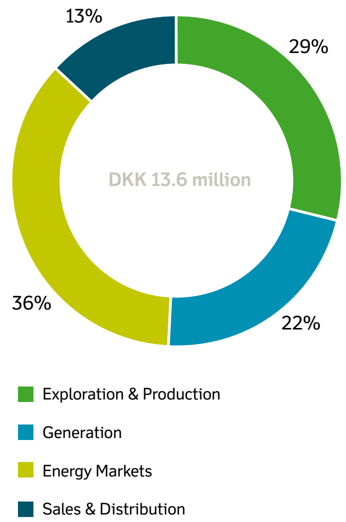
The average power price in the two Danish price areas was EUR 57/MWh compared with EUR 33/MWh in 2007, up 73%. However, the increase was offset by a 66% increase in the coal price and the fact that the price of CO_2 certificates was EUR 22/tonne in 2008 compared with EUR 0.6/tonne in 2007. The combined effect of this was a significantly lower green dark spread than in 2007. This was partly due to high power generation from hydropower plants in Norway and Sweden as a result of full water reservoirs in the first part of the year. Thermal generation consequently dictated prices for fewer hours than in 2007.

Revenue

Consolidated revenue was up 46%, amounting to DKK 60.8 billion in 2008 compared with DKK 41.6 billion in 2007.

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

EBITDA BY SEGMENT 2008

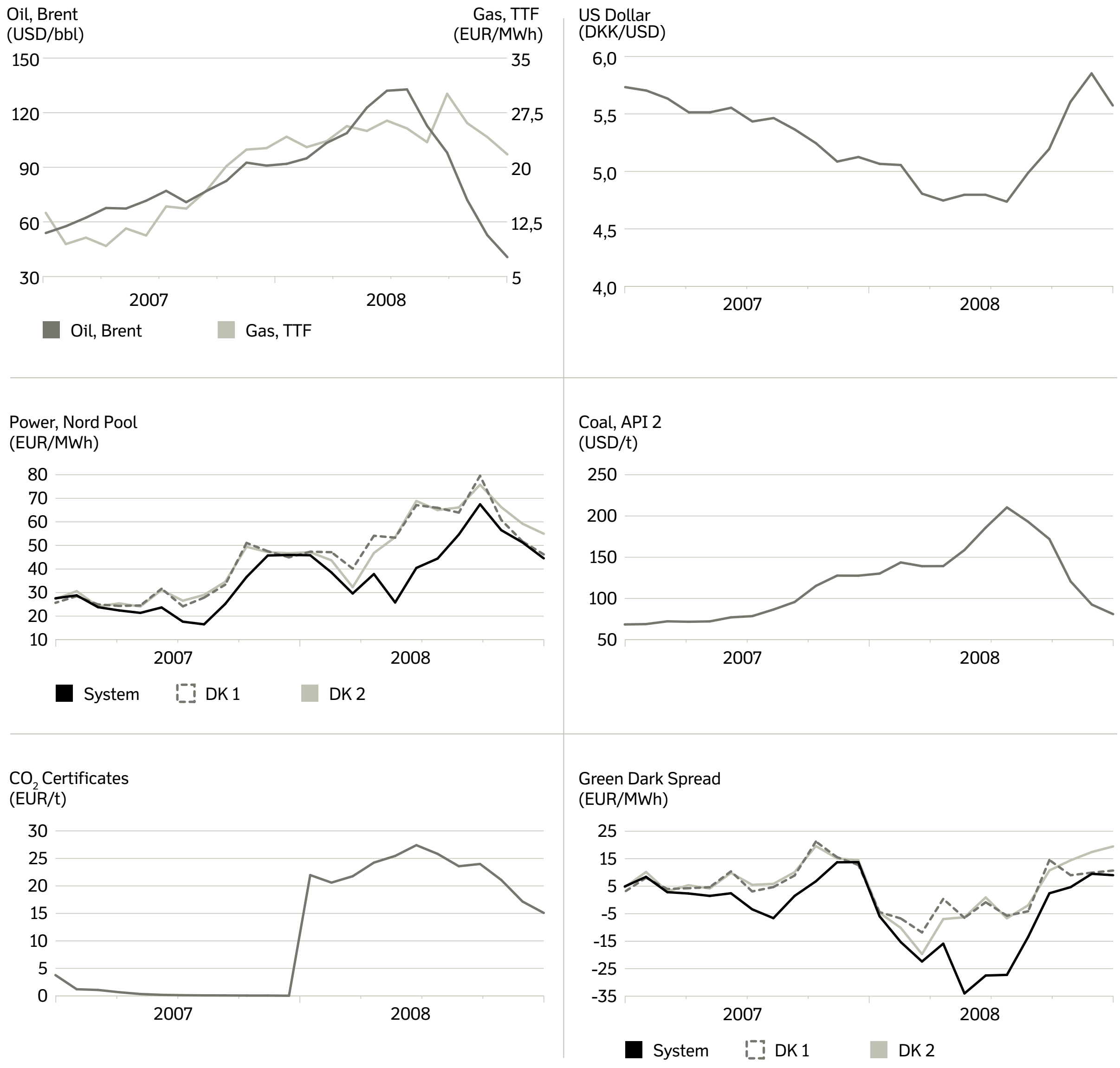


GREEN DARK SPREAD AND CONTRIBUTION MARGIN FROM POWER GENERATION

Green dark spread represents the contribution margin per MWh of power generated at a coal-fired power station of a given efficiency. It is calculated as the difference between the market price of power and the cost of the coal (including associated freight costs) and CO_2 certificates used to generate the power. Green dark spread determines the amount of power generated.

The contribution margin from power generation is affected, among other things, by the fact that power is generated both at times during the 24-hour cycle when prices are relatively high (peak) and times when prices are relatively low (off-peak). The contribution margin is also affected by the fact that the cost of coal for accounting purposes differs from the market price resulting from application of the first-in, first-out (FIFO) principle to inventories and, lastly, by the fact that DONG Energy receives some CO_2 certificates free of charge.

DEVELOPMENT IN MARKET PRICES
(Monthly average)



Oil and gas production was 65% ahead of 2007, mainly as a result of production from the Ormen Lange gas field, which came on stream in October 2007.

The lower green dark spread led to a 7% reduction in thermal generation, which decreased to 15,958 GWh.

Gas sales (excluding own consumption at power stations) increased by 26% to 99,413 GWh. The increase was largely due to the fact that the weather in Denmark and Europe was very mild in the first half of 2007, in particular, resulting in a decline in demand and very low prices at gas hubs. Large wholesale customers consequently reduced their purchases from DONG Energy in 2007, buying gas at gas hubs instead. The relatively mild weather in 2008 did not result in a similar oversupply of gas and consequential very low prices. Sales to large wholesale customers and at gas hubs consequently increased considerably. However, sales at gas hubs decreased in the fourth quarter as prices fell.

Price hedging depressed revenue for 2008 by DKK 0.4 billion, whereas price hedging contributed DKK 0.9 billion to revenue the previous year. Hedging of power prices and the USD exchange rate had a positive effect, whereas oil price hedging had an adverse effect in 2008.

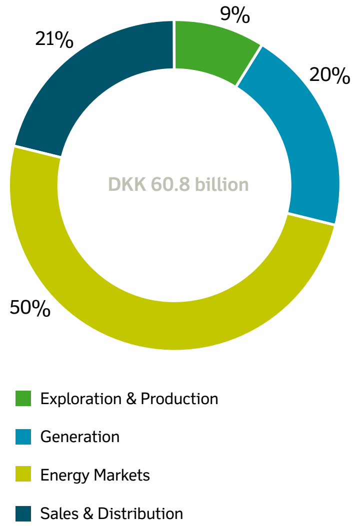
Operating profit (EBITDA)

EBITDA was up 42%, amounting to DKK 13.6 billion compared with DKK 9.6 billion in 2007. A substantial part of the increase was due to effects of timing differences in connection with the huge fluctuations in market prices for, in particular, oil, gas and coal, with the rising prices for a large part of 2008 resulting in large positive effects from time lag and application of the FIFO principle to coal inventories (see fact box on same).

The DKK 4.0 billion increase can be broken down by business area as follows:

- In Exploration & Production, EBITDA increased by DKK 1.8 billion to DKK 4.1 billion as a result of increased revenue, driven by higher production and higher oil and gas prices
- In Generation, EBITDA decreased by DKK 0.6 billion, to DKK 3.2 billion, principally reflecting lower thermal generation, a lower positive effect of price hedging and an increase in project development costs, partly offset by a higher contribution margin from power generation as a result of application of the FIFO principle to coal inventories
- In Energy Markets, EBITDA was up DKK 3.5 billion, at DKK 5.1 billion, primarily reflecting increased gas sales and higher gas prices due to the development in oil prices, which resulted in a substantial positive time lag effect. Gas purchase allocation also generated a positive effect (see fact box on same)

REVENUE BY SEGMENT 2008



- In Sales & Distribution, EBITDA decreased by DKK 0.1 billion to DKK 1.8 billion, primarily reflecting lower gas sales and a higher network loss in connection with power distribution, as a result of the higher power prices.

Depreciation, amortisation and operating profit (EBIT)

Depreciation, amortisation and impairment losses increased by DKK 0.8 billion to DKK 5.6 billion, primarily reflecting impairment losses of DKK 1.7 billion in 2008, including DKK 0.9 billion in respect of power distribution assets. The impairment loss on these assets was due, in part, to a bill introduced by the Danish Minister for Climate and Energy in the Danish Parliament in October 2008 (L3). The bill has yet to be passed, but DONG Energy has taken the expected effects into account by recognising this impairment loss. In addition, impairment losses totalling DKK 0.8 billion have been recognised in respect of oil fields, a wind farm,

TIME LAG

Oil price changes and changes in the USD exchange rate impact on gas selling prices relatively quickly, whereas purchase prices are adjusted with a time lag effect of up to a year and a half. For example, a change in the price of oil and/or the USD exchange rate in January may affect DONG Energy's selling prices already in February, but may not be felt on purchase prices before the summer of the following year. The impact on the individual periods consequently varies, and this may lead to significant fluctuations in operating profit from one period to the next in the case of oil price changes. However, the fluctuations will balance each other out over a number of years.

GAS PURCHASE ALLOCATION

DONG Energy buys gas under several types of contracts with different price indexing. Purchases under the individual contracts are made within the gas year, which runs from 1 October to 30 September, but there is some flexibility as to the contracts from which purchases can be made in the individual months of the gas year. Accordingly, the allocation of gas purchases may have a positive effect in some quarters and financial years, and a negative effect in others.

FIFO PRINCIPLE - COAL INVENTORIES

DONG Energy buys physical coal up to one year ahead of delivery. To ensure security of supply, the inventory of coal typically corresponds to 4 to 6 months' consumption. As the value of coal inventories is recognised in the balance sheet using the first-in, first-out (FIFO) principle, coal purchased in a period with high market prices, followed by a period with declining coal prices, will be recognised as a cost of sales item at prices exceeding the current market price level.

fibre optic network assets and intangible assets.

The discontinuation of amortisation of DKK 1.1 billion in Generation in 2007 relating to consumption of the CO_2 certificates that were recognised at market value in the balance sheet in connection with the initial recognition of Elsam and Energi E2 on 1 July 2006 had the opposite effect.

Adjusted for this special amortisation and these special impairment losses, depreciation and amortisation increased by DKK 0.3 billion, mainly relating to an increase in Exploration & Production and a decrease in Sales & Distribution.

Operating profit (EBIT) consequently increased by DKK 3.2 billion (67%) to DKK 8.0 billion in 2008.

Gain on disposal of enterprises

Three disposals were completed in 2008. The sale of the 132 kV power transmission grid in North Zealand to Energinet.dk, the sale of DONG Energy's share of the water and district heating activities of Energi-Gruppen Jylland to EnergiMidt, and the sale of the Greek wind power activities to the Mytilineous Group, were completed in June, August and November, respectively.

In addition, a positive adjustment of DKK 300 million was made in respect of previous disposals of wind power activities. The accounting gain from the disposals and adjustment totalled DKK 917 million compared with DKK 29 million the previous year.

Associates

The share of the results after tax of associates contributed a net loss of DKK 48 mil-

EXPLORATION & PRODUCTION

Production

Oil and gas production increased by 65% to 18.5 million boe compared with 11.3 million boe in 2007, distributed with an increase of 10% for oil production and a quadrupling of gas production. The increase was mainly due to the Ormen Lange gas field, which came on stream in October 2007, but also to a positive contribution from new wells on existing fields. Gas production, converted to boe, amounted to 46% of total production in 2008 compared with 19% the previous year.

Danish fields accounted for 31% and Norwegian for 69%.

Revenue

Revenue increased by 61% to DKK 7.1 billion, from DKK 4.4 billion in 2007, reflecting the increase in production and the positive effect of higher oil and gas prices. The lower relative increase in revenue in relation to production reflected the fact that the selling price for one boe of gas was lower than for oil.

Operating profit

EBITDA increased by 77% to DKK 4.1 billion from DKK 2.3 billion in 2007. The increase in EBITDA was due to the increase in revenue, partly offset by an increase in activity-based operating costs and higher exploration costs as a result of increased drilling activity.

EBIT was DKK 2.5 billion compared with DKK 1.5 billion in 2007. The higher EBIT was due to the increase in

FINANCIAL HIGHLIGHTS

DKK million	2008	2007
Oil & gas production (million boe)	18.5	11.3
- oil production (million boe)	10.0	9.1
- gas production (million boe)	8.5	2.2
Revenue	7,114	4,409
EBITDA	4,053	2,290
EBITDA adjusted for special hydrocarbon tax	3,307	2,268
EBIT	2,471	1,463
Investments/CAPEX	3,432	4,848

EBITDA, partly offset by the fact that depreciation and impairment losses were DKK 0.8 billion higher than in 2007 due to increased production (unit-of-production depreciation) and impairment losses on three fields.

Investments / capital expenditure

Investments and capital expenditure amounted to DKK 3.4 billion versus DKK 4.8 billion in 2007 and related primarily to the development of producing oil and gas fields. Investments in 2008 comprised the acquisition of additional stakes in the Norwegian licences Trym (DKK 0.1 billion) and Ula (DKK 0.6 billion) and the Danish licence Hejre (DKK 0.3 billion). Investments in 2007 were affected by the acquisition of ConocoPhillips' Danish E&P activities (DKK 1.7 billion).

GENERATION

Production

Power generation declined by 6% to 18,536 GWh in 2008 as a result of a lower green dark spread than in 2007. Heat generation was on a par with 2007, amounting to 46,380 TJ.

FINANCIAL HIGHLIGHTS

DKK million	2008	2007
Power generation (GWh)	18,536	19,780
- thermal (GWh)	15,958	17,217
- renewable (GWh)	2,578	2,563
Heat generation (TJ)	46,380	46,092
Revenue	15,298	12,358
- thermal power	9,436	8,017
- thermal heat	2,442	2,165
- renewable power	1,453	1,201
- other	1,967	975
EBITDA	3,155	3,769
- including renewable energy	771	605
EBIT	1,640	1,450
Investments/CAPEX	4,623	3,833

Revenue

Revenue was 24% ahead at DKK 15.3 billion in 2008 from DKK 12.4 billion the previous year. The increase reflected higher power prices, partly offset by lower power generation. Price hedging contributed DKK 0.5 billion compared with DKK 1.7 billion in 2007, when a very large proportion of production had been hedged at prices significantly exceeding the market price.

Operating profit

EBITDA was down 16% in 2008, amounting to DKK 3.2 billion versus DKK 3.8 billion in 2007. The decline reflected lower power generation, a lower effect from price hedging, higher project development costs and the fact that a reversal in respect of an onerous contract in 2007 was not repeated in 2008, partly offset by an improved contribution margin from power generation. The improvement in this contribution margin was primarily due to the fact that the coal price realised for accounting purposes in 2008 averaged USD 105/tonne, compared with an average market price of USD 147/tonne. Application of the FIFO principle to coal inventories had a positive effect on the contribution margin in the first three quarters of the year, but an adverse effect in the fourth quarter, when relatively more costly coal started being recognised in coal consumption.

EBITDA from renewable energy was up 27% at DKK 0.8 billion in 2008, accounting for 24% of total EBITDA for the business area. The increase reflected higher revenue.

EBIT was DKK 1.6 billion compared with DKK 1.5 billion in 2007. Depreciation and amortisation decreased by DKK 0.8 billion as a result of the discontinuation of amortisation of DKK 1.1 billion in respect of CO_2 certificates relating to the initial recognition of Elsam and Energi E2, partly offset by an impairment loss on a wind farm.

Investments / capital expenditure

Capital expenditure amounted to DKK 4.6 billion compared with DKK 3.8 billion in 2007. Capital expenditure related primarily to the offshore wind farms Gunfleet Sands I+II (DKK 1.3 billion) and Horns Rev 2 (DKK 1.1 billion) as well as the power station at Mongstad in Norway (DKK 0.9 billion). Capital expenditure on plant life extensions and maintenance at the Danish power stations and enlargement of the coal harbour terminal at Stigsnæs Power Station amounted to DKK 0.9 billion.

lion compared with a net loss of DKK 5 million in 2007. The hydropower activities in Norway produced a positive result, whereas the ownership interest in Stadtwerke Lübeck contributed a negative result due to a depressed market and an impairment loss as a result of a revised outlook.

Financial items

Financial items amounted to a DKK 1,134 million charge in 2008 compared with DKK 740 million in 2007. Net interest expense increased to DKK 697 million from DKK 594 million in 2007 despite a decrease in average net interest-bearing debt from DKK 16 billion in 2007 to just under DKK 15 billion in 2008. The increase primarily reflected interest items of a non-recurring nature, related mainly to adjustments in connection with the settlement of M&A activities, as the interest rate on long-term debt has increased marginally only.

The interest element of decommissioning obligations amounted to DKK 174 million in 2008 compared with DKK 159 million in 2007. The increase reflected commissioning of new construction projects and an increased price level for decommissioning costs. Other financial items amounted to a DKK 264 million charge in 2008 compared with a gain of DKK 13 million in 2007, and primarily reflected the fall in GBP, SEK and NOK, especially in the latter part of the year, which resulted in negative foreign exchange adjustments.

Income tax

Income tax expense was a charge of DKK 2.9 billion in 2008 compared with DKK 0.8 billion the previous year, which included tax income of DKK 0.4 billion relating to a reduction of the Danish tax rate from 28% to 25%.

The effective tax rate was 43% in 2008 compared with 32% in 2007, adjusted for the tax-free gain on disposal of enterprises, the income relating to the reduction of the tax rate, and the fact that associates are recognised after tax. The principal reason for the increase in the tax rate was increased earnings in Norway, where hydrocarbon income is taxed at 78% in total.

Profit for the year

Profit for the year was 48% ahead, amounting to DKK 4.8 billion compared with DKK 3.3 billion in 2007. The higher EBIT and the gain on disposal of enterprises were partly offset by higher financial expenses, the higher tax rate, and the fact that the non-recurring tax income in 2007 was not repeated in 2008.

Dividends

The Supervisory Board will recommend at the general meeting that a dividend of DKK 7 per share be paid for 2008, equivalent to a dividend payment of DKK 1.9 billion, corresponding to 40% of profit for the year.

Cash flows

Operating cash inflow was DKK 10.4 billion in 2008 compared with DKK 8.8 billion the previous year.

The increase in EBITDA was offset by higher tax payments and the fact that working capital changes and the item other adjustments generated a cash outflow in 2008 compared with a cash inflow in 2007. The increase in working capital in 2008 primarily reflected an increase in inventories related to a higher carrying amount of coal inventories due to application of the FIFO principle to coal inventories, and establishment of new gas storage capacity. Other adjustments in 2008 related primarily to

ENERGY MARKETS

FINANCIAL HIGHLIGHTS

DKK million	2008	2007
Gas sales (GWh)	108,394	87,838
Power sales (GWh)	10,482	10,893
Revenue	38,087	20,262
EBITDA	5,082	1,582
EBIT	4,684	1,265
Investments/CAPEX	159	154

Sales

Gas sales were 23% ahead in 2008, amounting to 108,394 GWh compared with 87,838 GWh in 2007. The increase was primarily due to the fact that the unfavourable conditions in the gas market in 2007 were not repeated in 2008. Power sales were 4% down, amounting to 10,482 GWh versus 10,893 GWh in 2007.

Revenue

Revenue almost doubled in 2008, totalling DKK 38.1 billion compared with DKK 20.3 million in 2007. The increase was primarily due to increased gas sales and higher gas prices. The higher selling prices were due partly to higher oil prices, which led to an increase in oil-price-regulated gas prices, and partly to an increase in gas hub prices.

Operating profit

EBITDA more than tripled in 2008, amounting to DKK 5.1 billion compared with DKK 1.6 billion in 2007. The increase was due in part to higher revenue, partly offset by higher gas purchase costs due to the increase in sales volumes, and partly to a large positive effect from gas purchase allocation and time lag in gas contracts (see explanation in fact box). The effect of the allocation was an inflow of DKK 560 million in 2008 compared with an outflow of DKK 260 million in 2007, and the time lag effect was an inflow of DKK 1,540 million in 2008 compared with an outflow of DKK 170 million in 2007. Overall, EBITDA benefited by DKK 2,100 million in 2008 and was eroded by DKK 430 million in 2007, a difference of DKK 2,530 million between the two years.

EBIT was up DKK 3.4 billion on 2007, with the increase in EBITDA amounting to DKK 3.5 billion.

Investments / capital expenditure

Capital expenditure and investments totalled DKK 159 million, on a par with 2007. Capital expenditure and investments in 2008 related primarily to infrastructure activities in Germany (DKK 127 million).

FINANCIAL ITEMS

DKK million	2008	2007	Difference
Interest expense net	(697)	(594)	(103)
Interest element of decommissioning obligations	(174)	(159)	(15)
Dividends on equity investments	1	0	1
Other	(264)	13	(277)
Financial items, net	**(1,134)**	**(740)**	**(394)**

SALES & DISTRIBUTION

Sales and distributed volumes

Gas sales were down 14% at 20,550 GWh in 2008 versus 23,819 GWh in 2007, reflecting lower sales in Denmark and Sweden as a result of the milder weather, partly offset by higher sales in the Netherlands. Power sales amounted to 9,066 GWh, on a par with 2007.

Gas and power distribution amounted to 10,346 GWh and 9,371 GWh, respectively, also on a par with 2007. The transported oil volume was down 9% at 91 million bbl in 2008 due to lower oil production in the North Sea.

Revenue

Revenue was up 7% at DKK 15.6 billion in 2008 compared with DKK 14.6 billion in 2007. The increase primarily reflected higher gas selling prices, enlarged gas storage capacity, and an increase in gas distribution tariffs, partly offset by lower gas sales and lower invoicing of subsidies relating to renewable energy and other costs charged by DONG Energy from consumers on behalf of Energinet.dk.

Operating profit

EBITDA was down 7% at DKK 1.8 billion compared with DKK 2.0 billion in 2007. The decline was primarily due to lower gas sales and higher network

FINANCIAL HIGHLIGHTS

DKK million	2008	2007
Gas sales (GWh)	20,550	23,819
Gas distribution (GWh)	10,346	10,212
Power sales (GWh)	9,066	8,900
Power distribution (GWh)	9,371	9,289
Oil transportation, DK (million bbl)	91	100
Revenue	15,595	14,552
EBITDA	1,827	1,961
EBIT	(240)	624
Investments/CAPEX	2,086	2,308

loss in connection with power distribution, as a result of higher power prices.

EBIT decreased by DKK 0.9 billion compared with 2007, primarily reflecting a DKK 0.7 billion increase in depreciation and impairment losses. Adjusted for impairment losses of DKK 1.1 billion in 2008, including as a result of bill L3, depreciation decreased.

Investments / capital expenditure

Capital expenditure totalled DKK 2.1 billion versus DKK 2.3 billion in 2007. Capital expenditure related primarily to underground installation of power cables in North Zealand (DKK 0.7 billion), other capital expenditure on the power distribution network (DKK 0.4 billion), and establishment of fibre optic network and outdoor lighting in North Zealand and the metropolitan area (DKK 0.7 billion).

reversal of market value adjustment of ineffective power price hedging and time value of oil options that were recognised in EBITDA, but had no effect on cash flow.

Investing activities absorbed DKK 8.6 billion in 2008 compared with DKK 11.8 billion the previous year. The main items of capital expenditure in 2008 were:

- wind power activities (outflow of DKK 2.8 billion)
- development of oil and gas fields and infrastructure (outflow of DKK 2.5 billion)
- thermal activities (outflow of DKK 1.8 billion)
- underground installation of power cables in North Zealand (outflow of DKK 0.7 billion)
- establishment of fibre optic network and outdoor lighting (outflow of DKK 0.7 billion).

M&A activities contributed a cash inflow of DKK 1.3 billion net to investing activities in 2008 compared with an outflow of DKK 3.6 billion in 2007. The main acquisitions and disposals in 2008 were:

- the disposal of the 132 kV power transmission grid in North Zealand (DKK 2.0 billion)
- the disposal of the Greek wind power activities (DKK 0.2 billion)
- the disposal of the share of EnergiGruppen Jylland's water and district heating activities (DKK 0.1 billion)
- the acquisition of additional stakes in the Ula and Trym licences in Norway and Hejre in Denmark (outflow of DKK 1.0 billion)
- payment relating to an enterprise acquired in 2006 (outflow of DKK 0.1 billion).

Financing activities generated a cash outflow of DKK 1.3 billion in 2008 compared with DKK 5.1 billion the previous year. In 2008, loans totalling DKK 3.2 billion were raised, including DKK 1.8 billion with the European Investment Bank (EIB) and DKK 1.2 billion with the Nordic Investment Bank (NIB); and DKK 1.8 billion in loans were repaid, including DKK 1.2 billion to EIB. The change in other liabilities amounted to an outflow of DKK 0.8 billion. Dividends to shareholders amounted to an outflow of DKK 1.5 billion, and coupon payments on hybrid capital amounted to an outflow of DKK 0.5 billion.

Balance sheet and capital structure
The balance sheet total increased from DKK 89.7 billion at the end of 2007 to DKK 106.1 billion at the end of 2008. The DKK 16.4 billion increase was primarily due to receivables and payables relating to derivative financial instruments having more than doubled in 2008. This was due partly to the great volatility in market prices in 2008, which led to an increase in the market value of derivative financial instruments, and partly to the fact that derivative financial instruments related to trading activities and portfolio management for external customers must remain part of the balance sheet until maturity, even though the positions have been closed using offsetting contracts. The increase consequently does not imply any significant increase in DONG Energy's net exposure.

Net interest-bearing debt had increased to DKK 15.3 billion at the end of 2008 from DKK 14.8 billion the previous year.

Equity stood at DKK 46.2 billion at the end of the year compared with DKK 42.2 billion the previous year. The increase reflected the fact that profit for the year exceeded dividends paid to shareholders and coupon payments to holders of hybrid capital and the fact that a positive net adjustment of hedging instruments and foreign exchange adjustments relating to investments in subsidiaries was recognised.

It is DONG Energy's target to maintain a rating of at least Baa1/BBB+. The long-term objective is to maintain the sum of net interest-bearing debt and hybrid capital at about three times EBITDA (adjusted for special hydrocarbon tax). At 31 December 2008, this ratio stood at 1.8 compared with 2.4 at the same time last year.

Events after the reporting period

Bill to amend the Danish Electricity Supply Act (L3)

A bill to amend the Danish Electricity Supply Act was introduced in October 2008. The bill was published for consultation in November, and the first reading took place in December based on the consultation responses. At the start of February 2009, the Danish Energy Agency published five proposed amendments for consultation with a consultation deadline of 20 February 2009. It is expected that the second and third readings of the bill will take place at the end of March.

The bill will have major financial implications for DONG Energy's power distribution activities if it is passed and is one of the reasons for the recognition of an impairment loss in the 2008 financial statements.

Wind turbine agreement with Siemens

On 6 March 2009 DONG Energy and the Siemens Energy Sector signed an agreement for the supply of up to 500 offshore wind turbines. The wind turbines to be delivered under the supply agreement have total capacity of up to 1,800 MW, and will be deployed on DONG Energy's coming offshore wind farms in Northern Europe. Permitting procedures and country specific wind regime economics will determine where and when the individual projects will be built.

OUTLOOK FOR 2009

External assumptions
The development in a number of market prices, including oil, gas, power, coal, CO_2 certificates and the USD exchange rate, have a major impact on DONG Energy's financial performance. The outlook for 2009 is based on the average market prices in the table.

Price hedging
DONG Energy has hedged a substantial proportion of its market price exposure for 2009. The effect of any deviations in relation to the assumed prices will consequently not filter through in full to the financial results.

The combined anticipated oil and gas price exposure for 2009 had been hedged in full at the end of 2008. Just over half of the exposure had been hedged using swaps and the rest using options. Converted to crude oil price, the average hedging price for 2009 corresponds to approx. USD 70/bbl for both swaps and options (strike price).

Just over half of expected thermal generation for 2009 has been hedged at prices equivalent to a green dark spread on a par with the assumptions in the table.

Oil price hedging has also been effected for the period from 2010-2014, largely using options. These options make earnings highly volatile in the event of oil price changes, as the time value of options is regularly market-value-adjusted in the income statement despite the fact that the intrinsic value of the options is accounted for in accordance with the principles for hedge accounting.

FORWARD-LOOKING STATEMENTS

The annual report contains forward-looking statements, which include projections of financial performance in 2009 and 2010. These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends 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_2 certificate, 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. Reference is made to the risk management chapter in the management's review and notes 32 and 33 to the consolidated financial statements.

AVERAGE MARKET PRICES

Market prices	Estimate 2009	2008
Oil, Brent USD/bbl	40	97
Gas (TTF) EUR/MWh	13	25
Power (Nord Pool) EUR/MWh *	48	57
Coal (API 2) USD/t	77	147
CO_2 certificates EUR/t	13	22
Green dark spread EUR/MWh *	16	0
US Dollar DKK/USD	5.5	5.1

* Based on the average prices in DK1 and DK2.

A large proportion of the Group's power price hedging is market-value-adjusted in the income statement on a regular basis, as this hedging does not meet the effectiveness criteria for hedge accounting. This can lead to large fluctuations in the financial results.

The two latter factors create considerable uncertainty concerning the financial results for 2009.

Timing differences

The heavy falls in market prices in the latest period will have extraordinarily large adverse effects in 2009 compared with large positive effects in 2008. The anticipated lower oil price in 2009 compared with 2008 and the resulting effects on contracts with oil-indexed gas prices will thus have an adverse time lag effect of DKK 2.2 billion compared with a positive effect of DKK 1.5 billion in 2008.

To this should be added the fact that the DKK 0.6 billion positive effect of gas purchase allocation in 2008 is expected to change to an adverse effect of DKK 0.1 billion in 2009.

As a consequence of the application of the FIFO principle to coal inventories, coupled with falling coal prices, part of coal consumption in 2009 will be recognised at prices that exceed the assumed market prices. The opposite was the case in 2008, when application of the FIFO principle to coal inventories had a positive DKK 0.6 billion impact on EBITDA. An adverse effect of DKK 0.9 billion is anticipated for 2009.

Other assumptions

The following significant new or expanded activities will have a positive impact on operating profit (EBITDA) for 2009. New wells on the Ormen Lange field are expected to boost gas production, and the Horns Rev 2 and Gunfleet Sands I offshore wind farms are expected to start up commercial production in the fourth quarter of 2009.

The positive effects of the new efficiency improvement programme that has been implemented and is expected to gradually improve operating profit by DKK 800 million a year by the end of 2011 will start feeding through to profit as early as from 2009, albeit to a limited extent. The impairment losses of DKK 1.7 billion in 2008 are not expected to be repeated in 2009.

Interest expense is expected to be higher than in 2008 due to an expected increase in net interest-bearing debt as a result of a continued high level of investment activity and an expected higher interest rate on new loans. Net interest expense and the interest element of decommissioning obligations are expected to amount to approx. DKK 1.3 billion in 2009.

Profit outlook

Based on the market prices and other assumptions outlined above, EBITDA and profit after tax for 2009 are expected to be significantly down on 2008.

The negative timing differences affecting 2009, including time lag effect, effect of gas purchase allocation, and application of the FIFO principle to coal inventories, are not expected to be repeated in 2010, unless market prices fall still further. The full effect of the new and expanded activities referred to above will be felt in 2010, and the results for 2010 are consequently expected to be significantly ahead of the 2009 results.

STRATEGY AND FOCUS AREAS

2008 was characterised by economic slowdown, volatile commodity prices and considerable uncertainty in the financial markets, especially in the latter part of the year. 2008 was also characterised by growing awareness of global climate change. DONG Energy aims to help address this challenge. This will require substantial investments in expansion of renewable energy sources and reduction of CO_2 emissions from the part of our energy production that is based on fossil fuels such as coal, oil and gas.

Against this background, DONG Energy's strategy is based on the following key points:

- Investment-driven growth
- Actively addressing the climate challenge
- Optimisation of existing activities
- Development of the organisation's knowledge resources

DONG Energy's overall goal is to create value for its shareholders by building on the company's strong positions in oil and gas exploration as well as thermal and renewable energy generation. To this should be added energy transportation infrastructure and well-established contacts with the wholesale and industrial markets as well as supplies to one million residential customers.

Investment-driven growth

DONG Energy is active in several significant energy markets in Northern Europe. As part of the company's growth strategy these market positions must be expanded in the years ahead, primarily outside Denmark, and predominantly within the two business areas Exploration & Production and Generation.

Oil and gas production in ***Exploration & Production*** is expected to increase significantly. The company today has a sound ratio of reserves to production. To secure production, also in the long term, DONG Energy has set itself a target that its reserves (2P) must correspond to at least eight years' production. This must be achieved through intensified exploration for new finds, accelerated development of existing finds for commercial production, and increased extraction from the existing oil and gas fields in the portfolio. The strategy will require new investments in connection with existing installations in the Danish sector of the North Sea and on the Norwegian and UK shelves, which will be the principal focus areas in the current year and next year. A number of projects aimed at enhanced utilisation of reserves from producing fields are scheduled for Denmark and Norway.

It is DONG Energy's objective for equity gas to cover 30% of the Group's supply needs, which is important in terms of security of supply. Production from the Norwegian gas field Ormen Lange is fundamental to achievement of this objective. DONG Energy consequently expects to make substantial investments in phase two of the Ormen Lange project in the coming years.

The business area ***Generation*** expects to make substantial investments in renewable energy. DONG Energy is thus putting a concerted effort into tripling renewable energy capacity to approx. 3,000 MW by 2020. This ambitious target requires heavy investment in wind turbine projects in the coming years, particularly offshore wind farms in the UK. DONG Energy is also investing in the Danish offshore wind farm Horns Rev 2 in the lead-up to expected commissioning at the end of the year.

At its power stations in Denmark, DONG Energy plans to invest in conversion of existing plants to biomass and waste combustion and bioethanol production. Furthermore, the thermal plants will require investment in both maintenance and plant life extensions.

In the business area ***Energy Markets***, which is the link between generation and the international market, continued infrastructure investments are a prerequisite for optimisation of the gas portfolio. Another key element of the strategy is the achievement of a more diversified portfolio than today, where a large proportion of supplies comes from the Danish sector of the North Sea in collaboration with the partners in DUC. In the coming years, diversification will be achieved through new long-term gas supply contracts with large European and international producers, including liquefied natural gas (LNG) imports. Moreover, investments in gas storage facilities outside Denmark will be needed to grow sales to the German and Dutch markets.

The primary investments in the business area ***Sales & Distribution*** in the coming years will be reinvestments in the power distribution network. The main area is the continued replacement of overhead lines with underground cables, enhancing security of supply.

Actively addressing the climate challenge

DONG Energy is playing an active role in relation to tackling the climate challenge facing the world. For example, DONG Energy is making targeted efforts to reduce CO_2 emissions from its existing thermal energy generation while at the same time carrying out research into new forms of renewable energy.

To address the climate challenge facing the transport sector, DONG Energy is working on establishing infrastructure and systems for electric cars, which, in conjunction with power generation from wind turbines, will reduce CO_2 emissions. DONG Energy is also producing bioethanol based on straw on a pilot basis as another supplement to petrol and diesel oil. In addition, DONG Energy carries out experimental co-firing of waste at coal-fired power stations to reduce coal consumption by up to 7%.

DONG Energy plans to continue focusing on introducing new responsible energy solutions in the years ahead that can help customers make the most efficient use of energy. For example, DONG Energy aims to enter into more so-called climate partnerships with both business and public-sector customers that reduce energy consumption while at the same time benefiting the environment.

Optimisation of existing activities

Since the merger of six energy companies in mid-2006, DONG Energy's primary focus has been on exploiting the advantages inherent in the integrated business model, which comprises positions in the principal parts of the energy value chain. The realisation of synergies post-merger has been achieved successfully.

In continuation of this, a new programme featuring specific action plans aimed at improving the efficiency of processes and reducing costs still further has been initiated. The new target is a further improvement in operating profit (EBITDA) of just over DKK 800 million a year by the end of 2011. The improvements will comprise all four business areas and the group functions. The main action will be in the two business areas Generation and Sales & Distribution.

Generation will focus on optimising its portfolio of Danish power stations with a view to supplying energy in a cost-effective manner and with the lowest possible environmental impact. This will require ongoing alignment of production facilities to market demand, coupled with analyses aimed at pinpointing where investments provide the best return.

Sales & Distribution will focus on further development of efficient business processes in relation to customers and on becoming the most efficient energy supplier in the Danish market. The development of a strong commercial platform will strengthen the presence in the Danish market and underpin growth in other countries.

Development of the organisation's knowledge resources

DONG Energy's strategy assumes considerable development of and growth in knowledge resources. The company has been building up knowledge and skills in many parts of the energy value chain for many years. This has made DONG Energy one of the most efficient North Sea oil and gas exploration and extraction companies. Similarly, DONG Energy's power stations are among the most energy-efficient in the world, and the company is also a world leader in construction and operation of offshore wind turbines. By the end of 2008, half of the world's existing offshore wind turbine capacity had thus been built by DONG Energy.

To further sharpen the focus on the energy solutions of the future, DONG Energy has set up an Innovation Centre in Fredericia. The purpose is to share energy technology knowledge across the business and with universities, knowledge centres and companies in Denmark and internationally.

Further development of existing skills and attracting new employees are important focus areas in DONG Energy's HR strategy. For example, the company is working in a concerted manner on developing more skilled project managers, and the company is investing in employee and management development at all levels to equip the company for international growth.

EXPLORATION & PRODUCTION

Exploration & Production explores for and produces oil and gas. The activities are focused in the waters around Denmark, Norway, the UK (West of Shetland area), the Faroe Islands and Greenland.

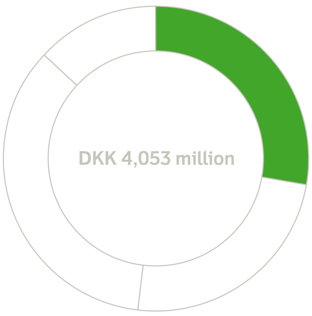
OIL AND GAS PRODUCTION

18.5 million boe

OIL AND GAS RESERVES (2P)

392 million boe

EBITDA



EXPLORATION & PRODUCTION

The activities of this business area focus on oil and gas exploration and extraction in Denmark, Norway, the UK (West of Shetland area), the Faroe Islands and Greenland. This business area includes a stake in Gassled, which comprises the entire gas pipeline network from the Norwegian fields to continental Europe and the UK.

At the end of 2008, DONG Energy was participating in 62 exploration and appraisal licences and 13 production licences.

Exploration and appraisal activities

The growth strategy for this business area is based on continuous oil and gas exploration. DONG Energy therefore participates actively in licensing rounds within this area of activity. Ten licences were added to the portfolio in 2008, including four in Norway and six in the UK, while three licences were relinquished in Norway. The four licences awarded in Norway strengthen DONG Energy's position in Mid-Norway. DONG Energy will be the operator of three of the six licences awarded in the UK. DONG Energy enjoys a strong position in the West of Shetland area, and the new licence awards strengthen this position still further. At the start of 2009, DONG Energy has also been awarded the operatorship of licence PL518. This licence is located in the Barents Sea.

Five exploration wells were drilled on the Norwegian shelf in 2008. The wells on two of the licences, PL299 TR3 and PL274 Ipswich, indicated hydrocarbons, and further appraisal of these finds is ongoing. Furthermore, an appraisal well was drilled on licence PL122 Marulk, which led to the discovery of further gas volumes. The development potential of Marulk is still being appraised, and will depend, among other things, on whether a commercially satisfactory gas transportation solution can be found. Moreover, a well on PL159B in a deeper exploration target indicated further reserves in the Alve field. Three exploration wells, PL019B Gyda, PL273 Trane and PL289 Marsvin, were dry.

On the Danish continental shelf, the focus is on the exploration areas near the existing operations in order to utilise the infrastructure already in place. An exploration well in the western part of licence 6/95 Siri was dry. An appraisal well in the southern part of licence 7/89 Syd Arne indicated hydrocarbons, but these are currently not believed to be sufficient for commercial production. The drilling of a well on licence 9/95 has commenced and is ongoing.

Seismic data collected in Greenland in 2008 require appraisal. Great water depths and limited possibilities for year-round operation due to the climatic conditions mean that the time horizon for any finds and development of commercial production in this area will be long.

Development activities

DONG Energy participates in development as a natural continuation of its exploration activities or as a result of the acquisition of licence shares in commercial finds.

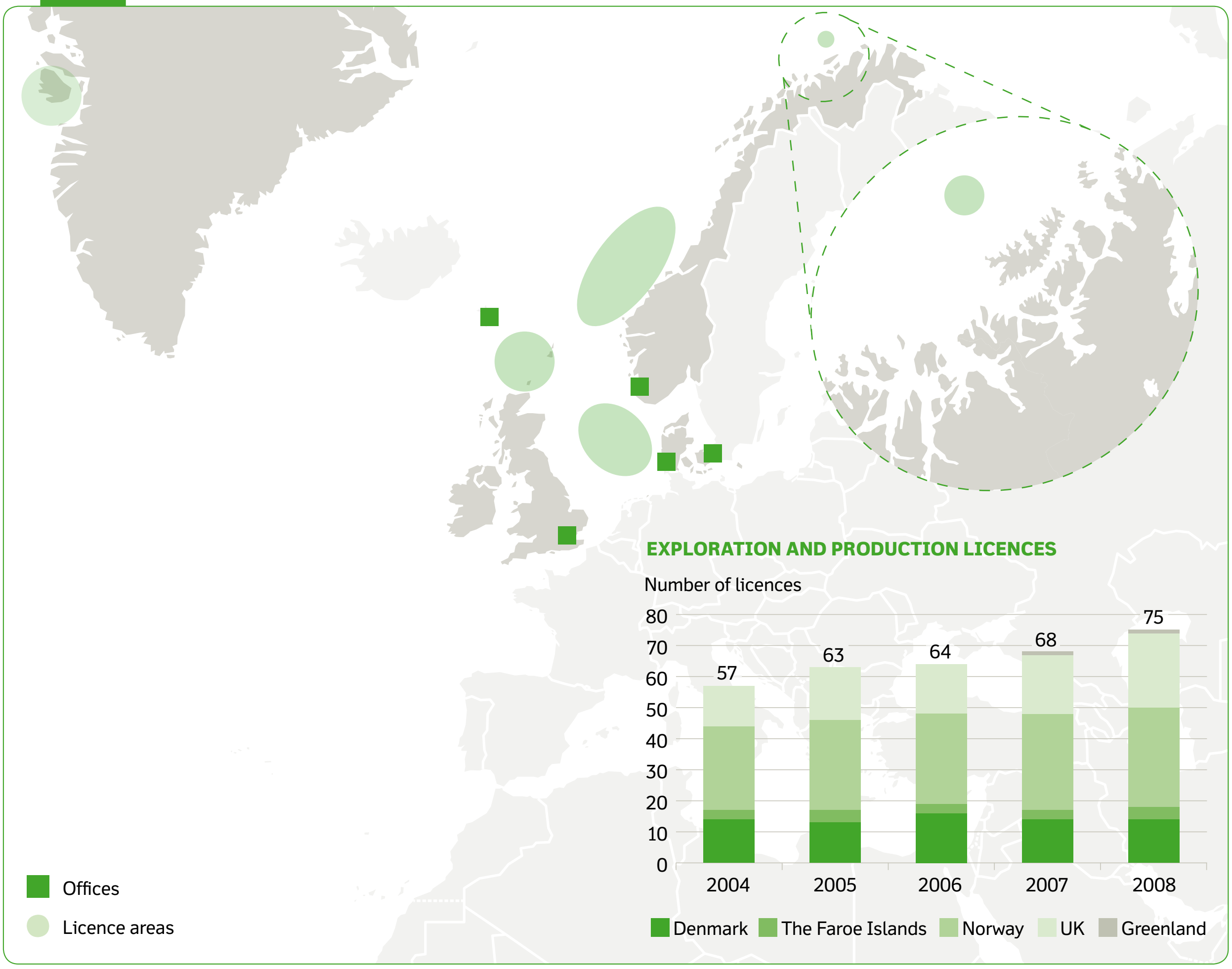
Development of the Ormen Lange field, which is situated about 100 km northwest of Kristiansund, is key to the growth up to 2010. Development is proceeding to plan, and a further three wells went on stream in 2008, taking the total number of on-stream wells by the end of 2008 to six.

DONG Energy has a 0.68% stake in the Norwegian Gassled gas pipeline network. This co-ownership is strategically important, as it provides access to infrastructure and, consequently, the connected markets in the UK and continental Europe. The network owners have preferential rights to book capacity in proportion to their ownership interests. Gassled will be expanded as more fields are developed in Norway. This will provide opportunities for entry into new markets and conclusion of new commercial contracts, as the gas can be channelled to markets that add more value for DONG Energy.

DONG Energy took over the operatorship of licence PL147 Trym on the Norwegian shelf in 2008. The development plan for the field submitted in 2008 is pending approval by the Norwegian authorities. The field primarily contains gas, and development with a seabed production installation is planned. This will be tied in with the Danish Harald platform.

At the start of 2009, DONG Energy also expects to submit a development plan to the Norwegian authorities for licence PL274 Oselvar, of which DONG Energy has the operatorship. The development of Oselvar and Trym will be the first two licences on the Norwegian shelf on which DONG Energy has an operatorship role.

FACTS



DONG Energy increased its stake in the Norwegian Ula oil field from 5% to 20% in 2008. Ula functions as a production platform for the Tambar and Tambar Øst fields and is situated in one of DONG Energy's core areas within exploration and production. The Ula field has a long life expectancy and could become central to the development of other fields in the area, including the Oselvar find.

Development of the Alve field in the Norwegian Sea in Mid-Norway commenced in 2007, and production started up in early 2009. The field has been developed with seabed installations that are tied in to an oil production vessel on the nearby Norne field. The gas from the field is transported via Gassled.

In 2008, DONG Energy acquired a further 10% of licence 5/98 Hejre in Denmark, increasing its stake in the Hejre find from 50% to 60%. DONG Energy has the operatorship of this licence. The Hejre find primarily contains oil, but also contains wet gas, which requires the establishment of special technical installations for exporting the gas that are not yet available in Denmark. To achieve the optimum solution, DONG Energy is exploring several options, including export via Danish, Norwegian and Dutch infrastructure. The outcome of these studies will determine a final development plan for the field.

DONG Energy operates in the Siri area in the Danish sector of the North Sea, and the authorities and licence partners approved a development plan for Nini Øst in this area in 2008. The Nini Øst field is being developed as an unmanned satellite platform, and development is proceeding to plan. The field is expected to go on stream at the end of 2009. In connection with the development a new pipeline is being laid to the Nini platform that will be able to contribute to extending production from the Siri area.

In the UK, more specifically the West of Shetland area, planning of the development of licences P911 Laggan and P1159 Tormore continued in 2008. Together with other oil companies, DONG Energy has been participating in an evaluation of the area's long-term needs for gas and oil transportation capacity. Development of the area will require relatively heavy capital expenditure, including in infrastructure, due to its location far from commercial markets, coupled with deep seas and challenging weather conditions.

Production

Production amounted to 18.5 million boe in 2008, including 54% oil and 46% gas. Production came from Ormen Lange (44%) and from the mature fields Ula, Gyda, Tambar and Glitne in Norway (25%) and Syd Arne, Siri, Nini and Cecilie in Denmark (31%).

Production from mature fields in 2008 was on a par with 2007, exceeding expectations. The increased ownership interest in the Ula field contributed positively to production. New production wells on the Gyda field boosted production. Production from the Tambar and Syd Arne fields dropped marginally. Production from the Danish fields Siri, Nini and Cecilie was on a par with 2007.

In 2008, Ormen Lange produced 8.1 million boe, matching expectations. Following treatment at the plant in Nyhamna, the gas is transported to the UK and continental Europe through the 1,200-kilometre Langeled pipeline and the connected pipelines within the Gassled infrastructure. The Ormen Lange field is expected to reach full production in 2010.

As a result of the large gas volumes from Ormen Lange, DONG Energy's gas production is expected to exceed its oil production as early as 2009.

Reserves

DONG Energy's oil and gas reserves (2P reserves) amounted to 392 million boe at the end of 2008 compared with 352 million boe in 2007. DONG Energy has consequently more than replaced reserves equivalent to production in 2008. The new reserves come predominantly from development of Oselvar. The acquisition of a further stake in Ula also contributed to the increase in reserves.

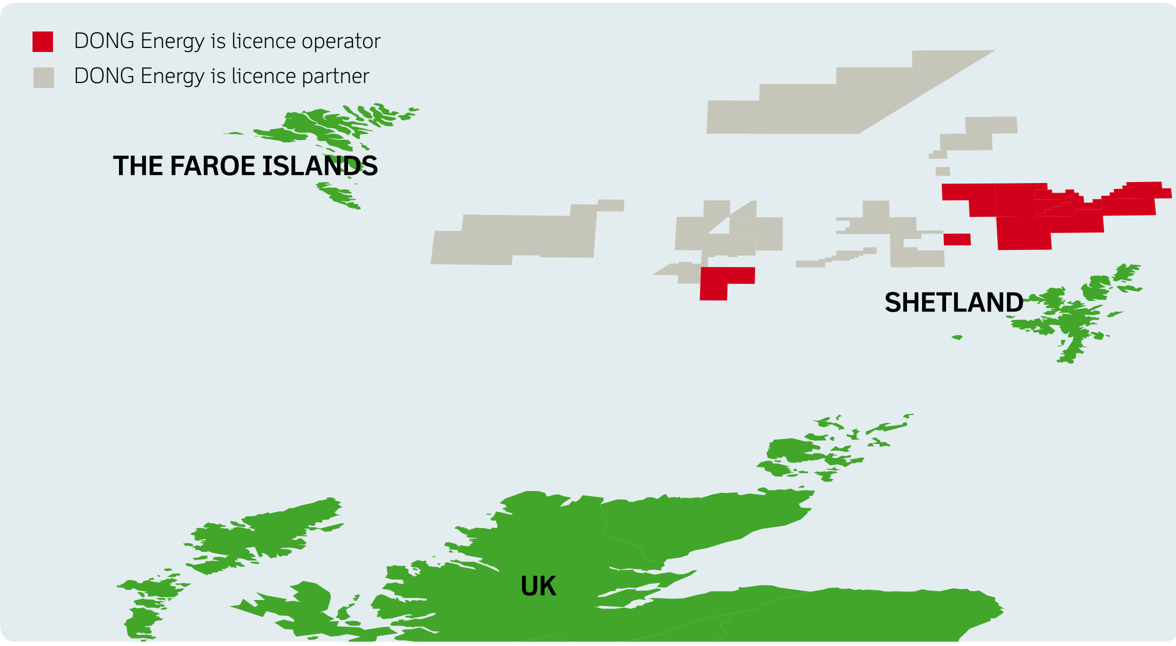
The lifespan of the reserves (calculated as 2P reserves at end-2008 to production in 2008) was 21 years. This figure is expected to decrease when the Ormen Lange field reaches full production in 2010.

Operation

DONG Energy's operatorship experience comprises exploration, development and production. DONG Energy is currently the operator of 23 licences, three of which are in production. In June 2008, McKinsey & Company published a survey of production platform cost efficiency in which DONG Energy's Siri field retained its top ranking among more than 40 North Sea fields.

Since 1997, DONG Energy has been participating in the Rushmore Reviews, which regularly compare drilling performance worldwide. Over 150 companies with operations in 70 countries participate in this benchmarking. Based on the number of drilled metres per day and costs per metre, DONG Energy has been ranked among the upper quartile since 2000.

ZOOM



DONG ENERGY ONBOARD RIGHT FROM THE START IN WEST OF SHETLAND

The West of Shetland region is one of DONG Energy's primary focus areas within oil and gas. This is an exploration area with great potential in terms of hydrocarbon resources, and the region is expected to be a major contributor to future production. By being onboard from the outset, we will be able to position ourselves in connection with potential future exploration activities. We anticipate that this region will become an important area in the portfolio of producing assets in the coming decade.

We hold a leading position in the region. We currently own rights to the largest exploration acreage in the area compared with other licence holders, approx. 17,500 km^2. This acreage is larger than half of Jutland. We have stakes in 28 licences and have the operatorship of seven of these. The 25th UK licensing round was held in autumn 2008. We were awarded all five licences for which we had applied. We have the operatorship of three of these, and are a licence partner on the other two.

We are a licence partner on six oil and gas finds in the region. The most significant finds are Laggan/Tormore and Rosebank at water depths of 600 metre and 1,100 metre, respectively. Development studies for these fields are underway, focusing on evaluation of a number of subsea, floating and land-based technologies to identify the optimum development concept for each field.

These studies are expected to make it possible to reach decisions on development of all three fields in the coming years. They are also part of a combined study in which licence holders in the region are exploring the various infrastructure options in the area.

Apart from potentially contributing to future production, our participation in these pioneering projects will strengthen our technical and operational knowledge. Our participation will also enhance our experience in operation in remote areas and under challenging weather conditions. This will make DONG Energy well-equipped for growth opportunities in this and similar areas in the years ahead.

GENERATION

Generation produces power and heat from efficient, flexible power stations and renewable energy sources. Generation is a market leader in the construction and operation of offshore wind farms and clean coal technology.

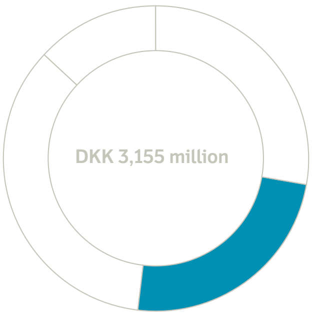
POWER GENERATION

18,536 GWh

HEAT GENERATION

46,380 TJ

EBITDA



GENERATION

DONG Energy is Denmark's leading energy producer. Power and heat are generated at a number of thermal power stations in Denmark and supplied from renewable energy sources primarily in Denmark, the UK, Sweden and Poland. Renewable energy sources accounted for 14% of DONG Energy's power generation in 2008. The power generated in Denmark and Sweden is sold on the pan-Nordic power exchange, Nord Pool.

It is DONG Energy's long-term objective for energy production to be carried out with zero CO_2 emissions while at the same time maintaining a high security of supply. This will require a balanced portfolio of both efficient power stations and renewable energy sources. Efforts to solve the energy challenge of the future are well underway, but it will take many years. It will therefore continue to be necessary to draw on flexible power stations for generation of the optimum amount of power when wind turbines are unable to generate.

By focusing on technology development DONG Energy has gained high-level skills in the development and operation of high-efficiency thermal power stations that can use several types of fuel, so-called multifuel power stations. At the same time DONG Energy is among the most experienced companies globally when it comes to construction and operation of offshore wind farms. The strategy for the coming years is based on utilisation and further development of these skills. Future growth will primarily be outside Denmark.

Energy production in Denmark

DONG Energy's thermal net power generating capacity in Denmark amounts to 5,620 MW, corresponding to 57% of total capacity in Denmark. The power stations' net heat generating capacity amounts to 3,944 MJ/s. Production comes from ten central power stations, nine small-scale CHP plants and six waste-to-energy plants.

In 2008, thermal power generation amounted to 15,958 GWh, corresponding to about 53% of Denmark's thermal power generation. Heat generation at the CHP plants amounted to 46,321 TJ in 2008, corresponding to about 38% of Danish production.

DONG Energy's wind turbine capacity in Denmark totals 431 MW, including 226 MW from offshore wind turbines. Production from these totalled 1,166 GWh in 2008.

DONG Energy owns a geothermal plant in Thisted with a capacity of 7 MW, which produced 59 TJ of heat in 2008, corresponding to the heat consumption of 900 households. In addition, DONG Energy is co-owner of the geothermal plant at Amager via its 46% ownership interest in the Metropolitan Geothermal Alliance (HGS).

DONG Energy is still investing heavily in the development of its wind turbine activities in Denmark. The Horns Rev 2 offshore wind farm off the west coast of Denmark is expected to go into operation in the fourth quarter of 2009. With a capacity of 209 MW, it will be the world's largest offshore wind farm to date and will be able to supply 200,000 households with power.

Phase two of Overgård wind farm northeast of Randers was inaugurated in December 2008. With the construction of ten new turbines adjacent to the existing twenty, the wind farm has a total capacity of 63 MW, making it Denmark's largest onshore wind farm. It will be able to generate power equivalent to the power consumption of 35,000 households. DONG Energy owns and operates 27.5 MW (43%) of the capacity of Overgård wind farm.

DONG Energy has also decided to build three offshore wind turbines close to Avedøre Power Station in Copenhagen. The turbines will have a total capacity of 10-15 MW. Two of the turbines will be commissioned in 2009 and the third in 2010. The project will provide DONG Energy with an opportunity to test new technology for future wind farms.

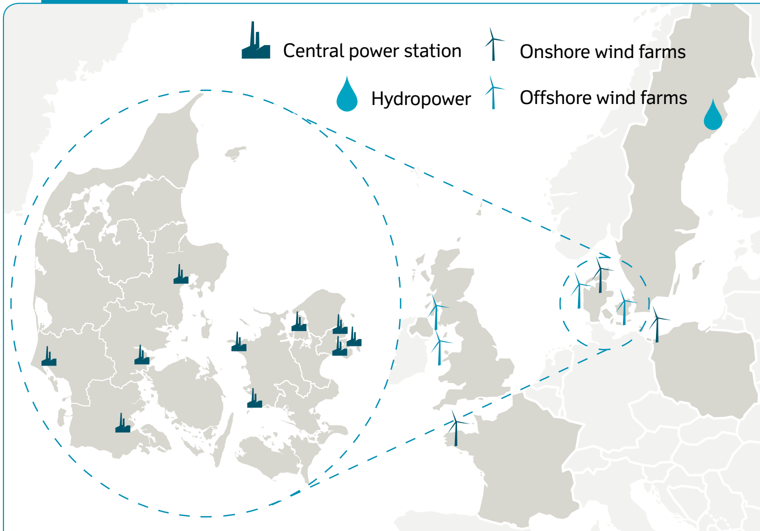
Rapid growth in international wind power activities

The international wind power activities experienced rapid growth throughout 2008. The expansion was part of DONG Energy's objective to triple its renewables capacity to 3,000 MW by 2020.

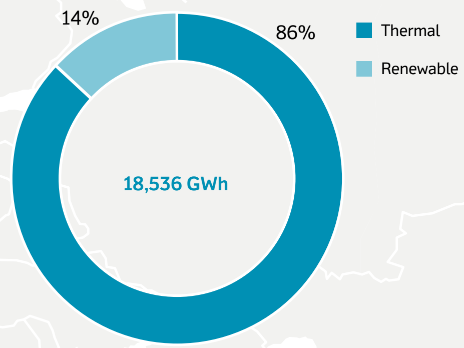
DONG Energy's UK offshore wind turbine capacity currently totals 135 MW, distributed over the Barrow and Burbo Banks wind farms, both of which are located in the Irish Sea. DONG Energy expects to commission the Gunfleet Sands offshore wind farm with a capacity of 108 MW in the fourth quarter of 2009. The wind farm is located off the east coast of the UK.

In February 2008, DONG Energy decided to build its first Swedish onshore wind farm, Storrun, with a capacity of 30 MW. The farm is expected to go into production at the end of 2009.

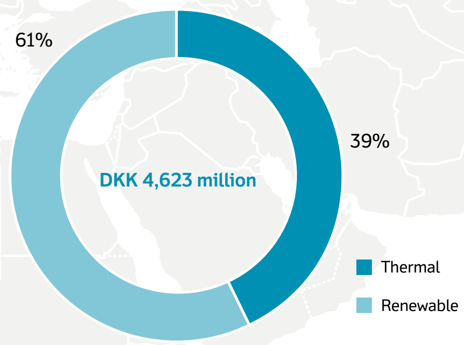
FACTS



BREAKDOWN OF POWER PRODUCTION 2008



BREAKDOWN OF CAPITAL EXPENDITURE 2008



RENEWABLES CAPACITY

Offshore wind turbines	**361 MW**
Denmark	226 MW
UK	135 MW
Onshore wind turbines	**245 MW**
Denmark	205 MW
Poland	31 MW
France	9 MW
Hydropower	**205 MW**
Total capacity	**811 MW**

DONG Energy is also building the Karnice I onshore wind farm in Poland with a capacity of 30 MW. Karnice I, which is expected to become operational towards the end of 2009, will be DONG Energy's second Polish onshore wind farm, taking the company's total Polish capacity to 61 MW.

In November 2008, as part of its geographical focus on Northern Europe, the Group disposed of its Greek wind power activities, which totalled 18.6 MW.

With the realisation of ongoing projects, DONG Energy expects to have total foreign wind power capacity of 343 MW at the end of 2009 compared with 175 MW at the end of 2008.

A further three foreign offshore wind farms will be under construction in the coming years: Gunfleet Sands II off the UK east coast with a capacity of 65 MW and Walney I and Walney II in the Irish Sea with a capacity of 183.6 MW each. The three farms are expected to be commissioned in 2010, 2011 and 2011, respectively.

Jointly with the German energy company E.ON, DONG Energy acquired Shell's stake in the London Array wind power project in July 2008. DONG Energy consequently owns 50% of the project. E.ON and Masdar have subsequently entered into a joint venture concerning the remaining 50%. With this acquisition, DONG Energy strengthened its already strong portfolio of offshore wind projects in the UK..

Thermal generation abroad

The Group has entered into a long-term contract with StatoilHydro under which DONG Energy is in the process of establishing a gas-fired CHP plant at Mongstad near Bergen in Norway.

The CHP plant will have a net power generating capacity of 260 MW and is expected to start up commercial production in 2009. Under the contract DONG Energy receives regular payments to cover operating agreement and investments.

In Greifswald in Northern Germany DONG Energy is exploring the possibility of building a high-efficiency power station with a net power generating capacity of 1,500 MW. If the power station is built, it will utilise the coal 20% more efficiently than the average existing German coal-fired power station. Delays have arisen in connection with the environmental approvals to the effect that final official approval is expected to be significantly delayed. Discussions will be initiated with suppliers of critical components with a view to discussing the implications of the delay. The delay is not expected to result in any further costs than those already recognised in the 2008 annual report.

DONG Energy is also involved in the development of other power station sites in Germany and the UK on which high-efficiency multifuel power stations can be built. All new power stations are designed to be able to accommodate CO_2 capture and storage, as they must be able to utilise the so-called CCS technology (Carbon Capture and Storage). These projects are being developed in keeping with the respective countries' wishes to reduce CO_2 emissions by replacing old and less efficient coal-fired power stations with new high-efficiency multifuel power stations. The projects are in the evaluation phase, and any investment decisions will not be made for several years.

Energy production with reduced CO_2 emissions

Because of the requirement concerning security of supply in energy production, fossil fuels will continue to be used at the power stations for a number of years. DONG Energy is therefore actively engaged on various solutions aimed at reducing CO_2 emissions from the use of fossil fuels and replacing these at thermal plants.

In June 2008, PricewaterhouseCoopers published a benchmark survey of European coal-fired power stations. The survey, which was initiated by DONG Energy, showed that DONG Energy has the second-lowest specific CO_2 emissions per kWh generated and the highest overall electrical efficiency of the participating utility companies. In a comparison looking at hard coal alone, DONG Energy has the third-lowest specific CO_2 emissions and the second-highest electrical efficiency.

DONG Energy is active within CCS technology and is involved in various projects aimed at developing this technology. DONG Energy has been operating a CO_2 capture demonstration plant at Esbjerg Power Station since 2005. The plant is the largest of its type in Europe.

In June 2008, a joint venture consisting of DONG Energy and the UK company Peel Energy was prequalified by the UK authorities to participate in the competition for the first large CCS demonstration plant in the UK. The company RWE npower joined the joint venture later in the year. The competition is not expected to be decided until 2010. The partnership brings together the expertise needed to demonstrate the whole process of capture, transport and possible subsea storage of CO_2.

Another important action area is the use of CO_2 neutral fuels at the power stations. DONG Energy has been a leader in the use of biomass and waste as alternative fuels for a number of years.

In 2008, DONG Energy fired a total of 1.1 million tonnes of biomass at its power stations. The ambition is to expand the use of biomass significantly. In continuation of the Danish Parliament's energy agreement from February 2008, DONG Energy has applied for permission to fire with coal on Unit 2 of Avedøre Power Station. According to the energy agreement, a permit could be granted subject to DONG Energy increasing its firing with biomass. By increasing biomass-firing and having the ability to use coal at the Group's most efficient power station, DONG Energy would be contributing to a reduction of CO_2 emissions in Europe. This is because the efficient Unit 2 would be competing with less efficient coal-fired power station units in Europe.

In October 2008, a decision was made to convert Herning Power Station for increased use of biomass, with wood pellets replacing gas as fuel from autumn 2009. Following conversion, 97% of the fuel consumption at Herning Power Station will be based on biomass.

DONG Energy has withdrawal rights from a Swedish hydropower plant, which generated 818 GWh in 2008. DONG Energy also holds minority interests in two energy companies in Norway that own and operate hydropower plants.

ZOOM

SUSTAINABLE REUSE OF MINERAL PRODUCTS

When coal, biomass and waste is fired at our power stations, various mineral products are formed. These are bottom ash (slag), which falls to the bottom of the boilers; pulverised fuel ash, which is the ash particles filtered from the flue gas; and desulphurisation products, which form when the flue gas is stripped of sulphur. This comes to around one million tonnes of mineral products a year.

Mineral products were previously regarded as waste to be deposited. However, DONG Energy has developed these mineral products, in a long-standing collaboration with industry and agriculture, so that they can be reused to the benefit of the environment and our earnings. Pulverised fuel ash from coal is primarily used for producing cement and concrete, while desulphurisation products are used for making plasterboard for the construction industry. Ash from combustion of biomass is used as agricultural fertiliser, returning minerals and nutrients to the soil. The end result is that 95-100% of the mineral products are reused.

At DONG Energy we always endeavour, as a first priority, to develop mineral products that can be sold to either industry or agriculture. Alternatively, the products are reused as fill on construction projects. Residual products are only deposited if alternative use is not possible.

In order for mineral products to be reused we need to live up to stringent environmental and quality requirements. This requires close dialogue between our fuel buyers, production planning, logistics and the employees that sell the mineral products. As part of this process, we optimise the overall value chain, from fuel purchase to sale of the mineral products.

Development and design of new production facilities involve handling of mineral products as an integral part of the process. This way we minimise the environmental impact of new production facilities, while optimising fuel utilisation.

ENERGY MARKETS

Energy Markets optimises DONG Energy's energy portfolio, forming the link between the Group's procurement and sale of energy. Energy Markets sells gas and power to wholesale customers and trades on energy exchanges.

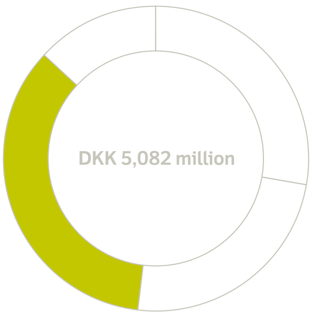
GAS SALES

108,394 GWh

POWER SALES

10,482 GWh

EBITDA



ENERGY MARKETS

Energy Markets is DONG Energy's hub for trading in energy markets, and this business area thus buys and sells gas and power, and related products and services, in Northern Europe. Energy Markets also owns and operates parts of DONG Energy's gas infrastructure and handles the Group's portfolio of gas purchase contracts.

Energy Markets also looks after DONG Energy's risk management of commodity prices, including by engaging in financial transactions. The aim is to hedge the Group's exposure to fluctuations in various commodity prices. Energy Markets also engages in proprietary trading to a limited extent.

Gas sales

Energy Markets' physical gas sales in 2008 totalled 108,394 GWh, which was sold internally to other parts of the Group, to wholesale customers, and on gas hubs.

A total of 21,734 GWh was sold internally in Denmark, partly for resale to end customers in Sales & Distribution, and partly for thermal power station fuel. 7,600 GWh was sold to external wholesale customers.

DONG Energy conducts an annual gas release auction at which it auctions 400 million m^3 (4,863 GWh) of gas for delivery in Denmark, corresponding to approx. 10% of the Danish market. The gas release programme runs over six years and is part of the commitment to the EU Commission in connection with the establishment of DONG Energy. In return for the supplies in Denmark, DONG Energy receives corresponding gas supplies in the UK, Belgium, the Netherlands or Germany, and also pays a swap fee. Supply points and swap fees are fixed via the auction. The latest auction was held in April 2008, with DONG Energy receiving gas for delivery in the UK and Germany in return for gas for delivery in Denmark.

International gas sales amounted to 78,839 GWh in 2008, with wholesale customers accounting for 64,936 GWh and gas hubs, etc., for 13,903 GWh.

The largest foreign market was Germany, which accounted for 43,153 GWh. 27,859 GWh was sold under long-term contracts with E.ON Ruhrgas, Shell and ExxonMobil. The remaining sales in Germany are taken care of by the sales subsidiary DONG Energy Sales GmbH, in which DONG Energy has an ownership interest of altogether 81%. This company markets supply and partnership concepts to regional distribution companies (the so-called Stadtwerke) and large industrial customers. DONG Energy Sales GmbH increased its sales and customer accounts significantly in 2008 and is thus in the process of building up a strong position, especially in the northern and eastern parts of Germany. DONG Energy also has a 25.1% stake in the sales and distribution company Stadtwerke Lübeck with customers in the Lübeck area.

In the Netherlands, gas sales totalled 16,338 GWh, with external net sales on the Dutch gas hub TTF accounting for 6,060 GWh, wholesale customers for 4,964 GWh, and internal sales for 5,314 GWh.

In the UK, gas sales amounted to 9,453 GWh. Sales were made partly under long-term contracts with Gazprom and Wingas, and partly via the NBP gas hub.

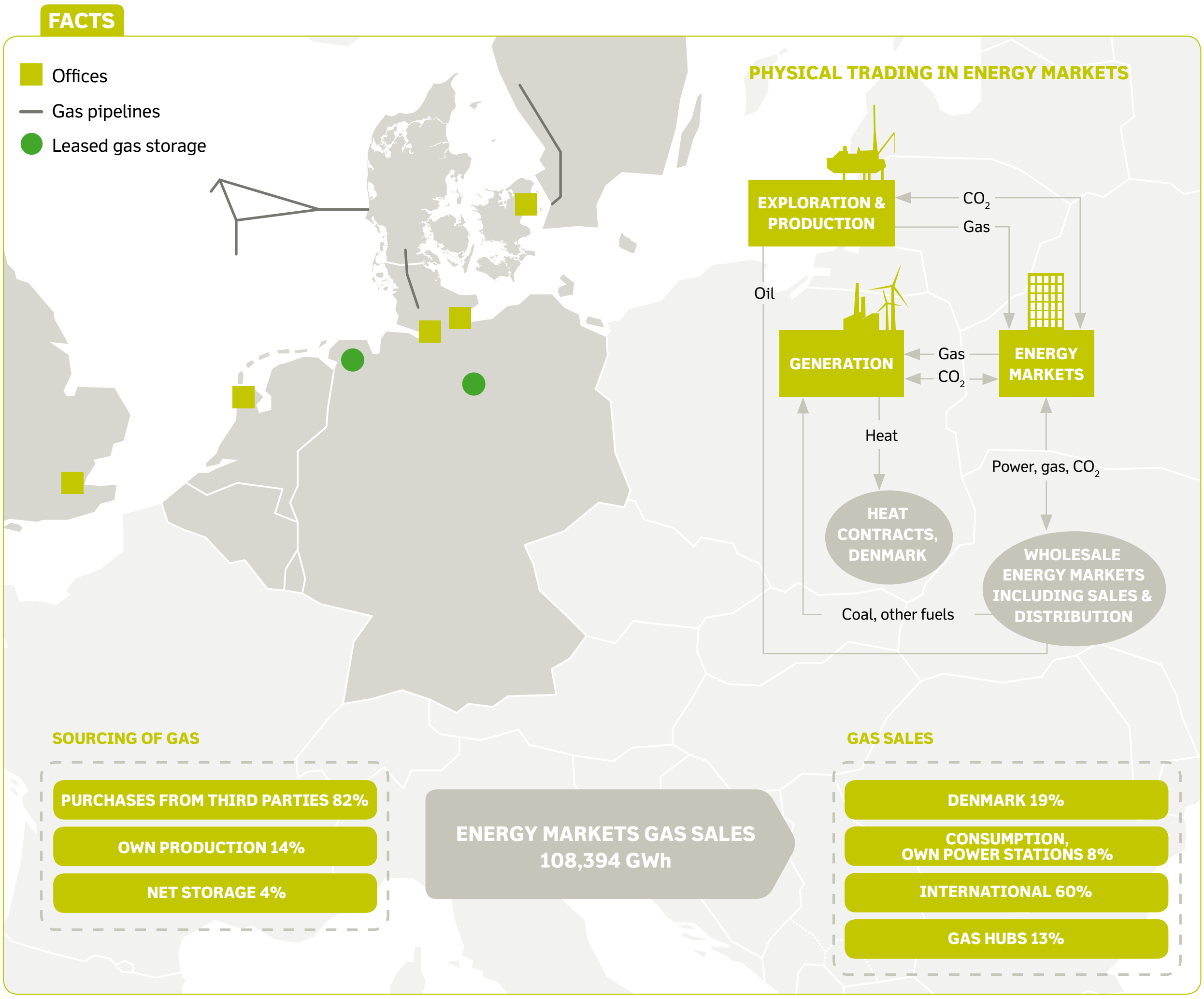
In Sweden, gas sales amounted to 9,165 GWh, with 6,682 GWh going to external wholesale customers, and 2,483 GWh to internal sales.

Sourcing of gas

In 2008, long-term gas purchase contracts with third parties accounted for 86% of DONG Energy's gas supplies, while 14% was produced internally in the Group by Exploration & Production. The bulk of the third-party volumes, 90%, was supplied by the DUC partners from the Danish sector of the North Sea. The DUC partners are A.P. Møller-Mærsk A/S, Shell Olie- og Gasudvinding Danmark B.V., and Chevron Denmark Inc.

In 2008, DONG Energy received large gas volumes for the gas markets in both Northwest Europe and the UK via its stake in the Norwegian gas field Ormen Lange. The gas from Ormen Lange today makes up a substantial part of DONG Energy's overall gas portfolio. It is part of DONG Energy's strategy that 30% of supplies should be covered by equity gas production. To supplement and optimise equity production and long-term gas purchase contracts, DONG Energy also trades actively on the European gas hubs, primarily on the UK gas hub NBP and the Dutch gas hub TTF.

It is DONG Energy's long-term objective to base its gas supply



portfolio on a combination of equity gas, gas under long-term contracts from Northwest Europe and Russia, and liquefied natural gas (LNG). A diversified portfolio of suppliers and contracts gives DONG Energy a high security of supply.

Gas infrastructure

Energy Markets takes care of DONG Energy's commercial and ownership interests relating to a number of infrastructure assets. Value creation is primarily assured by transporting gas to DONG Energy's markets and through increased supply flexibility.

DONG Energy owns or part-owns a number of gas pipelines in the North Sea that enable it to transport gas from the DUC fields and other fields on the Danish shelf to Denmark and the Netherlands and onwards to the European infrastructure. To this should be added co-ownership of the Deudan pipeline system connecting the Danish and German transmission networks, and co-ownership of the Swedish transmission company Swedegas AB.

DONG Energy is in the process of building up a portfolio of own gas storage facilities and long-term leases relating to gas storage facilities in Northern Europe. The establishment of own storage capacity will provide DONG Energy with both more secure and more flexible supplies to customers in Germany and the Netherlands. This will at the same time improve DONG Energy's possibilities for optimising its trading portfolio on the European gas hubs. Storage contracts have been entered into for volumes of approx. 6,400 GWh (approx. 530 million m^3), which it is estimated can cover a gas market totalling approx. 42.5 TWh (approx. 3.5 billion m^3) in Germany and the Netherlands.

In December 2007, DONG Energy acquired 5% of the company that owns the Dutch Gate LNG terminal in Rotterdam. At the same time, DONG Energy concluded a contract for annual import capacity of up to 3 billion m^3 (36.5 TWh). LNG is transported by special vessels to receiving terminals close to the markets, such as Gate, where the gas is converted from liquid form to pipeline gas. The Gate terminal is expected to become operational at the end of 2011, and DONG Energy's contract will then run for 20 years.

Portfolio optimisation

Energy Markets optimises the Group's gas portfolio in order to secure physical delivery of gas to customers in Denmark, Sweden, Germany and the Netherlands. This is being carried out in such a way as to ensure optimum use of infrastructure and flexibility clauses in purchase and sales contracts.

Portfolio optimisation creates value through realisation of the often considerable price differentials over both time and place:

- Trading over time: Optimum use of flexibility in storage facilities, production and purchase contracts with a view to ensuring that the gas is traded at the most attractive point in time
- Trading between regions: Optimising flexibility in transportation systems between Denmark, Norway, Germany, the Netherlands and the UK with a view to ensuring that the gas is always traded at the most attractive market in terms of price

To this should be added substantial value creation by using the flexibility in the contract provisions relating to price indexation and similar.

Power sales

Energy Markets' physical sales of power in 2008 totalled 10,482 GWh, 8,696 GWh of which was resold internally to Sales & Distribution. 618 GWh was sold on a wholesale basis to regional distribution and trading companies in Germany. Power was supplied to 143,000 end customers in Germany via the ownership interest in Stadtwerke Lübeck. DONG Energy also sold supply and partnership concepts to regional, German distribution and sales companies. Power for resale is purchased on European power exchanges, primarily Nord Pool.

Climate projects

Energy Markets is also working on identifying climate projects around the world. These projects generate CO_2 credits that can be used to meet part of the Group's CO_2 reduction obligation under the Kyoto Protocol.

Approval of climate projects by the UN, the host country and Denmark is conditional upon demonstration that these are actual CO_2 reductions that would not have been achieved had the CO_2 credits not been sold (principle of additionality). It is also a requirement on the part of the UN that reductions must be both quantifiable and sustainable.

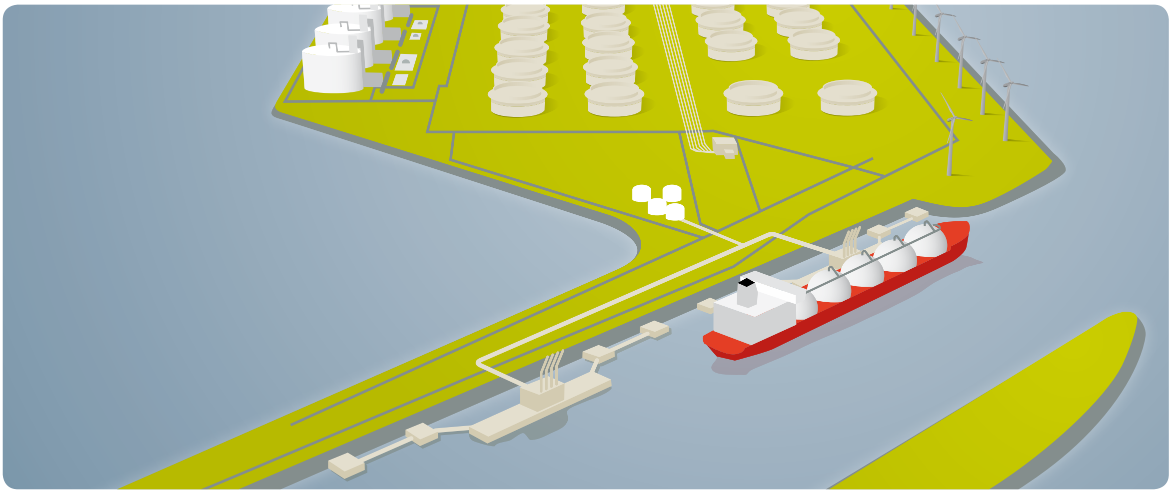
The costs associated with implementing CO_2 reductions in developing countries are often considerably lower than by implementing them in Denmark or buying CO_2 certificates in the market. At the same time, Energy Markets becomes directly involved in the projects at an early stage to ensure that the CO_2 credits are generated under sustainable conditions and to take advantage of the price difference in relation to CO_2 credits traded on energy exchanges. The price differences arise as a result of project and supply risks, for example.

In 2008, 17 new contracts for purchases of CO_2 credits were concluded. Overall, contracts have been concluded for the purchase of CO_2 credits from 49 climate projects in countries such as Russia, China, Pakistan and Malaysia. The projects are expected to reduce emissions of CO_2 by 7.4 million tonnes, including 6.2 million tonnes in the period 2008-2012. By comparison, DONG Energy's CO_2 emissions in 2008 totalled 12.7 million tonnes.

The projects include capture of methane gas from landfill sites in Pakistan and Mexico, utilisation of biomass in Malaysia, wind farms in India, hydropower plants in China, and energy efficiency improvements as a result of process optimisation at factories in China.

In August 2008, CARE Danmark and DONG Energy signed a collaboration agreement on the development of energy projects that reduce CO_2 emissions while at the same time helping people in Ghana and Vietnam.

ZOOM



LIQUEFIED GAS FOR DONG ENERGY'S MARKETS

Liquefied gas will be an important source of supply for DONG Energy in the future. In June 2008, the first sod was turned at one of Rotterdam's many port entrances for a terminal that can handle LNG (Liquefied Natural Gas).

DONG Energy is a partner in an international consortium that jointly owns the LNG terminal. We will have 3 billion m^3 (36.5 TWh) of the terminal's capacity at our disposal from 2011 and 20 years hence, equivalent to 25% of the terminal's total import capacity.

The terminal will make it possible for us to import LNG for DONG Energy's market in Northwest Europe in the future. Any surplus capacity can be leased to other companies.

At the same time as demand for gas is growing in Europe, production is declining, and there are relatively few European exporters of pipeline gas. Through its co-ownership and by having capacity in the terminal at its disposal, DONG Energy has access to a global market with many different suppliers. This provides us with a strategic supplement to pipeline gas from Denmark, Norway, the UK and Russia, securing a broader range of suppliers and sources of supply.

Owners and customers in Gate Terminal

Gate Terminal is owned by the State-owned Dutch transmission company Gasunie (40%) and the world's largest independent terminal operator Vopak (40%). In addition, Essent, EconGas, E.ON Ruhrgas and DONG Energy each own 5%. The latter four companies also constitute the terminal's customers and each has 3 billion m^3 (36.5 TWh) of the terminal's annual capacity of 12 billion m^3 (146 TWh) at its disposal.

What is LNG?

LNG is gas that has been liquefied by cooling to minus 161 degrees Celsius. LNG takes up 600 times less space than conventional gas. LNG can be transported in customised tankers, enabling it to be transported from remote destinations. In the receiving terminal the LNG is vaporised and pressurised before being routed into the transmission system for onwards distribution and sale.

SALES & DISTRIBUTION

Sales & Distribution sells gas, power and related products to private customers, companies and public institutions in Denmark, Sweden and the Netherlands. Sales & Distribution operates the gas distribution network and power grids, gas storage facility and oil pipeline owned by DONG Energy in Denmark.

GAS SALES

20,550 GWh

GAS DISTRIBUTION

10,346 GWh

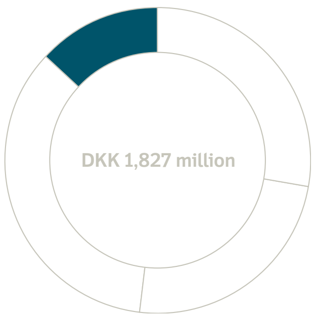
POWER SALES

9,066 GWh

POWER DISTRIBUTION

9,371 GWh

EBITDA



SALES & DISTRIBUTION

The business area Sales & Distribution is Denmark's largest energy distributor and responsible for ensuring efficient and secure power and gas supplies to more than one million customers. In Denmark, DONG Energy owns and operates parts of the power grid, the gas network, a gas storage facility and the oil pipeline from the North Sea to Fredericia.

DONG Energy sells power and gas as well as related products to residential, business and public-sector customers. DONG Energy holds a leading position in the Danish market for both power and gas, with market shares in 2008 of 23% and 36%, respectively.

DONG Energy aims to become "Best in Class" in all areas of activity, providing customers with good service at a competitive price. In 2008, business processes were made more efficient and a stronger cost control platform was put in place. As part of these initiatives the Sales & Distribution organisation was aligned so that commercial and regulated activities are handled by separate organisational units.

Gas and power sales

Sales activities comprise the energy markets in Denmark, Sweden and the Netherlands.

Gas sales to end customers in Denmark totalled 12,753 GWh in 2008. Sales to customers that opted to buy at publicly regulated prices from DONG Energy's PSO company, made up 15%, while sales to customers that opted to buy in the open gas market made up 85%.

Power sales to end customers in Denmark amounted to 8,323 GWh in 2008. Of this, 52% was sold via DONG Energy's PSO company, which is under obligation to supply power at publicly regulated prices. The remaining 48% was sold on open market terms to industrial customers under contract and to residential customers at standardised selling prices and on standardised terms.

DONG Energy is endeavouring to increase the number of customers that receive both power and gas, so-called dual fuel accounts, targeting small and medium-sized Danish businesses, in particular.

In Sweden, gas sales amounted to 2,483 GWh, which was sold exclusively to industrial customers. In autumn 2008, DONG Energy also started selling power to Swedish customers.

In the Netherlands, gas sales amounted to 5,314 GWh, which went to around 115,000 end customers, including 94% residential customers. Power sales in the Dutch market amounted to 743 GWh to 40,000 end customers, including 98% residential customers, most of which are dual fuel customers.

Outdoor lighting

Within outdoor lighting, DONG Energy sells solutions on subscription terms, primarily to local authorities, but also to housing societies and houseowners' associations. At the end of 2008, DONG Energy owned approx. 247,000 street lights and was responsible for operation and maintenance of a further approx. 22,000 street lights, primarily for local authorities.

Fibre optic network

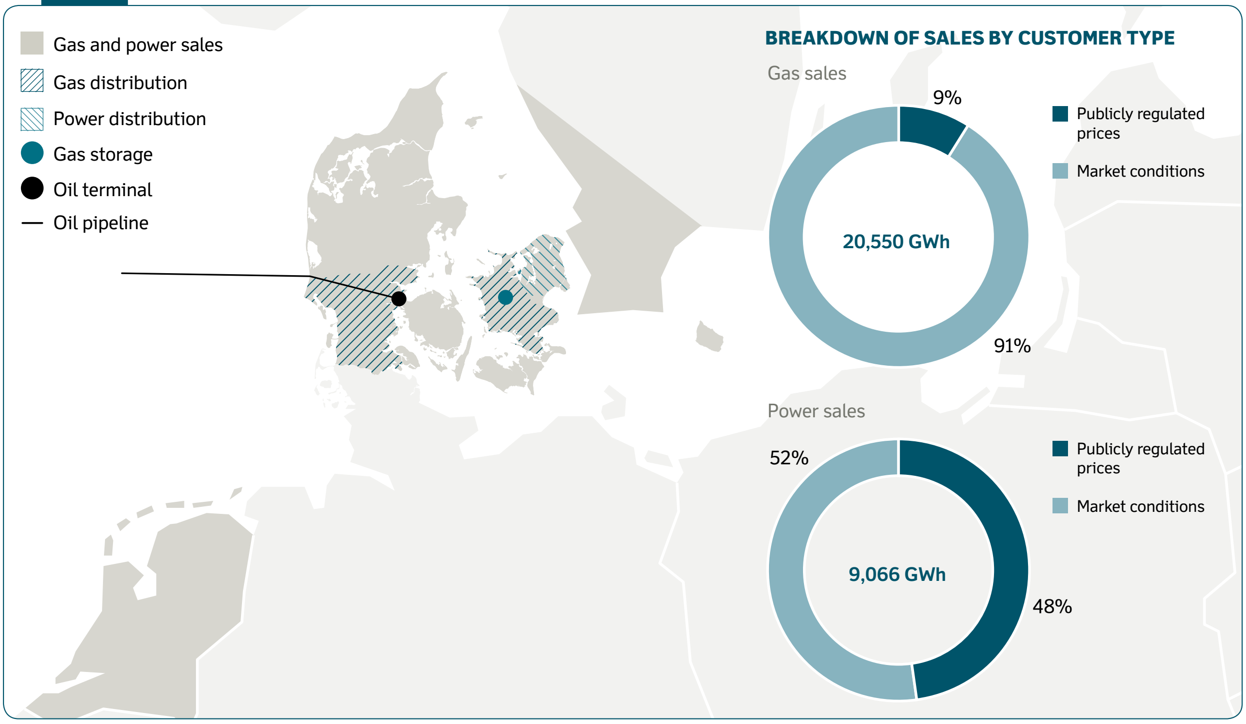
In parallel with the underground installation of power cables in North Zealand and Copenhagen, DONG Energy is installing empty conduits underground that can accommodate the fibre optic network. Customers hooking up to the fibre optic network are offered new digital opportunities with a capacity far exceeding conventional broadband.

Energy solutions that benefit the environment

The generally tightened focus on the climate and reduction of CO_2 emissions provides DONG Energy with an opportunity to meet customer challenges in the energy area by offering a host of different energy solutions.

In 2006, the Danish power and gas companies entered into an agreement with the Danish Parliament aimed at delivering demonstrable energy savings at customers' premises. The objective was to bring about a reduction in total Danish energy consumption outside the transport sector. DONG Energy committed to realising and documenting energy savings of 144 million kWh a year at residential and industrial customers in the period 2006-2008, equivalent to the annual consumption of 36,000 detached houses. DONG Energy's share of the overall reduction target for all Danish power and gas companies amounts to 27%. At the end of 2008, the energy savings achieved by DONG Energy were calculated at 433 million kWh, which means that the target for the period 2006-2008 was reached.

FACTS



The tools used to achieve these energy savings were a number of campaigns and customer activities comprising heat pumps, energy efficient windows, insulation, washing at low temperature, auto power saver plug banks and energy saving light bulbs. In addition, in 2008, DONG Energy distributed an "Energy Guide" on climate, environment and energy savings, including energy saving advice specifically aimed at detached houses and apartments, to more than 800,000 residential customers. Customers were also urged to use DONG Energy's telephone service and website for energy saving advice and guidance.

In the Danish industrial market, DONG Energy strengthened its leading position as the customers' energy partner in 2008. DONG Energy offers customised solutions that integrate advice, energy consumption, efficiency improvement measures, financing, servicing of energy installations, and purchase of power and gas, all of which jointly result in reduced CO_2 emissions. In 2008, DONG Energy entered into climate partnerships with nine industrial customers, local authorities and housing associations. The partnerships benefit not only the environment and the customers' economy, but also the customers' reputations in relation to energy use.

Distribution and storage activities

Power distribution and gas distribution are natural monopolies that are subject to extensive public regulation of prices and supply terms. DONG Energy must make its power and gas distribution networks and its gas storage facility available to all players in the market on equal and non-discriminatory terms.

DONG Energy's earnings from its distribution and storage activities are regulated and consequently relatively stable if the legislation remains unchanged. However, in October 2008, the Danish Minister of Climate and Energy introduced a bill proposing tightened regulation of the power grid companies. The bill has yet to be passed, and its final consequences are as yet unknown, but are expected to have a significant adverse impact on the financial results.

In 2008, DONG Energy was the only European company to be invited to participate in an exclusive, global collaboration with other energy companies on the development of the sophisticated, intelligent power grid of the future. IBM manages the project and is developing IT systems that will form the core of the intelligent power grid. The project holds out great prospects for the consumer and the economy. Intelligently controlled power grids can enhance security of supply, for example, as the grid automatically redistributes the power in the event of a power failure. This also offers customers new opportunities for aligning their power consumption to changes in power prices.

Power distribution

DONG Energy's power distribution is concentrated around the metropolitan area and the northeastern part of Zealand. The State-owned Energinet.dk owns the 400 kV and 132 kV transmission grids that deliver power to DONG Energy's distribution networks, which supply customers in Copenhagen, Frederiksberg and North Zealand. The distribution networks comprise 19,000 km of cables and overhead lines, and 10,000 transformer stations. In 2008, 973,000 supply points were provided with power via DONG Energy's distribution networks. This corresponds to approx. 30% of all supply points in Denmark. The total volume of power distributed in 2008 was 9,371 GWh.

Earnings from power distribution are monitored by the Danish Energy Regulatory Authority (DERA). Earnings vary depending on the volume distributed, but independently of the development in power prices. The price per kWh distributed reflects operating costs and return on the investments made. Certain necessary capital expenditure on the power grid, such as DONG Energy's ongoing replacement of overhead lines with underground cables, enhancing security of supply, can be included in the price. In 2008, 500 km of overhead lines were taken down. A total of 2,000 km of overhead lines have still to be replaced by underground cables in the coming years.

DERA also lays down requirements concerning permanent efficiency improvements based on benchmark analyses of power grid companies in Denmark. Furthermore, companies that do not meet requirements concerning supply quality fixed by DERA will be financially penalised in the form of a reduction of their earnings potential.

Gas distribution

The overall gas transmission network is owned by Energinet.dk and is connected to DONG Energy's 6,600-km gas distribution network. DONG Energy distributes gas to customers in West and South Zealand and southern Jutland. At the end of 2008, the number of connected gas customers was 121,000, corresponding to around one-third of all Danish gas customers.

DONG Energy distributed 10,346 GWh of gas in 2008. Earnings are publicly regulated and reflect the costs of efficient operation of the network plus a return on the invested capital. Operating costs are subject to mandatory annual reduction targets. DONG Energy's target for each of the years 2005-2009 has thus been set at 1.5%, equivalent to the forecast annual increase in national productivity. This is the lowest of the targets set by DERA for the period, and reflects the fact that DONG Energy's activities are on a par with the most efficient in the sector.

Gas storage

DONG Energy owns and operates an underground gas storage facility near Stenlille on Zealand. At the end of 2008, this facility had a volume capacity of 7,000 GWh of gas, and an injection and withdrawal capacity of 1.5 GWh and 4.0 GWh, respectively, per hour. The storage facility near Stenlille is the largest of the two gas storage facilities in Denmark, and primarily serves the Danish and Swedish markets. At the end of 2008, this storage facility accounted for about 56% of total storage capacity in these two markets.

In 2008, the volume capacity of this storage facility was expanded by 390 GWh. Initiatives have been introduced that are expected to increase the injection and withdrawal capacity by 60% and 20%, respectively, in 2009. This will allow injection and withdrawal of larger volumes of gas from the facility in a shorter time, increasing the value of the stored products.

Storage capacity is sold to market players on non-discriminatory terms. As transmission network operator, Energinet.dk buys storage services to enable it to satisfy the requirements concerning system balancing and emergency supply. In 2008, Energinet.dk booked about 30% of Stenlille's total capacity.

The main pricing principle is that gas storage tariffs must reflect the costs of efficient operation and a reasonable return on the invested capital. Moreover, tariffs must not be significantly higher than those in competing markets and must not result in discrimination between customers.

Oil pipeline

DONG Energy owns the oil pipeline that transports oil and condensate from the Gorm E platform in the North Sea to the crude oil terminal in Fredericia. The pipeline is used by the oil producers in the Danish sector of the North Sea and has a total length of 330 km.

ZOOM

PARTNERSHIPS

– because the climate is the greatest challenge of our time

The climate challenge is on the agenda everywhere – at the UN, in the EU, in the Danish Parliament, in the business community and in private homes. The climate debate and the need for action here and now create an ideal platform for growth and innovation.

DONG Energy has successfully entered into climate partnerships with businesses, housing associations and local authorities that see potential in the new challenges. Such partnerships are individual and tailored to each customer's needs. The recurring theme is that financial savings achieved by means of specific energy reduction measures finance a climate strategy based on renewable energy. Partnerships enable our customers to react proactively to the business-critical climate challenges facing them while at the same time establishing a responsible climate profile benefiting the company's reputation and surroundings.

We entered into our first climate partnership in 2007, with Novo Nordisk, and by the end of 2008 we had entered into a total of 13 partnerships. In June 2008, we entered into our largest partnership to date, with Novozymes. The aim is to make Novozymes in Denmark CO_2 neutral in terms of power as early as 2012. As an element of the partnership, Novozymes will significantly reduce its energy consumption and continuously convert the savings into power purchases from the coming, new offshore wind farm Horns Rev 2.

In August, DONG Energy entered into a partnership with the Municipality of Fredericia. As one of the exciting elements of the partnership, the possibilities of introducing natural and biogas as fuel in, for example, city buses are being explored. The aim is to reduce emissions of environmentally harmful particles and nitrogen.

In December, we entered into a climate partnership with the Tivoli Gardens in Copenhagen under which all energy must emanate from wind power from as early as 2010. The partnership acts as a stimulus to an increased supply of wind power to the market, as Tivoli will have its own turbine at Avedøre Power Station.

A partnership was also entered into with KMD in 2008. The aim of this partnership is to reduce direct energy consumption by at least 10% by the end of 2010. The municipalities of Albertslund, Ballerup and Kalundborg and the housing association DAB also entered into climate partnerships with us in 2008.

RESEARCH & DEVELOPMENT

One of today's biggest challenges is the development of a more efficient, environmentally sound and climate-friendly energy production. As a member of the EU, Denmark has committed to the EU 2020 objectives of a 20% reduction in CO_2 emissions, a 20% improvement in energy efficiency, and a 20% portion of renewables in energy consumption by 2020. This makes heavy demands on energy producers, and DONG Energy wishes to contribute to addressing this challenge. DONG Energy is consequently involved – both independently and in collaboration with partners – in a number of research, development and demonstration projects aimed at developing and establishing new technologies and ensuring a secure CO_2 neutral energy production.

WIND POWER

Wind power is the renewable energy technology that is experiencing the most rapid growth, and wind power accounts for 14% of the power generated by DONG Energy. DONG Energy has been working on wind power for many years, but there is still extensive scope for development. Wind turbine size is being regularly enhanced, wind turbines are being installed offshore, and wind turbine location is being scrutinised in order to optimise wind utilisation - factors that make more stringent demands on both turbines, foundations, access conditions, availability, operational control, management and maintenance. DONG Energy is putting a concerted effort into all these areas.

Wind turbines only produce power when the wind is blowing. If there is no wind or it is stormy weather, the turbines are idle. DONG Energy is consequently working on developing cost-effective methods of transmitting and storing wind energy to maximise wind utilisation - also overnight.

BIOETHANOL

Bioethanol is a CO_2 neutral fuel and another of the environment-friendly petrol and diesel oil substitutes of the future. DONG Energy's subsidiary Inbicon is engaged in the development of second-generation bioethanol technology. The initial aim is the development of a process that can produce bioethanol on the basis of straw - an agricultural waste product. Inbicon is building a large bioethanol production plant at Asnæs Power Station in Kalundborg. The aim is partly to demonstrate the technology, and partly to establish a platform for developing exports of this technology. The plant is expected to be ready at the end of 2009.

ELECTRIC CARS

Electricity is a more efficient energy-carrier than petrol, and electric cars are therefore a natural substitute for petrol and diesel-driven cars. Industry has long been developing and conducting trials with electrically powered cars, and a breakthrough in battery technology has been made in recent years. DONG Energy is making a targeted effort to establish infrastructure and systems that make it possible to use electricity for transport. One important objective is the development of systems that enable batteries to be charged overnight, when power supply exceeds consumption.

NEW STEEL TYPE

Together with scientists at The Technical University of Denmark (DTU), DONG Energy has been developing a more robust steel type than those currently in use at power stations. With the new steel, it will be possible to improve power station efficiency, as the coal can be combusted at a higher temperature and pressure. This will lead to a reduction in CO_2 emissions per kWh generated.

CARBON CAPTURE AND STORAGE (CCS)

The CCS technology aims at capturing and storing CO_2 from the flue gas at coal-fired power stations. DONG Energy has been stripping power station flue gas of nitrogen oxides and sulphur dioxides for the last many years, and the next step is the capture of CO_2 from the flue gas. A CCS demonstration plant has been installed at Esbjerg Power Station, and DONG Energy has been conducting trials with CO_2 capture from the flue gas for several years. The plan is for CO_2 to be stored in the underground. The whole process is still highly energy-intensive, and a full-scale plant will increase the energy price significantly. DONG Energy is therefore working intensively on optimising the process in anticipation of a requirement that new coal-fired power stations must be equipped with CO_2-reducing facilities.

WASTE

Waste is considered to be CO_2 neutral, and waste can now be co-fired with coal at the central power stations as a result of the Energy Agreement in February 2008. It has been demonstrated that the energy content of waste is utilised far more efficiently at power stations than at conventional waste incineration plants. DONG Energy is conducting several trials involving handling, introduction and optimisation of co-firing of waste and coal in order to reduce CO_2 emissions. By supplementing the optimum volume of waste in the combustion process, coal consumption at DONG Energy's Danish power stations can be reduced by up to 7%.

RENESCIENCE

DONG Energy is engaged in the development project REnescience in collaboration with several partners. The concept involves pretreatment of biological waste with enzymes. This process renders the waste liquid, so that it can be converted to synthetic gas or biofuel. The development of these technologies with a view to utilising waste as an energy resource offers great potential.

RISK MANAGEMENT

By their nature, DONG Energy's business activities in the energy markets in Northern Europe involve a number of risks. The company's market value, future results and cash flows, and the possibilities for carrying the adopted strategy forward, are all affected by various financial and non-financial factors, a substantial part of which the company has no direct influence on.

As part of its risk management, DONG Energy has established a number of processes that enable it to identify and analyse the company's risks in a structured manner with a view to regularly evaluating and monitoring these risks and their potential consequences. Against this background, risk mitigation measures are established through business activities, the organisational structure, hedging transactions, insurance contracts, etc. A detailed process is undertaken once a year in the business areas and at corporate level to identify the principal risks. These risks are discussed in depth by the Audit and Risk Committee and the full Supervisory Board, which receives a quarterly follow-up on these discussions.

With a view to optimising DONG Energy's energy positions and continually implementing adopted risk management strategies, the energy trading function in Energy Markets manages various trading mandates. The relevant framework is set out in the company's risk policy, and compliance with this is reported and monitored on a daily basis. The risk policy and compliance with it are regularly reviewed by the company's internal Risk Committee, and DONG Energy has a risk control function that controls factors in relation to energy trading and the company's risk management.

Risk management in 2008 was influenced by the dramatic development in energy prices – including especially the historically large fluctuations in oil prices – and the consequences to the company of the current financial crisis, which has affected the company's credit risk management and possibilities for financing, in particular.

MARKET AND CREDIT RISKS

DONG Energy is exposed to market risks relating to oil, gas, power, coal, CO_2 and other commodity prices as well as exchange and interest rates. Risks related to energy prices can generally be broken down partly by oil and gas price risks relating to oil and gas production and the gas contract portfolio, and partly by the risk related to thermal power generation.

The company's market risks are closely monitored, and decisions on hedging transactions to limit risk exposure are made on a continuous basis. DONG Energy's management of market risks is organised with a view to achieving an appropriate balance between the company's financial position and strategy, on the one hand, and, on the other, the current risk profile. Risk management is carried out within a framework laid down by the Supervisory Board and embodied by the Executive Board in a corporate risk policy and specific guidelines for each business area.

DONG Energy's market risk management is based on hedging a proportion of the company's risks within a specific time horizon. The proportion declines over time. One of the reasons for the declining hedge ratio over time is that the statement of DONG Energy's energy positions is subject to uncertainty, as it depends on production forecasts and assumptions concerning the future gas portfolio.

Oil and gas price risks

DONG Energy is naturally exposed to fluctuations in oil and gas prices as a result of oil and gas production, gas contracts and the fuel consumption associated with power generation.

The oil price development in 2008 was highly turbulent with a historic record of just under USD 150/bbl of Brent crude oil in the middle of the year, following which the price fell to less than USD 40/bbl at the end of 2008.

Gas contracts entail exposure to predominantly gas oil and fuel oil, as gas prices are typically index-linked to these oil products. However, the pricing in the European gas markets is increasingly being based on actual gas market prices.

Risk management of DONG Energy's oil and gas price risks is based on regular reviews of the need for hedging within a five-year time horizon. Hedging is based on a framework determined by the company's cash flows within this time horizon and its sensitivity to price falls from the current level in the forward market to a fixed downside price scenario. This price sensitivity between the current level and a low price level is reduced through hedging transactions. The need for hedging is regularly reviewed within fixed hedging mandates which have the characteristic that the underlying volume of hedging transactions increases if prices increase.

In order to avoid basic exposure, i.e. the risk of the market values of the hedged exposure and the hedging instrument not developing in the same way, hedging is effected, as far as possible, in the actual underlying exposure. Hedging is carried out via both physical and financial energy contracts – including especially oil swaps and put options.

At the end of 2008, DONG Energy's entire price exposure to crude oil in 2009 was hedged, with just over half the exposure hedged in the form of swaps. However, the time lag effect cannot be hedged, and the financial results will consequently continue to be dependent on the oil price level.

Price risks related to power generation

The power generated at DONG Energy's power stations is primarily exposed to power prices and fuel costs. The latter are primarily affected by the price of coal – including the price of transporting coal – and the price of the necessary CO_2 certificates. The profit on power generation based on current price levels for these three components is called the green dark spread.

Risk management of the company's power price risks, etc., is effected by hedging the green dark spread, so that the three constituents - power, fuel and CO_2 - are hedged in the ratio in which they are used in production. The hedging strategy features a 2½-year time horizon during which the degree of hedging increases if the green dark spread increases.

At the end of 2008, approx. 56% of DONG Energy's power price risks and associated coal and CO_2 price risks for 2009 from thermal power generation had been hedged.

DONG Energy's thermal power generation is exposed to power price risks in relation to Danish power prices; however, due to lack of liquidity, hedging these prices alone is not an optimum solution. Hedging is consequently also carried out via, for example, the system price on the Nordic power exchange, Nord Pool. This does not provide perfect hedging, as it leaves the basic risk of price fluctuations between the actual price exposure (Danish power prices) and the hedging instrument used (system price).

Active position taking and market making

DONG Energy's energy trading function also manages portfolios with special purposes besides optimising the company's energy positions and managing the associated risks. DONG Energy engages in active position taking within gas, oil, power, coal and CO_2, trading within specific ceilings with a view to creating value for the overall portfolio and regularly following price developments.

In the Danish power market, DONG Energy has taken on the role of market maker, which means that the company quotes bid and offer prices in the market on a daily basis, underpinning the efficiency of the market.

Earnings, current positions and risk targets are calculated on a daily basis in both areas with a view to ensuring that the ceilings laid down for active position taking and market making are observed.

Currency risks

Most of DONG Energy's business activities involve direct or indirect exposure to fluctuations in the exchange rate between Danish kroner and various currencies – primarily USD, EUR, GBP, SEK and NOK. DONG Energy continually endeavours to minimise its currency exposure through hedging using forward contracts, swaps and options.

Risk management is based on a five-year time horizon, using a "ladder" model, where hedging is the highest during the early years. At the end of 2008, 67% of the calculated currency exposure excl. EUR for 2009 had been hedged.

Interest rate risks

DONG Energy's interest rate risks relate primarily to its loan portfolio, cash funds and financial hedging. DONG Energy manages interest rate risks in relation to its net financing requirement and capital structure, where the interest rate risk expressed as the change in market value in the event of a one percentage point interest rate change must correspond to a fixed proportion of net financing being fixed-rate.

The effect of interest rate changes is limited, as the loan portfolio consists predominantly of fixed-rate loans. Of net interest-bearing debt, 83% had been raised on a fixed-rate basis at the end of 2008. The total interest rate exposure at the end of 2008 was DKK 1,083 million, corresponding to what the market value of net interest-bearing debt and hybrid capital would fall to in the event of a one percentage point increase in the entire interest rate curve. The interest rate risk corresponds to an average duration of 3.8 for net interest-bearing debt and hybrid capital.

Credit risks

DONG Energy's credit risks arise primarily as a result of energy trading, financial transactions in the currency and interest rate markets, and the placing of cash funds.

All such contracts involve a risk of loss in the event of a counterparty failing to perform its obligations. The company's risk management is intended to ensure a balanced credit risk with respect to the company's counterparties in relation to the commercial activities. For all counterparties of a not insignificant magnitude, a credit limit is fixed, and the actual credit exposure is continuously reported on. Counterparties within energy trading and financing activities are followed up on daily, and the contract basis for the company's trading with such counterparties is based on a standardised contractual framework that is normal for trading in energy and financial markets.

The current financial crisis has heightened the focus on the company's credit risk management. DONG Energy did not suffer any credit losses on its trading activities in 2008, but is in-

creasingly experiencing arrears in connection with end customer sales.

DONG Energy opted to limit its credit ceilings in relation to the financial sector already at the start of the crisis in autumn 2007, and the growing unrest in the financial markets through 2008 has caused DONG Energy to maintain this approach. In addition, in a few cases, DONG Energy has suspended all further trading with specific counterparties, and trading with selected counterparties has been conditional upon the provision of collateral in the form of bank guarantees, cash, etc. Regardless of the financial rescue packages and the injection of government funds into the banking sector, DONG Energy has chosen to maintain this strategy. DONG Energy has thus only been using a few selected Scandinavian banks for placing of surplus cash.

As the crisis in the financial markets deteriorated sharply in the course of 2008, most recently evolving into a serious international crisis with the prospect of recession in several countries, monitoring of counterparties has been broadened and intensified.

LIQUIDITY AND FINANCING RISKS

One of the main financial management tasks in DONG Energy is to secure sufficient and flexible financial resources in relation to the day-to-day operations and the company's investment programme. To this end, internal management objectives have been established for the required level of financial resources, taking into account factors such as investment programme, operating cash flow and debt maturity profile.

At the end of 2008, cash resources amounted to DKK 15.5 billion, including cash and cash equivalents of DKK 2.4 billion, undrawn committed credit facilities of DKK 11.2 billion, and a granted, as yet undrawn loan of DKK 1.9 billion. To this should be added non-committed credit facilities of up to DKK 10 billion. The Group's total net interest-bearing debt stood at DKK 15.3 billion at the end of 2008 (excluding DKK 8.1 billion of hybrid capital) with an average remaining maturity of approx. 5.3 years.

With a view to managing DONG Energy's own credit profile, new financing is raised by the parent company and then allocated to the subsidiaries in the form of intragroup loans and equity.

DONG Energy has been rated by Moody's and Standard & Poor's. The issuer ratings at the end of 2008 were Baa1 with Stable Outlook and BBB+ with Stable Outlook, respectively. The ratings of DONG Energy's hybrid capital were Baa3 and BBB-, respectively.

The credit and liquidity crisis in the financial markets in 2008 has rendered the terms for financing DONG Energy's investment-driven growth more difficult. This may result in a reduction of the investment level - depending on how the financial crisis unfolds.

INSURABLE RISKS

DONG Energy's insurance programme is based on analysis and mapping of risks related to the Group's activities.

A substantial part of the property insurance cover relates to the membership of the reinsurance company OIL Insurance Ltd. Through this membership, DONG Energy is insured for up to USD 250 million, with an excess of up to USD 10 million for each insurance event resulting in damage to assets. With a view to achieving adequate cover for a number of large assets, this cover has been supplemented by supplementary insurance policies through Lloyd's of London and others.

With a view to optimising the insurance portfolio and managing the property insurance with OIL Insurance Ltd., among others, a subsidiary, DONG Insurance A/S, has been set up with the object of insuring the DONG Energy Group. DONG Insurance A/S takes out insurance for certain assets and construction projects and is subject to supervision by the Danish Financial Supervisory Authority.

OTHER COMMERCIAL RISKS

In addition to the risks referred to in the foregoing, other risks have been identified that may have an adverse impact on DONG Energy's financial position or the possibilities for carrying forward the adopted strategy. The other risks identified cover a broad range of risks, and selected significant commercial risks are described in the following.

DONG Energy's production of power, gas and oil

The construction and operation of DONG Energy's production facilities within thermal power generation, renewable energy and oil and gas production entail the application of complex technologies, where the company assumes the risk of losses as a result of unforeseen events or challenges. DONG Energy strives to minimise this risk through strong competencies in key areas.

The construction of offshore wind farms is an example of investments in respect of which DONG Energy has experienced problems in the form of batch faults in relation to the turbine gear boxes, which can result in increased investment and maintenance expenditure and operating losses. DONG Energy endeavours to mitigate this risk by using proven technologies and manufacturers' guarantees.

DONG Energy's energy production is vulnerable to the risk that the produced volume may be smaller than expected. In connection with oil and gas production the overall volume produced and the timing of production over the lifespan of the fields is subject to uncertainty, and there is an ongoing risk that the oil and gas volume produced and consequently the company's earnings will not match expectations.

Long-term gas portfolio

DONG Energy has equity production of gas, primarily from the Norwegian Ormen Lange field, and a number of long-term gas purchase contracts, including the DUC contracts for gas purchases from the Danish sector of the North Sea. DONG Energy has also concluded a number of sales contracts in the wholesale market for gas in Northern Europe and with end customers in the residential and industrial markets in Denmark, Sweden and the Netherlands.

Balancing of the long-term gas portfolio may have a significant impact on the company's future earnings, especially by securing sufficiently attractive contract terms with a view to maintaining satisfactory earnings. A special risk is attached to the correlation between the oil-indexed gas prices and gas market prices, as this correlation could also affect the company's future financial performance. Long-term gas contracts generally include renegotiation clauses aimed at maintaining the competitiveness of gas prices. However, oil-indexed gas prices and gas

market prices may develop differently in the short term, and DONG Energy's earnings on its gas trading activities may thus be affected, particularly in the short term, by the market development and competitive conditions in the gas markets in Northern Europe, including the efficiency of the established markets for gas trading.

Regulation of energy markets

DONG Energy's financial results are generated, in part, by activities that are subject to statutory regulation of energy markets. Developments in these regulatory environments both in Denmark and abroad are relevant to DONG Energy's commercial opportunities and consequently its future earnings. Developments in the regulatory regime in energy markets and other statutory factors of relevance to the company are therefore continually monitored.

The current bill to amend the Danish Electricity Supply Act is an example of a regulatory amendment with potentially major implications for DONG Energy's future financial performance.

Capital expenditure and acquisitions

As part of its strategy, DONG Energy regularly explores possibilities for acquisition of other energy companies, new capital expenditure in energy facilities or asset acquisitions. Major capital expenditure and acquisitions of companies entail a number of commercial risks both in relation to the investment process and the subsequent integration into DONG Energy.

Safety, environmental and employee-related risks

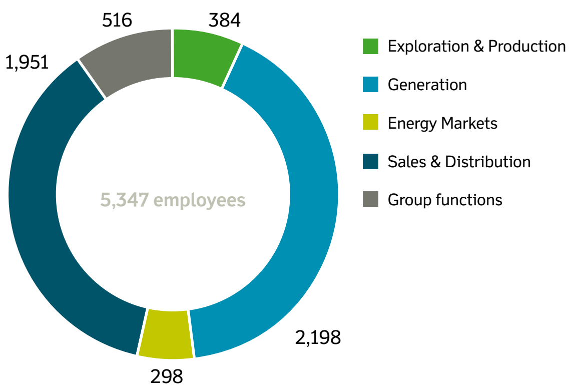
DONG Energy continually focuses on safety and environmental risks and on retaining and developing special skills that are essential to DONG Energy. These areas are described elsewhere in the annual report.

EMPLOYEES

DONG Energy is a rapidly developing company, which meant many new employees in 2008. The average number of employees in DONG Energy was thus 5,347, an increase of 385 employees on 2007.

Employee turnover was 12% in 2008. This is deemed to be satisfactory in an overheated labour market and a year characterised by a high workload. The number of employees working abroad has increased in step with DONG Energy's growth outside Denmark. At the end of 2008, DONG Energy had 56 employees in Norway, 29 in the UK, 83 in the Netherlands, 32 in Poland, 10 in Germany, and 7 in Sweden.

AVERAGE NUMBER OF EMPLOYEES



Internationalisation is a key word for DONG Energy, as future growth will to a great extent take place abroad. This will result in growing requirements concerning employee mobility across national borders, and DONG Energy had more than 50 employees posted in Northern European countries at the end of 2008.

A growing number of employees work locally in their home countries. At the same time, DONG Energy employs a growing number of employees with a different background than Danish locally in Denmark in order to gain access to the skills offered by a more international labour market. Against this background, efforts are being made to establish a procedure that ensures that DONG Energy can recruit the right employees in Denmark and abroad, and that employees posted abroad for a period of time are ensured good conditions in the best possible manner.

Employee opinion survey

DONG Energy wishes to be a workplace in which employee skills are developed to a high level, and where importance is placed on job satisfaction and good collaboration.

In 2008, management took various steps to improve the employees' perception and experience of working for DONG Energy. One initiative was the focus on more open communications internally in the company, with management keeping employees informed to a greater extent via the intranet. Another initiative was targeted work on the company's image through the campaign "Moving energy forward" in the media. The employee opinion survey in 2008 showed significant progress in these areas, which are deemed to be important to the employees' experience of job satisfaction.

In the 2008 survey, 89% of employees responded, 8% percentage points up on 2007, and a high response rate compared with DONG Energy's benchmark companies. This demonstrates that the employee opinion survey is viewed as a well-established forum for employees to make their opinions known to management, and that employees take a strong interest in the company and are keen to make their opinions known.

Development

It is vital for DONG Energy to be able to attract and retain competent and skilled employees, and to be able to accommodate the wishes of employees at all levels for training and education. DONG Energy Academy offers an extensive training, education and development programme, but external courses are also used to develop employee skills.

In 2008, DONG Energy continued its Graduate Programme, where newly qualified graduates embark on a two-year programme, where they are either attached to a particular business area or rotate between several business areas or staff functions. The programme enables graduates to test their technical skills on specific projects and problems across the Group.

DONG Energy has a programme that develops young project managers and specialists. The programme comprises personal development, management, coaching, and presentation techniques. The programme spans four modules and finishes with a specific business-related project.

Competent leaders create motivated and committed employees and consequently achieve the best results. Against this background, DONG Energy offers all new managers a development programme to get their management career off to the best possible start. The purpose of the programme is to develop managers' potential while at the same time teaching them how to use specific management tools.

In order to develop the Group's more experienced managers still further, DONG Energy offers an Executive Development Programme that is tailored to them and developed in an international environment. The purpose of the programme is to develop a broader perspective in the managers' professional and personal lives and to create new solution techniques. Part of the programme takes place abroad to reflect the Group's growing internationalisation.

Diversity

For DONG Energy, having a diverse workforce of employees and managers is of great value. DONG Energy is convinced that the coming-together of diversity - whether originating in education, gender, nationality or other factors - creates results.

Specific initiatives put in place in 2008 to that end included initiatives across the organisation aimed at encouraging female participation in management. These initiatives are intended to ensure that the organisation is able to promote females that already hold a management position, but also to become aware of females that have the potential to become managers. DONG Energy has also signed a Danish Ministry of Equality "Charter for more female managers". Under this charter, DONG Energy has prepared a baseline report on initiatives aimed at encouraging more females into management roles. The purpose is to share experience and results with other companies.

The new employees of the future

In 2008, DONG Energy signed a new collaboration agreement in the energy area with The Technical University of Denmark (DTU). In order to be able to develop the energy solutions of the future DONG Energy needs highly qualified employees that can tackle technically demanding challenges. DONG Energy consequently contributes financially to, for example, education and development of engineers in the energy and climate fields. The agreement is intended to strengthen collaboration between education and research environments and the energy industry.

DONG Energy has also entered into a partnership with Copenhagen Business School (CBS) with a view to enhancing its exposure to economics students. The purpose is to get closer to the students and attract qualified labour by offering exciting jobs in their disciplines. DONG Energy is also collaborating with Imperial College London and Durham University in the UK with a view to strengthening education and research within the Group's business areas.

ENVIRONMENT AND SAFETY

DONG Energy aims to deliver a secure and reliable energy supply in a way that shows maximum consideration for the environment. In 2008, thermal generation based on fossil fuels such as coal, gas and oil still accounted for a substantial part of the Group's energy supply. This will continue to be the case for many years to come. DONG Energy therefore continually strives to improve and develop its existing production facilities and fuel types, and to make greater use of new technologies in order to achieve the Group's long-term objective of a secure and CO_2 neutral energy supply.

For further information on environment and occupational health and safety management, reference is made to DONG Energy's corporate responsibility report, which can be downloaded from the company's website.

Lower oil content in produced water discharged into the North Sea

In connection with extraction of gas and oil from offshore fields oil-containing water is produced. The bulk of the oil is separated from the water on the platform; however, it is impossible to avoid some traces of oil in the remaining water. The oil-containing water can either be reinjected back into the reservoir or discharged to sea. DONG Energy aims to minimise these discharges to protect the marine environment. The target for 2008 was therefore for more than 90% of the produced water from DONG Energy-operated fields to be reinjected back into the reservoir.

In 2008, 76% of the produced water from the Siri platform was reinjected back into the reservoir. The target was thus not met - primarily due to corrosion of a subsea pipeline. The pipeline will be replaced in 2009, and a number of modifications and upgrades to the water injection equipment, commenced in 2008, will improve future efficiency and operational reliability.

DONG Energy has permission to discharge 30 mg of oil per litre of water, but has tightened this requirement to an internal target of 22 mg of oil/litre of water in 2008. The target was met, with an average concentration of 20 mg of oil/litre of water. This positive result has led to a further tightening of the internal target, which has been set at 17 mg of oil/litre of water for 2009.

CO_2 certificates

On 1 January 2008, a new national allocation plan for CO_2 certificates (NAP2) came into effect for the period 2008-2012. For DONG Energy, this will mean a 31% reduction in power certificates and a 20% reduction in heat certificates per year compared with the previous allocation plan (NAP1 for the period 2005-07). DONG Energy's annual allocation of certificates thus amounts to 9.9 million tonnes, distributed over 21 facilities. Actual CO_2 emissions amounted to 12.7 million tonnes in 2008.

New degasification plant

In 2008, DONG Energy inaugurated a degasification plant at the crude oil terminal in Fredericia. The facility degasifies 50,000 tonnes of oil on a daily basis, saving the environment from annual emissions of up to 10,000 tonnes of hydrocarbon vapours. The released gas is sold to the Shell refinery, which uses it as fuel for its process heating system.

When hydrocarbon vapours are emitted, they combine with nitrogen oxide and sunlight to form various chemical substances, the most important component of which is ozone. Ozone is also known as photochemical air pollution and is harmful to both humans and the environment.

Awareness of oil degasification is relatively new in Denmark, and the facility is Europe's first of its type. There is only one similar degasification plant, in Oman. Another facility is underway, in the Netherlands. The degasification plant at Fredericia was established in a broad collaboration between DONG Energy, the Municipality of Fredericia, Shell, the environment authorities and COWI.

Safety in the workplace

DONG Energy wishes to create a workplace for its employees that provides a safe and healthy environment for all. In 2008, DONG Energy made a concerted effort to reduce the injury frequency rate across the organisation.

A comprehensive safety strategy has been initiated to ensure a sustained reduction in the injury frequency rate at power stations and on wind farms. For example, all DONG Energy's power station employees have completed safety training. This process has been enlightening and has heightened the focus on safety. As part of the strategy, employees are also encouraged to report conditions that could lead to near-misses or, at worst, accidents.

In 2008, DONG Energy experienced a tragic industrial accident at Ensted Power Station, where an employee of a supplier died while performing work involving fly ash from the power station's biofuel boiler. The Danish Working Environment Authority has subsequently reviewed the circumstances, but did not find any plant defects. The plant has also reviewed its installations and working procedures to ensure that similar accidents do not occur in future.

The target for 2008 was a reduction of the injury frequency rate from 10.4 in 2007 to 7.3, expressed as injuries per one million hours worked. The tightened focus on safety led to a reduction to 7.4 in the actual injury frequency rate in 2008, which was very close to the target.

However, the injury frequency rate for DONG Energy's own employees continues to be significantly lower than that of suppliers carrying out work for DONG Energy. Against that background, a safety programme is being developed in collaboration with suppliers in order to improve the safety level for external employees across the Group in future.

Furthermore, DONG Energy has taken the initiative for a campaign aimed at heightening employee safety on the current building site at DONG Energy's address in Gentofte in Denmark. The injury frequency rate is traditionally high in the construction industry, and it is consequently important to anticipate and prevent potential safety risks. This initiative met with a positive reception among both site management and employees.

Safety training is a long-term investment, and these initiatives are consequently expected to reduce the injury frequency rate still further in future. DONG Energy has therefore set an ambitious injury frequency rate target of 6.5 for 2009.

CORPORATE GOVERNANCE

DONG Energy attaches importance to ensuring that the company's objectives and the overall principles and structures that govern the interaction between the management bodies, the owners and the company's other stakeholders are compatible with the principles of good corporate governance at all times.

The Corporate Governance Committee appointed by NASDAQ OMX Copenhagen has prepared recommendations for good corporate governance that must be observed by listed companies. As a State-owned public limited company, DONG Energy operates on terms very similar to those applying to listed companies. DONG Energy has consequently elected to basically comply with the recommendations.

However, the company has decided, for the time being, not to follow the recommendations on a few points:

- The profiles and special skills of each member are evaluated in connection with their election to the Supervisory Board. The members jointly represent extensive knowledge and experience from managerial posts with large Danish and foreign companies with a broad range of areas of activity, including activities in areas directly related to DONG Energy's business areas. It has been decided not to include a description in the annual report of the specific skills of each Supervisory Board member elected by the shareholders in general meeting

- No age limit has been set for members of the Supervisory Board, and no limits have been set for the number of Supervisory Board memberships that may be held by a member of the Supervisory Board that is also a member of the Executive Board of another company.

As a result of DONG Energy's ownership structure with the Danish State as principal shareholder (72.98% ownership interest) and a limited number of minority shareholders, the aim and purpose of some parts of the corporate governance recommendations are deemed not to be relevant to the company. These are a number of recommendations aimed at the relationship with a broad group of owners in listed companies, i.e. the recommendations concerning the exercise of ownership and communications with owners, and the recommendations concerning preparation of the Annual General Meeting, including notice of meeting and proxy. In addition, the recommendations on disclosures concerning shares, options and warrants held by Supervisory Board members are not relevant, as the possibility for management to buy shares does not exist, and the company has not issued any options or warrants.

The Supervisory Board reviews the corporate governance recommendations annually based on best practice.

As principal shareholder, the State exercises its ownership in accordance with the principles in the publication 'The State as shareholder'.

Annual General Meeting

General meetings are convened by not less than two weeks' notice in accordance with the Articles of Association. At the Annual General Meeting the annual report is adopted; the appointment of auditors; the election of a chairman, deputy chairman and other members of the Supervisory Board; the determination of the Supervisory Board's remuneration; the discharge of the Supervisory Board and Executive Board from their obligations; and any proposed resolutions from the Supervisory Board on authority to purchase treasury shares.

The Articles of Association were last amended in January 2008 and can be viewed on DONG Energy's website.

Composition of Supervisory Board

The Supervisory Board consists of 11 members. Seven are elected by the shareholders in general meeting, and four are elected by the employees. Details of the members of the Supervisory Board are given on the inside of the back cover of the annual report. There is currently a vacancy following a member's retirement from the board in 2008.

A Nominations Committee is appointed after the Annual General Meeting each year and before 30 September of the following year. This took place for the first time after the Annual General Meeting in 2008. The Nominations Committee's main responsibilities are to evaluate the composition of the Supervisory Board and to make recommendations to the shareholders at the Annual General Meeting for the election of suitable candidates to the Supervisory Board. The Nominations Committee will also be charged with ensuring that all candidates to the board will be viewed favourably by the financial markets, and that the composition of the Supervisory Board is in accordance with the corporate governance recommendations. The rules of procedure for the Nominations Committee can be downloaded from the company's website.

The Nominations Committee consists of six members. Each of the four largest registered shareholders is entitled to elect one member to the committee. The other two members are the chairman of the Supervisory Board, who also chairs the committee, and the deputy chairman.

Two of the members elected by the shareholders in general meeting are appointed by SEAS-NVE and the former shareholders in Elsam under a provisional shareholders' agreement between DONG Energy's shareholders. None of the Supervisory Board members elected by the shareholders in general meeting has had any other association with DONG Energy than as Supervisory Board members in companies that are now part of the Group, and as residential customers on standard terms, neither in previous years nor in the current year. All Supervisory Board members elected by the shareholders in general meeting retire at the Annual General Meeting each year and may be re-elected.

According to Danish legislation, DONG Energy's employees are entitled to elect four members to the Supervisory Board, equivalent to half the number of Supervisory Board members elected by the shareholders in general meeting. Employee representatives are elected for four-year terms and have the same rights, duties and responsibilities as members elected by the shareholders in general meeting. Four new employee representatives were elected in 2007.

The Supervisory Board's duties and responsibilities

DONG Energy's overall objectives and strategy are determined by the Supervisory Board, which is also responsible for appointing a competent Executive Board. The Supervisory Board is also responsible for ensuring clear guidelines for accountability, distribution of responsibilities, planning, follow-up and risk management. The duties of the Supervisory Board and its chairman are set out in the Supervisory Board's rules of procedure, which are reviewed and updated annually by the full Supervisory Board. The rules of procedure were most recently adjusted in February 2008. The Supervisory Board met 11 times in 2008.

The Supervisory Board has undertaken a self-assessment in 2009 based on assessment forms distributed to each member and subsequent discussion of the outcome of the self-assessment with the full Supervisory Board.

The Supervisory Board has appointed an Audit and Risk Committee and a Remuneration Committee.

Audit and Risk Committee

After the Annual General Meeting the Supervisory Board appoints the members of the Audit and Risk Committee, which reports to the Supervisory Board. The committee's main responsibilities are to support the Supervisory Board in its review of the financial reporting, the annual report and internal accounting and ERP systems, to evaluate external auditors' qualifications and independence and the conclusion of engagement agreements with external auditors, to supervise compliance with legislation and other requirements from public authorities concerning DONG Energy's annual report, financial reporting and internal control systems, including internal control systems relating to publication of relevant information, and to monitor issues relating to the risk policy laid down by the Supervisory Board (from a financial and accounting point of view).

Furthermore, the committee discusses accounting procedures with the external auditors and evaluates their work, monitors issues relating to DONG Energy's risk management policy (from a financial and business point of view) as determined by the Supervisory Board, establishes whistleblower procedures and carries out other relevant duties.

All members of the Audit and Risk Committee are independent and have accounting qualifications in accordance with the new rules for audit committees. The Audit and Risk Committee met five times in 2008.

Remuneration Committee

After the Annual General Meeting the Supervisory Board appoints the members to the Remuneration Committee, which reports to the Supervisory Board. The committee's main responsibilities include the preparation and presentation of recommendations to the Supervisory Board on the Executive Board's salaries, bonus and other components of their service contracts as well as guidelines governing salaries to senior executives, other salary and employment conditions, which are submitted to the Supervisory Board, and the Supervisory Board's remuneration, which is submitted to the shareholders for approval at the Annual General Meeting. Details of remuneration to the members of the Supervisory Board and Executive Board are disclosed in a note to the consolidated financial statements. DONG Energy's remuneration policy can be viewed on the company's website. The Remuneration Committee met three times in 2008.

Executive Board

The Executive Board is responsible for the day-to-day management of the company and consisted of six persons at the end of 2008. Details of the members of the Executive Board are given on the inside of the back cover of the annual report. The CEO and CFO are registered with the Danish Commerce and Companies Agency as members of the Executive Board of DONG Energy A/S. The Supervisory Board lays down the detailed rules for the Executive Board, including the distribution of responsibilities between the Supervisory Board and the Executive Board and the Executive Board's powers to enter into agreements on behalf of the company

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Executive and Supervisory Boards have today considered and approved the annual report of DONG Energy A/S for the financial year 2008.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed and State-owned public limited companies.

We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2008.

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

We recommend that the annual report be approved at the annual general meeting

Skærbæk, 6 March 2009

Executive Board

Anders Eldrup
CEO

Carsten Krogsgaard Thomsen
CFO

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*

INDEPENDENT AUDITORS' REPORT

To the shareholders of DONG Energy A/S

We have audited the annual report of DONG Energy A/S for the financial year 1 January - 31 December 2008, which comprises the Statement by the Executive and Supervisory Boards, Management's review, income statement, statement of recognised income and expense, balance sheet, statement of changes in equity, cash flow statement and notes for the Group as well as for the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed and State-owned public limited companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of the annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed and State-owned public limited companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2008 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies and State-owned public limited companies.

Copenhagen, 6 March 2009

KPMG
Statsautoriseret Revisionspartnerselskab

Flemming Brokhattingen
State Authorised
Public Accountant

Torben Bender
State Authorised
Public Accountant

Deloitte
Statsautoriseret Revisionsaktieselskab

Kim Mücke
State Authorised
Public Accountant

Mogens Henriksen
State Authorised
Public Accountant

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

DKK million	Note	2008	2007
Revenue	3, 4	60,777	41,625
Production costs	5, 6, 7	(50,334)	(34,078)
Gross profit		**10,443**	**7,547**
Sales and marketing	5, 7	(428)	(677)
Management and administration	5, 7, 8	(2,060)	(2,405)
Other operating income	9	82	395
Other operating expenses	9	(33)	(77)
Operating profit (EBIT)		**8,004**	**4,783**
Gain on disposal of enterprises	30	917	29
Share of profit after tax of associates	18	(48)	(5)
Financial income	11	2,746	1,478
Financial expenses	12	(3,880)	(2,218)
Profit before tax		**7,739**	**4,067**
Income tax expense	13	(2,924)	(808)
Profit for the year		**4,815**	**3,259**
Attributable to			
Equity holders of DONG Energy A/S		4,427	2,915
Hybrid capital holders of DONG Energy A/S (adjusted for tax effect)		340	338
Minority interests	23	48	6
Profit for the year		**4,815**	**3,259**
Earnings per share (EPS) and diluted earnings per share (DEPS) of DKK 10, in whole DKK	15	15	10
Proposed dividend per share (DPS) of DKK 10, in whole DKK		7	5
Dividend paid per share (DPS) of DKK 10, in whole DKK		5	7
Payout ratio in %		40	45

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE 1 JANUARY - 31 DECEMBER

DKK million	Note	2008	2007
Profit for the year		**4,815**	**3,259**
Value adjustments of hedging instruments:			
Value adjustments for the year		4,237	(76)
Value adjustments transferred to revenue		(1)	(1,506)
Value adjustments transferred to financial income and financial expenses		(67)	(63)
Value adjustments transferred to non-current assets		(17)	55
Value adjustments transferred to inventories		(151)	(66)
Recognised value adjustments of enterprises transferred to subsidiaries		0	6
Foreign exchange adjustments:			
Foreign exchange adjustments relating to foreign enterprises and equity-like loans, etc.		(1,996)	110
Other adjustments:			
Recognised value adjustments of enterprises transferred to subsidiaries		0	(6)
Tax on recognised income and expense	14	(887)	541
Other adjustments		15	7
Total recognised income and expense		**1,133**	**(998)**
Total recognised income and expense for the year		**5,948**	**2,261**
Total recognised income and expense for the year is attributable to:			
Equity holders of DONG Energy A/S		5,447	1,804
Hybrid capital holders of DONG Energy A/S		451	451
Minority interests		50	6
Total recognised income and expense for the year		**5,948**	**2,261**

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

ASSETS

DKK million	Note	2008	2007
Goodwill		447	322
Rights		1,867	2,037
Completed development projects		218	186
In-process development projects		189	191
Intangible assets	**16**	**2,721**	**2,736**
Land and buildings		2,949	2,834
Production assets		40,646	43,487
Exploration assets		2,784	2,103
Fixtures and fittings, tools and equipment		216	321
Property, plant and equipment in the course of construction		7,400	5,185
Property, plant and equipment	**17**	**53,995**	**53,930**
Investments in associates	18	3,306	3,912
Other equity investments	18	85	29
Deferred tax	24	13	31
Receivables	20	1,980	651
Other non-current assets		**5,384**	**4,623**
Non-current assets		**62,100**	**61,289**
Inventories	19	3,918	2,785
Receivables	20, 21	36,073	19,649
Income tax	27	11	753
Securities	31	753	134
Cash and cash equivalents	31	3,043	2,562
Assets classified as held for sale	22	187	2,538
Current assets		**43,985**	**28,421**
Assets		**106,085**	**89,710**

EQUITY AND LIABILITIES

DKK million	Note	2008	2007
Share capital		2,937	2,937
Hedging reserve		2,594	(389)
Translation reserve		(1,892)	96
Retained earnings		32,490	29,964
Proposed dividends		1,926	1,469
Equity attributable to the equity holders of DONG Energy A/S		**38,055**	**34,077**
Hybrid capital		8,088	8,088
Minority interests		47	46
Equity	23	**46,190**	**42,211**
Deferred tax	24	5,461	5,038
Pensions	5	38	41
Provisions	25	5,466	5,715
Bond loans	26	7,734	7,923
Bank loans	26	9,277	6,780
Other payables	26	1,624	1,020
Non-current liabilities		**29,600**	**26,517**
Provisions	25	229	69
Bond loans	26	160	0
Bank loans	26	1,952	2,512
Other payables	26	27,447	17,776
Income tax	27	420	39
Liabilities associated with assets classified as held for sale	22	87	586
Current liabilities		**30,295**	**20,982**
Liabilities		**59,895**	**47,499**
Equity and liabilities		**106,085**	**89,710**

CONSOLIDATED STATEMENT OF EQUITY FOR THE YEAR ENDED 31 DECEMBER

DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Equity attributable to equity holders of DONG Energy	Hybrid capital	Minority interests	Total
Equity at 1 January 2008	2,937	(389)	96	29,964	1,469	**34,077**	8,088	46	**42,211**
Total recognised income and expense for the year, see page 55	-	2,983	(1,988)	4,452	-	**5,447**	451	50	**5,948**
Foreign exchange adjustments	-	-	-	-	-	**-**	-	(1)	**(1)**
Coupon payments, hybrid capital	-	-	-	-	-	**-**	(451)	-	**(451)**
Proposed dividends	-	-	-	(1,926)	1,926	**0**	-	-	**0**
Dividends paid	-	-	-	-	(1,469)	**(1,469)**	-	-	**(1,469)**
Addition of minority interests	-	-	-	-	-	**-**	-	1	**1**
Disposal of minority interests	-	-	-	-	-	**-**	-	(62)	**(62)**
Sale of minority interests	-	-	-	-	-	**-**	-	13	**13**
Total changes in equity in 2008	**0**	**2,983**	**(1,988)**	**2,526**	**457**	**3,978**	**0**	**1**	**3,979**
Equity at 31 December 2008	**2,937**	**2,594**	**(1,892)**	**32,490**	**1,926**	**38,055**	**8,088**	**47**	**46,190**
Equity at 1 January 2007	2,937	809	3	28,425	1,967	**34,141**	8,088	39	**42,268**
Prior year adjustments	0	0	0	122	0	**122**	0	0	**122**
Restated equity at 1 January 2007	**2,937**	**809**	**3**	**28,547**	**1,967**	**34,263**	**8,088**	**39**	**42,390**
Total recognised income and expense for the year, see page 55	-	(1,198)	93	2,909	-	**1,804**	451	6	**2,261**
Coupon payments, hybrid capital	-	-	-	-	-	**-**	(451)	-	**(451)**
Proposed dividends	-	-	-	(1,469)	1,469	**0**	-	-	**0**
Dividends paid	-	-	-	-	(1,967)	**(1,967)**	-	(2)	**(1,969)**
Addition of minority interests	-	-	-	(23)	-	**(23)**	-	3	**(20)**
Total changes in equity in 2007	**0**	**(1,198)**	**93**	**1,417**	**(498)**	**(186)**	**0**	**7**	**(179)**
Equity at 31 December 2007	**2,937**	**(389)**	**96**	**29,964**	**1,469**	**34,077**	**8,088**	**46**	**42,211**

The hedging reserve comprises the accumulated net change in the fair value of hedging transactions that qualify for designation as hedges of future cash flows, and where the hedged transaction has yet to be realised, less the related tax.

The translation reserve comprises the accumulated foreign exchange adjustments on translation of the financial statements of foreign entities with a functional currency that is different from Danish kroner, foreign exchange adjustments relating to assets and liabilities that form a part of the Group's net investment in foreign entities, and foreign exchange adjustments relating to hedging transactions that hedge the Group's net investment in such entities, less the related tax.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

DKK million	Note	2008	2007
Cash flows from operations (operating activities)	28	13,001	9,971
Interest income and similar items		2,800	1,824
Interest expense and similar items		(3,663)	(2,870)
Income tax paid		(1,759)	(83)
Cash flows from operating activities		**10,379**	**8,842**
Purchase of intangible assets		(156)	(271)
Sale of intangible assets		1	38
Investments in intangible assets		(155)	(233)
Purchase of exploration assets		(846)	(1,915)
Purchase of other property, plant and equipment		(8,683)	(8,803)
Sale of property, plant and equipment		91	541
Investments in property, plant and equipment		(9,438)	(10,177)
Acquisition of subsidiaries	29	(136)	(6,683)
Disposal of subsidiaries	30	2,374	4,934
Acquisition of associates		(3)	(105)
Acquisition of other equity investments and securities		(60)	(29)
Change in other non-current assets		(1,341)	349
Financial transactions with associates		79	(47)
Dividends received		51	188
Investments in other non-current assets		964	(1,393)
Cash flows from investing activities		**(8,629)**	**(11,803)**
Proceeds from the raising of loans		3,214	6,540
Instalments on loans		(1,836)	(9,899)
Dividends paid		(1,469)	(1,967)
Acquisition of minority interests		(1)	(20)
Disposal of minority interests		13	0
Coupon payments on hybrid capital		(451)	(451)
Dividends paid to minority shareholders		(2)	(2)
Change in other non-current payables		(794)	747
Cash flows from financing activities		**(1,326)**	**(5,052)**
Cash and cash equivalents at 1 January		1,780	9,106
Net increase (decrease) in cash and cash equivalents		424	(8,013)
Cash classified as held for sale, etc.		(27)	695
Foreign exchange adjustments of cash and cash equivalents		192	(8)
Cash and cash equivalents at 31 December	31	**2,369**	**1,780**

LIST OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note

Notes to the income statement

Notes to the balance sheet

Notes to the cash flow statement

Notes without reference

01 Basis of reporting

DONG Energy A/S is a public limited company with its registered office in Denmark. The annual report for the period 1 January – 31 December 2008 comprises the consolidated financial statements of DONG Energy A/S and its subsidiaries (the Group) as well as separate financial statements for the parent company, DONG Energy A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed and State-owned public limited companies, see NASDAQ OMX Copenhagen A/S's disclosure requirements for annual reports of listed companies and the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

In addition, the annual report has been prepared in compliance with International Financial Reporting Standards (IFRS) issued by the IASB.

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

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

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

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

Implementation of new standards and interpretations

DONG Energy A/S implemented IFRS 8 Operating Segments in 2008. According to IFRS 8, the Group's segment reporting must be based on the reporting used internally for management reporting purposes. This has led to a change in the presentation of the Group's operating segments, with Sales having been reallocated from the Markets segment to the Distribution segment and the Group's oil pipe activities having been reallocated from the Exploration & Production segment to the Sales & Distribution segment. Accordingly, the Group's reportable operating segments are defined as Exploration & Production, Generation, Energy Markets and Sales & Distribution. For a description of the reportable segments' products and services, reference is made to note 3.

DONG Energy has also implemented IFRIC 11, 12 and 14.

The new financial reporting standard and interpretations have not had any effect on recognition or measurement. The accounting policies are consequently the same as those applied last year. The new standards only result in changes in the disclosures provided in the notes. The comparative figures in the notes have been restated accordingly.

The new financial reporting standard and interpretations have no effect on earnings per share or diluted earnings per share.

New International Financial Reporting Standards and IFRIC Interpretations

The IASB has issued the following new or amended financial reporting standards (IAS and IFRS) and interpretations (IFRIC) that are not mandatory for DONG Energy in connection with the preparation of the annual report for 2008: IAS 1, 23, 27, 32 and 39; IFRS 1, 2, 3 and 8; and IFRIC 13 and 15 - 18. As stated, DONG Energy has opted to implement IFRS 8 early. Except for the below, none of the new standards or interpretations is expected to have a material effect on DONG Energy's financial reporting. Unless otherwise stated, they have also been adopted by the EU:

IAS 1 (revised 2007) Presentation of Financial Statements comes into effect for financial years beginning on or after 1 January 2009. The standard will change the presentation of the primary statements in 2009.

IFRS 3 (revised 2007) Business Combinations and the concurrent revision of IAS 27 Consolidated and Separate Financial Statements come into effect for financial years beginning on or after 1 July 2009. DONG Energy does not expect to make use of the option to recognise goodwill relating to any minority shareholders' shares in enterprises acquired, and expects the

BASIS OF REPORTING

01 Basis of reporting (continued)

effect on the financial reporting of a number of the technical adjustments to the purchase method in IFRS 3 to be insignificant. The amendments to IFRS 3 and IAS 27 have yet to be adopted by the EU.

IAS 23 (revised 2007) Borrowing Costs comes into effect for financial years beginning on or after 1 January 2009. The standard requires recognition of borrowing costs in the cost of a qualifying asset (intangible assets and property, plant and equipment as well as inventories). IAS 23 (revised 2007) is expected to affect borrowing costs related to the construction of qualifying assets that commences on or after 1 January 2009. The standard is expected to have a positive effect on financial expenses in the initial year of application, but a positive or negative effect in subsequent accounting periods, depending on whether depreciation of capitalised borrowing costs is higher or lower than the capitalised borrowing costs for the period.

DONG Energy expects to implement the financial reporting standards and interpretations referred to in the foregoing from the mandatory effective dates, except for IFRS 8 Operating Segments, which was implemented in 2008.

Adjustments to prior years

Compared with the approved and published annual report for the 2007 financial year DONG Energy has made prior year adjustments in accordance with IAS 8.

Operating expenses have been reclassified in the income statement. The reclassification has increased production costs and management and administration by DKK 161 million and DKK 164 million, respectively and reduced sales and marketing by DKK 325 million. The reclassification has no effect on profit, equity, cash flows for the year or earnings per share.

02 Accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the balance sheet date, the reported amounts of income and expenses in the financial reporting period and disclosures on contingent assets and contingent liabilities at the balance sheet date. Significant elements in the accounting policies and accounting estimates are the policy and estimates that are particularly critical to the presentation of the Group's operating profit, including those that are associated with complex and subjective judgements and the application of assumptions. 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 effect of such judgements and assumptions can potentially lead to results that differ significantly from those that would result from the use of other judgements and assumptions. The elements of the accounting policies that are presented in this section are consequently critical to the understanding of the Group's financial information, and the application of this and the sensitivity of the results to changes in criteria and assumptions are factors that should be taken into account when evaluating the consolidated financial statements. The Group's accounting policies are described in detail in note 40, and the Group's special risks are referred to on pages 40 ff of management's review.

An accounting estimate is deemed to be significant if it requires management to take a position on factors that are subject to material uncertainty, if alternative estimates could reasonably have been used, or if changes will occur in the estimate, with reasonable certainty, from one accounting period to the next that have a significant effect on the Group's financial position or operating profit.

It may be necessary to change previous estimates as a result of changes in the factors on which the previous estimates were based due to new knowledge or subsequent events.

Impairment testing of assets

The energy industry is capital-intensive and entails major, long-term capital expenditure and liabilities, the values of which are sensitive to various factors, including changes in commodity prices, exchange rates, interest rate developments, and regulatory provisions. Accordingly, estimates and judgements relating to impairment of assets are critical to the understanding of the Group's operating profit. DONG Energy's intangible assets amounted to DKK 2,721 million at 31 December 2008 (2007: DKK 2,736 million) and its property, plant and equipment to DKK 53,995 million at 31 December 2008 (2007: DKK 53,930 million).

Amortisable and depreciable intangible assets and property, plant and equipment

Amortisable and depreciable intangible assets and property, plant and equipment are tested for impairment in conformity with IAS 36 if events or changed conditions (triggering events) indicate that the asset's carrying amount may not be recoverable, i.e. if the carrying amount exceeds the sum of discounted cash flows that can be expected to arise on use of the asset (value in use) and the carrying amount at the same time exceeds the fair value less disposal costs. Such triggering events may include long-term changes in the market price of oil, gas, power and fuel, changes in the weighted average cost of capital, reductions in estimated reserves, or changes in regulatory provisions. If such a judgement indicates a possible impairment, and neither quoted market prices in active markets nor prices of similar assets are available, discounted cash flows are used to measure the recoverable amount to determine whether the value of the assets is impaired.

The Group recognised a DKK 84 million impairment loss on intangible assets in 2008 (2007: DKK 152 million) and a DKK 1,628 million impairment loss on property, plant and equipment (2007: DKK 0) as a result of triggering events. Reference is made to notes 16 and 17.

The assumptions and criteria applied to determine the assets' recoverable amounts constitute management's best estimates and assumptions based on the available information such as market prices, levels of fixed costs, revenue growth rates and reserve estimates, which, however, by their nature, are subject to uncertainty. If assumptions or circumstances change in future, the accounting treatment of such items may consequently result in different amounts.

Recoverable amounts and depreciation profile for production assets

The determination of recoverable amounts for production assets is based on assumptions about future earnings, oil and gas prices, power and fuel prices, prices of CO_2 certificates, interest rate levels, future market conditions, etc., each of which is subject to uncertainty. As stated in note 40, the depreciation profile for a number of production assets has been determined using the unit-of-production method based on the ratio of current production to estimated proved reserves or based on the expected earnings profile. The future expected applications and recoverable amounts may subsequently prove not to be realisable, which may require useful lives and recoverable amounts to be reviewed in future, and may result in a need for the recognition of impairment losses or the charging of a loss on disposal of the assets. The depreciation profile is therefore subject to the same uncertainties as apply to the determination of the recoverable amounts for the assets. Management carries out regular reviews for indicators of impairment of the assets.

Determination of oil and gas reserves

The evaluation of oil and gas reserves affects the assessment of the recoverable amount and depreciation profile for DONG Energy's E&P production assets.

DONG Energy conducts an annual evaluation and review of the Group's reserves as part of the annual business cycle. The objective of this process is to assess DONG Energy's reserves portfolio, document changes in the reserves and book the reserves.

DONG Energy has adopted the definitions and guidelines presented in the Petroleum Resources Management System (SPE-PRMS) for the classification and reporting of reserves. The SPE-PRMS was prepared by the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE) with the primary objective of providing a

ACCOUNTING ESTIMATES AND JUDGEMENTS

02 Accounting estimates and judgements (continued)

common reference for den international petroleum industry in assessing and communicating reserves. DONG Energy has developed a set of standards for the purpose of ensuring consistency in the interpretation and application of the SPE-PRMS for the classification and reporting of reserves.

The assessment of oil and gas reserves is based on estimates and assumptions of both proved and probable reserves (Proved and Probable/2P). Proved reserves are the estimated quantities of hydrocarbons which geological and engineering data demonstrate with reasonable certainty to be recoverable within future years from known reservoirs under existing economic and operating conditions, i.e. prices and costs estimates as of the date the estimate is made. Probable reserves are those additional reserves that are less likely to be recovered than proved reserves.

DONG Energy has developed standards and guidelines to ensure the quality of the reserves evaluation and review processes. These include a reserves classification system for reporting and tracking of reserves and resources, and a set of internal guidelines describing the roles and responsibilities in the reserves process.

The reserves review and booking processes are conducted annually by skilled and experienced employees in accordance with DONG Energy guidelines. As part of the quality control procedure, the technical background for each field's reserves is presented to DONG Energy's Reserves Review Committee (RRC). The RRC ensures that the reserve estimates conform to the internal DONG Energy guidelines and that generally accepted methods are used in the assessment of reserves.

An independent assessment of DONG Energy's reserves portfolio is carried out on completion of the internal reserves review. DONG Energy uses DeGolyer and MacNaughton (D&M) as external valuers. D&M has reviewed DONG Energy's reserves classification system and guidelines, and has verified that the internal guidelines are in agreement with the SPE-PRMS directives.

The final reserves are booked on the basis of the technical reviews.

Accounting treatment of exploration and production

DONG Energy recognises exploration costs using the successful efforts method. Costs for acquisition of shares in exploration and appraisal licences are, as a rule, capitalised on a licence by licence basis. Exploration costs incurred in connection with the determination of exploration targets, but that are not directly attributable to individual exploration wells, are expensed as incurred. Costs for exploration and appraisal wells are initially capitalised on a licence by licence basis under exploration assets and are not depreciated. The Group had DKK 2,784 million capitalised under exploration assets at 31 December 2008 (2007: DKK 2,103 million), see note 17.

The result of evaluation activities is reviewed on a licence by licence basis. On completion of an appraisal well, the evaluation costs are expensed together with the associated exploration costs, unless the results indicate with reasonable probability the existence of reserves that can be utilised commercially.

Following the evaluation of a successful exploration and delineation well, and once a decision has been made on a development and operating plan for a licence, and the plan has been approved by the relevant authorities, the exploration costs are transferred to property, plant and equipment in the course of construction. When the field is ready for start-up of commercial production, the total costs are transferred, including the initial exploration and evaluation costs in the balance sheet, to a single cost centre for the field under production assets. Subsequent costs are capitalised if this increases the economic benefits from the production assets or replaces a part of the existing production asset.

Provisions for decommissioning costs

DONG Energy has significant decommissioning obligations. The estimates of the Group's decommissioning obligations are updated on a regular basis, and the provisions amounted to DKK 4,469 million at 31 December 2008 (31 December 2007: DKK 4,227 million), see note 25.

These provisions comprise expected costs for decommissioning of production facilities and technical installations and restoration of drilling sites and other installations in accordance with current legislation. In E&P, such obligations include facilities for production of oil and natural gas; in Generation, they include decommissioning obligations relating to the Group's thermal generating plants and wind farms; in Energy Markets, they include natural gas pipelines and associated infrastructure; and in Sales & Distribution, they include the Group's natural gas distribution network, natural gas storage facilities and oil pipeline. No decommissioning obligations are recognised in respect of the power grid in Sales & Distribution, as it is considered improbable that they will result in an outflow from the Group of resources embodying economic benefits.

Provisions for decommissioning costs are measured at the present value of the future restoration and decommissioning obligations estimated at the balance sheet date. Certain assumptions and estimates are applied in the calculation of the present value of the decommissioning obligations that are affected by any changes in the underlying data, the future date on which the corresponding costs will be incurred, and official requirements. Expected decommissioning and restoration costs are based either on examinations carried out by external experts, or internal estimates prepared by the Group on the basis of current requirements. The size of provisions is calculated on the basis of current requirements and estimated costs, which are discounted to present value. Estimated costs include a risk premium, based on empirical data. The discount rate applied reflects the general risk-free interest rate level in the given market.

Construction contracts
The Group has entered into a contract for the construction of a gas-fired power station at StatoilHydro's refinery at Mongstad in Norway. The contract has been specifically negotiated, and involves a high degree of customisation in terms of the power station design, including the choice of materials, and StatoilHydro may request material variations in the design during the performance phase. In the event of breach of contract during the performance phase, StatoilHydro is under obligation to take over the power station. The terms of the contract are such that the construction of the power station is accounted for as a construction contract.

Contract revenue falls due for payment as fixed payments (index-linked) over 20 years from the date of completion. Contract revenue is measured at the present value of expected future revenue, discounted at a risk-free market rate with the addition of a specific premium for the credit risk assumed, and adjusted by reference to the stage of completion at the balance sheet date. The stage of completion is assessed by reference to the proportion that contract costs incurred bear to the estimated total contract costs determined on the basis of the approved and regularly revised budget.

Cash flows relating to the construction of the power station are accounted for as investments and presented in the cash flow statement as cash flows from investments in other non-current assets.

The Group's construction contracts at 31 December 2008 amounted to DKK 1,249 million (2007: DKK 53 million), of which the contract with StatoilHydro for the construction of the power station at Mongstad in Norway accounted for DKK 1,197 million. Reference is made to note 21.

Investments in associates, other equity investments and other non-current investments
Investments in associates, other equity investments and other non-current investments are tested for impairment if there are any indications of impairment. Such indications include assessment of regulatory, financial and technological factors and general market conditions. The assets are written down if the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the value in use and the fair value less disposal costs. Reference is made to note 18.

Write-downs and valuation of receivables
Write-downs are made for bad and doubtful debts on the basis of individual assessment of each receivable. The estimates are subject to uncertainties, as they are based on an estimation of the right to collect the receivable and an assessment of the counterparty's ability to pay. DONG Energy's trade receivables at 31 December 2008 amounted to DKK 10,985 million (2007: DKK 8,845 million), see note 20.

Accounting treatment of hybrid capital
DONG Energy has issued hybrid capital of EUR 1,100 million, see note 23. Hybrid capital comprises issued bonds that qualify for recognition as compound financial instruments due to the

ACCOUNTING ESTIMATES AND JUDGEMENTS

02 Accounting estimates and judgements (continued)

special characteristics of the loan. The principal amount, which constitutes a liability, is recognised at present value (nil). The balance of the net proceeds is recognised in equity.

Accordingly, any coupon payments are accounted for as dividends that are recognised directly in equity at the time the payment obligation arises. This is because coupon payments are discretionary and relate to the part of the hybrid capital that is recognised in equity. Coupon payments consequently do not have any effect on the income statement. The part of the hybrid capital that is accounted for as a liability is measured at amortised cost. However, as the carrying amount of this component amounted to nil on initial recognition, and, as a result of the 1,000-year term of the hybrid capital, amortisation charges will only impact on the income statement towards the end of the 1,000-year term of the hybrid capital. Coupon payments are recognised in the cash flow statement in the same way as dividend payments under financing activities.

In the period 2009 to 2014, any coupon payments on the hybrid capital will amount to about DKK 451 million per year using the current EUR/DKK exchange rate. The amount will subsequently vary in step with changes in the interest rate level. DONG Energy will be able to omit or defer coupon payments. Any deferred coupon payments concerning the hybrid capital will be payable if a decision is made to make dividend or other distributions to the company's shareholders, and the company's equity will be reduced by a corresponding amount less tax each time coupon is paid.

Fair value of assets classified as held for sale

Assets classified as held for sale are measured in accordance with the Group's accounting policies at the lower of the carrying amount at the date of classification and fair value less costs to sell. At 31 December 2008 the carrying amount of the Group's assets classified as held for sale totalled DKK 187 million (2007: DKK 2,538 million), see note 22. The determination of the fair value of the assets will be subject to uncertainty until a sale has been completed.

Accounting treatment of derivative financial instruments and commodity contracts

DONG Energy hedges commodity, currency and interest rate risks. These hedging transactions predominantly relate to future income from the sale of oil, natural gas and power, and coal purchase costs. Changes in the fair value of the derivative financial instruments that, according to the provisions in IAS 39, qualify for recognition as hedges of future cash flows, are recognised directly in equity until the hedged transaction, e.g. the sale, is recognised in the income statement.

The fair value adjustment to derivative financial instruments, less tax, recognised in equity by the Group at 31 December 2008 amounted to DKK 2,594 million (2007: outflow of DKK 389 million). The carrying amount of derivative financial instruments amounted to DKK 21,709 million (assets) and DKK 14,644 million (liabilities) at 31 December 2008. The corresponding amounts for 2007 were DKK 8,032 million (assets) and DKK 6,933 million (liabilities).

The purpose of managing financial and commodity risks is to limit the risk of significant fluctuations in earnings and cash flows from the underlying operations. Through internal policies and guidelines, DONG Energy seeks to ensure that derivative financial instruments used to manage risks are only used to hedge booked, agreed or planned underlying transactions rather than for own trading. Own trading is limited to commodity derivatives and is undertaken in specific markets within a defined framework to limit any significant impact from the trading activities on earnings. Open positions from operating activities and activities in connection with hedging of own trading are reported and monitored on an ongoing basis.

Furthermore, contracts to which the Group is a party are reviewed to identify any features that correspond to derivative financial instruments in order to determine whether separate recognition and measurement of an embedded financial instrument are required under IFRS. The Group's natural gas sourcing and sales contracts include price formulas that are indexed to various commodity prices. Based on a review of these and other contracts, including the economic relationships between relevant commodity prices and contractual indices, it has been established that there are no embedded financial instruments requiring separate recognition and measurement under IFRS.

Under IFRS, contracts that involve physical delivery of commodities are, in certain circumstances, accounted for as derivative financial instruments. Based on an evaluation of the purpose of the Group's commodity contracts and the connection between that purpose and the Group's other activities, the Group's contracts that involve physical delivery of commodities are generally deemed to satisfy the criteria for exemption from classification as derivative financial instruments for normal sale and purchase contracts. Contracts that involve physical delivery of commodities and are classified and accounted for as derivative financial instruments primarily comprise contracts entered into in the course of the Group's trading activities or as part of certain hedging activities. Reference is made to note 33.

Unlisted financial contracts

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

Onerous contracts

In the course of the Group's operations, a number of commercial contracts have been entered into with fixed terms of contract that may result in the contracts being onerous depending on market developments, etc., and the liabilities incurred by the DONG Energy Group as a result of these contracts may also be subject to uncertainty. The judgements concerning these complex contracts and their future effects are subject to significant uncertainties. Reference is also made to note 25.

Provisions for losses

The Group is a party to various litigation proceedings, including relating to obligations assumed by the Group in relation to acquisitions of enterprises made in 2006, and claims have been advanced against the Group, see note 36.
Provision for estimated losses is made in the income statement if both of the following criteria are met:

1) the information that was available prior to the publication of the financial statements indicates that it is more likely than not that an obligation had arisen at the balance sheet date, and
2) the amount of the loss can be estimated reliably.

The application of these accounting principles for calculating potential losses in connection with a dispute is naturally difficult, considering the complexity of the factors involved and the legislation. The decision as to whether a provision should be made in such disputes requires conclusions to be drawn concerning various factual and legal matters outside the Group's control. If the conclusions do not, at a given time, reflect the subsequent development or the final outcome of the dispute, this can have a significant impact on the Group's future income statements and balance sheets and can have an adverse impact on the Group's operating profit, cash flows and financial position. The factors on which a position is taken in connection with a decision to make a provision include the nature of the action, the claim or the statement, the development of the case (including the development after the balance sheet date, but before publication of the financial statements), recommendations or opinions from legal or other advisers, experience from similar cases, and management's decision on how the Group will react to the action, the claim or the statement. The fact that legal advisers are not able to express an opinion as to the outcome of a case does not necessarily mean that the above criterion concerning provision for losses has been met.

At 31 December 2008, DONG Energy had made provisions totalling DKK 298 million (2007: DKK 298 million) relating to the ongoing competition disputes concerning alleged abuse of a dominant position in the wholesale market for physical power in Western Denmark, see note 36. This amount was determined on the basis of the Danish Competition Council's rulings. In connection with the litigation proceedings referred to in the foregoing, a group of power consumers have lodged a complaint in which the primary claim is for DKK 4,404 million plus interest. As both the justification for the claim and the evaluation of the size of a potential loss are subject to significant uncertainty, a separate provision has not been made in this respect.

In addition, the Danish Competition Council is in the process of examining whether, in the period 1 July 2003 to 31 December 2005, Energi E2 A/S abused a dominant position in the wholesale market for physical power in Eastern Denmark, see note 36. No provision has made for any loss in respect of this case.

NOTES TO THE INCOME STATEMENT

03 Segment information for reportable segments

Segmentation

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

Reportable segments comprise the following products and services:

- *Exploration & Production* explores for and produces oil and gas. Its activities are focused in the waters around Denmark, Norway, the UK (West of Shetland area), the Faroe Islands and Greenland.

- *Generation* produces power and heat from efficient, flexible power stations and renewable energy sources. Generation is a market leader in the construction and operation of offshore wind farms and clean coal technology..

- *Energy Markets* optimises DONG Energy's energy portfolio, forming the link between the Group's procurement and sale of energy. Energy Markets sells gas and power to wholesale customers and trades on energy exchanges.

- *Sales & Distribution* sells gas, power and related products to private customers, companies and public institutions in Denmark, Sweden and the Netherlands. In Denmark, Sales & Distribution operates the gas distribution network and power grids, gas storage facility and oil pipeline owned by DONG Energy.

- *Other operating segments* comprise Group functions and certain early stages of research and development not related to the Group's primary activities..

Further details of the Group's reportable segments are given in management's review. Reference is also made to note 4 for a breakdown of the Group's sales by products and services.

Activities – 2008

DKK million	Exploration & Production	Generation	Energy Markets	Sales & Distribution	Reportable segment total
External revenue	4,758	14,365	26,712	14,874	**60,709**
Intragroup revenue	2,356	933	11,375	721	**15,385**
Revenue	**7,114**	**15,298**	**38,087**	**15,595**	**76,094**
EBITDA	**4,053**	**3,155**	**5,082**	**1,827**	**14,117**
Depreciation	(1,226)	(1,778)	(353)	(976)	**(4,333)**
Amortisation, purchased CO_2 certificates	0	487	0	0	**487**
Impairment losses	(356)	(224)	(45)	(1,091)	**(1,716)**
Operating profit (EBIT)	**2,471**	**1,640**	**4,684**	**(240)**	**8,555**
Non-current segment assets	15,638	21,222	5,151	15,344	**57,355**
Capital expenditure	3,432	4,623	159	2,086	**10,300**
Net working capital, external transactions	(615)	3,149	1,368	3,357	**7,259**
Net working capital, intragroup transactions	(22)	(866)	2,700	(2,370)	**(558)**
Net working capital	**(637)**	**2,283**	**4,068**	**987**	**6,701**

EBITDA is calculated including amortisation of purchased CO_2 certificates, as purchased CO_2 certificates are accounted for as a cost of sales item. Non-current segment assets comprise those of the Group's non-current assets that are directly allocated to the individual segment.

Geographical breakdown - 2008

DONG Energy primarily sells products and services in the market in Northern Europe. A large part of the Group's sales takes place via power exchanges and gas hubs in Europe the physical location of which does not reflect the Group's market risks.

The transfer of risk normally takes place on delivery at the exchange or hub, and DONG Energy consequently does not know the counterparty in every single case. No single customer accounts for more than 10% of the Group's total revenue.

DKK million	Denmark	Rest of world	Consolidated total
Revenue	29,446	31,331	**60,777**

DKK million	Denmark	Norway	UK	Rest of world	Consolidated total
Intangible assets and property, plant and equipment	40,055	11,848	3,568	1,245	**56,716**

NOTES TO THE INCOME STATEMENT

03 Segment information for reportable segments (continued)

Activities – 2007

DKK million	Exploration & Production	Generation	Energy Markets	Sales & Distribution	Reportable segment total
External revenue	4,088	9,979	13,306	13,836	**41,209**
Intragroup revenue	321	2,379	6,956	716	**10,372**
Revenue	**4,409**	**12,358**	**20,262**	**14,552**	**51,581**
EBITDA	**2,290**	**3,769**	**1,582**	**1,961**	**9,602**
Depreciation	(827)	(2,413)	(317)	(1,185)	**(4,742)**
Amortisation of purchased CO_2 certificates	0	94	0	0	**94**
Impairment losses	0	0	0	(152)	**(152)**
Operating profit (EBIT)	**1,463**	**1,450**	**1,265**	**624**	**4,802**
Non-current segment assets	16,743	19,168	5,229	15,456	**56,596**
Capital expenditure	4,848	3,833	154	2,308	**11,143**
Net working capital, external transactions	(168)	2,721	629	3,309	**6,491**
Net working capital, intragroup transactions	(77)	(295)	1,569	(1,600)	**(403)**
Net working capital	**(245)**	**2,426**	**2,198**	**1,709**	**6,088**

Geographical breakdown - 2007

DKK million	Denmark	Rest of world	Consolidated total
Revenue	25,160	16,465	**41,625**

DKK million	Denmark	Norway	UK	Rest of world	Consolidated total
Intangible assets and property, plant and equipment	38,924	13,640	3,038	1,064	**56,666**

Reconciliations

Revenue

DKK million	2008	2007
Segment revenue for reportable segments	76,094	51,581
Revenue other operating segments (consolidated companies)	1,379	1,398
Elimination of intersegment revenue	(16,696)	(11,354)
Total revenue, see consolidated income statement page 54	**60,777**	**41,625**

Performance indicators

DKK million	2008	2007
Segment EBITDA for reportable segments	14,117	9,602
Depreciation, amortisation and impairment losses for reportable segments including purchased CO_2 certificates	(5,562)	(4,800)
Segment EBIT for reportable segments	**8,555**	**4,802**
EBIT other operating segments (consolidated companies)	(551)	(19)
Gain on disposal of enterprises	917	29
Share of profit after tax of associates	(48)	(5)
Financial income	2,746	1,478
Financial expenses	(3,880)	(2,218)
Profit before tax, see consolidated income statement page 54	**7,739**	**4,067**

Assets

DKK million	2008	2007
Non-current segment assets for reportable segments	57,355	56,596
Non-current segment assets for other operating segments	1,341	721
Investments in associates	3,306	3,912
Other equity investments	85	29
Deferred tax	13	31
Non-current assets, see consolidated balance sheet page 56	**62,100**	**61,289**
Net working capital reportable segments	6,701	6,088
Net working capital other operating segments	47	54
Trade payables, see note 26	8,155	5,488
Unallocated current assets:		
Receivables (excl. trade receivables), see note 20	25,088	10,804
Income tax receivable	11	753
Securities	753	134
Cash and cash equivalents	3,043	2,562
Assets classified as held for sale	187	2,538
Current assets, see consolidated balance sheet page 56	**43,985**	**28,421**
Total assets, see consolidated balance sheet page 56	**106,085**	**89,710**

NOTES TO THE INCOME STATEMENT

04 Revenue

DKK million	2008	2007
Sales and transportation of natural gas	28,068	15,353
Sales and transportation of oil	5,165	4,390
Sales of power	16,598	10,853
Sales of district heat, including waste revenue	2,518	2,201
Distribution and storage of natural gas	830	971
Distribution of power	3,220	3,465
Construction contracts	1,535	384
Trading activities, net	1,086	679
Effect of economic hedges, net	(392)	(578)
Effect of hedge accounting, net	1	1,506
Other revenue	2,148	2,401
Revenue	**60,777**	**41,625**

05 Staff costs

DKK million	2008	2007
Wages, salaries and remuneration	(2,944)	(2,517)
Pensions	(248)	(231)
Other social security costs	(28)	(50)
Other staff costs	(33)	(23)
Staff costs	**(3,253)**	**(2,821)**
Staff costs are recognised as follows:		
Production costs	(1,541)	(1,322)
Sales and marketing	(210)	(235)
Management and administration	(788)	(795)
Transfer to assets	(714)	(469)
Staff costs	**(3,253)**	**(2,821)**

The Group's pension plans are primarily defined contribution plans that do not commit DONG Energy beyond the amounts contributed. The defined benefit plans relate to obligations to pay a defined benefit to a few power station employees that are no longer with the company and to public servants taken over from municipally owned regional gas companies.

The average number of employees in DONG Energy in 2008 was 5,347 (2007: 4,962 employees).

Remuneration to the Supervisory Board, Executive Board and other senior executives amounted to:

DKK '000	2008				
	Wages and salaries	Bonus[1]	Pension	Termination benefit	Total
Parent company Supervisory Board:					
Chairman	(481)	0	0	0	**(481)**
Deputy chairman	(288)	0	0	0	**(288)**
Other members[2]	(1,600)	0	0	0	**(1,600)**
Audit and Risk Committee:					
Chairman	(100)	0	0	0	**(100)**
Other members[3]	(125)	0	0	0	**(125)**
Remuneration Committee:					
Chairman	(50)	0	0	0	**(50)**
Other member	(25)	0	0	0	**(25)**
Executive Board and other senior executives in the Group:					
CEO	(4,631)	(1,146)	(2)	0	**(5,779)**
CFO	(4,515)	(1,563)	(2)	0	**(6,080)**
Other senior executives in the Group	(11,823)	(2,046)	(2,075)	0	**(15,944)**
Total	**(23,638)**	**(4,755)**	**(2,079)**	**0**	**(30,472)**

[1] Of this amount, DKK 4.8 million had not been paid at 31 December 2008
[2] Annual remuneration amounted to DKK 169 thousand per member in 2008
[3] Annual remuneration amounted to DKK 50 thousand per member in 2008

At 31 December 2008, the Executive Board and other senior executives consisted of six persons in total (2007: six persons).

DONG Energy has prepared a remuneration policy for the remuneration of the Supervisory Board and for the Executive Board registered with the Danish Commerce and Companies Agency, and overall guidelines for incentive pay for these officers were adopted at DONG Energy's Annual General Meeting in January 2008. Both the remuneration policy and the overall guidelines for incentive pay can be viewed on DONG Energy's website. Remuneration for the Supervisory Board and for the Executive Board registered with the Danish Commerce and Companies Agency complied with the remuneration policy and the overall guidelines for incentive pay in 2008 and continues to do so in 2009.

The service contract of the CEO includes a termination package under which he will be entitled to salary equivalent to 33½ months' salary if his service contract is terminated by the company (2007: 33½ months). The CFO and the Group's other senior executives will be entitled to 24 months' salary if their contracts of service are terminated by the company (2007: 24 months).

Further details of the Executive Board are available in the Corporate governance section in the annual report, and on the inside of the back cover of the annual report.

NOTES TO THE INCOME STATEMENT

05 Staff costs (continued)

DKK '000	2007				
	Wages and salaries	Bonus[1]	Pension	Termination benefit	Total
Parent company Supervisory Board:					
Chairman	(406)	0	0	0	**(406)**
Deputy chairman	(244)	0	0	0	**(244)**
Other members[2]	(1,650)	0	0	0	**(1,650)**
Audit and Risk Committee:					
Chairman	(88)	0	0	0	**(88)**
Other members[3]	(144)	0	0	0	**(144)**
Remuneration Committee:					
Chairman	(50)	0	0	0	**(50)**
Other member	(25)	0	0	0	**(25)**
Executive Board and other senior executives in the Group:					
CEO	(4,388)	(1,272)	(1)	0	**(5,661)**
CFO	(3,529)	(1,386)	(1)	0	**(4,916)**
Other senior executives in the Group	(15,808)	(2,452)	(2,005)	(1,893)	**(22,158)**
Total	**(26,332)**	**(5,110)**	**(2,007)**	**(1,893)**	**(35,342)**

[1] Of this amount, DKK 3.8 million had not been paid at 31 December 2007
[2] Annual remuneration amounted to DKK 150 thousand per member in 2007
[3] Annual remuneration amounted to DKK 44 thousand per member in 2007

06 Research and development costs

DKK million	2008	2007
Research and development costs incurred during the year	(1,083)	(482)
Amortisation of recognised development costs under intangible assets	(128)	(79)
Development costs recognised under intangible assets	118	236
Research and development costs recognised in the income statement under production costs	**(1,093)**	**(325)**

Research and development costs incurred include development of wind turbine sites in the UK, Sweden, Poland and Denmark; development of thermal generation; bioethanol technology; and development of infrastructure and systems enabling power to be used for transportation.

07 Depreciation, amortisation and impairment losses

DKK million	2008	2007
Depreciation, amortisation and impairment losses by type of expenditure:		
Amortisation of intangible assets	(732)	(1,668)
Depreciation of property, plant and equipment	(3,645)	(3,097)
Depreciation and amortisation	**(4,377)**	**(4,765)**
Impairment losses on intangible assets	(84)	(152)
Impairment losses on property, plant and equipment	(1,628)	0
Impairment losses on other equity investments	(4)	0
Impairment losses	**(1,716)**	**(152)**
Total depreciation, amortisation and impairment losses	**(6,093)**	**(4,917)**
Depreciation, amortisation and impairment losses by function:		
Production costs	(5,999)	(4,775)
Sales and marketing	(28)	(73)
Management and administration	(66)	(69)
Depreciation, amortisation and impairment losses recognised in the income statement	**(6,093)**	**(4,917)**

The impairment loss in 2008 on intangible assets relates to impairment of customer-related rights of DKK 39 million and a DKK 45 million impairment loss on IT software. The impairment loss totals DKK 84 million and was made as it was estimated that the recoverable amount was lower than the carrying amount. Reference is made to the section on impairment testing in note 16.

Amortisation and impairment losses on intangible assets, DKK 816 million in total (2007: DKK 1,820 million), have been carried under production costs with DKK 785 million (2007: DKK 1,741 million); under sales and marketing with DKK 16 million (2007: DKK 65 million); and under management and administration with DKK 15 million (2007: DKK 14 million).

The impairment loss in 2008 on property, plant and equipment relates to a DKK 356 million impairment loss on oil and gas-producing fields in three production licences; a DKK 900 million impairment loss on DONG Energy's power network in Copenhagen; a DKK 152 million impairment loss on the fibre optic network; and a DKK 220 million impairment loss on the Horns Rev 2 wind farm. Reference is made to the section under impairment testing in note 17.

NOTES TO THE INCOME STATEMENT

08 Fees to auditors appointed at the Annual General Meeting

DKK million	2008	2007
Audit fees	(18)	(14)
Other assurance engagements and related services	(2)	(56)
Non-audit fees	(60)	(28)
Total fees to KPMG	**(80)**	**(98)**
Audit fees	(5)	(5)
Other assurance engagements and related services	0	(12)
Non-audit fees	(7)	(17)
Total fees to Deloitte	**(12)**	**(34)**

In 2007, the item other assurance engagements and related services was affected by IPO preparations.

Non-audit fees primarily comprise tax advice, due diligence and other services related to acquisitions and disposals of companies.

09 Other operating income and expenses

DKK million	2008	2007
Gains on sale of intangible assets and property, plant and equipment	19	23
Reversal of provision for onerous contract	0	303
Operating income, other	63	69
Other operating income	**82**	**395**
Loss on sale of intangible assets and property, plant and equipment	(23)	(48)
Operating expenses, other	(10)	(29)
Other operating expenses	**(33)**	**(77)**
Other operating income and expenses, net	**49**	**318**

10 Government grants

DKK million	2008	2007
Government grants recognised in the income statement under revenue	548	527
Government grants recognised in the income statement under other operating income	11	8
Government grants recognised in the balance sheet	24	60
Government grants recognised during the year	**583**	**595**

Grants recognised as revenue comprise renewable energy certificates and price supplements granted for power generation based on wind power, biomass and waste, and natural gas at small-scale power stations.

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

NOTES TO THE INCOME STATEMENT

11 Financial income

DKK million	2008	2007
Interest income from cash, etc.	865	645
Interest income from securities at fair value	17	5
Gains on securities at fair value	36	0
Foreign exchange gains	1,763	766
Value adjustments of derivative financial instruments	47	50
Dividends received	1	0
Other financial income	17	12
Financial income	**2,746**	**1,478**

12 Financial expenses

DKK million	2008	2007
Interest expense relating to payables	(1,579)	(1,244)
Interest element of decommissioning costs	(174)	(159)
Losses on securities at fair value	0	(1)
Foreign exchange losses	(2,037)	(811)
Value adjustments of derivative financial instruments	(81)	0
Other financial expenses	(9)	(3)
Financial expenses	**(3,880)**	**(2,218)**

Foreign exchange adjustments are recognised in revenue for the year with DKK 369 million (2007: DKK 277 million) and in profit for the year with DKK 95 million (2007: DKK 232 million).

13 Income tax expense

DKK million	2008	2007
Tax on profit for the year	(2,924)	(808)
Tax on recognised income and expense	(887)	541
Effect on equity of reduction of Danish income tax rate from 28% to 25%	0	(32)
Tax for the year	**(3,811)**	**(299)**
Income tax expense can be broken down as follows:		
Current tax (income tax and hydrocarbon tax) calculated using normal tax rates	(1,596)	(746)
Special current tax, hydrocarbon tax calculated using higher tax rate	(278)	469
Current tax on assets classified as held for sale	(20)	(17)
Deferred tax, calculated using normal tax rates	(496)	(322)
Special deferred tax, hydrocarbon tax calculated using higher tax rate	(468)	(491)
Deferred tax on assets classified as held for sale	(2)	0
Adjustments to current tax in respect of prior years	(13)	211
Effect of reduction of Danish income tax rate from 28% to 25%	0	372
Adjustments to deferred tax in respect of prior years	(51)	(284)
Income tax expense	**(2,924)**	**(808)**
Income tax expense can be explained as follows:		
Calculated 25% tax on profit before tax	(1,935)	(1,016)
Adjustments of calculated income tax in foreign subsidiaries in relation to 25%	(34)	(7)
Special tax, hydrocarbon tax	(746)	(22)
Tax effect of:		
Effect of reduction of Danish income tax rate from 28% to 25%	0	372
Non-taxable income	283	109
Utilisation of previously unrecognised tax assets	12	2
Non-deductible expenses	(239)	(102)
Unrecognised tax assets	(177)	(68)
Share of profit after tax of associates	(12)	(1)
Adjustments to tax in respect of prior years	(76)	(75)
Income tax expense	**(2,924)**	**(808)**
Effective tax rate	**38**	**20**

NOTES TO THE INCOME STATEMENT

14 Tax on recognised income and expense

DKK million	2008 Before tax	2008 Tax	2008 After tax	2007 Before tax	2007 Tax	2007 After tax
Foreign exchange adjustments relating to foreign enterprises and equity-like loans, etc.	(1,996)	8	(1,988)	110	(17)	93
Value adjustments of hedging instruments	4,001	(1,006)	2,995	(1,650)	413	(1,237)
Tax on coupon on hybrid capital	0	111	111	0	113	113
Other adjustments	15	0	15	1	0	1
Effect on equity of reduction of Danish income tax rate from 28% to 25%	0	0	0	0	32	32
	2,020	**(887)**	**1,133**	**(1,539)**	**541**	**(998)**

15 Earnings per share

DKK million	2008	2007
Profit for the year	4,815	3,259
Coupon on hybrid capital after tax	(340)	(331)
Attributable to minority interests	(48)	(6)
Attributable to the DONG Energy Group	**4,427**	**2,922**
Average number of shares of DKK 10 each	293,709,900	293,709,900
Earnings per share (EPS) and diluted earnings per share (DEPS) of DKK 10, in whole DKK	15	10

In 2008, DONG Energy changed its share denomination from DKK 1,000 per share to DKK 10 per share. The calculation of EPS/DEPS in 2007 has been restated accordingly.

NOTES TO THE BALANCE SHEET

16 Intangible assets

DKK million	Goodwill	Rights	Completed development projects	In-process development projects	Total
Cost at 1 January 2008	322	4,876	572	191	**5,961**
Foreign exchange adjustments	0	(2)	(2)	(5)	**(9)**
Addition on acquisition of subsidiary	125	0	0	0	**125**
Additions	0	521	16	170	**707**
Disposals	0	(1,751)	0	(1)	**(1,752)**
Transfers to assets classified as held for sale	0	(1)	0	0	**(1)**
Transfers	0	0	140	(140)	**0**
Reclassifications	0	0	0	(26)	**(26)**
Cost at 31 December 2008	**447**	**3,643**	**726**	**189**	**5,005**
Amortisation and impairment losses at 1 January 2008	0	(2,839)	(386)	0	**(3,225)**
Foreign exchange adjustments	0	0	6	0	**6**
Amortisation, disposals	0	1,750	0	0	**1,750**
Amortisation	0	(649)	(83)	0	**(732)**
Impairment losses	0	(39)	(45)	0	**(84)**
Transfers to assets classified as held for sale	0	1	0	0	**1**
Amortisation and impairment losses at 31 December 2008	**0**	**(1,776)**	**(508)**	**0**	**(2,284)**
Carrying amount at 31 December 2008	**447**	**1,867**	**218**	**189**	**2,721**
Cost at 1 January 2007	322	4,725	495	154	**5,696**
Foreign exchange adjustments	0	0	0	(2)	**(2)**
Additions	0	82	129	134	**345**
Disposals	0	(29)	(106)	(35)	**(170)**
Transfers	0	6	54	(60)	**0**
Reclassifications	0	92	0	0	**92**
Cost at 31 December 2007	**322**	**4,876**	**572**	**191**	**5,961**
Amortisation and impairment losses at 1 January 2007	0	(1,097)	(396)	0	**(1,493)**
Amortisation, disposals	0	1	87	0	**88**
Amortisation	0	(1,591)	(77)	0	**(1,668)**
Impairment losses	0	(152)	0	0	**(152)**
Amortisation and impairment losses at 31 December 2007	**0**	**(2,839)**	**(386)**	**0**	**(3,225)**
Carrying amount at 31 December 2007	**322**	**2,037**	**186**	**191**	**2,736**

NOTES TO THE BALANCE SHEET

16 Intangible assets (continued)

Impairment testing

Basis of reporting

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

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

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

Goodwill

The carrying amounts of goodwill allocated to the CGUs central power stations in Western Denmark, DKK 125 million, and the two subsidiaries DONG Energy Sales B.V. and DONG Energy Sales GmbH, DKK 276 million and DKK 46 million, respectively, have been tested for impairment by DONG Energy. The central power stations in Western Denmark and the two subsidiaries (each) constitute the smallest CGU to which the carrying amount of goodwill can be allocated on a reasonable and consistent basis.

The result of the impairment tests was that the recoverable amount was higher than the carrying amount of goodwill. It has consequently not been deemed necessary to write down goodwill in 2008.

The recoverable amount of each CGU has been determined as a value in use. The determination of net cash flows for subsidiaries is based on business plans and budgets approved by management. A terminal value based on the general growth outlook for each market has been determined for the period after the budget period (terminal period). The determination of net cash flows for the CGU central power stations in Western Denmark is based on a forecasting model. Net cash flows have been discounted using a discount rate (before tax) that reflects the risk-free interest rate with the addition of a risk premium in respect of specific risks related to the activities.

Central power stations

The central power stations in Western Denmark produce power and district heat and are recognised in the Group under the Generation segment.

The main criteria used for determining the recoverable amount are the discount rate and the green dark spread. The green dark spread represents the contribution margin per MWh of power generated at a coal-fired power station and is calculated as the difference between the market price of power and the cost of the coal and CO_2 certificates used to generate the power. The calculation of expected net cash flows is based on the Group's own forecasting model, which forecasts net cash flows for the period 2009-2046. The model has been prepared so that it takes into account the history of each power station and the Group's experience in power station operation, including service lives, maintenance, etc. Against this background, the model is estimated to be more accurate than a calculation of the value in use using terminal values. Net cash flows have been discounted using a discount rate before tax of 10.25%.

DONG Energy is of the opinion that no reasonably probable changes in the main criteria used as a basis for calculating the recoverable amount will cause the carrying amount of the central power stations in Western Denmark to exceed the recoverable amount.

DONG Energy Sales B.V.

DONG Energy Sales B.V. sells gas and power to end users in the Netherlands and is recognised in the Group under the Sales & Distribution segment.

The main criteria used for determining the recoverable amount are the discount rate used and gross margins. Budgeted gross margins are based on recently realised margins. Net cash flows are calculated on the basis of the company's business plan and budgets for the period 2009-2015. A growth rate of 2.00%

during the terminal period has been assumed. DONG Energy estimates that the estimated growth rate during the terminal period will not exceed the long-term average growth rate in the market. Net cash flows have been discounted using a discount rate before tax of 10.25%.

DONG Energy is of the opinion that no reasonably probable changes in the main criteria used as a basis for calculating the recoverable amount will cause the carrying amount of DONG Energy Sales B.V. to exceed the recoverable amount.

DONG Energy Sales GmbH

DONG Energy Sales GmbH sells gas and power to customers in Germany and is recognised in the Group under the Energy Markets segment.

The main criteria used for determining the recoverable amount are the discount rate used and gross margins. Budgeted gross margins are based on recently realised margins, adjusted for economies of scale within administration, sales and marketing, which are expected to be realised as the company grows. Net cash flows are calculated on the basis of the company's business plan and budgets for the period 2009-2015. A growth rate of 2.00% during the terminal period has been assumed. DONG Energy estimates that the estimated growth rate during the terminal period will not exceed the long-term average growth rate in the market. Net cash flows have been discounted using a discount rate before tax of 10.50%.

DONG Energy is of the opinion that no reasonably probable changes in the main criteria used as a basis for calculating the recoverable amount will cause the carrying amount of DONG Energy Sales GmbH to exceed the recoverable amount.

Rights

Rights consist primarily of gas purchase rights, acquired CO_2 certificates, customer-related rights and a connection right relating to gas transportation. At 31 December 2008, the carrying amount of gas purchase rights was calculated at DKK 1,033 million (2007: DKK 1,063 million), CO2 certificates amounted to DKK 42 million (2007: DKK 13 million) and customer-related rights amounted to DKK 58 million (2007: DKK 175 million). At 31 December 2008, the carrying amount of the connection right was DKK 372 million (2007: DKK 396 million).

As a result of indications of impairment of customer-related rights, the rights have been tested for impairment. It is estimated that the recoverable amount of customer-related rights in the form of acquired shortfall revenue relating to the power distribution activities in North Zealand is less than the carrying amount at 31 December 2008, which has led to a DKK 39 million impairment loss. The recoverable amount is affected by the assessment that it is expected that the shortfall revenue cannot be contained within the income cap for power distribution in North Zealand in 2009 and 2010, after which the right expires. The right is recognised under the segment Sales & Distribution.

There have been no indications of impairment of other rights in 2008. Consequently, no other rights have been tested for impairment.

A DKK 47 million impairment loss on customer-related rights relating to Dutch gas customers was recognised in 2007, and shortfall revenue of DKK 105 million relating to the power distribution activities in Copenhagen and North Zealand was acquired. The rights are all recognised under the segment Sales & Distribution.

The impairment loss on customer-related rights relating to Dutch gas customers should be viewed in the light of the competition situation in the Dutch market for residential customers, which has made it more difficult than anticipated to retain acquired customers. The impairment of acquired shortfall revenue relating to the power distribution activities in Copenhagen and North Zealand was due to changes in regulatory network tariffs.

The recoverable amount of the rights was determined as the value in use. The recoverable amount was calculated using discount rates (before tax) of 10.75% and 7.50%, respectively, for the right relating to Dutch customers and rights relating to the power distribution network in Copenhagen and North Zealand.

Completed development projects

Completed development projects relate primarily to IT software and the development of technical solutions, including for the fibre optic network and the power grid. At 31 December 2008, the carrying amount of completed development projects was DKK 218 million.

A DKK 45 million impairment loss on IT software was recognised in 2008 as a result of changed use in the Group. The impairment loss relates to the Energy Markets segment.

It has not been deemed necessary to write down any other completed development projects.

NOTES TO THE BALANCE SHEET

17 Property, plant and equipment

DKK million	Land and buildings	Production assets	Exploration assets	Fixtures and fittings, tools and equipment	Property, plant and equipment in course of construction	Total
Cost at 1 January 2008	3,057	58,592	2,103	455	5,185	**69,392**
Foreign exchange adjustments	(5)	(3,529)	(221)	(2)	(672)	**(4,429)**
Additions	87	1,602	1,253	77	6,834	**9,853**
Disposals	(9)	(71)	(562)	(41)	(12)	**(695)**
Transfers to assets classified as held for sale	(157)	0	0	(8)	0	**(165)**
Reversals of assets classified as held for sale	0	139	0	2	0	**141**
Transfers	319	3,307	211	(110)	(3,727)	**0**
Reclassifications	0	14	0	0	12	**26**
Cost at 31 December 2008	**3,292**	**60,054**	**2,784**	**373**	**7,620**	**74,123**
Depreciation and impairment losses at 1 January 2008	(223)	(15,105)	0	(134)	0	**(15,462)**
Foreign exchange adjustments	0	609	0	0	0	**609**
Disposals	0	0	0	39	0	**39**
Depreciation	(128)	(3,452)	0	(65)	0	**(3,645)**
Impairment losses	0	(1,408)	0	0	(220)	**(1,628)**
Transfers to assets classified as held for sale	8	0	0	4	0	**12**
Reversals of assets classified as held for sale	0	(52)	0	(1)	0	**(53)**
Depreciation and impairment losses at 31 December 2008	**(343)**	**(19,408)**	**0**	**(157)**	**(220)**	**(20,128)**
Carrying amount at 31 December 2008	**2,949**	**40,646**	**2,784**	**216**	**7,400**	**53,995**
Including assets held under finance leases	0	0	0	52	0	**52**

DKK million	Land and buildings	Production assets	Exploration assets	Fixtures and fittings, tools and equipment	Property, plant and equipment in course of construction	Total
Cost at 1 January 2007	3,195	43,883	372	395	11,190	**59,035**
Foreign exchange adjustments	1	(214)	(32)	0	407	**162**
Additions	34	2,171	1,919	50	6,977	**11,151**
Disposals	(270)	(113)	(120)	(4)	(198)	**(705)**
Transfers to assets classified as held for sale	0	(235)	0	(7)	(9)	**(251)**
Transfers	97	13,100	(36)	21	(13,182)	**0**
Cost at 31 December 2007	**3,057**	**58,592**	**2,103**	**455**	**5,185**	**69,392**
Depreciation and impairment losses at 1 January 2007	(231)	(12,225)	0	(61)	0	**(12,517)**
Foreign exchange adjustments	0	(58)	0	0	0	**(58)**
Disposals	143	0	0	2	0	**145**
Depreciation	(135)	(2,885)	0	(77)	0	**(3,097)**
Transfers to assets classified as held for sale	0	63	0	2	0	**65**
Depreciation and impairment losses at 31 December 2007	**(223)**	**(15,105)**	**0**	**(134)**	**0**	**(15,462)**
Carrying amount at 31 December 2007	**2,834**	**43,487**	**2,103**	**321**	**5,185**	**53,930**
Including assets held under finance leases	0	0	0	48	19	**67**

Impairment testing

Basis of reporting

Exploration assets are tested for impairment annually or when there are indications that their value may be impaired. Impairment testing is also carried out at the time commercial finds of oil and/or gas have been identified, and when the exploration assets are reclassified to production assets.

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

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

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

Production assets

Oil and gas-producing fields

As a result of falling oil prices, oil and gas-producing fields were impairment tested in 2008. The recoverable amount of some mature fields on the Norwegian continental shelf has fallen,

NOTES TO THE BALANCE SHEET

17 Property, plant and equipment (continued)

which led to a DKK 356 million impairment loss in 2008. The recoverable amount was calculated as the value in use, using a discount rate before tax of 11.25%. The oil and gas fields in question relate to three production licences and are recognised under the Exploration & Production segment.

Power distribution networks
DONG Energy's power distribution network activities are taken care of by the companies DONG Energy Nord Elnet A/S, DONG Energy City Elnet A/S and DONG Energy Frederiksberg Elnet A/S. Each company constitutes a separate cash-generating unit in Sales & Distribution.

The value of the power distribution networks was tested for impairment in 2008. The result of the tests was that there is no need for the Group to recognise any impairment losses on property, plant and equipment in DONG Energy Nord Elnet A/S or DONG Energy Frederiksberg Elnet A/S, and that a DKK 900 million impairment loss on property, plant and equipment has been recognised in respect of DONG Energy City Elnet A/S.

The main reasons for the impairment loss were the bill of amendment introduced by the Danish Climate and Energy Minister in the Danish Parliament in October 2008 (L3), one of the implications of which, compared with current legislation, will be certain restrictions in the possibilities for recognising future capital expenditure in the income cap, and a lower earnings potential. The impairment also reflected expectations of a lower differential between the regulatory rate of return and the discount rate on capitalisation of future cash flows; an expected fall in the number of kWh transported; a review of the expectations concerning the need for operation and maintenance; and the related capital expenditure level. The bill has yet to be passed, but DONG Energy has taken the expected impact of the bill into effect in the calculation of the value in use of the power distribution networks.

In the impairment tests, the recoverable amounts were calculated as the value in use of the cash-generating units. A discount rate before tax of 7.75% was used in these calculations.

Fibre optic network
DONG Energy's fibre optic network constitutes a separate cash-generating unit and is a product group under Sales & Distribution. The value of the fibre optic network was tested in 2008. The factor having the greatest impact on the recoverable amount is the expected timing of an actual breakthrough in maturing the fibre optic network market. As a result of the impairment test it is estimated that the market will mature later than previously estimated. The later timing of a breakthrough has resulted in impairment of those parts of the fibre optic network that have such a short life that, considering the timing of the maturing of the market, their cost cannot be recovered. The impairment loss on these assets amounts to DKK 152 million.

For those parts of the fibre optic network that have a long life, such as conduits, the actual fibres, etc., it is estimated that the recoverable amount in the form of the fair value of the assets exceeds the carrying amount, and these assets have consequently not been written down.

Other production assets
The recoverable amount of other production assets is estimated to exceed the carrying amount, and these items were consequently not written down in 2008.

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

Based on the impairment testing of exploration assets, it is estimated that the recoverable amount exceeds the carrying amount. The Group's exploration assets consequently were not written down in 2008.

Property, plant and equipment in the course of construction
In 2008, there were indications that the Horns Rev 2 wind farm, which is under construction in the North Sea northwest of Esbjerg, might be impaired. The wind farm, which is recognised under the Generation segment, is expected to be completed at the end of 2009. Against the background of an impairment test, the recoverable amount of the wind farm was estimated to be less than its carrying amount at 31 December 2008, and a DKK 220 million impairment loss was consequently recognised. The impairment reflected budget deviations relating to wind turbines and cables, and increasing requirements concerning

return on capital. The recoverable amount was calculated as a value in use, where expected net cash flows were discounted using a discount rate before tax of 10.00%.

The recoverable amount of other items of property, plant and equipment in the course of construction is estimated to exceed the carrying amount, and these items were consequently not written down in 2008.

Other items of property, plant and equipment
Based on the impairment testing of other items of property, plant and equipment, it is estimated that the recoverable amount exceeds the carrying amount. The Group's other items of property, plant and equipment consequently were not written down in 2008.

18 Associates and other equity investments

	Investments in associates		Other equity investments	
DKK million	2008	2007	2008	2007
Cost at 1 January	4,572	4,480	41	17
Foreign exchange adjustments	(1)	0	0	0
Additions	0	92	60	28
Disposal on disposal of associates	(2)	0	0	0
Capital contributions	6	12	0	0
Capital reduction	(22)	0	0	0
Transferred on change of capital structure	71	(12)	0	0
Transfers to assets classified as held for sale	0	0	0	(4)
Cost at 31 December	**4,624**	**4,572**	**101**	**41**
Value adjustments at 1 January	(660)	(407)	(12)	(12)
Foreign exchange adjustments	(551)	(60)	0	0
Share of profit for the year	(48)	(5)	0	0
Dividends received	(28)	(188)	0	0
Impairment losses	0	0	(4)	0
Transferred on change of capital structure	(31)	0	0	0
Value adjustments at 31 December	**(1,318)**	**(660)**	**(16)**	**(12)**
Carrying amount at 31 December	**3,306**	**3,912**	**85**	**29**

Other equity investments comprise investments in unlisted securities classified as assets available for sale. The investments are measured at the lower of cost and recoverable amount, as it is not possible to determine a reliable fair value of the assets.

NOTES TO THE BALANCE SHEET

18 Associates and other equity investments (continued)

Associates:

2008

DKK million	Registered office	Ownership interest	Revenue	Profit for the year	Assets	Liabilities	DONG Energy Group's share: Profit for the year	DONG Energy Group's share: Equity
DELPRO A/S	Kolding, Denmark	33%	182	4	84	30	1	18
Deudan GmbH & Co.	Handewitt, Germany	49%	27	21	135	76	10	29
FordonsGas Sverige AB	Gothenburg, Sweden	50%	80	(2)	89	80	(1)	5
Kraftgården AB	Ragunda, Sweden	26%	0	0	7,374	1	0	1,893
Narvik Energi AS	Narvik, Norway	33%	408	99	1,667	0	33	551
P/S BI New Energy Solutions	Copenhagen, Denmark	22%	0	(10)	216	0	(2)	40
Salten Kraftsamband AS	Fauske, Norway	24%	532	86	2,406	430	20	468
Stadtwerke Lübeck GmbH	Lübeck, Germany	25%	3,435	(484)	1,052	434	(121)	155
Swedegas AB	Gothenburg, Sweden	20%	160	80	656	310	16	70
Dansk Gasteknisk Center	Hørsholm, Denmark	37%	27	0	14	7	0	3
Etzel Kavernen Betriebsverwaltungsgesellschaft mbH & Co KG	Hamburg, Gernany	33%	0	(7)	204	22	(3)	61
Others							(1)	13
Consolidated total							**(48)**	**3,306**

Investments in associates are measured in the Group's balance sheet using the equity method. The accounting figures disclosed in the note have been determined on the basis of the recognised values in the Group.

DONG Energy owns a further 5% of the share capital of Salten Kraftsamband AS through Narvik Energi AS.

Investments in associates include rights with indefinite useful lives. These rights were tested for impairment in 2008. There was deemed to be no need to write down rights with indefinite useful lives in 2008.

The value of the investment in Stadtwerke Lübeck GmbH was tested for impairment in 2008. Stadtwerke Lübeck GmbH sells power and gas to customers in North Germany and forms a separate cash-generating unit in the DONG Energy Group. The company is recognised under the Energy Markets segment. The recoverable amount of the investment in the company was estimated to be lower than the carrying amount at 31 December 2008, which led to an impairment loss on intangible assets and property, plant and equipment of DKK 205 million before tax. The impairment loss is recognised in the company's results for 2008. The impairment reflected changes in customer accounts and a review of expected efficiency effects. The recoverable amount was calculated as a value in use, where expected net cash flows were discounted using a discount rate before tax of 9.50%.

2007

DKK million	Registered office	Ownership interest	Revenue	Profit for the year	Assets	Liabilities	DONG Energy Group's share: Profit for the year	DONG Energy Group's share: Equity
DELPRO A/S	Kolding, Demark	33%	169	(2)	99	47	(1)	17
Deudan GmbH & Co.	Handewitt, Germany	49%	56	(71)	95	0	(35)	47
FordonsGas Sverige AB	Gothenburg, Sweden	50%	75	1	107	93	1	7
Kraftgården AB	Ragunda, Sweden	26%	271	0	8,553	2	0	2,195
Narvik Energi AS	Narvik, Norway	33%	303	60	3,214	1,227	20	662
P/S BI New Energy Solutions	Copenhagen, Denmark	22%	0	6	215	41	1	38
Salten Kraftsamband AS	Fauske, Norway	24%	685	70	3,370	953	17	572
Stadtwerke Lübeck GmbH	Lübeck, Germany	25%	2,502	(67)	1,596	429	(17)	292
Swedegas AB	Gothenburg, Sweden	20%	177	52	786	434	11	72
Others							(2)	10
Consolidated total							**(5)**	**3,912**

Investments in associates are measured in the Group's balance sheet using the equity method. The accounting figures disclosed in the note have been determined on the basis of the recognised values in the Group.

DONG Energy owns a further 3% of the share capital of Salten Kraftsamband AS through Narvik Energi AS.

Investments in associates include rights with indefinite useful lives.

These rights were tested for impairment in 2007. There was deemed to be no need to write down rights with indefinite useful lives in 2007.

NOTES TO THE BALANCE SHEET

19 Inventories

DKK million	2008	2007
Raw materials and consumables	158	187
Fuel	2,253	1,699
Natural gas and crude oil	1,507	899
Inventories at 31 December	**3,918**	**2,785**

Cost of sales totalled DKK 36,096 million in 2008 (2007: DKK 23,295 million).

The carrying amount of inventories recognised at fair value was DKK 0. Raw materials, consumables and fuel inventories are written down to net realisable value if this is lower than cost. Write-downs of inventories to net realisable value totalled DKK 9 million in 2008 (2007: DKK 0). Reversals of write-downs amounted to DKK 0 in 2008 (2007: DKK 0).

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

20 Receivables

DKK million	2008	2007
Receivables from associates	428	439
Other receivables	355	212
Construction contracts	1,197	0
Non-current receivables at 31 December	**1,980**	**651**
Trade receivables	10,985	8,845
Receivables from associates	183	238
Receivables in respect of sale of activities	111	101
Fair value of derivative financial instruments, see note 33	21,709	8,032
Deposits	111	123
Other receivables	2,922	2,257
Construction contracts	52	53
Current receivables at 31 December	**36,073**	**19,649**
Current and non-current receivables at 31 December	**38,053**	**20,300**

Apart from the fair value of derivative financial instruments, current receivables fall due less than one year after the close of the financial year. The remaining maturity of derivative financial instruments appears from note 33.

Credit risks related to receivables are described in further detail in management's review on page 40 ff. and in note 32. For a breakdown by credit quality of receivables that have not been written down and are not due, reference is also made to note 32.

The Group's trade receivables at 31 December include receivables that were due at 31 December but were not impaired, as follows:

DKK million	2008	2007
Due dates:		
Up to 30 days	301	713
30 - 90 days	209	158
Over 90 days	419	636
	929	**1,507**

Write-downs on trade receivables are assessed on the basis of due date and historical experience and recorded on a summary account. Individual and general write-downs recorded on a summary account developed as follows:

DKK million	2008	2007
Write-downs at 1 January	519	406
Transfers to assets classified as held for sale	0	(4)
Write-downs for the year	117	133
Receivables written off	0	(9)
Reversal of previous write-downs	(6)	(7)
Write-downs at 31 December	**630**	**519**

NOTES TO THE BALANCE SHEET

21 Construction contracts

DKK million	2008	2007
Selling price of construction contracts	1,249	61
Progress billings	0	(8)
Net value of construction contracts at 31 December	**1,249**	**53**
which is recognised as follows:		
Construction contracts (assets)	1,249	53
Construction contracts (liabilities)	0	0
Net value of construction contracts at 31 December	**1,249**	**53**

The selling price of construction contracts at 31 December 2008 related predominantly to the construction of a gas-fired power station at StatoilHydro's refinery in Mongstad in Norway.

Costs incurred and recognised profits in respect of construction contracts amounted to DKK 1,249 million in 2008 (2007: DKK 61 million).

Construction contracts are recognised as receivables, see note 20.

22 Assets classified as held for sale

In 2007, the Group decided to make preparations for the disposal of its wind power activities in Northern France, which were recognised under the Generation segment. However, it was subsequently deemed appropriate to further develop these activities under the auspices of DONG Energy. Assets and liabilities relating to this asset group have been reversed to the balance sheet items of which they normally form part. It has not been deemed necessary to charge any impairment on these assets. The reversal has no material effect on the results for the current and previous financial years.

In 2008, DONG Energy sold its share of the water and district heat activities of EnergiGruppen Jylland A/S, which was recognised under other operating segments. As EnergiGruppen Jylland Biogas A/S and Energigruppen Jylland Forbrænding A/S did not form part of the transaction, assets and liabilities relating to these have been reversed to the balance sheet items of which they normally form part. The reversal has no material effect on the results for the current and previous financial years.

Furthermore, DONG Energy sold its Greek wind power activities (Generation) and its 132 kV transmission grid in North Zealand (Sales & Distribution) with completion in 2008. All assets disposed of were classified as assets held for sale in 2007. Reference is made to note 30.

An agreement has been entered into on sale of DONG Energy's ownership interest in Frederiksberg Forsyning A/S and Frederiksberg Forsynings Ejendomsselskab A/S, which is expected to be completed in the first quarter of 2009. The companies form part of the segment Sales & Distribution and constitute the Group's assets classified as held for sale at 31 December 2008.

DKK million	2008	2007
Intangible assets	0	14
Property, plant and equipment	154	2,158
Other non-current assets	0	4
Non-current assets	**154**	**2,176**
Current assets	**33**	**362**
Assets classified as held for sale at 31 December	**187**	**2,538**
Non-current liabilities	**11**	**490**
Current liabilities	**76**	**96**
Liabilities relating to assets classified as held for sale at 31 December	**87**	**586**

NOTES TO THE BALANCE SHEET

23 Equity

Share capital

DKK million	2008	2007	2006
Share capital at 1 January	2,937	2,937	2,144
Capital increase by way of non-cash contributions	0	0	793
Share capital at 31 December	**2,937**	**2,937**	**2,937**

The company's share capital is DKK 2,937,099,000, divided into shares of nominally DKK 10. The share denomination was changed in 2008 from DKK 1,000 per share to DKK 10 per share.

All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up. The shares may only be assigned or otherwise transferred with the written consent of the Danish Finance Minister.

Resolutions concerning amendments to the Articles of Association or DONG Energy A/S's dissolution require at least two-thirds of the votes cast and of the voting share capital represented at the general meeting in order to be carried. Any resolution on amendment of the Articles of Association that restricts the shareholders' rights requires at least nine-tenths of the votes cast and of the voting share capital represented at the general meeting in order to be carried.

Dividends

The Supervisory Board recommends that dividend of DKK 1,926 million be paid for the 2008 financial year, equivalent to 40% of profit for the year and DKK 7 per share. In the years following the 2008 financial year, and until a decision, if any, on an IPO of the company is made, the Supervisory Board plans to generally distribute 40% of profit for the year determined in accordance with IFRS as dividend.

Dividend distributions to shareholders have no tax implications for DONG Energy A/S.

Hybrid capital

Hybrid capital of DKK 8,088 million comprises the EUR bonds (hybrid capital) issued in the European capital market in June 2005. The loan principal is EUR 1.1 billion and the loan is subject to a number of special terms. The purpose of the issue was to strengthen DONG Energy A/S's capital base and to fund DONG Energy's capital expenditure and acquisitions.

The bonds rank as subordinated debt and have a maturity of 1,000 years. The coupon for the first ten years is fixed at 5.5% p.a., following which it becomes floating with a step-up added. The tax effect of coupon payments is recognised directly in the Group's equity. Coupon is settled annually in the middle of the year. DONG Energy A/S can omit or defer coupon payments to the bond holders. However, deferred coupon payments will fall due for payment in the event of DONG Energy A/S subsequently making any distributions to its shareholders. The proceeds from the issuing of hybrid capital amounted to DKK 8,111 million (EUR 1.1 billion). So far, DONG Energy has not used the option to defer coupon payments.

Minority interests

Minority interests' share of recognised profit and equity in the Group at 31 December 2008 concerns:

DKK million	Profit (loss) for the year	Equity
Borkum Riffgrund I Holding A/S	(5)	(7)
DONG Energy Sales GmbH	3	4
EGJ A/S	50	0
EGJ F&B A/S	1	34
MIG Business Development A/S	0	1
Storrun Vindkraft AB	(1)	15
Total	**48**	**47**

24 Deferred tax

DKK million	2008	2007
Deferred tax at 1 January	5,007	4,492
Foreign exchange adjustments	(450)	31
Addition of non-current assets	0	(211)
Deferred tax for the year recognised in profit for the year	964	814
Deferred tax for the year recognised in statement of recognised income and expense	(117)	130
Prior year adjustments	51	284
Effect of reduction of Danish income tax rate from 28% to 25%	0	(404)
Transfers to assets classified as held for sale	(7)	(129)
Deferred tax at 31 December	**5,448**	**5,007**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (assets)	13	31
Deferred tax (liabilities)	5,461	5,038
Deferred tax at 31 December, net	**5,448**	**5,007**

NOTES TO THE BALANCE SHEET

24 Deferred tax (continued)

DKK million	2008	2007
Deferred tax relates to:		
Intangible assets	374	255
Property, plant and equipment	6,671	6,623
Other non-current assets	23	53
Current assets	57	113
Non-current liabilities	(2,349)	(1,835)
Current liabilities	(82)	(337)
Retaxation	834	911
Tax loss carryforwards	(80)	(776)
Deferred tax at 31 December	**5,448**	**5,007**
Deferred tax assets that are not recognised in the balance sheet relate to:		
Temporary differences	411	1,373
Tax loss carryforwards	8,750	7,636
Unrecognised deferred tax assets at 31 December	**9,161**	**9,009**
Deferred tax liabilities that are not recognised in the balance sheet relate to:		
Temporary differences relating to investments in subsidiaries and associates	1,465	498

Unrecognised deferred tax assets relate primarily to unutilised losses in the hydrocarbon income. Utilisation of the losses within the foreseeable future is considered unlikely.

Unrecognised deferred tax liabilities are not recognised as DONG Energy A/S can control whether the liabilities will be incurred. It is probable that the liabilities will not be incurred in the foreseeable future.

Change in temporary differences during the year:

2008

DKK million	Balance sheet at 1 January	Foreign exchange adjust-ments	Addition non-current assets	Recog-nised in profit for the year	Recog-nised in equity	Prior year adjust-ments	Change in tax rate from 28% to 25%	Transfer to assets classified as held for sale	**Balance sheet at 31 December**
Intangible assets	255	0	0	113	0	6	0	0	**374**
Property, plant and equipment	6,623	(793)	0	945	0	(97)	0	(7)	**6,671**
Other non-current assets	53	0	0	(160)	0	130	0	0	**23**
Current assets	113	(2)	0	21	(81)	6	0	0	**57**
Non-current liabilities	(1,835)	327	0	(595)	(77)	(169)	0	0	**(2,349)**
Current liabilities	(337)	6	0	97	41	111	0	0	**(82)**
Retaxation	911	0	0	168	0	(245)	0	0	**834**
Tax loss carryforwards	(776)	12	0	375	0	309	0	0	**(80)**
	5,007	**(450)**	**0**	**964**	**(117)**	**51**	**0**	**(7)**	**5,448**

2007

DKK million	Balance sheet at 1 January	Foreign exchange adjust-ments	Addition non-cur-rent assets	Recog-nised in profit for the year	Recognised in equity	Prior year adjustments	Change in tax rate from 28% to 25%	Transfer to assets classified as held for sale	**Balance sheet at 31 December**
Intangible assets	448	0	0	(106)	0	(48)	(39)	0	**255**
Property, plant and equipment	5,888	44	0	1,284	(61)	96	(500)	(128)	**6,623**
Other non-current assets	(16)	(6)	0	49	0	32	(6)	0	**53**
Current assets	0	5	0	85	(25)	37	11	0	**113**
Non-current liabilities	(1,553)	(10)	0	(542)	198	(29)	101	0	**(1,835)**
Current liabilities	(432)	0	0	(21)	12	74	30	0	**(337)**
Retaxation	249	0	0	534	0	128	0	0	**911**
Tax loss carryforwards	(92)	(2)	(211)	(469)	6	(6)	(1)	(1)	**(776)**
	4,492	**31**	**(211)**	**814**	**130**	**284**	**(404)**	**(129)**	**5,007**

NOTES TO THE BALANCE SHEET

25 Provisions

	2008			2007		
DKK million	Decommissioning obligations	Others	Total	Decommissioning obligations	Others	Total
Provisions at 1 January	4,227	1,557	**5,784**	3,596	933	**4,529**
Foreign exchange adjustments	(268)	(2)	**(270)**	7	0	**7**
Provisions used during the year	(2)	(82)	**(84)**	(4)	(101)	**(105)**
Provisions reversed during the year	(114)	(493)	**(607)**	(304)	(331)	**(635)**
Provisions made during the year	438	246	**684**	776	1,063	**1,839**
Transferred to/from assets classified as held for sale	14	0	**14**	(3)	(7)	**(10)**
Interest element of decommissioning obligations	174	0	**174**	159	0	**159**
Provisions at 31 December	4,469	1,226	5,695	4,227	1,557	5,784

Decommissioning obligations relate to expected future costs for decommissioning of production facilities, including primarily decommissioning of power stations and wind farms, and restoration of oil and gas drilling sites. The equivalent value of the provision is recognised under production assets (property, plant and equipment) and depreciated together with the production assets. The increase in decommissioning obligations in 2008 was due to new oil and gas drilling sites.

Changes in estimates in 2008 affected provisions for decommissioning obligations by DKK 244 million.

Provisions, others, include guarantee obligations and expected repayments to power consumers, etc, following pending litigation and disputes.

Provisions are determined as expected future payments with addition of a risk premium and discounted to present value. The discount rate applied reflects the general risk-free interest rate level in the given country. The range is 3.50% - 6.25%.

Expected maturities

DKK million	2008	2007
0 - 1 year	229	69
1 - 10 years	2,594	3,106
10 - 20 years	1,612	1,807
20 - 30 years	627	191
30 - 40 years	633	611
Provisions at 31 December	5,695	5,784

26 Loans and borrowings

	2008			2007		
DKK million	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Bond loans	160	7,734	**7,894**	0	7,923	**7,923**
Mortgage loans	0	1,258	**1,258**	6	1,258	**1,264**
Bank loans	1,952	8,019	**9,971**	2,506	5,522	**8,028**
Trade payables	8,155	0	**8,155**	5,488	0	**5,488**
Payables to associates	24	70	**94**	36	0	**36**
Fair value of derivative financial instruments, see note 33	14,644	0	**14,644**	6,933	0	**6,933**
Other liabilities	4,624	1,554	**6,178**	5,319	1,020	**6,339**
Income tax payable	420	0	**420**	39	0	**39**
Liabilities associated with assets classified as held for sale	87	0	**87**	586	0	**586**
Loans and borrowings at 31 December	**30,066**	**18,635**	**48,701**	**20,913**	**15,723**	**36,636**

The fair value of bond loans, mortgage loans and bank loans, which are measured at amortised cost, was DKK 19,213 million (2007: DKK 17,204 million). The carrying amount was DKK 19,123 million (2007: DKK 17,215 million). The fair value has been determined as the present value of expected future instalments and interest payments using the Group's current interest rate on loans as discount rate. Other liabilities are recognised at a value approximating the fair value of the liabilities.

Apart from the fair value of derivative financial instruments, current liabilities fall due for payment less than one year after the end of the financial year. The remaining maturity of derivative financial instruments appears from note 33.

At 31 December 2008, DONG Energy had loans totalling DKK 7,112 million from the European Investment Bank and the Nordic Investment Bank to finance certain assets, including marine pipelines, Avedøre Power Station and the offshore wind farms Barrow Offshore Wind, Horns Rev I, Horns Rev 2 and Nysted Offshore Wind Farm. The loans offered by these multilateral financial institutions include loans with co-financing of infrastructure and energy projects on favourable terms and with maturities that often exceed those normally available in the commercial banking market. In connection with the debt to the European Investment Bank, which, at 31 December 2008, totalled DKK 5,548 million, the Group may be met with requirements concerning security, if Moody's or S&P lowers DONG Energy A/S's rating to less than Baa1 or BBB+, respectively.

The Group's financing agreements are not subject to any other unusual terms or conditions. Pledging of security in connection with loans appears from note 37.

For information on the Group's capital management procedures and policies, reference is made to management's review on pages 10 and 43.

NOTES TO THE BALANCE SHEET

Maturities for financial liabilities including interest payments:

2008

DKK million	Carrying amount	Payment obligation	2009	2010	2011	2012	2013	After 2013
Bond loans	7,894	8,928	466	301	4,312	3,849	0	0
Mortgage loans	1,258	1,578	64	64	64	64	1,322	0
Bank loans	9,971	12,168	2,289	524	857	963	2,276	5,259
Trade payables	8,155	8,155	8,155	0	0	0	0	0
Payables to associates	94	94	94	0	0	0	0	0
Fair value of derivative financial instruments	14,644	-						
Other liabilities	6,178	6,178	6,178	0	0	0	0	0
Income tax payable	420	420	420	0	0	0	0	0
Liabilities associated with assets classified as held for sale	87	87	87	0	0	0	0	0
	48,701	**37,608**	**17,753**	**889**	**5,233**	**4,876**	**3,598**	**5,259**

The maturity analysis is based on undiscounted cash flows relating to financial liabilities. For a maturity analysis of negative derivative financial instruments, reference is made to note 33. Derivative financial instruments have been used to hedge interest rate and exchange rate risks relating to the Group's loan portfolio.

2007

DKK million	Carrying amount	Payment obligation	2008	2009	2010	2011	2012	After 2012
Bond loans	7,923	9,260	308	304	459	4,340	3,849	0
Mortgage loans	1,264	1,587	60	54	54	54	54	1,311
Bank loans	8,028	9,779	2,805	820	442	775	862	4,075
Trade payables	5,488	5,488	5,488	0	0	0	0	0
Payables to associates	36	36	36	0	0	0	0	0
Fair value of derivative financial instruments	6,933	-						
Other liabilities	6,339	6,339	6,339	0	0	0	0	0
Income tax payable	39	39	39	0	0	0	0	0
Liabilities associated with assets classified as held for sale	586	586	586	0	0	0	0	0
	36,636	**33,114**	**15,661**	**1,178**	**955**	**5,169**	**4,765**	**5,386**

Finance leases

Obligations relating to assets held under finance leases are recognised in bank loans:

	2008			2007		
DKK million	Minimum lease payments	Interest element	**Present value**	Minimum lease payments	Interest element	**Present value**
0 - 1 year	33	(6)	**27**	23	0	**23**
1 - 5 years	168	(22)	**146**	64	(5)	**59**
> 5 years	0	0	**0**	99	(24)	**75**
	201	**(28)**	**173**	**186**	**(29)**	**157**
Carrying amount at 31 December			184			157

The present value of the minimum lease payments has been calculated using a market rate at the balance sheet date for similar leases. There is no contingent rent under the leases.

Further details of other lease arrangements entered into by the Group are given in note 35.

NOTES TO THE BALANCE SHEET

27 Income tax receivable and payable

DKK million	2008	2007
Income tax payable at 1 January, net	(714)	(53)
Foreign exchange adjustments	(4)	(3)
Adjustments to current tax in respect of prior years	13	(211)
Payments in respect of prior years	661	286
Current tax for the year	1,874	278
Current tax for the year from statement of recognised income and expense	1,004	(639)
Current tax from non-consolidated enterprises	(2)	0
Payments for the year	(2,418)	(369)
Transferred to liabilities associated with assets classified as held for sale	(5)	(3)
Income tax payable t 31 December, net	**409**	**(714)**

Income tax at 31 December is recognised as follows:		
Income tax receivable (assets)	11	753
Income tax payable (liabilities)	420	39
Income tax payable at 31 December, net	**409**	**(714)**

28 Cash flows from operations (operating activities)

DKK million	2008	2007
Operating profit (EBIT)	8,004	4,783
Depreciation, amortisation and impairment losses	6,093	4,917
Amortisation of purchased CO_2 certificates	(475)	(94)
Operating profit before depreciation and amortisation (EBITDA)	**13,622**	**9,606**
Other restatements	340	1,607
Cash flows from operations (operating activities) before changes in working capital	**13,962**	**11,213**
Change in inventories	(1,133)	(172)
Change in trade receivables	(2,359)	(2,267)
Change in other receivables	(583)	2,019
Change in trade payables	2,838	964
Change in other payables	276	(1,786)
Change in working capital	**(961)**	**(1,242)**
Cash flows from operations (operating activities)	**13,001**	**9,971**

Exploration activities generated a cash outflow of DKK 946 million (2007: outflow of DKK 566 million).

29 Acquisition of subsidiaries

Acquisitions of subsidiaries in 2008

DONG Energy did not make any significant acquisitions in 2008. A further purchase price of DKK 125 million, which will be allocated to goodwill, has been triggered in respect of the enterprises acquired in 2006. The purchase price was paid in 2008.

Acquisitions of subsidiaries in 2007

DONG Energy did not make any significant acquisitions in 2007. The payment of DKK 6,683 million for the year related to payment of payable purchase price on acquisition of subsidiaries in prior years, primarily the acquisition of KE Drift A/S, including the company's shares in DONG Energy Power A/S (formerly Energi E2 A/S).

NOTES TO THE BALANCE SHEET

30 Disposal of subsidiaries

DKK million	2008	2007
Intangible assets	14	859
Property, plant and equipment	2,091	5,374
Other non-current assets	6	44
Other current assets	284	537
Non-current liabilities	(442)	(2,337)
Other current liabilities	(138)	(1,551)
Non-cash transactions	(300)	521
Gain on disposal of enterprises	917	29
Selling price	**2,432**	**3,476**
Received in respect of disposals in prior year	0	1,458
Minority interests' share of selling price	(48)	0
Of which receivables	(10)	0
Cash selling price	**2,374**	**4,934**

Disposals of enterprises in 2008
Disposals of enterprises in 2008 comprised Regionale Net.dk A/S (132 kV transmission grid in North Zealand), EnergiGruppen Jylland A/S, EnergiGruppen Jylland Varme A/S, EnergiGruppen Jylland Vand A/S, EGJ Udvikling A/S and the Greek companies Energi E2 Aiolika Parka Karystias EPE and Energi E2 Aioliki S. A. (Greek wind power activities).

The gains on these disposals were calculated at DKK 477 million for the 132 kV transmission grid, DKK 99 million for the companies in EnergiGruppen Jylland and DKK 41 million for the Greek wind power activities. In addition, a DKK 300 million purchase price adjustment has been triggered relating to the sale of Energi E2 Renewables Ibericas S. L. (the Spanish wind power activities) in 2007.

Disposals of enterprises in 2007
Disposals of enterprises in 2007 comprised Energi E2 Renewables Ibericas S. L. and Dublin Waste to Energy (Holdings) Limited (51% of the shares). The sales proceeds were calculated as a loss of DKK 3 million for Energi E2 Renewables Ibericas S. L. and nil for Dublin Waste to Energy (Holdings) Limited. Furthermore, an amount of DKK 32 million has been credited to income and a payment of DKK 1,458 million received relating to the sale of Ll. Torup Gaslager A/S in 2006.

31 Cash and cash equivalents

DKK million	2008	2007
Securities with limited price risk that are part of the ongoing cash management	753	134
Available cash	2,827	2,507
Bank overdrafts that form part of the ongoing cash management	(1,211)	(861)
Cash and cash equivalents at 31 December	**2,369**	**1,780**
Cash at 31 December can be broken down into the following balance sheet items:		
Available cash	2,827	2,507
Cash not available for use	216	55
Cash at 31 December	**3,043**	**2,562**
Current portion of bank loans at 31 December can be broken down as follows:		
Bank overdrafts	(1,211)	(861)
Other bank loans	(741)	(1,645)
Current portion of bank loans at 31 December	**(1,952)**	**(2,506)**

Cash not available for use primarily comprises cash pledged as collateral for trading in financial instruments and cash received from users of the North Sea oil pipeline for use for pipeline maintenance.

NOTES TO THE CASH FLOW STATEMENT

32 Financial risks

Counterparty risks

Financial risks

Counterparty risks

The figure above provides an overview of the credit quality of the market value of derivative financial instruments, cash and cash equivalents, and trade receivables, at 31 December 2008 in the DONG Energy Group based on the individual counterparty's rating with Standard & Poor's and Moody's. The amounts stated do not include netting of positive and negative values or any collateral, and the figure consequently does not reflect the actual credit risk.

The bulk of the risks are concentrated in the category "AA/Aa" and "A/A"-rated counterparties, which represents DONG Energy's trading with large international energy companies and banks. Such trading is regulated under standard agreements, such as EFET and ISDA agreements, which feature credit and netting provisions. Moreover, a substantial proportion of DONG Energy's trading is via exchanges and hubs, where participants regularly provide collateral in respect of their obligations, and where all settlement is via clearing centres without any credit risk and rating.

Cash and cash equivalents make up a small proportion and are primarily placed with the leading Danish banks. The group "Others" predominantly consists of trade receivables from customers, such as end users and PSO customers.

Sensitivity analysis concerning financial instruments

The table below illustrates the Group's sensitivity to fluctuations in commodity prices, exchange rates and interest rates measured as effect on profit and equity, respectively, in the event of a price increase or decrease on the Group's financial instruments at the balance sheet date. A pre-tax approach has been adopted.

The table includes the risks perceived by management to be the most significant for the Group. The Group also calculates and manages the currency risk vis-à-vis EUR; however, as price fluctuations between DKK and EUR are small, the risk is considered to be insignificant.

The analysis shows the sensitivity in the event of a relative price change of 10%, as this corresponds to the average annual volatility of the underlying risks. Some of the risks have fluctuated, historically, by slightly more than 10%, while others have fluctuated by slightly less, and a 10% fluctuation has consequently been deemed to be a good average for price changes.

NOTES WITHOUT REFERENCE

		Estimated effect on profit at 31 December		Estimated effect on equity at 31 December	
Risk	Price change	2008	2007	2008	2007
Oil and gas	+ 10%	82	74	(850)	(640)
	- 10%	(50)	(76)	862	679
Power	+ 10%	440	476	(79)	(16)
	- 10%	(440)	(477)	79	16
Coal	+ 10%	(163)	(165)	125	52
	- 10%	163	165	(126)	(52)
USD	+ 10%	(79)	(72)	(207)	(355)
	- 10%	79	72	207	355
GBP	+ 10%	120	51	91	(34)
	- 10%	(120)	(51)	(91)	34
NOK	+ 10%	(149)	21	-	-
	- 10%	149	(21)	-	-
SEK	+ 10%	40	68	(81)	(109)
	- 10%	(64)	(68)	139	109
Interest	100 basis points	8	-	212	24

Estimated effect on profit

The shown effect on profit is the effect from financial instruments that are open at the balance sheet date, and that have an effect on profit in the current financial year. Besides derivative financial instruments on commodities, currency and interest, financial instruments in this context also include receivables and debt in foreign currencies.

It should be noted that the shown sensitivities only comprise the Group's financial instruments and consequently are not representative of the Group's total risk profile in relation to commodity prices and exchange rates. Furthermore, the sensitivities only reflect the effect of changes at the balance sheet date, and not through an entire accounting period.

Estimated effect on equity

The shown effect on equity is the effect from financial instruments that are open at the balance sheet date and affect equity at the balance sheet date excluding instruments that affect the income statement. Here, financial instruments include derivative financial instruments on commodities, currency and interest, which are accounted for as hedges of cash flows. However, net investments and associated hedging of net investments in foreign subsidiaries are not included, as the effect of the sum of the investment and the hedging is considered to be neutral to price changes.

For further details of the Group's net investments and hedging of same, reference is made to note 33.

The shown effect from an interest rate change of 100 basis points is the amount by which the Group's equity would be affected in the event of the entire interest rate curve increasing by 100 basis points.

NOTES WITHOUT REFERENCE

33 Derivative financial instruments

The Group uses derivative financial instruments as part of its risk management, trading and when position taking.

2008		Fair value of derivative financial instruments					
DKK million		2009	2010	2011	2012 - 2013	After 2013	**Total**
Commodities:							
Oil swaps	Positive	525	136	26	2	0	**689**
	Negative	(255)	(26)	(8)	(3)	0	**(292)**
Oil options	Positive	1,157	897	464	917	0	**3,435**
	Negative	(6)	(24)	0	0	0	**(30)**
Gas swaps	Positive	3,006	688	83	0	0	**3,777**
	Negative	(2,515)	(493)	(71)	0	0	**(3,079)**
Power swaps	Positive	6,709	1,570	493	428	1,074	**10,274**
	Negative	(6,132)	(1,322)	(299)	(111)	0	**(7,864)**
Power options	Positive	0	0	0	0	0	**0**
	Negative	0	0	0	0	0	**0**
Coal forwards	Positive	1,718	177	2	0	0	**1,897**
	Negative	(1,852)	(320)	(124)	0	0	**(2,296)**
Currency:							
Foreign exchange contracts	Positive	1,068	152	0	0	0	**1,220**
	Negative	(396)	(108)	(28)	0	0	**(532)**
Currency swaps	Positive	40	37	0	71	28	**176**
	Negative	(10)	(8)	(3)	0	(147)	**(168)**
Currency options	Positive	31	0	0	0	0	**31**
	Negative	(4)	0	0	0	0	**(4)**
Interest:							
Interest rate swaps	Positive	12	2	2	152	42	**210**
	Negative	(12)	(3)	0	(191)	(173)	**(379)**
Positive at 31 December		**14,266**	**3,659**	**1,070**	**1,570**	**1,144**	**21,709**
Negative at 31 December		**(11,182)**	**(2,304)**	**(533)**	**(305)**	**(320)**	**(14,644)**

The maturity analysis for interest rate swaps reflects the expected maturity for each contract.

2007		Fair value of derivative financial instruments					
DKK million		2008	2009	2010	2011 - 2012	After 2012	**Total**
Commodities:							
Oil swaps	Positive	29	0	0	0	0	**29**
	Negative	(436)	(316)	(245)	(121)	0	**(1,118)**
Oil options	Positive	29	26	32	12	0	**99**
	Negative	0	0	0	0	0	**0**
Gas swaps	Positive	983	247	6	0	0	**1,236**
	Negative	(851)	(189)	(1)	0	0	**(1,041)**
Power swaps	Positive	2,274	490	228	284	847	**4,123**
	Negative	(2,167)	(280)	(77)	(32)	0	**(2,556)**
Power options	Positive	0	2	0	0	0	**2**
	Negative	0	(29)	0	0	0	**(29)**
Coal forwards	Positive	1,826	274	12	0	0	**2,112**
	Negative	(1,704)	(154)	(7)	0	0	**(1,865)**
Currency:							
Foreign exchange contracts	Positive	265	8	4	0	0	**277**
	Negative	(56)	0	0	0	0	**(56)**
Currency swaps	Positive	46	37	6	18	0	**107**
	Negative	(36)	(16)	(11)	(20)	(180)	**(263)**
Currency options	Positive	10	0	0	0	0	**10**
	Negative	0	0	0	0	0	**0**
Interest:							
Interest rate swaps	Positive	1	12	0	11	13	**37**
	Negative	(5)	0	0	0	0	**(5)**
Positive at 31 December		**5,463**	**1,096**	**288**	**325**	**860**	**8,032**
Negative at 31 December		**(5,255)**	**(984)**	**(341)**	**(173)**	**(180)**	**(6,933)**

The maturity analysis for interest rate swaps reflects the expected maturity for each contract.

NOTES WITHOUT REFERENCE

33 Derivative financial instruments (continued)

Hedging of future cash flows:

2008

DKK million	Notional amount	Fair value	Recognised in equity	Expected date of transfer to income statement: 2009	2010	2011	After 2011
Commodities:							
Oil swaps	4,292	378	406	288	93	21	4
Oil options	15,326	3,404	3,048	896	775	542	835
Gas swaps	208	(11)	(13)	(13)	0	0	0
Power swaps	5,149	970	228	155	19	30	24
Coal forwards	2,029	(443)	(389)	(120)	(147)	(122)	0
Currency:							
Forward exchange contracts	6,023	(75)	101	16	143	(89)	31
Currency swaps	501	78	89	41	45	3	0
Currency options	1,277	27	0	0	0	0	0
Loans in foreign currency	101	42	42	42	0	0	0
Interest:							
Interest rate swaps	4,052	(104)	(46)	27	12	12	(97)
Derivative financial instruments, total	**38,958**	**4,266**	**3,466**	**1,332**	**940**	**397**	**797**

Ineffectiveness arising from commodity hedging was recognised under the item effect of economic hedging with an outflow of DKK 206 million (2007: outflow of DKK 355 million), see note 4. Ineffectiveness arising from interest rate and currency hedging amounted to DKK 47 million in 2008 (2007: DKK 50 million).

2007				Expected date of transfer to income statement			
DKK million	Notional amount, net	Fair value	Recognised in equity	2008	2009	2010	After 2010
Commodities:							
Oil swaps	4,859	(1,109)	(1,109)	(427)	(316)	(245)	(121)
Oil options	5,603	99	(49)	(49)	0	0	0
Gas swaps	435	(2)	(12)	3	(15)	0	0
Power swaps	2,486	(156)	(253)	(177)	(58)	(9)	(9)
Coal forwards	235	204	241	134	103	4	0
Currency:							
Foreign exchange contracts	3,707	123	367	239	67	55	6
Currency swaps	663	62	61	23	33	5	0
Currency options	263	10	14	14	0	0	0
Loans in foreign currency	194	194	91	46	45	0	0
Interest:							
Interest rate swaps	1,358	(6)	130	32	28	21	49
Derivative financial instruments, total	**19,803**	**(581)**	**(519)**	**(162)**	**(113)**	**(169)**	**(75)**

Hedging of fair values	2008				2007			
DKK million	Receivables	Payables	Hedged using hedging instruments	**Net position**	Receivables	Payables	Hedged using hedging instruments	**Net position**
Currency:								
EUR	18,897	(22,971)	6,706	**2,632**	6,561	(13,286)	3,728	**(2,997)**
USD	5,510	(4,691)	1,528	**2,347**	4,275	(7,764)	1,566	**(1,923)**
GBP	2,688	(1,501)	0	**1,187**	1,432	(926)	0	**506**
SEK	692	(50)	0	**642**	708	(33)	0	**675**
NOK	398	(2,036)	0	**(1,638)**	853	(578)	0	**275**
Others	117	(27)	0	**90**	139	(21)	0	**118**
	28,302	(31,276)	8,234	5,260	13,968	(22,608)	5,294	(3,346)

NOTES WITHOUT REFERENCE

33 Derivative financial instruments (continued)

Hedging of net investments in foreign subsidiaries	2008				2007			
DKK million	Investment incl. equity-like loans	Hedged amount in currency	Net position	Foreign exchange adjustments recognised in equity	Investment incl. equity-like loans	Hedged amount in currency	Net position	Foreign exchange adjustments recognised in equity
Currency:								
NOK	9,237	(3,064)	6,173	(1,193)	12,021	(4,390)	7,631	259
SEK	2,085	(34)	2,051	(412)	2,343	0	2,343	(57)
GBP	3,224	(1,845)	1,379	(289)	2,778	(2,194)	584	(113)
EUR	936	0	936	(1)	818	0	818	0
PLN	478	(261)	217	(4)	441	(383)	58	8
	15,960	**(5,204)**	**10,756**	**(1,899)**	**18,401**	**(6,967)**	**11,434**	**97**

Trading portfolio and economic hedging	2008		2007	
DKK million	Notional amount, net	Fair value	Notional amount, net	Fair value
Oil swaps	164	19	68	20
Oil options	192	1	167	0
Gas swaps	2,358	709	1,720	197
Power swaps	8,671	1,440	7,810	1,723
Power options	0	0	275	(27)
CO_2	26	(8)	14	6
Coal forwards	40	44	157	43
Interest rate swaps	7,566	(50)	0	0
	19,017	**2,155**	**10,211**	**1,962**

The above includes a special long-term financial contract for purchase of power that runs until 2020. The contract is recognised at estimated market value at 31 December 2008 of DKK 1,701 million (2007: DKK 1,713 million), calculated on the basis of market data and the outlook concerning long-term prices of power, coal and the USD and EUR exchange rates. Unrealised value adjustment at 31 December 2008 is recognised in revenue for 2008 with DKK 194 million (2007: DKK 134 million).

34 Jointly controlled assets and entities

Jointly controlled assets

DONG Energy has interests in a number of oil and gas exploration licences. These interests are accounted for as jointly controlled assets by the Group.

The Group's interests in oil and gas exploration licences are shown in the overview in note 41.

Reference is made to note 36 on contingent liabilities related to the Group's jointly controlled assets, including oil and gas exploration licences.

The Group's recognised share of the income, costs, assets and liabilities of oil and gas exploration licences is as follows:

DKK million	2008	2007
Income	0	0
Expenses	(946)	(566)
Assets at 31 December	2,941	2,132
Liabilities at 31 December	149	76

NOTES WITHOUT REFERENCE

Jointly controlled entities

DONG Energy has interests in jointly controlled entities that operate wind farms, geothermal plants, gas storage facilities, etc.

The Group's interests in jointly controlled entities are shown in the overview in note 42.

Reference is made to note 36 on contingent liabilities related to the Group's interests in jointly controlled entities.

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

DKK million	2008	2007
Income	583	530
Expenses	(354)	(300)
Non-current assets	2,396	2,765
Current assets	243	251
Assets at 31 December	**2,639**	**3,016**
Non-current liabilities	411	356
Current liabilities	167	281
Liabilities at 31 December	**578**	**637**

35 Operating leases

DKK million	2008	2007
0 - 1 year	562	176
1 - 5 years	1,241	1,608
> 5 years	689	1,131
Minimum lease payments	**2,492**	**2,915**
Minimum lease payments on subleasing of assets held under operating leases	44	0
Net minimum lease payments	**2,448**	**2,915**

DONG Energy has entered into operating leases comprising leasing of a drilling rig in the period 2008 - 2011, leasing of a natural gas storage facility in Germany in the period 2008 - 2023, commercial leases in the period 2007 - 2012, and vehicle leasing, the latter with a term of up to five years.

The Group has entered into an operating lease for a further natural gas storage facility in Germany for the period 2010 - 2018. The minimum lease payments amount to DKK 569 million and are not recognised in the above statement of minimum lease payments relating to commenced lease arrangements. An amount of DKK 87 million was recognised in 2008 (2007: DKK 55 million) in respect of operating lease payments. DONG Energy did not sublease any assets held under operating leases in 2008.

NOTES WITHOUT REFERENCE

36 Contingent assets and contingent liabilities

Contingent assets

Significant unrecognised contingent assets comprise deferred tax assets at DKK 9.2 billion (2007: DKK 9.0 billion). Reference is made to note 24.

DONG Energy has advanced claims against a few trading partners. Management is of the opinion that the claims are justified, and that the Group will be awarded damages for the calculated loss. However, the claims have not been recognised, as the existence of this asset is subject to several uncertain future events that are outside the DONG Energy Group's control.

Contingent liabilities

Liability to pay compensation

According to the legislation, DONG Energy's natural gas companies DONG Oil Pipe A/S, DONG E&P A/S and DONG E&P Grønland A/S are liable to pay compensation for damage caused by their oil and natural gas activities, even where there is no proof of negligence (strict liability). The usual insurance has been taken out to cover any such claims.

Guarantees

DONG Energy A/S has furnished the Danish Ministry of Economic and Business Affairs with a guarantee for fulfilment of all obligations and liability to the Danish State or third parties incurred by DONG E&P A/S as co-holder of the licences in which the company participates, irrespective of whether the obligations and liability rest on DONG E&P A/S alone or jointly and severally with others. However, the guarantee is limited to a sum corresponding to twice DONG E&P's share of each obligation or liability.

As a condition for approval of its participation in hydrocarbon exploration and production on the Norwegian, UK, Greenland and Faroese continental shelves, DONG Energy A/S has provided a guarantee under which it assumes primary liability as normally required by the local authorities. The guarantee covers obligations and liability incurred or assumed by the DONG E&P Group in connection with its exploration and production activities. The guarantee has no maximum limit and the DONG E&P Group is jointly and severally liable with the other partners for obligations and liability.

Through subsidiaries and joint ventures, DONG Energy participates in oil and natural gas production and exploration, construction and operation of wind farms, and geothermal plants and natural gas installations. The Group has provided guarantees, and guarantees under which the Group assumes primary liability, in respect of the construction and operation of installations, and leases, decommissioning obligations, purchase and sales contracts, etc.

In addition to the guarantees referred to in the foregoing, DONG Energy, in the course of its activities, has provided guarantees, and guarantees under which it assumes primary liability, in respect of various other contractual obligations. Guarantee obligations amount to DKK 580 million (2007: DKK 438 million).

Joint and several liability

The DONG Energy Group is part of a number of joint ventures, including renewable energy projects and oil and natural gas production and exploration licences. The Group's companies are jointly and severally liable with the other joint venturers for obligations and liability under agreements concluded.

DONG Energy Power A/S is liable as a partner for financial losses at certain CHP plants.

Litigation

DONG Energy is a party to actions relating to the competition authorities' claim that Elsam A/S, Elsam Kraft A/S and Energi E2 A/S charged excessive prices in the Danish wholesale power market in some periods. Following a merger in 2008, Elsam Kraft A/S and Energi E2 A/S are part of DONG Energy Power A/S.

The Competition Appeals Tribunal has concluded that Elsam A/S and Elsam Kraft A/S abused their dominant positions in the wholesale power market in Western Denmark to some extent in the periods 1 July 2003 to 31 December 2004 and

1 January 2005 to 30 June 2006 by charging excessive prices. DONG Energy disputes the rulings and has appealed them to the Copenhagen Maritime and Commercial Court.

A group of power consumers has filed a claim with the Copenhagen Maritime and Commercial Court for compensation of up to DKK 4.4 billion with addition of interest in connection with the above actions relating to excessive prices in Western Denmark.

As the outcome of these actions is naturally subject to considerable uncertainty, a DKK 298 million provision has been recognised, which has been determined on the basis of the Competition Council's calculation of the consumers' losses.

The Competition Council is in the process of examining whether, in the period 1 July 2003 to 31 December 2005, Energi E2 A/S abused a dominant position in the wholesale power market in Eastern Denmark by charging excessive prices. In management's opinion, there is no basis, at the present time, for making any provisions for losses.

In connection with the various joint venture agreements and other collaboration agreements to which the Group is a party, various minor litigation cases are pending that are not expected, either individually or collectively, to have any effect on the Group's financial position. The Group is also a party to a number of litigation proceedings and legal disputes that do not have any effect on the Group's financial position, either individually or collectively.

37 Contractual obligations and security arrangements

Contractual obligations

The Group has entered into binding contracts with suppliers for the purchase of property, plant and equipment. The obligations total DKK 11.4 billion (2007: DKK 11.2 billion), and relate primarily to contracts concerning investment in wind farms, power stations and buildings.

The DONG E&P Group participates in a number of oil and natural gas production and exploration licences. Through its participation in these licences, DONG Energy has assumed investment obligations totalling DKK 559 million. DONG Energy has also assumed investment obligations totalling DKK 45 million in respect of the Group's exploration licences.

DONG Energy participates in joint ventures and, by virtue of its participation in these, has assumed investment obligations amounting to DKK 195 million (2007: DKK 292 million). DONG Energy has also assumed investment obligations totalling DKK 232 million in respect of the Group's joint ventures.

The Group is also a party to a number of long-term purchase and sales contracts that have been concluded in the course of the Group's normal operations. Apart from the liabilities already recognised, the Group does not expect to incur any financial losses as a result of the performance of these contracts.

Security arrangements

Mortgage loans totalling DKK 1,252 million (2007: DKK 1,258 million) are secured on four central power stations with a carrying amount of DKK 3,704 million (2007: DKK 3,930 million). Furthermore, a DKK 249 million mortgage secured on property was issued in 2007.

NOTES WITHOUT REFERENCE

38 Related party transactions

Related parties that have control over the Group comprise the Danish State, represented by the Danish Ministry of Finance, which owns 73% of the parent company.

Related parties that exercise significant influence comprise the parent company's, associates' and joint ventures' Supervisory and Executive Boards and senior executives, and close members of their families. Related parties also comprise companies in which the persons referred to above have significant influence. Transactions with these are made on arm's length terms. Remuneration to the Supervisory and Executive Boards is disclosed in note 5.

Related parties also include the Group's associates, i.e. companies in which the DONG Energy Group has significant influence. Transactions with associates are made on arm's length terms.

Related parties also include joint ventures, i.e. companies controlled by the DONG Energy Group jointly with other joint venturers. Transactions with joint ventures are made on arm's length terms.

Reference is made to note 42 for an overview of the Group's associates and joint ventures.

In the course of its normal operations, DONG Energy sells products to related parties on arm's length terms.

The Group was involved in the following transactions with related parties in the year under review. These transactions exclude income taxes, taxes deducted at source, etc., VAT and other normal transactions with the Danish State, including ministries, etc., and companies controlled by the Danish State.

	The Danish State		Associates		Joint ventures	
DKK million	2008	2007	2008	2007	2008	2007
Dividends paid	(1,072)	(1,436)	0	(7)	-	-
Dividends received	-	-	28	49	127	273
Capital transactions, net			(16)	0	-	-
Trade receivables	-	-	591	477	151	47
Trade payables	-	-	(165)	(99)	(48)	(51)
Pipeline and exemption duty	(2,137)	(1,831)	-	-	-	-
Government grants	300	404	-	-	-	-
Interest, net	-	-	28	18	16	7
Receivables	-	-	611	677	95	148
Payables	-	-	94	36	135	18

Licences from the Danish State

DONG Energy has been granted natural gas storage and distribution licences by the Danish State under sections 10 and 59 of the Danish Natural Gas Supply Act. The licences have been granted for the period up to 2023.

Under sections 24, 25 and 59 of the Natural Gas Supply Act, DONG Energy has also been granted a licence to engage in natural gas supply activities on the conditions laid down in the Natural Gas Supply Act. The licence expires in 2013.

DONG E&P A/S has participated as a partner in all exploration licences granted in Denmark since 1984. Up to and including the 5th licensing round, the company has participated in all licences with a paying share of normally 20% at the date of award. DONG E&P A/S has provided services to the licences in which it participates.

The Group, represented by DONG VE A/S and DONG Energy Power A/S, has an interest in three geothermal energy exploration and recovery licences. One of the licences, in which DONG VE is the sole licensee, comprises one third of Denmark's territory with the exception of the metropolitan region. Two thirds of the area was relinquished in 1998 and 2003, respectively, and the remaining one third must be relinquished in 2013. The second licence, in which DONG VE A/S has a 28% interest and DONG Energy Power A/S an 18% interest, comprises the metropolitan area. The licence was granted on 19 February 2001, initially for 15 years. The third licence, in which DONG VE A/S has a 50% interest, was granted on 11 October 2007 and runs provisionally until 2016. During the year under review, DONG Energy provided services as operator of the Metropolitan Geothermal Alliance (HGS).

DONG Energy has also been granted power generation licences that run until 2022; power distribution licences that run until 2022, 2023 and 2025, respectively, depending on the licence area; power PSO licences that are renewed on an ongoing basis subject to application; hydrocarbon exploration and production licences that generally run for six years during the exploration phase and then for 30 years during the production phase; and licences to operate wind farms.

Reference is made to note 41 for an overview of licences and significant Danish licences.

Other transactions

Subject to the constraints following from the capacity of the pipeline, DONG Oil Pipe A/S is under obligation to transport through its pipeline all crude oil and condensate recovered on the Danish continental shelf in the North Sea. The authorities may grant DONG Oil Pipe A/S exemption from this obligation if, in the Minister's opinion, transportation through the pipeline is uneconomical or inexpedient. Under the Danish Pipeline Act, DONG Oil Pipe A/S is under obligation to pay duty to the State amounting to 95% of the profit made. The duty paid to the Danish State amounted to DKK 2,011 million (2007: DKK 1,727 million). Several of DONG E&P A/S's Danish fields are not connected to DONG Oil Pipe's pipeline, and DONG E&P consequently pays exemption duty to the Danish State. Exemption duty paid in 2008 amounted to DKK 126 million (2007: DKK 104 million).

In 2008, DONG Energy completed the sale of Regionale Net.dk A/S to Energinet.dk, which is owned by the Danish State. Regionale Net.dk A/S owns and operates the regional power transmission grid (132 kV) in North Zealand. The selling price amounted to DKK 2,046 million and was received in 2008. DONG Energy engages in other significant transactions with Energinet.dk on a daily basis in the latter's capacity as the Danish TSO. As the Danish TSO, Energinet.dk operates the 400 kV power transmission grids in Denmark and the Danish natural gas transmission network, which the Group uses to transport power and natural gas. The Group also sells power system services and natural gas storage capacity to Energinet.dk to meet the need for system integrity and emergency supplies to the Danish power and natural gas supply system.

Apart from normal management remuneration, there have been no other transactions with the Supervisory or Executive Boards, senior executives, the Danish State or any other related parties during the year under review.

NOTES WITHOUT REFERENCE

39 Events after the reporting period

Bill to amend the Danish Electricity Supply Act (L3)
A bill to amend the Danish Electricity Supply Act was introduced in October 2008. The bill was published for consultation in November, and the first reading took place in December based on the consultation responses. At the start of February 2009, the Danish Energy Agency published five proposed amendments for consultation with a consultation deadline of 20 February 2009. It is expected that the second and third readings of the bill will take place at the end of March.

The bill will have major financial implications for DONG Energy's power distribution activities if it is passed and is one of the reasons for the recognition of an impairment loss in the 2008 financial statements.

Wind turbine agreement with Siemens
On 6 March 2009 DONG Energy and the Siemens Energy Sector signed an agreement for the supply of up to 500 offshore wind turbines. The wind turbines to be delivered under the supply agreement have total capacity of up to 1,800 MW, and will be deployed on DONG Energy's coming offshore wind farms in Northern Europe. Permitting procedures and country specific wind regime economics will determine where and when the individual projects will be built.

40 Description of accounting policies

Basis of preparation

Consolidated financial statements

The consolidated financial statements include the financial statements of the parent company DONG Energy A/S and subsidiaries in which DONG Energy A/S has the power to govern the financial and operating policies so as to obtain a return or other benefits from the subsidiary's activities. Control exists when DONG Energy A/S holds, directly or indirectly, more than 50% of the voting rights or otherwise has the power to control the subsidiary in question.

Regulated companies that operate according to a principle of self-financing and where DONG Energy A/S does not have direct or indirect access to receive a return or other benefits are not included in the consolidation, but are instead measured at fair value as investments under other equity investments.

Enterprises over which the Group exercises significant influence, but not control, are accounted for as associates. Significant influence is typically achieved by holding or having the ability to exercise, directly or indirectly, more than 20% but less than 50% of the voting rights, although this is based on a specific assessment of the possibility of exercising influence. Any such enterprises that satisfy the criteria for common control are instead accounted for as joint venture investments, see the description under "Interests in joint ventures".

Potential voting rights exercisable at the balance sheet date are taken into account in assessing whether DONG Energy has control, joint control or significant influence.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, in accordance with the Group's accounting policies. Intragroup income and expenses, shareholdings, balances and dividends as well as realised and unrealised gains and losses arising from intragroup transactions are eliminated on consolidation. Unrealised gains resulting from transactions with associates and entities under common control are eliminated to the extent of the Group's investment in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments in subsidiaries are offset against the proportionate share of the fair value of the subsidiaries' identifiable net assets and recognised contingent liabilities at the date of acquisition or formation.

The items in the subsidiaries' financial statements are recognised in full in the consolidated financial statements. The minority interests' share of profit for the year and of equity of subsidiaries that are not wholly-owned is recognised as part of the Group's profit and equity, respectively, but disclosed separately.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of during the year are recognised in the consolidated income statement up to the date of disposal. Comparative figures are not restated to reflect acquisitions or disposals; however, discontinued operations are presented separately, see below.

On acquisition of enterprises whereby the parent company obtains control of the acquiree the purchase method is applied. The acquiree's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right, and the fair value can be measured reliably. Deferred tax on revaluations is taken into account.

The acquisition date is the date on which DONG Energy A/S obtains control of the acquiree.

The excess of the cost of the acquiree over the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested for impairment, at least annually. The first impairment test is carried out before the end of the year of acquisition. On acquisition, goodwill

40 Description of accounting policies (continued)

is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency that is different from the presentation currency (DKK) of the DONG Energy Group are accounted for as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date. Any excess of the fair value over the cost of acquisition (negative goodwill) is recognised in the income statement at the date of acquisition.

The cost of an enterprise consists of the fair value of the consideration paid plus costs that can be directly attributed to the acquisition. If parts of the consideration are contingent on future events, these parts are recognised in the cost to the extent that the events are probable and the consideration can be measured reliably.

If there is any uncertainty, at the acquisition date, concerning the measurement of identifiable assets acquired and liabilities and contingent liabilities assumed, initial recognition is based on provisional fair values. If the fair value of identifiable assets, liabilities and contingent liabilities subsequently proves to differ from the fair value assumed at the acquisition date, goodwill may be adjusted for up to twelve months following their acquisition. The effect of any such adjustments is recognised in opening equity, and the comparative figures are restated accordingly. Subsequently, goodwill is only adjusted as a consequence of changes in estimated contingent purchase consideration, except in the case of material errors; however, subsequent realisation of the acquiree's deferred tax assets that were not recognised at the acquisition date leads to recognition of the tax benefit in the income statement and simultaneous adjustment of the carrying amount of goodwill to the amount that would have been recognised if the deferred tax asset had been recognised as an identifiable asset at the acquisition date.

Gains or losses on disposal of subsidiaries and associates are determined as the difference between the selling price and the carrying amount of net assets including goodwill at the date of disposal and costs necessary to make the sale.

Gains or losses on disposal of subsidiaries and associates are recognised in the income statement in the item gain on disposal of enterprises. Where a business combination involves successive acquisitions, each significant acquisition is treated separately with a view to determining the cost and fair value of the acquired identifiable assets, liabilities and contingent liabilities, including any goodwill. The fair value of the identifiable assets, liabilities and contingent liabilities may be different at the date of each acquisition. When a transaction results in the achievement of control of the acquiree, previously acquired shares of identifiable assets, liabilities and contingent liabilities relating to the already acquired investments are remeasured at fair value at the acquisition date. The remeasurement is accounted for as a revaluation, which is recognised via equity.

The effect of acquisitions and disposals of minority interests following the achievement of control is recognised directly in equity. Net assets acquired are not revalued on acquisition.

Interests in joint ventures

Interests in joint ventures comprise jointly operated natural gas and crude oil exploration and production licences as well as wind farms and geothermal plants within renewable energy. Recognition of an investment as a joint venture interest is conditional upon the existence of a contractual arrangement stipulating joint control. The contractual arrangement must also stipulate whether the joint venturers are jointly and severally liable or liable for their proportionate shares only.

Interests in joint ventures are recognised by proportionate consolidation at the share of the jointly controlled assets and liabilities, classified by nature, and the share of revenue from the sale of the joint product, along with the share of the expenses incurred by the jointly controlled operation. Liabilities and expenses incurred in respect of the jointly controlled operation are also recognised.

In connection with proportionate consolidation, intragroup income and expenses, balances and realised and unrealised gains and losses arising from intragroup transactions between the proportionately consolidated enterprises are eliminated to the extent of the Group's investment.

Acquisition of licence interests is accounted for as acquisition of individual assets. Deferred tax on temporary differences between the carrying amount and the tax base is not provided for, cf. the description under income tax and deferred tax.

Foreign currency translation
For each of the reporting enterprises in the Group a functional currency is determined. The functional currency is the currency of the primary economic environment in which the individual reporting enterprise operates. Transactions in other currencies than the functional currency are accounted for as transactions in foreign currencies.

On initial recognition, transactions in foreign currencies are translated into the functional currency at the exchange rates at the transaction date. Exchange differences arising between the exchange rate at the transaction date and at the date of payment are recognised in the income statement as financial income and financial expenses.

Receivables, payables and other monetary items in foreign currencies are translated into the functional currency at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

Gains and losses on hedging transactions relating to purchases and sales of goods are recognised at the same time as and in the same item as the hedged item.

On recognition in the consolidated financial statements of subsidiaries and proportionately consolidated enterprises with a different functional currency than DKK, the income statement items are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for each month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Exchange differences arising on translation of the opening equity of these enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve.

Foreign exchange adjustments of balances that are accounted for as part of the total net investment in enterprises with a different functional currency than DKK are recognised in the consolidated financial statements directly in equity under a separate translation reserve. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises and that provides an effective hedge against corresponding foreign exchange gains/losses on the net investment in the enterprise are taken directly to a separate translation reserve under equity.

On recognition in the consolidated financial statements of associates with a different functional currency than DKK, the share of profit for the year is translated using an average exchange rate, and the share of equity including goodwill is translated at the exchange rates at the balance sheet date. Exchange differences arising on translation of the share of foreign associates' opening equity at the exchange rates at the balance sheet date and on translation of the share of profit for the year from average rates to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve.

On complete or partial disposal of a foreign entity, or on repayment of balances that are considered part of the net investment, the share of the cumulative exchange adjustments that is recognised directly in equity relating to that foreign equity is recognised in the income statement when the gain or loss on disposal is recognised.

Derivative financial instruments
Derivative financial instruments and loans are used to hedge currency risks, interest rate risks and price risks related to the price of oil, coal and gas.

Derivative financial instruments are recognised from the trade date under receivables (positive fair values) and other payables (negative fair values), respectively, and are measured in the balance sheet at fair value. Costs directly related to the acquisition or issue of the individual financial instrument (transaction costs) are

40 Description of accounting policies (continued)

added to the fair value on initial recognition, unless the financial asset or the financial liability is measured at fair value through the income statement. Positive and negative fair values are only offset if the enterprise is entitled to and intends to settle several financial instruments net (in cash). The fair value of derivative financial instruments is determined on the basis of current market data and assumptions, and recognised valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as hedges of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability to the extent of hedged risk. Hedging of future cash flows of contracts concluded (firm commitment) is accounted for as hedging of the fair value of a recognised asset or liability, except in the case of foreign currency hedging.

Changes in the portion of the fair value of derivative financial instruments and foreign exchange adjustments of loans that is designated as and qualifies for recognition as a hedge of future cash flows and that provides an effective hedge against changes in the value of the hedged item are recognised directly in equity under a separate hedging reserve until the hedged transaction is realised. In the case of options used as hedges, only the intrinsic value of the option is accounted for as a hedge. The interest element is recognised over the life of the option. On realisation of the hedged transaction the resulting gain or loss is transferred from equity and recognised in the same item as the hedged item; however, on hedging of the proceeds from future loans the resulting gain or loss is transferred from equity over the term of the loan.

Value adjustments of derivative financial instruments that have been entered into to hedge the Group's primary activities but do not satisfy the criteria for hedge accounting are recognised as revenue. Likewise, value adjustments of financial contracts offered to customers with a view to price hedging are recognised as revenue. This classification is judged to best reflect the results of the Group's operations.

For derivative financial instruments that have not been entered into to hedge revenue or production costs, changes in fair value are recognised in the income statement as financial items when they occur.

Changes in the fair value of derivative financial instruments that are used to hedge net investments in foreign subsidiaries or associates and that provide effective hedges against changes in foreign exchange rates in these enterprises are recognised in the consolidated financial statements directly in equity under a separate translation reserve.

Some contracts include terms that correspond to derivative financial instruments. Such embedded financial instruments are recognised separately and measured on a continuing basis at fair value if they differ significantly from the contract in question, unless the host contract is recognised and measured at fair value on a continuing basis.

Under IFRS, contracts that involve physical delivery of commodities are, in certain circumstances, accounted for as derivative financial instruments. Based on an evaluation of the purpose of the Group's commodity contracts and the connection between that purpose and the Group's other activities, the Group's contracts that involve physical delivery of commodities generally satisfy the criteria for exemption from classification as derivative financial instruments for normal sale and purchase contracts. Contracts that involve physical delivery of commodities and are classified and accounted for as derivative financial instruments primarily comprise contracts entered into in the course of the Group's trading activities or as part of certain hedging activities.

Income statement

Revenue

Revenue comprises sales and transportation of natural gas and crude oil, distribution and storage of natural gas, sales and distribution of power and heat, etc., and grants for the sale of environment-friendly power (price supplement). Revenue is recognised in the income statement when delivery and transfer of risk to buyer have taken place and if the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and duties collected on behalf of third parties. All forms of discounts granted are recognised in revenue.

Construction contracts for the construction of assets involving a high degree of customisation, and the rendering of services (consultancy services, etc.), are recognised as revenue as the work to which they relate is performed or the service rendered to the effect that revenue corresponds to the selling price of the work performed during the year (percentage of completion method). When the outcome of a construction contract cannot be estimated reliably, revenue is only recognised to the extent of the costs incurred that it is probable will be recovered.

Overlift/underlift of oil and gas is recognised in revenue at realisable value. Overlift/underlift relates to situations in which the Group participates in producing fields (licences) with several participants and where the Group has lifted and sold more or less oil and gas from the producing fields than its entitlement at the time of lifting.

Physical and financial contracts relating to trading in oil, gas, power, CO_2 certificates, etc., that are concluded in the course of the Group's trading activities with a view to generating gains from short-term price fluctuations are fair value adjusted under revenue.

Value adjustments of financial instruments that have been entered into to hedge the Group's primary operating activities but do not satisfy the criteria for hedge accounting are recognised as revenue. Likewise, value adjustments of financial contracts offered to customers with a view to price hedging are recognised as revenue.

Production costs
Production costs comprise costs, including cost of sales, depreciation and amortisation, wages and salaries, relating to

- equity production of natural gas, crude oil, power and heat, etc., operation and maintenance of production assets, etc., during the year under review

- natural gas and crude oil exploration, including costs for exploration licences, own costs for geological data, seismic surveys, licence administration, expensing of exploration wells, etc.

- research and development, including costs for research into new and improved production methods and further development of existing technologies, etc.

are recognised in the income statement as incurred, unless the criteria in IAS 38 for capitalisation of development costs are met.

Sales and marketing
Sales and marketing, which comprises expenses for negotiation and conclusion of purchase and sales contracts relating to natural gas, crude oil, power, heat, etc., and for marketing of DONG Energy and DONG Energy's products, is recognised in the income statement as incurred. This item includes direct expenses as well as allocated indirect expenses for sales and marketing.

Management and administration
Management and administration, comprising primarily staff costs for management and administrative staff, is recognised in the income statement as incurred. This item includes direct expenses as well as allocated indirect expenses for management and administration. It also includes write-downs of trade receivables.

Other operating income and expenses
Other operating income and expenses comprise items secondary in nature to the Group's activities, including gains and losses on ongoing disposal and replacement of intangible assets and property, plant and equipment, and government grants received for research and development costs and for the purchase of assets and development projects. Grants for research and development costs are recognised as the costs to which the grants relate are incurred, while grants for the purchase of assets and development projects are recognised as the assets to which the grants relate are depreciated. Other income and expenses are recognised as earned/incurred. Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the selling price less costs to sell and the carrying amount at the date of disposal.

Government grants
Government grants comprise grants for environment-friendly power generation, grants for and funding of development projects and grants for capital expenditure, etc. Government

ACCOUNTING POLICIES

40 Description of accounting policies (continued)

grants are recognised when there is reasonable assurance that they will be received.

Grants for power generation are recognised under revenue as the related power revenue is recognised.

Grants for research and development costs, which are recognised directly in the income statement, are recognised under other operating income as the costs to which the grants relate are incurred.

Grants for the purchase of assets and development projects are recognised in the balance sheet under deferred income and transferred to other operating income in the income statement as the assets to which the grants relate are depreciated.

Allocated CO_2 certificates are recognised under rights as intangible assets. Reference is made to the description of the accounting policies under the relevant sections.

Income from investments in associates
The proportionate share of associates' profit after tax and minority interests and after elimination of the proportionate share of intragroup profits/losses is recognised in the consolidated income statement.

Financial income and financial expenses
Financial income and financial expenses comprise interest income and expense, capital gains and losses and impairment losses relating to securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including lease commitments under finance leases, as well as surcharges and refunds under the on-account tax scheme, etc. Financial income and financial expenses also include realised and unrealised gains and losses relating to derivative financial instruments that have not been entered into to hedge revenue or production costs. Interest is recognised under the accrual basis of accounting. Dividends from other investments are recognised as they are received.

Income tax expense
The Group is subject to the Danish rules on compulsory joint taxation and has also elected international joint taxation with the Group's foreign subsidiaries. The Group's subsidiaries are included in the joint taxation from the date they are included in the consolidation in the consolidated financial statements and up to the date on which they are no longer included in the consolidation.

The current Danish income tax is allocated among the jointly taxed Danish subsidiaries in the form of settlement of joint taxation contributions in proportion to their taxable income. In this connection Danish subsidiaries with tax losses receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilised (full absorption), while companies that utilise tax losses in other Danish companies pay joint taxation contributions to the parent company equivalent to the tax base of the utilised losses.

Income tax expense, which consists of current tax, joint taxation contribution for the year and changes in deferred tax, is recognised in the income statement to the extent that it relates to profit for the year, and directly in equity to the extent that it relates to entries directly to equity.

The Group is registered for the Danish on-account tax scheme. Tax refunds/tax surcharges are allocated between the jointly taxed Danish companies in accordance with the allocation of the Danish income tax and recognised as financial income and financial expenses, respectively.

Subsidiaries that are engaged in natural gas and crude oil recovery (hydrocarbons) are subject to the hydrocarbon tax legislation in the countries in which they operate. Hydrocarbon taxes are calculated on the basis of taxable hydrocarbon income, and comprise taxes calculated applying the respective country's ordinary income tax rate as well as taxes calculated applying increased tax rates. Hydrocarbon taxes are recognised under income tax expense.

Balance sheet

Intangible assets
Goodwill. Goodwill is recognised initially in the balance sheet at cost as described under business combinations. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised. The

carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. The determination of cash-generating units follows the Group's organisational and internal reporting structure.

Rights. Allocated and acquired CO_2 certificates, including CO_2 credits, that are accounted for as rights are measured initially at cost. To the extent that a grant is received in connection with an allocation, the cost constitutes the actual consideration paid for the certificates, i.e. nil if the certificates are allocated free of charge. CO_2 certificates are amortised in step with the actual emissions of CO_2. To the extent that the actual emissions exceed the allocated and acquired CO_2 certificates, the fair value of the additional CO_2 certificates that DONG Energy is under obligation to settle is recognised as a liability. The amortisation basis for CO_2 certificates is determined taking into account their residual value, which depends on whether they are held for use or for sale. The residual value of CO_2 certificates held for use is nil.

Other rights comprise gas purchase rights, acquired customer rights and IT software licences, etc., and are measured at cost less accumulated amortisation and impairment losses.

Gas purchase rights are amortised using the unit-of-production method, taking into account the expected earnings profile, so that the amortisation pattern reflects the expected earnings patterns. Other rights are amortised on a straight-line basis over their expected economic lives, which are determined on the basis of management's experience of the specific business areas, and the assets to which the rights relate. Capitalised rights are estimated to have an economic life of 5-20 years.

The value of associates includes rights with indefinite useful lives.

Development projects. Development projects comprise development of IT systems, etc. Development projects that are clearly defined and identifiable, and for which technical feasibility, adequate resources and a potential future market or an application in the enterprise can be demonstrated, and which the enterprise intends to manufacture, market or use, are recognised as intangible assets if the cost can be determined reliably and if there is reasonable certainty that the future earnings or the net selling price will cover production costs, selling costs, administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

Recognised development costs are measured at cost less accumulated amortisation and impairment losses. Cost comprises salaries, amortisation and other costs attributable to the Group's development activities.

On completion of the development work, development projects are amortised on a straight-line basis over the estimated economic life from the date the asset is available for use. The amortisation period is usually five years. The basis of amortisation is reduced by any impairment.

General. Amortisation and impairment losses relating to intangible assets are recognised in the income statement as production costs, sales and marketing, and management and administration, respectively.

Prepayments for intangible assets are classified together with in-process development projects.

Property, plant and equipment

Property, plant and equipment comprises land and buildings, production assets, exploration assets, other assets, tools and equipment, etc. Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Cost comprises purchase price and any costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers and labour. Financial expenses that can be attributed to a preparation or production period are recognised in the income statement under financial expenses. Cost is increased by the present value of the estimated obligations for dismantling and removing the asset and restoring the site to the extent that they are recognised as a provision. Where individual components of an asset have different useful lives, they are accounted for as separate items, which are depreciated separately.

In the case of assets held under finance leases, cost is determined at inception of the lease as the lower of the fair value of

ACCOUNTING POLICIES

40 Description of accounting policies (continued)

the assets and the present value of future minimum lease payments. The present value is determined using the interest rate implicit in the lease as the discount rate or an approximated value.

Subsequent costs, for example in connection with replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when it is probable that future economic benefits will flow to the Group from the expenses incurred. Replaced parts are derecognised from the balance sheet, and their carrying amount is taken to the income statement. All other repair and maintenance expenses are recognised in the income statement as incurred.

Exploration assets comprise exploration expenses that relate to successful wells on which production has not yet begun. Costs are recognised using the successful efforts method. Under the successful efforts method, exploration expenses for drilling specific exploration wells are recognised in the balance sheet. Acquired licences where finds have been made, including acquired reserves, are also recognised under exploration assets. Recognition in the balance sheet is maintained pending determination of commercial viability. Recognised exploration expenses relating to commercial finds are transferred to oil and gas production assets (production assets) when a field has been fully developed and production begins. The asset is tested for indications of impairment in connection with the transfer to production assets, see the description in the section on impairment of assets.

All exploration expenses determined as unsuccessful are recognised in the income statement as production costs. General exploration expenses and expenses relating to unsuccessful exploration wells are also expensed under production costs as incurred.

Development and construction costs relating to property, plant and equipment are recognised in the balance sheet, until entry into service, under property, plant and equipment in the course of construction. Following entry into service, these assets are transferred to the relevant items under property, plant and equipment.

In the case of oil and gas production assets, cost is depreciated using the unit-of-production method based on the ratio of current production to estimated proved reserves by individual field.

In the case of natural gas activities and wind turbines, cost is depreciated using the unit-of-production method, taking into account the expected earnings profile, so that the depreciation pattern reflects the expected earnings patterns.

In the case of other property, plant and equipment, cost is basically depreciated on a straight-line basis over the estimated future useful lives.

Depreciation periods for property, plant and equipment	
Buildings used for own purposes[1]	20 - 50 years
Oil and gas production assets[2]	20 - 40 years
Production assets (thermal), power	20 - 35 years
Production assets, district heat	25 - 35 years
Wind turbines [2, 3]	15 - 20 years
Geothermal plants	20 years
Distribution network, natural gas[3]	20 - 40 years
Distribution network, power	10 - 40 years
Distribution network, heat	10 - 50 years
Natural gas storage facilities[3]	20 - 40 years
Natural gas transportation system (marine pipelines)[3]	20 - 40 years
Crude oil transportation system (marine pipeline)	15 years
Exploration assets[4]	-
IT hardware	3 - 5 years
Fixtures and fittings, tools and equipment	3 - 10 years
Assets in the course of construction[4]	-

[1] Land is not depreciated.
[2] Depreciation is charged applying the unit-of-production method.
[3] The depreciation profile takes account of the fact that the earnings profile changes substantially over the life of the asset as a result of the statutory revenue caps.
[4] Depreciation does not commence until the date of entry into service, at which time the asset is transferred to the relevant item under property, plant and equipment.

The basis of depreciation is determined on the basis of the asset's residual value less any impairment losses. The residual value is determined at the acquisition date and reassessed annually. Depreciation ceases if the residual value exceeds the carrying amount of the individual components.

If the depreciation period or the residual value changes, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Depreciation and impairment losses are recognised in the income statement as production costs, sales and marketing, and management and administration, respectively, to the extent that depreciation is not recognised in the cost of self-constructed assets.

Prepayments for property, plant and equipment are classified together with property, plant and equipment in the course of construction.

Investments in associates
Investments in associates are measured in the consolidated financial statements using the equity method whereby the investments are measured in the balance sheet at the proportionate share of the associates' net assets determined in accordance with the Group's accounting policies, plus or minus the carrying amount of goodwill.

Associates with a negative equity value are measured at nil. If the Group has a legal or constructive obligation to cover the associate's deficit, the obligation is recognised as a liability.

Receivables from associates are measured at amortised cost. Write-downs are made for bad debts.

On acquisition of investments in associates the purchase method is applied, cf. the description under business combinations.

Other equity investments
Other equity investments are recognised as financial assets available for sale. Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, financial assets at fair value through the income statement or held-to-maturity financial assets.

Other equity investments are recognised initially in the balance sheet at cost equivalent to fair value plus transaction costs. Subsequent to initial recognition, equity investments are measured at cost less any impairment losses, as DONG Energy's other equity investments consist of unlisted securities and it is deemed impracticable to reliably determine their fair value.

Other non-current financial assets
Other non-current financial assets are recognised initially in the balance sheet at cost equivalent to fair value and are subsequently measured at amortised cost.

Impairment of assets
Goodwill and intangible assets with an indefinite useful life are tested for impairment annually, initially before the end of the year of acquisition. In-process development projects are also tested annually for impairment.

The carrying amount of goodwill is tested for impairment, along with the carrying amounts of the other non-current assets of the cash-generating unit to which the goodwill has been allocated, and written down to the recoverable amount in the income statement if the carrying amount exceeds the recoverable amount. The recoverable amount is generally determined as the fair value less expected disposal costs of the enterprise or activity (cash-generating unit) to which the goodwill relates.

Exploration assets are reviewed for impairment annually and if there is any indication of impairment. Impairment testing is also carried out at the time commercial finds have been identified, and the exploration assets are reclassified to oil and gas production assets. In carrying out the test, emphasis is placed on the special indicators that are relevant to the exploration industry, including the duration of the period for which DONG Energy holds the rights for exploration wells, the timing and costs in connection with the exploration wells in the individual fields, the results of existing exploration wells and the expectations concerning future exploration wells, including the level of future exploration wells, and the probability that the exploration wells will result in commercial finds. The recoverable amount of exploration assets is reviewed if any indication of impairment

ACCOUNTING POLICIES

40 Description of accounting policies (continued)

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

Deferred tax assets are reviewed annually and recognised to the extent that it is probable that they will be utilised.

The carrying amounts of other non-current assets are tested annually to determine if any indication of impairment exists. If any such indication exists, the asset's recoverable amount is determined. The recoverable amount is the higher of an asset's fair value less expected disposal costs and its value in use. The value in use is determined as the present value of the expected future cash flows from the asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement as production costs, sales and marketing or management and administration; however, impairment losses relating to goodwill are recognised as a separate line item in the income statement.

Impairment losses relating to goodwill are not reversed. Impairment losses relating to other assets are reversed to the extent that the assumptions or estimates that led to the impairment have changed. Impairment losses are only reversed to the extent that the asset's new carrying amount does not exceed the value of the asset after depreciation had no impairment losses been charged.

Inventories
Inventories consist of natural gas and crude oil in storage facilities, as well as raw materials, consumables and fuel inventories.

In the case of natural gas, cost is determined as a weighted average of the previous month's buying prices, including transportation costs. In the case of crude oil, cost is determined as the average production cost.

Allocated and acquired CO_2 certificates that form part of the Group's trading activities with a view to generating gains from short-term price fluctuations are measured at fair value with value adjustments recognised in the income statement.

Other inventories are measured at cost using the first-in, first-out (FIFO) principle or net realisable value. Inventories are written down to net realisable value whenever the cost exceeds the net realisable value.

The net realisable value of inventories is determined as the expected selling price less any costs of completion and costs incurred to execute the sale, and is determined taking into account marketability, obsolescence and development of expected selling price.

Receivables
Receivables are measured at amortised cost. A write-down for bad and doubtful debts is made if there is any objective evidence of impairment of a receivable or a portfolio of receivables. If there is any objective evidence of impairment of an individual receivable, the receivable is written down individually.

Receivables for which objective evidence of impairment is not available on an individual basis are assessed for impairment on a portfolio basis. Portfolios are primarily based on the debtor's registered office and credit rating in conformity with the Group's credit risk management policy. The objective evidence applied to portfolios is determined on the basis of historical loss experience.

If there is any objective evidence of impairment of a portfolio, an impairment test is carried out where expected future cash flows are estimated on the basis of historical loss experience adjusted for current market conditions and individual factors related to the individual portfolio.

The impairment loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows, including the realisable value of any collateral received. The discount rate used is the effective interest rate for the individual receivable or portfolio.

Interest income on impaired receivables is calculated on the written-down value at the effective interest rate for the individual receivable or portfolio.

Construction contracts

Construction contracts comprise the construction of assets involving a high degree of customisation in terms of design, and where a binding contract has been entered into prior to start-up of the work that will trigger a penalty or compensation in the event of subsequent cancellation. Construction contracts also include services such as establishment of grids and networks, etc. Construction contracts are measured at the selling price of the work performed less progress billings. The selling price of construction contracts is measured on the basis of the stage of completion at the balance sheet date and total expected income on each contract. The stage of completion is determined on the basis of an assessment of the work performed, normally determined as the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When it is probable that total contract costs on a construction contract will exceed total contract revenue, the expected loss on the construction contract is recognised as an expense and a provision immediately.

When the outcome of a construction contract cannot be estimated reliably, the selling price is only recognised to the extent of the costs incurred that it is probable will be recoverable.

Where the selling price of work performed on construction contracts exceeds progress billings and expected losses, the contracts are recognised under receivables. Where progress billings and expected losses exceed the selling price of construction contracts, the contracts are recognised under liabilities.

Prepayments from customers are recognised under liabilities.

Costs related to sales work and the winning of contracts are recognised in the income statement as incurred.

Securities

Securities, comprising bonds that are monitored, measured and reported at fair value on a continuing basis in conformity with the Group's investment policy, are recognised at the trade date under current assets and measured at fair value, equivalent to market price for listed securities and estimated fair value determined on the basis of current market data and recognised valuation methods for unlisted securities.

Changes in the fair value of securities are recognised in the income statement as financial income and financial expenses.

Equity

Hedging reserve. The hedging reserve comprises the accumulated net change in the fair value of hedging transactions that qualify for designation as hedges of future cash flows, and where the hedged transaction has yet to be realised, less the related tax.

Translation reserve. The translation reserve comprises exchange differences arising on translation of the financial statements of foreign entities with a functional currency that is different from the presentation currency (DKK) of the DONG Energy Group, foreign exchange adjustments relating to assets and liabilities that form a part of the Group's net investment in such entities, and foreign exchange adjustments relating to hedging transactions that hedge the Group's net investment in such entities, less the related tax. The foreign exchange adjustments are recognised in the income statement on realisation or partial realisation of the net investment.

Reserve for shares available for sale. The reserve for shares available for sale comprises the accumulated net change in the fair value of those shares, less the related tax.

Dividends. Proposed dividends are recognised as a liability at the date of their adoption at the Annual General Meeting (declaration date). Up to the declaration date, proposed dividends are disclosed as a separate item under equity. Extraordinary dividends are recognised as a liability at the date of declaration.

Hybrid capital. Hybrid capital comprises issued bonds that qualify for treatment in accordance with the rules on compound financial instruments due to the special characteristics of the loan. The principal amount, which constitutes a liability, is recognised at present value (nil), and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability. Accordingly, any coupon payments are accounted for as dividends, which are recognised directly in equity at the time the payment obligation

ACCOUNTING POLICIES

40 Description of accounting policies (continued)

arises. This is because the coupon payments are discretionary and relate to the part of the hybrid capital, the equity instrument, that is recognised in equity. Coupon payments consequently do not have any effect on the income statement. The part of the hybrid capital that is accounted for as a liability is measured at amortised cost. As the carrying amount of this component amounted to nil on initial recognition, and, as a result of the 1,000-year term of the hybrid capital, amortisation charges will only impact on the income statement towards the end of the 1,000-year term of the hybrid capital. Coupon payments are recognised in the cash flow statement in the same way as dividend payments under financing activities.

Premium on acquisition of minority interests. Premium on acquisition of minority interests is accounted for as a transaction with the Group's owners and consequently recognised directly in equity.

Income tax and deferred tax
Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for taxes paid on account.

Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amounts and the tax base of assets and liabilities. However, temporary differences are not provided for in respect of goodwill not deductible for tax purposes, office properties and other items - apart from business combinations - where temporary differences have arisen at the acquisition date without having any effect on either profit/loss or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured on the basis of management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised as other non-current assets at the value at which they are expected to be utilised either by elimination against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets and deferred tax liabilities are offset if the enterprise has a legally enforceable right to set off current tax assets and current tax liabilities or intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Adjustment of deferred tax is made relating to eliminations of unrealised intragroup profits and losses.

Deferred tax is measured in accordance with the tax rules and tax rates in the respective countries that will apply under the legislation enacted at the balance sheet date when the deferred tax is expected to crystallise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Deferred tax on temporary differences between the carrying amounts and the tax base of acquisitions of licence interests that are accounted for as acquisitions of individual assets is not provided for.

Pensions
The Group has entered into pension agreements and similar agreements with most of the Group's employees.

Contributions to insured (defined contribution) pension plans are recognised in the income statement in the period to which they relate, and any contributions payable are recognised in the balance sheet as other payables.

Non-insured pensions (defined benefit plans) relate to pensions to a few power station employees that are no longer with the company and public servants taken over from municipally owned regional gas companies. The obligation has been determined using an actuarial calculation. In the case of defined benefit plans, the present value of future benefits to be paid under the plan is determined actuarially on an annual basis. The present value is determined on the basis of assumptions about future trends in salary levels, interest rates, inflation, mortality, etc. The present value is determined only for the benefits to which the employees have earned the right through service already rendered to the Group. The actuarially determined present value is recognised in the balance sheet under pension obligations. The year's pension costs including actuarial gains and losses are recognised in the income statement.

Provisions

Provisions are recognised when, as a result of an event occurring before or at the balance sheet date, the Group has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

In measuring provisions, the costs required to settle the liability are discounted to net present value, if this has a significant effect on the measurement of the liability. A pre-tax discount rate is used that reflects the general market interest rate and the risks specific to the liability. The change in present values for the financial year is recognised under financial expenses.

Provisions for decommissioning of production facilities and restoration of drilling sites are measured at the present value of the future liability in respect of decommissioning and restoration as estimated at the balance sheet date. The amount provided is determined on the basis of existing requirements and estimated expenses, which are discounted to present value. If specific risks are deemed to attach to a provision, the estimated costs are recognised. A discount rate is used that reflects the general interest rate level in the market. These liabilities are recognised as they arise and are adjusted on a regular basis to reflect changes in requirements, price level, etc. The value of the provision is recognised under property, plant and equipment and depreciated together with the relevant assets. The increase in time of the present value is recognised in the income statement under financial expenses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

If it is considered unlikely that an outflow of resources embodying economic benefits will be required to settle an obligation, or if the obligation cannot be measured reliably, the obligation is accounted for as a contingent liability that is not recognised in the balance sheet. Information about material contingent liabilities is disclosed in the notes.

Financial liabilities

Financial liabilities comprise mortgage loans, bank loans, trade and other payables to public authorities, etc.

Bond loans, mortgage loans and bank loans are recognised at inception at the proceeds received net of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost using the “effective interest rate method”. Accordingly, the difference between the proceeds received and the nominal amount is recognised in the income statement under financial expenses over the term of the loan.

For hybrid capital, reference is made to the specific details given under equity.

Other bank loans include the capitalised residual lease commitment under finance leases, measured at amortised cost.

Trade payables, payable income tax and other payables are measured at net realisable value. Other payables include negative fair values of derivative financial instruments, and certain realised and unrealised gains and losses on loans in DONG Oil Pipe A/S, etc.

Financial liabilities the value of which has been effectively hedged are adjusted to fair value to the extent of the hedged risk. The value adjustment is recognised in the income statement as financial income or financial expenses.

Leasing

Lease commitments are accounted for as commitments under finance leases and commitments under operating leases, respectively.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and the associated liability is described in the sections on property, plant and equipment and financial liabilities.

ACCOUNTING POLICIES

40 Description of accounting policies (continued)

Lease payments under operating leases are recognised in the income statement over the term of the lease on a straight-line basis.

Assets classified as held for sale
Assets classified as held for sale and the associated liabilities are presented as separate line items in the balance sheet, and the principal items are specified in the notes.

Assets classified as held for sale comprise non-current assets and disposal groups classified as held for sale. Disposal groups are groups of assets to be disposed of, by sale or otherwise, together as a group in a single transaction. Liabilities relating to assets classified as held for sale are liabilities directly associated with those assets that will be transferred in the transaction. Assets are classified as 'held for sale' when their carrying amount will be recovered principally through a sale transaction within twelve months under a formal plan rather than through continuing use.

Assets or disposal groups classified as held for sale are measured at the lower of carrying amount at the date of classification as held for sale and fair value less costs to sell. No depreciation or amortisation is charged on assets from the date they are classified as held for sale.

Impairment losses arising on initial classification as held for sale and gains and losses on subsequent measurement at the lower of carrying amount and fair value less costs to sell are recognised in the income statement under the items to which they relate. Gains and losses are disclosed in the notes.

Cash flow statement
The cash flow statement shows cash flows for the year from operating, investing and financing activities, the year's changes in cash and cash equivalents, and cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is disclosed separately under cash flows from investing activities. Cash flows relating to acquired enterprises are recognised in the cash flow statement from the date of acquisition, and cash flows relating to enterprises disposed of are recognised up to the date of disposal.

Cash flows from operating activities are determined using the indirect method as operating profit adjusted for non-cash operating items, changes in working capital, interest received and interest paid, and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and disposal of enterprises and activities; purchase and sale of intangible assets, property, plant and equipment and other non-current assets; and purchase and sale of securities that are not recognised as cash and cash equivalents.

Finance leases are accounted for as non-cash transactions.

Cash flows from financing activities comprise changes in the size or composition of share capital and costs associated with such changes as well as the raising of loans, repayment of interest-bearing debt, purchases and sales of treasury shares, payment of dividends to owners and any coupon payments on the hybrid capital.

Cash flows relating to assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents comprise cash as well as securities that form part of the ongoing cash management, are readily convertible to cash and are subject to an insignificant risk of changes in value.

Cash flows in currencies other than the functional currency are translated at the average exchange rates for the month in question, unless these deviate significantly from the rates at the transaction date.

Segment information
Operating segments are reported in accordance with the Group's internal management reporting, which is presented to the Group's senior operational management. The operational management is defined as the Executive Board.

Segment information has been prepared in accordance with the Group's accounting policies.

Segment income, segment expense, segment assets and segment liabilities are those items that, in the internal management reporting, are directly attributable to the individual segment or can be indirectly allocated to the individual segment on a reliable basis. Unallocated items are included in Other operating segments and comprise primarily assets, liabilities, revenue and expense relating to the Group's administrative functions, investing activities, income taxes, etc.

The Group operates with two performance indicators, with EBITDA as the primary performance indicator, and EBIT as the secondary performance indicator. EBITDA is defined as earnings before interest, tax, depreciation and amortisation, but inclusive of amortisation of purchased CO_2 certificates, as purchased CO_2 certificates are accounted for as a cost of sales item. EBIT is defined as earnings before interest and tax.

Non-current segment assets comprise those non-current assets that are directly employed by a segment in its operating activities, including intangible assets and property, plant and equipment; long-term construction contracts; and non-current receivables. Deferred tax, investments in associates and other equity investments are not allocated to individual segments, as they are not directly employed by the individual segment in its operating activities.

Segment investments comprise investments in exploration assets; other intangible assets; property, plant and equipment; and long-term construction contracts.

Net working capital is defined as inventories and trade receivables less trade payables.

Segment information in respect of geographical markets is determined by breaking revenue down, as far as possible, by customer location based on supply point. When delivery is made directly from production platforms in the North Sea, the final supply point is not known to DONG Energy. In such cases, customer location is defined on the basis of invoicing address. Non-current assets are broken down geographically based on the physical location of the assets, and comprise intangible assets and property, plant and equipment.

Intersegment transactions are priced on arm's length terms.

ACCOUNTING POLICIES

40 Description of accounting policies (continued)

Financial ratios

Unless otherwise stated, financial ratios have been determined in accordance with the the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'.

EBITDA margin [1]	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Revenue}}$
EBIT margin	$\frac{\text{Earnings before interest and tax}}{\text{Revenue}}$
Earnings per share (EPS) of DKK 10[1]	$\frac{\text{Profit}^2}{\text{Average number of shares}}$
Proposed dividend per share (DPS) of DKK	$\frac{\text{Total proposed dividend}}{\text{Number of shares}_{\text{year end}}}$
Payout-ratio [1]	$\frac{\text{Total proposed dividend}}{\text{Profit}}$
Dividend paid per share of DKK 10	$\frac{\text{Total paid dividend}}{\text{Number of shares}^3}$
Average number of shares	$\frac{(\text{Shares}_{\text{beg of yr}} \times D^4) + (\text{Shares}_{\text{yr end}} \times (365-D^4))}{365}$
Cash flows from operating activities per share	$\frac{\text{Cash flows from operating activities}}{\text{Average number of shares}}$
Interest-bearing debt to EBITDA	$\frac{\text{Net interest-bearing debt + hybrid capital}}{\text{EBITDA adjusted for special hydrocarbon tax}}$
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Total equity}}$
Free cash flow to equity (without acquisitions/disposals) per share	$\frac{\text{Free cash flow to equity (without acquisitions/disposals)}}{\text{Average number of shares}}$
EBITDA	Earnings before interest, tax, depreciation, amortisation. From and including 2007, EBITDA has been calculated inclusive of amortisation of purchased CO_2 certificates, as purchased CO_2 certificates are accounted for as a cost of sales item
EBITDA adjusted for special hydrocarbon tax	EBITDA adjusted for special hydrocarbon taxes that follow from the Group's oil and gas exploration and production activities
Interest-bearing assets	Interest-bearing assets less utilised bank overdrafts
Interest-bearing liabilities	Interest-bearing debt excluding utilised bank overdrafts and hybrid capital
Invested capital	Equity + net interest-bearing debt
Funds From Operation (FFO)	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
Free cash flow to equity (with acquisitions/disposals)	Cash flows from operating activities and investing activities
Free cash flow to equity (without acquisitions/disposals)	Cash flows from operating activities and investing activities, excluding cash flows from acquisitions/ disposals of enterprises and activities
Net working capital, external transactions [1]	Inventories + external trade receivables less trade payables
Net working capital, intragroup transactions [1]	Intragroup trade receivables less intragroup trade payables

[1] The definition deviates from the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'.

[2] Earnings per share (EPS) is determined in accordance with IAS 33.
[3] Number of shares outstanding at declaration date.
[4] D = number of days prior to a capital increase, including the day on which the proceeds are received.

NOTES WITHOUT REFERENCE

41 Licence overview

A list of the Group's most significant licences from the Danish State and the Group's hydrocarbon exploration and production licences in Denmark and abroad.

Segment	Activity	Licence	Location	Ownership interest (%)	Expiry
Exploration & Production	Production	Licence 7/89 Syd Arne	Denmark	34	2027
Exploration & Production	Production	Licence 1/90 Lulita	Denmark	44	2028
Exploration & Production	Production	Licence 4/95 Nini	Denmark	40	2032
Exploration & Production	Production	Licence 6/95 Siri	Denmark	50	2027
Exploration & Production	Production	Licence 16/98 Cecilie	Denmark	22	2032
Exploration & Production	Production	Licence PL250 Ormen Lange	Norway	9	2041
Exploration & Production	Production	Licence PL019A Ula	Norway	20	2029
Exploration & Production	Production	Licence PL019B Gyda	Norway	34	2018
Exploration & Production	Production	Licence PL048B Glitne	Norway	9	2013
Exploration & Production	Production	Licence PL065 Tambar	Norway	45	2022
Exploration & Production	Production	Licence PL300 Tambar East	Norway	45	2021
Exploration & Production	Production	Licence PL048D Enoch	Norway	9	2013
Exploration & Production	Production	Licence P159B Alve	Norway	15	2029
Exploration & Production	Exploration	Licence PL208 Ormen Lange	Norway	45	2040
Exploration & Production	Exploration	Licence 7/86 Amalie	Denmark	30	2026
Exploration & Production	Exploration	Licence 9/95 Maja	Denmark	20	2009
Exploration & Production	Exploration	Licence 4/98 Svane	Denmark	45	2009
Exploration & Production	Exploration	Licence 5/98 Hejre	Denmark	60	2010
Exploration & Production	Exploration	Licence 1/06 Hejre Extension	Denmark	48	2012
Exploration & Production	Exploration	Licence 2/06 Syd Tor Pod	Denmark	27	2012
Exploration & Production	Exploration	Licence 13/06 Marsvin	Denmark	36	2012
Exploration & Production	Exploration	Licence 14/06 Vibe	Denmark	80	2012
Exploration & Production	Exploration	Licence 03/07 Visby	Denmark	80	2013
Exploration & Production	Exploration	Licence PL019C Kark Lead	Norway	35	2018
Exploration & Production	Exploration	Licence PL113 Mjølner	Norway	20	2021
Exploration & Production	Exploration	Licence PL122 Marulk	Norway	30	2025
Exploration & Production	Exploration	Licence PL122B Marulk	Norway	30	2025
Exploration & Production	Exploration	Licence PL122C Marulk	Norway	30	2025
Exploration & Production	Exploration	Licence PL122D Marulk	Norway	30	2025
Exploration & Production	Exploration	Licence PL147 Trym	Norway	40	2027
Exploration & Production	Exploration	Licence PL273 Trane	Norway	10	2009
Exploration & Production	Exploration	Licence PL274 Oselvar	Norway	40	2009
Exploration & Production	Exploration	Licence PL274BS Mandarin	Norway	20	2009
Exploration & Production	Exploration	Licence PL274CS	Norway	40	2009
Exploration & Production	Exploration	Licence PL289 Marsvin	Norway	40	2009

NOTES WITHOUT REFERENCE

41 Licence overview (continued)

Segment	Activity	Licence	Location	Ownership interest (%)	Expiry
Exploration & Production	Exploration	Licence PL299 TR3	Norway	40	2011
Exploration & Production	Exploration	Licence Pl301 Mime/Krabbe	Norway	25	2009
Exploration & Production	Exploration	Licence PL301B Nemo SE	Norway	40	2011
Exploration & Production	Exploration	Licence PL301CS Agn	Norway	28	2013
Exploration & Production	Exploration	Licence PL329 Cygnus	Norway	20	2009
Exploration & Production	Exploration	Licence PL360 Lupin	Norway	20	2012
Exploration & Production	Exploration	Licence PL381 Granat	Norway	30	2012
Exploration & Production	Exploration	Licence PL399 Tukan	Norway	30	2012
Exploration & Production	Exploration	Licence PL401 Kasper Lead	Norway	30	2012
Exploration & Production	Exploration	Licence PL429 Spinell	Norway	30	2012
Exploration & Production	Exploration	Licence PL480 Eiktyrne	Norway	20	2013
Exploration & Production	Exploration	Licence P911 Laggan	UK	20	2031
Exploration & Production	Exploration	Licence P912 Torridon	UK	6	2031
Exploration & Production	Exploration	Licence P967 Tobermory	UK	33	2045
Exploration & Production	Exploration	Licence P1026 Rosebank N	UK	10	2018
Exploration & Production	Exploration	Licence P1028 Cambo	UK	20	2018
Exploration & Production	Exploration	Licence P1159 Tormore	UK	20	2010
Exploration & Production	Exploration	Licence P1163 MacAllan	UK	19	2010
Exploration & Production	Exploration	Licence P1189 Blackrock	UK	20	2010
Exploration & Production	Exploration	Licence P1191 Rosebank S	UK	10	2010
Exploration & Production	Exploration	Licence P1194 Lochside	UK	10	2010
Exploration & Production	Exploration	Licence P1195 Glenlivet	UK	70	2010
Exploration & Production	Exploration	Licence P1272 Rosebank N	UK	10	2009
Exploration & Production	Exploration	Licence P1273 Rosebank N	UK	10	2009
Exploration & Production	Exploration	Licence P1274	UK	10	2009
Exploration & Production	Exploration	Licence P1373	UK	40	2011
Exploration & Production	Exploration	Licence P1374	UK	40	2011
Exploration & Production	Exploration	Licence P1407 Glenshee	UK	10	2011
Exploration & Production	Exploration	Licence P1453 Black Sail	UK	19	2011
Exploration & Production	Exploration	Licence P1454 Glenesk	UK	40	2011
Exploration & Production	Exploration	Licence P1572	UK	22	2013
Exploration & Production	Exploration	Licence P1598	UK	40	2013
Exploration & Production	Exploration	Licence P1599	UK	40	2013
Exploration & Production	Exploration	Licence P1636	UK	50	2016
Exploration & Production	Exploration	LicenceP1678	UK	20	2013
Exploration & Production	Exploration	Licence F006 Kappa	Faroe Islands	33	2009
Exploration & Production	Exploration	Licence F008 Stelkur	Faroe Islands	20	2014
Exploration & Production	Exploration	Licence F009 Sildrakin	Faroe Islands	20	2011
Exploration & Production	Exploration	Licence F016 Kúlubøkan	Faroe Islands	30	2014
Exploration & Production	Exploration	Licence 2007/26 Puilasoq	Greenland	33	2017

Segment	Activity	Licence	Location	Ownership interest (%)	Expiry
Generation	Production	Licence to operate wind farm (Nysted)	Denmark	-	2028
Generation	Production	Licence to operate wind farm (Middelgrunden)	Denmark	-	2025
Generation	Production	Licence to operate wind farm (Frederikshavn)	Denmark	-	2028
Generation	Production	Licence to operate wind farm (Tunø Knob)	Denmark	-	2020
Generation	Production	Licence to operate wind farm (Vindeby)	Denmark	-	2016
Generation	Production	Licence to operate wind farm (Horns Rev 2)	Denmark	-	2034
Generation	Exploration/ production	Geothermal energy exploration and production licence	Denmark	-	2013
Generation	Exploration/ production	Geothermal energy exploration and production licence	Denmark	-	2016
Generation	Exploration/ production	Geothermal energy exploration and production licence	Denmark	-	2016
Generation	Production	Power generation licence	Denmark	-	2022
Sales & Distribution	Sales	Natural gas supply licence	Denmark	-	2013[1]
Sales & Distribution	Production	Underground gas storage licence	Denmark	-	2023
Sales & Distribution	Production	Licence to use the underground for gas storage	Denmark	-	2012
Sales & Distribution	Production	Natural gas distribution licence	Denmark	-	2023
Sales & Distribution	Production	Power distribution licence (Copenhagen)	Denmark	-	2022
Sales & Distribution	Production	Power distribution licence (North Zealand)	Denmark	-	2023
Sales & Distribution	Production	Power distribution licence (Frederiksberg)	Denmark	-	2025
Sales & Distribution	Sales	PSO licence, power (Copenhagen)	Denmark	-	2013[1]
Sales & Distribution	Sales	PSO licence, power (North Zealand)	Denmark	-	2009[1]
Sales & Distribution	Sales	PSO licence, power (Frederiksberg)	Denmark	-	2012[1]

[1] The licence is renewed on an ongoing basis for five-year terms.

For a number of the Group's licences, the licence expiry dates shown opposite each licence indicate the entire term of the exploration and evaluation licence that can be retained if DONG Energy and the Group's partner in each licence meet certain licence criteria. These criteria may include an obligation to drill a specific number of wells or to assume other obligations relating to planning or development of the area to which the licence relates. If DONG Energy and the Group's licence partners opt not to meet such criteria, the licence term may expire earlier than the date shown in the table above.

NOTES WITHOUT REFERENCE

42 Company overview

The overview of enterprises below lists the DONG Energy Group's ultimate ownership interest in each enterprise, regardless of whether the enterprise is owned directly or indirectly.

Segment/company	Type	Registered office	Ownership interest
Parent company			
DONG Energy A/S		Fredericia, Denmark	-
Exploration & Production			
DE E&P nr. 1 2008 A/S[1]	S	Fredericia, Denmark	100%
DONG Centralgraben E&P Ltd.	S	Fredericia, Denmark	100%
DONG E&P (UK) Ltd.	S	London, UK	100%
DONG E&P A/S	S	Fredericia, Denmark	100%
DONG E&P Føroyar P/F	S	Torshavn, Faroe Islands	100%
DONG E&P Grønland A/S	S	Nuuk, Greenland	100%
DONG E&P Norge AS	S	Stavanger, Norway	100%
Generation			
Ayrshire Power Limited	J	London, UK	50%
Ayrshire Power LP	J	Glasgow, Scotland	50%
Barrows Offshore Wind Ltd.	J	Berkshire, UK	50%
Borkum Riffgrund I Holding A/S	S	Copenhagen, Denmark	51%
DE Power nr. 1 2008 A/S[1]	S	Fredericia, Denmark	100%
DONG Energy Ayrshire Holdco Ltd.	S	London, UK	100%
DONG Energy Burbo (UK) Ltd. (formerly Seascape Energy Ltd.)	S	London, UK	100%
DONG Energy Horns Rev I A/S	S	Fredericia, Denmark	100%
DONG Energy Kraftwerke Emden GmbH	S	Hamburg, Germany	100%
DONG Energy Kraftwerke Greifswald Beteilungs-GmbH	S	Rubenow, Germany	100%
DONG Energy Kraftwerke Greifswald GmbH & Co. KG	S	Rubenow, Germany	100%
DONG Energy Kraftwerke Greifswald Verwaltungs GmbH	S	Rubenow, Germany	75%
DONG Energy Kraftwerke Holding GmbH	S	Hamburg, Germany	100%
DONG Energy London Array Ltd.	J	Devon, UK	50%
DONG Energy London Array II Ltd.	S	London, UK	100%
DONG Energy Nysted I A/S	S	Fredericia, Denmark	100%
DONG Energy Power A/S (formerly Energi E2 A/S)	S	Fredericia, Denmark	100%
DONG Energy Power Holding A/S (formerly DONG Energy Power A/S)	S	Fredericia, Denmark	100%
DONG Energy Power Holding UK Ltd.	S	London, UK	100%
DONG Energy Rødsand II A/S[1]	S	Fredericia, Denmark	100%

Segment/enterprise	Type	Registered office	Ownership interest
DONG Energy Shell Flats (UK) Limited	S	London, UK	100%
DONG Energy West of Dudden Sands (UK) Limited	S	London, UK	100%
DONG Generation Norge AS	S	Lindås, Norway	100%
DONG VE A/S	S	Fredericia, Denmark	100%
DONG Vind A/S	S	Fredericia, Denmark	100%
DONG Walney (UK) Ltd.	S	London, UK	100%
DONG Wind (UK) Ltd.	S	London, UK	100%
DONG Wind (UK) II Ltd.	S	London, UK	100%
Dublin Waste to Energy Holdings Limited	A	Dublin, Ireland	49%
E2 Landvind A/S	S	Fredericia, Denmark	100%
E2 Landvind A/S af 15. september 2003	S	Fredericia, Denmark	100%
E2 Landvind A/S af 20. oktober 2003	S	Fredericia, Denmark	100%
Elsam France S.A.S.	S	Paris, France	100%
DONG Energy Polska S.A.	S	Warsaw, Poland	100%
Elsamprojekt Polska Sp. z.o.o.	S	Warsaw, Poland	100%
Emineral A/S	J	Aalborg, Denmark	50%
Energi E2 Renewables A/S	S	Fredericia, Denmark	100%
Frederikshavn Affaldskraftvarmeværk A/S	S	Fredericia, Denmark	100%
Greenpower (Broadmeadows) Limited	J	London, UK	50%
Gunfleet Grid Company Limited	S	London, UK	100%
Gunfleet Sands Ltd.	S	London, UK	100%
Gunfleet Sands II Ltd.	S	London, UK	100%
Haderslev Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
Heysham Offshore Wind Ltd.	S	London, UK	100%
Horns Rev I Offshore Wind Farm I/S	J	Fredericia, Denmark	40%
Horsens Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
I/S Ensted Transithavn	J	Aabenraa, Denmark	50%
Kappa Sp. z.o.o.	S	Szczecin, Poland	100%
Kraftgården AB	A	Ragunda, Sweden	26%
London Array Ltd.	J	Coventry, UK	33%
Midtfjellet Vindkraft AS	J	Fitjar, Norway	50%
MIG Business Development A/S	S	Frederikshavn, Denmark	50%
Morecambe Wind Ltd.	J	London, UK	33%
Måbjergværket A/S	S	Fredericia, Denmark	100%

NOTES WITHOUT REFERENCE

42 Company overview (continued)

Segment/enterprise	Type	Registered office	Ownership interest
Narvik Energi AS	A	Narvik, Norway	33%
NearshoreLAB Frederikshavn A/S	S	Frederikshavn, Denmark	96%
Nesa Vind A/S	S	Gentofte, Denmark	100%
Nordkraft Vind AS	J	Narvik, Norway	67%
Nysted Havmølle Park 1	J	Fredericia, Denmark	80%
Odense Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
Omikron Sp. z.o.o.	S	Szczecin, Poland	100%
Ploudalmezeau Breiz Avel 01 S.A.S.	S	Paris, France	100%
PNE2 RIFF I GmbH	J	Cuxhaven, Germany	26%
PNE2 RIFF II GmbH	J	Cuxhaven, Germany	50%
Polska Energia Wiatrowa Sp. z.o.o.	S	Szczecin, Poland	100%
P/S BI New Energy Solutions	A	Copenhagen, Denmark	22%
Salten Kraftsamband AS	A	Fauske, Norway	29%
Scarweather Sands Ltd.	J	Coventry, UK	50%
Storrun Vindkraft AB	S	Uddevalla, Sweden	80%
Storrun Vindkraft Elnät AB	S	Uddevalla, Sweden	80%
Vejen Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
West of Dudden Sands	J	London, UK	33%
Westermost Rough Ltd.	S	Aberdeen, Scotland	100%
Zephyr AS	A	Sarpsborg, Norway	33%
Energy Markets			
DE EM nr. 1 2008 A/S[1]	S	Fredericia, Denmark	100%
Deudan GmbH	A	Handewitt, Germany	49%
Deudan GmbH & Co. KG	A	Handewitt, Germany	49%
DONG Energy Infrastruktur Holding GmbH	S	Hamburg, Germany	100%
DONG Energy Leitung E GmbH	S	Hamburg, Germany	100%
DONG Energy Markets B.V.	S	Amsterdam, the Netherlands	100%
DONG Energy Markets GmbH	S	Dorsten, Germany	100%
DONG Energy Pipelines A/S	S	Fredericia, Denmark	100%
DONG Energy Pipelines GmbH	S	Kiel, Germany	100%
DONG Energy Sales GmbH	S	Lübeck, Germany	81%
DONG Energy Speicher E GmbH	S	Hamburg, Germany	100%
DONG Energy Speicher R GmbH	S	Kiel, Germany	100%
DONG Naturgas A/S	S	Fredericia, Denmark	100%
Etzel Kavernenbetriebsverwaltungsgesellschaft mbH	A	Hamburg, Germany	33%
Etzel Kavernenbetriebsverwaltungsgesellschaft mbH & Co. KG	A	Hamburg, Germany	33%

Segment/enterprise	Type	Registrered office	Ownership interest
Kielspeicher 103 GmbH & Co. KG	J	Kiel, Germany	49%
Kielspeicher 103 Verwaltungs-GmbH	J	Kiel, Germany	49%
Stadtwerke Lübeck GmbH	A	Lübeck, Germany	25%
Sales & Distribution			
Dansk Gasteknisk Center A/S	A	Rudersdal, Denmark	37%
DE 2008 A/S	S	Fredericia, Denmark	100%
DE S&D nr. 1 2008 A/S[1]	S	Fredericia, Denmark	100%
DE S&D nr. 2 2008 A/S[1]	S	Fredericia, Denmark	100%
DELPRO A/S	A	Kolding, Denmark	33%
DONG Energy AB	S	Gothenburg, Sweden	100%
DONG Energy City Drift ApS	S	Fredericia, Denmark	100%
DONG Energy City Elnet A/S	S	Frederica, Denmark	100%
DONG Energy City Forsyning A/S	S	Fredericia, Denmark	100%
DONG Energy El & Gas A/S	S	Fredericia, Denmark	100%
DONG Energy Frederiksberg Elforsyning A/S	S	Fredericia, Denmark	100%
DONG Energy Frederiksberg Elnet A/S	S	Fredericia, Denmark	100%
DONG Energy Gasforsyning A/S	S	Fredericia, Denmark	100%
DONG Energy Nord Elnet A/S	S	Fredericia, Denmark	100%
DONG Energy Nord Forsyning A/S	S	Fredericia, Denmark	100%
DONG Energy Sales B.V.	S	Oesterhout, Holland	100%
DONG Energy Sales & Distribution A/S	S	Fredericia, Denmark	100%
DONG Gas Distribution A/S	S	Fredericia, Denmark	100%
DONG Oil Pipe A/S	S	Fredericia, Denmark	100%
DONG Storage A/S	S	Fredericia, Denmark	100%
DONG Sverige Distribution AB	S	Gothenburg, Sweden	100%
FordonsGas Sverige AB	A	Gothenburg, Sweden	50%
Frederiksberg Energiservice A/S	S	Fredericia, Denmark	100%
Frederiksberg Forsyning A/S	S	Fredericia, Denmark	100%
Frederiksberg Forsynings Ejendomsselskab A/S	S	Fredericia, Denmark	100%
PowerSense A/S	A	Lyngby-Taarbæk, Denmark	44%
Swedegas AB	A	Gothenburg, Sweden	20%
Consolidated companies			
DONG EGJ A/S	S	Fredericia, Denmark	100%
DONG El A/S	S	Fredericia, Denmark	100%
DONG Energy Oil & Gas A/S	S	Fredericia, Denmark	100%

42 Company overview (continued)

Segment/enterprise	Type	Registered office	Ownership interest
DONG Insurance A/S	S	Fredericia, Denmark	100%
EnergiGruppen Jylland F&B A/S	S	Fredericia, Denmark	66%
EM El Holding A/S	S	Fredericia, Denmark	100%
EnergiGruppen Jylland Biogas A/S	S	Herning, Denmark	66%
EnergiGruppen Jylland El A/S	S	Herning, Denmark	100%
EnergiGruppen Jylland El Holding A/S	S	Herning, Denmark	100%
EnergiGruppen Jylland Forbrænding A/S	NC	Herning, Denmark	66%
Hovedstadsområdets Geotermiske Samarbejde	NC	Copenhagen, Denmark	46%
Inbicon A/S	S	Fredericia, Denmark	100%
Stigsnæs Vandindvinding I/S	NC	Slagelse, Denmark	59%
VICH 7443 A/S[1]	S	Fredericia, Denmark	100%

S = subsidiary, A = associate, J = jointly controlled entity, NC = non-consolidated enterprise

[1] The company applies section 6 of the Danish Financial Statements Act to omit presenting a separate annual report.

PARENT COMPANY FINANCIAL STATEMENTS 2008
DONG ENERGY A/S

Reg. No. 36213728

The financial statements of the parent company, DONG Energy A/S, form an integral part of the overall annual report.
Parts of the parent company financial statements appear from the preceding part of the annual report only.
These parts are: Statement by the Executive and Supervisory Boards, Independent auditors' report, Management's review, and the parts of the accounting policies and notes that are identical to the corresponding parts of the consolidated financial statements.

PARENT COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

DKK million	Note	2008	2007
Revenue	3	50	51
Production costs	4.5	(55)	(81)
Gross profit		**(5)**	**(30)**
Management and administration	4, 6	(134)	(259)
Other operating income	7	1	46
Operating profit		**(138)**	**(243)**
Gain on disposal of enterprises	21	0	27
Financial income	8	14,942	14,927
Financial expenses	9	(10,786)	(7,964)
Profit before tax		**4,018**	**6,747**
Income tax expense	10	(429)	(183)
Profit for the year		**3,589**	**6,564**
Attributable to			
Equity holders of DONG Energy A/S		3,249	6,226
Hybrid capital holders of DONG Energy A/S (adjusted for tax effect)		340	338
Profit for the year		**3,589**	**6,564**
Proposed dividend per share of DKK 10, in whole DKK		7	5

PARENT COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER

DKK million	Note	2008	2007
Profit for the year		**3,589**	**6,564**
Value adjustments of hedging instruments:			
Value adjustments for the year		(132)	61
Value adjustments transferred to financial income and financial expenses		(32)	(63)
Other adjustments:			
Tax on recognised income and expense	11	152	116
Total recognised income and expense		**(12)**	**114**
Total recognised income and expense for the year		**3,577**	**6,678**
Total recognised income and expense for the year is attributable to:			
Equity holders of DONG Energy A/S		3,126	6,227
Hybrid capital holders of DONG Energy A/S		451	451
Total recognised income and expense for the year		**3,577**	**6,678**

PARENT COMPANY BALANCE SHEET AT 31 DECEMBER

ASSETS

DKK million	Note	2008	2007
Investment property		50	55
Fixtures and fittings, tools and equipment		0	13
Property, plant and equipment in the course of construction		5	0
Property, plant and equipment	**12**	**55**	**68**
Investments in subsidiaries	**13**	26,030	25,778
Investments in associates	**13**	106	106
Receivables	**14**	19,626	17,002
Other non-current assets		**45,762**	**42,886**
Non-current assets		**45,817**	**42,954**
Receivables	**14**	22,039	17,406
Income tax receivable	**18**	51	23
Securities	**22**	553	34
Cash and cash equivalents	**22**	3,671	1,968
Current assets		**26,314**	**19,431**
Assets		**72,131**	**62,385**

EQUITY AND LIABILITIES

DKK million	Note	2008	2007
Share capital		2,937	2,937
Hedging reserve		(27)	96
Retained earnings		26,477	25,154
Proposed dividends		1,926	1,469
Equity attributable to equity holders of DONG Energy A/S		**31,313**	**29,656**
Hybrid capital		8,088	8,088
Equity	15	**39,401**	**37,744**
Deferred tax	16	846	497
Bond loans	17	7,734	7,923
Bank loans	17	7,445	4,857
Non-current liabilities		**16,025**	**13,277**
Bond loans	17	160	0
Banks	17	455	1,463
Payables	17	16,090	9,901
Current liabilities		**16,705**	**11,364**
Liabilities		**32,730**	**24,641**
Equity and liabilities		**72,131**	**62,385**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

DKK million	Share capital	Hedging reserve	Retained earnings	Proposed dividends	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Total
Equity at 1 January 2008	2,937	96	25,154	1,469	**29,656**	8,088	**37,744**
Total recognised income and expense for the year, see page 147	-	(123)	3,249	-	**3,126**	451	**3,577**
Coupon payments, hybrid capital	-	-	-	-	**-**	(451)	**(451)**
Proposed dividends	-	-	(1,926)	1,926	**0**	-	**0**
Dividends paid	-	-	-	(1,469)	**(1,469)**	-	**(1,469)**
Total changes in equity in 2008	**0**	**(123)**	**1,323**	**457**	**1,657**	**0**	**1,657**
Equity at 31 December 2008	**2,937**	**(27)**	**26,477**	**1,926**	**31,313**	**8,088**	**39,401**

DKK million	Share capital	Hedging reserve	Retained earnings	Proposed dividends	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Total
Equity at 1 January 2007	2,937	93	20,399	1,967	**25,396**	8,088	**33,484**
Total recognised income and expense for the year, see page 147	-	3	6,224	-	**6,227**	451	**6,678**
Coupon payments, hybrid capital	-	-	-	-	**-**	(451)	**(451)**
Proposed dividends	-	-	(1,469)	1,469	**0**	-	**0**
Dividends paid	-	-	-	(1,967)	**(1,967)**	-	**(1,967)**
Total changes in equity in 2007	**0**	**3**	**4,755**	**(498)**	**4,260**	**0**	**4,260**
Equity at 31 December 2007	**2,937**	**96**	**25,154**	**1,469**	**29,656**	**8,088**	**37,744**

PARENT COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

DKK million	Note	2008	2007
Cash flows from operations (operating activities)	19	(1,049)	544
Interest income and similar items		5,234	2,988
Interest expense and similar items		(4,554)	(2,917)
Income tax paid		44	488
Cash flows from operating activities		**(325)**	**1,103**
Sale of intangible assets		0	59
Investments in intangible assets		0	59
Purchase of property, plant and equipment		(5)	0
Sale of property, plant and equipment		13	141
Investments in property, plant and equipment		8	141
Acquisition of subsidiaries	20	0	(13,191)
Capital contributions, subsidiaries		(330)	(151)
Disposal of subsidiaries	21	0	1,488
Financial transactions with subsidiaries		(1,392)	(8,816)
Other equity investments		0	339
Dividends received		2,232	21,054
Investments in other non-current assets		510	723
Cash flows from investing activities		**518**	**923**
Proceeds from the raising of loans		5,816	6,333
Instalments on loans		(1,625)	(4,407)
Dividends paid		(1,469)	(1,967)
Coupon payments on hybrid capital		(451)	(451)
Change in other non-current payables		0	(132)
Cash flows from financing activities		**2,271**	**(624)**
Cash and cash equivalents at 1 January		1,760	358
Net increase (decrease) in cash and cash equivalents		2,464	1,402
Cash and cash equivalents at 31 December	22	**4,224**	**1,760**

LIST OF NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

ACCOUNTING POLICIES

01 Basis of reporting and description of accounting policies

Basis of preparation

The parent company financial statements are prepared pursuant to the requirements in the Danish Financial Statements Act concerning preparation of separate parent company financial statements.

The parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed and State-owned public limited companies.

Description of accounting policies

The parent company accounting policies deviate from the accounting policies described for the consolidated financial statements (reference is made to note 40 to the consolidated financial statements) in the following areas:

Foreign currency translation

Foreign exchange adjustments of balances that are accounted for as part of the total net investment in enterprises with a different functional currency than DKK are recognised in the parent company income statement under financial income and financial expenses. Likewise, foreign exchange gains and losses on the portion of loans and derivative financial instruments that has been entered into to hedge the net investment in these enterprises are taken to the income statement under financial income and financial expenses.

Revenue

Rental income comprises income from commercial leases and is recognised over the term of the lease. Income from services is recognised when delivery has taken place.

Dividends from investments in subsidiaries and associates

Dividends from investments in subsidiaries and associates are recognised in the income statement in the financial year in which they are declared; however, dividends received in excess of the accumulated profits arising after the acquisition date are not recognised in the income statement but recognised as a reduction of the cost of the investment.

Property, plant and equipment

Investment property comprises properties held to earn rentals and that are used for own purposes to an insignificant extent only.

Investment property is measured at cost less accumulated depreciation and impairment losses. Investment property is depreciated over 20 years.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost in the parent company financial statements. Impairment testing is carried out as described in the accounting policies in the consolidated financial statements if there is any indication of impairment. Cost is written down to recoverable amount whenever the cost exceeds the recoverable amount. Cost is reduced to the extent that dividends received exceed the accumulated profits after the acquisition date.

New International Financial Reporting Standards and IFRIC Interpretations

Reference is made to note 1 to the consolidated financial statements.

NOTES TO THE INCOME STATEMENT

02 Accounting estimates and judgements

Determining the carrying amount of some assets and liabilities requires estimation of the effects of future events on those assets and liabilities at the balance sheet date. Estimates that are material to the parent company's financial reporting are made in connection with, among other things, impairment testing of investments in subsidiaries and associates.

The estimates applied are based on assumptions that are believed by management to be reasonable, 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 company is subject to risks and uncertainties that may cause actual results to differ from these estimates. Financial risks for the DONG Energy Group are disclosed in note 32 to the consolidated financial statements.

Assumptions for forward-looking statements and other estimation uncertainties at the balance sheet date that involve a considerable risk of changes that may lead to a material adjustment in the carrying amount of assets or liabilities within the coming financial year are disclosed in the notes.

Management is of the view that no judgements are made in connection with the application of the parent company's accounting policies, other than accounting estimates, that may have a material effect on the amounts recognised in the annual report.

03 Revenue

DKK million	2008	2007
Rental income and sale of services	50	51
Revenue	**50**	**51**

04 Staff costs

DKK million	2008	2007
Wages and salaries	(14)	(19)
Staff costs	**(14)**	**(19)**
Staff costs are recognised as follows:		
Production costs	(12)	(11)
Management and administration	(2)	(8)
Staff costs	**(14)**	**(19)**

The average number of employees in DONG Energy A/S in 2008 was 5 (2007: 8 employees).

Remuneration to the Supervisory Board, Executive Board and other senior executives amounted to:

DKK '000	2008				
	Wages and salaries	Bonus[1]	Pension	Termination benefit	Total
Parent company Supervisory Board					
Chairman	(481)	0	0	0	**(481)**
Deputy Chairman	(288)	0	0	0	**(288)**
Other members[2]	(1,600)	0	0	0	**(1,600)**
Audit and Risk Committee					
Chairman	(100)	0	0	0	**(100)**
Other members[3]	(125)	0	0	0	**(125)**
Remuneration Committee					
Chairman	(50)	0	0	0	**(50)**
Other member	(25)	0	0	0	**(25)**
Parent company Executive Board					
CEO	(4,631)	(1,146)	(2)	0	**(5,779)**
CFO	(4,515)	(1,563)	(2)	0	**(6,080)**
Total	**(11,815)**	**(2,709)**	**(4)**	**0**	**(14,528)**

[1] Of this amount, DKK 2.7 million had not been paid at 31 December 2008
[2] Annual remuneration amounted to DKK 169 thousand per member in 2008
[3] Annual remuneration amounted to DKK 50 thousand per member in 2008

A bonus plan has been set up for the Executive Board. The service contract of the CEO includes a termination package under which he will be entitled to salary equivalent to 33½ months' salary if his service contract is terminated by the company (2007: 33½ months). The CFO will be entitled to 24 months' salary if his contract of service is terminated by the company (2007: 24 months). Further details of the Executive Board are available on the inside of the back cover of the annual report.

NOTES TO THE INCOME STATEMENT

DKK '000	2007				
	Wages and salaries	Bonus[1]	Pension	Termination benefit	Total
Parent company Supervisory Board					
Chairman	(406)	0	0	0	**(406)**
Deputy Chairman	(244)	0	0	0	**(244)**
Other members[2]	(1,650)	0	0	0	**(1,650)**
Audit and Risk Committee					
Chairman	(88)	0	0	0	**(88)**
Other members[3]	(144)	0	0	0	**(144)**
Remuneration Committee					
Chairman	(50)	0	0	0	**(50)**
Other member	(25)	0	0	0	**(25)**
Parent company Executive Board					
CEO	(4,388)	(1,272)	(1)	0	**(5,661)**
CFO	(3,529)	(1,386)	(1)	0	**(4,916)**
Total	**(10,524)**	**(2,658)**	**(2)**	**0**	**(13,184)**

[1] Of this amount, DKK 1.4 million had not been paid at 31 December 2007
[2] Annual remuneration amounted to DKK 150 thousand per member in 2007
[3] Annual remuneration amounted to DKK 44 thousand per member in 2007

05 Depreciation, amortisation and impairment losses

DKK million	2008	2007
Depreciation, amortisation and impairment losses by type of expenditure:		
Depreciation of property, plant and equipment	(5)	(14)
Depreciation, amortisation and impairment losses	**(5)**	**(14)**
Depreciation, amortisation and impairment losses by function:		
Production costs	(5)	(14)
Depreciation, amortisation and impairment losses recognised in the income statement	**(5)**	**(14)**

06 Fees to the auditors appointed at the Annual General Meeting

DKK million	2008	2007
Audit fees	(2)	(2)
Other assurance engagements and related services	0	(15)
Non-audit fees	(9)	(6)
Total fees to KPMG	**(11)**	**(23)**
Audit fees	(1)	(1)
Other assurance engagements and related services	(1)	(2)
Total fees to Deloitte	**(2)**	**(3)**

In 2007, the item other assurance engagements and related services was affected by IPO preparations.

NOTES TO THE INCOME STATEMENT

07 Other operating income

DKK million	2008	2007
Gains on sale of intangible assets and property, plant and equipment	1	13
Operating income, other	0	33
Other operating income	**1**	**46**

08 Financial income

DKK million	2008	2007
Interest income from cash, etc.	432	301
Interest income from subsidiaries	1,899	1,457
Interest income from securities at fair value	12	2
Foreign exchange gains	2,465	1,027
Gains on securities at fair value	35	0
Value adjustments of derivative financial instruments	7,939	5,982
Dividends received	2,154	6,158
Other financial income	6	0
Financial income	**14,942**	**14,927**

09 Financial expenses

DKK million	2008	2007
Interest expense relating to payables	(969)	(922)
Interest expense to subsidiaries	(322)	(141)
Losses on securities at fair value	0	(1)
Foreign exchange losses	(2,731)	(873)
Value adjustments of derivative financial instruments	(6,764)	(6,027)
Financial expenses	**(10,786)**	**(7,964)**

Foreign exchange adjustments amounting to a net loss of DKK 266 million were recognised in profit for the year (2007: net gain of DKK 154 million).

10 Income tax expense

DKK million	2008	2007
Tax on profit for the year	(429)	(183)
Tax on recognised income and expense	152	120
Effect on equity of reduction of Danish income tax rate from 28% to 25%	0	(4)
Tax for the year	**(277)**	**(67)**
Income tax expense can be broken down as follows:		
Current tax	(301)	0
Deferred tax	(151)	(183)
Adjustments to current tax in respect of prior years	221	131
Effect of reduction of Danish income tax rate from 28% to 25%	0	1
Adjustments to deferred tax in respect of prior years	(198)	(132)
Income tax expense	**(429)**	**(183)**
Income tax expense can be explained as follows:		
Calculated 25% tax on profit before tax	(1,005)	(1,688)
Tax effect of:		
Effect of reduction of Danish income tax rate from 28% to 25%	0	1
Non-taxable income	571	1,551
Non-deductible expenses	(18)	(48)
Adjustments to tax in respect of prior years	23	1
Income tax expense	**(429)**	**(183)**
Effective tax rate	**11**	**3**

NOTES TO THE INCOME STATEMENT

11 Tax on recognised income and expense

DKK million	2008			2007		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Value adjustments of hedging instruments	(164)	41	(123)	(2)	5	3
Tax on coupon hybrid capital	0	111	111	0	113	113
Other adjustments	0	0	0	0	2	2
Effect on equity of reduction of Danish income tax rate from 28% to 25%	0	0	0	0	(4)	(4)
	(164)	**152**	**(12)**	**(2)**	**116**	**114**

NOTES TO THE BALANCE SHEET

12 Property, plant and equipment

DKK million	Investment property	Fixtures and fittings, tools and equipment	Property, plant and eqpt. in the course of construction	Total
Cost at 1 January 2008	88	14	0	102
Additions	0	0	5	5
Disposals	0	(14)	0	(14)
Cost at 31 December 2008	**88**	**0**	**5**	**93**
Depreciation and impairment losses at 1 January 2008	(33)	(1)	0	(34)
Disposals	0	1	0	1
Depreciation	(5)	0	0	(5)
Depreciation and impairment losses at 31 December 2008	**(38)**	**0**	**0**	**(38)**
Carrying amount at 31 December 2008	**50**	**0**	**5**	**55**
Depreciated over	20 years	-	-	

DKK million	Investment property	Fixtures and fittings, tools and equipment	Property, plant and eqpt. in the course of construction	Total
Cost at 1 January 2007	88	10	15	382
Disposals	0	(10)	(1)	(280)
Transfers	0	14	(14)	0
Cost at 31 December 2007	**88**	**14**	**0**	**102**
Depreciation and impairment losses at 1 January 2007	(29)	(9)	0	(172)
Disposals	0	9	0	152
Depreciation	(4)	(1)	0	(14)
Depreciation and impairment losses at 31 December 2007	**(33)**	**(1)**	**0**	**(34)**
Carrying amount at 31 December 2007	**55**	**13**	**0**	**68**
Depreciated over	20 years	3-5 years	-	

The fair value of investment property was DKK 50 million (2007: DKK 55 million). The determination of fair value is based on a calculation of the value in use. The value in use has been determined as the present value of the expected future net cash flows from the properties. The net cash flows have been determined on the basis of budgets for the period 2009-2027. A discount rate of 8.5% before tax has been used. External valuers have not been used in connection with the determination of fair value.

NOTES TO THE BALANCE SHEET

Total rental income for the year from investment property, DKK 5 million (2007: DKK 7million), is recognised in the income statement under revenue. Total costs for operation and maintenance of investment property, DKK 0 million (2007: DKK 0million), are recognised in the income statement under production costs. The investment properties were let to subsidiaries throughout the year.

No mortgages or other restrictions on the use of investment property were registered at 31 December 2008.

13 Investments in subsidiaries and associates

DKK million	Investments in subsidiaries		Investments in associates	
	2008	2007	2008	2007
Cost at 1 January	25,778	34,009	175	175
Additions	330	6,667	0	0
Dividends	(78)	(14,890)	0	0
Disposals	0	(8)	0	0
Cost at 31 December	**26,030**	**25,778**	**175**	**175**
Value adjustments at 1 January	0	0	(69)	(69)
Value adjustments at 31 December	**0**	**0**	**(69)**	**(69)**
Carrying amount at 31 December	**26,030**	**25,778**	**106**	**106**

Investments in subsidiaries and associates were not tested for impairment in 2008, as there were no indications of impairment in the financial year.

DONG Energy A/S acquired shares in the following companies during the year:

2008:
DONG Energy Ayrshire Holdco Ltd.

2007:
DONG Energy Sales & Distribution A/S, DONG Energy Infrastruktur Holding GmbH.

Reference is made to the company overview in note 28.

Associates:

Investments in associates are measured in the parent company's balance sheet at cost.

2008

DKK million	Registered office	Ownership interest	Revenue	Profit for the year	Assets	Liabilities
Swedegas AB	Stockholm, Sweden	20%	160	80	656	310

2007

DKK million	Registered office	Ownership interest	Revenue	Profit for the year	Assets	Liabilities
Swedegas AB	Stockholm, Sweden	20%	177	52	786	434

14 Receivables

DKK million	2008	2007
Receivables can be broken down as follows:		
Loans to subsidiaries	19,626	17,002
Non-current receivables at 31 December	**19,626**	**17,002**
Receivables from subsidiaries	12,161	13,539
Fair value of derivative financial instruments	9,808	3,623
Deposits	10	10
Other receivables	60	234
Current receivables at 31 December	**22,039**	**17,406**
Current and non-current receivables at 31 December	**41,665**	**34,408**

Except for the fair value of derivative financial instruments and deposits, receivables fall due for payment less than one year after the end of the financial year. The carrying amount of receivables is estimated to correspond to the fair value.

Receivables from subsidiaries relate to current credit facilities that are made available to subsidiaries.

NOTES TO THE BALANCE SHEET

15 Equity

DKK million	2008	2007
Share capital at 1 January	2,937	2,937
Share capital at 31 December	**2,937**	**2,937**

The company's share capital amounts to DKK 2,937,099,000, divided into shares with a nominal value of DKK 10 each. The share denomination was changed from DKK 1,000 per share to DKK 10 per share in 2008.

All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up. The shares may only be assigned or otherwise transferred with the written consent of the Danish Finance Minister.

Resolutions concerning amendments to the Articles of Association or DONG Energy A/S's dissolution require at least two-thirds of the votes cast and of the voting share capital represented at the general meeting in order to be carried. Any resolution on amendment of the Articles of Association that restricts the shareholders' rights requires at least nine-tenths of the votes cast and of the voting share capital represented at the general meeting in order to be carried.

Dividends

The Supervisory Board recommends that dividend of DKK 1,926 million be paid for the 2008 financial year. Dividend paid to shareholders for the 2007 financial year amounted to DKK 1,469 million.

Dividend distributions to the company's shareholders have no tax implications for DONG Energy A/S.

Hybrid capital

Hybrid capital of DKK 8.088 million comprises the EUR bonds (hybrid capital) issued in the European capital market in June 2005. The loan principal is EUR 1.1 billion and the loan is subject to a number of special terms. The purpose of the issue was to strengthen DONG Energy A/S's capital base and to fund DONG Energy's capital expenditure and acquisitions.

The bonds rank as subordinated debt and have a maturity of 1,000 years. The coupon for the first ten years is fixed at 5.5% p.a., following which it becomes floating with a step-up added. The tax effect of coupon payments are recognised directly in DONG Energy A/S's equity. Coupon is settled annually in the middle of the year. DONG Energy A/S can omit or defer coupon payments to bond holders. However, deferred coupon payments will fall due for payment in the event of DONG Energy A/S making any distributions to its shareholders. The proceeds from the issuing of hybrid capital amounted to DKK 8.111 million (EUR 1.1 billion). So far, DONG Energy has not used the option to defer coupon payments.

16 Deferred tax

DKK million	2008	2007
Deferred tax at 1 January	497	297
Deferred tax for the year recognised in profit for the year	151	184
Deferred tax for the year recognised in statement of recognised income and expense	0	(116)
Prior year adjustments	198	137
Effect of reduction of Danish income tax rate from 28% to 25%	0	(5)
Deferred tax at 31 December	**846**	**497**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (liabilities)	846	497
Deferred tax at 31 December, net	**846**	**497**
Deferred tax relates to:		
Property, plant and equipment	15	36
Current assets	(3)	5
Non-current assets	12	0
Current liabilities	(12)	0
Retaxation	834	911
Tax loss carryforwards	0	(455)
Deferred tax at 31 December	**846**	**497**

NOTES TO THE BALANCE SHEET

Changes in temporary differences during the year

2008

DKK million	Balance sheet at 1 January	Recognised in profit for the year	Recognised in equity	Balance sheet at 31 December
Property, plant and equipment	36	(21)	0	15
Current assets	5	(8)	0	(3)
Non-current liabilities	0	12	0	12
Current liabilities	0	(12)	0	(12)
Retaxation	911	(77)	0	834
Tax loss carryforwards	(455)	455	0	0
	497	**349**	**0**	**846**

2007

DKK million	Balance sheet at 1 January	Recognised in profit for the year	Recognised in equity	Balance sheet at 31 December
Intangible assets	16	(16)	0	0
Property, plant and equipment	12	24	0	36
Other non-current assets	20	(20)	0	0
Current assets	1	4	0	5
Current liabilities	(1)	1	0	0
Retaxation	249	662	0	911
Tax loss carryforwards	0	(339)	(116)	(455)
	297	**316**	**(116)**	**497**

17 Loans and borrowings

DKK million	2008			2007		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Bond loans	160	7,734	**7,894**	0	7,923	**7,923**
Bank loans	455	7,445	**7,900**	1,463	4,857	**6,320**
Trade payables	11	0	**11**	59	0	**59**
Payables to subsidiaries	7,753	0	**7,753**	5,655	0	**5,655**
Fair value of derivative financial instruments	7,905	0	**7,905**	3,819	0	**3,819**
Other liabilities	421	0	**421**	368	0	**368**
Loans and borrowings at 31 December	**16,705**	**15,179**	**31,884**	**11,664**	**12,780**	**24,144**

The fair value of bond loans and bank loans, which are measured at amortised cost, was DKK 15,877 million (2007: DKK 14,257 million). The carrying amount was DKK 15,794 million (2007: DKK 14,243 million). The fair value has been determined as the present value of expected future instalments and interest payments using the Group's current interest rate on loans as discount rate. Other liabilities are recognised at a value approximating the fair value of the liabilities.

Maturities

Maturities for financial liabilities including interest payments:

2008

DKK million	Carrying amount	Payment obligation	2009	2010	2011	2012	2013	After 2013
Bond loans	7,894	8,928	466	301	4,312	3,849	0	0
Bank loans	7,900	9,987	765	397	727	843	2,176	5,079
Trade payables	11	11	11	0	0	0	0	0
Payables to subsidiaries	7,753	7,753	7,753	0	0	0	0	0
Fair value of derivative financial instruments	7,905	-						
Other liabilities	421	421	421	0	0	0	0	0
	31,884	**27,100**	**9,416**	**698**	**5,039**	**4,692**	**2,176**	**5,079**

NOTES TO THE BALANCE SHEET

2007

DKK million	Carrying amount	Payment obligation	2008	2009	2010	2011	2012	After 2012
Bond loans	7,923	9,260	308	304	459	4,340	3,849	0
Bank loans	6,320	7,692	1,506	689	315	645	742	3,795
Trade payables	59	59	59	0	0	0	0	0
Payables to subsidiaries	5,927	5,927	5,927	0	0	0	0	0
Fair value of derivative financial instruments	3,819	-						
Other liabilities	368	368	368	0	0	0	0	0
	24,416	**23,306**	**8,168**	**993**	**774**	**4,985**	**4,591**	**3,795**

The fair value has been determined as the present value of expected future instalments and interest payments.

The company's financing agreements are not subject to any unusual terms or conditions, apart from those disclosed in note 26 to the consolidated financial statements.

18 Income tax receivable

DKK million	2008	2007
Income tax receivable at 1 January	23	380
Adjustments to current tax in respect of prior years	221	131
Payments in respect of prior years	(244)	(511)
Current tax for the year	(301)	0
Current tax for the year recognised in statement of recognised income and expense	152	0
Payments for the year	200	23
Income tax receivable at 31 December	**51**	**23**

NOTES TO THE CASH FLOW STATEMENT

19 Cash flows from operations (operating activities)

DKK million	2008	2007
Operating profit	(138)	(243)
Depreciation, amortisation and impairment losses	5	14
Operating profit before depreciation, amortisation and impairment losses	**(133)**	**(229)**
Other restatements	(940)	785
Cash flows from operations (operating activities) before changes in working capital	**(1,073)**	**556**
Change in trade receivables	(142)	514
Change in other receivables	159	(96)
Change in trade payables	(60)	(168)
Change in other payables	67	(262)
Change in working capital	**24**	**(12)**
Cash flows from operations (operating activities)	**(1,049)**	**544**

20 Acquisition of subsidiaries

DKK million	2008	2007
Acquisitions of subsidiaries	0	(6,516)
Payments in respect of prior years	0	(6,675)
Cash purchase price, subsidiaries	**0**	**(13,191)**

NOTES TO THE CASH FLOW STATEMENT

21 Disposal of subsidiaries

DKK million	2008	2007
Carrying amount of enterprises disposed of	0	3
Gain on disposal of enterprises	0	27
Selling price	**0**	**30**
Amount received in respect of disposals in prior years	0	1,458
Cash selling price	**0**	**1,488**

22 Cash and cash equivalents

DKK million	2008	2007
Securities with limited price risk that are part of the ongoing cash management	553	34
Available cash	3,671	1,968
Bank overdrafts that are part of the ongoing cash management	0	(242)
Cash and cash equivalents at 31 December	**4,224**	**1,760**
Cash at 31 December can be broken down into the following balance sheet items:		
Available cash	3,671	1,968
Cash at 31 December	**3,671**	**1,968**
Current portion of bank loans at 31 December can be broken down as follows:		
Bank overdrafts	0	(242)
Other bank loans	(455)	(1,221)
Current portion of bank loans at 31 December	**(455)**	**(1,463)**

NOTES WITHOUT REFERENCE

23 Currency risks, interest rate risks, commodity price risks, etc.

As part of its financial management, DONG Energy A/S hedges currency risks and interest rate risks. Full or partial hedging of recognised assets and liabilities (hedging of fair value) and of future transactions (hedging of cash flows) is carried out in accordance with the framework laid down in the financial risk policy implemented by DONG Energy. Derivative financial instruments such as forwards, swaps and options are used as hedges.

The parent company also functions as the Group's internal banker in relation to currency, interest rate and cash management and the conclusion of certain commodity-related contracts. In some cases, the company has entered into contracts to hedge risks in subsidiaries.

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Currency risks

Recognised assets and liabilities

DKK million	Receivables		Payables		Foreign exchange contracts and currency swaps		Net position	
	2008	2007	2008	2007	2008	2007	2008	2007
EUR	759	253	(12,660)	(9,476)	6,848	3,728	(5,053)	(5,495)
USD	6,298	2,343	(6,311)	(4,065)	1,638	2,338	1,625	616
GBP	2,389	2,440	(392)	(774)	(1,197)	(2,130)	800	(464)
SEK	8	80	(29)	(39)	33	0	12	41
NOK	4,233	4,829	(139)	0	(2,912)	(4,463)	1,182	366
Others	416	353	-	0	(260)	(383)	156	(30)
	14,103	**10,298**	**(19,531)**	**(14,354)**	**4,150**	**(910)**	**(1,278)**	**(4,966)**

At 31 December 2008, unrealised value adjustments of derivative financial instruments for currency hedging of recognised assets and liabilities totalled DKK 161 million (31 December 2007: net loss of DKK 196 million), which is recognised in the parent company income statement.

Sensitivity analysis
The company's most significant currency risks relate to USD, GBP and NOK. The company also calculates and manages the currency risk vis-à-vis EUR; however, as price fluctuations between DKK and EUR are small, the risk is considered to be insignificant.

All other conditions being equal, a 10% increase in the USD exchange rate in relation to the exchange rate at the balance sheet date would have had a (positive) effect of DKK 162 million on profit and equity (2007: DKK 62 million). All other conditions being equal, a fall in the exchange rate would have had a corresponding adverse impact.

All other conditions being equal, a 10% increase in the GBP exchange rate in relation to the exchange rate at the balance sheet date would have had a (positive) effect of DKK 80 million on profit and equity (2007: net loss of DKK 46 million). All other conditions being equal, a fall in the exchange rate would have had a corresponding adverse impact.

All other conditions being equal, a 10% increase in the NOK exchange rate in relation to the exchange rate at the balance sheet date would have had a positive effect of DKK 118 million on profit and equity (2007: DKK 37 million). All other conditions being equal, a fall in the exchange rate would have had a corresponding adverse impact.

Interest rate risks
Interest rate risks are the risk that externally introduced changes in agreed interest rates lead to increased interest expense or reduced interest income for the company. For an analysis of the company's interest rate sensitivity, reference is made to note 32 to the consolidated financial statements.

Ineffectiveness
Ineffectiveness arising from interest rate hedging amounted to DKK 12 million in 2008 (2007: DKK 50 million).

NOTES WITHOUT REFERENCE

Interest rate hedges
As part of its financial management, the company swaps the interest basis on loans from a floating rate to a fixed rate or vice versa using interest rate swaps.

For interest rate swaps converting floating-rate loans to fixed-rate loans (hedging of cash flows), value adjustments recognised directly in equity at 31 December 2008 totalled a net loss of DKK 44 million (31 December 2007: net gain of DKK 118 million).

24 Credit risks

Credit risks are the risk that a book loss will be realised in the event of a party to a contract being unable to perform its contractual obligations.

The company's credit risk comprises primarily receivables from financial counterparties. Credit rating of business partners is carried out on a regular basis to generally minimise this risk.

The amounts with which the items in question are recognised in the balance sheet correspond to the company's maximum credit risk. Losses on receivables from individual business partners have historically been low. In the company's opinion, there are no special concentrations of credit risks.

The company's credit risk in connection with derivative financial instruments is limited as they have primarily been entered into with major international banks or other counterparties with a high credit rating.

Reference is made to note 32 to the consolidated financial statements.

25 Operating leases

Non-cancellable operating lease payments amounted to:

DKK million	2008	2007
0 - 1 year	50	52
1 - 5 years	80	81
> 5 years	0	0
Minimum lease payments	**130**	**133**

DONG Energy A/S has entered into operating leases relating to leasing of commercial premises in the period 2007-2012 and vehicle leasing on behalf of the Group's companies. The latter lease runs for a period of up to five years. There are no significant restrictions in the leases.

An amount of DKK 40 million (2007: DKK 27 million) was recognised in the income statement in respect of operating lease payments in 2008.

26 Contingent assets, contingent liabilities and security arrangements

Contingent liabilities

Through its participation in the collaboration with Oil Insurance Limited (OIL), DONG Energy is subject to provisions that imply payment of an avoided premium surcharge (APS) in the event of termination or reduction of the insurance. Provision is made in the financial statements for the retrospective adjustment. The prospective premium is not expected to exceed USD 2.5 million.

Guarantees

DONG Energy A/S has provided guarantees in connection with participation by subsidiaries and participation by joint ventures in which subsidiaries are partners in oil and natural gas production and exploration, construction and operation of wind farms, and geothermal plants and natural gas installations. DONG Energy A/S has also provided guarantees in respect of leases, decommissioning obligations, purchase and sales contracts, etc.

DONG Energy acts as guarantor with primary liability for bank balances in subsidiaries for DKK 3,880 million.

Litigation

DONG Energy A/S is a party to a number of litigation proceedings and legal disputes that do not have any effect on the company's financial position, either individually or collectively.

NOTES WITHOUT REFERENCE

27 Related party transactions

Subsidiaries and associates
The parent company's trading with subsidiaries and associates comprised:

DKK million	2008	2007
Rental income and services to subsidiaries	76	51
Purchases of goods and services from subsidiaries	(84)	(39)
Interest, subsidiaries (net income)	1,577	1,316

The parent company's capital transactions and balances
with subsidiaries and associates at 31 December comprised:

DKK million	2008	2007
Receivables from subsidiaries	31,787	30,479
Payables to subsidiaries	(7,753)	(5,927)
Dividends from subsidiaries	2,224	21,046
Dividends from associates	8	8

Reference is made to note 38 to the consolidated financial statements.

28 Company overview

Name	Registered office	Ownership interest
Subsidiaries		
DONG E&P A/S	Fredericia, Denmark	100%
DONG El A/S	Fredericia, Denmark	100%
DONG Energy Ayrshire Holdco Ltd.	London, UK	100%
DONG Energy Infrastruktur Holding GmbH	Hamburg, Germany	100%
DONG Energy Oil & Gas A/S	Fredericia, Denmark	100%
DONG Energy Pipelines GmbH	Kiel, Denmark	100%
DONG Energy Power A/S (formerly Energi E2 A/S)	Fredericia, Denmark	17% [1]
DONG Energy Power Holding A/S (formerly DONG Energy Power A/S)	Fredericia, Denmark	57% [2]
DONG Energy Sales & Distribution A/S	Fredericia, Denmark	100%
DONG Energy Frederiksberg Elnet A/S (formerly Frederiksberg Elnet A/S)	Fredericia, Denmark	100%
DONG Gas Distribution A/S	Fredericia, Denmark	100%
DONG Insurance A/S	Fredericia, Denmark	100%
DONG Naturgas A/S	Fredericia, Denmark	100%
DONG Oil Pipe A/S	Fredericia, Denmark	100%
DONG Storage A/S	Fredericia, Denmark	100%
DONG Sverige Distribution AB	Gothenburg, Sweden	100%
DONG VE A/S	Fredericia, Denmark	100%
Frederiksberg Forsyning A/S	Fredericia, Denmark	100%
Frederiksberg Forsynings Ejendomsselskab A/S	Fredericia, Denmark	100%
VICH 7443 A/S	Fredericia, Denmark	100%
Associates		
Swedegas AB	Gothenburg, Sweden	20%

[1] The remaining part of the company is owned by DONG Energy Sales & Distribution A/S and DONG Energy Power A/S

[2] The remaining part of the company is owned by EnergiGruppen Jylland El A/S

NOTES

DONG Energy A/S

Annual Report 2008
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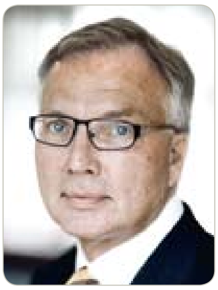
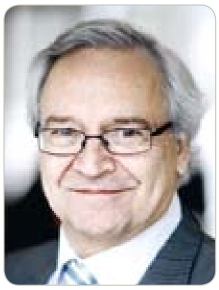
SUPERVISORY BOARD*



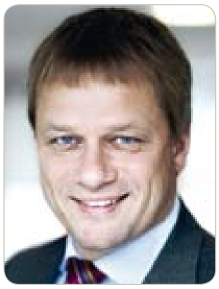
Fritz H. Schur (Chairman),
b. 1951. Joined the Supervisory Board as Chairman in 2005, re-elected 2008. Term of office expires in 2009.
Chairman of Remuneration Committee and Nominations Committee.
Remuneration, Board: DKK 481,250
Remuneration, Committees: DKK 50,000
Other managerial posts and Supervisory Board memberships: CEO, Chairman, Deputy Chairman or member of companies in the Fritz Schur Group; and the following Supervisory Board memberships:
Chairman: Post Danmark A/S, SAS AB (Sweden), F. Uhrenholt Holding A/S, Relation-Lab ApS
Deputy Chairman: Brd. Klee A/S
Member: Center for Formidling af Naturvidenskab og Moderne Teknologi (fund), Fonden Eventyrteatret, Kronprins Frederiks og Kronprinsesse Marys Fond



Lars Nørby Johansen (Deputy Chairman),
b. 1949. Joined the Supervisory Board in 1997. Deputy Chairman since 2001, re-elected 2008. Term of office expires in 2009. Chairman of Audit and Risk Committee. Member of Remuneration Committee and Nominations Committee.
Remuneration, Board: DKK 287,500
Remuneration, Committees: DKK 125,000
Other managerial posts and Supervisory Board memberships: Chairman: Falck Holding A/S, Georg Jensen A/S, William Demant Holding A/S, Stig Jørgensen & Partners A/S and CAT Invest I A/S
Member: Index Award A/S

Hanne Sten Andersen,**
b. 1960. Joined the Supervisory Board in 2007.
Term of office expires in 2011.
Remuneration, Board: DKK 168,750

Jakob Brogaard,
b. 1947. Joined the Supervisory Board in 2007.
Term of office expires in 2009.
Member of Audit and Risk Committee.
Remuneration, Board: DKK 168,750
Remuneration, Committee: DKK 50,000
Other managerial posts and Supervisory Board memberships:
Deputy Chairman: LR Realkredit A/S, Afviklingsselskabet til sikring af finansiel stabilitet A/S, Roskilde Bank A/S
Member: Danica Pension Livsforsikringsaktieselskab, Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999, Danica Pension I, Livsforsikringsaktieselskab, Danica Liv III, Livsforsikringsaktieselskab, Wrist Group A/S, Newco AEP A/S

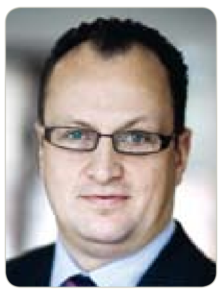


Poul Dreyer,**
b. 1964. Joined the Supervisory Board in 2007.
Term of office expires in 2011.
Remuneration, Board: DKK 168,750

Jørgen Peter Jensen,**
b. 1968. Joined the Supervisory Board in 2007.
Term of office expires in 2011.
Remuneration, Board: DKK 168.750

Poul Arne Nielsen,
b. 1944. Joined the Supervisory Board in 2006, re-elected 2008.
Term of office expires in 2009.
Remuneration, Board: DKK 168,750
Other managerial posts and Supervisory Board memberships:
Chairman: SEAS-NVE Holding A/S, SEAS-NVE Strømmen A/S, SEAS-NVE A.m.b.a and Sjællandske Medier A/S
Deputy Chairman: Østtrafik A/S
Member: SAMPENSION Administrationsselskab A/S and Sampension KP Livsforsikring A/S

Kresten Philipsen,
b. 1945. Joined the Supervisory Board in 2006, re-elected 2008.
Term of office expires in 2009.
Remuneration, Board: DKK 168,750
Other managerial posts and Supervisory Board memberships:
Chairman: Sydbank A/S, Privathospitalet Kollund A/S and Syd Energi Holding A/S
Member: DTL A/S Dansk-Tysk Landbrugsinvestering, Netsam A/S, Dalgasgruppen A/S and A/S Plantningsselskabet Sønderjylland

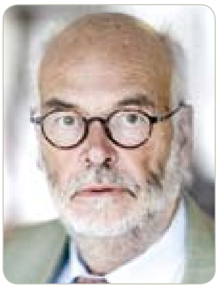


Jens Nybo Stilling Sørensen,**
b. 1968. Joined the Supervisory Board in 2007.
Term of office expires in 2011.
Remuneration, Board: DKK 168.750

COMPANY INFORMATION AT 31 DECEMBER 2008

Shareholders holding at least 5% of the shares:

The Danish Ministry of Finance 72.98%
SEAS-NVE Holding A/S 10.88%
Syd Energi Net A/S 6.95%



Jens Kampmann,
b. 1937. Joined the Supervisory Board in 2005, re-elected 2008.
Term of office expires in 2009.
Member of Audit and Risk Committee.
Remuneration, Board: DKK 168,750
Remuneration, Committee: DKK 50,000
Other managerial posts and Supervisory Board memberships:
Chairman: Sund og Bælt Holding A/S, Desmi A/S, Frydenholm A/S, Frydenholm Holding A/S, A/S Øresundsforbindelsen, AI Gruppen A/S, Special Waste Systems A/S, Dalum Holding A/S and A/S Storebæltsforbindelsen
Deputy Chairman: BP-U Holding A/S
Member: Genan A/S, Retrocom Holding A/S, Investeringsselskabet af den 10. maj 2001 A/S, White Arkitekter A/S, Genan Business & Development A/S

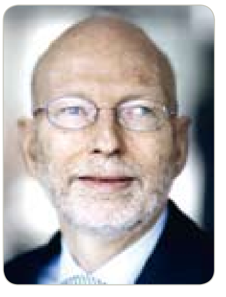
Lars Rebien Sørensen,
b. 1954. Joined the Supervisory Board in 2007, re-elected 2008.
Term of office expires in 2009.
Remuneration, Board: DKK 168,750
Other managerial posts and Supervisory Board memberships:
CEO: Novo Nordisk A/S
Member: ZymoGenetics Inc. (USA) and Bertelsmann AG (Germany)

EXECUTIVE BOARD*

Anders Eldrup,
Registered with the Danish Commerce and Companies Agency as CEO
b. 1948. CEO since 2001.
Remuneration: DKK 5,778,615
Other managerial posts and Supervisory Board memberships:
Member: Center for Formidling af Naturvidenskab og Moderne Teknologi (fund), Rockwool Fonden

Carsten Krogsgaard Thomsen,
Registered with the Danish Commerce and Companies Agency as CFO
b. 1957. CFO since 2002.
Remuneration: DKK 6,079,881
Other managerial posts and Supervisory Board memberships:
Deputy Chairman: NNIT A/S
Member: GN Store Nord A/S, GN Netcom A/S, GN Resound A/S and Banedanmark

OTHER EXECUTIVE BOARD MEMBERS*



Søren Gath Hansen,
b. 1954. Joined the Executive Board in 2002.
Other managerial posts and Supervisory Board memberships: None

Kurt Bligaard Pedersen,
b. 1959. Joined the Executive Board in 2002.
Other managerial posts and Supervisory Board memberships:
Deputy Chairman:
BRF Kredit A/S and BRF Holding A/S

Niels Bergh-Hansen,
b. 1948. Joined the Executive Board in 2006.
Other managerial posts and Supervisory Board memberships:
Member: Project Zero-Fonden

Lars Clausen,
b. 1959. Joined the Executive Board in 2007.
Other managerial posts and Supervisory Board memberships: None

* Other managerial posts and Supervisory Board memberships refer solely to posts in Danish or foreign public limited companies.
** Employee representative.

DONG Energy A/S

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