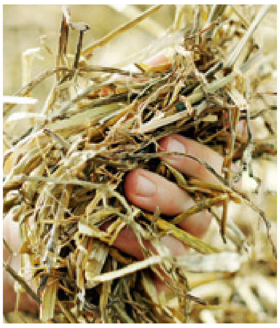
MOVING ENERGY
FORWARD

ANNUAL REPORT **2011**






DONG
energy

AT A GLANCE

One of the leading energy groups in Northern Europe

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. At the end of 2011, DONG Energy employed 6,098 people.

Owners at 31.12.2011

The Danish State	76.49%
SEAS-NVE Holding	10.88%
Syd Energi Net	6.95%
Others	5.68%

RESULTS 2011

REVENUE DKK
56.8 BN

EBITDA DKK
13.8 BN

PROFIT FOR THE YEAR DKK
2.9 BN

CASH FLOWS FROM OPERATIONS DKK
12.6 BN

NET INVESTMENTS DKK
13.1 BN

RATING
A-/Baa1

MARKET SHARES

Offshore wind in operation

Denmark	45%
UK	21%

Electricity generation

Denmark	54%

Heat generation

Denmark	35%

Electricty sales

Denmark	20%
Netherlands	1%

Gas sales

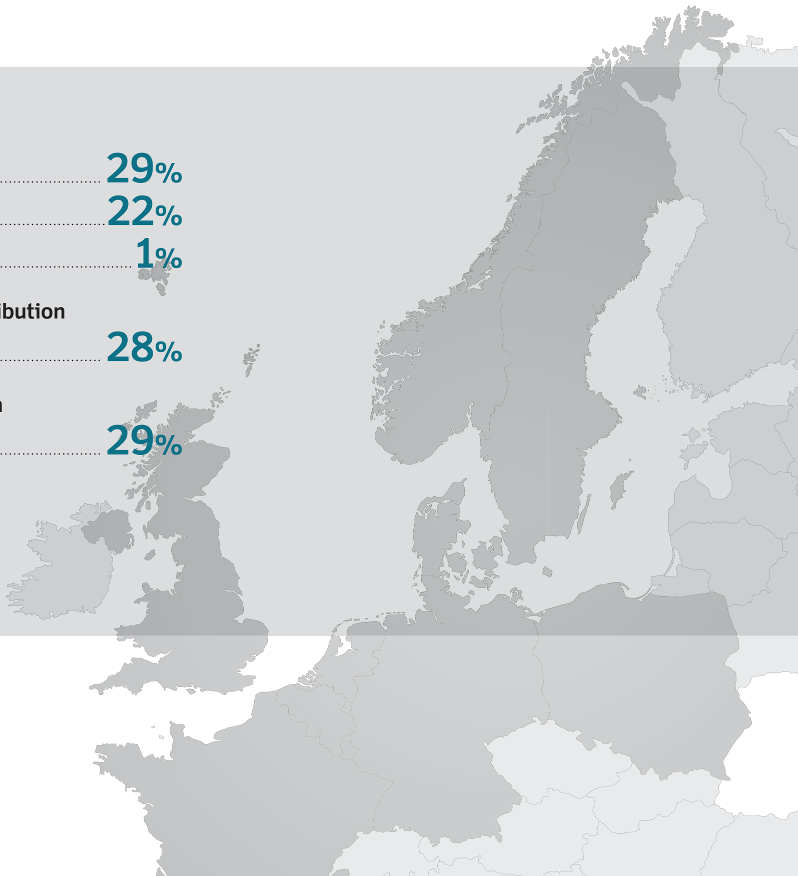
Denmark	29%
Sweden	22%
Netherlands	1%

Electricity distribution

Denmark	28%

Gas distribution

Denmark	29%



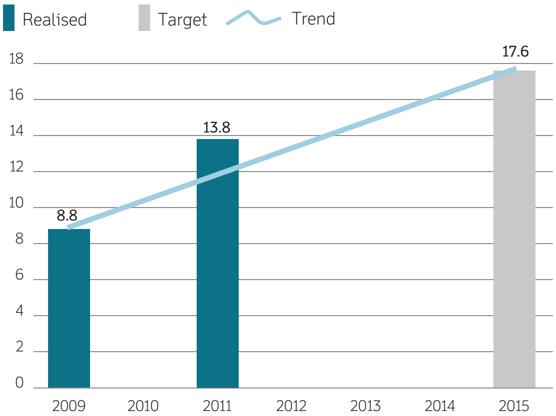
WHY

More reliable and clean energy

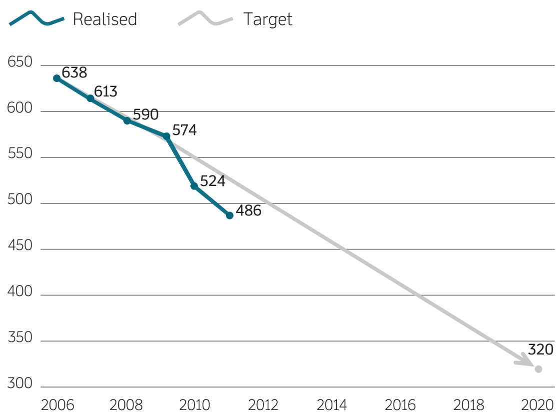
DONG Energy works concertedly to produce more energy and to reduce emissions of CO_2. Production of oil and gas is being increased to meet the growing demand for energy. Many new wind turbines are also being brought on stream. And we plan to convert our Danish power stations to more green generation through increased use of biomass. The financial statements show that it is possible to meet both the challenges in the energy area and achieve satisfactory financial results.

WHERE TO

Doubling EBITDA, DKK billion



Halving CO_2 emissions, g CO_2 per kWh



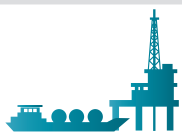
HOW

DONG Energy's strategic directions

Wind and biomass growth

Robustness via the integrated business model

Growth in the production and sourcing of oil and gas



Development of the flexible energy system of the future

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Front and back cover photo
Establishment of the Horns Rev 2 offshore wind farm

Language
The report has been prepared in Danish and in English. In the event of any discrepancies between the Danish and the English reports, the Danish version shall prevail.

Design: Bysted/DONG Energy

More reliable and clean energy

Modern society is using more and more energy. At the same time, we want to slow down the impact on the environment to which traditional energy production contributes. This is the dual challenge that we are facing.

DONG Energy sees it as its task to work concertedly on both fronts. On a sound business basis, of course.

We are producing more energy by increasing our production of oil and gas, which will remain necessary sources of energy for many years to come. At the same time, DONG Energy is a world leader in wind energy, and we are currently bringing row after row of new offshore wind turbines on stream.

At the same time, we are planning to convert our Danish power stations to more green generation. Consumption of coal is being reduced markedly while consumption of various forms of biofuel will be increased. Pollution with CO_2 and other harmful substances is being reduced, and we are thus producing the necessary energy more responsibly.

The aim is to deliver reliable and clean energy that meets the requirements of modern society. The ability to achieve satisfactory financial results at the same time is reflected in DONG Energy's financial statements. We are thus well on the way towards our business target to double operating income in 2015 compared with 2009.

In the context of the global challenge, DONG Energy's initiatives may seem modest. But every effort counts. And our rapid transition is equipping us well for the future while also demonstrating that it is possible to deliver more energy and more green energy on a sound commercial basis.

9 March 2012

Fritz H. Schur
Chairman of the Board of Directors

Anders Eldrup
CEO

SELECTED HIGHLIGHTS IN 2011

Q1

13 January

New hybrid capital bonds issued

DONG Energy has successfully issued new hybrid capital with a coupon rate of 7.75% for EUR 700 million due in 3010 and repurchased EUR 500 million of the existing hybrid capital due in 3005. The capital base was strengthened by DKK 1.3 billion.

24 February

Construction of the offshore wind farm Borkum Riffgrund 1

Decision to build the offshore wind farm Borkum Riffgrund 1 in the German sector of the North Sea. The total investment will be approximately EUR 1.25 billion. The farm will have a total capacity of 320 MW and will supply power from 2014.

28 March

PensionDanmark and PKA to become co-owners of Anholt offshore wind farm

A consortium consisting of PensionDanmark and PKA has signed an agreement with DONG Energy on the acquisition of 50% of Anholt offshore wind farm for approximately DKK 6 billion.

Q2

16 June

Construction of West of Duddon Sands offshore wind farm

Decision to build the offshore wind farm West of Duddon Sands in the Irish Sea in a 50/50 partnership between DONG Energy and ScottishPower Renewables with expected commissioning in 2014. The total investment is expected to be GBP 1.6 billion.

20 June

Divestment of Oil Terminals

DONG Energy and the Canadian energy infrastructure business Inter Pipeline Fund agreed that Inter Pipeline Fund will take over DONG Energy Oil Terminals.
The price was DKK 2.6 billion and the transaction was completed in January 2012.

Note: Only selected highlights in 2011 are listed. A complete list of company announcements is available on page 187.

Q3

17 August

Signing of EUR 1.3 billion credit facility

DONG Energy has signed a EUR 1.3 billion 5-year revolving credit facility which includes two 1 year extension options.

26 August

DONG Energy co-founder of bioenergy consortium in Måbjerg

Together with local players, DONG Energy established a green energy consortium, Måbjerg Energy Concept. Over 15 months, the consortium will determine whether a number of bioenergy projects are feasible and will be profitable.

31 August

Acquisition of Noreco's interest in the Siri field

DONG Energy made an agreement to acquire Noreco's interest in the Siri field in the Danish North Sea for DKK 70 million. The transaction was completed at the end of 2011 and DONG Energy is now the sole owner of the field.

01 September

Marubeni Corporation co-owner of Gunfleet Sands offshore wind farm

Marubeni Corporation has entered into an agreement with DONG Energy whereby Marubeni acquires a 49.9% stake in the 172 MW Gunfleet Sands offshore wind farm. Marubeni paid a cash consideration of approximately GBP 210 million for the stake.

Q4

18 October

Acquisition of UK Shell Gas Direct

DONG Energy and Shell UK signed an agreement for DONG Energy to acquire the gas sales company Shell Gas Direct for GBP 30 million. The transaction has subsequently been approved by the EU competition authorities.

27 October

Vestas and DONG Energy enter into agreement on testing of new 7 MW offshore wind turbine

Vestas and DONG Energy have entered into cooperation on testing of Vestas' new V164-7.0 MW offshore wind turbine at DONG Energy's demonstration site in the waters off Frederikshavn. DONG Energy's total investment in the establishment of the test site will amount to around DKK 240 million.

04 November

Acquisition of rights to further develop Borkum Riffgrund West 1

DONG Energy acquired the rights to further develop the offshore wind project Borkum Riffgrund West 1 from Energie-kontor AG for approximately EUR 30 million.

16 December

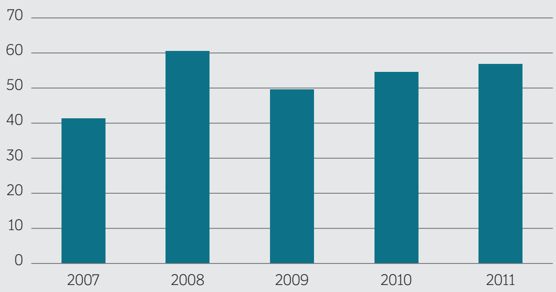
Acquisition of stake in the first two projects in SMart Winds Hornsea zone

DONG Energy acquired a 33.3% stake in the first two offshore wind farm projects in the Hornsea Zone from SMart Wind. The purchase price is approximately GBP 15 million with an option to acquire the remaining 66.7% of the shares at a fixed market price. DONG Energy also acquired an option over an additional 1 GW from the Hornsea Zone.

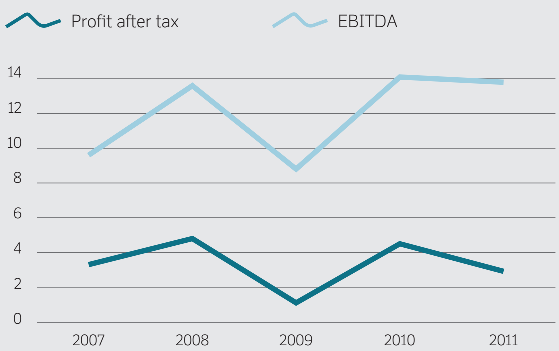
PERFORMANCE HIGHLIGHTS, FINANCIAL

		DKK million					EUR million	
		2011	2010	2009	2008	2007	**2011**	2010
BUSINESS PERFORMANCE								
Statement of comprehensive income								
Revenue:		56,842	54,616	49,569	60,642	41,342	7,630	7,333
Exploration & Production		10,469	8,264	6,416	7,322	4,486	1,405	1,109
Wind Power		4,312	2,952	1,676	1,453	1,201	579	397
Thermal Power		10,665	11,731	10,855	13,800	11,130	1,431	1,575
Energy Markets		33,689	31,516	28,889	37,357	20,263	4,522	4,232
Sales & Distribution		13,009	14,185	13,386	15,595	14,551	1,746	1,905
Other activities/eliminations		(15,302)	(14,032)	(11,653)	(14,885)	(10,289)	(2,053)	(1,884)
EBITDA:		13,770	14,135	9,311	13,428	9,323	1,848	1,898
Exploration & Production		5,684	5,051	3,264	4,261	2,366	763	678
Wind Power		1,799	1,730	609	677	605	241	233
Thermal Power		2,255	2,228	388	2,388	3,096	303	299
Energy Markets		1,963	2,959	2,735	4,352	1,583	263	398
Sales & Distribution		2,027	2,036	2,239	1,827	1,961	272	273
Other activities/eliminations		42	131	76	(77)	(288)	6	18
EBITDA adjusted for special hydrocarbon tax		12,254	13,118	8,842	12,681	9,301	1,644	1,761
EBIT		6,100	8,120	4,228	7,809	4,500	818	1,090
Adjusted operating profit		4,444	6,985	3,658	6,842	4,314	596	938
Profit for the year		2,882	4,499	1,492	4,669	3,046	386	604
Key ratios								
Financial gearing	x	0.41	0.43	0.60	0.33	0.35	0.41	0.43
Adjusted net debt / EBITDA	x	1.9	1.9	3.3	1.4	2.0	1.9	1.9
Adjusted net debt / Cash flows from operating activities	x	2.0	1.8	3.3	1.9	2.1	2.0	1.8
Return on capital employed (ROCE)	%	5.7	9.6	5.5	11.6	7.4	5.7	9.6
Adjusted return on capital employed	%	9.2	15.1	7.7	16.1	10.1	9.2	15.1
IFRS								
Statement of comprehensive income								
Revenue[1]:		58,437	54,598	49,262	60,777	41,625	7,845	7,331
Exploration & Production		9,931	8,224	6,579	7,114	4,409	1,333	1,104
Wind Power		4,520	2,947	1,676	1,453	1,201	607	396
Thermal Power		10,231	11,330	10,818	13,890	11,198	1,373	1,521
Energy Markets		36,211	31,764	28,201	38,087	20,262	4,861	4,265
Sales & Distribution		13,178	14,185	13,386	15,595	14,552	1,769	1,905
Other activities/eliminations		(15,634)	(13,852)	(11,398)	(15,362)	(9,996)	(2,098)	(1,860)

Revenue, DKK billion



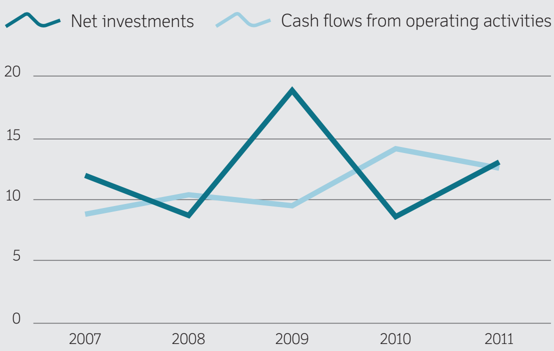
Profit, DKK billion



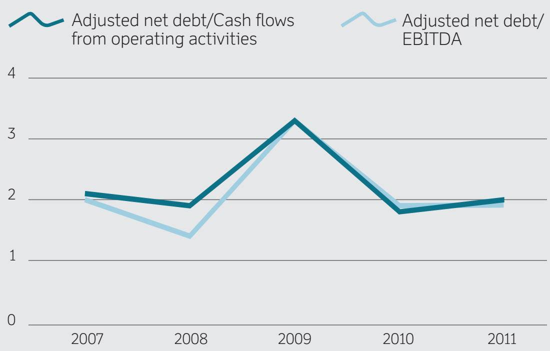
	DKK million					EUR million	
	2011	2010	2009	2008	2007	**2011**	2010
IFRS							
Statement of comprehensive income (continued)							
EBITDA:	15,595	14,089	8,840	13,622	9,606	2,093	1,892
Exploration & Production	5,146	5,012	3,427	4,053	2,290	691	673
Wind Power	2,007	1,725	609	677	605	269	232
Thermal Power	1,776	1,864	306	2,478	3,164	238	250
Energy Markets	4,731	3,207	2,046	5,082	1,582	635	431
Sales & Distribution	2,196	2,036	2,239	1,827	1,961	295	273
Other activities/eliminations	(261)	245	213	(495)	4	(35)	33
EBIT	7,925	8,074	3,757	8,004	4,783	1,064	1,084
Gain (loss) on disposal of enterprises	225	905	(62)	917	29	30	121
Net finance costs	(282)	(1,595)	(1,362)	(1,134)	(740)	(38)	(214)
Profit for the year	4,250	4,464	1,138	4,815	3,259	571	599
Balance sheet							
Assets	154,073	137,339	120,552	106,085	89,710	20,725	18,424
Additions to property, plant and equipment	22,057	16,286	16,530	9,853	11,142	2,962	2,187
Net working capital	(181)	2,466	3,898	5,548	4,555	(24)	331
Interest-bearing debt	40,961	38,397	35,926	19,258	18,170	5,511	5,148
Interest-bearing net debt	23,615	22,139	26,930	15,253	14,792	3,177	2,970
Equity	57,740	51,308	44,808	46,190	42,211	7,767	6,883
Capital employed	81,355	73,448	71,737	61,443	57,002	10,943	9,853
Adjusted capital employed	50,190	46,306	46,303	48,287	36,685	6,751	6,212
Cash flows							
Funds from Operation (FFO)	11,706	12,498	7,529	11,340	10,083	1,571	1,678
Cash flows from operating activities	12,624	14,214	9,468	10,379	8,842	1,694	1,908
Cash flows from investing activities	(19,338)	(14,793)	(21,199)	(8,629)	(11,803)	(2,595)	(1,987)
Gross investments	(18,451)	(15,692)	(18,131)	(11,146)	(17,512)	(2,477)	(2,107)
Net investments	(13,060)	(8,530)	(19,040)	(8,666)	(12,013)	(1,752)	(1,146)

[1] For an explanation of the development in revenue, see page 33.
Definitions of performance highlights are set out on the inside of the back cover.
For a description of the performance measure 'business performance', see pages 33-34 and note 40 on accounting policies in the complete annual report.

Investments and cash flows, DKK billion



Capital structure, times



PERFORMANCE HIGHLIGHTS, NON-FINANCIAL

		2011	2010	2009	2008	2007
Volumes						
Production:						
Oil and gas production	million boe	26.4	24.4	24.0	18.5	11.3
- oil	million boe	9.3	9.0	8.5	10.0	9.1
- gas	million boe	17.1	15.4	15.5	8.5	2.2
Electricity generation	TWh	20.4	20.2	18.1	18.5	20.5
- thermal	TWh	16.0	16.2	15.3	16.0	17.3
- wind and hydro	TWh	4.4	4.0	2.8	2.6	3.2
Heat generation	PJ	42.6	53.2	46.7	46.4	47.3
Sales and distribution:						
Gas sales (excl. own consumption at power stations)	TWh	115.6	108.5	94.0	99.4	78.8
Electricity sales	TWh	9.9	10.4	10.7	10.9	10.9
Gas distribution	TWh	9.9	11.4	10.0	10.3	10.2
Electricity distribution	TWh	8.8	9.1	9.2	9.4	9.3
Oil transportation, Denmark	million bbl	72	78	85	91	100
Environment						
EU ETS CO_2 emissions	million tonnes of CO_2	10.8	11.8	11.9	12.6	13.8
CO_2 emissions per energy unit generated (electricity and heat) [1]	g/kWh	486	524	574	590	613
Green proportion of electricity and heat generation [1]	%	29	30	27	25	24
Nitrogen oxides (NO_X)	g/kWh	0.36	0.38	0.50	0.61	-
Sulphur dioxide (SO_2)	g/kWh	0.06	0.07	0.14	0.19	-
Gas flaring (offshore and at gas storage facility)	million Nm^3	9.0	33.0	7.3	8.6	9.7
Oil discharged to sea from production platforms	tonnes	16	8	18	24	23
Reinjection of produced water on production platforms	%	68	78	49	51	56
Recycling of waste in administration	%	48	32	31	10	45
Recycling of waste in facilities	%	59	57	57	52	45
Significant environmental incidents	number	5	6	5	1	2
Working conditions						
Full time equivalents (FTE)	number	6,098	5,874	5,865	5,644	5,042
Average age	years	42	43	43	43	43
Employee turnover	%	12	12	11	12	14
Lost time injuries	number	74	93	129	112	112
Lost time injury frequency (LTIF)	per one million hours worked	4.1	4.6	6.8	7.5	10.4
Fatalities	number	3	3	1	1	0

[1] Measured on a proportionate basis for all activities and consequently includes associates and non-consolidated enterprises.
The accounting policies are set out in the complete annual report on pages 152-155.

CSR report

Being responsible and responsive are core values in DONG Energy. The Group believes that no company can achieve lasting success without ethical integrity, environmental stewardship and the development of positive relationships with the people, communities and organisations affected by its activities.

In 2011, the Board of Directors adopted a responsibility policy that sets out the overall principles for the Group's work on responsibility. Furthermore, DONG Energy adheres to the ten principles of the UN Global Compact and follows the guidelines set out in the Global Reporting Initiative.

The DONG Energy Group's policies, actions and results can be seen on the following page.

Further information can be found on the responsibility page at dongenergy.com.

CORPORATE SOCIAL RESPONSIBILITY

UN Global Compact Principle	In line with the responsibility policy, DONG Energy is committed to	Actions and implementation 2011	Targets	Status at 31.11.2011
Climate and environment (Principles 7-9)	Reducing greenhouse gas emissions	DONG Energy is committed to reducing its CO_2 emissions from electricity and heat generation. Key initiatives include: • New investments in offshore wind farms • Increased use of biomass in energy production • Continued phasing-out of coal-fired units	• 320g/kWh by 2020 • 100g/kWh by 2040	486g CO_2 /kWh
		DONG Energy continuously aims to increase energy efficiency, partly through optimisation of production processes	10% improvement in energy efficiency by 2015 (compared with 2010)	Target was new for 2011. Status will be presented in 2012 annual report
	Minimising local environmental impacts	DONG Energy strives to limit local air pollution from SO_2 and NO_x emissions from electricity and heat generation by, among other things, installing environmental facilities for flue gas treatment and taking the most obsolete power station units out of service	By 2020 compared with 1990: • 95% reduction in SO_2 • 90%reduction in NO_x	• SO_2 99% • NO_x 89%
		DONG Energy increased its recycling of waste from facilities and administration in 2011 still further through continuous improvement and monitoring of waste handling	65% of waste from facilities and 50% of waste from administration must be recycled by 2012	59% of waste from facilities and 48% of waste from administration recycled in 2011
Labour rights (Principles 3-6)	Ensuring the safety of employees and suppliers	Safety is the top priority in DONG Energy. In 2011, the Group continued its efforts to develop a strong safety culture focusing on risk assessment and proactive prevention as well as follow-up on all incidents	No fatalities and LTIF of 5.2 in 2011. The LTIF target for 2012 is 4.1	Three fatalities and LTIF of 4.1
	Ensuring the long-term availability of sufficient numbers of skilled employees	DONG Energy has a strategic focus on recruitment and retention of skilled employees and long-term development of talent. Initiatives in 2011 included: • Implementation of a diversity policy • Follow-up on the results of the employee survey 'People Matter' 2010	Image and leadership are focus areas for 2011/2012	According to 'People Matter' 2011, the following aspects have improved compared with 2010: • Satisfaction and motivation • Perception of image • Employment security
Human rights (Principles 1-2)	Ensuring responsible supply chain management	DONG Energy is committed to countering any abuse of human rights from the Group's as well as its suppliers' activities. In 2011, the Group became a founding member of 'Better Coal', which aims to advance CSR issues in the coal supply chain	Updated supply chain audit strategy to be implemented in 2012	Follow-up audit in Colombia completed in December 2011
Anti-corruption (Principle 10)	Preventing fraud and corruption	In 2011, DONG Energy conducted a comprehensive analysis of selected management systems and business practices, which will help support the Group's future efforts to prevent corruption	Continue to raise awareness of policy on good business conduct as well as the Group's whistle-blower system	No data for 2011 as improved methodology for collecting data on training on good business conduct is in progress

Energy markets are affected by the economic climate, political priorities and natural phenomena

2011 started on an optimistic note, with signs of improvements in the European economies following the financial and economic crises that struck Europe from mid-2008.

Over the summer and autumn, the optimism was replaced by economic uncertainty in the shape of the debt crisis in Europe, large government budget deficits, the weakening of the euro against the US dollar, limited economic growth and the resulting lower demand for energy.

At the same time, the challenges in relation to global warming remain high on the political agenda. However, this has not had any visible effect on the pricing of CO_2 emissions allowances, as efforts to achieve global endorsement of targets for reducing CO_2 emissions have yet to succeed. Since summer 2011, it has become more likely that there will be an oversupply of CO_2 emissions allowances in Europe, and the prices of allowances were at the lowest level to date at the end of 2011.

In Europe, there is still the will to support green investments. In both the UK and Germany, initiatives were undertaken in 2011 to strengthen renewable energy.

The European energy sector faces large investments in renewable energy and infrastructure. However, access to capital has become more difficult as a consequence of the debt crisis and the beleaguered financial sector. As an alternative, other sources are therefore increasingly being used, such as pension funds and other institutional investors.

The prices of oil and gas fell sharply in 2008-09 in the wake of the financial and economic crises. There was no corresponding trend in 2011, when oil and gas prices remained at a higher level (USD 111/bbl on average in 2011 against USD 62/bbl in 2009 for oil and EUR 23/MWh against EUR 12/MWh for gas). The wider spread between oil and gas prices, with relatively higher oil prices (decoupling), which arose in spring 2009, continues to prevail.

The accident at the Fukushima nuclear power station in connection with the earthquake in Japan in March 2011 led to a change in the approach to nuclear power in several countries. In Germany, several older nuclear power stations were immediately shut down and a decision was taken to phase out the remaining stations faster than originally planned.

Despite this, there is still surplus capacity for the generation of electricity in Europe, and demand is lower than before the financial crisis. The surplus capacity is not expected to be reduced until a number of the most polluting coal-fired power stations in Europe are phased out in the coming 3-8 years.

Biomass must be sustainable

Coal is on the way out of DONG Energy's power stations. The plan is for wood pellets, in particular, to replace coal. Wood pellets can be produced in several different ways. If they are produced sustainably, they reduce CO_2 emissions without harming biodiversity. To ensure a sustainable production of wood pellets, DONG Energy will make further requirements of wood pellet producers.

There are currently no general standards for sustainability in relation to solid biomass. Therefore, DONG Energy has worked with other European energy companies to draw up sustainability criteria for the production of wood pellets. The criteria are designed to ensure that the wood pellets that DONG Energy uses continue to reduce CO_2 emissions and preserve biodiversity.

"With wood pellets, Danish power stations can deliver green electricity and heat to supplement the more variable wind energy. I hope that the European authorities will be inspired by the criteria that DONG Energy and our partners have established and will develop pan-European standards for sustainability for biomass. That would enable us to talk to the producers of wood pellets with even greater conviction so we can ensure that the wood pellets we use in Europe continue to be sustainable," says Thomas Dalsgaard, Executive Vice President of Thermal Power.

Spearheading the development of the energy of the future

The strategy will push DONG Energy to the forefront in the transition to the energy of the future

DONG Energy's ambitious business strategy takes as its starting point some of the world's biggest challenges in the energy market, as DONG Energy aims to create value by delivering ever cleaner and more reliable energy with no emissions of CO_2.

The global population passed the seven billion mark in 2011 and this number will continue to grow. As the growing global population strives to secure a share in the world's prosperity, the world's energy needs will grow. These two challenges also present the world with a third challenge: to reduce emissions of CO_2 so that man-made climate change can be reduced.

By 2020, DONG Energy wants to halve its CO_2 emissions from electricity and heat generation compared with 2006. At the same time, DONG Energy wants to double EBITDA by 2015 compared with 2009 by means of organic investments. The Group is well on the way to achieving these targets.

The investments will increase DONG Energy's production of energy and are being made primarily in the two business areas in which DONG Energy has the greatest competitive edge and strong capabilities: design, construction and operation of offshore wind farms, and oil and gas exploration and production.

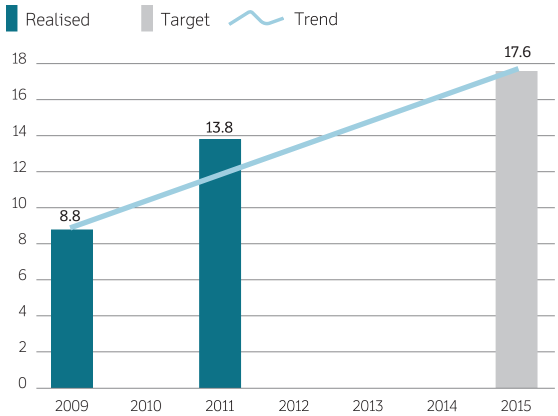
To retain its ability to gauge, at an early stage, the changes in the market and society that are of importance to DONG Energy's strategic priorities, the Group works concertedly on innovation to retain its lead.

The four main strategic directions

DONG Energy pursues four main strategic directions to achieve the Group's ambitious objectives. They are illustrated below and will be explained in further detail on the following pages.

Halving CO_2 emissions, g CO_2 per kWh

Doubling EBITDA, DKK billion



DONG Energy's strategic directions

Wind and biomass growth

Robustness via the integrated business model

Growth in the production and sourcing of oil and gas

Development of the flexible energy system of the future

Wind and biomass growth

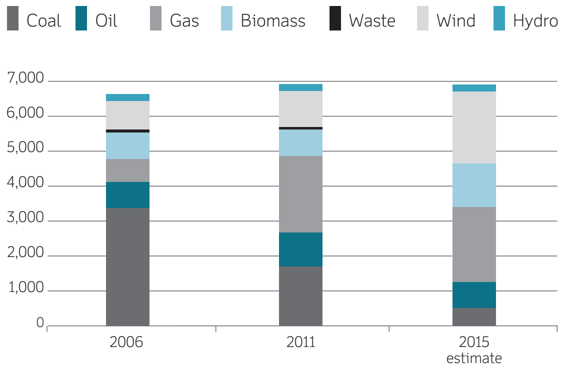
DONG Energy wants to change the Group via organic growth by means of investments in green energy from offshore wind farms and conversion of power stations to biomass

By 2020, the target is to halve DONG Energy's CO_2 emissions per kWh generated compared with 2006, and CO_2 emissions should be reduced to 100 g/kWh by 2040.

These ambitious targets will be achieved by radical conversion of DONG Energy's electricity generation from fossil to renewable energy. DONG Energy continues to develop offshore wind farms in Denmark, the UK and Germany, and the plan is for coal-fired power stations to be converted to biomass. DONG Energy has also made investments in power stations that use gas, which emits significantly less CO_2 than coal. This is the best alternative, among fossil fuels, for safeguarding reliable energy supply. DONG Energy operates gas-fired power stations in Denmark, the UK, Norway and the Netherlands.

The transition to greener energy generation entails greater technological and geographical diversification. DONG Energy wants to maintain its position as the market-leading energy producer in Denmark, while reducing its dependence on the Danish market by increasing its presence in the markets in northwestern Europe. In 2006, 91% of the Group's electricity generation capacity was located in Denmark. The Danish proportion was reduced to 67% in 2011 and is expected to account for just over half of capacity in 2015.

Renewable and thermal energy generation capacity, MW



More renewable energy

Efficient utilisation of DONG Energy's unique capabilities in the area of offshore wind has meant that DONG Energy is the global market leader in the design, construction and operation of offshore wind farms.

The electricity generation capacity from wind continues to rise. Together with electricity generation from power stations based on biomass and waste, plus hydro power, renewable energy accounted for 31% of DONG Energy's total electricity generation capacity in 2011.

The use of coal has been reduced and, compared with 2006, the coal-fired power stations' proportion of total capacity for energy production was halved to 24% at the end of 2011. DONG Energy had five coal-fired power station units fewer than in 2006. At the end of 2011, gas-fired capacity accounted for 31% of total electricity generation capacity.

Global market leader in offshore wind farms

The first offshore wind farms in the world were built on Danish territory. DONG Energy has since built several Danish and British offshore wind farms and, in 2013, construction begins on a German offshore wind farm, Borkum Riffgrund 1.

The first offshore wind farms were established project by project, but, since the start of 2009, DONG Energy has been working intensively to develop and install offshore wind farms in an assembly line concept and to enhance efficiency in all stages of the offshore wind farm value chain. The first step was DONG Energy's large-scale contract with Siemens to buy over 500 offshore wind turbines and the purchase of the installation company A2SEA, which is jointly owned with Siemens. With these and other measures, the farms can be established in a continuous process with a constant focus on optimum use of skills and resources and thus maximum value creation at all stages from design to operation. As the construction cost makes up three quarters of the total cost in the service life of an

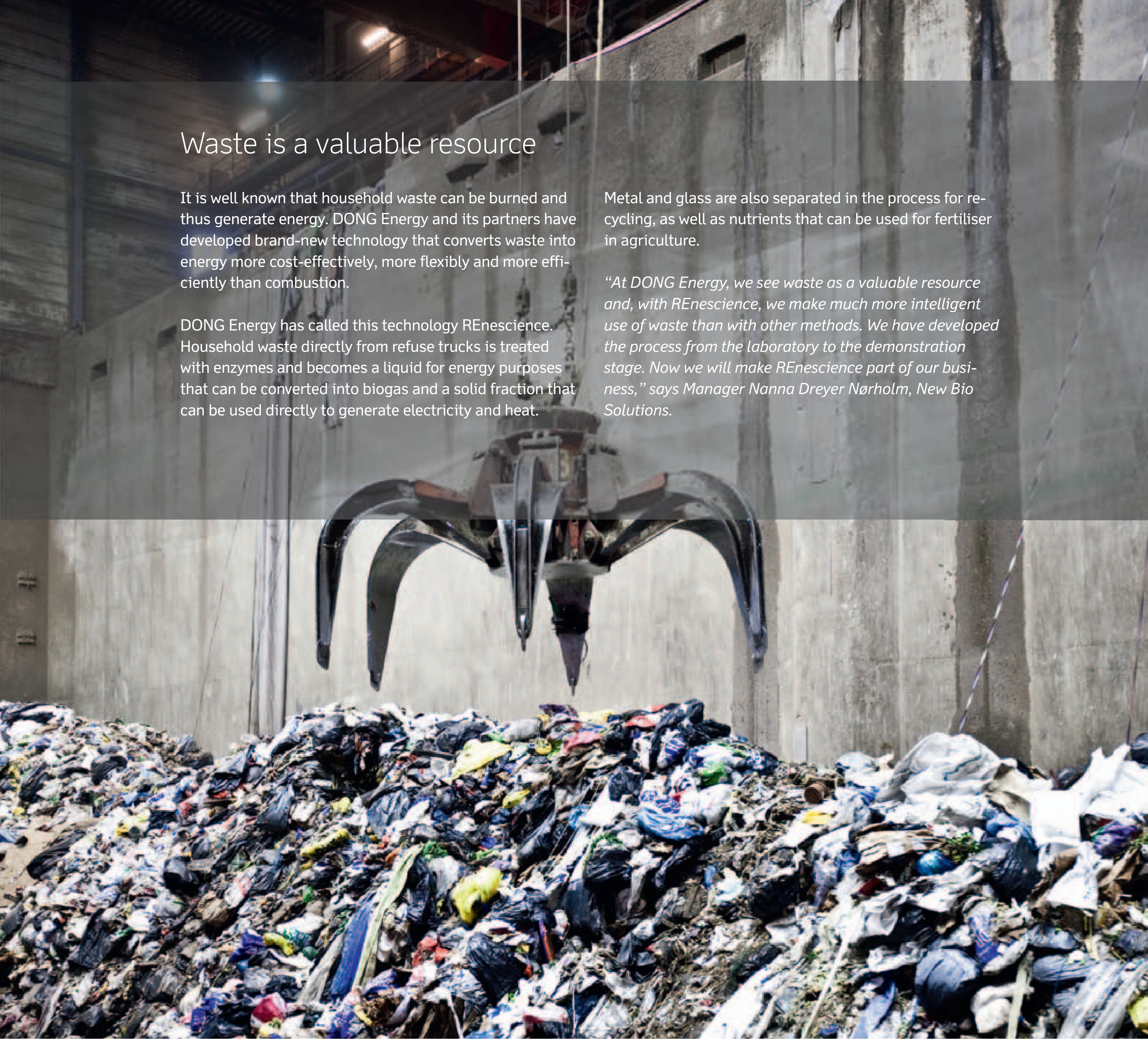
Waste is a valuable resource

It is well known that household waste can be burned and thus generate energy. DONG Energy and its partners have developed brand-new technology that converts waste into energy more cost-effectively, more flexibly and more efficiently than combustion.

DONG Energy has called this technology REnescience. Household waste directly from refuse trucks is treated with enzymes and becomes a liquid for energy purposes that can be converted into biogas and a solid fraction that can be used directly to generate electricity and heat.

Metal and glass are also separated in the process for recycling, as well as nutrients that can be used for fertiliser in agriculture.

"At DONG Energy, we see waste as a valuable resource and, with REnescience, we make much more intelligent use of waste than with other methods. We have developed the process from the laboratory to the demonstration stage. Now we will make REnescience part of our business," says Manager Nanna Dreyer Nørholm, New Bio Solutions.



offshore wind farm, it is essential to keep to schedules so that the capital invested can start to be repaid as soon as possible.

Wind power challenges power stations

In 2015, half of DONG Energy's electricity generation capacity will be CO_2-free or CO_2-neutral, as electricity from wind and hydro is expected to account for 36% of total capacity, while biomass will account for 17%. Gas will account for 30%, while electricity generation capacity from coal and oil will have been reduced to 17%.

DONG Energy works concertedly to select and develop new offshore wind turbine projects. It is essential to have a large pipeline to enable us to meet our objective of continuously increasing the proportion of electricity generation from renewable energy sources. On top of its 1,025 MW of wind capacity at the end of 2011, DONG Energy has made final investment decisions regarding the construction of around 1,500 MW additional wind turbines, some of which are expected to be built together with partners thus reducing DONG Energy's share (see figure on page 21).

The fast-increasing volume of electricity from wind turbines in the Danish grid sets the Danish power stations completely new challenges. The power stations will play a different role in a future in which much more wind power is available as there will still be a need to balance electricity generation. DONG Energy is continuously striving to become more efficient at flexible, market-aligned operation of its power stations.

Growth in the production and sourcing of oil and gas

DONG Energy is producing increasing volumes of oil and gas to help meet the increasing demand for energy

In the years to come, DONG Energy will focus on increasing its production of oil and gas to help maintain security of supply and the Group's earnings. This will be done via investments in exploration and production (E&P) of oil and gas from its own fields, for example in the North Sea. The Group's equity production of gas will continue to be an important source of its gas sales. The proportion of oil in the portfolio will be increased in order to reduce the oil price risk in DONG Energy's gas purchase contracts and to ensure high value creation.

The Group has strong capabilities in oil and gas exploration and production. The objective is to make use of this expertise to achieve solid growth in the production of oil and gas and also safeguard continuous replenishment of reserves, partly via exploration.

DONG Energy will also secure the supply of gas to the Group's markets in Northern Europe by means of a diversified gas supply strategy, which, besides increasing equity production, will be based on contracts with other producers of natural gas, including LNG (liquefied natural gas).

Infrastructure and production

DONG Energy has built up an E&P company that has a strong position in Denmark, Norway and the promising West of Shetland area in the UK. The total reserves amount to more than 17 times the annual production (R/P ratio) in 2011, which secures production for many years to come and shows that, in recent years, DONG Energy has built up a robust E&P business that has strong capabilities in this field.

In Denmark, E&P has developed its production around the Siri platform, where major repair work is underway to extend its life to 2020 and maybe beyond. Furthermore, E&P has made new attractive finds on the Danish shelf that can contribute to an extension of security of supply and value creation from the Danish shelf in the years to come.

In Norway, E&P has gained a position among the Top 10 companies, partly based on its position in the large Ormen Lange gas field. E&P has also contributed to the development of a model for commercial development of and production from small, but attractive, fields such as Oselvar and Trym.

In the area between the Shetland Islands and the Faroe Islands, DONG Energy has made a number of finds of both oil and gas. Advanced exploration technology and in-depth knowledge of precisely the type of subterranean structure that exists in the West of Shetland area have resulted in seven out of nine exploration wells being successful. Together with the French oil company Total, E&P has contributed to a solution to the challenge in the area in terms of the lack of infrastructure, as the companies are establishing a pipeline system in connection with the development of the Laggan-Tormore gas fields that will create a link from production in the area to the UK market. DONG Energy has a 20% stake in Laggan-Tormore.

Diversified gas supply strategy

Until 2006, the gas portfolio consisted primarily of long-term contracts with Dansk Undergrunds Consortium (DUC). The portfolio has since become more diversified with a continued rise in equity production of gas, purchases from other producers in the North Sea and purchases on gas hubs. Diversification was increased further in 2011 via DONG Energy's co-ownership of the new LNG terminal Gate in Rotterdam, which became operational in September 2011, plus new long-term gas purchase contracts. Diversification is also a key word in the sale of gas, which now covers DONG Energy's entire market territory. A breakdown of gas production and gas sales in 2011 is shown in a graph on page 25.

DONG Energy involves local operators in oil exploration

Exploration for oil and gas is linked to environmental risks that must be managed on the basis of the best possible knowledge base. One of the ways in which DONG Energy ensures this is by working with relevant local operators who can contribute knowledge and challenge the solutions chosen.

In Norway, in recent years, DONG Energy has worked with local fishermen and public authorities on the Group's mapping of potential environmental impacts of drilling in the Barents Sea. One of the results of the dialogue has been joint environmental emergency plans that are designed to protect the coastline in the event of accidents.

"Risk is part of business in our industry. But by involving stakeholders and being open and responsive in relation to oil drilling, we believe that we have created trust in DONG Energy and have reassured the local community," says QHSE Manager Morten A. Torgersen, DONG E&P Norge.

Robustness via the integrated business model

DONG Energy wants to create value by optimising and developing the total energy portfolio with assets and market positions throughout the value chain

DONG Energy's business model is fully integrated with value creation in all stages of the energy value chain. Upstream with oil and gas exploration and production and electricity generation, midstream with all types of trading, wholesale sales and energy distribution, and downstream with direct energy sales to end customers.

The integrated business model, with a diversified portfolio of assets, secures both robustness and balancing of risks as the individual stages of the value chain are, to some extent, affected differently by market developments.

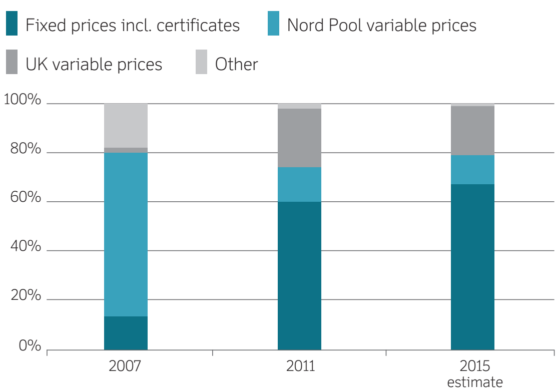
There is also an active management of risks in the individual stages of the value chain. The investments in DONG Energy's two growth areas, Exploration & Production and Wind Power, are spread over several countries and made in partnership with different partners in order to achieve diversification of the risk. In the E&P sector, partnerships have been the norm for several years. However, DONG Energy has now also succeeded in introducing partnerships in connection with the establishment and operation of offshore wind farms. The partners include other energy companies, privately owned companies and institutional investors, including pension funds.

These two growth areas complement each other in terms of risk. The investments in Wind Power are characterised by producing relatively stable income, partly as a consequence of regulation and the subsidy regimes established to support the development of the industry. The investments in Exploration & Production are characterised by providing a less certain return but also have considerable potential.

The increased geographical spread of electricity generation from wind turbines and power stations reduces the Group's market price risks. In 2007, two-thirds of the value of electricity generation was sold at market prices on the Nord Pool power exchange. This proportion is expected to be reduced to 12% by 2015. In terms of price, this part of generation depends greatly on temperature and precipitation levels in the Nordic countries and is thus very difficult to predict and very variable. However, the proportion of electricity generation settled at fixed prices is expected to rise from 13% in 2007 to 67% in 2015 as a consequence of the transition to more green energy.

With the various developments in oil and gas prices in recent years (decoupling), the composition of purchase and sales contracts in the gas portfolio has assumed greater importance for earnings for both DONG Energy and other players in the market. This is because the settlement prices for gas in long-term purchase contracts are closely linked to changes in the price of oil, while sales contracts are more dependent on gas hub prices. Therefore, a higher increase in the price of oil than the price of gas is negative for DONG Energy. However, these effects are mitigated as far as possible via the Group's diversification strategy, which results in DONG Energy being less financially vulnerable to the decoupling. DONG Energy has a relatively balanced gas portfolio composition between the purchase and sales side. For example, our equity production of oil and gas helps reduce this problem considerably.

Breakdown of electricity generation[1]



[1] The proportion is calculated on the basis of revenue from wind farms and contribution margin from thermal power stations.

The ambitious business strategy means stricter requirements for managers

The execution of DONG Energy's ambitious business strategy means stricter requirements for individual managers. The managers must help ensure the right balance between growth and discipline in relation to the overall business strategy.

To obtain a thorough analysis of the current managerial resources in DONG Energy, an extensive assessment of the Top 200 managers was carried out in the first half of 2011. The ongoing assessment and development of managers in relation to the overall strategy are linked to the annual dialogue with all employees on performance and development.

"Each employee must understand his or her role in relation to the strategy. We achieve this by means of annual performance and development reviews between managers and employees. The reviews take place after the managers' performance and development have been assessed in relation to the strategy. This enables us to create cohesion at all levels," says Hanne Blume, Vice President of People & Development.

Strategic robustness

DONG Energy has focused its operations in recent years. Growth will be in wind, biomass and oil and gas. At the same time, a number of activities have been divested, including interests in hydro power, small-scale CHP plants and oil terminals.

This focus has helped DONG Energy come through the financial crisis and subsequent debt turmoil in Europe unscathed. Its robustness is also the reason why DONG Energy is continuously able to raise the necessary capital for investments on attractive terms.

Development of the flexible energy system of the future

With a rising proportion of wind energy, there is a growing need to be able to both sell and source electricity to and from the surrounding markets

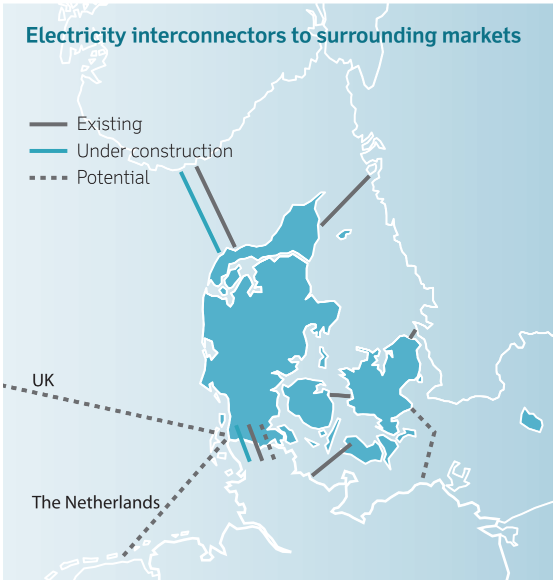
Denmark is undergoing a rapid transition, with the volume of renewable energy being expanded and dependence on fossil fuels being reduced. The Danish energy system is an important market for DONG Energy. Therefore, DONG Energy is playing an active role in the development of the energy system of the future.

Need for greater flexibility

When an ever higher proportion of energy in the system comes from wind turbines, the generation of energy becomes less predictable and more variable. Therefore, it will be necessary to have flexible systems to ensure there is a balance between energy demand and energy generation.

The challenge is to make use of the surplus energy during windy periods and also be able to supply sufficient energy when there is no wind. Responsibility for balancing energy supply rests with the system operators (in Denmark it is Energinet.dk). At the same time, DONG Energy is involved in the work to develop market-based mechanisms and new technologies that can help create a balance between generation and consumption. One way of balancing supply and demand would be to build capacity to transmit electricity through cables to surrounding markets.

In terms of generation, Denmark's high proportion of electricity from wind turbines means that the power stations have to be extremely flexible. Where power stations previously generated the majority of electricity, their task is increasingly to contribute to a reliable supply of elec-tric-ity by supplementing wind generation so that there is sufficient electricity in the system to meet demand. This requires extensive adaptation of operations. DONG Energy is also planning to convert the Danish power stations to green electricity generation by increasing its use of biomass.



New energy technologies on the way to the market

In the future, biomass will supplement wind power to secure a clean and reliable energy supply. Over the past ten years, DONG Energy has conducted research into how biomass can be used intelligently for the production of energy. This research has resulted in the development of, among other things, three biorefining technologies called Pyroneer, Inbicon and REnescience. The technologies make it possible to convert biomass residual products from agriculture and households into gas, bioethanol and other biobased energy resources.

DONG Energy's targeted contributions to the development of the energy system of the future are being made in close collaboration between innovative incubators internally at DONG Energy and external research and university environments and enterprises.

DONG Energy contributes to green growth by establishing offshore wind farms

While the rising generation of electricity from wind benefits customers in the form of greener electricity, DONG Energy also contributes to value creation and economic growth in the local areas in which the Group operates. In connection with the construction and operation of the Group's new offshore wind farm at Anholt in Denmark, it is expected that 8,000 jobs will be created in each of the two years in which the farm is being constructed.

"The Anholt project shows that the Danish suppliers in the industry can hold their own internationally. All the work was put out to tender on equal EU conditions, but Danish-based companies won two thirds of the orders," says Flemming Thomsen, Project Manager of Anholt offshore wind farm.

Impact on customer consumption

On the consumption side, efforts are being made to make consumer demand for energy more flexible so that consumption more closely matches the periods in which high levels of wind energy are being generated. Electric cars are a good example of how flexibility can be incorporated in electricity consumption. An electric car needs to be charged with electricity to run. However, the charging does not need to take place at the time at which the plug is inserted in the socket. Customer needs will typically dictate that charging takes place during the evening and the night, so that the car is ready for use the following morning. With intelligent systems in the grid and at the customer's home, it is possible to ensure that charging takes place at a time at which there is surplus electricity generation from wind turbines but consumption is low.

In 2011, DONG Energy began a trial of intelligent, flexible electricity consumption in 155 private households. The households were supplied with a 'smart' unit that reacts to a price signal and starts or stops heat pumps, charging of electric cars or other units with high electricity consumption. The aim of the trial is to study the customers' ability and desire to interact with their electricity supplier to achieve flexible electricity consumption.

EXPLORATION & PRODUCTION AT A GLANCE

Continued growth and value creation

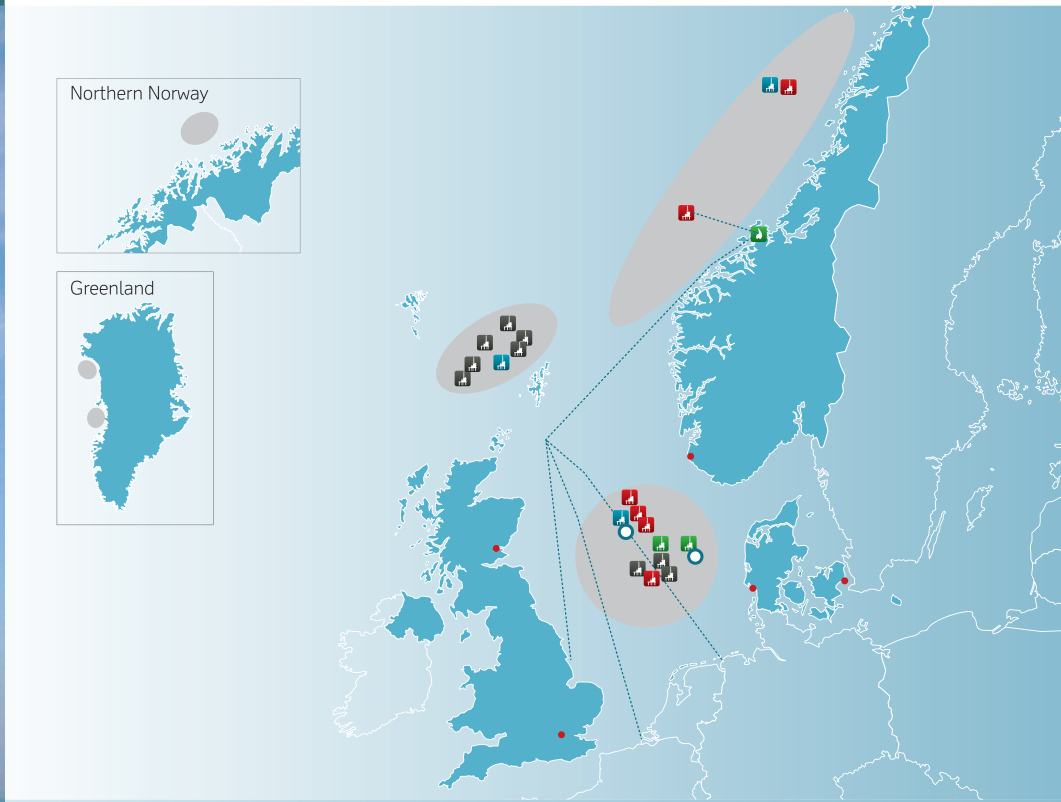
Exploration & Production explores for and produces oil and gas. In 2011, daily production averaged 72 thousand boe, of which 82% came from Norwegian fields and 18% from Danish fields. The portfolio of reserves (2P) is robust and amounted to 446 million boe at the end of 2011, equivalent to 17 years' production.

Exploration & Production has 65 licences: 13 in Denmark, 21 in the UK (West of Shetland), 27 in Norway, 2 in Greenland and 2 on the Faroe Islands. Constant exploration for oil and gas is part of the foundation of the Group's growth strategy. The objective is solid growth in production to enhance security of supply and earnings.

Executive Vice President
Søren Gath Hansen

Read more about Exploration & Production:
www.dongenergy.com/EN/EP

The photo shows the Siri platform in the Danish part of the North Sea.



DONG Energy office

Geographic focus area for oil and gas exploration and production

Gassled, gas transmission system partly owned by DONG Energy

Producing oil/gas field, partly owned by DONG Energy. DONG Energy is a licence partner

Producing oil/gas field, partly owned by DONG Energy. DONG Energy is the licence operator

Oil/gas field under development, partly owned by DONG Energy

Oil/gas field under evaluation, partly owned by DONG Energy

New discovery in 2011

REVENUE DKK 10.5BN

14%

EBITDA DKK 5.7BN

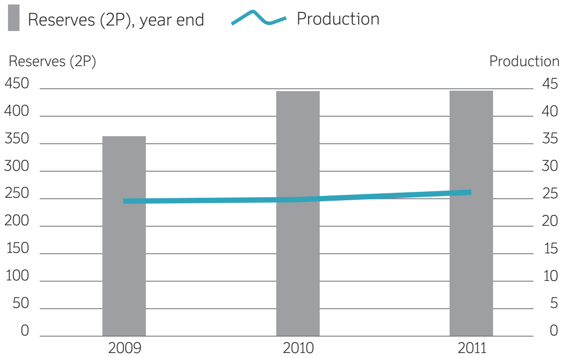
41%

EMPLOYEES (FTE) **652**

11%

The percentages indicate the proportion of the Group that each business area accounted for in 2011.

Production and reserves (2P) of oil and gas, million boe



R/P-ratio

2009	2010	2011
15	18	17

New producing fields 2011-2015

2011	2012	2013	2014	2015
Trym Norway	**Oselvar** Norway **Marulk** Norway	**Syd Arne Phase 3** Denmark	**Laggan-Tormore** UK	**Hejre** * Denmark

For 2012-2015, oil and gas fields for which a final investment decision has been made are shown.
* Decided February 2012.

WIND POWER AT A GLANCE

Global market leader in offshore wind power

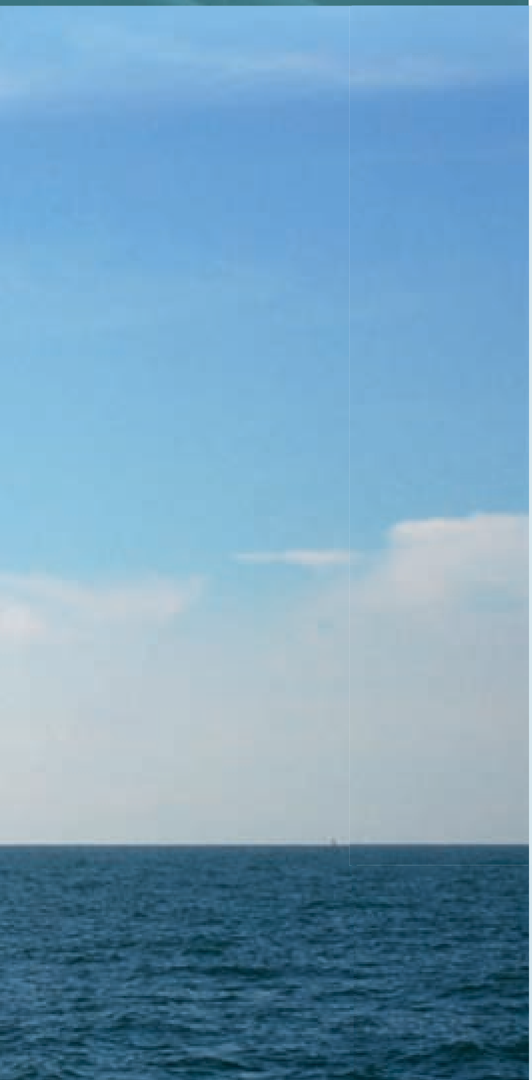
Wind Power develops, constructs and operates wind farms in Northern Europe. The focus is on the UK and Germany as the largest growth markets.

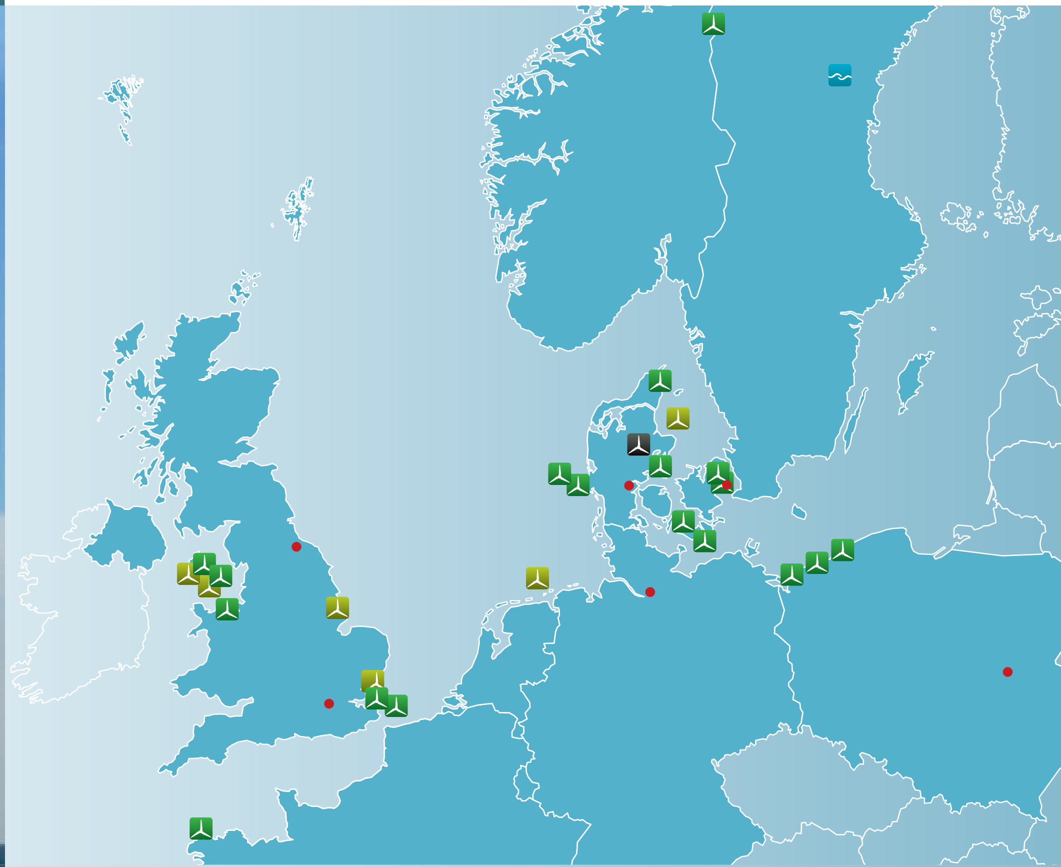
To maintain its position as the global market leader, DONG Energy focuses on developing a robust and balanced project pipeline across countries and markets and on having in-house capabilities in all stages of the project value chain. To reduce costs, the Group also focuses on enhancing the efficiency of projects via installation concepts and framework agreements. In addition, Wind Power enters into partnerships with industrial and financial partners to spread risks and secure co-financing for projects.

CEO
Anders Eldrup

Read more about Wind Power:
www.dongenergy.com/EN/Wind_Power

The photo shows the construction of the Walney offshore wind farm in the UK.





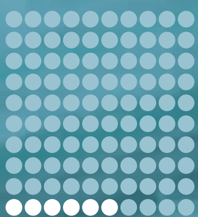
DONG Energy office

Wind farms in operation

Wind farms under construction

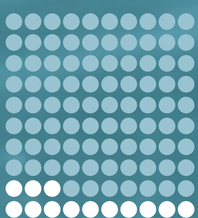
283 onshore wind turbines in Denmark

Hydro electric station – partly owned by DONG Energy



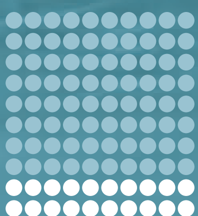
REVENUE
DKK 4.3BN

6%



EBITDA
DKK 1.8BN

13%

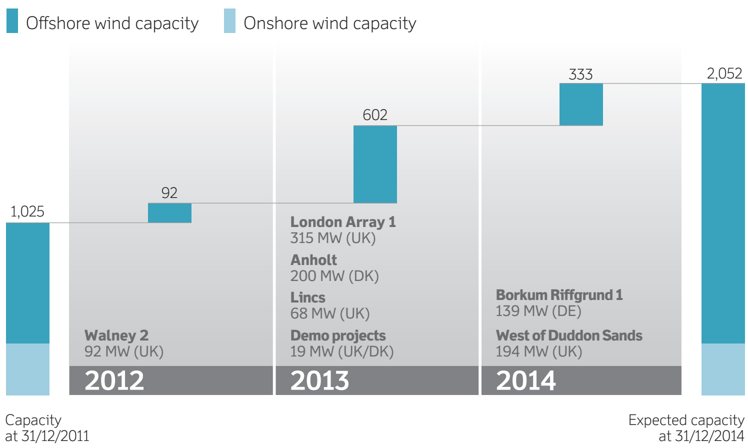


EMPLOYEES (FTE)
1,219

20%

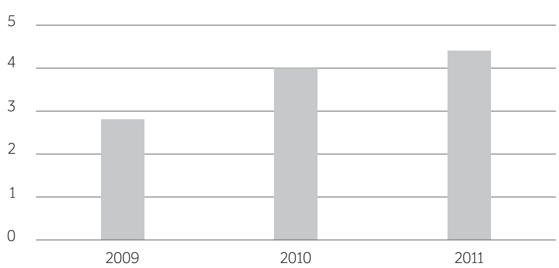
The percentages indicate the proportion of the Group that each business area accounted for in 2011.

Existing and planned wind capacity, MW



For 2012-2014, wind farms for which a final investment decision has been made are shown. MW denotes DONG Energy's proportionate ownership interest.

Electricity generation, TWh



AT A GLANCE
THERMAL POWER

Transition to greener energy generation at the power stations

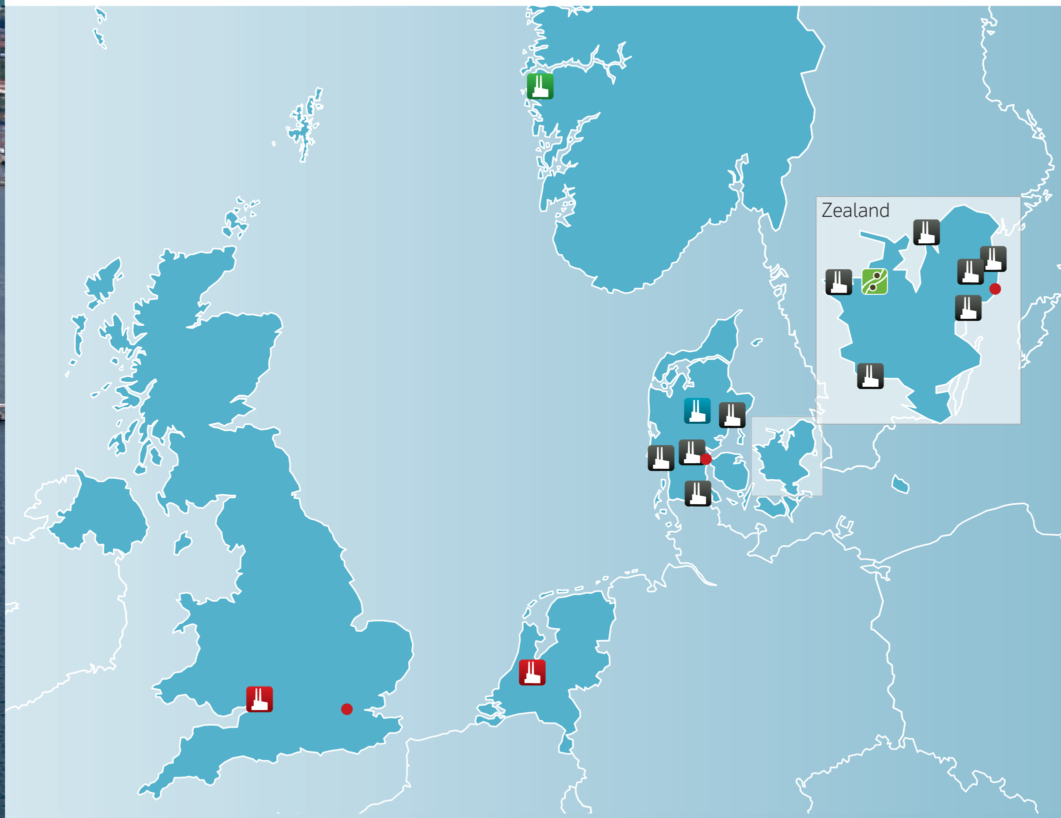
Thermal Power generates electricity and heat from thermal power stations. Most electricity and heat is generated at central coal-fired, gas-fired and biomass-fired CHP plants in Denmark and at new gas-fired power stations in Norway, the Netherlands and the UK. In the years to come, it is expected that coal and gas can largely be replaced by biomass at the Danish power stations. This will reduce CO_2 emissions significantly for a substantial part of the heat supply in large Danish cities. Work is also in progress to make generation more flexible so that it can be better aligned to the varying generation by wind turbines.

Biomass is an important resource in the energy system of the future. Based on new refining technologies, innovative solutions are being developed for efficient and flexible utilisation of waste and biomass for both energy and other resources, for example nutrients.

Executive Vice President
Thomas Dalsgaard

Read more about Thermal Power:
www.dongenergy.com/EN/Thermal_Power

The photo shows one of the Group's central power stations – Skærbæk power station.



DONG Energy office

Inbicon bioethanol plant

Central power stations

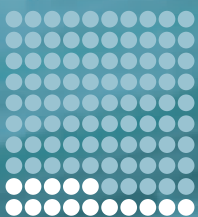
Electricity generation, gas-fired power station

Electricity and heat generation, gas-fired power station

A long-term lease has been entered into with Statoil as a result of which the plant is accounted for as held under a finance lease.

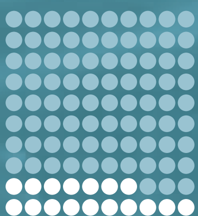
Small-scale CHP plants

On 31/12 2011, DONG Energy was the owner of nine small-scale and three waste-fired CHP plants in Denmark. Four of the small-scale CHP plants were sold on 1/1 2012.



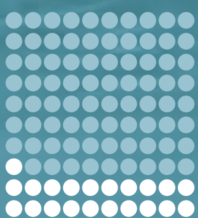
REVENUE
DKK 10.7BN

15%



EBITDA
DKK 2.3BN

17%

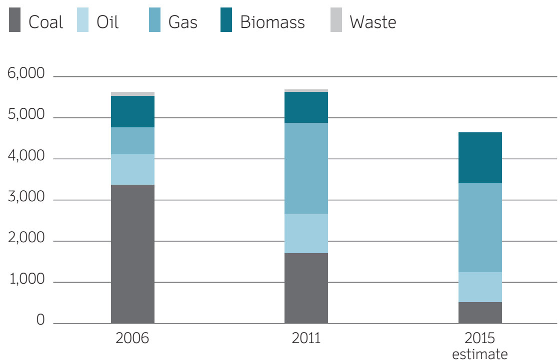


EMPLOYEES (FTE)
1,285

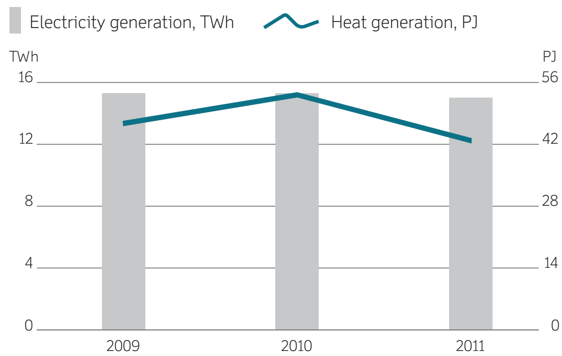
21%

The percentages indicate the proportion of the Group that each business area accounted for in 2011.

Thermal power station capacity by fuel, MW



Electricity and heat generation



Energy Markets optimises energy flows

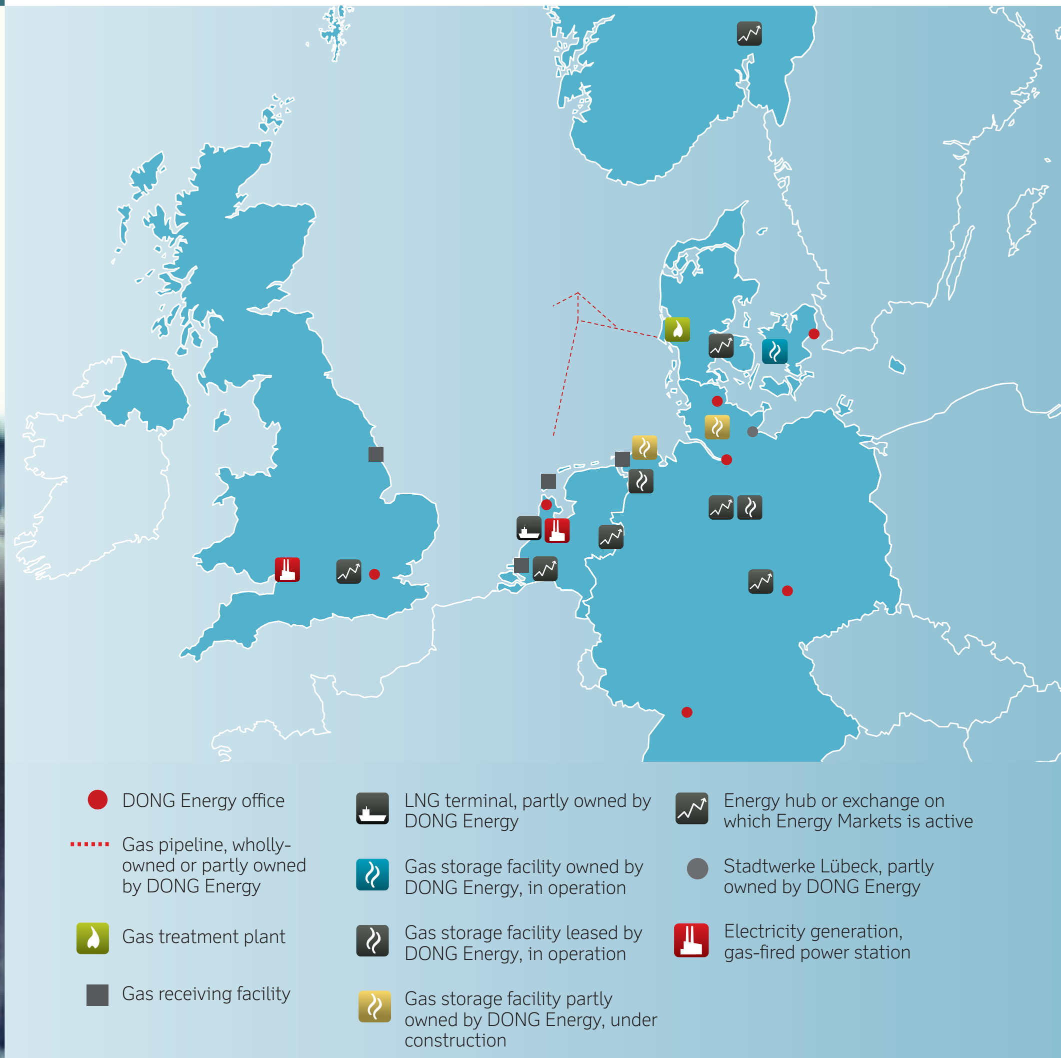
Energy Markets connects the energy production from wind turbines, power stations and gas fields with wholesale customers in North West Europe in the most optimum way.

With strong market insight from its experienced employees, Energy Markets adds value to energy flows and secures stable, long-term earnings for the Group by levelling out fluctuations in energy prices. This also creates optimum conditions for long-term investments in new wind turbines, power stations and oil and gas fields.

Executive Vice President
Kurt Bligaard Pedersen

Read more about Energy Markets:
www.dongenergy.com/EN/EM

Strong market insight from experienced and talented people is Energy Markets' core asset.



REVENUE
DKK 33.7BN

47%

EBITDA
DKK 2.0BN

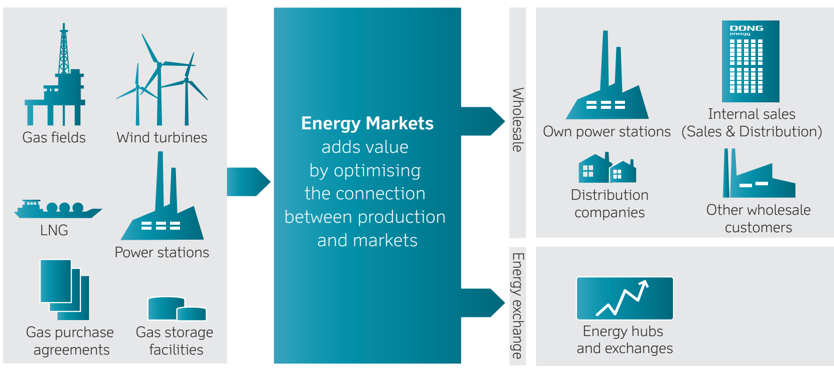
14%

EMPLOYEES (FTE)
330

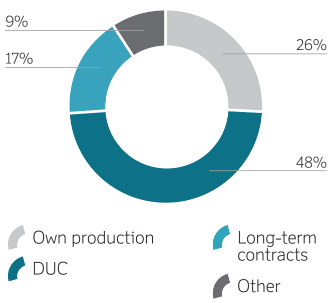
5%

The percentages indicate the proportion of the Group that each business area accounted for in 2011..

Optimising energy flows

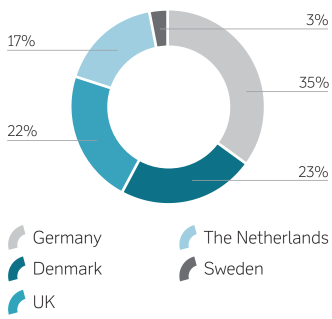


Gas sourcing 2011



Gas sales 122.3 TWh

Gas sales 2011



AT A GLANCE
SALES & DISTRIBUTION

Efficient and reliable electricity and gas supply

Sales & Distribution is Denmark's largest energy supplier and is responsible for efficient and reliable supply to more than 1.2 million customers in Denmark, the Netherlands and Sweden. Value is created primarily via the sale of electricity and gas and via operation of distribution networks.

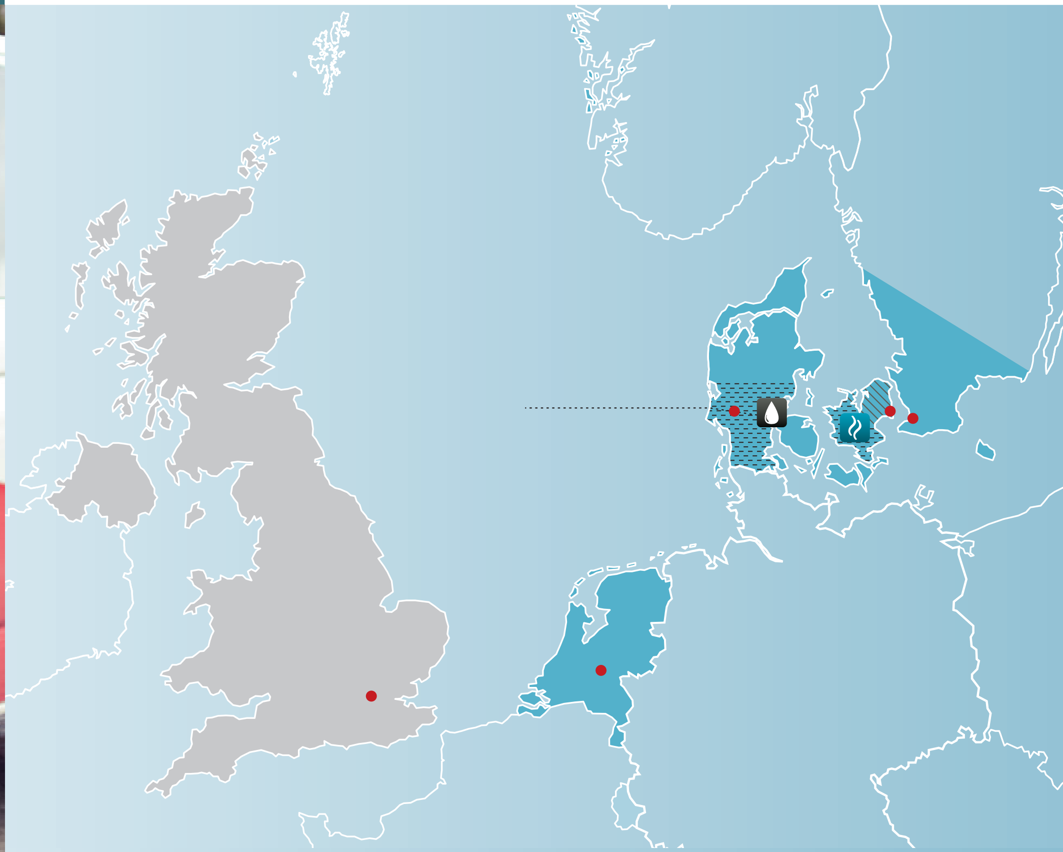
To this should be added development of products and climate-friendly solutions for customers. Intelligent consumption and production methods of the future (Smart Energy) is an important focus area. With more than 100 climate partnerships, DONG Energy engages in close dialogue with large companies, organisations and municipalities on optimising their energy consumption.

The Group is also expanding internationally and acquired the gas trading company Shell Gas Direct in the UK in the autumn. The acquisition date is 30 April 2012.

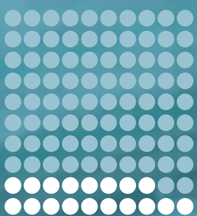
Executive Vice President
Lars Clausen

Read more about Sales & Distribution:
www.dongenergy.com/EN/SD

The photo shows a meter technician calling on a customer to replace an electricity meter.

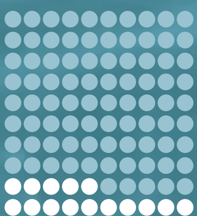


DONG Energy office
Oil pipeline owned by DONG Energy
Gas storage facility
Oil processing plant
Electricity distribution
Gas distribution
Gas sales (from 2012)
Gas and electricity sales



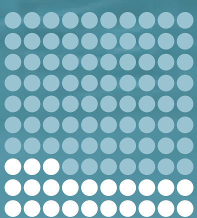
REVENUE DKK 13.0BN

18%



EBITDA DKK 2.0BN

15%

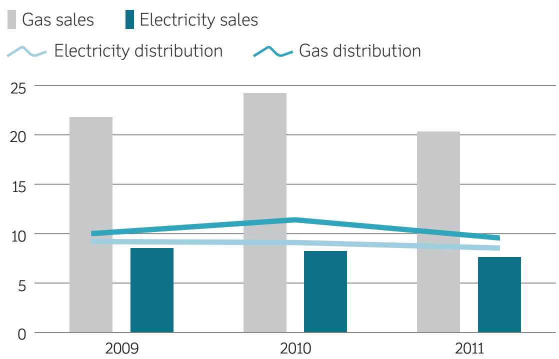


EMPLOYEES (FTE) **1,409**

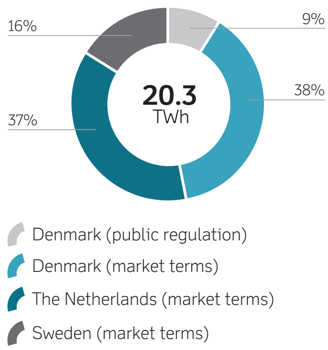
23%

The percentages indicate the proportion of the Group that each business area accounted for in 2011.

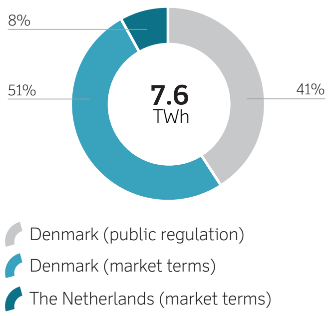
Sales and distribution of electricity and gas, TWh



Gas sales by country in 2011



Electricity sales by country in 2011



Financial performance

BUSINESS PERFORMANCE

As described on pages 33 and 34, DONG Energy introduced a new business performance income statement in 2011. Unless otherwise stated, the financial results in this review are based on that. Comments to the balance sheet are based on the IFRS consolidated balance sheet. The business performance results have been adjusted for temporary fluctuations in the market value of contracts, including hedging transactions, relating to other periods and therefore represent the underlying financial performance of the Group in the reporting period.

RESULTS FOR THE YEAR DETERMINED IN ACCORDANCE WITH IFRS

EBITDA for the year determined in accordance with IFRS was DKK 15.6 billion versus DKK 14.1 billion in 2010. As described on page 33, with effect from 1 January 2011, DONG Energy discontinued the application of the provisions on cash flow hedge accounting for commodities and related currency exposures. Unlike 2010, the results for 2011 determined in accordance with IFRS were therefore affected by unrealised market value adjustments on such transactions. As the IFRS results for the two years are therefore not comparable, no further comments will be made on the IFRS results.

DONG Energy's revenue for 2011 was 4% ahead of 2010. EBITDA was largely in line with 2010, matching the outlook in the 2010 annual report. Operating cash flows were down, primarily reflecting an increase in tax paid in Norway.

DKK million	**2011**	2010	Δ
Revenue	56,842	54,616	2,226
EBITDA	13,770	14,135	(365)
Cash flows from operating activities	12,624	14,214	(1,590)

The results for 2011 were affected by falling earnings in Energy Markets due to a lower margin on gas sales, despite a positive effect from renegotiation of gas contracts. Exploration & Production, on the other hand, had a positive effect on the results due to higher production and energy prices, which were at a significantly higher level, throughout 2011, than in 2010.

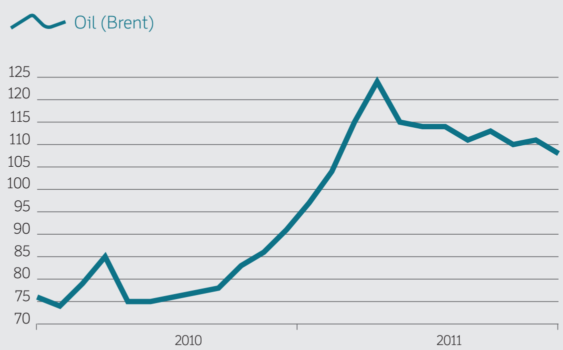
Market prices

Oil and gas prices

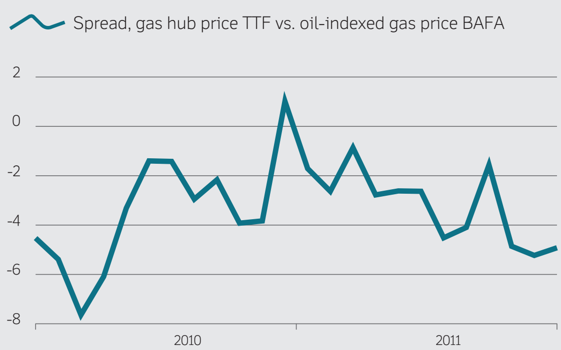
The oil price was 40% higher, on average, than in 2010, peaking in spring, when the market was affected by the unrest in the Middle East and North Africa, including the halting of production in Libya. Higher demand from emerging markets, including India and China, helped prop up the oil price.

The gas price remained relatively stable during the year, with monthly average prices of EUR 22-23/MWh, and was 31% higher, on average, than in 2010. The gas price

Oil, USD/bbl



Spread, gas hub price vs. oil-indexed gas price, EUR/MWh



Source: Calculated by DONG Energy on the basis of input from Argus and BAFA

GLOSSARY
Reference is made to the glossary on pages 188-189 for definitions of terms.

Monthly average		2011	2010	Δ
Oil, Brent	USD/bbl	111	80	40%
Gas, TTF	EUR/MWh	23	17	31%
Gas, NBP	EUR/MWh	22	17	31%
Gas/oil spread	EUR/MWh	(3.2)	(3.5)	9%
Electricity, Nord Pool system	EUR/MWh	47	53	(11%)
Electricity, Nord Pool, DK avg.	EUR/MWh	49	52	(6%)
Electricity, EEX	EUR/MWh	51	44	15%
Green dark spread, DK [1]	EUR/MWh	5	14	15%

Source: Nord Pool, EEX, Platts, Argus and BAFA.
[1] Based on average prices in DK1 and DK2.

was being sustained by the indirect effects of the earthquake in Japan, including the phasing out of nuclear power stations in Germany, and the interruption of gas production in Libya. The European natural gas markets were generally well supplied in 2011, which was part of the reason why gas hub prices remained significantly lower than the oil-indexed gas prices. This price spread had an adverse effect on earnings from gas trading. By contrast, the rising oil and gas prices had a positive effect on earnings from oil and gas production.

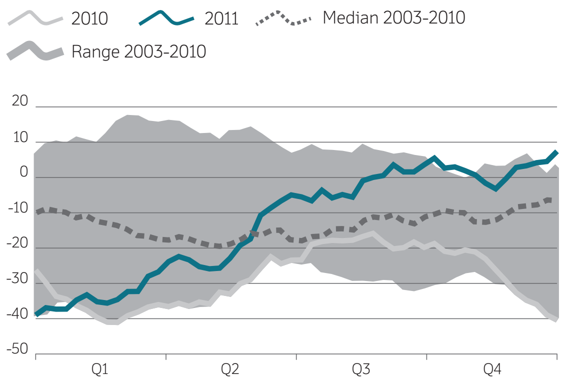
Electricity prices and green dark spread

The average electricity price in the two Danish price areas, DK1 and DK2, was EUR 49/MWh in 2011, a decrease of 6% on 2010. The hydrological balance was low at the start of 2011, and the year began with a cold, dry winter. It ended with a high hydrological balance and a mild, wet autumn and winter. Consequently, electricity prices were relatively high at the start of the year, following which they dropped to a lower level.

Due to the high hydrological balance of almost 10 TWh above the normal level, the Nord Pool electricity price was significantly lower than the German EEX electricity price from September, helping drive Danish electricity prices down. At the same time, higher electricity generation from wind farms in the North Sea put downward pressure on and led to higher fluctuations in the electricity price.

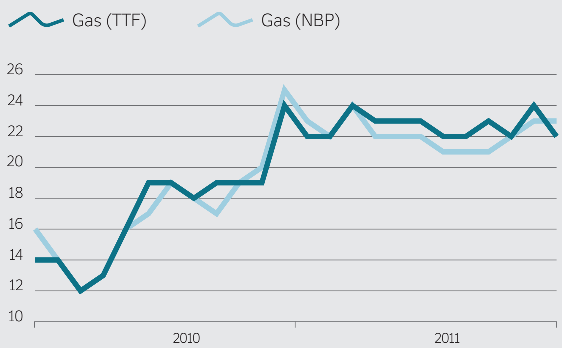
The green dark spread in Denmark showed a downward trend throughout 2011, from approx. EUR 7/MWh at the start of the year to around EUR 0/MWh in autumn, after which it increased slightly again. The sharp decrease in the CO_2 price from the middle of the year had a positive effect on the spread at the end of 2011. It averaged EUR 5/MWh, EUR 9/MWh less than in 2010.

Hydrological balance, TWh



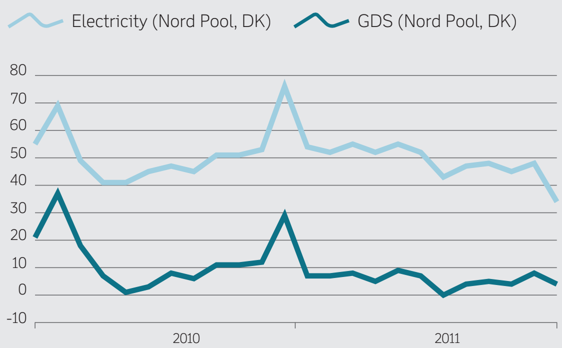
Source: SKM Market Predictor

Gas, EUR/MWh



Source: Argus

Electricity and green dark spread (GDS), EUR/MWh



Source: Nord Pool, Argus and ECX

Revenue

DKK million	2011	2010	Δ
Revenue	56,842	54,616	2,226

Revenue was DKK 56.8 billion in 2011, up from DKK 54.6 billion in 2010. The 4% increase reflected higher oil and gas production and higher energy prices.

Oil and gas production was 26.4 million boe, up from 24.4 million boe in 2010, primarily reflecting the start-up of production at Trym and higher production from Ormen Lange.

Electricity generation was 20.3 TWh, in line with 2010. Generation benefited from higher generation from the gas-fired Severn power station in the UK, which was brought fully on stream at the end of 2010, higher generation from wind farms becoming operational in 2010, and generation from new wind farms in 2011. By contrast, thermal electricity and heat generation in Denmark decreased due to milder weather in the first quarter of 2011 compared with the same period in 2010.

Gas sales (excluding own consumption at power stations) were up 7% at 115.6 TWh in 2011, mainly reflecting higher gas hub sales. The increase was partly offset by lower wholesale sales in Sweden due to expired contracts and lower sales in the Danish market due to a lower market share.

EBITDA

DKK million	2011	2010	Δ
Exploration & Production	5,684	5,051	633
Wind Power	1,799	1,730	69
Thermal Power	2,255	2,228	27
Energy Markets	1,963	2,959	(996)
Sales & Distribution	2,027	2,036	(9)
Other activities/ eliminations	42	131	(89)
Consolidated EBITDA	**13,770**	**14,135**	**(365)**

EBITDA was DKK 13.8 billion in 2011 against DKK 14.1 billion in 2010. The decrease of 3% can be broken down by business area as follows:

- in Exploration & Production, EBITDA was up DKK 0.6 billion at DKK 5.7 billion due to higher oil and gas prices and higher production, partly offset by higher costs for exploration and for repair of the Siri platform
- in Wind Power, EBITDA was DKK 0.1 billion ahead at DKK 1.8 billion in 2011, driven by higher revenue, whereas higher costs due to higher operating activity and development of the business area had an adverse impact on EBITDA
- in Thermal Power, EBITDA was DKK 2.3 billion, in line with 2010. The positive effect from the new gas-fired power stations outside Denmark that became operational at the end of 2010 and higher sales of system services, etc., was partly offset by lower electricity and heat generation in Denmark due to milder weather and a significantly lower green dark spread
- in Energy Markets, EBITDA was down DKK 1.0 billion at DKK 2.0 billion, primarily reflecting lower earnings from gas sales under fixed-price and oil-indexed contracts. Renegotiation of gas contracts had a significant positive effect of around DKK 1 billion in 2011. The new gas-fired power stations adversely affected EBITDA due to low green spark spreads. The effect on consolidated EBITDA from the new gas-fired power stations was neutral
- in Sales & Distribution, EBITDA remained unchanged at DKK 2.0 billion. Lower revenue from gas sales was offset by a lower cost level.

Depreciation, amortisation, impairment losses and EBIT

DKK million	2011	2010	Δ
Depreciation, amortisation and impairment losses	7,670	6,015	1,655
EBIT	6,100	8,120	(2,020)

Depreciation, amortisation and impairment losses amounted to DKK 7.7 billion, an increase of DKK 1.7 billion on 2010. The increase reflected new assets in operation and higher impairment losses. The impairment losses in 2011 were made up of DKK 0.6 billion on the offshore gas pipelines from the North Sea to Denmark due to an officially instigated transmission tariff reduction and DKK 0.3 billion on goodwill due to changed pricing in the Dutch market.

EBIT was consequently DKK 6.1 billion compared with DKK 8.1 billion in 2010. The DKK 2.0 billion decrease was made up of a DKK 0.3 billion decrease in EBITDA and, as mentioned above, a DKK 1.7 billion increase in depreciation, amortisation and impairment losses.

Gain (loss) on disposal of enterprises

Disposals of enterprises generated a gain of DKK 0.2 billion against DKK 0.9 billion in 2010 and related mainly to a purchase price adjustment from the sale of the Spanish and Portuguese wind activities (Energi E2 Renewables Ibericas S.L.) in 2007.

Net finance costs

DKK million	2011	2010	Δ
Interest expense, net	(642)	(1,218)	576
Interest element of decommissioning obligations	(176)	(196)	20
Other, net	536	(181)	717
Net finance costs	**(282)**	**(1,595)**	**1,313**

Net finance costs amounted to DKK 0.3 billion compared with DKK 1.6 billion in 2010. Net interest expense was cut by half to DKK 0.6 billion in 2011, reflecting partly the falling interest rate level, which led to lower interest expense as a large proportion of the loan portfolio was converted to floating-rate loans through 2011, and partly higher interest income from business partners and a finance lease. The conversion of the loan portfolio has now been terminated against the background of the falling interest rate level, and the loan portfolio now again consists primarily of fixed-interest rate loans.

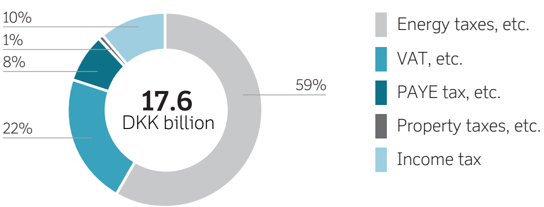
Other finance costs amounted to income of DKK 0.5 billion net and related partly to positive capital gains on the bond portfolio due to the falling interest rate level, and partly to foreign exchange adjustments related to rising USD and GBP exchange rates in the second half. This had a positive net effect on cash and cash equivalents, margin accounts, receivables and trade payables.

Income tax

Tax on profit for the year was an expense of DKK 3.2 billion versus DKK 3.0 billion in 2010. The tax rate was 53% against 40% in 2010. The increase mainly reflected the fact that earnings in Norway, where hydrocarbon income is taxed at 78%, represented a larger portion of total earnings than in 2010.

Total tax contribution

DONG Energy's contribution to society in the form of direct and indirect taxes relating to its activities has been determined using the TCC (Total Tax Contribution) model.



The total contribution to society for 2011 was DKK 17.6 billion, of which 94% (DKK 16.6 billion) accrued to the Danish State in the form of direct taxes, energy taxes, value added tax, PAYE tax, etc.

Profit for the year and dividends

DKK million	2011	2010	Δ
Profit for the year	2,882	4,499	(1,617)

Profit for the year was DKK 2.9 billion, down DKK 1.6 billion on 2010, primarily reflecting a lower gain on disposal of enterprises and an increase in tax paid in Norway.

The Board of Directors will recommend at the AGM that a dividend of DKK 4.96 per share be paid for 2011 (2010: DKK 7.50 per share). This provides dividend of DKK 1.5 billion (2010: DKK 2.2 billion), equivalent to 60% of profit for the year, less coupon after tax to hybrid capital holders and non-controlling interests' share of profit for the year.

Cash flows from operating activities

DKK million	2011	2010	Δ
Cash flows from operating activities	12,624	14,214	(1,590)

Cash inflow from operating activities decreased by DKK 1.6 billion to DKK 12.6 billion in 2011, principally due to an increase in tax paid in Norway. Having the opposite effect were lower paid net finance costs and realised gains on hedging of net investments in foreign subsidiaries compared with a realised loss in 2010.

Investments

DKK million	2011	2010	Δ
Gross investments	**(18,451)**	**(15,692)**	**(2,759)**
Disposals of assets and enterprises	1,981	3,217	(1,236)
Transactions with non-controlling interests	3,410	3,945	(535)
Net investments	**(13,060)**	**(8,530)**	**(4,530)**

For a more detailed breakdown of investments, reference is made to the statement of cash flows on page 67.

Net investments were DKK 13.1 billion against DKK 8.5 billion in 2010 and consisted of gross investments of DKK 18.5 billion and sale of assets and companies and transactions with non-controlling interests amounting to DKK 5.4 billion.

The main gross investments in new activities, expansion of existing areas of activity and efficiency improvement and renewal of existing facilities in 2011 were:

- expansion of wind activities (DKK 10.9 billion), including the UK offshore wind farms Walney (DKK 4.8 billion), London Array (DKK 3.6 billion) and Lincs (DKK 0.9 billion), the Danish offshore wind farm Anholt (DKK 0.2 billion) and the German offshore wind farm Borkum Riffgrund 1 (DKK 0.2 billion)
- development of oil and gas fields and infrastructure (DKK 5.6 billion), including the Norwegian gas fields Oselvar (DKK 1.0 billion), Marulk (DKK 0.5 billion), Ormen Lange (DKK 0.5 billion) and Trym (DKK 0.4 billion), UK Laggan-Tormore (DKK 0.9 billion) and the Syd Arne field in Denmark, primarily from phase three (DKK 0.7 billion)
- thermal activities (DKK 0.7 billion), including the construction of the gas-fired Enecogen power station in the Netherlands (DKK 0.4 billion)
- underground installation of power cables in North Zealand and other capital expenditure in the electricity distribution network in Denmark (DKK 0.5 billion)

Disposals represented mainly transmission assets related to the Barrow, Walney 1 and Gunfleet Sands wind farms and transactions with non-controlling interests, including the disposal of 49.9% of Gunfleet Sands, capital contributions in respect of Walney and an adjustment to the selling price for accounting purposes of Walney.

Cash flows from financing activities

DKK million	2011	2010	Δ
Cash flows from financing activities	4,918	1,122	3,796

Cash flows from financing activities were DKK 4.9 billion compared with DKK 1.1 billion in 2010. The positive effect was primarily attributable to transactions with non-controlling interests (including a reduction in interest-bearing balances from previous years) of DKK 3.9 billion. To this should be added a net effect from the issuing and partial repurchase of hybrid capital in January 2011 of DKK 1.3 billion and the raising of DKK 1.5 billion short-term debt (repo transactions) and DKK 1.0 billion long-term debt for partial financing of the Danish offshore wind farm Anholt.

Dividend paid to shareholders was DKK 2.2 billion and coupon to hybrid capital holders DKK 0.5 billion.

Balance sheet

DKK million	2011	2010	Δ
Assets	154,073	137,339	16,734
Interest-bearing net debt	23,615	22,139	1,476
Equity	57,740	51,308	6,432

The balance sheet total increased by DKK 16.7 billion to DKK 154.1 billion at the end of 2011. The increase primarily reflected DONG Energy's continued investment activities in wind farms and oil and gas fields.

Net interest-bearing debt increased by DKK 1.5 billion only, amounting to DKK 23.6 billion at the end of 2011, as cash outflow from investing activities was largely financed by cash inflow from operating activities and disposals.

Equity increased by DKK 6.4 billion, standing at DKK 57.7 billion at the end of 2011. The increase was primarily driven by profit for the year of DKK 2.9 billion, the issuing of hybrid capital in January 2011 with a net effect of DKK 1.3 billion and transactions with non-controlling interests amounting to DKK 4.0 billion, while dividend paid and coupon payments to hybrid capital holders had an adverse effect on equity.

Return on capital employed (ROCE)

DKK million	2011	2010
Operating profit (EBIT)	6,100	8,120
Share of profit of associates	36	77
Hydrocarbon tax	(1,516)	(1,017)
Interest element of decommissioning obligations	(176)	(196)
Adjusted operating profit	**4,444**	**6,985**
Non-interest-bearing assets	136,728	121,082
Non-interest-bearing liabilities	(55,373)	(47,634)
Capital employed	**81,355**	**73,448**
Property, plant and equipment under construction	(23,037)	(19,145)
Exploration assets	(1,611)	(975)
Production assets transferred from property, plant and equipment under construction in the past six months	(6,517)	(7,022)
Adjusted capital employed	**50,190**	**46,306**
Return on capital employed (ROCE), %	5.7	9.6
Adjusted return on capital employed, %	9.2	15.1

The return on capital employed was 5.7% in 2011 versus 9.6% in 2010, while the adjusted return on capital employed was 9.2% in 2011 versus 15.1% in 2010. The return on capital employed is calculated on the basis of operating assets, defined as non-interest-bearing net assets. Adjusted return on capital employed has been calculated by also deducting the cost of assets under construction and exploration assets as well as production assets transferred from assets under construction in the six months preceding the balance sheet date. The reason for this is to take account of the fact that earnings are limited during the start-up phase in connection with the start-up of operation of an asset.

Capital structure

Adjusted net debt amounted to 2.0 times cash flows from operating activities at the end of 2011. This was on a par with 2010 and significantly below the target of adjusted net debt not exceeding 3.0 times cash flows from operating activities.

The financial key ratio for capital structure will be changed, from and including 2012, with EBITDA replacing cash flows from operating activities in the denominator. The change is being made to link the capital structure target to EBITDA, which is DONG Energy's overall performance measure, and which, following the introduction of business performance results, better represents the Group's underlying financial performance. This financial key ratio stood at 1.9 times at the end of 2011, which was also on a par with 2010.

Further information on the capital structure can be found in the chapter Financial outlook for 2012.

New presentation of profit for the year focusing on business performance

DONG Energy has expanded its business activities in several energy markets in recent years. As a result, the Group has adopted a more active risk management approach in some areas in order to enhance value creation and create a greater degree of certainty with respect to the Group's financial position.

This is achieved by hedging all or part of the value of the Group's production and purchases and sales of energy to avoid performance being affected by unfavourable movements in market prices.

As a hedging instrument that precisely matches the underlying commercial exposure (production or trading) or is sufficiently liquid is not always available, the Group uses approximation hedging, to some extent, i.e. hedging in alternative markets or with different time frames. For example, Danish electricity generation is, to some extent, hedged using financial contracts for the EEX and Nord Pool areas, as these prices normally move uniformly over time.

Accordingly, only a portion of the Group's economic hedging meets the IFRS criteria for cash flow hedge accounting, even though they have been entered into precisely for this purpose. If the criteria are not satisfied, the hedging transactions must be market value adjusted on a continuous basis, which may give rise to large fluctuations in the income statement, regardless of the fact that the hedging transactions have reduced the financial risk.

With effect from 1 January 2011, the Group therefore changed the way in which it accounts for derivative financial instruments used to hedge future cash flows relating to commodities and related currency exposures, so that these are no longer classified as hedge accounting.

Instead, an alternative performance measure, business performance, has been introduced to ensure greater transparency in the financial reporting. In the income statement, the business performance results are shown in connection with the results determined in accordance with IFRS. The difference between the two performance measures is shown as adjustments.

Connection between these performance measures

The business performance results reflect the internal management of the Group. The results have been adjusted for temporary fluctuations in the market value of contracts, including hedging transactions relating to other periods. The financial effect of this hedging is therefore recognised in the income statement in the same period as the hedged commercial exposure. This way, the business performance income statement better represents the underlying financial performance of the Group during the period.

In future, hedging transactions relating to the commercial exposures referred to above will be recognised at fair value with value adjustment via the income statement in the IFRS financial statements, regardless of the period to which they relate. As DONG Energy enters into hedging transactions with terms of up to five years, this may have a major impact on the results for individual reporting periods. The timing differences relating to movements in the market value of contracts, including hedging transactions that are deferred to the period in which they are to be recognised, are shown as an adjustment between the performance measures. These adjustments will accumulate to nil over time.

The accounting treatment of trading activities remains unchanged compared with previous periods so that market value adjustments of these transactions are recognised in the period in which the change in value occurs and with the same effect on the IFRS and business performance results.

Unless otherwise stated, Management's review comments on the business performance results.

Physical electricity and gas contracts

As part of its overall risk management, the Group enters into fixed-price contracts on purchase and sale of physical electricity and gas on exchanges and hubs with a view to mitigate risk related to future settlement prices. The Group also enters into fixed-price contracts with customers in the course of its commercial activities.

Under IFRS, these contracts must, as a rule, be classified as financial contracts with continuous market value adjustment in the income statement, if a liquid market exists in which the underlying commercial exposure (production, purchase or sale) can be traded. If this is not the case, the financial effect of the contracts will not be recognised until the reporting period in which the commercial exposure is realised (accrual accounting).

Physical fixed-price electricity and gas contracts will, in future, be recognised in the business performance results in the period in which the hedged exposure is realised, regardless of whether the market is liquid or illiquid.

As the Group's risk management comprises both financial and physical fixed-price contracts, these are reported on collectively as hedging transactions.

Difference in EBITDA for 2011 between business performance and IFRS

The difference between the business performance and IFRS results affects both revenue and cost of sales. In 2011, the difference in EBITDA was DKK 1.8 billion.

EBITDA, DKK million	2011
Business performance	**13,770**
Initial recognition of certain physical fixed-price electricity and gas contracts for delivery in other periods	(1,817)
Market value adjustments for the period of financial and physical hedging contracts relating to other periods	3,267
Deferred losses/gains relating to financial and physical hedging contracts where the hedged production or trading is recognised in the period under review	375
Total adjustments	**1,825**
Of which recognised in revenue	1,595
IFRS	**15,595**

A large portion of the difference was due to the discontinuation of hedge accounting for commodities and related currency exposures and initial recognition of certain fixed-price contracts. This part of the difference would consequently not have arisen if the existing classification had been retained.

Initial recognition of certain contracts

Based on the development in the European energy markets, including increased liquidity and trading in the markets, certain physical electricity and gas contracts that have not previously been fair value adjusted in the financial statements are now classified as financial contracts. The market value of these contracts at 1 January 2011 was therefore recognised in the income statement in the IFRS financial statements.

As these contracts had not been realised at the start of the year, and therefore should not affect the business performance results, they were recognised in the adjustment between the two performance measures and will continue to be recognised in this adjustment until they are realised.

The market value of these contracts was negative with DKK 1.8 billion at 1 January 2011. The contracts related primarily to net forward sales of gas on the Dutch TTF gas hub at fixed prices with a view to reducing the Group's exposure to the price development and electricity sales in Denmark at fixed prices at auction (terms of up to three years). These sales form an integral part of the hedging of the Danish thermal electricity generation.

The negative market value reflected the fact that the electricity and gas were sold at prices below the forward prices at the start of 2011.

Market value adjustments relating to other periods

The IFRS results include a DKK 3.3 billion market value adjustment of financial and physical hedging contracts, as the value of these hedging transactions is not to be recognised in the business performance results until subsequent periods.

The positive market value adjustment related primarily to a positive effect from hedging of electricity and gas at higher prices and USD at a lower exchange rate than the respective market prices at 31 December 2011.

A large portion of the market value adjustment in the IFRS results reflected the discontinuation of hedge accounting for commodities and related exposures as well as initial recognition of certain fixed-price contracts, and therefore would not have affected the income statement if the existing classification had been retained.

Deferred losses/gains

Lastly, deferred losses and gains on financial and physical hedging transactions from previous periods have been recognised where the commercial exposure (production, purchase or sale) has been recognised in 2011.

The positive effect of DKK 0.4 billion reflected a loss in the IFRS results in previous years that is to be recognised as a loss in the business performance results in 2011.

The loss for recognition in the business performance results related primarily to higher electricity prices in 2011 than at the dates of the hedging. The loss were partly offset by a gain on gas hedging.

Cash flows and equity

The new presentation of the results has not had any effect on the Group's cash flows from operating activities. It has simply resulted in a redistribution between the "EBITDA" and "other adjustments" items, equivalent to the difference between the market value adjustments.

The new presentation has not had any effect on the Group's total equity.

Non-financial performance

The Group's non-financial performance highlights are set out on page 6 and commented on here and on page 7. For a detailed description, reference is made to the Group's verified GRI reporting and the responsibility part of dongenergy.com.

Environment

		2011	2010
EU ETS CO_2 emissions	million tonnes	10.8	11.8
CO_2 emissions per energy unit generated (electricity and heat)	g/kWh	486	524
Green proportion of electricity and heat generation	%	29	30

Power station EU ETS CO_2 emissions totalled 10.8 million tonnes in 2011 compared with 11.8 million tonnes in 2010.

In 2011, the downward trend in CO_2 emissions per kWh generated continued as a result of lower consumption of coal and increased wind generation. CO_2 emissions per electricity and gas energy unit generated were 486 g/kWh in 2011 against 524 g/kWh in 2010.

Green electricity and heat generation accounted for 29% versus 30% in 2010. The marginal decline was due to higher generation from new gas-fired power stations, which was only partly offset by higher generation from wind farms.

Health and safety

		2011	2010
Lost time injuries	number	74	93
Lost time injury frequency (LTIF)	per one million hours worked	4.1	4.6
Fatalities	number	3	3

Health and safety factors form part of the ambition to operate the company responsibly and have committed and highly skilled employees.

There were 74 lost time injuries in 2011, including 40 among suppliers. Converted to lost time injuries per one million hours worked (LTIF), the total number of injuries at DONG Energy and the Group's suppliers fell from 4.6 in 2010 to 4.1 in 2011, the lowest ever in DONG Energy's history. The injury frequency target set for 2011 was 5.2. For 2012, the target has been tightened to 4.1, equivalent to the level achieved in 2011.

In 2011, there were two tragic incidents in which three persons lost their lives. Onboard a coal tanker, two persons died when they entered an area below deck where there was no oxygen. At a construction site, a subcontractor employee died during a fire in a tower. DONG Energy takes these accidents very seriously and has stepped up preventive action.

In 2011, the Group continued its efforts to develop a strong safety culture focusing on risk assessment and proactive prevention as well as follow-up on all incidents to continuously improve safety performance at both DONG Energy and its contractors and partners.

Performance

The financial and environmental performance of each of the Group's five business areas in 2011 is commented on in the following.

Exploration & Production

Performance highlights		2011	2010
Volumes			
Oil and gas production	million boe	26.4	24.4
- oil	million boe	9.3	9.0
- gas	million boe	17.1	15.4
Financial performance			
Revenue	DKK million	10,469	8,264
EBITDA	DKK million	5,684	5,051
EBITDA adjusted for hydrocarbon tax	DKK million	4,208	4,085
EBIT	DKK million	3,204	3,101
Adjusted operating profit	DKK million	1,628	2,036
Gross investments	DKK million	(5,626)	(4,023)
Capital employed			
Capital employed	DKK million	18,186	17,122
PPE under construction	DKK million	(8,381)	(6,357)
Exploration assets	DKK million	(1,611)	(975)
Production assets transferred from PPE under construction in the past six months	DKK million	(335)	(417)
Adjusted capital employed	DKK million	7,859	9,373
Environment			
EU ETS CO_2 emissions	million tonnes	0.1	0.1
Gas flaring	million Nm^3	8	32
Oil discharged to sea	tonnes	16	8
Reinjection of produced water on production platforms	%	68	78

Volumes

Oil and gas production was up 8% at 26.4 million boe in 2011.

Oil production was 3% ahead at 9.3 million boe, primarily due to the start-up of production at the Trym oil and gas field. Production from Siri was lower due its periodical closure as a result of tightened safety precautions while the platform is being repaired.

Gas production, which came primarily from the Ormen Lange field in Norway, rose by 11% to 17.1 million boe in 2011, representing 65% of total production. 18% of production came from Danish fields and 82% from Norwegian fields.

Financial performance

Revenue was DKK 10.5 billion, DKK 2.2 billion ahead of 2010. Revenue benefited from the higher oil and gas prices and higher production. Oil price hedging had a negative impact due to the higher oil prices.

EBITDA increased by DKK 0.6 billion to DKK 5.7 billion in 2011, primarily due to the increase in revenue, which was partly offset by higher exploration costs. Costs for the repair of the subsea structure at the Siri platform were DKK 0.8 billion in 2011, of which DKK 0.6 billion related to the permanent repair solution. The repair work on the Siri platform is expected to be completed in 2013.

EBIT was up DKK 0.1 billion on 2010, which was less than the increase in EBITDA as a result of higher depreciation in Norway, primarily reflecting the start-up of production at Trym.

Environment

Discharges of oil to sea together with produced water from the oil and gas exploration activities amounted to 16 tonnes in 2011 against 8 tonnes in 2010. The increase mainly reflected significantly higher volumes of produced water at the older Norwegian fields Ula and Gyda, as a natural outcome of their production patterns.

On the Siri platform, which is operated by DONG Energy, 2.2 tonnes of oil was discharged, compared with 2.7 tonnes in 2010. The reduction primarily reflected an unchanged cleaning efficiency and increased reinjection of produced water into the reservoir.

Reinjection of oil-containing produced water was reduced to 68%, overall, compared with 78% in 2010, while reinjection from the Siri platform improved from 94% to 97% in 2011.

DONG Energy's share of gas flaring on the Siri platform was 3 million Nm^3 in 2011, matching the 2009 level, which led to a decrease in EU ETS CO_2 emissions. The unusually high level of gas flaring on the Siri platform in 2010, 29 million Nm^3, was due to challenges related to treatment of the gas from the new satellite platform Nini Øst, which is connected to the Siri platform.

Wind Power

Performance highlights		2011	2010
Volumes			
Electricity generation, wind and hydro	TWh	4.4	4.0
Financial performance			
Revenue	DKK million	4,312	2,952
EBITDA	DKK million	1,799	1,730
EBIT	DKK million	856	959
Adjusted operating profit	DKK million	861	979
Gross investments	DKK million	(10,872)	(6,378)
Capital employed			
Capital employed	DKK million	29,443	21,097
PPE under construction	DKK million	(13,859)	(7,483)
Production assets transferred from PPE under construction in the past six months	DKK million	(1,851)	(792)
Adjusted capital employed	DKK million	13,733	12,822

Volumes

Generation from wind and hydro was 11% ahead at 4.4 TWh in 2011. Generation from offshore wind farms increased due to the start-up of production at Walney 1, more turbines in operation at Gunfleet Sands and higher output from Horns Rev 2. Generation from onshore wind farms in Poland and Denmark also increased, while hydro output in Sweden was less than in 2010.

Generation from wind and hydro represented 22% of the Group's overall electricity generation in 2011 compared with 20% in 2010.

Financial performance

Revenue was up DKK 1.4 billion at DKK 4.3 billion in 2011. Around 2/3 of revenue came from government revenue schemes, the key elements of which were fixed tariffs (primarily Denmark) and guaranteed minimum prices for green certificates (primarily the UK). The rest of revenue in 2011 was sold at market prices, but as a large portion had been hedged at fixed prices, the development in the electricity price only had limited effect on revenue.

EBITDA was DKK 0.1 billion ahead at DKK 1.8 billion in 2011, driven by higher revenue, whereas higher costs due to the higher operating activity and building up of the business area had an adverse impact on EBITDA. EBIT amounted to DKK 0.9 billion and was marginally lower than in 2010, as the higher EBITDA was offset by higher depreciation on the new wind farms.

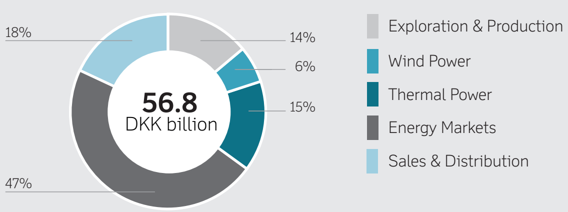
Thermal Power

Performance highlights		2011	2010
Volumes			
Electricity generation, thermal	TWh	12.6	15.3
Heat generation	PJ	42.6	53.2
Financial performance			
Revenue	DKK million	10,665	11,731
EBITDA	DKK million	2,255	2,228
EBIT	DKK million	752	557
Adjusted operating profit	DKK million	720	511
Gross investments	DKK million	(714)	(3,853)
Capital employed			
Capital employed	DKK million	17,882	19,085
PPE under construction	DKK million	(214)	(3,596)
Production assets transferred from PPE under construction in the past six months	DKK million	(3,883)	(5,345)
Adjusted capital employed	DKK million	13,785	10,144
Environment			
EU ETS CO_2 emissions	million tonnes	9.5	11.1

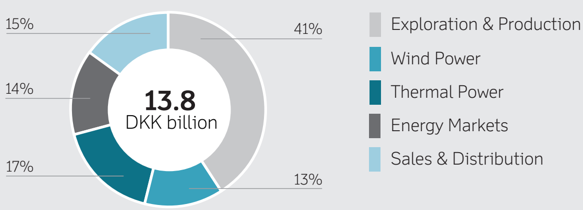
Volumes

Both electricity and heat generation were lower in 2011 than the previous year due to a milder winter. Electricity generation was thus 12.6 TWh, down 18% on 2010, while heat generation was down 20% at 42.6 PJ.

Revenue 2011



EBITDA 2011



Financial performance

Revenue was down DKK 1.1 billion at DKK 10.7 billion in 2011 due to lower electricity and heat generation and lower electricity prices in Denmark. The decline was partly offset by higher sales of system services etc. to Energinet.dk and the full-year effect of the new gas-fired power stations in the UK (Severn) and Norway (Mongstad), which became operational at the end of 2010.

EBITDA was DKK 2.3 billion in 2011, in line with 2010. The new gas-fired power stations had a positive effect on EBITDA, but this was offset by lower earnings from the Danish power stations due to lower electricity and heat generation and a significantly lower spread.

EBIT increased by DKK 0.2 billion to DKK 0.8 billion in 2011. The improvement relative to EBITDA reflected impairment losses on small-scale power stations in 2010.

Environment

Danish power station EU ETS CO_2 emissions totalled 9.5 million tonnes compared with 11.1 million tonnes in 2010. The decline reflected lower generation.

There were four significant environmental incidents in 2011. At Kyndby power station, there was an increased release of nitrogen after operating problems at the wastewater treatment plant. At Stigsnæs power station, there was a spill of 8 m^3 of fuel oil, partly onto soil and partly into a tank yard with a concrete base. In addition, there were two spills of significant volumes of oil onto soil from the oil storage tank facility in Skælskør. In all cases, the cleaning up of the areas were accepted by the environmental authorities.

Energy Markets

Performance highlights		2011	2010
Volumes			
Gas sales	TWh	122.3	118.5
Electricity sales	TWh	9.9	10.4
Electricity generation, thermal	TWh	3.4	0.9
Financial performance			
Revenue	DKK million	33,689	31,516
EBITDA	DKK million	1,963	2,959
EBIT	DKK million	778	2,394
Adjusted operating profit	DKK million	751	2,386
Gross investments	DKK million	(333)	(477)
Capital employed			
Capital employed	DKK million	6,553	4,327
PPE under construction	DKK million	(133)	(106)
Adjusted capital employed	DKK million	6,420	4,221
Environment			
EU ETS CO_2 emissions	million tonnes	1.2	0.5
Gas flaring	million Nm^3	1.0	1.0

Volumes

Gas sales (incl. sales to own power stations) increased by 3% to 122.3 TWh, reflecting significantly higher sales on hubs. Wholesale sales were lower, on the other hand, primarily due to milder weather than in 2010. This led to lower sales in Denmark, Sweden and Germany and to own power stations.

Electricity sales were 9.9 TWh, a decrease of 5% on 2010. Electricity generation from the gas-fired Severn power station, which became operational in 2010, amounted to 3.2 TWh in 2011. Both units were shut down following damage to both turbines in July 2011. One unit

was brought back online in October 2011, while the other unit is expected to be brought back online in the first half of 2012. Both units are running at reduced output until the repairs have been completed. The gas-fired Enecogen power station in the Netherlands became operational at the end of 2011, generating 0.2 TWh.

Financial performance

Revenue increased by DKK 2.2 billion to DKK 33.7 billion due to higher electricity generation and gas sales and higher gas sales prices than in 2010.

EBITDA was DKK 2.0 billion, DKK 1.0 billion down on 2010, primarily reflecting lower earnings from gas sales under fixed-priced and oil-indexed contracts than in 2010. Renegotiation of gas contracts had a significant positive effect of around DKK 1 billion in 2011, while the new gas-fired power stations in the UK and the Netherlands depressed EBITDA due to the low green spark spreads. The consolidated EBITDA effect of the new gas-fired power stations was neutral.

EBIT was down DKK 1.6 billion at DKK 0.8 billion in 2011 due to the lower EBITDA and a DKK 0.6 billion impairment loss on offshore gas pipelines in the first half of 2011.

Environment

EU ETS CO_2 emissions rose compared with 2010, as 2011 was the first full year of operation for the Severn power station. A small portion of CO_2 emissions was due to flaring at the Nybro gas treatment plant. This portion was in line with 2010.

Sales & Distribution

Performance highlights		2011	2010
Volumes			
Gas sales	TWh	20.3	24.2
Gas distribution	TWh	9.9	11.4
Electricity sales	TWh	7.6	8.2
Electricity distribution	TWh	8.8	9.1
Oil transportation, Denmark	million bbl	72	78
Financial performance			
Revenue	DKK million	13,009	14,185
EBITDA	DKK million	2,027	2,036
EBIT	DKK million	566	1,057
Adjusted operating profit	DKK million	584	1,072
Gross investments	DKK million	(810)	(858)
Capital employed			
Capital employed	DKK million	10,944	12,064
PPE under construction	DKK million	(530)	(507)
Production assets transferred from PPE under construction in the past six months	DKK million	(447)	(511)
Adjusted capital employed	DKK million	9,967	11,046

Volumes

Gas sales were 20.3 TWh, down 16% on 2010, primarily reflecting the milder winter than in 2010 and growing competition in the Danish market, with a resulting decline in market share.

Gas distribution was also affected by the milder winter, amounting to 9.9 TWh, a decrease of 13% on 2010.

There was also a small decline in both distribution and sales of electricity and in transportation in the oil pipeline compared with 2010.

Financial performance

Revenue was down DKK 1.2 billion, at DKK 13.0 billion, primarily reflecting lower gas volumes being sold due to intensifying competition and milder weather in 2011 as well as a fall in payments recovered from consumers on behalf of Energinet.dk. These collected payments have no EBITDA effect.

The lower revenue was offset by a lower cost level. EBITDA was consequently DKK 2.0 billion in 2011, the same level as the previous year.

EBIT was down DKK 0.5 billion, amounting to DKK 0.6 billion in 2011. The decline primarily reflected a DKK 0.3 billion impairment loss on goodwill related to the Dutch sales subsidiary in 2011 due to changed pricing in the Dutch market.

Environment

A significant environmental incident occurred in 2011 in connection with the establishment of a motorway, when a gas pipe suffered excavation damage by the contractor, resulting in a leak of 36 thousand m^3 of methane. After the fracture, the gas supply was shut off immediately to prevent a major gas leak. Internal and external emergency plans functioned as planned and the damage was rapidly repaired.

External assumptions and market conditions

Europe is still affected by the economic crisis, not least by the government debt crisis in Southern Europe. The future price development and energy demand are therefore subject to particular uncertainty.

Market prices and hedging

The movements in a variety of market prices, including oil, gas, electricity, coal, CO_2 and the USD and GBP exchange rates, impact on DONG Energy's financial performance. The profit outlook for 2012 is based on the average market prices in the table.

A large portion of market price exposure in 2012 has been hedged, which means that any deviations from assumed prices will not filter through in full to financial performance. Price hedging of oil and gas is carried out after adjustment for hydrocarbon taxation (primarily in Norway) to achieve the desired cash flow effect after tax. As will be seen from the table below, DONG Energy's overall exposure to changes in energy prices is limited from a short-term perspective. All other things being equal, a concurrent 10% increase in prices will change EBITDA by around DKK 0.8 billion in 2012. The corresponding change in EBITDA after hydrocarbon taxation is around DKK 0.2 billion.

Market prices

(average)		Estimate 2012	Actual 2011
Oil, Brent	USD/bbl	105	111
Gas, TTF	EUR/MWh	23	23
Gas, NBP	EUR/MWh	23	22
Electricity, Nord Pool system	EUR/MWh	37	47
Electricity, Nord Pool, DK [1]	EUR/MWh	46	49
Electricity, EEX	EUR/MWh	52	51
Electricity, UK	EUR/MWh	53	55
Coal, API 2	USD/tonne	112	122
CO_2, EUA	EUR/tonne	7.1	13.3
Green dark spread, DK [1]	EUR/MWh	8.2	5.0
Green spark spread, UK	EUR/MWh	4.6	7.8
Green spark spread, NL	EUR/MWh	2.5	4.0
USD exchange rate	DKK/USD	5.7	5.4

Source: Platts, Argus, Nord Pool, LEBA, ECX.

[1] Based on average prices in DK1 and DK2.

Hedging 2012

		Hedging percentage			
		Before hydrocarbon tax	After hydrocarbon tax	Avg. hedging price	10% price increase (DKK million)
Oil	USD/bbl	10%	28%	86	276
Gas	EUR/MWh	53%	91%	23	366
Thermal electricity generation (GDS/GSS)	EUR/MWh	56%	56%	10/6	38
Renewable generation, market price share [1]	EUR/MWh	32%	32%	61	82

[1] Fixed tariffs and guaranteed minimum prices for green certificates account for approx. 2/3 of expected revenue from the wind power portfolio.

FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements, which include projections of financial performance in 2012. These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends may differ materially from what is forecast in this report due to a variety of factors, including, but not limited to, changes in temperature and precipitation levels; the development in oil, gas, electricity, coal, CO_2, currency and interest rate markets; changes in legislation, regulation or standards; changes in the competitive environment in DONG Energy's markets; and security of supply. Reference is made to the chapter on Risk and risk management, and notes 32 and 33 to the consolidated financial statements.

Further information on DONG Energy's market risks and risk-mitigating initiatives are set out in the section on market and credit risks in the Risk and risk management chapter on page 44. This section also explains the expected effect on the business performance results of financial and physical hedging transactions where the effects on the results are deferred to subsequent periods.

New activities and other assumptions

Compared with 2011, EBITDA in 2012 is expected to benefit from new or significantly expanded activities. This will be offset by increased costs for the repair work on the Siri platform, lower income in Thermal Power and the fact that, in 2012, there will not be a positive effect from renegotiation of gas contracts.

EBITDA outlook for 2012

Based on the market price outlook referred to above and price hedging and the described expectations concerning new activities and other assumptions, business performance EBITDA is expected to be in line with 2011.

EBITDA target

Based on planned investments, the target is still a doubling of EBITDA in the period up to 2015 compared with 2009, when EBITDA was DKK 8.8 billion.

EBITDA in 2013 is expected to be significantly ahead of 2012 due to the start-up of production of new assets. To this should be added the full-year effect of new assets that become operational in 2012.

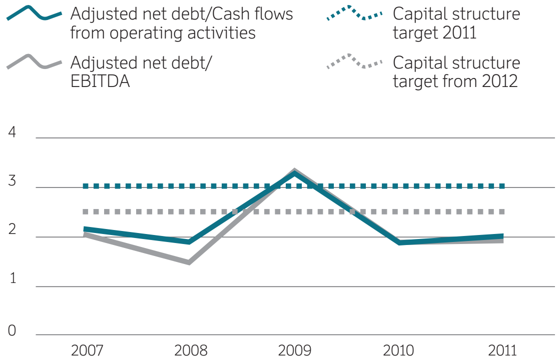
Outlook for net investments

Net investments in the period 2011-13 are still expected to be around DKK 40 billion, remaining unchanged from the outlook in the 2010 annual report.

Target for capital structure

From and including 2012, the long-term target for capital structure has been changed so that adjusted net debt must not exceed 2.5 times EBITDA. The change of the denominator from cash flows from operating activities to EBITDA is being made to link the capital structure objective to EBITDA, which is DONG Energy's overall performance measure, and which, following the introduction of business performance income statement, better represents the Group's underlying financial performance.

Capital structure



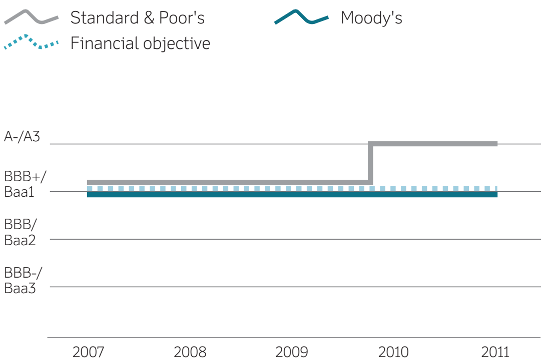
Adjusted net debt is defined as net debt for accounting purposes plus 50% of hybrid capital maturing in 3005.

FINANCIAL OBJECTIVES

DONG Energy has set objectives for its financial management. The key financial management objectives are described below

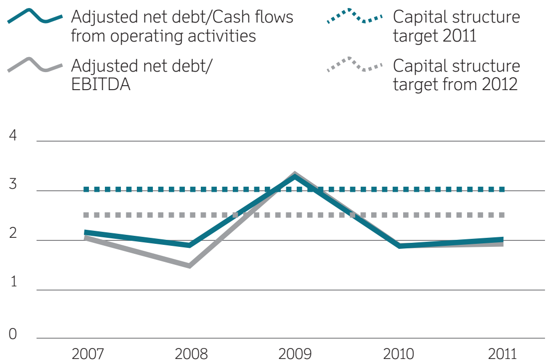
Rating

Rating of minimum BBB+/Baa1



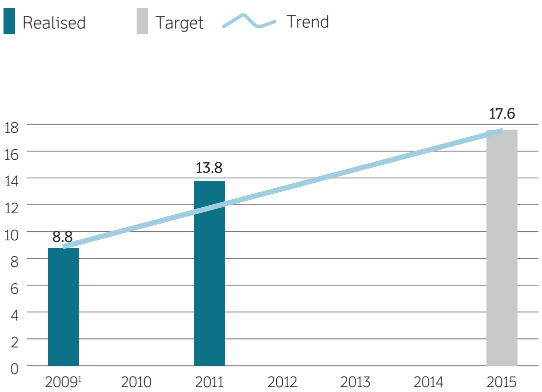
Capital structure

Adjusted net debt must not exceed 2.5 times EBITDA.



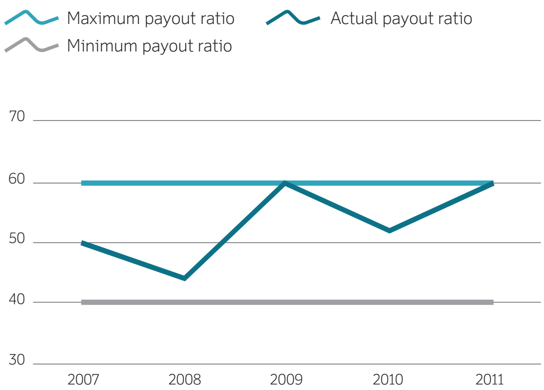
Adjusted net debt is defined as net debt for accounting purposes plus 50% of hybrid capital maturing in 3005.

Doubling EBITDA, DKK billion



[1] EBITDA for 2009 is based on the IFRS financial statements presented.

Dividends, %



Proposed dividend for the year will be determined based on the following principle:

- A fixed amount of DKK 7.75 per share (in 2011), which will be increased by DKK 0.25 per year if the shareholders' share of profit for the year after tax is within the payout ratio range
- A payout ratio of minimum 40% and maximum 60% of the shareholders' share of the business performance results for the year after tax less coupon after tax to hybrid capital holders and the non-controlling interests' share of profit for the year.

DONG Energy has a diversified loan portfolio, with the international bond market as the primary source of funding

DONG Energy is a reputable player in the bond market and engages in continuous dialogue with bond investors and bond analysts, for example via quarterly presentations and roadshows.

Outstanding bonds

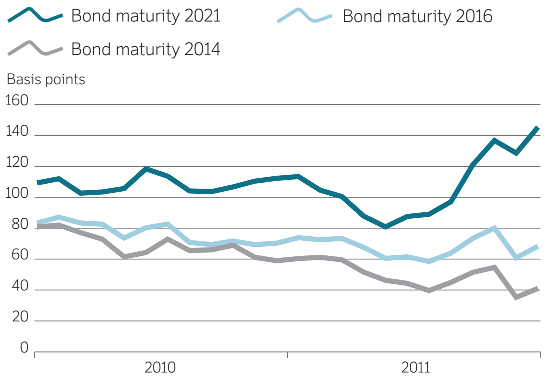
Currency	Principal amount (million)	Coupon (%)	Maturity	Listed in
Corporate bonds				
EUR	500	3.500	29 Jun 2012	Luxembourg
EUR	500	4.875	7 May 2014	London
EUR	500	4.000	16 Dec 2016	London
EUR	500	6.500	7 May 2019	London
EUR	500	4.875	16 Dec 2021	London
GBP [1]	750	4.875	12 Jan 2032	London
GBP	500	5.750	9 Apr 2040	London
Hybrid bonds				
EUR	600	5.500	Year 3005	Luxembourg
EUR	700	7.750	Year 3010	Luxembourg

[1] Issued in January 2012.

Significant financing activities in 2011

Date	Activity
24 Jan	Issuing of hybrid bonds and concurrent partial repurchase of previously issued hybrid bonds
17 Aug	Establishment of new EUR 1,300 million credit facility
20 Sep	Raising of loan from the Nordic Investment Bank (EUR 240 million)

Spread (credit margin) compared with swap rate
for selected bonds



Rating

	Standard & Poor's	Moody's
Company rating	A-	Baa1
Ordinary bonds	A-	Baa1
Hybrid bonds	BBB og BB+	Baa3
Outlook	Stable	Stable
Latest rating report	Dec 2011	Jan 2012

Financial calendar 2012

Date	Activity
9 Mar	Annual report 2011
18 Apr	Annual General Meeting
11 May	Interim financial report – Q1 2012
10 Aug	Interim financial report – H1 2012
1 Nov	Interim financial report – 9M 2012

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RISK AND RISK MANAGEMENT

Risk is part of the business for DONG Energy. The Group works actively to balance these risks, so that they either create value or are reduced

BUSINESS PERFORMANCE
Unless otherwise stated, Management's review comments on the business performance results.

GLOSSARY
Reference is made to the glossary on pages 188-189 for definitions of terms.

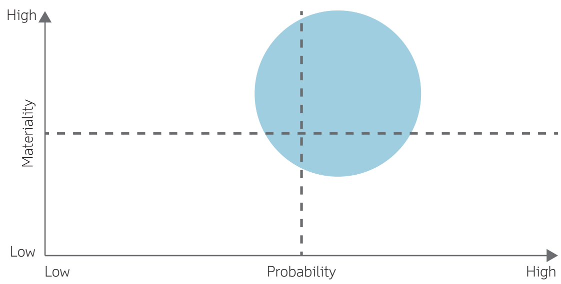
Risks are an integral part of DONG Energy's business. Some market risks are managed with a view to striking the right balance between value creation and associated risks. Here, movements in market prices can be an earnings opportunity as well as a competitive parameter. As far as other risks such as environmental, safety and technical risks are concerned, DONG Energy endeavours to completely eliminate these or, if this is not possible, to mitigate them as far as possible.

Risk management

The objective of risk management is to ensure that the risks that may affect implementation of strategy, including expected earnings, are identified, assessed and form an active part of day-to-day decision-making process. This helps underpin and optimise future value creation in accordance with DONG Energy's strategy. In the years to come, the strategy will contribute to diversifying the Group's risks, partly because DONG Energy's international growth will reduce the relative importance of Danish energy markets.

Material risks can be divided into four main categories and are, to some extent, interdependent. The Group identifies and prioritises its risks annually in a risk matrix on the basis of materiality and probability.

Risk matrix



Selected material risks

Market and credit risks

Energy price risks
- Oil and gas price risks
- Price risks for thermal electricity generation
- Price risks for renewable generation
- Market trading

Financial risks
- Currency risks
- Interest rate risks
- Liquidity and financing risks

Credit risks

Regulatory risks
- Regulatory conditions
- Tax regimes
- Financial regulation

Operational risks
- Construction and operation of facilities
- Subcontractors
- Environment
- Contractual risks
- Partnerships
- Changed demand side characteristics
- Extensive damage to property

Staff and organisational risks
- Employee safety
- Attracting and retaining competent employees
- Fraud

The highlighted risks are explained on the following pages.

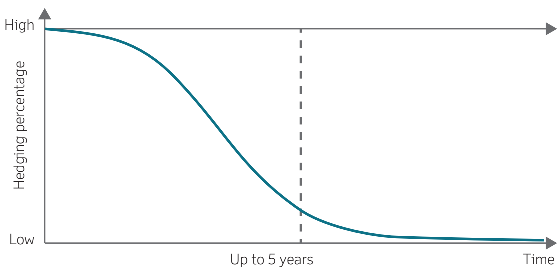
Market and credit risks

The Group's net exposure to market risks is illustrated below. In the long term, the Group's market risks are determined by its strategic choices and associated asset mix. DONG Energy mitigates its structural risks through, among other things, its technical and geographical diversification and the transition to greener electricity and heat generation, as described in the chapter Wind and biomass growth. Coupled with balancing of the oil and gas portfolio, this provides a diversified portfolio of assets with different risk profiles.

To further reduce the fluctuations in the Group's cash flows in the short and medium terms, price hedging contracts are entered into within the risk management time frame (up to five years). At the short end of the time frame, we want a high level of hedging to achieve a high degree of certainty with regard to cash flows, while the hedging level is lower in subsequent years. This approach is chosen partly because the underlying longer-term exposure is subject to greater uncertainty, and partly because the financial and physical markets are less liquid in the longer term.

Overall, the diversification of the structural risk and management of the Group's cash flows in the short and medium terms has a positive effect on DONG Energy's capital structure target, as the fluctuations in earnings from the different activities are largely independent of each other and can therefore be assumed to balance each other out to some extent.

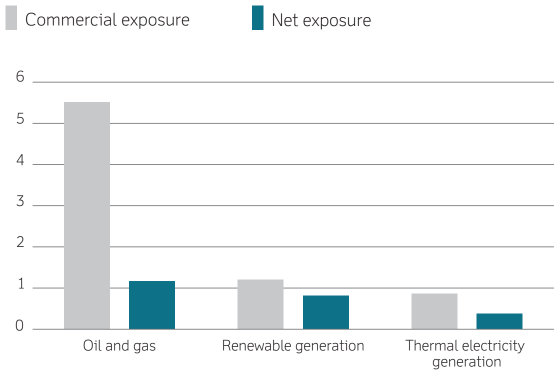
Hedging strategy



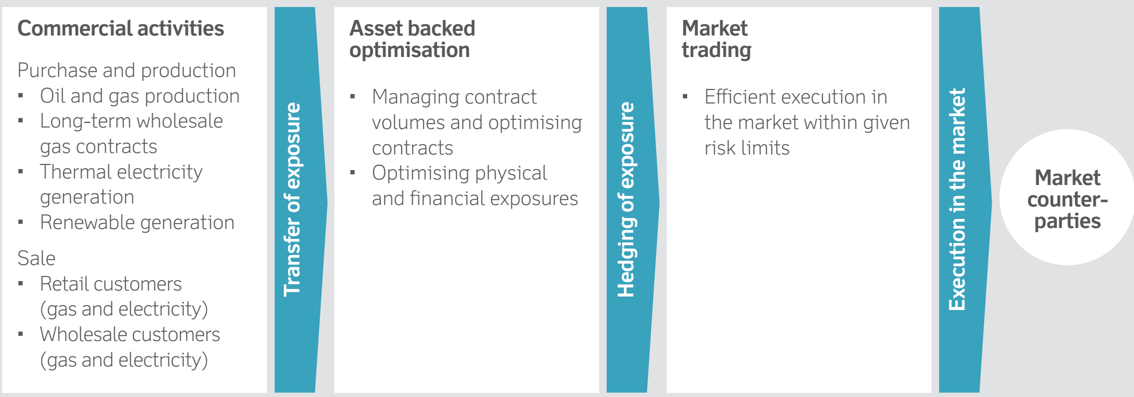
DONG Energy's principle for managing market risks is shown below. Where possible, all of the Group's exposures from production and purchase and sales contracts within the management time frame are combined in the activity Asset-backed optimisation, where they are consolidated and optimised together. The consolidated exposure is then hedged via DONG Energy's trading function (Market trading), which trades exposures in the market within given risk parameters.

Market risks can be divided into energy price risks and financial risks. Financial risks comprise currency risks, interest rate risks and liquidity and financing risks. Energy price risks are affected by fluctuations in the prices of oil, gas, electricity, coal, CO_2 and, to a lesser extent, other commodities. Part of the exposure depends on one specific price (direct price risks), while other parts depend on the difference between two or more prices (spread risks). Market price risk on direct price risks is higher than for spread-based exposures as the prices of individual commodities are typically more volatile than the levels of wholly or partly correlated energy prices. The figure shows the exposure values for 2012 before and after hedging.

Exposure to energy prices in 2012, DKK billion



Risk management principle



Oil and gas price risks

Oil and gas price risks come primarily from equity production of oil and gas and from differences in the indexation of sales and purchase prices for gas.

DONG Energy's production of oil contributes to reducing its oil price exposure from oil price-indexed gas purchase contracts. The integrated business model thus has a stabilising effect on the company's cash flows and overall risk profile.

The risk to future cash flows from oil and gas price positions is managed with a time frame of five years based on a target for Cash-Flow-at-Risk. Oil and gas exposures are hedged after adjustment for hydrocarbon taxation to achieve the desired cash flow effect after tax.

The oil and gas exposure profile is expected to change in the years to come, primarily due to rising equity production of oil. DONG Energy will be affected financially when oil and gas price trends diverge in the short term (decouple), as was the case in 2009-2011.

The long-term purchase and sales contracts contain embedded options, for example in the form of volume flexibility and renegotiation clauses that may alter DONG Energy's risk profile in both the short and the long term.

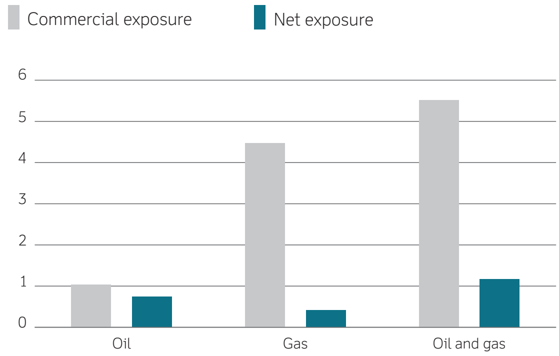
Overall, DONG Energy's oil and gas exposure consists of a long gas position (positive effect if prices rise) and a short oil position. As oil and gas prices have, historically, correlated positively over long periods of time, the long gas exposure will, to some extent, be offset by the short oil exposure, reducing the direct gas price exposure. The net oil and gas price exposure is treated as a spread risk.

In the very short term, the exposure profile may differ from the normal profile. For example, this is the case for oil exposure in 2012, which is marginally long as the proportion of oil-indexed gas sales contracts that have been entered into is higher than normal.

At the end of 2011, 28% of the expected oil exposure and 91% of the expected gas exposure for 2012 had been hedged, equivalent to a total hedging percentage of 79% for oil and gas.

In 2012, a 10% decrease in the price of oil and gas would reduce EBITDA after hydrocarbon tax by DKK 117 million.

Exposure profile for oil and gas in 2012, DKK billion



Price risks for thermal electricity generation

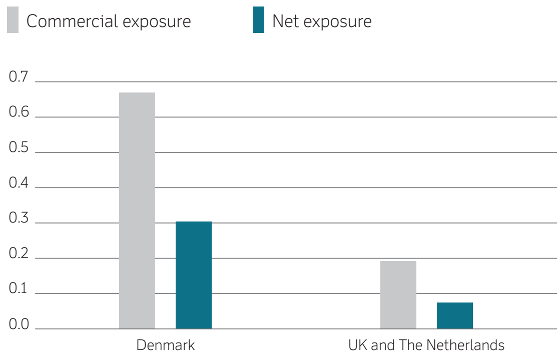
The electricity price is determined by fuel prices, weather conditions, prices for CO_2 emissions allowances and general supply side and demand side characteristics. Risk management of thermal electricity generation is based on freezing the contribution margin for future electricity generation by selling electricity and buying fuel and CO_2.

The spread-based price exposure for the Danish and foreign electricity generation is managed with a time frame of up to five years. The time frame reflects the given liquidity conditions for trading in the forward market.

The strategic measures involving adaptation of Danish thermal electricity generation and the establishment of new gas-fired power stations in the UK (Severn) and the Netherlands (Enecogen) will, in the years to come, reduce DONG Energy's electricity exposure to Nord Pool from 67% of the value in 2007 to an expected 12% in 2015. This will contribute to a more diversified position in the market.

At the end of 2011, the price exposure relating to 56% of expected generation in 2012 for Denmark, the Netherlands and the UK had been hedged.

Exposure profile for thermal electricity generation in 2012, DKK billion



Risk and risk policy	Exposure and hedging

Price risks for renewable generation

In connection with the development of renewable energy sources, primarily offshore wind farms, a major part of the earnings from wind power will come from regulated pricing. The most important elements are fixed tariffs (Denmark and Germany) and guaranteed minimum prices for green certificates (the UK and Poland).

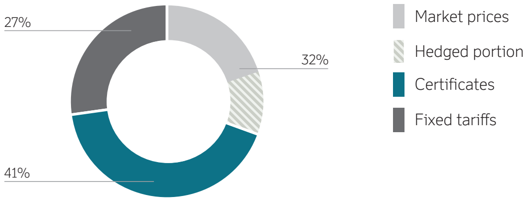
The market price risk for the wind power portfolio is treated as a direct price risk and managed with a time frame of up to five years based on a target for Cash-Flow-at-Risk.

At the end of 2011, fixed tariffs and guaranteed minimum prices for green certificates accounted for two-thirds of expected earnings from the wind power portfolio in 2012.

Wind Power has hedged 32% of its market price exposure in 2012.

In 2012, a 10% decrease in the electricity price would lead to a DKK 82 million decrease in EBITDA.

Breakdown of income from wind farms in 2012



Market trading

When the Group's desired hedging level has been determined, the exposures are transferred to the market trading function, which is then responsible for executing the physical and financial transactions in the market. It is not always possible to hedge the transferred price risks in full. DONG Energy therefore has some remaining exposure resulting from these activities.

The market trading function also balances the physical volumes in the market and, to a lesser extent, engages in active taking of positions to ensure an ongoing market presence and thus gain more detailed market insight. Furthermore, DONG Energy has assumed the role of market maker in the Danish electricity market, which entails further market risks.

The energy price exposure in market trading was DKK 2 billion at the end of 2011.

The overall one-day 95% Value-at-Risk (VaR) was DKK 55 million.

Currency risks

The majority of DONG Energy's activities entail exposure to fluctuations in exchange rates. The key currencies are USD, GBP, NOK, PLN, SEK and EUR. The total net exposure is calculated on an ongoing, consolidated basis. The Group aims to minimise its net exposure via forward contracts, swaps and options. Currency positions are determined on the basis of estimated operating cash flows in a five-year time frame. Currency risks in connection with net investments in foreign subsidiaries and loans without any time frame are also included.

GBP and USD constitute the largest exposures, made up of a long GBP position and a short USD position. At the end of 2011, 97% of the currency exposure in 2012 had been hedged.

Interest rate risks

DONG Energy's interest rate risks relate to interest-bearing assets, financial price hedges, non-current liabilities and current interest payments. The Group wants to limit the effect of changes in interest rates. As a result, the loan portfolio, including hybrid capital, was predominantly fixed-rate at the end of 2011. Interest rate risk is managed actively via a target for the duration of the net debt.

The table below shows the key indicators for interest rate risk. Total interest rate risk at the end of 2011 was DKK 3.1 billion, calculated as the amount by which the market value of debt, hybrid capital and cash and cash equivalents would fall in the event of a one percentage point increase across the interest rate curve. The interest rate risk corresponds to the loan portfolio (excluding hybrid capital) having a duration of 7.7 years.

In 2012, a one percentage point increase in the interest rate would result in a DKK 32 million increase in net interest expense compared with a total cost in 2012 for net debt and hybrid capital at the end of 2011 of DKK 2.1 billion.

Loan portfolio profile
(excl. hybrid capital) at 31 Dec. 2011

Fixed-interest portion[1] (%)	88.9
Duration (years)	7.7
Average time to maturity (years)	9.4
Average interest rate (%)	4.1

[1] The fixed-interest portion incl. hybrid capital was 91.5%

Liquidity and financing risks

Implementation of DONG Energy's strategy assumes financing in the form of asset disposals or the raising of loans in addition to the cash inflow from operating activities. The refinancing risk is reduced by having a diversified debt mix and maturity profile and ample cash resources in the form of committed loan facilities, cash or liquid securities.

To secure financing on attractive terms, DONG Energy has set targets for its credit rating and capital structure (see page 42). The credit rating target is ratings of at least BBB+ (Standard & Poor's) and Baa1 (Moody's).

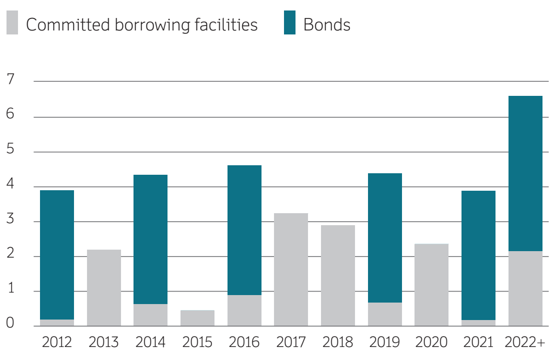
Up to and including 2011, the capital structure target was for adjusted net debt not to exceed three times cash flows from operating activities. From and including 2012, the target has been changed so that adjusted net debt must not exceed 2.5 times EBITDA.

At the end of 2011, cash resources were DKK 23.1 billion, of which DKK 13.4 billion was committed borrowing facilities and DKK 9.7 billion available cash and cash equivalents and securities.

DONG Energy's current ratings are A- (Standard & Poor's) and Baa1 (Moody's).

At the end of 2011, adjusted net debt amounted to 2.0 times cash flows from operating activities and 1.9 times EBITDA.

Maturity profile, DKK billion



Note: Excluding hybrid capital, which comprises: EUR 600 million maturing in 3005 with first call date in 2015 and EUR 700 million maturing in 3010 with first call date in 2021.

Credit risks

DONG Energy seeks to mitigate its credit risks by systematically credit-rating counterparties, by using financial standard contracts and by requiring security. Allocated credit lines are monitored continuously and counterparties in the areas of energy trading and financial activities are monitored daily.

Monitoring of counterparties and allocation of credit lines are based on limits fixed by the Board of Directors and the Executive Board. An internal credit rating is required for major counterparties. Information from external credit rating analyses, information in the public domain and DONG Energy's own analyses are used to establish the internal rating and to assess the extent of the commitment with each counterparty.

DONG Energy did not suffer any losses on individual major counterparties in 2011. However, the recession has led to a certain rise in the number of cases of arrears among retail customers, although from a very low level, and the number appears to have peaked.

For an overview of the credit quality, reference is made to note 32 to the consolidated financial statements.

Results deferred for subsequent recognition in the business performance results

At the end of 2011, the deferred earnings impact of financial and physical contracts entered into as part of the risk management of the Group's commercial exposure and hedging of the loan portfolio was DKK -0.5 billion. The deferred earnings impact will be recognised in the business performance results in the period in which the commercial exposure is recognised. In 2012, the effect of the contracts on the business performance results will be DKK +0.9 billion, assuming market prices, most of which will have an impact on EBITDA, remain unchanged.

DKK million	Deferred for subsequent recognition end-2011	Expected transfer to business performance results 2012	Other years
Oil	361	114	247
Gas	1,188	1,032	156
Electricity	(134)	(78)	(56)
Coal	(103)	(30)	(73)
Currency	(946)	(177)	(769)
Interest	(848)	(6)	(842)
Total derivative financial instruments	(482)	855	(1,337)

Commodities and currency are recognised in revenue and cost of sales. Interest is recognised in net finance costs.

Regulatory risks

Regulatory conditions
Changes in regulatory conditions in both Denmark and abroad are material to DONG Energy's strategic opportunities and thus also its future earnings. However, DONG Energy's growing international presence is reducing its dependence on regulatory changes in the individual countries, such as changes to subsidy schemes in connection with investments in wind generation and changes to public regulation of electricity and gas. DONG Energy's presence in several stages of the value chain is contributing to reducing the effects of regulatory changes in individual stages of the value chain. Furthermore, DONG Energy follows political and regulatory developments closely in the countries in which this is relevant, and takes an active part in connection with consultations on draft legislation and other regulatory proposals that involve a risk of material changes.

Tax regimes
Changed tax regimes may have a material effect on the Group's financial results, including in connection with oil and gas extraction. DONG Energy's tax risks are assessed and managed on a continuous basis using the Group's tax policy and tax strategy. DONG Energy seeks open dialogue with tax authorities and other public authorities and, wherever possible, endeavours to obtain binding advance indications from the authorities to clarify major tax-related risks. Because of the Group's international presence, DONG Energy maintains a fair transfer pricing system based on OECD guidelines.

Financial regulation
The financial crisis has led to a desire among European regulators for a tightening of the rules on derivatives trading. This has led to three strands of new regulations (EMIR, MiFID and REMIT) that may have considerable implications for DONG Energy in terms not only of tied-up funds but also stricter capital requirements. DONG Energy follows developments closely and continually analyses whether it is necessary to adjust the current business model. The REMIT Regulation came into force on 28 December 2011.

Operational risks

Construction and operation of facilities
DONG Energy has a number of risks associated with the development, construction, operation and maintenance of facilities, and these risks cannot all be directly hedged. DONG Energy continuously focuses on avoiding and preventing inexpedient situations by means of inspection, improvement of maintenance programmes and internal and external checks of production equipment and facilities. A number of insurance policies have been taken out to protect the value of the assets, where possible. The subsidiary DONG Insurance A/S was established to optimise the insurance portfolio and is subject to supervision by the Danish Financial Supervisory Authority.

Subcontractors
There are risks associated with the implementation of investment projects, which may be delayed due to factors such as delays in installation and transit vessels, commercial and partner-related factors, breach of contract by suppliers and subcontractors and, for wind farms, cable-laying. Moreover, a large part of the equipment required is ordered in markets that are often characterised by a high level of activity and where competition may be limited. To mitigate these risks, DONG Energy has acquired extensive internal knowledge and expertise. By acquiring A2SEA and CT Offshore, the Group has gained control of important expertise in installation logistics related to the establishment of wind farms, enabling the processes to be optimised.

Risk governance

The Board of Directors has the overall responsibility for DONG Energy's risk policy. To achieve transparent, efficient risk management, DONG Energy has organised its risk management in a number of decision-making bodies.

- The Audit and Risk Committee's main risk management role is to support the Board of Directors in its supervision of the risk policy pursued.
- The Executive Board continuously assesses and adjusts the internal control and risk management systems.
- The Finance Committee monitors the Group's risks and financing as well as the management of mandates relating to market price risks.

Environment

As an energy company, DONG Energy leaves a significant mark on the environment. The Group therefore has an obligation to society to work in a long-term, systematic manner to limit these impacts. Consideration for the climate and the environment is being continuously integrated as a natural part of the Group's activities and decision-making processes.

DONG Energy has an overall environment policy in which the Group takes responsibility for minimising its environmental impact and aims to continually optimise its systems and processes. The policy is followed up by international certified management systems in the parts of the business where this creates value and which entail the highest risks. The environmental management standard ISO 14001 is applied at all Danish facilities that generate electricity and heat, in electricity distribution and in oil and gas activities in the North Sea. Identification and reduction of potential environmental risks and social risks is a statutory requirement on large projects, for example offshore wind farms, power stations and exploration and production activities. Such EIAs (Environmental Impact Assessments) help achieve the objective of having a low environmental impact in all phases – from project planning, through construction and consumption to disposal and decommissioning.

DONG Energy works systematically to record, manage and follow up on environmental incidents. The Group applies the principle that the severity of an incident should determine the level of management, and has implemented a system for risk assessment and systematic follow-up in connection with incidents.

Staff and organisational risks

Employee safety

For DONG Energy, a stimulating, healthy working environment coupled with a high level of safety in the workplace is a prerequisite for operating a responsible and efficient company. Safety is therefore factored into all the Group's activities. Safety awareness is high, and the Group continuously strives to improve its safety performance through prevention, training, education and involvement of employees to cement the culture: "The safe way – or no way". These initiatives have resulted in a markedly falling injury frequency in recent years.

Despite this positive development and the lowest injury frequency in the history of the Group, DONG Energy did not meet its ambition of zero fatalities in 2011. There were two accidents at the Group's subcontractors that led to three fatalities. DONG Energy takes these extremely seriously.

The Group has therefore increased its focus on the overall safety plan, including safety at subcontractors, and associated systems. The new measures include heightened awareness of the safety culture, with safety being made a clear managerial priority across DONG Energy. The programme also comprises development of an e-learning programme that all the Group's employees and suppliers must complete in 2012. This ensures that DONG Energy's core values and safety requirements reach both all the Group's own employees and all supplier employees.

Attracting and retaining competent employees

DONG Energy competes internationally for the resources and skills that are to secure its future growth. This applies especially to the commercial and technical skills in Exploration & Production and Wind Power and commercial skills in Energy Markets.

As DONG Energy is still very 'Danish' in many respects, difficulties may arise in connection with both recruitment and retention of international employees.

In a worst case scenario, an inadequate supply of skilled labour could result in DONG Energy not being able to implement its planned strategy. To reduce this risk, the Group has focused in recent years on a variety of activities, including employer branding, identification of key skills, talent/skills development and improvement of the conditions for attracting skilled foreign labour.

- Group Risk Control is responsible for controlling that DONG Energy's financial risks, associated operational risks, IT risks and strategic risks are identified, measured and accounted for in accordance with the Group's guidelines. Group Risk Control reports to the Chairman of the Board of Directors' Audit and Risk Committee.

DONG Energy also has a central risk management function that continuously monitors the Group's overall financial and energy-related risks and ensures the Group applies appropriate limits for its risk management. The risk management function reports regularly to DONG Energy's Finance Committee, and the Board of Directors' Audit and Risk Committee receives a quarterly report on the risks identified as well as reporting on compliance with guidelines. Market and credit risks are managed under powers approved by the Board of Directors which the Executive Board has delegated via an overall risk policy for DONG Energy and the individual business areas.

DONG Energy also has an independent central function that checks all investment proposals before they are submitted to the management. The function also ensures optimum focus on value creation in the execution of approved investments.

Lastly, DONG Energy is committed to ensuring that the company is a safe workplace and limiting any impacts on the climate and the environment. These efforts are coordinated by the corporate function QHSE (quality, health, safety, environment).

The Corporate Governance Committee has prepared Recommendations on Corporate Governance that listed companies must comply with

As a State-owned public limited company, DONG Energy operates on terms very similar to those applying to listed companies. The Group has consequently elected to generally comply with the recommendations. The choices made by DONG Energy within the individual corporate governance recommendations can be found at www.dongenergy.com/corporate_governance.

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

As principal shareholder (76.49% ownership interest), the State exercises its ownership in accordance with the principles in the publication "The State as shareholder".

Shareholder meetings

Shareholder meetings at which management briefs shareholders on the Group's activities – within the framework laid down by law – are held at suitable intervals.

Annual General Meeting

General meetings are convened by not less than two weeks' notice in accordance with the Articles of Association. At the AGM, the annual report is adopted; an auditor appointed; a Chairman, Deputy Chairman and other members of the Board of Directors elected; the Board of Directors' remuneration determined; the Board of Directors and the Executive Board discharged from their obligations; and any resolutions proposed by the Board of Directors on authority to purchase treasury shares decided on.

Composition of Board of Directors

The Board of Directors consists of 12 members. Eight members are elected at the AGM and four by the employees. Details of Board members can be found in the annual report.

DONG Energy attaches importance to Board members possessing extensive knowledge and experience from managerial posts with large Danish and foreign companies with a broad range of areas of activity, including in areas directly related to DONG Energy's business areas. In the assessment of the composition of the Board, the candidates' skills and background are considered, but also the consideration for diversity and an appropriate balance. DONG Energy has decided not to set an age limit for Board members. However, the age of potential candidates forms part of the overall assessment of the Board's composition.

DONG Energy is working actively to increase the proportion of female members on its Board, and this forms part of the Nomination Committee's assessment of the Board's composition ahead of the AGM.

A Nomination Committee is appointed after the AGM each year and by 30 September of the following year. Its main role is to review the Board's composition and to recommend suitable candidates for election at the AGM. It must also ensure that the Board's composition complies with the Recommendations on Corporate Governance, including, to the extent possible, the wish for diversity. The Committee's rules of procedure can be found on DONG Energy's website.

The Nomination Committee consists of six members. Each of the four largest registered shareholders is entitled to elect one member. The other two members are the Chairman of the Board of Directors, who also chairs the Committee, and the Deputy Chairman. As most of the Committee's members are thus appointed by the company's largest shareholder, the Committee has a different composition than assumed in the Recommendations on Corporate Governance and thus does not comply with the Recommendations.

Two of the members elected at the AGM are appointed by SEAS-NVE and the former shareholders in Elsam under a provisional shareholders' agreement between DONG Energy's shareholders. None of the Board members elected at the AGM has had any other association with DONG Energy than as member of the Board of Directors in companies that are now part of the Group, and as residential customers on standard terms, neither in previous years nor in 2011. All Board members elected at the AGM retire at the AGM each year, but may stand for re-election. All Board members elected at the AGM are independent, except for one member, who does not satisfy the recommendations on independence, having been on the board for more than 12 years.

Under Danish legislation, the Group's employees are entitled to elect a number of Board members corresponding to half the number elected at the AGM. These are elected for three-year terms and have the same rights, duties and responsibilities as members elected at the AGM.

The duties and responsibilities of the Board of Directors

DONG Energy's overall objectives and strategy are determined by the Board of Directors, which is also responsible for appointing a competent Group Executive Management. The Board of Directors is also responsible for ensuring clear guidelines for accountability, segregation of duties, planning, follow-up and risk management. The duties of the Board and its Chairman are set out in the Board's rules of procedure, which are reviewed and updated annually by the full Board. They were most recently revised in September 2011.

The Board met nine times in 2011.

The Board undertook a structured self-assessment in 2011 based on assessment forms distributed to each Board member and subsequent discussion of the responses by the full Board.

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

Audit and Risk Committee

After the AGM, the Board of Directors appoints the members of the Audit and Risk Committee, which reports to the Board of Directors. The Committee's main role is to support the Board in its review of the financial reporting, the annual report and internal accounting and ERP systems. The Committee also reviews the external auditors' skills and independence and is responsible for the conclusion of engagement agreements with external auditors. The Committee monitors the Group's compliance with legislation and other requirements from public authorities concerning the company's annual report, financial reporting and internal control systems, including control systems relating to the publication of relevant information. It is also part of the Committee's remit to monitor issues relating to the risk policy laid down by the Board of Directors, from a financial and an accounting point of view.

Furthermore, the Committee discusses accounting procedures with the external auditors, evaluates their work, establishes whistleblowing procedures and undertakes other relevant tasks.

The Audit and Risk Committee consists of four members. All its members have accounting skills in accordance with the rules on audit committees in the Danish Act on Registered and State Authorised Public Accountants. The Committee met four times in 2011.

The Committee's terms of reference can be found on DONG Energy's website.

Remuneration Committee

After the AGM, the Board appoints the members of the Remuneration Committee, which reports to the Board of Directors. The Committee's main role includes the preparation and presentation of recommendations to the Board on the Group Executive Management'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 Board of Directors, and the Board of Directors' remuneration, which is submitted to the shareholders for approval at the AGM. The Committee met twice in 2011.

Members of the Board of Directors and the Group Executive Management may not buy shares in DONG Energy, and DONG Energy has not issued any options or warrants. Details of the remuneration of the members of the Board of Directors and the Group Executive Management can be found in a note to the consolidated financial statements. DONG Energy's remuneration policy was adopted at the company's AGM in April 2011 and can be found on DONG Energy's website.

The Remuneration Committee has three members.

The Committee's terms of reference can be found on DONG Energy's website.

Group Executive Management

The Group Executive Management is responsible for the day-to-day management of the company and consisted of six persons at the end of 2011. Details of the Executive Board can be found in the annual report. The CEO and CFO are registered with the Danish Business Authority as members of the Executive Board of DONG Energy A/S. The Board of Directors lays down the detailed rules for the Group Executive Management, including the segregation of duties between the Board of Directors and the Group Executive Management and the latter's powers to enter into agreements on behalf of the company.

Diversity

DONG Energy has drawn up policies for diversity, older workers, bullying and harassment and is currently focusing on four key action areas: age, gender, nationality and CSR.

DONG Energy has thus started initiatives that aim to retain its ageing workforce longer so that their knowledge remains in the organisation. The age distribution in the Group will be monitored via annual surveys.

DONG Energy has signed a charter for more women in management, and the Group is working with other large companies and the Danish Ministry of Finance on a network for female managers. Since 2008, DONG Energy has achieved a marked increase in the number of women among its Top 250 managers from 8% to 22% (2011).

In relation to nationalities, DONG Energy has initiated measures to attract foreign workers to Denmark.

In the CSR area, DONG Energy has initiated collaboration with Disabled Peoples Organisations Denmark (Danske Handicaporganisationer) and the Association for Integration of New Danes (Foreningen Nydansker) to ensure that DONG Energy recruits as widely as possible.

Internal control and risk management in connection with the financial reporting

DONG Energy's internal control and risk management in connection with its financial reporting are planned with a view to presenting financial statements that are in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for listed and State-owned public limited companies.

The internal control and risk management system is designed to ensure that material errors or irregularities in the financial reporting are prevented or detected and corrected to ensure that interim financial reports and the annual report give a true and fair view without material misstatement.

DONG Energy has used the internationally recognised COSO framework as a basis for its work on risk management and determination of internal control in connection with the financial reporting.

Control environment

The Board of Directors and the Executive Board have the overall responsibility for the Group's risk management and internal control in connection with the financial reporting. The Board of Directors' and Executive Board's approach to good risk management and internal control in connection with the financial reporting is continuously being promoted in DONG Energy.

The Audit and Risk Committee supports the Board of Directors in its work. The Audit and Risk Committee monitors the financial reporting process and reviews material key risks in it. The Audit and Risk Committee also monitors the development in the internal control and risk management systems as well as the ongoing reporting on assessed risks and internal controls from the business areas. Reference is made to the Audit and Risk Committee section for further details on the Committee's tasks.

The Executive Board is responsible for ensuring that internal control and risk management systems are effective and that controls have been implemented to address risks relating to the financial reporting. For jointly controlled operations and entities, such requirements are determined and approved in collaboration with the partners in the operations and entities in question. Managers at different levels are responsible for the internal control and risk management in their respective areas.

The Board of Directors and the Executive Board approve DONG Energy's overall policies and guidelines in key areas. Determination of overall policies and guidelines is based on a clearly defined organisational structure, clear reporting lines, authorisation and approval procedures and segregation of duties. The overall policies and other management-approved guidelines include finance policy, IT security policy, policy for responsible business practices, whistleblower policy, etc.

Based on these policies, the business areas issue more detailed guidelines and monitor the application of policies and procedures.

Risk assessment

An overall risk assessment, during which management identifies and reviews the items and processes that involve a risk of material errors in the financial statements, is performed at least once a year. Input for this risk assessment is provided partly through dialogue with the business areas on the business procedures and processes that form the basis of the financial reporting and on the risks inherent in this, and partly through discussions with the external auditor. As part of the risk assessment, the risk of fraud and the measures put in place to mitigate this risk are evaluated. Furthermore, any opportunities for the day-to-day management to override controls and manipulate the financial statements are assessed. Based on an assessment of materiality and risk, the items and companies that need to be comprised by reporting on internal control are identified.

Material risks in connection with DONG Energy's financial reporting are described in note 2 to the consolidated financial statements on critical accounting estimates and judgements, to which reference is made.

Control activities

The control activities in place are designed to prevent or detect and correct material errors in the financial statements. The control activities are based on the risk assessment and comprise approvals, segregation of duties, analyses, reconciliation and controls relating to IT applications and general IT controls, etc.

DONG Energy has established a reporting process for identification of material risks and has performed internal control in relation to the risks assessed. Material risks and internal controls mapping these risks are compiled in control catalogues for the Group's business areas. Material risks and controls included in the business areas' control catalogues are reassessed at least once a year.

Information and communication

DONG Energy's information and communication system is designed to ensure timely and reliable information on operational, financial and compliance-related matters. The information and communication system is also designed to enable timely communication across the entire organisation. The information and communication system relating to the financial reporting includes:

- financial management systems
- consolidation system
- system for reporting on internal controls
- fixed meeting structures
- various internal networks

To ensure that the reporting for the consolidated financial statements is carried out on a uniform basis and is of a high quality, a financial reporting manual, reporting instructions, guidelines for the performance of internal controls, etc., have been prepared that are available to relevant employees. Changes to these and focus areas are communicated on a continuous basis via conferences, meetings with the business areas and via a number of internal networks. For example, a finance network, an accounting network, a network for internal control, etc., have been set up.

Monitoring

The monthly financial reporting from the business areas is analysed and monitored by the business areas' controllers and management. The business areas' reporting and the overall consolidated financial statements are controlled at corporate level.

To ensure that the internal control and risk management system is firmly embedded in the business areas, and to strengthen the reporting process on internal control and the monitoring of same, DONG Energy implemented an IT-based reporting system on internal controls in 2011. The business areas' control catalogues have been incorporated in the system, and reporting on internal control performed is now taken care of directly in the reporting system by the controller performing the control. The persons responsible in the business areas monitor the performance of internal control in the system and, on a quarterly basis, report a conclusion in summary form on the internal control performed supplemented by any action plans for identified weaknesses. The results of the internal control performed are consolidated in the reporting system and reported to the Audit and Risk Committee. The reporting forms an important part of the Board of Directors' monitoring of the internal control and risk management system.

DONG Energy has not established internal auditing, but has set up the Group Risk Control function, which reports to the Audit and Risk Committee. Group Risk Control has 11 employees and carries out a series of investigations and tests, particularly within the financial area and IT use. Group Risk Control plans the year's investigations in collaboration with the Audit and Risk Committee and the external auditor and reports the results of the investigations carried out to the Executive Board and the Committee.

The future

Internal control and risk management is a continuous process that is continually developed and improved so that it meets the requirements of a growth company at all times. DONG Energy will therefore continue to focus on improving its internal control and risk management systems and its reporting on same. In 2012, DONG Energy will focus especially on aligning its internal controls to the updated COSO framework and on continuing its efforts to identify risks and determine internal controls relating to IT applications.

FRITZ H. SCHUR

Chairman

b. 1951. Joined the board as Chairman in 2005, re-elected 2011. Term of office expires in 2012. Chairman of Remuneration Committee and Nomination Committee.

Education: BSc (Business Administration), Copenhagen Business School, 1973

Remuneration, Board: DKK 500,000
Remuneration, Committees: DKK 50,000

Career and posts

1973	Formation of FSC A/S (Fritz Schur Consumer Products A/S)
1978-	CEO, Chairman, Deputy Chairman or member of companies in the Fritz Schur Group
1988-1996	Reconstruction and winding up of companies in distress, primarily for banks

Other management positions

Member of the Board of Directors and/or CEO of F. Schur & Co. A/S, FSS MID ApS, Havnefrontens Selskabslager 909 ApS.

Member of the Board of Directors and CEO of Fritz Schur A/S and CEO or Chairman of the Board of Directors of two wholly-owned subsidiaries.

CEO of FS 1 ApS and Chairman of the Board of Directors of a wholly-owned subsidiary.

CEO of FS 11 ApS and Chairman of the Boards of Directors of two wholly-owned subsidiaries.

CEO of FS 12 ApS and Deputy Chairman of one directly and one indirectly wholly-owned subsidiary.

Chairman: SAS AB (Sweden), PostNord AB, F. Uhrenholt Holding A/S, Relationscore ApS and Chairman of the Board of a wholly-owned subsidiary, C.P. Dyvig & Co. A/S

Deputy Chairman: Brd. Klee A/S

Member: WEPA Industrieholding SE, Experimentarium – Center for formidling af naturvidenskab og moderne teknik (foundation)

LARS NØRBY JOHANSEN

Deputy Chairman

b. 1949. Joined the board in 1997, re-elected 2011. Deputy Chairman since 2001. Term of office expires in 2012. Chairman of Audit and Risk Committee.
Member of Remuneration Committee and Nomination Committee.

Education: MPhil, Århus University, 1974

Remuneration, Board: DKK 300,000
Remuneration, Committees: DKK 125,000

Career and posts

1974-1983	Odense University, Lecturer in Political Science and from 1978 Associate Professor
1977-1979	European University Center, Florence (Italy), Associate Professor
1982	Harvard University, Visiting Fellow
1983-1985	Danish School of Public Administration, Management Consultant
1986	Danish Insurance Association, Vice President
1986-1988	Baltica, Claims Manager, Vice President
1988-1995	Falcks Redningskorps A/S and Falck Holding A/S, CEO
1995-2000	Falck A/S, CEO
2000-2004	Group 4 Falck A/S, CEO
2004-2005	Group 4 Securicor, CEO

Other management positions

Chairman: Falck A/S and a wholly-owned subsidiary, Georg Jensen A/S, William Demant Holding A/S, Dansk Vækstkapital, University of Southern Denmark

Deputy Chairman: Rockwool Fonden

Member: Codan A/S and a wholly-owned subsidiary, Index Award A/S, Institut for selskabsledelse Aps, Arp-Hansen Hotel Group

HANNE STEN ANDERSEN

Employee representative

b. 1960. Joined the board in 2007. Term of office expires in 2014.

Education: Graduate Diploma in Business Administration, Copenhagen Business School, 1990.
Remuneration, Board: DKK 175,000

Career and posts

1985-1992	Industrirådet (replaced by Confederation of Danish Industry (DI)), Information Consultant
1992-1998	DI, HR Consultant
1998-2000	Leo Pharma A/S, HR Partner for Production
2000-2003	Danisco A/S, Group HR, HR Consultant
2003-	NESA A/S (now DONG Energy A/S), Lead HR Business Partner, Sales & Distribution

JAKOB BROGAARD

b. 1947. Joined the board in 2007, re-elected 2011. Term of office expires in 2012. Member of Audit and Risk Committee.

Education: Academy Foundation Degree (Management Accounting and Business Finance), 1976
Remuneration, Board: DKK 175,000
Remuneration, Committees: DKK 50,000

Career and posts

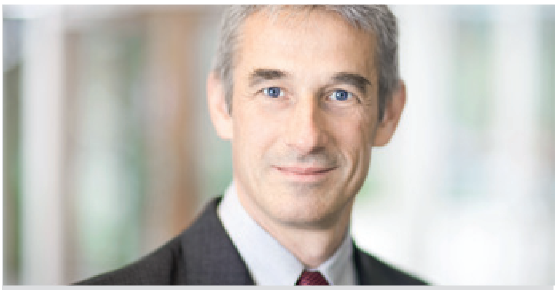
1964-2007	Danske Bank A/S (member of Executive Committee 1996-2007)

Other management positions

Chairman: FS Finans A/S

Deputy Chairman: LR Realkredit A/S, Finansiel Stabilitet A/S

Member: OW Bunker & Trading A/S, Newco AEP A/S



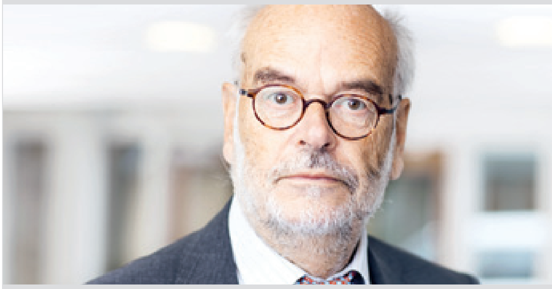
BENNY GØBEL

Employee representative

b. 1967. Joined the board in 2011. Term of office expires in 2014.
Education: MSc (Civil Engineering), Energy Resources Engineering, Technical University of Denmark (DTU), 1995.
PhD, Technical University of Denmark, 2000.
Remuneration, Board: DKK 175,000

Career and posts

2000-2005	Technical University of Denmark, Associate Professor
2005-	Energi E2 A/S (now DONG Energy A/S), Engineer, Thermal Power



JENS KAMPMANN

b. 1937. Joined the board in 2005, re-elected 2011. Term of office expires in 2012. Member of Audit and Risk Committee and Remuneration Committee.
Education: MSc (Economics), Copenhagen University, 1962
Remuneration, Board: DKK 175,000
Remuneration, Committees: DKK 75,000

Career and posts

1962-1964	Danish Ministry of Education
1964-1971	Danish Ministry of Finance (Ministry of Economic Affairs)
1966-1978	Member of Danish Parliament and, in 1971, 1972-1973 and 1977-1978, also Minister
1974-1977	Danish Ministry of Finance (Ministry of Economic Affairs)
1978-1990	Danish Environmental Protection Agency, Director
1990-2006	Invest Miljø A/S, CEO

Other management positions

Chairman: Frydenholm Holding A/S and a wholly-owned subsidiary, Dalum Holding A/S, Desmi A/S, Special Waste Systems A/S
Member: White Arkitekter A/S, JKC ApS, Retrocom Holding A/S, Genan A/S, Genan Business & Development A/S, Genan Global A/S, Kampus.NU ApS, Frydenholm Fødevarer A/S
CEO: JKC ApS, Toftøje Invest ApS

JØRN PETER JENSEN

b. 1964. Joined the board in 2011. Term of office expires in 2012. Member of Audit and Risk Committee.
Education: MSc (Economics and Business Administration), Copenhagen Business School, 1988.
Remuneration, Board: DKK 175,000
Remuneration, Committees: DKK 50,000

Career and posts

1992-1993	Brüel & Kjær, Group Controller
1994-1999	Foss Electric A/S, CFO
1999-2000	Nilfisk Advance A/S, Executive Vice President and CFO
2000-2001	Carlsberg A/S, CFO
2001-2004	Carlsberg A/S, CEO
2004-2007	Carlsberg Breweries and Carlsberg A/S, CFO
2007-	Carlsberg Breweries og Carlsberg A/S, Deputy CEO and CFO

Other management positions

Member of the management: Member of the management of 27 wholly-owned Danish and foreign subsidiaries of the Carlsberg Group and member of the management of Boliginteressentskabet Tuborg

Member of Committe on Corporate Governance
CEO: Ekeløf Invest ApS

JYTTE KOED MADSEN

Employee representative

b. 1953. Joined the board in 2011. Term of office expires in 2014.
Education: Commercial college, 1973,
Technical Assistant, Faculty of Mechanical Engineering, 1988
Remuneration, Board: DKK 175,000

Career and posts

1988-2004	Skærbækværket, Technical Assistant
2004-	Elsam A/S (now DONG Energy A/S), Technical Coordinator, Group Finance & Services

POUL ARNE NIELSEN

b. 1944. Joined the board in 2006, re-elected 2011. Term of office expires in 2012.
Education: Agricultural college, 1968, and MSc (Sports, Social Science and Business Economics), 1981
Remuneration, Board: DKK 175,000

Career and posts

1982-1998	Høje-Taastrup Upper Secondary School, Lecturer
1994-2007	Vallø Municipality, Mayor
2007-	Stevns Municipality, Mayor

Other management positions
Chairman: SEAS-NVE A.m.b.a. and a wholly-owned subsidiary, SEAS-NVE Strømmen A/S, Sjællandske Medier A/S, Dansk Energi

Member: Sampension KP Livsforsikring A/S and a wholly-owned subsidiary

JENS NYBO STILLING SØRENSEN

Employee representative

b. 1968. Joined the board in 2007. Term of office expires in 2014.
Education: Unskilled
Remuneration, Board: DKK 175,000

Career and posts

1990-2000	SK Power Company A/S
2000-	Energi E2 A/S (now DONG Energy A/S) Semi-skilled Worker, Thermal Power

LARS REBIEN SØRENSEN

b. 1954. Joined the board in 2007, re-elected 2011. Term of office expires in 2012.
Education: MSc (Forestry) (Royal Veterinary and Agricultural University, Copenhagen), 1981
Graduate Diploma in International Trade, Copenhagen Business School, 1983
Remuneration, Board: DKK 175,000

Career and posts

1982-	Novo Nordisk A/S, CEO since 2000

Other management positions
Member: Bertelsmann AG (Germany), Thermo Fisher Scientific Inc. (US), Danmarks Nationalbank's Board of Directors

MOGENS VINTHER

b. 1947. Joined the board in 2010, re-elected 2011. Term of office expires in 2012.
Education: LL.M. (Master of Laws), 1973. Lawyer 1976.
Entitled to appear before the Danish High Court and SupremeC ourt.
Remuneration, Board: DKK 175,000

Career and posts

1973	Advokatfirma Langberg & Vinther (law firm)
1980-	Advokatfirma Langberg & Vinther, partner

Other management positions
Chairman: Fonden Det Gamle Apotek i Ribe, Foreningen Gammelt Præg - Ribe Bybevaring

Member: Syd Energi Holding A/S, Syd Energi A.m.b.a., Fonden Ribe Byferie, Fonden til Ribe Bys Forskønnelse

CARSTEN KROGSGAARD THOMSEN

Registered with the Danish Commerce and Companies Agency as CFO.
b. 1957. CFO since 2002.

Education: MSc (Economics), Copenhagen University, 1983

Remuneration: DKK 5,708,013

Career and posts

1983-1985	Danish Ministry of the Interior
1985-1986	Danish Ministry of Finance
1986-1988	Andelsbanken
1988-1991	McKinsey, Consultant
1991-1995	Rigshospitalet, Director of Finance
1995-2002	Danish State Railways, CFO
2002-	DONG Energy A/S, CFO

Other management positions

Deputy Chairman:
NNIT A/S

Member:
GN Store Nord A/S and two whollyowned subsidiaries (GN ReSound and GN Netcom)
Chairman of the Audit Committee of GN Store Nord A/S

ANDERS ELDRUP

Registered with the Danish Commerce and Companies Agency as CEO
b. 1948. CEO since 2001.

Education: MSc (Political Science), Århus University,1972

Remuneration: DKK 6,092,882

Career and posts

1972-1973	Office of the Auditor General of Denmark
1973-1980	Danish Ministry of Finance, Principal
1980-1984	Danish Ministry of Finance, Personal Secretary to Minister
1984-1988	Danish Ministry of Finance, Head of Division
1988-1990	Danish Ministry of Finance, Deputy Permanent Secretary
1990-1991	Danish Ministry of Finance, Department of the Budget, Director
1991-2001	Danish Ministry of Finance, Permanent Secretary
2001-	DONG Energy A/S, CEO

Other management positions

Chairman: Copenhagen Cleantech Cluster

Member:
Technical University of Denmark - DTU
Experimentarium - Center for formidling af naturvidenskab og moderne teknik (foundation)
Lindoe Offshore Renewables Center (fund)
Rockwool Fonden
Terma A/S

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The Board of Directors and the Executive Board have today considered and approved the annual report of DONG Energy A/S for the financial year 1 January – 31 December 2011.

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

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2011 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 1 January – 31 December 2011.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

DONG Energy's non-financial reporting has been prepared in accordance with the international guidelines for sustainability reporting from Global Reporting Initiative with application level B+ (GRI-G3 2006 Guidelines and the Electric Utilities Sector Supplement). In our opinion, the non-financial report represents a reasonable and balanced representation of the Company's corporate responsibility and sustainability performance.

We recommend that the annual report be approved at the Annual General Meeting.

Skærbæk, 9 March 2012

Executive Board:

Anders Eldrup *CEO*	Carsten Krogsgaard Thomsen *CFO*

Board of Directors:

Fritz H. Schur *Chairman*	Lars Nørby Johansen *Deputy Chairman*	Hanne Steen Andersen*	Jakob Brogaard
Benny Gøbel*	Jørn P. Jensen	Jens Kampmann	Jytte Koed Madsen*
Poul Arne Nielsen	Jens Nybo Stilling Sørensen*	Lars Rebien Sørensen	Mogens Vinther

* Employee representative

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

DKK million	Note	2011 Business performance	2011 Adjustments	2011 IFRS	2010 Business performance	2010 Adjustments	2010 IFRS
Revenue	3, 4, 10	56,842	1,595	58,437	54,616	(18)	54,598
Fuel and energy	5	(31,605)	230	(31,375)	(31,408)	(28)	(31,436)
Other external expenses	7, 8	(7,884)	-	(7,884)	(6,365)	-	(6,365)
Staff costs	6	(3,593)	-	(3,593)	(2,946)	-	(2,946)
Other operating income	9, 10	280	-	280	295	-	295
Other operating expenses	9	(270)	-	(270)	(57)	-	(57)
Operating profit before depreciation, amortisation and impairment losses (EBITDA)		**13,770**	**1,825**	**15,595**	**14,135**	**(46)**	**14,089**
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	3, 15, 16	(7,670)	-	(7,670)	(6,015)	-	(6,015)
Operating profit (EBIT)		**6,100**	**1,825**	**7,925**	**8,120**	**(46)**	**8,074**
Gain on disposal of enterprises	29	225	-	225	905	-	905
Share of profit of associates	17	36	-	36	77	-	77
Finance income	11	5,811	-	5,811	3,407	-	3,407
Finance costs	12	(6,093)	-	(6,093)	(5,002)	-	(5,002)
Profit before tax		**6,079**	**1,825**	**7,904**	**7,507**	**(46)**	**7,461**
Income tax expense	13	(3,197)	(457)	(3,654)	(3,008)	11	(2,997)
Profit for the year		**2,882**	**1,368**	**4,250**	**4,499**	**(35)**	**4,464**
Other comprehensive income							
Value adjustments for the year				(912)			(979)
Value adjustments transferred to revenue				300			(1,052)
Value adjustments transferred to fuel and energy				(88)			(128)
Value adjustments transferred to net finance costs				147			7
Value adjustments transferred to inventories				-			(204)
Tax on value adjustments of hedging instruments				127			599
Foreign exchange adjustments, foreign enterprises				463			716
Foreign exchange adjustments, equity-like loans, etc.				(216)			36
Tax on foreign exchange adjustments, equity-like loans, etc.				42			(9)
Other comprehensive income				**(137)**			**(1,014)**
Total comprehensive income				**4,113**			**3,450**

DKK million	Note	2011 Business performance	2011 Adjustments	2011 IFRS	2010 Business performance	2010 Adjustments	2010 IFRS
Profit for the year is attributable to:							
Equity holders of DONG Energy A/S		2,428	1,368	3,796	4,272	(35)	4,237
Hybrid capital holders of DONG Energy A/S (adjusted for tax effect)		269	-	269	334	-	334
Non-controlling interests	22	185	-	185	(107)	-	(107)
Profit for the year		**2,882**	**1,368**	**4,250**	**4,499**	**(35)**	**4,464**
Total comprehensive income for the year is attributable to:							
Equity holders of DONG Energy A/S				3,422			3,268
Hybrid capital holders of DONG Energy A/S (adjusted for tax effect)				269			334
Non-controlling interests				422			(152)
Total comprehensive income				**4,113**			**3,450**
Earnings per share (EPS) and diluted earnings per share (DEPS) of DKK 10, in DKK	14			12.92			14.43

At 31 December

Assets

DKK million	Note	2011	2010
Goodwill		373	651
Rights		1,221	1,540
CO_2 emissions allowances		834	182
Completed development projects		279	357
In-process development projects		22	21
Intangible assets	**3, 15**	**2,729**	**2,751**
Land and buildings		4,142	2,859
Production assets		65,438	57,502
Exploration assets		1,611	975
Fixtures and fittings, tools and equipment		282	205
Property, plant and equipment under construction		23,037	19,144
Property, plant and equipment	**3, 16**	**94,510**	**80,685**
Investments in associates	17	3,226	2,919
Other securities and equity investments	17	418	374
Deferred tax	23	181	404
Receivables	19	3,314	2,862
Other non-current assets		**7,139**	**6,559**
Non-current assets		**104,378**	**89,995**
Inventories	18	4,244	3,091
Receivables	19	32,492	31,614
Income tax	27	19	27
Securities	31	9,914	7,620
Cash	31	2,342	4,147
Current assets		**49,011**	**46,499**
Assets classified as held for sale	**21**	**684**	**845**
Assets		**154,073**	**137,339**

Equity and liabilities

DKK million	Note	2011	2010
Share capital		2,937	2,937
Reserves		7,913	8,287
Retained earnings		27,943	26,278
Proposed dividends		1,457	2,203
Equity attributable to DONG Energy A/S		**40,250**	**39,705**
Hybrid capital		9,538	8,088
Non-controlling interests		7,952	3,515
Equity	**22**	**57,740**	**51,308**
Deferred tax	23	9,336	8,188
Pension obligations	6	15	22
Provisions	24	11,936	9,418
Bond loans	25	18,961	22,833
Bank loans	25	15,754	10,673
Other payables	25	2,329	1,688
Non-current liabilities		**58,331**	**52,822**
Provisions	24	517	444
Bond loans	25	3,717	3,737
Bank loans	25	1,795	660
Other payables	25	30,825	27,584
Income tax	27	763	621
Current liabilities		**37,617**	**33,046**
Liabilities		**95,948**	**85,868**
Liabilities associated with assets classified as held for sale	**21, 25**	**385**	**163**
Equity and liabilities		**154,073**	**137,339**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December

DKK million	Share capital	Hedging reserve	Translation reserve	Share premium	Retained earnings	Proposed dividends	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2011	2,937	(1,108)	147	9,248	26,278	2,203	39,705	8,088	3,515	51,308
Comprehensive income for the year										
Profit for the year	-	-	-	-	3,796	-	3,796	269	185	4,250
Other comprehensive income										
Value adjustments for the year	-	(917)	-	-	-	-	(917)	-	5	(912)
Value adjustments transferred to revenue	-	300	-	-	-	-	300	-	-	300
Value adjustments transferred to fuel and energy	-	(88)	-	-	-	-	(88)	-	-	(88)
Value adjustments transferred to net finance costs	-	147	-	-	-	-	147	-	-	147
Foreign exchange adjustments, foreign enterprises	-	15	215	-	-	-	230	-	233	463
Foreign exchange adjustments, equity-like loans, etc.	-	-	(216)	-	-	-	(216)	-	-	(216)
Tax on other comprehensive income	-	128	42	-	-	-	170	-	(1)	169
Total comprehensive income	**0**	**(415)**	**41**	**0**	**3,796**	**0**	**3,422**	**269**	**422**	**4,113**
Transactions with owners										
Coupon payments, hybrid capital	-	-	-	-	-	-	0	(515)	-	(515)
Tax on coupon and costs, hybrid capital	-	-	-	-	-	-	0	246	-	246
Addition, hybrid capital	-	-	-	-	-	-	0	5,127	-	5,127
Disposal, hybrid capital	-	-	-	-	-	-	0	(3,802)	-	(3,802)
Adjustments amortisation original hybrid capital	-	-	-	-	(125)	-	(125)	125	-	0
Proposed dividends	-	-	-	-	(1,457)	1,457	0	-	-	0
Dividends paid	-	-	-	-	-	(2,203)	(2,203)	-	(16)	(2,219)
Addition, non-controlling interests	-	-	-	-	96	-	96	-	4.080	4,176
Disposal, non-controlling interests	-	-	-	-	(41)	-	(41)	-	(35)	(76)
Adjustments disposals	-	-	-	-	(604)	-	(604)	-	(14)	(618)
Changes in equity in 2011	**0**	**(415)**	**41**	**0**	**1,665**	**(746)**	**545**	**1,450**	**4,437**	**6,432**
Equity at 31 December 2011	**2,937**	**(1,523)**	**188**	**9,248**	**27,943**	**1,457**	**40,250**	**9,538**	**7,952**	**57,740**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK million	Share capital	Hedging reserve	Translation reserve	Share premium	Retained earnings	Proposed dividends	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Non-controlling interests	Total
Equity at 1 January 2010	2,937	658	(650)	9,248	23,944	481	36,618	8,088	102	44,808
Comprehensive income for the year										
Profit (loss) for the year	-	-	-	-	4,237	-	4,237	334	(107)	4,464
Other comprehensive income										
Value adjustments for the year	-	(979)	-	-	-	-	(979)	-	-	(979)
Value adjustments transferred to revenue	-	(1,059)	-	-	-	-	(1,059)	-	7	(1,052)
Value adjustments transferred to fuel and energy	-	(128)	-	-	-	-	(128)	-	-	(128)
Value adjustments transferred to net finance costs	-	7	-	-	-	-	7	-	-	7
Value adjustments transferred to inventories	-	(204)	-	-	-	-	(204)	-	-	(204)
Foreign exchange adjustments, foreign enterprises	-	(2)	770	-	-	-	768	-	(52)	716
Foreign exchange adjustments, equity-like loans, etc.	-	-	36	-	-	-	36	-	-	36
Tax on other comprehensive income	-	599	(9)	-		-	590	-	-	590
Total comprehensive income	**0**	**(1,766)**	**797**	**0**	**4,237**	**0**	**3,268**	**334**	**(152)**	**3,450**
Transactions with owners										
Coupon payments, hybrid capital	-	-	-	-	-	-	0	(451)	-	(451)
Tax on coupon hybrid capital	-	-	-	-	-	-	0	117	-	117
Proposed dividends	-	-	-	-	(2,203)	2,203	0	-	-	0
Dividends paid	-	-	-	-	-	(481)	(481)	-	(16)	(497)
Addition, non-controlling interests	-	-	-	-	475	-	475	-	3,544	4,019
Disposal, non-controlling interests	-	-	-	-	(175)	-	(175)	-	37	(138)
Changes in equity in 2010	**0**	**(1,766)**	**797**	**0**	**2,334**	**1,722**	**3,087**	**0**	**3,413**	**6,500**
Equity at 31 December 2010	**2,937**	**(1,108)**	**147**	**9,248**	**26,278**	**2,203**	**39,705**	**8,088**	**3,515**	**51,308**

Year ended 31 December

DKK million	Note	2011	2010
Operating profit before depreciation, amortisation and impairment losses (EBITDA)		15,595	14,089
Other adjustments		(1,413)	(364)
Interest income and similar items		5,979	3,743
Interest expense and similar items		(6,808)	(4,864)
Income tax paid	27	(1,647)	(106)
Cash flows from operating activities before change in net working capital (FFO)		**11,706**	**12,498**
Change in inventories		(1,144)	305
Change in trade receivables		1,976	(1,501)
Change in other receivables		(949)	696
Change in trade payables		749	1,072
Change in other payables		286	1,144
Change in net working capital		**918**	**1,716**
Cash flows from operating activities		**12,624**	**14,214**
Purchase of intangible assets and property, plant and equipment		(17,851)	(15,209)
Sale of intangible assets and property, plant and equipment		1,936	939
Acquisition of enterprises	28	(22)	(33)
Disposal of enterprises	29	45	2,279
Acquisition of associates	17	(133)	(57)
Acquisition of other equity investments	17	(63)	(248)
Purchase of securities		(8,124)	(3,680)
Sale of securities		6,061	1,303
Change in other non-current assets		(166)	99
Financial transactions with associates		(1,081)	(245)
Dividends received and capital reduction	17	60	59
Cash flows from investing activities		**(19,338)**	**(14,793)**
Proceeds from raising of loans		9,371	5,226
Instalments on loans		(7,121)	(2,928)
Coupon payments on hybrid capital		(515)	(451)
Repurchase of hybrid capital		(3,802)	-
Proceeds from issuing of hybrid capital		5,127	-
Dividends paid		(2,203)	(481)
Transactions with non-controlling interests	30	3,945	330
Change in other non-current liabilities		116	(574)
Cash flows from financing activities		**4,918**	**1,122**
Net increase (decrease) in cash and cash equivalents		**(1,796)**	**543**
Cash and cash equivalents at 1 January		3,625	2,915
Net increase (decrease) in cash and cash equivalents		(1,796)	543
Cash classified as held for sale, etc.		(352)	-
Foreign exchange adjustments of cash and cash equivalents		(37)	167
Cash and cash equivalents at 31 December	31	**1,440**	**3,625**

CONSOLIDATED STATEMENT OF CASH FLOWS

DKK million	Note	2011	2010
Supplementary information			
Cash flows from investing activities		(19,338)	(14,793)
Dividends received and capital reduction, reversal		(60)	(59)
Purchase and sale of securities, reversal		2,063	2,377
Loans to jointly controlled entities, reversal		865	-
Sale of property, plant and equipment and intangible assets as well as enterprises, reversal		(1,981)	(3,217)
Gross investments		**(18,451)**	**(15,692)**
Transactions with non-controlling interests, change in interest-bearing balances	19	(535)	3,615
Transactions with non-controlling interests, other	30	3,945	330
Sale of property, plant and equipment and intangible assets as well as enterprises		1,981	3,217
Net investments [1]		**(13,060)**	**(8,530)**
Dividends, net		(2,152)	(422)
Coupon payments on hybrid capital		(515)	(451)
Dividends and hybrid capital coupon		**(2,667)**	**(873)**
Analysis of change in interest-bearing net debt			
Interest-bearing net debt at 1 January		22,139	26,929
Cash flows from operating activities		(12,624)	(14,214)
Net investments		13,060	8,530
Dividends and hybrid capital coupon		2,667	873
Repurchase and issuing of hybrid capital		(1,325)	-
Foreign exchange adjustments of interest-bearing net debt		(302)	21
Interest-bearing net debt at 31 December		**23,615**	**22,139**
50% of hybrid capital due in 3005		2,206	4,044
Adjusted interest-bearing net debt at 31 December		**25,821**	**26,183**

[1] Net investments are defined as the effect on DONG Energy's interest-bearing net debt of investments and acquisitions and disposals of enterprises. Definitions of financial highlights are set out on the inside of the back cover.

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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 2011 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 (IFRSs) as adopted by the EU and also complies with International Financial Reporting Standards issued by the IASB.

The annual report has been prepared in accordance with Danish disclosure requirements for annual reports of listed and State-owned public limited companies, see the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

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, financial instruments classified as available for sale and CO_2 emissions allowances held for trading 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 in the complete annual report have been applied consistently to the financial year and the comparative figures.

Implementation of new standards and interpretations

In 2011, DONG Energy implemented the following standards (IASs and IFRSs) and interpretations (IFRICs), which are relevant to DONG Energy and will apply to reporting periods beginning on or after 1 January 2011:

- Revised IAS 24 Related Party Disclosures
- Improvements to IFRSs May 2010

The implementation has not had a material effect on the annual report for 2011.

New International Financial Reporting Standards and IFRIC Interpretations

The IASB has issued the following new or amended standards and interpretations that have not yet become effective and are consequently not mandatory in connection with the preparation of DONG Energy's annual report for 2011:

Adopted by the EU

- Amendments to IFRS 7 Financial Instruments: Disclosures

DONG Energy has considered the effect of this financial reporting standard. This amended standard is not expected to have a material effect on DONG Energy's financial reporting.

Not adopted by the EU

- Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- Deferred Tax: Recovery of Underlying Assets: Disclosure (Amendments to IAS 12)
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)
- Amendments to IAS 19 Employee Benefits
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
- IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine

DONG Energy has started assessing the effect of these financial reporting standards and expects that IFRS 10 and 11 will have limited effect on the financial reporting. IFRS 10 and 11 become effective on 1 January 2013.

DONG Energy expects to implement the new standards and interpretations from their mandatory effective dates.

02 Critical accounting estimates and judgements

In the process of preparing the consolidated financial statements, management makes a number of 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 reporting period and disclosures on contingent assets and contingent liabilities at the balance sheet date.

Estimation uncertainties

Estimates 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 estimates and judgements may lead to results that differ significantly from those that would result from the use of other judgements and assumptions.

Again in 2011, the international financial crisis led to heightened focus on the estimates made in respect of, for example, discount rates and expectations concerning the future development of energy prices and exchange rates to ensure that the consolidated financial statements are not affected by short-term fluctuations that are not expected to apply in the long term.

Estimates and judgements relating to impairment testing of intangible assets and property, plant and equipment, and relating to recoverable oil and gas reserves, have had a significant effect on the consolidated financial statements for 2011. These areas are described in the following.

Impairment testing

DONG Energy has significant investments in intangible assets and property, plant and equipment, including primarily production assets, DKK 65.4 billion (2010: DKK 57.5 billion), the values of which are sensitive to various factors, including changes in energy prices, exchange rates, interest rates and regulatory provisions.

Goodwill and in-process development projects, DKK 0.4 billion (2010: DKK 0.7 billion), are tested annually for impairment. Other intangible assets and property, plant and equipment are tested if there are any indications of impairment. Such indications may include, for example, long-term changes in future market conditions, market prices of oil, gas, electricity, fuel and CO_2, changes in the weighted average cost of capital, reductions in estimated reserves, or changes in regulatory provisions.

If a specific 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 assumptions and criteria applied to determine the assets' recoverable amounts constitute management's best estimates based on the available information such as market prices, cost levels, revenue growth rates and reserve estimates.

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 Exploration & Production's assets, DKK 33.1 billion (2010: DKK 29.0 billion). The assessment of oil and gas reserves is based on estimates of both proved and probable reserves (Proved and Probable/2P). Proved reserves are the estimated volumes of oil and gas that, under existing economic conditions, are recoverable using known technology from reservoirs in which oil or gas has been proved. Oil and gas exploration and extraction technology is undergoing continuous development. Probable reserves are those additional reserves that are less likely to be recovered than proved reserves.

DONG Energy conducts an annual internal evaluation and review of the Group's reserves. An independent valuer 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.

Useful lives and residual values for production assets

The expected useful lives and residual values of production assets, DKK 65.4 billion (2010: DKK 57.5 billion), are determined based on historical experience and expectations concerning the future use of these assets. The depreciation profile for production assets depends on the type of production asset and is described in note 40 in the complete annual report. The expected future applications and residual values may subsequently prove not to be realisable, which may require useful lives and residual values to be reviewed 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 periods applied are set out in note 40 in the complete annual report.

Investments in associates, other securities and equity investments, and other non-current investments

Investments in associates, other securities and equity investments, and other non-current investments, DKK 7.1 billion in total (2010: DKK 6.6 billion), are tested for impairment if there are indications of impairment. Such indications may include changes in regulatory, financial and technological factors and general market conditions.

02 Critical accounting estimates and judgements

Valuation of receivables
Trade receivables etc. total DKK 16.4 billion (2010: DKK 17.2 billion). Write-downs are made for bad and doubtful debts on the basis of due date and historical experience. These judgements are subject to uncertainties, as they are based on assessments of the counterparty's ability and willingness to pay. The risk of bad debts remains higher than normal due to the international financial crisis, and this has been taken into account in connection with the valuation of the Group's receivables.

Receivables from the disposal of equity investments to non-controlling interests
DONG Energy's receivables from the disposal of equity investments to non-controlling interests total DKK 1.4 billion (2010: DKK 1.8 billion). The contracts entered into in connection with the disposal of equity investments to non-controlling interests may contain provisions that are contingent on specific future conditions. The determination of gains and the recognition of receivables are therefore subject to uncertainty. The gains and receivables recognised are based on management's estimates of the most likely outcomes of future events.

Unlisted financial contracts
DONG Energy has concluded financial contracts based on, among other things, oil, gas, electricity and coal that are unlisted and are measured at fair value, including a single long-term contract that runs until 2020. 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. Reference is made to the information about the fair value hierarchy in note 33.

Decommissioning obligations
DONG Energy has significant decommissioning obligations, DKK 9.4 billion (2010: DKK 7.1 billion). The estimates of the Group's decommissioning obligations are updated on a quarterly basis.

Decommissioning obligations are affected by changes in expected decommissioning and restoration costs, the future date on which the 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. Estimated costs include a risk premium, based on experience data. The discount rate applied reflects the general risk-free interest rate level in the given market

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 becoming onerous depending on market developments, etc., and the liabilities incurred by the 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.

Other provisions and contingent items
Management continuously evaluates provisions, DKK 3.1 billion (2010: DKK 2.7 billion), contingent assets and contingent liabilities as well as the probable outcome of pending and potential litigation, etc. The outcome depends on future factors, which, by their nature, are uncertain. Reference is made to the description of contingent assets and contingent liabilities in note 37.

The factors taken into account when exercising a judgement about a potential liability are the nature of the litigation, claim or statement. Other factors taken into account are the development of the case, the judgements and recommendations of legal or other advisers, experience from similar cases, and management's decision on how the Group will react to the litigation, claim or statement.

The Group is a party to various litigation proceedings. 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 judgements do not reflect the subsequent development or the final outcome of the dispute, this will have a significant impact on the Group's future profits (losses), balance sheet and cash flows.

Business combinations
No business combinations were recognised in the years 2010 and 2011.

On acquisitions, the acquiree's assets, liabilities and contingent liabilities are recognised at fair value at the acquisition date. For a significant part of the assets acquired and liabilities assumed, no effective markets exist on the basis of which the fair value can be determined. This applies to intangible assets, in particular. In such cases, fair value is determined using models that are based on calculations of present values of future cash flows. Management therefore makes estimates in connection with the determination of the fair value of assets, liabilities and contingent liabilities acquired. Depending on the nature of the items, these estimates, and therefore also the fair values, may be subject to uncertainty and may subsequently be adjusted.

The excess of the cost of the acquiree over the fair value of the assets, liabilities and contingent liabilities acquired is recognised as goodwill and allocated to the cash-generating units, which subsequently form the basis for impairment testing. In that connection, management makes estimates of acquired and existing cash-generating units and the associated allocation of goodwill.

Judgements in connection with accounting policies

As part of the Group's accounting policies, management makes judgements, apart from those involving estimations, that may have a significant effect on the consolidated financial statements. These judgements primarily comprise a) choice of recognition methods for exploration assets, b) recognition and classification of derivative financial instruments and commodity contracts, c) classification of hybrid capital, d) jointly controlled assets and entities, and e) business combinations.

Accounting treatment of exploration

When capitalising exploration costs, DONG Energy applies the successful efforts method rather than the full cost method. Accordingly, general exploration costs and costs for unsuccessful exploration wells are expensed as incurred. DONG Energy will therefore have a lower value of exploration assets than companies that apply the full cost method. At 31 December 2011, exploration assets amounted to DKK 1.6 billion (2010: DKK 1.0 billion). Depreciation of production assets that have been transferred from exploration assets will also be lower when applying the successful efforts method than when applying the full cost method.

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, gas and electricity, and costs for the purchase of coal, gas and CO_2. From and including 1 January 2011, new and existing commodity hedge transactions and related foreign currency exposures are no longer accounted for as cash flow hedge accounting.

As part of its financial risk management, the Group enters into transactions to hedge certain physical and financial risks in oil, gas, coal, electricity, CO_2 and related currency exposures. The Group considers the hedging transactions entered into on the basis of its internal processes for optimisation of its purchase, sale and consumption of oil, gas, coal, electricity and CO_2, as effective economic hedges. Some of the hedging transactions will meet IAS 39's criteria for cash flow hedge accounting, while others will not. For this reason, the Group has elected to no longer apply the provisions on hedge accounting to these transactions from 1 January 2011. When determining profit for the year, fair value adjustments to these derivative financial instruments are therefore recognised in the period in which they arise, regardless of the date of realisation of the hedged transaction. Value adjustments from financial contracts therefore have a greater impact on the income statement for 2011 than in previous years.

Contracts to which the Group is a party are reviewed to assess whether they contain any components that are required to be recognised and measured as separate financial instruments. The Group enters into contracts that include price formulas that are indexed to various energy prices, commodity indices, etc. Based on a review of these contracts, it has been judged that the individual components of the contracts feature identical characteristics and therefore do not differ significantly. Separation of the individual components of the contracts is therefore not required, except in the case of the assessment of hybrid capital.

Under IFRS, contracts that involve physical delivery must, under certain circumstances, be accounted for as derivative financial instruments. The classification is determined based on an evaluation of the purpose of the contract compared with the Group's other activities. It is generally assumed that those of the Group's contracts that are settled on physical delivery do not satisfy the criteria for classification as derivative financial instruments, as they are normal purchase and sale contracts. By contrast, contracts entered into in the course of the Group's trading activities or as part of certain hedging activities are recognised as derivative financial instruments, even though they are settled on physical delivery.

Accounting treatment of hybrid capital

Hybrid capital, DKK 9.5 billion (2010: DKK 8.1 billion), comprises issued bonds that have been recognised in a special item in equity due to the special characteristics of the loan and the provisions on compound financial instruments. 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 the 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 profit for the year and are recognised in financing activities in the statement of cash flows in the same way as dividend payments.

Jointly controlled assets and entities

DONG Energy has opted to recognise the Group's jointly controlled assets and entities using proportionate consolidation. These primarily comprise oil and gas exploration and production licences, and wind farms and power stations. New

02 Critical accounting estimates and judgments

international financial reporting standards (IFRS 10 and 11) relating to consolidation and jointly controlled assets will become effective from and including 2013. The new standards mean that the option to apply proportionate consolidation to jointly controlled entities will cease in some cases. In such cases, profit must instead be presented as one aggregate amount, in the same way as the share of profit (loss) of associates. In the balance sheet, assets and liabilities relating to jointly controlled entities must also be presented as a net amount in future, like investments in associates. This will mainly affect property, plant and equipment. The new standards are expected to have a limited effect on DONG Energy's financial statements.

Business combinations

In connection with acquisitions, the Group makes judgements of the contracts concluded in order to determine whether the acquiree should be classified as a subsidiary, a jointly controlled entity or an associate. Such judgements are made on an acquisition-by-acquisition basis based on purchase contracts concluded, shareholders' agreements and similar agreements, which determine the extent to which control of the acquiree has been transferred. The classification is important, as the recognition of proportionately consolidated jointly controlled entities has a different effect on the financial statements than full consolidation of a subsidiary or recognition of an associate using the equity method.

No business combinations were recognised in 2010 and 2011.

Transactions with non-controlling interests are accounted for as transactions with the group of owners. If the acquisition of further ownership interests in a subsidiary results in a difference between the purchase price and the carrying amount of the acquired non-controlling interest, the difference is taken directly to equity. Gains and losses on disposal of equity investments to non-controlling interests are also recognised in equity to the extent that the sale does not result in a loss of control. The determination of whether a sale results in a loss of control relies on judgements on a case-by-case basis based on contracts concluded.

03 Segment information

Segmentation

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

With effect from 1 January 2011, DONG Energy has elected to no longer apply the provisions on cash flow hedge accounting for certain derivative financial instruments, see note 40 in the complete annual report. Accordingly, IFRS no longer reflects the way in which management manages the business, and the Group's internal management reporting has therefore been adjusted by the implementation of business performance results. The comparative figures for 2010 have been restated accordingly.

Adjustments between business performance and IFRS consist of timing differences relating to movements in the market value of contracts, including hedging transactions, that are deferred to the period in which they are to be recognised. The adjustments column will accumulate to nil over time.

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. Other activities primarily comprise income and expense, assets and liabilities, investing activities, income taxes, etc., relating to the Group's administrative functions and certain initial stages of research and development that do not relate to the Group's primary activities.

The Group operates with two performance measures, with EBITDA as the primary performance measure and EBIT as the secondary performance measure. For definitions of gross investments, net working capital and capital employed, reference is made to the explanations of these terms. Intersegment transactions are priced on arm's length terms.

Reportable segments comprise the following products and services:

- **Exploration & Production:** Oil and gas exploration and production in Denmark, Norway, the UK, the Faroe Islands and Greenland as well as an ownership interest in the Gassled natural gas pipeline network connecting the Norwegian fields with the European continent and the UK.

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- **Wind Power:** Development, construction and operation of wind farms in Denmark, the UK, Poland, Norway, Sweden and Germany as well as an ownership interest in a hydro electric station in Sweden.

- **Thermal Power:** Generation and sale of electricity and heat from thermal power stations in Denmark as well as ownership of gas-fired power stations in the Netherlands and the UK and a demonstration plant for production of second-generation bioethanol in Denmark.

- **Energy Markets:** Optimisation and risk management of DONG Energy's energy portfolio, including trading in natural gas and electricity with energy producers and wholesale customers and on European energy hubs and exchanges.

- **Sales & Distribution:** Sales and distribution of electricity and gas to wholesale and end customers in Denmark, Germany, the Netherlands and Sweden.

Further details of the Group's reportable segments are given in Management's review.

Geographical breakdown

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. 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.

No single customer accounts for more than 10% of consolidated revenue.

Reference is made to note 4 for a breakdown of the Group's sales by products and services.

Activities 2011

DKK million	Exploration & Production	Wind Power	Thermal Power	Energy Markets	Sales & Distribution	Reportable segments
External revenue	5,784	3,589	9,711	25,320	12,504	56,908
Intragroup revenue	4,685	723	954	8,369	505	15,236
Revenue	**10,469**	**4,312**	**10,665**	**33,689**	**13,009**	**72,144**
EBITDA	**5,684**	**1,799**	**2,255**	**1,963**	**2,027**	**13,728**
Depreciation and amortisation	(2,480)	(943)	(1,562)	(585)	(1,184)	(6,754)
Impairment losses	-	-	59	(600)	(277)	(818)
Operating profit (EBIT)	**3,204**	**856**	**752**	**778**	**566**	**6,156**
Adjusted operating profit [1]	**1,628**	**861**	**720**	**751**	**584**	**4,544**

[1] Adjusted operating profit is defined as EBIT corrected for hydrocarbon tax plus profit of associates less the interest element of decommissioning obligations.

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03 Segment information

Activities 2011 – continued

DKK million	Reportable segments	Other activities	Eliminations	Business performance	Adjustments	IFRS
External revenue	56,908	(66)	-	56,842	1,595	58,437
Intragroup revenue	15,236	2,261	(17,497)	0	-	0
Revenue	**72,144**	**2,195**	**(17,497)**	**56,842**	**1,595**	**58,437**
EBITDA	**13,728**	**42**	**-**	**13,770**	**1,825**	**15,595**
Depreciation and amortisation	(6,754)	(98)	-	(6,852)	-	(6,852)
Impairment losses	(818)	-	-	(818)	-	(818)
Operating profit (EBIT)	**6,156**	**(56)**	**0**	**6,100**	**1,825**	**7,925**
Adjusted operating profit	**4,544**	**(100)**	**0**	**4,444**	**1,825**	**6,269**

DKK million	Exploration & Production	Wind Power	Thermal Power	Energy Markets	Sales & Distribution	Reportable segments	Other activities	Eliminations	IFRS
Net working capital, external transactions	(951)	(2,767)	299	2,717	965	263	(463)	19	(181)
Net working capital, intragroup transactions	808	(53)	(199)	(175)	(698)	(317)	336	(19)	0
Net working capital	**(143)**	**(2,820)**	**100**	**2,542**	**267**	**(54)**	**(127)**	**0**	**(181)**
Gross investments	(5,626)	(10,872)	(714)	(333)	(810)	(18,355)	(96)	-	(18,451)
Segment assets	33,087	48,027	33,155	32,625	22,197	169,091	78,275	(93,493)	153,873
Capital employed	18,186	29,443	17,882	6,553	10,944	83,008	(1,653)	-	81,355
Adjusted capital employed [1]	7,859	13,733	13,785	6,420	9,967	51,764	(1,574)	-	50,190

[1] Adjusted capital employed is defined as capital employed less property, plant and equipment under construction and exploration assets, and less production assets transferred from property, plant and equipment under construction in the past six months.

Oil and gas exploration expenditure of DKK 997 million has been recognised in Exploration & Production. Oil and gas exploration assets and liabilities amounted to DKK 2,758 million and DKK 395 million respectively on 31 December 2011. Operating and investing cash flows arising from oil and gas exploration absorbed DKK 2,108 million and DKK 984 million respectively.

Geographical breakdown 2011

DKK million	Denmark	UK	Germany	Netherlands	Rest of World	Consoli-dated total
Revenue	28,646	13,512	8,222	3,747	4,310	**58,437**

DKK million	Denmark	UK	Norway	Rest of World	Consoli-dated total
Intangible assets and property, plant and equipment	42,428	31,860	17,930	5,021	**97,239**

Activities 2010

DKK million	Exploration & Production	Wind Power	Thermal Power	Energy Markets	Sales & Distribution	**Reportable segments**
External revenue	5,016	2,510	11,564	21,971	13,739	54,800
Intragroup revenue	3,248	442	167	9,545	446	13,848
Revenue	**8,264**	**2,952**	**11,731**	**31,516**	**14,185**	**68,648**
EBITDA	**5,051**	**1,730**	**2,228**	**2,959**	**2,036**	**14,004**
Depreciation and amortisation, excluding purchased CO_2 emissions allowances	(1,950)	(771)	(1,270)	(565)	(970)	(5,526)
Impairment losses	-	-	(401)	-	(9)	(410)
Operating profit (EBIT)	**3,101**	**959**	**557**	**2,394**	**1,057**	**8,068**
Adjusted operating profit	**2,036**	**979**	**511**	**2,386**	**1,072**	**6,984**

DKK million	**Reportable segments**	Other activities	Eliminations	**Business performance**	Adjustments	**IFRS**
External revenue	54,800	(184)	-	54,616	(18)	54,598
Intragroup revenue	13,848	1,780	(15,628)	0	-	0
Revenue	**68,648**	**1,596**	**(15,628)**	**54,616**	**(18)**	**54,598**
EBITDA	**14,004**	**131**	**-**	**14,135**	**(46)**	14,089
Depreciation and amortisation, excluding purchased CO_2 emissions allowances	(5,526)	(79)	-	(5,605)	-	(5,605)
Impairment losses	(410)	-	-	(410)	-	(410)
Operating profit (EBIT)	**8,068**	**52**	**0**	**8,120**	**(46)**	**8,074**
Adjusted operating profit	**6,984**	**1**	**0**	**6,985**	**(46)**	**6,939**

NOTES

03 Segment information

Activities 2010 – continued

DKK million	Exploration & Production	Wind Power	Thermal Power	Energy Markets	Sales & Distribution	**Reportable segments**	Other activities	Eliminations	**IFRS**
Net working capital, external transactions	(430)	(420)	163	2,162	1,953	3,428	(983)	21	2,466
Net working capital, intragroup transactions	1,099	(49)	28	557	(1,611)	24	(3)	(21)	0
Net working capital	**669**	**(469)**	**191**	**2,719**	**342**	**3,452**	**(986)**	**0**	**2,466**
Gross investments	(4,023)	(6,378)	(3,853)	(477)	(858)	(15,589)	(103)	-	(15,692)
Segment assets	29,026	35,203	33,522	30,745	22,423	150,919	60,141	(74,152)	136,908
Capital employed	17,122	21,097	19,085	4,327	12,064	73,695	(247)	-	73,448
Adjusted capital employed	9,373	12,822	10,144	4,221	11,046	47,606	(1,300)	-	46,306

Oil and gas exploration expenditure of DKK 420 million has been recognised in Exploration & Production. Oil and gas exploration assets and liabilities amounted to DKK 1,404 million and DKK 371 million respectively at 31 December 2010.

Operating and investing cash flows arising from oil and gas exploration absorbed DKK 625 million and DKK 346 million respectively.

Geographical breakdown 2010

DKK million	Denmark	UK	Germany	Netherlands	Rest of World	**Consolidated total**
Revenue	31,364	6,226	7,364	6,319	3,325	**54,598**

DKK million	Denmark	UK	Norway	Rest of World	**Consolidated total**
Intangible assets and property, plant and equipment	43,348	16,809	18,916	4,363	**83,436**

Reconciliations

DKK million	2011	2010
EBITDA for reportable segments	**13,728**	**14,004**
Depreciation, amortisation and impairment losses for reportable segments, excluding purchased CO_2 emissions allowances	(7,572)	(5,936)
EBIT for reportable segments	**6,156**	**8,068**
EBIT other activities	(56)	52
EBIT business performance	**6,100**	**8,120**
Adjustments (from business performance to IFRS)	1,825	(46)
EBIT IFRS, see consolidated statement of comprehensive income, page 60	**7,925**	**8,074**
Gain on disposal of enterprises	225	905
Share of profit of associates	36	77
Net finance costs	(282)	(1,595)
Profit before tax, see consolidated statement of comprehensive income, page 60	**7,904**	**7,461**
Segment assets for reportable segments	**169,091**	**150,919**
Assets, other activities	78,275	60,141
Assets, eliminations	(93,493)	(74,152)
Deferred tax	181	404
Income tax receivable	19	27
Total assets, see consolidated balance sheet, page 62	**154,073**	**137,339**

04 Revenue

	Business performance		IFRS	
DKK million	**2011**	2010	**2011**	2010
Sales and transportation of natural gas	23,308	23,464	24,993	23,464
Sales and transportation of oil	5,769	4,356	5,769	4,356
Sales of electricity	16,376	15,217	15,757	14,981
Sales of district heat	2,532	2,701	2,532	2,701
Distribution and storage of natural gas	1,387	1,210	1,387	1,210
Distribution of electricity	3,281	3,444	3,281	3,444
Construction contracts	483	469	483	469
Trading activities, net	633	478	633	478
Effect of economic hedges, net	38	723	897	(111)
Effect of hedge accounting, net	-	-	(330)	1,052
Other revenue	3,035	2,554	3,035	2,554
Revenue	**56,842**	**54,616**	**58,437**	**54,598**

NOTES

05 Fuel and energy

DKK million	Business performance 2011	Business performance 2010	IFRS 2011	IFRS 2010
Natural gas	(17,540)	(17,850)	(17,540)	(17,850)
Electricity	(5,466)	(5,023)	(5,466)	(5,023)
Coal	(2,000)	(1,982)	(2,000)	(1,982)
Biomass	(1,256)	(1,343)	(1,256)	(1,343)
Oil	(220)	(320)	(220)	(320)
Transportation costs, etc.	(3,320)	(3,609)	(3,320)	(3,609)
Economic hedging	(32)	(208)	157	(364)
Hedge accounting	-	-	41	128
Costs associated with construction contracts	(223)	-	(223)	-
Other cost of sales	(1,548)	(1,073)	(1,548)	(1,073)
Fuel and energy	**(31,605)**	**(31,408)**	**(31,375)**	**(31,436)**

06 Staff costs

DKK million	2011	2010
Wages, salaries and remuneration	(3,669)	(3,246)
Pensions	(312)	(295)
Other social security costs	(83)	(66)
Other staff costs	(39)	(36)
Staff costs before transfer to assets	**(4,103)**	**(3,643)**
Transfer to assets	510	697
Staff costs	**(3,593)**	**(2,946)**

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 companies. In 2011, these obligations amounted to DKK 15 million (2010: DKK 22 million). The average number of employees in DONG Energy in 2011 was 5,966 (2010: 5,800 employees).

Remuneration of Board of Directors, Executive Board and other senior executives in 2011

DKK '000	Salaries	Bonus	Pension	Total
Parent company Board of Directors:				
Chairman	(500)	-	-	(500)
Deputy Chairman	(300)	-	-	(300)
Other members[1]	(1,838)	-	-	(1,838)
Audit and Risk Committee:				
Chairman	(100)	-	-	(100)
Other members[2]	(138)	-	-	(138)
Remuneration Committee:				
Chairman	(50)	-	-	(50)
Other member	(44)	-	-	(44)
Executive Board and other senior executives in the Group:				
CEO	(5,006)	(1,084)	(2)	(6,092)
CFO	(4,565)	(1,141)	(2)	(5,708)
Other senior executives in the Group	(12,956)	(3,014)	(1,931)	(17,901)
Remuneration	**(25,497)**	**(5,239)**	**(1,935)**	**(32,671)**

[1] Annual remuneration was DKK 175 thousand per member in 2011.
[2] Annual remuneration was DKK 50 thousand per member in 2011.

At 31 December 2011, the Executive Board and other senior executives consisted of six persons in total (2010: six persons).

DONG Energy has prepared a remuneration policy for the remuneration of the Board of Directors and for the Executive Board registered with the Danish Business Authority, 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 of the Board of Directors and of the Executive Board registered with the Danish Business Authority complied with the remuneration policy and the overall guidelines for incentive pay in 2011.

The service contract of the CEO includes a termination package under which he will be entitled to salary equivalent to 33½ months' salary, including pension, if his service contract is terminated by the company (2010: 33½ months) consisting of salary during the notice period (12 months) and termination benefit (21½ months).

The CFO and the Group's other senior executives will be entitled to 24 months' salary, including pension, if their contracts of service are terminated by the company (2010: 24 months) consisting of salary during the notice period (12 months) and termination benefit (12 months).

Further details of the Group Executive Management are provided in the Corporate governance sections on pages 52-53 and the section on the Board of Directors and the Group Executive Management on pages 56-60 of Management's review.

NOTES

06 Staff costs

Remuneration of Board of Directors, Executive Board and other senior executives in 2010

DKK '000	Salaries	Bonus	Pension	Total
Parent company Board of Directors:				
Chairman	(500)	-	-	(500)
Deputy Chairman	(300)	-	-	(300)
Other members[1]	(1,706)	-	-	(1,706)
Audit and Risk Committee:				
Chairman	(100)	-	-	(100)
Other members[2]	(100)	-	-	(100)
Remuneration Committee:				
Chairman	(50)	-	-	(50)
Other member	(25)	-	-	(25)
Executive Board and other senior executives in the Group:				
CEO	(4,822)	(827)	(2)	(5,651)
CFO	(4,399)	(1,198)	(2)	(5,599)
Other senior executives in the Group	(12,930)	(1,889)	(1,658)	(16,477)
Remuneration	**(24,932)**	**(3,914)**	**(1,662)**	**(30,508)**

[1] Annual remuneration was DKK 175 thousand per member in 2010.
[2] Annual remuneration was DKK 50 thousand per member in 2010.

07 Research and development costs

DKK million	2011	2010
Research and development costs incurred during the year	(669)	(821)
Amortisation and impairment losses on development costs recognised in intangible assets	(105)	(97)
Development costs recognised in intangible assets	48	137
Research and development costs recognised in profit for the year	**(726)**	**(781)**

Research and development costs incurred in 2011 comprised primarily development of wind farms in Denmark, the UK, Germany and Poland, development of bioethanol technology, biogas technology and biomass conversion as well as IT systems. In 2010, research and development costs primarily included development of wind farms in Denmark, development of thermal generation, bioethanol technology and IT systems.

NOTES

08 Fee to auditor appointed at the Annual General Meeting

DKK million	2011	2010
Audit fees	(12)	(12)
Other assurance engagements	(2)	(1)
Tax and VAT advice	(7)	(6)
Non-audit services	(30)	(7)
Total fees to PricewaterhouseCoopers	**(51)**	**(26)**

09 Other operating income and expenses

DKK million	2011	2010
Gain on sale of intangible assets and property, plant and equipment	165	184
Miscellaneous operating income	115	111
Other operating income	**280**	**295**
Loss on sale of intangible assets and property, plant and equipment	(229)	(46)
Miscellaneous operating expenses	(41)	(11)
Other operating expenses	**(270)**	**(57)**
Other operating income and expenses, net	**10**	**238**

The gain on sale of intangible assets and property, plant and equipment comprised primarily sale of the Gunfleet Sands and Barrow Offshore Wind offshore wind farm transmission networks and 50% of the Walney network (Walney 1). The loss on sale of intangible assets and property, plant and equipment was attributable to a loss on scrapping of production assets on the Gyda oil field. The gain in 2010 comprised primarily Nysted Offshore Wind Farm 1.

10 Government grants

DKK million	2011	2010
Government grants recognised in profit for the year as revenue	311	315
Government grants recognised in profit for the year as other operating income	21	20
Government grants recognised in the balance sheet	4	(15)
Government grants recognised during the year	**336**	**320**

Grants recognised as revenue related to electricity generation based on biomass and waste, and natural gas at small-scale power stations.

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

NOTES

11 Finance income

DKK million	2011	2010
Interest income from cash, etc.	642	356
Interest income and capital gains on securities at fair value	513	376
Foreign exchange gains	2,815	2,531
Value adjustments of derivative financial instruments	1,818	137
Other finance income	23	7
Finance income	**5,811**	**3,407**

12 Finance costs

DKK million	2011	2010
Interest expense relating to payables	(1,921)	(2,227)
Transfers to assets	373	328
Interest element of decommissioning obligations	(176)	(196)
Capital loss on securities at fair value	(22)	(73)
Foreign exchange losses	(2,658)	(2,677)
Value adjustments of derivative financial instruments	(1,654)	(152)
Other finance costs	(35)	(5)
Finance costs	**(6,093)**	**(5,002)**

Foreign exchange adjustments are recognised in revenue and cost of sales for the year with DKK 340 million (2010: DKK 253 million) and in profit for the year with DKK 497 million (2010: DKK 107 million).

Borrowing costs transferred to assets under construction were calculated at the weighted average effective interest rate for general borrowing, which was 4.42% (2010: 4.46%).

13 Income tax expense

DKK million	2011	2010
Income tax expense	(3,654)	(2,997)
Tax on other comprehensive income	169	590
Tax for the year	**(3,485)**	**(2,407)**
Tax for the year can be broken down as follows:		
Current tax (income tax and hydrocarbon tax) calculated applying normal tax rates	(1,218)	(1,145)
Current tax, hydrocarbon tax calculated applying higher tax rate	(1,076)	(568)
Deferred tax, calculated applying normal tax rates	(1,021)	(810)
Deferred tax, hydrocarbon tax calculated applying higher tax rate	(439)	(448)
Effect of reduction of income tax rate	(4)	1
Adjustments to current tax in respect of prior years	85	(65)
Adjustments to deferred tax in respect of prior years	19	38
Income tax expense	**(3,654)**	**(2,997)**

2011	DKK million	%
Income tax expense can be explained as follows:		
Calculated 25% tax on profit before tax	(1,976)	25
Adjustments of calculated income tax in foreign subsidiaries in relation to 25%	(92)	1
Hydrocarbon tax	(1,515)	19
Tax effect of:		
Non-taxable income	107	(2)
Capitalisation of tax assets not previously capitalised	77	(1)
Non-deductible expenses	(161)	2
Unrecognised tax assets	(126)	2
Effect of reduction of income tax rate	(4)	-
Share of profit of associates	9	-
Adjustments to tax in respect of prior years	27	-
Effective tax for the year	**(3,654)**	**46**

2010	DKK million	%
Income tax expense can be explained as follows:		
Calculated 25% tax on profit before tax	(1,865)	25
Adjustments of calculated income tax in foreign subsidiaries in relation to 25%	(62)	1
Hydrocarbon tax	(1,017)	14
Tax effect of:		
Non-taxable income	283	(4)
Capitalisation of tax assets not previously capitalised	(26)	-
Non-deductible expenses	(256)	3
Unrecognised tax assets	(73)	1
Share of profit of associates	19	-
Effective tax for the year	**(2,997)**	**40**

NOTES

14 Earnings per share

DKK million	2011	2010
Profit for the year	4,250	4,464
Coupon on hybrid capital after tax	(269)	(334)
Attributable to non-controlling interests	(185)	107
Attributable to DONG Energy Group	**3,796**	**4,237**
Average number of shares of DKK 10	293,709,900	293,709,900
Earnings per share (EPS) and diluted earnings per share (DEPS) of DKK 10, in DKK	12.92	14.43

15 Intangible assets

DKK million	Goodwill	Rights	CO_2 emissions allowances	Completed development projects	In-process development projects	Total
Cost at 1 January 2011	651	3,198	476	995	21	5,341
Foreign exchange adjustments	(1)	(1)	-	-	2	0
Additions	-	86	652	15	34	787
Disposals	-	(26)	(201)	-	(3)	(230)
Transfers	-	22	-	13	(32)	3
Cost at 31 December 2011	**650**	**3,279**	**927**	**1,023**	**22**	**5,901**
Amortisation and impairment losses at 1 January 2011	-	(1,658)	(294)	(638)	-	(2,590)
Amortisation, disposals	-	26	201	-	-	227
Amortisation charge	-	(351)	-	(106)	-	(457)
Impairment charge	(277)	(73)	-	-	-	(350)
Transfers	-	(2)	-	-	-	(2)
Amortisation and impairment losses at 31 December 2011	**(277)**	**(2,058)**	**(93)**	**(744)**	**0**	**(3,172)**
Carrying amount at 31 December 2011	**373**	**1,221**	**834**	**279**	**22**	**2,729**

DKK million	Goodwill	Rights	CO_2 emissions allowances	Completed development projects	In-process development projects	**Total**
Cost at 1 January 2010	663	3,163	597	827	144	5,394
Foreign exchange adjustments	1	-	29	-	-	30
Adjustments relating to acquisition of enterprises	(13)	-	-	-	-	(13)
Additions	-	-	384	6	131	521
Disposals	-	(4)	(187)	(34)	(7)	(232)
Transfers	-	39	-	196	(235)	0
Reclassifications	-	-	(347)	-	(12)	(359)
Cost at 31 December 2010	**651**	**3,198**	**476**	**995**	**21**	**5,341**
Amortisation and impairment losses at 1 January 2010	-	(1,474)	(186)	(582)	-	(2,242)
Foreign exchange adjustments	-	-	-	1	-	1
Amortisation, disposals	-	-	187	29	-	216
Amortisation charge	-	(184)	(202)	(86)	-	(472)
Impairment charge	-	-	(93)	-	-	(93)
Amortisation and impairment losses at 31 December 2010	**0**	**(1,658)**	**(294)**	**(638)**	**0**	**(2,590)**
Carrying amount at 31 December 2010	**651**	**1,540**	**182**	**357**	**21**	**2,751**

Impairment testing

Goodwill and in-process development projects are tested for impairment annually. The carrying amounts of rights, CO_2 emissions allowances 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

Testing for impairment is carried out for the business areas or activities that represent the lowest level of CGUs to which the carrying amount of goodwill can be allocated on a reasonable and consistent basis.

Acquired enterprises are established either as new activities or are integrated as quickly as possible with existing activities to utilise potential synergies. For acquisitions that are not established as separate activities the implication of this is that, after a short time, it will no longer be possible to allocate the carrying amount of goodwill to the acquirees on a reasonable and consistent basis, and it will therefore no longer be possible to test goodwill from each acquisition for impairment.

The recoverable amount of CGUs is determined as a value in use, where net cash flows are determined on the basis of business plans and budgets that have been approved by management. For some CGUs, value in use is determined on the basis of a definite period of years, while, for other CGUs, a terminal value after the budget period is determined based on the general growth outlook for the relevant markets. Net cash flows have been discounted using a discount rate before tax that reflects the cost of capital associated with the activity.

The goodwill allocation for each CGU and significant assumptions applied in connection with the impairment tests carried out are set out below:

NOTES

15 Intangible assets

2011

	Central power stations	A2SEA	Energy Markets
Segment	Thermal Power	Wind Power	Energy Markets
Share of consolidated goodwill, in DKK million	125	157	91
Share of consolidated goodwill (%)	34	42	24
Discount rate before tax (%)	8	12	10
Expected growth in net cash flows in terminal period (%)	n.a.	n.a	2

2010

	Central power stations	A2SEA	Energy Markets	DONG Energy Sales B.V.
Segment	Thermal power	Wind Power	Energy Markets	Sales & Distribution
Share of consolidated goodwill, in DKK million	125	157	92	277
Share of consolidated goodwill (%)	19	24	14	43
Discount rate before tax (%)	9	11	9	9
Expected growth in net cash flows in terminal period (%)	n.a.	n.a.	2	2

In 2011, a goodwill impairment of DKK 277 million was recognised in respect of DONG Energy Sales B.V. due to changed pricing in the Dutch market.

The result of the year's other impairment tests was that the recoverable amount exceeded the carrying amount of goodwill. It was consequently not deemed necessary to write down goodwill further in 2011.

Central power stations
The main criteria used for determining the recoverable amount are the green dark spread and the discount rate. The calculation of expected net cash flows is based on the Group's own forecasting model, which forecasts net cash flows for the period 2012-2030. The model is designed so as to take into account the history of each power station and the Group's experience in power station operation, including useful lives, maintenance, etc.

A2SEA
A2SEA specialises in the construction of offshore wind farms.

The main criteria used for determining the recoverable amount are the utilisation rate, daily rates for A2SEA's vessels, synergies in the installation process for offshore wind turbines and the discount rate. The assumptions on which budgeted utilisation rates are based include the existence of contracts for part of revenue and the setting-up of projects in the immediate future. Budgeted daily rates are based on evaluation of the current level of daily rates and the prices of vessel newbuilds. The determination of net cash flows is based on the company's business plan and expected net cash flows for the period 2012-2032.

Energy Markets
Energy Markets optimises DONG Energy's energy portfolio, forming the link between the Group's procurement and sale of energy.

The main criteria used for determining the recoverable amount are oil and gas prices, gross margins, portfolio composition and the discount rate used. The determination of expected net cash flows is based on budgets and forecasts for the period 2012-2020. The model has been prepared so that account is taken of contract composition during the period and the Group's portfolio management experience.

DONG Energy Sales B.V.
DONG Energy Sales B.V. sells gas and electricity to end users in the Netherlands.

The main criteria used for determining the recoverable amount are gross margins and the discount rate applied. Budgeted gross margins are based on recently realised margins. Expected net cash flows have been determined on the basis of the company's business plan and budgets for the period 2012-2018.

As mentioned above, a goodwill impairment of DKK 277 million was recognised, to the effect that the goodwill relating to DONG Energy Sales B.V. has been fully written off. The impairment was recognised in the Sales & Distribution segment.

Rights

Rights consist predominantly of gas purchase rights and a connection right relating to gas transportation. At 31 December 2011, the carrying amount of gas purchase rights was calculated at DKK 768 million (2010: DKK 875 million) and the carrying amount of the connection right at DKK 170 million (2010: DKK 292 million).

In June 2011, the Danish Energy Regulatory Authority (DERA) declared that the tariff for DONG Energy's gas pipelines must only amount to DKK 0.07/m^3 compared with the current tariff of DKK 0.13/ m^3. As a consequence of this, in 2011, a DKK 73 million impairment loss was recognised on the connection right relating to gas transportation and DKK 527 million on the offshore gas pipelines from the North Sea to Denmark (recognised in production assets). The impairment loss reflects a reduction of the tariff to DKK 0.10/m^3, equivalent to the tariff reduction offered by DONG Energy to DERA. The impairment was recognised in the Energy Markets segment.

There were no other indications of impairment of rights in 2011. Consequently, no further impairment testing of rights was carried out.

CO_2 emissions allowances

CO_2 emissions allowances for own use amounted to DKK 834 million (2010: DKK 182 million). There were no indications of impairment of CO_2 emissions allowances in 2011. Consequently, these were not tested for impairment. In 2010, a DKK 93 million impairment loss was recognised in respect of rights relating to CO_2 emissions allowances. The impairment loss reflected a change in the Group's estimate relating to the allocation of CO_2 emissions allowances in the Netherlands. CO_2 emissions allowances are recognised in the Thermal Power segment.

Completed development projects

Completed development projects relate primarily to IT software and development of technical solutions, for example for the electricity grid. The carrying amount of completed development projects was DKK 279 million at 31 December 2011 (2010: DKK 357 million).

There were no indications of impairment of completed development projects. Consequently, these were not tested for impairment.

In-process development projects

In-process development projects are tested annually for impairment.

In-process development projects relate primarily to the implementation of new IT systems. The carrying amount of in-process development projects stood at DKK 22 million at 31 December 2011 (2010: DKK 21 million).

The Group tested the carrying amounts of recognised in-process development projects for impairment in 2011. The result of the year's other impairment tests was that the recoverable amount exceeded the carrying amount of in-process development projects. It was consequently not deemed necessary to write down in-process development projects.

NOTES

16 Property, plant and equipment

DKK million	Land and buildings	Production assets	Exploration assets	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	**Total**
Cost at 1 January 2011	3,507	86,249	975	482	19,161	110,374
Foreign exchange adjustments	1	472	39	-	466	978
Additions	126	3,339	1,073	79	17,490	22,107
Disposals	(54)	(322)	(476)	(16)	(188)	(1,056)
Transfers to assets classified as held for sale	(25)	(1,642)	-	(5)	(120)	(1,792)
Transfers	1,521	12,073	-	158	(13,755)	(3)
Cost at 31 December 2011	**5,076**	**100,169**	**1,611**	**698**	**23,054**	**130,608**
Depreciation and impairment losses at 1 January 2011	(648)	(28,747)	-	(277)	(17)	(29,689)
Foreign exchange adjustments	-	(64)	-	-	-	(64)
Depreciation and impairment losses, disposals	1	34	-	10	-	45
Depreciation charge	(199)	(6,115)	-	(81)	-	(6,395)
Impairment charge	-	(527)	-	-	-	(527)
Impairment losses reversed	-	59	-	-	-	59
Transfers to assets classified as held for sale	2	466	-	3	-	471
Transfers	(90)	163	-	(71)	-	2
Depreciation and impairment losses at 31 December 2011	**(934)**	**(34,731)**	**0**	**(416)**	**(17)**	**(36,098)**
Carrying amount at 31 December 2011	**4,142**	**65,438**	**1,611**	**282**	**23,037**	**94,510**

DKK million	Land and buildings	Production assets	Exploration assets	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	**Total**
Cost at 1 January 2010	3,482	74,257	2,997	473	13,043	94,252
Foreign exchange adjustments	2	1,426	49	-	433	1,910
Additions	20	2,840	386	12	13,046	16,304
Disposals	(27)	(744)	(100)	(13)	(196)	(1,080)
Transfers to assets classified as held for sale	(4)	(1,046)	-	(1)	(1)	(1,052)
Transfers	6	9,516	(2,357)	11	(7,176)	0
Reclassifications	28	-	-	-	12	40
Cost at 31 December 2010	**3,507**	**86,249**	**975**	**482**	**19,161**	**110,374**
Depreciation and impairment losses at 1 January 2010	(469)	(23,430)	-	(206)	(17)	(24,122)
Foreign exchange adjustments	-	(324)	-	(1)	-	(325)
Depreciation, disposals	11	171	-	13	-	195
Depreciation charge	(141)	(5,111)	-	(84)	-	(5,336)
Impairment charge	(23)	(294)	-	-	-	(317)
Transfers to assets classified as held for sale	2	241		1	-	244
Reclassifications	(28)	-	-	-	-	(28)
Depreciation and impairment losses at 31 December 2010	**(648)**	**(28,747)**	**0**	**(277)**	**(17)**	**(29,689)**
Carrying amount at 31 December 2010	**2,859**	**57,502**	**975**	**205**	**19,144**	**80,685**

Impairment testing

DONG Energy tests property, plant and equipment for impairment if there is any indication of impairment.

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 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 fields

Producing oil and gas fields in the Exploration & Production segment were tested for impairment in 2011. Based on the impairment testing of oil and gas-producing fields, it was estimated that the recoverable amount exceeded the carrying amount, and no impairment losses were therefore recognised on the Group's producing oil and gas fields in 2011.

The main criteria used for determining the recoverable amount are the expectations concerning reserves, oil and gas prices, exchange rates and discount rates.

Electricity distribution network

The electricity distribution network was tested for impairment in 2011. The electricity distribution network is recognised in the Sales & Distribution segment.

Based on the impairment testing of the electricity distribution network, it is estimated that the recoverable amount exceeds the carrying amount. No impairment loss was consequently recognised on the Group's electricity distribution network in 2011. The main criteria in connection with the determination of the recoverable amount are the regulatorily permitted return, discount rates, expected volume of transported kWh, operation and maintenance as well as the associated investment level.

16 Property, plant and equipment

Other production assets

As described under rights in note 15, a DKK 527 million impairment loss was recognised on the offshore gas pipelines from the North Sea to Denmark in 2011. The impairment was recognised in the Energy Markets segment.

Other significant production assets were tested for impairment, including primarily power stations and wind farms. It is estimated that the recoverable amount of other production assets exceeds the carrying amount, and no impairment losses were consequently recognised in respect of other production assets.

In 2010, a DKK 317 million impairment loss was recognised, including DKK 299 million in respect of small-scale power stations. Part of this impairment loss related to the small-scale Maribo-Sakskøbing CHP plant, which was subsequently sold in 2011. Therefore, of the impairment loss recognised in 2010, DKK 59 million has been reversed.

Exploration assets

Exploration assets are tested for impairment when sufficient data have been obtained to assess each asset's technical and commercial potential and if there is any indication of impairment. Impairment testing is also carried out at the time commercial finds of oil and/or gas have been identified, and when exploration assets are reclassified to assets under construction.

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

There were no indications of impairment in 2011, and no impairment losses were therefore recognised in 2011 on the Group's exploration assets.

Property, plant and equipment under construction

Significant items of property, plant and equipment under construction, including wind farms and oil and gas fields, were tested for impairment. It is estimated that the recoverable amount of property, plant and equipment under construction exceeds the carrying amount.

Other property, plant and equipment

The carrying amounts of other 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.

Based on the impairment testing of other property, plant and equipment, it is estimated that the recoverable amount exceeds the carrying amount. No impairment losses were consequently recognised in 2011 in respect of the Group's other property, plant and equipment.

17 Associates and other securities

DKK million	Investments in associates 2011	Investments in associates 2010	Other equity investments 2011	Other equity investments 2010	Other securities 2011	Other securities 2010
Cost at 1 January	3,317	4,143	517	269	-	1,173
Foreign exchange adjustments	5	7	-	-	-	-
Additions	133	57	63	248	-	130
Disposals	-	-	(19)	-	-	(1,303)
Disposal on disposal of associates	-	(1,103)	-	-	-	-
Capital contributions	259	232	-	-	-	-
Capital reductions	(9)	-	-	-	-	-
Transfers to assets classified as held for sale	-	(19)	-	-	-	-
Cost at 31 December	**3,705**	**3,317**	**561**	**517**	**0**	**0**
Value adjustments at 1 January	(398)	(538)	(143)	(68)	-	-
Foreign exchange adjustments	17	309	-	-	-	-
Share of profit for the year	36	77	-	-	-	-
Disposal on disposal of associates	-	(196)	-	-	-	-
Dividends received	(51)	(59)	-	-	-	-
Impairment charge	-	-	-	(75)	-	-
Value adjustments carried directly in equity of associates	(83)	-	-	-	-	-
Transfers to assets classified as held for sale	-	9	-	-	-	-
Value adjustments at 31 December	**(479)**	**(398)**	**(143)**	**(143)**	**0**	**0**
Carrying amount at 31 December	**3,226**	**2,919**	**418**	**374**	**0**	**0**

Investments in associates include rights with indefinite useful lives. These rights have been tested for impairment. There was deemed to be no need to write down rights with indefinite useful lives in 2011 and 2010.

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 the fair value of the assets cannot be determined reliably.

No impairment losses were charged in respect of other equity investments in 2011. In 2010, DONG Energy recognised a DKK 75 million impairment loss on the Group's participation in development project companies.

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17 Associates and other securities

DKK million	2011	2010
Revenue	2,134	4,867
Profit	144	313
Profit attributable to DONG Energy	**36**	**77**
Assets	13,470	13,417
Liabilities	1,344	2,324
Equity	12,126	11,093
Equity attributable to DONG Energy	**3,226**	**2,919**

The accounting figures disclosed in the note have been determined on the basis of the recognised values in the Group. For an overview of the Group's ownership interests in associates, reference is made to note 42 in the complete annual report.

18 Inventories

DKK million	2011	2010
Raw materials and consumables	96	102
Fuel	1,158	1,125
Natural gas and crude oil	2,179	1,118
CO_2 emissions allowances	79	513
Green certificates	726	230
Other inventories	6	3
Inventories at 31 December	**4,244**	**3,091**

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

19 Receivables

DKK million	2011	2010
Receivables from associates	546	542
Receivables from jointly controlled entities	328	12
Receivables from the disposal of activities	108	103
Receivables from the disposal of equity investments to non-controlling interests	185	76
Assets held under finance leases	2.056	2.027
Other receivables	91	102
Non-current receivables at 31 December	**3.314**	**2.862**
Trade receivables	7.634	9.451
Receivables from associates	11	2
Receivables from jointly controlled entities	542	259
Receivables from the disposal of activities	101	131
Receivables from the disposal of equity investments to non-controlling interests	1.160	1.664
Receivable capital contributions from non-controlling interests	2.103	2.212
Assets held under finance leases	38	73
Fair value of derivative financial instruments, see note 33	16.060	14.461
Deposits	246	102
Construction contracts, see note 20	41	61
Other receivables	4.556	3.198
Current receivables at 31 December	**32.492**	**31.614**
Current and non-current receivables at 31 December	**35.806**	**34.476**

Other receivables include VAT, other indirect taxes, prepayments, etc.

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

Further details of credit risks associated with receivables are disclosed in the Credit risks section in the Risk and risk management chapter in Management's review, pages 44-51, and in note 32.

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19 Receivables

Assets held under finance leases with DONG Energy as lessor

DKK million	2011 Present value	2011 Interest	2011 Minimum lease income	2010 Present value	2010 Interest	2010 Minimum lease income
0 - 1 year	38	(120)	158	73	(122)	195
1 - 5 years	207	(454)	661	183	(466)	649
More than 5 years	1,849	(902)	2,751	1,844	(1,069)	2,913
Assets held under finance leases	**2,094**	**(1,476)**	**3,570**	**2,100**	**(1,657)**	**3,757**

Assets held under finance leases with DONG Energy as the lessor comprise a gas-fired power station constructed for Statoil in Mongstad in Norway. The lease has a 20-year term, but includes an option for two five-year extensions.

The present value of the lease has been calculated applying the interest rate implicit in the lease. There is no contingent rent under the lease.

Receivables that are past due but not individually impaired

DKK million	2011	2010
Days past due:		
Up to 30 days	442	653
30 - 90 days	108	92
More than 90 days	715	173
General write-offs	(152)	(148)
Trade receivables that are past due but not individually impaired	**1,113**	**770**

General write-downs on trade receivables are assessed on the basis of due date and historical experience. Write-downs are recorded on a summary account.

The Group's trade receivables at 31 December 2011 include receivables totalling DKK 26 million (2010: DKK 171 million) that have been written down to DKK 11 million following individual assessment (2010: DKK 130 million). The individual write-down on trade receivables was DKK 15 million (2010: DKK 41 million).

Movements in general and individual write-downs

DKK million	2011	2010
Write-downs at 1 January	189	183
Write-downs for the year	60	72
Reversal of previous write-downs	(6)	(3)
Receivables written off	(76)	(63)
Write-downs at 31 December	**167**	**189**

20 Construction contracts

DKK million	2011	2010
Selling price of construction contracts	481	43
Progress billings	(901)	-
Net value of construction contracts at 31 December	**(420)**	**43**
Which can be broken down as follows:		
Construction contracts (assets)	41	61
Construction contracts (liabilities)	(461)	(18)
Net value of construction contracts at 31 December	**(420)**	**43**

Selling price and progress billings at 31 December 2011 relate primarily to the construction of 50% of Anholt offshore wind farm, which is owned by external parties. The offshore wind farm is scheduled for completion and start-up in autumn 2013.

Construction contracts are recognised as receivables, see note 19, and payables, see note 25.

21 Assets classified as held for sale

DKK million	2011	2010
Property, plant and equipment	320	805
Other non-current assets	-	13
Non-current assets	**320**	**818**
Current assets	364	27
Assets classified as held for sale at 31 December	**684**	**845**
Non-current liabilities	355	66
Current liabilities	30	97
Liabilities relating to assets classified as held for sale at 31 December	**385**	**163**

Assets classified as held for sale at 31 December 2011 comprise DONG Energy's oil terminals and the small-scale CHP plants Ringsted CHP plant, Masnedø CHP plant, Slagelse CHP plant, Køge CHP plant, Haslev CHP plant, Grenå CHP plant and DTU CHP plant. The oil terminals and three of the CHP plants have been sold and transferred in 2012 (Thermal Power segment).

Assets classified as held for sale at 31 December 2010 comprise certain completed offshore transmission networks in the UK (Wind Power segment), Odense CHP plant and Frederikshavn Affaldskraftvarmeværk (Thermal Power segment) as well as DONG Energy's ownership interest in DELPRO (Sales & Distribution segment), which was sold in 2011. Reference is made to note 29.

22 Equity

Share capital

DKK million	2011	2010
Share capital at 1 January	2,937	2,937
Share capital at 31 December	**2,937**	**2,937**

The company's share capital is DKK 2,937,099,000, divided into shares of DKK 10. 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 to be represented at the general meeting in order to be carried.

Dividends

The Board of Directors recommends that dividend of DKK 1,457 million be paid for the 2011 financial year, equivalent to 60% of the business performance result determined as the share of the business performance result after tax (i.e. excluding coupon to hybrid capital holders and non-controlling interests) that is attributable to the company's shareholders, equivalent to DKK 4.96 per share (2010: DKK 7.50 per share). It is the Board of Directors' intention to distribute DKK 7.75 per share in 2012, and, in the years after the 2012 financial year and until a decision, if any, on an IPO is made, to generally increase distributions by DKK 0.25 per share per year, although in such a way that the payout ratio does not fall below 40% or exceed 60% of the business performance result for the year determined as the shareholders' share of the business performance result after tax (i.e. excluding coupon to hybrid capital holders and non-controlling interests).

Dividend distributions to shareholders have no tax implications for DONG Energy A/S. Dividend paid per share (DPS) of DKK 10 amounted to DKK 7.50 (2010: DKK 1.64).

Cash management and capital structure

Management continuously evaluates the Group's capital structure to ensure that it is aligned with the Group's and the shareholders' interests and supports the Group's strategy.

DONG Energy's liquidity and financing risks are managed centrally in accordance with principles and delegated authorities laid down by the Board of Directors. One of the most important financial management tasks in DONG Energy is to secure sufficient and flexible financial resources in relation to the day-to-day operations and the Group's investment programme. To this end, internal management targets have been set for the required level of financial resources, taking into account primarily factors such as the investment programme, cash flows from operating activities and debt maturity profile.

Equity, hybrid capital and bond and mortgage loans are considered to be capital.

It is DONG Energy's financing policy to concentrate loans in the parent company in order to optimise the loan portfolio on a consolidated basis. Non-current assets are primarily financed by cash flows from operating activities, supplemented by the raising of debt.

DONG Energy manages its debt profile and cash resources via various policies aimed at minimising refinancing risks. This is achieved partly via a spread of sources of funding and maturities, and partly by ensuring that cash resources are sound, either in the form of committed borrowing facilities or cash and cash equivalents. At the end of 2011, cash resources stood at DKK 23.1 billion, including undrawn committed borrowing facilities of DKK 13.4 billion and cash and securities of DKK 9.7 billion.

To secure financing on attractive terms at all times, DONG Energy has set targets for its credit rating and capital structure. The credit rating target is to maintain ratings of at least BBB+ and Baa1 respectively with the rating agencies Standard & Poor's and Moody's. DONG Energy considers that poorer ratings would restrict its scope for effective implementation of the investment programme that is part of its strategy. DONG Energy has been rated A- by Standard & Poor's and Baa1 by Moody's, both with a stable outlook.

Up to and including 2011, the capital structure target was for adjusted net debt not to exceed three times cash flows from operating activities. From and including 2012, the target has been changed so that adjusted net debt must not exceed 2.5 times EBITDA.

Hybrid capital

The hybrid capital totalling DKK 9,538 million (EUR 1.3 billion nominal value) comprises the EUR hybrid bonds issued in the European capital markets to which a series of special terms are attached. The hybrid capital is subordinate to the Group's other creditors. The purpose of issuing hybrid capital was to strengthen the Group's capital base and to fund the Group's CAPEX and acquisitions.

The total hybrid capital consists of hybrid bonds due in 3005 and hybrid bonds due in 3010. Further details of the two hybrid capital issues are given in the table below.

Coupon on the hybrid capital is settled annually. Coupon payments and their tax effect are recognised directly in equity.

	Hybrid capital due 3005	Hybrid capital due 3010
Carrying amount	DKK 4,411 million	DKK 5,127 million
Principal amount	EUR 600 million (DKK 4,460 million)	EUR 700 million (DKK 5,204 million)
Issued	June 2005	January 2011
Maturing	June 3005	June 3010
First call date	29 June 2015	1 June 2021
Coupon	Coupon for the first ten years is fixed at 5.5% p.a., after which it becomes floating at 3 months' EURIBOR + 3.2%	Coupon for the first ten years is fixed at 7.75% p.a., after which it becomes variable at 12 months' EURIBOR + 5.5%
Deferral of coupon payment	Optional deferral option	Optional deferral option, plus mandatory deferral in the event of DONG Energy A/S's credit rating with S&P being downgraded to BB+ or less

DONG Energy A/S may, at its sole discretion, 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 subsequently making any distributions to its shareholders. So far, DONG Energy A/S has not used the option to defer coupon payments.

For the hybrid capital due in 3010, DONG Energy A/S must defer coupon payments to bond holders in the event of S&P downgrading DONG Energy A/S's credit rating to BB+ or less. In the event of such mandatory deferral, the coupon must not be paid until five years after the deferral date, or when the credit rating again exceeds BB+.

Via a trust deed in connection with the issuing of the hybrid bonds due in 3010, DONG Energy A/S has committed to not redeeming these bonds without replacing them with similar bonds or other subordinated capital contributions. This commitment, which has been made to the investors at any given time in one or more of DONG Energy A/S's other bond issues, will remain in effect until 2046. DONG Energy A/S may be released from this obligation subject to certain conditions being met.

Of the hybrid bonds due in 3005, DONG Energy repurchased bonds with a nominal value of EUR 0.5 billion in January 2011 while at the same time issuing new hybrid bonds with a nominal value of EUR 0.7 billion due in 3010.

Non-controlling interests

Non-controlling interests' share of recognised profit and equity in the Group relates to:

	2011		2010	
DKK million	**Profit for the year**	**Equity**	Profit for the year	Equity
DONG Energy Sales GmbH	-	-	5	-
DONG Energy Kraftwerke Greifswald GmbH & Co. KG	-	-	(43)	-
DONG Energy Nysted I A/S	6	43	-	67
EnergiGruppen Jylland F&B A/S	6	7	(15)	-
DONG Energy Germany AG	-	-	2	32
MIG Business Development A/S	-	-	-	1
A2SEA A/S	42	746	(7)	318
Storrun Vindkraft AB	2	62	1	61
Walney (UK) Windfarms Ltd.	62	5,417	(50)	3,036
Gunfleet Sands Holding Ltd.	67	1,677	-	-
Non-controlling interests	**185**	**7,952**	**(107)**	**3,515**

23 Deferred tax

DKK million	2011	2010
Deferred tax at 1 January	7,784	6,385
Foreign exchange adjustments	29	179
Addition on acquisition of individual assets	(59)	-
Deferred tax for the year recognised in profit for the year	1,460	1,258
Deferred tax for the year recognised in other comprehensive income	1	(1)
Adjustments in respect of prior years	(19)	(38)
Transfers to assets classified as held for sale	(45)	2
Effect of reduction of income tax rate	4	(1)
Deferred tax at 31 December	**9,155**	**7,784**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (assets)	(181)	(404)
Deferred tax (liabilities)	9,336	8,188
Deferred tax at 31 December, net	**9,155**	**7,784**
Deferred tax relates to:		
Intangible assets	(10)	479
Property, plant and equipment	11,597	9,785
Other non-current assets	27	89
Current assets	158	(154)
Non-current liabilities	(3,311)	(3,063)
Current liabilities	(125)	(6)
Retaxation	2,548	1,701
Tax loss carryforwards	(1,729)	(1,047)
Deferred tax at 31 December	**9,155**	**7,784**
Deferred tax assets not recognised in the balance sheet relate to:		
Temporary differences	(2,626)	(1,305)
Tax loss carryforwards	15,973	12,114
Unrecognised deferred tax assets at 31 December	**13,347**	**10,809**

Of the deferred tax totalling DKK 9,155 million (2010: DKK 7,784 million), DKK 9,155 million is due for payment after 12 months (2010: DKK 7,784 million).

The tax base of taxable losses includes DKK 0 million (2010: DKK 144 million) relating to unutilised deductible net finance costs.

Unrecognised deferred tax assets relate primarily to unutilised losses in hydrocarbon income. It is considered unlikely that the losses will be utilised in the foreseeable future.

Change in temporary differences in 2011

DKK million	Balance sheet at 1 January	Foreign exchange adjustments	Additions, individual assets	Recognised in profit for the year	Recognised in other comprehensive income	Adjustments in respect of prior years	Transfers to assets classified as held for sale	Effect of change in tax rate	**Balance sheet at 31 December**
Intangible assets	479	-	-	(444)	-	-	(45)	-	(10)
Property, plant and equipment	9,785	61	-	1,187	2	566	-	(4)	11,597
Other non-current assets	89	(1)	-	(12)	-	(49)	-	-	27
Current assets	(154)	-	-	209	65	38	-	-	158
Non-current liabilities	(3,063)	(8)	-	(242)	63	(61)	-	-	(3,311)
Current liabilities	(6)	(2)	-	(162)	(95)	140	-	-	(125)
Retaxation	1,701	-	-	839	-	8	-	-	2,548
Tax loss carryforwards	(1,047)	(21)	(59)	85	(34)	(661)	-	8	(1,729)
Deferred tax	**7,784**	**29**	**(59)**	**1,460**	**1**	**(19)**	**(45)**	**4**	**9,155**

Change in temporary differences in 2010

DKK million	Balance sheet at 1 January	Foreign exchange adjustments	Additions, individual assets	Recognised in profit for the year	Recognised in other comprehensive income	Adjustments in respect of prior years	Transfers to assets classified as held for sale	Effect of change in tax rate	**Balance sheet at 31 Decembe**
Intangible assets	470	-	-	32	-	(23)	-	-	479
Property, plant and equipment	8,380	210	-	1,280	-	(50)	(28)	(7)	9,785
Other non-current assets	27	-	-	144	-	(82)	-	-	89
Current assets	(125)	-	-	(20)	-	(7)	(2)	-	(154)
Non-current liabilities	(2,646)	(35)	-	(328)	(69)	6	9	-	(3,063)
Current liabilities	(1)	(1)	-	(116)	102	(13)	23	-	(6)
Retaxation	1,049	-	-	549	-	103	-	-	1,701
Tax loss carryforwards	(769)	5	-	(283)	(34)	28	-	6	(1,047)
Deferred tax	**6,385**	**179**	**0**	**1,258**	**(1)**	**(38)**	**2**	**(1)**	**7,784**

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24 Provisions

DKK million	2011 Decom-missioning obligations	2011 Other	2011 Total	2010 Decom-missioning obligations	2010 Other	2010 Total
Provisions at 1 January	7,123	2,739	9,862	5,667	1,805	7,472
Foreign exchange adjustments	47	3	50	123	2	125
Provisions used during the year	(7)	(220)	(227)	(20)	(80)	(100)
Provisions reversed during the year	(50)	(225)	(275)	-	-	0
Provisions made during the year	1,417	677	2,094	363	1,012	1,375
Change in interest rate estimates	799	-	799	798	-	798
Change in estimates of other factors	311	-	311	62	-	62
Transfers to/from assets classified as held for sale	(349)	12	(337)	(66)	-	(66)
Reclassifications	(81)	81	0	-	-	0
Interest element of decommissioning obligations	176	-	176	196	-	196
Provisions at 31 December	**9,386**	**3,067**	**12,453**	**7,123**	**2,739**	**9,862**

Decommissioning obligations relate to expected future costs for decommissioning of production facilities, including primarily decommissioning of power stations and wind farms, and restoration of gas and oil drilling sites. The equivalent value of these obligations is recognised in production assets (property, plant and equipment) and depreciated together with the production assets. The increase in the provision for decommissioning obligations in 2011 was primarily due to new wind farms and gas and oil drilling sites.

Provisions, others, include guarantee obligations; expected repayments to electricity consumers, etc., relating to litigation; contractual disputes; and provisions for onerous contracts, etc.

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 1.75%-5.75% (2010: 2.75%-5.75%).

DKK million	2011	2010
0 - 1 year	517	444
1 - 5 years	3,418	3,445
5 - 10 years	3,304	2,202
10 - 20 years	2,225	2,220
20 - 30 years	1,854	621
30 - 40 years	1,133	608
More than 40 years	2	322
Provisions at 31 December	**12,453**	**9,862**

25 Loans and borrowings

DKK million	2011 Current liabilities	2011 Non-current liabilities	2011 Total	2010 Current liabilities	2010 Non-current liabilities	2010 Total
Non-derivative financial instruments:						
Bond loans	3,717	18,961	22,678	3,737	22,833	26,570
Bank overdrafts	114	-	114	19	-	19
Other bank loans	1,681	15,754	17,435	641	10,673	11,314
Trade payables	9,377	-	9,377	6,148	-	6,148
Payables to associates	10	-	10	43	-	43
Other payables	6,793	616	7,409	7,416	54	7,470
Derivative financial instruments:						
Fair value of derivative financial instruments, see note 33	13,095	-	13,095	13,350	-	13,350
Non-financial liabilities:						
Construction contracts, see note 20	461	-	461	18	-	18
Deferred income	1,089	1,713	2,802	609	1,634	2,243
Loans and borrowings before obligations relating to assets classified as held for sale	**36,337**	**37,044**	**73,381**	**31,981**	**35,194**	**67,175**
Liabilities relating to assets classified as held for sale	385	-	385	163	-	163
Loans and borrowings at 31 December, incl. obligations relating to assets classified as held for sale	**36,722**	**37,044**	**73,766**	**32,144**	**35,194**	**67,338**

At 31 December 2011, DONG Energy had loans totalling DKK 11,851 million (2010: DKK 9,097 million) from the European Investment Bank and the Nordic Investment Bank to fund certain assets, including marine gas pipelines, Avedøre power station and a number of offshore wind farms in Denmark and the UK. The loans offered by these multilateral financial institutions include loans to co-fund infrastructure and energy projects on favourable terms and with maturities that often exceed those normally available in the commercial banking market.

In connection with these loans, the Group may be met with demands concerning collateral in the event of a player other than the Danish State acquiring more than 50% of the share capital or voting rights in DONG Energy A/S (change of control), or in the event of Moody's or Standard & Poor's downgrading DONG Energy A/S's rating to Baa3 or BBB- or less respectively.

At 31 December 2011, the Group also had non-cancellable revolving credit facilities totalling EUR 1.6 billion (2010: EUR 1.0 billion). These revolving credit facilities are primarily used as cash resources and remained undrawn at 31 December 2011. In connection with these credit facilities, the Group may be met with demands concerning collateral in the event of other players than a group consisting of the Danish State and Danish electricity distribution companies acquiring more than 50% of the share capital or voting rights in DONG Energy A/S, or in the event of the Danish State ceasing to hold at least 20% of the share capital.

The Group's financing agreements are not subject to any other unusual terms or conditions. Pledging of collateral in connection with loans is disclosed in note 36.

NOTES

26 Interest-bearing debt and capital employed

DKK million	2011	2010
Interest-bearing net debt can be broken down as follows:		
Interest-bearing debt		
Bond loans	22,678	26,570
Bank loans	17,549	11,333
Payables to associates	10	43
Other interest-bearing liabilities	724	450
Interest-bearing debt	**40,961**	**38,396**
Interest-bearing assets		
Securities	9,914	7,620
Cash	2,342	4,147
Of which non-interest-bearing	(48)	(15)
Receivables from associates and jointly controlled entities	1,427	815
Of which non-interest-bearing	(11)	(262)
Receivables from the disposal of equity investments to non-controlling interests	1,345	1,740
Capital contributions receivable from non-controlling interests	2,103	2,212
Interest-bearing assets classified as held for sale	274	-
Interest-bearing assets	**17,346**	**16,257**
Interest-bearing net debt	**23,615**	**22,139**
Capital employed can be broken down as follows:		
Operating assets		
Total assets	154,073	137,339
Interest-bearing assets	(17,346)	(16,257)
Non-interest-bearing assets	**136,727**	**121,082**
Operating liabilities		
Total liabilities	96,333	86,031
Interest-bearing debt	(40,961)	(38,396)
Non-interest-bearing debt	**55,372**	**47,635**
Non-interest-bearing net assets	**81,355**	**73,447**
Reconciliation		
Non-interest-bearing net assets	81,355	73,447
Interest-bearing net debt	(23,615)	(22,139)
Equity	**57,740**	**51,308**

27 Income tax receivable and payable

DKK million	2011	2010
Income tax payable at 1 January, net	594	(383)
Foreign exchange adjustments	4	12
Adjustments to current tax in respect of prior years	(85)	65
Payments in respect of prior years	(505)	451
Current tax for the year	2,294	1,713
Current tax for the year from other comprehensive income	(170)	(590)
Current tax for the year relating to hybrid capital	(246)	(117)
Payments for the year	(1,142)	(557)
Income tax payable at 31 December, net	**744**	**594**
Income tax at 31 December is recognised as follows:		
Income tax receivable (assets)	19	27
Income tax payable (liabilities)	(763)	(621)
Income tax payable at 31 December, net	**(744)**	**(594)**

28 Acquisition of enterprises

Acquisition of enterprises in 2011
There were no business combinations in 2011 or 2010. Reversal of provisions relating to acquisitions in previous years amounted to DKK 22 million in 2011 (2010: DKK 33 million).

Acquisition of enterprises in 2012
In January 2012, DONG Energy obtained control of CT Offshore A/S when it exercised a purchase option. The ownership interest was previously classified as an associate and recognised using the equity method.

Existing ownership interests are valued at fair value, with recognition of the DKK 17 million fair value adjustment in gain on disposal of enterprises. The allocation of the cost of identifiable assets, liabilities and contingent liabilities had yet to be finalised at the time of publication of the consolidated financial statements for 2011, and the items in the opening balance sheet may therefore subsequently be changed. The accounting treatment of the acquisition will be completed within one year in accordance with IFRS 3.

The step acquisition of CT Offshore is in keeping with DONG Energy's strategy in offshore wind. Goodwill relates to employee skills and expected cost synergies. The goodwill recognised in respect of the transaction is not deductible for tax purposes.

The fair value of non-controlling interests is based on the present value of the acquiree's expected future cash flows. The key assumptions applied are expected daily rates for vessels and the level of activity.

Assets acquired in stages include trade receivables of DKK 38 million. None of the trade receivables acquired was deemed to be uncollectible at the date of acquisition.

DKK million	Existing ownership interest	Ownership interest acquired	DONG Energy ownership interest, total	Acquisition date	Core activity	Cost	Cash purchase price, net
CT Offshore A/S	29%	37.67%	66.67%	9 January 2012	Offshore cable installation	244	153

28 Acquisition of enterprises

DKK million	CT Offshore
Consideration for ownership interest acquired	153
Fair value of existing ownership interest	91
Consideration	**244**
Fair value of identifiable assets, liabilities and contingent liabilities	251
Non-controlling interests	(82)
Goodwill	75
Total	**244**
Determination of gain on value adjustment of existing ownership interest in enterprise acquired in stages:	
Fair value of existing ownership interest	91
Carrying amount of existing ownership interest	(74)
Gain recognised in gain on disposal of enterprises	**17**

	CT Offshore	
DKK million	Carrying amount before acquisition date	Fair value at acquisition date
Intangible assets	-	75
Property, plant and equipment	238	406
Receivables	45	45
Non-current liabilities	(97)	(138)
Current liabilities	(61)	(61)
Net assets	**125**	**327**
Non-controlling interests		(83)
DONG Energy's share of net assets		**244**
Intragroup debt acquired		-
Cash acquired		-
Cash purchase price, net		**244**

29 Disposal of enterprises

DKK million	2011	2010
Other non-current assets	14	1,373
Other current assets	406	48
Current liabilities	(395)	(28)
Adjustment of purchase price	(221)	-
Gain on disposal of enterprises	225	905
Selling price	**29**	**2,298**
Of which selling price receivable	(4)	-
Received in respect of prior year disposals	30	-
Cash transferred	(10)	(19)
Cash selling price	**45**	**2,279**

2011

DKK million	Gain/(loss)
Elsamprojekt Polska (Thermal Power)	1
Odense Kraftvarmeværk A/S (Thermal Power)	-
Frederikshavn Affaldskraftvarmeværk A/S (Thermal Power)	-
DELPRO A/S and adjustment Fiber Newco A/S earn-out (Sales & Distribution)	3
Purchase price adjustment relating to Energi E2 Renewables Ibericas S.L. (Wind Power)	221
Gain on disposal of enterprises	**225**

An amount of DKK 221 million has been recognised as income in respect of purchase price adjustment relating to the disposal of Energi E2 Renewables Ibericas S.L. (wind activities in Spain and Portugal) in 2007.

2010

DKK million	Gain/(loss)
Nordkraft AS and Salten Kraftsamband AS (Wind Power)	696
Elsam France S.A.S. (Wind Power)	25
Dansk Gasteknisk Center A/S (Sales & Distribution)	-
Swedegas AB (Energy Markets)	184
Gain on disposal of enterprises	**905**

NOTES

30 Transactions with non-controlling interests

Transactions with non-controlling interests

DKK million	2011	2010
Dividends paid to non-controlling interests	(16)	-
Acquisition of equity investments from non-controlling interests	(76)	(138)
Disposal of equity investments to non-controlling interests	1,541	119
Other capital transactions with non-controlling interests	2,496	349
Transactions with non-controlling interests	**3,945**	**330**

Acquisition of equity investments from non-controlling interests

DKK million	2011	2010
Purchase price	76	138
Of which payable	-	-
Cash purchase price	**76**	**138**

Acquisition of equity investments from non-controlling interests in 2011 comprises the acquisition of 16.43% of DONG Energy Germany AG and the payment of contingent consideration relating to Borkum Riffgrund I Holding A/S.

Acquisition of equity investments from non-controlling interests in 2010 comprises the acquisition of 25.1% of DONG Energy Kraftwerke Greifswald GmbH & Co. KG and 25% of DONG Energy Sales GmbH.

Disposal of equity investments to non-controlling interests

DKK million	2011	2010
Selling price	1,767	1,666
Transaction costs	(53)	(41)
Of which receivables	(173)	(1,506)
Cash selling price	**1,541**	**119**

Disposal of equity investments to non-controlling interests in 2011
Disposal of equity investments to non-controlling interests comprises the disposal of 49.9% of Gunfleet Sands Holding Limited and adjustments in respect of prior year disposals. The selling price for Gunfleet Sands Holding Limited is contingent on certain future conditions. The selling price was determined based on management's best estimate of the probability of these conditions being met.

Disposal of equity investments to non-controlling interests in 2010
Disposal of equity investments to non-controlling interests comprises the disposal of 24.8% of Walney (UK) Offshore Windfarms Ltd. and 14.5% of DONG Energy Nysted I A/S. The selling price for Walney (UK) Offshore Windfarms Ltd. is contingent on certain future conditions being met. The selling price was determined based on management's best estimate of the probability of these conditions being met.

Other capital transactions with non-controlling interests

DKK million	2011	2010
Capital contributions from non-controlling interests	2,668	2,613
Other payments from non-controlling interests	1,931	-
Of which receivables	(2,103)	(2,264)
Cash contribution	**2,496**	**349**

Cash contribution primarily represents contributions from non-controlling interests in respect of the construction of wind farms.

31 Cash and cash equivalents and securities

DKK million	2011	2010
Available cash	1,554	3,644
Bank overdrafts that are part of the ongoing cash management, see note 25	(114)	(19)
Cash and cash equivalents at 31 December, see statement of cash flows	**1,440**	**3,625**
Cash can be broken down into the following balance sheet items:		
Available cash	1,554	3,644
Cash not available for use	788	503
Cash at 31 December	**2,342**	**4,147**
Securities can be broken down into the following balance sheet items:		
Available securities	8,129	7,470
Securities not available for use	1,785	150
Securities at 31 December	**9,914**	**7,620**

Cash not available for use primarily comprises cash and cash equivalents tied up for use in jointly controlled wind turbine projects, cash and cash equivalents pledged as collateral for trading in financial instruments, cash and cash equivalents to cover insurance-related provisions, and cash and cash equivalents received from the users of the North Sea oil pipeline for use for pipeline maintenance.

The securities are part of DONG Energy's ongoing cash management. In accordance with IAS 7, cash flows from securities are recognised in cash flows from investing activities.

The securities are primarily highly liquid AAA-rated Danish mortgage bonds that qualify for repos in the Danish Central Bank.

Securities not available for use comprise securities that form part of genuine sale and repurchase transactions (repo transactions) amounting to DKK 1,536 million (2010: DKK 0 million) and securities used to cover insurance-related provisions.

NOTES

32 Credit and market risks

DKK million	Clearing centres	AAA/Aaa	AA/Aa	A/A	BBB/Baa	Other	Total
2011	**3,430**	**8,350**	**5,226**	**8,621**	**1,471**	**9,078**	**36,176**
2010	7,153	7,097	4,883	8,212	357	7,897	**35,599**

Credit risks
The table above provides an overview of the credit quality of the market value of derivative financial instruments, cash and bond portfolios and trade receivables at 31 December 2011 in the DONG Energy Group based on the individual counterparty's ratings with Standard & Poor's and Moody's.

The amounts stated do not include any collateral and therefore do not reflect the actual credit risk.

Like previous years, DONG Energy's counterparty risks are concentrated on companies with a rating of A/A or above. The AA/Aa and A/A categories cover trading with large international energy companies and banks. Such trading is regulated under standard agreements, such as EFET and ISDA agreements, which feature credit rating and netting provisions. The AAA/Aaa category covers DONG Energy's position in Danish AAA-rated mortgage bonds.

The value of trading at clearing centres decreased significantly compared with 2010, whereas the other categories increased. This reflected a combination of changed trading activity in connection with hedging of DONG Energy's market risk and market value changes in relation to the date of conclusion of each transaction determined at 31 December. The 'Other' group predominantly consists of trade receivables from customers, such as end users and PSO customers.

Further details of the Group's risk management are provided in the chapter on Risk and risk management on pages 44-49 of Management's review.

Market risks
The market risk on commodities primarily relates to portfolio management and trading activities. The Group is exposed to two types of energy risk: fluctuations in market prices and fluctuations in volumes due to the fluctuating needs of the underlying business.

By virtue of its day-to-day activities, the Group is exposed to fluctuations in the prices of gas, oil, electricity, coal and CO_2 and, to a lesser extent, other commodities. The Group trades actively in these commodities in the relevant markets to hedge and optimise its supply requirements and secure the Group's supply chain. In this connection, the Group uses derivatives to hedge its positions.

The sensitivity analysis below shows the effect of market value changes assuming a relative price change at 31 December 2011. The illustrated effect on profit comprises financial instruments that remained open at the balance sheet date and have an effect on profit in the financial year in question. Besides derivative financial instruments on commodities and currency, financial instruments in this context include receivables and payables in foreign currencies.

It should be noted that the illustrated sensitivities only comprise the Group's financial instruments and therefore exclude the effect from contracts concluded under which physical delivery of the underlying assets is made, as these are not recognised as financial instruments in accordance with IAS 39. The sensitivity thus only comprises the derivative financial instruments and not the physical contracts they hedge.

The implementation of business performance has made the Group more sensitive to changes in commodity prices and exchange rates in the statement of comprehensive income, but has reduced its sensitivity in equity. The financial instruments that form part of the sensitivity analysis are financial instruments and financial contracts measured at market value and the Group's receivables, cash and trade payables and its external financing such as bank loans and bond loans.

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.

Risk	Price change	At 31 December 2011 **Effect on profit before tax**	**Effect on equity before tax**	At 31 December 2010 Effect on profit before tax	Effect on equity before tax
Oil	+10%	751	-	867	(427)
	-10%	(719)	-	(923)	522
Gas	+10%	(1,572)	-	(17)	-
	-10%	1,572	-	17	-
Electricity	+10%	(636)	-	523	(308)
	-10%	599	-	(524)	308
Coal	+10%	25	-	(173)	176
	-10%	(25)	-	173	(176)
USD	+10%	393	-	(152)	1,531
	-10%	(393)	-	152	(1,531)
GBP	+10%	(369)	(94)	17	156
	-10%	369	94	(17)	(156)
NOK	+10%	(205)	(5)	(282)	21
	-10%	205	5	282	(21)
SEK	+10%	75	(3)	70	(43)
	-10%	(68)	3	(70)	43
EUR	+10%	(535)	-	(1,479	(75)
	-10%	535	-	1,479	75
Other	+10%	2	9	-	-
	-10%	(2)	(9)	-	-
Interest	+100 basis points	(237)	448	(482)	279

NOTES

33 Financial instruments

Maturity analysis of financial liabilities, including interest payments

2011

DKK million	Carrying amount	Payment obligation	2012	2013	2014	2015	2016	After 2016
Bond loans	22,678	35,618	4,856	1,009	4,726	827	4,544	19,656
Bank overdrafts	114	114	114	-	-	-	-	-
Other bank loans	17,435	20,679	2,126	2,361	1,022	791	1,282	13,097
Trade payables	9,377	9,377	9,377	-	-	-	-	-
Payables to associates	10	10	10	-	-	-	-	-
Fair value of derivative financial instruments	13,095	13,378	9,374	1,830	729	139	110	1,196
Other payables	7,409	7,409	6,793	616	-	-	-	-
At 31 December	**70,118**	**86,585**	**32,650**	**5,816**	**6,477**	**1,757**	**5,936**	**33,949**

In this connection, on 31 December 2011, DONG Energy issued hybrid capital with a principal of DKK 9,664 million and maturity in the year 3005 (DKK 4,460 million) and 3010 (DKK 5,204 million).

The maturity analysis is based on undiscounted cash flows relating to financial liabilities. Derivative financial instruments have been used to hedge interest rate and currency risks on the Group's loan portfolio.

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. Other liabilities predominantly comprised VAT and indirect taxes as well as deferred income.

2010

DKK million	Carrying amount	Payment obligation	2011	2012	2013	2014	2015	After 2015
Bond loans	26,570	40,401	5,044	4,980	1,004	4,728	822	23,823
Bank overdrafts	19	19	19	-	-	-	-	-
Other bank loans	11,314	13,260	879	383	2,194	617	539	8,648
Trade payables	6,148	6,148	6,148	-	-	-	-	-
Payables to associates	43	43	43	-	-	-	-	-
Fair value of derivative financial instruments	13,350	13,350	10,542	1,519	523	153	17	596
Other payables	7,470	7,470	7,416	54	-	-	-	-
At 31 December	**64,914**	**80,691**	**30,091**	**6,936**	**3,721**	**5,498**	**1,378**	**33,067**

Categories of financial instruments

DKK million	2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Derivative financial instruments included in trading portfolio	16,301	16,301	10,359	10,359
Securities	9,914	9,914	7,620	7,620
Financial assets measured at fair value via profit for the year	**26,215**	**26,215**	**17,979**	**17,979**
Derivative financial instruments entered into to hedge future cash flows	-	-	4,174	4,174
Derivative financial instruments entered into to hedge net investments in foreign enterprises	455	455	203	203
Derivative financial instruments entered into to hedge fair values	405	405	170	170
Financial assets used as hedging instruments	**860**	**860**	**4,547**	**4,547**
Trade receivables	7,634	7,634	9,451	9,451
Receivables from the disposal of activities	1,554	1,554	1,974	1,974
Other receivables	8,530	8,530	7,525	7,525
Cash	2,342	2,342	4,147	4,147
Loans and receivables	**20,060**	**20,060**	**23,097**	**23,097**
Other equity investments	418	418	374	374
Financial assets available for sale	**418**	**418**	**374**	**374**
Derivative financial instruments included in trading portfolio	11,755	11,755	8,681	8,681
Financial liabilities measured at fair value via profit for the year	**11,755**	**11,755**	**8,681**	**8,681**
Derivative financial instruments entered into to hedge future cash flows	1,028	1,028	4,545	4,545
Derivative financial instruments entered into to hedge net investments in foreign enterprises	1,293	1,293	433	433
Derivative financial instruments entered into to hedge fair values	120	120	136	136
Financial liabilities used as hedging instruments	**2,441**	**2,441**	**5,114**	**5,114**
Bond loans	22,678	25,228	26,570	28,149
Bank loans	17,549	18,271	11,333	11,770
Other payables	12,546	12,546	12,205	12,205
Financial liabilities measured at amortised cost	**52,773**	**56,045**	**50,108**	**52,124**

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.

The nominal value of bond loans, bank overdrafts and other bank loans was DKK 40,584 million (2010: DKK 38,028 million).

NOTES

33 Financial instruments

Fair value of derivative financial instruments

DKK million	2011 Positive	2011 Negative	2011 Net	2010 Positive	2010 Negative	2010 Net
Commodities:						
Oil swaps	2,255	(1,952)	303	1,346	(1,171)	175
Oil options	514	(101)	413	829	-	829
Gas swaps	4,083	(2,538)	1,545	1,258	(1,369)	(111)
Electricity swaps	6,566	(4,731)	1,835	8,850	(8,407)	443
Electricity options	23	(529)	(506)	6	(7)	(1)
CO_2 emissions allowances	417	(130)	287	131	(126)	5
Coal forwards	715	(797)	(82)	1,099	(855)	244
Currency:						
Forward exchange contracts	920	(939)	(19)	368	(607)	(239)
Currency swaps	423	(449)	(26)	340	(199)	141
Interest:						
Interest rate swaps	144	(929)	(785)	234	(609)	(375)
At 31 December	**16,060**	**(13,095)**	**2,965**	**14,461**	**(13,350)**	**1,111**

DKK million	2011 Positive	2011 Negative	2011 Net	2010 Positive	2010 Negative	2010 Net
0-6 months	7,612	(6,288)	1,324	6,808	(7,232)	(424)
6-12 months	3,739	(3,018)	721	3,284	(3,310)	(26)
1-2 years	2,495	(1,789)	706	2,049	(1,519)	530
2-3 years	936	(709)	227	829	(523)	306
More than 3 years	1,278	(1,291)	(13)	1,491	(766)	725
At 31 December	**16,060**	**(13,095)**	**2,965**	**14,461**	**(13,350)**	**1,111**

The Group uses derivative financial instruments as part of its risk management, trading and when position taking. The maturity analysis for interest rate swaps reflects the expected maturity for each contract.

Securities

2011

DKK million	Nominal value	Carrying amount	Avg. interest rate (%)	Maturity 2012	2013	2014	2015	2016	After 2016
Fixed-interest	4,929	4,968	2.94	205	559	2,125	206	1,148	725
Floating-rate	3,156	3,161	1.51	1,724	397	687	-	353	-
Distributable securities	**8,085**	**8,129**		**1,929**	**956**	**2,812**	**206**	**1,501**	**725**
Fixed-rate securities forming part of repo transactions	1,502	1,536	2.00	-	509	-	1,027	-	-
Fixed-interest securities pledged as collateral in respect of insurance-related provisions	250	249	2.60	249	-	-	-	-	-
At 31 December	**9,837**	**9,914**		**2,178**	**1,465**	**2,812**	**1,233**	**1,501**	**725**

2010

DKK million	Nominal value	Carrying amount	Avg. interest rate (%)	Maturity 2011	2012	2013	2014	2015	After 2015
Fixed-interest	5,551	5,569	3.20	4,014	-	502	-	483	570
Floating-rate	1,896	1,901	1.43	398	1,503	-	-	-	-
Distributable securities	**7,447**	**7,470**		**4,412**	**1,503**	**502**	**0**	**483**	**570**
Fixed-interest securities pledged as collateral in respect of insurance-related provisions	150	150	4.00	150	-	-	-	-	-
At 31 December	**7,597**	**7,620**		**4,562**	**1,503**	**502**	**0**	**483**	**570**

In 2011, DONG Energy started using genuine sale and repurchase transactions (repo transactions) in connection with the management of the Group's ongoing cash flow management. In this connection, DONG Energy uses its bond portfolio as sales instrument.

NOTES

33 Financial instruments

Trading portfolio, economic hedging and cash flow hedging

2011	Total		Trading portfolio and economic hedging	
DKK million	Notional amount	Fair value	Notional amount	Fair value
Commodities:				
Oil swaps	6,129	303	6,129	303
Oil options	1,192	413	1,192	413
Gas swaps	22,032	1,545	22,032	1,545
Electricity swaps	19,006	1,835	19,006	1,835
Electricity options	444	(506)	444	(506)
CO_2 emissions allowances	512	287	512	287
Coal forwards	1,636	(82)	1,636	(82)
Currency:				
Forward exchange contracts	9,240	300	3,751	467
Currency swaps	7,014	352	6,177	367
Interest:				
Interest rate swaps	10,033	(929)	550	(83)
Total derivative financial instruments	**77,238**	**3,518**	**61,429**	**4,546**

Cash flow hedging

				Expected date of transfer to profit for the year			
DKK million	Notional amount	Fair value	Recognised in equity	2012	2013	2014	After 2014
Commodities:							
Oil swaps	-	-	(184)	(90)	(39)	(55)	-
Oil options	-	-	317	208	109	-	-
Gas swaps	-	-	-	-	-	-	-
Electricity swaps	-	-	(69)	(65)	(4)	-	-
Electricity options	-	-	-	-	-	-	-
CO_2 emissions allowances	-	-	-	-	-	-	-
Coal forwards	-	-	56	45	11	-	-
Currency:							
Forward exchange contracts	5,489	(167)	(1,457)	(392)	(486)	(477)	(102)
Currency swaps	837	(15)	153	20	34	64	35
Interest:							
Interest rate swaps	9,483	(846)	(848)	(6)	(25)	(5)	(812)
Total derivative financial instruments	**15,809**	**(1,028)**	**(2,032)**	**(280)**	**(400)**	**(473)**	**(879)**

Trading portfolio, economic hedging and cash flow hedging

2010	Total		Trading portfolio and economic hedging	
DKK million	Notional amount	Fair value	Notional amount	Fair value
Commodities:				
Oil swaps	11,603	175	9,794	557
Oil options	8,148	829	-	-
Gas swaps	1,272	(111)	1,272	(111)
Electricity swaps	13,848	442	8,689	1,257
CO_2 emissions allowances	258	34	258	34
Coal forwards	1,959	244	71	14
Currency:				
Forward exchange contracts	7,563	(141)	-	-
Currency swaps	10,778	221	5,305	53
Interest:				
Interest rate swaps	18,494	(386)	13,650	(126)
Total derivative financial instruments	**73,923**	**1,307**	**39,039**	**1,678**

Cash flow hedging

				Expected date of transfer to profit for the year			
DKK million	Notional amount	Fair value	Recognised in equity	2011	2012	2013	After 2013
Commodities:							
Oil swaps	1,809	(382)	(370)	(186)	(90)	(39)	(55)
Oil options	8,148	829	493	176	208	109	-
Gas swaps	-	-	-	-	-	-	-
Electricity swaps	5,159	(815)	(552)	(482)	(65)	(4)	(1)
CO_2 emissions allowances	-	-	-	-	-	-	-
Coal forwards	1,888	230	144	70	63	11	-
Currency:							
Forward exchange contracts	7,563	(141)	(1,280)	(64)	(220)	(423)	(573)
Currency swaps	5,473	168	339	163	73	(3)	106
Interest:							
Interest rate swaps	4,844	(260)	(265)	-	-	(26)	(239)
Total derivative financial instruments	**34,884**	**(371)**	**(1,491)**	**(323)**	**(31)**	**(375)**	**(762)**

33 Financial instruments

In 2011, in connection with the introduction of business performance, the Group discontinued the application of hedge accounting for commodities and related currency exposures. Commodity hedge transactions, DKK 120 million, all of which relate to hedging transactions entered into in or before 2010 are recognised in hedging of future cash flows. All commodity hedges and related currency exposures recognised in hedging of future cash flows are expected to be realised by 2014.

Ineffectiveness arising from hedging of future cash flows from commodity hedging and related currency exposures is recognised in the item effect of economic hedging with DKK 30 million (2010: DKK 390 million), see note 4, and in fual and energy with DKK 47 million (2010: loss of DKK 9 million).

Ineffectiveness of interest rate and currency hedging amounted to DKK 27 million (2010: DKK 7 million).

Hedging of fair values, currency

2011

DKK million	Assets	Liabilities	Hedged using hedging instruments	Net position	Fair value of hedging instrument
EUR	16,592	(40,252)	18,095	(5,565)	(5)
USD	4,607	(7,659)	1,439	(1,613)	(48)
GBP	6,155	(9,085)	-	(2,930)	-
SEK	1,154	(84)	-	1,070	-
NOK	919	(2,964)	-	(2,045)	-
Other	137	(118)	-	19	-
Total	**29,564**	**(60,162)**	**19,534**	**(11,064)**	**(53)**

2010

DKK million	Assets	Liabilities	Hedged using hedging instruments	Net position	Fair value of hedging instrument
EUR	15,921	(43,262)	12,553	(14,788)	41
USD	2,020	(4,707)	1,437	(1,250)	(82)
GBP	7,333	(6,459)	-	874	-
SEK	725	(61)	-	664	-
NOK	478	(3,298)	-	(2,820)	-
Other	182	(68)	-	114	-
Total	**26,659**	**(57,855)**	**13,990**	**(17,206)**	**(41)**

In addition to the above, the fair value of the Group's interest payments has been hedged in the form of interest rate swaps from fixed to floating-rate. Interest swaps with a total value of DKK 4,386 million were entered into (2010: DKK 4,398 million) and a fair value of DKK 144 million (2010: DKK 11 million). Recognised value adjustments amounted to DKK 133 million (2010: DKK 11 million), which was offset by fair value adjustments of a share of the portfolio that matures in 2014-2016 with a total amount outstanding of DKK 4,386 million (2010: maturity 2014-2016 and outstanding amount DKK 4,398 million). The value adjustment of the hedging of the Group's portfolio of CO_2 emissions allowances was DKK 0 in 2011 (2010: loss of DKK 55 million), which was offset by fair value adjustment of the hedged CO_2 emissions allowance.

Hedging of net investments in foreign subsidiaries

DKK million	2011 Net investment including equity-like loans	2011 Hedged amount in currency	2011 Net position	2011 Foreign exchange adjustments recognised in equity	2010 Net investment including equity-like loans	2010 Hedged amount in currency	2010 Net position	2010 Foreign exchange adjustments recognised in equity
GBP	25,771	(22,400)	3,371	236	21,678	(15,886)	5,792	147
NOK	10,932	(3,361)	7,571	349	10,437	(3,962)	6,475	399
SEK	2,776	(1,407)	1,369	(254)	2,714	(1,782)	932	(261)
EUR	5,974	-	5,974	(9)	5,143	0	5,143	7
PLN	1,243	(1,183)	60	(38)	1,457	(1,265)	192	(17)
Total	**46,696**	**(28,351)**	**18,345**	**284**	**41,429**	**(22,895)**	**18,534**	**275**

Ineffectiveness relating to hedging of net investments in foreign subsidiaries was DKK 28 million (2010: DKK 3 million).

Fair value hierarchy of financial instruments

DKK million	2011 Quoted prices (Level 1)	2011 Observable inputs (Level 2)	2011 Non-observable inputs (Level 3)	2011 Total	2010 Quoted prices (Level 1)	2010 Observable inputs (Level 2)	2010 Non-observable inputs (Level 3)	2010 Total
Derivative financial instruments	-	13,967	2,093	16,060	-	12,819	1,642	14,461
Securities	9,914	-	-	9,914	7,620	-	-	7,620
Assets	**9,914**	**13,967**	**2,093**	**25,974**	**7,620**	**12,819**	**1,642**	**22,081**
Derivative financial instruments	-	(12,135)	(960)	(13,095)	-	(13,312)	(38)	(13,350)
Liabilities	**0**	**(12,135)**	**(960)**	**(13,095)**	**0**	**(13,312)**	**(38)**	**(13,350)**

Level 1 comprises quoted securities that are traded in active markets.

Level 2 comprises derivative financial instruments, where valuation models with observable inputs are used to measure fair value, but with discounting to present value applying one of the discount rates set by the Group. Level 2 also comprises quoted securities that have not been traded in the market sufficiently for a reliable fair value to be obtained.

Level 3 comprises primarily long-term contracts on purchase/sale of, in particular, electricity and gas, and oil options. The fair values are based on assumptions concerning the long-term prices of, in particular, electricity, gas, coal, USD, EUR, volatilities as well as risk premiums in respect of liquidity and market risks and are determined by discounting of expected cash flows. Level 3 also includes other financial instruments in which primarily electricity, oil and gas prices have been estimated, and where the sum of these estimated, non-observable inputs may affect fair value.

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33 Financial instruments

Reconciliation of financial instruments based on non-observable inputs

DKK million	2011 Derivative financial instruments (assets)	2011 Derivative financial instruments (liabilities)	2010 Derivative financial instruments (assets)	2010 Derivative financial instruments (liabilities)
Opening at 1 January	1,642	(38)	1,600	(126)
Gains and losses recognised in profit for the year as revenue	(54)	(449)	(421)	103
Purchases	561	(196)	12	(15)
Other transfers to and from Level 3	(56)	(277)	451	-
Closing at 31 December	**2,093**	**(960)**	**1,642**	**(38)**

A loss in respect of assets and liabilities that are valued based on non-observable inputs and were still recognised in the balance sheet at 31 December 2011 was recognised with DKK 137 million (2010: loss of DKK 323 million) in profit for the year as revenue.

The fair value of financial instruments based on non-observable inputs is significantly affected by the non-observable inputs used. As a result of the long-term and illiquid nature of the contracts, the fair value may change significantly in the event of a change in the Group's reasonable expectations relating to the non-observable inputs used.

34 Jointly controlled entities

DONG Energy has ownership interests in jointly controlled entities that primarily comprise ownership and operation of wind farms and power stations. The Group's ownership interests in jointly controlled entities appear from note 42 in the complete annual report.

DONG Energy has assumed investment obligations through its participation in jointly controlled entities and has made capital commitments to jointly controlled entities, as shown in note 36.

Contingent liabilities relating to jointly controlled entities are shown in note 37.

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

DKK million	2011	2010
Income	854	570
Expenses	(589)	(421)
Non-current assets	15,160	5,823
Current assets	2,286	1,481
Assets at 31 December	**17,446**	**7,304**
Non-current liabilities	4,299	378
Current liabilities	4,246	465
Liabilities at 31 December	**8,545**	**843**

35 Lease commitments

2011

	Operating leases			Finance leases		
DKK million	Minimum lease payments	Subleasing	**Net**	Minimum lease payments	Interest	**Present value**
0-1 year	306	-	306	30	(3)	27
1-5 years	850	-	850	28	(8)	20
More than 5 years	1,257	-	1,257	29	(27)	2
Minimum lease payments	**2,413**	**0**	**2,413**	**87**	**(38)**	**49**

2010

	Operating leases			Finance leases		
DKK million	Minimum lease payments	Subleasing	**Net**	Minimum lease payments	Interest	**Present value**
0-1 year	415	(177)	238	40	(2)	38
1-5 years	692	-	692	156	(20)	136
Over 5 years	813	-	813	46	(33)	13
Minimum lease payments	**1,920**	**(177)**	**1,743**	**242**	**(55)**	**187**

Assets held under operating leases comprise land and seabed relating to wind farms in the UK, Poland and Germany until 2037, natural gas storage facilities in Germany until 2023, a power station site in the Netherlands until 2037, office premises until 2022 and vehicles etc.

Lease payments in respect of leasing of sea bed relating to wind farms in the UK vary with the MWh generated, but with agreed minimum lease payments.

The Group has concluded operating leases in respect of an installation vessel for the construction of wind farms for the period 2013-2015, a port in Belfast in Northern Ireland for the period 2013-2017 and seabed for wind farms in the UK from 2012 and up to 50 years thereafter (including options for extension). The lease relating to the port includes an option under which it may be extended by five years.

The minimum lease payments under these leases amount to DKK 1,153 million and have not been recognised in the above calculation of minimum lease payments under lease arrangements commenced.

In 2011, operating lease payments totalling DKK 414 million were recognised (2010: DKK 529 million) in profit for the year.

Obligations relating to assets held under finance leases are recognised in bank loans. The present value of minimum lease payments has been calculated using the interest rate in the respective leases. There is no contingent rent under the leases.

Assets held under finance leases are recognised as property, plant and equipment in the balance sheet at 31 December, with the following carrying amounts:

DKK million	**2011**	2010
Production assets	18	32
Property, plant and equipment under construction	98	91
Carrying amount at 31 December	**116**	**123**

NOTES

36 Contractual obligations and security arrangements

DKK million	2011	2010
Investment obligations relating to jointly controlled entities:		
Share of jointly controlled entities' investment obligations	2,060	2,518
Investment obligations in relation to participation in jointly controlled entities	-	1,413
Obligations relating to natural gas and oil exploration and production licences:		
Share of licences' investment obligations	6,788	6,211
Other investment obligations:		
Investment obligations relating to property, plant and equipment	19,746	24,621

Contractual obligations

Investment obligations in respect of jointly controlled entities and other investment obligations relate primarily to wind farms.

The Group is a party to a number of long-term purchase and sales contracts entered into in the course of the Group's ordinary operations. Apart from the liabilities already recognised in the balance sheet, the Group does not expect to incur any significant financial losses as a result of the performance of these contracts.

Security arrangements

Mortgage loans totalling DKK 1,502 million (2010: DKK 1,502 million) were secured on power stations with a carrying amount of DKK 2,812 million (2010: DKK 3,238 million).

Furthermore, the Group provided cash collateral in respect of trading in financial instruments, see note 31.

37 Contingent assets and liabilities

Contingent assets

Significant unrecognised contingent assets comprise deferred tax assets at DKK 13.3 billion (2010: DKK 10.8 billion). Reference is made to note 23.

DONG Energy has advanced claims against a few trading partners and insurance companies. Management is of the opinion that the claims are justified. The claims have not been recognised, as the existence of these assets is subject to several uncertain future events that are outside DONG Energy's control.

In previous financial years, the Group concluded agreements on the sale of companies that feature contingent consideration. This consideration has not been recognised, as its existence is subject, in part, to several uncertain future events that are outside DONG Energy'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 gas and oil 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 Affairs and the Interior 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 gas and oil 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 jointly controlled assets and entities, DONG Energy participates in gas and oil exploration and production, construction and operation of wind farms, geothermal plants and natural gas facilities. The Group has provided guarantees, and guarantees under which the Group assumes primary liability, in respect of the construction and operation of facilities, and leases, decommissioning obligations, purchase and sales contracts, etc.

Joint and several liability

DONG Energy participates in a number of jointly controlled assets and entities, including renewable energy projects and gas and oil exploration and production licences. The Group is 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 and Elsam Kraft A/S charged excessive prices in the Danish wholesale electricity market in some periods. Following a merger in 2008, Elsam Kraft A/S is 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 electricity 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. DONG Energy has recognised a provision of DKK 298 million, which has been determined on the basis of the Danish Competition Council's calculation of the consumers' losses.

In connection with collaboration agreements entered into by the Group concerning jointly controlled assets and entities, etc., various minor litigation cases are pending, the outcome of which is not expected, either individually or collectively, to have any significant effect on the Group's financial position. The Group is also a party to a number of litigation proceedings and legal disputes that will not have any significant effect on the Group's financial position, either individually or collectively.

NOTES

38 Related party transactions

Related parties

Related parties that have control over the Group comprise the Danish State, represented by the Danish Ministry of Finance, which owns 76% of the parent company.

Other related parties are the Group's Board of Directors, Executive Board, senior executives and close members of their families. Related parties also comprise companies that are controlled or jointly controlled by the persons referred to above.

Related parties also include the Group's jointly controlled entities, i.e. companies that are jointly controlled by DONG Energy and other venturers, and associates in which DONG Energy has significant influence. Reference is made to note 42 in the complete annual report for an overview of the Group's jointly controlled entities and associates.

Related party transactions

Remuneration to the Board of Directors, the Executive Boards and other senior executives is disclosed in note 6.

The Group had the following transactions with jointly controlled entitles and associates during the financial year:

	Jointly controlled entities		Associates	
DKK million	**2011**	2010	**2011**	2010
Dividends received	178	39	51	59
Capital transactions, net	625	643	-	-
Trade receivables	2,179	81	5	1
Trade payables	(55)	(40)	(435)	(126)
Purchase of property, plant and equipment	(1,792)	-	-	-
Interest, net	-	-	64	32
Receivables	870	271	557	544
Payables	-	(271)	(10)	(43)

There were no other transactions with related parties during the year under review.

Transactions with related parties are made on arm's length terms.

39 Events after the reporting period

NOTES

Sterling-denominated bond issue

In January 2012, DONG Energy issued a GBP 750 million bond with a maturity of 20 years. The bond carries a coupon of 4.875%. The bond was issued under the company's existing bond programme (EMTN programme) and the transaction will strengthen DONG Energy's strong liquidity position.

Disposal of Oil Terminals

In June 2011, DONG Energy and the Canadian energy infrastructure business Inter Pipeline Fund agreed that Inter Pipeline Fund would take over DONG Energy Oil Terminals. The selling price for DONG Energy Oil Terminals was DKK 2.9 billion. The transaction was completed in January 2012, yielding a gain before tax of approx. DKK 2.6 billion.

Development of the Danish Hejre field

DONG Energy and Bayerngas have decided to develop the Hejre field in the Danish sector of the North Sea. DONG Energy is the operator and has a 60% stake in the field. Bayerngas owns 40%. DONG Energy's investment totals DKK 9.2 billion. The development of the field represents DKK 7.3 billion, equivalent to 60% of the total development costs. The remaining DKK 1.9 billion represents costs for the expansion of DONG Energy's terminal in Fredericia, which will be processing the oil from the Hejre field. DONG Energy estimates the total reserves of the Hejre field at approx. 170 million barrels of oil equivalent and expects first oil from the end of 2015.

Disposal of stake in the German offshore wind farm Borkum Riffgrund 1

In February 2012, the LEGO Group's parent company, KIRKBI A/S, and the Oticon Foundation, via its wholly-owned investment company, William Demant Invest A/S, signed an agreement with DONG Energy to acquire 50% of the German Borkum Riffgrund 1 offshore wind farm for a sum of approx. DKK 4.7 billion. The transaction is subject to approval by the competition authorities and is expected to be completed in the second quarter of 2012. Borkum Riffgrund 1 will consist of 77 3.6 MW wind turbines from Siemens Wind Power. The wind farm will be able to supply CO_2-free power equivalent to the annual electricity consumption of more than 285,000 households. Construction of Borkum Riffgrund 1 is expected to commence in 2013, and first power is expected to be generated in 2014.

NOTES

40 Description of accounting policies

Basis of preparation

Changed presentation

DONG Energy has changed the presentation of its statement of comprehensive income so that it is now classified by nature instead of function, which means that EBITDA features directly in the statement of comprehensive income. This ensures better cohesion with Management's review, in which EBITDA is used as one of the Group's most important performance measures.

Changed presentation of income statement, 2010

DKK million	
Classified by function	
Revenue	54,598
Production costs	(44,469)
Gross profit	**10,129**
Sales and marketing	(458)
Management and administration	(1,835)
Other operating income	295
Other operating expenses	(57)
Operating profit (EBIT)	**8,074**

DKK million	
Classified by nature	
Revenue	54,598
Fuel and energy	(31,436)
Other external expenses	(6,365)
Staff costs	(2,946)
Other operating income	295
Other operating expenses	(57)
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	**14,089**
Depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets	(6,015)
Operating profit (EBIT)	**8,074**

Commodity hedge transactions

From and including 1 January 2011, commodity hedge transactions and related foreign exchange exposures are no longer accounted for as cash flow hedge accounting.

As part of its financial risk management, the Group enters into transactions to hedge certain physical and financial risks in oil, gas, coal, electricity, CO_2 and related currency exposures. The Group accounts for the hedging transactions entered into on the basis of its internal processes for optimisation of its purchase, sale and consumption of oil, gas, coal, electricity and CO_2, as effective economic hedges. Some hedging transactions will meet IAS 39's criteria for cash flow hedge accounting, while others will not. For this reason, the Group has elected not to apply the provisions on hedge accounting to these transactions in future. When determining profit for the year, fair value adjustments to these derivative financial instruments are therefore recognised in the period in which they arise, regardless of the date of realisation of the hedged transaction.

Fair value adjustments of commodity hedge transactions that met the criteria for cash flow hedge accounting at 31 December 2010 have been recognised in a separate reserve within equity. On realisation of the hedged transactions relating to these hedging transactions the amounts from this reserve are reversed and recognised in profit for the year.

Business performance

To provide readers of financial statements with relevant and reliable information on how the business is developing, the Group has elected, in connection with the statement of profit for the period, to present an alternative performance measure, business performance. Business performance has been determined in accordance with the internal management reporting. In connection with the determination of the business performance results, fair value adjustments on hedging transactions relating to commodity risks are recognised in the period in which the hedged transaction affects profit. This means that transactions are recognised at the hedged value. No adjustments are made in respect of gains and losses on other financial instruments.

The adjustments column consists of fair value adjustments of commodity hedge transactions and realised gains and losses on these transactions and therefore solely reflects timing differences. The additional information is presented in accordance with IAS 1.

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. 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 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 within 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. However, this is based on a specific assessment of the possibility of exercising influence. Any such enterprises that satisfy the criteria for joint control are instead accounted for as investments in jointly controlled entities, see the description under Investments in jointly controlled assets and entities.

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 joint 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.

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

Significant accounting policies

Investments in jointly controlled assets and entities

Investments in jointly controlled assets and entities comprise natural gas and oil exploration and production licences, wind farms and a power station, etc.

Recognition of an investment as a jointly controlled asset or entity is conditional upon the existence of a contractual arrangement between the parties stipulating joint control. The contractual arrangement must also stipulate whether the parties are jointly and severally liable or liable for their proportionate interests only.

Investments in jointly controlled assets and entities are recognised in the consolidated balance sheet using proportionate consolidation as a share of assets and liabilities in the jointly controlled assets and entities. Shares of income and expenses from jointly controlled assets and entities are recognised on a proportionate basis in profit for the year, classified by nature. Own liabilities and expenses incurred in respect of jointly controlled assets and entities 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 fully consolidated enterprises and proportionately consolidated assets and entities are eliminated to the extent of the Group's investment.

Deferred tax on temporary differences at the acquisition date between the carrying amount and the tax base of jointly controlled assets is not provided for, see the description under Income tax and deferred tax.

Derivative financial instruments

Derivative financial instruments and loans are used to hedge currency and interest rate risks and risks related to the price of oil, gas, electricity, coal and CO_2 emissions allowances.

Derivative financial instruments are recognised from the trade date as receivables (positive fair values) and other payables (negative fair values) respectively and are measured in the balance sheet at fair value. Transaction costs are added to the fair value on initial recognition, unless the financial asset or the financial liability is measured at fair value with recognition of fair value adjustments in profit for the year.

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.

Value adjustments of derivative financial instruments that act as economic hedges of the Group's primary activities but do not satisfy the criteria for hedge accounting are recognised as revenue and fuel and energy respectively. Likewise, value adjustments of financial contracts offered to customers with a view to price hedging are recognised as revenue. Value

40 Description of accounting policies

adjustments of financial contracts that are not used as economic hedges of the Group's primary activities or that are part of the Group's trading portfolio are recognised as finance income and costs.

Under IFRS, contracts that involve physical delivery may, under certain circumstances, be accounted for as derivative financial instruments. The classification is determined based on an evaluation of the purpose of the contract compared with the Group's other activities. Contracts entered into in the course of the Group's trading activities or as part of certain hedging activities are classified and accounted for as derivative financial instruments, even though they are settled on physical delivery.

Derivative financial instruments used for hedge accounting

The Group applies the provisions on hedge accounting to derivative financial instruments and loans that hedge currency and interest rate risks.

Up to and including 31 December 2010, commodity hedge transactions and related exposures to foreign currencies were also accounted for as cash flow hedge accounting. Market value adjustments of these, which were previously recognised in comprehensive income and a special reserve in equity, are recognised in profit for the year as the underlying transactions are realised or if the hedges are judged to no longer be effective.

Fair value hedging

Changes in the fair value of derivative financial instruments that are designated as and qualify for recognition as hedges of the fair value of a recognised asset or liability are recognised in profit for the year together with changes in the value of the hedged asset or liability to the extent of the hedged risk. Hedging of future cash flows in accordance with an agreement (firm commitment) is accounted for as fair value hedging, except in the case of foreign currency hedging.

Cash flow 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 within a separate hedging reserve until the hedged cash flow is realised. On realisation of the hedged cash flow, 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.

If the hedged cash flows are no longer expected to be realised, the accumulated value adjustment is transferred immediately to profit for the year.

Hedging of net investments

Changes in the fair value of derivative financial instruments and borrowings 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 within a separate translation reserve.

Revenue

Revenue comprises sales and transportation of oil and gas, distribution and storage of gas, sales and distribution of electricity and heat, and grants for the sale of eco-friendly electricity (price supplement), etc. Revenue is recognised in profit for the year when delivery and transfer of risk to buyer have taken place and to the extent that 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 other indirect taxes collected on behalf of third parties. All forms of discounts granted are recognised as 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 recognised only to the extent of costs incurred that it is probable will be recoverable.

Overlift/underlift of oil and gas is recognised as 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, electricity, CO_2 emissions allowances, 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.

Fuel and energy
Fuel and energy comprise the Group's purchases of fuel in the form of gas, coal, biomass and oil, and energy purchases, as well as transportation costs in connection with the above and costs related to CO_2 emissions. The costs are recognised in profit for the year as incurred.

Property, plant and equipment
Property, plant and equipment comprise land and buildings, production assets, exploration assets, other assets, tools and equipment, etc. Property, plant and equipment are 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. Borrowing costs relating to both specific and general borrowing directly attributable to assets under construction with a lengthy construction period are recognised in cost during the construction period. Cost is increased by the present value of the estimated obligations for dismantling and removing the assets and restoring the site to the extent that they are recognised as a provision. 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 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 profit for the year. All other repair and maintenance expenses are recognised in profit for the year as incurred.

Exploration assets comprise acquired licences and reserves as well as exploration expenses that relate to successful wells. 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 if the well is successful. Recognition in the balance sheet is maintained pending determination of commercial viability.

Recognised exploration expenses for commercial discoveries are transferred to property, plant and equipment under construction on commencement of the construction of a field.

All exploration expenses determined as unsuccessful are recognised in profit for the year as other external expenses. General exploration expenses are also recognised as other external expenses as incurred. Borrowing costs relating to exploration assets are recognised in profit for the year as incurred.

Site development and construction costs relating to property, plant and equipment that it has been decided to invest in are recognised in the balance sheet within property, plant and equipment under construction until the date of entry into service. 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 reserves by individual field.

In the case of wind turbines, cost is depreciated 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. Exploration assets and assets under construction are not depreciated, as depreciation of such assets does not commence until the assets are available for use, on which date they are transferred to the relevant item within property, plant and equipment, usually production assets.

40 Description of accounting policies

Depreciation periods for property, plant and equipment

Buildings used for own purposes[1]	20 - 50 years
Production assets, natural gas and oil[2]	20 - 40 years
Production assets (thermal), electricity	20 - 35 years
Production assets, district heat	25 - 35 years
Wind turbines[3]	20 - 24 years
Geothermal plants	20 years
Distribution networks, natural gas[3]	20 - 40 years
Distribution networks, electricity	10 - 40 years
Distribution networks, heat	10 - 50 years
Natural gas storage facilities[3]	20 - 40 years
Gas transportation system (marine pipelines)[3]	20 - 40 years
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 under 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.

Where individual components of an asset have different useful lives, they are accounted for as separate items, which are depreciated separately.

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.

Prepayments for property, plant and equipment are classified together with property, plant and equipment under construction.

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 via profit for the year if the carrying amount exceeds the recoverable amount.

Exploration assets are tested for impairment if there is any indication of impairment. 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 exists. The recoverable amount is the higher of an asset's fair value less expected disposal costs and its value in use. Value in use is determined as the present value of the expected future cash flows from the asset or cash-generating unit to which the asset belongs.

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.

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 profit for the year as depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment.

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.

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 Group's presentation currency, 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 profit for the year on realisation or partial realisation of the net investment.

Share premium
Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares in connection with capital increases. The share premium is available for distribution.

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 in equity. Extraordinary dividends are recognised as a liability at the declaration date.

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 arises. This is because the 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 profit for the year.

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 profit for the year towards the end of the 1,000-year term of the hybrid capital. Coupon payments are recognised in the statement of cash flows in the same way as dividend payments within financing activities.

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 interest rate level in the market. The change in present values for the financial year is recognised as finance costs.

Provisions for decommissioning of production facilities and restoration 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 be attached 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 within property, plant and equipment and depreciated together with the relevant assets. The increase in time of the present value of the provision is recognised in profit for the year as finance costs.

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 profit for the year as finance costs over the term of the loan.

For hybrid capital, reference is made to the specific details given under equity.

40 Description of accounting policies

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.

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 profit for the year as finance income or costs.

Other accounting policies

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. The acquisition date is the date on which DONG Energy obtains control of the acquiree. 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 recognised.

The consideration transferred in exchange for an acquiree consists of the fair value of the agreed consideration in the form of assets acquired, liabilities assumed and issued equity instruments. If parts of the consideration are contingent on future events, these parts of the consideration are recognised in cost at the acquisition-date fair value. Costs incurred in connection with a business combination are recognised in profit for the year as incurred.

The excess of the cost of the consideration transferred in exchange for the acquiree, the amount of any non-controlling interests in the acquiree and the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill within 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 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 Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and translated on initial recognition 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 profit for the year at the date of acquisition.

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, those provisional values, including goodwill, are adjusted retrospectively within 12 months of the acquisition date and comparative figures are restated. Subsequently, goodwill is not adjusted. Changes in estimates of contingent consideration are generally recognised directly in profit for the year.

Non-controlling interests are measured on initial recognition either at fair value or at their proportionate interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. In the former case, goodwill relating to the non-controlling interests' interest in the acquiree is recognised, while, in the latter case, no goodwill is recognised relating to non-controlling interests. The method of measuring non-controlling interests is determined on an acquisition-by-acquisition basis and disclosed in the notes in connection with the description of the acquiree.

The effect of acquisitions and disposals of non-controlling interests after control is obtained is recognised directly in equity. Net assets acquired are not revalued on acquisition.

Enterprises disposed of during the year are recognised in profit for the year up to the date of disposal.

Gains or losses on disposal of enterprises and investments in 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 are recognised in profit for the year as gain (loss) on disposal of enterprises.

Comparative figures are not restated to reflect acquisitions or disposals; however, discontinued operations are presented separately.

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 currencies other 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 rates at the transaction date and at the date of payment are recognised in profit for the year as finance income or costs.

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 profit for the year as finance income or costs.

On recognition in the consolidated financial statements of subsidiaries and proportionately consolidated enterprises with a different functional currency than DKK, the items in the statement of comprehensive income 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 statements of comprehensive income from the rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity within a separate translation reserve. Such foreign exchange adjustments are allocated between the parent company's and the non-controlling interests' equity.

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 within 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 in 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 within a separate translation reserve.

When a foreign entity is disposed of, in full or in part, and control is lost, or when balances that are considered part of the net investment are repaid, the share of the cumulative exchange adjustments that is recognised directly in equity relating to that foreign entity is reclassified to profit for the year together with any gain or loss on disposal. The part of the translation reserve that relates to non-controlling interests is not transferred to profit for the year.

On partial disposal of foreign subsidiaries that does not result in a loss of control, a proportionate share of the translation reserve is transferred from the parent company shareholders' share of equity to the non-controlling interests' share of equity.

Repayment of balances that are considered to form part of the net investment does not constitute a partial disposal of the subsidiary.

Other external expenses
Other external expenses comprise expenses for exploration, maintenance of production equipment, rent, external assistance, sales and marketing, research and development, and office expenses, etc.

Staff costs
Staff costs comprise wages, salaries, remuneration, pensions, social security costs and other staff-related costs.

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 grants received for certain production assets, and research and development projects.

Grants for production assets and development projects are recognised as the assets to which they relate are depreciated. Other income and expenses are recognised as earned/incurred. Gains and losses on disposal of intangible assets and property,

40 Description of accounting policies

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 eco-friendly generation and grants for and funding of research and development projects. Government grants are recognised when there is reasonable assurance that they will be received.

Grants for electricity generation are recognised as revenue as the related electricity revenue is recognised.

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

Grants for production assets and development projects are recognised in the balance sheet as liabilities and transferred to other operating income in profit for the year as the assets to which the grants relate are depreciated.

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

Share of profit (loss) of associates

The proportionate share of associates' profit after tax and non-controlling interests and after elimination of the proportionate share of intragroup profits/losses is recognised in profit for the year.

Finance income and costs

Finance income and costs 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. Finance income and costs also include realised and unrealised gains and losses relating to hedging of interest rate and currency risks that have not been entered into to hedge revenue, fuel and energy or non-current assets. Interest is recognised under the accrual basis of accounting. Dividends from other equity investments are recognised as they are received.

Borrowing costs relating to general borrowing or loans directly attributable to the acquisition, construction or development of qualifying assets form part of the cost of such assets.

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 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 allocation), 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 profit for the year to the extent that it relates to profit for the year, and directly in other comprehensive income to the extent that it relates to entries directly to other comprehensive income.

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 finance income and finance costs respectively.

Subsidiaries that are engaged in oil and gas 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 within income tax expense.

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.

CO_2 emissions allowances
Allocated and purchased CO_2 emissions allowances, including CO_2 credits, that are accounted for as rights are measured initially at cost. If a grant is received in connection with an allocation, the cost constitutes the actual consideration paid for the allowances, i.e. nil if the allowances are allocated free of charge. CO_2 emissions allowances are not amortised, as their residual value equals their cost.

Rights
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 a life of 5 - 20 years.

Development projects
Development projects that are clearly defined and identifiable, and for which technical feasibility, adequate resources and a future application in the enterprise can be demonstrated, and which the enterprise intends to manufacture or use, are recognised within intangible assets if the cost can be determined reliably and if there is reasonable certainty that the future earnings will cover all costs. Other development costs are recognised in profit for the year as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses. Cost comprises wages and salaries and other costs attributable to the Group's development activities. Borrowing costs relating to specific and general borrowing directly attributable to the development of development projects are recognised in cost.

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 losses.

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, increased by or net of the proportionate share of unrealised intragroup gains and losses and increased by any excess of cost on acquisition, including goodwill.

Associates with negative net assets 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, see the description under business combinations.

Other equity investments
Other equity investments comprise unlisted securities. Other equity investments are recognised initially in the balance sheet at cost, equivalent to fair value plus transaction costs. Subsequent to initial recognition, other equity investments are measured at cost less any impairment losses, as it is deemed impracticable to reliably determine their fair value.

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 profit for the year or held-to-maturity financial assets.

Other non-current financial assets
Other non-current financial assets comprise receivables that are recognised initially in the balance sheet at cost, equivalent to fair value, and are subsequently measured at amortised cost.

Inventories
Inventories consist of oil and gas in storage facilities, as well as raw materials, consumables, fuel inventories, CO_2 emissions allowances and green certificates.

In the case of oil, cost is determined as the average production cost. In the case of gas, cost is determined as a weighted average of the previous month's buying prices, including transportation costs.

Allocated and purchased CO_2 emissions allowances 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 profit for the year.

40 Description of accounting policies

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.

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.

Recognition of 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 immediately as an expense and a provision.

When the outcome of a construction contract cannot be estimated reliably, the selling price is recognised only to the extent of 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 as receivables. Where progress billings and expected losses exceed the selling price of construction contracts, the contracts are recognised as liabilities.

Prepayments from customers are recognised as liabilities.

Costs related to sales work and the winning of contracts are recognised in profit for the year as incurred.

Short-term and long-term 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 as 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 profit for the year as finance income and costs.

Sold securities where a repurchase agreement (repo transactions) has been made at the time of sale are recognised in the balance sheet at the settlement date as if the securities were still held. The amount received is recognised as a liability, and the difference between the selling price and the purchase price is recognised in profit for the year over the term as interest. The return on the securities is recognised in profit for the year.

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, deferred tax on temporary differences is 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 profit for the year.

Deferred tax on temporary differences between the carrying amounts and the tax base of acquisitions of jointly controlled assets, including licence interests, is not provided for.

Pension obligations

Pension obligations relate to pensions for a few non-insured former employees (defined benefit plans). 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 within pension obligations. The year's pension costs, including actuarial gains and losses, are recognised in profit for the year.

The financial consequences of the defined benefit pension plans entered into by the Group are insignificant.

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 are described in the sections on property, plant and equipment and financial liabilities.

Lease payments under operating leases are recognised in profit for the year 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. Comparative figures in the balance sheet are not restated.

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 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 profit for the year within the items to which they relate. Gains and losses are disclosed in the notes.

40 Description of accounting policies

Statement of cash flows

The statement of cash flows 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 statement of cash flows 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 net working capital, interest received and interest paid, and income tax paid. Change in trade payables relating to purchases of intangible assets and property, plant and equipment are not recognised in net working capital

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 the share capital and costs associated with such changes as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to owners and coupon payments relating to 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 differ 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 chief operating decision maker. The operating decision maker is the Group Executive Management.

In the segment reporting, hedging transactions relating to commodity risks and related foreign exchange exposures are recognised at the same time as the hedged transaction, so that the hedged transaction is recognised at the hedged value. This is the same method of accounting for hedging transactions as presented in the business performance column in the consolidated financial statements. Apart from this, the accounting policy is consistent with the accounting policy applied in the consolidated financial statements.

Segment income, segment expense, segment assets and segment liabilities are those items that have been directly attributed to the individual segment or indirectly allocated to the individual segment on a reliable basis. Unallocated items are included in other activities and comprise primarily assets, liabilities, revenue and expense relating to the Group's administrative functions, investing activities, income taxes, etc.

The Group's primary measure of performance is EBITDA. EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

The Group's secondary measure of performance is EBIT. EBIT is defined as earnings before interest and tax.

Segment assets comprise those assets that are directly employed by a segment in its operating activities. Current tax and deferred tax are not allocated to individual segments, as they are not directly employed by the individual segment in its operating activities.

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.

Definition of performance highlights

EBITDA adjusted for hydrocarbon tax	EBITDA adjusted for hydrocarbon tax. Hydrocarbon tax is a result of the Group's oil and gas extraction.
Funds From Operation (FFO)	Cash flows from operating activities before change in net working capital.
Gross investments	Cash flows from investing activities, excluding dividends received from associates and equity investments, purchases and sales of securities, loans to jointly controlled entities, and disposals of assets and enterprises.
Net investments	Gross investments less disposals of assets and enterprises. To/from this is added/deducted acquired/transferred debt in connection with acquisitions and disposals of enterprises, and deducted non-controlling interests' share of investments in fully consolidated investment projects, and deducted the selling price of non-controlling interests.
Financial gearing [1]	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$
Adjusted net debt to cash flows from operating activities	$\frac{\text{Adjusted net debt}}{\text{Cash flows from operating activities}}$
Adjusted net debt	Interest-bearing net debt plus 50% of the hybrid capital due in 3005.
Adjusted net debt to EBITDA	$\frac{\text{Adjusted net debt}}{\text{EBITDA}}$
Return on capital employed (ROCE)	$\frac{\text{Adjusted operating profit}}{\text{Average invested capital}}$
Adjusted operating profit	EBIT adjusted for hydrocarbon tax plus profit from associates less interest element of decommissioning obligations.
Capital employed	Non-interest-bearing net assets corresponding to non-interest-bearing assets less non-interest-bearing liabilities.
Average capital employed	$\frac{\text{(Capital employed beg. of year + capital employed year end)}}{2}$
Adjusted return on capital employed	$\frac{\text{Adjusted operating profit}}{\text{Average adjusted capital employed}}$
Adjusted capital employed	Capital employed less property, plant and equipment under construction and exploration assets, and less production assets transferred from property, plant and equipment under construction in the past six months.
Earnings per share (EPS) of DKK 10 [2]	$\frac{\text{Profit for the year}}{\text{Average number of shares}}$
Proposed dividends per share (DPS) of DKK 10 [1]	$\frac{\text{Total proposed dividend}}{\text{Number of shares year end}}$
Payout ratio	$\frac{\text{Total proposed dividend}}{\text{Profit for the year attributable to equity holders}}$
Average number of shares [3]	$\frac{\text{(Shares beg of year x D) + (Shares year end x (365-D))}}{365}$
Net working capital external transactions	Inventories, trade receivables, associates and jointly controlled entities and other operating current assets less trade payables and liabilities to associates and jointly controlled entities and other operating current liabilities. Prepayments and deferred income are not recognised in the determination of net working capital.
Net working capital intragroup transactions	Intragroup trade receivables less intragroup trade payables.

1 The calculation is in accordance with 'Recommendations & Financial Ratios 2010' published by the Danish Society of Financial Analysts.

2 Earnings per share (EPS) is determined in accordance with IAS 33.

3 D = number of days prior to a capital increase, including the day on which the proceeds are received.

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41 Licence overview

Significant licences and hydrocarbon exploration and extraction licences in Denmark and abroad

Segment/location	Activity	Licence	Ownership interest (%)	Expiry
Exploration & Production				
Denmark	Production	Licence 7/86 Lulita Part	44	2026
Denmark	Production	Licence 7/89 Syd Arne Field	37	2027
Denmark	Production	Licence 1/90 Lulita	22	2026
Denmark	Production	Licence 4/95 Nini Field	40	2032
Denmark	Production	Licence 6/95 Siri	100	2027
Denmark	Production	Licence 16/98 Cecilie Field	22	2032
Norway	Production	Licence PL250 Ormen Lange	9	2041
Norway	Production	Licence PL019 Ula	20	2029
Norway	Production	Licence PL019B Gyda	34	2018
Norway	Production	Licence PL065 Tambar	45	2022
Norway	Production	Licence PL300 Tambar East	45	2023
Norway	Production	Licence P159B Alve	15	2029
Norway	Production	Licence PL208 Ormen Lange	45	2040
Norway	Production	Licence PL147 Trym/Trym South	50	2027
Denmark	Development	Licence 5/98 Hejre	60	2040
Norway	Development	Licence PL274 Oselvar	55	2039
Norway	Development	Licence PL113 Mjølner	20	2021
Norway	Development	Licence PL122 Marulk	30	2025
Norway	Development	Licence PL122B Marulk	30	2025
Norway	Development	Licence PL122C Marulk	30	2025
Norway	Development	Licence PL122D Marulk	30	2025
Norway	Development	Licence PL274CS Oselvar	55	2039
UK	Development	Licence P911 Laggan	20	2031
UK	Development	Licence P1159 Tormore	20	2030
UK	Development	Licence P1026 Rosebank	10	2018
UK	Development	Licence P1028 Cambo	20	2037
UK	Development	Licence P1189 Cambo	20	2030
UK	Development	Licence P1190 Tornado	20	2030
UK	Development	Licence P1191 Rosebank South	10	2030
UK	Development	Licence P1195 Glenlivet	80	2030
UK	Development	Licence P1262 Tornado	20	2031
UK	Development	Licence P1272 Rosebank	10	2031
UK	Development	LicenceP1678 Tormore	20	2013
UK	Development	Licence P967 Tobermory	33	2033
Denmark	Exploration	Licence 7/86 Amalie Part	30	2026
Denmark	Exploration	Licence 9/95 Maja	20	2012
Denmark	Exploration	Licence 4/98 Svane/Solsort	35	2013
Denmark	Exploration	Licence 1/06 Hejre Extension	48	2040

Significant licences and hydrocarbon exploration and extraction licences in Denmark and abroad

Segment/location	Activity	Licence	Ownership interest (%)	Expiry
Denmark	Exploration	Licence 2/06 Syd Arne Extension	27	2012
Denmark	Exploration	Licence 03/09 Solsort	35	2015
Norway	Exploration	Licence PL019C	35	2018
Norway	Exploration	Licence PL019D	34	2018
Norway	Exploration	Licence PL289 Musling	40	2039
Norway	Exploration	Licence PL299 Frode	40	2013
Norway	Exploration	Licence PL301CS Agn	28	2013
Norway	Exploration	Licence PL360 Lupin	20	2014
Norway	Exploration	Licence PL360B	20	2014
Norway	Exploration	Licence PL429 Spinell	30	2013
Norway	Exploration	Licence PL518 Zapffe	40	2016
Norway	Exploration	Licence PL518B	40	2016
Norway	Exploration	Licence PL529 Himmelbjerget	20	2016
Norway	Exploration	Licence PL613 Fafner	40	2017
UK	Exploration	Licence P1194 Aberlour	10	2012
UK	Exploration	Licence P1453 Edradour/Spinnaker	25	2033
UK	Exploration	Licence P1454 Glenrothes	40	2013
UK	Exploration	Licence P1598 Cragganmore	40	2013
UK	Exploration	Licence P1636 Longmorn	30	2015
UK	Exploration	Licence P1830 Black Rock	25	2015
UK	Exploration	Licence P1838 Tomintoul	20	2015
UK	Exploration	Licence P1846 Sula/Stelkur	30	2015
UK	Exploration	Licence P1847 Milburn	30	2015
Faroe Islands	Exploration	Licence F008 Sula/Stelkur	30	2014
Faroe Islands	Exploration	Licence F016 Kúlubøkan	30	2014
Greenland	Exploration	Licence G2007/26 Puilasoq	29	2017
Greenland	Exploration	Licence G2011/11 Qamut	26	2014
Norway	Gas pipeline	Gassled	1	-
Wind Power				
Denmark	Production	Electricity generation licence (Nysted)	-	2027
Denmark	Production	Electricity generation licence (Middelgrunden)	-	2025
Denmark	Production	Electricity generation licence (Horns Rev 2)	-	2034
Denmark	Production	Electricity generation licence (general)	-	2020
Poland	Production	Electricity generation licence (Karnice)	-	2030
Poland	Production	Electricity generation licence (Karcino)	-	2030
Poland	Production	Electricity generation licence (Lake Ostrowo)	-	2025
UK	Production	Electricity generation licence (Walney)	-	2035

41 Licence overview

Significant licences and hydrocarbon exploration and extraction licences in Denmark and abroad

Segment/location	Activity	Licence	Ownership interest (%)	Expiry
Thermal Power				
Denmark	Exploration/ production	Geothermal energy exploration and extraction licence	-	2013
Denmark	Production	Electricity generation licence (general)	-	2022
UK	Production	Electricity generation licence (Severn)	-	2032
Sales & Distribution				
Denmark	Sales	Natural gas supply licence	-	2013[1]
Denmark	Sales	Underground natural gas storage licence	-	2023
Denmark	Sales	Underground natural gas storage licence	-	2012
Denmark	Sales	Natural gas distribution licence	-	2023
Denmark	Sales	Electricity distribution licence	-	2023
Denmark	Sales	Electricity transmission licence	-	2025
Denmark	Sales	PSO licence, electricity	-	2012

[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 partners 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.

For wind farms with a capacity of less than 25 MW in Denmark and less than 100 MW in the UK, a production licence is not required.

42 Company overview

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Segment/company	Type[1]	Registered office	Ownership interest
Parent company			
DONG Energy A/S		Fredericia, Denmark	-
Exploration & Production			
DONG CentralGraben E&P Ltd.	S	Fredericia, Denmark	100%
DONG E&P nr. 1 2008 A/S[2]	S	Fredericia, Denmark	100%
DONG E&P (UK) Ltd.	S	London, England	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	Sermersooq, Greenland	100%
DONG E&P Norge AS	S	Stavanger, Norway	100%
DONG E&P Shetland Islands (UK) Ltd.	S	London, England	100%
DONG E&P Siri (UK) Ltd.	S	London, England	100%
Shetland Land Lease Ltd.	A	London, England	20%
Wind Power			
Anholt Havvindmøllepark I/S	J	Fredericia, Denmark	50%
A2SEA A/S	S	Fredericia, Denmark	51%
A2SEA Deutschland GmbH	S	Hamburg, Germany	51%
A2SEA Ltd.	S	London, England	51%
Barrow Offshore Wind Ltd.	J	Berkshire, England	50%
Borkum Riffgrund I Holding A/S	S	Fredericia, Denmark	100%
Breeveertien II Wind Farm B.V.	J	Rotterdam, Netherlands	50%
CT Offshore A/S	A	Odense, Denmark	15%
Den Helder Wind Farm B.V.	J	Rotterdam, Netherlands	50%
DONG Energy 1 Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy 2 Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy 3 Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy 4 Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy 5 Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy 6 Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy - Anholt Offshore A/S	S	Fredericia, Denmark	100%
DONG Energy Borkum Riffgrund I GmbH	S	Hamburg, Germany	100%
DONG Energy Borkum Riffgrund West I GmbH	S	Hamburg, Germany	100%
DONG Energy Bukowo Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy Burbo (UK) Limited	S	London, England	100%
DONG Energy Burbo Extension (UK) Ltd.	S	London, England	100%
DONG Energy Gasiorowo Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy Gunfleet Sands Demo (UK) Ltd.	S	London, England	100%
DONG Energy Horns Rev I A/S	S	Fredericia, Denmark	100%
DONG Energy Horns Rev 2 A/S	S	Fredericia, Denmark	100%
DONG Energy Karcino Sp. z o.o.	S	Koszalin, Poland	100%

42 Company overview

Segment/company	Type[1]	Registered office	Ownership interest
DONG Energy Karnice III Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Lincs (UK) Ltd.	S	London, England	100%
DONG Energy London Array Ltd.	S	London, England	100%
DONG Energy London Array II Ltd.	S	London England	100%
DONG Energy NearshoreLAB, Frederikshavn A/S	S	Frederikshavn, Denmark	100%
DONG Energy Nysted I A/S	S	Fredericia, Denmark	89%
DONG Energy Olecko Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Pancerzyn Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Polska S.A.	S	Warsaw, Poland	100%
DONG Energy Power (Gunfleet Sands) Ltd.	S	London, England	100%
DONG Energy Power (Participation) Ltd.	S	London, England	100%
DONG Energy Power (UK) Ltd.	S	London, England	100%
DONG Energy Power Vind Norge AS	S	Stavanger, Norway	100%
DONG Energy Renewables Germany GmbH	S	Hamburg, Germany	100%
DONG Energy Renewables Polska Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Shell Flats (UK) Limited	S	London, England	100%
DONG Energy Tuszyny Sp. z o.o.	S	Warsaw, Poland	100%
DONG Energy Walney Extension (UK) Ltd.	S	London, England	100%
DONG Energy West of Duddon Sands (UK) Limited	S	London, England	100%
DONG VE A/S	S	Fredericia, Denmark	100%
DONG Vind A/S	S	Fredericia, Denmark	100%
DONG Wind I (UK) Ltd.	S	London, England	100%
DONG Wind (UK) II Ltd.	S	London, England	100%
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%
Energi E2 Renewables A/S	S	Fredericia, Denmark	100%
Greenpower (Broadmeadows) Limited	J	Aberdeen, Scotland	50%
Gunfleet Grid Company Limited	S	London, England	100%
Gunfleet Sands Ltd.	S	London, England	50%
Gunfleet Sands II Ltd.	S	London, England	50%
Gunfleet Sands Holding Ltd.	S	London, England	50%
Heron Wind Limited	A	London, England	33%
Heron Wind Transmission Limited	A	London, England	33%
Heysham Offshore Wind Ltd.	S	London, England	100%
Kappa Sp. z o.o.	S	Szczecin, Poland	100%
Kraftgården AB	A	Ragunda, Sweden	26%
Kvalheim Kraft DA	A	Drammen, Norway	33%
Lincs Renewable Energy Holdings Limited	J	London, England	50%
Lincs Wind Farm Ltd.	J	Edinburgh, Scotland	25%
London Array Ltd.	J	Coventry, England	50%
Morecambe Wind Ltd.	J	London, England	50%

Segment/company	Type[1]	Registered office	Ownership interest
Nesa Vind A/S	S	Gentofte, Denmark	100%
Njord Limited	A	London, England	33%
Omikron Sp. z o.o.	S	Szczecin, Poland	100%
Ploudalmezeau - Breiz Avel 01 S.A.S.	S	Paris, France	100%
DONG Energy Borkum Riffgrund II GmbH	S	Cuxhaven, Germany	100%
Polska Energia Wiatrowa Sp. z o.o.	S	Szczecin, Poland	100%
P/S BI New Energy Solutions	A	Copenhagen, Denmark	22%
Scarweather Sands Ltd.	J	Coventry, England	50%
Storrun Vindkraft AB	S	Uddevalla, Sweden	80%
Storrun Vindkraft Elnät AB	S	Stockholm, Sweden	80%
Universal Foundation A/S	A	Aalborg, Denmark	27%
Vattenfall Indalsälven AB	A	Ragunda, Sweden	26%
Walney (UK) Offshore Windfarms Ltd.	S	London, England	50%
West Rijn Wind Farm B.V.	J	Rotterdam, Netherlands	50%
Westermost Rough Ltd.	S	London, England	100%
Zephyr AS	A	Sarpsborg, Norway	33%
Thermal Power			
AOT ApS	S	Fredericia, Denmark	100%
Carron Engineering & Construction Limited	S	Stokesley, England	100%
DE POWER NR. 1 2011 ApS[2]	S	Fredericia, Denmark	100%
DE POWER NR. 2 2011 ApS[2]	S	Fredericia, Denmark	100%
DONG Energy Holding Ludwigsau I GmbH	S	Hamburg, Germany	100%
DONG Energy Holding Ludwigsau II GmbH	S	Hamburg, Germany	100%
DONG Energy Kraftwerke Emden GmbH i. L.	S	Hamburg, Germany	100%
DONG Energy Kraftwerke Greifswald Beteiligungs-GmbH	S	Rubenow, Germany	100%
DONG Energy Kraftwerke Greifswald Verwaltungs GmbH	S	Rubenow, Germany	100%
DONG Energy Kraftwerke Holding GmbH	S	Hamburg, Germany	100%
DONG Energy Power A/S	S	Fredericia, Denmark	100%
DONG Energy Power Holding A/S	S	Fredericia, Denmark	100%
DONG Energy Power UK I Ltd.	S	London, England	100%
DONG Energy Humber Renewables Ltd.	S	London, England	100%
DONG Energy Maabjerg Energy Concept A/S	S	Fredericia, Denmark	100%
DONG Energy Power Rotterdam B.V.	S	Rotterdam, Netherlands	100%
DONG Energy UK I Ltd.	S	London, England	100%
DONG Energy Waste (UK) Ltd.	S	London, England	100%
DONG Generation Norge AS	S	Lindås, Norway	100%
Dublin Waste to Energy (Holdings) Limited	A	Dublin, Ireland	49%
Dublin Waste to Energy Ltd.	A	Dublin, Ireland	49%
Emineral A/S	J	Aalborg, Denmark	50%
Enecogen V.O.F	J	Rotterdam, Netherlands	50%
EOT ApS	S	Fredericia, Denmark	100%

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42 Company overview

Segment/company	Type[1]	Registered office	Ownership interest
Haderslev Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
Horsens Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
I/S Ensted Transithavn	J	Aabenraa, Denmark	50%
Inbicon A/S	S	Fredericia, Denmark	100%
Konsortiet for etablering af Maabjerg Energy Concept I/S	S	Holstebro, Denmark	50%
Kraftwerk Ludwigsau GmbH & Co, KG	S	Hamburg, Germany	100%
Kraftwerk Ludwigsau Verwaltungs GmbH	S	Hamburg, Germany	100%
Måbjergværket A/S	S	Fredericia, Denmark	100%
REnescience A/S	S	Fredericia, Denmark	100%
Severn Gas Transportation Limited	S	Newport, Wales	100%
Severn Power Funding Limited	S	Newport, Wales	100%
Severn Power Holdings Limited	S	Newport, Wales	100%
Severn Power Limited	S	Newport, Wales	100%
SGOT ApS	S	Fredericia, Denmark	100%
Stigsnæs Vandindvinding I/S	NC	Slagelse, Denmark	69%
Vejen Kraftvarmeværk A/S	S	Fredericia, Denmark	100%
Energy Markets			
DE EM nr. 1 2008 A/S[2]	S	Fredericia, Denmark	100%
DONG Energy Business GmbH	S	Hamburg, Germany	100%
DONG Energy Financial Solutions GmbH	S	Leipzig, Germany	100%
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, 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 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 Kavernenbetriebsgesellschaft mbH & Co. KG	A	Hamburg, Germany	33%
Gaspool Balancing Service GmbH	A	Berlin, Germany	25%
Kielspeicher 103 GmbH & Co. KG	J	Kiel, Germany	49%
Kielspeicher 103 Verwaltungs-GmbH	J	Kiel, Germany	49%
Sales & Distribution			
Dansk Gasteknisk Center A/S	A	Rudersdal, Denmark	36%
DE 2008 A/S i likvidation (in liquidation)	S	Fredericia, Denmark	100%
DE S&D nr. 2 2008 A/S[2]	S	Fredericia, Denmark	100%
DONG Energy Aktiebolag	S	Gothenburg, Sweden	100%
DONG Energy City Drift ApS i likvidation (in liquidation)	S	Fredericia, Denmark	100%

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Segment/company	Type[1]	Registered office	Ownership interest
DONG Energy El & Gas A/S	S	Fredericia, Denmark	100%
DONG Energy Eldistribution A/S	S	Frederica, Denmark	100%
DONG Energy Gasforsyning A/S	S	Fredericia, Denmark	100%
DONG Energy Kabler A/S	S	Fredericia, Denmark	100%
DONG Energy Sales B.V.	S	Hertogenbosch, Netherlands	100%
DONG Energy Sales UK Limited	S	London, England	100%
DONG Energy Sales & Distribution A/S	S	Fredericia, Denmark	100%
DONG Energy Service 1 A/S	S	Fredericia, Denmark	100%
DONG Energy Service 2 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 Sweden Distribution AB	S	Gothenburg, Sweden	100%
FordonsGas Sweden AB	A	Gothenburg, Sweden	50%
Frederiksberg Energiservice A/S	S	Fredericia, Denmark	100%
PowerSense A/S	A	Rudersdal, Denmark	42%
Regionalnetz Ostholstein Süd GmbH & Co. KG	A	Lübeck, Germany	25%
Stadtwerke Lübeck GmbH	A	Lübeck, Germany	25%
Stadtwerke Lübeck Netz GmbH	A	Lübeck, Germany	25%
Other			
DE nr.1 2003 A/S[2]	S	Fredericia, Denmark	100%
DONG EGJ A/S	S	Fredericia, Denmark	100%
DONG El A/S	S	Fredericia, Denmark	100%
DONG Energy IT Polska Sp. z o. o.	S	Warsaw, Poland	100%
DONG Energy Oil & Gas A/S	S	Fredericia, Denmark	100%
DONG Energy Vangede A/S	S	Fredericia, Denmark	100%
DONG Insurance A/S	S	Fredericia, Denmark	100%
EM El Holding A/S	S	Fredericia, Denmark	100%
EnergiGruppen Jylland El A/S	S	Fredericia, Denmark	100%
EnergiGruppen Jylland El Holding A/S	S	Fredericia, Denmark	100%
EnergiGruppen Jylland F&B A/S i likvidation (in liquidation)	S	Fredericia, Denmark	66%
EnergiGruppen Jylland Forbrænding A/S i likvidation (in liquidation)	NC	Fredericia, Denmark	66%
Lithium Balance A/S	A	Ishøj, Denmark	20%

1 S = subsidiary, A = associate, J = jointly controlled entity, NC = non-consolidated enterprise.
2 The company applies the provision in section 6 of the Danish Financial Statements Act to omit presenting a separate annual report.

The company overview above shows the DONG Energy Group's ultimate ownership interest in each enterprise, regardless of whether it is held directly or indirectly.

CONSOLIDATED NON-FINANCIAL STATEMENTS

Accounting policies for non-financial data

General

The overview of non-financial highlights for the reporting period 1 January – 31 December 2011 on page 6 of this report and in DONG Energy's Group annual report and the financial review for 2011 on pages 35-39 of this report and in DONG Energy's Group annual report include data from the whole of the DONG Energy Group.

DONG Energy's non-financial reporting is audited externally. Reference is made to the assurance statement on page 186 of this report and page 125 of DONG Energy's Group annual report.

The collection and determination of non-financial data comprise data relating to production, environment, health and safety and employees, applying the same delimitations and basis as for the financial data, except as otherwise described in the following sections. In practice, this means that the reporting comprises all operative operating activities in DONG Energy and the Group's subsidiaries and jointly controlled entities.

Reporting and materiality criteria

Management's reasons for choosing the environmental data that are included in this report are based on the evaluations in 2007 of the business areas' environmental impacts, the subsequently set corporate targets and the underlying key performance indicators (KPIs) identified for one or more of the business areas. Within occupational health and safety, occupational injuries and injury frequency have been chosen as the key parameters based on a management evaluation. The same applies to the employee data chosen.

Standards applied

DONG Energy is a signatory to the UN Global Compact and prepares an annual "Communication on Progress" report to the UN. DONG Energy's "Communication on Progress 2011" can be found at dongenergy.com and Global Compact's website at unglobalcompact.org/COP.

DONG Energy reports annually in accordance with the Global Reporting Initiative's (GRI) Reporting Guidelines G3.0. DONG Energy also reports in accordance with the GRI's sector supplement for electricity producers and electricity distributors, called EUSS (Electric Utilities Sector Supplement). The reporting is in accordance with application level B+.

DONG Energy has carried out an assessment of materiality of the GRI indicators based on the methodology proposed by the GRI. The methodology in its entirety has not been changed in the period 2008–2011, and appears in DONG Energy's GRI report, which can be found at www.dong-energy.com.

Organisation and data quality

The business areas' reporting has been systematised and harmonised via a common reporting system that forms the basis for the consolidated reporting. The business areas are responsible for the quality of their data based on a reporting procedure designed to support a Group-wide harmonised approach to data quality. The procedure also ensures that data in the consolidated reporting can be reproduced in accordance with the stated methods for recognition and measurement and for determination of data described below. Data have been recognised in the consolidated reporting based on the data reported by the business areas and following an accounting technical analysis at Group level.

Additions and disposals during the year

If an activity has not been owned for the entire reporting period, it is, in principle, recognised from the date on which operation began, the acquisition date or up to the date of transfer.

For information on acquisitions and disposals of enterprises, reference is made to notes 28 and 29 on Acquisition of enterprises and Disposal of enterprises in this report or DONG Energy's Group annual report.

The capacity at Vejen CHP plant is registered with the Danish Energy Authority, but the plant capacity in question is not used in DONG Energy's production unless Energinet.dk requests that it be brought back into service.

Changes to performance summary compared with 2010

Compared with 2010, there are two indicators that are no longer reported as non-financial key performance indicators. The indicators that have been deemed to no longer be material and/or are not comprised by corporate targets are the "1 tonne less CO_2 per employee" campaign and "Percentage of CO_2-neutral fuels at power stations".

A new indicator has been added to the non-financial key performance indicators, "Green proportion of electricity and heat generation".

Accounting policies for data collection

The reporting of production and environmental data comprises all operative operating activities in DONG Energy and the Group's subsidiaries and jointly controlled entities. The latter are determined based on ownership interest. The reporting does not include associates. However, special considerations apply to the key performance indicator CO_2 emissions per energy unit generated (g CO_2/kWh), as described in a separate section.

Production and sales

Electricity generation has been determined as net generation sold based on settlements from the official Danish production database. Generation data for foreign and non-operated renewable energy facilities are provided by the operators.

Heat generation is measured as net output sold. Heat generation from renewable sources is measured on the basis of monthly heat withdrawals from geothermal water. The Margretheholmen geothermal plant is not recognised, as DONG Energy does not have a share in the production, but only owns the substrata in which the facility lies.

For the hydroelectric station Indalselven, the ownership interest has been converted to an annual withdrawal right from the plant, and the reporting is consequently based on annual withdrawals and not on total production based on ownership interest.

Natural gas and oil production is determined on the basis of meter readings on delivery to shore.

Electricity sales are determined as physical electricity sales to identifiable counterparties and reported on a gross basis in the financial statements. Electricity volumes and revenue are based on readings from the trading systems.

Gas sales have been determined as the physical sales recorded in the trading systems. Wholesale sales (including intragroup sales) are reported as total volume of gas sold less any possibilities for selling the gas back to Energy Markets under the supply contract in question. Gas sold on gas hubs in the course of the Group's physical sales and purchase activities and gas sold as part of physical swap contracts are reported on a net basis.

Data relating to gas and electricity distribution comprise Denmark only.

Electricity distribution has been determined on the basis of data from the official system in Denmark (El-Panda), where total area consumption is measured and calculated.

Gas distribution has been determined on the basis of data from the official system in Denmark (Gas-Panda) that have been calculated internally based on total volumes and calorific values received from Energinet.dk.

Oil transportation has been determined on the basis of flow meter readings on delivery to shore.

Environment

Environmental data comprise emissions and discharges, waste and environmental incidents. Construction projects and development projects and similar activities that are not part of the ordinary operations are not included in the reporting.

About Exploration & Production and Energy Markets

In the case of activities where DONG Energy is not the operator, only environmental impacts from the production activities are included, and not any impact from administrative support functions. Construction projects, exploration and drilling projects, development projects, JI/CDM projects and non-operated gas storage facilities, including the LNG terminal and similar activities that are not part of the Group's ordinary operating activities, are not included in the reporting. Waste data are not received from fields not operated by DONG Energy.

Emissions and discharges

Calculations of EU ETS CO_2 emissions are made at facilities that are subject to these emissions trading schemes and for which DONG Energy is responsible in its capacity as operator or its capacity as accountable for operations, and in accordance with the methods laid down in the Danish Act on CO_2 Emissions Allowances.

CO_2 emissions per energy unit generated (g CO_2/kWh) have been determined as physical CO_2 emissions relative to total physical generation of electricity, heat and steam supplied to the grid. For the purposes of calculating specific emissions in connection with the key performance indicator "CO_2 emissions per energy unit generated", electricity, heat and steam supplies as well as CO_2 emissions from all generating installations are recognised, excluding the Exploration & Production business area, based on DONG Energy's ownership interest. This means that directly owned associates and investments are also recognised based on DONG Energy's proportionate overall ownership interest. However, a triviality rule has been introduced, which means that facilities with a total installed electricity, heat or steam capacity of less than 10 MW are omitted. Mongstad power station is also included as it is owned and operated by DONG Energy (however, the plant is not consolidated financially).

Specific CO_2 emissions (g CO_2/kWh) are calculated by converting heat and steam to electricity equivalents. The equivalent electricity supplies represent the volume of additional electricity that could have been supplied if the power stations had not been generating heat and/or steam.

Waste is not recognised as being a 100% CO_2-neutral fuel: a conversion factor of 35 kg CO_2/GJ from incinerated waste to CO_2 emissions is applied. Biomass, biogas, landfill gas and livestock manure are recognised as CO_2-neutral.

Emission and production data are collected applying the normal quality criteria, with the exception of data from associates, where a lower quality level is accepted. Data from the associate Stadtwerke Lübeck GmbH have not been recognised, as no data were available.

Power station nitrogen oxide (NOx) and sulphur dioxide (SO2) emissions are mainly determined based on continuous measurement. A few power stations use plant-specific emission factors to calculate emissions. Specific emissions are determined as physical NOx/SO2 emissions from power stations relative to their total physical production of electricity, heat and steam supplied to the grid.

Specific emissions (g NOx/SOx per kWh) are calculated by converting heat and steam to electricity equivalents. The equivalent electricity supplies represent the volume of additional electricity that could have been supplied if the power stations had not been generating heat and/or steam.

Flaring of natural gas at offshore installations is determined using ultrasonic measurements. Volumes for the gas storage facility are calculated based on pressure and the dimension of the emptied process plant.

Oil discharged to sea from production platforms is determined on the basis of extracted and reinjected volume, including measurements of content (oil and water). Oil discharged with produced water is calculated on the basis of three daily samples that are analysed for oil content and one sample every 24 hours based on ballast water.

Reinjection of produced water at production platforms is determined based on pump capacity, pressure and time.

Green proportion of electricity and heat generation

The green proportion of electricity and heat generation is measured as generation from renewable energy, including generation from biomass and waste at power stations. In that connection, half of the electricity and heat generated from waste is recognised as green, while the other half is recognised as fossil. The proportion of generation from power stations that is based on biomass and waste is calculated as the ratio of the energy content of the fuels concerned to the total energy content of the fuels used at each plant. To allow a compilation of generation at power stations that generate both electricity and heat, and for the Group as a whole, heat generation is converted to equivalent electricity generation, i.e. the electricity that could have been generated if the power station(s) had not been generating heat. The same delimitation is used for measuring the green proportion of electricity and heat generation as is used or measuring g CO_2/kWh.

Recycling of waste

Waste and recycling of same are measured on the basis of invoices received from waste recipients and/or using plant-specific measuring methods for production facilities.

Waste from buildings that accommodate one per cent or less of the total number of employees is not reported. Waste from the construction of office buildings is not recognised, as the contractor disposes of waste as part of the design-build contract.

For offshore installations and power stations, the reporting includes drilling projects and projects at existing installations, as waste data from projects form part of the plants' overall waste data.

Significant environmental incidents
The impact and materiality of environmental incidents are evaluated on the basis of a corporate procedure for impact analysis in connection with environmental incidents. An environmental incident is an adverse event that has a negative environmental impact. Only incidents with an actual environmental impact are reported. Incidents are only determined for DONG Energy-operated facilities and operating activities. Incidents have not been determined for facilities not operated by DONG Energy or for projects.

Labour
Labour comprises employee data and safety data in the form of occupational injuries.

Employees
Employees working under contract in Danish and foreign DONG Energy companies are included in the reporting, but not employees of associates. Employee data are recognised based on records from the Group's ordinary registration systems. The number of employees, including by gender and country, is determined as the number of employees at the end of the financial year converted to full-time equivalents (FTE).

Employee turnover is calculated as the number of employees that have left the company relative to the average number of employees at the end of the financial year. The average number of employees is determined as a weighted average of recorded employees during the year.

Average age has been measured as the average age of employees at the end of the financial year.

Occupational injuries
Occupational injuries and lost time injuries for own employees and suppliers are included for companies that are wholly or partly owned by DONG Energy and where DONG Energy is directly responsible for safety. Energy Markets only reports data for its own employees.

Data are recognised for own employees and for suppliers working in or providing services in areas in which DONG Energy is directly responsible for safety in its capacity of operator or because of the operating assignment. Data from Danish and some foreign sites are recognised. The criteria for the recognition of suppliers vary for the individual business areas and over time.

An occupational injury is defined as an injury that results in incapacity for work of one or more calendar days in addition to the day of the incident. Fatalities are included.

The injury frequency is calculated as the injury frequency per one million hours worked. Working hours are based on 1,667 working hours annually per full time equivalent (FTE) and monthly records of the number of employees converted to FTE. For suppliers the actual number of hours worked is recognised on the basis of data provided by the supplier, access control systems at locations or estimates. The injury frequency, and the development of the injury frequency, is subject to some uncertainty as a result of the data basis for hours worked and varying criteria for recognition of suppliers.

PARENT COMPANY FINANCIAL STATEMENTS

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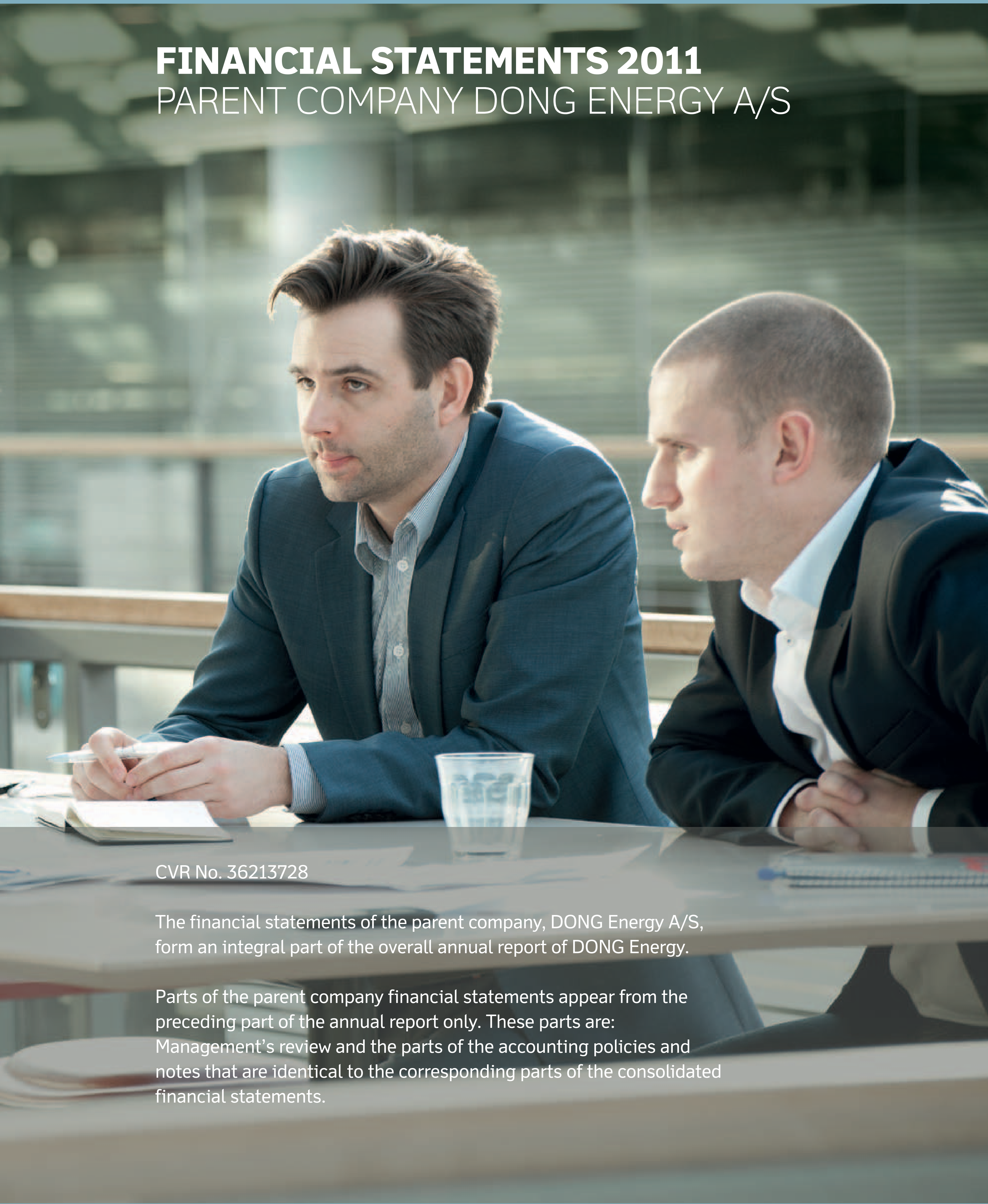
PARENT COMPANY DONG ENERGY A/S



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The financial statements of the parent company, DONG Energy A/S, form an integral part of the overall annual report of DONG Energy.

Parts of the parent company financial statements appear from the preceding part of the annual report only. These parts are: Management's review and the parts of the accounting policies and notes that are identical to the corresponding parts of the consolidated financial statements.

Year ended 31 December

DKK million	Note	2011	2010
Revenue	3	119	99
Other external expenses	5	(276)	(141)
Staff costs	4	(25)	(16)
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		**(182)**	**(58)**
Depreciation and impairment losses on property, plant and equipment	9	(5)	(5)
Operating profit (loss) (EBIT)		**(187)**	**(63)**
Gain on disposal of enterprises	16	-	73
Finance income	6	14,820	13,764
Finance costs	7	(12,194)	(11,980)
Profit before tax		**2,439**	**1,794**
Income tax expense	8	169	10
Profit for the year		**2,608**	**1,804**
Other comprehensive income			
Value adjustments for the year		(732)	(132)
Value adjustments transferred to net finance costs		147	(1)
Tax on value adjustments of hedging instruments		146	33
Other comprehensive income		**(439)**	**(100)**
Total comprehensive income		**2,169**	**1,704**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

DKK million	Note	2011	2010
Profit for the year is attributable to:			
Equity holders of DONG Energy A/S		2,339	1,470
Hybrid capital holders of DONG Energy A/S (adjusted for tax effect)		269	334
Profit for the year		**2,608**	**1,804**
Comprehensive income for the year is attributable to:			
Equity holders of DONG Energy A/S		1,900	1,370
Hybrid capital holders of DONG Energy A/S (adjusted for tax effect)		269	334
Total comprehensive income		**2,169**	**1,704**
Proposed dividend per share of DKK 10, in DKK		4.96	7.50

At 31 December

Assets

DKK million	Note	2011	2010
Investment property		38	42
Fixtures and fittings, tools and equipment		8	9
Property, plant and equipment	**9**	**46**	**51**
Investments in subsidiaries	10	25,683	25,683
Receivables	11	54,977	34,143
Other non-current assets		**80,660**	**59,826**
Non-current assets		**80,706**	**59,877**
Receivables	11	16,151	27,601
Income tax	15	601	211
Securities	17	9,665	7,470
Cash	17	4	1,506
Current assets		**26,421**	**36,788**
Assets		**107,127**	**96,665**

Equity and liabilities

DKK million	Note	2011	2010
Share capital		2,937	2,937
Reserves		8,610	9,049
Retained earnings		21,513	20,756
Proposed dividends		1,457	2,203
Equity attributable to equity holders of DONG Energy A/S		**34,517**	**34,945**
Hybrid capital		9,538	8,088
Equity	**12**	**44,055**	**43,033**
Deferred tax	13	1,714	1,170
Bond loans	14	18,961	22,833
Bank loans	14	13,998	8,784
Non-current liabilities		**34,673**	**32,787**
Bond loans	14	3,717	3,737
Bank loans	14	5,490	449
Other payables	14	19,192	16,659
Current liabilities		**28,399**	**20,845**
Liabilities		**63,072**	**53,632**
Equity and liabilities		**107,127**	**96,665**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December

DKK million	Share capital	Hedging reserve	Share premium	Retained earnings	Proposed dividends	Equity attributable to equity holders of DONG Energy A/S	Hybrid capital	Total
Equity at 1 January 2011	2,937	(199)	9,248	20,756	2,203	34,945	8,088	43,033
Comprehensive income for the year								
Profit for the year	-	-	-	2,339	-	2,339	269	2,608
Other comprehensive income								
Value adjustments for the year	-	(732)	-	-	-	(732)	-	(732)
Value adjustments transferred to net finance costs	-	147	-	-	-	147	-	147
Tax on value adjustments of hedging instruments	-	146	-	-	-	146	-	146
Total comprehensive income	**0**	**(439)**	**0**	**2,339**	**0**	**1,900**	**269**	**2,169**
Transactions with owners								
Coupon payments, hybrid capital	-	-	-	-	-	0	(515)	(515)
Tax hybrid capital	-	-	-	-	-	0	246	246
Additions hybrid capital	-	-	-	-	-	0	5,127	5,127
Disposals hybrid capital	-	-	-	-	-	0	(3,802)	(3,802)
Adjustments amortisation original hybrid capital	-	-	-	(125)	-	(125)	125	0
Proposed dividends	-	-	-	(1,457)	1,457	0	-	0
Dividends paid	-	-	-	-	(2,203)	(2,203)	-	(2,203)
Total changes in equity in 2011	**0**	**(439)**	**0**	**757**	**(746)**	**(428)**	**1,450**	**1,022**
Equity at 31 December 2011	**2,937**	**(638)**	**9,248**	**21,513**	**1,457**	**34,517**	**9,538**	**44,055**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

DKK million	Share capital	Hedging reserve	Share premium	Retained earnings	Proposed dividends	**Equity attributable to equity holders of DONG Energy A/S**	Hybrid capital	**Total**
Equity at 1 January 2010	2,937	(99)	9,248	21,489	481	34,056	8,088	42,144
Comprehensive income for the year								
Profit for the year	-	-	-	1,470	-	1,470	334	1,804
Other comprehensive income								
Value adjustments for the year	-	(132)	-	-	-	(132)	-	(132)
Value adjustments transferred to net finance costs	-	(1)	-	-	-	(1)	-	(1)
Tax on value adjustments of hedging instruments	-	33	-	-	-	33	-	33
Total comprehensive income	**0**	**(100)**	**0**	**1,470**	**0**	**1,370**	**334**	**1,704**
Transactions with owners								
Coupon payments, hybrid capital	-	-	-	-	-	0	(451)	(451)
Tax hybrid capital	-	-	-	-	-	0	117	117
Proposed dividends	-	-	-	(2,203)	2,203	0	-	0
Dividends paid	-	-	-	-	(481)	(481)	-	(481)
Total changes in equity in 2010	**0**	**(100)**	**0**	**(733)**	**1,722**	**889**	**0**	**889**
Equity at 31 December 2010	**2,937**	**(199)**	**9,248**	**20,756**	**2,203**	**34,945**	**8,088**	**43,033**

Year ended 31 December

DKK million	Note	2011	2010
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		(182)	(58)
Other adjustments		1,010	205
Interest income and similar items		11,056	11,980
Interest expense and similar items		(11,215)	(11,756)
Income tax paid	15	715	317
Cash flows from operating activities before change in net working capital (FFO)		**1,384**	**688**
Change in trade receivables		(4)	(69)
Change in other receivables		183	(76)
Change in trade payables		77	(397)
Change in other payables		(198)	191
Change in net working capital		**58**	**(351)**
Cash flows from operating activities		**1,442**	**337**
Disposal of enterprises	16	-	471
Financial transactions with subsidiaries		(7,033)	(5,360)
Financial transactions with jointly controlled entities		(328)	-
Purchase of securities		(8,124)	(6,199)
Sale of securities		6,160	2,426
Other investments		(105)	(5)
Dividends received		3,113	1,703
Cash flows from investing activities		**(6,317)**	**(6,964)**
Proceeds from raising of loans		8,985	10,522
Instalments on loans		(6,426)	(3,856)
Coupon payments on hybrid capital		(515)	(451)
Repurchase of hybrid capital		(3,802)	-
Proceeds from issuing of hybrid capital		5,127	-
Dividends paid		(2,203)	(481)
Receivables from Group business partner		(1,713)	-
Cash flows from financing activities		**(547)**	**5,734**
Net increase (decrease) in cash and cash equivalents		**(5,422)**	**(893)**
Cash and cash equivalents at 1 January		1,506	2,399
Net increase (decrease) in cash and cash equivalents		(5,422)	(893)
Cash and cash equivalents at 31 December	**17**	**(3,916)**	**1,506**

01 Basis of reporting

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 for companies applying IFRS.

The parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and also comply with International Financial Reporting Standards issued by the IASB.

The annual report has been prepared in accordance with Danish disclosure requirements for annual reports of listed and State-owned public limited companies, see the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

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

Implementation of new standards and interpretations

Reference is made to the description in note 1 to the consolidated financial statements.

Description of accounting policies

Changed presentation

DONG Energy A/S has changed the presentation of its statement of comprehensive income so that it is now classified by nature instead of function, which means that EBITDA features directly in the statement of comprehensive income. This ensures better coherence with Management's review, in which EBITDA is used as one of the Group's most important performance measures.

Changed presentation of income statement, 2010

DKK million	
Classified by function	
Revenue	99
Production costs	(96)
Gross profit	**3**
Management and administration	(66)
Operating profit (loss) (EBIT)	**(63)**

DKK million	
Classified by nature	
Revenue	99
Other external expenses	(141)
Staff costs	(16)
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)	**(58)**
Depreciation and impairment losses on property, plant and equipment	(5)
Operating profit (loss) (EBIT)	**(63)**

The parent company's accounting policies deviate from the accounting policies described for the consolidated financial statements, see note 40 in the complete annual report, on the following points:

Foreign currency translation

Foreign exchange adjustments of balances accounted for as part of the total net investment in enterprises that have a functional currency other than DKK are recognised in profit for the year as finance income and costs in the parent company financial statements. 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 recognised directly in profit for the year as finance income and costs.

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.

NOTES

01 Basis of reporting

Dividends from investments in subsidiaries
Dividends from investments in subsidiaries are credited to profit for the year in the financial year in which they are declared.

Property, plant and equipment
Investment property is property that is held to earn rental income and is 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.

Fixtures and fittings, tools and equipment are depreciated over 3-5 years.

Investments in subsidiaries
Investments in subsidiaries are measured at cost in the parent company financial statements. Impairment testing is carried out if there is any indication of impairment. Cost is written down to recoverable amount whenever the cost exceeds the recoverable amount.

02 Critical accounting estimates and judgements

In the process of preparing the parent company financial statements, management makes a number of estimates and judgements that affect the value of recognised assets and liabilities at the balance sheet date, the value of recognised income and expenses in the reporting period and disclosures on contingent assets and contingent liabilities at the balance sheet date.

Estimation uncertainties
Estimates 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 estimates and judgements may lead to results that differ significantly from those that would result from the use of other judgements and assumptions.

Estimates and judgements relating to impairment testing of subsidiaries that are affected by the value in use of property, plant and equipment, had a material effect on the parent company financial statements for 2011. Reference is made to the section on impairment testing in note 2 to the consolidated financial statements. Other areas that were affected by estimates and judgments were primarily the valuation of receivables, onerous contracts, other provisions and contingent assets and liabilities. For information on these areas, reference is made to note 2 to the consolidated financial statements.

Judgements in connection with accounting policies
As part of the parent company's accounting policies, management makes judgements, apart from those involving estimations, that may have a significant effect on the parent company financial statements. These judgments are the methods of accounting for derivative financial instruments and hybrid capital. Reference is made to note 2 to the consolidated financial statements.

03 Revenue

DKK million	2011	2010
Rental income and sales of services	119	99
Revenue	**119**	**99**

04 Staff costs

DKK million	2011	2010
Wages, salaries and remuneration	(24)	(16)
Pensions	(1)	-
Staff costs	**(25)**	**(16)**

DONG Energy A/S had an average of seven employees in 2011 (2010: seven employees).

Remuneration of Board of Directors and Executive Board in 2011

DKK '000	Salaries	Bonus	Pension	Total
Parent company Board of Directors:				
Chairman	(500)	-	-	(500)
Deputy Chairman	(300)	-	-	(300)
Other members[1]	(1,838)	-	-	(1,838)
Audit and Risk Committee:				
Chairman	(100)	-	-	(100)
Other members[2]	(138)	-	-	(138)
Remuneration Committee:				
Chairman	(50)	-	-	(50)
Other member	(44)	-	-	(44)
Parent company Executive Board:				
CEO	(5,006)	(1,084)	(2)	(6,092)
CFO	(4,565)	(1,141)	(2)	(5,708)
Remuneration	**(12,541)**	**(2,225)**	**(4)**	**(14,770)**

[1] *Annual remuneration was DKK 175 thousand per member in 2011.*
[2] *Annual remuneration was DKK 50 thousand per member in 2011.*

A bonus plan has been established 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, including pension, if his service contract is terminated by the company (2010: 33½ months) consisting of salary during the notice period (12 months) and termination benefit (21½ months).

The CFO will be entitled to 24 months' salary, including pension, if his contract of service is terminated by the company (2010: 24 months) consisting of salary during the notice period (12 months) and termination benefit (12 months).

NOTES

04 Staff costs

Remuneration of Board of Directors and Executive Board in 2010

DKK '000	Salaries	Bonus	Pension	**Total**
Parent company Board of Directors:				
Chairman	(500)	-	-	(500)
Deputy Chairman	(300)	-	-	(300)
Otther members[1]	(1,706)	-	-	(1,706)
Audit and Risk Committee:				
Chairman	(100)	-	-	(100)
Other members[2]	(100)	-	-	(100)
Remuneration Committee:				
Chairman	(50)	-	-	(50)
Other member	(25)	-	-	(25)
Parent company Executive Board:				
CEO	(4,822)	(827)	(2)	(5,651)
CFO	(4,399)	(1,198)	(2)	(5,599)
Remuneration	**(12,002)**	**(2,025)**	**(4)**	**(14,031)**

1 Annual remuneration was DKK 175 thousand per member in 2010.
2 Annual remuneration was DKK 50 thousand per member in 2010.

05 Fee to auditor appointed at the Annual General Meeting

DKK million	**2011**	2010
Audit fees	(1)	(1)
Non-audit fees	(4)	-
Total fees to PricewaterhouseCoopers	**(5)**	**(1)**

NOTES

06 Finance income

DKK million	2011	2010
Interest income from cash, etc.	284	159
Interest income from subsidiaries	1,731	1,499
Interest income and capital gains from securities at fair value	508	365
Foreign exchange gains	2,381	3,071
Value adjustments of derivative financial instruments	6,793	6,946
Dividends received	3,113	1,703
Miscellaneous finance income	10	21
Finance income	**14,820**	**13,764**

07 Finance costs

DKK million	2011	2010
Interest expense relating to payables	(1,548)	(1,753)
Interest expense to subsidiaries	(130)	(76)
Capital losses on securities at fair value	(19)	(69)
Foreign exchange losses	(2,042)	(2,199)
Value adjustments of derivative financial instruments	(8,455)	(7,883)
Finance costs	**(12,194)**	**(11,980)**

Foreign exchange adjustments of DKK 339 million have been recognised in profit for the year (2010: DKK 872 million).

08 Income tax expense

DKK million	2011	2010
Income tax expense	169	10
Tax on other comprehensive income	146	33
Tax for the year	**315**	**43**
Income tax expense can be broken down as follows:		
Current tax	134	7
Deferred tax	34	(1)
Adjustments to current tax in respect of prior years	579	115
Adjustments to deferred tax in respect of prior years	(578)	(111)
Income tax expense	**169**	**10**

2011	DKK million	%
Income tax expense can be explained as follows:		
Calculated 25% tax on profit before tax	(610)	(25)
Tax effect of:		
Non-taxable income	778	32
Non-deductible expenses	(1)	-
Adjustments to tax in respect of prior years	2	-
Effective tax for the year	**169**	**7**

2010	DKK million	%
Income tax expense can be explained as follows:		
Calculated 25% tax on profit before tax	(449)	(25)
Tax effect of:		
Non-taxable income	457	25
Non-deductible expenses	(2)	-
Adjustments to tax in respect of prior years	4	-
Effective tax for the year	**10**	**0**

09 Property, plant and equipment

DKK million	Investment property	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2011	88	11	-	99
Cost at 31 December 2011	**88**	**11**	**0**	**99**
Depreciation at 1 January 2011	(46)	(2)	-	(48)
Depreciation charge	(4)	(1)	-	(5)
Depreciation at 31 December 2011	**(50)**	**(3)**	**0**	**(53)**
Carrying amount at 31 December 2011	**38**	**8**	**0**	**46**

DKK million	Investment property	Fixtures and f ittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2010	88	10	1	**99**
Transfers	-	1	(1)	**0**
Cost at 31 December 2010	**88**	**11**	**0**	**99**
Depreciation at 1 January 2010	(42)	(1)	-	**(43)**
Depreciation charge	(4)	(1)	-	**(5)**
Depreciation at 31 December 2010	**(46)**	**(2)**	**0**	**(48)**
Carrying amount at 31 December 2010	**42**	**9**	**0**	**51**

The fair value of investment property was DKK 148 million (2010: DKK 91 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 2012-2048. A discount rate of 6.85% before tax has been used. A growth rate of 2% during the terminal period has been assumed. External valuers have not been used in connection with the determination of fair value.

Total rental income for the year from investment property, DKK 4 million (2010: DKK 4 million) is recognised in profit for the year as revenue. Operation and maintenance costs for investment property are borne by the lessee. Investment property was let to subsidiaries throughout the year.

No mortgages or other restrictions on the use of investment properties were registered at 31 December 2011.

NOTES

10 Subsidiaries and other securities

DKK million	Investments in subsidiaries 2011	2010	Other securities 2011	2010
Cost at 1 January	25,702	25,995	-	1,173
Additions	-	-	-	130
Disposals	-	(293)	-	(1,303)
Cost at 31 December	**25,702**	**25,702**	**0**	**0**
Value adjustments at 1 January	(19)	(19)	-	-
Value adjustments at 31 December	**(19)**	**(19)**	**0**	**0**
Carrying amount at 31 December	**25,683**	**25,683**	**0**	**0**

Investments in subsidiaries were tested for impairment in 2011. No impairment losses have been recognised, as the recoverable amount exceeded the cost.

DONG Energy A/S did not acquire or dispose of any enterprises in 2011. In 2010, DONG Energy Frederiksberg Elnet was disposed of.

For a list of subsidiaries, reference is made to note 23.

11 Receivables

DKK million	2011	2010
Receivables from subsidiaries	54,649	34,143
Receivables from jointly controlled entities	328	-
Non-current receivables at 31 December	**54,977**	**34,143**
Receivables from subsidiaries	8,103	21,518
Fair value of derivative financial instruments, see note 19	6,274	5,877
Deposits	23	13
Receivables from Group trading partner	1,713	-
Other receivables	38	193
Current receivables at 31 December	**16,151**	**27,601**
Current and non-current receivables at 31 December	**71,128**	**61,744**

12 Equity

Share capital composition and dividends are disclosed in note 22 to the consolidated financial statements.

13 Deferred tax

DKK million	2011	2010
Deferred tax at 1 January	1,170	1,058
Deferred tax for the year recognised in profit for the year	(34)	1
Adjustments in respect of prior years	578	111
Deferred tax at 31 December	**1,714**	**1,170**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (liabilities)	1,714	1,170
Deferred tax at 31 December, net	**1,714**	**1,170**
Deferred tax relates to:		
Property, plant and equipment	18	18
Current assets	(65)	(10)
Non-current liabilities	17	17
Current liabilities	128	-
Retaxation	2,548	1,701
Tax loss carryforwards	(932)	(556)
Deferred tax at 31 December	**1,714**	**1,170**

NOTES

13 Deferred tax

Changes in temporary differences during the year

2011

DKK million	Balance sheet at 1 January	Recognised in profit for the year	**Balance sheet at 31 December**
Property, plant and equipment	18	-	18
Current assets	(10)	(55)	(65)
Non-current liabilities	17	-	17
Current liabilities	-	128	128
Retaxation	1,701	847	2,548
Tax loss carryforwards	(556)	(376)	(932)
Deferred tax	**1,170**	**544**	**1,714**

2010

DKK million	Balance sheet at 1 January	Recognised in profit for the year	**Balance sheet at 31 December**
Property, plant and equipment	16	2	18
Current assets	(6)	(4)	(10)
Non-current liabilities	14	3	17
Retaxation	1,053	648	1,701
Tax loss carryforwards	(19)	(537)	(556)
Deferred tax	**1,058**	**112**	**1,170**

NOTES

14 Loans and borrowings

DKK million	2011 Current payables	2011 Non-current payables	2011 Total	2010 Current payables	2010 Non-current payables	2010 Total
Non-derivative financial instruments:						
Bond loans	3,717	18,961	22,678	3,737	22,833	26,570
Bank overdrafts	3,920	-	3,920	-	-	0
Other bank loans	1,570	13,998	15,568	449	8,784	9,233
Trade payables	19	-	19	12	-	12
Payables to subsidiaries	10,509	-	10,509	10,206	-	10,206
Other payables	622	-	622	811	-	811
Derivative financial instruments:						
Fair value of derivative financial instruments	8,042	-	8,042	5,630	-	5,630
Loans and borrowings at 31 December	**28,399**	**32,959**	**61,358**	**20,845**	**31,617**	**52,462**

The company's financing agreements are not subject to any unusual terms or conditions, apart from those disclosed in note 25 to the consolidated financial statements.

15 Income tax receivable and payable

DKK million	2011	2010
Income tax receivable at 1 January	211	256
Adjustments to current tax in respect of prior years	579	115
Payments in respect of prior years	(715)	(317)
Current tax for the year	134	7
Current tax for the year from other comprehensive income	392	150
Income tax receivable at 31 December	**601**	**211**

NOTES

16 Disposal of enterprises

DKK million	2011	2010
Other non-current assets	-	398
Gain on disposal of enterprises	-	73
Cash selling price	**0**	**471**

Disposal of enterprises in 2011
No enterprises were disposed of in 2011.

Disposal of enterprises in 2010
Disposal of enterprises in 2010 comprised the companies Swedegas AB and Frederiksberg Elnet A/S. The accounting gain on the disposal of Swedegas AB was calculated at DKK 155 million, while the disposal of Frederiksberg Elnet A/S yielded an accounting loss of DKK 82 million.

17 Cash and cash equivalents and securities

DKK million	2011	2010
Available cash	4	1,506
Bank overdrafts that are part of the ongoing cash management, see note 14	(3,920)	-
Cash and cash equivalents at 31 December, see statement of cash flows	**(3,916)**	**1,506**
Cash can be broken down into the following balance sheet items:		
Available cash	4	1,506
Cash at 31 December	**4**	**1,506**
Securities can be broken down into the following balance sheet items:		
Available securities	8,129	7,470
Securities not available for use	1,536	-
Securities at 31 December	**9,665**	**7,470**

The securities are highly liquid AAA-rated Danish mortgage bonds that qualify for repos in the Danish Central Bank. Securities not available for use comprise securities that form part of genuine sale and repurchase transactions (repo transactions) amounting to DKK 1,536 million (2010: DKK 0 million).

18 Financial risks

DONG Energy A/S acts as the Group's internal banker in relation to funding, currency, interest rate and cash management and the conclusion of some commodity-related contracts, see the chapter on Risk and Risk management in Management's review, pages 44-49.

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. Both primary financial instruments, primarily loans (only currency risks) and derivative financial instruments such as forwards, swaps and options, are used as hedges. In some cases, the company has also entered into contracts to hedge risks in subsidiaries.

Currency risks

	2011				2010			
DKK million	Cash and cash equivalents and receivables	Payables	Hedged using hedging instruments	**Net position**	Cash and cash equivalents and receivables	Payables	Hedged using hedging instruments	**Net position**
EUR	4,490	(30,424)	9,911	(16,023)	4,373	(28,496)	9,765	(14,358)
USD	3,375	(4,790)	(388)	(1,803)	3,301	(4,185)	3,240	2,356
GBP	20,012	(5,366)	(18,439)	(3,793)	12,187	(6,932)	(8,946)	(3,691)
SEK	40	(38)	(1,399)	(1,397)	6	(34)	(1,517)	(1,545)
NOK	8,007	-	(3,393)	4,614	7,922	-	(3,995)	3,927
Other	1,012	-	(1,194)	(182)	1,127	-	(1,265)	(138)
Total	**36,936**	**(40,618)**	**(14,902)**	**(18,584)**	**28,916**	**(39,647)**	**(2,718)**	**(13,449)**

18 Financial risks

At 31 December 2011, unrealised value adjustments of derivative financial instruments for currency hedging of recognised assets and liabilities totalled DKK -775 million (31 December 2010: DKK -100 million).

Sensitivity analysis
DONG Energy A/S's principal currency risks relate to USD, GBP, SEK 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 negative effect of DKK 180 million on profit and equity (2010: positive effect of DKK 236 million). All other conditions being equal, a decrease in the exchange rate would have had a corresponding opposite 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 negative effect of DKK 379 million on profit and equity (2010: negative effect of DKK 369 million). All other conditions being equal, a decrease in the exchange rate would have had a corresponding opposite impact.

All other conditions being equal, a 10% increase in the SEK exchange rate in relation to the exchange rate at the balance sheet date would have had a negative effect of DKK 140 million on profit and equity (2010: negative effect of DKK 155 million). All other conditions being equal, a decrease in the exchange rate would have had a corresponding opposite 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 461 million on profit and equity (2010: positive effect of DKK 393 million). All other conditions being equal, a decrease in the exchange rate would have had a corresponding opposite 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 DONG Energy A/S. For an analysis of the company's interest rate sensitivity, reference is made to note 32 to the consolidated financial statements.

Ineffectiveness
Ineffectiveness of interest rate hedging was DKK 0 million in 2011 (2010: DKK 0 million).

Interest rate hedges
As part of its financial management, DONG Energy A/S 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 2011 amounted to a net loss of DKK 848 million (31 December 2010: loss of DKK 265 million). Reference is made to note 33 to the consolidated financial statements.

Counterparty risks
Counterparty risks are the risk that a financial loss will be realised in the event of a counterparty to an agreement being unable to discharge its obligations under the agreement.

DONG Energy A/S's counterparty 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 counterparty risk. Losses on receivables from individual business partners have historically been low. In the company's opinion, there are no special concentrations of counterparty risks. The company's counterparty risk in connection with derivative financial instruments entered into is limited as such instruments 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.

19 Financial instruments

Maturity analysis for financial liabilities including interest payments

2011

DKK million	Carrying amount	Payment obligation	2012	2013	2014	2015	2016	After 2016
Non-derivative financial instruments:								
Bond loans	22,678	35,619	4,856	1,009	4,726	827	4,544	19,657
Bank overdrafts	3,920	3,920	3,920	-	-	-	-	-
Other bank loans	15,568	17,969	1,975	2,243	910	712	1,240	10,889
Trade payables	19	19	19	-	-	-	-	-
Payables to subsidiaries	10,509	10,509	10,509	-	-	-	-	-
Other payables	622	622	622	-	-	-	-	-
Derivative financial instruments:								
Fair value of derivative financial instruments	8,042	8,239	3,646	1,761	1,066	436	134	1,196
Payables	**61,358**	**76,897**	**25,547**	**5,013**	**6,702**	**1,975**	**5,918**	**31,742**

2010

DKK million	Carrying amount	Payment obligation	2011	2012	2013	2014	2015	After 2015
Non-derivative financial instruments:								
Bond loans	26,570	40,401	5,044	4,980	1,004	4,728	822	23,823
Bank overdrafts	-	-	-	-	-	-	-	-
Other bank loans	9,233	10,288	623	208	2,045	489	443	6,480
Trade payables	12	12	12	-	-	-	-	-
Payables to subsidiaries	10,206	10,206	10,206	-	-	-	-	-
Other payables	811	811	811	-	-	-	-	-
Derivative financial instruments:								
Fair value of derivative financial instruments	5,630	5,630	2,139	1,232	932	606	143	578
Payables	**52,462**	**67,348**	**18,835**	**6,420**	**3,981**	**5,823**	**1,408**	**30,881**

At 31 December 2011, DONG Energy A/S had issued hybrid capital with a principal of DKK 9,664 million due in 3005 and 3010, see note 22.

The maturity analysis is based on undiscounted cash flows relating to financial liabilities.

NOTES

19 Financial instruments

Categories of financial instruments

DKK million	2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Derivative financial instruments held for trading	6,613	6,613	5,721	5,721
Securities	9,665	9,665	7,470	7,470
Financial assets measured at fair value via profit for the year	**16,278**	**16,278**	**13,191**	**13,191**
Derivative financial instruments entered into to hedge fair values	405	405	156	156
Financial assets used as hedging instruments	**405**	**405**	**156**	**156**
Other receivables	64,854	64,854	55,867	55,867
Cash	4	4	1,506	1,506
Loans and receivables	**64,858**	**64,858**	**57,373**	**57,373**
Derivative financial instruments held for trading	7,820	7,820	5,267	5,267
Financial liabilities measured at fair value via profit for the year	**7,820**	**7,820**	**5,267**	**5,267**
Derivative financial instruments entered into to hedge future cash flows	846	846	260	260
Derivative financial instruments entered into to hedge fair values	120	120	103	103
Financial liabilities used as hedging instruments	**966**	**966**	**363**	**363**
Bond loans	22,678	25,228	26,570	28,149
Bank loans	19,488	20,135	9,233	9,596
Other liabilities	11,150	11,150	11,017	11,017
Financial liabilities measured at amortised cost	**53,316**	**56,513**	**46,820**	**48,762**

Fair value hierarchy of financial instruments

DKK million	2011 Quoted prices (Level 1)	2011 Observable inputs (Level 2)	2011 Non-observable inputs (Level 3)	2011 Total	2010 Quoted prices (Level 1)	2010 Observable inputs (Level 2)	2010 Non-observable inputs (Level 3)	2010 Total
Derivative financial instruments	-	5,198	1,076	6,274	-	5,496	381	5,877
Securities	9,665	-	-	9,665	7,470	-	-	7,470
Assets	**9,665**	**5,198**	**1,076**	**15,939**	**7,470**	**5,496**	**381**	**13,347**
Derivative financial instruments	-	(7,322)	(720)	(8,042)	-	(5,630)	-	(5,630)
Liabilities	**0**	**(7,322)**	**(720)**	**(8,042)**	**0**	**(5,630)**	**0**	**(5,630)**

Level 1 comprises quoted securities traded in active markets.

Level 2 comprises derivative financial instruments, where valuation methods with observable inputs are used to measure fair value, and with discounting to present value using a discount rate set by DONG Energy A/S. Level 2 also comprises quoted securities that have not been traded in the market sufficiently for a reliable fair value to be obtained.

Level 3 comprises other derivative financial instruments in which the value of one or more key, non-observable inputs has been estimated and where the sum of these estimated non-observable inputs may affect the fair value.

Categories of financial instruments

DKK million	2011 Derivative financial instruments (assets)	2011 Derivative financial instruments (assets)	2010 Derivative financial instruments (assets)	2010 Derivative financial instruments (assets)
At 1 January	381	-	-	(96)
Gains and losses recognised in profit for the year as revenue	696	(701)	(64)	96
Purchases	8	(28)	(6)	-
Other transfers to and from Level 3	(9)	9	451	-
At 31 December	**1,076**	**(720)**	**381**	**0**

A loss in respect of assets and liabilities that are valued based on non-observable inputs and were still recognised in the balance sheet at 31 December 2011 was recognised with DKK 25 million (2010: loss of DKK 19 million) in profit for the year as revenue.

20 Leasing

Operating leases

DKK million	**2011** Minimum lease payments	Subleasing	**Net**	2010 Minimum lease payments	Subleasing	**Net**
0-1 year	(98)	85	(13)	(106)	95	(11)
1-5 years	(97)	87	(10)	(34)	31	(3)
More than 5 years	(77)	77	0	-	-	0
Minimum lease payments	**(272)**	**249**	**(23)**	**(140)**	**126**	**(14)**

DONG Energy A/S has entered into operating leases for leasing of office premises until 2022 and vehicle leasing on behalf of the Group's companies. There are no significant restrictions in the leases. In 2011, an amount of DKK 102 million (2010: DKK 86 million) was recognised in profit for the year in respect of operating lease payments.

DONG Energy A/S has entered into operating leases with subsidiaries for subleasing of office premises and leasing of investment property. There are no significant restrictions in the leases. In 2011, an amount of DKK 104 million (2010: DKK 89 million) was recognised in profit for the year in respect of rental income.

21 Contingent assets and liabilities

Contingent assets

In previous financial years, DONG Energy A/S has concluded agreements on the disposal of enterprises that feature contingent consideration, the consideration depending in part on several uncertain future events outside DONG Energy A/S's control.

Contingent liabilities

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 natural gas and oil exploration and production, 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 A/S acts as guarantor with primary liability for bank balances in subsidiaries for DKK 1,294 million (2010: DKK 3,236 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.

22 Related party transactions

Trading with subsidiaries

DKK million	2011	2010
Rental income and services to subsidiaries	119	99
Purchases of goods and services from subsidiaries	(195)	(101)
Interest, subsidiaries (net income)	1,601	1,448

Capital transactions and balances with subsidiaries and jointly controlled entities at 31 December

DKK million	2011	2010
Receivables from subsidiaries	62,752	55,661
Receivables from jointly controlled entities	328	-
Payables to subsidiaries	(10,509)	(10,206)
Dividends received from subsidiaries	3,113	1,703

Remuneration to the Board of Directors and the Executive Board is disclosed in note 4.

For a description of related parties, reference is made to note 38 to the consolidated financial statements.

For a list of subsidiaries, reference is made to note 23.

23 Company overview

Name	Registered office	Ownership interest
Subsidiaries		
DE nr. 1 2003 A/S	Fredericia, Denmark	100%
DONG E&P A/S	Fredericia, Denmark	100%
DONG El A/S	Fredericia, Denmark	100%
DONG Energy Ayrshire Holdco Ltd.	London, England	100%
DONG Energy Infrastruktur Holding GmbH	Hamburg, Germany	100%
DONG Energy Oil & Gas A/S	Fredericia, Denmark	100%
DONG Energy Pipelines GmbH	Kiel, Germany	100%
DONG Energy Power Holding A/S [1]	Fredericia, Denmark	57%
DONG Energy Power A/S [2]	Fredericia, Denmark	17%
DONG Energy Sales & Distribution 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%

[1] *The remaining part of the company is owned by EnergiGruppen Jylland El A/S, which is wholly-owned by the DONG Energy Group.*

[2] *The remaining part of the company is owned by DONG Energy Power Holding A/S and DONG Energy Sales & Distribution, which are wholly-owned by the DONG Energy Group.*

Independent Auditor's Report

To the Shareholders of DONG Energy A/S

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DONG Energy A/S for the financial year 1 January to 31 December 2011, which comprise statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and State-owned public limited companies.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and State-owned public limited companies, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view 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 accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2011 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and State-owned public limited companies.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Copenhagen, 9 March 2012

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Fin T. Nielsen
State Authorised Public Accountant

Mogens Nørgaard Mogensen
State Authorised Public Accountant

Assurance Statement

Independent auditor's Assurance Statement for DONG Energy's stakeholders

We have reviewed DONG Energy's non-financial statements for 2011 for the purpose of expressing a conclusion on CSR data.

Criteria used to prepare the non-financial statements

The criteria used to prepare the non-financial statements are set out in the description of accounting policies on pages 152-155 in the Annual Report. These contain information on which of the Group's business areas and activities are included in the reporting and Management's reasons for choosing the data included. Data are recognised in accordance with the description of applied accounting policies for non-financial data.

Responsibilities

Company Management is responsible for preparing the non-financial statements, including for establishing registration and internal control systems with a view to ensuring a reliable reporting basis, specifying acceptable reporting criteria and choosing data to be collected. Based on our review, it is our responsibility to express a conclusion on the CSR data in the non-financial statements.

Scope

We have planned and performed our work in accordance with the international standard on assurance engagements ISAE 3000 (assurance engagements other than audits or reviews of historical financial information) for the purpose of obtaining limited assurance that the CSR data presented on page 6 have been recognised in accordance with the criteria used to prepare the non-financial statements.

The obtained assurance is limited as our engagement has been limited compared to an audit engagement. Based on an assessment of materiality and risk, our work has first and foremost comprised inquiries regarding applied instructions, registration and reporting systems, procedures with focus on internal controls, auditing analyses of the data basis used to prepare the non-financial statements, sample testing of data and underlying documentation, including visits at selected local entities, and control of compliance with the description of accounting policies for the 2011 non-financial statements.

Conclusion

Based on our work, nothing has come to our attention causing us to believe that the CSR data presented on page 6 of the Group Annual Report and the Annual Report for 2011 have not been recognised in accordance with the criteria used to prepare the non-financial statements.

Special statement on reporting in accordance with GRI's Sustainability Reporting Guidelines and opinion on social responsibility statement

We have assessed the extent to which DONG Energy has applied GRI's Sustainability Reporting Guidelines (GRI G3.0), application level B+, including Electric Utilities Sector Supplement, for the financial year 2011. Our work has primarily comprised a review of the documentation presented, including chosen inquiries and sample testing of information and data, to determine whether the documentation meets the requirements of GRI G3.0. Based on our work, nothing has come to our attention contradicting DONG Energy's self assessment of the extent to which it in its reporting complies with GRI G3.0, including the Electric Utilities Sector Supplement. We are thus able to state that nothing has come to our attention causing us to believe that DONG Energy has not reported in a reasonable and balanced manner in accordance with GRI G3.0, application level B+, including the Electric Utilities Sector Supplement.

We have furthermore assessed if, and can confirm that DONG Energy in its reporting complies with the requirements for presenting a social responsibility statement as set out in section 99(a) of the Danish Financial Statements Act.

Copenhagen, 9 March 2012

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Fin T. Nielsen	Mogens Nørgaard Mogensen
State Authorised Public Accountant	*State Authorised Public Accountant*

Company announcements in 2011

Q4

23 December
Changes to previous announcement about the divestment of Oil Terminals

16 December
DONG Energy acquires a stake in the first two projects in SMart Wind's Hornsea zone

04 November
DONG Energy acquires the right to further develop German offshore wind farm

04 November
Interim financial report – Q3 2011 – Stable results for the first nine months of the year

01 November
Completion of Marubeni Corporation's acquisition of an ownership stake in Gunfleet Sands offshore windfarm

31 October
DONG Energy to present first 9 months' results

27 October
Vestas and DONG Energy enter into agreement on testing of new 7 MW offshore wind turbine

21 October
Divestment of the transmission assets at the offshore wind farm Walney 1

20 October
Divestment of stakes in Anholt offshore wind farm has been approved

18 October
DONG Energy enters into agreement to acquire UK Shell Gas Direct

03 October
DONG Energy increases stake in Syd Arne field

Q3

29 September
DONG Energy appoints new Executive Vice President

27 September
Disposal of Barrow offshore wind farm transmission assets

01 September
Marubeni Corporation to become co-owner of Gunfleet Sands offshore wind farm

31 August
DONG Energy acquires Noreco's stake in the Siri field

26 August
DONG Energy co-founder of bioenergy consortium in Måbjerg

22 August
Executive Vice President Niels Bergh-Hansen retires

17 August
DONG Energy A/S signs a new EUR 1.3bn credit facility

16 August
DONG Energy sells its stake in Nordkraft Vind

16 August
Interim financial report - Q2 2011 – High energy prices ensured strong results

10 August
DONG Energy to present first half results for 2011

25 July
DONG Energy and Noreco make an agreement on the Siri field in the North Sea

19 July
Terms in place for the divestment of the transmission assets at the Gunfleet Sands offshore wind farm

Q2

28 June
DONG Energy and Bladt Industries sign long-term cooperation agreement on wind turbine foundations

20 June
DONG Energy enters into agreement to divest Oil Terminals to Inter Pipeline Fund

16 June
DONG Energy and ScottishPower Renewables to build West of Duddon Sands offshore wind farm

15 June
DONG Energy's repair solution only sufficient solution for Siri

15 June
Permanent solution for North Sea platform Siri

19 May
Interim financial report - Q1 2011 – Sound and satisfactory results

16 May
New and more transparent presentation of income statement

12 May
DONG Energy to present first quarter results for 2011

Q1

28 March
PensionDanmark and PKA to become co-owners of Denmark's largest offshore wind farm

11 March
DONG Energy A/S' list of information published pursuant to Section 27b of the Danish Securities Trading Act

11 March
Announcement of financial results for 2010

08 March
DONG Energy to present full year 2010 results

24 February
DONG Energy to build German offshore wind farm

18 February
Change of reporting segments

27 January
Notice to holders of GBP 500,000,000 5.75% securities due 2040, issued by DONG Energy on 9 April 2010 (ISIN XS0499449261)

21 January
Announcement of final pricing regarding DONG Energy's invitation to tender hybrid capital bonds for repurchase

20 January
Announcement of results and acceptance regarding DONG Energy's invitation to tender hybrid capital bonds for repurchase

13 January
DONG Energy has successfully issued new hybrid capital bonds

13 January
DONG Energy resumes intention to issue new hybrid capital bonds and announces invitation to tender existing hybrid capital bonds for repurchase

11 January
Financial calendar 2011

Glossary

2P reserves: Sum of Proved reserves plus Probable reserves (Society of Petroleum Engineers and World Petroleum Congress (SPE/WPC) reserve classification standards).

APX: Amsterdam Power Exchange, Dutch power exchange.

BAFA: Bundesamt für Wirtschaft und Ausfuhrkontrolle.

Biomass: Also known as biomass fuel. A term for all combustible organic materials, including straw, wood chips and wood pellets. CO_2 emissions produced by the combustion of biomass are not covered by ETS. Biomass can be used in both central power stations and small-scale CHP plants.

Cash-Flow-at-Risk (CFaR): Indicator that reflects the maximum amount by which cash flow may fall, with a probability of 95%, compared with expected cash flow over the risk management time frame.

Central power station: A larger power station, typically with a net installed power capacity of more than 100 MW.

CHP plant: A Combined Heat and Power (CHP) plant generates both heat and electricity in the same process. The heat generated may be used for industrial purposes and/or district heating.

CHP plant, small-scale: A Combined Heat and Power Plant (CHP), typically with a net installed power capacity of less than 100 MW.

Climate partnerships: The possibility of providing customers with energy-saving solutions. Including the possibility of offering residential customers energy-saving Cleantech solutions and advice, typically in the form of geothermal heating, window insulation, etc. The possibility of offering business customers actual partnerships by providing energy-saving advice, with the energy savings achieved typically being used to buy green electricity (from wind turbines) from DONG Energy. Partnerships with business customers open up other opportunities for collaboration between energy company and customer in the longer term.

CO_2: Carbon dioxide.

CO_2 allowances: Carbon dioxide emissions allowances subject to the European Union Emissions Trading Scheme (EU ETS).

Derivatives: Financial and physical instruments that can be used to guarantee a specific price for the purchase or sale of, for example, commodities and currency.

DK1 and DK2: Area prices for electricity in West Denmark (DK1) and East Denmark (DK2).

DUC: Dansk Undergrunds Consortium.

EEX: European Energy Exchange, German power exchange.

EFET: European Federation of Energy Traders. Develops European standard contract documentation that can be used for mutual trading in energy.

EMIR: European Market Infrastructure Regulation. Its purpose is to improve transparency and enhance market safety and regulatory oversight.

ETS: The EU Emissions Trading Scheme, which aims to reduce emissions of carbon dioxide and combat climate change by means of a system that grants CO_2 emissions allowances and enables electricity producers and other emitters to trade these CO_2 emissions allowances.

EUA: European Union Allowance. The allowances available within the EU borders.

Exploration and appraisal wells: Wells drilled to discover and evaluate gas or oil in an unproved area to find new reserves in an area in which hydrocarbon discoveries have previously been made or to delineate a known accumulation.

FIFO principle – coal inventories: First in, first out. 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 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.

Fossil fuels: Fuel resources such as coal, coal products, gas, crude oil and other hydrocarbon products.

FTE: Full Time Equivalent. The number of full-time employees during a fixed time period. An FTE of 1.0 indicates that the person is equivalent to a full-time worker, while an FTE of 0.5 indicates that the person works part time only.

Green dark spread (GDS) and contribution margin from electricity generation: Green dark spread represents the contribution margin per MWh of electricity generated at a coal-fired power station of a given efficiency. It is calculated as the difference between the market price of electricity and the cost of the coal (including associated freight costs) and CO_2 allowances used to generate the electricity. DONG Energy's contribution margin from electricity generation is affected, among other things, by whether electricity is generated at times during the 24-hour cycle when prices are relatively high (peak) or at 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 FIFO (first-in, first-out) principle to inventories. In addition, DONG Energy is allocated a specific volume of CO_2 emissions allowances.

Green spark spread (GSS): Green spark spread represents the contribution margin per MWh generated at a gas-fired power station of a given efficiency. It is measured as the difference between the market price of electricity and the costs of gas and CO_2 allowances used for generating the electricity.

Hydrological balance: Most of the electricity generated in the Nordic countries comes from hydro electric stations, and their output depends on their water reservoir levels. The hydrological balance reflects whether the level in the Norwegian and Swedish water and snow reservoirs is above or below normal.

ISDA: The International Swaps and Derivatives Association. Develops standard contract documentation that can be used for mutual trading in derivative financial instruments.

LEBA: London Energy Brokers' Association.

LNG: Liquefied Natural Gas. 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.

LTIF: Lost Time Injury Frequency. DONG Energy defines lost time injuries as occupational injuries resulting in at least one day's absence from work in addition to the day of the injury.

MiFID: Markets in Financial Instruments Directive. EU Directive designed to harmonise the European Union's financial markets and increase cross-border investments.

Million boe: Million barrels of oil equivalent.

NBP: National Balancing Points, UK gas hub.

Nord Pool: The Norwegian-based Nordic power exchange, which facilitates electricity trading in Norway, Sweden, Finland and Denmark.

NO_x: Nitrogen oxides.

Peak and off-peak: Reflects prices for electricity generated at times during the 24-hour cycle with high demand and low demand respectively.

PJ: Petajoule, a unit of energy. 1 PJ is equivalent to 1,000 TJ or 1,000,000 GJ or 1,000,000,000 MJ.

REMIT: Regulation on Energy Markets Integrity and Transparency. EU Regulation on integrity and transparency in energy markets to prevent insider dealing and market manipulation.

SO_2: Sulphur dioxide.

SPE-PRMS Guidelines: Internationally accepted guidelines for the evaluation of gas and oil reserves prepared by Society of Petroleum Engineers (SPE).

Supply obligation: A company with a supply obligation is bound by law to deliver electricity or gas to a certain geographic area at prices approved by the Danish Energy Regulatory Authority.

Thermal generation: Electricity and heat generated through the combustion of fossil fuels, biomass or waste.

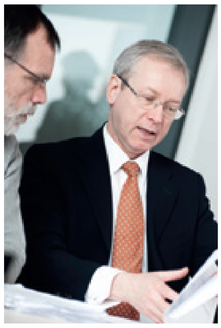
Time lag: Oil price changes and changes in the USD exchange rate impact on gas sales prices relatively quickly, whereas purchase prices are adjusted with a time lag effect of up to a year and a half. For example, a change in the price of oil and/or the USD exchange rate in January may affect DONG Energy's sales 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 considerable 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.

TTF: Title Transfer Facility, Dutch gas hub.

TWh: Terawatt hour. The amount of energy generated in one hour with the effect of 1 TW. 1 TWh is equivalent to 1,000 GWh or 1,000,000 MWh.

Value at Risk (VaR): Indicator that reflects the maximum amount by which the value of a position will fall in the course of one day, with a probability of 95%, given normal market conditions.

Wood pellets: Wood that has been pulverised and pelletised under heat and high pressure.



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