DONG Naturgas A/S

ANNUAL REPORT 2014

Company registration number 27 21 05 38

12th financial year

Contents

Company information

Company	DONG Naturgas A/S Kraftværksvej 53 7000 Fredericia Denmark	
	Telephone	+45 9955 1111
	Fax	+45 9955 0002
	Email	dongenergy@dongenergy.dk
	Company registration number	27 21 05 38
Shareholder	The entire share capital is held by DONG Energy A/S	
Board of Directors	Marianne Wiinholt (Chairman) Hanne Blume (Deputy Chairman) Jeppe Nielsen	
Executive Board	Morten Hultberg Buchgreitz	
Auditor	PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab	
Annual general meeting	17 March 2015	

Other managerial posts

Managerial posts held by the members of the Board of Directors and the Executive Board of DONG Naturgas A/S in other Danish public limited companies, with the exception of managerial posts in the company's own wholly owned subsidiaries

Marianne Wiinholt

DONG ENERGY A/S (President), DONG ENERGY WIND POWER HOLDING A/S (Chairman of the Board of Directors), DONG INSURANCE A/S (Chairman of the Board of Directors), J. LAURITZEN A/S (member the Board of Directors), DONG EGJ A/S (Chairman of the Board of Directors), ENERGIGRUPPEN JYLLAND EL A/S (Chairman of the Board of Directors), DONG NATURGAS A/S (Chairman of the Board of Directors), EM EL HOLDING A/S (Chairman of the Board of Directors), DONG EL A/S (Chairman of the Board of Directors), ENERGIGRUPPEN JYLLAND EL HOLDING A/S (Chairman of the Board of Directors), DONG E&P A/S (Chairman of the Board of Directors), DONG ENERGY THERMAL POWER A/S (Chairman of the Board of Directors), DONG ENERGY OIL & GAS A/S (Chairman of the Board of Directors), DONG ENERGY WIND POWER DENMARK A/S (Chairman of the Board of Directors), DONG ENERGY WIND POWER A/S (Chairman of the Board of Directors), DONG ENERGY SALES & DISTRIBUTION (Chairman of the Board of Directors), DONG Energy nr. 4 2014 A/S (Chairman of the Board of Directors), DONG Energy nr. 2 2014 A/S (Chairman of the Board of Directors), DONG Energy nr. 1 2014 A/S (Chairman of the Board of Directors), DONG Energy nr. 5 2014 A/S (Chairman of the Board of Directors), DONG Energy nr. 3 2014 A/S (Chairman of the Board of Directors)

Hanne Blume

DONG ENERGY WIND POWER HOLDING A/S (Deputy Chairman of the Board of Directors), DONG ENERGY WIND POWER A/S (Deputy Chairman of the Board of Directors), DONG ENERGY THERMAL POWER A/S (Deputy Chairman of the Board of Directors), ENERGIGRUPPEN JYLLAND EL A/S (Deputy Chairman of the Board of Directors), DONG E&P NR. 1 2008 A/S (member of the Board of Directors), ENERGIGRUPPEN JYLLAND EL HOLDING A/S (Deputy Chairman of the Board of Directors), DONG ENERGY SALES & DISTRIBUTION A/S (Deputy Chairman of the Board of Directors), EM EL HOLDING A/S (Deputy Chairman of the Board of Directors), DONG ENERGY OIL & GAS A/S (Deputy Chairman of the Board of Directors), DONG ENERGY WIND POWER DENMARK A/S (Deputy Chairman of the Board of Directors), DONG E&P A/S (Deputy Chairman of the Board of Directors), DONG NATURGAS A/S (Deputy Chairman of the Board of Directors), DONG EGJ A/S (Deputy Chairman of the Board of Directors), DONG EL A/S (Deputy Chairman of the Board of Directors), DONG E&P DK A/S (Deputy Chairman of the Board of Directors), DONG Energy nr. 4 2014 A/S (Deputy Chairman of the Board of Directors), DONG Energy nr. 2 2014 A/S (Deputy Chairman of the Board of Directors), DONG Energy nr. 1 2014 A/S (Deputy Chairman of the Board of Directors), DONG Energy nr. 5 2014 A/S (Deputy Chairman of the Board of Directors), DONG Energy nr. 3 2014 A/S

	(Deputy Chairman of the Board of Directors)
Jeppe Nielsen	DONG NATURGAS A/S (member of the Board of Directors), DONG E&P A/S (member of the Board of Directors), DONG E&P DK A/S (member of the Board of Directors)
Morten Hultberg Buchgreitz	DONG ENERGY SALES & DISTRIBUTION A/S (President), DONG ENERGY KABLER A/S (Chairman of the Board of Directors), DONG ENERGY OIL & GAS A/S (President), DONG NATURGAS A/S (President), K/S MEIDERICH (member of the Board of Directors), K/S FRANKENTHAL (member of the Board of Directors), K/S HABRO-LOWESTOFT (member of the Board of Directors), ApS HABRO KOMPLEMENTAR-19 (member of the Board of Directors), DONG ENERGY PIPELINES A/S (Chairman of the Board of Directors), DONG OFFSHORE GAS SYSTEMS A/S (Chairman of the Board of Directors), A/S United Shipping & Trading Company (member of the Board of Directors), Bunker Holding A/S (member of the Board of Directors), Uni-Tankers A/S (member of the Board of Directors)

Performance highlights

DKK million	2014	2013	2012	2011	2010
BUSINESS PERFORMANCE:					
Statement of comprehensive income					
Revenue	44,918	39,671	42,081	34,566	32,527
Profit (loss) before interest, tax, depreciation and amortisation (EBITDA)	(421)	(875)	(7,214)	2,069	3,138
Operating profit (loss) (EBIT)	(957)	(1,387)	(8,302)	526	2,553
Profit (loss) for the year	(954)	(941)	(6,236)	371	1,946
Financial ratios					
EBITDA margin	(1%)	(2%)	(17%)	6%	10%
EBIT margin (profit margin)	(2%)	(3%)	(20%)	2%	8%
IFRS:					
Statement of comprehensive income					
Revenue	43,854	38,746	41,258	37,304	32,776
Profit (loss) before interest, tax, depreciation and amortisation (EBITDA)	(1,449)	(1,637)	(8,037)	5,043	3,386
Operating profit (loss) (EBIT)	(1,985)	(2,149)	(9,125)	3,500	2,801
Net financial income and expenses	(98)	(211)	(70)	(37)	(39)
Profit (loss) before tax	(2,035)	(1,957)	(9,165)	3,498	2,801
Profit (loss) for the year	(1,730)	(1,507)	(6,854)	2,601	2,132
Balance sheet					
Equity	4,412	6,182	676	7,959	7,429
Balance sheet total	37,407	29,876	31,727	33,305	31,781
Cash flows					
Operating activities	(711)	256	(4,602)	1,017	4,518
Investments in property, plant and equipment	(18)	(2)	(6)	(53)	(25)
Investing activities	(1,837)	(1,195)	1,105	1,023	(1,923)
Financing activities	(109)	2,693	3,854	(1,971)	(1,685)
Financial ratios					
EBITDA margin	(3%)	(4%)	(19%)	14%	10%
EBIT margin (profit margin)	(5%)	(6%)	(22%)	9%	9%
Net interest-bearing debt	(3,621)	(4,296)	3,285	(1,671)	(2,893)
Capital employed	1,218	4,286	3,961	6,287	4,536
Average number of employees	165	161	451	461	455

Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios 2010' published by the Danish Society of Financial Analysts. For definitions, see the accounting policies section.

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 Naturgas A/S for the financial year 1 January - 31 December 2014.

The concolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies and state-owned public companies.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair presentation of the Group's and the parent company's assets, liabilities and financial position at 31 December 2014 and of the results of the Group's and the company's operations and cash flows for 2014.

In our opinion, the management's review provides a true and fair presentation of the development in the Group's and the parent company's operations and financial position, of the results for the year and of the overall financial position of the Group and the company as well as a description of the most significant risks and elements of uncertainty facing the Group and the company.

DONG Naturgas' non-financial reporting is presented in accordance with the disclosure requirements for presenting a social responsibility statement as set out in Section 99(ab)-(b) of the Danish Financial Statements Act. In our opinion, the non-financial statements represent a reasonable and balanced representation of the Group's social responsibility and sustainability performance.

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

Skærbæk, 17 March 2015

Executive Board:

Morten Hultberg Buchgreitz
President

Board of Directors:

Marianne Wiinholt
Chairman

Hanne Blume
Deputy chairman

Jeppe Nielsen

Independent auditor's report

To the shareholder of DONG Naturgas A/S

Report on the consolidated financial statements and the company financial statements

We have audited the consolidated financial statements and the company financial statements of DONG Naturgas A/S for the financial year 1 January - 31 December 2014, comprising statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies of the Group as well as the company. The consolidated financial statements and the company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the company financial statements

Management is responsible for the preparation of consolidated financial statements and company financial statements that provide a fair presentation in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act. Management is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements and 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 company financial statements based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit legislation. 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 company financial statements are free from material misstatement.

An audit involves procedures to obtain audit evidence of the amounts and disclosures in the consolidated financial statements and the company financial statements. The procedures selected depend on the auditor's assessment, including the assessment of the risk of material misstatement of the consolidated financial statements and the 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 company financial statements that provide a fair presentation 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 applied and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and company financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the company financial statements provide a fair presentation of the Group’ s and the company's assets, liabilities and financial position at 31 December 2014 and of the results of the Group's and the company's operations and cash flows for the financial year 1 January - 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Statement on management's review

We have read the 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 company financial statements. On this basis, it is our opinion that the information provided in the management's review is in accordance with the consolidated financial statements and the company financial statements.

Hellerup, 17 March 2015

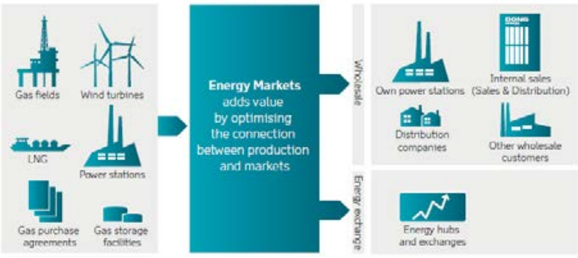
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Fin T. Nielsen	Jesper Edelbo
State-authorised public accountant	State-authorised public accountant

Management's review

Activities
Most of the DONG Naturgas Group's activities are concentrated in the DONG Energy Group's Customers & Markets business unit. A small part of the activities is placed in the business units Wind Power and Thermal Power.

Energy optimisation
The optimisation of DONG Energy's energy portfolio – covering all the DONG Energy Group's activities – is handled by Customers & Markets. This business unit is also responsible for the effective reduction and control of the DONG Energy Group's market risks. This optimisation ensures cohesion between energy production from wind turbines, power stations and oil and gas fields on the one hand and sales of energy to customers on the other. At the same time, Customers & Markets focuses on increasing the value of the energy flows.



Besides production from the Group's assets, Customers & Markets' energy portfolio consists of long-term gas sourcing contracts, including LNG, and gas storage facilities.

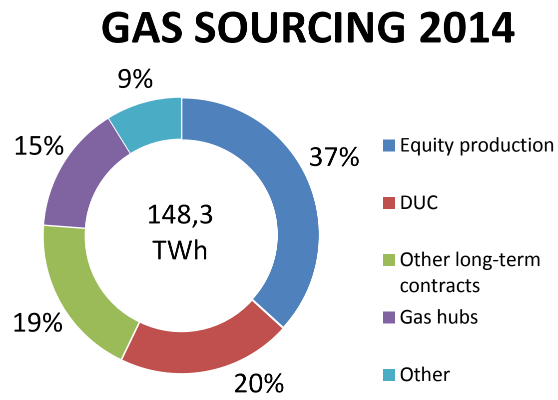
One of the ways in which Customers & Markets manages the DONG Energy Group's market risks relating to energy prices is by engaging in financial transactions. In order to continuously participate in the market and gain insight into price formation, Customers & Markets also engages in active position taking.

Customers & Markets has employees from more than 25 countries and is primarily active in the markets in Denmark, Germany, the Netherlands and the UK. Customers & Markets' activities are mainly carried out outside Denmark.

Energy trading
Trading on energy exchanges is an important part of Customers & Markets' optimisation of the energy portfolio. The reasons for the trading activities include balancing purchases and sales of gas and utilising short-term earnings possibilities – such as selling gas when the exchange market price is favourable. Customers & Markets also trades in energy to minimise and control the Group's sensitivity to fluctuating energy prices.

Customers & Markets trades electricity and gas on the Northern European energy hubs and exchanges, primarily Nord Pool, EEX, NBP and TTF. Customers & Markets also engages in bilateral purchasing and selling of electricity, gas, oil, coal and CO_2. Customers & Markets is involved in both physical and financial transactions and trades on both the spot and futures markets. Trading is based on energy assets owned by both DONG Energy and the Group's customers.

Gas sourcing contracts
Dong Naturgas purchases gas on behalf of the entire DONG Energy Group. In 2014, purchases totalled 148,3 TWh from a variety of sources.



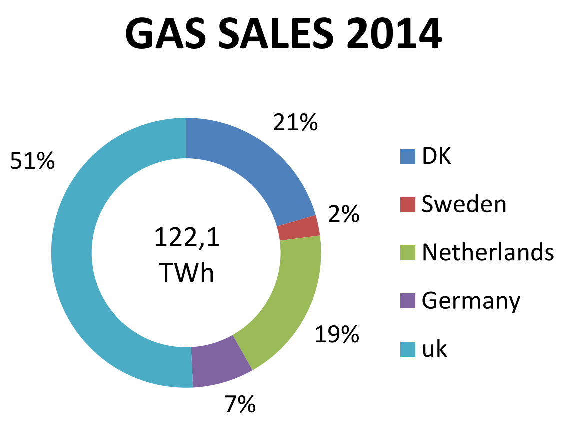
With its diversified portfolio of suppliers and contracts, Customers & Markets maintains high security of supply for DONG Energy and its customers, while at the same time providing the robustness to cope with fluctuating market conditions.

Pooling the DONG Energy Group's equity gas with the rest of Customers & Markets' gas portfolio enhances the value of the output from each field, partly through better utilisation of the infrastructure. As Customers & Markets at the same time has access to several markets, the gas can be shipped to where demand is highest.

Of total gas purchases, 20 % came from contracts with the DUC partners A.P. Møller-Mærsk, Shell Olie- og Gasudvikling Danmark and Chevron Denmark. Supplies under these contracts come from the Danish sector of the North Sea and are expected to diminish in the years ahead. These volumes will be replaced by gas, partly equity gas, and partly gas from other business partners, including Gazprom and Iberdrola (LNG). As expected, the proportion of equity gas increased to 37% of the overall gas portfolio in 2014.

The gas sourcing contracts are flexible in terms of the volume of gas to be purchased by DONG Naturgas at different times. This enables DONG Naturgas to vary its purchases in response to customer demand. Some contracts are also flexible in terms of where in Europe Dong Naturgas wants the gas to be delivered to. It can thus be shipped to the markets in which demand is highest. Such diversification and flexibility allows Dong Naturgas to enhance the value of its overall gas portfolio.

Gas and electricity sales
Dong Naturgas sells electricity and gas to customers in Denmark, Sweden, Germany, the Netherlands and the UK, and also sells related energy products to customers. In addition, Dong Naturgas sells gas to the gas-fired power stations in Denmark, the Netherlands and the UK. Gas sales totalled 122.1 TWh in 2014, which was an increase of approx. 10 % compared to 2013, driven by higher gas sales in the UK. Electricity sales totalled 30,9 TWh, corresponding to an increase relative to last year due to higher sales of green certificates and higher electricity sales in the UK.



Besides internal sales in DONG Energy, Dong Naturgas sells gas and electricity via sales subsidiaries in Germany, primarily in Northern Germany, where Dong Naturgas has a considerable market share. Dong Naturgas also sells gas and electricity on short-term and long-term contracts with business partners in Denmark and Europe.

In the Dutch market, Dong Naturgas has a contract with the Dutch energy company De Nederlandse Energie Maatschappij. Besides strengthening the Group's position in the Netherlands, the contract enhances Dong Naturgas' opportunities to balance its energy positions in the Dutch market.

Using a variety of sales channels secures reliable gas sales and also helps make the business robust.

Gas pipelines and storage facilities
Dong Naturgas takes care of the commercial activities relating to part of the Group's gas infrastructure. The DONG Naturgas Group thus owns a number of pipelines in the Danish sector of the North Sea and has leased capacity across large parts of the European pipeline system, securing access to most gas markets in Northern Europe. With this pipeline access, Dong Naturgas can transport the gas to where demand is highest at any given time.

Dong Naturgas also has access to a number of gas storage facilities in Denmark and Germany, where Dong Naturgas is the co-owner or has capacity on long-term or short-term leases. Besides higher security of supply, these storage facilities provide flexibility, for example by enabling Dong Naturgas to use gas from storage facilities rather than purchasing it in the market during periods when the price is high.

There has been a further loss of DKK 484 million on contracts regarding the Stenlille Gas Storage Facility, due to the divestment of the facility.

Gas-fired power stations and wind farms
In 2014, the Dutch gas-fired power station Enecogen was sold internally in the DONG Group to Thermal Power. In this connection, DONG Naturgas sold it's tolling rights to the power station. A provision of DKK 2,0 billion was made last year to cover this. DONG Naturgas paid DKK 2.2 billion to DONG Energy Thermal Power A/S, resulting in an effect on the financial statements of DKK 200 million.

Reference is made to note 19. Provisions.

DONG Naturgas is responsible for selling electricity from the DONG Energy Group's wind farms in the UK. The pooling of sales of electricity generation from both wind turbines and gas-fired power stations enables DONG Naturgas to achieve a number of synergies and economies of scale.

Environment
As part of the DONG Energy Group, DONG Naturgas pursues the reduction of renewable energy, while the dependence on traditional energy sources is still necessary to ensure a stable distribution of power. Reference is made to the DONG Energy Group's 2014 annual report, which includes the Group's statutory environmental statement.

Risk management
Dong Naturgas' activities, financial position, results and future growth are affected by a number of non-financial and financial commercial risks. Dong Naturgas therefore regularly reviews its risk profile and the associated risk policies to ensure the appropriate balancing of risk exposure and activities at all times.

Formalised risk management is divided into management of general commercial risks, management of financial risks and management of insurable risks. Commercial risks are defined as events that may, with a certain probability, adversely impact on the realisation of financial results or strategy. The management of commercial risks is anchored in the individual segments in the DONG Energy Group and consolidated at corporate level. Once annually, the Group identifies and prioritises its risks in a risk matrix based on materiality and probability.

In addition to these risks, DONG Naturgas is involved in litigation and arbitration proceedings, the outcome of which may impact on the company's financial position. Reference is made to note 28. Contingent liabilities and other liabilities.

Group management
The Executive Board in DONG Naturgas A/S consists of the following:

Morten Hultberg Buchgreitz
Registered with the Danish Business Authority as CEO. Chief Executive Officer since March 2013.

The Board of Directors in DONG Naturgas A/S consists of the following:

Marianne Wiinholt
Registered with the Danish Business Authority as Chairman of the Board

Hanne Blume
Registered with the Danish Business Authority as Deputy Chairman of the Board

Jeppe Hoff Nielsen
Registered with the Danish Business Authority as Member of the Board

For further detail regarding remuneration, see note 6.

Retention and development of skills
Dong Naturgas' business is generally highly complex, requiring special skills. Coupled with the growing demand for talent, this increases the challenge of attracting and retaining employees.

Much emphasis is placed on making Dong Naturgas an attractive workplace, and various initiatives have been put in motion for this purpose. These include management development, skills development, performance systems, nurturing talent and collaboration with educational institutions.

Liquidity and financing risks
DONG Naturgas A/S's liquidity and financing risks are managed centrally by DONG Energy in accordance with principles and delegated authorities laid down by the Board of Directors of DONG Energy A/S, in such a way as to ensure that DONG Naturgas A/S has an adequate capital base and adequate cash resources at all times. One of the most important financial management tasks in the DONG Energy Group is to secure sufficient and flexible financial resources in relation to the day-to-day operations and the DONG Energy Group's investment programme. For this purpose, internal management objectives have been established 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.

It is the DONG Energy Group's financing policy to concentrate loans in the parent company in order to optimise the loan portfolio on a consolidated basis. Reference is made to note 28. Contingent liabilities and other liabilities.

New share programme in 2014
The Executive Board is covered by a share programme for managers in DONG Energy, which was established in 2014. Through this share programme, senior employees, where invited to subscribe for shares in DONG Energy A/S for an amount equivalent to 60-100% of their annual salary, depending on their level of seniority. Other employees were invited to subscribe for shares in DONG Energy A/S for a nominalvalue of up to DKK 40.000 subject to a discount of 25% relative to the price paid by new investors and senior employees.

For further details regarding this programme reference is made to the DONG Energy Group's 2014 annual report (note 2.6), which includes the Group's employee details regarding the share programme.

Insurable risks
The DONG Energy Group, including DONG Naturgas, has an extensive facilities and liability insurance programme, while the scope of consequential loss insurance is very limited. To this should be added the fact that separate insurance is taken out for some large construction projects. The facilities insurance largely relates to the membership of the reinsurance company Oil Insurance Ltd. Through this, assets up to USD 300 million are insured, with an excess of USD 10 million per insurance event. With a view to achieving adequate cover for a number of large assets, this cover has been supplemented by a number of supplementary insurance policies through Lloyd’s of London and others. As part of the optimisation of its insurance portfolio, the DONG Energy Group has established a captive, DONG Insurance A/S, that is authorised to carry on insurance business and is subject to supervision by the Danish Financial Supervisory Authority. DONG Insurance A/S is primarily used in relation to providing insurance cover for facilities and certain construction projects.

For further details of risk management in DONG Naturgas A/S, reference is made to note 26.

Corporate responsibility (CSR)
DONG Naturgas A/S is part of the DONG Energy Group, and reference is consequently made to the DONG Energy Group's 2014 annual report, which includes the Group's statutory corporate responsibility statement.

Further details can be found on the responsibility page at dongenergy.com/en/responsibility.

Gender representation in the management
Due to equal representation of men and women in the Board of Directors in accordance with the rules in the Danish Companies Act, no targets for the share of the underrepresented gender have been set

DONG Energy A/S has prepared a policy to increase the underrepresented gender at other management levels, which applies to the entire DONG Energy Group.

Please refer to the 2014 annual report of DONG Energy.

Financial results for 2014

Financial performance
Revenue was up DKK 5,2 billion at DKK 44,9 billion due to increased power sales compared with 2013.

EBITDA amounted to a loss of DKK 1,2 billion, a decrease of DKK 0,3 billion compared to 2013. This was mainly due to the fact that DONG Energy sold the Stenlille Gas Storage Facility, resulting in a loss of DKK 484 million regarding an onerous contract for capacity at the Stenlille Gas Storage Facility.

EBIT decreased by DKK 0,4 billion to a loss of DKK 1,8 billion in 2014, primarily reflecting the lower EBITDA. Furthermore, the recovery plan concerning DONG Naturgas' activities launched at year-end 2012 which focussed on renegotiation of the long-term gas contracts, simplification of the organisation and reduction of expenses had a positive impact on result.

Volumes
Gas sales (including sales to own power stations) totalled 122 TWh, a significant increase (10%) compared with 2013.
Electricity sales were 30,9 TWh, up 84 % on 2013 due to higher electricity sales in the UK, where some of the offshore wind farm-generated electricity is sold.

Outlook

An important focus area for the coming years will be a return to profitability for the DONG Naturgas Group's midstream activities, which have, particularly in earlier periods, been loss-making. This will be achieved primarily by renegotiating the long-term gas purchase contracts in order to obtain prices that reflect the changed conditions in the gas market, where oil and gas prices no longer keep pace with one another.

Another focus area is the optimisation of the LNG terminal in Rotterdam, where efforts will be made to make better use of the capacity.

For the DONG Naturgas Group, a slight increase in EBITDA is expected for 2015. This expectation is based on financial forecasts for DONG Naturgas and thus expectations for the renegotiation of gas contracts, in particular. Moreover, a large portion of the price exposure for 2015 has been hedged using financial contracts to limit the impact of price fluctuations.

Events after the end of the financial year

A merger between DONG Naturgas A/S (parent company) and the companies DONG El & Gas A/S, DONG Energy Kabler A/S, DONG Energy Service 1 A/S and DONG Energy Service 2 A/S is planned to take place in April 2014. The merger is planned for the purpose of utilising the product diversity within the DONG Naturgas Group, enabling the new company to offer customers both electricity and gas.
In connection with the merger a capital injection off DKK 1 billion has been made in order to ensure sufficient capital ressources in the continuing company.

Consolidated statement of comprehensive income 1 January - 31 December

DKK million	Note	2014 Business perfor-mance	2014 Re-meas-urement	2014 IFRS	2013 Business perfor-mance	2013 Re-meas-urement	2013 IFRS
Revenue	3,4	44,918	(1,064)	43,854	39,671	(925)	38,746
Cost of sales	5	(44,624)	36	(44,588)	(39,664)	163	(39,501)
Other external expenses		(574)	0	(574)	(588)	0	(588)
Employee costs	6	(141)	0	(141)	(298)	0	(298)
Other operating income	8	6	0	6	4	0	4
Other operating expenses	8	(6)	0	(6)	0	0	0
Operating profit (loss) before depreciation, amortisation and impair-ment losses (EBITDA)		**(421)**	**(1,028)**	**(1,449)**	**(875)**	**(762)**	**(1,637)**
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	12,13	(536)	0	(536)	(512)	0	(512)
Operating profit (loss) (EBIT)		**(957)**	**(1,028)**	**(1,985)**	**(1,387)**	**(762)**	**(2,149)**
Share of profit (loss) from associates and joint ventures	14	58	0	58	22	0	22
Gain (loss) on divestment of enterprises		(10)	0	(10)	381	0	381
Financial income	9	798	0	798	649	0	649
Financial expenses	10	(896)	0	(896)	(860)	0	(860)
Profit (loss) before tax		**(1,007)**	**(1,028)**	**(2,035)**	**(1,195)**	**(762)**	**(1,957)**
Tax on profit (loss) for the year	11	53	252	305	254	196	450
Profit (loss) for the year		**(954)**	**(776)**	**(1,730)**	**(941)**	**(566)**	**(1,507)**
Other comprehensive income[1]:							
Value adjustments for the year				0			0
Value adjustments transferred to revenue				(32)			24
Tax on value adjustments of hedging instruments				7			(3)
Exchange rate adjustments				(16)			(8)
Other comprehensive income				**(41)**			**13**
Total comprehensive income				**(1,771)**			**(1,494)**

[1] All items in other comprehensive income may be reclassified to the income statement.

Consolidated statement of comprehensive income 1 January - 31 December (continued)

		2014			2013		
DKK million	**Note**	**Business perfor-mance**	**Adjust-ments**	**IFRS**	**Business perfor-mance**	**Adjust-ments**	**IFRS**
Profit (loss) for the year is attributable to:							
Shareholders in DONG Naturgas A/S		(954)	(776)	(1,730)	(941)	(566)	(1,507)
Profit (loss) for the year		**(954)**	**(776)**	**(1,730)**	**(941)**	**(566)**	**(1,507)**
Comprehensive income for the year is attributable to:							
Shareholders in DONG Naturgas A/S				(1,771)			(1,494)
Total comprehensive income				**(1,771)**			**(1,494)**

Consolidated balance sheet 31 December

DKK million	Note	2014	2013
Assets			
Goodwill	12	0	92
Rights	12	24	135
CO_2 emissions allowances	12	0	175
Completed development projects	12	20	67
Development projects in progress	12	66	41
Intangible assets		**110**	**510**
Land and buildings	13	2	2
Production assets	13	342	666
Fixtures and fittings, tools and equipment	13	2	3
Property, plant and equipment under construction	13	4	4
Property, plant and equipment		**350**	**675**
Other equity investments	14	0	33
Deferred tax assets	18	2	1,143
Other non-current assets		**2**	**1,176**
Non-current assets		**462**	**2,361**
Inventories	15	1,624	2,289
Receivables	16	33,082	21,454
Income tax receivable	22	1,665	572
Cash	24	574	3,200
Current assets		**36,945**	**27,515**
Assets		**37,407**	**29,876**

Consolidated balance sheet 31 December

DKK million	Note	2014	2013
Equity and liabilities			
Share capital	17	1,100	1,100
Hedging reserve		4	29
Translation reserve		0	22
Retained earnings		3,308	5,031
Equity		**4,412**	**6,182**
Deferred tax	18	95	80
Provisions	19	3,083	3,813
Bank loans	20	0	3
Payables to group enterprises	20	365	425
Other payables	21	0	58
Non-current liabilities		**3,543**	**4,379**
Provisions	19	198	2,149
Bank loans	20	143	156
Other payables	21	29,111	16,968
Income tax	22	0	42
Current liabilities		**29,452**	**19,315**
Liabilities		**32,995**	**23,694**
Equity and liabilities		**37,407**	**29,876**

Consolidated statement of changes in equity 1 January - 31 December

DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Total
Equity at 1 January 2013	**1,020**	**8**	**22**	**(374)**	**0**	**676**
Comprehensive income for the year:						
Profit (loss) for the year	0	0	0	(1,507)	0	(1,507)
Other comprehensive income:						
Value adjustments for the year	0	24	0	0	0	24
Tax on value adjustments of hedging instruments	0	(5)	0	0	0	(5)
Change in tax rate	0	2	0	0	0	2
Exchange rate adjustments, foreign companies	0		0	(8)	0	(8)
Total comprehensive income	**0**	**21**	**0**	**(1,515)**	**0**	**(1,494)**
Transactions with owners:						
Capital increase	80	0	0	6,920	0	7,000
Total changes in equity in 2013	**80**	**0**	**0**	**6,920**	**0**	**7,000**
Equity at 31 December 2013	**1,100**	**29**	**22**	**5,031**	**0**	**6,182**

DKK million	Share capital	Hedging reserve	Transla-tion re-serve	Retained earnings	Pro-posed divi-dends	Total
Equity at 1 January 2014	**1,100**	**29**	**22**	**5,031**	**0**	**6,182**
Comprehensive income for the year:						
Profit (loss) for the year	0	0	0	(1,730)	0	(1,730)
Other comprehensive income:						
Value adjustments of hedging instruments	0	(32)	0	0	0	(32)
Tax on value adjustments of hedging instruments	0	7	0	0	0	7
Change in tax rate	0	0	0	0	0	0
Exchange rate adjustments, foreign companies	0	0	0	(16)	0	(16)
Total comprehensive income	**0**	**(25)**	**0**	**(1,746)**	**0**	**(1,771)**
Change in consolidation method	0	0	0	25	0	25
Purchase of shares in DONG Energy A/S	0	0	0	(1)	0	(1)
Addition of acquisitions	0	0	0	1	0	1
Share based payments	0	0	0	2	0	2
Divestment of enterprises	0	0	0	(25)	0	(25)
Other items	0	0	0	(1)	0	(1)
Total changes in equity in 2014	**0**	**0**	**0**	**1**	**0**	**1**
Equity at 31 December 2014	**1,100**	**4**	**22**	**3,286**	**0**	**4,412**

Consolidated cash flow statement 1 January - 31 December

DKK million	Note	2014	2013
Cash flows from operations (operating profit EBITDA)	23	(1,100)	302
Interest income and similar items		770	608
Interest expenses and similar items		(713)	(729)
Income tax paid		332	75
Cash flows from operating activities		**(711)**	**256**
Acquisition of intangible assets		(50)	(72)
Acquisition of property, plant and equipment	13	(18)	(2)
Sale of intangible assets and property, plant and equipment		80	27
Financial transactions with group enterprises		(1,876)	(1,195)
Financial transactions with associates		0	3
Acquisition of subsidiaries		1	0
Divestment of subsidiaries		26	0
Other investments		0	5
Dividend received		0	39
Cash flows from investing activities		**(1,837)**	**(1,195)**
Payables to group enterprises		(107)	(4,306)
Capital increase		0	7,000
Dividends paid to non-controlling interests		(2)	(1)
Cash flows from financing activities		**(109)**	**2,693**
The year's cash flow		**(2,657)**	**1,754**
Cash and cash equivalents at 1 January		3,032	1,276
Net increase/(decrease) in cash		(2,657)	1,754
Other changes in cash		0	5
Exchange rate adjustments of cash and cash equivalents		(7)	(3)
Cash and cash equivalents at 31 December	24	**368**	**3,032**

Parent company statement of comprehensive income 1 January - 31 December

DKK million	Note	2014 Business perfor-mance	2014 Adjust-ments	2014 IFRS	2013 Business perfor-mance	2013 Adjust-ments	2013 IFRS
Revenue	3,4	44,921	(1,045)	43,876	39,385	(805)	38,580
Cost of sales	5	(44,719)	9	(44,710)	(39,602)	17	(39,585)
Other external expenses		(528)	0	(528)	(511)	0	(511)
Employee costs	6	(106)	0	(106)	(212)	0	(212)
Other operating income	8	6	0	6	0	0	0
Other operating expenses	8	(6)	0	(6)	0	0	0
Operating profit (loss) before deprecia-tion, amortisation and impairment losses (EBITDA)		**(432)**	**(1,036)**	**(1,468)**	**(940)**	**(788)**	**(1,728)**
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment		(534)	0	(534)	(498)	0	(498)
Operating profit (loss) (EBIT)		**(966)**	**(1,036)**	**(2,002)**	**(1,438)**	**(788)**	**(2,226)**
Gain (loss) on divestment of enterprises		(2)	0	(2)	97	0	97
Financial income	9	952	0	952	656	0	656
Financial expenses	10	(927)	0	(927)	(893)	0	(893)
Profit (loss) before tax		**(943)**	**(1,036)**	**(1,979)**	**(1,578)**	**(788)**	**(2,366)**
Tax on profit (loss) for the year	11	58	254	312	268	197	465
Profit (loss) for the year		**(885)**	**(782)**	**(1,667)**	**(1,310)**	**(591)**	**(1,901)**
Other comprehensive income[2]:							
Value adjustments for the year				(32)			0
Value adjustments transferred to revenue				0			25
Tax on value adjustments of hedging instruments				7			(3)
Other comprehensive income				**(25)**			**22**
Total comprehensive income				**(1,692)**			**(1,879)**

[2] All items in other comprehensive income may be reclassified to the income statement.

Parent company statement of comprehensive income 1 January - 31 December (continued)

DKK million	Note	2014 Business perfor-mance	2014 Adjust-ments	2014 IFRS	2013 Business perfor-mance	2013 Adjust-ments	2013 IFRS
Profit (loss) for the year is attributable to:							
Shareholders in DONG Naturgas A/S		(885)	(782)	(1,667)	(1,310)	(591)	(1,901)
Profit (loss) for the year		**(885)**	**(782)**	**(1,667)**	**(1,310)**	**(591)**	**(1,901)**
Total comprehensive income for the year is attributable to:							
Shareholders in DONG Naturgas A/S				(1,692)			(1,879)
Total comprehensive income				**(1,692)**			**(1,879)**

Parent company balance sheet 31 December

DKK million	Note	2014	2013
Assets			
Rights	12	24	134
CO_2 emissions allowances	12	0	175
Completed development projects	12	20	67
Development projects in progress	12	66	41
Intangible assets		**110**	**417**
Land and buildings	13	2	2
Production assets	13	342	666
Property, plant and equipment under construction	13	4	4
Property, plant and equipment		**348**	**672**
Share of profit (loss) of associates and subsidiaries	14	521	588
Deferred tax	18	0	1,140
Receivables from Group	16	31	31
Other non-current assets		**552**	**1,759**
Non-current assets		**1,010**	**2,848**
Inventories	15	1,619	2,287
Receivables	16	31,596	20,333
Income tax	22	1,648	571
Cash	24	97	2,597
Current assets		**34,961**	**25,788**
Assets		**35,971**	**28,636**

Parent company balance sheet 31 December

DKK million	Note	2014	2013
Equity and liabilities			
Share capital	17	1,100	1,100
Hedging reserve		4	29
Retained earnings		3,172	4,838
Equity		**4,276**	**5,967**
Provisions	19	3,083	3,813
Payables to group enterprises	20	463	496
Deferred tax	18	20	0
Other payables	21	0	58
Non-current liabilities		**3,566**	**4,367**
Provisions	19	198	2,149
Bank loans	20	143	157
Other payables	21	27,788	15,959
Income tax	22	0	37
Current liabilities		**28,129**	**18,302**
Liabilities		**31,695**	**22,669**
Equity and liabilities		**35,971**	**28,636**

Parent company statement of changes in equity 1 January - 31 December

DKK million	Share capital	Hedging reserve	Retained earnings	Proposed dividend	Total
Equity at 1 January 2013	**1,020**	**7**	**(181)**	**0**	**846**
Comprehensive income for the year:					
Profit (loss) for the year	0	0	(1,901)	0	(1,901)
Other comprehensive income:					
Value adjustments transferred to revenue	0	25	0	0	25
Tax on value adjustments of hedging instruments	0	(5)	0	0	(5)
Change in tax rate		2	0		2
Total comprehensive income	**0**	**22**	**(1,901)**	**0**	**(1,879)**
Transactions with owners:				0	
Capital increase	80	0	6,920	0	7,000
Total changes in equity in 2013	**80**	**0**	**6,920**	**0**	**7,000**
Equity at 31 December 2013	**1,100**	**29**	**4,838**	**0**	**5,967**
Equity at 1 January 2014	1,100	29	4,838	0	5,967
Comprehensive income for the year:					
Profit (loss) for the year	0	0	(1,667)	0	(1,667)
Other comprehensive income:					
Value adjustments transferred to revenue	0	(32)	0	0	(32)
Tax on value adjustments of hedging instruments	0	7	0	0	7
Total comprehensive income	**0**	**(25)**	**(1,667)**	**0**	**(1,692)**
Transactions with owners:					
Share-based payment	0	0	2	0	2
Purchase of treasury shares	0	0	(1)	0	(1)
Total changes in equity in 2014	**0**	**0**	**1**	**0**	**1**
Equity at 31 December 2014	**1,100**	**4**	**3,172**	**0**	**4,276**

Parent company cash flow statement 1 January - 31 December

DKK million	Note	2014	2013
Cash flows from operations (operating activities)	23	(1,100)	786
Interest income and similar items		767	602
Interest expenses and similar items		(746)	(762)
Income tax paid		364	104
Cash flows from operating activities		**(715)**	**730**
Acquisition of intangible assets		(50)	(41)
Acquisition of property, plant and equipment	23	(18)	(2)
Sale of intangible assets and property, plant and equipment		76	0
Divestment of companies		(54)	387
Financial transactions with group enterprises		(1,855)	(1,616)
Other investments		(28)	(27)
Dividend received		158	54
Cash flows from investing activities		**(1,771)**	**(1,245)**
Loans raised with group enterprises		(53)	(4,232)
Cash flows from financing activities		**(53)**	**(4,232)**
The year's cash flow		**(2,539)**	**(4,747)**
Cash and cash equivalents at 1 January		2,429	(13)
Net increase/(decrease) in cash		(2,539)	(4,747)
Other changes in cash		0	7,189
Cash and cash equivalents at 31 December	24	**(110)**	**2,429**

Notes

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Note 1. Basis of reporting

General

DONG Naturgas A/S is a public limited company based in Denmark. The financial statements for the period 1 January - 31 December 2014 comprises the consolidated financial statements of DONG Naturgas A/S and its subsidiaries (the Group) as well as the financial statements of the parent company DONG Naturgas A/S. Reference is made to note 30 (p. 65) for the parent company's accounting policies.

The consolidated financial statements as well as the financial statements of the parent company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements according to the Danish Financial Statements Act for class D enterprises, see the Danish Statutory Order on Adoption of IFRS.

The financial statements are presented in million Danish kroner (DKK), unless otherwise stated.

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, financial instruments in the trading portfolio, financial instruments classified as available for sale and CO_2 emissions allowances in the trading portfolio, which are measured at fair value.

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

The accounting policies described in note 31 have been applied consistently in the financial year and with the comparative figures.

Implementation of new standards and interpretations

In 2014, DONG Naturgas A/S implemented the following standards (IASs and IFRSs) and interpretations (IFRICs), effective for reporting periods beginning on or after 1 January 2014:

- Amendments to IFRS 10, IFRS 12 and IAS 27 relating to investment entities. The amendment exempts enterprises that meet the definition of an investment entity from the requirement for consolidation of subsidiaries.
- Amendment to IAS 32 concerning financial instruments. The amendment provides an additional guidance on the offsetting of financial assets and liabilities.
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement. The Amendment means that replacing a hedging instrument counterparty (novation) with a so-called clearing counterparty is not to be regarded at expiration or cancellation of the instrument if such transfer is a consequence of laws or regulations or the introduction of laws and regulations.
- IFRIC 21 Levies. The interpretation provides guidance on when to recognise a liability for levies imposed by a government, and which are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
- Amendments to IAS 19 Employee Benefits. The amendments mean that contributions that are linked to service must be attributed to periods of

service as a reduction of service cost if the amount of the contributions is independent of the number of years of service or pay level.

- Annual improvements 2010-2012, which concern amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.
- Annual improvements 2011-2013, which concern amendments to IFRS 1, IFRS 3, IFRS 8, IFRS 13 and IAS 40.

The implementation of the amended standards in the consolidated financial statements for 2014 has not had any impact on DONG Naturgas' consolidated financial statements for 2014.

New standards and interpretations
IASB has issued a number of new or amended standards and interpretations that have been adopted by the EU and are consequently not relevant for 2014.

- IFRS 9 Financial instruments: Classification and measurementof financial assets and liabilities. The number of categories of financial assets is reduced to three: amortised cost, fair value or fair value through other comprehensive income. Fair value changes in financial liabilities arising from changes in own credit risk must be recognised in other comprehenvise income.
- IFRS 14 Regulatory Deferral Accounts. New standard on regulatory assets and regulatory liabilities in connection with the transition to IFRS.
- IFRS 15 Revenue: New standard on revenue recognition. In the new standard, the model for recognising revenue is changed from having been based on the transfer of the risks and rewards of ownership of a product or service to being based on the transfer of control of the goods or services transferred to the customer. The underlying principle is that recognition of revenue must reflect the transfer of goods or services from a company to a customer at the time of the sale.
- Annual improvements 2012-2014, which concern amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

The new or amended standards and interpretations are not mandatory in connection with the financial reporting for 2014. DONG Naturgas expects to implement the standards and interpretations from the mandatory effective dates.

An overall analysis of the revenue streams in DONG Naturgas has been made with a view to assessing whether the implementation of IFRS 15 will have a significant impact on the recognition of revenue in DONG Naturgas. The analysis shows that the implementation of IFRS 15 will not have a significant impact on the recognition of revenue in DONG Natursgas.
An analysis of the effect of implementing IFRS 9 in DONG Naturgas has been started. This analysis has not yet been completed. The implementation of IFRS 9 is expected to have an effect on DONG Naturgas' consolidated financial statements.

DONG Naturgas has initiated assessments of the impact of the amended standards and interpretations and expects that these will not have any material impact on the financial reporting.

Note 2. Critical accounting estimates and judgements

During 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.

Estimates and judgements made are based on historical experience and other factors that are believed by management to be reasonable in the circumstances, but which, by their nature, are uncertain and unpredictable. The effect of such estimates and judgements can potentially lead to results that differ significantly from those that would result from the use of other estimates and judgements. The Group's special risks are referred to in the section on risk management in the management's review and in note 26.

The areas in which estimates and judgements can have the most significant effect on the financial statements are described in the following.

Impairment testing of assets (notes 12 and 13)
Goodwill and development projects in progress are tested for impairment annually. Other intangible assets and property, plant and equipment are tested for impairment if there is any indication of impairment. In an impairment test, the recoverable amount of the tested asset or
cash-generating unit (CGU) is compared with its carrying amount. An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less expected disposal costs and the present value of the expected future net cash flows (value in use). The assumptions and criteria used to determine the assets' recoverable amounts constitute management's best estimates.

The determination of the recoverable amount for production assets is based on a number of assumptions where estimates are made that are material to the determination. Such assumptions include future market conditions, market prices of oil, gas, electricity, coal, CO_2, weighted average cost of capital, and exchange

rates etc. The recoverable amount of the assets is subject to the same uncertainties as apply to the determination of their useful lives.
The carrying amount of goodwill was DKK 0 million (2013: DKK 92 million), while the carrying amount of development projects in progress was DKK 66 million (2013: DKK 41 million).

Useful lives of gas purchase rights (note 12)
Intangible assets relating to gas purchase rights are amortised using the unit-of-production method, which means that the useful lives of these rights are determined based on expectations concerning annual production and estimated reserves. Changed expectations concerning future annual production and/or estimated reserves may therefore result in a need to reassess the useful lives of the rights. The carrying amount of gas purchase rights was DKK 24 million (2013: DKK 135 million).

Useful lives of production assets (note 13)
The expected useful lives of production assets are determined based on historical experience and expectations concerning the future use of these assets. The expected future uses may subsequently prove not to be realisable, which may require useful lives to be reassessed. The carrying amount of production assets was DKK 342 million (2013: DKK 666 million).

Investments in associates, other equity investments (note 14)
Investments in associates, other equity investments and other non-current financial assets are tested for impairment if there are any indications of impairment. Such indications include assessment of regulatory, financial and technological factors and general market conditions The assets are impaired if the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the value in use and the fair value less disposal costs. The carrying amount of investments in associates and other equity investments amounted to DKK 521 million in the parent company (2013: DKK 588 million).

Receivables (note 16)
Write-downs are made for bad and doubtful debts on the basis of due date, credit rating in accordance with the DONG Energy Group's credit risk management policy and historical experience.
Trade receivables were written down by DKK 2 million at 31 December 2014 (2013: DKK 2 million). The carrying amount of receivables was DKK 32,418 million (2013: DKK 21,454 million).

Onerous contracts (note 19)
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 obligations incurred by the DONG Naturgas 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.

Notes to the income statement

Note 3. Segment information

Segmentation
The management of DONG Energy has defined the Group's business segments based on the reporting regularly presented to the Group management, and which forms the basis for management's strategic decisions. Each segment is managed differently from a commercial point of view.

The DONG Naturgas Group has activities in the following of DONG Energy's reportable segments. The reportable segments follow the DONG Naturgas Group's operative segments:

- **Wind Power:** Development, construction and operation of wind farms.
- **Customers & Markets:** Sale of electricity, gas, climate partnerships and related energy products in Denmark, Sweden, Germany, Netherlands and the UK as well as operation of the Group's electricity, gas and oil infrastructure in Denmark. The segment is also responsible for optimising the value of DONG Energy's overall energy portfolio and executing the Group's hedging strategy.
- **Thermal Power:** Generation and sale of electricity and heat from thermal power stations in Denmark and a gas-fired power station in the Netherlands, and ownership of a demonstration plant for the production of second-generation bioethanol in Denmark.

The DONG Naturgas Group also owns and operates infrastructure assets that are used within the Group's gas activities.

DKK million	Wind Power	Thermal Power	Customers & Markets	Total segments
2014				
External revenue	0	(8)	31,884	31,876
Intragroup and intrasegment revenue	83	114	12,928	13,125
Revenue	83	106	44,418	45,001
EBITDA	83	(2,167)	863	(1,221)
Depreciation and amortisation excluding purchased CO_2 emissions allowances	0	0	(443)	(443)
Impairment losses	0	0	(93)	(93)
Operating profit (loss) (EBIT)	83	(2,167)	327	(1,757)
Non-current segment assets	0	0	36,169	36,169[3]
Investment	0	0	(67)	(67)

[3] The difference compared to the balance sheet is made up of deferred tax assets and income tax receivables.

Note 3. Segment information (continued)

DKK million	Total seg-ments	Elimina-tions	Busi-ness perfor-mance	Adjust-ments	IFRS
2014					
External revenue	31,876	0	31,876	(1,064)	30,812
Intragroup and intrasegment revenue	13,125	(83)	13,042	0	13,042
Revenue	45,001	**(83)**	**44,918**	**(1,064)**	**43,854**
EBITDA	(1,221)	0	(1,221)	(1,028)	(2,249)
Depreciation and amortisation excluding purchased CO_2 emissions allowances	(443)	0	(443)	0	(443)
Impairment losses	(93)	0	(93)	0	(93)
Operating profit (loss) (EBIT)	(1,757)	**0**	**(1,757**	**(1,028)**	**(2,785)**
Non-current segment assets	36,169	0	36,169	0	36,169[3]
Investment	(67)	0	(67)	0	(67)

DKK million	Wind Power	Thermal Power	Customers & Markets	Total seg-ments
2013				
External revenue	0	1,718	33,379	35,097
Intragroup and intrasegment revenue	76	76	4,498	4,650
Revenue	76	1,794	37,877	39,747
EBITDA	76	(1,379)	428	(875)
Depreciation and amortisation excluding purchased CO_2 emissions allowances	0	0	(512)	(512)
Operating profit (loss) (EBIT)	76	(1,379)	(84)	(1,387)
Non-current segment assets	0	1,281	27,146	28,427[1]
Investment	3	(19)	(51)	(67)

[1] The difference compared to the balance sheet is made up of deferred tax assets and income tax receivables.

Note 3. Segment information (continued)

DKK million	Total seg- ments	Elimina- tions	Busi- ness perfor- mance	Adjust- ments	IFRS
2013					
External revenue	35,097	0	35,097	(925)	34,172
Intragroup and intrasegment revenue	4,650	(76)	4,574	0	4,574
Revenue	**39,747**	**(76)**	**39,671**	**(925)**	**38,746**
EBITDA	(875)	0	(875)	(762)	(1,637)
Depreciation and amortisation excluding purchased CO_2 emissions allowances	(512)	0	(512)	0	(512)
Operating profit (loss) (EBIT)	**(1,387)**	**(76)**	**(1,387)**	**(762)**	**(2,149)**
Non-current segment assets	28,427	0	28,427	0	28,427[1]
Investment	(67)	0	(67)	0	(67)

[1] Differences compared to the balance sheet, compiles of deferred taxassets as well as income tax assets

Geographical location:
The DONG Naturgas Group primarily sells products and services in the Northern Europe market. A significant part of the Group's sales takes place via power exchanges and gas hubs in Europe, the physical location of which does not reflect the Group's market risks. The transfer of risk normally takes place on delivery at the exchange or hub, and the DONG Naturgas Group consequently does not know the counterparty in every single case.

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

DKK million	Denmark	Germany	UK	Netherlands	Norway	Rest of the world	Consolidated total
2014							
Revenue	8,204	8,211	20,694	5,869	7	869	43,854
Intangible assets and property, plant and equipment	459	2	0	0	428	0	889
2013							
Revenue	14,310	6,064	7,723	9,679	0	970	38,746
Intangible assets and property, plant and equipment	853	4	93	82	537	92	1,661

Note 4. Revenue

DKK million	Group Business perfor-mance	Adjust-ments	IFRS	Parent company Business perfor-mance	Adjust-ments	IFRS
2014						
Natural gas	27,149	874	28,023	27,129	893	28,023
Electricity	14,423	249	14,671	14,402	249	14,651
Distribution and storage of natural gas	357	0	357	375	0	375
Trading activities, net	399	0	399	342	0	342
Effect of economic hedging, net	(511)	(2,187)	(2,698)	(444)	(2,187)	(2,631)
Other revenue	3,101	0	3,101	3,117	0	3,117
Revenue	**44,918**	**(1,064)**	**43,854**	**44,921**	**(1,045)**	**43,876**
2013						
Natural gas	28,317	(573)	27,744	28,172	(454)	27,718
Electricity	10,032	(1)	10,031	9,987	0	9,987
Distribution and storage of natural gas	271	0	271	260	0	260
Trading activities, net	21	0	21	(10)	0	(10)
Effect of economic hedging, net	754	(298)	456	754	(298)	456
Effect of hedge accounting	0	(53)	(53)	0	(53)	(53)
Other revenue	276	0	276	222	0	222
Revenue	**39,671**	**(925)**	**38,746**	**39,385**	**(805)**	**38,580**

Of the total revenue of DKK 43,854 million (2013: DKK 38,746 million), DKK 43,302 million (2013: DKK 38,297 million) represents revenue from sale of goods, while DKK 552 million (2013: DKK 449 million) represents revenue from sale of services.

Note 5. Cost of sales

DKK million	Group Business perfor-mance	Adjust-ments	IFRS	Parent company Business perfor-mance	Adjust-ments	IFRS
2014						
Natural gas	(26,442)	3	(26,439)	(26,517)	(26)	(26,543)
Electricity	(12,369)	0	(12,369)	(12,348)	0	(12,348)
Coal	(28)	0	(28)	(28)	0	(28)
Distribution and storage of natural gas	(1,092)	0	(1,092)	(1,163)	0	(1,163)
Effect of economic hedging, net	(20)	33	13	(20)	35	15
Other cost of sales	(4,673)	0	(4,673)	(5,443)	0	(5,443)
Cost of sales	**(44,624)**	**36**	**(44,588)**	**(44,719)**	**9**	**(44,710)**

Note 5. Cost of sales (continued)

DKK million	Group Business performance	Group Adjustments	Group IFRS	Parent company Business performance	Parent company Adjustments	Parent company IFRS
2013						
Natural gas	(28,294)	183	(28,111)	(28,279)	37	(28,242)
Electricity	(7,998)	0	(7,998)	(7,981)	0	(7,981)
Coal	(134)	0	(134)	(134)	0	(134)
Distribution and storage of natural gas	(1,056)	0	(1,056)	(1,049)	0	(1,049)
Effect of economic hedging, net	(57)	(20)	(77)	(57)	(20)	(77)
Other cost of sales	(2,125)	0	(2,125)	(2,102)	0	(2,102)
Cost of sales	**(39,664)**	**163**	**(39,501)**	**(39,602)**	**17**	**(39,585)**

Note 6. Employee costs

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Employee costs:				
Wages, salaries and remuneration	(130)	(267)	(101)	(195)
Defined-contribution pension plans	(7)	(19)	(6)	(15)
Other social security costs	(5)	(11)	(0)	(1)
Other employee costs	0	(1)	(1)	(1)
Employee costs	**(142)**	**(298)**	**(108)**	**(212)**
Employee costs are recognised as follows:				
Employee costs	(142)	(298)	(108)	(212)
Transferred to assets	1	0	2	0
Employee costs	**(141)**	**(298)**	**(106)**	**(212)**
Number of full-time employees				
Average for the financial year	165	161	105	103

Remuneration for the Board of Directors and the Executive Board amounts to:

2014

DKK million	Salary	Bonus	Share-based payments	Pension	Total
Parent company Board of Directors	0.0	0.0	0.0	0.0	0.0
Parent company Executive Board	(3.2)	(0.8)	(0.3)	(0.8)	(5.1)

2013

DKK million	Salary	Bonus	Share-based payments	Pension	Total
Parent company Board of Directors	0.0	0.0	0.0	0.0	0.0
Parent company Executive Board	(3.5)	(0.8)	0.0	(0.6)	(4.9)

The Executive Board is made up of one person

A bonus plan has been established for the Executive Board. The contract of service of the Executive Board includes a termination package under which the Executive Board will be entitled to the equivalent of 24 months' salary if their contract of service is terminated by the company.

Share programme

The Executive Board is covered by a share programme in DONG Energy. The Executive Board has subscribed for 29.383 shares in DONG Energy A/S as part of the programme. For each share subscribed under the programme there is a possibility to receive 0%-125% free shares. The number of free shares depends on DONG Energy's performance compared with ten peers. The number of free shares can be reduced if the employment is terminated before the time of an IPO in DONG Energy A/S or 2017.

Note 7. Auditor's fees

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Audit fees	(2)	(3)	(1)	(1)
Other assurance engagements	0	0	0	0
Tax and VAT advice	0	(1)	0	0
Other services	0	(3)	0	(3)
Total fees	**(2)**	**(7)**	**(1)**	**(4)**

Note 8. Other operating income and other operating expenses

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Other operating income	6	4	6	0
Other operating expence	(6)	0	(6)	0
Other operating income	**0**	**4**	**0**	**0**
Other operating income and other operating expenses, net	**0**	**4**	**0**	**0**

Note 9. Financial income

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Interest income	1	17	2	14
Interest income from group enterprises	4	2	5	4
Foreign exchange gains	793	615	788	584
Dividend received	0	14	157	54
Other financial income	0	1	0	0
Financial income	**798**	**649**	**952**	**656**

Note 10. Financial expenses

DKK million	Group 2014	2013	Parent company 2014	2013
Interest expenses	(8)	(20)	(7)	(16)
Interest expenses from group enterprises	(19)	(27)	(54)	(66)
Interest element of removal costs	(126)	(131)	(126)	(131)
Foreign exchange losses	(743)	(681)	(740)	(680)
Other financial expenses	0	(1)	0	0
Financial expenses	**(896)**	**(860)**	**(927)**	**(893)**
Revenue for the year includes exchange rate and fair value adjustments of:	**1,489**	**(763)**	**(1,489)**	**(763)**

Note 11. Tax on profit (loss) for the year

DKK million	Group 2014	2013	Parent company 2014	2013
Tax for the year can be specified as follows:				
Tax on profit (loss) for the year	426	450	312	465
Change in tax rate	0	2	0	2
Tax on amounts recognised in other comprehensive income	7	(8)	7	(8)
Tax for the year	**433**	**444**	**319**	**459**
Tax on profit (loss) for the year can be broken down as follows**:**				
Joint taxation contribution	1,815	581	1,828	613
Deferred tax	(1296)	22	(1,301)	11
Adjustments to current tax in respect of prior years	(169)	(159)	(169)	(156)
Adjustments to deferred tax in respect of prior years	198	123	198	125
Adjustments to deferred tax in respect of change in tax rate	(243)	(117)	(244)	(129)
Tax on profit (loss) for the year	**1,105**	**450**	**1,112**	**464**
Tax on profit (loss) for the year can be explained as follows**:**				
Calculated 24,5**%** tax on profit (loss) before tax	458	575	458	592
Adjustments of calculated tax in foreign subsidiaries in relation to 24,5**%**	4	(1)	0	0
Tax effect of:				
Non-taxable income	53	65	39	72
Non-deductible expenses	4	(38)	4	(38)
Share of profit (loss) after tax of associates	0	0	0	0
Change in tax rates	(243)	(117)	(244)	(129)
Adjustments to tax in respect of prior years	29	(34)	28	(32)
Tax on profit (loss) for the year	**1,105**	**450**	**1,112**	**465**
Effective tax rate	**15.0%**	**19.0%**	**16.0%**	**20.0%**

Notes to the balance sheet

Note 12. Intangible assets

	Group					
DKK million	**Goodwill**	**Rights**	**CO2 emis-sions al-lowanc-es**	**Com-pleted devel-opment projects**	**Devel-opment projects in pro-gress**	**Total**
Cost at 1 January 2013	369	2,210	375	338	12	3,304
Adjustment at 1 January 2013	0	22	0	0	0	22
Additions	0	13	0	0	59	72
Disposals	0	(31)	(200)	0	(18)	(249)
Retained	0	0	0	12	(12)	0
Cost at 31 December 2013	**369**	**2,214**	**175**	**350**	**41**	**3,149**
Amortisation and impairment losses at 1 January 2013	(277)	(1,891)	0	(236)	0	(2,404)
Adjustment at 1 January 2013	0	(21)	0	0	0	(21)
Amortisation for the year	0	(167)	0	(47)	0	(214)
Amortisation and impairment losses at 31 December 2013	**(277)**	**(2,079)**	**0**	**(283)**	**0**	**(2,639)**
Carrying amount at 31 December 2013	**92**	**135**	**175**	**67**	**41**	**510**
Cost at 1 January 2014	369	2.214	175	350	41	3,149
Additions	0	0	0	0	50	50
Disposals	0	(87)	(175)	0	(25)	(287)
Cost at 31 December 2014	**369**	**2,127**	**0**	**350**	**66**	**2,912**
Amortisation and impairment losses at 1 January 2014	(277)	(2.079)	0	(283)	0	(2.639)
Impairment losses for the year	(92)	0	0	0	0	(92)
Amortisation for the year	0	(24)	0	(47)	0	(71)
Amortisation and impairment losses at 31 December 2014	**(369)**	**(2,103)**	**0**	**(330)**	**0**	**(2,802)**
Carrying amount at 31 December 2014	**0**	**24**	**0**	**20**	**66**	**110**
Amortised over	-	UOP*/ 5- 20 years	-	3-5 years	-	-

* Unit of production

Note 12. Intangible assets (continued)

Parent company

DKK million	Rights	CO2 emissions allowances	Completed development projects	Development projects in progress	Total
Cost at 1 January 2013	2,188	375	338	12	2,913
Additions	0	0	12	41	53
Disposals	0	(200)	0	(12)	(212)
Cost at 31 December 2013	**2,188**	**175**	**350**	**41**	**2,754**
Amortisation and impairment losses at 1 January 2013	(1,888)	0	(236)	0	(2,124)
Amortisation for the year	(166)	0	(47)	0	(213)
Amortisation and impairment losses at 31 December 2013	**(2,054)**	**0**	**(283)**	**0**	**(2,337)**
Carrying amount at 31 December 2013	**134**	**175**	**67**	**41**	**417**
Cost at 1 January 2014	2,188	175	350	41	2,754
Additions	0	(58)	0	49	(9)
Disposals	(86)	(117)	0	(24)	(227)
Cost at 31 December 2014	**2,102**	**0**	**350**	**66**	**2,518**
Amortisation and impairment losses at 1 January 2014	(2,054)	0	(283)	0	(2,337)
Amortisation for the year	(24)	0	(47)	0	(71)
Amortisation and impairment losses at 31 December 2014	**(2,078)**	**0**	**(330)**	**0**	**(2,408)**
Carrying amount at 31 December 2014	**24**	**0**	**20**	**66**	**110**
Amortised over	UOP*/ 5-20 years	-	3-5 years	-	-

* Unit of production

Impairment testing
Goodwill and development projects in progress 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.

For additional details on impairment testing, reference is made to note 2, Accounting estimates and judgements.

Goodwill
Testing for impairment is carried out for the business units or activities that represent the smallest cash-generating units (CGUs) to which the carrying amount of goodwill can be allocated on a reasonable and consistent basis.

At 31 December 2014, DONG Naturgas A/S had identified one CGU, which was attributable to the German sales activities in Customer & Markets, to which goodwill has been allocated. The cost of goodwill relating to the subsidiary DONG Energy Germany GmbH has been allocated to the Customers & Markets CGU with DKK 92 million.

The result of the impairment tests of the year was that the recoverable amount was lower than the carrying amount of goodwill. Consequently, the carrying amout of goodwill, totalling DKK 92 million, has been written down, for impairment.

The recoverable amount for each of the CGUs has been determined as the present value of the expected future net cash flows relating to the company's activities. The determination of net cash flows is based on business plans and budgets approved by management. Net cash flows have been discounted using a discount rate (before tax) that reflects the risk-free interest rate with the addition of a risk premium in respect of specific risks related to the activities.

Customers & Markets
The Customers & Markets segment is also responsible for optimising the value of DONG Energy's overall energy portfolio and executing the Group's hedging strategy.

The main criteria used for determining the recoverable amount are gross margins, portfolio composition and the discount rate used. Budgeted gross margins are based on recently realised margins. Expected net cash flows have been determined on the basis of budgets and forecasts for the period 2014-2020. The model has been prepared so that account is taken of contract composition during the period and the Group's portfolio management experience.

The growth rate of expected net cash flows during the terminal period from 2020 onwards is 2.0% and is estimated to be on a par with the market development. Net cash flows have been discounted using a discount rate before tax of 10.0%.

DONG Naturgas is of the opinion that no reasonably probable changes in the main criteria used as a basis for calculating the recoverable amount will cause the carrying amount to exceed the recoverable amount in Customers & Markets.

Rights
Rights consist predominantly of gas purchase rights, customer-related rights and a connection right relating to gas transportation. At 31 December 2014, the carrying amount of rights was calculated at DKK 24 million (2013: DKK 61 million).

There were no indications of impairment of rights in 2014.

Completed development projects
Completed development projects related to IT software. At 31 December 2014, the carrying amount of development projects was calculated at DKK 20 million (2013: DKK 67 million).

There were no other indications of impairment of completed development projects in 2014. Consequently, completed development projects were not tested for impairment.

Development projects in progress
Development projects in progress primarily concern the implementation of new IT systems. At 31 December 2014, the carrying amount of development projects in progress was DKK 66 million (2013: DKK 41 million).

The company tested the carrying amounts of recognised development projects in progress for impairment in 2014. The test included reviewing the project development stage in the form of expenses incurred and milestones achieved etc, compared with the approved business plans. Against this background, it is estimated that the recoverable amounts exceed the carrying amounts.

Note 13. Property, plant and equipment

DKK million	Group Land and buildings	Production assets	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2013	11	8,505	26	19	8,561
Exchange rate adjustments	0	(1)	0	0	(1)
Disposal through scrapping	0	(46)	(2)	0	(48)
Retained	0	17	0	(17)	0
Additions	0	0	0	2	2
Cost at 31 December 2013	**11**	**8,475**	**24**	**4**	**8,514**
Depreciation and impairment losses at 1 January 2013	(9)	(7,550)	(20)	0	(7,579)
Exchange rate adjustments	0	1	0	0	1
Disposal through scrapping	0	28	7	0	35
Depreciation for the year	0	(288)	(8)	0	(296)
Depreciation and impairment losses at 31 December 2013	**(9)**	**(7,809)**	**(21)**	**0**	**(7,839)**
Carrying amount at 31 December 2013	**2**	**666**	**3**	**4**	**675**
Cost at 1 January 2014	11	8,475	24	4	8,514
Disposal through transfer	0	(57)	0	0	(57)
Retained	0		0	(18)	(18)
Transfers	0	18	0	18	36
Cost at 31 December 2014	**11**	**8,436**	**24**	**4**	**8,475**
Depreciation and impairment losses at 1 January 2014	(9)	(7,809)	(21)	0	(7,839)
Depreciation for the year	0	(285)	(1)	0	(286)
Depreciation and impairment losses at 31 December 2014	**(9)**	**(8,094)**	**(22)**	**0**	**(8,125)**
Carrying amount at 31 December 2014	**2**	**342**	**2**	**4**	**350**
Depreciated over	20 years	20-40 years	3-10 years	-	-

Note 13. Property, plant and equipment (continued)

DKK million	Parent company Land and buildings	Production assets	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2013	11	8,454	7	19	8,491
Additions	0	0	0	2	2
Disposals	0	0	(1)	0	(1)
Retained	0	17	0	(17)	0
Cost at 31 December 2013	**11**	**8,471**	**6**	**4**	**8,492**
Depreciation and impairment losses at 1 January 2013	(9)	(7,520)	(7)	0	(7,536)
Disposals	0	0	1	0	1
Depreciation for the year	0	(285)	0	0	(285)
Depreciation and impairment losses at 31 December 2013	**(9)**	**(7,805)**	**(6)**	**0**	**(7,820)**
Carrying amount at 31 December 2013	**2**	**666**	**0**	**4**	**672**
Cost at 1 January 2014	11	8,471	6	4	8,492
Additions	0	0	0	18	18
Disposals	0	(57)	(1)	0	(58)
Retained	0	18	0	(18)	0
Cost at 31 December 2014	**11**	**8,432**	**5**	**4**	**8,452**
Depreciation and impairment losses at 1 January 2014	(9)	(7,805)	(6)	0	(7,820)
Disposals	0	0	1	0	1
Depreciation for the year	0	(285)	0	0	(285)
Depreciation and impairment losses at 31 December 2014	**(9)**	**(8,090)**	**(5)**	**0**	**(8,104)**
Carrying amount at 31 December 2014	**2**	**342**	**0**	**4**	**348**
Leased assets		**59**			
Depreciated over	20 years	20-40 years	3-10 years	-	-

Finance leases
Production assets in the parent company with a carrying amount of DKK 59 million at 31 December 2014 (2013: DKK 110 million) were financed under finance leases. The lease commitment at 31 December 2014 was DKK 709 million (2013: DKK 804 million).

As the lessor, DONG Energy Pipelines A/S holds the legal ownership in the pipeline, but substantially all rewards and risks, including maintenance obligations related to the pipeline, lie with DONG Naturgas A/S as the lessee. As the lessee, DONG Naturgas A/S is entitled to acquire the ownership interest in the pipeline at market price from DONG Energy Pipelines A/S on expiry of the agreement.

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

In an impairment test, the tested asset's recoverable amount is compared with its carrying amount. The recoverable amount is based on the higher of the value in use and the fair value less estimated selling costs. The value in use is determined on the basis of expected future net cash flows. There were no indications of impairment of property, plant and equipment in 2014.

Note 14. Associates and subsidiaries and other equity investments

Group

	Investments in associates and subsidiaries		Other equity investments	
DKK million	**2014**	**2013**	**2014**	**2013**
Cost at 1 January	44	609	0	88
Additions during the year	0	0	0	0
Disposals during the year	(44)	(565)	0	(88)
Cost at 31 December	**0**	**44**	**0**	**0**
Value adjustments at 1 January	(12)	(451)	0	0
Share of profit (loss) for the year	(10)	22	0	0
Disposals during the year	0	443	0	0
Other value adjustments etc.	(2)	(1)	0	0
Dividend received	0	(25)	0	0
Value adjustments carried directly in equity in associates	0	0	0	0
Value adjustments at 31 December	**0**	**(12)**	**0**	**0**
Carrying amount at 31 December	**0**	**32**	**0**	**0**

Disposal of other equity investments in 2014 concerns the divestment of ownership interests in FordonsGas Sverige AB.

The Dutch company DES B.V. was sold internally to Thermal Power in 2013.

Note 14. Associates and subsidiaries and other equity investments (continued)

Parent company

DKK million	Investments in associates and subsidiaries 2014	Investments in associates and subsidiaries 2013	Other equity investments 2014	Other equity investments 2013
Cost at 1 January	588	1,276	0	565
Disposals during the year	0	(688)	0	(565)
Capital contributions	26	0	0	0
Cost at 31 December	**614**	**588**	**0**	**0**
Value adjustments at 1 January	0	(391)	0	(382)
Impairment losses for the year	(93)	391	0	382
Value adjustments at 31 December	**(93)**	**0**	**0**	**0**
Carrying amount at 31 December	**521**	**588**	**0**	**0**

Impairment losses for the year concerns the German company DONG Energy Markets GmbH.

2014

DKK million	Registered office	Ownership interest	Revenue[1]	Profit (loss) for the year[1]	Assets[1]	Liabilities[1]	Attributable to the DONG Naturgas Group: Profit (loss) for the year	Attributable to the DONG Naturgas Group: Equity
FondonsGas Sverige AB	Gothenburg, Sweden	0%	0	0	0	0	(24)	0
Consolidated total							**(24)**	**0**

2013

DKK million	Registered office	Ownership interest	Revenue[1]	Profit (loss) for the year[1]	Assets[1]	Liabilities[1]	Attributable to the DONG Naturgas Group: Profit (loss) for the year	Attributable to the DONG Naturgas Group: Equity
FondonsGas Sverige AB	Gothenburg, Sweden	50%	163	14	208	144	7	32
Stadtwerke Lübeck GmbH	Lübeck, Germany	0%	0	0	0	0	15	0
Consolidated total							**22**	**32**

[1] The accounting figures disclosed in this note have been determined on the basis of the recognised values.

Note 15. Inventories

DKK million	Group 2014	2013	Parent company 2013	2013
Natural gas	727	2,010	722	2,008
Green certificates	718	183	718	183
CO_2 rights	179	96	179	96
Inventories at 31 December	**1,624**	**2,289**	**1,619**	**2,287**

The carrying amount of inventories recognised at fair value was DKK 179 million (2013: DKK 96 million).

Note 16. Receivables

DKK million	Group 2014	2013	Parent company 2014	2013
Other receivables	0	0	31	31
Long-term receivables at 31 December	**0**	**0**	**31**	**31**
Trade receivables	3,928	3,765	2,855	2,677
Receivables from related parties	5,435	4,188	6,079	5,148
Fair value of derivative financial instruments	23,055	11,720	22,048	10,816
Deposits	0	2	0	0
Other receivables	664	1,779	614	1,692
Short-term receivables at 31 December	**33,082**	**21,454**	**31,596**	**20,333**
Short-term and long-term receivables at 31 December	**33,082**	**21,454**	**31,627**	**20,364**

Other long-term receivables comprise long-term loans to finance natural gas installations. Apart from the fair value of derivative financial instruments and deposits, short-term receivables fall due less than one year after the closing of the financial year. The term to maturity of derivative financial instruments appears from note 27.

The carrying amount of receivables is estimated to correspond to the fair value.

Other receivables includes margin account deposits, DKK 554 million in total, which have been pledged as collateral for trading in financial instruments.

Note 16. Receivables (continued)

Trade receivables by credit quality

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Denmark	334	669	326	669
Rest of the EU	3,526	2,891	2,461	1,802
Rest of the world	68	205	68	205
Trade receivables at 31 December	**3,928**	**3,765**	**2,855**	**2,676**

DONG Naturgas' main credit exposure in connection with sales relates to sales of gas. Besides credit exposure on gas customers in Denmark, the exposure primarily relates to international energy companies and banks. DONG Naturgas' internal control of its credit exposure is based on internal credit limits for each counterparty and structured and ongoing monitoring and reporting. Credit limits and any requirements concerning security are determined on the basis of the credit rating of the counterparty, partly using input from external rating agencies such as Moody's, S&P's and D&B. For all significant counterparties, framework and netting contracts setting out credit conditions are also entered into. The maximum credit risk related to receivables corresponds to the values recognised in the balance sheet. There are no special concentrations of credit risks. The receivables are not credit-insured.

Trade receivables that are past due, but not individually impaired

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Days past due:				
Up to 30 days	268	49	230	35
30-90 days	(3)	30	(3)	30
More than 90 days	9	1	9	0
General write-downs	(2)	(2)	(2)	(2)
Receivables past due at 31 December	**272**	**78**	**234**	**63**

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

The Group's trade receivables at 31 December 2014 include receivables that have been written down by DKK 0 million following individual assessment (2013: DKK 15 million).

Note 17. Share capital

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Share capital**:**				
Value at 1 January	1,100	1,020	1,100	1,020
Capital increase	0	80	0	80
Value at 31 December	**1,100**	**1,100**	**1,100**	**1,100**

Development in share capital

DKK million	2014	2013	2012	2011	2010
Share capital at 1 January	1,100	1,020	1,020	1,020	1,020
Capital increase	0	80	0	0	0
Share capital at 31 December	**1,100**	**1,100**	**1,020**	**1,020**	**1,020**

Composition of share capital:

Number of shares		Nominal value		Total
1	of	DKK1,000,000,000	=	DKK1,000,000,000
100	of	DKK 1,000,000	=	DKK 100,000,000
				DKK1,100,000,000

Ownership
The company's annual report forms part of the consolidated financial statements of DONG Energy A/S, Fredericia, which owns the entire share capital.

All shares rank equally. There are no restrictions on voting rights. As a consequence of a loss of equity during 2013, a capital contribution of DKK 80,000,000 was made at a price of 8,750. Subsequently, the share capital amounted to DKK 1,100,000,000, which has not changed in 2014.

Dividends
The Board of Directors recommends that dividends of DKK 0 million be paid for the 2014 financial year, equivalent to 0% of the profit (loss) for the year determined as profit (loss) after tax attributable to the company's shareholders and DKK 0 per DKK 1,000 share (2013: DKK 0 per DKK 1,000 share).

Dividend distributions to shareholders have no tax implications for DONG Naturgas A/S. Dividends paid per share (DPS) of DKK 1,000 amounted to DKK 0 (2013: DKK 0).

Capital management
DONG Naturgas A/S's liquidity and financing risks are managed centrally by DONG Energy in accordance with principles and delegated authorities laid down by the Board of Directors of DONG Energy A/S, in such a way as to ensure that DONG Naturgas A/S has an adequate capital base and adequate cash resources at all times. One of the most important financial management tasks in the DONG Energy Group is to secure sufficient and flexible financial resources in relation to the day-to-day operations and the DONG Energy Group's investment programme. For this purpose, internal management objectives 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 the debt maturity profile.

It is the DONG Energy Group's financing policy to concentrate loans in the parent company in order to optimise the loan portfolio on a consolidated basis.

Non-controlling interests
There are no non-controlling interests in DONG Naturgas A/S.

Note 18. Deferred tax

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Deferred tax at 1 January	(1,063)	(962)	(1,140)	(1,057)
Change in tax rate	58	44	57	53
Exchange rate adjustments	0	0	0	0
Deferred tax for the year recognised in profit (loss) for the year	1,296	(22)	1,301	(11)
Deferred tax for the year recognised in other comprehensive income	0	0		
Adjustments in respect of prior years	(198)	(123)	(198)	(125)
Deferred tax at 31 December	**93**	**(1,063)**	**20**	**(1,140)**
Deferred tax is recognised in the balance sheet as follows:				
Deferred tax (assets)	(2)	(1,143)	0	(1,140)
Deferred tax (liabilities)	95	80	20	0
Deferred tax at 31 December, net	**93**	**(1,063)**	**20**	**(1,140)**
Deferred tax concerns:				
Intangible assets	102	145	104	149
Property, plant and equipment	(92)	(46)	(52)	2
Non-current assets	121	141	0	0
Current assets	(3)	224	(3)	224
Non-current liabilities	(696)	(1,421)	(696)	(1,409)
Decomissioning obligations	(39)	0	(31)	0
Deferred tax on loss carryforwards	(287)	(102)	(287)	(102)
Current liabilities	989	(4)	987	(4)
Deferred tax at 31 December	**93**	**(1,063)**	**20**	**(1,140)**

Deferred tax assets are expected to be utilised for offsetting against the settlement of deferred tax liabilities in companies comprised by the joint taxation in the DONG Energy Group.

2014

DKK million	Balance sheet at 1 January	Changed tax rate	Recognised in earnings	Other adjustments	Balance sheet at 31 December
Intangible assets	28	5	(50)	119	102
Property, plant and equipment	(46)	6	(57)	4	(93)
Other non-current assets	141	1	(10)	(11)	121
Total current assets	224	3	(25)	(205)	(3)
Non-current liabilities	(1,303)	9	(91)	689	(696)
Current liabilities	(106)	(87)	849	6	662
Total	(1,062)	(63)	616	602	93

Note 18. Deferred tax (continued)

2013 DKK million	Balance sheet at 1 January	Changed tax rate	Recognised in earnings	Other ad-justments	Balance sheet at 31 December
Intangible assets	64	(20)	(53)	37	28
Property, plant and equipment	269	7	(57)	(265)	(46)
Other non-current assets	169	(18)	(10)	0	141
Total current assets	0	(30)	32	222	224
Non-current liabilities	(1,455)	88	64	0	(1,304)
Current liabilities	(9)	18	3	(118)	(106)
Total	(962)	45	(21)	(124)	(1,063)

Change in temporary differences during the year

2014		Parent company			
DKK million	Balance sheet at 1 January	Change in tax rate	Recognised in profit (loss) for the year	Other changes	Balance sheet at 31 December
Intangible assets	30	5	(50)	119	104
Property, plant and equipment	2	6	(60)	0	(52)
Current assets	224	3	(25)	(205)	(3)
Non-current liabilities	(1,289)	9	(91)	675	(696)
Current liabilities	(107)	(86)	848	12	667
Total	(1,140)	(63)	622	601	20

2013		Parent company			
DKK million	Balance sheet at 1 January	Change in tax rate	Recognised in profit (loss) for the year	Other changes	Balance sheet at 31 December
Intangible assets	66	(20)	(53)	37	30
Property, plant and equipment	325	1	(60)	(264)	2
Current assets	0	(30)	32	222	224
Non-current liabilities	(1,440)	86	65	0	(1,289)
Current liabilities	(8)	18	3	(120)	(107)
Total	(1,057)	55	(13)	(125)	(1,140)

Note 19. Provisions

	Group					
	2014			2013		
DKK million	Decom-mission-ing obli-gation	Other	Total	Decom-mission-ing obli-gation	Other	Total
Provisions at 1 January	167	5,795	5,962	162	6,082	6,244
Provisions used during the year	0	(2,380)	(2,380)	0	(1,103)	(1,103)
Provisions reversed during the year	0	(1,619)	(1,619)	0	(89)	(89)
Provisions made during the year	0	1,192	1,192	(2)	780	778
Interest element of obligations	8	118	126	7	125	132
Provisions at 31 December	175	3,106	3,281	167	5,795	5,962
Provisions for non-current liabilities	175	2,908	3,083	167	3,646	3,813
Provisions for current liabilities	0	198	198	0	2,149	2,149
Provisions at 31 December	175	3,106	3,281	167	5,795	5,962

	Parent company					
	2014			2013		
DKK million	Decom-mission-ing obli-gation	Other	Total	Decom-mission-ing obli-gation	Other	Total
Provisions at 1 January	167	5,795	5,962	160	6,082	6,242
Provisions used during the year	0	(2,380)	(2,380)	0	(1,103)	(1,103)
Provisions reversed during the year	0	(1,619)	(1,619)	0	(89)	(89)
Provisions made during the year	0	1,192	1,192	0	778	778
Interest element of obligations	8	118	126	7	125	132
Provisions at 31 December	175	3,106	3,281	167	5,795	5,962
Provisions for non-current liabilities	175	2,908	3,083	167	3,646	3,813
Provisions for current liabilities	0	198	198	0	2,149	2,149
Provisions at 31 December	175	3,106	3,281	167	5,795	5,962

Provisions for decommissioning obligations relate to expected future costs for restoration and decommissioning of the Group's production assets. The estimated obligations have been discounted to present value. A discount rate of 4.5% has been used, which is the same as the discount rate used by the Group at 31 December 2014. The equivalent value of these obligations is recognised in production assets (property, plant and equipment) and depreciated together with the production asset.

Other provisions primarily comprise provisions for onerous contracts. In 2013, an additional provision was made of DKK 668 million relating to an onerous tolling agreement in connection with the new gas-fired power station, Enecogen in the Netherlands. At 31 December 2013, provisions regarding the tolling agreement totalled DKK 2,017 million. The reason is that the green spark spreads are still at a low level. The Severn Power Station was sold in 2013, which entailed a payment of DKK 668 million in connection with retiring from the tolling agreement. Consequently, as of 31 December 2014 there are no longer any provisions for loss on this tolling agreement.

Onerous contracts comprise: contracts for LNG terminal capacity in the Netherlands, DKK 1,122 million (2013: DKK 475 million), contracts for leasing of gas storage capacity in Germany, DKK 1,478 million (2013: DKK 3,180 million) and contract regarding the Stenlille Gas Storage Facility, DKK 484 million (2013: DKK 0 million).

Note 19. Provisions (continued)

Maturities
Maturities for other provisions at 31 December are expected to be as follows:

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
0-1 year	198	2,149	198	2,149
1-10 years	2,208	2,196	2,208	2,196
10-20 years	769	785	769	785
20-30 years	106	731	106	731
30-40 years	0	101	0	101
> 40 years	0	0	0	0
Provisions at 31 December	**3,281**	**5,962**	**3,281**	**5,962**

Note 20. Short-term and long-term loans

The Group's and the parent company's short-term and long-term loans can be specified as follows:

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Group enterprises	365	425	463	496
Long-term loans at 31 December	**365**	**425**	**463**	**496**
Other bank loans	143	156	143	156
Short-term loans at 31 December	**143**	**156**	**143**	**156**
Short-term and long-term loans at 31 December	**508**	**581**	**606**	**652**
Fair value	508	581	606	652
Nominal value	508	581	606	652

Expected maturities for short-term and long-term loans:

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
0-1 year	143	156	143	156
1-2 years	0	0	37	34
2-3 years	0	0	39	37
3-4 years	0	0	42	39
4-5 years	365	425	45	42
> 5 years	0	0	300	344
Short-term and long-term loans at 31 December	**508**	**581**	**606**	**652**

The fair value has been determined as the present value of expected future instalments and interest payments. The Group's financing agreements are not subject to any other unusual terms or conditions.

Note 20. Short-term and long-term loans (continued)

Finance leases

Liabilities relating to assets held under finance leases in the parent company are recognised as payables to group enterprises as follows:

DKK million	2014 Minimum lease payments	2014 Interest element	2014 Present value	2013 Minimum lease payments	2013 Interest element	2013 Present value
0-1 year	68	34	34	68	36	32
1-5 years	273	109	163	273	121	152
> 5 years	352	59	293	422	82	340
Total	693	202	490	763	239	524
Adjustment to abandonment interest	17	0	17	17	0	17
Total	709	202	507	780	239	541

The fair value has been estimated as the present value of future cash flows at a market rate for corresponding leases.

There is no contingent rent under the leases. A proportion of the leases is based on a floating interest rate. Further information on the leases is provided in note 13.

Note 21. Other payables

DKK million	**Group 2014**	**Group 2013**	**Parent company 2014**	**Parent company 2013**
Other non-current liabilities	0	58	0	58
Other non-current liabilities at 31 December	**0**	**58**	**0**	**58**
Trade payables	3,943	3,141	3,366	2,786
Payables to group enterprises	2,164	2,705	2,330	2,856
Fair value of derivative financial instruments	22,577	10,111	21,721	9,368
VAT and other indirect taxes	71	58	42	32
Other payables	278	750	251	714
Deferred income	78	203	78	202
Other current liabilities at 31 December	**29,111**	**16,968**	**27,788**	**15,959**
Current and non-current liabilities at 31 December	**29,111**	**17,026**	**27,788**	**16,017**

Apart from the fair value of derivative financial instruments and deferred income, other payables fall due for payment less than one year after the end of the financial year. The term to maturity of derivative financial instruments appears from note 27.

Note 22. Income tax receivable and payable

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Income tax receivable at 1 January	572	302	571	278
Exchange rate adjustments	(1)	0	0	0
Change in tax rate	(132)	(79)	(132)	(79)
Adjustments due to merger	(285)	0	(285)	0
Adjustments to current tax in respect of prior years	(92)	(164)	(102)	(152)
Payments in respect of prior years	12	14	0	14
Current tax for the year	1,300	643	1,297	655
Tax for the year from other comprehensive income (change in equity for the year)	8	(6)	7	(5)
Payments in respect of the year	(179)	(138)	(184)	(140)
Income tax receivable at 31 December	**1,203**	**572**	**1,172**	**571**
Income tax payable at 1 January	42	47	37	17
Exchange rate adjustments	0	0	0	0
Change in tax rate	53	(7)	54	(5)
Adjustments due to merger	(285)	0	(285)	0
Adjustments to current tax in respect of prior years	77	(7)	69	4
Payments in respect of prior years	(50)	(51)	(36)	(21)
Current tax for the year	(515)	60	(532)	42
Payables relating to prior years	216	0	216	0
Income tax payable at 31 December	**(462)**	**42**	**(477)**	**37**

Notes to cash flow statement

Note 23. Cash flows from operations (operating activities)

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Operating profit (loss) EBIT	(1,449)	(2,149)	(1,468)	(2,226)
Amortisation, depreciation, impairment losses and write-downs	536	512	536	498
Operating profit (loss) before depreciation and amortisation (EBITDA)	**(913)**	**(1,637)**	**(932)**	**(1,728)**
Other items [1)]	(1,917)	487	(1,915)	497
Cash flows from operations (operating activities) before changes in working capital	**(2,830)**	**(1,150)**	**(2,847)**	**(1,231)**
Change in inventories	456	298	461	297
Change in trade receivables	339	(551)	603	(33)
Change in other receivables	1,126	198	1,089	180
Change in trade payables	262	1,003	49	1,061
Change in other payables etc.	(453)	504	(455)	512
Change in working capital	**1,730**	**1,452**	**1,747**	**2,017**
Cash flows from operations (operating activities)	**(1,100)**	**302**	**(1,100)**	**786**

[1)] Other items primarily comprise changes in other provisions and changes in value adjustments of derivative financial instruments.

Note 24. Cash and cash equivalents

DKK million	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Cash and cash equivalents at 31 December include:				
Available cash	511	3,188	33	2,585
Bank overdrafts	(143)	(156)	(143)	(156)
Cash and cash equivalents at 31 December	**368**	**3,032**	**(110)**	**2,429**

Note 24. Cash and cash equivalents (continued)

Cash at 31 December can be broken down into the following balance sheet items:

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Available cash [1)]	511	3,188	34	2,585
Cash not available for use	63	12	63	12
Cash at 31 December	**574**	**3,200**	**97**	**2,597**

Other bank loans at 31 December can be broken down into the following balance sheet items:

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
Bank overdrafts	143	156	143	156
Repayment of long-term loans	0	0	0	0
Bank loans at 31 December	**143**	**156**	**143**	**156**

[1)] Part of cash pool with DONG Energy A/S.

Notes without reference

Note 25. Operating leases

	Group		Parent company	
DKK million	**2014**	**2013**	**2014**	**2013**
0-1 year	148	148	144	148
1-5 year	526	597	526	597
> 5 years	261	487	261	487
Total	**931**	**1,232**	**931**	**1,232**
Operating lease payments recognised in the income statement amount to	4.5	3.1	0.9	2.8

Operating leases comprise leasing of gas storage facilities in Germany in the period 2014-2023.

Note 26. Financial risks and risk management

Financial risks
DONG Naturgas A/S is exposed to a number of different financial risks, including fluctuations in commodity prices, exchange rates and interest rates as well as credit risks. The management of these risks is an important focus area in the Group.

The risk management is aimed at identifying the various risk areas and determining a strategy for managing them. A special Risk Committee has been appointed that is responsible for monitoring the DONG Energy Group's risk management and risk control relating to market and credit risks. A centralised corporate risk management function has also been set up in DONG Energy A/S to support the Risk Committee.

Various strategies have been put in place to manage the risks and align the risk profile. The risk profile is managed through the conclusion of financial and physical contracts for commodities, interest and currencies over the next five years.

In connection with – and partly to support – these activities, the Group engages in limited energy trading for its own account, including in natural gas, electricity, coal, oil, oil products and CO2 emissions allowances.

The operating profit may fluctuate considerably from year to year as a result of price developments.

Oil and gas price risks
Oil and gas price risks relate primarily to oil and gas produced in the DONG Energy Group and differences in the indexation of purchase and selling prices.

DONG Naturgas A/S's exposure is in crude oil, gas and various other oil types such as fuel oil and gas oil. These risks are hedged as the exposure is confirmed, for example based on production projections. The management of oil and gas price risks is based on tolerance levels for maximum and minimum effect on changes in cash flows over the next five years. These calculations are based on possible negative deviations from current prices in the forward market compared with a set downside scenario.

The oil price hedging is mainly in the underlying oil types to reduce the base risk in the oil market. Hedging is predominantly effected through purchased put options and swaps. The oil price risk from the indexation of natural gas purchase and selling prices is also hedged.

Market trading
When the DONG Energy Group's desired hedging level has been determined, the exposures are transferred to the market trading function, which is part of DONG Naturgas A/S, 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 Naturgas A/S 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 Naturgas A/S has assumed the role of market maker in the Danish electricity market, which entails further market risks.

Currency risks
Currency risks arise primarily from energy trading, which is typically priced in currencies other than DKK, from the purchase and sale of goods and services in foreign currencies, and other activities, for example in subsidiaries abroad. The main currency risk is related to USD.

Currency exposure is hedged using forward exchange contracts, swaps and options as well as by raising of debt in various currencies.

Currency risk is measured taking into account the total cash flow for each currency weighted in relation to the currency's volatility. The currency risk is managed by defining a maximum level for the total currency exposure for all currencies each year in the coming five years. DONG Naturgas A/S hedges currency risks using a 'ladder' model, hedging a large part in the coming four quarters, with hedging subsequently declining.

Interest rate risks
Interest rate risks relate primarily to the loan portfolio, cash and financial hedging. These risks are managed in relation to the DONG Naturgas Group's net financing requirement and capital structure.

Interest rate risk is measured on a net basis, and both debt and any placing of excess cash are included. Interest rate risk is adjusted through the interest terms attaching to the Group's loans.

Credit risks
Credit risks arise primarily from trading in electricity and natural gas – both wholesale trading and financial and physical transactions – and financial transactions, including placing of surplus cash.

In the course of its normal operations, DONG Naturgas A/S concludes contracts with customers and suppliers on the physical delivery of energy products, and also hedging contracts with other energy companies, specialised trading houses and international banks. Physical contracts with a term of more than one year are normal, and natural gas purchase contracts can have terms of more than five years. All such contracts involve a risk of loss in the event of a counterparty failing to perform its obligations. Such risks are quantified and managed like credit risks and are a significant focus area in the DONG Naturgas Group.

The credit risk is managed based on internal credit limits for counterparties and structured monitoring of the actual exposure. Credit limits are established on the basis of an assessment of the counterparty's credit rating. If the counterparty has an external credit rating, for example from Moody's or Standard & Poor's, this is an important factor in determining the counterparty's credit rating.

Credit risks are coordinated in relation to all business activities so that the DONG Naturgas Group does not assume inappropriately large exposures to individual counterparties. With a view to reducing its credit exposure, the Group endeavours, as far as possible, to clear transactions via a clearing centre, such as Nord Pool, and uses formalised framework agreements such as ISDA and EFET agreements and master netting agreements. To this should be added the limited use of security such as bank guarantees.

As part of its risk management, the Group monitors its credit exposure in relation to all trading counterparties on a daily basis, and monthly and quarterly in the case of other counterparties. Losses due to default by counterparties have historically been relatively small.

Financing and capital resources
One of the main financial management responsibilities is to secure sufficient, flexible financial resources for the day-to-day operations and for the implementation of the DONG Naturgas Group's strategy, taking into account the DONG Energy Group's rating. To this end, internal management objectives have been established for the

required level of financial resources, taking into account factors such as investment programme, operating cash flow and debt maturity profile.

Market risks
The market risk associated with 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, DONG Naturgas A/S is exposed to fluctuations in the prices of gas, oil, electricity, coal and CO2 and, to a lesser extent, other commodities. DONG Naturgas A/S trades actively in these commodities in the relevant markets to hedge and optimise the DONG Energy Group's supply requirements and secure the Group's supply chain. In this connection, DONG Naturgas A/S uses derivative financial instruments to hedge its positions.

The sensitivity analysis below shows the effect of market value changes assuming a relative price change at 31 December 2013. The illustrated effect on profit (loss) 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 DONG Naturgas A/S'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.

		Estimated effect on profit (loss) 31 December		Estimated effect on equity 31 December	
Risks	**Price change**	**2014**	**2013**	**2014**	**2013**
Oil	+10%	729	867	0	0
	-10%	(729)	(868)	0	0
Gas	+10%	(965)	(2,465)	0	0
	-10%	976	2,465)	0	0
Electricity	+10%	(193)	(525)	0	0
	-10%	194	528	0	0
Coal	+10%	1	3	0	0
	-10%	(1)	(3)	0	0
USD	+10%	499	1,149	0	0
	-10%	(499)	(1,149)	0	0
GBP	+10%	152	348	0	0
	-10%	(152)	(348)	0	0
SEK	+10%	(272)	(260	0	0
	-10%	272	260	0	0
NOK	+10%	(5)	(5)	0	0
	-10%	5	5	0	0
EUR	+10%	(681)	(1,418)	0	0
	-10%	681	1,418	0	0

Estimated effect on profit (loss)
The illustrated effect on profit (loss) is the effect from financial instruments that remained open at the balance sheet date and have an effect on profit (loss) 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 shown sensitivities only comprise the Group's financial instruments and consequently are not representative of the Group's total risk profile in relation to commodity prices and exchange rates. Furthermore, the sensitivities only reflect the effect of changes at the balance sheet date, and not through an entire accounting period.

Estimated effect on equity
The illustrated effect on equity is the effect from financial instruments that remained open at the balance sheet date and affect equity at the balance sheet date, excluding instruments that affect the income statement. Here, financial instruments include derivative financial instruments on commodities and currency, which are accounted for as hedges of cash flows. The table above is shown for the DONG Naturgas Group, which largely corresponds to the parent company DONG Naturgas A/S. The scope of internal positions in the DONG Naturgas Group is estimated to be limited.

Note 27. Derivative financial instruments

Maturity analysis of financial liabilities:

2014

DKK million	Carrying amount	Payment obligation	2015	2016	2017	2018	2019	After 2020
Bank overdrafts	143	143	143	0	0	0	0	0
Trade payables	3,943	3,943	3,943	0	0	0	0	0
Fair value of derivative financial instruments	22,577	23,424	12,339	935	3,265	1,672	183	28
Other payables	2,448	2,448	2,448	0	0	0	0	0
31 December	**29,111**	**29,958**	18,873	**0**	**0**	**0**	**0**	**0**

2013

DKK million	Carrying amount	Payment obligation	2014	2015	2016	2017	2018	After 2019
Bank overdrafts	156	156	156	0	0	0	0	0
Trade payables	3,141	3,141	3,141	0	0	0	0	0
Payables to group associates	3,130	3,146	2,709	4	4	429	0	0
Fair value of derivative financial instruments	9,299	9,458	6,085	1,814	793	523	228	15
Other payables	1,069	1,069	1,011	19	17	17	5	0
31 December	**16,795**	**16,970**	**13,102**	**1,837**	**814**	**969**	**233**	**15**

Note 27. Derivative financial instruments (continued)

Financial instruments by category:

DKK million	2014 Carrying amount	Fair value	2013 Carrying amount	Fair value
Assets				
Derivative financial instruments held for trading	23,055	23,055	10,908	10,908
Other equity investments	0	0	0	0
Financial assets measured at fair value through profit (loss) for the year	**23,055**	**23,055**	**10,908**	**10,908**
Trade receivables	3,928	3,928	3,765	3,765
Other receivables and cash and cash equivalents	6,040	6,040	5,883	5,883
Loans and receivables	**9,968**	**9,968**	**9,648**	**9,648**
Equity and liabilities				
Derivative financial instruments held for trading	22,577	22,577	9,299	9,299
Financial liabilities measured at fair value through profit (loss) for the year	**22,577**	**22,577**	**9,299**	**9,299**
Bank loans	143	143	156	156
Other payables	6,175	6,175	5,955	5,955
Financial liabilities measured at amortised cost	**6,318**	**6,318**	**6,111**	**6,111**

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 bank overdrafts and other bank loans was DKK 143 million (2013: DKK 156 million).

Note 27. Derivative financial instruments (continued)

Hedging of future cash flows:

2014

DKK million	Notional amount	Fair value	Recognised in equity	Expected timing of transfer to income statement 2015	2016	2017	After 2017
Currency							
Currency forwards	0	0	(36)	(36)	0	0	0
Currency swaps	0	0	41	41	0	0	0
Total	**0**	**0**	**5**	**5**	**0**	**0**	**0**

2013

DKK million	Notional amount	Fair value	Recognised in equity	Expected timing of transfer to income statement 2014	2015	2016	After 2016
Currency							
Currency forwards	0	0	(70)	(34)	(36)	0	0
Currency swaps	0	0	107)	66	41	0	0
Total	**0**	**0**	**37**	**32**	**5**	**0**	**0**

In 2011, in connection with the introduction of business performance, the Group discontinued the application of hedge accounting for commodities and related currency exposures.

Ineffectiveness arising from price and currency risks related to commodity price hedging was recognised in the item "Effect of economic hedging" with a gain of DKK 0 million (2013: DKK 29 million), see note 4.

Note 27. Derivative financial instruments (continued)

Economic hedging of fair values:

DKK million	2014 Receivables	2014 Payables	2014 Hedging instruments	2014 Net position	2013 Receivables	2013 Payables	2013 Hedging instruments	2013 Net position
EUR	8,151	(7,153)	0	998	9,112	(8,374)	0	738
USD	7,559	(10,412)	0	(2,853)	5,614	(3,405)	0	2,209
GBP	6,725	(7,040)	0	(315)	1,953	(2,138)	0	(185)
SEK	(14)	(2,818)	0	(2,832)	566	(3,060)	0	(2,494)
NOK	0	0	0	0	(1)	(49)	0	(50)
Other	0	0	0	0	0	0	0	0
Total	**22,421**	**(27,473)**	0	**(5,052)**	**17,244**	**(17,026)**	**0**	**218**

Trading portfolio and economic hedging:

DKK million	2014 Nominal amount	2014 Fair value	2013 Nominal amount	2013 Fair value
Oil swaps	10,042	(2,889)	5,102	1,245
Oil options	0	0	49	(1)
Gas swaps	19,081	2,456	19,528	771
Electricity swaps	938	393	4,787	557
Electricity options	24	0	70	4
Coal forwards	11	0	92	(52)
CO_2	(89)	(41)	31	(1)
Currency forwards	22,699	559	24,818	(914)
Total	**52,706**	**478**	**54,476**	**1,609**

Note 27. Derivative financial instruments (continued)

Fair value hierarchy of financial instruments:

	2014				2013			
	Quoted prices (Level 1)	**Observ-able in-puts (Level 2)**	**Non-observa-ble in-puts (Level 3)**	**Total**	**Quoted prices (Level 1)**	**Observ-able in-puts (Level 2)**	**Non-observa-ble in-puts (Level 3)**	**Total**
Derivative financial instruments on commodities	1,691	18,306	399	20,396	1,864	8,345	584	10,793
Derivative financial instruments on cur-rency	0	2,659	0	2,659	0	115	0	115
Total assets measured at fair value	**1,691**	**20,965**	**399**	**23,055**	**1,864**	**8,460**	**584**	**10,908**
Derivative financial instruments on commodities	2,152	17,928	397	20,477	(2,916)	(4,774)	(580)	(8,270)
Derivative financial instruments on cur-rency	0	2,100	0	2,100	0	(1,029)	0	(1,029)
Total liabilities measured at fair value	**2,152**	**20,028**	**397**	**22,577**	**(2,916)**	**(5,803)**	**(580)**	**(9,299)**

All assets and liabilities measured at fair value are measured on a recurring basis.

Level 1 comprises derivative financial instruments 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 pre-sent value applying one of the discount rates set by the Group.

Level 3 comprises primarily long-term contracts on pur-chase/sale of, in particular, electricity. The fair values are based on assumptions concerning the long-term prices of, in particular, electricity volatilities as well as risk premiums in respect of liquidity and market risks and are determined by discounting of expected cash flows.

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.

Note 27. Derivative financial instruments (continued)

Reconciliation of financial instruments based on non-observable inputs:

	Derivative financial instruments			
	2014		2013	
DKK million	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value at 1 January	584	(580)	493	(529)
Transferred to Level 2 due to market data having become available	(895)	793	(21)	80
Gains and losses recognised in profit (loss) for the year as revenue	196	(303)	124	(100)
Repayments	274	0	(12)	(31)
Issuances	240	(307)	0	0
Fair value at 31 December	**399**	**(397)**	**584**	**(580)**

Valuation principles and material assumptions

In order to keep modifications of parameters, calculation models or the use of subjective estimates to a minimum, it is the Group's policy to determine fair values on the basis of external information that most accurately reflects the values of assets or liabilities.

Market values are determined by the Risk Management function, which reports to the CFO. The development in market values is monitored on a continuous basis and reported on to the Executive Board.

Valuation principles and relevant assumptions for material assets or liabilities at Level 3 can be summarised as follows

Derivative financial instruments

DKK million	**Assets**	**Liabilities**	**Valuation principle**	**Non-observable inputs**	**Range**
Derivative financial instruments					
Electricity swaps	364	(392)	Cash flow model	Electricity prices in 2018-2020	EUR 24-47/MWh

Netting of financial assets and liabilities The netting agreements with the individual counterparties are often limited to offsetting within specific products. In addition, the settlement of liabilities and the realisation of assets often do not take place simultaneously. Consequently, only some of the Group's netting agreements meet the provisions in IFRS on offsetting.

The table below shows financial assets and liabilities that are subject to netting agreements, and related security.

Netting of financial assets

				Related amounts not netted in the balance sheet		
31 December 2014 DKK million	**Recognised financial assets, gross**	**Recognised financial liabilities netted in the balance sheet, gross**	**Financial assets presented in the balance sheet**	**Recognised liabilities with right of netting**	**Security received**	**Net amount**
Derivative financial instruments	52,591	(49,478)	3,113	(504)	0	2,609
Trade receivables	17,697	(15,100)	2,597	0	0	2,597

				Related amounts not netted in the balance sheet		
31 December 2013 DKK million	**Recognised financial assets, gross**	**Recognised financial liabilities netted in the balance sheet, gross**	**Financial assets presented in the balance sheet**	**Recognised liabilities with right of netting**	**Security received**	**Net amount**
Derivative financial instruments	21,298	(20,296)	1,002	(466)	0	536
Trade receivables	19,484	(17,276)	2,208	0	0	2,208

Note 27. Derivative financial instruments (continued)

Netting of financial liabilities

31 December 2014 DKK million	Recognised financial liabilities, gross	Recognised financial assets, gross	Financial liabilities presented in the balance sheet	Related amounts not netted in the balance sheet: Recognised assets with right of netting	Security provided in the form of bonds	Net amount
Derivative financial instruments	52,652	(49,478)	3,174	(504)	0	2,670
Trade payables	18,462	(15,100)	3,362	0	0	3,362

31 December 2013 DKK million	Recognised financial liabilities, gross	Recognised financial assets, gross	Financial liabilities presented in the balance sheet	Related amounts not netted in the balance sheet: Recognised assets with right of netting	Security provided in the form of bonds	Net amount
Derivative financial instruments	22,414	(20,296)	2,118	(466)	0	1,652
Trade payables	19,940	(17,276)	2,664	0	0	2,664

Note 28. Contingent liabilities and other liabilities

At year-end, the Group and the parent company had the following contingent and other liabilities:

Guarantee obligations
DONG Naturgas is party to gas sourcing contracts with Dansk Undergrunds Consortium (DUC), gas sales contracts and transportation contracts with Swedegas AB, and the parent company DONG Energy A/S stands as guarantor for the performance of these contracts. DONG Naturgas also stands as guarantor vis-à-vis Energinet.dk concerning gas sales contracts and transportation contracts with Ruhrgas.

DONG Naturgas has provided a guarantee in respect of DONG Energy Aktiebolag's obligations in connection with the acquisition of gas sales contracts in Sweden.

Contractual obligations
The Group and the parent company are also parties to a number of long-term purchase and sales contracts entered into in the course of the Group's and the parent company's ordinary operations. Apart from the liabilities already recognised in the balance sheet, the Group and the parent company do not expect to incur any financial losses as a result of the performance of these contracts.

Group Liabilities
DONG Naturgas has undertaken an obligation to make a payment to a group company should the tax authorities deem gas prices agreed between DONG Naturgas A/S and the group company not to be on arm's lengths basis. The obligation is not expected to exceed more than 1 % of cost of sales in DONG Naturgas A/S.

Liability to pay compensation (absolute liability)
According to legislation, DONG Naturgas is liable in tort for any damage caused by the companies' natural gas activities, even where there is no proof of negligence (absolute liability). The usual insurance has been taken out to cover any such claims.

Litigation
The Group and the parent company are parties to a number of litigation proceedings and legal disputes that are not estimated to have any material effect on the Group's or the parent company's financial position, neither individually nor collectively.

Other contingent liabilities
In connection with the demerger of the former DONG Naturgas on 1 January 2003, the receiving companies, DONG Gas Distribution, DONG Storage, DONG Naturgas and DONG Energy Gasforsyning, are liable for any obligations in the discontinuing company that existed at the time of publication of the demerger plan, although only up to an amount equivalent to the added or remaining net value at the time of publication.

Note 29. Related-party transactions

Related parties with a controlling interest in the Group and the parent company are DONG Energy A/S and the Danish State, represented by the Danish Ministry of Finance, which has a majority holding in the parent company DONG Energy.

Related parties with significant influence include the companies' Board of Directors, Executive Board and executive employees and members of their families. Related parties also comprise companies in which the persons referred to above have significant influence and group enterprises and associates in the DONG Energy Group. Other related parties with significant influence include Goldman Sachs.

As part of its ordinary operations, DONG Naturgas A/S sells its products to related parties on market terms.

The Group was involved in the following transactions with related parties in the financial year under review.

DONG Naturgas uses the exception set out in IAS 24.25 concerning entities in which the state is a related party, and transactions with state enterprises are therefore not disclosed.

Group	DONG Energy A/S		Group enterprises		Associates		Joint ventures	
DKK million	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Dividends received	0	0	0	0	0	0	0	0
Sale of goods and services	0	0	40,117	10,190	856	76	0	0
Purchase of goods and services	(13)	(14)	(11,932)	(5,054)	(8)	(308)	0	0
Interest, net	(20)	(25)	0	0	0	0	0	0
Receivables	13,912	4,881	6,838	3,708	0	0	0	0
Payables	(16,400)	(2,792)	(4,133)	(3,413)	0	(51)	0	0

Parent company	DONG Energy A/S		Subsidiaries		Group enterprises		Associates	
DKK million	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**20 13**
Dividends received	0	0	0	29	0	0	0	0
Sale of goods and services	0	0	856	5,253	40,139	11,515	0	76
Purchase of goods and services	(13)	(14)	(8)	(18)	(12,018)	(5,017)	0	(308)
Interest, net	(12)	(19)	(42)	(44)	0	0	0	0
Receivables	13,800	4,780	106	106	8,495	3,705	0	0
Payables	(16,399)	(2,365)	(1)	(866)	(4,421)	(3,400)	0	(51)

Specific transactions:
Under section 99 of the Danish Natural Gas Supply Act, DONG Naturgas A/S has been granted a licence to engage in natural gas supply activities on firm terms on the conditions laid down in the Danish Natural Gas Supply Act. Accordingly, the licence to engage in natural gas supply activities on firm terms has been granted for a period up to 2014.

On 1 March 2005, DONG Naturgas sold its share of the pipeline that connects the Tyra West platform in the Danish sector of the North Sea with the F3 platform in the Dutch sector, to DONG Energy Pipelines. In connection with the transaction, a lease was signed between DONG Naturgas and DONG Energy Pipelines under which DONG Naturgas leases the transportation capacity in the pipeline from 1 March 2005 to 1 March 2025. Reference is made to note 21.

The parent company has had transactions with group enterprises as part of its responsibility for the trading function for the DONG Energy Group's companies in relation to commodity instruments etc. Furthermore, balances with group enterprises have been established as part of the normal financing of the Group's activities.

Remuneration of the Board of Directors and the Executive Board is disclosed in note 6.

Goldman Sachs
DONG Naturgas has sold goods to Goldman Sachs of DKK 965 million, and has a receivable of DKK 102 million.

Lincs/Anholt I/S
DONG Naturgas has purchased power from Lincs/Anholt I/S for DKK 91 million, and has a payable of DKK 5 million.

Note 30. Description of accounting policies

General

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, CO2 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 CO2, 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 (loss) 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 results for the period, to present an alternative performance measure, business performance. Business performance has been determined in accordance with the internal management reporting. In determining business performance results, fair value adjustments on hedging transactions relating to commodity risks are recognised in the period in which the hedged transaction affects results, regardless of whether the hedging meets all criteria prescribed by IFRS. 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 parent company DONG Naturgas A/S and subsidiaries in which DONG Naturgas A/S has the power to determine the financial and operating policies so as to obtain a return or other benefits from the subsidiary's activities. Control exists when DONG Naturgas A/S holds, directly or indirectly, more than 50% of the voting rights or otherwise has the power to control the subsidiary in question.

Companies over which the Group exercises significant influence, but not control, are accounted for as associates. Significant influence is typically achieved by holding or having the ability to exercise, directly or indirectly, more than 20% but less than 50% of the voting rights, although this is based on a specific assessment of the possibility of exercising influence.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared 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 are eliminated to the extent of the Group's interest in the company. Unrealised losses are eliminated in the same way as unrealised gains to the extent that there has been no impairment.

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

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

Business combinations
Companies acquired or formed are recognised in the consolidated financial statements from the date of acquisition or formation. Divested companies are recognised in the consolidated income statement up to the date of divestment. Comparative figures are not adjusted to reflect acquisitions or divestments. However, discontinued operations are presented separately, see below.

On acquisition of companies 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 re-valuations is taken into account.

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

The excess of the cost of the acquiree over the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested annually for impairment. 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 other than the presentation currency (DKK) of the DONG Naturgas Group are accounted for as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate applicable at the transaction date. Any excess of the fair value over the cost of acquisition (negative goodwill) is recognised in the income statement at the date of acquisition.

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

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

Gains or losses on divestment of subsidiaries and associates are determined as the difference between the selling price and the carrying amount of net assets, including goodwill, at the date of divestment and costs necessary to make the sale. Where a business combination involves successive acquisitions, each significant acquisition is treated separately with a view to determining the cost and fair value of the acquired identifiable assets, liabilities and contingent liabilities, including any goodwill. Gains or losses on divestment of subsidiaries and associates are recognised in the income statement in the item "Gain on divestment of enterprises".

The fair value of the identifiable assets, liabilities and contingent liabilities may be different at the date of each acquisition. Where a transaction results in the acquirer obtaining control of the acquiree, previously acquired shares of identifiable assets, liabilities and contingent liabilities relating to the already acquired investments are remeasured at fair value at the acquisition date. The remeasurement is accounted for as a revaluation, which is recognised via equity.

Foreign currency translation

For each of the reporting companies in the Group, a functional currency is determined. The functional currency is the currency of the primary economic environment in which the individual reporting company 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 applicable at the transaction date. Exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

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

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

On recognition in the consolidated financial statements of companies with a functional currency other than DKK, the items in the income statement are translated at the exchange rates applicable at the transaction date, and the balance sheet items are translated at the exchange rates applicable at the balance sheet date. An average exchange rate for each month is used as the exchange rate applicable 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 companies at the exchange rates applicable at the balance sheet date and on translation of the income statements from the rates at the transaction date to the exchange rates applicable at the balance sheet date are recognised directly in equity within a separate translation reserve.

On recognition in the consolidated financial statements of associates with a functional currency other 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 applicable at the balance sheet date. Exchange differences arising on translation of the share of foreign associates' opening equity at the exchange rates applicable at the balance sheet date and on translation of the share of profit for the year from average rates to the exchange rates applicable at the balance sheet date are recognised directly in equity within a separate translation reserve.

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

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 CO2 emissions allowances.

Derivative financial instruments are recognised from the trading 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 financial liability is measured at fair value with recognition of fair value adjustments in profit (loss) for the year.

Positive and negative values are only offset if the company 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. Likewise, value adjustments of financial contracts offered to customers with a view to price hedging are recognised as revenue.

Value adjustments of financial contracts that are not used as economic hedges of the Group's principal activities or are part of the Group's trading portfolio are recognised as financial income and expenses.

Under IFRS, contracts that involve physical delivery may, in 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.

Until and including 31 January 2010, commodity hedge transactions on commodities and related foreign exchange exposures 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 (loss) 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 (loss) 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 exchange rate adjustments of loans that are designated as and qualify 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 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 (loss) for the year.

Positive and negative values are only offset if the company is entitled to and intends to settle several financial instruments net.

Income statement

Revenue
Revenue comprises sales of natural gas and related services. Revenue is recognised in the income statement if delivery and transfer of risk to the buyer have taken place before the end of the financial year, and if the income can be measured reliably and is expected to be received. Revenue is measured at the fair value of the agreed consideration excluding VAT and other indirect taxes collected on behalf of third parties. All forms of discounts granted are recognised as revenue.

The provision of services (consultancy services etc) is recognised as revenue as the work is performed to the effect that revenue corresponds to the selling price of the work performed during the year.

Physical and financial contracts relating to trading in gas, electricity, CO_2 rights, etc that are concluded in the course of trading activities with a view to generating gains from short-term price fluctuations are market value-adjusted under revenue.

Value adjustments of financial instruments that have been entered into to hedge revenue, but which 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 and electricity and transportation costs in connection with the above as well as costs related to CO_2 emissions. Costs are recognised in profit for the year as incurred.

Other external expenses
Other external expenses comprise expenses for maintenance of production equipment, rent, external assistance, research and development and office supplies etc.

Employee costs
Employee costs comprise wages, salaries, remuneration, pensions, social security costs and other employee-related costs.

Share programme
The share programme is initially classified as an equity-based programme on the assumption that an IPO is carried out for DONG Energy A/S. The fair value of the restricted shares and estimates of the number of restricted share granted are measured at the time of granting and recognised in the income statement under employee osts over the vesting period, and in the balance sheet under equity over the vesting period.
The valuation of the restricted shares and estimates of the number of restricted shares that are expected to be granted are made using a Monte Carlo simulation based on expectations of the DONG Energy share's performance in relation to ten comparable European energy companies.[6]

Other operating income and other operating expenses
Other operating income and expenses comprise items secondary in nature to the Group's and the parent company's activities, including gains and losses on ongoing disposal and replacement of intangible assets and property, plant and equipment. Other income and expenses are recognised as earned/incurred. Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the selling price less selling costs and the carrying amount at the date of disposal.

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

Dividends from investments in subsidiaries and associates in the parent company financial statements
Dividends from investments in subsidiaries and associates are recognised in the income statement in the financial year in which they are declared.

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

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.

Tax on profit (loss) for the year
The DONG Energy Group is subject to the Danish rules on compulsory joint taxation and has also opted for 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 parent company, DONG Energy A/S, is the administration company in relation to the joint taxation and thus settles all payments of income tax with the tax authorities.

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 a joint taxation contribution from the parent company corresponding to the tax value of the unutilised losses (full allocation), while companies that use tax losses in other Danish companies pay a joint taxation contribution to the parent company corresponding to the tax value of the utilised losses.

[6] Assumptions for the valuation are shown in the annual report of DONG Energy A/ for 2014, p. 70.

Being made up of the year's current income tax, the year's joint taxation contributions and changes in deferred tax – including as a consequence of changed tax rates – tax for the year are recognised in the income statement with the part attributable to the profit (loss) for the year and directly in equity with the part attributable to entries directly in equity.

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

Balance sheet

Goodwill
Goodwill is measured 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 at cost upon initial recognition. 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 units, and the assets to which the rights relate. Capitalised rights are estimated to have a life of 5-20 years.

Development projects
Development projects comprise development of IT systems etc.

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

Recognised development costs are measured at cost less accumulated depreciation and impairment losses. Cost comprises salaries, amortisation and other costs attributable to the company's development activities as well as borrowing costs relating to specific and general borrowing directly attributable to the development of development projects.

On completion of the development work, development projects are amortised on a straight-line basis over their assessed future useful lives 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.

Amortisation and impairment losses relating to intangible assets are recognised in the statement of comprehensive income.

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

Cost comprises purchase price and any costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect expenses for materials, components and subsuppliers and wages. Finance costs that can be attributed to a preparation or production period are recognised in the income statement as finance costs. Specific and general borrowing costs attributable to a construction period are recognised in the cost of the asset constructed.

Cost is increased by the present value of the estimated costs for dismantling and removing the asset and restoring the site to the extent that they are recognised as a provision. The cost of an assembled asset can be divided into separate components that are each depreciated separately if the useful lives of the individual components differ.

In the case of assets held under finance leases, cost is determined 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 the income statement. All other general repair and maintenance expenses are recognised in the income statement as incurred.

Development and construction costs relating to property, plant and equipment are recognised, until entry into service, in the balance sheet under property, plant and equipment under construction. Following entry into service, these assets are transferred to the relevant items in property, plant and equipment.

In the case of natural gas activities, cost is depreciated using the unit-of-production method, taking into account the expected earnings profile, so that the depreciation pattern reflects the expected earnings patterns.

In the case of other property, plant and equipment, cost is basically depreciated on a straight-line basis over the estimated future useful lives.

Depreciation periods for property, plant and equipment:

Buildings used for own purposes [1]	20 years
Production assets: Gas treatment plant [2]	20-40 years
Marine pipelines [2]	20-40 years
Fixtures and fittings, tools and equipment	3-10 years
Assets under construction [3]	None

[1] Land is not depreciated
[2] The depreciation profile takes account of the fact that the use of the assets changes substantially over the lives of the assets.
[3] Depreciation does not commence until the date of entry into service, at which date the assets are transferred to production assets.

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.

If the depreciation period or the residual value changes, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Depreciation and impairment losses are recognised in the statement of comprehensive income to the extent that depreciation is not recognised in the cost of self-constructed assets.

Gains and losses on disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as Other operating income or Other operating expenses.

Investments in subsidiaries and associates in the parent company financial statements

Investments in subsidiaries and associates are measured at cost. Cost is written down to the recoverable amount whenever it exceeds the recoverable amount.

Investments in associates in the consolidated financial statements

Investments in associates are measured in the consolidated financial statements using the equity method whereby the investments are measured in the balance sheet at the proportionate share of the associates' net assets determined in accordance with the Group's accounting policies, plus or minus the carrying amount of goodwill.

Associates with a negative equity value are measured at nil. If the Group has a legal or constructive obligation to cover the associate's deficit, the obligation is recognised as a liability.

On acquisition of investments in associates, the purchase method is applied, see the description under 'Business combinations'.

Other equity investments

Other equity investments are recognised initially in the balance sheet at fair value plus transaction costs and are subsequently measured at fair value. For listed securities, this corresponds to the market price at the balance sheet date. In the case of unlisted securities, an estimated fair value is used, if this is considered reliable; alternatively, cost is used, after deduction of any impairment losses.

Long-term receivables

Long-term receivables include long-term loans to customers.

Impairment of non-current assets

Goodwill and intangible assets with an indefinite useful life are tested for impairment annually, initially before the end of the year of acquisition. Development projects in progress are also tested annually for impairment.

The carrying amount of goodwill is tested for impairment, along with the carrying amounts of the other non-current assets of the cash-generating unit to which the goodwill has been allocated, and written down to the recoverable amount in the income statement if the carrying amount exceeds the recoverable amount. The recoverable amount is generally determined as the present value of the expected future net cash flows from the company or activity (cash-generating unit) to which the goodwill relates.

Deferred tax assets are reviewed annually and recognised only to the extent that it is probable that they will be utilised.

The carrying amounts of other non-current assets are tested annually to determine if any indication of impairment exists. If any such indication exists, the asset's recoverable amount is determined. The recoverable amount is the higher of an asset's fair value less expected disposal costs and its value in use. The value in use is determined as the present value of the expected future cash flows from the asset or cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under production costs and administrative expenses, respectively. Impairment losses relating to goodwill are recognised as a separate line item in the income statement.

Impairment losses relating to goodwill are not reversed. Impairment losses relating to other assets are reversed to the extent that the assumptions or estimates that led to the impairment have changed. Impairment losses are only reversed to the extent that the asset's new carrying amount does not exceed the value of the asset after depreciation or amortisations had no impairment losses been charged.

Inventories
Inventories consist of natural gas in storage facilities and in natural gas pipelines, acquired CO_2 rights and green certificates.

In the case of natural gas, cost is determined as a weighted average of the previous month's buying prices, including transportation costs.

Allocated and purchased CO_2 rights that form part of the Group's trading activities with a view to generating gains from short-term price fluctuations are measured at fair value with value adjustments recognised in the income statement.

Other inventories are measured at the lower of cost using the first-in, first-out (FIFO) principle or 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 indication of impairment. Write-downs are made at both individual and portfolio level.

Other receivables
Other receivables include positive fair values of derivative financial instruments etc.

Prepayments
Prepayments comprise expenses paid in respect of subsequent financial years and are measured at cost.

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 currency other than the DONG Naturgas Group's presentation currency, exchange rate adjustments relating to assets and liabilities that form a part of the Group's net investment in such entities, and exchange rate adjustments relating to hedging actions that hedge the Group's net investment in such entities, less the related tax.

On realisation or partial realisation of the net investment, the exchange rate adjustments are recognised in the income statement.

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.

Income tax and deferred tax
Current tax liabilities and current tax receivables are recognised in the balance sheet as tax calculated on the year's taxable income adjusted for tax on previous years' taxable income and taxes paid on account.

Deferred tax is measured using the balance sheet liability method in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred tax on temporary differences in respect of goodwill not deductible for tax purposes, office properties and other items – apart from business combinations – is not recognised where temporary differences have arisen at the acquisition date without having any effect on profit (loss) or taxable income. When the tax base can be determined applying different taxation rules, deferred tax is measured on the basis of management's intended 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 company 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 made of unrealised intragroup profits and losses. Deferred tax is measured in accordance with the tax rules and tax rates in the respective countries that will apply under the legislation enacted at the balance sheet date when the deferred tax is expected to crystallise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Pensions

The Group has entered into pension agreements and similar agreements with most of the Group's employees. Contributions to insured (defined-contribution) pension plans are recognised in the income statement in the period to which they relate, and any contributions payable are recognised in the balance sheet as other payables.

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 Group of resources embodying economic benefits.

Provisions for the removal of production facilities and reestablisment of drilling sites are measured at the present value of the future liability in respect of decommissioning and shutdown 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 is recognised in the income statement as financial expenses.

A provision for onerous contracts is made 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 bank loans, trade and other payables to public authorities etc. Mortgage loans and other bank loans are recognised at inception at the proceeds received net of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest rate method. Accordingly, the difference between the proceeds received and the nominal amount is recognised in the income statement as finance costs over the term of the loan.

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 etc.

Financial liabilities the value of which has been effectively hedged are adjusted to fair value to the extent of the hedged risk. The value adjustment is recognised in the income statement as financial income or financial expenses.

Leases
Lease commitments are accounted for as commitments under finance leases and commitments under operating leases, respectively.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and the associated liability is described in the sections on property, plant and equipment and financial liabilities.

Lease payments under operating leases are recognised in the income statement over the term of the lease on a straight-line basis.

Deferred income
Deferred income comprises payments received in respect of income in subsequent years, measured at cost.

Deferred income includes the value of unrecognised amounts in respect of natural gas delivered under contract, which is recognised at realisable value. The value of natural gas free of charge delivered under contract is spread proportionally over the remaining contract period with a view to accounting for purchased goods on an accruals basis.

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 divestments 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 divested enterprises are recognised up to the date of divestment.

Cash flows from operating activities are determined using the indirect method as operating profit adjusted for non-cash operating items, changes in working capital, interest received and interest paid, dividends received, and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of enterprises and activities; purchase and sale of intangible assets, property, plant and equipment and other non-current assets; and purchase and sale of securities that are not recognised as cash and cash equivalents.

Finance leases are accounted for as non-cash transactions.

Cash flows from financing activities comprise changes in the size or composition of share capital and costs associated with such changes as well as the raising of loans, repayment of interest-bearing debt, purchases and sales of treasury shares and payment of dividends to owners.

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 DONG Naturgas Group's internal management reporting, which is presented to the group’s chief executive decision-making body. The chief executive decision-making body is the Group 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 policies are consistent with the accounting policies applied in the consolidated financial statements.

Segment income, segment expenses, 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.

The Group's primary measure of performance is EBITDA. EBITDA is defined as earnings before financial income and expenses, tax, depreciation and amortisation.

The Group's secondary measure of performance is EBIT. EBIT is defined as earnings before financial income and expenses 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. 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.

Calculation of financial ratios

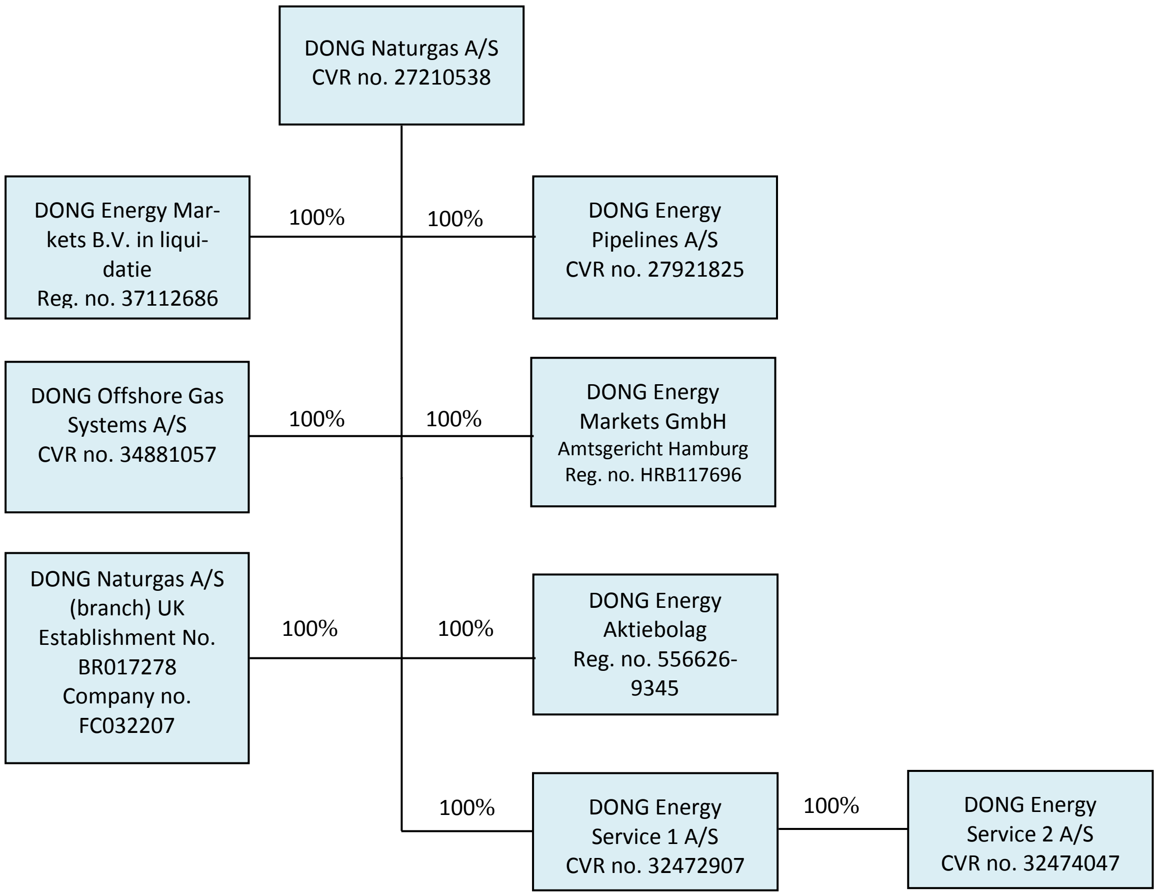
Unless otherwise stated, financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios 2010' published by the Danish Society of Financial Analysts.

Financial ratios have been calculated as follows:

EBITDA margin	$\frac{\text{Earnings before interest, tax, depreciations, amortisations}}{\text{Revenue}}$
EBIT margin	$\frac{\text{Earnings before interest, tax}}{\text{Revenue}}$
Earnings per share (EPS) of DKK 1,000 [4)]	$\frac{\text{Profit for the year}}{\text{Average no. of shares}^{1}}$
Dividend per share of DKK 1,000	$\frac{\text{Dividend paid}}{\text{Average no. of shares}^{1}}$
Free cash flows to equity (with acquisitions)	Cash flows from operating activities and investing activities [2)]
Free cash flows to equity (without acquisitions)	Cash flows from operating activities and investing activities, plus/minus cash flows from the acquisition and divestment of enterprises [2)]
Net interest-bearing debt	Interest-bearing liabilities - interest-bearing assets [3)]
Capital employed	Equity plus/minus gains/losses relating to hedging instruments on equity + net interest-bearing debt [2)]
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$
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 statement of net working capital.
Net working capital, intragroup transactions	Intragroup trade receivables less intragroup trade payables.

1) Average number of shares is defined as share capital in denominations of DKK 100.
2) The definition deviates from 'Recommendations & Financial Ratios 2010' published by the Danish Society of Financial Analysts.
3) Bank overdrafts that are included in the statement of cash flows as cash and cash equivalents are included as negative interest-bearing assets.
4) Earnings per share (EPS) is determined in accordance with IAS 33.

Group chart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Markets GmbH
Amtsgericht Hamburg
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Service 1 A/S
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100%
DONG Energy
Service 2 A/S
CVR no. 32474047

Group chart – continued

Company name	Registered office	Currency	Share capital in million	Group ownership interest
DONG Naturgas A/S	Fredericia, Denmark	DKK	1,100	100%
DONG Energy Markets BV	Amsterdam, Netherland	EUR	0,028	100%
DONG Energy Markets GmbH	Hamburg, Germany	EUR	9,6	100%
DONG Energy Pipelines A/S	Fredericia, Denmark	DKK	25	100%
DONG Energy AB	Göteborg, Sweden	SEK	5	100%
DONG Energy Service 1 A/S	Fredericia, Denmark	DKK	1,1	100%
DONG Energy Service 2 A/S	Fredericia, Denmark	DKK	0,6	100%
DONG Offshore Gas Systems A/S	Fredericia, Denmark	DKK	1	100%
DONG Naturgas A/S UK	London, United Kingdom	EUR	0,025	100%