

DONG Energy Oil & Gas A/S

**Kraftværksvej 53  
Skærbæk**

**Annual report for 2016**

**CVR no 27 44 64 85**

**(13th Financial year)**

Adopted at the annual general meeting on  
27 April 2017

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Ulrik Jarlov  
Chairman

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## **Statement by Management on the annual report**

The Executive Board and Board of Directors have today discussed and approved the annual report of DONG Energy Oil & Gas A/S for the financial year 1 January - 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review.

We recommend the adoption of the annual report at the annual general meeting.

Skærbæk, 6 April 2017

### **Executive Board**

David B. Cook

Morten Hultberg Buchgreitz

### **Board of Directors**

Marianne Wiinholt  
Chairman

Hanne Legardt Blume Levy  
Deputy Chairman

Jakob Askou Bøss

Hanne Sten Andersen  
Employee Representative

Thomas Thimsen  
Employee Representative

## **Independent auditor's report**

To the shareholder of DONG Energy Oil & Gas A/S

### **Opinion**

We have audited the financial statements of DONG Energy Oil & Gas A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management's Responsibilities for the financial Statements**

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

## **Independent auditor's report**

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Independent auditor's report**

### **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Hellerup, 6 April 2017

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR-nr. 33 77 12 31

Rasmus Friis Jørgensen  
State Authorised Public Accountant

## **Company details**

### **The Company**

DONG Energy Oil & Gas A/S  
Kraftværksvej 53  
Skærbæk  
7000 Fredericia

Tel: 99 55 11 11  
Fax: 99 55 00 02  
Website: [www.dongenergy.com](http://www.dongenergy.com)

CVR no.: 27 44 64 85  
Reporting period: 1 January - 31 December  
Domicile: Fredericia

### **Board of Directors**

Marianne Wiinholt, Chairman  
Hanne Legardt Blume Levy, Deputy Chairman  
Jakob Askou Bøss  
Hanne Sten Andersen, Staff Representative  
Thomas Thimsen, Staff Representative

### **Executive Board**

David B. Cook  
Morten Hultberg Buchgreitz

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

### **Consolidated Financial Statements**

The Company is included in the Consolidated Financial Statement of the ultimate parent company, DONG Energy A/S, Fredericia, CVR no. 36 21 37 28.

The Annual Report of DONG Energy A/S, Fredericia, CVR no. 36 21 37 28 can be downloaded at the following adress:

[www.dongenergy.dk](http://www.dongenergy.dk)

## Financial highlights

5-year summary:

	2016 TDKK	2015 TDKK	2014 TDKK	2013 TDKK	2012 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	1.880.150	1.935.143	1.734.606	1.777.034	2.172.530
Earnings Before Interest Taxes Depreciation and Amortization	90.406	134.501	87.031	108.545	161.706
Profit/loss before financial income and expenses	68.059	108.854	65.556	77.367	109.121
Net financials	3.881	-5.215	-2.349	-428	5.621
Profit/loss for the year	58.594	87.350	39.695	53.409	84.349
<b>Balance sheet</b>					
Balance sheet total	595.175	632.971	924.302	836.976	1.353.391
Investment in property, plant and equipment	37.471	57.943	24.402	30.621	22.949
Equity	209.805	251.142	393.153	347.567	294.158
Number of employees	1.103	1.090	1.078	1.114	1.214
<b>Financial ratios</b>					
Profit margin	3,6%	5,6%	3,8%	4,4%	5,0%
EBITDA-margin	4,8%	7,0%	5,0%	6,1%	7,4%
Net interestbearing debt	137.538	53.359	439.136	527.184	-102.170
Interestbearing debt relative to EBITDA	1,52	0,40	5,05	4,86	-0,63
Financial gearing	0,66	0,21	1,12	1,52	-0,35

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.



## **Management's review**

### **Business activities**

DONG Energy Oil & Gas A/S is a member of the DONG Energy Group and a subsidiary of DONG Energy A/S, Fredericia. Reference is made to the annual report of DONG Energy A/S.

DONG Energy Oil & Gas A/S aims to run a business within the energy sector and related activities.

DONG Energy Oil & Gas A/S' activities in 2016 have primarily been delivery of services to DONG Energy's other companies within the group.

### **Recognition and measurement uncertainties**

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Some estimates are made in connection with the preparation of the annual report. The most important estimates have been made in connection with the measurement of intangible assets. Intangible assets are primarily costs which are activated in connection with the development of IT systems, which are used in DONG Energy Group. In connection with this inspection an estimate of the economic life is made. It is not considered to be significant uncertainty associated with estimates.

### **Unusual matters**

The Company's financial position at 31 December 2016 and the results of its operations for the financial year ended 31 December 2016 are not affected by any unusual matters.

### **Business review**

The Company's income statement for the year ended 31 December shows a profit of t.DKK 58.594, and the balance sheet at 31 December 2016 shows equity of DKK t.DKK 209.805.

Financial performance for 2016 matched expectations.

### **Financial review**

The management expects a profit for 2017 at the same level as in 2016.

## **Management's review**

### **Knowledge and knowledge resources**

In order to achieve our vision of leading the energy transformation, it is essential that we can attract and retain skilled employees. We believe that well-being, both at and outside work, help to create long-term job satisfaction and ultimately better results. Therefore, we want to create the best possible framework for a sustainable working life where our employees are energised to make a difference every day. We introduce initiatives to maintain a strong sense of community and collaboration among colleagues, meaningful and challenging tasks, good management as well as a consistent focus on professional development and learning. In addition, we offer healthy food, fitness facilities and tools that help to prevent lack of sleep and stress, among other things.

Our goal to ensure continuous personal and professional development is based on the individual employee and the 70:20:10 model. The 70:20:10 model is based on research, which shows that around 70% of learning and development occurs through experience, around 20% through other ways, while approx. 10% is the result of courses and training. DONG Energy Academy also offers a wide range of development and training programmes across all career paths.

### **Environment**

The company's activities are primarily administrative in nature and do not have a significant impact on the external environment. The environmental impact of the company's operations is minimised by focusing on resource management such as energy savings and recycling of our waste.

### **Statutory report on corporate social responsibility**

In pursuance of Section 99a (6) of the Danish Financial Statements Act, the company has omitted information on corporate social responsibility. Reference is made to the annual report and sustainability report 2016 of DONG Energy A/S.

### **Representation on the Board of Directors**

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

DONG Energy A/S has a policy for women in management with defined targets for 2020. The policy applies to the entire DONG Energy Group. Please refer to the annual report 2016 of DONG Energy A/S.

### **Net profit (loss) relation to expected development assumed in previous report**

The result for 2016 corresponds to expectations.

## **Accounting policies**

The annual report of DONG Energy Oil & Gas A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The company has implemented amendments to the Danish Financial Statements Act which come into effect on 1 January 2016, see Act no. 738 of 1 June 2015.

The amendments to the Danish Financial Statements Act have not affected the company's assets, liabilities and financial position at 31 December 2016, but have only resulted in additional information in the annual report.

The annual report for 2016 is presented in TDKK.

In pursuance of Section §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

In pursuance of Section §86(4) of the Danish Financial Statements Act, the company has omitted preparing a cash flow statement as the company is included in the cash flow statement of the DONG Energy A/S Group.

In pursuance of Section §96(3) of the Danish Financial Statements Act, the company has omitted providing information on audit fees as the company is fully consolidated in DONG Energy A/S's consolidated financial statements, in which the audit fees for the Group as a whole are disclosed.

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

## **Accounting policies**

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

### **Income statement**

#### **Revenue**

Revenue comprise the sale of services to companies in DONG Energy group. The services is recognised in the income statement when delivery and transfer of risk to the buyer have taken place before year-end. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

#### **Other operating income**

Other operating income and other operating expenses comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and property, plant and equipment.

#### **Other external expenses**

Other external expenses include expenses related to sale, advertising, administration, premises, bad debts etc.

#### **Staff costs**

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

The share programme is initially classified as an equity-based scheme. The fair value of the restricted shares and estimates of the number of restricted shares granted are measured at the time of granting and recognised in the income statement under employee costs over the vesting period, and in the balance sheet under equity over the vesting period.

#### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

## **Accounting policies**

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

### **Profit/loss from investments in subsidiaries and associates**

Dividend from investments is recognised in the reporting year in which the dividend is declared.

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The company is jointly taxed with the wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable income.

## **Balance sheet**

### **Intangible assets**

#### ***Development projects, patents and licences***

Development costs comprise wages and salaries and amortisation that are directly or indirectly attributable to the company's development activities and meet the criteria for recognition.

Developments projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less the lower of accumulated amortisation and the recoverable amount.

Development projects in progress are not amortised.

### **Tangible assets**

Items of other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

## **Accounting policies**

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. In case of assets of own construction cost comprises of direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment            3-5    years

### **Investments in subsidiaries and associates**

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

### **Receivables**

Receivables are measured at amortised cost, which normally corresponds to nominal value. Provisions for estimated bad debts are made.

### **Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years.

### **Income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

## Accounting policies

### Liabilities

Liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-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. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

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

### Financial Highlights

Definitions of financial ratios.

EBIT margin	$\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$
Net interestbearing debt	Interestbearing liabilities - Interestbearing assets
Interestbearing debt relative to EBITDA	Net interestbearing debt / EBITDA
Financial gearing	Net interestbearing debt / Equity
EBITDA-margin	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$

## Income statement 1 January - 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Revenue</b>	1	<b>1.880.150</b>	<b>1.935.143</b>
Other operating income		2.488	3.075
Other external expenses		-977.873	-1.035.758
<b>Gross profit</b>		<b>904.765</b>	<b>902.460</b>
Staff costs	2	-814.359	-767.959
<b>Earnings Before Interest Taxes Depreciation and Amortization</b>		<b>90.406</b>	<b>134.501</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-22.306	-24.948
Other operating costs		-41	-699
<b>Profit/loss before financial income and expenses</b>		<b>68.059</b>	<b>108.854</b>
Financial income	3	11.057	1.972
Financial costs	4	-7.176	-7.187
<b>Profit/loss before tax</b>		<b>71.940</b>	<b>103.639</b>
Tax on profit/loss for the year		-13.346	-16.289
<b>Net profit/loss for the year</b>		<b>58.594</b>	<b>87.350</b>
Retained earnings		58.594	87.350
		<b>58.594</b>	<b>87.350</b>



## Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Assets</b>			
Completed development projects		0	0
<b>Intangible assets</b>	5	<u>0</u>	<u>0</u>
Other fixtures and fittings, tools and equipment		107.984	92.819
<b>Tangible assets</b>	6	<u>107.984</u>	<u>92.819</u>
Investments in subsidiaries	7	87.905	87.905
<b>Fixed asset investments</b>		<u>87.905</u>	<u>87.905</u>
<b>Fixed assets total</b>		<u>195.889</u>	<u>180.724</u>
Trade receivables		1.699	1.271
Receivables from subsidiaries		258.071	316.935
Other receivables		33.644	35.199
Deferred tax asset	8	43.270	59.101
Corporation tax		21.163	0
Prepayments	9	40.875	38.771
<b>Receivables</b>		<u>398.722</u>	<u>451.277</u>
<b>Cash at bank and in hand</b>		<u>564</u>	<u>970</u>
<b>Current assets total</b>		<u>399.286</u>	<u>452.247</u>
<b>Assets total</b>		<u>595.175</u>	<u>632.971</u>

## Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Liabilities and equity</b>			
Share capital		500	500
Retained earnings		209.305	250.642
<b>Equity</b>	10	<u><b>209.805</b></u>	<u><b>251.142</b></u>
Trade payables		188.123	167.602
Payables to subsidiaries		28.760	43.392
Corporation tax		0	15.728
Other payables		168.487	155.107
<b>Short-term debt</b>		<u><b>385.370</b></u>	<u><b>381.829</b></u>
<b>Debt total</b>		<u><b>385.370</b></u>	<u><b>381.829</b></u>
<b>Liabilities and equity total</b>		<u><u><b>595.175</b></u></u>	<u><u><b>632.971</b></u></u>
Subsequent events	11		
Contingent assets, liabilities and other financial obligations	12		
Related parties and ownership	13		

## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	500	250.643	251.143
Ordinary dividend on treasury shares	0	-127.610	-127.610
Share based payment	0	8.484	8.484
Net profit/loss for the year	0	58.594	58.594
Changes in equity of tax	0	19.194	19.194
<b>Equity at 31 December</b>	<b>500</b>	<b>209.305</b>	<b>209.805</b>

## Notes to the Annual Report

	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>1 Revenue</b>		
Sale of services	1.673.040	1.688.030
Other revenue	<u>207.110</u>	<u>247.113</u>
<b>Total revenue</b>	<b><u>1.880.150</u></b>	<b><u>1.935.143</u></b>
Geographical segments		
Denmark	<u>1.880.150</u>	<u>1.935.143</u>
<b>Total revenue</b>	<b><u>1.880.150</u></b>	<b><u>1.935.143</u></b>

## Notes to the Annual Report

### 2 Staff costs

Wages and salaries	726.911	682.522
Pensions	68.302	66.126
Other social security costs	12.740	12.340
Other staff costs	6.406	6.971
	<b>814.359</b>	<b>767.959</b>
Average number of employees	1.103	1.090

The Executive Board and a number of other managers participate in our share programme established in 2016. As a condition for the award of performance share units (PSUs), the participant must own a number of shares in DONG Energy A/S, corresponding to a part of the individual participant's annual base salary. The ownership requirement is between 15%-75% of the fixed salary. If the participants meet the shareholding requirement at the award date, the participants will each year be awarded a number of PSU's, representing a value corresponding to 15%-20% of the annual base salary at the award date.

The awarded PSU's have a vesting period of approx. three years, after which each PSU entitles the holder to receive one share free of charge. The final number of PSU's for each participant will be determined based on DONG Energy A/S's total shareholder return compared to 10 European peer energy companies. The rate will vary from 0% to 200% of the number that is set as target for the awarded PSU's. The maximum value is 30%-40% of the fixed annual salary. The highest rate will be triggered if DONG Energy A/S delivers the highest return of the peer companies. For each lower position the number of PSU's will decline by 20 percentage points. For example, a second place entitles the participants to 180% of the target. If DONG Energy A/S is number 11 in the comparison, the participants will receive no PSU's. The right to PSU's is subject to continued employment.

The company has not in the financial year paid fees to the Board of Directors and the Executive Board.

### 3 Financial income

	2016 TDKK	2015 TDKK
Other financial income	2.983	1.972
Exchange gains	8.074	0
	<b>11.057</b>	<b>1.972</b>

## Notes to the Annual Report

	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>4 Financial costs</b>		
Financial expenses, group entities	511	516
Other financial costs	158	2.630
Exchange loss	<u>6.507</u>	<u>4.041</u>
	<u><b>7.176</b></u>	<u><b>7.187</b></u>
 <b>5 Intangible assets</b>		
		<u>Completed development projects</u> TDKK
Cost at 1 January		<u>519.139</u>
Cost at 31 December		<u>519.139</u>
Revaluations at 31 December		<u>0</u>
Impairment losses and amortisation at 1 January		<u>519.139</u>
Impairment losses and amortisation at 31 December		<u>519.139</u>
<b>Carrying amount at 31 December</b>		<u><b>0</b></u>
 <b>6 Tangible assets</b>		
		<u>Other fixtures and fittings, tools and equipment</u> TDKK
Cost at 1 January		165.647
Additions for the year		<u>37.471</u>
Cost at 31 December		<u>203.118</u>

**Notes to the Annual Report**

**6 Tangible assets (continued)**

	Other fixtures and fittings, tools and equipment <u>TDKK</u>
Impairment losses and depreciation at 1 January	72.828
Depreciation for the year	<u>22.306</u>
Impairment losses and depreciation at 31 December	<u>95.134</u>
<b>Carrying amount at 31 December</b>	<b><u>107.984</u></b>
	<u>2016</u> TDKK
	<u>2015</u> TDKK

**7 Investments in subsidiaries**

Cost at 1 January	<u>87.905</u>	<u>87.905</u>
Cost at 31 December	<u>87.905</u>	<u>87.905</u>
<b>Carrying amount at 31 December</b>	<b><u>87.905</u></b>	<b><u>87.905</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
DONG Energy IT Polska Sp. zoo	Poland	100%	8.837.127	1.570.219
DONG Energy IT Malaysia Sdn.	Malaysia	100%	7.195.013	1.617.164
DONG Energy (UK) Ltd.	England	100%	63.492.539	5.985.308
DONG Energy Kraftwerke Holding GmbH	Germany	100%	<u>39.991.662</u>	<u>85.699</u>
			<u>119.516.341</u>	<u>9.258.390</u>

## Notes to the Annual Report

	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>8 Provision for deferred tax</b>		
Provision for deferred tax at 1 January	59.101	98.029
Applied in the year in the income statement	-15.831	-38.928
Transferred to assets	<u>-43.270</u>	<u>-59.101</u>
Property, plant and equipment	-43.270	-53.264
Other taxable temporary differences	0	-5.837
Transferred to deferred tax asset	<u>43.270</u>	<u>59.101</u>
	<u><u>0</u></u>	<u><u>0</u></u>
<b>Deferred tax asset</b>		
Calculated tax asset	<u>43.270</u>	<u>59.101</u>
<b>Carrying amount</b>	<u><u>43.270</u></u>	<u><u>59.101</u></u>

Deferred tax consists of temporary differences arising between the tax base of property, plant and equipment and their carrying amount. It can be used either by the company or by the jointly taxed companies.

## 9 Prepayments

Prepayments comprise other services relating to 2017.

## 10 Equity

The share capital consists of 1 share of a nominal value of TDKK 500. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

## 11 Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.



## Notes to the Annual Report

### 12 Contingent assets, liabilities and other financial obligations

#### Contingent liabilities

Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. references is made to the Annual Report for DONG Energy A/S, the company responsible for the administration of the joint taxation arrangement.

### 13 Related parties and ownership

#### Controlling interest

DONG Energy A/S, Kraftværksvej 53, 7000 Fredericia.

#### Other related parties

The Danish state, represented by the Danish Ministry of Finance  
Goldman Sachs Group  
Group and associated companies  
Board of Directors, Executive Board and senior executives.

#### Transactions

Except for intergroup transactions and usual remuneration transactions, there have been no transactions with the Board of Directors, Executive Board, senior executives, major shareholders, group companies or other related parties during the year.

#### Ownership

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

DONG Energy A/S, Kraftværksvej 53, 7000 Fredericia