



ANNUAL REPORTS 2007

HNG Midt-Nord Salg A/S  
HNG Midt-Nord Handel A/S



Kristian Devantier has decorated the annual report with inspiration from the story of Puccini's opera *Turandot*, which will be HNG Midt-Nord Salg A/S' customer event when staged at Hedeland Theatre in August 2008.

Kristian Devantier's eleven pictures, in addition to the cover, feature the art of heliography in eight colours.

Born in 1971, Kristian Devantier graduated from the Royal Danish Academy of Fine Arts in 2000.

He has just mounted *Casserole*, his second solo exhibition at Gallerie Mikael Andersen in Copenhagen.

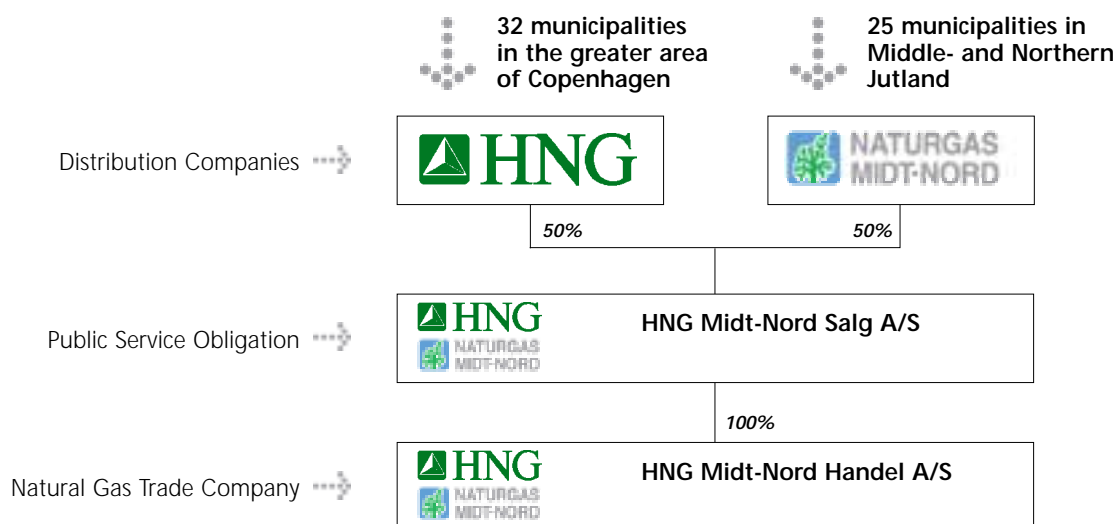
COVER:  
EVERYONE IS GATHERED OUTSIDE  
THE EMPEROR'S PALACE IN PEKING

HNG Midt-Nord Salg A/S

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HNG Midt-Nord Handel A/S

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## HNG Midt-Nord Salg A/S

HNG Midt-Nord Salg A/S  
Gladsaxe Ringvej 11  
DK-2860 Søborg  
Denmark

Telephone: +45 39 54 70 00  
Telefax: +45 39 67 43 07  
E-mail: salg@hng.dk

Bankers: Nordea  
Financial year: Calendar year

CVR nr.: 26918480  
EAN nr.: 579 000 116 324 2

Auditors:  
PricewaterhouseCoopers  
Statsautoriseret Revisionsaktieselskab

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# Management's Review - HNG Midt-Nord Salg A/S

## Supply licence

HNG Midt-Nord Salg A/S has, pursuant to the Danish Natural Gas Supply Act, been granted a licence by the Danish Ministry of Climate and Energy for supply on fixed terms to consumers not exercising their right to choose supplier. The licence was effective for 5 years from March 2003 and was renewed in February 2008 until March 2013.

The licence entails a supply obligation towards the consumers in areas zoned for natural gas supply and towards others who are or will be connected to the natural gas supply grid in the previous county authorities of Copenhagen, Frederiksborg, Roskilde, Ringkøbing, Århus, Viborg and Northern Jutland.

The PSO (Public Service Obligation) company shall ensure that adequate supplies of natural gas on objective, transparent and non-discriminating terms are available. The consumers who have exercised their right to choose an alternative supplier are entitled to resume delivery from the PSO company within reasonable time-limits and on reasonable terms.

## Gas purchase agreements

In 2007, the HNG Midt-Nord Salg group was for the first time a player on the international gas market and purchased natural gas to the group's customers. The previous gas purchase agreement with DONG Energy A/S was replaced by a new agreement with DONG Energy A/S. In August 2005, the Danish Competition Authority had raised concerns about the previous agreement with DONG Energy A/S on the grounds that the exclusivity and the term of the agreement until the end of 2008 was too long, as the agreement prevented new suppliers from supplying to us.

Accordingly, the HNG Midt-Nord Salg group has entered into new partner agreements with DONG Energy A/S and Eon-Ruhrgas. The purchase of natural gas in 2007 was effected under 24 agreements distributed on 11 different suppliers. These agreements have secured the necessary natural gas for the coming years, but the companies will regularly undertake further gas purchases concurrently with

the group's market being maintained and expanded.

HNG Midt-Nord Salg A/S believes that the gas purchases effected have enhanced the company's competitive strength in 2007 and led to lower consumer prices in Denmark, while the company at the same time has produced robust earnings and implemented considerable consolidation.

Unlike before, all new gas agreements entered into include elements of take-or-pay terms which means that the company is obliged to pay for the agreed quantities irrespective of whether the company takes the gas or not. The calendar year 2007 was mild resulting in lower sales to customers throughout the group than estimated for a normal year. This entailed decreased earnings from the PSO activity in HNG Midt-Nord Salg A/S due to lower quantities and a lower contribution margin per m<sup>3</sup>. However, the group succeeded in preventing the take-or-pay provisions from becoming effective by utilising the flexibility incorporated in the agreements, by purchasing capacity in natural gas storage, by selling volumes in the wholesale market and by increasing HNG Midt-Nord Handel A/S' market share considerably during 2007.

HNG Midt-Nord Salg A/S expects that the company has enhanced its position on the gas market for the coming years. The purchases are made in cooperation with HNG Midt-Nord Handel A/S which is also responsible for the management of the purchase portfolio and the daily balancing in relation to suppliers, storages and Energinet.dk.

## Activities of HNG Midt-Nord Salg A/S

The principal aim for HNG Midt-Nord Salg A/S in 2007 was to continue the activities regarding customer service, customer retention and sales to new customers. Improvements and greater efficiency have been effected by coordinating the activities between the functions in Søborg and Viborg.

Year 2007 was the fourth year after the full opening of the market allowing all customers to choose their own supplier. In



2007, the competition focused on the market for the large and medium-sized customers. In autumn 2006 – during the period before we had access to making purchases on the international market – a competitor tried in vain to make inroads into our market for single-family homeowners, while 2007 saw no major campaigns directed at this market. Generally, HNG Midt-Nord Salg A/S offered competitive prices in the market for small customers in 2007 while at the same time being competitive in the market for medium-sized customers.

Focus has still been on limiting the extra costs in connection with the split-up between supply activities and distribution activities prescribed by law and, at the same time, on ensuring that the free choice of supplier will take place in as simple and smooth a manner as possible without causing any inconvenience for the customers choosing to remain customers with the company. The procedures established for the full market opening in 2004 have turned out to work in practice.

In 2007, HNG Midt-Nord Salg A/S launched together with the owner companies the future joint IT customer service system “Sirius” from EG Utility. The employees have made an extraordinary effort to establish requirements and tests of the system as well as tests of the conversion of data. Overall, the transition was fairly smooth, but the staff has not yet the required experience in handling the system, so the customer service is slower than usual. Besides, minor errors and inexpediciencies still occur which impair the customer service and which have to be remedied on an ongoing basis by our supplier.

The subsidiary HNG Midt-Nord Handel A/S is selling natural gas to customers on individually negotiated terms and the subsidiary's activities are not subject to any regulation from the Danish Energy Regulatory Authority.

#### Customers

At end-2007, HNG Midt-Nord Salg A/S had 222,913 customers, 18,352 of whom were domestic customers (cooking customers). The customers are distributed by

168,630 in HNG's area and 54,283 in Midt-Nord's area. At end-2006, the total number of customers was 222,736.

The largely stable customer base is due to a net influx of 2,273 heat customers and a reduction in cooking customers of 2,096. Approx. 6,000 new contracts were concluded and approx. 4,000 heat customers were lost. However, a fairly substantial part of the lost customers in HNG Midt-Nord Salg A/S have become the customers of HNG Midt-Nord Handel A/S. In addition, primarily affiliated customers have been lost in connection with tenders for gas supplies.

HNG Midt-Nord Salg A/S solely offers customers standard agreements adjusted according to published, regulated rates. The only financial product offered by HNG Midt-Nord Salg A/S is fixed-price agreements. All other types of agreements are offered by HNG Midt-Nord Handel A/S

#### New sales

In the previous years, HNG Midt-Nord Salg A/S carried out sales work for the parent companies in order to increase the connection of customers to the natural gas grid in HNG's and Midt-Nord's areas. As from 2007 no payment is made for this kind of work. To the extent that HNG Midt-Nord Salg A/S still carries out such work, this will be for the company's own account and risk.

However, in 2007 HNG Midt-Nord Salg A/S chose to continue its sale to new customers with almost the same intensity as in previous years despite the discontinuation of the financial support from the distribution companies to the joint marketing. Potential oil heated homes are contacted once or twice and all potential electrically heated homes are contacted once.

The effect of increased home equity and the high growth in society had an impact on the influx of new contracts in 2007.

The steep rise in the number of new customers in 2006 continued in 2007. A total of 6,024 contracts in the single-family home area were signed compared with 7,082 contracts in 2006. We have not yet seen any saturation of the market.



No doubt the customers' awareness of the possibilities of having natural gas is high. We still see more and more customers who choose natural gas as their source of energy when they are in a replacement situation.

The response rate and the number of new contracts concluded were better in HNG's than in Midt-Nord's supply area. There is no simple explanation for this difference, but alternative fuels such as wood pills and firewood play a larger role in Midt-Nord's than in HNG's supply area.

In HNG's area it has once again been difficult to find contractors with adequate capacity to establish the necessary service pipes, especially in the northern area. These capacity problems have entailed that HNG Midt-Nord Salg A/S has been somewhat reluctant to make a marketing effort in the most severely affected areas.

New construction activities are still high with 1,871 new houses connected to the grid in 2007 compared with 2,524 in 2006. However, in 2007 new construction activities almost halved in HNG's area, whereas they continued at an undiminished pace in Naturgas Midt-Nord's area.

A total of 259 electrically heated customers chose to switch to natural gas in 2007 against 417 customers in 2006.

The cooperation with the installation trade has been expanded under the "GasFitter Concept", where the cooperation with natural gas active installation firms is intensified. The GasFitter cooperation comprises 145 installation firms in HNG's supply area and 84 firms in Midt-Nord's area. The GasFitter Concept is a continuation of many years of cooperation agreements in HNG's area, while the concept has been introduced in a more mutually binding form in Midt-Nord's area, where the gas fitters make sales visits for HNG Midt-Nord Salg A/S.

We get an increasing number of new customers who have not been visited by a consultant or visited the showrooms, but often as a result of a visit by a consultant several years ago when it was deemed sensible to wait.

HNG Midt-Nord Salg A/S has contacted the potential industrial customers on average twice in 2007 by means of segmented area campaigns. A total of 364 contracts have been signed with new customers and extensions have been made with existing customers. Overall, these customers have an estimated annual natural gas consumption of 11.2 million m<sup>3</sup>. In 2006, the corresponding figures were 431 customers with an annual natural gas consumption of 8.6 million m<sup>3</sup>.

The influx of new customers in 2008 and the years ahead is likely to be strongly affected by the distribution companies introducing payment for service pipes.

#### Competitive situation

On 1 January 2004, the entire Danish gas market was liberalised leading to an intensification of the competitive situation in Denmark. Out of HNG Midt-Nord Salg A/S' some 223,000 customers, about 1,800 customers have chosen to switch to another natural gas supplier, 950 of whom switching to HNG Midt-Nord Salg A/S' subsidiary HNG Midt-Nord Handel A/S. Primarily the largest customers have chosen to "try their luck" with another supplier.

In Denmark, there are 5 more or less active competitors on the market, only 3 of whom have shown an interest in small customers. We did not see any new competitors on the market in 2007.

Overall, competition and HNG Midt-Nord Salg A/S' new gas purchase agreements have led to lower prices for the small and medium-sized customers. Unlike in previous years, a more natural relationship between prices for small and large customers is likely to have been established.

#### Customer retention

As the "customers' own gas company" the responsibility of HNG Midt-Nord Salg A/S is to ensure that the natural gas consumers will always have a good alternative to the other natural gas suppliers. The company believes that this is done best by constantly offering the consumers terms resulting in at least 90% of the customers choosing the company as their supplier of natural gas in the future as well.

In our opinion, natural gas is a low-focus area for our customers. They expect it to work and that they otherwise do not have to concern themselves with it. Thus, the company's focus has been to:

- ensure a competitive price
- ensure that a product range relevant to the customers is developed
- ensure that the customers are satisfied with our services.

In our opinion, the new gas purchase agreements ensure that HNG Midt-Nord Salg A/S, like in 2007, will be able to offer our customers natural gas on attractive terms in the coming years. Our natural gas consumers previously entered into agreements on natural gas relying on it being competitive with oil and now natural gas has become significantly cheaper than oil.

Consumers seem primarily to demand services close to our core services, i.e. sale of gas. Since the needs of our customers vary, we are striving to develop further options in our services in order to meet the exact individual needs of the customers.



# Financial review - HNG Midt-Nord Salg A/S

## Opening balance sheet and comparative figures

Since the turn of the year 2004/2005, an item of DKK 215.2 million has been stated in the financial statements as a prepayment from customers settled on account. However, the item relates to payables to HNG I/S which can be attributed to a change in the joint settlement of customers settled on account. This will be corrected as at 1 January 2007. The liability is subject to interest resulting in interest expenses for HNG Midt-Nord Salg A/S during the years 2005 and 2006 totalling DKK 6.3 and 6.5 million, respectively. The results for 2005 and 2006 have been reduced by these amounts.

The above was adjusted via HNG Midt-Nord Salg A/S' opening balance sheet as at 1 January 2007, and the comparative figures for 2006 have been aligned accordingly by increasing the payables to group enterprise (HNG I/S) by DKK 228 million and reducing prepayments received from customers by the same amount.

## Result 2007

The financial result in the group HNG Midt-Nord Salg A/S in 2007 was a profit of DKK 81.1 million, up from DKK 49.9 million in 2006. The profit in the group was higher than expected at the beginning of the year.

Revenue in the group HNG Midt-Nord Salg A/S was DKK 2,121.2 million in 2007 (2006: DKK 2,322.2 million) and cost of sales was DKK 2,003.8 million (2006: DKK 2,251.1 million).

Revenue in the parent company HNG Midt-Nord Salg A/S totalled DKK 1,139.2 million in 2007 (2006: DKK 1,699.1 million) and cost of sales was DKK 1,106.6 million (2006: DKK 1,613.2 million).

The gross profit from sale of gas in the group was DKK 117.5 million in 2007 (2006: DKK 71.1 million).

The gross profit from sale of gas in the parent company HNG Midt-Nord Salg A/S (the licensed company) was DKK 32.6 million in 2007 (2006: DKK 55.9 million).

## Gas sale

In 2007, the weather was warmer than usual. The year under review had approximately 17% fewer degree days than in a normal year. Nonetheless, total group sales were more or less as budgeted although the sale to customers in both HNG Midt-Nord Salg A/S and the subsidiary HNG Midt-Nord Handel A/S was affected by the mild weather. This, however, was compensated for by the increasing number of customers in HNG Midt-Nord Handel A/S. The defection of customers in the PSO (Public Service Obligation) company HNG Midt-Nord Salg A/S was lower than expected due to the favourable competitive position after conclusion of new contracts in the market.

In 2007, total group sales were 776 million m<sup>3</sup>, broken down by 421 million m<sup>3</sup> in HNG's area, 319 million m<sup>3</sup> in Midt-Nord's area and 36 million m<sup>3</sup> in other distribution areas. In 2006, sales totalled 694 million m<sup>3</sup>.

In the parent company HNG Midt-Nord Salg A/S, sales totalled 407 million m<sup>3</sup>, broken down by 313 million m<sup>3</sup> in HNG's area and 94 million m<sup>3</sup> in Midt-Nord's area. In 2006, sales totalled 485 million m<sup>3</sup>.

## Operating expenses

HNG Midt-Nord Salg A/S has no employees. All employees are employed by the owner companies. The company's operations are run by purchase of resources or services from the owner companies on an arm's length basis for the benefit of both parties or by use of external partners. A number of service agreements have been established which specify quality, competence and payment for purchase of resources and services from the parent companies for the purpose of securing that the terms are fair for both parties. The conclusion of service agreements is based on experience from 2006.

Operating expenses in the group HNG Midt-Nord Salg A/S are divided into service agreements and other operating expenses. In 2007, the operating expenses of the HNG Midt-Nord Salg group totalled DKK 52.4 million compared with DKK 30.9 million in 2006. The service agreements



mainly concern purchase of resources by way of staff and specific services.

#### **Interest**

In the group, net interest income of DKK 16.1 million was realised in 2007. In 2006, interest income totalled DKK 9.7 million.

In general, the cash flow pattern is such that the company's cash position was excellent most of 2007.

#### **Net profit for the year**

The net profit for the year in the group HNG Midt-Nord Salg A/S is DKK 81.1 million, DKK 82.3 million of which can be attributed to the subsidiary HNG Midt-Nord Handel A/S, which is not subject to regulation by the Danish Energy Regulatory Authority. Accordingly, the realised loss in the activity covered by the PSO licence is DKK 1.2 million.

According to the Danish Energy Regulatory Authority's guidelines on the regulation of PSO natural gas companies, the company is basically entitled to an operating profit for 2007 equivalent to an 8% return on the company's share capital less the contributed capital in HNG Midt-Nord Handel A/S. The rate of return will be higher or lower if HNG Midt-Nord Salg A/S' costs pertaining to operation and purchase of natural gas are higher or lower than the corresponding expenses in the PSO companies of Statoil Gazelle or DONG Energy.

HNG Midt-Nord Salg A/S does not agree with the Danish Energy Regulatory Authority's decision to the effect that the determination of the size of the profit to which a PSO company is entitled can only be based on the share capital. HNG Midt-Nord Salg A/S believes that the subordinated loan capital and retained profit from prior years shall be included as well. The case has been appealed to the Energy Board of Appeal and a decision is expected during 2008.

Following a decision from the Energy Board of Appeal a final statement can be made of how much of the profit from prior years is to be repaid by way of price reductions over a period of maximum 3 years. The maximum amount covered by the reg-

ulation is recorded in the Balance Sheet as "reserve for price adjustment" under equity.

#### **Special risks**

##### *Operating risks*

HNG Midt-Nord Salg A/S' earnings in 2007 mainly derive from income – a trade margin by way of a minor amount per m<sup>3</sup> sold – attributed to expected gas purchase prices, and a fixed rate per customer.

In a warm year the group's gross profit will decrease owing to reduced sales. To this should be added a lower contribution margin per m<sup>3</sup> owing to the hedging of take-or-pay commitments.

This risk has been mitigated by purchasing some of the natural gas quantities on flexible terms supplemented by quantities that can immediately be resold on the international market. The flexibility is estimated to be adequate to cope with normal temperature fluctuations and ordinary market share losses.

The future income base from customers depends on the HNG Midt-Nord Salg group being a supplier of gas. To the extent that the customers choose other gas suppliers, the company's income base will be eroded. The company has allowed for possible market share losses in its plans for the future.

##### *Competitive strength*

The market price for natural gas varies widely with the development in oil prices. The gas quantities purchased have been hedged in relation to the development in oil prices, but there will always be a risk that in some periods natural gas can be purchased with a better relation to oil prices than the one obtained, and that the company's gas portfolio becomes uncompetitive.

This risk has to some extent been covered by the natural gas rate to the customers matching the terms of purchase.

##### *Price products*

The use of price products is a key competitive parameter when it comes to capturing customers. The financial risks are substantial due to the high volatility in gas and oil prices.



The risk is systematically removed by regularly hedging products sold together with HNG Midt-Nord Handel A/S which enters into off-setting transactions with suppliers and financial institutions. Framework agreements have been concluded with suppliers and banks to hedge the products.

#### *Derivative financial instruments*

HNG Midt-Nord Salg A/S and HNG Midt-Nord Handel A/S offer customers agreements determining the selling price of natural gas on the basis of different combinations of fuel and gas oil prices and the US dollar rate.

Similarly, HNG Midt-Nord Salg A/S and HNG Midt-Nord Handel A/S enter into purchase agreements determining the purchase price of natural gas on the basis of different combinations of fuel and gas oil prices and the US dollar rate.

On entering into such agreements HNG Midt-Nord Salg A/S and HNG Midt-Nord Handel A/S accept a price and foreign-exchange risk as the purchase and selling prices of the gas are fixed on a different basis. HNG Midt-Nord Salg A/S and HNG Midt-Nord Handel A/S hedge these oil price and foreign-exchange risks by using derivative financial instruments, including swaps and, to a limited extent, call and put options so that HNG Midt-Nord Salg A/S and HNG Midt-Nord Handel A/S will have no real risk in connection with the purchase and sales agreements concluded.

On initial recognition, the derivative financial instruments are measured at cost, equal to the fair value of the fees paid or received. Subsequent to initial recognition, the derivative financial instruments are measured at fair value as at the balance sheet date.

Changes in the fair value of derivative financial instruments, classified as and complying with the requirements for hedging of the fair value of binding purchase and sales agreements, are recognised in the Income Statement together with changes in the fair value of binding purchase and sales agreements.

#### *Ordering and nominations*

It will have financial implications if the company's ordering and nominations of natural gas for the next 24 hours are outside the margins laid down in the rules governing the use of the transmission system. Over the year, the group has built up considerable knowledge in this area.

#### *Loss on bad debts*

HNG Midt-Nord Salg A/S' customers are primarily small customers and, thus, the risk of loss on debtors is low.

To the extent that agreements are concluded with business enterprises and similar customers, ongoing focus will be placed on the creditworthiness of the customers.

#### *Operating expenses*

HNG Midt-Nord Salg A/S has entered into service agreements with HNG and Midt-Nord on for instance all staff costs since all employees are still employed with HNG and Midt-Nord, but are wholly or partly seconded to the HNG Midt-Nord Salg group. Selling and marketing expenses are directly covered by the HNG Midt-Nord Salg group.

#### *Customer influx*

HNG Midt-Nord Salg A/S is seeing a greater influx of new customers than predicted.

#### *Customer defection*

In 2007, HNG Midt-Nord Salg A/S did not experience any significant defection of customers. The total defection in HNG Midt-Nord Salg A/S comprises customers equal to less than 1% in numbers and around 5% in volume.

#### **Outlook**

Most customers consider natural gas to be a low priority area. As long as the price of natural gas is competitive the customers do not feel induced to change supplier.

HNG Midt-Nord Salg A/S expects that, based on the gas purchase agreements concluded, the PSO company will be able to maintain a dominant position on the market for small customers and, consequently, only experience limited customer defection.

In 2007, the subsidiary HNG Midt-Nord Handel A/S proved to be an attractive partner for large and medium-sized enterprises. A major part of sales in 2008 has already been secured with robust earnings, and the company is also expected to increase its market share and report a positive gross profit in the years ahead.

The companies expect to be able to maintain their position as being most cost-effective as regards customer service while maintaining the service level to the customers. The initial difficulties following from the switch to new IT are expected to be resolved during the first half of 2008.

#### **Events occurring after the end of the financial year**

No events have occurred after the end of the financial year of material importance to the evaluation of the Annual Report.



# Accounting Policies - HNG Midt-Nord Salg A/S

The Annual Report for HNG Midt-Nord Salg A/S is presented in compliance with the Danish Financial Statements Act for reporting class C (large enterprise).

The accounting policies are the same as those of last year.

The Annual Report 2007 is presented in DKK million.

## Recognition and measurement

Assets are recognised in the Balance Sheet when it is probable that future economic benefits will flow to the company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet if, owing to a previous event, the company has a legal or actual liability and it is probable that future economic benefits will flow out of the company and the value of the liability can be measured reliably.

Assets and liabilities are recognised at cost on initial recognition. Subsequent to initial recognition, measurement is effected as described for each item below.

On recognition and measurement, foreseeable risks and losses, arising before the presentation of the Annual Report and proving or disproving matters existing on the balance sheet date, are taken into consideration.

Income is recognised in the Income Statement as earned whereas expenses are recognised with amounts pertaining to the financial year. Value adjustments of financial assets and liabilities are recognised under equity.

## Consolidated Financial Statements

The Consolidated Financial Statements comprise HNG Midt-Nord Salg A/S (parent company) and HNG Midt-Nord Handel (subsidiary).

The Consolidated Financial Statements are prepared on the basis of the financial statements of HNG Midt-Nord Salg A/S and the subsidiary. The Consolidated Financial Statements are prepared by combining items of uniform nature. On consolidation, intra-group income and expenses, intra-

group balances and dividends as well as gains and losses on transactions between the consolidated companies are eliminated. The financial statements used in the consolidation are prepared in accordance with the group's accounting policies.

## Derivative financial instruments

The HNG Midt-Nord Salg group offers customers agreements determining the selling price of natural gas on the basis of different combinations of fuel and gas oil prices and the US dollar rate.

Similarly, the HNG Midt-Nord Salg group enters into purchase agreements determining the purchase price of natural gas on the basis of different combinations of fuel and gas oil prices and the US dollar rate.

On entering into such agreements the HNG Midt-Nord Salg group accepts a price and foreign-exchange risk as the purchase and selling prices of the gas are fixed on a different basis. The HNG Midt-Nord Salg group hedges these oil price and foreign-exchange risks by using derivative financial instruments, including swaps and, to a limited extent, call and put options so that the HNG Midt-Nord Salg group will have no real risk in connection with the purchase and sales agreements concluded.

On initial recognition, the derivative financial instruments are measured at cost, equal to the fair value of the fees paid or received. Subsequent to initial recognition, the derivative financial instruments are measured at fair value as at the balance sheet date.

Changes in the fair value of derivative financial instruments, classified as and complying with the requirements for hedging of the fair value of binding purchase and sales agreements, are recognised in the Income Statement together with changes in the fair value of binding purchase and sales agreements.

## Income statement

### Revenue

Revenue includes the sale of natural gas less discounts.

Revenue is recognised in the Income Statement in line with delivery. Income from customers paying on account has been calculated for the period after the latest annual statement of account.

### Cost of sales

Cost of sales includes purchases of natural gas less discounts.

### Other external expenses

Other external expenses include expenses incidental to provision of administrative services requested under service agreements with HNG and Midt-Nord, communication costs, advisory services, other administrative expenses, etc.

### Net financials

Net financials include interest income and interest expenses, realised and unrealised exchange gains and losses as well as amortisation added/deducted pertaining to financial liabilities.

### Income taxes

Tax for the year comprises the current tax charge for the year and any changes in the deferred tax charge.

Current tax payable and receivable is recognised in the Balance Sheet as tax computed on the taxable income for the year, adjusted for tax prepaid.

Deferred tax is recognised and measured according to the balance sheet liability method providing for all temporary differences between the carrying amounts of the assets and liabilities and the amounts used for taxation purposes. The computation of the tax value of the assets is based on the planned use of each asset.

Deferred tax is measured on the basis of the tax rules and tax rates applicable under the legislation in force on the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax shall, owing to changes in tax rates, be recognised in the Income Statement.

Deferred tax assets, including the tax value of losses available for carry-over for tax purposes, are recognised at the value at which

the asset is expected to be used, either through set-off against deferred tax liabilities or as net tax assets.

The parent company is jointly taxed with the subsidiary. The current Danish corporation tax is divided between the jointly taxed companies in proportion to their taxable incomes (full allocation with refund concerning tax losses).

#### *Distribution of profit*

The estimated difference between the financial result of the year and HNG Midt-Nord Salg A/S' regulatory income limit is transferred via the distribution of profit to reserve for price adjustment under equity in order to show that this part of equity is not really available to the owners.

#### **Balance Sheet**

##### *Investments in group enterprise*

Investments in group enterprise are recognised and measured according to the equity method, which means that the investments are recognised at the proportionate share of the enterprise's carrying amount minus or plus unrealised intra-group profit or loss.

The parent company's share of the company's result after elimination of unrealised intra-group profit and loss is recognised in the Income Statement.

The net revaluation of investments in group enterprise is transferred to the reserve for net revaluation of investments to the extent that the carrying amount exceeds the cost.

##### *Inventories*

Natural gas inventories are measured at cost, made up according to weighted average prices, or the net realisable value if this is lower. The net realisable value for inventories is computed as the expected selling price less costs to be defrayed to effect a sale.

##### *Receivables*

Receivables, including financial receivables from customers and other financial receivables, are measured at amortised cost less writedown for loss on bad debts.

The writedown for loss on bad debts is based on an individual assessment of each receivable.

##### *Deferred income*

Deferred income recognised under Liabilities comprises income received to be recognised in the Income Statement of the subsequent financial year. Prepayments are measured at amortised cost which is usually equal to the nominal value.

##### *Provisions*

Provisions are recognised and measured as the best estimate of the costs necessary to settle the provisions. Provisions with an estimated due date more than one year from the balance sheet date will be measured at discounted value.

Provisions include provisions concerning loss-making contracts.

##### *Financial liabilities*

Financial liabilities are recognised at amortised cost which is usually equal to the nominal value.

##### *Cash Flow Statement*

The company's Cash Flow Statement is presented according to the indirect method showing cash flows from operating, investing and financing activities and the company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are made up as operating result adjusted for non-cash operating items and changes in working capital.

Cash flows from financing activities include changes in the amount or composition of the share capital and costs incidental hereto as well as the raising of loans, repayments on interest-bearing debt and distribution to the owners.

Cash and cash equivalents consist of available funds.

##### *Key figures and financial ratios*

Ratios are computed in accordance with 'Guidelines and Financial Ratios', issued by the Danish Society of Financial Analysts in 2005.

**The financial ratios have been computed as follows:**

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit ratio	=	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Rate of return	=	$\frac{\text{Operating profit} \times 100}{\text{Balance sheet total}}$
Return on equity	=	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Equity ratio	=	$\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$

# Statement by the Board of Directors and Executive Management

We have today submitted the Annual Report 2007 of HNG Midt-Nord Salg A/S.

We regard the accounting policies applied as appropriate, such that the Annual Report provides a true and fair view of HNG Midt-Nord Salg A/S' assets, liabilities, financial position and result for both parent company and group as well as for the consolidated cash flows.

The Annual Report is submitted to the general meeting for adoption.

Gladsaxe, 27 March 2008

## Executive Management



Ole Albæk Pedersen  
*Managing Director*



Henrik Iversen  
*Market Director*

## Board of Directors



Jens Jørgen Nygaard  
*Chairman*



Kurt Brunk Hansen  
*Vice-chairman*



Ib Bjerregaard



Karin Søjberg Holst



Ebbe Skovsgaard



Ole Ørnbøl

# Independent Auditors' Report

## To the shareholders of HNG Midt-Nord Salg A/S

We have audited the Annual Report of HNG Midt-Nord Salg A/S for the financial year ending on 31 December 2007, which comprises Management's Review, Accounting Policies, Statement by the Board of Directors and Executive Management, Income Statement, Balance Sheet and notes for both parent company and group as well as for the consolidated cash flows. The Annual Report is prepared in accordance with the Danish Financial Statements Act.

## Management's responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of the Annual Report in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Annual Report.

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

Our audit has not resulted in any qualification.

## Opinion

In our opinion, the Annual Report gives a true and fair view of the assets, liabilities and financial position at 31 December 2007 of the parent company and the group and of the results of the parent company and group operations as well as consolidated cash flows for the financial year ending on 31 December 2007 in accordance with the Danish Financial Statements Act.

Copenhagen, 27 March 2008.

PricewaterhouseCoopers  
Statsautoriseret Revisionsaktieselskab



Per Timmermann  
State Authorised Public Accountant



Claus Köhler Carlsson  
State Authorised Public Accountant

# Income Statement - HNG Midt-Nord Salg A/S

Parent company		Note	DKK million	
2006	2007		2007	2006
1,669.1	1,139.2	Revenue	2,121.2	2,322.2
-1,613.2	-1,106.6	Cost of sales	-2,003.8	-2,251.1
<b>55.9</b>	<b>32.6</b>	<b>Gross profit</b>	<b>117.5</b>	<b>71.1</b>
1.8	2.0	Other operating income	2.0	1.8
-31.6	-47.4	Other operating expenses	-54.4	-32.7
<b>26.1</b>	<b>-12.8</b>	<b>Operating profit</b>	<b>65.0</b>	<b>40.2</b>
14.3	82.3	Profit in group enterprise	0.0	0.0
9.5	11.6	Net financials	16.1	9.7
<b>49.9</b>	<b>81.1</b>	<b>Profit before tax</b>	<b>81.1</b>	<b>49.9</b>
0.0	0.0	Tax on the profit for the year	0.0	0.0
<b>49.9</b>	<b>81.1</b>	<b>NET PROFIT FOR THE YEAR</b>	<b>81.1</b>	<b>49.9</b>
	-9.2	<b>Proposal for distribution of profit</b>		
	70.9	Reserve for price adjustment		
	19.4	Set aside to reserve for net revaluation according to the equity method		
	<b>81.1</b>	To be carried forward to next year		
		<b>Available for distribution</b>		

# Balance Sheet - HNG Midt-Nord Salg A/S

		Note	DKK million		
Parent company			Group		
31.12.2006	31.12.2007		31.12.2007	31.12.2006	
<b>ASSETS</b>					
43.5	125.9	Investment in group enterprise	5	0.0	0.0
0.0	0.0	Other investments		5.3	2.0
<b>43.5</b>	<b>125.9</b>	<b>Total investments</b>		<b>5.3</b>	<b>2.0</b>
<b>43.5</b>	<b>125.9</b>	<b>Total fixed assets</b>		<b>5.3</b>	<b>2.0</b>
<b>0.0</b>	<b>0.0</b>	<b>Inventories</b>		<b>68.9</b>	<b>0.0</b>
4.8	71.8	Trade receivables		317.7	45.4
28.3	154.6	Receivables from HNG Midt-Nord Handel A/S		0.0	0.0
1.5	0.6	Receivables from HNG I/S and Naturgas Midt-Nord I/S		130.6	1.5
56.4	94.7	Other receivables	6	94.7	66.9
<b>91.0</b>	<b>321.7</b>	<b>Total receivables</b>		<b>543.0</b>	<b>113.8</b>
<b>608.4</b>	<b>427.5</b>	<b>Cash</b>		<b>497.9</b>	<b>841.5</b>
<b>699.4</b>	<b>749.2</b>	<b>Total current assets</b>		<b>1,109.8</b>	<b>955.3</b>
<b>742.9</b>	<b>875.1</b>	<b>TOTAL ASSETS</b>		<b>1,115.1</b>	<b>957.3</b>
<b>LIABILITIES AND EQUITY</b>					
50.0	50.0	Share capital		50.0	50.0
38.3	29.1	Reserve for price adjustment		29.1	38.3
0.0	70.9	Set aside according to the equity method		0.0	0.0
147.3	166.7	Retained earnings		237.6	147.3
<b>235.6</b>	<b>316.7</b>	<b>Total equity</b>	7	<b>316.7</b>	<b>235.6</b>
0.0	0.0	Loss-making contracts	8	0.0	18.1
<b>0.0</b>	<b>0.0</b>	<b>Total provisions</b>		<b>0.0</b>	<b>18.1</b>
12.9	2.5	Trade payables		429.2	299.5
159.9	205.6	Payables to HNG Midt-Nord Handel A/S		0.0	0.0
285.1	350.3	Payables to HNG I/S and Naturgas Midt-Nord I/S		356.3	285.2
44.3	0.0	Prepayments received from customers		9.5	99.0
1.4	0.0	Other payables	9	3.4	16.2
3.7	0.0	Deferred income	10	0.0	3.7
<b>507.3</b>	<b>558.4</b>	<b>Total short-term liabilities other than provisions</b>		<b>798.4</b>	<b>703.6</b>
<b>507.3</b>	<b>558.4</b>	<b>Total liabilities other than provisions</b>		<b>798.4</b>	<b>703.6</b>
<b>742.9</b>	<b>875.1</b>	<b>LIABILITIES AND EQUITY</b>		<b>1,115.1</b>	<b>957.3</b>
		Derivative financial instruments	11		
		Contingent liabilities	12		
		Related parties	13		
		Shareholders	14		
		Changes in working capital	15		
		Purchase obligations and guarantees issued	16		

# Cash Flow Statement - Group

	Note	DKK million	
		Group	
		2007	2006
Cash flow from operating activities:			
Operating profit		65.0	40.2
Financial income		28.6	35.8
Financial expenses		-12.5	-0.2
Changes in provisions		-18.1	1.1
Changes in working capital	15	-403.3	140.0
<b>Total cash flow from operating activities</b>		<b>-340.2</b>	<b>216.9</b>
<b>Cash flow from investing activities</b>		<b>-3.3</b>	<b>1.4</b>
<b>Total increase/decrease in cash and cash equivalents</b>		<b>-343.6</b>	<b>218.3</b>
Cash and cash equivalents, at 1 January		841.5	623.2
<b>Cash and cash equivalents, at 31 December</b>		<b>497.9</b>	<b>841.5</b>

# Notes - HNG Midt-Nord Salg A/S

DKK million

Group company			Group	
2006	2007		2007	2006
<b>Note 1. Fee for auditor appointed by general meeting</b>				
0.2	0.1	Auditor's fees	0.2	0.3
0.1	0.2	Auditor's fees, outstanding from previous year	0.4	0.2
<b>0.3</b>	<b>0.3</b>	<b>Total fees</b>	<b>0.6</b>	<b>0.5</b>
<b>Note 2. Staff costs</b>				
The company has no employees since, according to service agreements concluded with HNG I/S and Naturgas Midt-Nord I/S, they are recruited and employed by HNG I/S and Naturgas Midt-Nord I/S. In accordance with the service agreements, the company covers a share of the owners' staff costs, including wages and salaries, holiday pay and other staff-related costs.				
<b>0.3</b>	<b>0.3</b>	<b>Total remuneration for the Board of Directors</b>	<b>0.3</b>	<b>0.3</b>
<b>Note 3. Net financials</b>				
<i>Financial income</i>				
16.0	22.7	Interest income on cash funds from operations	28.6	19.8
0.0	0.0	Fair value of supply agreement	0.0	3.2
0.0	0.0	Fair value adjustment of binding sales agreements	0.0	21.4
<b>16.0</b>	<b>22.7</b>		<b>28.6</b>	<b>44.4</b>
<i>Financial expenses</i>				
0.0	-2.5	Guarantee commission subordinated loan capital	-2.5	0.0
0.0	0.0	Interest expenses from loan	-0.4	0.0
-6.5	-8.4	Interest expenses from debt to HNG I/S	-8.4	-6.5
0.0	0.0	Fair value adjustment of derivative financial instruments	0.0	-28.0
0.0	-0.2	Other financial expenses	-1.2	-0.2
<b>-6.5</b>	<b>-11.1</b>		<b>-12.5</b>	<b>-34.7</b>
<b>9.5</b>	<b>11.6</b>	<b>Total net financials</b>	<b>16.1</b>	<b>9.7</b>

## Note 4. Tax on the profit for the year

The profit for the year does not give rise to either payable or deferred tax.

At end-2007, the company had a deferred tax asset not recognised of DKK 19.3 million (DKK 32.4 million in 2006) pertaining to goodwill by inclusion of the activity in the company in the financial year 2002/2003, which was taken to equity.

In addition, the company had at end-2007 a deferred tax asset not recognised of DKK 2.3 million (DKK 9.6 million in 2006) pertaining to a tax loss carry-forward.

The company is jointly taxed with its subsidiary, but is solely liable for the portion of the tax that is attributable to the company's income.

## Note 5. Investments

### Investments in group enterprises

55.0
<b>55.0</b>
-11.4
82.3
<b>70.9</b>
<b>125.9</b>
<b>43.5</b>

Cost at 1 January 2007

**Cost at 31 December 2007**

Net revaluations at 1 January 2007

Net profit for the year

**Net revaluations at 31 December 2007**

**Carrying amount at 31 December 2007**

**Carrying amount at 31 December 2006**

Investments in group enterprise include:  
HNG Midt-Nord Handel A/S, Gladsaxe, 100%.

Parent company	
2006	2007
55.1	94.3
0.0	0.0
1.3	0.4
<b>56.4</b>	<b>94.7</b>

## Note 6. Other receivables

VAT and duties receivable

Fair value of supply agreements

Other receivables

**Total other receivables**

Group	
2007	2006
94.3	62.4
0.0	3.2
0.4	1.3
<b>94.7</b>	<b>66.9</b>

The company hedges price and foreign-exchange risks relating to binding agreements on the future purchase and sale of gas by way of swaps and, to a limited extent, call and put options. There is no net fair value as at 31 December 2007.

## Note 7. Statement of changes in equity

	Group and parent company				Total equity
	Share capital	Reserve for price adjustment	Reserve for revaluation acc. to equity method	Retained earnings	
Equity at 1 January 2007	50.0	38.3	0.0	147.3	235.6
Net profit for the year	0.0	-9.2	70.9	19.4	81.1
<b>Equity at 31 December 2007</b>	<b>50.0</b>	<b>29.1</b>	<b>70.9</b>	<b>166.7</b>	<b>316.7</b>

The share capital consists of 50,000 shares of DKK 1,000 each. The shares have not been divided into classes.

HNG I/S and Naturagas Midt-Nord I/S have an obligation towards HNG Midt-Nord Salg A/S each to contribute subordinated loan capital of DKK 62.5 million.

# Notes - HNG Midt-Nord Salg A/S

		DKK million	
		Group	
		2007	2006
<b>Note 8. Provisions</b>			
	Loss-making contracts	0.0	18.1
	<b>Provisions</b>	<b>0.0</b>	<b>18.1</b>

Parent company	
2006	2007
0.0	0.0
1.4	0.0
0.0	0.0
0.0	0.0
<b>1.4</b>	<b>0.0</b>
3.7	0.0
<b>3.7</b>	<b>0.0</b>

## Note 9. Other payables

VAT and duties payable	3.3	0.0
Accrued expenses	0.1	1.4
Fair value of binding sales agreements	0.0	7.1
Fair value of derivative financial instruments	0.0	7.7
<b>Total other payables</b>	<b>3.4</b>	<b>16.2</b>

Group	
2007	2006
3.3	0.0
0.1	1.4
0.0	7.1
0.0	7.7
<b>3.4</b>	<b>16.2</b>
0.0	3.7
<b>0.0</b>	<b>3.7</b>

## Note 10. Deferred income

Discounts payable	0.0	3.7
<b>Total deferred income</b>	<b>0.0</b>	<b>3.7</b>

## Note 11. Derivative financial instruments

The company hedges price and foreign-exchange risks relating to binding agreements on the future purchase and sale of gas by way of swaps and, to a limited extent, call and put options. There is no net fair value as at 31 December 2007.

## Note 12. Contingent liabilities

The company has an obligation towards HNG Midt-Nord Handel A/S to invest further subordinated loan capital of DKK 25 million.

## Note 13. Related parties

The company has no related parties with controlling influence.

HNG I/S and Naturgas Midt-Nord I/S as well as the company's management have significant influence.

In 2007, HNG Midt-Nord Salg A/S requested various administrative services from HNG I/S and Naturgas Midt-Nord I/S totalling DKK 32.5 million.

Remuneration for the Board of Directors, etc. has been stated in note 2.

All transactions with related parties have been made at arm's length.

## Note 14. Shareholders

The company is owned by the following shareholders:

HNG I/S, Gladsaxe, 50%  
 Naturgas Midt-Nord I/S, Viborg, 50%

## Note 15. Changes in working capital

Changes in receivables, etc.  
 Changes in trade payables, etc.

### Total changes in working capital

Group	
2007	2006
-512.8	10.8
109.5	129.2
<b>-403.3</b>	<b>140.0</b>

## Note 16. Purchase obligations and guarantees issued

The company has entered into binding agreements for the purchase of natural gas of totally DKK 1,493 million on take-or-pay terms. In addition, an agreement has been entered into for the purchase of natural gas with a take-or-pay obligation that varies with HNG Midt-Nord Handel A/S' sale of natural gas. The purchase obligations total maximum DKK 2,745 million.

The purchase obligations have been undertaken jointly with the subsidiary HNG Midt-Nord Handel A/S.

The company has provided a parent company guarantee for HNG Midt-Nord Handel's binding purchase of natural gas for totally DKK 1,125.5 million.

On behalf of HNG Midt-Nord Salg A/S and the subsidiary HNG Midt-Nord Handel A/S, Nordea has provided guarantees totalling DKK 331.4 million.

## Key Figures and Financial Ratios - Group

<b>Finances</b> (DKK million)	<b>2007</b>	2006	2005	2004	2003
Revenue	2,121.2	2,322.2	2,179.6	1,672.8	2,151.9
Gross profit	117.5	71.1	31.8	39.1	67.0
Net external expenses	52.4	30.9	30.9	31.2	50.5
Net financials	16.1	9.7	13.7	8.5	9.6
<b>Net profit for the year</b>	<b>81.1</b>	<b>49.9</b>	<b>14.6</b>	<b>15.6</b>	<b>30.5</b>
Trade receivables	317.7	45.4	97.0	337.3	200.5
Equity	316.7	235.6	185.7	171.1	155.5
Balance sheet total	1,115.1	957.3	862.5	713.2	685.6

<b>Financial ratios</b> (%)	<b>2007</b>	2006	2005	2004	2003
Gross margin	5.5	3.1	1.5	2.3	3.1
Profit ratio	3.8	2.2	1.0	1.0	1.4
Rate of return	5.8	4.2	0.1	1.0	3.0
Return on equity	29.4	23.7	8.2	9.6	19.6
Equity ratio	28.4	24.6	21.5	24.1	22.7

<b>Statistics</b> (million m <sup>3</sup> natural gas)	<b>2007</b>	2006	2005	2004	2003
Sale	776	694	759	814	861

<b>Connected</b> (No.)	<b>2007</b>	2006	2005	2004	2003
Domestic customers	18,352	20,448	21,228	21,863	22,565
Customers	204,561	206,778	202,878	198,093	193,595



## HNG Midt-Nord Handel A/S

HNG Midt-Nord Handel A/S  
Gladsaxe Ringvej 11  
DK-2860 Søborg  
Denmark

Telephone: +45 39 54 70 00  
Telefax: +45 39 67 43 07  
E-mail: [gashandel@hng.dk](mailto:gashandel@hng.dk)

Bankers: Nordea  
Financial year: Calendar year

CVR nr.: 27061885  
EAN nr.: 579 000 116 326 6

Auditors:  
PricewaterhouseCoopers  
Statsautoriseret Revisionsaktieselskab

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# Management's Review - HNG Midt-Nord Handel A/S

## Gas purchase agreements

HNG Midt-Nord Handel A/S is responsible for all purchases, storage and transport of natural gas to cover the supply of natural gas to both HNG Midt-Nord Salg A/S' and HNG Midt-Nord Handel A/S' natural gas customers. In 2007, HNG Midt-Nord Handel A/S purchased natural gas from 11 different suppliers and under 24 different natural gas contracts.

In 2007, HNG Midt-Nord Handel A/S received natural gas from both Germany and Denmark as well as the Danish part of the North Sea. In 2008, the company will also receive minor quantities of natural gas from the Netherlands. HNG Midt-Nord Handel A/S is handling the transport of the natural gas to the Danish border.

For the purpose of meeting the company's need for flexibility, HNG Midt-Nord Handel A/S has utilised the flexibility options incorporated in the gas quantities purchased and acquired storage capacity with both DONG Storage and Energinet.dk Gaslager.

## Activities of HNG Midt-Nord Handel A/S

The opening of the gas market in 2004 has led to various new activities which were unnecessary before. The activities relate to market surveillance, negotiation of gas purchase agreements, ordering and control of volumes, risk management, ordering of transport and storage, change of prices and delivery terms, etc.

In 2006, HNG Midt-Nord Handel A/S established new routines and systems so that the company would be capable of handling its new procedures for transport, ordering and control of volumes, storage, etc. We have chosen a simple and flexible system allowing us to easily grasp the processes so that we can quickly alter and add routines when rules and terms are changed externally.

The efforts put into this area have been a success. The routines and systems were up and running on 1 January 2007 and are now working smoothly. However, 2007 brought surprises in connection with the lack of flexibility and market adaptation exhibited by some transport companies.

In 2007, HNG Midt-Nord Handel A/S focused on continuing the development of control procedures with respect to the hedging of financial products in connection with sales and gas purchase agreements and on the take-or-pay terms stipulated in the agreements.

## Customers and the competitive situation

At end-2007, HNG Midt-Nord Handel A/S had a portfolio of approx. 8,500 customers with an expected overall annual natural gas consumption of just over 1.0 billion m<sup>3</sup>.

In 2007, HNG Midt-Nord Handel A/S' competitive strength improved as a result of the new gas purchase agreements. This led to substantial growth. In 2007, HNG Midt-Nord Handel A/S increased its number of customers by approx. 4,000 customers and increased the contracted volume by approx. 300 million m<sup>3</sup>.

The competitive situation in Denmark has intensified over the past four years, especially the competition for major customers is keen.

However, the situation in 2007 was affected by the storage situation in Denmark. Since Danish storage capacity is considerably cheaper than storage capacity in for instance Germany, several foreign players bid for storage capacity in Denmark. Since the storage capacity was distributed on a pro rata basis relative to each company's ordering of storage capacity, each player only received 37% of the ordered capacity. The result was that some players were short of storage capacity in 2007 and found it difficult to sell to customers with temperature dependent consumption. HNG Midt-Nord Handel A/S did not experience any similar problems.

In 2007, the gas transmission between Denmark and Germany was interrupted several times and, thus, HNG Midt-Nord Handel A/S was unable to get all of the natural gas purchased to Denmark. Therefore, HNG Midt-Nord Handel A/S had to sell the quantities back to the market in Germany and purchase the required natural gas in Denmark in other ways.

More and more customers demand better prices through various kinds of tenders. However, the market is fairly non-transparent as the conditions depend widely on the chosen customer-price index and contract binding by way of quantities, period and load patterns which make it difficult for many customers to see through the many offers on the market. The general picture is that competing offers are accompanied by stricter bindings and higher risks for the customers than what they have been used to.

HNG Midt-Nord Handel A/S has seen several major and even minor customers who have been affected by the various contract bindings in 2007, primarily owing to the warm winter entailing that the customers were also to pay for the amount of natural gas they were unable to use. Most customers had not imagined that such a situation would arise and, thus, were unprepared for it. HNG Midt-Nord Handel A/S has actively helped customers by purchasing the quantities of gas which they could not use, but nevertheless had to pay for. HNG Midt-Nord Handel A/S believes that it is important that the suppliers make it clear to the customers if special and not readily comprehensible bindings form part of the terms of the contracts.

HNG Midt-Nord Handel A/S finds it important to be able to offer the customers as flexible and unproblematic contracts as possible. Many of our customers want low risk and as little trouble as possible, and HNG Midt-Nord Handel A/S' offers for flexible contracts have been positively received by the customers.

As in the previous years, HNG Midt-Nord Handel A/S also in 2007 developed a number of new products and services which have contributed to improving the company's competitive strength and making it easier for the customers to compare offers. HNG Midt-Nord Handel A/S offers, for instance, tailored forms of price indexation suited to the needs of the individual customer.



# Financial review - HNG Midt-Nord Handel A/S

## Result

In 2007, HNG Midt-Nord Handel A/S reported a profit of DKK 82.3 million, up from DKK 14.3 million in 2006. The result was better than expected at the beginning of the year.

The gross profit from sale of gas was DKK 84.8 million in 2007 compared with DKK 15.2 million in 2006.

## Gas sale

HNG Midt-Nord Handel A/S is responsible for the overall purchase of natural gas for both its own customers and for HNG Midt-Nord Salg's customers.

In 2007, total sales to HNG Midt-Nord Handel A/S' own customers were 369 million m<sup>3</sup> natural gas compared with 208 million m<sup>3</sup> in 2006. The sale is broken down by 109 million m<sup>3</sup> in the HNG area, by 224 m<sup>3</sup> in the Midt-Nord area and 36 million m<sup>3</sup> in other distribution areas.

The sale to HNG Midt-Nord Salg A/S totalled 407 million m<sup>3</sup> in 2007.

## Operating expenses

HNG Midt-Nord Handel A/S has no employees. All employees are employed with HNG I/S or Midt-Nord I/S. The company's operations are done by purchase of resources or services from them or from external partners. A number of service agreements have been established which specify quality, competence and payment for purchase of resources and services from HNG or Midt-Nord for the purpose of securing that the trading is done on market terms.

Operating expenses in HNG Midt-Nord Handel A/S are divided into service agreements and other operating expenses. In 2007, HNG Midt-Nord Handel A/S had net operating expenses of DKK 7.0 million compared with DKK 1.1 million in 2006.

The service agreements, which include all staff costs, account for 50% of total operating expenses.

## Net financials

Interest income from available funds and

other net financials totalled DKK 4.5 million against DKK 0.2 million in 2006.

## Special risks

### *Operating risks*

In 2007, HNG Midt-Nord Handel A/S' income derived from a small trade margin by way of a minor amount per m<sup>3</sup> sold as well as the realised net effect of financial hedging of the company's contracts with customers and on the company's purchase of natural gas.

### *Transmission and storage*

Up to 40% of HNG Midt-Nord Handel A/S' transmission and storage costs are fixed payments. The company compensates for this by charging especially major customers a fixed and variable contribution for transmission and storage. However, the majority is charged as a minor amount per m<sup>3</sup> natural gas sold.

### *Take-or-pay terms*

A significant portion of the company's quantity contracts has been concluded on take-or-pay terms which means that HNG Midt-Nord Handel A/S is obliged to pay for a specific quantity irrespective of whether the company takes the gas or not.

This risk has been mitigated by purchasing some of the gas quantities on flexible terms supplemented by quantities that can be resold on the international market. The flexibility is estimated to be adequate to cope with normal temperature fluctuations and expected market share losses.

### *Competitive strength*

The market price for natural gas varies widely with the development in oil prices. The gas quantities purchased have been hedged in relation to the development in oil prices, but there will always be a risk that in some periods natural gas can be purchased with a better relation to oil prices than the one obtained, and that the company's gas portfolio becomes uncompetitive.

This risk has to some extent been covered by the terms of sale for the agreements concluded with customers matching the terms of purchase.



#### *Price products*

The use of price products is a key competitive parameter when it comes to capturing customers. The financial risks are substantial due to the high volatility in gas and oil prices.

The risk is systematically removed by regularly hedging products sold with off-setting transactions with suppliers and financial institutions. Framework agreements have been concluded with suppliers and banks to hedge the products.

#### *Derivative financial instruments*

HNG Midt-Nord Handel A/S offers customers agreements determining the selling price of natural gas on the basis of different combinations of fuel and gas oil prices and the US dollar rate.

Similarly, HNG Midt-Nord Handel A/S enters into purchase agreements determining the purchase price of natural gas on the basis of different combinations of fuel and gas oil prices and the US dollar rate.

On entering into such agreements HNG Midt-Nord Handel A/S accepts a price and foreign-exchange risk as the purchase and selling prices of the gas are fixed on a different basis. HNG Midt-Nord Handel A/S hedges these oil price and foreign-exchange risks by using derivative financial instruments, including swaps and, to a limited extent, call and put options so that HNG Midt-Nord Handel A/S in fact will have no risk in connection with the purchase and sales agreements concluded.

#### *Ordering and nominations*

It will have financial implications if the company's ordering and nominations of natural gas for the next 24 hours are outside the margins laid down in the rules governing the use of the transmission system. Over the year, the company has built up considerable knowledge on control in this area.

#### *Loss on bad debts*

In 2007, HNG Midt-Nord Handel A/S increased its share of business enterprises in its customer portfolio, while previously the portfolio primarily consisted of district heating companies with very limited risk of

loss on debtors. This entails an increased risk of loss on debtors.

Therefore, upon the conclusion of contracts the company has ongoing focus on the creditworthiness of the customers.

#### **Outlook**

Like in 2007, HNG Midt-Nord Handel A/S will, on an ongoing basis, be in the purchase market for natural gas in order to maintain the company's competitive strength.

HNG Midt-Nord Handel A/S will continue to offer competitive products to major customers on individual terms. Contracts concluded in 2007 have shown that there is a need for an enterprise which tailors creative products to the needs of the individual customer.

Changed payment terms for electricity produced at CHP plants have led to a reduction in the sale to CHP plants. New rules governing the use of surplus from wind turbine plants, and changes in the tax on natural gas for electricity production at decentralised CHP plants, will further reduce the sale and increase the uncertainty about nominations of gas consumption.

#### **Events occurring after the end of the financial year**

No events have occurred after the end of the financial year of material importance to the evaluation of the Annual Report.



# Accounting Policies - HNG Midt-Nord Handel A/S

## Basis of accounting

The Annual Report for HNG Midt-Nord Handel A/S is presented in compliance with the Danish Financial Statements Act for reporting class C (large enterprise).

The accounting policies are the same as those of last year.

The Annual Report 2007 is presented in DKK million.

## Recognition and measurement

Assets are recognised in the Balance Sheet when it is probable that future economic benefits will flow to the company, and when the value of the asset can be reliably measured.

Liabilities are recognised in the Balance Sheet if, owing to a previous event, the company has a legal or actual liability and it is probable that future economic benefits will flow out of the company and the value of the liability can be measured reliably.

Assets and liabilities are recognised at cost on initial recognition. Subsequent to initial recognition, measurement is effected as described for each item below.

On recognition and measurement, foreseeable risks and losses, arising before the presentation of the Annual Report and proving or disproving matters existing on the balance sheet date, are taken into consideration.

Income is recognised in the Income Statement as earned whereas expenses are recognised with amounts pertaining to the financial year. Value adjustments of financial assets and liabilities are recognised under equity.

## Derivative financial instruments

HNG Midt-Nord Handel A/S offers customers agreements determining the selling price of natural gas on the basis of different combinations of fuel and gas oil prices and the US dollar rate.

Similarly, HNG Midt-Nord Handel A/S enters into purchase agreements determining the purchase price of natural gas on the basis of different combinations of fuel and gas oil prices and the US dollar rate.

On entering into such agreements HNG Midt-Nord Handel A/S accepts a price and foreign-exchange risk as the purchase and selling prices of the gas are fixed on a different basis. HNG Midt-Nord Handel A/S hedges these oil price and foreign-exchange risks by using derivative financial instruments, including swaps and, to a limited extent, call and put options so that HNG Midt-Nord Handel A/S in fact will have no risk in connection with the purchase and sales agreements concluded.

On initial recognition, the derivative financial instruments are measured at cost, equal to the fair value of the fees paid or received. Subsequent to initial recognition, the derivative financial instruments are measured at fair value as at the balance sheet date.

Changes in the fair value of derivative financial instruments, classified as and complying with the requirements for hedging of the fair value of binding purchase and sales agreements, are recognised in the Income Statement together with changes in the fair value of binding purchase and sales agreements.

## Income statement

### Revenue

Revenue includes the sale of natural gas less discounts.

Revenue is recognised in the Income Statement in line with delivery. Income from customers paying on account has been calculated for the period after the latest annual statement of account.

### Cost of sales

Cost of sales includes purchases of natural gas less discounts.

### Other external expenses

Other external expenses include expenses incidental to provision of administrative services requested under service agreements with HNG and Midt-Nord, communication costs, advisory services, other administrative expenses, etc.

### Net financials

Net financials include interest income and interest expenses, realised and unrealised

exchange gains and losses as well as amortisation added/deducted pertaining to financial liabilities.

### Income taxes

Tax for the year comprises the current tax charge for the year and any changes in the deferred tax charge.

Current tax payable and receivable is recognised in the Balance Sheet as tax computed on the taxable income for the year, adjusted for tax prepaid.

Deferred tax is recognised and measured according to the balance sheet liability method providing for all temporary differences between the carrying amounts of the assets and liabilities and the amounts used for taxation purposes. The computation of the tax value of the assets is based on the planned use of each asset.

Deferred tax is measured on the basis of the tax rules and tax rates applicable under the legislation in force on the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax shall, owing to changes in tax rates, be recognised in the Income Statement.

Deferred tax assets, including the tax value of losses available for carry-over for tax purposes, are recognised at the value at which the asset is expected to be used, either through set-off against deferred tax liabilities or as net tax assets.

The company is jointly taxed with the parent company. The current Danish corporation tax is divided between the jointly taxed companies in proportion to their taxable incomes (full allocation with refund concerning tax losses).

## Balance Sheet

### Receivables

Receivables, including financial receivables from customers and other financial receivables, are measured at amortised cost less writedown for loss on bad debts.

The writedown for loss on bad debts is based on an individual assessment of each receivable.

### *Inventories*

Natural gas inventories are measured at cost, made up according to weighted average prices, or the net realisable value if this is lower. The net realisable value for inventories is computed as the expected selling price less costs to be defrayed to effect a sale.

### *Deferred income*

Deferred income recognised under Liabilities comprises income received to be recognised in the Income Statement of the subsequent financial year. Prepayments are measured at amortised cost which is usually equal to the nominal value.

### *Provisions*

Provisions are recognised and measured as the best estimate of the costs necessary to settle the provisions. Provisions with an estimated due date more than one year from the balance sheet date will be measured at discounted value.

Provisions include provisions concerning loss-making contracts.

### *Financial liabilities*

Financial liabilities are recognised at amortised cost which is usually equal to the nominal value.

### *Cash Flow Statement*

The company's Cash Flow Statement is presented according to the indirect method showing cash flows from operating, investing and financing activities and the company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are made up as operating result adjusted for non-cash operating items and changes in working capital.

Cash flows from financing activities include changes in the amount or composition of the share capital and costs incidental hereto as well as the raising of loans, repayments on interest-bearing debt and distribution to the owners.

Cash and cash equivalents consist of available funds.

The financial ratios have been computed as follows:

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit ratio	=	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Rate of return	=	$\frac{\text{Operating profit} \times 100}{\text{Balance sheet total}}$
Return on equity	=	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Equity ratio	=	$\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$

# Statement by the Board of Directors and Executive Management

We have today submitted the Annual Report 2007 of HNG Midt-Nord Handel A/S.

We regard the accounting policies applied as appropriate, such that the Annual Report provides a true and fair view of HNG Midt-Nord Handel A/S' assets, liabilities, financial position as well as result for the year and cash flows.

The Annual Report is submitted to the general meeting for adoption.

Gladsaxe, 27 March 2008

## Executive Management



Ole Albæk Pedersen  
*Managing Director*



Henrik Iversen  
*Market Director*

## Board of Directors



Jens Jørgen Nygaard  
*Chairman*



Kurt Brunk Hansen  
*Vice-chairman*



Ib Bjerregaard



Karin Søjberg Holst



Ebbe Skovsgaard



Ole Ørnboel



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# Independent Auditors' Report

## To the shareholders of HNG Midt-Nord Handel A/S

We have audited the Annual Report of HNG Midt-Nord Handel A/S for the financial year ending on 31 December 2007, which comprises Management's Review, Accounting Policies, Statement by the Board of Directors and Executive Management, Income Statement, Balance Sheet, Cash Flow Statement and notes. The Annual Report is prepared in accordance with the Danish Financial Statements Act.

## Management's responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of the Annual Report in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Annual Report.

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

Our audit has not resulted in any qualification.

## Opinion

In our opinion, the Annual Report gives a true and fair view of the financial position at 31 December 2007 of the company and of the results of the company operations and cash flows for the financial year ending on 31 December 2007 in accordance with the Danish Financial Statements Act.

Copenhagen, 27 March 2008.

PricewaterhouseCoopers  
Statsautoriseret Revisionsaktieselskab



Per Timmermann  
*State Authorised Public Accountant*



Claus Köhler Carlsson  
*State Authorised Public Accountant*



# Income Statement - HNG Midt-Nord Handel A/S

	Note	DKK million	
		2007	2006
Revenue		2,107.2	2,268.2
Cost of sales		-2,022.4	-2,253.0
<b>Gross profit</b>		<b>84.8</b>	<b>15.2</b>
Other operating expenses	1,2	-7.0	-1.1
<b>Operating profit</b>		<b>77.8</b>	<b>14.1</b>
Net financials	3	4.5	0.2
<b>Profit before tax</b>		<b>82.3</b>	<b>14.3</b>
Tax on the profit for the year	4	0.0	0.0
<b>NET PROFIT FOR THE YEAR</b>		<b>82.3</b>	<b>14.3</b>
<b>Proposal for distribution of profit</b>			
To be carried forward to next year		82.3	14.3
<b>Available for distribution</b>		<b>82.3</b>	<b>14.3</b>

# Balance Sheet - HNG Midt-Nord Handel A/S

	Note	DKK million	
		31.12.2007	31.12.2006
<b>ASSETS</b>			
Investments		5.3	2.0
<b>Total investments</b>		<b>5.3</b>	<b>2.0</b>
<b>Inventories</b>			
Trade receivables		245.9	40.6
Receivables from HNG Midt-Nord Salg A/S		205.6	159.9
Receivables from HNG I/S and Naturgas Midt-Nord I/S		130.0	0.0
Other receivables	5	0.0	10.5
<b>Total receivables</b>		<b>581.5</b>	<b>211.1</b>
<b>Cash</b>		<b>70.4</b>	<b>233.1</b>
<b>Total current assets</b>		<b>720.8</b>	<b>444.1</b>
<b>TOTAL ASSETS</b>		<b>726.1</b>	<b>446.1</b>
<b>LIABILITIES AND EQUITY</b>			
Share capital		10.0	10.0
Retained earnings		115.9	33.4
<b>Total equity</b>	6	<b>125.9</b>	<b>43.4</b>
Loss-making contracts		0.0	18.1
<b>Total provisions</b>	7	<b>0.0</b>	<b>18.1</b>
Loan from HNG Midt-Nord Salg A/S		150.0	0.0
<b>Total long-term liabilities other than provisions</b>		<b>150.0</b>	<b>0.0</b>
Trade payables		426.7	286.6
Payables to HNG Midt-Nord Salg A/S		4.6	28.3
Payables to HNG I/S and Naturgas Midt-Nord I/S		6.1	0.1
Prepayments received from customers		9.4	54.8
Other payables	8	3.4	14.8
<b>Total short-term liabilities other than provisions</b>		<b>450.2</b>	<b>384.6</b>
<b>Total liabilities other than provisions</b>		<b>600.2</b>	<b>402.7</b>
<b>LIABILITIES AND EQUITY</b>		<b>726.1</b>	<b>446.1</b>
Derivative financial instruments	9		
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Purchase obligations and guarantees issued	14		

# Cash Flow Statement - HNG Midt-Nord Handel A/S

	Note	DKK million	
		2007	2006
<b>Cash flow from operating activities:</b>			
Operating result before tax and net financials		77.8	14.1
Net financials		4.5	19.7
Changes in provisions		-18.1	1.1
Changes in working capital	13	-373.7	153.5
<b>Total cash flow from operating activities</b>		<b>-309.4</b>	<b>188.4</b>
<b>Cash flow from investing activities</b>		<b>-3.3</b>	<b>-2.0</b>
<b>Cash flow from loan with HNG Midt-Nord Salg A/S</b>		<b>150.0</b>	<b>0.0</b>
<b>Total increase/decrease in cash and cash equivalents</b>		<b>-162.7</b>	<b>186.4</b>
Cash and cash equivalents, at 1 January		233.1	46.7
<b>Cash and cash equivalents, at 31 December</b>		<b>70.4</b>	<b>233.1</b>

# Notes - HNG Midt-Nord Handel A/S

DKK million

	2007	2006
<b>Note 1. Fee for auditor appointed by general meeting</b>		
Auditor's fees 2007	0.1	0.1
Auditor's fees, balance relating to previous year	0.2	0.1
<b>Total fees</b>	<b>0.3</b>	<b>0.2</b>
<b>Note 2. Staff costs</b>		
<p>The company has no employees since, according to service agreements concluded with HNG I/S and Naturgas Midt-Nord I/S, they are recruited and employed by HNG I/S and Naturgas Midt-Nord I/S. In accordance with the service agreements, the company covers a share of the owners' staff costs, including wages and salaries, holiday pay and other staff-related costs.</p> <p>The company's Board of Directors has received no remuneration.</p>		
<b>Note 3. Net financials</b>		
<i>Financial income:</i>		
Interest income on cash funds from operations	5.9	3.8
Fair value of supply agreement	0.0	3.2
Fair value adjustment of binding sales agreements	0.0	21.4
	5.9	28.4
<i>Financial expenses:</i>		
Fair value adjustment of derivative financial instruments	0.0	-28.0
Interest expense, loan with HNG Midt-Nord Salg A/S	-0.4	0.0
Net currency adjustment	-0.1	0.0
Other financial expenses	-0.9	-0.2
	-1.4	-28.2
<b>Net financials</b>	<b>4.5</b>	<b>0.2</b>

## Note 4. Tax on the profit for the year

The profit for the year does not give rise to either payable or deferred tax.

At end-2007, the company had a deferred tax asset not recognised of DKK 2.1 million (DKK 3.6 million in 2006) pertaining to goodwill by inclusion of the activity in the company in the financial year 2002/2003, which was taken to equity.

The company is jointly taxed with its parent company, but is solely liable for the portion of the tax that is attributable to the company's income.

# Notes - HNG Midt-Nord Handel A/S

DKK million

## Note 5. Other receivables

VAT receivable  
Fair value of supply agreements  
**Total other receivables**

	2007	2006
VAT receivable	0.0	7.3
Fair value of supply agreements	0.0	3.2
<b>Total other receivables</b>	<b>0.0</b>	<b>10.5</b>

The company hedges price and foreign-exchange risks relating to binding agreements on the future purchase and sale of gas by way of swaps and, to a limited extent, call and put options. There is no net fair value as at 31 December 2007.

## Note 6. Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2007	10.0	33.6	43.6
Net profit for the year	0.0	82.3	82.3
<b>Equity at 31 December 2007</b>	<b>10.0</b>	<b>115.9</b>	<b>125.9</b>

The share capital consists of 10,000 shares of DKK 1,000 each.  
The shares have not been divided into classes.

HNG Midt-Nord Salg A/S has a commitment to HNG Midt-Nord Handel A/S to contribute subordinated loan capital of DKK 25 million.

## Note 7. Provisions

Loss-making contracts  
**Provisions**

	2007	2006
Loss-making contracts	0.0	18.1
<b>Provisions</b>	<b>0.0</b>	<b>18.1</b>

## Note 8. Other payables

VAT and duties payable  
Accrued expenses  
Fair value of binding sales agreements  
Fair value of derivative financial instruments  
**Total other payables**

	2007	2006
VAT and duties payable	3.3	0.0
Accrued expenses	0.1	0.0
Fair value of binding sales agreements	0.0	7.1
Fair value of derivative financial instruments	0.0	7.7
<b>Total other payables</b>	<b>3.4</b>	<b>14.8</b>

## Note 9. Derivative financial instruments

The company hedges price and foreign-exchange risks relating to binding agreements on the future purchase and sale of gas by way of swaps and, to a limited extent, call and put options. There is no net fair value as at 31 December 2007.

## Note 10. Related parties

HNG Midt-Nord Salg A/S has controlling influence.

HNG I/S and Naturgas Midt-Nord I/S as well as the company's management have significant influence.

In 2007, HNG Midt-Nord Handel A/S requested various administrative services from HNG I/S and Naturgas Midt-Nord I/S totalling DKK 3.6 million.

All transactions with related parties have been made at arm's length.

## Note 11. Shareholders

The company is owned by the following shareholder:

HNG Midt-Nord Salg A/S, Gladsaxe, 100%

## Note 12. Group structure

HNG Midt-Nord Handel A/S is included in the Consolidated Financial Statements of HNG Midt-Nord Salg A/S.

## Note 13. Changes in working capital

Changes in receivables, etc.

Changes in trade payables, etc.

**Total changes in working capital**

	2007	2006
Changes in receivables, etc.	-454.2	-133.2
Changes in trade payables, etc.	80.5	286.7
<b>Total changes in working capital</b>	<b>-373.7</b>	<b>153.5</b>

## Note 14. Purchase obligations and guarantees issued

The company has entered into binding agreements for the purchase of natural gas of totally DKK 1,493 million on take-or-pay terms. In addition, an agreement has been entered into for the purchase of natural gas with a take-or-pay obligation that varies with HNG Midt-Nord Handel A/S's sale of natural gas. The purchase obligations total maximum DKK 2,745 million.

The purchase obligations have been undertaken jointly with or with guarantee from the parent company.

On behalf of HNG Midt-Nord Handel A/S and the parent company HNG Midt-Nord Salg A/S Nordea has provided guarantees totalling DKK 331.4 million.

## Key Figures and Financial Ratios

<b>Finances</b> (DKK million)	<b>2007</b>	2006	2005	2004	2003
Revenue	2,107.2	2,268.2	432.6	393.0	462.1
Gross profit	84.8	15.2	-7.1	2.9	4.7
Other operating expenses	7.0	1.1	0.7	2.2	3.5
Net financials	4.5	0.2	8.5	0.7	0.7
<b>Net profit for the year</b>	<b>82.3</b>	<b>14.3</b>	<b>0.7</b>	<b>1.4</b>	<b>2.0</b>
Trade receivables	245.9	40.6	63.5	46.8	64.0
Equity	125.9	43.4	29.1	28.4	27.0
Balance sheet total	726.1	446.1	157.6	74.8	112.2
<b>Financial ratios</b> (%)	<b>2007</b>	2006	2005	2004	2003
Gross margin	4.0	0.7	-1.6	0.7	1.0
Profit ratio	3.9	0.6	0.2	0.4	0.4
Rate of return	10.7	3.2	-5.0	1.0	1.1
Return on equity	97.2	39.4	2.5	5.0	7.5
Equity ratio	17.3	9.7	18.5	38.0	24.1
<b>Statistics</b> (million m <sup>3</sup> natural gas)	<b>2007</b>	2006	2005	2004	2003
Sale own customers	369	208	183	228	261

Graphic Design  
*Poul Schou*

Graphic Production  
*Arne & Ben*

