

DONG E&P Shetland Islands (UK) Limited

**Directors' report and financial
statements**

Registered Number: 07227427

31 December 2011



DONG E&P Shetland Islands (UK) Limited
Directors' report and financial statements
31 December 2011

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Directors' report

The directors present their annual report and the audited financial statements of DONG E&P Shetland Islands (UK) Limited ("the Company") for the year ended 31 December 2011

Principal activities

The principal activity of the Company is to hold shares in Shetland Land Lease Limited. Shetland Land Lease Limited holds certain land leases in the Shetland Islands associated to the development of the Shetland Island regional gas export system (SIRGES pipeline)

Business review

The Company holds an investment in Shetland Land Lease Limited. The Company is expected to continue to hold its interest in Shetland Land Lease Limited for the foreseeable future

Proposed dividend

The directors do not recommend the payment of a dividend (2010 £0)

Directors

The directors who held office during the year and to the date of signing the financial statements were as follows

Søren Gath Hansen
Jan Terje Edvardsen
Brent Cheshire
Charlotte Strand

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office

On behalf of the board



Brent Cheshire
Director

City Point 33rd Floor
1 Ropemaker Street
London
United Kingdom
EC2Y 9UE
29th February 2012

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Dong E&P Shetland Islands (UK) Limited

We have audited the financial statements of DONG E&P Shetland Islands (UK) Limited ("the Company") for the year to 31 December 2011, which comprise of Profit and loss account, the Balance sheet, the Reconciliation of movements in shareholder's funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and its operations for the year ended 31 December 2011,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

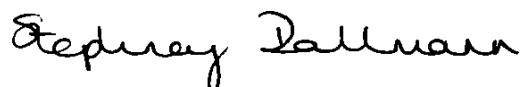
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Dong E&P Shetland Islands (UK) Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Stephney Dallmann (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 February 2012

Profit and loss account
For the year ended 31st December 2011

	<i>Note</i>	Year ended 31 December 2011	Period from 19 April 2010 to 31 December 2010
		£	
Operating loss	2	-	-
Loss on ordinary activities before taxation		-	-
Tax on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
Loss for the financial year		-	-
		<hr/> <hr/>	<hr/> <hr/>

The Company has no recognised gains or losses for the financial periods, as a result of which no separate statement of total recognised gains and losses has been presented

There is no difference between the reported results and the results calculated on a historical cost basis

Balance sheet
as at 31 December 2011

	<i>Note</i>	2011	2010
		£	£
Fixed assets			
Investments	6	4,000	4,000
Net assets		<u>4,000</u>	<u>4,000</u>
Capital and reserves			
Called up share capital	7	4,000	4,000
Profit and loss account		-	-
Total shareholders' funds		<u>4,000</u>	<u>4,000</u>

These financial statements on pages 5 to 10 were approved by the board of directors on 29th February 2012 and were signed on its behalf by



Brent Cheshire
Director

Company Number
 07227427

Reconciliation of movement in shareholders' funds
as at 31 December 2011

	<i>Note</i>	2011 £	2010 £
Result for the period		-	-
New share capital subscribed (net of issue costs)	8	-	4,000
Net addition to shareholders' funds	8	-	4,000
Opening shareholders' funds		4,000	-
Closing shareholders' funds	8	4,000	4,000

Notes

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable UK accounting standards (UK GAAP), under the historical cost convention

Under FRS 1(revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the Company in its own published consolidated financial statements

As a wholly owned subsidiary of DONG Energy A/S, the Company has taken advantage of the exemption contained in paragraph 3(c) of FRS 8 not to disclose transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties)

The consolidated financial statements of DONG Energy A/S, within which this Company is included, can be obtained from the address given in note 9

The financial statements have been prepared on the going concern basis. The directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Investments

Investments are valued at cost less impairment provisions

Notes (continued)

2 Operating results

The audit fee of £4,000 (2010 £3,000), has been borne by a related party and will not be recharged to the Company

3 Remuneration of directors

None of the directors received any emoluments in respect of their services to the Company in 2011 (2010 nil)

Retirement benefits did not accrue to any of the directors in respect of their services to the Company

4 Staff numbers and cost

The Company did not employ any staff during the year (2010 £nil) As such there are no pension arrangement obligations at 31 December 2011 (2010 £nil)

5 Taxation

As DONG E&P Shetland Islands (UK) Limited has not yet commenced trading no tax is payable.

6 Investments

The Company held an investment in Shetland Land Lease Limited as at 31 December 2011 (and 31st December 2010)

	Issued share capital	Equity	Class of share	Country of incorporation	Area of Operation
Shetland Land Lease Limited	20,000	20%	Ordinary	United Kingdom	United Kingdom

7 Called up share capital

	2011 £	2010 £
<i>Authorised, allotted, called up and fully paid</i>		
Equity 4,000 Ordinary shares of £1 each	4,000	4,000

8 Share capital and reserves

	Share capital account £	Total £
At the beginning of the year	4,000	4,000
At the end of the year	4,000	4,000

Notes *(continued)*

9 Ultimate parent company and parent undertaking of larger group of which the Company is a member

DONG E&P Shetland Island (UK) Limited is part of the group of companies whose ultimate parent is DONG ENERGY A/S, incorporated in Denmark. Copies of the ultimate parent company's financial statements may be obtained from DONG ENERGY A/S, Agern Alle 24-26, DK-2970 Hørsholm, Denmark.

The immediate holding company and the smallest group in which the Company's results are consolidated is DONG E&P A/S, Denmark.