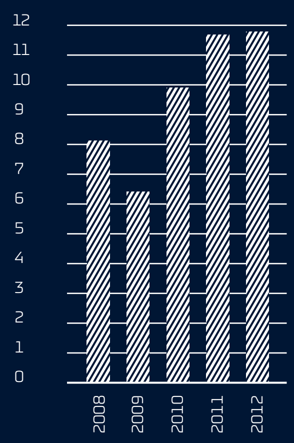

DFDS ANNUAL REPORT
2012
DFDS

DFDS IS **NORTHERN EUROPE'S LARGEST** INTEGRATED SHIPPING AND LOGISTICS COMPANY.

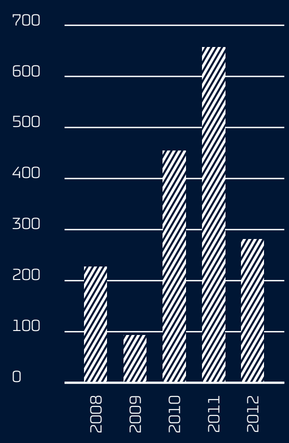
DFDS SEAWAYS' NETWORK OF **30 ROUTES IS OPERATED BY 50 FREIGHT AND PASSENGER SHIPS**. DFDS LOGISTICS PROVIDES FREIGHT AND LOGISTICS SERVICES IN EUROPE WITH TRAILERS, CONTAINERS, AND RAIL.

DFDS HAS 5,900 EMPLOYEES IN 20 COUNTRIES WITH **REVENUES OF DKK 12BN.** THE COMPANY WAS FOUNDED IN 1866, IS HEADQUARTERED IN COPENHAGEN, AND LISTED ON NASDAQ OMX COPENHAGEN.

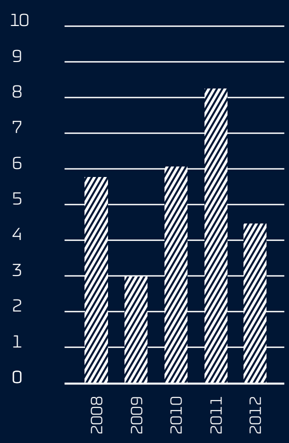
REVENUE
(DKK bn)



PROFIT BEFORE TAX AND SPECIAL ITEMS
(DKK M)



RETURN ON INVESTED CAPITAL (ROIC) BEFORE SPECIAL ITEMS
(%)



MANAGEMENT REPORT

FINANCIAL STATEMENTS

MANAGEMENT REPORT, OTHER

KEY FIGURES

DKK Million	2012 EUR mio.[1]	2012	2011	2010	2009	2008
Income statement						
Revenue [2]	1,568	11,700	11,625	9,867	6,555	8,194
• Shipping Division	1,074	8,015	7,798	6,921	4,805	-
• Logistics Division	571	4,259	4,330	3,353	1,970	-
• Non-allocated items and eliminations	-77	-574	-503	-407	-220	-668
• Ro-Ro Shipping	-	-	-	-	-	3,799
• Container Shipping	-	-	-	-	-	1,636
• Passenger Shipping	-	-	-	-	-	1,779
• Terminal Services	-	-	-	-	-	647
• Trailer Services	-	-	-	-	-	963
• Tramp	-	-	-	-	-	38
Operating profit before depreciations (EBITDA) and special items[2]	146	1,092	1,495	1,273	804	1,011
• Shipping Division	133	992	1,416	1,221	822	-
• Logistics Division	19	140	171	74	42	-
• Non-allocated item	-6	-40	-92	-22	-60	-56
• Ro-Ro Shipping	-	-	-	-	-	784
• Container Shipping	-	-	-	-	-	81
• Passenger Shipping	-	-	-	-	-	194
• Terminal Services	-	-	-	-	-	-31
• Trailer Services	-	-	-	-	-	31
• Tramp	-	-	-	-	-	8
Profit on disposal of non-current assets, net	1	6	26	5	18	45
Operating profit (EBIT) before special items	57	422	835	580	245	467
Special items, net	-17	-124	91	102	-71	n.a.
Operating profit (EBIT)	40	298	925	682	174	467
Financial items, net	-20	-146	-183	-135	-154	-246
Profit before tax	20	152	742	547	20	221
Profit for the year	20	148	735	522	89	253
Profit for the year exclusive minorities	20	148	731	509	86	247
Capital						
Assets	1,649	12,300	12,795	13,849	9,298	8,610
DFDS A/S' share of equity	927	6,914	6,906	6,339	3,641	3,414
Equity	934	6,969	6,964	6,396	3,688	3,484
Interest-bearing net debt	259	1,929	2,555	3,887	4,067	3,425
Invested capital, end of period	1,199	8,942	9,564	10,341	7,997	7,168
Invested capital, average	1,239	9,246	9,691	9,061	7,762	7,663
Full time equivalents (FTE), average	-	5,239	5,096	4,862	3,924	4,301
Cash flows						
Cash flows from operating activities, before financial items and after tax	121	905	1,419	929	836	983
Cash flows from investing activities	32	239	219	-1,521	-1,265	-345
Acquistion of enterprises, activities and minorities	-1	-9	-8	-1,417	-39	-40
Other investments, net	33	248	227	-104	-1,226	-305
Cash flows from operating activities	153	1,144	1,638	-592	-429	638
Key ratios from operation and return						
Number of ships		49	49	57	51	60
Revenue growth, %		0.6	17.8	50.5 [3]	-20.0	-1.4
EBITDA margin, %		9.3	12.9	12.9	12.3	12.3
Operating marginal, %		3.6	7.2	5.9	3.7	5.7
Turnover, investered capital average, (times)		1.27	1.20	1.09	0.84	1.07
Return on invested capital (ROIC), %		3.4	9.0	7.2	2.1	5.8
Return on equity p.a, %		2.1	11.0	10.2	2.4	7.1
Key ratios for capital and per share						
Equity ration, %		56.7	54.4	46.2	39.7	40.5
Interest-bearing net debt/EBITDA, times		1.77	1.71	3.05	5.06	3.39
Earnings per share (EPS), DKK		10	50	47	11	32
Dividends, DKK		14.0	14.0	8.0	0.0	0.0
Number of shares, end of period, '000		14,856	14,856	14,856	8,000	8,000
Share price at the end of the period, DKK		255,5	355	418	358	399
Market value, DKK mio.		3,796	5,274	6,210	2,864	3,192

[1] Applied exchange rate for euro as of 31. December 2012: 7,4604

[2] During 2010 a new business area structure was introduced and comparative figures per business area are only available from 2009.

[3] 37% relates to the acquisition of the Norfolkline-Group.

EXPANSION
DESPITE HEADWIND

DFDS expands despite challenges
As predicted, 2012 was a challenging year. The EU was in recession, with falling demand in several markets. Moreover, competition intensified significantly in some markets due to overcapacity.

And yet, despite the headwind, we did not lose our momentum in 2012. On the contrary, we continued the strategic expansion of the network with the opening of a new route between Dover and Calais and the acquisition of a port terminal in Gothenburg and three routes from the French company LD Lines, including one in the Mediterranean.

New opportunities
Lower economic activity puts pressure on the earnings of a cyclical company such as DFDS. However, a downturn also offers opportunities to invest and secure our future for a financially strong company, like DFDS. We foresee opportunities to strengthen DFDS' long-term market position through acquisitions in the years ahead, and our highest priority is, therefore, to continue pursuing our growth strategy.

Putting the customer first
In 2012, we updated our vision for DFDS, and put the customer first. We want to grow with our customers and further develop the network to provide them with more options. Extensive analysis conducted in 2012 showed that our customers want reliability, high frequency in the network and fast communication of changes to schedules, as well as simple and easily accessible processes. In order to measure our ability to meet these expectations, we will commence reporting in the annual repport on customer satisfaction in 2013.

Earnings must improve
DFDS' earnings need to improve to allow us to invest in better customer service, our employees, network efficiency and new environmental technologies – and, not least, provide a satisfactory return to shareholders. However, achieving a higher return on invested capital requires structural solutions in the business areas Channel and North Sea. We are working to implement solutions, but do not envisage this being possible before 2014. As a consequence, the level of earnings in 2013 will remain too low, although several business areas are expected to deliver satisfactory results.

Unchanged dividend
Although the annual profit for DFDS was 80% lower than in the record year 2011, the financial position was strengthened as a result of a positive cash flow from operations. The dividend is proposed to remain unchanged at DKK 14 per share, equivalent to a pay-out of DKK 203m.

Responsibility
We are paying increasing attention to our environmental and social responsibilities towards our stakeholders. In 2012, DFDS and the DMMA trade union set up a social fund for employees unable to work. The fund is an innovation on the Danish labor market and is co-funded by the Lauritzen Foundation. Our efforts to reduce emissions passed a milestone in 2012 when we achieved the goal set in 2007 of a 10% reduction.

We would like to thank our employees, shareholders and customers for their efforts during a demanding, but exciting year.

BENT ØSTERGAARD
Chairman of the board

NIELS SMEDEGAARD
President & CEO

CONNECTING EUROPE

5,900 EMPLOYEES DELIVERING HIGH PERFORMANCE AND SUPERIOR RELIABILITY.... WHATEVER WE CARRY

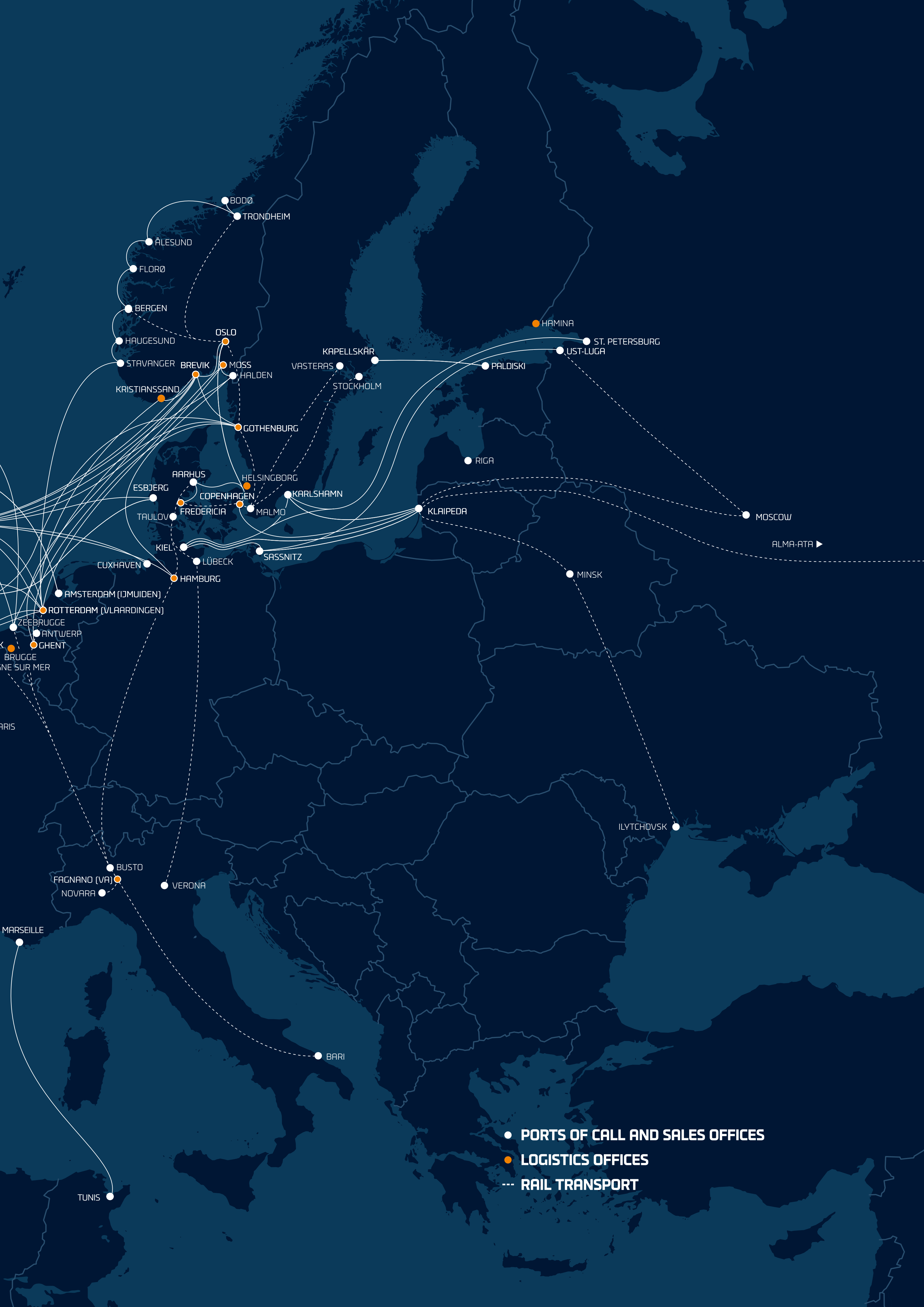
Shipping Freight Services
All routes in DFDS' network carry freight. Shipping of unaccompanied and accompanied trailers for forwarding companies and hauliers is the main activity. For manufacturing companies, heavy goods such as automobiles, steel, paper and forest products, and chemicals are transported. The network also carries containers and project cargo. In addition, port terminals are operated in strategic locations to provide customer services and efficiency.

Road and Rail Freight Services
Providing transport services for customers with full and part loads is the main activity, both ambient and temperature controlled. Rail and warehousing services are also provided for customers. A considerable part of the services offered utilise DFDS' route network as part of the transport solution.

Contract Logistics
Logistics services that are an integrated part of the customer's supply chain are also provided, mostly for retailers and producers of temperature controlled goods.

Passenger Services
Many routes in DFDS' route network carry passengers, both on overnight and day trips. Most passengers travel in their own car for transport or holiday travel. Two routes also offer an overnight cruise experience between major cities which attracts a wide range of customer segments, including business conference passengers.

A few facts
- 80% of revenues are generated by freight and 20% by passengers
- DFDS transported 25 million lanemeter freight in 2012
- DFDS transported 5 million passengers in 2012
- The largest freight ships carry 370 trailers per sailing
- The largest passenger ships have room for 2,000 passengers per sailing


BODØ
TRONDHEIM
ÅLESUND
FLORØ
BERGEN
HAUGESUND
STAVANGER
OSLO
BREVIK
MOSS
HALDEN
KRISTIANSSAND
GOTHENBURG
KAPELLSKÄR
VASTERAS
STOCKHOLM
HAMINA
ST. PETERSBURG
UST-LUGA
PALDISKI
RIGA
AARHUS
HELSINGBORG
ESBJERG
COPENHAGEN
KARLSHAMN
FREDERICIA
MALMO
TAULOV
KLAIPEDA
MOSCOW
ALMA-ATA
KIEL
SASSNITZ
LÜBECK
CUXHAVEN
HAMBURG
MINSK
AMSTERDAM (IJMUIDEN)
ROTTERDAM (VLAARDINGEN)
ZEEBRUGGE
ANTWERP
GHENT
BRUGGE
ILYTCHOVSK
BUSTO
FAGNANO (VA)
NOVARA
VERONA
MARSEILLE
BARI
TUNIS
PORTS OF CALL AND SALES OFFICES
LOGISTICS OFFICES
RAIL TRANSPORT

OUR STRATEGIC OBJECTIVES

VISION

DELIVERING HIGH PERFORMANCE AND SUPERIOR RELIABILITY – WHATEVER WE CARRY.

OUR PEOPLE UNDERSTAND YOUR NEEDS AND ARE COMMITTED TO YOUR SUCCESS.

In 2012, we updated the DFDS vision and put the customer first. We want to grow with our customers and further develop our network to provide more options. At the same time, we prioritise reliability, high frequency in the network, and fast, effecient communication, as well as simple and accessible processes required by our customers. Our earnings must improve to drive investments in our staff, network efficiency and environmental initiatives, and, not least, provide a satisfactory return for our shareholders.

STRATEGY PRINCIPLES

DFDS' strategy is based on four principles:

1. Building a European shipping and logistics network
2. Integrated value-added solutions for freight customers and passengers
3. Securing freight volumes through own logistics activities and strategic port access
4. Constant focus on quality and efficiency in operations.

DFDS' core market is Northern Europe, where the route network and logistics activities support each other. The revenue split between freight and passengers is approximately 80/20.

PRIORITIES 2013

1. Retain customers and acquire new customers
2. Higher profitability through more effecient operations
3. Make acquisitions to strengthen and expand the network

The priorities for 2013 reflect DFDS' expectation of continued high competitive pressure due to low market growth, including some declining markets. The focus is therefore on the continued adaptation of operations to market conditions and taking advantage of opportunities for consolidation.

FOLLOW-UP ON PRIORITIES FOR 2012

Efficiency and contingency: The projects Customer Focus, Headlight 2 and Light Capital were implemented as planned. Achievement of the goals for Light Crossing was delayed due to the opening of a new route on the English Channel.

Execution of growth strategy: The network was expanded to include the Dover-Calais route, a port terminal in Gothenburg and three routes from LD Lines. Successful development of the route between Estonia and Sweden. Route between Russia and Germany still under development.

OUR FINANCIAL GOALS

RETURN ON INVESTED CAPITAL

The target is a return on invested capital of approximately 10%.

New investments should thus deliver returns of at least 10%. The target can be compared with the Group's cost of capital, which was 6.0% at the start of 2013. The return in 2012 was reduced by the launch of a new route between Dover and Calais, as well as a competitor opening a route between Sweden and UK. Demand for transport services was also generally lower as a result of slower economic growth in Northern Europe.

DIVIDEND

The aim is to pay out approximately 30% of the profit for the year after tax, with due consideration to future investment plans and a satisfactory capital structure.

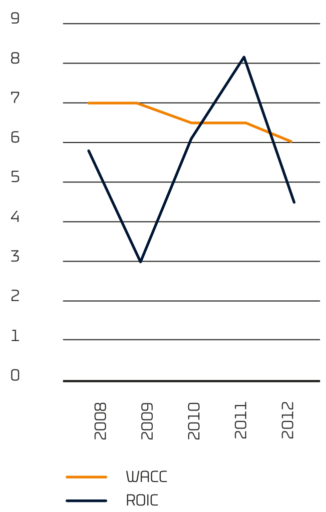
On the back of DFDS' continued solid capital structure, the proposed dividend for 2012 is kept on a level with 2011 at DKK 14 per share. This equals a pay out ratio of 140% of the profit for the year after tax.

CAPITAL STRUCTURE

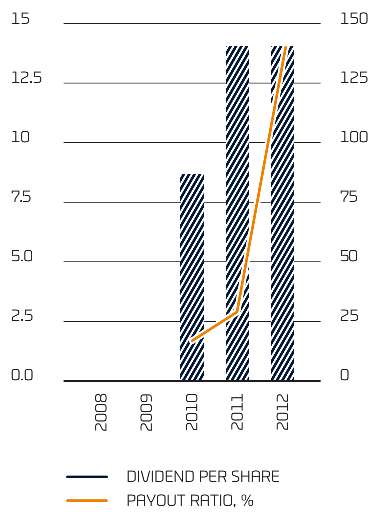
The equity ratio should as a minimum be 40%.

The equity ratio was 57% at the end of 2012. The Group's leverage was 1.8 at the end of 2012 measured as the ratio of net interest-bearing debt to EBITDA before special items.

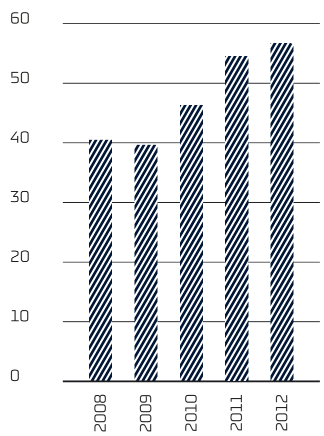
RETURN ON INVESTED CAPITAL (ROIC) BEFORE SPECIAL ITEMS AND COST OF CAPITAL
(%)



DIVIDEND AND PAYOUT RATIO
(DKK) (%)



EQUITY RATIO
(%)



MANAGEMENT REPORT

FINANCIAL PERFORMANCE IMPACTED BY RECESSION IN EUROPE, **INCREASED COMPETITION** AND START-UP OF NEW ACTIVITIES

Financial performance
Pre-tax profit before special items was DKK 276m, a reduction of 57.6% compared to 2011.

The reduction reflects the widespread recession in Europe in 2012, increased competition and the cost associated with starting up a new route on the English Channel.

Freight and passenger volumes decreased during the year in the regions around the North Sea in 2012, while growth continued in several regions around the Baltic Sea.

KEY FIGURES FOR THE DFDS GROUP

DKK m	2012	2011	2010	2009	2008
Revenue	11,700	11,625	9,867	6,555	8,194
EBITDA*	1,092	1,495	1,273	804	1,011
Pre-tax profit*	276	651	445	91	221
Free cash flow from operations	1,144	1,638	-592	-429	638
Invested capital, end year	8,942	9,564	10,341	7,997	7,168
Net interest-bearing debt/EBITDA*, times	1.8	1.7	3.1	5.1	3.4
Return on invested capital*, %	4.5	8.1	6.1	3.0	5.8
Number of staff, average	5,239	5,096	4,862	3,924	4,301

* Before special items

The weakening of demand reduced revenue in several business areas, with earnings in the Shipping Division more seriously affected than the Logistics Division. This can be attributed to Shipping's lower ability to adapt as rapidly due to its higher degree of capital intensity.

Revenue for the year was DKK 11.7bn, an increase of 0.6% compared to 2011, as the effect of the addition of new activities was partially offset by a decrease in revenue due to lower volumes and the restructuring of activities. Revenue growth was in line with the most recent expectations.

Group operating profit before depreciation (EBITDA) and special items was DKK 1,092m, a reduction of 27.0% compared to 2011. Shipping Division's EBITDA before special items was reduced by 29.9% to DKK 992m as a result of reductions in all business areas, particularly North Sea and Channel. Logistics Division's EBITDA before special items was reduced by 18.1% to DKK 140m, mainly as a result of lower profits by Nordic Contract. The cost of non-allocated items was reduced by 56.5% to DKK -40m.

Pre-tax profit before special items of DKK 276m was lower than the most recent expectations for financial performance, which were a profit before tax and special items at the lower end of the range DKK 300–350m. The variance was due to generally weaker markets in Q4 than expected and recognition of several smaller one-off costs in Logistics Division. The addition of LD Lines also impacted earnings negatively, although a loss guarantee covered the loss. The loss guarantee is, however, not entered into the income statement but included in the purchase price of LD Lines.

Special items for 2012 amounted to a net cost of DKK 124m, of which DKK 75m was related to write-downs on side-port ships and DKK 27m was related to write-downs on two passenger ships.

The Group's free cash flow from operations was positive by DKK 1,144m in 2012, driven by a low level of investment, including the return of advance payments from previous years due to the cancellation of two newbuilding contracts. This contributed to reduce invested capital by 6.5% to DKK 8,942bn in 2012.

Despite the lower result, the Group's capital structure was maintained on a level with 2011 as the ratio of net-interest-bearing debt and operating profit (EBITDA) before special items was 1.8 at year-end. The equity ratio was 56.7% at the end of 2012 compared to 54.4% in 2011.
The average number of employees increased by 2.8% to 5,239 in 2012, primarily due to the opening of a new route on the English Channel and the addition of LD Lines. At year-end, the number of employees was ca. 5,900.

SIGNIFICANT EVENTS IN 2012
The most significant events of the year are shown in the table on page 11, divided into three areas: business development and competition; operations and finances; and people and the environment.

BUSINESS DEVELOPMENT AND COMPETITION

Expansion of route network
The route network was expanded with the opening of a new route between Dover and Calais and the acquisition of the French shipping company LD Lines and its routes Dieppe–Newhaven, Le Havre–Portsmouth and Marseille–Tunis. In line with the strategy of securing strategic port access, a port terminal in Gothenburg, Älvsborg Ro/ro AB, was acquired in a joint venture with C.PORTS SA. DFDS owns 65% of the terminal. The company is included as an associated company.

Competition creates overcapacity
The already difficult market situation and fierce competition in 2012 were

	BUSINESS DEVELOPMENT AND COMPETITION	OPERATIONS AND FINANCES	PEOPLE AND THE ENVIRONMENT
January	• New competing freight route opened between Sweden and England		• New, bunker-saving propellers on three ships in the English Channel
February	• New route, Dover–Calais, opened with one ship		• Employee survey, Bearing • New MD of DFDS Seaways Sweden
March	• Acquisition of Campbell McLean Transport in Belfast (road haulage) • Agreement reached on joint venture with LD Lines	• Start of project Light Capital (reduction of amount tied up in working capital) • Start of Customer Focus Initiative (CFI)	
April	• Extra ship deployed on Dover–Calais route • Acquisition of 65% of Älvsborg Ro/ro AB, Gothenburg, approved (port terminal activities)	• Corporate bond of NOK 500m issued • Dividend of DKK 14 per share paid (total of DKK 208m)	• Change in schedule for Copenhagen–Oslo route
May		• Project One Finance: Standardisation of financial functions and strategy for shared services • CFI: Customer interviews completed	• New MD of Älvsborg Ro/ro AB • Strategy for scrubbers adopted
June	• Eurotunnel purchased SeaFrance assets, including three ships	• Merger of DFDS and Norfolkline's data centres completed • CFI: Start of pilot project 1 of 10	• Social fund for incapacitated employees established along with union DMMA and supported by Lauritzen Foundation
July		• New, multi-year agreements signed with Volvo Group Logistics Services and Volvo Car Corporation	
August	• Operation of Mercatordok Terminal, Ghent, taken over • MyFerryLink (Eurotunnel) deploys two vessels between Dover and Calais	• Expectations for the full year adjusted downwards as a result of increased competition and declining volumes due to recession in Europe	
September	• Joint venture with LD Lines • New business area, France & Mediterranean, established in the Shipping Division • Two newbuilding contracts with German shipyard cancelled (ARK)		• Project launched to analyze use shore power at three ports: Immingham, Gothenburg and Ghent
October	• Service level on Dover–Calais improved by replacing a ship • Office of Fair Trading (OFT) passed investigation of Eurotunnel's purchase of assets from SeaFrance to the Competition Commission. A decision is expected on 14 April 2013	• Implementation of DFDS' operational IT systems in the English Channel (Seabook/Phoenix)	• Prize from High Five awarded for social contributions • New MD, DFDS Seaways Russia
November	• Closure of competing freight route between the Netherlands and England • New business unit structure in Logistics Division per 1 January 2013		• New MD of DFDS Logistics, Sweden
December		• First version of the IT system (Velocity) for transport and logistics activities completed	• Christmas lunch for homeless people, Copenhagen and Oslo • 5 year target for 10% emission reduction achieved in 2012

exacerbated from the start of the year by an increase in capacity in the freight market between Sweden and UK due to a new competing route that opened in January. Because of declining volumes in this market in 2012, the capacity increase led to a significant reduction in earnings on DFDS' existing route between Gothenburg and Immingham.

New Dover–Calais route
DFDS opened a route between Dover and Calais in February in response to the SeaFrance bankruptcy in late 2011. However, capacity on the English Channel increased more than expected in 2012, when Eurotunnel acquired certain assets, including three ships, from the SeaFrance estate in June. In August, two of these ships were deployed between Dover and Calais under the name MyFerryLink. This created overcapacity and uncertainty among freight customers in the ferry market on the English Channel. As a result, the predicted stabilisation of the market did not materialise in 2012.

OPERATIONS AND FINANCES

Market trends
Demand on both the freight and passenger markets declined across most of Northern Europe in 2012. This increased competition, which was further intensified in two markets due to competitors expanding their capacity.

However, DFDS transported 12.5% more lane metres of freight in 2012 due to the opening of a route between Dover and Calais in February. Adjusted for this and other non-comparable events, freight volumes grew by around zero percent in 2012. Growth was unevenly distributed with 4.6% growth between Scandinavia and Eastern Europe and flat or declining volumes in the other market areas.

The number of passengers rose by 15.9%, also primarily due to the opening of a route between Dover and Calais in 2012. Adjusted for this and other non-comparable events, the number of passengers was in total 0.6% lower than in 2011. Growth in the number of passengers was also unevenly distributed, with a decline of 1.4% on routes in the Kattegat and the North Sea and an increase of 5.5% in the Baltic.

Efficiency-enhancement projects
In 2012, there was a continued focus on efficiency and improvement projects:

- **Project Light Crossing:** The original conditions for the project changed following the opening of a new route between Dover and Calais in February 2012. In total, an estimated quarter of the financial savings target of DKK 75m was achieved
- **Project Headlight 2:** The project was extended to cover the remaining 11 locations in the Logistics Division and fulfilled around 60% of the expectation of an improvement in earnings of DKK 40m
- **Project Customer Focus:** This project aims to strengthen DFDS' customer relations through better understanding of the context for purchasing decisions and customer satisfaction regarding DFDS' service. Activities and results are described in greater detail on pages 16–17
- **Project Light Capital:** The project aims to reduce the amount tied up in working capital. After an analysis phase in the second half of 2012, implementation commenced in 2013. The project is expected to reduce the amount tied up in working capital by more than DKK 300m in 2013.

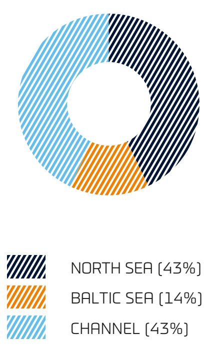
Joint IT systems
The implementation of the IT strategy of introducing joint systems continued in 2012. In June, the merger of DFDS and Norfolkline's data centres was completed. The new joint passenger system, Seabook, was implemented on the English Channel in October 2012. In 2013/2014, the rollout will continue to the Baltic routes and the two remaining passenger routes. The trial of the first version of the joint IT logistics system, Velocity, began in December 2012. It is expected that the system will be fully implemented in the Logistics Division by the end of 2015. Shipping Division's joint freight system, Phoenix, was fully implemented by the end of 2012.

PEOPLE AND THE ENVIRONMENT

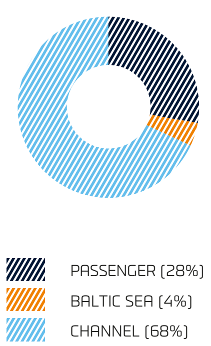
Employees
The total average number of employees rose by 2.8% in 2012 to 5,239, primarily as a result of the opening of the Dover–Calais route and the acquisition of LD Lines. The total number of employees does not include employees of Älvsborg Ro/ro AB (274 at the end of 2012), as it is an associated company.

DFDS' survey of employee job satisfaction showed a high degree of motivation and loyalty. The study also identified

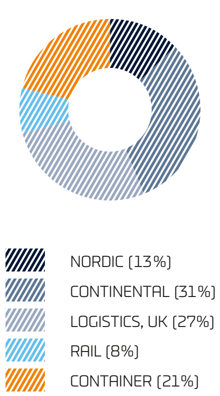
SHIPPING DIVISION: LANE METRES OF FREIGHT PER BUSINESS AREA



SHIPPING DIVISION: PASSENGERS PER BUSINESS AREA



LOGISTICS DIVISION: FREIGHT UNITS PER AREA



RETURN ON INVESTED CAPITAL (ROIC) 2012

	Invested capital, end year DKK m	ROIC [1] 2012, %	Profit variance vs ambition [2], DKK m
DFDS Group	8,942	4.5	-492
Shipping Division	**8,269**	**4.9**	**-422**
North Sea	4,538	4.1	-268
Baltic Sea	1,312	17.0	92
Channel	1,257	-10.8	-261
Passenger	1,082	10.3	3
Logistics Division	**746**	**7.2**	**-21**
Nordic Transport	170	8.0	-3
Continental Transport	147	7.5	-4
European Transport	157	15.1	8
Intermodal	187	3.7	-12
Nordic Contract	132	1.1	-12
Non-allocated, Group	-73	n.a.	-50

1 ROIC excluding special items
2 DFDS' ambition is a return of 10%

opportunities for improvement in areas such as personal development and career planning, as well as in specific departments/companies. More information about HR work in DFDS is available on pages 52–54 of the CR report.

Innovative agreement
In co-operation with the Danish Metalworkers' Union – Maritime Section (DMMA), DFDS introduced an innovation to the Danish collective-bargaining model, in the form of a social fund for employees unfit for work. The Fund is also supported by Lauritzen Foundation.

Environmental targets achieved
DFDS is focused on reducing the environmental impact of ships' emissions. The target set in 2007 of lowering bunker consumption by a total of 10% over five years was reached in 2012 following a comprehensive programme of bunker savings. New targets – for more information about DFDS' environmental goals, see pages 54–57 in the CSR report.

SIGNIFICANT EVENTS AFTER 2012

In February 2013, DFDS entered into newbuilding contracts with a German shipyard for two vessels as part of an expansion of co-operation with the Danish and German defence forces. The co-operation concerns the supply of ship capacity for military transport (the ARK project). The (ro-ro) newbuildings each have a freight capacity of 3,000 lane metres and delivery is planned for Q4 2013 and Q1 2014. They will replace two chartered ships on the North Sea to be returned.

The British competition authority, Competition Commission, announced on 19 February 2013 preliminary findings concerning Eurotunnels purchase of assets from SeaFrance's estate. The findings' conclusion is that Eurotunnel should cease operating the ferry route Dover-Calais and divest or charter out the purchased assets. After a hearing period, the competition authority's final ruling will be announced on 14 April 2013.

CONTINGENCY PLANS FOR CHANGE

DFDS has drawn up contingency plans for the adaptation of activities in the event of a significant decline in demand in 2013. The plans include the deployment and sale of tonnage, route closures, adaptation of the organisation and cost savings.

FINANCIAL GOALS

Return on invested capital (ROIC), including special items, was 3.4% in 2012 compared to 9.0% in 2011. Excluding special items, the return was 4.5% in 2012, compared with 8.1% in 2011. DFDS' ambition is a return of at least 10% on new investments and on total capital. At the start of 2013, DFDS' cost of capital was calculated at 6.0%.

The return was above the cost of capital but below ambition in the Logistics Division in 2012, while the Shipping Division's return was reduced by the increase in capacity in the freight market between Sweden and UK, as well as the opening of a new route between Dover and Calais. To achieve an overall return in line with the Group's ambition, improvement is first and foremost required in the Shipping Division.

Within Shipping, the return is not satisfactory in the business areas North Sea and Channel, both of which were adversely affected by structural overcapacity. Achieving a satisfactory level of return depends partly on structural changes, and partly on market growth.

BUSINESS MODEL, ASSETS AND CAPITAL INTENSITY

The business model encompasses both high and low capital intensity
DFDS' business model combines shipping, haulage and logistics, and the capital intensity differs between business areas: highest in shipping, lowest in haulage/logistics. The capital turnover on invested capital in 2012 was 0.9 times in the Shipping Division, and 5.0 times in the Logistics Division.

The difference in capital intensity between the divisions can be partly attributed to a high ownership share of assets in Shipping Division, primarily ships and port terminals necessitated by the level of specialisation and long life of the assets. The lifespan of ro-ro-based

FLEET OVERVIEW AND KEY FIGURES 2012

	Total ships	Ro-ro ships	Ro-pax ships	Passenger ships	Container and sideport ships	Ownership share, %	Average age of owned ships, yrs
DFDS Koncernen	51	25	16	5	5	-	-
Shipping Division[1]	41	21	16	4	-	68	-
North Sea	19	19	1	-	-	63	9
Baltic Sea	9	2	7	-	-	78	15
Channel	8	-	8	-	-	50	5
Passenger	5	-	1	4	-	100	19
France & Mediterranean	1	1	-	-	-	0	-
Logistics Division	5	-	-	-	5	60	-
Intermodal	1	-	-	-	1	0	-
Nordic Contract	4	-	-	-	4	75	12
Chartered out ships	3	2	-	1[3]	-	100	18
Newbuildings[2]	2	2	-	-	-	100	-

[1] In the sum, one ro-pax ship, which is shared between North Sea and Passenger is eliminated
[2] To be delivered in 2013/14
[3] Chartered out on finance lease

PROFIT EXPECTATIONS PER DIVISION 2013

Division	Revenue growth	Operating profit (EBITDA) before special items, DKKm	Comments
Shipping Division	Approximately 8%	1,000-1,200	Revenue: Full-year effect of opening of Dover–Calais and acquisition of LD Lines in 2012
Logistics Division	Approximately 0%	150	Revenue: Growth in transport and logistics activities is expected to offset lower revenue from paper logistics
Non-allocated items	n.a.	-100	
DFDS Group total	**Approximately 5%**	**Approximately 1,050-1,250**	

freight and passenger tonnage is 25–35 years and the duration of port-terminal leases is typically 25–30 years.

Ro-ro-based tonnage, especially passenger ships, is adapted to specific requirements concerning the spread of capacity between passengers and freight; configuration of passenger areas; loading capacity, especially for heavy freight; suspended decks for cars; sailing speed; and ramps, including requirements for loading/unloading speed.

Road haulage and logistics are less capital-intensive than shipping, as more standardised assets such as containers and trailers are deployed.

Varying levels of capital intensity translates into differences in required EBIT-margins to achieve the ambition of a return on invested capital of 10%. In the Shipping Division, the requirement is a margin mostly above10%, while the requirement in the Logistics Division is a margin of minimum 2%.

Composition of invested capital

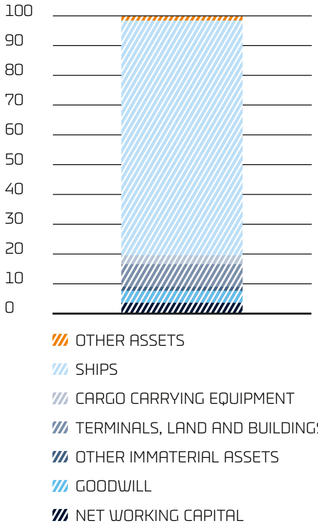
Invested capital was reduced by 6.5% in 2012, as depreciation and sales of assets exceeded investments. The capital was also reduced by a repayment of DKK 560m due to the cancellation of two newbuilding contracts.

At the end of 2012, total invested capital was DKK 8,942m, of which 81% consisted of ships. Port terminals, land and buildings amounted to 8%. Shipping Division's invested capital was DKK 8,269m, corresponding to 92% of the Group's total capital. Logistics Division's capital amounted to DKK 746m, or 8%.

Investments in 2012 and future investment needs

Total investments, excluding the aforementioned repayments, amounted to DKK 320m in 2012. Including the repayments, investments amounted to a positive cash flow of DKK 239m.

INVESTED CAPITAL (NET ASSETS) 2012, DKK M
(%)



In February 2013, two shipbuilding contracts worth a total of DKK 670m were signed, of which DKK 559m is expected to be incurred in 2013 and the remainder in 2014. In preparation for the transition to the use of bunker oil with a maximum sulphur content of 0.1% in 2015, DKK 100m will be invested in scrubbers for three freight vessels. In addition, investments of DKK 275m are expected for the maintenance of ships, the renewal of cargo-carrying equipment and IT systems. In total, expected investments in 2013 amount to around DKK 950m.

Maintenance investments of approximately DKK 200m p.a. are currently expected in 2014–2015. In addition, further investments in scrubbers and expansion of ship capacity in the Baltic Sea.

CORPORATE GOVERNANCE

DFDS A/S is subject to Danish law and listed on the NASDAQ OMX Copenhagen. Corporate Governance in DFDS is based on Danish legislation and regulations, including the Danish Companies Act, the rules for listed companies on NASDAQ OMX Copenhagen, the Danish recommendations for good corporate governance and the company's articles of association, as well as other relevant rules.

Information on corporate governance at DFDS is available on www.dfdsgroup.com:

- Statutory report on corporate governance, http://www.dfdsgroup.com/about/governance/
- DFDS' statutes, http://www.dfdsgroup.com/about/governance/articles/
- Materials from DFDS' most recent AGM, http://www.dfdsgroup.com/ investors/annualgeneralmeeting/previousagm/
- Renumeration policy, http://www.dfdsgroup.com/about/governance/remunerationpolicy/
- Diversity policy, http://www.dfdsgroup.com/about/governance/

Corporate Responsibility
DFDS's CR work is designed to help create value for our stakeholders and to DFDS being their preferred partner.

CR work is embedded in the company through the CR Committee, which agrees on the frameworks for working with CR and reports to Executive Management.

DFDS' CR report can be found on pages 42–61 of this annual report. The report is also available as a separate document on http://www.dfdsgroup.com/about/crreport/.

It outlines policies, programmes and the results of work on social responsibility.

SAFETY AND SECURITY

The safety of our passengers, crew and freight, as well as the security of our ships and port facilities, are of paramount importance to DFDS.

Our safety and security work is regulated by international and national codes, and by the additional objectives and requirements set by DFDS itself. As per International Safety Management (ISM) guidelines, all information regarding safety measures and conditions is regularly disseminated among all ships. In addition, all ships regularly report back on incidents on board.

There were no major safety incidents in 2012.

The report on social responsibility on page 47-50 accounts for DFDS' safety and security work.

PROFIT EXPECTATIONS 2013

Overall, little or no growth in demand is expected for the transport of freight and passengers, as well as logistics services in 2013.

The result for 2013 is expected to be on par with or a little better than in 2012. Performance will continue to be put under pressure by structural overcapacity in the freight market between Sweden and UK and in the English Channel.
In the Shipping Division, an increase of about 10% in operating income is expected before depreciation (EBITDA) and special items. The progress is broadly based, with greater emphasis on more efficient operations and activity changes than on market growth. As a result of the continued fierce competitive situation on the English Channel, the Dover–Calais route is expected to generate a significant deficit in 2013.

In the Logistics Division, an increase of around 7% is expected in operating income before depreciation (EBITDA) and special items, including anticipated costs of laying up a side-port vessel.

The economic situation in the EU stabilised in 2012, but it is estimated that there remains a risk of renewed instability posing a risk to economic growth and therefore levels of demand. In addition, increases in oil prices and exchange rates also constitute risks – see page 36-37 for a detailed explanation of the financial risks.

Against this background, the Group's key data for 2013 is expected to develop as follows:

- Revenue: Expected to increase by around 5%, driven by the full-year effect of the acquisition of LD Lines and the start of the Dover-Calais route.

- EBITDA before special items: Expected to be DKK 1,050–1,250m (2011: DKK 1,092m). The expected performance per division is shown on p. 14

- Depreciation and impairment and the net cost of financing are expected to be on a level with 2011

- Special items: No special items are expected (2011: net cost of DKK 124m).

- Investments: Total investments are expected to be around DKK 950m in 2013. Of this, DKK 560m constitutes investment in two new ro-ro freight ships. Investment in scrubbers for three ships is expected to amount to DKK 100m. An investment of DKK 275m is also expected in relation to the maintenance of assets, including docking of ships and the renewal of cargo-carrying equipment.

CUSTOMER FOCUS INITIATIVE (CFI)

CUSTOMER SATISFACTION AND GROWING THE TOP LINE GO HAND IN HAND

In the last few years, DFDS has successfully run projects that have improved efficiencies and reduced costs in many business areas. Growing customer satisfaction and the top line has not received the same level of focus, particularly in freight operations.

Today, much of the best customer service in DFDS is based on strong local relationships and initiatives. We want to take the proven local initiatives and strengths and copy them across the organization to ensure a more uniform, structured approach to customer service. We are also seeking to achieve a more consistent customer experience.

The DFDS Customer Focus Initiative (CFI) was thus launched in March 2012, and we began our customer focus journey by directly asking customers:

- What do they look for when choosing a provider?
- What are their needs and how are we delivering on those needs?
- What drives their satisfaction and loyalty?

We conducted 50 in-person interviews in 15 countries and sent an online survey to more than 3,000 customer emails. The results of the cus¬tomer survey indicated that DFDS is a very good service provider. We are seen as a strong, quality company that delivers reliable services and has effective account managers that create very good relationships with customers. There are also a few areas where we need to work harder to meet customer expectations: improve notification when things go wrong, have a clearer organization beyond the account managers, use our expertise to provide solutions beyond the status quo, and continue to focus on reliability. We distilled the customer feedback into the DFDS Guiding Star consisting of five key elements that we aspire to.

1. Superior reliability and schedule:

a. On-time reliability is critical for our logistics and shipping customers, whether it's collecting goods at the factory, transporting goods across the sea, or delivering the goods to their final destination

b. High frequency services and flexibility can be equally important to customers.

2. Easy to work with:

a. Transparent contact points for customers in the organization to simplify communication

b. Clear team structures and team efforts to support customers

c. Simple and accurate customer processes, e.g. easy booking

3. Fast communication when it matters:

a. Communicating changes, e.g. delays, to customers is important. Identify what matters to customers and which communication options best fit their needs

4. Empowered people with "can-do" attitude:

a. Customer service by informed, empowered, and motivated employees

b. Service and action mindset always in place at DFDS

5. We bring you solutions:

a. Active provision of services based on thorough understanding of customer needs

b. Bring new solutions to customers ranging from day-to-day, operational adjustments to exploiting DFDS' entire range of services and network to optimize a customer's operations.

Testing of the elements of the DFDS Guiding Star began in June 2012 in four key locations across the two divisions.

With the active participation of staff and customers, the CFI program was further refined and rolled out to six additional locations later in the year. We are still in the early stages of our customer focus journey but expect to have the CFI rolled out to over 80% of our freight organization by the end of 2013.

Our commitment and initiative to materially improve customer satisfaction is expected to generate long-term financial benefits from reduced customer churn, more sales to existing customers, and a higher likelihood of attracting new customers. Although, noticeable financial benefits requires achieving a clear differentiation from competitors. We expect to see some financial impact of improved customer service in 2013.

Though much of the CFI has focused on freight, the passenger business is also putting additional focus on customer satisfaction to move from very good to excellent.

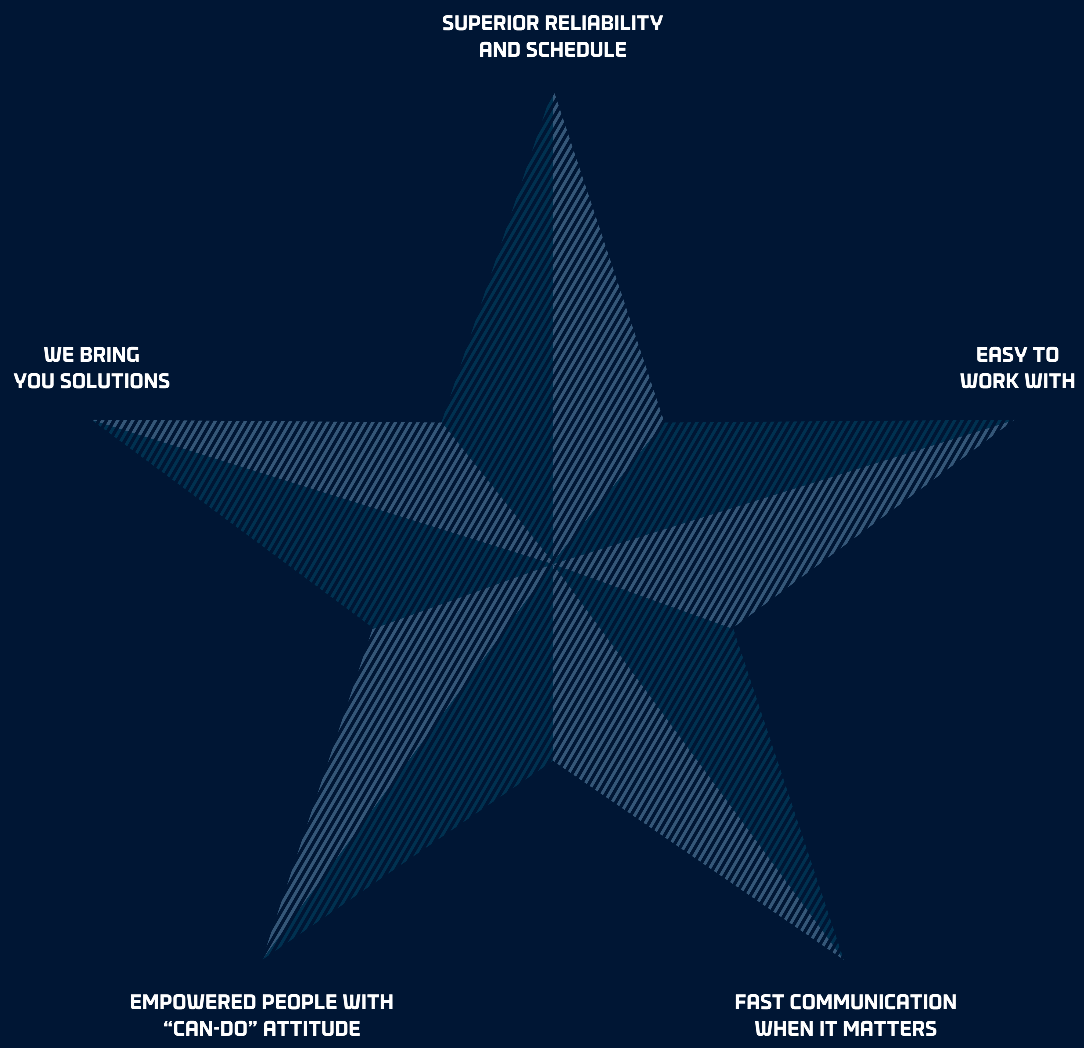
To track our progress DFDS will begin to report KPIs on customer satisfaction in 2013. We'll use two key metrics to gauge our performance level and improvement over time: Customer Satisfaction (CSAT)[1] and Net Promoter Score (NPS)[2]. CSAT and NPS are common metrics used across many industries to track customer satisfaction, thus making it easier to benchmark ourselves.

We are committed to providing our customers the best experience and services with DFDS. For us, customer focus is a long term, continuous process with no end date. Improving little-by-little, day-by-day we aim to satisfy our customers and become their provider of choice.

[1] CSAT asks customers "How would you rate the overall performance, products and services of DFDS?" and is measured on a 10-point scale (1-Not satisfied at all; 10-Fully satisfied)

[2] NPS asks customers "How likely would you be to recommend DFDS to business partners/ associates or acquaintances?" on a 10-point scale (1-Not at all likely; 10-Extremely likely). The NPS is an aggregate score created by subtracting the percentage of detractors (those who gave scores from 1 to 6) from the percentage of promoters (those who gave scores of 9 and 10). Net Promoter Score is a registered trademark of Fred Reichheld, Satmetrix, and Bain & Co.

DFDS GUIDING STAR



CFI ROLLOUT

- A 4-month program led by local management to tailor full-scale CFI program with local customer issues and performance
- Cross-functional teams formed for each guiding star initiative
- Town hall meetings and training to address customer mindset, roles and responsibilities; customer meetings for feedback and relationship building; and best practice sharing with other locations
- Detailed customer feedback survey compared to baseline performance.

WE CARE **WE**
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SHIPPING DIVISION

2012 IMPACTED BY **DECLINING DEMAND AND INCREASED COMPETITION** IN NORTH SEA AND CHANNEL – OUTLOOK FOR 2013 IS STABLE, YET CHALLENGING

BUSINESS AREA OVERVIEW

	North Sea	**Baltic Sea**	**Channel**	**Passenger**	**France & Mediterranean**
Share of Shipping Division revenue 2012	41%	18%	17%	22%	1%
Routes	• Gothenburg-Brevik/ Immingham • Gothenburg-Tilbury • Gothenburg-Brevik/Ghent • Esbjerg-Immingham • Esbjerg-Harwich • Cuxhaven-Immingham • Vlaardingen-Felixstowe • Vlaardingen-Immingham • Rosyth-Zeebrugge	• Fredericia-Aarhus/ Copenhagen/Klaipeda • Kiel-Klaipeda • Karlshamn-Klaipeda • Sassnitz-Klaipeda • Kiel-Karlshamn/ St Petersburg • Kapellskär-Paldiski • Ust-Luga-Kiel	• Dover-Dunkirk • Dover-Calais • Portsmounth-LeHavre* • Dieppe-Newhaven*	• Copenhagen-Oslo • Amsterdam-Newcastle • Esbjerg-Harwich	• Marseille-Tunis*
Ships	• 19 ro-ro • 1 ro-pax	• 2 ro-ro • 7 ro-pax	• 3 short sea ferries • 5 ro-pax	• 4 passenger ships • 1 ro-pax	• 1 ro-ro
Port terminals	• Gothenburg • Esbjerg • Vlaardingen • Immingham	• N.a.	• Dunkirk	• Copenhagen	• N.a.
Customer segments	• Forwarding companies • Hauliers • Manufacturers of heavy industrial goods (motor vehicles, paper, steel, chemicals)	• Forwarding companies • Hauliers • Manufacturers of heavy industrial goods (motor vehicles, forest products, metals)	• Forwarding companies • Hauliers • Car passengers • Coach operators	• Mini Cruise • Car passengers • Conferences • Forwarding companies • Hauliers	• Forwarding companies • Hauliers
Primary market areas	• Denmark • Sweden • Norway • Germany • Benelux • Great Britain	• Russia • Germany • Sweden • Denmark • Benelux • Baltic states	• Great Britain • Continental Europe	• Denmark • Sweden • Norway • Great Britain • Benelux • Germany • Overseas markets	• Tunisia • France
Main competitors	• Cobelfret • P&O Ferries • Stena Line • North Sea RoRo • Road and rail transport	• Stena Line • Tallink • TransRussiaExpress • Transfennica • Road and rail transport	• Eurotunnel • P&O Ferries • Brittany Ferries	• Color Line • P&O Ferries • Stena Line • Airlines	• IGM Container Lines

* Acquired 25th September 2012

The Shipping Division operates DFDS' route network, divided into five business areas: North Sea, Baltic Sea, Channel, Passenger, and France & Mediterranean.

DIVISION MANAGEMENT

Head of Division:
- Peder Gellert Pedersen, Executive Vice President, Shipping Division

Business Area Heads:
- Kell Robdrup, North Sea
- Anders Refsgaard, Baltic Sea
- Carsten Jensen, Channel
- Brian Thorsted Hansen, Passenger
- Peder Gellert Pedersen, France & Mediterranean (temporary)

Market overview
Overall in 2012, the transport market in Northern Europe was impacted by the slowdown of activity in most regions and many industry sectors.

Pax trends
After a slow start to the year, freight volumes picked up in the Baltic region in Q2 and Q3. In the North Sea region, volumes remained below 2011 through the year in most areas. Freight volumes on the Channel (Dover Strait) increased by 1.7% but decreased in the ferry market as part of the volumes from SeaFrance were gained by the tunnel.

DFDS' trading activity was, furthermore, impacted by capacity increases in two important market areas in 2012. Between Sweden and UK, a competitor opened a route in January causing capacity to jump by around 30% in this market. On the Channel, Eurotunnel, through a subsidiary, increased ferry capacity from August by the deployment of two ships in August and a further ship in November

Passenger volumes were generally stable in the Baltic and Scandinavian markets, while UK and Continental volumes were weakened by the recession in these markets.

In 2013, freight volumes in the Baltic region are expected to remain flat compared to 2012. Modest growth in freight volumes is expected in the North Sea region as well as on The Channel.

Freight markets are, in general, foreseen to remain very competitive in 2013 as the supply of freight capacity continues to exceed demand. Passenger markets are expected to remained fairly robust in 2013, although with increasing pressure on rates and onboard spending.

Network expanded in 2012
DFDS' network connects Europe through the combination shipping and logistics services in DFDS Seaways and DFDS Logistics. The divisions collaborate in providing cost effective and innovative supply chain solutions for customers.

The network was expanded in 2012 by the completion of the acquisition of 65% of a port terminal in Gothenburg, Älvsborg Roro AB. The terminal provides services for DFDS' three routes out of Gothneburg and third party customers.

Further expansion was achieved by the acquisition of LD Lines in a joint venture with LDA in which DFDS has a controlling stake of 82%. Two routes were added in the Western Channel, Dieppe-Newhaven and Le Havre-Portsmouth, and one route in the Mediterranean, Marseille-Tunis.

All in all, the network comprises more than 500 weekly shipping departures, strategically located port terminals, integrated rail services linking shipping and logistics networks, and IT solutions supporting network optimization and efficiency. The network covers 20 countries.

Strategic priorities & follow-up
The primary strategic priorities for 2012 were:

- Business development Baltic Sea: Operations of two new routes introduced in 2011 were consolidated in 2012 with Paldiski-Kapellskär exceeding expectations. Performance on Ust-Luga-Kiel was slower to develop and options for combined operations with the other route between Russia and Germany is being reviewed. The added capacity on other routes was utilized satisfactorily in 2012
- Adaptating to market decline in North Sea: The challenge in 2012 was, apart from declining volumes in general, the addition of freight capacity between Sweden and UK. On this corridor, DFDS succeeded in retaining the majority of customers through a superior product and customer service. Capacity and costs were reduced by a tonnage reshuffle between Gothenburg-Immingham and Gothenburg-Ghent, and by changing flag on several ships.
- Project Light Crossing, Channel: The implementation and assumptions of this efficiency and improvement project, aimed originally at the Dover-Dunkirk route, were upstaged by the opening of the route between Dover and Calais in January. Approximately 25% of the improvement target of DKK 75m was achieved in 2012.
- Ownership share of freight vessels: The ownership share remained at around 60% in 2012.

For 2013, the main strategic priorities are to:

- Implement contingency initiatives as required by development in market conditions
- Gain tangible benefits from the Costumer Focus Initiative (CFI), see p x for an introduction to the project
- Review the Channel business structure
- Integrate LD Lines' routes and operations
- Review the fleet strategy, including future investments.

ACTIVITY DEVELOPMENT BY BU

North Sea
Important events 2012:
- Market capacity Sweden-UK increased 30% by new competitor in January
- Recession reduced demand UK-Continent
- EBIT decreased by 57%

Operating profit (EBIT) was severely impacted by lower volumes on key routes driven by recession in major markets and a capacity increase of 30% on the Sweden-UK corridor following the deployment of two vessels by a new competing shipping company in January. The combination of generally lower demand in the Sweden-UK market and a reduced market share, following the capacity expansion, resulted in a decrease in EBIT equal to around 40% of the total decrease of the business unit's EBIT in 2012.

Volumes on Gothenburg-Ghent increased slightly supported by a higher level of activity by automotive customers, although the route result was impacted by a higher bunker cost following a tonnage reshuffle. Lower levels of activity in the paper industry reduced volumes on Gothenburg-Tilbury.

SHIPPING DIVISION			2012					2011		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	1,735	2,042	2,232	2,006	8,015	1,704	2,025	2,160	1,909	7,798
Operating profit before depreciation (EBITDA) and special items	93	253	472	174	992	150	429	533	304	1,416
Share of profit of associates	0	0	2	2	4	0	0	0	0	0
Profit/loss on disposal of non-current assets	0	2	-1	0	1	0	1	9	5	15
Depreciation and impairment	-140	-146	-143	-152	-581	-146	-145	-138	-155	-584
Operating profit (EBIT) before special items	-47	109	330	24	416	4	285	404	154	847
Operating profit margin (EBIT), %	-2.7	5.3	14.8	1.2	19	0.2	14.2	18.9	7.9	10.9
Special items, net	0	-4	-2	-37	-43	54	69	-11	20	133
Operating profit after special items (EBIT)	-47	105	328	-13	373	58	354	393	174	980
Invested capital, average	8,821	8,780	8,569	8,360	8,629	9,231	8,881	8,881	8,904	9,018
Return on invested capital after special items (ROIC) p.a., %	-2.6	5.2	15.3	-0.6	4.3	-1.0	12.3	16.8	14.8	10.2
Lanemetres, '000	5,912	5,945	6,194	6,573	24,624	5,358	5,350	5,360	5,828	21,896
Passengers, '000	819	1,334	1,866	1,113	5,132	718	1,153	1,613	943	4,427

The four routes between the Continent and UK were negatively impacted by a combination of lower volumes and pressure on rates, including cargo mix changes. The loss of a significant automotive logistics contract on Cuxhaven-Immingham in 2011 also had an adverse impact in 2012, despite a 35% cut in the route's capacity.

In addition, the results for the port terminals in Immingham and Vlaardingen were impacted by the lower throughput of volumes as the terminals mainly serve own routes.

In 2013, volumes are overall expected to be on a level with 2012, although volumes between Denmark and UK may decline driven by lower industrial production in Denmark and increased competition from eastern European hauliers. Measures to adapt to the lower level of volumes have already been taken. One ship has been removed from Gothenburg-Tilbury and a turnaround plan for Cuxhaven-Immingham has been developed. Operational improvements are also expected to be achieved on the other Continental routes, including renegotiation of external port terminal agreements.

Baltic Sea

Important events 2012:

- Russian hauliers moved volumes from sea to road
- Demand supported by Russian and Swedish economies
- EBIT remained on a level with 2011

Volume growth continued on key routes in 2012, particularly between Sweden and Lithuania, supported by a high level of demand from the Russian economy and Sweden. Growth was more subdued between Germany and Lithuania as restrictions on haulage licenses to Russian hauliers were eased during the year. This moved some volumes from sea to road. Rate levels remained mostly firm during the year.

There was a slight negative impact from the full-year effect of route changes made in 2011 as new routes Ust-Luga-Kiel and Paldiski-Kapellskär did not fully balance the impact of the expiration of the charter contract on Ystad-Swinoujscie in October 2011. There was a considerable negative full-year impact of the termination of the rail slot charter on Sassnitz-Klaipeda.

In 2013, volumes are overall expected to be on a level with 2012. Volumes may be impacted by Russian hauliers' modal changes between land and sea contingent on the availability of Polish haulage licenses. While the Paldiski-Kapellskär route is developing successfully, the result for the Ust-Luga-Kiel route is developing more slowly than foreseen. Options for a more efficient operational set-up for the two routes between Germany and Russia are being considered.

Channel

Important events 2012:

- Negative impact from start of new route Dover-Calais
- Two routes added on Western Channel
- EBIT decreased by DKK 141m

Operating profit was significantly impacted by particularly the start of a new route between Dover and Calais in February, but also by the addition of two routes, Dieppe-Newhaven and Le Havre-Portsmouth, at the end of September 2012. The latter two routes were previously part of LD Lines.

The Dover-Calais route was started in February to replace the capacity that had been withdrawn since November 2011, when SeaFrance stopped sailing after being declared bankrupt. The service was started with one ship. A second ship was added in April, but was replaced in November due to unsatisfactory technical performance.

Meanwhile, Eurotunnel was unexpectedly allowed to acquire the former assets of SeaFrance, including three ships. Through a new subsidiary of Eurotunnel, MyFerryLink, two of these ships were entered into service between Dover and Calais in August, and a third ship was added in November. The UK competition authority, the Competition Commission, is expected to publish a final ruling on Eurotunnel's transaction on 14 April 2013.

Expectations to the financial performance of the Dover-Calais route were not met in 2012. Firstly, gaining foothold in the freight market, with only ship in service in the beginning, proved more difficult than expected as the route's frequency was not competitive in the freight market. Moreover, the reliability of the route did not become satisfactory until November when a more reliable ship was depolyed. Secondly, the pending decision on the legitimacy of Eurotunnel's entry into the ferry market caused uncertainty amongst freight customers concerning commitment of longer term freight contracts.

SHIPPING DIVISION			2012					2011		
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
North Sea										
Revenue	843	828	797	807	3,275	878	910	854	873	3,515
EBIT before special items	58	41	37	49	185	95	132	109	96	432
Invested capital	4,646	4,425	4,561	4,538	4,559	4,688	4,447	4,732	4,622	4,697
ROIC before special items p.a., %	5.0	3.7	3.2	4.4	4.1	8.1	10.7	8.4	7.8	8.6
Lanemetres freight, '000	2,482	2,411	2,428	2,474	9,795	2,650	2,637	2,631	2,589	10,507
Baltic Sea										
Revenue	321	373	395	333	1,422	299	344	374	348	1,365
EBIT before special items	31	56	93	48	228	39	66	87	33	225
Invested capital	1,348	1,349	1,340	1,312	1,343	1,203	1,434	1,521	1,364	1,334
ROIC before special items p.a., %	9.2	16.6	27.8	14.6	17.0	13.0	16.7	20.9	9.1	15.8
Lanemetres freight, '000	808	884	897	845	3,434	840	832	859	908	3,439
Passengers, '000	66	87	104	69	326	87	122	151	89	449
Irish Sea										
Revenue	0	0	0	0	0	21	0	0	0	21
EBIT before special items	0	0	0	4	4	-23	7	0	18	2
Invested capital	-18	-3	-3	-1	-1	196	265	58	-17	231
Before special items, ROIC, %	n.a.	n.a.	n.a.	n.a.	n.a.	-46.9	9.6	0.0	-35.3	1.0
Channel										
Revenue	237	321	442	386	1,386	181	240	301	239	961
EBIT before special items	-39	-45	49	-97	-132	-23	7	45	-20	9
Invested capital	1,146	1,123	1,338	1,257	1,223	1,278	1,239	1,259	1,185	1,245
ROIC before special items p.a., %	-13.6	-16.0	14.6	-30.9	-10.8	-7.2	2.0	13.1	-6.3	0.7
Lanemetres freight, '000	2,480	2,500	2,716	3,039	10,735	1,716	1,750	1,739	2,184	7,389
Passengers, '000	501	879	1,334	735	3,449	383	647	1,029	543	2,602
France & Mediterranean										
Revenue	n.a.	n.a.	1	31	32	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT before special items	n.a.	n.a.	-1	-2	-3	n.a.	n.a.	n.a.	n.a.	n.a.
Invested capital	n.a.	n.a.	5.0	-16.0	-8.0	n.a.	n.a.	n.a.	n.a.	n.a.
ROIC before special items p.a., %	n.a.	n.a.	n.a. [1]	n.a. [1]	n.a. [1]	n.a.	n.a.	n.a.	n.a.	n.a.
Lanemetres freight, '000	n.a.	n.a.	3	50	53	n.a.	n.a.	n.a.	n.a.	n.a.
Passenger										
Revenue	296	474	567	397	1,734	284	476	579	383	1,722
EBIT before special items	-106	58	147	13	112	-84	70	143	8	137
Invested capital	1,049	1,082	1,032	1,082	1,077	1,140	1,146	1,190	1,140	1,172
ROIC before special items p.a., %	-40.4	21.1	57.0	5.2	10.3	-29.5	22.1	43.9	2.6	11.0
Lanemetres freight, '000	142	150	152	163	607	133	150	132	148	563
Passengers, '000	252	368	427	310	1,357	247	383	432	314	1,376
Non-allocated items										
Revenue	67	79	63	81	290	46	65	52	215	378
EBIT before special items	9	-1	5	9	22	0	3	20	19	42

[1] ROIC is not calculated as the business area is included since 25 September 2012.

As of 1 January 2012, the Division's administration costs are split between the business areas. Comparative figures for 2011 have been adapted to reflect the change.
Invested capital is reported as an end of period value each quarter and reported as an average for the full year.
Return on invested capital is calculated before special items for business areas.

On this background, the first year of operation of the Dover-Calais route incurred a considerable loss. Performance on Dover-Dunkirk was in line with expectations in 2012.

Financial performance was also negatively impacted by the addition of activities from LD Lines. Operating profit (EBIT) for these activities was DKK -15m in the Q4 off-season of 2012. The loss is cash wise covered by a loss guarantee which is not included in the income statement, but reflected in the purchase price of LD Lines.

Total ferry and tunnel freight volumes on the Dover Strait increased by 1.7% in 2012. Volumes in the ferry market decreased by 6.9% as part of SeaFrance's volumes moved to Eurotunnel. At the end of 2012, DFDS' market share on the Dover Strait had increased to 20% from 15% in 2011. The market share of the ferry market was one third in 2012. Freight rates were overall on a level with 2011 in 2012.

Total passenger volumes on the Dover Strait decreased by 0,8% in 2012. Volumes in the ferry market decreased by 6.5% as part of SeaFrance's volumes moved to Eurotunnel. At the end of 2012, DFDS' market share on the Dover Strait had increased to 16% from 12% in 2011. The market share of the ferry market was 30% in 2012. Some improvement in average seafare per passenger and spending onboard was achieved in 2012.

In 2013, Channel's operating profit is expected to improve as operations are integrated and stabilised. Following the ruling from UK's Competition Commission in April 2013, a review of Channel's business structure will be conducted.

Passenger

Important events 2012:

- Olympic Games in London reduced holiday travel
- EBIT decreased by 18%

Demand on the Scandinavian passenger markets remained on a level with 2011 in 2012. On the UK market, holiday travel was reduced by the Olympic Games as primarily the Brits stayed home to follow the games. Holland was in recession in 2012 and this weakened travel demand. Passenger volumes on Amsterdam-Newcastle thus declined by 4.7% in 2012, while volumes grew by 1.5% on Copenhagen-Oslo.

Operating profit (EBIT) was reduced by 18.2% or DKK 25m, mainly driven by a higher bunker cost and a lower average seafare per passenger. The latter was impacted by changes in the passenger mix and a continued high level of competitive pressure in the travel market.

France & Mediterranean

Important events 2012:

- New business unit from September 2012
- Primary activity is Marseille-Tunis

The primary activity of the new business unit is the operation of the route Marseille-Tunis, which is operated in a vessel sharing agreement with CMA/CGM with each part deploying one ship. Sales agency services covering France, Spain, and Portugal, as well as operation of French port terminals, are also provided to the business unit Channel. The business unit is, moreover, responsible for business development of activities in the Mediterranean.

Financial performance

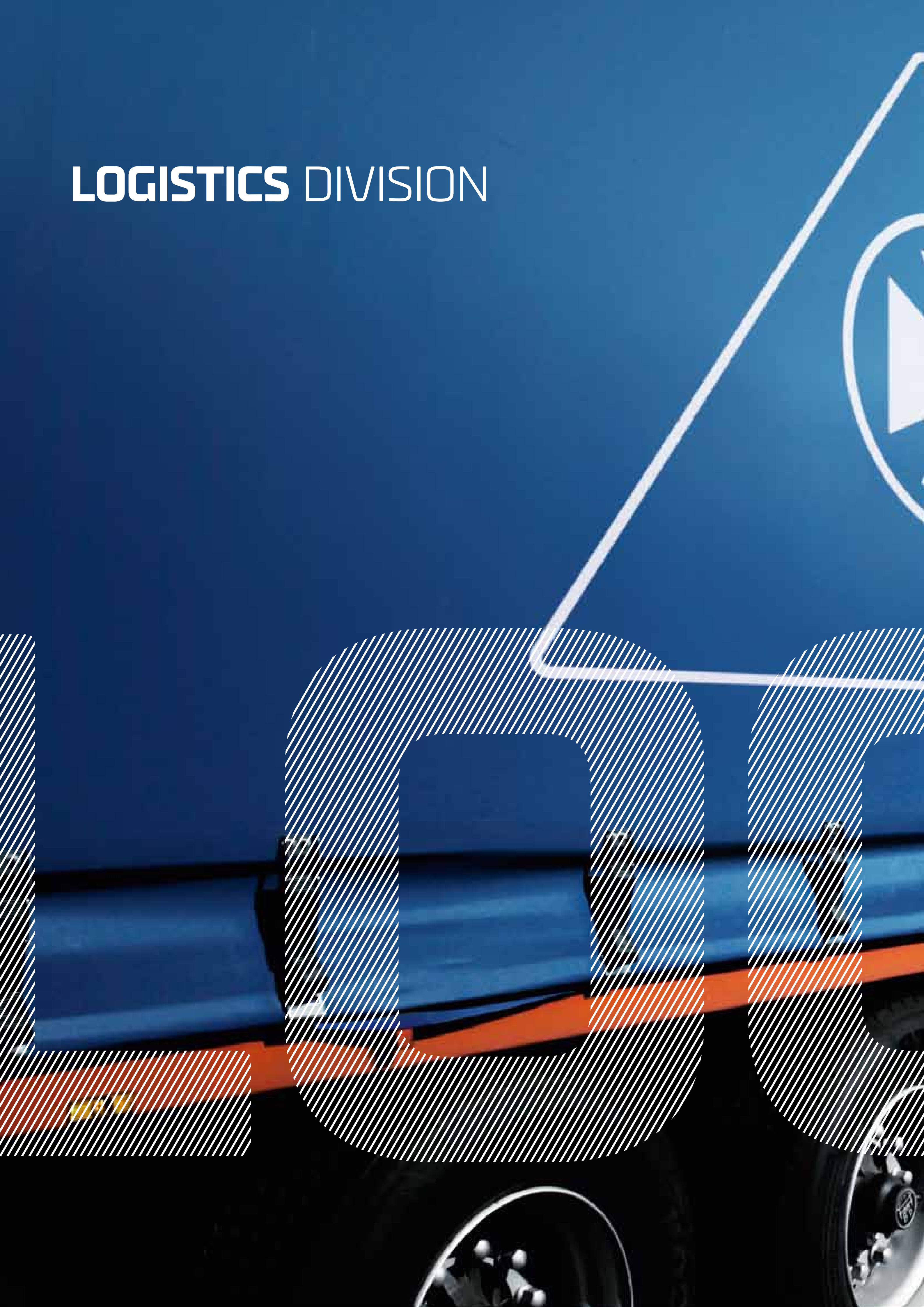
Revenue increased by 2.8% to DKK 8,015m in 2012 primarily driven by increased activity in Channel and addition of three routes from LD Lines. North Sea's revenue was reduced in 2012, around half of which was due to lower revenue on the freight routes between Sweden and UK. The majority of the remaining reduction was due to the termination of an automotive logistics contract on the route between Germanu and UK as well as lower revenue between Holland and UK.

Operating profit before depreciations (EBITDA) and special items decreased by 29.9% to DKK 992m in 2012. EBITDA-margin declined to 12.4% from 18.2% in 2011 driven by the start-up of Dover-Calais and loss of revenue in North Sea.

Operating profit (EBIT) before special items was DKK 416m, a decrease of 50.9%. Special items amounted to a cost of DKK 43m of which the largest items was a write-down of DKK 27m on two passenger ships. Refer also to note 7 and note 38 for details on special items.

The invested capital was on average DKK 8,558m in 2012, a decrease of 5.0%, partly driven by the cancellation of two newbuilding contracts. The return on invested capital before special items was 4.9% in 2012.

LOGISTICS DIVISION




DFDS

DESPITE CHALLENGING MARKET CONDITIONS **IMPROVEMENT OF RESULTS** CONTINUED IN THE CORE ROAD, RAIL AND CONTAINER OPERATIONS IN 2012

BUSINESS AREA OVERVIEW

	Nordic Transport	**Continental Transport**	**European Contract**	**Intermodal**	**Nordic Contract**
Share of Logistics Division's revenue, 2012	18%	32%	23%	23%	8%
Main Activities	*Door/Door Transport and Forwarding* *Full and part loads:* • Sweden-UK • Denmark-UK • Norway-UK • Warehousing UK • Sweden-Baltic/ Russia	*Door/Door Transport and Forwarding* *Full and part loads:* • Holland-UK/Ireland • Germany-UK • Belgium-UK • Belgium-Scandinavia • France-Scandinavia • 4PL Contracts	*Contract logistics:* • UK/Ireland domestic • UK-Continent • Northern Ireland retail distribution • Seafood distribution • Warehousing	*Door/Door Intermodal Container Transport* *Full and part loads:* • Norway-UK • Norway-Continent • Ireland-Continent • Ireland/UK-Spain *Door/Door Intermodal Rail Transport:* • Nordic-Italy • UK-Italy • Italy-Germany, Benelux • Warehousing Italy • 4PL Contracts	*Paper shipping logistics, incl. containers:* • Norway-Hamburg-Immingham-Norway • Norway-Zeebrügge-Immingham-Norway
Equipment	Trailer Pool serving Nordic Transport and Continental Transport • 2,350 trailers • 75 tractor units		• 750 trailers • 55 tractor units	• 1 container ship • VSAs with other shipping companies • 3,750 containers • 850 swaps	• 3 sideport vessels
Warehouses	• 15,000 m² • Immingham • Gothenburg	• 2,750 m² • Vlaardingen • Immingham	• 18,600 m² • Peterborough • Larkhall • Belfast	• 8,000 m² • Milano • Rotterdam • Immingham • Belfast	• 26,000 m² • Moss • Immingham • Oslo • Immingham
Sales offices	• Oslo • Gothenburg • Copenhagen • Immingham • Dublin • Hamina	• Hamina • Kristiansand • Hamburg • Vlaardingen • Gent • Brugge • Immingham • Ipswich	• Aberdeen • Peterborough • Larkhall • Belfast • Limerick • Boulogne Sur Mer	• Oslo • Moss • Brevik • Kristiansand • Fredericia • Copenhagen • Dublin • Immingham • Rotterdam • Milano • Helsingborg • Ipswich	• Oslo • Immingham
Customer segments	• Industrial production • Automotive • Consumer goods	• Industrial production • 3rd and 4th party logistics • High value sector • Temperature controlled	• Temperature controlled and ambient cargo for retailers / manufacturers • Aquaculture	• Retail • Contract management • Paper industry • Industrial goods	• Paper industry
Primary competitors	• NTEX • DSV • Schenker • LkW Walter • Blue Water • Lo-Lo Operators	• Cobelfret • P&O Ferrymasters • LKW Walter • Lo-Lo Operators	• McBurney Transport • Montgomery Transport • STEF-TFE Tradimar	• BG Freight • Cobelfret Containers • Eucon (Irish Continental Group) • MacAndrews • Samskip • Tschudi Lines	• Lo-lo operators • Container operators • Sideport operators

Logistics Division operate DFDS' transport and logistcs activities dvided in five business areas: Nordic Transport, Continental Transport, European Contract, Intermodal and Nordic Contract.

DIVISION MANAGEMENT

Head of Division:
- Eddie Green, Executive Vice President, Logistics Division

Business Area Heads:
- Jens Antonsen, Nordic Transport
- Jens Antonsen, Continental Transport
- Steve Macaulay, European Contract
- Ole Sehested, Intermodal
- Vidar Karlsen, Nordic Contract

Market overview

Continued macro-economic weakness in Europe resulted in tough competition across all markets with price pressure from customers being constant throughout the year. Despite significant business wins, overall growth was inhibited by the loss of two major customers in Norway through bankruptcy and factory closure. Further, the continued focus on improving profitability, especially in Intermodal resulted in the termination of contracts, where it was not possible to make the required return.

Nonetheless, in challenging market conditions, DFDS Logistics continued to improve results in the core road, rail and container operations during 2012, but the above-mentioned structural changes in the Norwegian paper industry severely impacted the profitability of Nordic Contract which subsequently lowered the divisional result compared to 2011.

The UK is pivotal for most of the logistics division trade lanes and competition for export cargo remains fierce. The fastest-growing export segment is Refuse Derived Fuel, essentially household waste, being purchased for incineration by energy companies in continental Europe. DFDS Logistics carried substantial volumes from the UK and Holland, Denmark and Norway.

A shift in the trade balance between Ireland and the UK occurred during the year with exports from Ireland overtaking imports. Consequently prices from the UK declined. However, obtaining increases from Irish customers was extremely difficult which impacted profitability. Signs of recovery were seen during the last months of 2012.

Despite the difficult economic conditions, there were a number of successes which compensated the lost business. The successes resulted from a programme of continuous improvement in DFDS Logistics which is now more competitive and customer focused .. Development projects with current customers, particularly in Germany, England, Italy, and Denmark, delivered volume growth in line with our strategic ambitions.

Cost items

The management control system implemented in previous years ensures focus on all cost items continues. The business model remains unchanged, with DFDS Logistics subcontracting haulage operations to a combination of small and mid-sized haulage companies. This allows costs to be adjusted in line with the market conditions as well as providing flexibility and the opportunity to source from low-cost operators in a variety of countries .

Control of cargo carrying equipment is largely centralized in "equipment pools" serving all units in DFDS Logistics which creates an economy of scale that smaller competitors do not have.

The operating model of the container operation between Holland and Ireland was transformed in order to reduce fixed costs, improve flexibility and return the unit to profitability. DFDS Logistics no longer operates its own vessels on this route. During 2012, the chartered vessels were returned and a combination of Vessel Sharing Agreements and Space Charter Arrangements are used to provide shipping capacity. As well as reducing fixed costs the change enables more focus on customer development rather than asset management.

Overheads are predominantly made up of staff, IT and office related costs. Attention has been given to improving customer touch points to ensure they can book with DFDS Logistics in a variety of ways. During the year, online and EDI bookings increased to 10% of the total. This in turn generates efficiency in administration.

Network & Investments

The Headlight Project which commenced early in 2011 was extended to the remaining 11 logistics sites in 2012. Work continued in the sites implemented in 2011 to cement and further improve on the initial gains. The key processes, improvements and cost saving initiatives were taken across the business where they were enthusiastically received. The cornerstone of Headlight was the establishment of a common Management Control System running the businesses in The DFDS Way. As well as managing cultural change the areas which receive most attention to drive our costs and business development are haulage procurement, equipment management, sales Processes, and back office productivity.

In 2012, the Headlight project led to realized cost and revenue improvements in the business areas totaling an annualized DKK 25m. These improvements were crucial to protect the result and preparing the business for the future. Many new initiatives continue to be taken demonstrating the ethos of continuous improvement embodied in the business.

The capital investment programme continued during 2012, with investment in 229 dry and refrigerated trailers totalling DKK 52m. This investment improves the age profile and quality of the trailer fleet leading to increased competitiveness and efficiency through satisfied customers and the ability to have the right trailer in the right place.

Future market trends

It is anticipated that underlying growth will be low in 2013, mainly because of continued macro-economic weakness in Europe. The most important countryis the UK, which is a pivotal hub for many of the division's activities, and where demand is expected to be subdued in 2013.

Strategic Priorities

DFDS Logistics results declined during 2012 primarily due to changes in the Norwegian paper industry impacting Nordic Contract. However, it is important to note that the other four business units delivered acceptable results.

One key priority is a change in Business Unit structure. Implemented in January 2013, DFDS Logistics will operate with a country structured organisation grouped into three business units:

1. Nordic
2. Continental
3. UK & Ireland

The new structure will facilitate better coordination of activities to improve growth in line with our strategic objective to offer customers a variety of transport modes through one point of contact.

It will also aid our competitiveness by simplifying administration.

LOGISTICS DIVISION	2012					2011				
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	1,083	1,066	1,082	1,028	4,259	1,116	1,149	1,064	1,001	4,330
Operating profit before depreciation (EBITDA) and special items	36	43	32	29	140	33	42	40	56	171
Share of profit of associates	0	0	0	0	0	-1	1	2	-2	0
Profit/loss on disposal of non-current assets	1	3	1	1	6	1	0	4	5	10
Depreciation and impairment	-16	-18	-16	-18	-68	-18	-17	-18	-19	-72
Operating profit (EBIT) before special items	21	28	17	12	78	15	26	28	40	109
Operating profit margin (EBIT), %	1.9	2.6	1.6	1.2	7.3	1.3	2.3	2.6	4.0	2.5
Special items, net	0	-79	-1	0	-80	-6	-2	-3	-3	-14
Operating profit after special items (EBIT)	21	-51	16	12	-2	9	24	25	37	95
Invested capital, average	915	880	831	806	856	953	927	896	894	921
Return on invested capital after special items (ROIC) p.a., %	11.3	-21.9	5.8	4.5	-0.1	3.4	9.0	10.6	18.1	9.7
Tons, '000	241	182	176	185	784	378	259	243	251	1,131
Units, '000	82	83	83	82	330	89	90	85	81	345

STRATEGIC PRIORITIES IN 2012

Strategic Priority	Result
To ensure Intermodal returns to profitability.	• Intermodal continued to improve throughout 2012 and returned to profitability. Changes to the container shipping business model saw a small profit achieved for the first time in several years. • The rail activity substantially improved during 2012 with excellent results achieved in the traffic between Denmark and Italy.
To enhance the culture of continuous improvement developed in Project Headlight by extending the project to all remaining parts of DFDS Logistics.	• Project Headlight continued through 2012 delivering improvements in all units. The key benefit is a standardized management control system.
Continue to develop refrigerated and high value transport sector and look for "bolt on" acquisitions to enhance the product offering to customers.	• The refrigerated and high value sectors continue to generate higher profitability, althoughimpacted by price pressure in line with the general market. • In Belfast a new trade was started to offer a bulk tanker service between Ireland and Europe. This has quickly developed into a profitable niche.
To pilot the new Transport Management System – Velocity.	• Velocity system development was completed at the end of 2012. The testing phase will take longer than anticipated and implementation in the first activity will commence during Q2 2013.

In addition, the following priorities are set for 2013:

- Develop a wider geographic coverage and enhance traffic flows to Eastern Europe
- Start the implementation phase of the new Transport Management System – Velocity
- Continue to improve customer retention and development through the Customer Focus Initiative.

Nordic Transport

The Swedish–UK traffics were largely influenced by increased competition, but succeeded in increasing volumes and gaining market share in a declining market. The Danish–UK traffics achieved a very positive volume growth. All traffics were able to keep acceptable margins, although the Sweden–UK traffic saw some challenges during the year. The traffic between Norway and UK continued to deliver the best results margins in the business unit.

The traffic to Russia and Lithuania continued a very positive development, which included transit traffic from Lithuania to UK via Denmark, using two DFDS routes and fulfilling our strategy of offering integrated solutions. From a situation with no trade on these markets just three years ago, it has been possible to develop sizeable volumes for the DFDS Seaways routes on the Baltic sea, a development which is expected to continue in coming years.

The business unit is expected to continue to grow in 2013, and has initiated number of actions to increase profitability.

LOGISTICS DIVISION	2012					2011				
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Nordic Transport										
Revenue	193	200	217	172	782	173	179	163	147	662
EBIT before special items	5	6	3	1	15	5	5	4	10	24
Invested capital	119	132	126	170	134	79	80	70	124	73
ROIC before special items p.a., %	19.2	10.8	8.4	0.7	8.0	25.3	25.0	22.9	32.3	27.3
Units, '000	10.6	10.9	11.0	11.4	43.8	10.1	9.3	9.5	10.1	39.0
Continental Transport										
Revenue	344	344	333	331	1,352	377	366	346	314	1,403
EBIT before special items	3	6	3	3	15	-1	3	2	3	7
Invested capital	154	166	136	147	153	281	227	240	161	253
ROIC before special items p.a., %	6.9	11.5	6.8	6.5	7.5	-1.4	5.3	3.3	7.5	3.5
Units, '000	25.7	25.6	25.2	25.1	101.5	30.1	29.2	26.1	25.2	110.6
European Contract										
Revenue	223	237	244	259	963	212	225	221	235	893
EBIT before special items	10	12	7	8	37	8	10	13	15	46
Invested capital	195	192	206	157	186	157	152	159	177	159
ROIC before special items p.a., %	20.3	19.0	10.8	16.6	15.1	20.4	26.3	32.7	33.9	27.3
Units, '000	20.7	21.2	21.9	23.9	87.7	19.0	20.3	20.4	21.2	80.9
Intermodal										
Revenue	263	248	246	235	992	270	310	269	262	1,111
EBIT before special items	0	8	4	-3	9	-3	0	-2	1	-4
Invested capital	180	176	172	187	180	164	219	193	184	193
ROIC before special items p.a., %	0.2	14.4	6.8	-5.6	3.7	-7.3	0.0	-4.1	2.2	-2.1
Units, '000	25.0	25.0	24.7	22.4	97.1	29.7	31.3	29.2	24.7	114.9
Nordic Contract										
Revenue	96	83	74	76	329	114	113	110	102	439
EBIT before special items	3	-4	0	4	3	6	8	12	11	37
Invested capital	224	129	133	132	167	259	241	223	219	241
ROIC before special items p.a., %	5.4	-9.3	-0.7	7.3	1.1	9.3	13.3	21.5	20.1	15.7
Tons, '000	241	182	176	185	783	378	259	243	251	1,131
Non-allocated items										
Revenue	31	32	33	28	124	23	22	23	19	87
EBIT before special items	0	0	0	0	0	0	0	0	0	0

As of 1 January 2012, the Division's administration costs are split between the business areas. Comparative figures for 2011 have been adapted to reflect the change.
Invested capital is reported as an end of period value each quarter and reported as an average for the full year.
Return on invested capital is calculated before special items for business areas.

Continental Transport

Continental Transport continued its positive development in 2012. The full-load activity between Continent and UK experienced fierce competition and delivering acceptable returns was difficult. These trades do however provide critical mass for the logistics division and substantial support for DFDS Seaways' route network which makes them valuable to the Group. The continental business unit also undertakes refrigerated and part-load traffic and is also involved in managed contracts which provide higher returns.

The office in Hamburg is mainly active in the trade line between North Germany and the UK and was able to secure significant growth in the FMCG (fast moving consumer goods) sector and at the same time develop a new trade lane between northern Germany and Italy. The Belgium-UK traffics via the English Channel also grew but the largest area of activity, traffic between Holland/Ruhr – UK experienced slightly declining volumes, and the Belgium/France to Scandinavia traffics were not able to reverse the trend of reducing volume.

A number of sales initiatives were taken in this business unit with the aim of growing all areas during 2013. Margins on the main full-load traffics are, however, not expected to improve significantly. The business unit in general is a major customer to DFDS Seaways' services in the area, and there is further potential to deliver important volumes for those routes.

European Contract
In Scotland, aquaculture volume was ahead of forecast and levels achieved in 2011. Weather conditions in the peak winter season were more favourable than previous years, and revenue and gross profit reflected the volume improvement. The outlook for 2013 and beyond remains positive.

The Northern Ireland business performance was in line with forecast for the first half of 2012 with the second half impacted by a significant market downturn in imports to Ireland. The reefer and dry freight markets remained highly competitive throughout the year. Through a small acquisition, entry was made to the tanker business early in 2012 and good progress was made on developing this business during the year.

The Peterborough business again enjoyed considerable volume growth with its core customers throughout 2012. Financial performance was ahead of original forecast with high service delivery maintained for all key customers.

Intermodal
The Intermodal rail activities, connecting Scandinavia, Benelux, Germany, and UK, with Italy, continued the good progress in revenue and margins. The Norwegian southbound traffic was hit by the bankruptcy of the largest customer Peterson Paper. Further growth is expected in 2013 within all Intermodal rail traffic areas. The Norwegian container activities connecting the Oslo Fjord and the West Coast with the Continent and UK improved both volumes and earnings. The Oslo Fjord service will continue to operate in a vessel sharing agreement with Samskip and Unifeeder.

DFDS Logistics Container Line, operating the Continental/Irish container door/door service, managed for the first time in several years to obtain a positive operating result. The turnaround has been achieved via a selective focus of the customer portfolio combined with a general reduction of operational costs. The shipping service is based on a vessel sharing agreement (VSA) with Samskip. The market is still influenced by some overcapacity which is impacting freight rates and profitability. Further improvement of the result is expected in 2013.

DFDS Suardiaz Line (DSL), a 50/50 joint company with Valpores Suardiaz Logistica, Spain, operates a door/door container service between Ireland, UK, and Spain, based on a vessel sharing agreement with Mac Andrews. The Irish and Spanish markets were still heavily influenced by the financial crisis but in spite of that, profitability was further stabilized in 2012. Ongoing improvement is expected for 2013.

DFDS Contract Logistics Ireland entered into a new three year 4PL agreement with Irish Dairy Board, which together with the prolonging of the Wellman contract for another three years, secures the further growth of our logistics activities in Ireland. The Irish result was negatively influenced by a settlement of a claim related to previous years.

Nordic Contract
The business unit faced serious challenges in 2012 as the sideport shipping activity suffered due to major changes in the market place. One of the paper factories that provided a large part of volume was closed during the year and one key customer was placed into bankruptcy. This combination severely impacted tonnage utilization and therefore profitability.

2013 will also be challenging but actions have already been implemented to reduce capacityand return operations to profitability. The business now operates three sideport vessels compared to five sideport vessels and one small lo-lo ship at the start of 2012.

Financial Performance
Revenue decreased by 1.6% to DKK 4,259m in 2012 as lower volumes in Continental Transport, Intermodal and Nordic Contract offset revenue growth in Nordic Transport and European Contract.

Operating profit before depreciations (EBITDA) and special items decreased by 18.1% to DKK 140m in 2012 driven by the severe profit impact on Nordic Contract of the structural changes in the market.

Operating profit (EBIT) before special items was DKK 78m, a decrease of 28.4%. The decrease includes several one-off costs in Q4 2012 totalling DKK 13m related to Ireland, Norway, and Sweden. Special items amounted to a cost of DKK 80m, including a write-down of DKK 75m on three sideport ships.

The average invested capital was DKK 822 m in 2012, a reduction of 10.7%. In 2012, the return on invested capital was -0.1% and 7.2% excluding special items.

RISK FACTORS

RISK MANAGEMENT IS AN **INTEGRAL PART OF THE MANAGEMENT** OF DFDS. RISKS AND OPPORTUNITIES ARE WEIGHED UP ON A REGULAR BASIS AND THE BOARD OF DIRECTORS KEPT INFORMED SO THAT IT IS ABLE TO RESPOND ACCORDINGLY.

Macro-economic and market risks
Risks of major fluctuations in earnings caused by changes in market and economic conditions are highest for the Group's shipping activities and lowest for transport and logistics. This difference is due to the high proportion of fixed costs in shipping compared to a low share of fixed costs in transport and logistics.

The market for shipping of freight and passengers is affected by demand and by the general state of the economy. Significant decreases in demand will in many cases lead to overcapacity, which can only be reduced by replacing larger ships with smaller ones or by removing a ship from a route. The latter can lead to a significant deterioration of customer service as a result of fewer departures. Overcapacity will also tend to increase price pressure in a market.

Partly in order to counteract these cyclical risks, part of the freight fleet consists of chartered vessels. The aim is that a certain proportion of the tonnage is chartered on contracts of less than a year with the option of extensions, which facilitates the return of tonnage at short notice. All of the passenger ships are owned by DFDS, which limits the options for adapting passenger capacity in the short term. Container activities deploy chartered ships and vessel sharing agreements have also been entered into with other shipping companies, which further increases flexibility. Logistics activities to a large extent lease materials and use subcontractors for haulage, which leads to a high proportion of variable costs and, therefore, less of a cyclical risk.

DFDS' geographic diversification across Northern Europe, including activities aimed at Russia and the surrounding countries, reduces dependence on trends in the different regions. In addition, the number of routes and other activities helps to balance commercial risks, including the potential for reallocating tonnage between routes.

The freight- and passenger-shipping markets are also affected by industry-specific conditions. This includes changes to the conditions faced by competing forms of transport, such as road, rail and air, the latter of which mainly affects the passenger sector. In addition, the market is influenced by changes in local and regional competition, including the opening of competing routes and the deployment of additional capacity on existing routes.

On some routes, a significant proportion of the freight stems from a small number of customers. The risk inherent in relationships such as these is partly limited by entering into long-term partnership agreements.

Risks associated with business development and investment
Business development and investment risks stem from DFDS' growth strategy, which includes both organic growth (e.g. the acquisition of tonnage) and growth through the acquisition and sale of companies and activities. The most important risks associated with organic growth are related to expanding capacity on the existing route network through the deployment of new or larger tonnage. The acquisition of companies and activities involves significant risks, which increase in line with the size of the investment and the complexity of the subsequent integration process.

Risks associated with all forms of business development are managed by means of in-depth planning and decision-making processes based on internal policies and guidelines for investment, including a required rate of return.

The tonnage market
DFDS mainly charters freight tonnage, which is subject to risks associated with price trends for charter rates and the availability of tonnage that meet operational needs. Similar risks, including counterparty risks, are also relevant when chartering out excess tonnage. In addition, there are risks associated with price trends and order times for newbuildings and counterparty risks.

Due to the ongoing process of replacing and renewing the DFDS fleet, the sale of tonnage or the annulment of contracts may result in gains, losses and costs that are not included in annual profit forecasts.

Operational, security and environmental risks
The main operational risks are associated with ships and port terminals. Technical problems may lead to unplanned periods in dock, interruptions to routes, and loss of revenue. Replacement tonnage can usually be deployed at short notice through chartering. In order to minimise operational risks, DFDS operates a systematic and comprehensive maintenance programme for all ships, including periods in dock at regular intervals. In addition, extreme weather conditions can cause delays and cancellations. Strikes in ports can also disrupt services.

DFDS uses freight and passenger ships, port terminals, warehouses and cargo-carrying equipment, all of which are subject to the usual safety risks associated with equipment of this type. These risks are controlled and minimised partly through compliance with safety requirements and routines, as well as preventative work, and partly through insurance against risk.

Environmental and safety measures are based on DFDS' environmental and safety policies, as well as official regulations

	Risks	Policies	Hedging 2013
Bunkers	• Rise in oil price • Expected bunker consumption in 2013: 477,100 tons • Total bunker costs in 2012: DKK 2,051m	• Hedging of fluctuations in oil prices of 60–90% of anticipated consumption for the next four quarters • The oil-price risk is hedged through price supplements (clauses in freight contracts, bunker adjustment factor (BAF) and oil-price supplements for passengers) and financial instruments	• It is estimated that a change to oil prices of 1% compared to the price level at the end of December 2012 would entail an impact on financial performance of approximately DKK 6.4m • Total hedging of oil consumption: 62%. – The commercial hedging level is around 48% – Financial hedging constitutes 14%
Interest rates	• Changes in interest rates, primarily rises • When calculating the fixed-term proportion, long-term charter contracts are included under fixed-interest loans • Interest expenses amounted to DKK 134m in 2012	• Duration 9–36 months • Fixed-term proportion 40–70% • Implicitly includes fixed rate for long-term charter contracts • The target for risk is calculated as a net position (net deposits)	• Duration at start of 2012: 17 months • Fixed-interest proportion: 76% (proportion of fixed-interest loans, including interest-rate swaps and charter contracts) • It is estimated that an increase in interest rates of 1% compared to the level at the end of December 2012 would entail a negative impact on financial performance of approximately DKK 8m.
Currency	• Translation risks are related to changes in exchange rates that affect the profit-and-loss account due to changes in the value of monetary assets and liabilities in foreign currencies	• Positions are hedged by matching the currencies for assets and liabilities • Net positions in excess of SEK 200m, NOK 100m and GBP 20m are hedged using price-adjustment agreements	• Primary net currency-balance positions at the start of 2013 were: – SEK: DKK 1m – GBP: DKK 0m – NOK: DKK 70m
	• Transaction risks relate to changes in exchange rates, which have an impact on earnings when revenues and expenses are not incurred in the same currency	• At Group level, subsidiaries' exposures are aggregated to facilitate mutual hedging • Risk is also reduced by adjusting prices and cost structures in local currencies • Financial hedging is used as needed	• Approx. 84% of DFDS' revenue is invoiced in foreign currency • Primary net currency cash-flow positions in 2013 were: – SEK (income): DKK 380m – GBP (income): DKK 10m – NOK (income): DKK 150m – USD (cost): DKK 175m • To date, transaction risks have not been hedged, apart from bunker costs in USD
Liquidity	• Liquidity risks relating to payments	• Sufficient liquidity is guaranteed by maintaining a minimum level of cash reserves and drawing rights of DKK 400 million • Attempts are also made to diversity the portfolio by issuing corporate bonds or similar	• Liquidity risks are not quantifiable • The total liquidity contingency amounts to DKK 1,523m. At the end of 2012, it consists of cash and liquid net holdings of DKK 1,197m and drawing rights on DKK 326 m.
	• Counterparty risks with financial institutions	• The limits for placing liquidity in banks are determined by the credit ratings of the banks concerned	• Counterparty risk is hedged by complying with fixed limits
Solvency	• Risks associated with high financial leverage	• Equity-ratio target of at least 40%	• At the end of December 2012, the equity ratio was 57%

and customer demand. Changes in these factors can increase costs. The Group is insured against environmental risks as far as possible, and participates in preparatory legislative procedures through industry organisations.

The CSR report on page xx accounts for safety and environmental risks, as well as DFDS' control and prevention measures.

Political and legal risks
DFDS' activities are affected by legal and regulatory changes regarding the shipping and transport sector, as well as the framework conditions for infrastructure in Northern Europe. In addition to political bodies, DFDS is subject to International Maritime Organization (IMO) conventions. The IMO is the UN body responsible for maritime issues, primarily safety and the environment.

Changes in laws and regulations regarding DFDS' framework conditions can have negative consequences, including higher costs and changes to traffic flows, e.g. between sea and land. Such risks are linked, for example, to the requirement for lowering the sulphur content in bunkers to 0.1% by 2015 in the Baltic and the North Sea.

This is accounted for in the environmental section of the CSR report on page 54-57.

Other significant political risks concern changes to taxation arrangements for staff at sea, loss of duty-free sales in Norway if the country were to join the EU, the cancellation of VAT exemption on tickets and on-board sales, and changes to tonnage tax schemes.

DFDS actively monitors these issues, including by participation in industry organisations.

Financial risks
As is usual for international companies, including in the shipping industry, DFDS is exposed to a range of financial risks. The main risks relate to changes in oil prices, exchange rates and interest rates. DFDS is also exposed to liquidity risks in respect of payments and counterparty risks. Managing financial risk is based on Group policy and guidelines for the respective risk areas. Risk is managed centrally, as per Group policy. The Executive Board regularly discusses financial risks, and the Board of Directors is likewise kept up to date on risks and their management.

One focus area in 2012 has been diversification of the loan portfolio. In 2012, DFDS sold four-year unsecured corporate bonds on the Oslo Stock Exchange at a value of NOK 500m to a number of institutional investors in Norway, Sweden and Denmark. The issue was a supplement to, and partial replacement of, existing bank debt. To support the ongoing diversification of the loan portfolio, DFDS expects to issue corporate bonds on a regular basis, and the market for corporate bonds will therefore be monitored going forward. In addition, in connection with the expiry of the three-year drawing rights established in 2010, new rights were negotiated to maintain sufficient liquidity.

DFDS' shipping activities involve a relatively high level of capital intensity. At the same time, the demand for transport services is to some extent cyclical. This entails a risk of significant fluctuations in earnings, and financial flexibility is maintained through a solid capital structure. In the light of DFDS' growth strategy and the ongoing uncertainty about future macroeconomic trends, the capital structure is deemed to be satisfactory. DFDS also owns several unpledged ships, and therefore refinancing risks are considered to be limited.

The table on page 36 accounts in greater detail for the financial risks faced by DFDS. Please also refer to note 28 for more detail regarding financial risks. For the individual areas of risk, the following can be highlighted:

- **Bunker:** The freight area is charaterized by a high level of hedging of the risks associated with changes in oil prices. The hedging level is also affected by capacity utilisation, such that higher utilisation implies a higher level of hedging. It is estimated that a price change of 1% compared to the price level at the end of 2012 (approximately USD 595 per ton) would entail a negative impact on financial performance of approximately DKK 6.4m.

- **Interest:** At the end of December 2012, the proportion of net fixed-interest loans was 76%, which was above the objective of a hedging level of 40–70%. The share of fixed-interest loans is expected to decline in 2013 in connection with financing of two newbuildings. When calculating interest-rate risks, long-term charter contracts are included under fixed-interest loans. It is estimated that an increase in interest rates of 1%, compared to the level at the end of December 2012, would entail a negative impact on financial performance of approximately DKK 8m.

- **Currency:** To date, transaction risks have not been hedged. They primarily concern SEK, NOK, GBP and USD. Due to instability in the Eurozone, EUR risks are monitored continuously, but not hedged. However, USD risks are hedged in connection with the hedging of oil price risks.

- **Liquidity:** DFDS systematically and regularly conducts internal credit assessments of all financial counterparts. The internal credit assessment is based on ratings from international credit-rating agencies. The Board of Directors approve general limits on deposits, etc. with DFDS' counterparts on this basis. At present, the risks are estimated to be limited.

- **Solvency:** At the end of 2012, DFDS' equity ratio was 57%.

THE DFDS SHARE

Price, market capitalisation and revenue
The DFDS share price at the end of 2012 was 255.5, down 28.0% compared to the end of 2011. By comparison, in 2012, an index of comparable companies rose by 21.5% and the total index for NASDAQ OMX Copenhagen (OMXC) rose by 24.7%.

The index of comparable companies consists of DSV (DK), Finnlines (FIN), Irish Continental Group (IE), Tallink (ES) and Viking Line (FIN).

The market value at year-end 2012 was DKK 3,796m. A total of 1.8 million DFDS shares were traded in 2012, corresponding to a value of DKK 544m, a decrease of 41.1% compared to 2011.

SHARE RELATED KEY FIGURES

	2012	2011	2010	2009	2008
Earnings per share, DKK	10	50	47	11	32
Dividend per share, DKK	14	14	8	0	0
Dividend payout ratio, %	140	28	17	0	0
Dividend yield, %	5.4	3.9	1.9	0.0	0.0
P/E ratio	26	7	9	33	12
Equity per share, DKK	465	469	427	455	427
Price/book value	0.55	0.76	0.98	0.79	0.93
Share price, DKK:					
Price at year-end	256	355	418	358	399
Price high	386	480	423	416	785
Price low	258	353	309	250	290
Market value, DKK m	3,796	5,274	6,210	2,864	3,192
No. of shares at year-end, m	14.9	14.9	14.9	8.0	8.0

Dividend
DFDS' dividend policy aims for an annual dividend corresponding to approximately 30% of annual profit. The annual dividend is determined with due consideration to DFDS' investment needs and a satisfactory capital structure.

Due to DFDS' continued solid capital structure, the Board of Directors proposes payment of a dividend for 2012 of DKK14 per share.

Share capital
DFDS A/S' share capital was DKK 1,486m in 2012. At the end of 2012, the company had only one class of share. The capital was divided up into 14,856,081 shares, each with a nominal value of DKK 100. The DFDS share is listed on the NASDAQ OMX Copenhagen.

Shareholders
By the end of 2012, the number of registered shareholders was 15,627, with a stake in the share capital of 93.8%. At the end of 2012, the Lauritzen Foundation was the biggest shareholder, with a holding of 36.3%. Shareholders abroad owned 3.1% of the share capital at the end of 2012, compared with 3.4% at the end of 2011.

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Shareholder Secretariat
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Financial calendar
Annual General Meeting
22 March 2013 at 14:00
Radisson SAS Falconer Hotel
and Conference Centre
Falkoner Allé 9
DK-2000 Frederiksberg, Denmark

Publication of Group results in 2013
Q1: 22 May
H1: 22 August
Q3: 20 November

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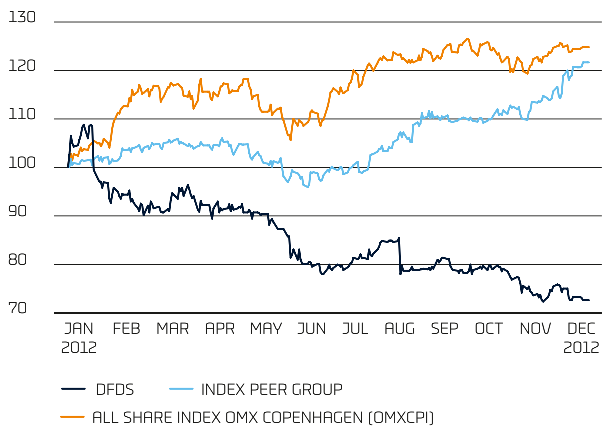
COMPANY ANNOUNCEMENTS 2012

Updated	Heading
13-12-2012	Financial calendar 2013
15-11-2012	Quarterly result as expected in weakening market
07-11-2012	Invitation to tconference call for Q3 report on 15 November 2012
24-10-2012	More competitive channel set-up
26-09-2012	Joint venture with louis dreyfus armateurs completed
19-09-2012	More freight volumes between UK and continent
13-09-2012	Newbuilding contracts cancelled
29-08-2012	Shipyard filed for insolvency
23-08-2012	Reporting of transactions in DFDS' shares and associated securities by senior employees and their related parties
21-08-2012	Results impacted by difficult start-up in the channel and recession in the UK
03-08-2012	Invitation to conference call for half-year report on 21 August 2012
06-07-2012	DFDS signs new agreement with Volvo
11-06-2012	Decision on sale of deafrance assets
22-05-2012	Challenging Q1 as expected for DFDS
14-05-2012	Invitation to conference call for Q1 report on 22 May 2012
18-04-2012	DFDS has successfully issued corporate bond
03-04-2012	Acquisition of port terminal in Gothenburg approved
29-03-2012	DFDS A/S – summary of annual general meeting, 29 March 2012
27-03-2012	Route network extended by joint venture with Louis Dreyfus armateurs
23-03-2012	Frequency doubled on Calais-Dover
13-03-2012	Reporting of transactions in DFDS' shares and associated securities by senior employees and their related parties
05-03-2012	Awarding of share options
05-03-2012	Notice to convene the annual general meeting of DFDS A/S
01-03-2012	Record results for 2011 strengthens DFDS ahead of challenging 2012
17-02-2012	Invitation to conference call for DFDS' annual report 2011
03-02-2012	DFDS and Louis Dreyfus armateurs starts Dover-Calais route on 17 February
18-01-2012	Increased competition between Sweden and England
10-01-2012	DFDS and Louis Dreyfus armateurs planning to start new route on Dover-Calais

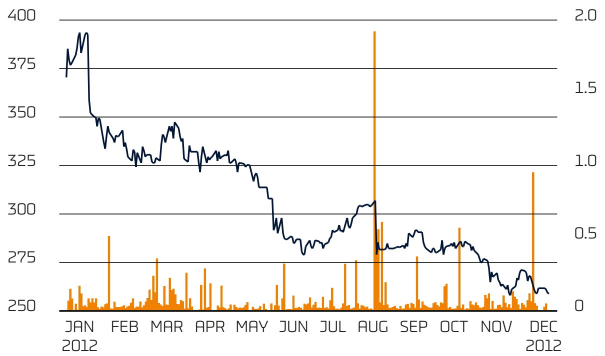
OWNERSHIP STRUCTURE, END OF 2012	% OF SHARE CAPITAL
Lauritzen Foundation[1]	36.3
A.P. Møller – Mærsk[1]	31.4
Institutional and financial investors	16.9
Other registered shareholders	6.8
Own shares	2.4
Non-registered shareholders	6.2
Total	**100.0**

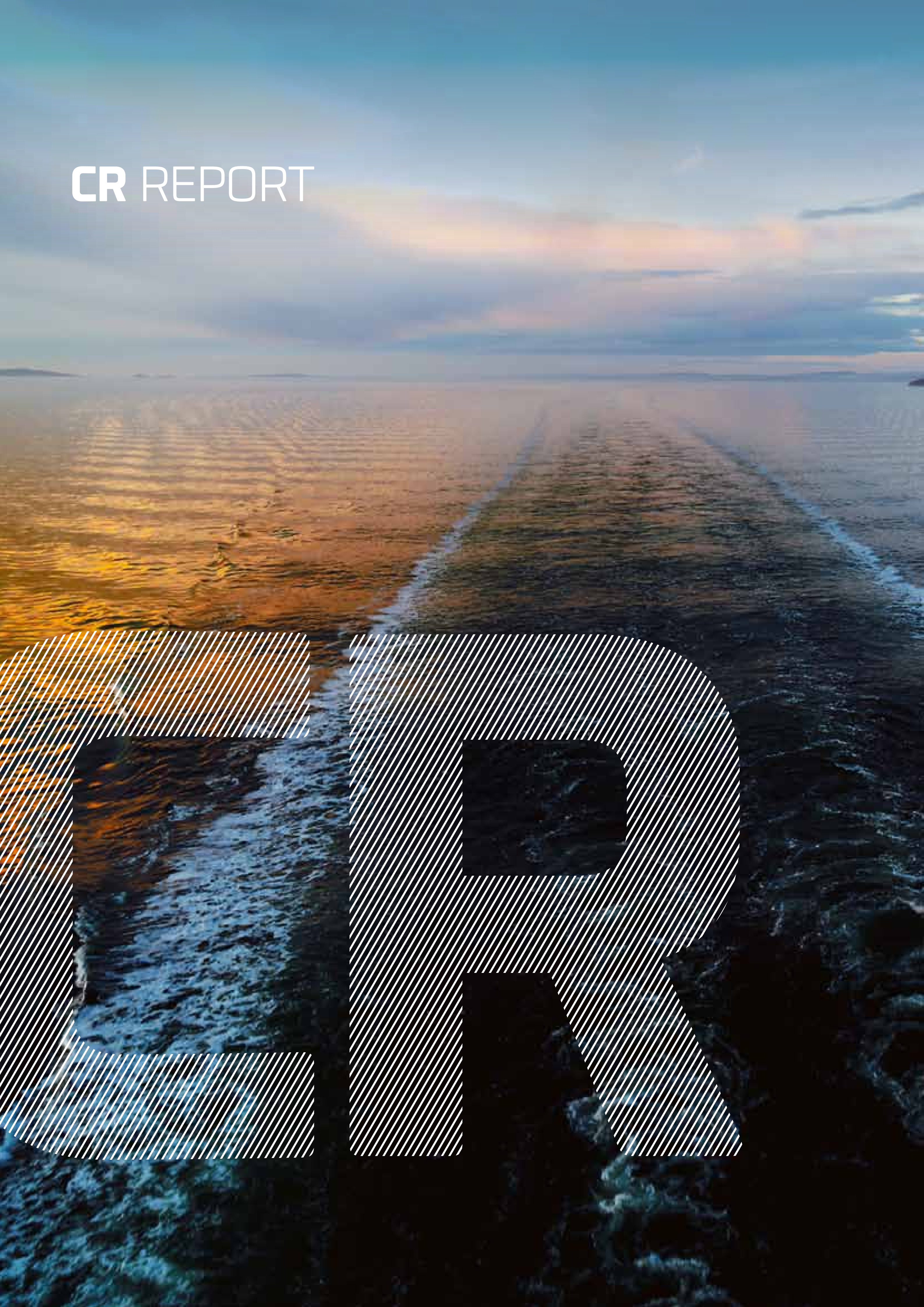
[1] Based in Copenhagen

INDEXED PRICE DEVELOPMENT FOR DFDS AND INDEX, 2012
(INDEX)



DFDS SHARE: PRICE DEVELOPMENT AND TRADING, 2012
(SHARE PRICE, DKK) (NO. OF SHARES, 1,000)




CR REPORT
CR


RE

DFDS AND CORPORATE RESPONSIBILITY (CR)

SOCIAL RESPONSIBILITY **INSPIRES TO CREATE VALUE** FOR OUR STAKEHOLDERS AND OUR COMPANY

CR WORK BEGINS TO TAKE SHAPE

The CR Committee had its first full year of operations in 2012. The focus was mainly on the development and phasing in of a model for managing CR work, including reconciling social responsibility and value creation in the business.

We have decided to decentralise the CR work, as opposed to setting up a Group function, to integrate it in the daily life of the business areas.

Our corporate responsibility (CR) reporting is still a work in progress. But already now we experience that reporting requirements on measuring performance is inspiring development. For example, in terms of damage prevention in freight, the CR perspective has served as a catalyst for more regular measurement and sharing of best practices across regions.

Increasingly, we also find that customers take DFDS' CR efforts into consideration in their decision-making processes. For example, one company wanted to hear about it prior to booking a major conference on one of our passenger ships.

Partly for this reason, we are in no doubt that integrating social responsibility into our activities will ultimately make DFDS more competitive.

Our reporting in 2012 does not include every item that could be categorised under the umbrella of CR. However, in the areas that DFDS considers the most important, e.g. emissions and health and safety for passengers and staff, our reporting is well advanced. However, we need to improve our ability to report on socially beneficial activities that concern HR, our customers and suppliers. One precondition for doing this is the introduction of better IT systems for data acquisition.

Our most important goal for 2013 is to continue the integration of CR work into the daily activities of the business areas. By following this path, we believe the greatest benefits can be achieved for all stakeholders.

NIELS SMEDEGAARD,
PRESIDENT & CEO

Our approach to corporate social responsibility
DFDS is responsible for a large number of employees and their working conditions, and for health and safety at work. We help keep Northern Europe's infrastructure and supply of goods running. We are responsible for passenger safety, for customers' freight and for the environmentally sound operation of our business. We are also responsible for creating a return on investment in DFDS – and much more.

This is reflected in a number of policies and standards in areas related to social responsibility. In several areas, specific targets have been set for CR work – e.g. reducing emissions – and customer-satisfaction targets will be introduced in 2013.

In addition to policies, DFDS has introduced an ethical code of conduct, which acts as a supplement to the standards of behaviour to which we aspire, as defined in The DFDS Way, see page 18-19.

Our CR strategy
The CR strategy aims to create and protect value for stakeholders, thereby underpinning DFDS' position as a preferred supplier and employer.

Identifying stakeholders and understanding their needs and requirements are important priorities in the strategy. The stakeholders and their expectations are listed on page 44-45. CR perspectives can be embedded in the organisation through internal initiatives and action plans, but also through actively involving stakeholders in relevant working processes.

The strategy also requires a significant amount of communication with stakeholders and ongoing improvements to our CR reporting.

Managing the CR work
The CR strategy and its overall goals and policies are set by the CR Committee, which refers to Executive Management. The committee is composed of those responsible for CR work in the different business areas and Group functions. Niels Smedegaard, CEO, has overall responsibility for the Committee.

The Committee meets at least once every three months. The intention is that external stakeholders will be invited to participate in at least two meetings per year. Twice a year, the chair of the Committee will report to Group Management, and annually to the Management Board. An important task for the Committee is to promote the decentralisation of CR work to the business areas and Group functions. One Group Management meeting per year will focus on CR work.

The CR Committee is responsible for the extent and development of DFDS' CR report, including assessing whether the company should sign up to, for example, the UN Global Compact, and whether the report should be audited by external parties. DFDS is still developing its processes for collating and quantifying CR data, and envisages that the extent of reporting, including external auditing, will increase over the next few years.

Working with stakeholders:
Value creation via CR requires the involvement of stakeholders. Stakeholders are defined as any individual or organisation that DFDS affects or that affects DFDS. This includes stakeholders without "voices", e.g. the environment and future generations.

Pages 43-44 list DFDS' stakeholders, processes for dialogue and collaboration, what is expected of us, and our actions and plans.

The table shows our stakeholders, how we cooperate, and our reporting on progress on items with a CR perspective.

Stakeholders	Who are they?	How do we work together?
• **Freight customers** • **Passengers**	• Haulage contractors and companies • Producers of heavy industrial products • Retailers and food manufacturers • Individuals, families and groups • Bus companies and travel agencies	• Customer-satisfaction surveys, including online for passengers • Service calls and contact by letter before departure • Ongoing relationship, including meetings and follow-up with customers • via freight and ticket-booking agents
• **Employees** • **Trade unions**	• 5,900employees in 20 countries (year-end 2012) • Trade unions • Sailors' unions • The International Labour Organization (ILO)	• Daily management • Annual performance and development reviews • Weekly newsletter for employees • Employee survey every two years • Regular meetings and courses • Zoom (management development programme)
Public-sector and government agencies (on land and at sea)	• The International Maritime Organization (IMO) • European Maritime Safety Agency (EMSA) • Organisations that investigate accidents at sea • Working environment agencies • Maritime and coastguard agencies • Environmental agencies • Local authorities • Customs & Excise, immigration departments • Port authorities • Highways agencies • National tourism bodies	• Meetings with industry associations • Communications regarding compliance with regulations • Campaigning • Investigation of incidents • Meetings with national governments and ministers • Promoting tourism in regions/countries
Finance	• Shareholders, including the main shareholder, the Lauritzen Foundation • Investors • Financial institutions • Insurance companies and brokers	• Quarterly reports • Company announcements • Public conference calls • Investor meetings • International "road shows" • Regular dialogue with analysts • Online updates • Regular dialogue with insurance brokers/companies, company visits
Industry organisations	• PSS (Ports Skills & Safety) • PSA (Passenger Shipping Association) • The European Community Shipowners' Association (ECSA) • INTERFERRY • Local shipowners' associations • Classification societies	• PSS meetings and management involvement • Meetings of PSA's Ferry Section • PSA meetings on safety, health, hygiene, the environment and welfare • Other informal and formal meetings with competitors and trade associations • Lobbying/campaigns
Suppliers	• Catering suppliers • Bunker suppliers • Hauliers • Suppliers of spare parts and equipment for ships • Shipyards • Manufacturers of transport equipment • Other suppliers	• Ongoing dialogue • Audit of major haulage companies • Mentoring programme for smaller haulage companies • Internal classrooms made available to business partners
Local communities in which we operate	• Neighbours to ports, terminals and routes, warehouses, offices and other facilities	• Contact via local employees • Newsletters and notification of changes • Charity, sponsorships
Media, NGOs and others	• Media • NGOs (national/international) • International organisations • The Lauritzen Foundation	• Communications Division • Membership of organisations • Co-operation with specialist organisations, e.g. Carbon Trust • Various publications and commitments

What do customers expect of us?	Progress in 2012	Plans for 2013/2014
• Reliability and safety • High frequency and capacity • Easy to work with and travel with • Timely information about changes • Informed employees who solve problems • Proposals for improvements • Integrated transport solutions • Ongoing adaptation of on-board facilities to meet customers' needs • Understanding customer needs by conducting surveys	• Customer Focus Initiative launched • Customer Satisfaction Survey conducted • Phase 1 upgrading of InfoBridge • New key account organisation implemented • New booking system for passengers in service on the English Channel • Continuous improvement of online booking interface	• Continuation of Customer Focus Initiative • Phase 2 upgrading of InfoBridge, freight booking and information system • Upgrading of the passenger areas on passenger ships during docking • Sales training • Cargo Care, further development of damage prevention • New CRM system • Further roll-out of new booking system for passengers
• Healthy and safe working environment • Reasonable terms and conditions of employment • Rewarding extra effort • Career development • Option of on-the-job learning • Ethical and consistent management and working conditions • Diversity	• Code of conduct introduced • Development of HR system for the whole Group • New development programme for specialists • Boot camps for managers	• Promoting safety culture through ongoing training • Introduction of HR system across the whole Group • Diversity programme • Focus on talent management
• Compliance and risk reduction • Information on security and immigration control • Accessibility • High quality in occupational safety and health • Continuous reduction of environmental impacts, including emissions, introduction of fuels with low sulphur content, improvement of anti-fouling paint, responsible scrapping and waste processing	• Ongoing testing after the introduction of sulphur scrubbers on FICARIA SEAWAYS • Development of systematic management of safety processes	• Launch of a study of scrubbers • Implementation of system for managing security-related processes
• Transparent, consistent and accurate reporting • Access to management • Responsibility and reliability • Security and active risk management	• Investor meetings in Denmark and abroad	• Greater frequency of international roadshows
• Reduction of emissions, including the introduction of fuels with low sulphur content for ships • Continuous improvement of work on health and safety	• New propellers on ships in the English Channel	• Meeting the new target for reducing fuel consumption • Extending data-recording system to include CO_2 emissions in DFDS Logistics • Additional EURO 5 trucks • Investment in land-based electricity supply
• Accessibility and accountability • Safety-management systems • Risk assessments • Cutting emissions • Optimal value, including non-financial factors	• Development of scrubber technology with suppliers	• Development and implementation of a new "global" supply chain system • Supplier database
• Employment opportunities • Responsible operations/good neighbourliness • Noise-reduction measures	• Drawing up the basis for making decisions regarding investment in land-based electricity supply	• Investment in land-based electricity supply
• Accessibility • Transparent, consistent and accurate information • Environmental management and performance, including emissions and responsible scrapping of ships	• Continuous media dialogue • Environmental initiatives (see above)	• Development of social media strategy • Environmental initiatives (see above)

IMPORTANCE TO STAKEHOLDER \ IMPORTANCE TO DFDS	LOW	MEDIUM	HIGH
HIGH			• Employee H&S (and security) • Customer H&S and security • Fair employment/Provide good jobs • Greenhouse gas emissions • Compliance • Emergency response
MEDIUM	• Noise	• Business ethics • Community donations • CR governance • Employee training/career dev't • Local air emissions • Marine pollution • Resource efficiency (waste, energy, water etc) • Responsible policy advocacy • Responsible procurement • Ship disposal • Accessibility to stakeholders • Internal and external communication	• Financial results • Global air emissions • Financial reporting • Employee Diversity • Collaborating with Customers on CR issues • Efficient and effective infrastructure
LOW	• Ship registry (GRI LT1) • Biodiversity/ecological protection	• Smuggling (people and goods)	

Significance of CR
At company seminars and by benchmarking with other companies, a number of factors have been identified that affect the welfare of employees, customers and other stakeholders. Their significance is calculated on the basis of internal and external stakeholders' perspectives and summarised in the matrix above.

The hierarchy of significance is a dynamic process based on knowledge gathering and ongoing dialogue with stakeholders.

Significant CR factors in DFDS
The top right-hand corner of the table shows factors that are of great importance to external and internal stakeholders. For DFDS, these factors are staff welfare, customer welfare, greenhouse-gas emissions, fair employment terms and conditions and, fundamentally, compliance with regulations and legislation.

About this report
The information and data in this report on social responsibility concerns DFDS' activities in Northern Europe, including ships, port terminals and offices, including the head office in Copenhagen. CO_2 data is based on documentation of bunker consumption and does not currently include energy or CO_2 data from the Logistics business area and offices. The report does not include joint venture activities or partner organisations' activities. The information in this report meets the amended requirements of the Annual Accounts Act of 2009 and is subject to internal data-management systems and audits. The data covers the period from January to December 2012. The report has not been externally and independently evaluated. The report has been drawn up in accordance with the principles for content and quality outlined in the Global Reporting Initiative (GRI)'s Sustainable Development Reporting Guidelines (version 3.1).

SAFETY AND SECURITY

THE SAFETY OF PEOPLE IS OF **PARAMOUNT IMPORTANCE TO DFDS**

SAFETY AND SECURITY – SEA

Highlights

- No incidents with a high severity rating recorded in 2012
- Continuously improving safety & incident reporting
- Design and implementation of a Global platform to facilitate Operational Safety Performance in the Fleet

Our approach

Part of DFDS' customer service is to ensure systematic implementation and monitoring of safety standards. Safety processes build on continuous improvement and sharing of best practices. In our approach to managing health and safety (H&S), employees, passengers, freight customers and regulators are key stakeholders.

Corporate safety and security objectives and requirements are determined by national and international regulations. Under the International Safety Management (ISM) code and the International Ship and Port Facility Security Code (ISPS), all maritime safety measures and security factors must be reported for all ships on an ongoing basis, and all ships must report any incidents on board. This can be anonymously under a 'no blame' policy according to Company Procedures and international safety guidelines. In our logistics business we are guided by industrial and highways regulations as standard.

The ISM code aims to ensure that all relevant standards are respected, and that safety contingency plans work. This applies to safety equipment, safe ship construction, management procedures, training of the crew, drills, document control, and formal safety monitoring, structured management reviews and auditing principles.

The ISM code also requires a designated person ashore to ensure safe operations and a link between the shore-based management and the captain and crew onboard. Safety and security audits are held on all ships in the fleet at least once a year. Findings are detailed, analyzed, measured and shared to promote best practice and continuously promote a strong safety culture onboard. In addition, inspections are also carried out as a separate task during the year.

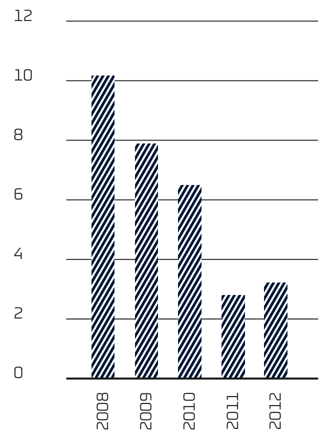
DFDS' Health, Safety and Environment Policy, which is reviewed annually by Management, strives to deliver improvement through active demonstration of commitment and leadership at all levels in the shipping and logistics businesses. This means practicing what we preach, where all managers behave in a way that demonstrates safety and accountability.

Operational Safety Performance is a huge part of "THE DFDS WAY", where the implementation and roll out of global systems supports the DFDS Operating model in striving for continuous improvements and applying best standards across flags. One of the core principles of managing vessels on different flags is to ensure that the highest standards from one flag is made applicable to the rest of the fleet through our Safety Management System.

Our security management is governed by the International Ship and Port Facility Security (ISPS) Code, which helps protect against terrorist attacks and other disruptions. Shipping and logistics are subject to security inspections on a regular basis. Audits are held in conjunction with safety audits. The fleet regularly takes part in exercises with different countries' emergency services, in order to train staff, exchange experiences and ensure the ships are prepared for any eventuality.

We monitor the vessel's performance on external surveys, accidents, incidents and near-misses and review the outcomes of regular audits on a monthly basis. This approach involves clear targets for shipping safety at business unit level. Our Marine Standards experts, People and Ships VPs and CEO meet to formally review the vessels safety related performance monthly. Core to this process is to review all safety and operational related data collected from ships in readiness for inspection by maritime authorities, and is published to all vessels and key shore based managers.

LTIF ON DFDS PASSENGER AND FREIGHT SHIPS
(LOST TIME INJURY FREQUENCY)



We engage on safety and security with relevant national and international stakeholders, National Maritime and Port Authorities, the Danish Shipowners' Association, British Chamber of Shipping, Nautical Institute, UK Passenger Shipping Association, International Chamber of Shipping's Passenger Ship Panel and the Nordic Committee for Passenger Ship Safety ("Nordkompass"). DFDS employees sit on H&S meetings of Work Councils and work with suppliers to identify safety opportunities.

Training for situations requiring first aid is also maintained. For example, each year, hundreds of officers and all crew are trained to various levels in paramedic care and basic or advanced first aid. On all passenger and cargo ships extensive drills are conducted each week based on around 15 different scenarios such as marine evacuation.

Shipping incidents reported*	2012	2011	2010	2009	2008
Near miss reports (average per vessel)	38.5	31.7	13.4	4.8	4.2
Lost time injury frequency (LTIF)	3.3	2.9	6.6	8.0	10.2
Fatalities	0	0	0	0	0

* Data excludes the subsidiaries AB DFDS SEAWAYS (Lithuania) and DFDS Logistics AS (Norway)

Important events in 2012
All vessels are surveyed and certified according to international, EU and national legislation, including internal audits and inspections on safety and security according to statutory instruments and company procedures.

In 2012, the Lost Time Injury Frequency (LTIF)[1] was 3.3, up from 2.9 in 2011. Near misses on average per vessel were recorded at 38.5, up from 31.7 in 2011. The increase reflects a higher level of awareness on safety and the number of near misses reported is expected to continue to increase in coming years based on our continuous focus to improve. There were zero fatalities in 2012 in sea operations.

In August 2013 the ILO Maritime Labour Convention will come into force, which is applicable to all DFDS managed vessels. This new set of rules apply minimum standards on an international level in terms of crew welfare, Food and Hygiene Safety and safety related issues, which will be governed, certified and audited at the same level as the Safety Management System.

In early 2012 LIVERPOOL SEAWAYS was detained in Karlshamn, Sweden until deficiencies were corrected, including evacuation ladders that were too short.

Future steps / Commitments 2015
- Roll out of a global platform to facilitate Operational Safety Performance in the entire fleet.
- Maintain progress towards zero lost time accidents
- Report group wide safety data in 2014

HEALTH & SAFETY – LAND

Highlights
- No fatalities and no events with a 'high severity' rating recorded in 2012
- Group-wide network of safety data responders developed for collation of a 'headline' safety performance KPI at Group level on a monthly basis
- Injury accident trend analysis generated for events in 2012 to assist in the formulation of Site Safety Action Plans for 2013
- Regular, periodic engagement with industry agencies in UK (the Passenger Shipping Association and Port Skills & Safety Ltd.[2]) maintained

DFDS' Safety Management System
Safety management is operated by local management teams per individual operating entity to maintain flexibility and proportionality of response based on risk. Thus, more safety controls are being operated for higher risk activity (Terminals) than lower risk activity (Offices), eg. formalised inspection regimes only operated on higher risk sites.

The national and international safety legislation applicable across the DFDS Group has a common basis in EU Legislation allowing an internal safety management standard to be developed for application within the DFDS Group 'Dry' activities based on a UK model of safety management. The system is detailed in a Safety Framework Document, a guidance document providing a model for safety management throughout 'dry' activity (Port Terminals [Freight & Passenger operations], Warehouses and Offices). Internal auditing has been performed on a risk-prioritised basis using the Safety Framework Document to assess compliance; the audit programme will continue in 2013, again, on a risk prioritised basis.

Reporting
A network of 43 individual 'data responders' covering 59 operational sites has been developed in 2012. This allows the centralised collation of Group safety performance data on a monthly basis which forms the basis of a monthly report made available to management.

The following vessels recorded no lost time accidents for 365 days or more by the end of December 2012	
Britannia Seaways	1,275
Primula Seaways	1,163
Ficaria Seaways	972
Anglia Seaways	681
Flandria Seaways	645
Dunkerque Seaways	556
Begonia Seaways	484
Freesia Seaways	483
Magnolia Seaways	482
Selandia Seaways	481
Suecia Seaways	421

Due to the wide variance across operational entities/sites, the reporting system is both simple (so as to not over-burden small, low-risk units) and yet sophisticated enough to allow the reporting of injury accident detail allowing generation of causal analysis. Causal analysis is used to inform managers of trends for actioning and to feed into managers' 'safety action plans' to ensure the proactive management of safety.

Manual handling and slip/trip have been identified as major causes of injury accidents (both lost-time and minor) in 2012. As both these causes are largely within the control of the individual, the main thrust of safety performance improvement in 2013 is to target the development of overall safety culture within the workforce to grow the concept of personal responsibility for safety; safety culture development is complementary to the overall culture of the DFDS Way (continuous improvement with the organisation becoming a learning organisation).

Safety Performance
Overall, safety performance was satisfactory in 2012 with zero penalties, zero fines etc imposed by regulators and with 72% of operational entities reporting 'no injuries' at all.

[1] Lost Time Injury Frequency is the frequency of lost work days per one million exposure hours. A lost work day is time lost from an injury which results in an individual being unable to carry out any of their duties or to return to work on a scheduled work shift on the day following the injury.
[2] Data exclude local operating subsidiaries AB DFDS SEAWAYS (Lithuania) and DFDS Logistics AS (Norway)

The key safety performance indicator used is 'Lost-Time Injury Accident Frequency Rate'[3] which provides a single 'headline' statistic to allow direct safety performance comparison (i) across all DFDS 'Dry' activity and (ii) between DFDS 'Wet' and 'Dry' activity and also (iii) with external organisations (benchmarking).

Data on minor injury accidents is also collated centrally whilst data on Accident Potential (non-injury events ie. near-misses and hazardous observations) is maintained within individual operational entities and is not collated at Group level.

2012 safety performance data will be taken to represent 'average' safety performance and thus become the 'baseline' for future performance comparison/improvement target setting.

The Accident Frequency Rate (AFR) chart shows an overall downward improvement trend in the period August-December 2012 which is hopefully to be continued in 2013.

The dominant causes of injury accidents are slip/trip and manual handling; these two causes combined account for 57% of all injury accidents. Injuries caused by both slip/trip and manual handling (and handtools usage and tug driving) are largely due to human factors (individual mistakes and errors) by personnel who have a large element of personal responsibility for safety.

Thus, causal analysis has identified that safety culture needs to be improved to reduce the number of injury accidents, ie. a general improvement of personal safety attitudes and behaviours, rather than improvement to the 'hardware' of existing safety management systems/practices being required. This will be addressed in 2013 by the provision of specialist safety training.

Safety Training in 2013

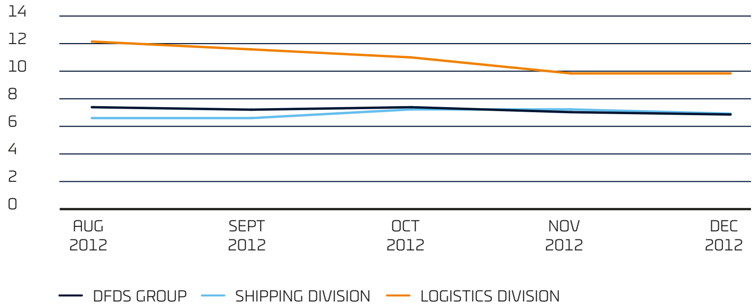
A 'Safety Workshop' is to be held early in 2013 (6th March, at Immingham Terminal, UK) for the network of safety data responders to assist in developing the homogeneity of the safety management system across the Group. Also to develop data responders into the role of 'site

SAFETY PERFORMANCE LTAS1 2012*

DFDS Element	2012 Actual LTAs (Jan-Dec)	Headcount, dry (Ann. Av.)	Man-Hours (est.)	Annualised AFR 'less is more' Ideal is zero
Logistics Division	17	857	1,727,712	9.84
Shipping Division	22	1578	3,181,248	6.92
DFDS Group	39	2821	5,687,136	6.86

* Lost-Time Injury Accident Frequency Rate

ACCIDENT FREQUENCY RATE, MOVING ANNUAL TOTAL
(AFR)

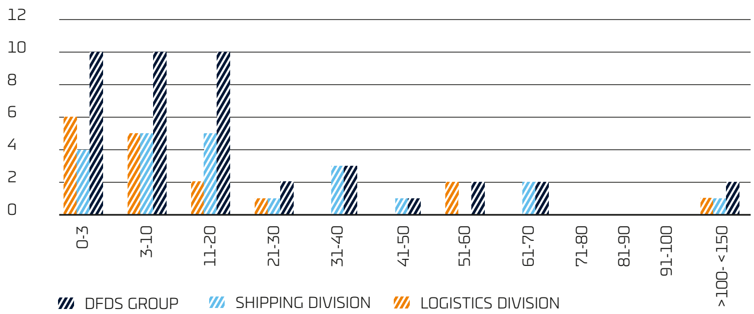


Injury Severity (Lost-Days)

DFDS Element	LTAs	Actual Lost-Days 2012	Average LDs per LTA	Adjusted* LDs per LTA
Logistics Division	17	344	20	13
Shipping Division	22	528	24	19
DFDS-koncernen	39	872	22	17

* The average lost-day-per-event data can be skewed by the inclusion of single extreme events which result in excessive time off work for an individual. There have been 2 such events in 2012, with absences of 134 days and 123 days respectively (see lost-day distribution chart). Removal of these 2 extreme events allows a more representative average lost-day per LTA to be generated.

LOST-DAYS DISTRIBUTION CHART
(EVENTS)



[3] Definition; Lost-Time Injury Accident Frequency Rate (LTA-AFR) is the frequency of lost work days per one million man-hours (exposure hours). A lost work-day is time lost from an injury which results in an individual being unable to return to work on a scheduled work shift on the day following the injury.

safety champions' as part of the overall development of safety culture within the DFDS Group.

With regard to the provision of specialist safety training, DFDS now has two qualified trainers, one in Immingham, one in Dover, for the delivery of IOSH (Institution of Occupational Safety & Health) Managing Safely training (high quality, externally approved specialist safety training for managers and supervisors). Specialised IMDG (International Maritime Dangerous Goods Code) code training is also provided in-house.

Basic safety training is to be further promulgated amongst the workforce in 2013 via modules delivered on-line using an e-learning package which has already been successfully piloted within several locations in 2012. This methodology provides a very flexible, resource-effective approach to safety training. This will be supported by the provision of short, in-house, training courses on a variety of safety topics eg. risk assessment, event investigation, to be made available as a form of mentoring to personnel to assist in developing skills in operating the Group safety management system.

The Group safety manager attended an 18001 auditing course in January 2012 as research for the potential application of this international standard within the DFDS Group.

Next steps/commitments 2015

- Wider use of on-line training tool
- Applicability of 18001 safety management standard to be further researched
- Risk-prioritised auditing programme to continue
- Workshop feedback to be used to formulate specific actioning
- Support improvement actions at individual sites based on causal analysis

COMBINED INJURY CAUSAL ANALYSIS (LTAS & MINOR)

Injury	Code	Cause	Percentage of Total
8	'B'	Falling Object	6%
3	'C'	Moving Vehicle Strike	2%
9	'D'	Struck something fixed	7%
35	'E'	Manual Handling	28%
37	'F'	Slip/Trip	29%
2	'G'	Fall from height	2%
1	'H'	Trapped by collapsed load	1%
3	'J'	Burnt (workshop)	2%
1	'M'	Injured by animal	1%
7	'N'	Handtool	6%
9	'O'	'Other'	7%
12	'T'	Tug Driving	9%
127		**Total**	**100%**

SAFETY CULTURE DEVELOPMENT AS PART OF THE DFDS WAY

The DFDS Way	Safety Culture
Customer Driven	Customers want to use reputable organisations; this requires good H,S,E
Continuous Improvement	SMS drive is to zero injury accidents & healthy workforce
Best Practice	Performance comparison identifies good practice for promulgation between BUs within the Group
Leveraging Scale	Group-wide SMS creates supportive network of safety advisors replacing isolated individuals
Performance Culture	Safety culture requires individuals to change their existing attitudes & behaviours; DFDS to become a learning organisation

STAFF AND LOCAL COMMUNITIES

WE BELIEVE DIVERSITY WILL STRENGTHEN OUR ABILITY TO MEET CHALLENGES AND REACH OUR GOALS

Highlights
- 5,900 employees in 20 countries
- Internal management-development programme – ZOOM (400 participants since 2009)
- New Shipping & Logistics trainee programme
- Internal development programme for specialists – FOCUS

OUR APPROACH
Our human resource management is based on The DFDS Way, which describes the principles according to which the company operates and the way employees are expected to act and conduct themselves.

Our work with human resources (HR) and social responsibility (CR) focuses on employee health, safety, security, training, career development, diversity and working conditions.

HR POLICIES
DFDS has developed a range of joint policies in areas such as international management, employee assessment, training and development, salaries and bonuses, working time, employee satisfaction, recruitment, work standards, ethics, complaints and company cars.

Policies have also been drawn up regarding consumption of alcohol/drugs, employee development and officer replacement. Joint policies are currently being drafted on diversity and employee retention.

Many of these policies are clearly set out in DFDS' Code of Conduct, which provides a framework for how DFDS employees should act. This applies to working with customers and suppliers as well as with the outside world in general, on matters such as, for example, the environment, working conditions, health, safety and financial transactions.

As a next step, a whistleblowing scheme is envisaged that will allow anonymous information about serious breaches of the guidelines to be submitted.

Diversity
Diversity will play a crucial role in DFDS' future growth. We believe that different skills and ways of seeing the world and meeting challenges strengthens our ability to fulfil our strategy and vision. DFDS' workforce should be multicultural and diverse in order to reflect the society in which we live and work.

As diversity among employees and managers is important to us, we would like to see more women in senior management positions. This fits well with a Danish bill requiring the 1,100 biggest companies in the country, including DFDS, to set targets for the number of women on their boards. At present, women only account for approximately 27% of the Supervisory Board. Our ambition is to increase this to at least 33% within the next four years and at least 40% by 2020.

Based on company policy, DFDS has drawn up an action plan containing specific short- and long-term initiatives. Each year, we will report on our goals and progress in these areas.

New to DFDS
We have introduced a wide-ranging Group Induction Policy to help new employees' acclimatise to their workplace and to the corporate culture and working environment. Under this policy, all managers will be given guidelines to ensure that new team members undergo a systematic induction that is consistent with our core values, The DFDS Way and our performance-driven culture.

Testing at DFDS
As part of DFDS' recruitment process, tests are used as a dialogue tool, but not as a method of examining applicants. Following the acquisition of Norfolkline, the need arose to adapt these tests so that they could be administered by a single provider. During the summer of 2012, after assessing several providers, we decided to use Thomas International for future testing. Certification and implementation is taking place in the period Q4 2012 to Q1 2013. Along with the decision about the new testing tool, a general group policy has been defined that describes tests in DFDS and related ethical principles.

HR ORGANISATION: PEOPLE & SHIPS
Responsibility for HR lies with People & Ships. People & Ships is responsible for personnel and human-resource development in both the Shipping and Logistics divisions, as well as in the central functions, including Technical Organisation and operating ships.

Employees at sea and on land are subject to a number of collective-bargaining agreements that vary according to seniority and rank/pay grade and under which flag a ship is sailing.

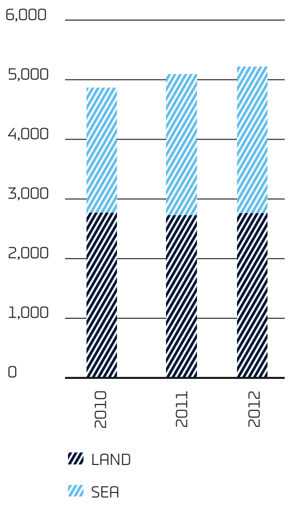
HR and CR work is co-ordinated by DFDS' Director of Environment & Sustainability, who is chair of the CR Committee and reports to the Executive Vice President for People & Ships. This ensures high-quality health and safety management at sea and on land in accordance with The DFDS Way.

Collaboration and local conditions
Three HR directors report to the Director of People & Ships and work with local managers to ensure understanding of and respect for local conditions. This includes working with the staff in health and safety committees, works councils and trade unions.

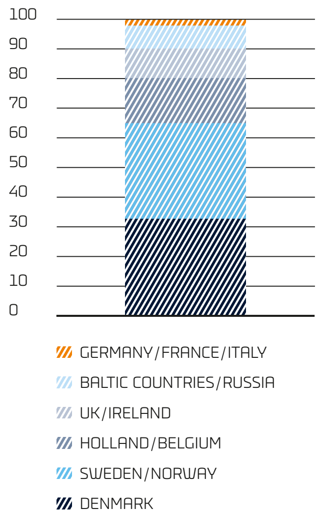
DFDS encourages open and trusting dialogue with unions and staff, who are also encouraged to discuss any issues with the relevant HR director.

In 2012, no fines, lawsuits or breaches of rules were registered in the HR area.

DISTRIBUTION OF EMPLOYEES ON LAND AND SEA
NO. OF EMPLOYEES



EMPLOYEES PER COUNTRY, 2012
(%)



DFDS AND DMMA INTRODUCE INNOVATIVE AGREEMENT

In 2012, DFDS and the Danish Metalworkers' Union – Maritime Section (DMMA) drew up an innovative agreement to set up a social fund. DMMA members in service functions on a number of Danish passenger ships will be offered the option to reduce their working hours, with compensation for loss of wages (via disbursements from the fund), if due to illness or for other reasons they can no longer cope with a full-time job. This will allow them to retain their social links to the workplace.

The fund was established with DKK 1m from the Lauritzen Foundation along with additional support from DFDS' Jubilee Foundation, and is funded through payments by DMMA members and by DFDS. These payments form part of the collective agreement between DFDS and DMMA. A fund board, comprising members from DFDS and DMMA, will make decisions regarding payments. The chair of the board, which will rotate between DFDS and DMMA, is currently held by the Group manager for People & Ships. DFDS would like to see similar agreements in more areas.

PRIORITIES 2012

Improvements following the staff survey
Our last employee survey was conducted in 2011. The survey is conducted every two years and involves all DFDS staff. The study indicated a need for further action in the area of personal and professional development. As a result, a new training programme, FOCUS, was introduced for specialists and key employees. The two programmes we ran in 2012 were highly successful, and we plan to run three in 2013.

Training for customer project
A further need for training was identified in connection with the DFDS project Customer Focus Initiative (see page 16 for an introduction to this project). HR has therefore started to develop and organise a training programme that will encompass sales, customer service, skills enhancement, etc.

Management training
DFDS runs an internal management training programme (ZOOM). Since 2009, 400 managers have taken part in it. In 2012, a version of ZOOM was adapted for senior management.

Integration of CR into HR
In 2012, in order to focus more directly on CR and the integration of DFDS' HR work, a working group was set up com-

prising representatives from different parts of the organisation. Within the CR area People & Community, the main focus is on inclusion, social impact and DFDS as a workplace. The objectives include defining KPIs for these areas.

Trainees
A new training programme, developed along with the Danish Shipowners' Association, led to the recruitment of six international trainees in September 2012. They have commenced a two-year period of rigorous training in our business areas, combined with theoretical study at college. A further six will be recruited in 2013 – this process has already begun.

Continuing education
In connection with the renewal of agreements in 2012, DFDS and the shipowners reached agreement on a number of issues with the Danish Metalworkers' Union – Maritime Section (DMMA). It is now possible for seafaring employees who are members of the union to take training courses if they have no or few certified qualifications.

The parties have discussed how this should be financed and have agreed to apply to various funds for support. In addition, individual seafarers may enter into a training agreement with DFDS, which will then help fund their training by paying a lower wages during the training period. Agreements with DMMA cover most employees in catering and about half of all other employees (deck/engine).

Apprenticeship scheme for ships under the UK flag
Due to the demographic profile of our maritime employees on vessels under the UK flag, it is predicted that a large proportion of our able-bodied sailors will retire over the next 2–5 years. We have therefore, in collaboration with the Merchant Navy Training Board and the British Chamber of Shipping, secured funds for an apprenticeship scheme for local youngsters in the Dover area. We have begun collaborating with local schools in order to attract suitable candidates. Apprenticeships are combined with seasonal positions as car-deck marshalls, which means that candidates go to college for maritime training during the off-season, and in the high season, they return to the ships as car-deck marshalls and gain practical work experience at sea. The programme was launched in November 2012. After 18/24 months, the first "local born and bred" able-bodied seafarers will qualify just in time to take over when the first of the older generation retires.

Socially relevant support
Relationships with local communities are mainly a local responsibility. DFDS disseminates information about local initiatives such as volunteering and fundraising projects initiated by employees. This demonstrates DFDS' values and inspires others to take similar initiatives.

It is also complemented by initiatives across the Group, including with the support of the Lauritzen Foundation. One example is DFDS' ongoing collaboration with the partially publicly funded company High Five (highfive.net), which finds jobs for young people with criminal records. The aim is to give the participants the opportunity to return to a normal life. At present, five young people working for DFDS were recruited in this way. In total, approximately 30 youngsters have been recruited to date, of whom 60% have gone on to a permanent job.

Another example is the Christmas party for homeless people, which is held in December in Oslo and Copenhagen and attracts approximately 200 attendees in both cities. In Oslo, the event was held on CROWN OF SCANDINAVIA, in co-operation with Nettbus and the Salvation Army. In Copenhagen, the Christmas party was held on PEARL SEAWAYS, in collaboration with the Mission for the Homeless. The crew worked on a voluntary unpaid basis.

Behaviour – The DFDS Way
Throughout 2012, training sessions have been organised and conducted under the banner "Performance Management – The DFDS Way". This initiative is aimed at managers and supervisors throughout the whole of DFDS Seaways, including ships from Sweden, Norway, the Netherlands, Belgium, Germany and the UK, as well as DFDS Logistics. The objective is to provide managers with a set of tools that will help them effectively measure and manage performance and foster a performance-driven culture.

Future steps/commitments 2016
- Develop and implement an HR management information system across the group
- Establish a training programme for Customer Focus Initiative
- Implement a diversity policy
- Report on diversity targets and progress
- Create career paths for employees

ENVIRONMENT

A PRIMARY GOAL IS TO LOWER EMISSIONS & IN PARTNERSHIP WITH STAKEHOLDERS TO CONTRIBUTE TO AN EFFICIENT & **CONSIDERED EVOLUTION OF ENVIRONMENTAL RULES**

Highlights
- Bunker consumption reduced by 10% over five years
- Over the next five years, bunker consumption to be reduced by a further 5%
- Environmental work based on effective knowledge-sharing based on local and central initiatives
- Strategy and plans for the transition to lower sulphur content in 2015 in place

Our approach
DFDS' approach to the environment is guided by company policy, as drawn up by Executive Management and approved by the Board of Directors.

The frameworks for the work and reporting are laid down by the CR Committee, which is chaired by the Director of Sustainability & Public Affairs. The day-to-day work is mainly done by Technical Organisation and the Sustainability & Public Affairs department, both of which are a part of People & Ships.

As per The DFDS Way and its ambition of continuous improvement and effective sharing of best practices, local initiatives, departments and employees are the main driving force behind work on the environment.

The environment report deals with initiatives at sea and on land.

At sea
Reducing fuel consumption and CO_2 emissions at sea consists of three main priorities:

A: The interface between ship and shore
This includes schedules, arrival and departure times, co-ordination between ship and shore on arrival and departure, load planning, loading, etc. The goal is to make sure that the ship has the shortest possible stay in port and maximum time at sea. This allows us to cut the sailing speed and fuel consumption.

B: Technical optimisation
Technical optimisation incorporates e-navigation, including IT programmes that plan optimal sailings based on detailed information about ships and routes, along with real-time information about currents, water depth, wave direction and height, wind, optimisation of the ship's trim, etc. It also includes the optimisation of engines, switching to more energy-efficient propellers and rudders, cleaning of hulls and reducing on-board energy consumption, which includes hundreds of initiatives regarding pumps, heating, lighting, etc.

C: On-board behaviour
Via their behaviour, individual employees and teams can make a significant impact on energy consumption. A considerable shift in attitudes has already been noted, and each and every individual now aims to help reduce energy consumption. To support this, DFDS awards a quarterly Bunker Prize to the ship that is best at sharing experiences of the bunker-optimisation initiatives implemented on board. As all of the ships vote for the winner, ideas are spread effectively, everybody is kept up-to-date, and – as per The DFDS Way – best practices in the environmental field emerge.

Laws and regulations
The maritime environment is covered by international and regional conventions and laws, which are continuously adopted and implemented. As far as DFDS is concerned, the most important ones are usually conventions and laws passed by the UN's International Maritime Organization (IMO) and by EU and national governments.

Most of the rules that affect efforts to reduce pollution from ships are part of the MARPOL Convention.

The MARPOL Convention regulates the use of hazardous substances, the processing and discharge into the marine environment of potentially environmentally harmful substances (e.g. sewage, oily water and ballast water) and emissions into the atmosphere of potentially environmentally harmful substances such as CO_2, NOx and sulphur from ships' engines.

The AFS Convention governs the use of antifouling paints on ships. The routines and processes that ensure compliance with these rules are described and documented in the company's safety-management system, International Safety Management (ISM), which is maintained and updated by the Marine Standards department. A complete, updated version is available on all ships.

DFDS and each of its ships are regularly audited, both internally and by external authorities. This ensures that the regulatory framework and the necessary routines are known and respected.

On land
On land, standard EU and national laws govern our work.

Environmental work on land is initiated by Health, Safety & the Environment, a sub-section of the Sustainability & Public Affairs Department in the People & Ships Division. Local management also initiates activities.

For example, activities on land must comply with legislation relating to climate change, e.g. Carbon Reduction Commitment (CRC) in the UK – a government scheme designed to promote efficiency amongst medium and large energy consumers.

In ports and terminals, every effort is made to improve energy efficiency in buildings, plant and equipment.

As part of our customer service, DFDS' logistics units in Belfast, Bruges, Ghent, Gothenburg and Helsingborg are ISO 14001 EMS-certified.

Environmental risks
The main commercial risk factors are changes in environmental regulations and increases in energy prices. The environmental policy contains guidelines for the analysis of costs associated with new regulations and their implementation, as well as the potential costs of solutions.

Legislation on sulphur content in bunkers
A particular risk is the introduction in 2015 of IMO rules about not using fuel with more than 0.1% sulphur content in a special control area comprising the Baltic Sea, the North Sea and the English Channel. This entails a risk that inflated prices for low-sulphur oil and generally higher costs for shipping could, in some transport corridors, lead to a greater proportion of freight customers opting for land-based transport solutions, which would have unintended environmental effects on land.

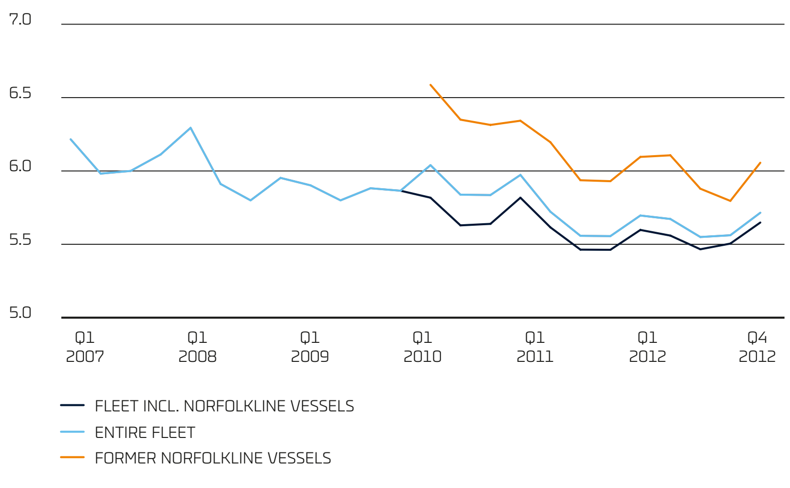
DFDS has adopted an innovative course to meet this challenge, and is studying solutions using new technology. In 2008, the company initiated collaboration with Alfa Laval and MAN Diesel to test new scrubber technology on the freight vessel FICARIA SEAWAYS, making it a pioneer in the use of sulphur scrubbers on a ship's main engine. The scrubber removes sulphur dioxide and particles from the exhaust fumes. Lloyds has been involved in the testing and auditing of the results for the device. As well as the technical development of the marine scrubber system, DFDS has also been involved in developing the regulatory framework that underpins their use.

However, despite the positive results on FICARIA SEAWAYS, a range of factors place limits on the use of scrubbers, including their size and weight, installation complexity and the stability and age of the vessel. Dialogue with the EU on funding for this kind of environmental investment will therefore continue. Alternative fuels are also being considered. Liquefied natural gas (LNG) may be suitable in some new ships, but the supply chain, price and practical implementation require further study and development. Although the shipping industry is prepared to invest, we (and our competitors) fear that switching to alternative solutions will not be feasible for ships within the deadline stipulated by the EU Directive.

Cleansing ballast water
Similarly, new regulations for cleansing ballast water, which are designed to counteract the spread of invasive species, will also present a major challenge for shipping companies, as they will need to invest in on-board waste-water treatment plants, grater tank capacity, etc.

Design index for ships (EEDI)
Under the auspices of the IMO and the EU, an Energy Efficiency Design Index (EEDI) has been adopted, which states that efficiency must be incorporated into ship design in order to reduce CO_2 emissions.

FLEET FUEL CONSUMPTION 2007-2012
(FUEL CONSUMPTION, G/GT/NM)



An EEDI has not yet been adopted for ro-ro and ro-pax ships, as a calculation method that will be accurate and useful for these types of vessel has not yet been identified. DFDS is involved in the dialogue and work to find a fair and workable calculation that takes into account the special conditions that apply to these ships.

PROGRESS IN 2012

CO_2 intensity
Fuel consumption (bunker oil) is the main source of CO_2 emissions from ships. Total consumption varies over time as the fleet changes. In order to trace trends on a transparent and objective basis, consumption is measured in grammes per gross ton (GT) per nautical mile (g/GT/nm).

The target of reducing CO_2 emissions by 10% was achieved in 2012.

However, the fleet has undergone substantial changes in this period and bunker consumption has been systematically quantified and monitored. With the acquisition of Norfolkline, DFDS acquired a significant business area in the English Channel, which altered the ratio of ro-ro to ro-pax ships. Ro-pax ships, especially those on short routes in the English Channel, are more fuel-intensive, which affects the level of savings on energy consumption. It is also significant that, in the first five years, DFDS has reaped the benefits of a number of readily accessible opportunities to achieve savings.

In spite of all this, we have now set ourselves the target of reducing fuel consumption per nautical mile per GT by an additional 5% by 2017.

In 2012, the average consumption (in g/GT/Nm) for the whole fleet was 1.9% lower than in 2011.

As shown in the figure, the changed profile of the fleet following the acquisition of Norfolkline has had an impact on the overall trend for fuel consumption. However, for all types of ships, the trend is for a steady reduction in consumption.

As seen in the tables on p 56, the target of a reduction of 10% between 2007 and 2012 has been reached (11.18%) if Norfolkline ships are excluded. If they are included, the reduction in the period was 9.5%. If neither the former Norfolkline ships nor the other vessels deployed on the English Channel in 2012 are included, the reduction was 18.4%.

FLEET INCL. NORFOLKLINE SHIPS FROM 2010 [G/GT/NM]

	2007	2008	2009	2010	2011	2012
Bunker consumption						
g/GT/Nm	5.95	5.84	5.68	5.75	5.39	5.38
% reduction from 2007	NA	1.85	4.52	3.27	9.33	9.50
% reduction p.a.		1.85	2.72	-1.31	6.26	0.19

% REDUCTION P.A. FLEET EXCL. NORFOLKLINE SHIPS [G/GT/NM]

	2007	2008	2009	2010	2011	2012
Bunker consumption						
g/GT/Nm	5.95	5.84	5.68	5.51	5.27	5.28
% reduction from 2007	NA	1.85	4.52	7.38	11.39	11.18
% reduction p.a.		1.85	2.72	2.99	4.33	-0.23

SAVE ENERGY WITH LED BULBS

An example of the many small initiatives taken on board DFDS ships is the three Dover–Dunkirk ships on which the lighting really lives up to the company's goal of cutting energy consumption and CO_2 emissions. Over the past year, almost 90% of the bulbs in the passenger areas have been replaced with LED bulbs. A total of 2,346 bulbs have been changed, resulting in a saving of 94,376 watts per hour for all three ships. The big 800- and 400-watt floodlight bulbs on deck have been replaced with 86- or 56-watt LED bulbs, resulting in a saving of more than 29,754 watts per hour.

Ship Energy Efficiency Management Plan (SEEMP)

On 1 January, a new rule came into force. All ships over 400 GT must have a Ship Energy Efficiency Management Plan (SEEMP). This is an IMO initiative aimed at improving the energy efficiency of ships. DFDS was well prepared to implement the plan, since we had already made a well-documented and structured effort to plan and implement energy-efficiency initiatives, including quantification and follow-up. SEEMP can be integrated directly into the DFDS maintenance system Sertica, which staff on the ships are trained to use.

Improvements in logistics activities

On land, port terminals and distribution hubs are becoming more energy efficient, e.g. through the establishment of an Energy-management Team (EMT). In Larkhall and Belfast, for example, new, more efficient cooling technology is expected to generate annual electricity savings of 30%. Increasingly environmentally efficient trailers and refrigerated vehicles are being used, including in collaboration with customers, e.g. the supermarket chain ASDA in Great Britain, which uses double-decker trailers to reduce greenhouse gas emissions per transported pallet. DFDS is also taking part in a public trial in Great Britain and Northern Ireland to test special long trailers that will reduce energy consumption per transported unit.

Work is ongoing with suppliers on the use of more fuel-efficient trucks, and we are continuously investing in upgrading the truck fleet to more energy-efficient and environmentally friendly EURO 5 trucks. In 2012, the proportion of EURO 5 trucks in DFDS' 150-vehicle fleet reached 50%. In Peterborough, the whole fleet has now been replaced with EURO 5 trucks.

Throughout the year, a number of local initiatives were implemented to reduce the number of kilometres driven without a load, which also helps to reduce energy consumption. The main focus was on planning and the use of IT tools. Gathering trailers and containers into larger pools is a particularly good way to plan this work more efficiently.

Environmental collaborations and partnerships

Considerable environmental benefits can be achieved by devising joint solutions in collaboration with suppliers, customers, authorities and other partners.

In 2012, in addition to the extensive co-operation with Alfa Laval, MAN and the Danish environmental authorities on the development of a sulphur scrubber (discussed above), DFDS worked with several other partners on a range of environmental initiatives. Projects included:

High-efficiency water-cleansing system

DFDS has installed and tested a new system for cleaning oily bilge water on PEARL SEAWAYS. It is more efficient and reliable, faster and cheaper to operate than existing ones, and is also certified as per IMO regulations. The cleansing effect far exceeds the requirements for bilge water, which are currently max. 15 parts per million (ppm) oil residue. The new system produces bilge water with less than 5 ppm.

Catalytic reactor on PETUNIA SEAWAYS

The manufacturer and supplier MAN has developed a new catalytic reactor that effectively purges ships' smoke of NOx. A pilot model was built into the engine room and chimney system of PETUNIA SEAWAYS in 2012. It is now being tested in regular daily operations in the North Sea.

Shore power

In accordance with the rules and as part of the campaign air emissions in ports, DFDS has been using fuel oil with a sulphur content of less than 0.1% while in port since 2010. Locally, this has resulted in a 90% reduction of sulphur in air pollution. In some ports, nitrogen oxides (NOx) are also removed using catalysts. With the help of local measures, DFDS is also continuously striving to reduce noise from ships' generators, ventilation systems and port operations.

Another effective tool for improving the environment in port areas is the establishment of shore-based electricity supplies, which enable ships to be powered from the grid while in port. DFDS has entered into collaboration with the Port of Ghent, Volvo Group and the EU (which will support the project with EUR 1m) on shore power in the ports of Ghent, Immingham and Gothenburg, as well as on the six ships calling at these ports. DFDS' investment in the project is approximately DKK 50m. The plants are expected to be ready to conduct shore-power tests by 2014. These particular ports and ships were chosen because they have the best conditions for setting up shore power, i.e. in terms of the ships' length of stay in port, the fact that the ships are expected to be deployed on these routes on a long-term basis, and the nature of ports and ships.

Dialogue with neighbours

In our port terminals, for example in Rotterdam, as well as on the ships, e.g. between Oslo and Copenhagen, DFDS enjoys and wishes to continue a positive dialogue with our neighbours regarding the inconvenience that shipping can cause, what we can do to reduce it and how best to create understanding between the parties through meetings, neighbourhood visits and other initiatives.

NEW SAILING TIMES SAVE FUEL

On 2 April 2012, departure times for the two passenger ships on the Copenhagen–Oslo route were modified to reduce oil consumption. The ships embark 15 minutes earlier and arrive 15 minutes later, so spend an extra half hour at sea every day. This cuts oil consumption by more than two tons per ship per day, which corresponds to a reduction in CO_2 emissions of over 6.4 tons per ship per day.

Waste processing and recycling of ships

Waste is produced by most activities on board ships and in logistics centres. Oil, chemicals and water used for cleaning purposes must be processed in accordance with environmental legislation (see the section on cleaning bilge water, above).

On the passenger ships on the Copenhagen-Oslo route, DFDS, in co-operation with an external company and in accordance with the rules in force in the two countries where the ships dock, has developed a particularly efficient and environmentally friendly overall plan for the processing and disposal of waste from the ships' operations, including the kitchens, passenger departments, etc. Ships are scrapped in accordance with the IMO's proposal to the Hong Kong Convention of 2009. In future, this will be done in accordance with the rules currently being discussed by the EU, which are expected to be adopted soon. DFDS did not scrap any vessels in 2012.

Future steps/commitments until 2015

- Further development of the plan to reduce bunker consumption by 5% over the next five years
- Continued focus on reducing energy consumption on board ships by local and central initiatives
- Increase the number of EURO 5 trucks
- Investment in shore power
- Continued testing of catalytic reactor for eradication of NOx emissions
- Investment in technology and equipment for cleansing smoke of sulphur.

CR CUSTOMERS

OUR GOAL IS TO BE OUR CUSTOMER'S **PREFERRED SUPPLIER**

Our approach
DFDS' approach to all customers is based on the five elements of our guiding star to customer service. We regard these as the key building blocks to customer service excellence, be that in a restaurant on one of our ships or as a freight customer requiring products delivered on time and in good condition.

We recognise that customers increasingly seek to understand companies' corporate responsibility (CR) policies and practices and aim to communicate these clearly in this report. Of particular relevance for DFDS' customers are safety, security, and the impact of transport services on the environment. Reporting on these areas of CR is available elsewhere in this report.

Our freight customers (B2B)
DFDS Seaways' route network comprises 30 routes with freight services offered on all routes. The main activity is shipping of unaccompanied and accompanied trailers for our largest customer segment, forwarding companies and hauliers. For manufacturing companies, heavy goods such as automobiles, steel, paper and forest products, and chemicals are transported. The network also carries containers and project cargo for the offshore and renewable energy industries.

Freight customers thus range from drivers accompanying their vehicles, to haulage and forwarding companies and large industrial production companies. For the latter customers, DFDS' services are an integrated part of the company's supply chain based on multi-year contracts, which often involve considerable investments in cargo carrying equipment and IT-systems. In some cases, deployment of larger ships to accommodate volumes, or ships with hanging decks for automotive logistics, are necessary.

DFDS Logistics provides door-to-door transport services for customers with full and part loads, both ambient and temperature controlled. Rail and warehousing services are also provided for customers. More complex logistics services that are an integrated part of the customer's supply chain are also provided, mostly for retailers and producers of temperature controlled goods.

All in all, DFDS provided transport and logistics services to thousands of customers in 2012. On the freight routes a total of 24.8 million lanemetres of freight were transported. The door-to-door and logistics services transported 330,000 freight units.

We continues to demonstrate commitment to our customers through ongoing investments in ships, port terminals, cargo carrying equipment, warehouses, IT systems and training.

Improving our customers results
We recognise that one of our responsibilities is to help our customers become more competitive through delivering efficient services. This requires continuous improvement in all parts of our operations, supported by a structure that nurtures innovation and spreads best practice.

DFDS' Fleet, Terminal, Rail, Haulage and Equipment competence centers contribute to growing efficiency and cutting costs. This work is supported by our Industry and Key Account Manager Teams that in collaboration with the local offices drive improvements to customer services, sales excellence and product offerings.

Actions in 2012
Cargo care & claims handling: When customers place their cargo in our care they rightly expect that we will treat it with care, from point of collection through to final delivery. We work intensively with damage prevention based on performance measurement, operational reviews, sharing of best practice, training and awareness. This is done in close cooperation between our Operational Competence Centers, ie. the Terminal Competence Center, local offices and the Claims Management team. Statistics and learnings are exchanged to drive through efficiencies and minimise damage to our customer's cargo.

We share the results of this work with our customers as it often can provide customers with opportunities to improve own operations and the type of equipment they use.

However, due to the significant volumes involved damages do occur. When they do we aim to handle the claims process in a fair, fast and effective manner, which ensures all claims are settled quickly and correctly.

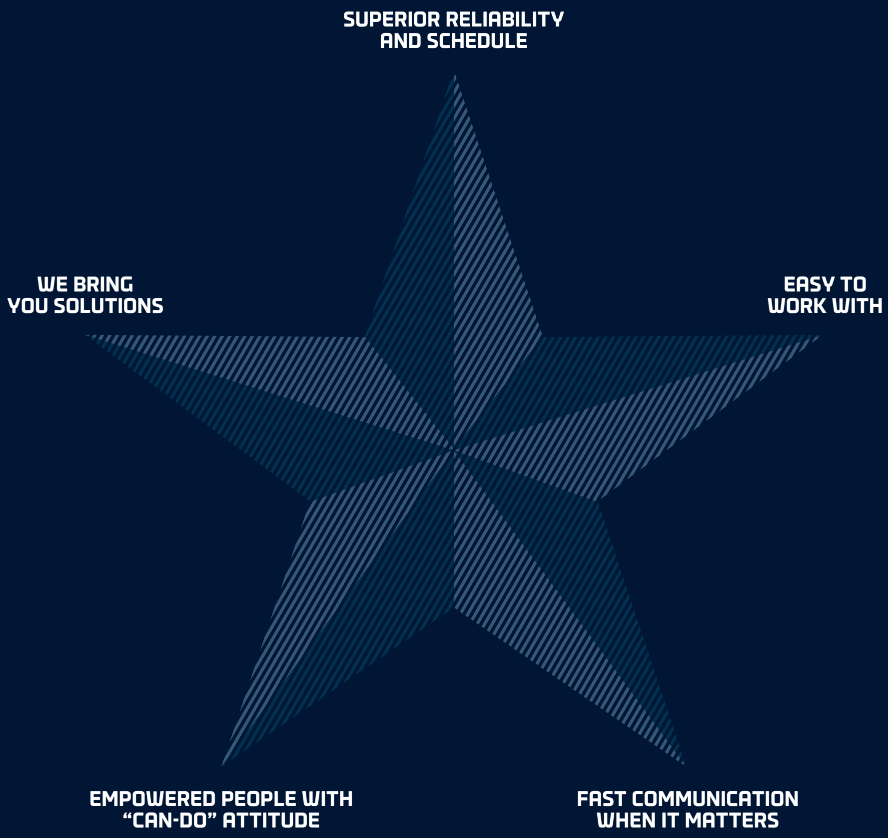
We adhere strictly to our Terms & Conditions, which are build on international conventions such as Hague Visby and CRM, and always refer to them as part of our quotation process in a clear and concise manner, giving customers the opportunity to understand them fully before placing orders.

Online freight bookings (InfoBridge): To further simplify the booking process and information exchange, the online booking system (InfoBridge) was upgraded with new, customer friendly features, including a new screen lay-out making InfoBridge quicker and easier to use for customers. The system will be further upgraded during 2013 with the aim of becomingindustry leader in terms of e-Business.

Enhanced terminal operations: To improve reliability and reduce our carbon footprint we continuously seek to increase the turn-around times of our vessels in a safe manner. The net effect has been a reduction in fuel consumption and an improved service to customers.

POD service: As an ongoing part of efforts to improve services and competitiveness, DFDS Logistics will introduce a mobile phone based POD service during 2013.

Equipment innovation: In order to lower DFDS' environmental impact, the fleet of Supercube trailers, capable of carrying up to 52 pallets, has been increased. Working closely with major retailers, this project has helped to reduce truck numbers and provide a significant reduction in CO_2 per pallet moved.



DFDS GUIDING STAR

1. **Superior reliability and schedule:**
   a. On-time reliability
   b. High frequency services and flexibility

2. **Easy to work with:**
   a. Transparent contact points for customers, simple communication
   b. Clear team structures, team services to support customers
   c. Simple and accurate customer processes

3. **Fast communication when it matters:**
   a. Communicating changes to customers based on what matters to customers and which communication options best fit their needs

4. **Empowered people with "can-do" attitude:**
   a. Customer service by informed, empowered, and motivated employees
   b. Service and action mindset always in place at DFDS

5. **We bring you solutions:**
   a. Active provision of services based on thorough understanding of customer needs
   b. Bringing new solutions to customers ranging from day-to-day, operational adjustments to exploiting DFDS' entire range of services and network to optimize a customer's operations.

DFDS also participates in trials conducted by the Department of Transport to operate longer semi trailers in the UK. The Department for Transport started the trials of 1,800 longer semi-trailers in January 2012. The trial involves semi-trailers of 14.6m in length (1 metre longer than the current maximum), and semi-trailers of 15.65m in length (2.05 metres longer). This brings the total maximum length of the articulated vehicle to 17.5 metres for the first trial category and 18.55 metres for the second. The trial provides the opportunity to establish the environmental and safety impacts of each length.

Next steps / Commitments 2015

- InfoBridge – implementation of phase 2 upgrades
- Providing KPI's to customers to monitor service levels and part of own cost of operation
- Customer payment performance

Our passengers (B2C)

In DFDS' route network, passenger travel services are offered on 13 routes. A total of 4.9m passengers travelled on these routes in 2012. The short crossings between France and the UK in the English Channel recorded the highest passenger volume with 3.3m passengers. Like the English Channel, DFDS' passenger routes in the Baltic Sea mainly serve the demand for transportation among its passengers and attracted 201k passengers in 2012. Furthermore, 1.4m people sailed on the three overnight cruise-ferry routes that connect the Netherlands, the UK, Denmark and Norway.

It is a key goal for DFDS to offer an experience to its customers across Europe that is in line with or exceeds their expectations. In order to live up to that goal, a safe journey for all passengers is of utmost importance. Safety on board the ships has highest priority and you find more information on regulations and initiatives in the 'Safety and Security' section of this CR report, see pp 47-50. In addition to taking responsibility for all passengers' safety, understanding customer needs is the cornerstone of DFDS's approach to satisfy customer expectations.

To accommodate and foster a customer centric approach within the company's organizational structures, a special Passenger Competence Center (PCC) was created. Its purpose is to increase consistency of passenger operations and to show 'one face to the customer'. Goals and tasks of the PCC include a unified level of customer service, alignment of all activities and services with DFDS standards, conformity in marketing communication and an overall travel experience that meets high standards on all DFDS routes.

Customer surveys and customer service projects

In DFDS, we have over the years developed a strong sense for our customer's expectations through ongoing and comprehensive Customer Satisfaction Surveys (CSS). The surveys enable a deeper understanding of customer demands and a transformation of those findings into day-to-day operations and services on board. The CSS provides the customers with the possibility to give individual feedback to DFDS and thereby contribute to the continuous process of adapting the on board experience to passengers' expectations.

To support our capability for continuous improvement two important initiatives were created and promoted in 2012.

The Customer Focus Initiative (CFI) cuts across the Group and will be a key initiative for DFDS in 2013. The project incorporates further research on customer values that is central to retain and improve today's high level of satisfaction. The diverse set of CFI work streams includes many facilities and service areas on board like restaurants, recreational facilities as well as entertainment on board. See also p x for an introduction to CFI.

Secondly, the Compax initiative focuses on DFDS' passenger operations in the Baltic Sea. By identifying improvement potential for passenger service throughout the whole voyage, from ticket purchase to disembarking the ship, the project team aims at raising customer satisfaction for the Baltic routes.

Data protection

For the described continuous and project based improvements, DFDS addresses customer specific needs through analysis of customer information. Within the scope of any such evaluation, DFDS consistently respects data privacy and complies with the European Data Protection Directive (95/46/EC) as well as with the national data protection acts in the countries we operate in. In consequence, marketing communication is only sent to individuals who have explicitly agreed to this. DFDS further follows the process of enacting the proposed "European General Data Protection Regulation" to ensure compliance with new regulation.

Passenger rights

DFDS follows the European Maritime Passenger Rights Regulation (1177/2010) that entered into force in December 2012. In accordance with the regulation, DFDS ensures that assistance is offered to disabled passengers and those with reduced mobility. From the booking, to port facilities and the voyage on board the DFDS vessel, passengers with special needs are supported and appropriately informed. Further topics of the Regulation that DFDS covers include transparency in pricing across countries and the entitlement of passengers to certain rights in the event of delay or cancellation.

Communications with passengers

DFDS puts high emphasis on informing all passengers about the various important matters of their journey. A lot of this communication takes place directly at the check-in and on board the ships. However, a significant and increasing proportion of information is given through different channels, including the internet. Developments range from service calls prior to departure to increased social media presence that help to fulfill DFDS' responsibility of informing passengers on all matters of importance. The approach to social media is decentralized and country specific, supported by an overarching DFDS social media guideline that ensures consistency across markets.

Acknowledgements

The DFDS approach towards meeting customer expectations has been acknowledged by several awards throughout the year 2012. Especially the recognition for sophisticated customer service mirrors the effort towards meeting or even exceeding customer expectations.

- **'Europe's Leading Ferry Operator' and World's Leading Ferry Operator'**
  DFDS added another chapter to its success story at the yearly World Travel Awards. Being ahead of its competitors in both, the European and World Wide competition acknowledged DFDS' strong focus on superior customer service and a genuine experience on board its ships. The sixth year running DFDS managed to win one of the prestigious World Travel Awards, also labelled as the 'Oscars' of the travel industry. It is even the second year in a row that DFDS obtains the trophy for Europe and the whole world.

- **'Best passenger shipping company'**
  Besides the European and World Wide honours, DFDS received the Danish Travel Award as best passenger shipping company operating between Denmark and foreign countries. This is the sixth time that DFDS received the award, which underlines the company's focus on customer satisfaction and the willingness to listen to the voice of the consumer.

- **Norwegian Customer Service Prize**
  DFDS won the 'journey by boat' category of the Norwegian Customer Service prize for the third year running. DFDS emerged as the winner of an extensive survey, including 90 of the biggest customer centres in Norway. Especially DFDS's commitment towards finding customer friendly solutions in order to deliver a good customer experience was praised by the jury.

- **'Good Hospitality' and 'Premier Collection'**
  David Urquhart Travel, DFDS' largest UK tour operator partner awarded its 'Good Hospitality' and 'Premier Collection' prizes to the Amsterdam-Newcastle ferry route. DFDS scored very high on the overall assessment of the journey, including key service dimensions as restaurant service and staff efficiency.

Future steps / Commitments 2015

- Customer Focus Initiative to be continued in 2013. Several Workgroups are running pilot projects and the results will be used to accomplish improvements for the near- and mid-term.
- The identified improvement potentials for on-board services from the Compax initiative will be integrated into day-to-day operations from the beginning of 2013.

SUPPLIERS

ENSURING **RESPONSIBLE & DEDICATED SUPPLIERS** THROUGH TRANSPARENT SELECTION PROCESSES & COMMITTED RELATIONSHIPS

Highlights

- DFDS sources goods and services for more than 50 ships: around 5,000 purchase orders each month
- 20 logistics offices, managing 3,100 trailers
- New Group Procurement organization under development
- All supply contracts include our Supplier Code of Conduct

Responsible Procurement

Responsible procurement is part of DFDS' CR strategy with bearing on brand, reputation, relationships and customer orders. Group Procurement work closely with suppliers on a day-to-day basis and suppliers' feedback and innovations are valued by DFDS.

To do business with DFDS a supplier must conform to the DFDS Supplier Code of Conduct and thereby comply with all applicable international conventions and national legislation in the country where the work or service is being performed, and specifically the supplier must respect the following:

- Laws relating to child labour, coercion or involuntary labour
- Rules regarding safety and the workplace
- ILO Declaration on Fundamental Principles and Rights at Works
- Rules relating to employee discrimination on grounds of race, religion, age, nationality, sexual orientation or gender
- Regulations on anti-corruption and anti-bribery, including all sub-contractors and business partners
- Environmental regulations that apply in the country where the product is manufactured or the service performed.

At the request of DFDS, the supplier must actively participate in DFDS' follow-up on compliance with DFDS' Supplier Code of Conduct through dialogue, questionnaires, systematic reporting, visit to the supplier's address(es) or by other means of verification or control which DFDS might wish to use.

Our approach

DFDS' Group Procurement covers some 1.000+ suppliers in more than 13 countries. In our cooperation with our suppliers we strive to create and protect commercial value affected by issues relating to security, product safety, quality, environmental protection and social responsibility. DFDS' Group Procurement team aim to help minimize the risk and maximize the security of the supply network and reduce acquisition and administration costs through working together across the DFDS Group.

The Group Procurement function is part of the Finance division of DFDS. Focus in the sourcing process is on selecting suppliers with the best fit for the needs and demands of DFDS. Therefore any supplier selection process begins with analysis of our own needs, demands and requirements. Through a close dialog with a broad spectrum of suppliers, we assess the supply base for its cost-effectiveness, resilience, safety and compliance to regulatory requirements.

On land and at sea, DFDS demands that suppliers operate in a decent and respectful manner. In the shipping business, for example, our audit programme checks that a supplier is on the relevant maritime authority database as required under the EU Marine Equipment Directive 1996. A supplier will achieve the Wheelmark and be included in the database if it satisfies the criteria. DFDS follows the Global Ship Management System approach to check that a supplier meets safety and environmental requirements, and that it has achieved its Wheelmark.

Since 2009, the DFDS Supplier Code of Conduct has been a part of all DFDS' purchasing and business agreements. Ultimately, when a contract is signed with a supplier in our shipping or logistics businesses, the DFDS Supplier Code of Conduct is attached to it. This outlines DFDS' commitments to applying principles in business and respecting human rights.

Moving ahead

During 2012 the move towards an integrated purchasing system was put on hold due to changes in senior management of the procurement organisation. The development of integrated tools and processes will therefore be a focus area in 2013 with new management on board. Further in 2012, Group Procurement welcomed new members to the team, as part of the joint venture between DFDS and LD Lines. Group Procurement is now working out of Denmark, France, UK, and Lithuania.

In accordance with The DFDS Way, collaboration and engagement are central to responsible procurement. A major focus for Group Procurement under 2013 will be the integration and collaboration across the whole of the DFDS Group ensuring continuous improvement and adaptation of best practices. External support will in 2013 help Group Procurement's development towards a best in class organization.

In 2011, a new 'efficient trailer working group' was established in our logistics business. During 2012 the focus of the group has been to ensure that the policies, procedures, investments, efficiency and cost associated with our 3,100 trailers are consistent and appropriate for DFDS' needs. Policies for review have been implemented covering purchase and disposal, trailer mix, standardisation of equipment and maintenance. Under 2013 the role out of SERTICA will support this work further.

Future steps / Commitments 2015

- Continue implementation of supplier database in 2013
- Further develop centralized contract management
- Implement procurement policy for internal agreement

FINANCIAL REVIEW

Introduction
DFDS has two divisions – Shipping Division and Logistics Division – each with five business areas. Non-allocated items are costs incurred at central level and not allocated to either division.

In order to make data comparable, significant non-recurring items are listed under Special Items in the income statement.

Revenue
Revenue increased by 0.6% to DKK 11,700m in 2012 driven by higher revenue in Shipping Division, while revenue was lower in Logistics Division.

The Shipping Division's revenue increased by 2.8% to DKK 8,015m, driven by an increase of DKK 425m in Channel. The start of a new route, Dover-Calais, increased revenue by DKK 287m, and the addition of two routes from LD Lines contributed DKK 128m. However, North Sea's revenue was reduced by DKK 239m in 2012, of which about half was due to lower revenue on the freight routes between Sweden and England The majority of the remaining reduction is attributable to the full-year effect of the loss of a logistics contract for a car manufacturer on the route between Germany and England in 2011, and the subsequent reduction in the route's capacity. Revenue between the Netherlands and England was also lower.

Revenue in the Logistics Division was reduced by 1.6% to DKK 4,259m in 2012, driven by the business areas Nordic Contract and Intermodal. Nordic Contract's revenue was down 25.0% as a result of the bankruptcy of a major paper producer and termination of a logistics contract. The 10.7% decline in Intermodal's revenue was mainly due to changes to traffic between Ireland and the Continent. In contrast, Nordic Transport increased revenue by 18.1% due to organic growth, new activities and the effect of changes to exchange rates.

EBITDA before special items
Operating income before depreciation (EBITDA) and special items was reduced by 27.0% to DKK1,092m due to lower results in both divisions.

Shipping's EBITDA fell by 30.0% to DKK 992m, mainly driven by lower results in North Sea and Channel. North Sea's result was reduced by more than half as a result of volume lost when a competitor expanded capacity in the freight market between Sweden and UK and lower demand between UK and the Continent. Channel's result was affected by the opening of a new route between Dover and Calais and the addition of two routes from LD Lines at the end of September 2012. The impact of the latter on financial performance in 2012 was DKK -15m. This loss is liquidity wise covered by a loss guarantee, which is not entered into the income statement but included in the purchase price of LD Lines. Baltic Sea achieved a result in line with 2011.

Logistics Division's EBITDA was reduced by 18.1% to DKK 140m, mainly as a result of a significantly lower result in Nordic Contract. Parts of the business area's activities were phased out when a major customer went bankrupt and the termination of a major logistics contract for paper. The results for the four other business areas were on a par with 2011. The turnaround continued in Continental Transport and Intermodal, while Nordic Transport's earnings were negatively affected by increased competition.

European Contract's result was also lower than in 2011 due to difficult market conditions for transport between Ireland and England, while financial performance modestly improved in the business area's other two activities. In Q4, DKK 13m was posted in one-off costs related to conditions in Ireland, Norway and Sweden.

Non-allocated items amounted to a cost of DKK 40m compared to a cost of DKK 91m in 2011. The lower cost level is attributable to the reversal of a provision for jubilee liabilities and lower costs for bonus schemes, projects and consultancy fees. Insurance payments related to Norfolkline were also written down in 2011.

Profit on sale of assets
Profit on the sale of non-current assets amounted to DKK 5m, mainly due to the sale of cargo-carrying equipment. This compared to a profit of DKK 26m in 2011.

Depreciation, write-downs and EBIT
Total depreciation and write-downs was reduced by 1.0% to DKK 679m, partly as a result of asset sales in 2011. Depreciation on ships amounted to DKK 538m.

Operating profit (EBIT) before special items was DKK 422m, a reduction of 49.5%.

Special items
Special items for 2012 amounted to a net cost of DKK 124m, including a write-down on ships of DKK 102m. The individual items are shown on p. 63.

Please refer to notes 7 and 38 for further information.

Operating profit (EBIT) after special items was DKK 298m, a reduction of 67.8%.

Financing
The net cost of financing was reduced by 20.2% to DKK 146m, primarily due to a lower net interest cost, which was DKK 23m lower due to a reduction in net interest-bearing debt of 24.5%. Other costs of finance were DKK 14m lower in 2012, partly due to the costs associated with loan restructuring in 2011.

Tax and the annual result
Pre-tax profit was DKK 152m. The activities of the DFDS Group are covered by tonnage tax schemes in Denmark, Norway, the Netherlands, Lithuania and France. Tax on the annual profit amounted to DKK 4m, of which DKK 27m consisted of tax for the year, while DKK 22m consisted of deferred tax. Adjustment for previous years' taxes amounted to an income of DKK 25m and changes to the rate of corporation tax generated an income of DKK 18m. Deferred tax assets were written down by DKK 42m in 2012.

The net annual result was DKK 148m compared to DKK 735m in 2011.

Investments
Net investments in 2012 amounted to an income of DKK 239m.

Gross investments in assets amounted to DKK 322m, of which DKK 175m was attributable to docking and maintenance of ships. Other gross investments in assets amounted to DKK 147m, mainly due to cargo-carrying equipment and the development of IT systems. Sale of assets amounted to an income of DKK 8m and the refund of prepayments following the cancellation of two newbuilding contracts amounted to an income of DKK 560m.

Acquisitions amounted to an expense of DKK 5m related to the acquisition of LD Lines. See note 32 for further details.

Assets, invested capital and return
Total assets were reduced by 3.9% to DKK 12,300m, corresponding to a reduction of DKK 495m. Long-term assets were reduced by DKK 837m, of which DKK 571m was attributable to reduction of assets under construction as a result of the cancellation of two newbuilding contracts. Depreciation and write-downs on ships also exceeded the addition of ships.

REVENUE

DKK m	2012	2011	Δ %	Δ
Shipping Division	8,015	7,798	2.8	217
Logistics Division	4,259	4,330	-1.6	-71
Eliminations etc.	-574	-503	n.a.	-71
DFDS Group	11,700	11,625	0,6	75

OPERATING PROFIT BEFORE DEPRECIATIONS (EBITDA) AND SPECIAL ITEMS

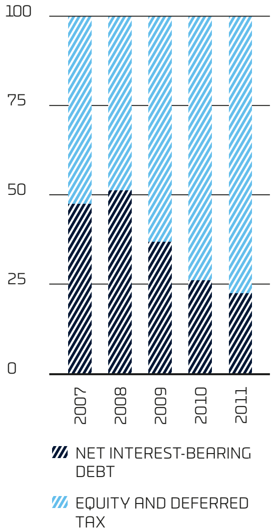
DKK m	2012	2011	Δ %	Δ
Shipping division	992	1,416	-29.9	-424
Logistics division	140	171	-18.1	-31
Non-allocated items	-40	-91	n.a.	51
DFDS Group	1,092	1.496	-27.0	-404
EBITDA-margin, %	9.3	12.9	n.a.	3.5

SPECIAL ITEMS

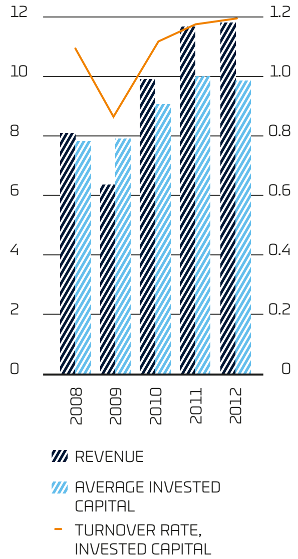
DKK m	2012
Write-down of three sideport ships	-75
Write-down of two passenger ships	-27
Earn-out concerning the acquisition of the route Kapellskär-Paldiski	-11
Reversal of provision for business rates in UK	23
Costs concerning the cancellation of two newbuilding contracts	-29
Adjustment of accounting profit concerning LISCO GLORIA	16
Costs for restructuring and streamlining of processes, Customer Focus Initiative	-18
Write-down of goodwill	-3
DFDS Group	**-124**

DFDS Group	**2012**					**2011**				
DKK m	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	2,674	2,971	3,169	2,886	11,700	2,698	3,071	3,110	2,746	11,625
Operating profit before depreciation (EBITDA) and special items	109	293	503	187	1,092	171	458	561	305	1,495
Share of profit of associates	-2	0	3	2	3	-1	1	2	-2	0
Profit/loss on disposal of non-current assets	2	3	1	0	6	1	2	12	11	26
Depreciation and impairment	-163	-171	-167	-178	-679	-171	-169	-162	-184	-686
Operating profit (EBIT) before special items	-54	125	340	11	422	0	292	413	130	835
Operating profit margin (EBIT), %	-2.0	4.2	10.7	0.4	3.6	0.0	9.5	13.3	4.7	7.2
Special items, net	0	-67	-30	-27	-124	46	66	-14	-7	91
Operating profit (EBIT)	-54	58	310	-16	298	46	358	399	123	925
Profit before tax	-97	23	272	-46	152	7	301	332	102	742
Invested capital, average	9,488	9,393	9,156	8,939	9,246	9,937	9,490	9,508	9,567	9,691
Return on invested capital (ROIC) p.a., %	-2.8	3.5	13.7	-0.7	3.4	1.7	13.3	15.9	5.6	9.0

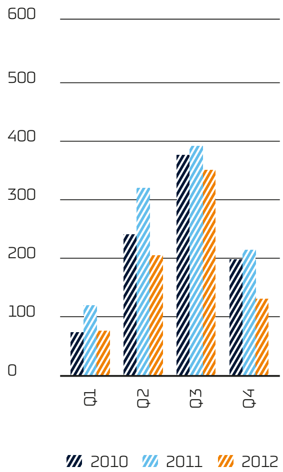
CAPITAL STRUCTURE
(%-SHARE OF CAPITAL)



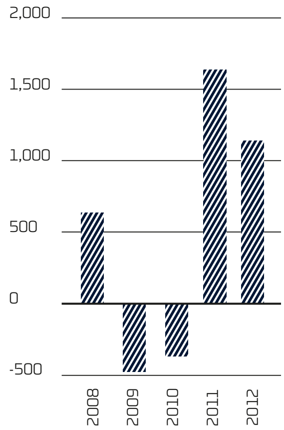
REVENUE AND INVESTED CAPITAL
(DKK BN) (TIMES)



DFDS GROUP – EBITDA BEFORE SPECIAL ITEMS PER QUARTER
(DKK M)



FREE CASH FLOW
(DKK M)



Short-term assets rose by DKK 342m, primarily due to an increase in cash holdings, which was partially attributable to the refund of advance payments after the cancellation of the two newbuilding contracts mentioned above.

At the end of 2012, invested capital was DKK 8.942m, a reduction of 6.5% compared to the end of 2011. Calculated as an average, capital was DKK 9.246m in 2012, which was a decrease of 4.6% compared to 2011. The average return on invested capital was 3.4% in 2012. Adjusted for special items, the return was 4.5%.

Financing and capital structure
Interest-bearing debt was reduced by 9.7% to DKK 3,233m at the end of 2012, corresponding to a reduction of DKK 349m. Net-interest-bearing debt was reduced by 24.5% to DKK 1,929m.

At the end of 2012, the ratio of net-interest-bearing debt to operating profit (EBITDA) before special items was 1:8.

Cash flow
Gross cash flow from operations was reduced by 35.9% to DKK 926m due to lower earnings from operations and increased binding of liquidity in working capital. Cash flow from investment activities amounted an income of DKK 239m. The investments included the refund of advance payments of DKK 560 million from a German shipyard.

The free cash flow from operations was DKK 1,144m.

The positive free cash flow was used to reduce short- and long-term debt by net DKK 1,449m and pay a net cost of financing of DKK 79m and dividends of DKK 203m. The cash flow from financing activities was therefore negative by DKK 785m in 2012.

Impairment test
At any indication of decrease in value, an impairment test is conducted on the Group's ships and other assets, based on expected future net cash flows and external brokers' evaluations. In 2012, the tests resulted in write-downs on ships of DKK 102m and goodwill of DKK 3m related to a formerly associated company. The write-downs are included in the income statement under special items. The impairment tests conducted are described in greater detail in note 38.

Equity
DFDS equity was DKK 6.914m at the end of 2012, which on a level with 2011 as the addition of the annual profit and other adjustments equalled the proposed dividend payment. Including minority interests of DKK 54m, equity at the end of 2012 amounted to DKK 6.969m.

The equity ratio at the end of the year was 56.7%, an increase of 2.3 ppt compared to 2011.

The parent company's financial performance
The annual profit for the parent company, DFDS A/S, was DKK 39m. Total assets at the end of the year amounted to DKK 11,196m and the equity was DKK 5,130m.

FINANCIAL STATEMENTS 2012

INCOME STATEMENT
1 JANUARY – 31 DECEMBER

Parent Company DKK '000				Consolidated DKK '000	
2011	**2012**	**Note**		**2012**	**2011**
6,524,331	6,467,155	1,2	Revenue	11,699,925	11,624,577
			Costs		
-3,394,116	-3,530,305	3	Operating costs	-7,502,138	-7,040,500
-1,055,722	-1,030,614		Charter hire	-602,416	-623,625
-617,153	-627,399	4	Staff costs	-1,957,670	-1,915,463
-622,672	-564,029	5	Costs of sales and administration	-545,776	-549,605
-5,689,663	*-5,752,347*		*Total costs*	*-10,608,000*	*-10,129,193*
834,668	**714,808**		**Operating profit before depreciation (EBITDA) and special items**	**1,091,925**	**1,495,384**
-	-	14	Share of profit/loss of associates	2,861	-75
10,149	1,139	6	Profit on disposal of non-current assets, net	6,471	25,736
		11,12	Depreciation and impairment		
-248,420	-243,784		Depreciation ships	-537,886	-542,799
-55,086	-61,801		Depreciation other non-current assets	-140,541	-130,949
-995	0		Impairment losses of ships and other non-current assets	-1,031	-12,484
-304,501	*-305,585*		*Total depreciation and impairment*	*-679,458*	*-686,232*
540,316	**410,362**		**Operating profit (EBIT) before special items**	**421,799**	**834,813**
89,385	-487,158	7	Special items, net	-123,521	90,669
629,701	**-76,796**		**Operating profit (EBIT)**	**298,278**	**925,482**
311,381	267,007	8	Financial income	23,781	32,218
-216,195	-139,150	8	Financial expenses	-170,093	-215,578
724,887	**51,061**		**Profit before tax**	**151,966**	**742,122**
6,522	-12,406	9	Tax on profit	-3,668	-7,566
731,409	**38,655**		**Profit for the year**	**148,298**	**734,556**
			Profit for the year is attributable to:		
731,409	38,655		Equity holders of DFDS A/S	148,338	730,986
-	-		Non-controlling interests	-40	3,570
731,409	**38,655**		**Profit for the year**	**148,298**	**734,556**
		10	Earnings per share		
			Basic earnings per share (EPS) of DKK 100 in DKK	10.23	49.96
			Diluted earnings per share (EPS-D) of DKK 100 in DKK	10.23	49.93
			Proposed profit appropriation		
207,985	207,985		Proposed dividends, DKK 14.00 per share (2011: DKK 14.00 per share)		
523,424	-169,330		Retained earnings		
731,409	38,655				

COMPREHENSIVE INCOME

1 JANUARY – 31 DECEMBER

Parent Company DKK '000				Consolidated DKK '000	
2011	**2012**	**Note**		**2012**	**2011**
731,409	**38,655**		**Profit for the year**	**148,298**	**734,556**
			Other comprehensive income		
			Value adjustment of hedging instruments:		
-32,624	-8,906		Value adjustment for the year	-8,906	-32,607
6,466	-2,090		Value adjustment transferred to operating costs	-2,090	6,466
23,944	14,058		Value adjustment transferred to net finance costs	14,058	24,667
507	2,621		Foreign exchange adjustments, foreign enterprises	57,471	-2,818
6,900	-1,089		Unrealized value adjustment of securities	-1,089	6,900
-7,520	1,491		Realized value adjustment of securities transferred to the income statement	1,491	-7,520
-2,327	**6,085**		**Other comprehensive income after tax**	**60,935**	**-4,912**
729,082	**44,740**		**Total comprehensive income**	**209,233**	**729,644**
			Total comprehensive income for the year is attributable to:		
729,082	44,740		Equity holders of DFDS A/S	208,532	726,194
-	-		Non-controlling interests	701	3,450
729,082	**44,740**		**Total comprehensive income**	**209,233**	**729,644**

The majority of amounts included in Other comprehensive income relates to Group companies which are taxed under tonnage tax schemes. There are no tax on this.

BALANCE SHEET 31 DECEMBER

ASSETS

Parent Company DKK '000				Consolidated DKK '000	
2011	**2012**	**Note**		**2012**	**2011**
92,019	94,640		Goodwill	369,862	362,697
1,591	795		Other non-current intangible assets	2,403	3
63,999	48,510		Software	49,721	64,765
21,997	55,640		Development projects in progress	55,823	22,558
179,606	**199,585**	11	**Non-current intangible assets**	**477,809**	**450,023**
5,825	5,032		Land and buildings	105,822	104,404
21,945	20,739		Terminals	603,695	623,839
2,990,836	2,732,364		Ships	7,227,716	7,510,702
145,989	138,644		Equipment, etc.	376,576	359,920
574,725	36,877		Assets under construction and prepayments	42,860	583,237
3,739,320	**2,933,656**	12	**Non-current tangible assets**	**8,356,669**	**9,182,102**
1,341,039	4,032,725	13	Investments in subsidiaries	-	-
223	0	14	Investments in associates	6,847	6,120
1,878,731	1,034,856	15	Receivables	112,533	110,613
21,486	20,668	16	Securities	20,668	22,750
0	488	19	Deferred tax	82,386	122,150
3,241,479	**5,088,737**		**Other non-current assets**	**222,434**	**261,633**
7,160,405	**8,221,978**		**Non-current assets**	**9,056,912**	**9,893,758**
106,523	107,000	17	Inventories	152,266	147,208
3,766,846	2,000,929	15	Receivables	1,766,830	1,700,128
42,891	29,200		Prepayments	85,700	97,209
33,698	15,795	16	Securities	15,795	33,698
591,559	820,959		Cash	1,196.994	897,364
4,541,517	**2,973,883**		**Current assets**	**3,217,585**	**2,875,607**
0	0	34	Assets classified as held for sale	25,365	25,276
4,541,517	**2,973,883**		**Total current assets**	**3,242,950**	**2,900,883**
11,701,922	**11,195,861**		**Assets**	**12,299,862**	**12,794,641**

BALANCE SHEET 31 DECEMBER

EQUITY AND LIABILITIES

Parent Company DKK '000				Consolidated DKK '000	
2011	**2012**	**Note**		**2012**	**2011**
1,485,608	1,485,608	18	Share capital	1,485,608	1,485,608
-94,255	-90,791		Reserves	-70,310	-130,504
3,767,104	3,526,983		Retained earnings	5,291,141	5,342,817
207,985	207,985		Proposed dividends	207,985	207,985
5,366,442	**5,129,785**		**Equity attributable to equity holders of DFDS A/S**	**6,914,424**	**6,905,906**
-	-		Non-controlling interests	54,306	57,675
5,366,442	**5,129,785**		**Equity**	**6,968,730**	**6,963,581**
2,789,312	2,106,088	23	Interest bearing liabilities	2,406,291	3,050,813
0	0	19	Deferred tax	126,823	168,389
13,951	8,076	21	Pension and jubilee liabilities	231,508	245,856
25,803	39,335	22	Other provisions	40,894	29,963
2,829,066	**2,153,499**		**Non-current liabilities**	**2,805,516**	**3,495,021**
2,787,773	3,361,997	23	Interest bearing liabilities	826,893	531,616
317,686	247,610		Trade payables	1,067,555	1,086,243
0	3,441	22	Other provisions	49,422	63,725
15,526	15,461	26	Corporation tax	22,979	39,583
327,765	246,301	24	Other payables	448,361	514,001
57,664	37,767	25	Deferred income	110,406	100,871
3,506,414	**3,912,577**		**Current liabilities**	**2,525,616**	**2,336,039**
6,335,480	**6,066,076**		**Liabilities**	**5,331,132**	**5,831,060**
11,701,922	**11,195,861**		**Equity and liabilities**	**12,299,862**	**12,794,641**

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED 1 JANUARY – 31 DECEMBER

		Reserves								
DKK '000	Share capital	Translation reserve	Hedging reserve	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends	Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
Equity at 1 January 2012	1,485,608	-35,281	-59,330	-622	-35,271	5,342,817	207,985	**6,905,906**	57,675	**6,963,581**
Comprehensive income for the year										
Profit for the year						148,338		**148,338**	-40	**148,298**
Other comprehensive income										
Value adjustments for the year			-8,906					**-8,906**		**-8,906**
Value adjustment transferred to operating costs			-2,090					**-2,090**		**-2,090**
Value adjustment transferred to financial expenses			14,058					**14,058**		**14,058**
Foreign exchange adjustments, foreign enterprises		56,730						**56,730**	741	**57,471**
Unrealized value adjustment of securities				-1,089				**-1,089**		**-1,089**
Realized value adjustment of securities transferred to the income statement				1,491				**1,491**		**1,491**
Other comprehensive income after tax	**0**	**56,730**	**3,062**	**402**	**0**	**0**	**0**	**60,194**	**741**	**60,935**
Total comprehensive income	**0**	**56,730**	**3,062**	**402**	**0**	**148,338**	**0**	**208,532**	**701**	**209,233**
Transactions with owners										
Disposal, non controlling interests						848		**848**	-4,070	**-3,222**
Proposed dividends						-207,985	207,985	**0**		**0**
Dividends paid							-203,047	**-203,047**		**-203,047**
Dividends own shares						4,938	-4,938	**0**		**0**
Vested re. share-based payments						4,736		**4,736**		**4,736**
Other adjustments						-2,551		**-2,551**		**-2,551**
Total transactions with owners 2012	**0**	**0**	**0**	**0**	**0**	**-200,014**	**0**	**-200,014**	**-4,070**	**-204,084**
Equity at 31 December 2012	**1,485,608**	**21,449**	**-56,268**	**-220**	**-35,271**	**5,291,141**	**207,985**	**6,914,424**	**54,306**	**6,968,730**

The majority of amounts included in Other comprehensive income relates to Group companies which are taxed under tonnage tax schemes. There are no tax on this.

The Company's share capital, which is not divided into different classes of shares, is divided into 14,856,081 shares of DKK 100 each.
All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED 1 JANUARY – 31 DECEMBER

DKK '000	Share capital	Reserves: Translation reserve	Reserves: Hedging reserve	Reserves: Revaluation of securities	Reserves: Treasury shares	Retained earnings	Proposed dividends	Equity attributable to equity holders of DFDS A/S	Non-controlling interests	Total
Equity at 1. Januar 2011	1,485,608	-32,610	-57,829	-2	-21,761	4,846,640	118,849	**6,338,895**	57,525	**6,396,420**
Comprehensive income for the year										
Profit for the year						730,986		**730,986**	3,570	**734,556**
Other comprehensive income										
Value adjustments for the year			-32,607					**-32,607**		**-32,607**
Value adjustment transferred to operating costs			6,466					**6,466**		**6,466**
Value adjustment transferred to finance expenses			24,640					**24,640**	27	**24,667**
Foreign exchange adjustments, foreign enterprises		-2,671						**-2,671**	-147	**-2,818**
Unrealized value adjustment of securities				6,900				**6,900**		**6,900**
Realized value adjustment of securities transferred to the income statement				-7,520				**-7,520**		**-7,520**
Other comprehensive income after tax	**0**	**-2,671**	**-1,501**	**-620**	**0**	**0**	**0**	**-4,792**	**-120**	**-4,912**
Total comprehensive income	**0**	**-2,671**	**-1,501**	**-620**	**0**	**730,986**	**0**	**726,194**	**3,450**	**729,644**
Transactions with owners										
Capital increase								**0**	11	**11**
Disposal, non controlling interest						2,382		**2,382**	-3,292	**-910**
Proposed dividends						-207,985	207,985	**0**		**0**
Dividends paid							-117,108	**-117,108**		**-117,108**
Dividends own shares						1,741	-1,741	**0**		**0**
Vested re. share-based payments						2,403		**2,403**		**2,403**
Purchase of own shares					-13,510	-31,839		**-45,349**		**-45,349**
Other adjustments						-1,511		**-1,511**	-19	**-1,530**
Total transactions with owners 2011	**0**	**0**	**0**	**0**	**-13,510**	**-234,809**	**89,136**	**-159,183**	**-3,300**	**-162,483**
Equity at 31 December 2011	**1,485,608**	**-35,281**	**-59,330**	**-622**	**-35,271**	**5,342,817**	**207,985**	**6,905,906**	**57,675**	**6,963,581**

The majority of amounts included in Other comprehensive income relates to Group companies which are taxed under tonnage tax schemes. There are no tax on this.

The Company's share capital, which is not divided into different classes of shares, is divided into 14,856,081 shares of DKK 100 each. All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY 1 JANUARY – 31 DECEMBER

		Reserves					
DKK '000	**Share capital**	**Hedging reserve**	**Revaluation of securities**	**Treasury shares**	**Retained earnings**	**Proposed dividends**	**Total**
Equity at 1 January 2012	1,485,608	-59,302	318	-35,271	3,767,104	207,985	**5,366,442**
Comprehensive income for the year							
Profit for the year					38,655		**38,655**
Other comprehensive income							
Value adjustments for the year		-8,906					**-8,906**
Value adjustment transferred to operating costs		-2,090					**-2,090**
Value adjustment transferred to finance expenses		14,058					**14,058**
Exchange rate adjustment, Goodwill					2,621		**2,621**
Unrealized value adjustment of securities			-1,089				**-1,089**
Realized value adjustment of securities transferred to the income statement			1,491				**1,491**
Other comprehensive income after tax	**0**	**3,062**	**402**	**0**	**2,621**	**0**	**6,085**
Total comprehensive income	**0**	**3,062**	**402**	**0**	**41,276**	**0**	**44,740**
Transactions with owners							
Proposed dividends					-207,985	207,985	**0**
Dividends paid						-203,047	**-203,047**
Dividends own shares					4,938	-4,938	**0**
Vested re. share-based payment					4,736		**4,736**
Group internal acquistition of an enterprise[1]					-80,551		**-80,551**
Other adjustments					-2,535		**-2,535**
Total transactions with owners 2012	**0**	**0**	**0**	**0**	**-281,397**	**0**	**-281,397**
Equity at 31 December 2012	**1,485,608**	**-56,240**	**720**	**-35,271**	**3,526,983**	**207,985**	**5,129,785**

[1] Related to acquisition of DFDS Logistics Intermodal A/S from DFDS Holding B.V.

The majority of amounts included in Other comprehensive income relates to income which is taxed under tonnage tax scheme. There is no tax on this.

The Company's share capital, which is not divided into different classes of shares, is divided into 14,856,081 shares of DKK 100 each.
All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY 1 JANUARY – 31 DECEMBER

		Reserves					
DKK '000	Share capital	Hedging reserve	Revaluation of securities	Treasury shares	Retained earnings	Proposed dividends	Total
Equity at 1 January 2011	1,485,608	-57,088	938	-21,761	3,934,290	118,849	**5,460,836**
Comprehensive income for the year							
Profit for the year					731,409		**731,409**
Other comprehensive income							
Value adjustments for the year		-32,624					**-32,624**
Value adjustment transferred to operating costs		6,466					**6,466**
Value adjustment transferred to finance costs		23,944					**23,944**
Exchange rate adjustment, Goodwill					507		**507**
Unrealized value adjustment of securities			6,900				**6,900**
Realized value adjustments of securities transferred to the income statement			-7,520				**-7,520**
Other comprehensive income after tax	**0**	**-2,214**	**-620**		**507**	**0**	**-2,327**
Total comprehensive income	**0**	**-2,214**	**-620**	**0**	**731,916**	**0**	**729,082**
Transactions with owners							
Proposed dividends					-207,985	207,985	**0**
Dividends paid						-117,108	**-117,108**
Divedends own shares					1,741	-1,741	**0**
Vested re. share-based payment					2,403		**2,403**
Purchase of own shares				-13,510	-31,839		**-45,349**
Group internal acquisition of freight and passenger routes[1]					-661,667		**-661,667**
Other adjustments					-1,755		**-1,755**
Total transactions with owners 2011	**0**	**0**	**0**	**-13,510**	**-899,102**	**89,136**	**-823,476**
Equity at 31 December 2011	**1,485,608**	**-59,302**	**318**	**-35,271**	**3,767,104**	**207,985**	**5,366,442**

[1] Related to acquisition of freight- and passenger routes from DFDS Seaways B.V.

The majority of amounts included in Other comprehensive income relates to income which is taxed under tonnage tax scheme. There is no tax on this.

The Company's share capital, which is not divided into different classes of shares, is divided into 14,856,081 shares of DKK 100 each. All shares rank equally. There are no restrictions on voting rights. The shares are fully paid up.

CASH FLOW STATEMENT
1 JANUARY – 31 DECEMBER

Parent Company DKK '000				Consolidated DKK '000	
2011	**2012**	**Note**		**2012**	**2011**
834,668	**714,808**		**Operating profit before depreciation (EBITDA) and special items**	**1,091,925**	**1,495,384**
0	-18,213		Cashflow effect from special items related to operating activities	-18,213	-72,178
31,022	6,578	29	Adjustments for non-liquid operating items, etc.	-50,238	-38,281
115,500	13,018	30	Change in working capital	-51,520	101,929
-1,452	-2,260		Payment of pension liabilities and other provisions	-45,626	-38,334
979,738	**713,931**		**Cash flow from operating activities, gross**	**926,328**	**1,448,520**
281,778	318,304		Interest received	195,527	77,912
-239,595	-245,443		Interest paid	-274,906	-251,915
2,677	-12,959		Taxes paid	-21,416	-29,138
1,024,598	**773,833**		**Cash flow from operating activities, net**	**825,533**	**1,245,379**
-710,151	-47,735		Purchase of ships including ships under construction	-175,241	-585,101
0	0		Disposals of ships	0	179,263
0	559,685		Cash received due to cancellation of newbuilding contracts	559,685	0
-79,248	-23,758		Purchase of other non-current tangible assets	-103,188	-166,918
7,783	2,104		Sale of other non-current tangible assets	7,561	93,149
-50,937	-43,883		Purchase of non-current intangible assets	-43,920	-52,216
233,090	0		Cash flow effect from special items related to sale of entreprises and investing activities	0	233,090
0	0		Insurance compensation regarding total loss on ship	0	525,000
-7,432	0	32	Acquisition of enterprises and activities	-5,446	-7,432
-661,667	-118,000		Group internal acquisition of enterprises and activities	-	-
-6,213	-3,056,192	13	Capital increases	-	-
0	86,976		Disposal of subsidiaries, associates and activities	0	0
42,215	0		Dividends received from subsidiaries	-	-
0	0	14	Dividend received from associates	0	612
-1,232,560	**-2,640,803**		**Cash flow to/from investing activities**	**239,451**	**219,447**
429,348	0		Proceeds from loans secured by mortages in ships	0	429,348
-1,408,214	-991,603		Repayment and instalments of loans secured by mortage in ships	-1,034,273	-1,523,856
16,924	8,526		Change in other non-current investments	8,526	16,924
2,725	-745	31	Change in other financial loans, net	43,219	-8,365
-5,035	-5,221		Payment of finacial lease liabilities	-16,372	-15,528
0	-8,394		Change in operating credits	-21,969	-354,253
1,323,700	2,838,843		Change in Group internal financing	-	-
0	-49,408		Change in loan to associated company	-46,610	0
0	488,837		Proceeds from issuance of corporate bonds	488,837	0
-910	-344	33	Acquisition of non-controlling interests	-3,222	-910
-45,349	0		Purchase of own shares	0	-45,349
-117,018	-203,047		Dividends paid	-203,047	-117,018
196,171	**2,077,444**		**Cash flow to/from financing activities**	**-784,911**	**-1,619,007**
-11,791	**210,474**		**Net increase (decrease) in cash and cash equivalents**	**280,073**	**-154,181**
630,063	625,257		Securities, cash and cash equivalents at 1 January	931,062	1,084,025
6,985	1,023		Foreign exchange adjustments of securities, cash and cash equivalents	1,654	1,218
625,257	**836,754**		**Securities, cash and cash equivalents at 31 december**	**1,212,789**	**931,062**

As of 31 December 2012 cash and cash equivalents includes bonds registred at the Copenhagen Stock Exchange of DKK 15,8 mio. (2011: DKK 33,7 mio), in both the Parent Company and the Group.

The above mentioned cannot directly be derived from the income statement and the balance sheet.

NOTES

Note 1 Segment information

The segments together with allocation of operating profit, assets and liabilities etc. are identical with the internal reporting structure of the Group. The costs of the segments are the directly registered costs including a few systematically allocated indirect costs, primarily concerning group functions.

The accounting policies regarding the preparation of the individual segment, including transactions between segments, are in accordance with the accounting policies of the Group. Non-allocated costs are therefore a reflection of the general functions, which cannot reasonably be allocated to the segments. The costs consist primarily of cost concerning the Executive Board and Board of Directors but also parts of Group functions like Treasury, Investor relation, Legal, Communication, Financial Control and depreciation on the Group's IT-systems. In addition the elimination of transactions between segments is included. Transactions between segments are concluded at arm's length.

Segment assets includes assets, which are directly related to the segment, including non-current intangible, non-current tangible and other non-current assets, inventories, receivables, prepayments, cash in hand and at bank of group enterprises and deposits at the Parent Company. Segment liabilities include current and non-current liabilities.

Shipping Division operate DFDS' sea-based transport divided into five business areas: North Sea, Baltic Sea, Channel, Passenger and France & Mediterranean. The business unit France & Medeterranean became part of DFDS per 25 September 2012 when a new freight route between Marseille and Tunis was acquired.

The Shipping Division's activities are operation of ro-ro and ro-pax tonnage, but also operation of the passenger ships. In addition, operation of the harbour terminals along the Groups main routes are included. The customers for ro-ro and ro-pax tonnage are mainly transportation and shipping companies as well as manufacturers of heavy industrial goods with a high demand for sea transportation. The main customers for Passenger cover passengers with own cars, Mini Cruises, conferences and tour operators.

Logistics Division operate DFDS' logistic activities divided into five Business areas: Nordic Transport, Continental Transport, European Contract, Intermodal and Nordic Contract.

The Logistics Division's activity is full- and part load transportation solutions, and also warehousing and logistics solutions for larger customers. In addition the division operates lo-lo tonnage and railways transport of primarily containers. The customers are primarily importers/exporters and manufacturers of heavy industrial goods with a high demand for sea transportation or railway transportation.

DKK '000

	Shipping Division	Logistics Division	Non-allocated	Total
2012				
External revenue	7,481,930	4,190,098	27,897	11,699,925
Intra-group revenue	533,041	68,701	275,450	877,192
Total revenue	8,014,971	4,258,799	303,347	12,577,117
Operating expenses, external	-6,746,936	-3,552,974	-308,090	-10,608,000
Intra-group operating expenses	-276,300	-565,632	-35,260	-877,192
Operating profit before depreciation (EBITDA) and special items	**991,735**	**140,193**	**-40,003**	**1,091,925**
Share of profit/loss of associates	3,598	402	-1,139	2,861
Profit on disposal of non-current assets, net	841	5,630	0	6,471
Depreciation of ships and other non-current assets	-580,929	-66,423	-31,030	-678,382
Impairment losses of ships and other non-current assets	93	-1,169	0	-1,076
Operating profit (EBIT) before special items	**415,338**	**78,633**	**-72,172**	**421,799**
Special items, net	-42,738	-80,199	-584	-123,521
Operating profit (EBIT)	**372,600**	**-1,566**	**-72,756**	**298,278**
Financial items, net				-146,312
Profit before tax				**151,966**
Tax on profit				-3,668
Profit for the year				**148,298**
Total assets excluding assets held for sale	9,370,128	1,680,585	1,223,784	12,274,497
Non-liquid operating items	-14,600	13,337	-48,975	-50,238
Capital expenditures of the year	315,701	69,446	53,255	438,402
Assets held for sale, reference is made to note 34	0	0	25,365	25,365
Liabilities	1,380,897	1,108,816	2,841,419	5,331,132

Note 1 Segment information (continued)

DKK '000

	Shipping Division	Logistics Division	Non-allocated	Total
2011				
External revenue	7,274,263	4,305,646	44,668	11,624,577
Intra-group revenue	523,971	24,488	272,295	820,754
Total revenue	7,798,234	4,330,134	316,963	12,445,331
External operating expenses	-6,154,338	-3,596,549	-378,306	-10,129,193
Intra-group operating expenses	-227,932	-562,513	-30,309	-820,754
Operating profit before depreciation (EBITDA) and special items	**1,415,964**	**171,072**	**-91,652**	**1,495,384**
Share of profit/loss of associates	-8	-67	0	-75
Profit on disposal of non-current assets, net	15,192	9,951	593	25,736
Depreciation of ships and other non-current assets	-575,753	-71,859	-26,136	-673,748
Impairment losses of ships and other non-current assets	-8,690	0	-3,794	-12,484
Operating profit (EBIT) before special items	**846,705**	**109,097**	**-120,989**	**834,813**
Special items, net	132,624	-14,125	-27,830	90,669
Operating profit (EBIT)	**979,329**	**94,972**	**-148,819**	**925,482**
Financial items, net				-183,360
Profit before tax				**742,122**
Tax on profit				-7,566
Profit for the year				**734,556**
Total assets excluding assets held for sale	10,023,206	1,727,187	1,018,973	12,769,365
Non-liquid operating items	-27,562	-3,008	-7,711	-38,281
Capital expenditures of the year	715,689	62,747	62,546	840,982
Assets held for sale, reference is made to note 34	0	0	25,276	25,276
Liabilities	2,363,972	1,076,310	2,390,778	5,831,060

Geographical breakdown

The Group does not have a natural geographic split on countries, since the Group, mainly Shipping Division, is based on a connected route network in Northern Europe, where the routes support each other with sales and customer services located in one country whereas the actual revenue is created in other countries. It is consequently not possible to present a meaningful split of revenues and non-current assets by country. The split is therefore presented by water and geographical areas, in which DFDS operates.

The adjusted split results in seven geographical areas: North sea, Baltic sea, The English Channel, The Continent, Nordic, UK/Irland and Mediterranean. The Group's business model results in the routes not directly owning the vessels, but solely charters the ships from a vesselpool. The vessels are frequently moved within the Group's routes. It is therefore not possible to estimate the exact value of the non-current assets per geographical area. Instead an adjusted allocation has been used.

DKK '000

	North sea	Baltic sea	The English Channel	The Continent	Nordic	UK/Ireland	Mediterranean [1]	Total
2012								
Total revenue	4,699,397	1,405,248	1,364,015	1,708,910	1,468,482	1,021,120	32,753	11,699,925
Non-current assets	5,379,865	1,656,935	1,367,927	207,332	280,742	162,291	1,820	9,056,912
2011								
Total revenue	4,988,846	1,353,800	943,509	1,865,502	1,502,292	970,628	0	11,624,577
Non-current assets	6,222,895	1,723,275	1,208,734	234,861	357,079	146,914	0	9,893,758

[1] The geographical area Mediterranean was established as of 25 September 2012 when the a freight route between Marseille and Tunis commenced.

Information on significant customers

Neither the Group nor the Parent Company have single or related customers, that individually, or seen as a group, represents more than 10% of net revenue.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 2 Revenue**	**2012**	**2011**
859,959	860,680	Sale of goods on board ships	1,114,754	951,996
5,180,637	5,015,386	Sale of service	10,358,616	10,447,373
327,913	433,868	Rental income from timecharter and bareboat of ships and operating equipment	226,555	225,208
155,822	157,221	Other operating income [1]	0	0
6,524,331	**6,467,155**	**Total revenue**	**11,699,925**	**11,624,577**

[1] Primarily concerns invoicing of corporate functions.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 3 Cost of sales**	**2012**	**2011**
1,732,886	1,907,027	Cost of sales part of operating costs	2,641,929	2,280,057
143	1,954	Change in inventory write-downs for the year	1,954	-279
1,733,029	**1,908,981**	**Total cost of sales**	**2,643,883**	**2,279,778**

Cost of sales consists of bunker and cost of sales related to sale of goods and services on board.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 4 Staff costs**	**2012**	**2011**
531,293	537,477	Wages, salaries and remuneration	1,583,008	1,535,806
35,293	37,561	Defined contribution plans	68,714	77,572
1,710	-669	Defined benefit plans, reference is made to note 21	6,424	10,638
27,937	25,627	Other social security costs	166,285	170,890
2,403	4,736	Share based payment, reference is made to note 20	4,736	2,403
18,517	22,667	Other staff costs	128,503	118,154
617,153	**627,399**	**Total staff costs**	**1,957,670**	**1,915,463**
		Of this, remuneration for the Executive Board:		
9,896	9,896	Wages and salaries	9,896	9,896
7,916	0	Bonus	0	7,916
989	989	Defined contributions plans	989	989
1,505	2,354	Share based payment	2,354	1,505
561	554	Other staff cost	554	561
20,867	**13,793**	**Total remuneration Executive Board**	**13,793**	**20,867**
		Remuneration for the Parent Company's Board of Directors and Audit Committee		
750	750	Chairman	750	750
950	950	Deputy chairmen	950	950
2,467	2,550	Other members of the Board of Directors	2,550	2,467
4,167	**4,250**	**Total remuneration, Parent Company's Board of Directors and Audit Comittee**	**4,250**	**4,167**
1,508	1,587	Full time equivalents (FTE), average	5,239	5,096

Remuneration to the chairman of the Audit Committee amount to DKK 100k (2011: DKK 100k) and remuneration to other members of the Audit Committee amount to DKK 50k (2011: DKK 50k) each. No remuneration is paid to members of other committees.

If members of the Executive Board resigns in accordance with a takeover of the Group, a special remuneration will be paid corresponding to 1 years salary. Beyond this no unusual agreements have been entered into with the Executive Board regarding terms of pension and retirement.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 5 Costs of sales and administration**	**2012**	**2011**
142,152	134,215	External costs of sales	224,237	205,349
218,930	220,862	Intra-group costs of sales	-	-
261,590	208,952	Other costs	321,539	344,256
622,672	**564,029**	**Total costs of sales and administration**	**545,776**	**549,605**
		Of this, fees to auditors appointed at the Annual General Meeting, KPMG:		
1,675	1,698	Audit fees	7,255	6,544
60	80	Other assurance engagements	229	76
1,911	1,649	Tax and VAT advice	2,673	2,639
798	140	Non-audit services	1,089	843
4,444	**3,567**	**Total fees to KPMG**	**11,246**	**10,102**

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 6 Profit on disposal of non-current assets, net**	**2012**	**2011**
		Gain on disposal of property, plant and equipment		
9,111	0	Ships	0	9,111
614	0	Land and buildings	0	1,237
445	1,382	Equipment, etc.	4,894	15,556
0	0	Other	1,840	0
10,170	*1,382*	*Gain on disposal of property, plant and equipment*	*6,734*	*25,904*
		Loss on disposal of property, plant and equipment		
-21	-243	Equipment, etc.	-263	-168
-21	*-243*	*Loss on disposal of property, plant and equipment*	*-263*	*-168*
10,149	**1,139**	**Total profit on disposal of non-current assets, net**	**6,471**	**25,736**

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 7 Special items, net**	**2012**	**2011**
0	0	Reversal of provision related to claim raised by the UK authorities in 2008 for payment of business rates with retrospective effect (back-dated rates), but which has been abandoned in 2012	23,509	0
0	15,635	Adjustment of gain regarding the ship LISCO GLORIA as a result of clarification of further insurance circumstances	15,635	17,531
0	0	Impairment of three side port ships in the business unit Nordic Contract, see note 38	-75,000	0
0	-27,000	Impairment of two passenger ships in the business unit Passenger, see note 38	-27,000	0
0	-28,967	Cost (net) related to cancellation of newbuilding contracts concerning two freight ships (ro-ro) due to the shipyard's breach of a number of terms in the contracts	-28,967	0
0	-17,897	Cost related to restructuring and efficiency improvements of processes (2012: Customer Focus Initiative, 2011: Projekt Headlight og Light Crossing)	-17,897	-21,533
0	-10,540	Increase on expected earn out to seller regarding the route Kapellskär-Paldiski acquired in 2011	-10,540	0
0	0	Impairment of investments/goodwill in associates, see note 38	-3,261	-25,220
80,361	0	Gain regarding sale of DFDS Canal Tours A/S	0	82,728
26,310	0	Gain regarding sale of the terminal company DFDS Maasvlakte B.V., which at 31 December 2010 was part of Assets held for sale	0	47,754
0	0	Gain regarding sale of office building in Lithuania	0	23,689
0	0	Gain regarding sale of the ship, DUBLIN SEAWAYS	0	16,710
0	0	Gain regarding sale of the northern routes in the Irish Sea after reduction of redundancy, inkl. adjustments as a result of 'Completions Statements'	0	-345
0	0	Cost relating to close down of the southern routes in the Irish Sea - primarily redundancy cost	0	-29,831
0	0	Integration costs regarding the acquisition of the Norfolkline-Group, including redundancies, branding, consultancy fee etc.	0	-20,814
-17,286	-418,389	Impairment (net) of investments in subsidiaries, see note 38	-	-
89,385	**-487,158**	**Special items, net**	**-123,521**	**90,669**
		If special items had been included in the operating profit before special items, they would have been recognized as follows:		
0	0	Operating costs	23,509	-196
0	0	Staff costs	0	-35,486
-6,079	-17,897	Costs of sales and administration	-17,897	-41,544
-6,079	**-17,897**	**Operating profit before depreciation (EBITDA) and special items**	**5,612**	**-77,226**
112,750	-13,332	Profit on disposal of non-current assets and securities	-13,332	193,115
-17,286	-455,929	Impairment of ships and other non-current assets	-115,801	-25,220
89,385	**-487,158**		**-123,521**	**90,669**

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 8 Financial items, net**	**2012**	**2011**
		Finance income		
24,965	18,054	Interest income from cash etc.	21,418	32,170
234,755	193,361	Interest income from subsidiaries	-	-
9,398	53,229	Foreign exchange gains, net [1]	0	0
42,215	0	Dividends from subsidiaries	-	-
48	2,363	Other dividends	2,363	48
311,381	*267,007*	*Total finance income*	*23,781*	*32,218*
		Finance costs		
-148,159	-120,550	Interest expense, credit institutions etc.	-134,027	-168,495
-37,868	-4,740	Interest expense to subsidiaries	-	-
0	0	Foreign exchange losses, net [1]	-7,498	-7,089
-7,520	-1,491	Realized capital loss on securities	-1,491	-7,520
-139	-247	Loss related to sale of subsidiaries, associates and activities	0	0
0	0	Defined benefit plans, references is made to note 21	-9,110	-6,265
-	-	Reversal of impairment losses on non-current financial assets	0	5,000
-30,267	-20,306	Other finance costs	-26,151	-38,967
7,758	8,184	Transfers to assets under construction[2]	8,184	7,758
-216,195	*-139,150*	*Total finance costs*	*-170,093*	*-215,578*
95,186	**127,857**	**Financial items, net**	**-146,312**	**-183,360**

[1] Foreign exchange gains 2012 amounts to DKK 180 mio. (2011: DKK 153 mio.) and foreign exchange loss DKK 187 mio. (2011: DKK 160 mio.) for The Group. Foreign exchange gains 2012 amounts to DKK 215 mio. (2011: DKK 136 mio.) and foreign exchange loss DKK 162 mio. (2011: DKK 127 mio.) for the Parent Company.

[2] Interest capitalized until cancellation of newbuilding contracts on two freight ships (ro-ro).

DFDS A/S makes forward exchange transactions, etc., on behalf of all subsidiaries, and therefore foreign exchange gains and losses in the DFDS A/S also consists of the Group's gross transactions. Transactions entered into, on behalf of subsidiaries, are transferred to the subsidiaries on back-to-back terms.

Interest income and cost, net is related to financial instruments measured at amortizised cost.

Other financial income and expenses contains bank charges regarding conversion of the Groups loan portfolio, including amortization of capitalized bank charges related to borrowings.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 9 Tax**	**2012**	**2011**
0	0	Current tax	-14,090	-16,209
-12,475	-12,894	Current joint tax contributions	-12,894	-12,475
0	1,613	Deferred tax for the year	22,290	6,010
18,997	0	Adjustment to corporation tax in respect of prior years	17,276	16,752
0	-1,125	Adjustment to deferred tax in respect of prior years	6,957	3,146
0	0	Adjustment of corporate income tax rate	18,440	-4,790
0	0	Write down of deferred tax assets	-41,647	0
6,522	**-12,406**	**Tax for the year**	**-3,668**	**-7,566**
		Tax for the year is recognised as follows:		
6,522	-12,406	Tax in the income statement (effective tax)	-3,668	-7,566
6,522	**-12,406**	**Tax for the year**	**-3,668**	**-7,566**
		Tax in the income statement can be broken down as follows:		
724,887	51,061	Profit before tax	151,966	742,122
-547,019	-436,045	Of this, tonnage income	-176,912	-566,519
177,868	**-384,984**	**Profit before tax (company taxation)**	**-24,946**	**175,603**
-44,467	96,246	25% tax of profit before tax	6,237	-43,901
-	-	Adjustment of calculated tax in foreign subsidiaries compared to 25%	-253	4,907
		Tax effect of:		
33,890	-105,625	Non-taxable items	11,471	23,064
0	0	Tax asset for the year, not recognised	-21,712	-5,574
0	0	Utilisation of non-capitalised tax asset	2,651	2,044
18,997	-1,125	Adjustments of tax in respect of prior years	1,026	15,108
8,420	-10,504	Corporation tax of ordinary income	-580	-4,352
-1,898	-1,902	Tonnage tax	-3,088	-3,214
6,522	**-12,406**	**Tax in the income statement**	**-3,668**	**-7,566**
-0.9	24.3	Effective tax rate	2.4	1.0
1.7	22.1	Effective tax rate before adjustment of prior years' tax	3.1	3.1

The Parent Company has in 2012 paid net joint tax contribution regarding prior years of DKK 13.0 million (2011: DKK 2.7 million).

The Parent Company and its Danish subsidiaries are within the Danish Act of compulsory joint taxation with LF Investment ApS and J. Lauritzen A/S and these two companies' Danish affiliated companies. DFDS A/S is liable for the tax of its own taxable income. LF Investment ApS is the administration company in the joint taxation and settles all payments of corporation tax with the tax authorities.

The shipping activities performed in the Danish, Lithuanian, Dutch, Norwegian, French and English enterprises in the Group are included in tonnage tax schemes where the taxable income related to transportation of passenger and goods is calculated based on the tonnage employed during the year. Taxable income related to other activities is taxed following the ordinary taxation rules.

Adjustment of prior years' tax in 2012 for the Group is primarily related to the final settlement and utilisation of tax losses between the English companies in the Group.

Adjustment of prior years' tax in 2011 primarily concerns the final interpretation of the judgement on the tax case against DFDS A/S, which led to an additional income of DKK 19 million in 2011 related to the years 2002-2009.

	Consolidated DKK '000	
Note 10 Earnings per share	**2012**	**2011**
Profit for the year	148,298	734,556
Attributable to non-controlling interests	40	-3,570
Attributable to DFDS Group	**148,338**	**730,986**
Weighted average number of issued ordinary shares	14,856,081	14,856,081
Weighted average number of treasury shares	-352,714	-223,536
Weighted average number of ordinary shares	14,503,367	14,632,545
Weighted average number of share options issued	0	6,377
Weighted average number of ordinary shares (diluted)	**14,503,367**	**14,638,922**
Basic earnings per share (EPS) of DKK 100 in DKK	10.23	49.96
Diluted earnings per share (EPS-D) of DKK 100 in DKK	10.23	49.93

Note 11 Non-current intangible assets

Consolidated

DKK '000	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Balance at 1 January 2012	483,678	60,957	186,486	22,558	753,679
Foreign exchange adjustments	7,161	76	-4	13	7,246
Transfers	0	0	9,946	-10,636	-690 [1]
Addition on acquisition of enterprises	2,188	2,791	45	0	5,024
Additions	0	0	37	43,888	43,925
Disposals	0	-156	0	0	-156
Cost at 31 December 2012	**493,027**	**63,668**	**195,510**	**55,823**	**809,028**
Amortisation and impairment losses at 1 January 2012	120,981	60,954	121,721	0	303,656
Foreign exchange adjustments	2,184	72	-21	0	2,235
Amortisation charge	0	239	25,089	0	25,328
Amortisation and impairment losses at 31 December 2012	**123,165**	**61,265**	**146,789**	**0**	**331,219**
Carrying amount at 31 December 2012	**369,862**	**2,403**	**49,721**	**55,823**	**477,809**

[1] Transferred to non-current tangible assets.

DKK '000	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Balance at 1 January 2011	464,596	60,963	174,837	4,336	704,732
Foreign exchange adjustments	-122	-6	44	20	-64
Transfers	0	0	33,276	-33,276	0
Additions	33,506 [2]	0	738	51,478	85,722
Disposals	-14,302 [3]	0	-22,409	0	-36,711
Cost at 31 December 2011	**483,678**	**60,957**	**186,486**	**22,558**	**753,679**
Amortisation and impairment losses at 1 January 2011	121,256	60,798	122,011	0	304,065
Foreign exchange adjustments	-70	-6	17	0	-59
Amortisation charge	0	162	21,107	0	21,269
Impairment charge classified as special items	0	0	995	0	995
Disposals	-205	0	-22,409	0	-22,614
Amortisation and impairment losses at 31 December 2011	**120,981**	**60,954**	**121,721**	**0**	**303,656**
Carrying amount at 31 December 2011	**362,697**	**3**	**64,765**	**22,558**	**450,023**

[2] Addition of goodwill in 2011 is primarly related to the purchase of the route Kapellskär-Paldiski.

[3] Disposal of goodwill in 2011 is primarly related to the sale of DFDS Canal Tours A/S.

The carrying amount of the goodwill in the Group is allocated to the following cash generating units:

DKK million	2012	2011
Shipping:		
North Sea and Baltic Sea	203.6	200.5
Channel	2.2	0.0
Logistics:		
Continent incl. container activities	155.7	153.8
UK & Ireland	8.4	8.4
Total	**369.9**	**362.7**

Regarding impairment tests and impairment losses of goodwill, references is made to note 38.

The carrying amount of completed software and development projects in progress primary relates to software to Passenger Shippings on-line booking, a new freight- and planning system to Logistics Division and economic- and management reporting systems.

Note 11 Non-current intangible assets (continued)

Parent Company

DKK '000	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Balance at 1 January 2012	92,019	56,440	185,698	21,997	356,154
Foreign exchange adjustments	2,621	0	0	0	2,621
Transfers	0	0	9,555	-10,245	-690 [1]
Additions	0	0	0	43,888	43,888
Cost at 31 December 2012	**94,640**	**56,440**	**195,253**	**55,640**	**401,973**
Amortisation and impairment losses at 1 January 2012	0	54,849	121,699	0	176,548
Amortisation charge	0	796	25,044	0	25,840
Amortisation and impairment losses at 31 December 2012	**0**	**55,645**	**146,743**	**0**	**202,388**
Carrying amount at 31 December 2012	**94,640**	**795**	**48,510**	**55,640**	**199,585**

[1] Transferred to non-current tangible assets.

DKK '000	Goodwill	Other non-current intangible assets	Software	Development projects in progress	Total
Balance at 1 January 2011	58,264	56,440	167,060	4,336	286,100
Foreign exchange adjustments	507	0	0	0	507
Transfers	0	0	33,276	-33,276	0
Additions	33,248	0	0	50,937	84,185
Disposals	0	0	-14,638	0	-14,638
Cost at 31 December 2011	**92,019**	**56,440**	**185,698**	**21,997**	**356,154**
Amortisation and impairment losses at 1 January 2011	0	54,056	114,235	0	168,291
Amortisation charge	0	793	21,107	0	21,908
Impairment charge	0	0	995	0	995
Disposal	0	0	-14,638	0	-14,638
Amortisation and impairment losses at 31 December 2011	**0**	**54,849**	**121,699**	**0**	**176,548**
Carrying amount at 31 December 2011	**92,019**	**1,591**	**63,999**	**21,997**	**179,606**

The Parent Company's carrying amount of Goodwill DKK 94.6 million (2011: DKK 92.0 million) is related to the acquisition of one freight- and passenger route in 2011 and the acquisition of one freight route in 2005.

The carrying amount of completed software and develompent projects in progress relates primarily to software to Passenger Shippings on-line booking, a new freight- and planning system and economic and management reporting systems.

Note 12 Non-current tangible assets

Consolidated

DKK '000	Land and buildings	Terminals	Ships	Equipment etc.	Assets under construction and prepayments	Total
Balance at 1 January 2012	121,520	826,238	11,397,728	864,887	583,237	13,793,610
Foreign exchange adjustments	2,666	8,537	151,245	12,678	185	175,311
Transfers	0	516	66,522	12,417	-78,765	690 [1]
Addition on acquisition of enterprises	0	0	117,159	3,536	0	120,695
Additions	3,751	7,223	72,892	80,630	108,856	273,352
Disposals	0	-16,060	-42,992	-21,655	-570,653 [2]	-651,360
Cost at 31 December 2012	**127,937**	**826,454**	**11,762,554**	**952,493**	**42,860**	**13,712,298**
Depreciation and impairment losses at 1 January 2012	17,116	202,399	3,887,026	504,967	0	4,611,508
Foreign exchange adjustments	358	3,436	50,918	8,917	0	63,629
Depreciation charge	4,641	33,673	537,886	77,575	0	653,775
Impairment charge	0	0	102,000	1,720	0	103,720
Reversal of prior years impairment charge	0	-689	0	0	0	-689
Disposals	0	-16,060	-42,992	-17,262	0	-76,314
Depreciation and impairment losses at 31 December 2012	**22,115**	**222,759**	**4,534,838**	**575,917**	**0**	**5,355,629**
Carrying amount at 31 December 2012	**105,822**	**603,695**	**7,227,716**	**376,576**	**42,860**	**8,356,669**
Including assets held under finance leases	0	0	0	60,797	0	60,797
Capitalized interest for the year	0	0	0	0	8,184 [3]	8,184

[1] Transferred from non-current intangible assets.
[2] Disposals relates to cancellation of newbuilding contracts on two freight ships (ro-ro).
[3] Interest capitalized until cancellation of newbuilding contracts on two freight ships (ro-ro).

Note 12 Non-current tangible assets (continued)

Consolidated

DKK '000	Land and buildings	Terminals	Ships	Equipment etc.	Assets under construction and prepayments	Total
Balance at 1 January 2011	181,845	737,371	12,054,888	781,836	210,902	13,966,842
Foreign exchange adjustments	1,109	5,551	8,602	5,303	151	20,716
Transfers	-34,972	40,999	189,357	5,141	-200,525	0
Additions	4,684	42,317	20,034	115,516	572,709	755,260
Disposals	-31,146	0	-875,153 [5]	-42,909	0	-949,208
Cost at 31 December 2011	**121,520**	**826,238**	**11,397,728**	**864,887**	**583,237**	**13,793,610**
Depreciation and impairment losses at 1 January 2011	35,679	153,256	3,912,484	462,366	0	4,563,785
Foreign exchange adjustments	20	3,470	5,476	2,944	0	11,910
Transfers	-6,932	6,932	0	0	0	0
Depreciation charge	4,947	30,051	543,476	74,682	0	653,156
Impairment charge	0	8,690 [4]	0	0	0	8,690
Disposals	-16,598	0	-574,410 [5]	-35,025	0	-626,033
Depreciation and impairment losses at 31 December 2011	**17,116**	**202,399**	**3,887,026**	**504,967**	**0**	**4,611,508**
Carrying amount at 31 December 2011	**104,404**	**623,839**	**7,510,702**	**359,920**	**583,237**	**9,182,102**
Including assets held under finance leases	0	0	0	74,516	0	74,516
Capitalized interest for the year	0	0	0	0	7,758	7,758

[4] Impairment charge is related to leasehold improvements of a rented terminal area, where income generating agreement with the external customer has discontinued

[5] The ship QUEEN OF SCANDINAVIA has been reclassified to financial lease. In addition the ship DUBLIN SEAWAYS and the channel boats in DFDS Canal Tours A/S has been sold.

The carrying amount of ships includes passenger ships, DKK 1,089 million (2011: DKK 1,250 million), of which components with high decrease in value amounts to DKK 235 million (2011: DKK 319 million) and components with minor decrease in value amounts to DKK 854 million (2011: DKK 931 million).

The interest for the year included in the cost in the Group is calculated by using a specific interest rate. The specific interest rate for this year's capitalized interest is approximately 1.6-3.2% p.a. (2011: 2.9-3.2% p.a.).

Disposal of Assets under construction and prepayments of DKK 571 million is related to cancellation of newbuilding contracts on two freight ships (ro-ro) (2011: additions of DKK 558 million was prepayments for two ro-ro newbuildings for delivery in 2012).

The Income Statement includes depreciation charge on other non-current assets of DKK -140.5 million (2011: DKK -130.9 million). Of this amortisation of profit/loss on sale and lease back transactions amounts to DKK 0.7 million (2011: DKK 0.7 million).

On the basis of the impairment tests performed in 2012 a DKK 27 mio. impairment loss on two passenger ships and DKK 75 mio. impairment loss on three sideport ships, a total of DKK 102 mio. (2011: there has been no impairments on ships). For further information regarding impairment reference is made to note 38.

Note 12 Non-current tangible assets (continued)

Parent Company

DKK '000	Land and buildings	Terminals	Ships	Equipment etc.	Assets under construction and prepayments	Total
Balance at 1 January 2012	10,949	73,143	5,190,676	317,120	574,725	6,166,613
Transfers	0	516	12,312	8,019	-20,157	690 [1]
Additions	0	188	0	18,859	52,962	72,009
Disposals	0	0	0	-1,636	-570,653 [2]	-572,289
Cost at 31 December 2012	**10,949**	**73,847**	**5,202,988**	**342,362**	**36,877**	**5,667,023**
Depreciation and impairment losses at 1 January 2012	5,124	51,198	2,199,840	171,131	0	2,427,293
Depreciation charge	793	1,910	243,784	33,258	0	279,745
Impairment charge	0	0	27,000	0	0	27,000
Disposals	0	0	0	-671	0	-671
Depreciation and impairment losses at 31 December 2012	**5,917**	**53,108**	**2,470,624**	**203,718**	**0**	**2,733,367**
Carrying amount at 31 December 2012	**5,032**	**20,739**	**2,732,364**	**138,644**	**36,877**	**2,933,656**
Including assets held under finance leases	0	0	0	23,764	0	23,764
Capitalized interest for the year	0	0	0	0	8,184 [3]	8,184

[1] Transferred from non-current intangible assets.

[2] Disposals related to cancellation of newbuilding contracts on two freight ships (ro-ro).

[3] Interest capitalized until cancellation of newbuilding contracts on two freight ships (ro-ro).

DKK '000	Land and buildings	Terminals	Ships	Equipment etc.	Assets under construction and prepayments	Total
Balance at 1 January 2011	20,753	72,970	5,482,539	245,277	203,385	6,024,924
Transfers	0	0	160,796	5,141	-165,937	0
Additions	238	173	176,402	75,717	537,277	789,807
Disposals	-10,042	0	-629,061 [4]	-9,015	0	-648,118
Cost at 31 December 2011	**10,949**	**73,143**	**5,190,676**	**317,120**	**574,725**	**6,166,613**
Depreciation and impairment losses at 1 January 2011	11,189	49,392	2,470,491	145,999	0	2,677,071
Depreciation charge	795	1,806	248,420	30,585	0	281,606
Disposals	-6,860	0	-519,071 [4]	-5,453	0	-531,384
Depreciation and impairment losses at 31 December 2011	**5,124**	**51,198**	**2,199,840**	**171,131**	**0**	**2,427,293**
Carrying amount at 31 December 2011	**5,825**	**21,945**	**2,990,836**	**145,989**	**574,725**	**3,739,320**
Including assets held under finance leases	0	0	0	28,729	0	28,729
Capitalized interest for the year	0	0	0	0	7,758	7,758

[4] The ship QUEEN OF SCANDINAVIA has been reclassified to financial lease.

The carrying amount of ships includes passenger ships, DKK 1,089 million (2011: DKK 1,250 million), of which components with high decrease in value amounts to DKK 235 million (2011: DKK 319 million) and components with minor decrease in value amounts to DKK 854 million (2011: DKK 931 million).

The interset for the year included in the cost in the Parent Company is calculated by using a specific interest rate of approximately 1.6 - 3.2% p.a. (2011: 2.9 - 3.2% p.a.).

Disposal of Assets under construction and prepayments of DKK 571 million is related to cancellation of newbuilding contracts on two freight ships (ro-ro) (2011: additions of DKK 558 million was prepayments for two ro-ro newbuildings for delivery in 2012).

On the basis of the impairment tests performed in 2012 a DKK 27 mio. impairment loss on two passenger ships (2011: there has been no impairments on ships).

For further information regarding impairment reference is made to note 38.

Parent Company
DKK '000

Note 13 Investments in subsidiaries	**2012**	**2011**
Cost at 1 January	1,732,599	1,869,302
Additions	3,200,015	6,213
Disposals	-91,513	-142,916
Cost at 31 December	**4,841,101**	**1,732,599**
Accumulated impairment losses at 1 January	-391,560	-383,288
Impairment losses	-510,111	-42,486
Reversal of impairment losses from previous years	91,722	25,200
Disposals	1,573	9,014
Accumulated impairment loss at 31 December	**-808,376**	**-391,560**
Carrying amount at 31 December	**4,032,725**	**1,341,039**

Reference is made to the Company overview in note 42.

In 2012 debt conversion and unconditional shareholders contribution by remission of debt on balances between the parent company subsidiaries has been made. Debt conversion amounts to DKK 159.4 million, and unconditional shareholders contribution by remission of debt amounts to DKK 2,505.3 million, a total of DKK 2,664.7 million, which primary covers the additions during the year.

Furthermore, in 2012 a capital grant of DKK 497.1 million has been made to subsidiaries.

The carrying amount of the Parent Company's investment in subsidiaries are tested for impairment if there is any indicators of impairment. The impairment tests has led to a impairment loss of DKK 510.1 million (2011 DKK 42.5 million).

In 2012 impairment losses of investments in subsidiaries recognised prior years at DKK 91.7 million has been reversed (2011: DKK 25.2 million).

For further information regarding impairment test, references is made to note 38.

Parent Company DKK '000				Consolidated DKK '000
2011	**2012**	**Note 14 Investments in associates**	**2012**	**2011**
223	223	Cost at 1 January	29,448	29,520
0	0	Foreign exchange adjustment	95	-72
0	0	Additions	28	0
0	-223	Disposials	-28,324	0
223	**0**	**Cost at 31 December**	**1,247**	**29,448**
-	-	Value adjustments at 1 January	-23,328	2,511
-	-	Foreign exchange adjustment	149	68
-	-	Disposals	29,179	0
-	-	Share of profit for the year	2,861	-75
-	-	Impairment charge	-3,261	-25,220
-	-	Dividends received	0	-612
-	**-**	**Value adjustments at 31 December**	**5,600**	**-23,328**
223	**0**	**Carrying amount at 31 December**	**6,847**	**6,120**

DKK '000 — The Groups Share

2012	Domicile	Ownership	Revenue	Profit for the year	Total assets	Total liabilities	Equity	Profit for the year
Suardiaz DFDS Autologistics NV	Ghent	0.0% [1]	0	0	0	0	0	0
Oslo Containerterminal AS	Oslo	33.3%	77,704	-939	17,067	10,476	2,195	-313
DFDS Suardiaz Line Ltd.	Immingham	50.0% [2]	162,557	-1,484	21,062	72,947	-25,943	-742
KST Terminal AS	Oslo	40.0%	31,676	1,788	6,253	3,853	960	715
DailyFresh Logistics C.V.	Maasdijk	1.0% [3]	0	-3,418	0	0	0	-1,139
Bohus Terminal Holding AB	Gothenburg	65.0% [4]	241,221	5,535	70,088	64,408	3,692	3,598
							-19,096	2,119
Of which investments in associates with negative value, where DFDS is not commited to cover the negative equity							25,943	742
							6,847	**2,861**

[1] Owned by the Parent Company until 31 August 2012, where the enterprise was closed.
[2] Owned by the Parent Company.
[3] DailyFresh Logistics C.V. was an investment in associates until 24 September 2012, where ownership was reduced to 1%. Hereafter transferred to Securities (Other investments).
[4] Acquired 3 May 2012. Due to minority protection in the shareholders' agreement the DFDS Group does not have controlling interest, despite of 65 % ownership.

DKK '000 — The Groups Share

2011	Domicile	Ownership	Revenue	Profit for the year	Total assets	Total liabilities	Equity	Profit for the year
Suardiaz DFDS Autologistics NV	Ghent	50.0% [1]	0	-16	372	8	182	-8
Oslo Containerterminal AS	Oslo	33.3%	79,118	-809	19,394	12,277	2,371	-270
DFDS Suardiaz Line Ltd.	Immingham	50.0% [1]	153,864	-74	28,922	79,144	-25,111	-37
KST Terminal AS	Oslo	40.0%	22,459	956	4,506	2,948	623	382
DailyFresh Logistics C.V.	Maasdijk	33.3%	525,506	-537	60,544	51,712	2,944	-179
							-18,991	-112
Of which investments in associates with negative value, where DFDS is not commited to cover the negative equity							25,111	37
							6,120	**-75**

[1] Owned by the Parent Company.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 15 Receivables**	**2012**	**2011**
1,802,090	985,020	Receivables from subsidiaries	-	-
76,641	49,836	Other non-current receivables	112,533	110,613
1,878,731	**1,034,856**	**Total non-current receivables**	**112,533**	**110,613**
558,987	543,433	Trade receivables	1,521,279	1,434,938
3,016,384	1,319,504	Interest bearing receivables from subsidiaries [1]	-	-
65,383	0	Other receivables from subsidiaries	-	-
4,931	54,339	Receivables from associates	54,366	7,756
0	0	Corporation tax and joint taxation contribution, receivable	6,373	9,783
71,847	32,987	Fair value of derivative financial instruments, forward transactions and bunker hedges	32,987	71,847
49,314	50,666	Other receivables and current assets	151,825	175,804
3,766,846	**2,000,929**	**Total current receivables**	**1,766,830**	**1,700,128**
5,645,577	**3,035,785**	**Total current and non-current receivables**	**1,879,363**	**1,810,741**

[1] The carrying amount of Interest bearing receivables from subsidiaries relate to current credit facilities that are made available to subsidiaries.

None of the trade receivables with collateral are overdue on 31 December 2012 (2011: none). The collateral is bank guaranties.
The carrying amount of receivables is in all material respects approximate to the fair value.

		Receivables that are pastdue but not impaired:		
		Days past due:		
79,949	119,980	Up to 30 days	317,550	299,071
10,904	23,409	31-60 days	75,280	72,974
2,534	5,550	61-90 days	23,736	9,845
4,996	621	91-120 days	8,090	8,910
4,687	15,006	More than 120 days	39,106	23,088
103,070	**164,566**	**Past due but not impaired**	**463,762**	**413,888**

		Movements in write-downs:		
6,255	4,741	Write-downs af 1 January	40,764	60,879
-	-	Foreign exchange adjustment	918	-402
3,019	3,510	Write-downs	14,379	15,646
-452	-2,855	Realised losses	-8,288	-24,578
-4,081	-542	Reversed write-downs	-1,100	-10,781
4,741	**4,854**	**Write-downs at 31 December**	**46,673**	**40,764**

		Age distribution of write downs:		
		Days past due:		
0	871	Up to 30 days	1,955	5,462
68	0	31-60 days	2,913	3,926
42	282	61-90 days	838	445
0	0	91-120 days	1,249	1,189
4,631	3,701	More than 120 days	39,718	29,742
4,741	**4,854**	**Write-downs at 31 December**	**46,673**	**40,764**

Write-downs and realised losses are recognised in operational cost in the income statement.
Write-downs on trade receivables are caused by customers bankrupcy as well as uncertainty about the customers ability and willingness to pay.

Note 15 Receivables (continued)

Financial leasing receivables (lessor)
As part of 'Other non-current receivables' and 'Other receivables and current assets' (in the Parent Company and the Group) is included a receivable regarding a financial lease contract. The receivable can be specified as follows:

DKK '000

2012	Minimum lease payments	Hereof financing element	Carrying amount
0-1 year	31,722	-6,682	25,040
1 to 5 years	54,296	-4,460	49,836
After 5 years	0	0	0
Total	**86,018**	**-11,142**	**74,876**

DKK '000

2011	Minimum lease payments	Hereof financing element	Carrying amount
0-1 year	31,131	-9,136	21,995
1 to 5 years	87,754	-11,113	76,641
After 5 years	0	0	0
Total	**118,885**	**-20,249**	**98,636**

The financial lease receivables is related to the ship QUEEN OF SCANDINAVIA, which is chartered out on a bareboat contract with a purchase option. In 2011 the lessee has called the purchase option and the ownership of the vessel will be transferred to the lessee in March 2015.

Parent Company
DKK '000

Consolidated
DKK '000

2011	2012	Note 16 Securities	2012	2011
33,698	15,795	Listed bonds	15,795	33,698
2,973	2,155	Listed shares	2,155	2,973
17,782	17,782	Other shares and equity investments	17,782	19,046
731	731	Other investments	731	731
55,184	**36,463**	**Total securities**	**36,463**	**56,448**
		Classified as follows:		
21,486	20,668	Non-current securities	20,668	22,750
33,698	15,795	Current securities	15,795	33,698
55,184	**36,463**	**Total securities**	**36,463**	**56,448**

Securities in both the Parent Company and the Group are non-current assets classified as 'available for sale'.

Other shares and equity investments as well as other investments consist of some minor unlisted enterprises and holdings. These assets are not adjusted to fair value because the fair value cannot be measured reliably. Instead the securities are recognised as cost reduced by write-downs, if any.

During 2011 the majority of the bonds have been drawn.

Parent Company
DKK '000

Consolidated
DKK '000

2011	2012	Note 17 Inventories	2012	2011
67,242	65,009	Bunkers	82,897	89,265
41,255	45,919	Goods for sale and raw materials for restaurants	73,297	60,117
-1,974	-3,928	Write-down of inventories	-3,928	-2,174
106,523	**107,000**	**Total inventories**	**152,266**	**147,208**

Note 18 Holding of treasury shares (number of shares)	2012	2011
Holding of treasury shares at 1 January	352,714	217,614
Acquisition of treasury shares	0	135,100
Holding of treasury shares at 31 December	**352,714**	**352,714**
Market value of treasury shares at 31 December, DKK '000	90,118	125,213

At the Annual General Meeting in March 2012 the Board of Directors was authorised - until the 28 March 2017 - to acquire treasury shares at a nominal value totalling 20% of the DFDS A/S' share capital.

During 2012 no treasury shares has been acquired (2011: acquisition of treasury shares amounts to a total payment of DKK 45.3 million).

The Parent Company's holdings of treasury shares at 31 December 2012 are 352,714 shares (2011: 352,714 shares), corresponding to 2.37% (2011: 2.37%) of the Parent Company's share capital. Treasury shares have originally been acquired to cover a share option scheme for employees.

Parent Company
DKK '000

Consolidated
DKK '000

2011	2012	Note 19 Deferred tax	2012	2011
0	0	Deferred tax at 1 January	46,239	54,678
-	-	Foreign exchange adjustments	3,290	-353
0	0	Change of corporate income tax rate	-18,440	4,790
0	0	Additions on acquisition of enterprises / sale of enterprises	0	-4,519
0	-1,613	Deferred tax for the year recognised in the income statement	-22,290	-6,010
0	0	Utilisation of tax losses between jointly taxed companies	948	799
0	1,125	Adjustments regarding prior years recognised in the income statement	-6,957	-3,146
0	0	Write down of deferred tax assets	41,647	0
0	**-488**	**Deferred tax at 31 December, net**	**44,437**	**46,239**
		Deferred tax is recognised in the balance sheet as follows:		
0	488	Deferred tax (assets)	82,386	122,150
0	0	Deferred tax (liabilities)	126,823	168,389
0	**-488**	**Deferred tax at 31 December, net**	**44,437**	**46,239**

By joining the tonnage taxation scheme, DFDS A/S is subject to the requirements of the scheme until 2021. DFDS A/S is not expected to withdraw from the scheme and consequently no deferred tax relating to assets and liabilities subject to tonnage taxation has been recognised. If DFDS A/S withdraws from the tonnage taxation scheme, deferred tax in the amount of maximum DKK 252 million (2011: 252 million) may be recognised.

Tax loss carried forward for DFDS A/S amounts to DKK 30 million (2011: DKK 30 million). The losses relate to the current Danish joint taxation with LF Investment ApS and J. Lauritzen A/S and these two companies' Danish affiliated companies. The value of the tax loss carried forward has not been capitalised because of uncertainties of the future taxable income for the joint taxation.

Consolidated
DKK '000

2012	Balance sheet at 1 January	Foreign exchange adjustments	Change of corporate income tax rate	Deferred tax for the year recognised in the income statement	Utilisation of tax losses between jointly taxed companies	Adjustments regarding prior years recognised in the income statement	Write down of deferred tax assets	Balance sheet at 31 December
Ships	160,125	7,070	-25,946	-22,334	0	272	0	119,187
Land and buildings, terminals and other equipment	15,471	187	46	9	0	-7,525	0	8,188
Provisions	-49,140	-1,343	6,195	-1,874	0	3,366	0	-42,796
Tax loss carried forward	-78,206	-2,522	1,650	1,986	948	-2,898	39,259	-39,783
Other	-2,011	-102	-385	-77	0	-172	2,388	-359
	46,239	**3,290**	**-18,440**	**-22,290**	**948**	**-6,957**	**41,647**	**44,437**

2011	Balance sheet at 1 January	Foreign exchange adjustments	Change of corporate income tax rate	Additions on acquisition of enterprises / sale of enterprises	Deferred tax for the year recognised in the income statement	Utilisation of tax losses between jointly taxed companies	Adjustments regarding prior years recognised in the income statement	Balance sheet at 31 December
Ships	168,438	1,529	0	-4,588	-5,254	0	0	160,125
Land and buildings, terminals and other equipment	14,619	99	-361	69	-1,499	0	2,544	15,471
Provisions	-55,091	-1,190	3,065	0	3,880	0	196	-49,140
Tax loss carried forward	-65,687	-698	1,880	0	-3,279	799	-11,221	-78,206
Other	-7,601	-93	206	0	142	0	5,335	-2,011
	54,678	**-353**	**4,790**	**-4,519**	**-6,010**	**799**	**-3,146**	**46,239**

Note 19 Deferred tax (continued)

Parent Company
DKK '000

2012	Balance sheet at 1 January	Deferred tax for the year recognised in the income statement	Adjustments regarding prior years recognised in the income statement	Balance sheet at 31. December
Land and buildings, terminals and other equipment	0	-457	1,125	668
Provisions	0	-1,156	0	-1,156
	0	**-1,613**	**1,125**	**-488**

2011
DFDS A/S has no deferred tax.

Note 20 Share options

The decision to grant share options is made by the Board of Directors. Share options have been granted to the Executive Board and some executive employees. Each share option gives the holder of the option the right to acquire one existing share in the Parent Company of nominal DKK 100. The share option scheme equals a right to acquire 1.7% of the share capital (2011: 0.9%) if the remaining share options are exercised.

Share options granted as from 2008 have been granted at an exercise price equal to the average share price of the Parent Company's shares 20 days before the grant with an addition of 5%.

Vesting is done on a straight line basis over a period of three years from the date of grant for share options granted as from 2010. Share options granted in 2008 and 2009 are fully vested from the date of grant. Special conditions apply regarding illness and death and if the capital structure of the Parent Company is changed, etc.

The share options can be exercised when a minimum of 3 years and a maximum of 5 years have elapsed since the grant dates. The options can only be exercised within a period of 4 weeks after publication of annual or interim reports.

Share options granted can only be settled with shares. A part of the treasury shares is reserved for settling the outstanding share options.

Consolidated

2012	Executive Board Number	Executive employees Number	Terminated employees Number	Total	Average exercise price per option DKK	Average fair value per option DKK	Total fair value DKK '000
Outstanding at the beginning of the year	75,750	32,405	30,000	138,155	485.84	20.95	2,895
Granted during the year	70,572	76,075	0	146,647	346.00	11.73	1,720
Forfeited during the year	-10,000	0	-20,000	-30,000	607.20	0.00	0
Outstanding at the end of the year	**136,322**	**108,480**	**10,000**	**254,802**	**391.07**	**7.90**	**2,013**
Of this exercisable at the end of the year	20,000	0	10,000	30,000	546.19	0.53	16

2011	Executive Board Number	Executive employees Number	Terminated employees Number	Total	Average exercise price per option DKK	Average fair value per option DKK	Total fair value DKK '000
Outstanding at the beginning of the year	55,750	0	30,000	85,750	503.93	83.63	7,171
Granted during the year	20,000	32,405	0	52,405	456.22	27.15	1,423
Outstanding at the end of the year	**75,750**	**32,405**	**30,000**	**138,155**	**485.84**	**20.95**	**2,895**
Of this exercisable at the end of the year	20,000	0	30,000	50,000	620.58	0.16	8

Note 20 Share options (continued)

No share options have been exercised during 2012 (2011: no exercises).

The cost of the year related to share based payment is recognised in the Group's and in the Parent Company's income statement with DKK 4.7 million (2011: DKK 2.4 million).

The calculated fair values are based on the Black-Scholes formula for measuring share options.

The outstanding options at 31 December 2012 have an average weighted time to maturity of 2.6 years (2011: 2.2 years).

Assumptions concerning the calculation of fair value at time of granting:

Consolidated

Year of granting	Exercise price	Market price at grant date	Expected volatility	Risk-free interest rate	Expected dividend per share(DKK) at grant date	Expected term	Fair value per option at time of granting
2012	346.00	326.0	27.95%	0.74%	12	4 years	42.51
2011 (Executive employees)	465.00	435.0	35.73%	2.42%	12	4 years	99.61
2011 (Executive Board)	442.00	445.0	30.33%	2.06%	10	4 years	99.88
2010	334.40	334.8	34.20%	2.87%	10	5 years	103.34
2009	357.28	334.4	31.28%	2.86%	10	5 years	85.60
2008	640.64	618.6	25.57%	4.13%	15	5 years	158.34

The expected volatility for 2008-2010 is based on the historic volatility for the past 5 years while the expected volatility for 2011 to the Executive employees and the Executive Board is based on the historic volatility for the past 3 and 2 years respectively. The expected volatility for 2012 is based on the historic volatility for the past 3 years. The risk free interest rate is based on 5 year Danish government bonds.

Note 21 Pension and jubilee liabilities

The Group contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through payments of annual premiums to independent insurance companies responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Group has no legal or constructive obligation to pay further contributions irrespective of the funding of these insurance companies. Pension costs from such plans are charged to the income statement when incurred.

In the United Kingdom and the Netherlands the Group has pension plans, which are defined benefit plans and are included in the balance sheet as shown below. In addition there are minor defined benefit plans in Norway, Belgium, Italy, Germany, Denmark and Sweden.

Some of the pension plans in Sweden are multi-employer plans, which cover a large number of enterprises. The plans are collective and are covered through premiums paid to Alecta. The Swedish Financial Accounting Standards Council's interpretations committee (Redovisningsrådet) has defined this plan as a multi-employer defined benefit plan. Presently, it is not possible to obtain sufficient information from Alecta to assess the plans as defined benefit plans. Consequently, the pension plans are similar to prior years treated as defined contribution plans. The contributions made amounts to DKK 5.6 million in 2012 (2011: DKK 5.8 million). The collective funding ratio at Alecta amounts to 129% as per December 2012 (December 2011: 113%). For 2013 the contributions are expected to be DKK 2.3 million. DFDS' share of the multi-employer plan is around 0.0055% and the liability follows the share of the total plan.

In the below the calculation of the defined benefit plans is specified in accordance with actuarial methods.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**		**2012**	**2011**
0	0	Present value of funded obligations	1,000,604	870,747
0	0	Fair value of plan assets	-762,895	-628,420
0	**0**	**Funded obligations, net**	**237,709**	**242,327**
6,181	3,794	Present value of unfunded obligations	23,125	23,068
0	0	Unrecognised actuarial gains/(losses)	-44,742	-34,809
6,181	**3,794**	**Recognised liabilities for defined benefit obligations**	**216,092**	**230,586**
7,770	4,282	Provision for jubilee liabilities	15,416	15,270
13,951	**8,076**	**Total actuarial liabilities**	**231,508**	**245,856**
		Movements in the net present value for defined benefit funded and unfunded obligations		
5,124	6,181	Balance at 1 January	893,815	872,166
-	-	Foreign exchange adjustments	24,149	17,888
1,710	-669	Current service costs	8,173	11,653
0	0	Calculated interest rate on obligations	42,442	43,747
0	0	Actuarial gain(-)/loss(+), net	92,384	-22,652
-653	-1,718	Benefits paid	-30,663	-27,945
0	0	Employee contributions	-365	-1,042
0	0	Settlements and curtailments	-6,206	0
6,181	**3,794**	**Funded and unfunded obligations at 31 December**	**1,023,729**	**893,815**
		Movements in the fair value of the defined benefit plan assets		
0	0	Balance at 1 January	-628,420	-623,358
-	-	Foreign exchange adjustments	-15,922	-11,088
0	0	Expected return on plan assets	-33,332	-37,482
0	0	Actuarial gain(-)/loss(+), net	-82,800	51,742
0	0	Employer and employee contributions	-30,921	-28,950
0	0	Benefits paid	24,175	20,716
0	0	Settlements and curtailments	4,325	0
0	**0**	**Plan assets at 31 December**	**-762,895**	**-628,420**

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 21 Pension and jubilee liabilities (continued)**	**2012**	**2011**
		Movements in unrecognised actuarial gains(+)/losses(-)		
0	0	Balance at 1 January	-34,809	-3,278
-	-	Foreign exchange adjustments	-2,210	-1,426
0	0	Actuarial gain(+)/loss(-), net on funded and unfunded obligations	-92,384	22,652
0	0	Actuarial gain(+)/loss(-), net on plan assets	82,800	-51,742
0	0	Actuarial gain(-)/loss(+), recognised in income statement	1,861	-1,015
0	**0**	**Unrecognised actuarial gains(+)/losses(-) at 31 December**	**-44,742**	**-34,809**
		Expenses recognised as staff costs in the income statement:		
1,710	-669	Current service costs	8,173	11,653
0	0	Net actuarial gain(-)/loss(+) recognised (corridor)	1,861	-1,015
1,710	-669		10,034	10,638
0	0	Payments on settlements and curtailments	-1,729	0
0	0	Gain(-)/loss(+) on settlements and curtailments	-1,881	0
1,710	**-669**	**Total included in staff costs regarding defined contribution plans**	**6,424**	**10,638**
		Expenses recognised as financial expenses in the income statement:		
0	0	Calculated interest rate on funded and unfunded liabilities	42,442	43,747
0	0	Expected return on plan assets	-33,332	-37,482
0	**0**	**Total included in financial expenses regarding defined contribution plans**	**9,110**	**6,265**
1,710	**-669**	**Total expenses for defined benefit plans recognised in the income statement**	**15,534**	**16,903**

Actual return on plan assets in the Group's plans amounts to DKK 116.1 million (2011: DKK -14.3 million). There are no plan assets in the Parent Company's plans.

The expected return on plan assets is assessed as a weighted average return on the assets for each plan reduced by a spread to cover administration costs paid by the plan assets.

The Group expects to make a contribution of DKK 35.0 million (expected for 2012: DKK 34.0 million) to the defined benefit plans in 2013. The Parent Company expects to make a contribution of DKK 0.2 million in 2013 (expected for 2012: DKK 0.2 million).

2011	2012		2012	2011
		Plan assets consist of the following:		
0	0	Listed shares (of this no DFDS A/S shares)	391,510	337,176
0	0	Bonds	324,004	223,260
0	0	Cash and cash equivalents	8,704	30,728
0	0	Properties	31,224	31,669
0	0	Other assets	7,453	5,587
0	**0**		**762,895**	**628,420**
		Defined benefit plans – assumptions: [1]		
1.7%	1.6%	Discount rate	4.3%	4.7%
-	-	Expected return on plan assets	4.7%	5.3%
0.0%	0.0%	Social security rate	0.3%	0.4%
0.0%	0.0%	Future salary increase	0.7%	0.7%
0.0%	0.0%	Future pension increase	2.3%	2.5%
0.0%	0.0%	Inflation	2.2%	2.7%

[1] All factors are weighted at the pro rata share of the individual actuarial obligation and the expected return on plan assets is weighted at the pro rata share of the individual plan asset.

Note 21 Pension and jubilee liabilities (continued)

The Group's obligations for defined benefit plans for the past five years consists of the following:	**2012**	**2011**	**2010**	**2009**	**2008**
Present value of the defined benefit obligation	-1,023,729	-893,815	-872,166	-518,004	-390,329
Fair value of plan assets	762,895	628,420	623,358	333,920	254,044
Deficit in the plan	**-260,834**	**-265,395**	**-248,808**	**-184,084**	**-136,285**
Experience adjustments arising on plan liabilities	-6,141	15,581	-26,488	-24,553	11,893
Experience adjustments arising on plan assets	-82,800	-37,532	18,062	33,937	-114,563

The Parent Company's obligations for defined benefit plans for the past five years consists of the following:	**2012**	**2011**	**2010**	**2009**	**2008**
Present value of the defined benefit obligation	-3,794	-6,181	-5,124	-5,196	-6,214

It is not possible to assess historical experience to the Parent Company's defined benefit obligations.

DFDS' future obligations in the defined benefit plans can be influenced significantly by changes in the discount rate, the fair value of the plan assets and the expected return of these, the inflation, the future salary and pension increase, and demographic changes, such as the expected lifetime or other changes.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 22 Other provisions**	**2012**	**2011**
0	25,803	Balance at 1 January	93,688	136,979
0	0	Addition on acquisition of enterprises	30,408	0
25,803	16,973	Provisions made during the year	25,482	53,258
0	0	Used during the year	-52,796	-88,869
0	0	Reversal of unused provisions	-6,466	-7,680
25,803	**42,776**	**Other provisions at 31 December**	**90,316**	**93,688**
		Other provisions are expected to be payable in:		
0	3,441	0-1 year	49,422	63,725
25,803	39,335	1-5 years	40,894	29,963
25,803	**42,776**	**Other provisions at 31 December**	**90,316**	**93,688**

Of the Group's provision of DKK 90.3 million (2011: DKK 93.7 million), DKK 29.8 million (2011: DKK 44.6 million) relate to charter contracts, concession agreement and IT, DKK 14.9 million (2011: DKK 5.2 million) is redelivery obligation regarding leased operating equipment. DKK 38.2 million (2011: DKK 25.8 million) is calculated net present value of earn out agreement regarding the acquisition of the route Paldiski-Kapellskär and DKK 7.4 million (2011: DKK 18.1 million) regarding other provisions.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 23 Interest-bearing liabilities**	**2012**	**2011**
2,733,842	1,561,241	Mortgage on ships	1,836,430	2,962,279
0	506,613	Issued corporate bonds	506,613	0
23,478	18,166	Financial lease liabilities	36,795	52,836
30,010	18,912	Payables to subsidiaries	-	-
0	0	Bank loans	0	610
1,982	1,156	Other non-current liabilities	26,453	35,088
2,789,312	**2,106,088**	**Total interest bearing non-current liabilities**	**2,406,291**	**3,050,813**
407,722	628,382	Mortgage on ships	693,543	449,907
5,208	5,386	Financial lease liabilities	16,151	16,278
2,374,099	2,727,397	Payables to subsidiaries	-	-
0	0	Bank loans	53,623	54,699
744	832	Other non-current liabilities	63,576	10,732
2,787,773	**3,361,997**	**Total interest bearing current liabilities**	**826,893**	**531,616**
5,577,085	**5,468,085**	**Total interest bearing liabilities**	**3,233,184**	**3,582,429**

In 2012 DFDS has issued a four-year corporate bond of NOK 500 million, which run for the period 2 May 2012 until 2 May 2016. The bond is listed on the Oslo Stock Exchange. The four-year bond has been issued with a floating rate based on three month NIBOR + 3.5 % margin in NOK, which DFDS has swapped into a fixed, four-year Danish interest rate of approx. 4.3%.

The fair value of the interest-bearing liabilities in the Group amounts to DKK 3,270 million (2011: DKK 3,641 million). The fair value of the interest-bearing liabilities in the Parent Company amounts to DKK 5,504 million (2011: DKK 5,635 million).

The fair value of the financial liabilities is determined as the present value of expected future repayments and interest rates. The Group's actual borrowing rate for equivalent terms is used as the discount rate. The fair value of the issued corporate bonds has been calculated based on the listed share price at year end 2012.

DKK 25 million of the interest-bearing liabilities in the Group fall due after five years (2011: DKK 172 million). DKK 0 million of the interest bearing liabilities in the Parent Company fall due after five years (2011: DKK 146 million). No exceptional conditions in connection with borrowing are made. The loan agreements can be settled at fair value plus a small surcharge.

Reference is made to note 28 for financial risks, etc.

2011	**2012**	**Allocation of currency, principal nominal amount**	**2012**	**2011**
1,588,114	1,991,247	DKK	1,628,017	1,224,107
2,665,710	2,273,883	EUR	767,410	1,146,724
292,185	229,676	SEK	202,787	270,449
42,920	598,238	NOK	581,347	89,875
191,554	374,931	GBP	53,623	54,699
796,575	0	USD	0	796,575
27	110	LTL	0	0
5,577,085	**5,468,085**	**Total interest bearing liabilities**	**3,233,184**	**3,582,429**

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 24 Other payables**	**2012**	**2011**
13,772	2,735	Payables to subsidiaries	-	-
0	0	Payables to associates	398	0
26,261	18,450	Accrued interests	19,636	28,071
5,651	6,635	Public authorities (VAT, duty etc.)	53,038	102,392
117,756	100,104	Holiday pay obligations, etc,	204,906	189,724
103,648	83,438	Fair value of Interest swaps, forward transactions and bunker hedges	83,438	103,648
60,677	34,939	Other payables	86,945	90,166
327,765	**246,301**	**Total other payables**	**448,361**	**514,001**

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 25 Deferred income**	**2012**	**2011**
57,664	37,767	Prepayments from customers	109,220	99,012
0	0	Other deferred income	1,186	1,859
57,664	**37,767**	**Total deferred income**	**110,406**	**100,871**

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 26 Corporation tax**	**2012**	**2011**
0	15,526	Balance at 1 January	29,800	25,626
-	-	Foreign exchange adjustment	335	116
19,371	0	Opening adjustment regarding classification of due jointly taxation (transferred from other payables)	-1,821	23,359
-	-	Additions on aquisition of enterprises / sale of enterprises	0	-1,424
12,475	12,894	Tax for the year recognised in the income statement	26,984	28,013
-18,997	0	Adjustment, prior years recognised in the income statement	-17,276	-16,752
2,677	-12,959	Corporation taxes payments for the year	-21,416	-29,138
15,526	**15,461**	**Corporation tax at 31 December, net**	**16,606**	**29,800**
		Corporation tax recognised in the balance sheet		
0	0	Corporation tax receivable (assets)	6,373	9,783
15,526	15,461	Corporation tax debt (liabilities)	22,979	39,583
15,526	**15,461**	**Corporation tax at 31 December, net**	**16,606**	**29,800**

For further information regarding adjustment to tax previous years, references is made to note 9.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 27 Information on financial instruments**	**2012**	**2011**
		Carrying amount per category of financial instruments		
3,518	14,912	Financial assets used for hedge	14,912	3,518
68,329	18,075	Derivatives (economical hedge)	18,075	68,329
6,165,289	3,823,757	Loans and receivables (assets)	3,043,370	2,636,258
55,184	36,463	Financial assets available for sale	36,463	56,448
-63,491	-56,271	Financial liabilities used for hedge	-56,271	-63,491
-40,157	-27,167	Derivatives (economical hedge)	-27,167	-40,157
-5,995,481	-5,771,819	Financial liabilities measured at amortised cost	-4,407,722	-4,786,909
193,191	**-1,962,050**	**Total**	**-1,378,340**	**-2,126,004**

Fair value hierarchy of financial instruments

The table below ranks financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices in an active market for identical type of instrument, i.e. without change in form or content (modification or repackaging).
- **Level 2:** Quoted prices in an active market for similar assets or liabilities or other valuation methods where all material input is based on observable market data.
- **Level 3:** Valuation methods where possible material input is not based on observable market data.

DKK '000	Parent Company			Consolidated		
2012	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets used for hedge	0	14,912	0	0	14,912	0
Derivatives (economical hedge)	0	18,075	0	0	18,075	0
Financial assets available for sale	17,950	0	18,513	17,950	0	18,513
Financial liabilities used for hedge	0	-56,271	0	0	-56,271	0
Derivatives (economical hedge)	0	-27,167	0	0	-27,167	0
Total	**17,950**	**-50,451**	**18,513**	**17,950**	**-50,451**	**18,513**

2011	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets used for hedge	0	3,518	0	0	3,518	0
Derivatives (economical hedge)	0	68,329	0	0	68,329	0
Financial assets available for sale	36,671	0	18,513	36,671	0	19,777
Financial liabilities used for hedge	0	-63,491	0	0	-63,491	0
Derivatives (economical hedge)	0	-40,157	0	0	-40,157	0
	36,671	**-31,801**	**18,513**	**36,671**	**-31,801**	**19,777**

Financial assets and liabilities used for hedge are all measured at level 2. Reference is made to note 28 for description of the valuation method. Financial assets available for sale measured at level 1 are listed shares and is measured at the quoted prices.

Financial assets available for sale measured at level 3 consist of other shares and equity investments as well as other investments. These are some minor unlisted enterprises and holdings. They are measured at cost reduced by write-downs, if any.

Note 28 Financial and operational risks

DFDS' risk management policy
The most important financial risk factors for DFDS are oil, interest rate, currency, investments and liquidity. It is the policy of the Group not to enter into active speculation in financial risks. The intention of the financial risk management of the Group is only to manage the financial risks attached to operational and financing activities.

The Group uses forward exchange contracts, currency options and currency swaps to hedge forecasted transactions in foreign currencies. Furthermore, the Group uses interest rate swaps to hedge the forecasted transactions related to interest transactions as well as forward oil contracts to hedge the forecasted oil expenses.

The Board of Directors annually approves the financial risk management policy and strategy. Please refer to the section Risk factors in the Management report.

Financial risks
Currency risks
Financial currency risks arise from translation of net investments in foreign companies (translation risks) and from other investments or liabilities denominated in foreign currencies (transactions risks). Currency risks are monitored continuously to ensure compliance with the financial risk management policy.

DFDS actively aim to reduce currency exposure by matching the currency positions, obtaining multi currency loans and by directing all currency balance positions towards the Parent Company DFDS A/S (the transaction risk) if possible.

Transaction risks
The Group's and the Parent Company's most substantial currency balance position is in SEK. A strengthening of SEK, GBP and NOK, as indicated below, against the DKK at 31 December would have increased/decreased equity and profit or loss by the amounts presented below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The Parent Company is furthermore exposed against fluctuations in EUR vs. DKK. Due to the recent turbulence in the EURO zone this risk is regularly monitored.

Parent Company DKK million			Consolidated DKK million	
2011	**2012**	**Hypothetical effect of reasonable possible change against DKK**	**2012**	**2011**
13.3	-13.9	SEK, equity and profit or loss effect, 10% strengthening [1]	-13.9	13.3
-2.6	4.5	GBP, equity and profit or loss effect, 10% strengthening [1]	4.5	-2.6
10.6	-25.0	NOK, equity and profit or loss effect, 10% strengthening [1]	-25.0	10.6
5.0	13.5	USD, equity effect, 10% strengthening [1]	13.5	5.0

[1] As all subsidiaries are operating in their own functional currency no effect will occur on the equity. Hedge is only done in the Parent Company.

The sensitivity analysis on currency risk has been prepared under the assumptions that the effect is calculated on the balance sheet items at the balance sheet date; the included hedges are 100% effective and based on the actual market situation and expectations to the development in the currencies.

Translation risks
Translation risks relate to translation of profit and loss and equity of foreign group enterprises into DKK. These risks are to some extent covered by loans in the respective foreign currencies. Derivatives are to some extent used to hedge translation risks.

The Group's most substantial translation risks are GBP, SEK and NOK. An increase in these currencies of 10% compared to the average exchange rates for 2012 would in respect of GBP have affected the result for 2012 by DKK -2.7 million (2011: DKK 4.9 million), in respect of SEK by DKK -4.1 million (2011: DKK 5.3 million) and in respect of NOK by DKK -9.6 million (2011: DKK 1.7 million).

Interest rate risks
DFDS is primarily exposed to interest rate risks through the loan portfolio. The intention of the interest rate risk management is to limit the negative effects of interest rate fluctuation on the earnings. It is DFDS' strategy that 40-70% of the net loan portfolio must be fixed-rate loans when taking contracted interest rate swaps and long term charter agreements into consideration.

The total net interest-bearing debt (excl. interest rate swaps etc.) of the Group amounts to DKK 2,036 million at year-end 2012 (2011: DKK 2,685 million), of which debt with a fixed-rate amounts to DKK 1,233 million at year-end 2012 (2011: DKK 919 million). Thereby the share of debt with fixed-rate is 61% at year-end 2012 (2011: 34%) including the effect of interest rate swaps etc. If the long term charter agreements are included the share of debt with fixed-rate increases to 76% (2011: 58%). The share of debt with fixed-rate is expected to decrease in 2013 in connection with raising loans related to the purchase of the ARK-ships.

An increase in the interest rate of 1%-point compared to the actual interest rate in 2012 would, other things being equal, have increased net interest payments about DKK 8 million for the Group in 2012 (2011: DKK 18 million). The effect would have been DKK 7 million in 2012 (2011: DKK 26 million) for the Parent Company. A decrease in the interest rate would have had a similar positive effect.

The Group's total interest-bearing debt except bank overdrafts had an average time to maturity of 3.4 years (2011: 4.2 years), and consists primarily of syndicated floating rate bank loans with security in the ships and issued bonds. The financing is obtained at the market interest rate with addition of a marginal rate reflecting DFDS' financial strength. As part of the financial strategies in DFDS interest rate swaps with a principal amount totalling DKK 1,188 million (2011: DKK 876 million) have been entered into in order to change part of the floating-rate bank loans and issued bonds to fixed-rate bank loans and bonds. The duration of the Group's debt portfolio (incl. charter liabilities) is 1.4 year (2011: 1.2 year).

An increase in the interest rate of 1%-point compared to the actual interest rate at balance sheet date would, other things being equal, have had a hypothetical positive effect on the Group's equity reserve for hedging by DKK 18 million (2011: DKK 16 million). This is due to the interest rate swaps entered to hedge variable interest rate loans. A decrease in the interest rate would have had a similar negative effect. The sensitivity analysis is based on the assumption that the effectiveness of the included hedges will stay unaffected by the change in the interest rate.

Note 28 Financial and operational risks (continued)

Oil risks
Financial oil risks in the DFDS Group are caused by oil swaps used to hedge bunker costs.

An increase in the bunker price of 10%-point compared to the actual bunker price at balance sheet date would, other things being equal, have had a hypothetical positive effect on the Group's equity reserve for hedging of DKK 23 million (2011: DKK 6 million). This is due to the oil contracts for future delivery entered to hedge the cost for bunkers. A decrease in the bunker price would have had a similar negative effect.

The sensitivity analysis on oil contracts has been prepared under the assumptions that the effect is calculated on the oil contracts entered at the balance sheet date; the hedges are 100% effective and based on the actual market situation and expectations to the development in the bunker prices.

Liquidity risks
The Group aims to maintain a minimum cash resource of DKK 400 million, which is regarded as sufficient for the current operation. The cash resources at 31 December 2012 is DKK 1,523 million (2011: DKK 1,362 million). The central treasury department manages excess liquidity and cash resources. Cash at bank and in hand are primarily placed in the short money market as well as short term bonds, and due to banks are drawn mostly on overdraft facilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated
DKK '000

2012	**0-1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Non-derivative financial assets				
Liquidity in banks	1,196,994	0	0	0
Bonds	0	15,795	0	0
Trade receivables	1,521,279	0	0	0
Non-derivative financial liabilities				
Mortgages on ships	-751,308	-1,701,820	-210,868	0
Issued bonds	-26.387	-57.290	-523.794	0
Bank overdrafts	-53,623	0	0	0
Other interest-bearing debt	-64,269	-1,223	0	-25,301
Financial lease liabilities	-18,287	-38,110	0	0
Trade payables	-1,067,559	0	0	0
Derivative financial assets				
Forward exchange contracts and currency swaps	18,105	0	14,882	0
Derivative financial liabilities				
Interest swaps	-29,506	-17,202	553	0
Forward exchange contracts	-27,167	0	0	0
Oil contracts	-9,406	0	0	0
	688,866	**-1,799,850**	**-719,227**	**-25,301**

2011	**0-1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Non-derivative financial assets				
Liquidity in banks	897,364	0	0	0
Bonds	31,968	0	0	0
Trade receivables	1,434,938	0	0	0
Non-derivative financial liabilities				
Mortgages on ships	-565,194	-1,892,067	-1,135,853	-139,894
Bank loans	-21,577	0	0	-610
Bank overdrafts	-33,339	0	0	0
Other interest-bearing debt	-10,591	-10,598	-447	-24,977
Financial lease liabilities	-18,542	-43,756	-12,660	0
Trade payables	-483,102	0	0	0
Derivative financial assets				
Forward exchange contracts	70,479	0	0	0
Oil contracts	1,368	0	0	0
Derivative financial liabilities				
Interest swaps	-27,003	-36,915	-1,768	0
Forward exchange contracts	-40,156	0	0	0
	1,236,613	**-1,983,336**	**-1,150,728**	**-165,481**

Note 28 Financial and operational risks (continued)

Parent Company
DKK '000

2012	0-1 year	1-3 years	3-5 years	More than 5 years
Non-derivative financial assets				
Liquidity in banks	820,959	0	0	0
Bonds	0	15,795	0	0
Trade receivables	543,433	0	0	0
Non-derivative financial liabilities				
Mortgages on ships	-686,209	-1,512,143	-118,636	0
Issued corporate bonds	-26,387	-57,290	-523,794	0
Other interest-bearing debt	-946	-1,223	0	0
Financial lease liabilities	-6,056	-18,748	0	0
Trade payables	-247,610	0	0	0
Financial guarantees	-232,757	0	0	0
Derivative financial assets				
Forward exchange contracts and currency swaps	18,105	0	14,882	0
Derivative financial liabilities				
Interest swaps	-29,506	-17,202	553	0
Forward exchange contracts	-27,167	0	0	0
Oil contracts	-9,406	0	0	0
	116,453	**-1,590,811**	**-626,995**	**0**

2011	0-1 year	1-3 years	3-5 years	More than 5 years
Non-derivative financial assets				
Liquidity in banks	591,559	0	0	0
Bonds	31,968	0	0	0
Trade receivables	558,987	0	0	0
Non-derivative financial liabilities				
Mortgages on ships	-515,571	-1,763,129	-1,024,692	-139,894
Bank loans	-744	-1,543	-438	0
Financial lease liabilities	-6,339	-12,275	-12,660	0
Trade payables	-91,412	0	0	0
Financial guarantees	-270,614	0	0	0
Derivative financial assets				
Forward exchange contracts	70,479	0	0	0
Oil contracts	1,368	0	0	0
Derivative financial liabilities				
Interest swaps	-27,003	-36,915	-1,768	0
Forward exchange contracts	-40,156	0	0	0
	302,522	**-1,813,862**	**-1,039,558**	**-139,894**

Payables to subsidiaries are disclosed in note 23, and Receivables from subsidiaries are disclosed in note 15.

Note 28 Financial and operational risks (continued)

Assumptions for the maturity table:
The maturity analysis is based on undiscounted cash flows including estimated interest payments. Interest payments are estimated based on existing market conditions.

The undiscounted cash flows related to derivative financial liabilities are presented at gross amounts unless the parties according to the contract have a right or obligation to settle at net amount.

Credit risks
DFDS's primary financial assets are trade receivables, other receivables, cash at bank and in hand and derivative financial instruments.

The credit risk is primarily attributable to trade receivables and other receivables. The amounts in the balance sheet are stated net of provision for bad debts, which has been estimated based on a specific assessment of the present economic situation for the specific customer.

DFDS's risks regarding trade receivables are not considered unusual and no material risk is attached to a single customer or cooperative partner. According to the Group's policy of undertaking credit risks, current credit ratings of all major customers and other cooperative partners are performed. A few counterparties have provided guarantees for payments and delivery of ships for the benefit of DFDS. These guarantees constitute totally DKK 3 million in 2012 (2011: DKK 548 million). Besides the provisions mentioned in Note 15 no other provisions on receivables have been done and no insurance cover has been taken out on any of the receivables.

Internal credit ratings are prepared on a systematical and current basis for all financial counterparties. The internal credit rating is based on ratings from international credit rating companies. On the basis of the internal credit rating the Board of Directors have approved general limits for deposits etc. with financial counterparties.

Capital management
The Group continuously assesses the need for adjustment of the capital structure to balance the requirement of increased return on invested capital and the flexibility in order to realise the strategic goals against the increased uncertainty connected with loan capital. Adjustment of the capital structure is continuously assessed based on the economical situation, the net interest-bearing debt in proportion to the earning capicity (Net interest bearing debt/EBITDA) and the equity ratio.

At year end 2012 the equity's share of the total liabilities for the Group was 57% (2011: 54%). Based on the present uncertain market conditions, the aim is to have an equity ratio of 40% as a minimum.

The Group's cost of capital (WACC) was calculated at 6.0% (2011: 6.5%) and the return on invested capital (ROIC) was 3.4% (2011: 9.0%). DFDS' target is a return on invested capital of approximately 10%.

The Group's dividend policy is to distribute around 30% of the DFDS shareholders' share of the Group's profits, however, with due consideration to future investment plans and a satisfactory capital structure. Due to the Group's sustained solid capital structure the proposed dividend for 2012 is maintained at the same level as in 2011, i.e. DKK 14,00 per share equal to 140% of the profits excl. minority interests (2011: DKK 14,00 per share or 28% of the profits excl. minority interests).

Consolidated
DKK '000

2012				**Expected timing of recycling to profit and loss of gains/losses recognised in the equity**				
Expected future transactions	**Hedge instrument**	**Time to maturity**	**Notional principal amount**	**0-1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Fair value**
Interest	Interest swaps	0-4 years	1,188,445	-26,304	-19,698	-862	0	-46,864
Goods purchased	Oil contracts for forward delivery (tons)	0-9 months	66,501	-9,406	0	0	0	-9,406
Goods purchased and sale	Forward exchange contracts	0-9 months	187,383	30	0	0	0	30
				-35,680	**-19,698**	**-862**	**0**	**-56,240**

Consolidated
DKK '000

2011				**Expected timing of recycling to profit and loss of gains/losses recognised in the equity**				
Expected future transactions	**Hedge instrument**	**Time to maturity**	**Notional principal amount**	**0-1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Fair value**
Interest	Interest swaps	0-5 years	876,427	-26,084	-35,145	-1,592	0	-63,492
Goods purchased	Oil contracts for forward delivery (tons)	0-6 months	18,000	1,368	0	0	0	1,368
Goods purchased and sale	Forward exchange contracts	0-6 months	49,612	-2,150	0	0	0	-2,150
				-26,866	**-35,145**	**-1,592**	**0**	**-64,274**

For 2012 a cost of DKK 0.0 million (2011: cost DKK 0.7 million) is recognised in the income statement due to inefficiency in hedging of expected future cash flows.

The fair values on interest swaps have been calculated by discounting the expected future interest payments. The discount rate for each interest payment is estimated on the basis of a swap interest curve, which is calculated based on a wide spread of market interest rates.

The fair values on forward exchange contracts are based on interest curve calculations in DFDS' Treasury system. Calculations are based on a spread of market interest rates in the various currencies. Calculation on Oil contracts are based on Morgan Stanley's quoted forward curve.

Note 28 Financial and operational risks (continued)

Parent Company
DKK '000

2012				Expected timing of recycling to profit and loss of gains/ losses recognised in the equity				
Expected future transactions	**Hedge instrument**	**Time to maturity**	**Notional principal amount**	**0-1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Fair value**
Interest	Interest swaps	0-4 years	1,188,445	-26,304	-19,698	-862	0	-46,864
Goods purchased	Oil contracts for forward delivery (tons)	0-9 months	66,501	-9,406	0	0	0	-9,406
Goods purchased and sale	Forward exchange contracts	0-9 months	187,383	30	0	0	0	30
				-35,680	**-19,698**	**-862**	**0**	**-56,240**

Parent Company
DKK '000

2011				Expected timing of recycling to profit and loss of gains/ losses recognised in the equity				
Expected future transactions	**Hedge instrument**	**Time to maturity**	**Notional principal amount**	**0-1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Fair value**
Interest	Interest swaps	0-5 years	876,427	-26,084	-35,145	-1,592	0	-63,492
Goods purchased	Oil contracts for forward delivery (tons)	0-6 months	18,000	1,368	0	0	0	1,368
Goods purchased and sale	Forward exchange contracts	0-6 months	49,612	-2,150	0	0	0	-2,150
				-26,866	**-35,145**	**-1,592**	**0**	**-64,274**

For 2012 a cost of DKK 0.0 million (2011: cost DKK 0.7 million) is recognised in the income statement due to inefficiency in hedging of expected future cash flows.

The fair values on interest swaps have been calculated by discounting the expected future interest payments. The discount rate for each interest payment is estimated basis a swap interest curve, which is calculated based on a wide spread of market interest rates. The fair values on forward contracts are based on interest curve calculations in DFDS' Treasury system. Calculations are based on a spread of market interest rates in the various currencies. Calculation on Oil contracts are based on Morgan Stanley's quoted forward curve.

Operational risks
Operational risks arise from the cash flow transactions. The size of the transactions made through the financial year is affected by the change in different market rates such as interest and foreign exchange rates. Currency risks are monitored continuously to ensure compliance with the financial risk management policy.

Currency cash flow risks
Approximately 84% of DFDS' revenues are invoiced in unhedged foreign currencies (2011: 84%) with the most substantial net income currencies being SEK, GBP and NOK. USD was the most substantial net expense currency. EUR is considered as minor risk bearing due to the currency peg. However, due to the recent turbulence in the EURO zone the position is regularly monitored. For other entities than the Parent Company the currencies used are primarily their functional currency. The table below shows the unhedged currency cash flow exposure.

Parent Company DKK million / Consolidated DKK million

2011	**2012**	**Profit or loss effect of reasonable possible change against DKK**	**2012**	**2011**
-37.0	-32.2	SEK, profit or loss effect, 10% weakening	-33.5	-37.6
-11.1	-16.3	NOK, profit or loss effect, 10% weakening	-37.2	-10.9
7.6	9.8	GBP, profit or loss effect, 10% weakening	-0.7	-12.0
-48.4	-35.4	USD, profit or loss effect, 10% strengthening	-80.2	-63.8

Oil risks
The cost of bunkers constitutes a specific and significant operational risk partly due to large fluctuations in bunker prices and partly due to the total annual bunker costs of approximately DKK 2,051 million or 18% of the Group's turnover in 2012 (2011: DKK 1,742 million or 15% of the Group's turnover).

In the freight sector, bunker costs are primarily hedged by price-adjustment clauses (BAF) in freight contracts. In the passenger sector, fluctuations in the cost of bunkers are reflected in the ticket price to the extent possible. In addition, hedging transactions, primarily oil swaps, are used to manage risk of the remaining bunker costs.

Parent Company DKK '000				Consolidated DKK '000
2011	**2012**	**Note 29 Non-liquid operating items**	**2012**	**2011**
27,052	557	Change in provisions	-63,352	-51,043
-143	1,954	Change in write-down of inventories for the year	1,954	-279
1,710	-669	Defined benefit plans in the income statement	6,424	10,638
2,403	4,736	Fair value of the share options in the income statement	4,736	2,403
31,022	**6,578**	**Non-liquid operating items**	**-50,238**	**-38,281**

Parent Company DKK '000				Consolidated DKK '000
2011	**2012**	**Note 30 Change in working capital**	**2012**	**2011**
-27,217	-2,431	Change in inventories	4,290	-20,536
113,467	138,826	Change in receivables	99,751	221,719
29,250	-123,377	Change in current liabilities	-155,561	-99,254
115,500	**13,018**	**Change in working capital**	**-51,520**	**101,929**

Parent Company DKK '000				Consolidated DKK '000
2011	**2012**	**Note 31 Change in other loans, net**	**2012**	**2011**
-1,263	-745	Installments and repayments of loans	-11,048	-12,353
3,988	0	Raising of loans	54,267	3,988
2,725	**-745**	**Change in other loans, net**	**43,219**	**-8,365**

Note 32 Acquisition and sale of enterprises and activities

Acquisition
On 25 September 2012 the acquisition of LD Lines' three freight and passenger routes, including related assets and liabilities, was completed. The acquired business is consolidated in the consolidated financial statements of DFDS A/S as from this date. The three acquired routes are: Le Havre-Portsmouth; Dieppe-New Haven and Marseille-Tunis.

The two first mentioned routes are after the aquisition included in Business Unit Channel, the English channel, while the last route is included in the established Business Unit France & Mediterranean that was established following the aquisition.

The acquisition is made 100% by the subsidiary New Channel Holding A/S. In connection with the transaction DFDS Group' existing activities between Dover-Dunkerque and Dover-Calais are gathered under the ownership of New Channel Holding A/S. As part of the completion of the acquisition DFDS transfer 18 % of its ownership in New Channel Holding A/S to Louis Dreyfus Armateurs (the seller of the three LD Lines routes), afterwhich DFDS A/S has an ownership of 82 %.

DFDS has received a loss guarantee from seller according to which losses in excess of EUR 1 million. per year is fully compensated by seller in 2012 and 2013 - however proportionate in 2012 as the acquisition is only completed on 25 September 2012. The value of the loss guarantee is preliminary estimated at DKK 64.9 million., which is recognised as a receivable from seller and reducing the remuneration.

As part of the transaction Louis Dreyfus Armateurs holds a right of selling its 18 % shareholding in NC Holding A/S to DFDS A/S in the period 1 January 2015 to 31 December 2018 (put-option). In accordance with IFRS the fair value of the transfer sum of the put option has to be recognised as a non-current liability which going forward has to be adjusted to reflect changes in fair value. This also imply that accounting wise no share of result for the year nor share of equity should be attributed to minorities. The fair value of the put option at 31 December 2012 is measured at DKK 0.

The above transactions are all negotiated at the same time and conditional on each other. Accordingly, the transactions are accounting wise treated as one transaction, where DFDS Groupachieves 100 % ownership to the acquired company, which as part of the transaction is reduced to 82%.

DKK million	Fair value at acquisition date.
Intangible assets	1.5
Tangible assets	121.6
Non-current assets	**123.1**
Receivables	37.0
Cash at hand and in bank	81.6
Current assets	97.0
Total assets	**215.6**
Aktiver i alt	**338.7**
Provisions	35.1
Bank debt	111.9
Non-current liabilities	**147.0**
Trade payables	60.4
Other current liabilities	88.6
Current liabilities	**149.0**
Total liabilities	**296.0**
Fair value of acquired net assets	**42.7**
Total purchase price	
Cash consideration	102.3
Deferred consideration	7.5
Fair value of the 18% ownership disposed	0.0
Contingent consideration (estimated fair value of loss guarantee from seller, which is recognised as a receivable)	-64.9
Fair value of the purchase price	**44.9**
Goodwill	**2.2**

The goodwill relates to Business Unit Channel.

The transaction has resulted in a net liquidity outflow for the DFDS Group of DKK 5 million as cash of DKK 97 million is included in the acquired net assets whereas DFDS has paid DKK 102 million to Louis Dreyfus Armateurs.

The parties' final review and approval of the acquisition balance as at 25 September 2012 is still outstanding, however no significant changes are expected.

Trade receivables have been recognised at the acquisition date at a fair valueof DKK 37 million, which is equal to their gross value.

DFDS Group incurred transaction costs of DKK 4.9 million, which are recognised in the income statement.

DKK 128.4 million, of the total of DKK 11,699.9 million in revenues for the DFDS Group in 2012, relates to the acquired company. DKK -44.3 million of the total of DKK 152.0 million in profit before tax for the DFDS Group in 2012 relates to the acquisition.

If the acquisition had occurred at the beginning of the financial year, total revenues for the year would amount to approximately DKK 12,096.4 million, and profit before tax to approximately DKK 150.8 million.

Älvsborg Ro/Ro
AB DFDS and C.Port's joint acquisition of Älvsborg Ro/Ro AB is accounting wise treated as a "joint venture", which in the consolidated financial statements of the DFDS Group is recognized in one line according to the equity method as from 3 May 2012. Consequently, this acquistion is not comprised by the disclosure requirements in IFRS 3.

Note 32 Acquisition and sale of enterprises and activities (continued)

2011

Acquisition of activities (2011)
On 14 September 2011 DFDS acquired the freight- and passenger route Paldiski (Estonia) - Kapellskär (Sweden) and related agency activities from AS Baltic Scandinavian Lines, which is incorporated from this point of time. The route has been acquired 100% by DFDS A/S, while there has been established an agency company, in which the seller has a nominal ownership share of 33%, but the right to 49% of the earnings. The route extends DFDS' route network in the Baltic Sea to the Stockholm region, and to the east the route offers access to Tallinn and Estonia, and not least to Russia and the CIS countries.

DFDS paid DKK 7.5 million to acquire the route and the agency. In addition to this, an earn-put agreement has been entered with the seller, accordingly DFDS must pay 50% of the routes accumulated result for the comming 5.5 years, however only the part which exceeds the initial payment of DKK 7.5 million.

On the basic of the expectations to the earnings the discounted cashflow of the agreed earn-out agreement, is settled to DKK 25.8 million. The total purchase price are preliminary settled to DKK 33.3 million, which is recognised as goodwill. The recognised goodwill is tax deductible but is included in the tonnage tax activities, therefore no tax deductions will be generated in the taxable income. No assets or liabilities has been taken over in connection with the acquisition.

DKK 23.1 million, of the total of DKK 11,624.6 million in revenues for the DFDS Group in 2011, relates to the acquired freight- and passenger route. DKK -1.3 million, of the total of DKK 742.1 million in pre-tax profit for the DFDS Group in 2011, relates to the acquisition

If the acquisition had occurred at the beginning of the financial year, total revenues for the year would amount to approximately DKK 11,729.5 million, and pre-tax profit to approximately DKK 738.1 million.

Sale of companies and activities (2011)
On 14 March 2011, The Group sold DFDS Canal Tours A/S. The sale resulted in an accounting gain of DKK 82.7 million. The company was, until the date of the sale, part of the Shipping segment.

On 22 June 2011, The Group sold the Port terminal DFDS Seaways Maasvlakte B.V., Rotterdam. The sale resulted in an accountiong gain of DKK 47.8 million. Until the date of the salem the companys non-current assets was classified as assets held for sale. The company was previous part of the Shipping segment.

DKK million	Carrying amount at date of sale
Intangiable assets	14
Tangiable assets	155
Other current assets	16
Current assets	-82
Carrying amount of net assets	**103**
Transaction-related costs	6
Gain on sale of the activity	130
Actual cash payment	**239**
Including not paid sales price	-6
Net liquidity effect	**233**

The gain is classified as 'Special items' in the income statement, reference is made to note 7.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 33 Acquisition of non-controlling interests**	**2012**	**2011**
-910	-344	AB DFDS LISCO	-344	-910
-	-	North Sea Terminal AS	-2,878	0
-910	**-344**	**Cash flow from acquisition of non-controlling interests**	**-3,222**	**-910**

Acquisition of shares in AB DFDS Lisco during 2012 amounts to DKK 0.3 million (2011: DKK 0.9 million), equivalent to an ownership of 0.1% (2011: 0.2%), where after the company is owned 96.5% (2011: 96.4%). Negative goodwill of DKK 0.8 million (2011: DKK 2.4 million) is recognised directly in the statement of changes in equity in the line 'disposal of non-controlling interests' in the item 'retained earnings'

Acquisition of shares in North Sea Terminal AS during 2012 amounts to DKK 2.9 million, equivalent to an ownership of 34%, whereafter the company is owned 100 % (2011: 66%). The purchase price is equal to the carying amount of the 34 %, on that background there is neither goodwill or badwill relating to the transaction.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 34 Assets held for sale**	**2012**	**2011**
0	0	Non-current assets, former Norfolkline domicile in Scheveningen	25,365	25,276
0	**0**	**Total assets held for sale**	**25,365**	**25,276**

2012

DFDS countinues to search for a buyer to the former Norfolkline domicile in Scheveningen, and the domicile is expected to be sold during 2013. The global financial crisis, which has lead to an increase in the selling time on the reale state market, is after DFDS's opinion one of the reasons that the building has not yet been sold. DFDS does not expected to involve the builing in the company's future operation, why the buildings carrying amount is still expected to be recoverd through a sale.

2011

On the 22 June the terminal activities in Maasvlakte has been disposed of in connection with a sale of the share capital in DFDS Seaways Maasvlakte B.V. The sale resulted in an accounting gain of DKK 47.8 million which is recognised in 'Special Items', referring to note 7.

There are discussions with interested buyers of the prior Norfolkline domicile in Scheveningen which is expected to be sold during 2012. The domicile is therefore still recognised as an asset held for sale and the carried amount at 31 December 2011 has been impaired by DKK 2.8 million to DKK 25.3 million.

Note 35 Guarantees and contingent liabilities

Guarantees amount to DKK 395.2 million (2011: DKK 377.9 million) for the Group. Guarantees amount to DKK 609.9 million (2011: DKK 631.5 million) for the DFDS A/S. In addition, DFDS A/S has provided an unlimited guarantee for a subsidiary to cover any obligations under a Payment Service Agreement for creditcard payments.

The Group and the Parent Company are in 2011 as well as in 2012 part of various legal disputes. The outcome of these disputes is not considered likely to influence the Group or the Parent Company significantly, besides what is already recognised in the balance sheet.

In terms of the contaminated land in one of the Group companies discovered in 2005, there is still no obligation to clean the land. If such obligation should occur, the Group has the possibility to get the cost adjusted in the original purchase price for the company.

The seller of the land has made a deposit of DKK 24.0 million on a bank account to cover this.

Parent Company DKK '000			Consolidated DKK '000	
2011	**2012**	**Note 36 Contractual commitments**	**2012**	**2011**
362,789	0	Contracting of ships and rebuildings, term 0-1 year	0	362,893
362,789	**0**	**Total contracting obligations**	**0**	**362,893**

Contractual commitments in 2011 relate to the purchase of two new ro-ro ships for delivery in 2012. The contract was terminated in September 2012, as a result of the shipyard breach of a number of terms in the contract.

2011	2012	Operating lease commitments (lessee)	2012	2011
		Minimum lease payments		
18,561	17,975	0-1 year	44,151	34,559
74,245	72,784	1-5 years	104,440	107,943
55,684	37,592	After 5 years	39,825	55,684
148,490	**128,351**	**Total buildings**	**188,416**	**198,186**
12,992	12,405	0-1 year	113,763	89,697
53,955	51,334	1-5 years	419,354	352,474
113,633	82,839	After 5 years	1,169,745	1,186,186
180,580	**146,578**	**Total terminals**	**1,702,862**	**1,628,357**
888,413	745,497	0-1 year	330,650	345,420
1,359,232	972,181	1-5 years	789,451	881,074
345,606	164,681	After 5 years	164,681	345,606
2,593,251	**1,882,359**	**Total ships**	**1,284,782**	**1,572,100**
40,967	27,081	0-1 year	89,055	61,697
32,633	18,940	1-5 years	64,171	103,588
0	0	After 5 years	0	4,239
73,600	**46,021**	**Total equipment etc.**	**153,226**	**169,524**
		Total minimum lease payments are expected to fall due as follows:		
960,933	802,958	0-1 year	577,619	531,373
1,520,065	1,115,239	1-5 years	1,377,416	1,445,079
514,923	285,112	After 5 years	1,374,251	1,591,715
2,995,921	**2,203,309**	**Total minimum lease payments**	**3,329,286**	**3,568,167**

The specified payments are not discounted.

Operating lease- and rent costs recognised in the income statement amount for the Group to DKK 772 million for 2012 (2011: DKK 709 million) and for the Parent Company to DKK 1,095 million for 2012 (2011: DKK 1,174 million).

Operating lease contracts on ships are typical made with lease terms between 1 and 7 years. The main part of the lease contracts on ships includes an option to extend the lease term. Lease contracts on other assets are normal lease contracts including a minimum lease term after which the lease term can be terminated by giving 1 to 12 months notice.

DFDS has not entered any substantial agreements, which will be effected, changed nor expired, if the control over the company is changed as a consequence of an effected takeover bid.

DFDS has a purchase option on the chartered ship REGINA SEAWAY in both 2011 and 2012.

Note 36 Contractual commitments (continued)

Parent Company DKK '000 2011	2012	Operating lease commitments (lessor)	2012	Consolidated DKK '000 2011
		Minimum lease payments (income)		
		Ships and equipment		
254,887	235,824	0-1 year	105,246	158,109
668,113	246,634	1-5 years	220,445	647,035
301,197	0	After 5 years	0	301,197
1,224,197	**482,458**	**Total ships and equipment**	**325,691**	**1,106,341**

The specified minimum payments are not discounted.

The decrease is primarily due to cancellation of newbuilding contracts for two ro-ro vessels in 2012, whereby contractual income is not included at 31 December 2012.

Operational lease- and rent income recognised in the income statement amount for the Group to DKK 227 million in 2012 (2011: DKK 225 million) and for the Parent Company to DKK 434 million in 2012 (2011:DKK 328 million).

The contracts are entered on usual conditions.

2011	2012	Financial lease commitments (lessee)	2012	2011
		Minimum lease payments		
6,056	6,056	0-1 year	18,287	19,304
24,807	18,748	1-5 years	38,110	56,302
30,863	24,804	Total minimum lease payments	56,397	75,606
-2,177	-1,252	Hereof financing element	-3,451	-6,492
28,686	**23,552**	**Total**	**52,946**	**69,114**
		Presentation in the balance sheet		
5,208	5,386	Current liabilities	16,151	16,278
23,478	18,166	Non-current liabilities	36,795	52,836
28,686	**23,552**	**Total**	**52,946**	**69,114**

In 2012 the finance lease contracts included in the balance sheet are all related to cargo carrying equipment. The lease contracts are entered during 2009 and 2010 and expires in respectively 2014 and 2015.

Note 37 Related party transactions

The Group's related parties exercising control are Lauritzen Fonden, Copenhagen, which through a shareholders agreement controls more than 50% of the votes in DFDS A/S. The members of the Board of Directors and the Executive Board at Lauritzen Fonden are also related parties.

Furthermore, related parties comprise all companies owned by Lauritzen Fonden, DFDS's subsidiaries and associates, reference is made to Note 42 and Note 14, and these companies' Executive Board and Board of Directors, executive employees and close members of the family of those.

Apart from intra-group balances and transactions (primary charter hire, trade in ships and commissions etc.), which are eliminated on consolidation, usual Executive Board remuneration and Board of Directors emoluments (disclosed in Note 4), share options to the Executive Board and executive employees (disclosed in Note 21) and the below transactions, no related-party transactions have been carried out during the year.

Consolidated
DKK '000

2012	**Sale of services**	**Purchase of services**	**Receivables**	**Liabilities**	**Dividends received**
Associates	22,681	139,633	54,366	398	0
2011					
Associates	25,386	12,659	7,756	0	612

Parent Company
DKK '000

2012	**Sale of services**	**Purchase of services**	**Purchase of assets**	**Receivables**	**Liabilities**	**Dividends received**
Associates	12,291	126,201	0	54,339	0	0
Subsidiaries	795,170	1,282,464	118,000	2,304,524	2,749,044	0
2011						
Associates	4,441	0	0	4,931	0	0
Subsidiaries	676,647	1,197,483	750,134	4,883,857	2,417,881	42,215

In 2012 debt conversion and unconditional shareholders contribution by remission of debt cancellation of receivables from affiliated companies has been made, which account for DKK 159.4 million and DKK 2,505.3 million, as well as a capital contribution of DKK 497.1 million in subsidiaries, thereby receivable and loan facilities significantly reduced from 2011 to 2012.

Note 38 Impairment tests

Introduction
As a minimum goodwill is tested for impairment at year end. Other non-current tangible, intangible and financial assets are tested if there is any indication of impairment.

Definition of cash-generating units
The breakdown of cash-generating units takes its starting-point in the internal structure of the two segments, Shipping and Logistics, and their business areas, including the strategic, operational and sales-related control of these, both separately and across business areas, and the nature of the customer services provided. In order to strengthen communication with customers and support the sale of DFDS's total range of transport and logistics solutions the business structure of the Logistics Division is changed with effect from 1 January 2013. The structure will be more country based and the transport and logistics services will be operated and provided based on geographical areas rather than by the mode of transport, implying that the customers have one point of contact, regardless the nature of the underlying transport-/logistics services provided. The new structure implies a change in the breakdown into cash-generating units in the Logistics Division.

Based on this the following thirteen cash generating units have been identified:

Shipping:
- The business areas North Sea and Baltic Sea
- The business area Channel
- The Copenhagen – Oslo route, which is part of the Passenger business area
- The Amsterdam – Newcastle route, which is part of the Passenger business area
- The business area France & Mediterranean[1]

Logistics:
- The business area Nordic – comprising two sideport vessels operating in a route schedule
- The business area Nordic – comprising one sideport vessel not operating in a route schedule
- The business area Nordic – comprising terminals where each terminal is a separately cash-generating unit (3 units)
- The business area Nordic - comprising traditional transport- and logistics activities in The Nordic countries
- The business area Continent - traditional transport- and logistics activities at the European continent including container activities
- The business area UK & Ireland - traditional logistics activities in UK and Ireland

[1] New business area deriving from the acquisition of three routes in connection with the acquisition of LD lines, please refer to the information in note 32.

Non-current tangible and intangible assets are attributed to the above cash-generating units, unless this cannot be done with a reasonable degree of certainty. Software and other assets which cannot with reasonable certainty be attributed to one or more of the above cash-generating units are tested for impairment as a non-allocated Group asset, i.e. on the basis of Group earnings.

For a breakdown of goodwill on cash generating units, references are made to note 11.

Basis for impairment testing and calculation of recoverable amount
Impairment testing is performed on the basis of management-approved budgets and business plans. Key parameters are trends in revenue, EBIT margin, future investments and growth expectations in the terminal period. These parameters are set specifically for each individual cash-generating unit.

In the impairment test for cash-generating units, the recoverable amount of the unit is compared with its book value. The recoverable amount is the higher value of its value in use and net realisable value. If the recoverable amount is less than the book value, the latter is written down to the lower value.

The value in use is calculated as the discounted value of the future net cash flows per cash-generating unit. Net realisable value is calculated as the fair value of non-current assets, less the estimated sales costs.

The net realisable value of the Group's main assets, ships, is determined on the basis of the average of several independent broker valuations less estimated costs to sell. The task of the brokers is to assess the value of the individual ships in a "willing buyer - willing seller" situation. Due to the world economic and financial situation, the assessments obtained at year end 2012 were undertaken in a volatile and uncertain market with few comparable transactions, for which reason these valuations are subject to greater uncertainty than would be the case in a normal and stable market. As assessments have been obtained from various brokers, the management considers an average of these to be the best and most valid expression of the ships' net realisable value.

Determination of discount rate
Management determines a discount rate for each cash-generating unit (Business area) on the basis of a risk-free rate, plus a risk premium associated with the individual business areas. The risk-free interest rate is set at a 10-year Danish risk-free rate at year-end. The risk premium is calculated as a general equity market risk premium of 5%, multiplied by the non-leveraged beta value of each cash-generating unit. Further risk premium may be added if special conditions and/or uncertainties indicates a need hereto. Conversely, if the risk level for the individual cash-generating unit is considered to be lower than the general risk level, then the risk premium is reduced if special conditions indicates a need hereto.

The non-leveraged beta values are calculated by obtaining the non-leveraged beta values of peer-group companies for each business area via the Bloomberg database. The validity of each peer-group company's non-leveraged beta value is assessed, in order to remove those with the lowest validity. There are generally few peer-group companies, as values are available only for listed companies.

The pre-tax discount rates used in the two segments are within the following ranges:

	2012	2011
Shipping	6.6% - 8.0%	6.6% - 8.0%
Logistics	7.6% - 12.1%	7.1% - 12.1%

Note 38 Impairment tests (continued)

Sensitivity analysis
As part of the preparation of impairment tests, sensitivity analyses are prepared on the basis of relevant risk factors and scenarios that management can determine with reasonable reliability.

Sensitivity analyses are prepared by altering the estimates within the range of probable outcomes. None of these calculations have given rise to adjustments of the following results of the impairment tests prepared.

Order of recognising impairments
If a need for impairment is identified, goodwill is the first to be written down, followed by the primary non-current tangible and intangible assets in the individual cash-generating units. Impairments are distributed according to the book value of the assets, unless this results in a write-down to a value below the net realisable value of the asset, the value in use (if determinable), or zero.

Impairment tests for 2012
On the basic of the impairment tests prepared in 2012 it is considered necessary to recognise the following write-downs:

There was indication of impairment on the two passenger vessels on the Amsterdam - Newcastle route, and the impairment test showed a need to write down one ship by DKK 19 million and the other by DKK 8 million, as their book value exceeded both their value in use and the average of the broker valuations obtained. Both ships have been written down to their net realisable value, based on an average of three broker valuations obtained less estimated costs to sell.

During the year there was incation of impairment for the sideport-activities as one of the biggest customers within the activity was declared bankrupt in April, and another large customer has reduced its volumes from the beginning of 2013, which implies a significant decrease in future paper volumes.

The impairment test prepared for the business area 'Nordic – comprising two sideport vessels operating in a route schedule', showed a need to write down the two ships by DKK 17.5 million each, in total DKK 35 million, as their book value exceeded both their value in use and the average of the broker valuations obtained. Both ships have been written down to their value in use. The write down was made in Q2 2012.

The impairment test prepared for the business area 'Nordic – comprising one sideport vessel not operating in a route schedule', showed a need to write down the ship by DKK 40 million, as its book value exceeded both its value in use and the average of the broker valuations obtained. The ship has been written down to its net realisable value, based on an average of the broker valuations obtained less estimated costs to sell. The write down was made in Q2 2012.

The Group's investment in the associated Dutch logistic enterprise DailyFresh showed similar to Q4 2011 continued negative results in 2012 and consequently, the investment was written down during the year by additional DKK 3.3 million, after which the book value amounts to DKK 0. Furthermore, the Group has during 2012 reduced its ownership in DailyFresh from 33% to 1%.

Write-downs for the year amounted in total to DKK 105.3 million, and are recognised under 'Special Items'.

2011
On the basic of the impairment tests prepared it has not been deemed necessary to write-down the cash generating units in 2011.

The Group's investment in the associated Dutch logistic enterprise DailyFresh has shown a significant decrease in the financial performance in 2011 including negative results in Q4. It is expected that this negative development will continue and consequently, the goodwill related to the investment has been written down by DKK 25 million. After this the investment is recognised at the Group's proportionate share of the net asset value in DailyFresh. The write down has been recognised under 'Special items'.

Impairment tests of investments in subsidiaries and associated companies (Parent Company)
Impairment tests are carried out for each subsidiary or associated company in the Parent Company if there is indication of impairment. The individual companies are regarded as the lowest cash-generating units.

The estimated value in use is based on cashflows according to the management-approved budget for the coming financial year. Expectations towards the cash flows are adjusted for uncertainty on the basis of historical results, and take into account expectations towards possible future fluctuations in cash flows.

The Parent Company uses a discount rate determined for each subsidiary or associate, according to the business area to which it belongs. The applied discount rates for 2012 and 2011 are shown in the table above.

In 2012 investments in subsidiaries have been written down by DKK 510.1 million in total. DFDS Seaways Plc. has been written down by DKK 100.0 million, New Channel Holding A/S by DKK 408.1 million and DFDS Russia ApS by DKK 2.0 million, as the calculated value in use of the individual investment were lower than the book value. Furthermore, in 2012 previous write downs have been reversed by DKK 91.7 million regarding DFDS Logistics N.V., as their calculated value in use exceeded the book value. In total, investments in subsidiaries have been written down by (net) DKK 418.4 million in 2012, which is recognised under 'Special items'.

2011
In 2011 investments in subsidiaries have been written down by DKK 42.5 million in total. DFDS Logistics Contracts SARL has been written down by DKK 1.0 million, DFDS Logistics Container Line B.V. by DKK 40.0 million and DFDS Seaways GmbH by DKK 1.5 million, as the calculated value in use of the individual investment were lower than the book value.

Furthermore, in 2011 previous write downs have been fully or partly reversed by DKK 25.2 million in total. Regarding DFDS Seaways NV DKK 0.2 million has been reversed, and for DFDS Seaways AS DKK 25.0 million has been reversed, as their calculated value in use exceeded the book value.

Note 39 Events after the balance sheet date

2012:
Whit effect form 1 January 2013 there is implemented a new business unit structure in the Logistics Division to a more country based structure with three business units: Nordic; Continental; and UK & Ireland from this point in time.

On 15 February 2013 DFDS entered into a new contract on delivery of two newbuildings freight ships (ro-ro), related to the cooperation with both the Danish and German defense, reference to separate stock announcement. It is a new agreement of the two newbuildings of which DFDS terminated In September 2012 as a result of the German shipyard breach of a number of condition in the contract.

On 19 February the UK Competition Commission ('CC') published its preliminary report on the Eurotunnel acquisition of the three Sea-France ships. CC concludes that the Eurotunnel acquisition of the three ships has a negative affect on the competition on the English Channel, and contemplate that Eurotunnel has to sell the ships. On 14 April CC will published the final report and DFDS will then evaluate the decision, and what effect the outcome will have on DFDS' activities on the English Channel.
Besides the above there have been no significant events after 31 December 2012.

2011:
On 24 January 2012 one of DFDS's customers started operating a new ro-ro route between Göteborg and Killingholme. The route will be in competition with DFDS's route between Göteborg and Immingham.

On 17 February 2012 DFDS started operating a new route between Dover and Calais in coorperation with Louis Dreyfus Armateurs. Initially the route will be serviced by one ship, NORMAN SPIRIT, but it is planned to add a second ship to the route.

Besides the above there have been no significant events after 31 December 2011.

Note 40 Critical accounting estimates and assessments

In the process of preparing the consolidated financial statements, the Group's management undertakes a number of accounting estimates and assessments, and formulates assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses of the Group and the Parent Company. These estimates, assessments and assumptions are based on historical experience and other factors which the management considers reasonable under the circumstances, but which by their nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unanticipated events or circumstances may occur, for which reason the actual results may deviate from the stated estimates and assessments. For a detailed description of the Group's accounting policies, reference is made to note 41.

In the opinion of the management, the following accounting estimates and assessments are critical in the preparation of the annual report.

Uncompleted deliveries (mainly in Logistics Division)
The net revenue encompasses the year's completed freight deliveries and services, as well as the movements in the value of uncompleted freight deliveries. Direct costs consist of costs incurred to achieve the net revenue for the year.

At the conclusion of interim periods, including year-end, assessments and evaluations are undertaken of uncompleted freight deliveries, including the accruals of revenues and direct costs. These assessments are based on historical experience, etc.

Business Combinations
When other enterprises are acquired, the assets, liabilities and contingent liabilities of the acquired enterprises are recognised in accordance with the acquisition method described in IFRS 3. In determining the market value of the acquired assets, liabilities, contingent liabilities and purchase consideration management undertakes certain estimates and assessments..

Some business combinations, such as the acquisition of LD Lines three routes in 2012, contains several transactions that are considered linked to each other and therefore accounted for as one linked transaction. This involves a number of estimates and restatements based on the substance of the acquired. Reference is made to note 32 for details.

The unallocated acquisition price is recognised in the balance sheet as goodwill and allocated to the Group's cash-generating units on the basis of the management's assessment.

Impairment testing of goodwill and other non-current intangible assets
Impairment testing of goodwill and other non-current intangible assets, which primarily relate to IT and customer portfolio and relations, is undertaken at least once every year, and in case of indication of impairment. The impairment tests are based on the expected future cash flow for the cash-generating unit in question. For further description of impairment testing of goodwill and other non-current intangible assets, reference is made to note 38.

Impairment testing of ships, including the assessment of useful life and scrap value
Critical accounting estimates and assessments regarding ships include the decomponing of the ship's cost price on the basis of the expected useful life of its component elements; the ship's expected maximum useful life in the company, its scrap value and impairment test. The expected useful life of ships in the company and their scrap values are reviewed and estimated at least once annually. Impairment tests are also carried out when there is any indication of impairment.

For further details of estimates and assessments relating to ships, please see the description of accounting policies in Note 41 and note 38, which mention impairment testing.

Provision for bad debts
Receivables are assessed at the amortised cost price after deduction of write-downs to meet expected losses. Provisions are made for losses due to the customer's inability to pay. Should the customer's ability to pay deteriorate further in the future, further write-downs may be necessary.

The need to write down receivables, and the adequacy of such write-downs, is assessed by the management on the basis of historical data and customer payment patterns, age distributions, dubious receivables, customer concentrations, customer creditworthiness, and any collateral received.

Pensions and similar liabilities
The Group's defined pension schemes are calculated on the basis of a number of key actuarial assumptions, including discount rate, the anticipated returns on the schemes' assets, the anticipated rate of increase in wages and pensions, anticipated mortality, etc. Even moderate alterations in these assumptions can bring about significant changes in pension liabilities.

The value of the Group's defined pension schemes is based on calculations undertaken by external actuaries.

Deferred taxable assets
Deferred taxable assets, including the tax value of tax losses to be brought forward, are recognised to the extent that the management assesses that the tax asset can be utilised through positive income in the foreseeable future. Assessment is performed annually on the basis of forecasts, business initiatives and structural adjustments for the coming year.

Leasing agreements
The company has entered into leasing/charter agreements for ships, buildings and other equipment, under the usual conditions for such agreements. On the basis of separate assessments of the individual contracts at the time of inception, the management assesses whether each agreement should be considered as a financial or an operational leasing agreement.

Derivatives
When entering into agreements involving derivatives, the management assesses whether the instruments in question provide and satisfy the conditions for effective hedging, including whether the hedging involves recognised assets and liabilities, projected future cash flows, or financial investments. Monthly effectiveness tests are carried out, and any inefficiency is recognised in the income statement.

Special items
The use of special items includes managerial assessments in order to ensure separation from other income statement items, cf. the accounting policies. In general, special items encompass significant items not directly attributable to the Group's operating activities, such as restructuring costs in connection with fundamental process, structural and managerial readjustments, as well as any disposal gains or losses arising in this connection. Major non-recurring items are also classified under this heading. Reference is made to Note 7 for a further itemisation and description of special items.

Provisions and contingencies
The management assesses current provisions and contingencies on an ongoing basis, together with the likely outcome of pending or potential legal proceedings, etc. Such outcomes depend on future events, which are inherently uncertain. In assessing the likely outcome of significant legal proceedings, tax issues, etc., the management consults external legal advisers and studies the outcome of previous cases.

Note 41 Accounting Policies

The 2012 annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

On 28 February 2013, the Board of Directors and Executive Management Board considered and approved the 2012 annual report of DFDS A/S. The annual report will be presented to the shareholders of DFDS A/S for approval at the Group's ordinary annual general meeting on 22 March 2013.

Basis for preparation
The annual report is presented in Danish Kroner (DKK) which is the Parent Company's functional currency.

The annual report has been prepared on the historical cost basis except for the following assets and liabilities measured at fair value: derivatives and financial instruments classified as available-for-sale.

Non-current assets and assets held for disposal classified as held for sale are measured at the lower of the book value before the changed classification and the fair value less costs to sell.

The accounting policies set out below have been used consistently in respect of the financial year and to comparative figures.

Change of presentation of balance sheet items
DFDS has changed its presentation in the balance sheet so that reclassification is made between the items Trade payables and Other payables, and reclassification has been made between the line items in the note Other payables. The primary reason for the adjustment is that costs payable relating to goods and services where the goods/services have been received but the invoice has not yet been received have so far been presented in Other payables. The presentation has been changed so that, from now on, the above-mentioned costs payable are recognised in Trade payables as they will thus be presented together with similar liabilities for which invoices have been received. The change affects the consolidated figures for 2011 and 2012 so that Trade payables have increased by DKK 603 million and DKK 386 million, respectively, and Other payables have decreased correspondingly. Moreover, the change affects the figures in the 2011 and 2012 parent company financial statements so that Trade payables have increased by DKK 226 million and DKK 105 million, respectively, and Other payables have decreased correspondingly.

In addition, DFDS has changed its presentation in the note to the balance sheet item Receivables so that receivables related to services/transportation provided to the customer where the invoice has not yet been issued are presented in Trade receivables. Until now, such receivables have in certain cases been presented in Other receivables and current assets. The presentation has been changed so that, from now on, the above-mentioned receivables are recognised in Trade receivables as they will thus be presented together with similar receivables for which invoices have been issued. The change affects the consolidated figures for 2011 and 2012 so that Trade receivables have increased by DKK 24 million and DKK 60 million, respectively, and Other receivables and current assets have decreased correspondingly. Moreover, the change affects the figures in the 2011 and 2012 parent company financial statements so that Trade receivables have increased by DKK 24 million and DKK 12 million, respectively, and Other receivables and current assets have decreased correspondingly. The above-mentioned changes have been implemented in the 2012 consolidated financial statements and parent company financial statements, including restated comparative figures.

New International Financial Reporting Standards and Interpretations
With effect from 1 January 2012, the Group has adopted the following new International Financial Reporting Standards and Interpretations:

- Amendments to IFRS 1 'First-time adoption of IFRS – Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters'
- 'Amendments to IFRS 7 'Financial instruments: Disclosures – Transfers of Financial assets'
- Amendments to IAS 12 'Income taxes – Deferred tax: Recovery of Underlying Assets'

The new amendments have no effect on recognition and measurement in 2012. Other accounting policies for the 2012 consolidated financial statements and parent company financial statements are unchanged in relation to the previous year.

Effect of adopted but not yet implemented accounting regulation
The IASB has issued the following new standards and interpretations which were not yet compulsory at the time of preparation of DFDS' consolidated annual accounts and annual accounts for 2012:

- Amendments to IFRS 1 'First-time adoptions of IFRS – Government loans' (1 January 2013) *
- Amendments to IFRS 7 'Financial instruments: Disclosures – Offsetting of financial assets and financial liabilities' (1 January 2013)
- Amendments to IFRS 7 'Financial instruments: Disclosures – Related to disclosures on transition to IFRS 9' (1 January 2015) *
- IFRS 9 'Financial instruments: Classification and measurement and Derecognition' (1 January 2015) *
- IFRS 10 'Consolidated financial statements' (1 January 2014)
- IFRS 11 'Joint arrangements' (1 January 2014)
- IFRS 12 'Disclosure of interest in other entities' (1 January 2014)
- Amendments to IFRS 10, IFRS 11 and IFRS 12 'Transitions Guidance' (1 January 2013) *
- Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment Entities' (1 January 2014) *
- IFRS 13 'Fair value measurement' (1 January 2013)
- Amendments to IAS 1 'Presentation of Financial statements – Items of Other Comprehensive Income' (1 July 2012)
- Amendments to IAS 19 'Employee benefits' (1 January 2013)
- Revised IAS 27 'Separate financial statements' (1 January 2014)
- Revised IAS 28 'Investment in associates and joint ventures' (1 January 2014)
- Amendments to IAS 32 'Financial instruments: Presentation – Offsetting of financial assets and financial liabilities ' (1 January 2014)
- IFRIC 20 'Stripping costs in the production phase of a surface mine' (1 January 2013)
- Annual Improvements to IFRSs (1 January 2013) *

* = Not yet approved by the EU

The DFDS Group expects to adopt these standards and interpretations as they become mandatory.

The amendment to IAS 19 'Employee benefits' among others results in the abolishment of the corridor-method. It will no longer be permitted to postpone recognition of actuarial gains and losses regarding defined benefit schemes. The actuarial gains and losses on the net defined pension liabilities or assets must be recognised in other comprehensive income when occurred. The change of this standard will be implemented in 2013 and could potentially have significant effect on the annual report in the coming financial years. If the change had been implemented, it would have reduced equity by DKK 33.4 million at 31 December 2012 and, for 2012, have reduced staff costs by DKK 1.9 million, increased administrative expenses by DKK 4.3 million and increased interest expenses by DKK 2.7 million so that the profit before tax would have been reduced by DKK 5.1 million in total. Pensions obligations would have increased by DKK 46.4 million, and the deferred tax asset would have increased by DKK 13.0 million.

In the opinion of the management all other new standards and interpretations will not materially impact annual reports in the coming financial years.

Critical accounting policies
The management of DFDS considers the applied accounting policies for the consolidated financial statement and business combinations, non-current intangible assets, ships, contribution-based pension schemes, operational lease versus financial lease and derivative financial instruments to be the most important for the Group. The individual areas are described bellow, together with other applied accounting policies.

Significant estimates and judgements in connection with the application of the Group's accounting policies are mentioned in Note 40.

DESCRIPTION OF ACCOUNTING POLICIES

Consolidated financial statements
The consolidated financial statements include the financial statements of DFDS A/S (the Parent Company) and the subsidiaries in which DFDS A/S controls the company's financial and operational policies. Control is obtained when the Company directly or indirectly holds more than 50% of the voting rights in the subsidiary (group enterprise) or which it, in some other way, controls. DFDS A/S and these companies are referred to as the Group.

Enterprises which are not group enterprises over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50% or by, according to agreement, jointly controlling the enterprise together with one or more other companies (jointly controlled enterprises).

The consolidated financial statements are based on the financial statement of the Parent Company and the subsidiaries and are prepared by combining items of a uniform nature and eliminating inter-company transactions, shareholdings, balances and unrealised inter-company profits and losses. The consolidated financial statements are based on financial statements prepared by applying the Group's accounting policies.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' net asset value at the acquisition date.

The Group's investments in associates are recognised in the consolidated financial statements at the proportionate share of the enterprises' net asset value. Unrealised inter-company profits and losses from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity.

Minority interests
In the consolidated financial statements, the items of subsidiaries are recognised in full. The minority interests' proportionate shares of the results for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's results and equity, respectively, but are recognised separately in the proposed profit appropriation and the statement of changes in equity. If a minority interest has a put option to sell its ownership interest to DFDS, the fair value of the put option is recognised as an interest-bearing liability, which means that the results for the year and equity attributable to minority interests are not recognised separately in the proposed profit appropriation and the statement of changes in equity.

Business combinations
Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated financial statements until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Acquisitions of enterprises in which the Parent Company obtains control are recognised using the purchase method. The identifiable assets, liabilities and contingent liabilities of newly-acquired enterprises are assessed at their fair value on the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

The acquisition date is the date on which DFDS A/S obtains actual control of the acquired enterprise.

Positive differences (goodwill) between, on the one hand, the purchase price, the value of minority interests in the acquired enterprise and the fair value of any previously acquired shareholdings, and, on the other hand, the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under intangible assets. Goodwill is not amortised but is tested annually for impairment. The first impairment test is performed within the end of the acquisition year.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Allocation of goodwill to cash-generating units is described in notes 11 and 38.

Goodwill and fair value adjustments in connection with the acquisition of a foreign unit with a functional currency other than the DFDS Group's presentation currency are treated as assets and liabilities of the foreign unit, and are translated and converted at first recognition to the functional currency of the foreign unit at the exchange rate on the transaction date. Negative goodwill is recognised in the income statement at the acquisition date.

The purchase price of an enterprise is the fair value of the agreed payment in the form of assets acquired, liabilities assumed, and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed conditions, this part of the consideration is recognised at fair value at the date of acquisition. Costs attributable to business combinations are recognised directly in profit or loss when incurred.

Positive and negative balances from the acquirees may be adjusted until 12 months from the date of the acquisition, provided that the initial recognition was preliminary or incorrect. All other adjustments are recognised in the income statement as special items, including changes in estimates of contingent considerations.

When an enterprise is acquired by more than one transaction, those capital interests which the company held immediately prior to the last transaction in which control was obtained are regarded as having been sold and immediately repurchased at fair value on the acquisition date. Any difference between the "sales price" and the book value of these capital interests will result in an accounting gain or loss on the interests already held. These gains or losses are recognised under financial items.

Incremental acquisition after control has been achieved, i.e. the purchase of minority interests, is recognised directly in equity. Disposal of minority interests not resulting in a loss of control is recognised directly in equity.

Gains or losses on subsidiaries and associates disposed of are stated as the difference between the sales amount or disposal costs and the book value of net assets at the date of disposal, including the book value of goodwill, accumulated exchange gains and losses previously recognised in the equity plus anticipated disposal costs. Exchange rate adjustments attributable to the Group's ownership interest, and which are recognised directly in equity, are included in the profit statement. Any retained participating interests are measured at their fair value at the time at which the controlling influence was lost.

In the Parent Company common control acquisitions (and disposals) of enterprises and activities are measured and recognised in accordance with the 'book value method' by which differences, if any, between purchase price and book value of the acquired enterprise/activity are recognised directly in equity.

TRANSLATION OF FOREIGN CURRENCIES

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Danish Kroner (DKK), which is the functional and presentation currency of the Group.

Translation of transactions and balances
On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement as financial income or expenses, except when deferred in equity as qualifying for cash flow hedges.

Foreign currency gains and losses on non-monetary items recognised at fair value, such as securities 'available for sale', are recognised in the same line item as the fair value gain or loss.

Fixed assets acquired in foreign currency are translated at the exchange rate prevailing at the date of transaction. Gains and losses on hedges relating to the acquisition of fixed assets are recognised as part of the fixed asset on initial recognition.

Translation of group companies
In the consolidated financial statements, the income statement items of foreign operations with a functional currency different from DKK are translated at the average exchange rate, and the statement of financial position items are translated at the exchange rates at the end of the reporting period.

Foreign exchange differences arising on translation of the opening balance of equity of such foreign operations at the exchange rates at the end of the reporting period and on translation of the income statements from average exchange rates to the exchange rates at the end of the reporting period are recognised in other comprehensive income and attributed to a separate translation reserve under equity. The exchange rate adjustment is allocated between the parent company's and the minority interests' shares of equity.

In the divestment of 100%-owned foreign units, exchange differences which have accumulated in equity via other overall income, and which are attributable to the unit, are reclassified from 'Reserve for exchange rate adjustments' to the income statement together with any gains or losses associated with the disposal.

In the divestment of partially-owned foreign group enterprises, the part of the foreign currency translation reserve which relates to the minority interests is not transferred to the income statement.

In the partial divestment of foreign subsidiaries without relinquishment of control, a proportionate amount of the currency translation reserve is transferred from the Parent Company's equity share to that of the minority shareholders.

In the partial divestment of associated companies and joint ventures, the proportion of the accumulated currency translation reserve recognised in other overall income is reclassified to the result for the period.

Repayment of balances which constitute part of the net investment in a foreign operation is not considered a partial disposal of the foreign operation.

Derivative financial instruments
Derivative financial instruments are recognised at the date a derivative contract is entered into and measured in the statement of financial position at fair value. The fair values of derivative financial instruments are presented as other receivables if positive or other liabilities if negative. Netting of positive and negative derivative financial instruments is only performed if the company is entitled to and has the intention to settle more derivative financial instruments as a net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Fair value hedge
Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability with respect to the hedged portion. Hedging of future cash flows according to agreements, except for foreign currency hedges, is treated as a fair value hedge of a recognised asset and liability.

Cash flow hedge
Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in the value of the hedged item are recognised in the comprehensive income. The effective part of the change in the fair value is recognised as a separate equity reserve until the cash flow hedge impacts the income statement. If the hedged transaction results in gains or losses, amounts previously recognised in equity are transferred via other comprehensive income to the same item in the income statement as the hedged item.

For derivative financial instruments that do not qualify for hedge accounting, the hedge is dissolved. As soon as the cash flow hedge affects the income statement, the accumulated changes in fair value that are previously recognised in equity are transferred to the income statement via other comprehensive income.

For derivative financial instruments that are no longer realised, the accumulated changes are transferred immediately to the income statement.

Net investment hedge
Changes in the fair value of derivative financial instruments used to hedge net investments in foreign group enterprises or associates and which effectively hedge currency fluctuations in these enterprises are recognised in the consolidated financial statements in other comprehensive income and attributed to a separate translation reserve in equity.

Other derivative financial instruments
For derivative financial instruments that do not fulfil the requirements of being handled as hedge instruments, the changes in fair value are recognised successively in the income statement as financial income and expenses.

Government grants
Government grants related to funding for investments are offset against the cost of the non-current fixed asset and reduce the depreciation of the assets for which the grants are awarded.

Rental and lease matters
For accounting purposes, leases are divided into finance and operating leases.

Leases are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

The cost of assets held under finance leases is recognised at the lower of fair value of the assets and the present value of the future minimum lease payments. For the calculation of the net present value, the interest rate implicit in the lease or the Group's incremental borrowing rate is used as discount rate. Assets held under finance leases are depreciated and written down in accordance with the Group's accounting policies applying to corresponding own non-current assets or over the lease term, depending on the lease conditions. The corresponding lease obligation related to assets held under finance leases is recognised in the balance sheet at an amount corresponding to the capitalised residual lease obligation measured at cost. The interest element of the lease payment is recognised in the income statement as financial expenses.

Lease payments regarding assets held under operating leases are recognised in the income statement on a straight-line basis over the lease term unless another approach will better reflect the advantage of utilising the asset. The remaining rental liability and lease obligations under such contracts are disclosed as contingent liabilities.

In respect of finance leases on rental of assets, an amount corresponding to the net investment in the lease is recognised as a receivable in the balance sheet. The asset is derecognised, and gains or losses on the disposal are recognised in the income statement.

Lease income from operating leases on rental of assets is recognised in the income statement on a straight-line basis over the lease term.

Sale and leaseback
Gains or losses on 'sale and leaseback' are deferred and recognised over the lease term for finance leases.

Gains on a 'sale and leaseback transaction' resulting in an operating lease are recognised in the income statement immediately if the transaction is made at fair value or the selling price is below fair value. If the selling price exceeds the fair value, the difference between the selling price and the fair value is deferred and amortised proportionately to the lease payments over the lease term. Losses on a 'sale and leaseback transaction' resulting in an operating lease are recognised in the income statement at the transaction date unless the loss can be compensated by future lease payments below fair value. In this case, the loss is to be deferred and amortised proportionally to the lease payment over the lease term.

Incentive plans
The Group has set up equity-settled share-based compensation plans. Part of the Company's holding of treasury shares is used under the Group's share option plan.

The value of services received in exchange for granted options is measured at the fair value of the options granted.

For equity-settled programmes, the share options are measured at the fair value at the grant date and recognised in the income statement under staff costs over the vesting period. The counter entry is recognised directly in equity as an owner transaction.
The number of share options expected to be exercised by employees is estimated in the initial recognition in accordance with the service conditions described in Note 20. Subsequent to initial recognition, the estimate is adjusted on a continuing basis to reflect the actual number of exercised share options.

The fair value of the granted share options is estimated using the Black-Scholes option-pricing model. Vesting conditions are taken into account when estimating the fair value of the share options.

Key figures
Key figures are calculated in accordance with the Danish Society of Financial Analysts' guidelines, 'Recommendations and Financial Ratios 2010'. The key figures stated in the survey of consolidated financial highlights are defined on the 'Definitions and Glossary' page.

INCOME STATEMENT

Revenue
Revenue from passenger conveyance, sea freight transport and land transport, etc., is recognised in the income statement at the time of delivery of the service to the customer, which is the time of transfer of the risk.

Revenue is measured at fair value, excluding value added tax and after deduction of trade discounts.

Costs
When passenger conveyance, sea freight and land transport etc. are recognised as income, related costs are recognised in the income statement.

Operating costs
The operating costs comprise costs of sales related to catering, ship fuel consumption including hedging and cost of sales for ship maintenance that are not capitalised under non-current tangible assets. Moreover, operating costs related to land-based activities as well as write-downs and realised losses on trade receivables are included.

Charter hire
Charter hire comprises costs related to bareboat and time charter agreements.

Staff costs
Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees concerned.

Costs of sales and administration
The item comprises costs of sales, marketing and administration.

Profit/loss on disposal of non-current assets
Profit/loss on disposal of non-current assets is determined as the difference between the selling price or the disposal price and the book value of net assets at the date of disposal, including disposal costs related to the disposal.

Profit from investments in associated companies
The Group's income statement includes the pro rata share of the result in the associated companies after tax and minority interests and after elimination of pro rata share of inter-company profit/loss.

Special items
In general, special items include significant income and expenses not directly attributable to the Group's operating activities, such as comprehensive process restructuring or basic structural and managerial adjustments, as well as any disposal gains or losses arising in this connection, and which are of significance over time. In addition, other significant non-recurring amounts are classified under this item, including impairment of goodwill and ships, transaction, consultant and integration costs related to major business combinations, changes to estimates of contingent considerations related to business combinations, gains and losses on the disposal of activities and significant gains and losses on the disposal of non-current tangible assets.

These items are listed separately, in order to provide a more correct picture of Group operating profit.

Financial income and expenses
Financial income and expenses comprise interest income and expenses, realised and unrealised gains and losses on payables and transactions denominated in foreign currencies, realised gains and losses on securities, as well as the amortisation of financial assets and liabilities including financial leasing commitments as well as surcharges and allowances under the tax prepayment scheme (DK). Also included are realised and unrealised gains and losses on derivative financial instruments that are not designated as hedges.

Tax
Tax for the year comprises income tax, tonnage tax, and joint taxation contribution for the year of Danish subsidiaries as well as changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. Additionally, adjustments to prior years are included.

The current payable Danish corporation tax is allocated by the settlement of a joint taxation contribution between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from companies that have been able to use the tax losses to reduce their own taxable profit.

Tax computed on the taxable income and tonnage tax for the year is recognised in the balance sheet as tax payable or receivable or joint taxation contribution for Danish companies, taking account of on-account payments. In accordance with the Danish regulations on joint taxation, associated companies' own corporation tax liabilities towards the Danish tax authorities are settled concurrently with the payment of the joint taxation contribution to the company that manages the joint taxation.

Deferred tax is measured on all temporary differences between the book value and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill that is not tax deductible, where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax relating to assets and liabilities subject to tonnage taxation is recognised to the extent that deferred tax is expected to crystallise.

Deferred tax assets are recognised at the expected value of their utilisation. Adjustment is made to deferred tax resulting from elimination of unrealised intragroup profits and losses.

Deferred tax is measured on the basis of the expected use and settlement of the individual assets and liabilities, and according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

ASSETS

Current assets are defined as:

- Assets expected to be realised in, or are held for sale or consumption in, the normal course of DFDS' operating cycle, or
- Assets held primarily for trading purposes or which are expected to be realised within twelve months of the balance sheet date, or
- Cash or cash equivalent assets that are not restricted in use.

All other assets are defined as non-current assets.

Non-current intangible and tangible assets
Generally the following applies unless otherwise specified:

- Non-current intangible and tangible assets are measured at cost less the accumulated amortisation/depreciation and impairment.
- Cost for non-current intangible and tangible assets include the costs of external suppliers, materials and components (only tangible assets), direct wages and salaries.
- Interest paid from the time of payment until the date when the asset is available for use is included in cost. Cost also comprises gains and losses on transactions designated as hedges of non-current tangible assets.
- The basis for amortisation/depreciation is determined as the cost less the expected residual value.
- Non-current intangible and tangible assets are amortised/depreciated on a straight-line basis to the estimated residual value over the expected useful life at DFDS.
- Expected useful life at DFDS and residual value are reassessed at least once a year. In estimating the expected useful life for ships it is taken into consideration that DFDS is continuously spending substantial funds on ongoing maintenance.
- The effect of changes to the amortisation/depreciation period or residual value is recognised prospectively as a change in the accounting estimate.

Goodwill
At initial recognition goodwill is recognised in the balance sheet at cost, as described in the section 'Business combinations'. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

An impairment test is performed at least once a year in connection with the presentation of next year's budget.

The book value of goodwill is allocated to the Group's cash-generating units at the time of acquisition. Allocation of goodwill to cash-generating units is described in notes 11 and 38.

Software
IT software purchased or developed for in-house use is measured at cost less accumulated amortisation and impairment losses.

Development projects in progress
Development projects in progress, primarily the development of IT software, are recognised as non-current intangible assets if the following criteria are met:

- the projects are clearly defined and identifiable;
- the Group intends to use the projects;
- there is sufficient assurance that future earnings can cover development costs and administrative expenses; and
- the cost can be reliably measured.

The amortisation of capitalised development projects starts after the completion of the development project and is provided on a straight-line basis over the expected useful lifetime, normally 3-5 years, but in certain cases up to 10 years.

Other non-current intangible assets
Other non-current intangible assets comprise the value of customer relations or similar identified as a part of acquisitions, and have definable useful lifetimes. Other non-current intangible assets are measured at cost less accumulated amortizations/depreciations and impairment. Depreciation is provided on a straight-line basis over the expected useful lifetime, normally 3-5 years, but in certain cases up to 10 years.

Ships
The rebuilding of ships is capitalised if the rebuilding can be attributed to:

- Safety measures.
- Measures to extend the useful lifetime of the ship.
- Measures to improve earnings.
- Docking.

Expenses for improvements and maintenance are recognised in the income statement as incurred, including general maintenance work, to the extent the work can be designated as ongoing general maintenance (day-to-day service). Basically, other costs are capitalised.

Docking costs are capitalised and depreciated on a straight-line basis over the period between two dockings. In most cases, the docking interval is 2 years for passenger ships and 2½ years for freighters and ro-pax ships.

Gains or losses on the disposal of ships are determined as the difference between the selling price less the selling costs and the book value at the disposal date. Gains or losses on the disposal of ships are recognised when substantially all risks and rewards incident to ownership have been transferred to the buyer and are presented in the income statement as 'Gains on disposal of ships, buildings and terminals'. However, if the amount is significant, it is recognised in 'Special items'.

Passenger and ro-pax ships
Due to differences in the wear of the components of passenger and ro-pax ships, the cost of these ships is divided into components with low wear, such as hulls and engines, and components with high wear, such as parts of the hotel and catering area.

Freighters
The cost of freighters is not divided into components, since the depreciation on the components of these ships is evenly distributed over time.

Depreciation, expected useful lifetime and residual value
The average depreciation period for components with low wear is 30 years for passenger ships and 25 years for ro-pax ships from the year in which the ships were built. The depreciation period for freighters is 25 years from the year in which the ships were built.
For passenger and ro-pax ships, components with high wear are depreciated over 10-15 years. For ships, the residual value of components with high wear is determined as DKK 0.

Other non-current tangible assets
Other non-current tangible assets comprise buildings, terminals and machinery, tools and equipment and leasehold improvements.

The expected useful lifetimes are as follows:	
Buildings	25-50 years
Terminals etc.	10-40 years
Equipment etc	4-10 years
Leasehold improvements	max. depreciated over the term of the lease

Gains or losses arising from the disposal of buildings, terminals, equipment and leasehold improvements are determined as the difference between the selling price less the disposal costs and the book value at the date of disposal. Gains or losses on the disposal of these non-current assets are recognised in the income statement as 'Profit on disposal of non-current assets' or 'Special items' if the gain is significant.

Investments in associates (Group)
Investments in associates are measured in the consolidated annual accounts under the equity method, whereby the investments in the balance sheet are measured at the proportionate share of the enterprises' net asset values, calculated in accordance with the accounting policies of the Group, with the addition of the book value of goodwill, and after deduction or addition of the proportionate share of unrealised intra-group profits and losses.

Associates with negative net asset values are measured at DKK 0. If the Group has a legal or actual commitment to cover the associate's deficit, the liability is recognised.

Any receivables from the associates are written down to the extent that the receivables are considered irrecoverable.

Other assets
Other non-current assets and current assets are on initial recognition measured at cost. Subsequently these assets are measured as one of the following categories:

- Trading portfolio: the asset is measured at fair value and the change of value is recognised through the income statement.
- Available-for-sale: the asset is measured at fair value and change of value is recognised in other comprehensive income and attributed to a separate reserve in equity.
- Loans and receivables: the asset is measured at the amortised cost and the change of value is recognised through the income statement.

Investments in subsidiaries and associates (Parent Company)
Investments in subsidiaries and associates are measured at cost in the balance sheet.

Dividends from subsidiaries and investments in associates are recognised in the Parent Company's income statement for the year in which the dividends are declared. The cost of investments in subsidiaries and associates are written down to the extent that the dividends are considered repayment of the investment.

Impairment
The book values of non-current intangible, tangible and financial assets are continuously assessed, at least once a year, to determine whether there is an indication of impairment. When such impairment is present the recoverable amount of the asset is assessed. The recoverable amount is the higher of the net selling price and the net present value of the future net cash flow expected from the asset (value in use). The value in use is calculated as the present value of the future net cash flow the asset is expected to generate either by itself or from the lowest cash-generating unit to which the asset is allocated.

Impairment tests of goodwill (value in use) are performed at least once a year. Impairment tests of the Group's assets are performed once a year, typically in December. DFDS performs tests in between the annual tests if there is an indication of impairment. Reference is made to note 38 for method description.

Securities
Securities held as part of the investment portfolio are designated as 'available-for-sale' and are measured at fair value, which for listed securities is the fair price at the balance sheet date. The recognition are made on the trade date.

The following measurement are made to fair value, which are equivalent to the market price for listed securities. When it is not possible to give a reliable estimate of the fair value for non-listed securities, they are recognised at cost less impairment losses.

Unrealised value adjustments on securities are recognised in other comprehensive income and attributed to a separate reserve (value adjustment of securities) in equity except for impairments, which are recognised in the income statement under 'Financial items'. When securities are realised, the accumulated value adjustment recognised in equity under 'Financial income or expenses' is transferred to the income statement via other comprehensive income.

Inventories
Inventories, including catering supplies, are measured at cost based on the weighted average cost method or the net realisable value if this is lower. Inventories including bunkers are measured at cost based on the FIFO method or the net realisable value if this is lower.

Other inventories are measured at cost based on the weighted average cost method or the net realisable value if this is lower.

Receivables
Receivables are recognised at amortised cost less impairment losses. Write-down is performed on an individual basis.

Receivables comprise among other things other trade receivables, calculated receivables on hedges, insurance receivables on loss or damage of ships, financial leased receivables, outstanding balances for chartered ships, interest receivable, etc.

Prepayments
The item includes cost incurred no later than the balance sheet date but which relates to subsequent years, e.g. prepaid charters, rents, etc.

Assets held for sale
Assets held for sale comprise non-current assets and disposal groups that are classified as held for sale. Disposal groups are groups of fixed assets subject to be sold or otherwise disposed of in a single transaction. Liabilities related to assets held for sale comprise liabilities directly attached to these assets and which will follow the assets when disposed. Assets are designated as 'held for sale' when the book value is primarily recovered by sale within 12 months in accordance with a plan, instead of through continued usage.

Assets or disposal groups 'held for sale' are measured at the lowest value of the book value at the time of designation as 'held for sale' or the fair value less sales costs. Assets are not depreciated from the date they are designated as 'held for sale'.

Impairment losses from the initial classification of the non-current 'assets as held for sale', as well as gains and losses from subsequent measurement of the lowest value of the book value or the fair value less sales costs, are recognised in the income statement. Gains and losses are disclosed in the notes.

Assets and associated liabilities are reported in separate lines in the balance sheet, and the principal items are specified in the notes. Comparative figures are not restated.

EQUITY

Dividends
Proposed dividends are recognised as liabilities at the date on which they are adopted at the annual general meeting (time of declaration). The expected dividend payment for the year is disclosed as a separate item under equity.

Treasury shares
The cost of acquisition and consideration less nominal value and dividends received from treasury shares are recognised directly in retained earnings in the equity. Accordingly, profits from sale of treasury shares are not recognised in the income statement. Holdings of treasury shares are recognised in the balance sheet at zero value. The nominal value of treasury shares (price 100) is recognised directly in equity as a separate reserve (own shares).

Reserve for exchange rate adjustments
The reserve for exchange rate adjustment comprises currency translation differences from translating annual accounts from a foreign currency into Danish Kroner and exchange rate adjustments related to assets and liabilities, which are included in the Group's net investments.

Reserve for hedging
The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not been realised.

Reserve for value adjustment of securities
The reserve for value adjustment of securities comprises accumulated changes in the fair value of the securities classified as 'available-for-sale'. The reserve is dissolved and transferred to the income statement via other comprehensive income when the investment is sold or written down.

LIABILITIES

Current liabilities are:
- liabilities expected to be settled within the normal course of DFDS' operating cycle, or
- liabilities due to be settled within twelve months of the balance sheet date.

All other liabilities are classified as non-current liabilities.

Pension obligations and other non-current obligations
Contributions to defined contribution plans are recognised in the income statement in the period to which they relate, and any contributions outstanding are recognised in the balance sheet as other payables.

Defined benefit plans are subject to an annual actuarial estimate of the present value of future benefits under the defined benefit plan. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. The present value is determined only for benefits earned by employees from employment in the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under pensions, cf. below.

Any difference between the expected development in plan assets and the defined benefit obligation and actual amounts results in actuarial gains or losses. If the cumulative actuarial gains or losses exceed the greatest of 10% of the defined benefit obligation or 10% of the fair value of the plan assets, the gains or losses are recognised in the income statement over the expected remaining working lives of the employees until pension payments are made. Actuarial gains or losses not exceeding the above limits are not recognised in the income statement.

If changes in benefits relating to services rendered by employees in previous years result in changes in the actuarial present value, the changes are recognised in the income statement for the year as historical costs, provided employees have already earned the changed benefits. If employees have not earned the benefits, the historical costs are recognised in the income statement over the period in which the employees earn the changed benefits.

Pension plans, considered as a net asset, are recognised as assets only if the asset equals the value of future repayments, or it will result in reduced payments.

Other non-current personnel obligations include jubilee benefits, etc.

Other provisions
Other provisions are recognised where a legal or constructive obligation has been incurred as result of past events and it is probable that this will lead to an outflow of resources that can be reliably estimated. Provisions are recognised for the estimated ultimate liability that is expected to arise, taking into account the foreign currency effects and the time-related monetary value if this has a significant effect on the measurement of the liability.

Interest-bearing liabilities
Amounts owed to mortgage credit institutions and banks, relating to loans which the Group expects to hold to maturity, and amounts raised by the issue of bonds are recognised at the date of borrowing, at the net proceeds received less the transaction costs paid.

In subsequent periods, interest-bearing liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under 'financial costs' over the term of the loan.

Interest-bearing liabilities also include the capitalised residual obligation on finance leases. Other liabilities are recognised at amortised cost.

Other payables
Other payables comprise amounts owed to staff, including wages, salaries and holiday pay. Amounts owed to the public authorities include payable tax at source, VAT, excise duties, real property taxes, etc., and amounts owed in connection with the purchase/disposal of ships, buildings and terminals, interest expenses, fair value of hedges and amounts due in respect of losses on ships, etc. Other payables include amounts owed in relation to contribution-based pension schemes.

Prepayments
Includes payments received no later than at the balance sheet date, but which relate to income in subsequent years.

Note 41 Accounting Policies (continued)

Cash flow statement
The cash flow statement has been prepared using the indirect method, and shows the consolidated cash flow from operating, investing, and financing activities for the year, and the consolidated cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisition and disposal of enterprises is shown separately in cash flows from investing activities.

Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flow from operating activities is calculated on the basis of the profit/loss before amortisation and depreciation (EBITDA) and special items adjusted for the cash flow effect of special items, non-cash operating items, changes in working capital, payments relating to financial items and corporation tax paid. Cash flow from investment activities includes payments in connection with the acquisition and disposal of enterprises and activities and of non-current intangible assets, tangible assets and investments. Cash flow from financing activities includes changes in the size or composition of the Group's share capital, payment of dividends to shareholders and the obtaining and repayment of mortgage loans and other long-term and short-term debt. Cash and cash equivalents comprise cash.

Segment information
The segment information has been compiled in conformity with the Group's accounting policies, and is in accord with the internal management reports.

Note 42 Company overview

Company	Ownership share 2012*	Country	City	Currency	Share Capital
Operating – and holding Companies:					
DFDS Seaways NV		Belgium	Gent	EUR	62,000
DFDS Logistics NV		Belgium	Gent	EUR	297,472
DFDS Logistics Services NV		Belgium	Brugge	EUR	1,996,503
Aukse Multipurpose Shipping Ltd.	96.5	Cyprus	Limassol	EUR	1,709
Lisco Optima Shipping Ltd.	96.5	Cyprus	Limassol	EUR	1,709
Tor Finlandia Shipping Ltd.	96.5	Cyprus	Limassol	EUR	1,000
Lisco Maxima Shipping Ltd.	96.5	Cyprus	Limassol	EUR	1,000
Mare Blue Shipping Ltd.	96.5	Cyprus	Limassol	EUR	1,000
DFDS A/S		Denmark	Copenhagen	DKK	1,485,608,100
DFDS Baltic Line A/S		Denmark	Copenhagen	DKK	503,000
DFDS Russia ApS		Denmark	Copenhagen	DKK	128,000
New Channel Holding A/S	82.0	Denmark	Copenhagen	DKK	500,000
New Channel Company A/S	82.0	Denmark	Copenhagen	DKK	500,000
DFDS Stevedoring A/S		Denmark	Esbjerg	DKK	502,000
DFDS Logistics Intermodal A/S		Denmark	Taulov	DKK	10,000,000
DFDS Seaways Newcastle Ltd.		England	Harwich	GBP	8,050,000
DFDS Seaways Plc.		England	Immingham	GBP	25,500,000
DFDS Logistics Partners Ltd.		England	Immingham	GBP	150,000
DFDS Logistics Services Ltd.		England	Immingham	GBP	100
DFDS Seaways Holding Ltd.		England	Immingham	GBP	250,000
DFDS Logistics Contracts Ltd.		England	Ipswich	GBP	2,571,495
DFDS Logistics Ltd.		England	Belfast	GBP	165,210
DFDS Seaways OÜ	64.6	Estland	Tallinn	EUR	3,800
DFDS Logistics OY		Finland	Hamina	EUR	58,866
DFDS Logistics SARL		France	Boulogne sur Mer	EUR	30,000
New Channel Company S.A.S.	82.0	France	Le Havre	EUR	1,000
LD Transmanche Ferries S.A.S.	82.0	France	Le Havre	EUR	37,000
DFDS Logistics BV		the Netherlands	Gravenhage	EUR	453,780
DFDS Seaways Terminals BV		the Netherlands	Gravenhage	EUR	72,000
DFDS Shipping BV		the Netherlands	Gravenhage	EUR	18,400
DFDS Holding BV		the Netherlands	Gravenhage	EUR	40,000,000
DFDS Seaways IJmuiden BV		the Netherlands	IJmuiden	EUR	18,000
DFDS Logistics Container Line BV		the Netherlands	Rotterdam	EUR	18,151
DFDS DailyFresh BV		the Netherlands	Rotterdam	EUR	15,882
DFDS Logistics Contracts Ltd.		Ireland	Dublin	EUR	200
DFDS Logistics Ltd.		Ireland	Dublin	EUR	3
DFDS Logistics S.p.A.		Italy	Fagnano	EUR	140,400
DFDS Seaways SIA		Latvia	Riga	LVL	70,000
AB DFDS Lisco	96.5	Lithuania	Klaipeda	LTL	332,547,434
UAB Laivyno Technikos Prieziuros Base	96.5	Lithuania	Klaipeda	LTL	1,500,000
UAB Krantas Travel	96.5	Lithuania	Klaipeda	LTL	400,000
DFDS Logistics AS		Norway	Lilleaker	NOK	1,538,000
Moss Container Terminal AS		Norway	Moss	NOK	1,000,000
DFDS Logstics Rederi AS		Norway	Oslo	NOK	49,980,000
DFDS Seaways AS		Norway	Oslo	NOK	12,000,000
NorthSea Terminal AS	100.0	Norway	Oslo	NOK	1,000,000
DFDS Seaways Ltd.	99.9	Russia	St. Petersburg	RUR	6,134,121
DFDS Seaways AB		Sweden	Gothenburg	SEK	25,000,000
DFDS Logistics AB		Sweden	Gothenburg	SEK	500,000
DFDS Seaways Holding AB		Sweden	Gothenburg	SEK	100,000
DFDS Seaways GmbH		Germany	Cuxhaven	EUR	25,000
DFDS (Deutschland) GmbH		Germany	Hamburg	EUR	102,300
DFDS Logistics GmbH		Germany	Hamburg	EUR	525,000
DFDS Seaways Baltic GmbH	96.5	Germany	Kiel	EUR	25,565
20 Dormant companies					

* Unless otherwise indicated, the companies are 100% owned.

STATEMENTS

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS
The Board of Directors and the Executive Board have today considered and approved the annual report of DFDS A/S for the financial year 1 January - 31 December 2012.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and danish disclosure requirements for listed companies.

In our opinion the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2012 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2012.

Further, in our opinion, the Management's review includes a true and fair account of the development in the Group's and the parent company's operations and financial matters, of the result for the year and of the Group's and the parent company's financial position as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

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

Copenhagen, 28 February 2013

EXECUTIVE BOARD

Niels Smedegaard President & CEO	**Torben Carlsen** Executive Vice President & CFO

BOARD OF DIRECTORS

Bent Østergaard Chairman	**Vagn Sørensen** Deputy Chairman	**Claus Hemmingsen** Deputy Chairman	**Annette Bjerre Bjerregaard**
Jens Otto Knudsen	**Jill Lauritzen Melby**	**Anders Moberg**	**Tony Tranekjer Smidt**
Ingar Skaug	**Lene Skole**	**Kent Vildbæk**	

INDEPENDENT AUDITORS' REPORT

To the shareholders of DFDS A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements
We have audited the consolidated financial statements and the parent company financial statements of DFDS A/S for the financial year 1 January – 31 December 2012. The consolidated financial statements and the parent company financial statements comprise [income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies] for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the con-solidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2012 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure re-quirements for listed companies.

Statement on the Management's review
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 28 February 2013

KPMG
Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen State Authorised Public Accountant	Torben Bender State Authorised Public Accountant

FLEET LIST

PR. 31.12.2012

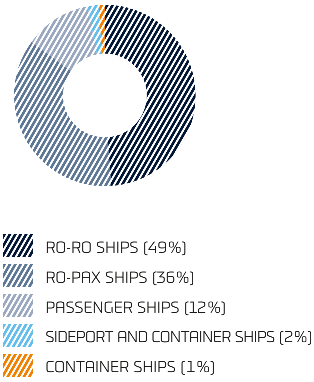
CARGO SHIPS (RO-RO)

	Year built	Gross tons	Lanemeter	Deployment
Ficaria Seaways	2006/09	37,939	4,650	Gothenburg-Brevik-Gent
Freesia Seaways	2005/09	37,722	4,650	Gothenburg-Brevik-Gent
Begonia Seaways	2004/09	37,722	4,650	Gothenburg-Brevik-Gent
Primula Seaways	2004	32,289	3,831	Gothenburg-Brevik-Immingham
Petunia Seaways	2004	32,289	3,831	Gothenburg-Brevik-Immingham
Magnolia Seaways	2003	32,289	3,831	Gothenburg-Brevik-Immingham
Selandia Seaways	1998	24,196	2,772	Cuxhaven-Immingham
Suecia Seaways	1999/11	24,196	2,772	Vlaardingen-Felixstowe
Britannia Seaways	2000/11	24,196	2,772	Vlaardingen-Felixstowe
Ark Futura	1996/00	18,725	2,308	On charter
Flandria Seaways	2000	13,073	1,692	Vlaardingen-Felixstowe
Anglia Seaways	2000	13,073	1,692	On charter
Tor Botnia	2000	11,530	1,899	Kiel-Karlshamn-St. Petersburg
Finlandia Seaways	2000	11,530	1,899	Zeebrügge-Rosyth
Cragside [2]	2011	29,429	3,663	Vlaardingen-Immingham
Humber Viking [2]	2009	29,004	3,663	Vlaardingen-Immingham
Corona Seaways [2]	2008	25,609	3,322	Fredericia-Copenhagen-Klaipeda
Hafnia Seaways [2]	2008	25,609	3,322	Vlaardingen-Immingham
Fionia Seaways [2]	2009	25,609	3,322	Esbjerg-Immingham
Jutlandia Seaways [2]	2010	25,609	3,322	Esbjerg-Immingham
Transpulp [2]	2006	23,128	2,774	Gothenburg-Tilbury
Spaarneborg [2]	1999	21,005	2,475	Marseille-Tunis
Clipper Point [2]	2008	14,759	1,830	Cuxhaven-Immingham

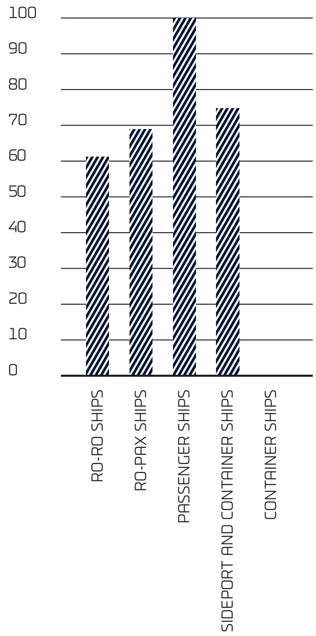
RO-PAX SHIPS [3]

	Year built	Gross tons	Lanemeter	Passengers	Deployment
Victoria Seaways	2009	25,518	2,496	515	Kiel-Klaipeda
Regina Seaways [1]	2010/11	25,518	2,496	515	Kiel-Klaipeda
Optima Seaways	1999	25,206	2,300	328	Karlshamn-Klaipeda
Dana Sirena	2002/03	22,382	2,056	610	Esbjerg-Harwich
Liverpool Seaways	1997	21,856	2,200	335	Karlshamn-Klaipeda
Patria Seaways	1991	18,332	1,710	250	Paldiski-Kapellskär
Kaunas Seaways	1989/94	25,606	1,539	250	Sassnitz-Klaipeda
Vilnius Seaways	1987/93	22,341	1,700	132	Kiel-Sassnitz-Ust-Luga
Dunkerque Seaways [5]	2005	35,923	2,000	944	Dover-Dunkirk
Delft Seaways [5]	2006	35,923	2,000	944	Dover-Dunkirk
Dover Seaways [5]	2006	35,923	2,000	944	Dover-Dunkirk
Dieppe Seaways [1]	2002	30,551	1,891	1,200	Dover-Calais
Norman Spirit	1991/92/99	28,833	1,850	1,222	Dover-Calais
Norman Voyager [1]	2008	26,904	2,250	762	Portsmouth-Le Havre
Côte d'Albâtre [1]	2006	18,425	1,270	600	Newhaven-Dieppe
Seven Sisters [1]	2006	18,425	1,270	600	Newhaven-Dieppe

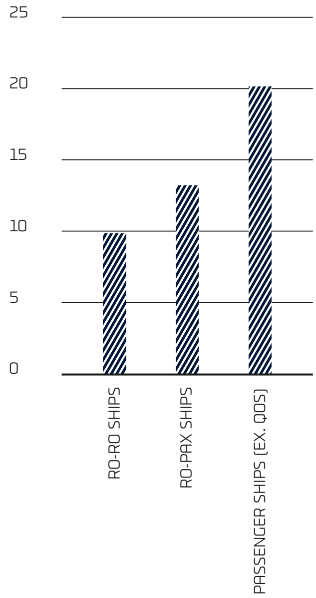
FLEET IN GROSS TONS, OWNED AND CHARTERED SHIPS, END 2012
(GROSS TONS)



OWNERSHIP SHARES OF FLEET, END 2012
(%)



OWNED SHIPS, AVERAGE AGE END 2012
(YEARS)



PASSENGER SHIPS

	Year built	Gross tons	Lanemeter	Passengers	Deployment
Pearl Seaways	1989/01/05	40,039	1,482	1,870	Copenhagen-Oslo
Crown of Scandinavia	1994/05	35,498	1,370	1,790	Copenhagen-Oslo
King Seaways	1987/93/06	31,788	1,410	1,325	Amsterdam-Newcastle
Princess Seaways	1986/93/06	31,356	1,410	1,250	Amsterdam-Newcastle
Princess Maria (Queen of Scandinavia)	1981/00	34,093	1,050	1,638	Chartered out on finance lease

SIDEPORT SHIPS

	Year built	Gross tons	TEU [4]	Deployment
Lysvik Seaways	1998/04	7,409	160	Oslo Fjord-Continent/UK
Lysbris	1999/04	7,409	160	Oslo Fjord-Continent/UK/Spain/UK
Lysblink Seaways	2000/03	7,409	160	Oslo Fjord-Continent/UK/Spain/UK
Tistedal [2]	1996	4,464	129	Western Norway-UK/Continent

CONTAINER SHIPS

	Year built	Gross tons	TEU [4]	Deployment
Endeavor [2]	2005	7,642	750	UK-Ireland-Spain

[1] Chartered tonnage (bareboat charter)
[2] Chartered tonnage (time charter)
[3] Ro-pax: Combined ro-ro and passenger ship
[4] TEU: 20 foot container unit
[5] Short-sea ferries

COMMERCIAL DUTIES

COMMERCIAL DUTIES OF THE BOARD OF DIRECTORS AND EXECUTIVE BOARD AS OF 28 FEBRUARY 2013

BOARD OF DIRECTORS

Bent Østergaard, Chair
- Date of birth: 5 October 1944
- Joined the Board: 01 April 2009
- Re-elected: 2010–2012
- Period of office ends: 22 March 2013
- Chair of the Nomination Committee and the Remuneration Committee
- Chair: Cantion A/S, Frederikshavn Maritime Erhvervspark A/S, J. Lauritzen A/S, Kayxo A/S, NanoNord A/S
- Board member: Comenxa A/S, Intelligent Building System Ltd (Durisol UK), With Fonden, Mama Mia Holding A/S, Royal Arctic Line A/S, Meabco A/S, Meabco Holding A/S, Desmi A/S
- Shareholding: 2,833. Bent Østergaard acquired 1,000 shares in 2012

The Board is of the opinion that Bent Østergaard possesses the following special competences: international management experience, board experience from international and listed companies, and expertise in shipping and finance.

As a result of his executive functions for the company's principal shareholder, the Lauritzen Foundation, Bent Østergaard cannot be considered independent as per the recommendations on corporate governance.

Vagn Sørensen, Deputy Chair
- Date of birth: 12 December 1959
- Joined the Board: 20 April 2006
- Re-elected: 2007–2012
- Period of office ends: 22 March 2013
- Member of the Nomination Committee, the Audit Committee and the Remuneration Committee
- Director: GFKJUS 611 ApS, VOS Invest ApS
- Chair: E-Force A/S, FLSmidth A/S, FLSmidth & co A/S, Scandic Hotels AB, Select Service Partner Ltd., TDC A/S, UC4 Software GmbH
- Board member: Air Canada Inc., Braganza A/S, CP Dyvig & Co A/S, Koncertvirksomhedens Fond, Det Rytmiske Musikhus Fond, Lufthansa Cargo AG, Royal Caribbean Cruises Ltd.
- Shareholding: 1,333

The Board is of the opinion that Vagn Sørensen possesses the following special competences: international management experience, board experience from international and listed companies, and expertise in aviation and service companies.

Claus Hemmingsen, Deputy Chair
- Date of birth: 15 September 1962
- Joined the Board: 29 March 2012
- Re-elected: n/a
- Period of office ends: 22 March 2013
- Director: CEO of Maersk Drilling and member of Executive Board, A.P. Møller-Mærsk
- Chair: Denmark Hong Kong Trade Association
- Deputy Chair: The Danish Shipowners' Association
- Board member: Egyptian Drilling Company, International Association of Drilling Contractors – IADC, Danish Chinese Business Forum, EU Hong Kong Business Co-operation Committee.
- Shareholding: 26

The Board is of the opinion that Claus Hemmingsen possesses the following special competences: international management experience and expertise in offshore activities and shipping.

Anders Moberg, member of the Board of Directors
- Date of birth: 21 March 1950
- Joined the Board: 11 April 2002
- Re-elected: 2003–2012
- Period of office ends: 22 March 2013
- Chair: Biva A/S, Clas Ohlson AB, OBH Nordica AB
- Board member: Ahlstrom Corporation OY, Amor GmbH, BYGGmax AB, HEMA BV, Husqvarna AB, ITAB AB, Rezidor AB, ZetaDisplay AB
- Shareholding: 0

The Board is of the opinion that Anders Moberg possesses the following special competences: international management experience, board experience from international and listed companies, and expertise in retail.

Ingar Skaug, member of the Board of Directors
- Date of birth: 28 September 1946
- Joined the Board: 16 April 1998
- Re-elected: 1999–2012
- Period of office ends: 22 March 2013
- Chair: Center for Creative Leadership, Bery Maritime AS, Ragni Invest AS
- Deputy Chair of board: J. Lauritzen A/S
- Board member: Miros AS, Berg-Hansen AS.
- Shareholding: 0

The Board is of the opinion that Ingar Skaug possesses the following special competences: international management experience, board experience from international and listed companies, and expertise in shipping, logistics, aviation and service companies. Ingar Skaug has been a Board member for more than 12 years. According to the recommendations on corporate governance, he cannot therefore be considered independent.

Jill Lauritzen Melby, member of the Board of Directors
- Date of birth: 06 December 1958
- Joined the Board: 18 April 2001
- Re-elected: 2002–2012
- Period of office ends: 22 March 2013
- Member of Audit Committee
- Position: Team Leader Finance, BASF A/S
- The Board of Directors is of the opinion that Jill Lauritzen Melby possesses the following special competences: expertise in financial control
- Shareholding: 266

Due to family relations to the company's principal shareholder, the Lauritzen Foundation, Jill Lauritzen Melby cannot be considered independent according to the recommendations on corporate governance.

Lene Skole, member of the Board of Directors
- Date of birth: 28 April 1959
- Joined the Board: 20 April 2006
- Re-elected: 2007–2012
- Period of office ends: 22 March 2013
- Chair of the Audit Committee
- Director: Executive Vice President & CFO, Coloplast A/S
- Board member: Coloplast Danmark A/S, Coloplast Ejendomme A/S, Tryg A/S
- Shareholding: 470

The Board is of the opinion that Lene Skole possesses the following special competences: international management experience, including from a listed company, and expertise in finance and accounts.

Annette Bjerre Bjerregaard, staff representative
- Date of birth: 16 August 1974
- Joined the Board: 13 April 2011
- Re-elected: 2012
- Period of office ends: 22 March 2013
- Position: Shipping agent
- Shareholding: 10

Annette Bjerre Bjerregaard has no managerial or executive positions in other companies.

Jens Otto Knudsen, staff representative
- Date of birth: 08 August 1958
- Joined the Board: 13 April 2011
- Re-elected: 2012
- Period of office ends: 22 March 2013
- Position: Captain
- Shareholding: 0

Jens Otto Knudsen has no managerial or executive positions in other companies.

Tony Tranekjer Smidt, staff representative
- Date of birth: 09 January 1976
- Joined the Board: 13 April 2011
- Re-elected: 2012
- Period of office ends: 22 March 2013
- Position: Chief Officer
- Shareholding: 0

Tony Tranekjer Smidt has no managerial or executive positions in other companies.

Kent Vildbæk, staff representative
- Date of birth: 15 February 1964
- Joined the Board: 13 April 2011
- Re-elected: 2012
- Period of office ends: 22 March 2013
- Position: Commercial Head
- Shareholding: 0

Kent Vildbæk has no managerial or executive positions in other companies.

EXECUTIVE BOARD

Niels Smedegaard, President & CEO
- Date of birth: 22 June 1962
- Appointed: 1 January 2007
- Board member: The Denmark-America Foundation, the Danish Trace Council, the Danish Shipowners' Association, Den Danske Banks Advisory Board, Interferry Europe, ECSA (European Community Shipowners' Association)
- Shareholding: 1,506

Torben Carlsen, Executive Vice President & CFO
- Date of birth: 05 March 1965
- Appointed: 01 June 2009
- Chair: Crendo Fastighetsförvaltning AB, Envikraft A/S, Envikraft Invest A/S, SEM Invest A/S, SEM Stålindustri A/S, Weiss A/S
- Shareholding: 2,166. Torben Carlsen acquired 1,000 shares in 2012

BOARD OF DIRECTORS

BENT ØSTERGAARD

CLAUS HEMMINGSEN

ANDERS MOBERG

JILL LAURITZEN MELBY

TONY TRANEKJER SMIDT

ANNETTE BJERRE BJERREGAARD

VAGN SØRENSEN

INGAR SKAUG

KENT VILDBÆK

LENE SKOLE

JENS OTTO KNUDSEN

EXECUTIVE MANAGEMENT

NIELS SMEDEGAARD (1962)
- President & CEO
- MBA
- Employed by DFDS since 2007

EDDIE GREEN (1958)
- Executive Vice President, Logistics Division
- BA (Hons) Economics
- Employed by DFDS since 2010

HENRIK HOLCK (1961)
- Executive Vice President, People & Ships
- Msc. Psych
- Employed by DFDS since 2007

PEDER GELLERT PEDERSEN (1958)
- Executive Vice President, Shipping Division
- Ship broker, HD (O)
- Employed by DFDS since 1994

TORBEN CARLSEN (1965)
- Executive Vice President & CFO
- MBA
- Employed by DFDS since 2009

DEFINITIONS & GLOSSARY

Operating profit before depreciation (EBITDA)	Profit before depreciation and impairment on non-current assets
Operating profit (EBIT)	Profit after depreciation and impairment on non-current assets
Operating profit margin	$\frac{\text{Operating profit (EBIT) before special items x 100}}{\text{Revenue}}$
Net operating profit after taxes (NOPAT)	Operating profit (EBIT) minus payable tax for the period, adjusted for the tax effect of net interest costs
Invested capital	Non-current intangible and tangible assets plus net current assets (non-interest bearing current assets minus non-interest bearing liabilities) minus pension and jubilee liabilities and other provisions
Return on invested capital (ROIC)	$\frac{\text{Net operating profit after taxes (NOPAT) x 100}}{\text{Average invested capital}}$
Weighted average cost of capital (WACC)	Average capital cost for liabilities and equity, weighted according to the capital structure
Free cash flow	Cash flow from operating activities, net, excluding interest received and paid minus cash flow from investing activities
Return on equity p.a.	$\frac{\text{Profit for the year excluding non-controlling interests x 100}}{\text{Average equity excluding non-controlling interests}}$
Equity ratio	$\frac{\text{Equity x 100}}{\text{Total assets}}$
Net interest-bearing debt	Interest-bearing non-current and current liabilities minus interest-bearing non-current and current assets
Earnings per share (EPS)	$\frac{\text{Profit for the year excluding non-controlling interests}}{\text{Weighted average number of shares}}$
P/E ratio	$\frac{\text{Share price at year-end}}{\text{Earnings per share (EPS)}}$
Dividend per share	$\frac{\text{Dividend for the year}}{\text{Number of shares at year-end}}$
Dividend payout ratio	$\frac{\text{Dividend for the year}}{\text{Profit for the year excluding non-controlling interests}}$
Dividend yield	$\frac{\text{Dividend per share}}{\text{Share price at year-end}}$
Book value per share	$\frac{\text{Equity excluding non-controlling interests at year-end}}{\text{Number of shares at year-end}}$
Market-to-book value (M/B)	$\frac{\text{Share price at year-end}}{\text{Book value per share at year-end}}$

Bareboat charter: Lease of a ship without crew, for an agreed period.

Bunker: Oil-based fuel used in shipping.

Door-to-door transport: Transportation of goods from origin to final destination by a single freight forwarder. The freight forwarder typically uses third-party suppliers, such as a haulage contractor, for the actual transportation.

Chartering: Lease of a ship.

Non-allocated items: Central costs which are not distributed to divisions.

Intermodal: Transport using several different types of transport (road, rail and sea), typically for containers.

Lane metre: An area of ship deck one lane wide and one metre long. Used to measure freight volumes.

Logistics: Sea and land-based transport, storage and distribution of freight, and associated information processing.

Lo-lo: Lift on-lift off: Type of ship for which cargo is lifted on and off.

Northern Europe: The Nordic countries, Benelux, the United Kingdom, Ireland, Germany, Poland, the Baltic nations, Russia and other SNG countries.

Production partnership (Vessel Sharing Agreement): Agreement between two or more parties on the distribution and use of a ship's freight-carrying capacity.

Ro-pax: Combined ro-ro freight and passenger vessel.

Ro-ro: Roll on-roll off: Type of ship for which freight is driven on and off.

Short sea: Shipping between destinations in a defined geographic area. The converse is deep-sea shipping, i.e. sailing between continents.

Sideport vessels: Type of ship in which loading/unloading takes place via ports in the ship's side.

Space charter: Third-party lease of space on a ship deck.

Stevedoring: Loading and unloading of ships.

Time charter: Lease of a ship with crew, for an agreed period.

Tonnage tax: Taxation levied on ships according to ship displacement.

Trailer: An unpowered vehicle pulled by a powered vehicle for the transport of goods.

Chartering-out: Leasing out of a ship.

THE HISTORY OF DFDS

DFDS was founded in 1866, the result of an initiative by C.F. Tietgen to merge the three largest Danish steamship companies of the day.

In the beginning, DFDS was involved in domestic as well as international shipping, carrying both freight and passengers. The international services covered the North Sea and the Baltic, later expanding to the Mediterranean. Towards the end of the 19th century, routes were also established to the USA and South America. The passenger routes to the USA were closed in 1935.

As land-based transport increased, haulage and logistics became integral parts of DFDS' strategy. From the mid-60s, considerable land activities were developed in extension to the route network.

In 1982, a passenger route was opened between New York and Miami. However, it failed to live up to expectations and was discontinued at great cost in 1983. After that, the DFDS Group was restructured, with activities in the Mediterranean and routes to the USA and South America divested.

Land-based haulage and logistics was developed via organic growth and acquisitions. After the acquisition of Dan Transport in 1998, the business area had become one of the largest land-based transport companies in Northern Europe. In order to focus the Group's resources, a new strategy was adopted with emphasis on shipping, and the transport and logistics activities, DFDS Dan Transport, were consequently sold in 2000.

DFDS' route network for passengers and freight has been continuously developed via organic growth, including expansion and adjustment of capacity on individual routes, and acquisitions. The most recent large acquisition was DFDS' take over of Norfolkline in July 2010 making DFDS the largest combined shipping and logistics company in Northern Europe.

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